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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2004

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. 0-17948

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)*

(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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
YES ☒ NO ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Par Value	Outstanding as of July 29, 2004
Class A Common Stock	$0.01	303,676,102

ELECTRONIC ARTS INC.
FORM 10-Q
FOR THE PERIOD ENDED JUNE 30, 2004

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PART I – FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

ELECTRONIC ARTS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited) (In thousands, except share data)	June 30, 2004	March 31, 2004 (a)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,133,171	$ 2,149,885
Short-term investments	1,236,105	264,461
Marketable equity securities	2,088	1,225
Receivables, net of allowances of $121,496 and $154,682, respectively	169,620	211,916
Inventories	53,033	55,143
Deferred income taxes	84,560	84,312
Other current assets	163,221	161,867
Total current assets	2,841,798	2,928,809
Property and equipment, net	292,867	298,073
Investments in affiliates	14,951	14,332
Goodwill	91,576	91,977
Other intangibles, net	18,190	18,468
Long-term deferred income taxes	42,650	40,755
Other assets	68,205	71,612
TOTAL ASSETS	$ 3,370,237	$ 3,464,026
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 65,556	$ 114,087
Accrued and other liabilities	520,432	630,138
Total current liabilities	585,988	744,225
Other liabilities	37,654	41,443
TOTAL LIABILITIES	623,642	785,668
Commitments and contingencies	–	–
Stockholders' equity:		
Preferred stock, $0.01 par value. 10,000,000 shares authorized	–	–
Common stock		
Class A common stock, $0.01 par value. 400,000,000 shares authorized; 303,344,495 and 301,332,458 shares issued and outstanding, respectively	3,033	3,013
Class B common stock, $0.01 par value. 100,000,000 shares authorized; 200,130 and 200,130 shares issued and outstanding, respectively	2	2
Paid-in capital	1,210,939	1,153,680
Retained earnings	1,525,409	1,501,184
Accumulated other comprehensive income	7,212	20,479
Total stockholders' equity	2,746,595	2,678,358
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,370,237	$ 3,464,026

See accompanying Notes to Condensed Consolidated Financial Statements.

(a) Derived from audited financial statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited) (In thousands, except per share data)	Three Months Ended June 30, 2004	2003
Net revenue	$ 431,641	$ 353,381
Cost of goods sold	176,755	149,963
Gross profit	254,886	203,418
Operating expenses:		
Marketing and sales	63,220	59,084
General and administrative	35,054	30,760
Research and development	130,642	91,122
Amortization of intangibles	622	680
Restructuring charges	388	–
Total operating expenses	229,926	181,646
Operating income	24,960	21,772
Interest and other income, net	9,159	4,849
Income before provision for income taxes	34,119	26,621
Provision for income taxes	9,894	8,253
Net income	$ 24,225	$ 18,368
Net earnings per share:		
Class A common stock:		
Net income:		
Basic	$ 24,225	$ 18,368
Diluted	$ 24,225	$ 18,368
Net earnings per share:		
Basic	$ 0.08	$ 0.06
Diluted	$ 0.08	$ 0.06
Number of shares used in computation:		
Basic	302,238	289,910
Diluted	315,576	299,632

See accompanying Notes to Condensed Consolidated Financial Statements.

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ELECTRONIC ARTS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (In thousands)	Three Months Ended June 30, 2004	2003
OPERATING ACTIVITIES		
Net income	$ 24,225	$ 18,368
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	16,207	13,223
Equity in net income of investment in affiliates	(483)	–
Loss (gain) on sale of property, equipment and marketable equity securities	(2,333)	53
Stock-based compensation	225	194
Tax benefit from exercise of stock options	12,778	20,143
Change in assets and liabilities:		
Receivables, net	36,823	55,798
Inventories	956	8,136
Other assets	(75)	6,557
Accounts payable	(47,558)	(46,063)
Accrued and other liabilities	(106,601)	(110,720)
Net cash used in operating activities	(65,836)	(34,311)
INVESTING ACTIVITIES		
Capital expenditures	(26,109)	(12,187)
Proceeds from sale of property and equipment	15,433	38
Purchase of investment in affiliate	(250)	–
Proceeds from sale of investment in affiliate	–	8,467
Purchase of short-term investments	(1,557,305)	(731,176)
Proceeds from maturities and sales of short-term investments	572,253	557,746
Purchase of minority interest	–	(2,513)
Acquisition of subsidiary, net of cash acquired	(12)	–
Net cash used in investing activities	(995,990)	(179,625)
FINANCING ACTIVITIES		
Proceeds from sales of common stock through employee stock plans and other plans	44,276	72,865
Repayment of Class B notes receivable	–	135
Dividend to joint venture	–	(2,587)
Net cash provided by financing activities	44,276	70,413
Effect of foreign exchange on cash and cash equivalents	836	4,225
Decrease in cash and cash equivalents	(1,016,714)	(139,298)
Beginning cash and cash equivalents	2,149,885	949,995
Ending cash and cash equivalents	1,133,171	810,697
Short-term investments	1,236,105	811,376
Ending cash, cash equivalents and short-term investments	$ 2,369,276	$ 1,622,073
Supplemental cash flow information:		
Cash paid during the period for income taxes	$ 2,503	$ 1,754

Non-cash investing activities:		
Change in unrealized appreciation (loss) on investments and marketable equity securities	$ (12,545)	$ 419

See accompanying Notes to Condensed Consolidated Financial Statements.

ELECTRONIC ARTS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(1) DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Electronic Arts develops, markets, publishes and distributes interactive software games that are playable by consumers on home videogame machines (such as the Sony PlayStation ® 2, Microsoft Xbox ® , Nintendo GameCube ™ consoles), personal computers (PC), hand-held game machines (such as the Game Boy ® Advance) and online, over the Internet and other proprietary online networks. Many of our games are based on content that we license from others (e.g., Madden NFL Football, Harry Potter and FIFA Soccer), and many of our games are based on intellectual property that is wholly-owned by us (e.g., The Sims ™ and Medal of Honor ™). Our goal is to develop titles which appeal to the mass markets and as a result, we develop, market, publish and distribute our games in over 100 countries, often translating and localizing them for sale in non-English speaking countries. Our goal is to create software game "franchises" that allow us to publish new titles on a recurring basis that are based on the same property. Examples of this are our annual iterations of our sports-based franchises (e.g., NCAA Football and FIFA Soccer), titles based on long-lived movie properties (e.g., James Bond ™) and wholly-owned properties that can be successfully sequeled (e.g., SimCity ™).

The Condensed Consolidated Financial Statements are unaudited and reflect all adjustments (consisting only of normal recurring accruals) that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the current interim periods are not necessarily indicative of results to be expected for the current year or any other period.

Certain prior year amounts have been reclassified to conform to the fiscal 2005 presentation.

On October 20, 2003, our Board of Directors authorized a two-for-one stock split of our Class A common stock which was distributed on November 17, 2003 in the form of a stock dividend for shareholders of record at the close of business on November 3, 2003. All issued and outstanding share and per-share amounts related to the Class A common stock in the accompanying Condensed Consolidated Financial Statements and Notes thereto have been restated to reflect the stock split for all periods presented.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2004 as filed with the Securities and Exchange Commission on June 4, 2004.

(2) FISCAL YEAR AND FISCAL QUARTER

Our fiscal year is reported on a 52/53-week period that ends on the final Saturday of March in each year. The results of operations for fiscal 2005 and 2004 contain 52 weeks. The results of operations for the fiscal quarters ended June 30, 2004 and June 30, 2003 each contain 13 weeks ending on June 26, 2004 and June 28, 2003, respectively. For simplicity of presentation, all fiscal periods are reported as ending on a calendar month end.

(3) EMPLOYEE STOCK-BASED COMPENSATION

We account for stock-based awards to employees using the intrinsic value method in accordance with Accounting Principles Board Opinion ("APB") No. 25, *"Accounting for Stock Issued to Employees"* . We have adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, *"Accounting for Stock-Based Compensation"* , as amended.

Had compensation cost for our stock-based compensation plans been measured based on the estimated fair value at the grant dates in accordance with the provisions of SFAS No. 123, we estimate that our reported net income (loss) and net earnings (loss) per share would have been the pro forma amounts indicated below. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for grants made during the three months ended June 30, 2004 and 2003 under the stock plans:

	Three Months Ended June 30,	
	2004	2003
Risk-free interest rate	3.0%	1.7%
Expected volatility	40.1%	56.8%
Expected life (in years)	3.2	2.9
Assumed dividends	None	None

Our calculations are based on a multiple option valuation approach and forfeitures are recognized when they occur.

Class A common stock (In thousands, except per share data)	Three Months Ended June 30, 2004	2003
Net income – as reported	$ 24,225	$ 18,368
Deduct: Total stock-based employee compensation expense determined under fair-value-based method for all awards, net of related tax effects	(19,589)	(20,173)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	25	49
Net income (loss) – pro forma	$ 4,661	$ (1,756)
Class A common stock		
Earnings (loss) per share:		
As reported – basic	$ 0.08	$ 0.06
Pro forma – basic	$ 0.02	$ (0.01)
As reported – diluted	$ 0.08	$ 0.06
Pro forma – diluted	$ 0.01	$ (0.01)

In March 2004, the Financial Accounting Standards Board ("FASB") issued an exposure draft on the Proposed SFAS, *"Share-Based Payment – an amendment of FASB Statements No. 123 and 95"* . The proposed statement addresses the accounting for share-based payment transactions with employees and other third-parties. The proposed standard would eliminate the ability to account for share-based compensation transactions using APB No. 25, and generally would require that such transactions be accounted for using a fair-value-based method. If the final standard is approved as currently drafted in the exposure draft, it would have a material impact on the amount of earnings we report beginning in fiscal 2006. We have not yet determined the impact that the proposed statement will have on our business.

(4) GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill information is as follows (in thousands):

	As of March 31, 2004	Goodwill Acquired	Effects of Foreign Currency Translation	As of June 30, 2004
Goodwill	$ 91,977	$ 12	$ (413)	$ 91,576

Finite-lived intangibles consist of the following (in thousands):

	As of June 30, 2004				
	Gross Carrying Amount	Accumulated Amortization	Impairment	Other	Other Intangibles, Net
Developed/Core Technology	$ 28,263	$ (18,886)	$ (9,377)	$ –	$ –
Tradename	35,519	(16,116)	(1,211)	(5)	18,187
Subscribers and Other Intangibles	8,694	(6,302)	(1,776)	(613)	3
Total	$ 72,476	$ (41,304)	$ (12,364)	$ (618)	$ 18,190

	As of March 31, 2004				
	Gross Carrying Amount	Accumulated Amortization	Impairment	Other	Other Intangibles, Net
Developed/Core Technology	$ 28,263	$ (18,886)	$ (9,377)	$ –	$ –
Tradename	35,169	(15,494)	(1,211)	–	18,464
Subscribers and Other Intangibles	8,694	(6,302)	(1,776)	(612)	4
Total	$ 72,126	$ (40,682)	$ (12,364)	$ (612)	$ 18,468

Amortization of intangibles for the three months ended June 30, 2004 and 2003 was $0.6 million and $0.7 million, respectively. Finite-lived intangible assets are amortized using the straight-line method over the lesser of their estimated useful lives or the agreement terms, typically from two to twelve years. As of June 30, 2004 and March 31, 2004, the weighted-average remaining useful life for finite-lived intangible assets was approximately 7 years and 7.5 years, respectively.

As of June 30, 2004, future amortization of finite-lived intangibles is estimated as follows (in thousands):

Fiscal Year Ended March 31,	
2005 (remaining 9 months)	$ 1,954
2006	2,606
2007	2,606
2008	2,518
2009	2,489
Thereafter	6,017
Total	$ 18,190

(5) RESTRUCTURING AND ASSET IMPAIRMENT CHARGES

The following table summarizes the activity in the accrued restructuring accounts for all restructuring plans (in thousands):

	Accrual Beginning Balance	Charges to Operations	Charges Utilized in Cash	Charges Utilized Non-cash	Adjustments to Operations	Accrual Ending Balance
Three Months Ended June 30, 2004						
Workforce	$ 1,585	$ –	$ (1,507)	$ –	$ 142	$ 220
Facilities-related	12,731	–	(2,462)	–	246	10,515
Total	$ 14,316	$ –	$ (3,969)	$ –	$ 388	$ 10,735
Year Ended March 31, 2004						
Workforce	$ 1,692	$ 1,741	$ (1,778)	$ –	$ (70)	$ 1,585
Facilities-related	9,063	7,007	(3,903)	–	564	12,731
Non-current assets	–	466	–	(466)	–	–

Total	$ 10,755	$ 9,214	$ (5,681)	$ (466)	$ 494	$ 14,316

Over the last three fiscal years, we have entered into various restructurings based on management decisions as discussed in more detail below. As of June 30, 2004, an aggregate of $20.2 million in cash had been paid out under the fiscal 2004, 2003 and 2002 restructuring plans. In addition, we have made subsequent net adjustments of approximately $0.4 million during fiscal 2005 relating to projected future cash outlays under the fiscal 2004 restructuring plan. Of the remaining projected cash outlay of $10.7 million, $3.5 million is expected to be utilized in the remaining nine months of fiscal 2005, while the remaining $7.2 million is expected to be utilized by January 30, 2009. The facilities-related commitments discussed above include $17.9 million of estimated future sub-lease income. The restructuring accrual is included in other accrued expenses presented in Note 7 of the Notes to Condensed Consolidated Financial Statements.

Fiscal 2004 Studio Restructuring
During fiscal 2004, we closed the majority of our leased studio facility in Walnut Creek, California and our entire owned studio facility in Austin, Texas. As a result, we recorded total pre-tax charges of $9.2 million, consisting of $7.0 million for consolidation of facilities, $1.7 million for workforce reductions and $0.5 million for the write-off of non-current assets, primarily leasehold improvements.

Fiscal 2003 Studio Restructuring
During fiscal 2003, we closed our office located in San Francisco, California, our studio located in Seattle, Washington and approved a plan to consolidate the Los Angeles and Irvine, California and Las Vegas, Nevada, studios into one major game studio in Los Angeles. We recorded total pre-tax charges of $14.5 million, consisting of $8.9 million for consolidation of facilities, $3.5 million for the write-off of non-current assets, primarily leasehold improvements and equipment, and $2.1 million for workforce reductions.

Fiscal 2003 Online Restructuring
In March 2003, we consolidated the operations of EA.com into our core business and eliminated separate reporting for our Class B common stock for all future reporting periods after fiscal 2003. As a result, we recorded restructuring charges, including asset impairment, of $67.0 million, consisting of $1.8 million for workforce reductions, $2.3 million for consolidation of facilities and other administrative charges and $62.9 million for the write-off of non-current assets.

Fiscal 2002 Online Restructuring
In October 2001, we announced restructuring initiatives involving EA.com and the closure of EA.com's San Diego studio and consolidation of its San Francisco and Virginia facilities. As a result, we recorded restructuring charges of $20.3 million, consisting of $4.2 million for workforce reductions, $3.3 million for consolidation of facilities and other administrative charges and $12.8 million for the write-off of non-current assets and facilities.

(6) ROYALTIES AND LICENSES

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

Royalty-based payments made to content licensors and distribution affiliates are generally capitalized as prepaid royalties and expensed to cost of goods sold at the greater of the contractual or effective royalty rate based on net product sales. With regard to payments made to independent software developers and co-publishing affiliates, these payments are generally in connection with the development of a particular product and, therefore, we are generally subject to development risk prior to the general release of the product. Accordingly, payments that are due prior to completion of a product are generally expensed as research and development as the services are incurred. Payments due after completion of the product (primarily royalty-based in nature) are generally expensed as cost of goods sold at the higher of the contractual or effective royalty rate based on net product sales.

Minimum guaranteed royalty obligations are initially recorded as an asset and as a liability at the contractual amount when no significant performance remains with the licensor. When significant performance remains with the licensor, we record royalty payments as an asset when actually paid rather than upon execution of the contract. Minimum royalty payment obligations are classified as current liabilities to the extent such royalty payments are due within the next twelve months. As of June 30, 2004 and March 31, 2004, approximately $57.2 million and $63.4 million, respectively, of minimum guaranteed royalty obligations had been recognized and are included in the tables below.

Each quarter, we also evaluate the future realization of our royalty-based assets as well as any unrecognized minimum commitments not yet paid to determine amounts we deem unlikely to be realized through product sales. Any impairments determined before the launch of a product are charged to research and development expense. Impairments determined post-launch are charged to cost of goods sold. In either case, we rely on estimated revenue to evaluate the future realization of prepaid royalties. If actual sales or revised revenue estimates fall below the initial revenue estimate, then the actual charge taken may be greater in any given quarter than anticipated.

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 thousands):

	As of June 30, 2004	As of March 31, 2004
Other current assets	$ 29,213	$ 31,165
Other assets	54,094	54,921
Prepaid royalties, net	$ 83,307	$ 86,086

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 have unpaid royalty amounts due to these parties that are recognized as either accounts payable or accrued liabilities. The current and long-term portions of accrued royalties, included in accrued and other liabilities as well as other liabilities, consisted of (in thousands):

	As of June 30, 2004	As of March 31, 2004
Accrued liabilities	$ 79,428	$ 104,603
Other liabilities	37,654	41,443
Accrued royalties, net	$ 117,082	$ 146,046

In addition, at June 30, 2004, we have approximately $61.1 million that we are obligated to pay co-publishing and/or distribution affiliates and content licensors but that are generally contingent upon performance by the counterparty (i.e., delivery of the product or content) and are therefore not recorded in our Condensed Consolidated Financial Statements. See Note 8 of the Notes to Condensed Consolidated Financial Statements.

(7) BALANCE SHEET DETAILS

Inventories
Inventories as of June 30, 2004 and March 31, 2004 consisted of (in thousands):

	As of June 30, 2004	As of March 31, 2004
Raw materials and work in process	$ 6,611	$ 2,263
Finished goods	46,422	52,880
Inventories	$ 53,033	$ 55,143

Property and Equipment, Net
Property and equipment, net as of June 30, 2004 and March 31, 2004 consisted of (in thousands):

	As of June 30, 2004	As of March 31, 2004
Computer equipment and software	$ 361,292	$ 355,626
Buildings	95,384	118,251
Land	57,702	60,209
Office equipment, furniture and fixtures	46,650	45,964
Leasehold improvements	51,332	37,409
Warehouse equipment and other	12,579	11,757
	624,939	629,216
Less: Accumulated depreciation and amortization	(332,072)	(331,143)
Property and equipment, net	$ 292,867	$ 298,073

Depreciation and amortization expense associated with property and equipment amounted to $15.6 million and $12.5 million for the three months ended June 30, 2004 and 2003, respectively.

Accrued and Other Liabilities
Accrued and other liabilities as of June 30, 2004 and March 31, 2004 consisted of (in thousands):

	As of June 30, 2004	As of March 31, 2004
Accrued income taxes	$ 220,317	$ 225,878
Other accrued expenses	114,109	134,000
Accrued compensation and benefits	83,504	142,756
Accrued royalties	79,428	104,603
Deferred revenue	23,074	22,901
Accrued and other liabilities	$ 520,432	$ 630,138

(8) COMMITMENTS AND CONTINGENCIES

Lease Commitments and Residual Value Guarantees
We lease certain of our current facilities and certain equipment under non-cancelable operating lease agreements. We are required to pay property taxes, insurance and normal maintenance costs for certain of our facilities and will be required to pay any increases over the base year of these expenses on the remainder of our facilities.

In February 1995, we entered into a build-to-suit lease with a third party for our headquarters facility in Redwood City, California, which was refinanced with Keybank National Association in July 2001 and expires in July 2006. We accounted for this arrangement as an operating lease in accordance with SFAS No. 13, *"Accounting for Leases"* , as amended. Existing campus facilities developed in phase one comprise a total of 350,000 square feet and provide space for sales, marketing, administration and research and development functions. We have an option to purchase the property (land and facilities) for a maximum of $145.0 million or, at the end of the lease, to arrange for (i) an extension of the lease or (ii) sale of the property to a third party while we retain an obligation to the owner for approximately 90 percent of the difference between the sale price and the guaranteed residual value of up to $128.9 million if the sales price is less than this amount, subject to certain provisions of the lease.

In December 2000, we entered into a second build-to-suit lease with Keybank National Association for a five-year term beginning December 2000 to expand our Redwood City, California headquarters facilities and develop adjacent property adding approximately 310,000 square feet to our campus. Construction was completed in June 2002. We accounted for this arrangement as an operating lease in accordance with SFAS No. 13, as amended. The facilities provide space for marketing, sales and research and development. We have an option to purchase the property for a maximum of $130.0 million or, at the end of the

lease, to arrange for (i) an extension of the lease, or (ii) sale of the property to a third party while we retain an obligation to the owner for approximately 90 percent of the difference between the sale price and the guaranteed residual value of up to $118.8 million if the sales price is less than this amount, subject to certain provisions of the lease.

We believe the estimated fair values of both properties under these operating leases are in excess of their respective guaranteed residual values as of June 30, 2004.

For the two lease agreements with Keybank National Association, as described above, the lease rates are based upon the Commercial Paper Rate and require us to maintain certain financial covenants as shown below, all of which we were in compliance with as of June 30, 2004.

Financial Covenants	Requirement	Actual as of June 30, 2004
Consolidated Net Worth	$1,702 million	$2,746 million
Fixed Charge Coverage Ratio	3.00	29.76
Total Consolidated Debt to Capital	60%	8.3%
Quick Ratio – Q1 & Q2	1.00	10.20
Q3 & Q4	1.75	N/A

In July 2003, we entered into a lease agreement with an independent third party (the “Landlord”) for a studio facility in Los Angeles, California, which commenced in October 2003 and expires in September 2013 with two five-year options to extend the lease term. Additionally, we have options to purchase the property after five and ten years based on the fair market value of the property at the date of sale, a right of first offer to purchase the property upon terms offered by the Landlord, and a right to share in the profits from a sale of the property. We have accounted for this arrangement as an operating lease in accordance with SFAS No. 13, as amended. Existing campus facilities comprise a total of 243,000 square feet and provide space for research and development functions. Our rental obligation under this agreement is $50.2 million over the initial ten-year term of the lease. This commitment is offset by sublease income of $5.8 million for the sublet to an affiliate of the Landlord of 18,000 square feet of the Los Angeles facility, which commenced in October 2003 and expires in September 2013, with options of early termination by the affiliate after five years and by us after four and five years.

In June 2004, we entered into a lease agreement with an independent third-party for a studio facility in Orlando, Florida, which will commence in January 2005 and expire in June 2010, with one five-year option to extend the lease term. The campus facilities comprise a total of 117,000 square feet, which we intend to use for research and development functions. We have accounted for this arrangement as an operating lease in accordance with SFAS No. 13, as amended. Our rental obligation over the initial five-and-a-half year term of the lease is $13.2 million.

Letters of Credit
In July 2002, we provided an irrevocable standby letter of credit to Nintendo of Europe. The standby letter of credit guarantees performance of our obligations to pay Nintendo of Europe for trade payables of up to €8.0 million. The standby letter of credit expires in July 2005. As of June 30, 2004, we had €0.7 million payable to Nintendo of Europe covered by this standby letter of credit.

In August 2003, we provided an irrevocable standby letter of credit to 300 California Associates II, LLC in replacement of our security deposit for office space. The standby letter of credit guarantees performance of our obligations to pay our lease commitment up to $1.1 million. The standby letter of credit expires in December 2006. As of June 30, 2004, we did not have a payable balance on this standby letter of credit.

Development, Celebrity, League and Content Licenses: Payments and Commitments
The products produced by 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 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 are not dependent on any deliverables. Celebrities and organizations with whom we have contracts include: FIFA and UEFA (professional soccer); NASCAR (stock car racing); John Madden (professional football); National Basketball Association (professional basketball); PGA TOUR (professional golf); Tiger Woods (professional golf); National Hockey League and NHLPA (professional hockey); Warner Bros. (Harry Potter, Catwoman and Superman); MGM/Danjaq (James Bond); New Line Productions (The Lord of the Rings); National Football League and Players Inc. (professional football); Collegiate Licensing Company (collegiate football and basketball); ISC (stock car racing); Major League Baseball Properties; MLB Players Association (professional baseball) and Island Def Jam (fighting). These developer and content license commitments represent the sum of (i) the cash payments due under non-royalty-bearing licenses and services agreements, and (ii) the minimum payments and advances against royalties due under royalty-bearing licenses and services agreements that are conditional upon performance by the counterparty. These minimum guarantee payments and marketing commitments are included in the table below.

The following table summarizes our minimum contractual obligations and commercial commitments as of June 30, 2004 and the effect we expect them to have on our liquidity and cash flow in future periods (in thousands):

	Contractual Obligations			Commercial Commitments		
Fiscal Year Ended March 31,	**Leases**	**Developer/ Licensee Commitments [1]**	**Marketing**	**Bank and Other Guarantees**	**Letters of Credit**	**Total**
2005 (remaining 9 months)	$ 17,343	$ 32,882	$ 18,258	$ 1,973	$ 832	$ 71,288
2006	25,420	34,127	6,602	223	–	66,372
2007	20,348	13,289	3,586	223	–	37,446
2008	16,255	16,095	3,586	223	–	36,159
2009	12,309	10,527	3,586	222	–	26,644
Thereafter	37,306	11,332	3,587	222	–	52,447
Total	$ 128,981	$ 118,252	$ 39,205	$ 3,086	$ 832	$ 290,356

[1] Developer/licensee commitments include $57.2 million of commitments to developers or licensers that have been included in our Condensed Consolidated Balance Sheet as as of June 30, 2004 because the developer does not have any significant performance obligations to us. These commitments are included in both current and long-term assets and liabilities.

The lease commitments disclosed above exclude commitments included in our restructuring activities for contractual rental commitments of $28.4 million under real estate leases for unutilized office space, offset by $17.9 million of estimated future sub-lease income. These amounts were expensed in the periods of the related restructuring and are included in our accrued and other liabilities reported on our Condensed Consolidated Balance Sheet as of June 30, 2004. Please see Note 5 in the Notes to Condensed Consolidated Financial Statements for additional information.

Litigation
We are subject to pending claims and litigation. Management, after review and consultation with legal counsel, considers that any liability from the disposition of such lawsuits would not have a material adverse effect upon our consolidated financial condition or results of operations.

Director Indemnity Agreements
We have entered into an indemnification agreement with the members of our Board of Directors to indemnify our Directors to the extent permitted by law against any and all liabilities, costs, expenses, amounts paid in settlement and damages incurred by the Directors as a result of any lawsuit, or any judicial, administrative or investigative proceeding in which the Directors are sued as a result of their service as members of our Board of Directors.

(9) COMPREHENSIVE INCOME

SFAS No. 130, "*Reporting Comprehensive Income*" , requires classification of other comprehensive income in a financial statement and display of other comprehensive income separately from retained earnings and additional paid-in capital. Other comprehensive income includes primarily foreign currency translation adjustments and unrealized gains (losses) on investments.

The change in the components of accumulated other comprehensive income, net of tax, for the three months ended June 30, 2004 and 2003 are summarized as follows (in thousands):

	Three Months Ended June 30,	
	2004	2003
Net income	$ 24,225	$ 18,368
Other comprehensive income (loss):		
Change in unrealized gain (loss) on investments, net of tax expense (benefit) of $(4,767) and $119, respectively	(7,893)	307
Adjustment for gain realized in net income, net of tax expense of $0 and $3, respectively	–	(7)
Foreign currency translation adjustments	(5,374)	11,701
Total other comprehensive income (loss)	$ (13,267)	$ 12,001
Total comprehensive income	$ 10,958	$ 30,369

The foreign currency translation adjustments are not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries.

(10) NET INCOME PER SHARE

The following summarizes the computations of Basic Earnings Per Share ("EPS") and Diluted EPS. Basic EPS is computed as net earnings 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 awards, warrants and other convertible securities using the treasury stock method.

	Three Months Ended June 30, 2004		Three Months Ended June 30, 2003	
(In thousands, except per share amounts):	Class A common stock - basic	Class A common stock - diluted	Class A common stock - basic	Class A common stock - diluted
Net income	$ 24,225	$ 24,225	$ 18,368	$ 18,368
Shares used to compute net earnings per share:				
Weighted-average common shares	302,238	302,238	289,910	289,910
Dilutive stock equivalents	N/A	13,338	N/A	9,722
Dilutive potential common shares	302,238	315,576	289,910	299,632
Net earnings per share:				
Basic	$ 0.08	N/A	$ 0.06	N/A
Diluted	N/A	$ 0.08	N/A	$ 0.06

Excluded from the above computation of weighted-average common shares for Class A Diluted EPS for the three months ended June 30, 2004 and 2003 were options to purchase 300,000 and 624,000 shares of common stock, respectively, as the options' exercise price was greater than the average market price of the common shares. For the three months ended June 30, 2004 and 2003, the weighted-average exercise price of these respective options was $52.35 and $33.68 per share, respectively.

(11) RELATED PARTY TRANSACTION

On June 24, 2002, we hired Warren Jenson and agreed to loan him $4,000,000, to be forgiven over four years based on his continuing employment. The loan does not bear interest. On June 24, 2004, pursuant to the terms of the loan agreement, we forgave two million dollars of the loan and provided Mr. Jenson approximately $1.6 million to offset the tax implications of the forgiveness. As of June 30, 2004, the remaining outstanding loan balance was $2,000,000, which will be forgiven on June 24, 2006, provided that Mr. Jenson has not voluntarily resigned his employment with us or been terminated for cause prior to that time. No additional funds will be provided to offset the tax implications of the forgiveness of the remaining two million dollars.

(12) SEGMENT INFORMATION

SFAS No. 131, *"Disclosures About Segments of an Enterprise and Related Information"* , establishes standards for the reporting by public business enterprises of information about product lines, geographic areas and major customers. The method for determining what information to report is based on the way that management organizes our operating segments for making operational decisions and assessments of financial performance.

Our chief operating decision maker is considered to be our Chief Executive Officer ("CEO"). The CEO reviews financial information presented on a consolidated basis accompanied by disaggregated information about revenue by geographic region and by product lines for purposes of making operating decisions and assessing financial performance. Our view and reporting of business segments may change due to changes in the underlying business facts and circumstances and the evolution of our reporting to our CEO.

Information about our net revenue by product line for the three months ended June 30, 2004 and 2003 is presented below (in thousands):

	Three Months Ended June 30,	
	2004	2003
PlayStation 2	$ 161,976	$ 118,369
PC	66,751	80,338
Xbox	57,210	31,521
Nintendo GameCube	26,424	21,154
Game Boy Advance	17,988	2,359
Subscription Services	12,440	13,631
EA Studio Net Product Revenue	342,789	267,372
Co-publishing and Distribution	67,192	71,547
Advertising, Programming, Licensing and Other	21,660	14,462
Total Net Revenue	$ 431,641	$ 353,381

Information about our operations in North America and in international regions for the three months ended June 30, 2004 and 2003 is presented below (in thousands):

	North America	Europe	Asia Pacific (excluding Japan)	Japan	Total
Three months ended June 30, 2004					
Net revenue from unaffiliated customers	$ 211,151	$ 190,004	$ 17,600	$ 12,886	$ 431,641
Interest income, net	6,899	1,036	55	–	7,990
Depreciation and amortization	9,237	6,462	261	247	16,207
Total assets	2,538,424	767,854	33,717	30,242	3,370,237
Capital expenditures	21,427	4,259	382	41	26,109
Long-lived assets	256,480	140,151	2,444	3,558	402,633
Three months ended June 30, 2003					
Net revenue from unaffiliated customers	$ 198,841	$ 127,926	$ 14,471	$ 12,143	$ 353,381
Interest income, net	6,188	971	37	–	7,196
Depreciation and amortization	9,088	3,744	236	155	13,223
Total assets	1,822,146	536,364	26,973	26,881	2,412,364
Capital expenditures	9,658	2,183	283	63	12,187
Long-lived assets	238,223	139,778	2,142	2,315	382,458

Our direct sales to Wal-Mart Stores, Inc. represented approximately 12 percent of total net revenue for the three months ended June 30, 2004 and 2003.

(13) SUBSEQUENT EVENT

On July 27, 2004, we entered into an agreement to acquire Criterion Software Group Ltd., an indirect wholly-owned subsidiary of Canon Inc., for an approximate purchase price of $48 million, plus the assumption of outstanding stock options under certain stock option plans and certain liabilities due to Canon Europe, a subsidiary of Canon Inc., to be determined at the date of close. Based in the United Kingdom, Criterion Software Group Ltd. is a developer of video games and a provider of middleware solutions for the game development and publishing industry. This acquisition, which is subject to customary international regulatory approvals, is expected to close during our second fiscal quarter.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Electronic Arts Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Electronic Arts Inc. and subsidiaries (the Company) as of June 30, 2004, and the related condensed consolidated statements of operations and cash flows for the three-month periods ended June 30, 2004 and 2003. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles **.**

We have previously audited, in accordance with standards established by the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Electronic Arts Inc. and subsidiaries as of March 31, 2004, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for the year then ended (not presented herein); and in our report dated April 28, 2004, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 2004, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG LLP

San Francisco, California
July 21, 2004

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, including statements regarding industry prospects and future results of operations or financial position, made in this Quarterly Report on Form 10-Q are forward looking. We use words such as "anticipates", "believes", "expects", "intends", "future" and similar expressions to help identify forward-looking statements. These forward-looking statements are subject to business and economic risk and management's expectations, and are inherently uncertain and difficult to predict. Our actual results could differ materially from management's expectations due to such risks. 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 in this report below under the heading "Risk Factors", as well as in our Annual Report on Form 10-K for the fiscal year ended March 31, 2004 as filed with the Securities and Exchange Commission ("SEC") on June 4, 2004 and in other documents we have filed with the SEC.

OVERVIEW

The following overview is a top-level discussion of our operating results as well as the trends and drivers of our business. Management believes that an understanding of these trends and drivers is important in order to understand our results for the quarter ended June 30, 2004, 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-Q, including in the remainder of "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Risk Factors" or the condensed consolidated financial statements and related notes. Additional information can be found within the "Business" section of our Annual Report on Form 10-K for the fiscal year ended March 31, 2004 as filed with the SEC on June 4, 2004 and in other documents we have filed with the SEC.

About Electronic Arts

Electronic Arts develops, markets, publishes and distributes interactive software games that are playable by consumers on home videogame machines (such as the Sony PlayStation ® 2, Microsoft Xbox ® , Nintendo GameCube ™ consoles), personal computers (PC), hand-held game machines (such as the Game Boy ® Advance) and online, over the Internet and other proprietary online networks. Many of our games are based on content that we license from others (e.g., Madden NFL Football, Harry Potter and FIFA Soccer), and many of our games are based on intellectual property that is wholly-owned by us (e.g., The Sims ™ and Medal of Honor ™). Our goal is to develop titles which appeal to the mass markets and as a result, we develop, market, publish and distribute our games in over 100 countries, often translating and localizing them for sale in non-English speaking countries. Our goal is to create software game "franchises" that allow us to publish new titles on a recurring basis that are based on the same property. Examples of this are our annual iterations of our sports-based franchises (e.g., NCAA Football and FIFA Soccer), titles based on long-lived movie properties (e.g., James Bond ™) and wholly-owned properties that can be successfully sequeled (e.g., SimCity ™).

Overview of Financial Results

Net revenue for the three month period ended June 30, 2004 was $432 million, up 22 percent, as compared to the three month period ended June 30, 2003. Our results were driven by strong sales of three new titles, *Harry Potter and the Prisoner of Azkaban* ™ , *EA SPORTS* ™ *Fight Night 2004* , and *UEFA Euro 2004* , as well as continued strong sales of *Need for Speed* ™ *Underground* and *MVP Baseball* ™ *2004* .

Net income for the quarter was $24 million, a 32 percent increase compared to the same period a year ago. Diluted earnings per share was $0.08 as compared with $0.06 for the prior year.

We used $66 million of cash in operations during the three months ended June 30, 2004 as compared to $34 million in the three month period ended June 30, 2003. The increase in cash used was primarily a result of the timing of sales during the quarter.

Management's Overview of Historical and Prospective Business Trends

Sales of "Hit" Titles. During fiscal 2004, sales of a number of "hit" titles contributed to our revenue growth, several of which were top sellers across a number of international markets. Continuing this trend, our top-five-selling titles across all platforms

worldwide during the three months ended June 30, 2004 were the franchise titles *Harry Potter and the Prisoner of Azkaban* , *EA SPORTS Fight Night 2004* , *UEFA Euro 2004* , *Need for Speed Underground* and *MVP Baseball 2004* . Hit titles are important to our financial performance because they benefit from overall economies of scale. We have developed, and it is our objective to continue to develop, many of our hit titles to become franchise titles that can be regularly iterated.

Increased Console Installed Base. As consumers purchase the current generation of consoles, either as a first time buyer or by upgrading from a previous generation, this increases the console installed base. As the installed base for a particular console increases, we are generally able to increase our unit volume; however, these unit volumes often begin to decrease as consumers anticipate the next generation of consoles. In the U.S. and Europe, we believe the installed base for the current generation of consoles – the PlayStation2, Xbox and Nintendo GameCube – increased significantly during the period ended June 30, 2004 as compared to June 30, 2003. Accordingly, we believe the significant increase in the installed base for these consoles was a contributing factor to our net revenue growth during the three months ended June 30, 2004. In March 2004, Microsoft reduced the retail price of its Xbox console in the U.S. and in May 2004 Sony did the same with its PlayStation2 console. As price reductions drive sales of consoles and the related installed base of these current generation consoles increases during fiscal 2005, we expect unit sales of current generation titles to remain strong.

Software Prices. As current generation console prices decrease, we expect more value-oriented consumers to become part of the interactive entertainment software market. We experienced this trend several years ago when prices were reduced on previous generation consoles (e.g., Sony PlayStation and Nintendo 64). We believe that hit titles will continue to be launched at premium price points and will maintain those premium price points longer than less popular games. However, as a result of a more value-oriented consumer base, and a greater number of software titles being published, we expect average software prices to gradually come down, which may negatively impact our gross margin.

International Sales Growth. During the first three months of fiscal 2005, net revenue from international sales accounted for approximately 51 percent of our worldwide net revenue, up from 44 percent during the first three months of fiscal 2004. Our first quarter increase in international net revenue was primarily driven by increased sales in Europe, where *UEFA Euro 2004* benefited from being released in conjunction with the UEFA Euro 2004 football tournament. For the remainder of fiscal 2005, we anticipate that international net revenue will continue to increase – although not at the same rate as in fiscal 2004 – as we strengthen our presence in new territories, with a particular emphasis on Asia, and as the console installed base expands outside of North America.

Foreign Exchange Impact . Given that a significant portion of our business is conducted internationally in foreign currency, fluctuations in currency prices can have a material impact on our results of operations. For example, the average exchange rate for the Euro, as compared to the U.S. dollar, increased from $1.13 per Euro during the three months ended June 30, 2003 to $1.20 per Euro during the three months ended June 30, 2004. As a result of the fluctuations in currency prices, we had a total foreign exchange benefit on net revenue of approximately $13 million during the three months ended June 30, 2004. Although we intend to continue to utilize foreign exchange forward and option contracts to either mitigate or hedge against some foreign currency exposures, we cannot predict the effect foreign currency fluctuations will have on us in fiscal 2005.

Increasing Cost of Titles. Hit titles have become increasingly more expensive to produce and market as the platforms on which they are played continue to advance technologically and consumers demand continual improvements in the overall gameplay experience. We expect this trend to continue as we require larger production teams to create our titles, the technology needed to develop titles becomes more complex, the number and nature of the platforms for which we develop titles increases and becomes more diverse, the cost of licensing the third-party intellectual property we use in many of our titles potentially increases, we continue to develop additional Internet capabilities included in our products, and we develop new methods to distribute our content via the Internet.

Expansion of Studio Resources and Technology. During fiscal 2004, as part of our effort to more efficiently utilize our resources and technology, we expanded our studio facilities in Los Angeles and Vancouver, allowing us to consolidate several smaller studios and resources. In fiscal 2005, we expect to devote significant resources primarily to the expansion of our studios in North America and Europe. As we move through the life cycle of current generation consoles, we will devote increased resources to developing selected current generation titles, and increase spending associated with tools and technologies for the next generation of platforms and technology. We expect our studio expansions to enable us to support these investments and allow us to develop new titles. We expect these activities to increase our research and development expenses and decrease our third-party development costs, both as a percentage of net revenue. We anticipate that the decrease in third-party development royalty costs will have a positive impact on our gross margin during fiscal 2005.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these Condensed 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 judgment and estimates of matters that are inherently uncertain and unknown. As a result, actual results may differ materially from our estimates.

Sales returns and allowances and bad debt reserves

We principally derive revenue from sales of packaged interactive software games designed for play on videogame platforms (such as the PlayStation 2, Xbox and Nintendo GameCube), PCs and hand-held game machines (such as the Nintendo Game Boy Advance). Product revenue is recognized net of sales allowances. We also have stock-balancing programs for our PC products, which allow for the exchange of PC products by resellers under certain circumstances. We may decide to provide price protection for both our personal computer and videogame system products. In making this determination, we evaluate inventory remaining in the channel, the rate of inventory sell-through in the channel, and our remaining inventory on hand. It is our general practice to exchange products or give credits, rather than give cash refunds.

We estimate potential future product returns, price protection and stock-balancing programs related to current-period product revenue. We analyze historical returns, current sell-through of distributor and retailer inventory of our products, current trends in the videogame market and the overall economy, changes in customer demand and acceptance of our products and other related factors when evaluating the adequacy of the sales returns and price protection allowances. In addition, management monitors and manages the volume of our sales to retailers and distributors and their inventories, as substantial overstocking in the distribution channel can result in high returns or substantial price protection requirements in subsequent periods. In the past, actual returns have not generally exceeded our reserves. However, actual returns and price protections may materially exceed our estimates as unsold 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 products. For example, the risk of product returns for our products may increase as the PlayStation 2, Xbox and Nintendo GameCube consoles pass the midpoint of their lifecycle and an increasing number and aggregate amount of competitive products heighten pricing and competitive pressures. While management believes it can make reliable estimates regarding these matters, these estimates are inherently subjective. Accordingly, if our estimates changed, our returns reserves would change, which would impact the net revenue we report. For example, if actual returns were significantly greater than the reserves we have established, our actual results would decrease our reported net revenue. Conversely, if actual returns were significantly less than our reserves, this would increase our reported net revenue.

Similarly, significant judgment is required to estimate our allowance for doubtful accounts in any accounting period. We determine our allowance for doubtful accounts by evaluating customer creditworthiness in the context of current economic trends. Depending upon the overall economic climate and the financial condition of our customers, the amount and timing of our bad debt expense and cash collection could change significantly.

We cannot predict customer bankruptcies or an inability of any of our customers to meet their financial obligations to us. Therefore, our estimates could differ materially from actual results.

Royalties & Licenses

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

Royalty-based payments made to content licensors and distribution affiliates are generally capitalized as prepaid royalties and expensed to cost of goods sold at the greater of the contractual or effective royalty rate based on net product sales. With regard to payments made to independent software developers and co-publishing affiliates, these payments are generally in connection

with the development of a particular product and, therefore, we are generally subject to development risk prior to the general release of the product. Accordingly, payments that are due prior to completion of a product are generally expensed as research and development as the services are incurred. Payments due after completion of the product (primarily royalty-based in nature) are generally expensed as cost of goods sold at the higher of the contractual or effective royalty rate based on net product sales.

Minimum guaranteed royalty obligations are initially recorded as an asset and as a liability at the contractual amount when no significant performance remains with the licensor. When significant performance remains with the licensor, we record royalty payments as an asset when actually paid rather than upon execution of the contract. Minimum royalty payment obligations are classified as current liabilities to the extent such royalty payments are due within the next twelve months. As of June 30, 2004 and March 31, 2004, approximately $57.2 million and $63.4 million, respectively, of minimum guaranteed royalty obligations had been recognized.

Each quarter, we also evaluate the future realization of our royalty-based assets as well as any unrecognized minimum commitments not yet paid to determine amounts we deem unlikely to be realized through product sales. Any impairments determined before the launch of a product are charged to research and development expense. Impairments determined post-launch are charged to cost of goods sold. In either case, we rely on estimated revenue to evaluate the future realization of prepaid royalties. If actual sales or revised revenue estimates fall below the initial revenue estimate, then the actual charge taken may be greater in any given quarter than anticipated. As of June 30, 2004, we had $83.3 million of royalty-based assets and $61.1 million of unrecognized minimum commitments not yet paid that could be impaired if our revenue estimates changed.

Valuation of long-lived assets

We evaluate both purchased intangible assets and other long-lived assets in order to determine if events or changes in circumstances indicate a potential impairment in value exists. This evaluation requires us to estimate, among other things, the remaining useful lives of the assets and future cash flows of the business. These evaluations and estimates require the use of judgment. Our actual results could differ materially from our current estimates.

Under current accounting standards, we make judgments about the remaining useful lives of purchased intangible assets and other long-lived assets whenever events or changes in circumstances indicate a potential impairment in the remaining value of the assets recorded on our consolidated balance sheet. In order to determine if a potential impairment has occurred, management makes various assumptions about the future value of the asset by evaluating future business prospects and estimated cash flows. Our future net cash flows are primarily dependent on the sale of products for play on proprietary videogame consoles, hand-held game machines and PCs (“platforms”). The success of our products is affected by our ability to accurately predict which platforms and which products we develop will be successful. Also, our revenue and earnings are dependent on our ability to meet our product release schedules. Due to product sales shortfalls, we may not realize the future net cash flows necessary to recover our long-lived assets, which may result in an impairment charge being recorded in the future. There were no impairment charges recorded in the three months ended June 30, 2004 or June 30, 2003.

Income taxes

In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate prior to the completion and filing of tax returns for such periods. This process requires estimating both our geographic mix of income and our current tax exposures in each jurisdiction where we operate. These estimates involve complex issues, require extended periods of time to resolve, and require us to make judgments, 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. We are also required to make the determinations of the need to record deferred tax liabilities and the recoverability of deferred tax assets. A valuation allowance is established to the extent recovery of deferred tax assets is not likely based on our estimation of future taxable income in each jurisdiction.

In addition, changes in our business, including acquisitions and the geographic mix of income, as well as changes in valuation allowances, the applicable accounting rules, the applicable tax laws and regulations, rulings and interpretations thereof, developments in tax audit matters, and variations in the estimated and actual level of annual pre-tax income can affect the overall effective income tax rate. For example, in the fourth quarter of fiscal 2004, we resolved certain tax-related matters with the Internal Revenue Service, which lowered our income tax expense by $19.7 million and resulted in a 2.5 percent rate reduction during the fourth quarter of fiscal 2004.

To determine our projected effective income tax rate each quarter prior to the end of a fiscal year, we are required to make a projection of several items, including our projected mix of full-year income in each jurisdiction in which we operate and the related income tax expense in each jurisdiction. The estimated effective income tax rate is also adjusted for taxes related to significant unusual items. The actual results could vary from those projected, and as such, the overall effective income tax rate for a fiscal year could be different from that projected for the full year.

RESULTS OF OPERATIONS

Our fiscal year is reported on a 52/53-week period that ends on the final Saturday of March in each year. The results of operations for fiscal 2005 and 2004 contain 52 weeks. The results of operations for the fiscal quarters ended June 30, 2004 and June 30, 2003 each contain 13 weeks ending on June 26, 2004 and June 28, 2003, respectively. For simplicity of presentation, all fiscal periods are reported as ending on a calendar month end.

Net Revenue

We principally derive net revenue from sales of packaged interactive software games designed for play on videogame consoles (such as the PlayStation 2, Xbox and Nintendo GameCube), PCs and hand-held game machines (such as the Nintendo Game Boy Advance). Additionally, in Europe and Asia we generate a significant portion of net revenue by marketing and selling third-party interactive software games through our established distribution network. We also derive net revenue from selling subscriptions to some of our online games, programming third-party web sites with our game content, allowing other companies to manufacture and sell our products in conjunction with other products, and selling advertisements on our online web pages.

From a geographical perspective, our net revenue for the three months ended June 30, 2004 and 2003 was as follows (in thousands):

	Three Months Ended June 30,					
	2004		2003		Increase	% Change
North America	$ 211,151	48.9%	$ 198,841	56.3%	$ 12,310	6.2%
Europe	190,004	44.0%	127,926	36.2%	62,078	48.5%
Asia Pacific	17,600	4.1%	14,471	4.1%	3,129	21.6%
Japan	12,886	3.0%	12,143	3.4%	743	6.1%
International	220,490	51.1%	154,540	43.7%	65,950	42.7%
Total Net Revenue	$ 431,641	100.0%	$ 353,381	100.0%	$ 78,260	22.1%

North America

For the three months ended June 30, 2004, net revenue in North America increased by 6.2 percent as compared to the three month period ended June 30, 2003. From a franchise perspective, the net revenue increase was primarily driven by higher sales of products in the following four franchises: Fight Night, Harry Potter, Need for Speed and MVP Baseball. Increased sales in these franchises resulted in increased net revenue of $93.6 million for the three months ended June 30, 2004 as compared to the three months ended June 30, 2003. This increase was offset by an $81.7 million decrease in our NBA STREET, Def Jam and The Sims franchises during the three months ended June 30, 2004 as compared to the three months ended June 30, 2003.

Europe

For the three months ended June 30, 2004, net revenue in Europe increased by 48.5 percent as compared to the same period a year ago. We estimate foreign exchange rates (primarily the Euro and the British pound sterling) strengthened reported European net revenue by approximately $11 million or 9 percent for the three months ended June 30, 2004. From a franchise perspective, the net revenue increase was primarily due to (1) higher sales of the Harry Potter franchise, as *Harry Potter and the Prisoner of Azkaban* was released in conjunction with the blockbuster movie of the same title during the three months ended June 30, 2004, (2) *UEFA Euro 2004* , which was released during the three months ended June 30, 2004 in conjunction with the UEFA Euro 2004 football tournament held in Europe, and (3) higher sales of the Fight Night franchise, as *EA SPORTS Fight*

Night 2004 was released during the three months ended June 30, 2004, with no corresponding release in fiscal 2004. Together, the three items noted above, increased net revenue by $80.8 million during the three months ended June 30, 2004 as compared to the three months ended June 30, 2003. This increase was partially offset by lower sales of The Sims and F1 franchises, which reduced net revenue by $20.2 million in the three months ended June 30, 2004 as compared to the three month period ended June 30, 2003.

Asia Pacific

For the three months ended June 30, 2004, net revenue from sales in the Asia Pacific region, excluding Japan, increased by 21.6 percent as compared to the three months ended June 30, 2003. The growth in net revenue was primarily due to higher sales in the Harry Potter franchise, partially offset by lower sales in The Sims franchise. We estimate foreign exchange rates strengthened reported Asia Pacific net revenue by approximately $2 million, or 11 percent, for the three months ended June 30, 2004.

Japan

For the three months ended June 30, 2004, net revenue from sales in Japan increased by 6.1 percent as compared to the three months ended June 30, 2003 primarily due to higher sales in the Harry Potter franchise, partially offset by lower sales of The Sims franchise. In addition, we estimate foreign exchange rates strengthened reported Japan net revenue by approximately $1 million or 7 percent, for the three months ended June 30, 2004. Excluding the effect of foreign exchange rates, we estimate that Japan net revenue was relatively flat, decreasing approximately $0.1 million or 1 percent, for the three months ended June 30, 2004.

Our total net revenue by product line for the three months ended June 30, 2004 and 2003 was as follows (in thousands):

	Three Months Ended June 30,					
	2004		2003		Increase/ (Decrease)	% Change
PlayStation 2	$ 161,976	37.4%	$ 118,369	33.5%	$ 43,607	36.8%
PC	66,751	15.5%	80,338	22.7%	(13,587)	(16.9%)
Xbox	57,210	13.3%	31,521	8.9%	25,689	81.5%
Nintendo GameCube	26,424	6.1%	21,154	6.0%	5,270	24.9%
Game Boy Advance	17,988	4.2%	2,359	0.7%	15,629	662.5%
Subscription Services	12,440	2.9%	13,631	3.9%	(1,191)	(8.7%)
EA Studio Net Product Revenue	342,789	79.4%	267,372	75.7%	75,417	28.2%
Co-publishing and Distribution	67,192	15.6%	71,547	20.2%	(4,355)	(6.1%)
Advertising, Programming, Licensing, and Other	21,660	5.0%	14,462	4.1%	7,198	49.8%
Total Net Revenue	$ 431,641	100.0%	$ 353,381	100.0%	$ 78,260	22.1%

PlayStation 2

Net revenue from PlayStation 2 products increased from $118.4 million in the three months ended June 30, 2003 to $162.0 million in the three months ended June 30, 2004. As a percentage of total net revenue, sales of PlayStation 2 products increased by 3.9 percent in the three months ended June 30, 2004 as compared to the three months ended June 30, 2003. The increase in net revenue was primarily due to growth in the installed base and greater demand for our products.

PC

Net revenue from PC-based products decreased from $80.3 million during the three months ended June 30, 2003 to $66.8 million during the three months ended June 30, 2004. As a percentage of total net revenue, sales of PC products decreased by 7.2 percent during the three months ended June 30, 2004. PC net revenue decreased primarily due to lower sales in The Sims franchise as discussed above, which were partially offset by higher sales in the Harry Potter franchise. During the three months ended June 30, 2004, we released three titles as compared to two titles during the three months ended June 30, 2003.

Xbox

Net revenue from Xbox products increased from $31.5 million in the three months ended June 30, 2003 to $57.2 million in the three months ended June 30, 2004. As a percentage of total net revenue, sales of Xbox products increased by 4.4 percent in the three months ended June 30, 2004. The increase in net revenue was primarily due to growth in the installed base driven by Microsoft's price reduction in the U.S. in March 2004 and overall greater demand for our products. In addition, we released three titles for the Xbox in the three months ended June 30, 2004 as compared to two titles in the three month period ended June 30, 2003.

Nintendo GameCube

Net revenue from Nintendo GameCube products increased from $21.2 million in the three months ended June 30, 2003 to $26.4 million in the three months ended June 30, 2004. The increase in net revenue was primarily due to growth in the installed base of the Nintendo GameCube driven by Nintendo's price reduction in the U.S. in September 2003. Although overall Nintendo GameCube net revenue increased, it remained flat as a percentage of total net revenue. During the three months ended June 30, 2004, we released one title as compared to three titles during the three months ended June 30, 2003.

Game Boy Advance

In the three months ended June 30, 2004, net revenue from Game Boy Advance products increased from $2.4 million to $18.0 million as compared to the three months ended June 30, 2003. The increase in net revenue was primarily due to sales of titles in the Harry Potter and The Sims franchises. One title, *Harry Potter and the Prisoner of Azkaban,* was released during the three months ended June 30, 2004 versus no titles in the three months ended June 30, 2003.

Co-Publishing and Distribution

In the three months ended June 30, 2004, net revenue from co-publishing and distribution products decreased from $71.5 million to $67.2 million as compared to the same period a year ago. The decrease was primarily due to a decline in sales in the Final Fantasy franchise, partially offset by an increase in sales in the Battlefield and Freedom Fighter franchises.

Advertising, Programming, Licensing and Other

In the three months ended June 30, 2004, net revenue from advertising, programming, licensing and other products increased from $14.5 million to $21.7 million as compared to the three months ended June 30, 2003. The increase was primarily due to license revenue related to the Nokia N-Gage in the three months ended June 30, 2004, partially offset by a decrease in net revenue from the Sony PlayStation platform.

Cost of Goods Sold

Cost of goods sold for our disk-based and cartridge-based products consists of (1) product costs, (2) certain royalty expenses for celebrities, professional sports and other organizations and independent software developers, (3) manufacturing royalties, net of volume discounts, (4) expenses for defective products, (5) write-off of post-launch prepaid royalty costs, and (6) operations expenses. Cost of goods sold for our online product subscription business consists primarily of data center and bandwidth costs associated with hosting our websites, credit card fees and royalties for use of third party properties. Cost of goods sold for our website advertising business primarily consists of ad serving costs.

Costs of goods sold for the three months ended June 30, 2004 and 2003 were as follows (in thousands):

June 30, 2004	% of Net Revenue	June 30, 2003	% of Net Revenue	% Change
$ 176,755	40.9%	$ 149,963	42.4%	17.9%

In the three months ended June 30, 2004, cost of goods sold as a percentage of net revenue decreased by 1.5 percentage points to 40.9 percent from 42.4 percent for the three months ended June 30, 2003. This was primarily due to a 4.8 percentage point

decrease in royalty costs offset by a 3.0 percentage point increase in product costs, both as a percentage of net revenue, as well as a slight decrease in the average selling price of our titles.

The 4.8 percent decrease in royalty rates was primarily the result of:

- Decreased third-party development royalties primarily due to a higher mix of titles developed internally rather than externally in the three months ended June 30, 2004. Two major titles that were released during the three months ended June 30, 2004 were primarily developed internally as compared to the three months ended June 30, 2003 during which all of the major titles released had external development costs. We estimate that lower development royalties spread across multiple platforms increased gross margin by 3.8 percentage points.
- Lower co-publishing and distribution royalties as a percentage of net revenue due to the sales of *Devil May Cry 2* during the three months ended June 30, 2003 which had a high royalty rate. Also, the lower proportion of co-publishing and distribution net revenue during the three months ended June 30, 2004 compared to the three months ended June 30, 2003 decreased the overall royalty rate as co-publishing and distribution products have higher royalty rates. We estimate that lower co-publishing and distribution royalties as a percentage of net revenue increased gross margin by 2.1 percentage points.
- Partially offset by higher license royalty rates as a percentage of net revenue, as *Harry Potter and the Prisoner of Azkaban* had a higher license royalty rate than major titles released during the three months ended June 30, 2003. We estimate that higher license royalty rates, as a percentage of net revenue, decreased gross margin by 1.1 percentage points.

The above decreases were offset by a 3.0 percent increase in product costs, which were primarily the result of:

- Higher inventory management costs in Europe and a lower proportion of PC net revenue in the three months ended June 30, 2004 compared to the three months ended June 30, 2003 caused an increase in the overall product costs as PC platform products tend to have higher gross margins and lower product costs as a percentage of net revenue.

The above decreases were also partially offset by a slight decrease in average selling prices as a result of:

- The release of *Harry Potter and the Prisoner of Azkaban* in the three months ended June 30, 2004, which had a lower average selling price than prior year franchise titles such as *NBA STREET Vol. 2* and *Def Jam VENDETTA*™.
- Decreased average selling prices on PC titles that had been in release for more than nine months.

Cost of goods sold as a percentage of net revenue may increase in fiscal 2005 as compared to fiscal 2004 as a result of (1) a gradual decrease in average selling prices as current generation platforms mature and our industry transitions to next generation technology, (2) overall product mix, and (3) higher license royalties offset by lower development royalties both as a percentage of net revenue.

Marketing and Sales

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

Marketing and sales expenses for the three months ended June 30, 2004 and 2003 were as follows (in thousands):

June 30, 2004	% of Net Revenue	June 30, 2003	% of Net Revenue	$ Change	% Change
$ 63,220	14.6%	$ 59,084	16.7%	$ 4,136	7.0%

Marketing and sales expenses increased by 7.0 percent in the three months ended June 30, 2004 as compared to the three months ended June 30, 2003 primarily due to:

- A 12 percent increase in headcount to further support the growth of our marketing and sales functions worldwide, which resulted in an increase to personnel-related costs of approximately $2.6 million.
- An increase in our facilities-related expenses of $1.5 million to help support the growth of our marketing and sales functions worldwide.

As a percentage of net revenue, marketing and sales expenses declined from 16.7 percent during the three months ended June 30, 2003 to 14.6 percent in the three months ended June 30, 2004 primarily due to timing of our marketing and advertising campaigns.

General and Administrative

General and administrative expenses consist of personnel and related expenses of executive and administrative staff, fees for professional services such as legal and accounting, and allowances for bad debts.

General and administrative expenses for the three months ended June 30, 2004 and 2003 were as follows (in thousands):

June 30, 2004	% of Net Revenue	June 30, 2003	% of Net Revenue	$ Change	% Change
$ 35,054	8.1%	$ 30,760	8.7%	$ 4,294	14.0%

As a percentage of net revenue, general and administrative expenses declined from 8.7 percent in the three months ended June 30, 2003 to 8.1 percent in the three months ended June 30, 2004 primarily due to a gain on the sale of our Austin property as discussed below. Excluding this sale, general and administrative expenses remained flat as a percentage of net revenue. In total, general and administrative expenses increased by 14.0 percent during the three months ended June 30, 2004 as compared to the three months ended June 30, 2003 primarily due to:

- An increase of approximately $3.5 million in professional and contract services.
- An increase of approximately 15 percent, or $3.0 million, in personnel-related costs to support the continued growth of our business.

The increase in general and administrative expenses was partially offset by a gain of $2.4 million on the sale of our property in Austin, Texas.

Research and Development

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

Research and development expenses for the three months ended June 30, 2004 and 2003 were as follows (in thousands):

June 30, 2004	% of Net Revenue	June 30, 2003	% of Net Revenue	$ Change	% Change
$ 130,642	30.3%	$ 91,122	25.8%	$ 39,520	43.4%

Research and development expenses increased by 43.4 percent, or 4.5 percentage points of net revenue, during the three months ended June 30, 2004 as compared to the three months ended June 30, 2003 primarily due to:

- Increases in personnel-related costs of $22.7 million, of which approximately $17.0 million resulted primarily from a 28 percent increase in regular full-time employee headcount.
- An overall increase in external development expenses of $14.3 million primarily related to the development of new products with our co-publishing partners.
- An increase of $2.2 million in facilities-related expenses to support our studio expansions in North America and Japan.

Research and development expenses increased during the three months ended June 30, 2004 as compared to the three months ended June 30, 2003, as we continued to support the global growth of our research and development capabilities. In recent quarters, we have developed a greater number of titles internally. We expect increased research and development spending to continue in fiscal 2005 as we invest in next-generation tools and technologies,

products for new platforms, and, to a lesser extent, as we increase spending on titles for the PC and current-generation console products (including the PlayStation 2, Xbox and Nintendo GameCube).

Interest and Other Income, Net

Interest and other income, net, for the three months ended June 30, 2004 and 2003 were as follows (in thousands):

June 30, 2004	% of Net Revenue	June 30, 2003	% of Net Revenue	$ Change	% Change
$ 9,159	2.1%	$ 4,849	1.4%	$ 4,310	88.9%

Interest and other income, net, during the three months ended June 30, 2004 increased from the three months ended June 30, 2003 primarily due to:

- A net benefit of $2.6 million from our foreign currency activities in the three months ended June 30, 2004 as compared to the three months ended June 30, 2003.
- An increase in interest income of $0.8 million as a result of higher average cash, cash equivalents and short-term investments balances in the current year partially offset by a lower average yield.
- An increase in other income as we recorded $0.5 million in income related to our equity investment in Digital Illusions, C.E.

Income Taxes

Income taxes for the three months ended June 30, 2004 and 2003 were as follows (in thousands):

June 30, 2004	Effective Tax Rate	June 30, 2003	Effective Tax Rate	% Change
$ 9,894	29.0%	$ 8,253	31.0%	19.9%

Our effective income tax rate reflects tax benefits derived from significant operations outside the U.S., which are generally taxed at rates lower than the U.S. statutory rate of 35 percent. The effective income tax rate was 29 percent for the three months ended June 30, 2004 and 31 percent for the three months ended June 30, 2003. The reduced effective income tax rate in the three months ended June 30, 2004 primarily reflects a change in the geographic mix of taxable income subject to lower tax rates.

We intend to indefinitely reinvest our international earnings outside the U.S. and, accordingly, have not provided U.S. taxes that would be incurred if such earnings were repatriated back to the U.S.

We are currently projecting an effective income tax rate of approximately 29 percent for fiscal 2005.

Our actual effective income tax rates for fiscal 2005 and future periods can differ from the projected effective income tax rates due to a variety of factors, including changes in our business that were not taken into account in connection with our projection, a variation between the projected and actual mix of income between international and domestic operations, changes or interpretations to applicable tax laws and regulations, changes in the applicable accounting rules or our ability to realize deferred tax assets, or developments in tax audit matters with various tax authorities.

Finally, our projected effective income tax rate for fiscal 2005 does not take into account a new election that is available under the U.S. income tax rules regarding the allocation between U.S. and foreign jurisdictions tax deductions attributable to employee stock option compensation. Although we have not yet determined the impact that the election would have on our reported results, if we were to make the election, it could have a material adverse effect on our effective income tax rate.

Impact of Recently Issued Accounting Standards

In March 2004, the Financial Accounting Standards Board (“FASB”) issued an exposure draft on the Proposed Statement of Financial Accounting Standards, *“Share-Based Payment – an amendment of FASB Statements No. 123 and 95 ”*. The proposed statement addresses the accounting for share-based payment transactions with employees and other third-parties. The proposed

standard would eliminate the ability to account for share-based compensation transactions using Accounting Principles Board Opinion ("APB") No. 25, " *Accounting for Stock Issued to Employees* ", and generally would require that such transactions be accounted for using a fair-value-based method. If the final standard is approved as currently drafted in the exposure draft, it would have a material impact on the amount of earnings we report beginning in fiscal 2006. We have not yet determined the impact that the proposed statement will have on our business.

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	Three Months Ended June 30, 2004	June 30, 2003	Increase
Cash, cash equivalents and short-term investments	$ 2,369	$ 1,622	$ 747
Marketable equity securities	2	1	1
	$ 2,371	$ 1,623	$ 748
Percentage of total assets	70.4%	67.3%	

(In millions)	Three Months Ended June 30, 2004	June 30, 2003	Decrease
Cash used in operating activities	$ (66)	$ (34)	$ (32)
Cash used in investing activities	(996)	(180)	(816)
Cash provided by financing activities	44	71	(27)
Effect of foreign exchange on cash and cash equivalents	1	4	(3)
Net decrease in cash and cash equivalents	$ (1,017)	$ (139)	$ (878)

Changes in Cash Flow

During the three months ended June 30, 2004, we used $65.8 million of cash in operating activities as compared to $34.3 million for the three months ended June 30, 2003. The decrease in cash flow was primarily the result of the timing of collection of our sales, which occurred later in the three months ended June 30, 2004 as compared to the three months ended June 30, 2003. We expect this to favorably impact our operating cash flow during the three month period ended September 30, 2004. We expect to generate significant operating cash flow during the remainder of fiscal 2005. For the three months ended June 30, 2004, our primary use of cash in non-operating activities consisted of net purchases of $985.1 million in short-term investments and $26.1 million in capital expenditures, primarily related to the expansions of our Los Angeles and Vancouver studios. These non-operating expenditures were partially offset by $44.3 million in proceeds from the sale of our common stock through stock plans and $15.4 million in proceeds from the sale of property during the three months ended June 30, 2004. We anticipate making continued capital investments in our Vancouver studio during the remainder of fiscal 2005.

Receivables, net

Our gross accounts receivable balance was $291.1 million and $366.6 million as of June 30, 2004 and March 31, 2004, respectively. The decrease in our accounts receivable balance was expected as we traditionally have lower sales during our first quarter as compared to our fourth quarter. We expect our accounts receivable balance to increase during the three months ended September 30, 2004 based on our seasonal product release schedule. Reserves for sales returns, pricing allowances and doubtful accounts decreased from $154.7 million as of March 31, 2004 to $121.5 million as of June 30, 2004. Both the sales return and price protection reserves decreased in absolute dollars and as a percentage of trailing six and nine month net revenue as of June 30, 2004. We believe these reserves are adequate based on historical experience and our current estimate of potential returns and allowances.

Inventories

Inventories decreased slightly to $53.0 million as of June 30, 2004 from $55.1 million as of March 31, 2004 primarily as a result of overall lower activity during the three months ended June 30, 2004 as compared to the three months ended March 31, 2004. We typically have a higher inventory balance, as a percentage of net revenue, on hand in Europe compared to North America, due to the need to provide multiple language versions of each title in that region. No single title represented more than $4.0 million of inventory as of June 30, 2004.

Other current assets
Other current assets increased slightly to $163.2 million as of June 30, 2004 from $161.9 million as of March 31, 2004 primarily due to an increase in our VAT receivable partially offset by a decrease in other receivables. We expect our VAT receivable to decrease in the three months ended September 30, 2004.

Accounts payable
Accounts payable decreased to $65.6 million as of June 30, 2004 from $114.1 million as of March 31, 2004 primarily due to the lower sales volume we experienced in the first quarter of fiscal 2005 as compared to the fourth quarter of fiscal 2004.

Accrued and other liabilities
Our accrued and other liabilities decreased to $520.4 million as of June 30, 2004 from $630.1 million as of March 31, 2004, primarily as a result of payment of our fiscal 2004 bonus accrual and royalty payments for development. We anticipate our accrued and other liabilities balance will decline following tax payments we anticipate making during the three months ended September 30, 2004.

Financial Condition
We believe the existing cash, cash equivalents, short-term investments, marketable equity securities and cash generated from operations will be sufficient to meet our operating requirements for at least the next twelve months, including working capital requirements, capital expenditures and potential future acquisitions or strategic investments. We may choose at any time to raise additional capital to strengthen our financial position, facilitate expansion, pursue strategic investments or to take advantage of business opportunities as they arise. There can be no guarantee 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.

A portion of our cash is generated from operations domiciled in foreign tax jurisdictions (approximately $430.9 million as of June 30, 2004) that is designated as indefinitely reinvested in the respective tax jurisdiction. While we have no plans to repatriate these funds to the United States in the short-term, if we were required to do so to fund our operations in the United States, we would accrue and pay additional taxes in connection with their repatriation.

On January 8, 2004, we filed an amended registration statement on Form S-3 with the SEC. This registration statement, including the base prospectus contained therein, became effective on January 15, 2004 and uses a “shelf” registration process. This shelf registration statement allows us, at any time, to offer any combination of securities described in the prospectus in one or more offerings up to a total amount of $2.0 billion. Unless otherwise specified in a prospectus supplement accompanying the base prospectus, we will 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 titles on new platforms and new versions of our titles on existing platforms, 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 competition, domestic and international economic conditions, seasonality in operating results, risks of product returns and the other risks described in the “Risk Factors” section below.

Contractual Obligations and Commercial Commitments

Letters of Credit
In July 2002, we provided an irrevocable standby letter of credit to Nintendo of Europe. The standby letter of credit guarantees performance of our obligations to pay Nintendo of Europe for trade payables of up to €8.0 million. The standby letter of credit expires in July 2005. As of June 30, 2004, we had €0.7 million payable to Nintendo of Europe covered by this standby letter of credit.

In August 2003, we provided an irrevocable standby letter of credit to 300 California Associates II, LLC as a replacement for our security deposit for office space. The standby letter of credit guarantees performance of our obligations to pay our lease commitment up to $1.1 million. The standby letter of credit expires in December 2006. As of June 30, 2004, we did not have a payable balance on this standby letter of credit.

Development, Celebrity, League and Content Licenses: Payments and Commitments
The products produced by 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 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 are not dependent on any deliverables. Celebrities and organizations with whom we have contracts include: FIFA and UEFA (professional soccer); NASCAR (stock car racing); John Madden (professional football); National Basketball Association (professional basketball); PGA TOUR (professional golf); Tiger Woods (professional golf); National Hockey League and NHLPA (professional hockey); Warner Bros. (Harry Potter, Catwoman and Superman); MGM/Danjaq (James Bond); New Line Productions (The Lord of the Rings); National Football League and Players Inc. (professional football); Collegiate Licensing Company (collegiate football and basketball); ISC (stock car racing); Major League Baseball Properties; MLB Players Association (professional baseball) and Island Def Jam (fighting). These developer and content license commitments represent the sum of (i) the cash payments due under non-royalty-bearing licenses and services agreements, and (ii) the minimum payments and advances against royalties due under royalty-bearing licenses and services agreements that are conditional upon performance by the counterparty. These minimum guarantee payments and marketing commitments are included in the table below.

The following table summarizes our minimum contractual obligations and commercial commitments as of June 30, 2004, and the effect we expect them to have on our liquidity and cash flow in future periods (in thousands):

	Contractual Obligations			Commercial Commitments		
Fiscal Year Ended March 31,	Leases [1]	Developer/ Licensee Commitments [2]	Marketing	Bank and Other Guarantees	Letters of Credit	Total
2005 (remaining nine months)	$ 17,343	$ 32,882	$ 18,258	$ 1,973	$ 832	$ 71,288
2006	25,420	34,127	6,602	223	–	66,372
2007	20,348	13,289	3,586	223	–	37,446
2008	16,255	16,095	3,586	223	–	36,159
2009	12,309	10,527	3,586	222	–	26,644
Thereafter	37,306	11,332	3,587	222	–	52,447
Total	$ 128,981	$ 118,252	$ 39,205	$ 3,086	$ 832	$ 290,356

[1] See discussion on operating leases in the " *Off-Balance Sheet Commitments* " section below and Note 8 in the Notes to Condensed Consolidated Financial Statements, included in Item 1 hereof, for additional information.

[2] Developer/licensee commitments include $57.2 million of commitments to developers or licensers that have been included in our Condensed Consolidated Balance Sheet as of June 30, 2004 because the developer does not have any significant performance obligations to us. These commitments are included in both current and long-term assets and liabilities.

The lease commitments disclosed above exclude commitments included in our restructuring activities for contractual rental commitments of $28.4 million under real estate leases for unutilized office space, offset by $17.9 million of estimated future sub-lease income. These amounts were expensed in the periods of the related restructuring and are included in our accrued and other liabilities reported on our Condensed Consolidated Balance Sheet as of June 30, 2004. Please see Note 5 in the Notes to Condensed Consolidated Financial Statements, included in Item 1 hereof, for additional information.

Litigation
We are subject to pending claims and litigation. Management, after review and consultation with legal counsel, considers that any liability from the disposition of such lawsuits would not have a material adverse effect upon our consolidated financial condition or results of operations.

Director Indemnity Agreements
We have entered into an indemnification agreement with the members of our Board of Directors to indemnify our Directors to the extent permitted by law against any and all liabilities, costs, expenses, amounts paid in settlement and damages incurred by the Directors as a result of any lawsuit, or any judicial, administrative or investigative proceeding in which the Directors are sued as a result of their service as a member of our Board of Directors.

Transactions with Related Parties

Transactions with Executive Officers
On June 24, 2002, we hired Warren Jenson and agreed to loan him $4,000,000, to be forgiven over four years based on his continuing

employment. The loan does not bear interest. On June 24, 2004, pursuant to the terms of the loan agreement, we forgave two million dollars of the loan and provided Mr. Jenson approximately $1.6 million to offset the tax implications of the forgiveness. As of June 30, 2004, the remaining outstanding loan balance was $2,000,000, which will be forgiven on June 24, 2006, provided that Mr. Jenson has not voluntarily resigned his employment with us or been terminated for cause prior to that time. No additional funds will be provided to offset the tax implications of the forgiveness of the remaining two million dollars.

OFF-BALANCE SHEET COMMITMENTS

Lease Commitments
We lease certain of our current facilities and certain equipment under non-cancelable operating lease agreements. We are required to pay property taxes, insurance and normal maintenance costs for certain of our facilities and will be required to pay any increases over the base year of these expenses on the remainder of our facilities.

In February 1995, we entered into a build-to-suit lease with a third party for our headquarters facility in Redwood City, California, which was refinanced with Keybank National Association in July 2001 and expires in July 2006. We accounted for this arrangement as an operating lease in accordance with Statement of Financial Accounting Standards ("SFAS") No. 13, *"Accounting for Leases"* , as amended. Existing campus facilities developed in phase one comprise a total of 350,000 square feet and provide space for sales, marketing, administration and research and development functions. We have an option to purchase the property (land and facilities) for a maximum of $145.0 million or, at the end of the lease, to arrange for (i) an extension of the lease or (ii) sale of the property to a third party while we retain an obligation to the owner for approximately 90 percent of the difference between the sale price and the guaranteed residual value of up to $128.9 million if the sales price is less than this amount, subject to certain provisions of the lease.

In December 2000, we entered into a second build-to-suit lease with Keybank National Association for a five-year term beginning December 2000 to expand our Redwood City, California headquarters facilities and develop adjacent property adding approximately 310,000 square feet to our campus. Construction was completed in June 2002. We accounted for this arrangement as an operating lease in accordance with SFAS No. 13, as amended. The facilities provide space for marketing, sales and research and development. We have an option to purchase the property for a maximum of $130.0 million or, at the end of the lease, to arrange for (i) an extension of the lease, or (ii) sale of the property to a third party while we retain an obligation to the owner for approximately 90 percent of the difference between the sale price and the guaranteed residual value of up to $118.8 million if the sales price is less than this amount, subject to certain provisions of the lease.

We believe the estimated fair values of both properties under these operating leases are in excess of their respective guaranteed residual values as of June 30, 2004.

For the two lease agreements with Keybank National Association, as described above, the lease rates are based upon the Commercial Paper Rate and require us to maintain certain financial covenants as shown below, all of which we were in compliance with as of June 30, 2004.

Financial Covenants	Requirement	Actual as of June 30, 2004
Consolidated Net Worth	$1,702 million	$2,746 million
Fixed Charge Coverage Ratio	3.00	29.76
Total Consolidated Debt to Capital	60%	8.3%
Quick Ratio – Q1 & Q2	1.00	10.20
Q3 & Q4	1.75	N/A

In July 2003, we entered into a lease agreement with an independent third party (the "Landlord") for a studio facility in Los Angeles, California, which commenced in October 2003 and expires in September 2013 with two five-year options to extend the lease term. Additionally, we have options to purchase the property after five and ten years based on the fair market value of the property at the date of sale, a right of first offer to purchase the property upon terms offered by the Landlord, and a right to share in the profits from a sale of the property. We have accounted for this arrangement as an operating lease in accordance with SFAS No. 13, as amended. Existing campus facilities comprise a total of 243,000 square feet and provide space for research and development functions. Our rental obligation under this agreement is $50.2 million over the initial ten-year term of the lease. This commitment is offset by sublease income of $5.8 million for the sublet to an affiliate of the Landlord of 18,000 square feet of the Los Angeles facility, which commenced in October 2003 and expires in September 2013, with options of early termination by the affiliate after five years and by us after four and five years.

In June 2004, we entered into a lease agreement with an independent third-party for a studio facility in Orlando, Florida, which will commence in January 2005 and expire in June 2010, with one five-year option to extend the lease term. The campus facilities comprise a total of 117,000 square feet, which we intend to use for research and development functions. We have accounted for this arrangement as an operating lease in accordance with SFAS No. 13, as amended. Our rental obligation over the initial five-and-a-half year term of the lease is $13.2 million.

RISK FACTORS

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

The success of our business is highly dependent on being able to predict which new videogame platforms will be successful, and on the market acceptance and timely release of those platforms.

We derive most of our revenue from the sale of products for play on videogame platforms manufactured by third parties, such as Sony's PlayStation 2. Therefore, the success of our products is driven in large part by the success of new videogame hardware systems and our ability to accurately predict which platforms will be most successful in the marketplace. We must make product development decisions and commit significant resources well in advance of the anticipated introduction of a new platform. A new platform for which we are developing products may be delayed, may not succeed or may have a shorter life cycle than anticipated. If the platforms for which we are developing products are not released when anticipated or do not attain wide market acceptance, our revenue growth will suffer, we may be unable to fully recover the resources we have committed, and our financial performance will be harmed.

Our platform licensors set the royalty rates and other fees that we must pay to publish games for their platforms, and therefore have significant influence on our costs. If one or more of the platform licensors adopt a different fee structure for future game consoles or we are unable to obtain such licenses, our profitability will be materially impacted.

In the next few years, we expect our platform licensors to introduce new game machines into the market. In order to publish products for a new game machine, we must take a license from the platform licensor which gives the platform licensor the opportunity to set the fee structure that we must pay in order to publish games for that platform. Similarly, the platform licensors have retained the flexibility to change their fee structures for online gameplay and features for their consoles. The control that platform licensors have over the fee structures for their future platforms and online access makes it difficult for us to predict our costs and profitability in the medium to long term. It is also possible that platform licensors will not renew our licenses. Because publishing products for videogame consoles is the largest portion of our business, any increase in fee structures or failure to secure a license relationship would have a significant negative impact on our business model and profitability.

Our business is both seasonal and cyclical. If we fail to deliver our products at the right times, our sales will suffer.

Our business is highly seasonal, with the highest levels of consumer demand, and a significant percentage of our revenue, occurring in the December quarter. If we miss this key selling period, due to product delays or delayed introduction of a new platform for which we have developed products, our sales will suffer disproportionately. Our industry is also cyclical. Videogame platforms have historically had a life cycle of four to six years. As one group of platforms is reaching the end of its cycle and new platforms are emerging, consumers often defer game software purchases until the new platforms are available, causing sales to decline. This decline may not be offset by increased sales of products for the new platform. For example, following the launch of Sony's PlayStation2 platform, we experienced a significant decline in revenue from sales of products for Sony's older PlayStation game console, which was not immediately offset by revenue generated from sales of products for the PlayStation2 platform.

Our business is intensely competitive and increasingly "hit" driven. If we do not continue to deliver "hit" products, our success will be limited.

Competition in our industry is intense, and new products are regularly introduced. A relatively small number of "hit" titles accounts for a significant portion of total sales. For example, during calendar year 2003, approximately 19 percent of the sales of videogames in North America consisted of only 20 "hit" products. If our competitors develop more successful products, or if we do not continue to develop consistently high-quality products, our revenue and profitability will decline.

If we are unable to maintain or acquire licenses to intellectual property, we will publish fewer hit titles and our revenue, profitability and cash flows will decline. Competition for these licenses may make them more expensive, and increase our costs.

Many of our products are based on or incorporate intellectual property owned by others. For example, our EA SPORTS products include rights licensed from the major sports leagues and players associations. Similarly, many of our hit EA GAMES franchises, such as Bond, Harry Potter and Lord of the Rings, are based on key film and literary licenses. Competition for these licenses is intense. If we are unable to maintain these licenses and obtain additional licenses with significant commercial value, our revenues and profitability will decline significantly. Competition for these licenses may also drive up the advances, guarantees and royalties that we must pay to the licensor, which could significantly increase our costs.

If patent claims continue to be asserted against us, we may be unable to sustain our current business models or profits.

Many patents have been issued that may apply to widely used game technologies. Additionally, infringement claims under many recently issued patents are now being asserted against Internet implementations of existing games. Several such claims have been asserted against us. Such claims can harm our business. We incur substantial expenses in evaluating and defending against such claims, regardless of the merits of the claims. In the event that there is a determination that we have infringed a third-party patent, we could incur significant monetary liability and be prevented from using the rights in the future.

Other intellectual property claims may increase our product costs or require us to cease selling affected products.

Many of our products include extremely realistic graphical images, and we expect that as technology continues to advance, images will become even more realistic. Some of the images and other content are based on real-world examples that may inadvertently infringe upon the intellectual property rights of others. Although we believe that we make reasonable efforts to ensure that our products do not violate the intellectual property rights of others, it is possible that third parties still may claim infringement. From time to time, we receive communications from third parties regarding such claims. Existing or future infringement claims against us, whether valid or not, may be time consuming and expensive to defend. Such claims or litigations could require us to stop selling the affected products, redesign those products to avoid infringement, or obtain a license, all of which would be costly and harm our business.

Our business, our products and our distribution are subject to increasing regulation in key territories of content, consumer privacy and online delivery. If we do not successfully respond to these regulations, our business may suffer.

Legislation is continually being introduced that may affect both the content of our products and their distribution. For example, privacy laws in the United States and Europe impose various restrictions on our web sites. Those rules vary by territory although the Internet recognizes no geographical boundaries. Other countries, such as Germany, have adopted laws regulating content both in packaged goods and those transmitted over the Internet that are stricter than current United States laws. In the United States, the federal and several state governments are considering content restrictions on products such as ours, as well as restrictions on distribution of such products. Any one or more of these factors could harm our business by limiting the products we are able to offer to our customers and by requiring additional differentiation between products for different territories to address varying regulations. This additional product differentiation would be costly.

If we do not consistently meet our product development schedules, we will experience fluctuations in our operating results.

Our ability to meet product development schedules is affected by a number of factors, including the creative processes involved, the coordination of large and sometimes geographically dispersed development teams required by the increasing complexity of our products, and the need to refine and tune our products prior to their release. We have in the past experienced development delays for several of our products. Failure to meet anticipated production or “go live” schedules may cause a shortfall in our revenue and profitability and cause our operating results to be materially different from expectations. Delays that prevent release of our products during peak selling seasons or in conjunction with specific events, such as the release of a related movie or the beginning of a sports season or major sporting event, could adversely affect our financial performance.

Technology changes rapidly in our business, and if we fail to anticipate new technologies, the quality, timeliness and competitiveness of our products will suffer.

Rapid technology changes in our industry require us to anticipate, sometimes years in advance, which technologies our products must take advantage of in order to make them competitive in the market at the time they are released. Therefore, we usually start our product development with a range of technical development goals that we hope to be able to achieve. We may not be able to

achieve these goals, or our competition may be able to achieve them more quickly than we can. In either case, our products may be technologically inferior to competitive products, or less appealing to consumers, or both. If we cannot achieve our technology goals within the original development schedule of our products, then we may delay products until these technology goals can be achieved, which may delay or reduce revenue and increase our development expenses. Alternatively, we may increase the resources employed in research and development in an attempt to accelerate our development of new technologies, either to preserve our product launch schedule or to keep up with our competition, which would increase our development expenses.

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

The market for technical, creative, marketing and other personnel essential to the development and marketing of our products and management of our businesses is extremely competitive. Our leading position within the interactive entertainment industry makes us a prime target for recruiting of executives and key creative 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 businesses will be impaired.

Our platform licensors are our chief competitors and frequently control the manufacturing of and/or access to our videogame products. If they do not approve our products, we will be unable to ship to our customers.

Our agreements with hardware licensors (such as Sony for the PlayStation 2, Microsoft for the Xbox and Nintendo for the Nintendo GameCube) typically give significant control to the licensor over the approval and manufacturing of our products, which could, in certain circumstances, leave us unable to get our products approved, manufactured and shipped to customers. These hardware licensors are also our chief competitors. In most events, control of the approval and manufacturing process by the platform licensors increases both our manufacturing lead times and costs as compared to those we can achieve independently. While we believe that our relationships with our hardware licensors are currently good, the potential for these licensors to delay or refuse to approve or manufacture our products exists. Such occurrences would harm our business and our financial performance.

We compete directly with Microsoft and Sony for sales of products with online capabilities. We also require compatibility code and the consent of each in order to include online capabilities in our products for their respective platforms. As online capabilities for videogame platforms become more significant, Microsoft and Sony could restrict our ability to provide online capabilities for our console platform products. If Microsoft or Sony refused to approve our products with online capabilities or significantly impacted the financial terms on which these services are offered to our customers, our business could be harmed.

Our international net revenue is subject to currency fluctuations.

For the three months ended June 30, 2004, international net revenue comprised 51 percent of our total net revenue. For the three months ended June 30, 2003, international net revenue comprised 44 percent of total net revenue. We expect foreign sales to continue to account for a significant portion of our net revenue. Such sales are subject to unexpected regulatory requirements, tariffs and other barriers. Additionally, foreign sales are primarily made in local currencies, which may fluctuate against the dollar. While we utilize foreign exchange forward contracts to mitigate foreign currency risk associated with foreign currency denominated assets and liabilities (primarily certain intercompany receivables and payables) and foreign currency option contracts to hedge foreign currency forecasted transactions (primarily related to revenue generated by our operational subsidiaries), our results of operations and financial condition may, nonetheless, be adversely affected by foreign currency fluctuations.

Our reported financial results could be affected if significant changes in current accounting principles are adopted.

Recent actions and public comments from the SEC have focused on the integrity of financial reporting generally. Similarly, Congress has considered a variety of bills that could affect certain accounting principles. The FASB and other regulatory accounting agencies have recently introduced several new or proposed accounting standards, such as accounting for stock options, some of which represent a significant change from current practices. For example, changes in our accounting for stock options could materially increase our reported expenses.

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

In the U.S. in the three months ended June 30, 2004, over 65 percent of our sales were made to six key customers. In Europe, our top ten customers accounted for over 35 percent of our sales in that territory in the three months ended June 30, 2004. Worldwide, we had direct sales to one customer, Wal-Mart Stores, Inc., which represented 12 percent of total net revenue during the three months ended June 30, 2004. Though our products are available to consumers through a variety of retailers, the concentration of our sales in one, or a few, large customers could lead to short-term disruption in our sales if one or more of these customers significantly reduced their purchases or ceased to carry our products, and could make us more vulnerable to collection risk if one or more of these large customers became unable to pay for our products. Additionally, our receivables from these large customers increase significantly in the December quarter as they stock up for the holiday selling season. Also, having such a large portion of our total net revenue concentrated in a few customers reduces our negotiating leverage with these customers.

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

We have evaluated, and expect to continue to evaluate, a wide array of potential strategic transactions, including (1) acquisitions of companies, businesses, intellectual properties, and other assets, and (2) investments in new interactive entertainment businesses (for example, online and mobile games). Any of these strategic transactions could be material to our financial condition and results of operations. Although we regularly search for opportunities to engage in strategic transactions, we may not be successful in identifying suitable opportunities. We may not be able to consummate potential acquisitions or investments or an acquisition or investment may not enhance our business or may decrease rather than increase our earnings. In addition, the process of integrating an acquired company or business, or successfully exploiting acquired intellectual property or other assets, could divert a significant amount of our management's time and focus and may create unforeseen operating difficulties and expenditures. Additional risks we face include:

- The need to implement or remediate controls, procedures and policies appropriate for a public company in an acquired company that, prior to the acquisition, lacked these controls, procedures and policies,
- Cultural challenges associated with integrating employees from an acquired company or business into our organization,
- Retaining employees from the businesses we acquire,
- The need to integrate an acquired company's accounting, management information, human resource and other administrative systems to permit effective management, and
- To the extent that we engage in strategic transactions outside of the United States, we face additional risks, including risks related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries.

Future acquisitions and investments could involve the issuance of our equity securities, potentially diluting our existing stockholders, the incurrence of debt, contingent liabilities or amortization expenses, or write-offs of goodwill, any of which could harm our financial condition. Our stockholders may not have the opportunity to review, vote on or evaluate future acquisitions or investments.

We have begun the implementation of a common set of financial information systems throughout our worldwide organization, which, if not completed in a successful and timely manner, could impede our ability to accurately process, prepare and analyze important financial data.

As part of our effort to improve efficiencies throughout our worldwide organization, we have begun the implementation of a common set of practices, processes and financial information systems. The successful conversion from our current financial information systems to new financial information systems entails a number of risks due to the complexity of the conversion and implementation process. Such risks include verifying the accuracy of the business data and information prior to conversion, the actual conversion of that data and information to the new systems and then using that business data and information in the new systems after the conversion. In addition, because the implementation is company-wide, there is a need for substantial and comprehensive company-wide employee training. While testing of these new systems and processes and training of employees are done in advance of implementation, there are inherent limitations in our ability to simulate a full-scale operating environment in advance of implementation. Finally, there can be no assurance that the conversion to, and the implementation of, the new financial information systems will not impede our ability to accurately and timely process, prepare and analyze the financial data

we use in making operating decisions and which form the basis of the financial information we include in the periodic reports we file with the SEC.

Our products are subject to the threat of piracy by a variety of organizations and individuals. If we are not successful in combating and preventing piracy, our sales and profitability could be harmed significantly.

In many countries around the world, more pirated copies of our products are sold than legitimate copies. Though piracy has not had a material impact on our operating results to date, highly organized pirate operations have been expanding globally. In addition, the proliferation of technology designed to circumvent the protection measures we use in our products, the availability of broadband access to the Internet, the ability to download pirated copies of our games from various Internet sites, and the widespread proliferation of Internet cafes using pirated copies of our products, all have contributed to ongoing and expanding piracy. Though we take steps to make the unauthorized copying and distribution of our products more difficult, as do the manufacturers of consoles on which our games are played, neither our efforts nor those of the console manufacturers may be successful in controlling the piracy of our products. This could have a negative effect on our growth and profitability in the future.

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

As a result of the factors discussed in this report and other factors that may arise in the future, 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, to changes in analysts' earnings estimates, to factors affecting the computer, software, Internet, entertainment, media or electronics businesses, or to national and international economic conditions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

MARKET RISK

We are exposed to various market risks, including changes in foreign currency exchange rates and interest rates. Market risk is the potential loss arising from changes in market rates and prices. Foreign exchange forward and option contracts used to either mitigate or hedge foreign currency exposures and short-term investments are subject to market risk. We do not consider our cash and cash equivalents to be subject to interest rate risk due to their short maturities. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

Foreign Currency Exchange Rate Risk
We utilize foreign exchange forward contracts to mitigate foreign currency risk associated with foreign currency denominated assets and liabilities, primarily certain intercompany receivables and payables. Our foreign exchange forward contracts are accounted for as derivatives whereby the gains and losses on these contracts are reflected in the Condensed Consolidated Statements of Operations. Gains and losses on open contracts at the end of each accounting period resulting from changes in the forward rate are recognized in earnings and are designed to offset gains and losses on the underlying foreign-currency-denominated assets and liabilities. As of June 30, 2004, we had foreign exchange forward contracts, all with maturities of less than one month, to sell approximately $188.6 million in foreign currencies, consisting primarily of British Pounds, Euros and Japanese Yen. Of this amount, $180.4 million represents contracts to sell foreign currency in exchange for U.S. dollars and $8.2 million represents contracts to sell foreign currency in exchange for British Pounds.

From time to time, we hedge our foreign currency risk related to anticipated future sales transactions by purchasing option contracts that generally have maturities of 15 months or less. If qualified, these transactions are designated as cash flow hedges. For the three months ended June 30, 2004, we recognized a loss of $0.6 million in earnings associated with the time value of these option contracts.

The counterparties to these forward and options contracts are creditworthy multinational commercial and investment banks. The risks of counterparty nonperformance associated with these contracts are not considered to be material. Notwithstanding our efforts to manage foreign exchange risks, there can be no assurances that our mitigating or hedging activities will adequately protect us against the risks associated with foreign currency fluctuations.

The following table provides information about our foreign currency forward and option contracts as of June 30, 2004. The information is provided in U.S. dollar equivalents and presents the notional amount (forward or option amount), the weighted-

average contractual foreign currency exchange rates and fair value. The fair value of our forward and option contracts are recorded in other current assets on our Condensed Consolidated Balance Sheets.

(In thousands, except contract rates)	Notional Amount	Weighted-Average Contract Rate	Fair Value
Foreign currency to be sold under contract:			
British Pound	$ 129,808	1.8142	$ 245
Euro	21,759	1.2089	(15)
Japanese Yen	15,702	0.0092	(111)
Swiss Franc	4,795	0.7992	3
South African Rand	4,563	0.1573	(49)
Danish Krone	4,551	0.1625	(2)
Swedish Krona	4,220	0.1319	1
Norwegian Krone	3,192	0.1451	21
Total	$ 188,590		$ 93
Foreign currency to be purchased under contract:			
British Pound	$ 8,195	1.8155	$ (54)
Option contracts purchased			
Euro	$ 84,868	1.1316	$ 671

Interest Rate Risk

Our exposure to market rate risk for changes in interest rates relates primarily to our investment portfolio. We do not use derivative financial instruments in our investment portfolio. We manage our interest rate risk by maintaining an investment portfolio primarily consisting of debt instruments of high credit quality and relatively short average maturities. Though we maintain sufficient cash and cash equivalent balances such that we are typically able to hold our investments to maturity, currently, the majority of our investments are callable by the issuer.

As of June 30, 2004, our cash equivalents and short-term investments included $2.3 billion of debt securities, consisting primarily of U.S. agency bonds, money market funds and municipal securities. Notwithstanding our efforts to manage interest rate risks, there can be no assurances that we will be adequately protected against the risks associated with interest rate fluctuations.

The table below presents the amounts and related weighted-average interest rates of our investment portfolio as of June 30, 2004 (in thousands):

	Weighted-Average Interest Rate	Cost	Fair Value
Cash equivalents			
Fixed rate	1.29%	$ 481,372	$ 481,372
Variable rate	0.98%	546,507	546,507
Short-term investments			
Fixed rate	1.96%	1,034,543	1,023,048
Step rate	1.53%	85,000	83,272
Variable rate	1.86%	130,000	129,785
		$ 2,277,422	$ 2,263,984

Maturity dates for short-term investments range from 4 months to 26 months, with call dates ranging from 1 month to 7 months.

Item 4. 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 and Administrative 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 Chief Financial and Administrative 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 and Administrative Officer, as appropriate to allow timely decisions regarding the required disclosure.

Changes in internal controls. During our last fiscal quarter, no change occurred in our internal control over financial reporting that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. However, following the enactment of the Sarbanes-Oxley Act and related SEC regulations, we have enhanced our internal controls and disclosure systems through various measures including: detailing certain internal accounting policies; establishing a disclosure committee for the preparation of all periodic SEC reports; establishing an internal audit function; requiring certifications from various trial balance controllers and other financial personnel responsible for our financial statements; and automated certain manual-entry royalty accounting activities through the implementation of new software management systems.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to pending claims and litigation. Our management, after review and consultation with counsel, considers that any liability from the disposition of such lawsuits, individually or in the aggregate would not have a material adverse effect upon our consolidated financial position or results of operations.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits (other than exhibits 32.1 and 32.2, which are furnished with this report) are filed as part of this report:

Exhibit Number	Title
3.02	Amended and Restated Bylaws.
10.37	Lease agreement between ASP WT, L.L.C. (“Landlord”) and Tiburon Entertainment, Inc. (“Tenant”) for space at Summit Park I, dated June 15, 2004.
10.38	First Amendment to lease agreement by and between Playa Vista – Water’s Edge, LLC and Electronic Arts Inc., entered into April 19, 2004.
10.39	Electronic Arts Deferred Compensation Plan.
15.1	Awareness Letter of KPMG LLP, Independent Registered Public Accounting Firm.
31.1	Certification of Chairman and 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.
31.2	Certification of Executive Vice President, Chief Financial and Administrative Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Additional exhibits furnished with this report:

32.1	Certification of Chairman and Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Executive Vice President, Chief Financial and Administrative Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

On April 7, 2004, we filed a current report on Form 8-K relating to the announcement of the resignation of John Riccitiello, President and Chief Operating Officer.

On April 29, 2004, we filed a current report on Form 8-K relating to the announcement of our financial results for the quarter and year ended March 31, 2004.

SIGNATURE

Pursuant to the requirements 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.
(Registrant)

/s/ Warren C. Jenson

DATED:
August 3, 2004

WARREN C. JENSON
Executive Vice President,
Chief Financial and Administrative Officer

ELECTRONIC ARTS INC.
FORM 10-Q
FOR THE PERIOD ENDED JUNE 30, 2004

EXHIBIT INDEX

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Exhibit 3.2

AMENDED AND RESTATED BYLAWS

OF

ELECTRONIC ARTS INC.

(a Delaware Corporation)

As Amended through July 29, 2004

TABLE OF CONTENTS

AMENDED AND RESTATED BYLAWS

OF

ELECTRONIC ARTS INC .

(a Delaware Corporation)

As Amended through July 29, 2004

ARTICLE I

STOCKHOLDERS

Section 1.1: Location of Stockholder Meetings. Meetings of the stockholders of the Corporation shall be held at such place, either within or without the State of Delaware, as may be designated from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication in accordance with the Delaware General Corporation Law (the "DGCL").

Section 1.2: Annual Meetings.

(a) The annual meeting of the stockholders of the Corporation, for the purpose of election of directors and for such other business as may properly be brought before the meeting, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. If no annual meeting is held in accordance with the foregoing provisions, a special meeting may be held in lieu of the annual meeting, and any action taken at that special meeting shall have the same effect as if it had been taken at the annual meeting, and in such case all references in these bylaws to the annual meeting of the stockholders shall be deemed to refer to such special meeting.

(b) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the Corporation's notice of such meeting; (ii) by or at the direction of the Board of Directors; or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving the stockholder's notice provided for in Section 1.2(c) below, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this Section 1.2.

(c) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 1.2(b) of these Bylaws, (i) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (ii) such other business must be a proper matter for stockholder action under the DGCL, (iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice (as defined in clause (iii) of the last sentence of this Section 1.2(c)), such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial owner to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice, and (iv) if no Solicitation Notice relating thereto has been timely provided pursuant to

this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 1.2. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the sixtieth (60th) day nor earlier than the close of business on the ninetieth (90th) day prior to the first anniversary (the "Anniversary") of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders; *provided, however* , that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall the adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (A) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") including such person's written consent to being named in a proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

(d) Notwithstanding anything in the third sentence of Section 1.2(c) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least sixty (60) days prior to the Anniversary, a stockholder's notice required by this Section 1.2 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(e) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.2 (with respect to an annual meeting) or Section 1.3 below (with respect to a special meeting) shall be eligible to serve as directors and only such business shall be conducted at an annual or special meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.2 or Section 1.3 below, respectively. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(f) For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(g) Notwithstanding the foregoing provisions of this Section 1.2, in order to include information with respect to a stockholder proposal in the Corporation's proxy statement and form of proxy for a stockholders' meeting, stockholders must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 1.2. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 1.3: Special Meetings.

(a) Special meetings of the stockholders of the Corporation may be called, for any purpose or purposes, by the Chairman of the Board of Directors. Special meetings may not be called by any other person or persons. Business transacted at any special meeting of the stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of the meeting.

(b) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who is a stockholder of record at the time of giving notice provided for in these Bylaws who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in Section 1.2 of these Bylaws. For nominations by stockholders of persons for election to such position(s) as specified in the Corporation's notice of meeting to be eligible for consideration at the meeting, the stockholder's notice required by Section 1.2(c) of these Bylaws must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(c) Notwithstanding the foregoing provisions of this Section 1.3, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 1.3. Nothing in this Section 1.3 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 1.4: Notice of Meetings. Except as otherwise required herein or provided by law, notice of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. Without limiting the manner by which notice otherwise may be given to stockholders, any notice shall be effective if given by a form of electronic transmission consented to, in a manner consistent with Delaware law, by the stockholder to whom the notice is given. Notices of all meetings of stockholders shall state the place, if any, date and time of the meeting and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting. The notice of a special meeting of stockholders shall state, in addition, the purpose or purposes for which the meeting is called.

Section 1.5: Quorum and Required Vote. At all meetings of stockholders, except where otherwise provided by statute, the Corporation's Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") or these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy, of the holders of a majority of the outstanding shares of stock entitled to vote at the meeting shall constitute a quorum for the transaction of business. In the absence of a quorum, the chairman of the meeting may adjourn the meeting to another place, if any, date or time. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute or by applicable stock exchange or Nasdaq rules, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of the

majority of shares entitled to be cast on the matter, present in person, by remote communication, if applicable, or represented by proxy at the meeting and voting for or against the matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of shares of such class or classes or series entitled to be cast on the matter, present in person, by remote communication, if applicable, or represented by proxy at the meeting and voting for or against the matter shall be the act of such class or classes or series.

Section 1.6: Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time by the chairman of the meeting. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if a new record date is fixed for the adjourned meeting, a notice of the place, if any, date and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.7: Organization.

(a) Meetings of stockholders shall be presided over by such person as the Board of Directors may designate, or, in the absence of such person, the Chairman of the Board, or in his or her absence, the President of the Corporation, or in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting. Such person shall be chairman of the meeting. The Secretary of the Corporation shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) The Board of Directors shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the Corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot.

Section 1.8: Voting; Proxies. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the Corporation on the record date, as provided in Section 1.10 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Unless otherwise provided by law or the Certificate of Incorporation, each stockholder shall be entitled to one (1) vote for each share of stock held by such stockholder. Each stockholder entitled to vote at a meeting of stockholders may do so in person or by remote communication if applicable, or may authorize another person or persons to act for such stockholder by proxy. Such proxy may be prepared, transmitted and delivered in any manner permitted by

applicable law, including electronic transmission. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Section 1.8 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. Voting at any meeting of stockholders need not be by written ballot unless such is demanded at the meeting before voting begins by any stockholder or by such stockholder's proxy. If a vote is to be taken by written ballot, then each such ballot shall state the name of the stockholder or proxy voting and such other information as the chairman of the meeting deems appropriate, and the ballots shall be counted by one or more inspectors appointed pursuant to Section 1.11 of these Bylaws.

Section 1.9: Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed by the Board of Directors, then the record date shall be as provided by applicable law. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however* , that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.10: List of Stockholders Entitled to Vote. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting, (i) on a reasonably accessible electronic network, provided that information to gain access to such list is provided with the notice of the meeting or (ii) during ordinary business hours, at the principal place of business of the Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 1.11: Inspector(s) of Elections. In advance of any meeting of stockholders, the Board of Directors may, and to the extent required by law, shall, appoint one or more Inspector(s) to act at such meeting or any adjournment thereof and make a written report thereof. If Inspector(s) are not so appointed or if the person(s) so appointed fail to appear or act, the person presiding at such meeting may, and to the extent required by law, shall, appoint one or more Inspector(s). Each Inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability. Such duties may include, but need not be limited to (i) determining the number of shares outstanding and the voting power of each, (ii) determining the shares represented at the meeting, the existence of a quorum and the validity and effect of proxies, (iii) receiving votes, ballots and consents, (iv) hearing and determining all challenges and questions arising in connection with the right to vote, (v) counting and tabulating all votes, ballots or consents, (vi) determining the results of elections and votes, (vii) retaining for a reasonable period a record of the disposition of any challenges made to any determination by the Inspector(s), and (viii) doing such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting or any stockholder entitled to vote thereon, the Inspector(s) shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated and of the votes as certified by them.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1: Number; Qualifications. Subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by resolution of the Board of Directors. Directors need not be stockholders of the Corporation.

Section 2.2: Election; Resignation; Removal; Vacancies. Each Director shall hold office until the next annual meeting of stockholders and until his or her successor is elected and qualified, or until his or her earlier death, resignation or removal. Any director may resign at any time upon written notice to the Corporation. Subject to the rights of any holders of preferred stock then outstanding: (i) any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote in an election of directors and (ii) any vacancy occurring in the Board of Directors for any reason, and any newly created directorship resulting from any increase in the authorized number of directors shall, unless required by law or by resolution of the Board of Directors, be filled only by a majority of the directors then in office, although less than a quorum (and not by stockholders), and, notwithstanding Section 1.2(e) of these Bylaws, directors so chosen shall serve for a term expiring at the next annual meeting of stockholders or until such director's successor shall have been duly elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 2.3: Regular Meetings. Regular meetings of the Board of Directors may be held at such places, within or without the State of Delaware, and at such times as the Board of Directors may from time to time determine and publicize among all directors, either orally or in writing, by telephone (including a voice messaging system or other system designed to record and communicate messages), facsimile, telegraph, telex or electronic mail or other electronic means. No further notice of regular meetings shall be required.

Section 2.4: Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, by the director selected by the independent directors to serve as the Lead Director (if a director has been so selected and is serving in such capacity prior to the meeting), or a majority of the members of the Board of Directors then in office and may be held at any time, date or place, within or without the State of Delaware, as the person(s) calling the meeting shall fix. Notice of the time, date and place of all special meetings of the Board of Directors shall be given orally or in writing, by telephone (including a voice messaging system or other system or technology designed to record and communicate messages), facsimile, telegraph, telex, or electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by US mail, it shall be sent by first class mail, charges prepaid, at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing, or by electronic transmission, at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5: Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as if such business had been transacted at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 2.6: Electronic Meetings Permitted. Members of the Board of Directors, or any committee of the Board, may participate in a meeting of the Board or such committee by means of

conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

Section 2.7: Quorum; Vote Required for Action. At all meetings of the Board of Directors, a majority of the total number of directors then in office shall constitute a quorum for the transaction of business. Except as otherwise provided herein or in the Certificate of Incorporation, or as required by law, the vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.8: Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board; or in his or her absence, by the director selected by the independent directors to serve as the Lead Director (if a director has been so selected and is serving in such capacity prior to the meeting); or in his or her absence, by a chairman chosen at the meeting. At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine. The Secretary shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.9: Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the meetings are maintained in electronic form.

Section 2.10: Powers. The Board of Directors may, except as otherwise required by law or the Certificate of Incorporation, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 2.11: Compensation of Directors. Directors, as such, may receive, pursuant to a resolution of the Board of Directors, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board of Directors.

ARTICLE III

COMMITTEES

Section 3.1: Committees. The Board of Directors may, from time to time, designate one or more committees, each committee to consist of one or more of the Directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the Corporation; and unless the resolution of the Board of Directors expressly so provides, no such committee shall have the power or authority to declare a dividend, authorize the issuance of stock or adopt a certificate of ownership and merger pursuant to the DGCL.

Section 3.2: Conduct of Business. Unless the Board of Directors otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV

OFFICERS

Section 4.1: Generally. The officers of the Corporation shall consist of a Chief Executive Officer and/or a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, including a Chairman of the Board of Directors and/or Chief Financial Officer, as may from time to time be appointed by the Board of Directors. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person. Any officer may resign at any time upon written notice to the Corporation. Any vacancy occurring in any office of the Corporation by death, resignation, removal (pursuant to Section 4.9 below) or otherwise may be filled by the Board of Directors.

Section 4.2: Chairman of the Board. The Chairman of the Board shall have the power to preside at all meetings of stockholders and the Board of Directors and shall have such other powers and duties as provided in these Bylaws and as the Board of Directors may from time to time prescribe.

Section 4.3: President. Unless otherwise designated by the Board of Directors, the President shall be the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, the President shall have the responsibility for the general management and control of the business and the affairs of the Corporation and shall perform all duties and have all powers that are commonly incident to the office of chief executive or that are delegated to the President by the Board of Directors. The President shall have general supervision and direction of all of the officers, employees and agents of the Corporation.

Section 4.4: Vice President. Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board of Directors or the President. A Vice President may be designated by the Board to perform the duties and exercise the powers of the President in the event of the President’s absence or disability.

Section 4.5: Chief Financial Officer. Subject to the direction of the Board of Directors and the President, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of chief financial officer.

Section 4.6: Treasurer. The Treasurer shall have the custody of all moneys and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such powers as are commonly incident to the office of treasurer, or as the Board of Directors or the President may from time to time prescribe.

Section 4.7: Secretary. The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board of Directors. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of secretary, or as the Board of Directors or the President may from time to time prescribe.

Section 4.8: Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 4.9: Removal. Any officer of the Corporation shall serve at the pleasure of the Board of Directors and may be removed at any time, with or without cause, by the Board of Directors. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V

STOCK

Section 5.1: Certificates. Shares of the Company's stock may be certificated or uncertificated, as provided under the DGCL. All certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by or in the name of the Corporation by the Chairman of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the number of shares owned by such stockholder in the Corporation. Any or all of the signatures on the certificate may be a facsimile.

Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 5.3: Transfers of Stock. Transfers of stock shall be made on the books of the Corporation only by record holder of such stock, or by attorney lawfully constituted in writing, and in the case of stock represented by a certificate, upon surrender of the certificate.

Section: 5.4: Other Regulations. The issue, transfer, conversion and registration of stock certificates shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI

INDEMNIFICATION

Section 6.1: Indemnification of Officers and Directors. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she (or a person of whom he or she is the legal representative), is or was a director or officer of the Corporation or a Reincorporated Predecessor (as defined below) or is or was serving at the request of the Corporation or Reincorporated Predecessor (including any constituent corporation) as a director or officer of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL, against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation or a Reincorporated Predecessor and shall inure to the benefit of his or her heirs, executors and administrators; *provided, however* , that the Corporation shall

indemnify any such person seeking indemnity in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. As used herein, the term "Reincorporated Predecessor" means a corporation that is merged with and into the Corporation in a statutory merger where (a) the Corporation is the surviving corporation of such merger; and (b) the primary purpose of such merger is to change the corporate domicile of the Reincorporated Predecessor.

Section 6.2: Advancement of Expenses. Subject to compliance with applicable laws, regulations and rules, the Corporation shall pay all expenses (including attorneys' fees) incurred by such a director or officer in defending any such proceeding as they are incurred in advance of its final disposition; *provided, however* , that if the DGCL then so requires, the payment of such expenses incurred by such director or officer in advance of the final disposition of such proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined that such director or officer is not entitled to be indemnified under this Article VI or otherwise; and *provided, further* , that the Corporation shall not be required to advance any expenses to a person against whom the Corporation directly brings a claim, in a proceeding, alleging that such person has breached his or her duty of loyalty to the Corporation, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

Section 6.3: Non-Exclusivity of Rights. The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Amended and Restated Certificate of Incorporation, Bylaws, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion and subject to compliance with applicable laws, regulations and rules, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.4: Indemnification Contracts. Subject to compliance with applicable laws, regulations and rules, the Board of Directors is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: Effect of Amendment. Any amendment, repeal or modification of any provision of this Article VI shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

ARTICLE VII

NOTICES

Section 7.1: Notices. Except otherwise specifically provided herein or required by law, all notices required to be given pursuant to these Bylaws shall be in writing and may in every instance be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid telegram, telex, overnight express courier, mailgram, facsimile or any other means of electronic transmission permitted by Section 232 of the DGCL. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation.

Section 7.2: Waiver of Notice. Whenever notice is required to be given under any provision by these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver notice of such meeting, except when

the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

ARTICLE VIII

INTERESTED DIRECTORS

Section 8.1: Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (i) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (ii) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract transaction.

ARTICLE IX

MISCELLANEOUS

Section 9.1: Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 9.2: Seal. The Board of Directors may provide for a corporate seal, which shall have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board of Directors.

Section 9.3: Reliance Upon Books and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.4: Certificate of Incorporation Governs. In the event of any conflict between the provisions of the Corporation's Certificate of Incorporation and these Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.5: Severability. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Corporation's Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of the Bylaws (including without limitation all portions of any section of these

Bylaws containing any such provisions held to be invalid, illegal, unenforceable, or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

ARTICLE X

AMENDMENTS

Section 10.1: Amendments. Stockholders of the Corporation holding a majority of the Corporation's outstanding voting stock shall have the power to adopt, amend or repeal Bylaws of the Corporation. To the extent provided in the Corporation's Certificate of Incorporation, the Board of Directors of the Corporation shall also have the power to adopt, amend or repeal Bylaws of the Corporation, except insofar as Bylaws adopted by the stockholders shall otherwise provide.

EXHIBIT 10.37

LEASE BETWEEN

ASP WT, L.L.C.

AND

TIBURON ENTERTAINMENT, INC.

FOR SPACE AT

Summit Park I

June 15, 2004
DATE

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1. Description of Leased Premises

2. Rules and Regulations

3. Utility Services

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8. Guaranty

LEASE

This Lease is made June 15, 2004 between ASP WT, L.L.C. ("Landlord"), and TIBURON ENTERTAINMENT, INC. ("Tenant").

ARTICLE ONE
Definitions, Schedules and Addenda

1.1 DEFINITIONS:

a. Leased Premises shall mean those suites/floors as described in **Schedule 1.**

b. Building shall mean Maitland Summit Park I located at 1950 Summit Park Drive, Orlando, Florida 32810.

c. Project shall mean Maitland Summit Park I located at 1950 Summit Park Drive, Orlando, Florida 32810 .

d. Tenant's Square Footage shall mean 117,201 rentable square feet; **Total Square Footage** of the Building shall mean 128,240 rentable square feet.

e. Lease Commencement Date shall mean January 1, 2005 , which may be adjusted pursuant to paragraph 4.2 of this Lease; **Lease Expiration Date** shall mean June 30, 2010 , which may be adjusted pursuant to paragraph 4.2 of this Lease; **Lease Term** shall mean the period between Lease Commencement Date and Lease Expiration Date.

f. Base Rent shall mean $ 2,344,020.00 per year, payable in monthly installments of $ 195,335.00 , plus applicable sales tax, if any; the total Base Rent payable over the entire Lease Term is $ 13,203,473.99 , unless the options described under sections 12.3 or 12.4 are exercised.

g. Tenant's Pro Rata Share shall mean 91.4 %.

h. Base Year shall mean the calendar year 2005 during which the Lease Commencement occurs.

i. Deposit shall mean $ - 0- ; **Prepaid Rent** shall mean $ -0- , of which $ -0- represents the first monthly installment of Base Rent, and $ -0- represents the last monthly installment of Base Rent.

j. Permitted Purpose shall mean general office use .

k. Authorized Number of Parking Spaces shall mean a minimum of 484 spaces at a rate of $ -0- per space per month.

l. Managing Agent shall mean Trammell Crow Company whose address is 1950 Summit Park Drive, Suite 100, Orlando, FL 32810.

m. Broker of Record shall mean Trammell Crow Company .

n. Cooperating Broker shall mean Advantis .

o. Landlord's Mailing Address: Terrabrook, as Servicer for ASP WT, L.L.C., 3030 LBJ Freeway, Suite 1450, Dallas, Texas, 75234, telephone: 972-443-7200, and fax: 972-443-7210.

p. Tenant's Mailing Address: 1950 Summit Park Drive, Orlando, Florida, 32810, telephone: , and fax: , with copy to 209 Redwood Shores Parkway, Redwood City, CA 94065, attn: Senior Director of Facilities .

q. Market Base Rent: shall mean market rents, Tenant improvements, rent concessions for renewing tenants in similar Class A office space in Maitland, Florida

1.2 SCHEDULES AND ADDENDA: The schedules and addenda listed below are incorporated into this Lease by reference unless lined out. The terms of schedules, exhibits and typewritten addenda, if any, attached or added hereto shall control over any inconsistent provisions in the paragraphs of this Lease.

a. **Schedule 1:** Description of Leased Premises and/or Floor Plan
b. **Schedule 2:** Rules and Regulations
c. **Schedule 3:** Utility Services
d. **Schedule 4:** Maintenance Services
e. **Schedule 5:** Parking
f. **Schedule 6:** Work Letter Agreement
g. **Schedule 7:** Certificate of Acceptance
h. **Schedule 8:** Guaranty

ARTICLE TWO
Premises

2.1 LEASE OF PREMISES: In consideration of the Rent and the provisions of this Lease, Landlord leases to Tenant and Tenant accepts from Landlord the Leased Premises. Tenant's Square Footage is a stipulated amount based on Landlord's method of determining Total Square Footage for rental purposes and may not reflect the actual amount of floor space available for Tenant's use.

2.2 PRIOR OCCUPANCY: Tenant shall not occupy the Leased Premises prior to Lease Commencement Date except with the express prior written consent of Landlord and in accordance with the provisions of **Schedule 6** . If with Landlord's consent, Tenant occupies the Leased Premises prior to the Lease Commencement Date, Tenant shall pay Landlord only Tenant's Pro Rata Share of Operating Costs for that portion of the Premises actually occupied by the Tenant, as defined in paragraph 3.3(a), from the first day of such occupancy to the Lease Commencement Date. These amounts will be payable on the first day of such occupancy and thereafter on the first day of every calendar month until the first day of the Lease Term. A prorated monthly installment shall be paid for the fraction of the month if Tenant's occupancy of the Leased Premises commences on any day other than the first day of the month. Notwithstanding the above, Tenant may occupy up to one full floor of the Premises rentable square feet prior to the Lease Commencement Date with the only cost to Tenant being the cost of the electricity used by Tenant. Additional space occupied prior to the Lease Commencement Date will include the costs of Tenant's Pro Rata Share of Operating Costs, as set out above. If Tenant shall occupy the Leased Premises prior to Lease Commencement Date, all covenants and conditions of this Lease shall be binding on the parties commencing at such prior occupancy. Tenant shall be permitted to install Furniture, Fixtures and Equipment within the 60 days prior to the Lease Commencement Date.

ARTICLE THREE
Payment of Rent

3.1 RENT: Tenant shall pay each monthly installment of Base Rent in advance on the first calendar day of each month. During the Base Year, no Excess Operating Costs shall be paid by Tenant. For each calendar year following the Base Year, Tenant shall pay each monthly installment of Tenant's Pro Rata Share of Excess Operating Costs in advance together with each monthly installment of Base Rent. Monthly installments for any fractional calendar month, at the beginning or end of the Lease Term, shall be prorated based on the number of days in such month. Base Rent, together with all other amounts payable by Tenant to Landlord under this Lease, including, without limitation, any late charges and interest due Landlord for Rent not paid when due, shall be sometimes referred to collectively as "Rent". Tenant shall pay all Rent, without deduction or set-off, to Landlord or Managing Agent at a place specified by Landlord. Rent not paid when due shall bear interest until paid, at the rate of 1.5% per month, or at the maximum rate allowed by law, whichever is less, from the date when due. Tenant shall also pay a processing charge of $50 with each late payment of Rent. Landlord agrees to waive the processing and interest charge for late payments of Rent twice during any twelve month period during the Lease Term, provided any such late Rent payment is paid in full within 10 days of the date when due. At the beginning of each calendar year Landlord shall issue invoices for both Base Rent and Pro Rata Share of Excess Operating Costs.

3.2 DEPOSIT; PREPAID RENT: Tenant shall not be required to pay any deposit; provided it shall not default on any monetary obligation of the Lease. Landlord reserves the right to require Tenant to pay a Security Deposit in the amount of ONE (1) month's rent, if Tenant defaults in any monetary obligation or a material term of this Lease, any such Deposit shall be held as security for performance of Tenant's obligations under this Lease. In the event Tenant fully complies with all the terms and conditions of this Lease, the Deposit shall be refunded to Tenant without interest, unless otherwise required by law, upon expiration of this Lease. Landlord may, but is not obligated to, apply a portion of the Deposit to cure any default hereunder and Tenant shall pay on demand the amount necessary to restore the Deposit in full within TEN (10) days after notice by Landlord.

3.3 OPERATING COSTS: Tenant shall pay Tenant's Pro Rata Share of any Excess Operating Costs as follows:

a. "Operating Costs" shall mean all reasonable and actual expenses relating to the Leased Premises, the Building or the Project, including but not limited to: real estate taxes and assessments; gross rents, sales, use, business, corporation, franchise or other taxes (except income taxes); utilities not separately chargeable to other tenants; insurance premiums and (to the extent used) deductibles; maintenance, repairs and replacements; refurbishing and repainting; cleaning, janitorial and other services; equipment, tools, materials and supplies; air conditioning, heating and elevator service; property management including typical market management fees; security; employees and contractors; resurfacing and restriping of walks, drives and parking areas; signs, directories and markers; landscaping; and snow and rubbish removal. Operating Costs shall not include expenses for legal services, real estate brokerage and leasing commissions, Landlord's income taxes, income tax accounting, interest, depreciation, general corporate overhead, or capital improvements to the Building or Project except for capital improvements installed for the purpose of reducing or controlling expenses, or required by any governmental or other authority having or asserting jurisdiction over the Building or Project. If any expense, though paid in one year, relates to more than one calendar year, at option of Landlord, such expense may be proportionately allocated among such related calendar years. In the event that the Building is not fully leased during any calendar year, Landlord may make appropriate adjustments to the Operating Costs, using reasonable projections, to adjust such costs to an amount that would normally be expected to be incurred if the Building were 95% leased, and such adjusted costs shall be used for purposes of this paragraph 3.3. "Excess Operating Costs" shall mean any excess of (i) Landlord's Operating Costs for any calendar year following the Base Year over (ii) the actual Operating Costs of the Base Year.

b. Tenant shall pay, in equal monthly installments, Tenant's Pro Rata Share of any estimated Excess Operating Costs for each calendar year which falls (in whole or in part) during the Lease Term (prorated for any partial calendar year at the beginning or end of the Lease Term). Annually, or from time to time, based on actual and projected Operating Cost data, Landlord may adjust its estimate of Operating Costs upward or downward. Within 15 days after notice to Tenant of a revised estimate of Operating Costs, Tenant shall remit to Landlord a sum equal to any shortage of the amount which should have been paid to date for the then current calendar year based on the revised estimate, and all subsequent monthly estimated payments shall be based on the revised estimate. Landlord shall cap controllable operating cost increases, constituting the Excess Operating Costs, to FOUR percent (4%) per year. Non-controllable Operating Expenses include taxes, insurance and utilities, as well as any other expenses ("Other Non-controllable Expenses") that increase by more than FOUR percent (4%) by reason of any act of God, fire, natural disaster, accident, act of government, shortages of material or supplies or any other cause reasonably beyond the control of such party ("Force Majeure"), provided that Landlord gives Tenant written notice of the Force Majeure promptly and, in any event, within fifteen (15) days of discovery thereof. Should the Force Majeure subside and cease to affect the relevant Other Non-Controllable Expenses, such expenses shall be adjusted downward as appropriate and shall again be subject to the Cap.

c. As soon as possible, after the first day of each year Landlord shall compute the actual Operating Costs for the prior calendar year, and shall give notice thereof to Tenant. Within 30 days after receipt of such notice, Tenant shall pay any deficiency between estimated and actual in Tenant's Pro Rata Share of any Excess Operating Costs for the prior calendar year (prorated for any partial calendar year at the beginning or end of the Lease Term). In the event of overpayment by Tenant, Landlord shall issue a check to Tenant within 30 days for the amount of the overpayment. Tenant or its representatives shall have the right, upon reasonable notice, to examine Landlord's books and records with respect to the Operating Costs at the management office during normal business hours at any time within 60 days following the delivery by Landlord to Tenant of the notice of actual Operating Costs. Tenant shall have an additional 10 days to file any written exception to any of the Operating Costs.

3.4 TAXES: In addition to Base Rent and other sums to be paid by Tenant hereunder, Tenant shall reimburse Landlord, as additional Rent, on demand, any taxes payable by Landlord (a) upon, measured by or reasonably attributable to the cost or value of Tenant's equipment, fixtures and other personal property located in the Leased Premises or by the cost or value of any leasehold improvements made to the Leased Premises by Tenant or Landlord, regardless of whether title to such improvements are held by Tenant or Landlord; (b) upon or measured by the monthly rental payable hereunder, including, without limitation, any gross receipts tax or excise tax; (c) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Leased Premises or any portion thereof; (d) upon this Lease or any document to which Tenant is a party creating or transferring an interest or an estate in the Leased Premises.

ARTICLE FOUR
Improvements

4.1 CONSTRUCTION CONDITIONS: The improvements shall be constructed as described in the work letter attached hereto as **Schedule 6** (the "Improvements"). The expenses to be incurred as between Landlord and Tenant for construction of the Improvements are specified in **Schedule 6.** If any act, omission or change requested or caused by Tenant increases the cost of work or materials or the time required for completion of construction, Tenant shall reimburse Landlord for such increase in cost at the time the increased cost is incurred and shall reimburse Landlord for any loss in Rent at the time the Rent would have become due. Landlord's approval of Tenant's plans for Improvements shall create no

responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with laws, rules and regulations of governmental agencies or authorities.

4.2 COMMENCEMENT OF POSSESSION: If the Leased Premises are not substantially completed by the scheduled Lease Commencement Date then the Lease Commencement Date shall be extended to the date the Leased Premises are ready for occupancy. Furthermore, if the Lease Commencement Date is any other than the first day of a calendar month, then the term of the Lease shall be extended for the remainder of that calendar month. If Landlord fails to cause the Leased Premises to be ready for occupancy at the time of the Scheduled Lease Commencement Date, Landlord and Landlord's agents, officers, employees, or contractors shall not be liable for any damage, loss, liability or expense caused thereby, and this Lease shall not become void or voidable unless such failure continues for more than 120 days, in which case Tenant may terminate this Lease upon 20 days written notice to Landlord. Upon occupancy of the Leased Premises, Tenant shall execute and deliver to Landlord a letter in the form attached as **Schedule 7** , acknowledging the Lease Commencement Date and certifying that the Improvements have been substantially completed and that Tenant has examined and accepted the Leased Premises. If Tenant fails to deliver such letter, Tenant shall conclusively be deemed to have made such acknowledgment and certification by occupying the Leased Premises.

ARTICLE FIVE
Project Services

5.1 PROJECT SERVICES: Landlord shall furnish:

a. Utility Services: The utility services listed on **Schedule 3** ("Utility Services"). Except in the event that Tenant elects to separately meter the Premises and assumes any and all utility expenses as to the Premises, should Tenant, in Landlord's sole judgment, use additional, unusual or excessive Utility Services, Landlord reserves the right to charge for such services as determined either by a separate submeter, installed at Tenant's expense, or by methods specified by an engineer selected by Landlord.

b. Maintenance Services: Maintenance of all interior and exterior common areas of the Building areas including lighting, landscaping, cleaning, painting, maintenance and repair of the exterior of the Building and its structural portions and roof, including all of the services listed on **Schedule 4** ("Maintenance Services").

c. Parking: Parking under the terms and conditions described in **Schedule 5** ("Parking").

Utility Services, Maintenance Services and Parking described above shall be collectively referred to as "Project Services". The costs of Project Services shall be a part of Operating Costs.

5.2 INTERRUPTION OF SERVICES: Landlord does not warrant that any of the Project Services will be free from interruption. Any Project Service may be suspended by reason of accident or of necessary repairs, alterations or improvements, or by strikes or lockouts, or by reason of operation of law, or causes beyond the reasonable control of Landlord. Subject to possible rent abatement as may be provided pursuant to the conditions described in paragraph 8.1, any such interruption or discontinuance of such Project Services shall never be deemed a disturbance of Tenant's use and possession of the Leased Premises, or render Landlord liable to Tenant for damages by abatement of rent or otherwise, or relieve Tenant from performance of Tenant's obligations under this Lease; provided, however, that should such interruption or discontinuance of Project Services which materially impairs Tenant's ability to conduct its business continue for 4 consecutive business days, then beginning on the fifth business day, Landlord shall abate Base Rent and Tenant's Pro Rata Share of Excess Operating Costs, for that portion of the Leased Premises rendered untenable, from the fifth business day after said interruption or

discontinuance until the Project Services are restored. Landlord shall use its best efforts to cause the Project Services to be promptly restored. Tenant may terminate this Lease if Project Services cannot be restored within 45 days.

ARTICLE SIX
Tenant's Covenants

6.1 USE OF LEASED PREMISES: Tenant agrees to:

a. Permitted Usage: Use the Leased Premises for the Permitted Purpose only and for no other purpose.

b. Compliance with Laws: At Tenant's expense, comply with the provisions of all recorded covenants, conditions and restrictions and all building, zoning, fire and other governmental laws, ordinances, regulations or rules now in force or which may hereafter be in force relating to Tenant's use and occupancy of the Leased Premises, the Building, or the Project and all requirements of the carriers of insurance covering the Project.

c. Nuisances or Waste: Not do or permit anything to be done in or about the Leased Premises, or bring or keep anything in the Leased Premises that may increase Landlord's fire and extended coverage insurance premium, damage the Building or the Project, constitute waste, constitute an immoral purpose, or be a nuisance, public or private, or menace or other disturbance to tenants of adjoining premises or anyone else.

d. Hazardous Substances: Landlord certifies that it has not stored nor located any Hazardous Materials within the Building or the Leased Premises and Tenant agrees to (i) comply with all Environmental Laws; (ii) not cause or permit any Hazardous Materials to be treated, stored, disposed of, generated, or used in the Leased Premises or the Project, provided, however, that Tenant may store, use or dispose of products customarily found in offices and used in connection with the operation and maintenance of property if Tenant complies with all Environmental Laws and does not contaminate the Leased Premises, Project or environment; (iii) promptly after receipt, deliver to Landlord any communication concerning any past or present, actual or potential violation of Environmental Laws, or liability of either party for Environmental Damages. Environmental Laws mean all applicable present and future statutes, regulations, rules, ordinances, codes, permits or orders of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and their political subdivisions and all applicable judicial, administrative and regulatory decrees and judgments relating to the protection of public health or safety or of the environment. Hazardous Materials include substances (i) which require remediation under any Environmental Laws; or (ii) which are or become defined as a "hazardous waste", "hazardous substance", pollutant or contaminant under any Environmental Laws; or (iii) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic or mutagenic; or (iv) which contain petroleum hydrocarbons, polychlorinated biphenyls, asbestos, asbestos containing materials or urea formaldehyde.

e. Alterations and Improvements: Make no alterations or improvements to the Leased Premises without the prior written approval of Landlord and Landlord's mortgagee, if required. Notwithstanding, Tenant may make non-structural improvements/alterations up to a cost of $20,000.00, to the Leased Premises, provided such alterations do not affect building systems or equipment, in any way, provided Tenant provides written notice to Landlord and provided construction is coordinated or approved through Landlord and affected by a licensed contractor acceptable to Landlord. Any such alterations or improvements by Tenant shall be done in a good and workmanlike manner, at Tenant's expense, by a licensed contractor approved by Landlord in conformity with plans and specifications approved by Landlord. If requested by Landlord, Tenant will post a bond or other security reasonably satisfactory to Landlord to protect Landlord against

liens arising from work performed for Tenant. Landlord's approval of the plans and specifications for Tenant's alterations or improvements shall not be unreasonably withheld and shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities.

f. Liens: Keep the Leased Premises, the Building and the Project free from liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant. If, at any time, a lien or encumbrance is filed against the Leased Premises, the Building or the Project as a result of Tenant's work, materials or obligations, Tenant shall promptly discharge such lien or encumbrance. If such lien or encumbrance has not been removed within 30 days from the date it is filed, Tenant agrees to deposit with Landlord cash or a bond, which shall be in a form and be issued by a company acceptable to Landlord in its sole discretion, in an amount equal to 150% of the amount of the lien, to be held by Landlord as security for the lien being discharged.

g. Rules and Regulations: Observe, perform and abide by all the rules and regulations promulgated by Landlord from time to time. **Schedule 2** sets forth Landlord's rules and regulations in effect on the date hereof.

h. Signage: Obtain the prior approval of the Landlord before placing any sign or symbol in doors or windows or elsewhere in or about the Leased Premises, or upon any other part of the Building, or Project including building directories. Any signs or symbols which have been placed without Landlord's approval may be removed by Landlord. Upon expiration or termination of this Lease, all signs installed by Tenant shall be removed and any damage resulting therefrom shall be promptly repaired, or such removal and repair may be done by Landlord and the cost charged to Tenant as Rent.

6.2 INSURANCE: Tenant shall, at its own expense, procure and maintain during the Lease Term: (i) fire and extended casualty insurance covering Tenant's trade fixtures, merchandise and other personal property located in the Leased Premises, in an amount not less than 100% of their actual replacement cost, and (ii) worker's compensation insurance in at least the statutory amounts, and (iii) commercial general liability insurance with respect to the Leased Premises and Tenant's activities in the Leased Premises and in the Building and the Project, providing bodily injury and broad form property damage coverage with a maximum $5,000 deductible, or such other amount approved by Landlord in writing, and minimum coverage as follows:

a. $1,000,000 with respect to bodily injury or death to any one person;

b. $5,000,000 with respect to bodily injury or death arising out of any one occurrence;

c. $1,000,000 with respect to property damage or other loss arising out of any one occurrence.

Nothing in this paragraph 6.2 shall prevent Tenant from obtaining insurance of the kind and in the amounts provided for under this paragraph under a blanket insurance policy covering other properties as well as the Leased Premises, provided, however, that any such policy of blanket insurance (i) shall specify the amounts of the total insurance allocated to the Leased Premises, which amounts shall not be less than the amounts required by subparagraphs a. through c. above, and (ii) such amounts so specified shall be sufficient to prevent any one of the assureds from becoming a coinsurer within the terms of the applicable policy, and (iii) shall, as to the Leased Premises, otherwise comply as to endorsements and coverage with the provisions of this paragraph.

Tenant's insurance shall be with a company which has a rating equal to or greater than Best's Insurance Reports classification of A, Class X or its equivalent, as such classification is determined as of the Lease Commencement Date. Landlord and Landlord's mortgagee, if any, shall be named as "additional insureds" under Tenant's insurance, and such Tenant's insurance shall be primary and non-contributing with Landlord's insurance. Tenant's insurance policies shall contain endorsements requiring

30 days notice to Landlord and Landlord's mortgagee, if any, prior to any cancellation, lapse or nonrenewal or any reduction in amount of coverage.

Tenant shall deliver to Landlord as a condition precedent to its taking occupancy of the Leased Premises certificates of insurance (with respect to the liability policy) and evidence of insurance (ACCORD Number 27) or equivalent (with respect to the property policy).

6.3 REPAIRS: Tenant, at its sole expense, agrees to maintain the interior of the Leased Premises in a neat, clean and sanitary condition. If Tenant fails to maintain or keep the Leased Premises in good repair and such failure continues for 15 days after written notice from Landlord or if such failure results in a nuisance or health or safety risk, Landlord may perform any such required maintenance and repairs and the cost thereof shall be payable by Tenant as Rent within 10 days of receipt of an invoice from Landlord. Tenant shall also pay to Landlord the costs of any repair to the Building or Project necessitated by any act or neglect of Tenant.

6.4 ASSIGNMENT AND SUBLETTING: Tenant shall not assign, mortgage, pledge, or encumber this Lease, or permit all or any part of the Leased Premises to be subleased without the prior written consent of Landlord, and Landlord's mortgagee if required pursuant to the loan documents, if any, which consent shall not be unreasonably withheld or delayed. Landlord agrees that it shall provide its response to such request within fifteen (15) days of receipt by Landlord. Any transfer of this Lease by merger, consolidation, reorganization or liquidation of Tenant, or by operation of law, or change in ownership of or power to vote the majority of the outstanding voting stock of a corporate Tenant, or by change in ownership of a controlling partnership interest in a partnership Tenant, shall constitute an assignment for the purposes of this paragraph. Notwithstanding the foregoing, Tenant shall have the right to assign or sublease part or all of the Leased Premises without Landlord's prior consent to any of its subsidiaries, affiliates or any parent corporation of Tenant with prior written notice to Landlord provided that (i) Tenant continues to be primarily liable on its obligations as set forth herein; (ii) any such assignee or sublessee shall assume and be bound by all covenants and obligations of Tenant herewith; (iii) the proposed assignee or sublessee is, in Landlord's good faith judgment, compatible with other tenants in the Building and seeks to use the Leased Premises only for the Permitted Purpose and for a use that is not prohibited under the terms of a lease with another tenant in the Building; and (iv) such use would not result in a material change in the number of personnel working in, or members of the general public visiting, the Leased Premises.

In addition to other reasonable bases, Tenant hereby agrees that Landlord shall be deemed to be reasonable in withholding its consent, if: (a) such proposed assignment or sublease is to any party who is then a tenant of the Building or the Project if Landlord has comparable area; or (b) Tenant is in default under any of the terms, covenants, conditions, provisions and agreements of this Lease at the time of request for consent or on the effective date of such subletting or assignment; or (c) the proposed subtenant or assignee is, in Landlord's good faith judgment, incompatible with other tenants in the Building, or seeks to use any portion of the Leased Premises for a use not consistent with other uses in the Building, or is financially incapable of assuming the obligations of this Lease; or (d) the proposed assignee of sublessee or its business is subject to compliance with additional requirements of the law (including related regulation) commonly known as the "Americans with Disabilities Act" beyond those requirements which are applicable to the Tenant, unless the proposed assignee or sublessee shall: (i) first deliver plans and specifications for complying with such additional requirements and obtain Landlord's consent thereto, and (ii) comply with all Landlord's conditions for or contained in such consent, including without limitation, requirements for security to assure the lien-free completion of such improvements. Tenant shall submit to Landlord the name of a proposed assignee or subtenant, the terms of the proposed assignment or subletting, the nature of the proposed subtenant's business and such information as to the assignee's or subtenant's financial responsibility and general reputation as Landlord may reasonably require.

No subletting or assignment, even with the consent of Landlord, shall relieve Tenant of its primary obligation to pay the Rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person or entity shall not be deemed to

be waiver by Landlord of any provision of this Lease or to be a consent to any assignment, subletting or other transfer. Consent to one assignment, subletting or other transfer shall not be deemed to constitute consent to any subsequent assignment, subletting or transfer.

In the event that Tenant intends to sublease any portion of the Premises, Landlord and Tenant shall coordinate efforts toward marketing of the space to be made available. To the extent that any Sublessee, which shall be approved by Landlord, enters into a Sublease extending beyond the then effective term of the Lease, Tenant shall pay that portion of such costs that would correspond to the balance of the Term and Landlord shall pay that portion corresponding to the extended Term. In lieu of giving any consent to a sublet or an assignment of all the Leased Premises, Landlord may, at Landlord's option, elect to terminate this Lease. In the case of a proposed subletting of a portion of the Leased Premises, Landlord may, at Landlord's option, elect to terminate the Lease with respect to that portion of the Leased Premises being proposed for subletting. The effective date of any such termination shall be 30 days after the proposed effective date of any proposed assignment or subletting. If Landlord elects to terminate the Lease, after either Landlord or Tenant have expended monies toward marketing costs to sublet any such space, Landlord and Tenant shall share equally in payment of such reasonable and customary marketing costs. The party to be reimbursed shall submit an itemized list of expenses to the other party, which shall remit payment to the other within thirty (30) days of receipt.

Fifty Percent (50%) of any proceeds in excess of Base Rent and Tenant's Pro Rata Share of Excess Operating Costs which is received by Tenant for the balance of the Term, pursuant to an assignment or subletting consented to by Landlord, less reasonable brokerage commissions actually paid by Tenant, and less other costs incurred by Tenant and paid to unaffiliated third parties in connection with making the space available for lease, shall be remitted to Landlord as extra Rent within 10 days of receipt by Tenant. For purposes of this paragraph, all money or value in whatever form received by Tenant from or on account of any party as consideration for an assignment or subletting shall be deemed to be proceeds received by Tenant pursuant to an assignment or subletting.

6.5 ESTOPPEL CERTIFICATE: From time to time and within 10 business days after request by Landlord, Tenant shall execute and deliver a certificate to any proposed lender or purchaser, or to Landlord, together with a true and correct copy of this Lease, certifying with any appropriate exceptions, (i) that this Lease is in full force and effect without modification or amendment, (ii) the amount of Rent payable by Tenant and the amount, if any, of Prepaid Rent and Deposit paid by Tenant to Landlord, (iii) the nature and kind of concessions, rental or otherwise, if any, which Tenant has received or is entitled to receive, (iv) that Tenant has not assigned its rights under this Lease or sublet any portion of the Leased Premises, (v) that Landlord has performed all of its obligations due to be performed under this Lease and that there are no defenses, counterclaims, deductions or offsets outstanding or other excuses for Tenant's performance under this Lease, (vi) that such proposed lender or purchaser may rely on the information contained in the certificate, and (vii) any other fact reasonably requested by Landlord or such proposed lender or purchaser.

ARTICLE SEVEN
Landlord's Reserved Rights

7.1 ADDITIONAL RIGHTS RESERVED TO LANDLORD: Without notice and without liability to Tenant or without effecting an eviction or disturbance of Tenant's use or possession, Landlord shall have the right to (i) grant utility easements or other easements in, or replat, subdivide or make other changes in the legal status of the land underlying the Building or the Project as Landlord shall deem appropriate in its sole discretion, provided such changes do not substantially interfere with Tenant's use of the Leased Premises for the Permitted Purpose; (ii) enter the Leased Premises at reasonable times with twenty-four (24) hours prior notice to Tenant and at any time in the event of an emergency to inspect, alter or repair the Leased Premises or the Building and to perform any acts related to the safety, protection, reletting, sale or improvement of the Leased Premises or the

Building; (iii) change the name or street address of the Building or the Project; (iv) install and maintain signs on and in the Building and the Project; and (v) make such rules and regulations as, in the sole judgment of Landlord, may be needed from time to time for the safety of the tenants, the care and cleanliness of the Leased Premises, the Building and the Project and the preservation of good order therein.

ARTICLE EIGHT
Casualty and Untenability

8.1 CASUALTY AND UNTENANTABILITY: If the Building is made substantially untenable or if Tenant's use and occupancy of the Leased Premises are substantially interfered with due to damage to the common areas of the Building or if the Leased Premises are made wholly or partially untenable by fire or other casualty, Landlord may, by notice to within 45 days after the damage, terminate this Lease. Such termination shall become effective as of the date of such casualty.

If the Leased Premises are made partially or wholly untenable by fire or other casualty and this Lease is not terminated as provided above, Landlord shall restore the Leased Premises to the condition they were in on the Lease Commencement Date, not including any personal property of Tenant or alterations performed by Tenant.

If the Landlord does not terminate this Lease as provided above, and Landlord fails within 120 days from the date of such casualty to restore the damaged common areas thereby eliminating substantial interference with Tenant's use and occupancy of the Leased Premises, or fails to restore the Leased Premises to the condition they were in on the Lease Commencement Date, not including any personal property or alterations performed by Tenant, Tenant may terminate this Lease as of the end of such 120 day period.

In the event of termination of this Lease pursuant to this paragraph, Rent shall be prorated on a per diem basis and paid to the date of the casualty, unless the Leased Premises shall be tenantable, in which case Rent shall be payable to the date of the lease termination. If the Leased Premises are untenable and this Lease is not terminated, Rent shall abate on a per diem basis from the date of the casualty until the Leased Premises are ready for occupancy by Tenant. If part of the Leased Premises are untenable, Rent shall be prorated on a per diem basis and apportioned in accordance with the part of the Leased Premises which is usable by Tenant until the damaged part is ready for Tenant's occupancy. Notwithstanding the foregoing, if any damage was proximately caused by an act or omission of Tenant, its employees, agents, contractors, licensees or invitees, then, in such event, Tenant agrees that Rent shall not abate or be diminished during the term of this Lease.

ARTICLE NINE
Condemnation

9.1 CONDEMNATION: If all or any part of the Leased Premises shall be taken under power of eminent domain or sold under imminent threat to any public authority or private entity having such power, this Lease shall terminate as to the part of the Leased Premises so taken or sold, effective as of the date possession is required to be delivered to such authority. In such event, Base Rent shall abate in the ratio that the portion of Tenant's Square Footage taken or sold bears to Tenant's Square Footage. If a partial taking or sale of the Leased Premises, the Building or the Project (i) substantially reduces Tenant's Square Footage resulting in a substantial inability of Tenant to use the Leased Premises for the Permitted Purpose, or (ii) renders the Building or the Project not commercially viable to Landlord in Landlord's sole opinion, either Tenant in the case of (i), or Landlord in the case of (ii), may terminate this Lease by notice to the other party within 30 days after the terminating party receives written notice of the portion to be taken or sold. Such termination shall be effective 180 days after notice thereof, or when the portion is taken or sold,

whichever is sooner. All condemnation awards and similar payments shall be paid and belong to Landlord, except any amounts awarded or paid specifically to Tenant for removal and reinstallation of Tenant's trade fixtures, personal property or Tenant's moving costs. To the extent permitted by law, Tenant shall, however, be entitled to seek business damages from any condemning authority.

ARTICLE TEN
Waiver and Indemnity

10.1 WAIVER AND INDEMNITY: Except for those claims arising from Landlord's breach of this Lease, negligence or willful misconduct, Tenant, to the extent permitted by law, waives all claims it may have against Landlord, and against Landlord's agents and employees for any damages sustained by Tenant or by any occupant of the Leased Premises, or by any other person, resulting from any cause arising at any time. Tenant agrees to hold Landlord harmless and indemnified against claims and liability for injuries to all persons and for damage to or loss of property occurring in or about the Leased Premises or the Building, due to Tenant's breach of this Lease or any act of negligence or default under this Lease by Tenant, its contractors, agents, employees, licensees and invitees. Tenant agrees to indemnify, defend, reimburse and hold Landlord harmless against any Environmental Damages incurred by Landlord arising from Tenant's breach of paragraph 6.1 (d) of this Lease. Environmental Damages means all claims, judgments, losses, penalties, fines, liabilities, encumbrances, liens, costs and reasonable expenses of investigation, defense or good faith settlement resulting from violations of Environmental Laws, and including, without limitation: (i) damages for personal injury and injury to property or natural resources; (ii) reasonable fees and disbursement of attorneys, consultants, contractors, experts and laboratories; and (iii) costs of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any Environmental Law and other costs reasonably necessary to restore full economic use of the Leased Premises or Project.

10.2 WAIVER OF SUBROGATION: Tenant and Landlord release each other and waive any right of recovery against each other for loss or damage to the waiving party or its respective property, which occurs in or about the Leased Premises or Building, whether due to the negligence of either party, their agents, employees, officers, contractors, licensees, invitees or otherwise, to the extent that such loss or damage is insurable against under the terms of standard fire and extended coverage insurance policies. Tenant and Landlord agree that all policies of insurance obtained by either of them in connection with the Leased Premises shall contain appropriate waiver of subrogation clauses.

10.3 LIMITATION OF LANDLORD'S LIABILITY: The obligations of Landlord under this Lease do not constitute personal obligations of the individual partners, shareholders, directors, officers, employees or agents of Landlord, and Tenant shall look solely to Landlord's interest in the Building and land and to no other assets of Landlord for satisfaction of any liability in respect of this Lease. Tenant will not seek recourse against the individual partners, shareholders, directors, officers, employees or agents of Landlord or any of their personal assets for such satisfaction. Notwithstanding any other provisions contained herein, Landlord shall not be liable to Tenant, its contractors, agents or employees for any consequential damages or damages for loss of profits.

ARTICLE ELEVEN
Tenant's Default and Landlord's Remedies

11.1 TENANT'S DEFAULT: It shall be an "Event of Default" if Tenant shall (i) fail to pay any monthly installment of Base Rent or Tenant's Pro Rata Share of Excess Operating Costs, or any other sum payable hereunder within 10 days after such payment is due and payable as evidenced by this Lease and invoices provided by Landlord for each month of the Lease Year in January for the following twelve month period; (ii) violate

or fail to perform any conditions, covenants, or agreements herein made by Tenant respecting Tenant's insurance requirements as specified in paragraph 6.2, and such violation or failure shall continue for 5 business days after written notice thereof to Tenant by Landlord; (iii) violate or fail to perform any of the other conditions, covenants or agreements herein made by Tenant, and such violation or failure shall continue for 15 days after written notice thereof to Tenant by Landlord; provided, however, if such default is of a nature that it cannot reasonably be cured within 15 days, it shall not be an Event of Default if Tenant commences to cure within such 15 day period and diligently prosecutes such cure to completion within the time reasonably required for such cure, not to exceed 60 days; (iv) make a general assignment for the benefit of its creditors or file a petition for bankruptcy or other reorganization, liquidation, dissolution or similar relief; (v) have a proceeding filed against Tenant seeking any relief mentioned in (iv) above; (vi) have a trustee, receiver or liquidator appointed for Tenant or a substantial part of its property; (vii) abandon or vacate the Leased Premises and any portion of Rent is delinquent; (viii) default under any other lease, if any, within the Building or the Project; or (ix) if Tenant is a partnership, if any partner of the partnership is involved in any of the acts or events described in subparagraphs (i) through (viii) above.

11.2 REMEDIES OF LANDLORD: If an Event of Default occurs and such default has not been cured by Tenant within any applicable cure period, Landlord, may, at its option, within 10 days after written notice to Tenant, reenter the Leased Premises, remove all persons therefrom, take possession of the Leased Premises, and remove all of Tenant's personal property at Tenant's risk and expense and, either (i) terminate this Lease and Tenant's right of possession of the Leased Premises or (ii) maintain this Lease in full force and effect and endeavor to relet all or part of the Leased Premises. In the event Landlord elects to maintain this Lease, Landlord shall have the right to relet the Leased Premises for such rent and upon such terms as Landlord deems reasonable and necessary, and Tenant shall be liable for all damages sustained by Landlord, including but not limited to, any deficiency in Rent for the period of time which would have remained in the Lease Term in the absence of any termination, leasing fees, attorneys' fees, other marketing and collection costs, the cash value of any concessions granted to Tenant and all expenses of placing the Leased Premises in first class rentable condition. Landlord retains the right to terminate this Lease, at any time, notwithstanding that Landlord fails to terminate this Lease initially. If Landlord is unable after diligent efforts to relet the Leased Premises within 60 days after termination of this Lease, Landlord may elect at any time thereafter to have Tenant immediately pay, as liquidated damages and not as a penalty, all Rent then due and the present value (discounted at 10%) of all Rent which would have become due (based on Base Rent and Tenant's Pro Rata Share of Excess Operating Costs payable at the time of such election and the cash value of any concessions granted to Tenant) for the period of time which would have remained in the Lease Term in the absence of any termination.

The remedies granted to Landlord herein shall be cumulative and shall not exclude any other remedy allowed by law, and shall not prevent the enforcement of any claim Landlord may have against Tenant for anticipatory breach of the unexpired term of this Lease, including without limitation, a claim for attorney's fees incurred by Landlord.

ARTICLE TWELVE
Termination/Renewal

12.1 SURRENDER OF LEASED PREMISES: On expiration of this Lease, if no Event of Default exists, Tenant shall surrender the Leased Premises in the same condition as when the Lease Term commenced, ordinary wear and tear or damage from casualty excepted. Except for furnishings, trade fixtures and other personal property installed at Tenant's expense, all alterations, additions or improvements, whether temporary or permanent in character, made in or upon the Leased Premises, either by Landlord or Tenant, shall be Landlord's property and at the expiration or earlier termination of the Lease Term shall remain on the Leased Premises without compensation to Tenant, except if requested by Landlord, Tenant, at its expense and without delay, shall remove any alterations, additions or improvements made to the Leased Premises by Tenant designated by Landlord to be

removed, and repair any damage to the Leased Premises or the Building caused by such removal. If Tenant fails to repair the Leased Premises, Landlord may complete such repairs and Tenant shall reimburse Landlord for such repair and restoration. Landlord shall have the option to require Tenant to remove all its property. If Tenant fails to remove such property as required under this Lease, Landlord may dispose of such property in its sole discretion without any liability to Tenant, and further may charge the cost of any such disposition to Tenant.

Notwithstanding anything herein to the contrary, upon expiration of the Lease, Tenant shall remove any and all of Tenant's cabling (including, but not limited to, all wiring and cabling for telephones and computer systems) from the Leased Premises, distribution boards, chases, conduit, junction boxes or anywhere in the Building, and shall repair any damage to the Leased Premises or the Building caused by such removal. If Tenant fails to remove all such cabling and wiring or to repair any damage caused by such removal, Landlord may do so and Tenant shall reimburse Landlord all costs for any such removal, repair or restoration.

12.2 HOLD OVER TENANCY: If Tenant shall hold over after the Lease Expiration Date, Tenant may be deemed, at Landlord's option, to occupy the Leased Premises as a tenant from month to month, which tenancy may be terminated by one month's written notice. During such tenancy, Tenant agrees to pay to Landlord, monthly in advance, an amount equal to One Hundred Fifty Percent (150%) in first month and Two Hundred Percent (200%) for any holdover thereafter of all Rent which would become due (based on Base Rent and Tenant's Pro Rata Share of Excess Operating Costs payable for the last month of the Lease Term, together with all other amounts payable by Tenant to Landlord under this Lease), and to be bound by all of the terms, covenants and conditions herein specified. If Landlord relets the Leased Premises or any portion thereof to a new tenant and the term of such new lease commences during the period for which Tenant holds over, Landlord shall also be entitled to recover from Tenant all costs and expenses, attorneys fees, damages or loss of profits incurred by Landlord as a result of Tenant's failure to deliver possession of the Leased Premises to Landlord when required under this Lease.

12.3 DOWNSIZING OPTION: Tenant shall have a one-time option to terminate a portion of the Premises only in the event that Tenant intends to expand its office facilities to a premises in excess of the available space in Summit Park I, and Tenant is moving into a building in which it will occupy no less than 130,000 Rentable Square Feet ("RSF"). By written notice to Landlord, Tenant may elect to vacate up to 47,067 RSF of contiguous space, the location of which Landlord and Tenant shall mutually agree upon in writing. This option only remains open for partial termination of the respective portion of the Premises between the end of the THIRTY-SIXTH (36th) month and FORTY-FIFTH (45th) month of the Lease Term, and Tenant shall provide no less than TWELVE (12) months prior written notice to Landlord.

In the event that Tenant elects to vacate a portion of the Premises, Tenant shall pay to Landlord an early termination fee of ONE HUNDRED THOUSAND and NO/100 dollars ($100,000.00).

In the event that Tenant exercises this Downsizing Option, Tenant agrees to give Landlord an opportunity to submit a proposal to provide Tenant's new occupancy need in another building owned or managed by Landlord, or to be constructed by Landlord.

12.4 RENEWAL OPTION: Tenant shall have one option to renew ("Option to Renew") this Lease for five (5) years (the "Renewal Period"). If Tenant desires to exercise its Option to Renew, Tenant shall give Landlord written notice ("Renewal Notice") thereof on or before May 31, 2009. During the thirty (30) day period following Landlord's receipt of the Renewal Notice, Landlord and Tenant shall use reasonable efforts to negotiate a mutually agreeable Market Base Rent, as defined in 1.1, for the Renewal Period. The Market Base Rent shall be negotiated in light of then current terms for renewing tenants for comparable space, including market rents, term of renewal, and operating expense pass-throughs. Within fifteen (15) business days of agreement by the parties on the Market Base Rent and other terms of the renewal, Landlord shall deliver to Tenant an amendment to this Lease extending this Lease on such terms. If the terms are acceptable

to Tenant, then Tenant shall execute and deliver the amendment to Landlord within ten (10) business days following receipt of such amendment. The foregoing option and rights are subject to there having been no Event of Default under this Lease that is not cured within the applicable cure period, are personal to the original Tenant executing the Lease, may not be assigned, and shall be available to and exercisable by the Tenant only when the original Tenant or its permitted assignee, is in actual possession and physical occupancy of the entire Leased Premises. Time is of the essence in the exercise of Tenant's Option to Renew. Should Tenant fail to exercise such option, execute and deliver any required documents, or perform any of its required obligations under this section, or should the parties be unable to agree on Market Base Rent for the Renewal Period, within the time periods set forth above, then this Option to Renew and any other rights of Tenant under the Lease in the nature of options, shall be null and void, and the Lease shall terminate at the end of the Lease Term.

ARTICLE THIRTEEN
Miscellaneous

13.1 QUIET ENJOYMENT: If and so long as Tenant pays all Rent and keeps and performs each and every term, covenant and condition herein contained on the part of Tenant to be kept and performed, Tenant shall quietly enjoy the Leased Premises without hindrance by Landlord.

13.2 ACCORD AND SATISFACTION: No receipt and retention by Landlord of any payment tendered by Tenant in connection with this Lease shall constitute an accord and satisfaction, or a compromise or other settlement, notwithstanding any accompanying statement, instruction or other assertion to the contrary unless Landlord expressly agrees to an accord and satisfaction, or a compromise or other settlement, in a separate writing duly executed by Landlord. Landlord will be entitled to treat any such payments as being received on account of any item or items of Rent, interest, expense or damage due in connection herewith, in such amounts and in such order as Landlord may determine at its sole option.

13.3 SEVERABILITY: The parties intend this Lease to be legally valid and enforceable in accordance with all of its terms to the fullest extent permitted by law. If any term hereof shall be invalid or unenforceable, the parties agree that such term shall be stricken from this Lease to the extent unenforceable, the same as if it never had been contained herein. Such invalidity or unenforceability shall not extend to any other term of this Lease, and the remaining terms hereof shall continue in effect to the fullest extent permitted by law, the same as if such stricken term never had been contained herein.

13.4 SUBORDINATION AND ATTORNMENT: Tenant acknowledges that this Lease is subject and subordinate to all leases in which Landlord is lessee and to any mortgage or deed of trust now in force against the Building and to all advances made or hereafter to be made thereunder, or any amendments or modifications thereof, and shall be subordinate to any future leases in which Landlord is lessee and to any future mortgage or deed of trust hereafter in force against the Building and to all advances made or hereafter to be made thereunder (all such existing and future leases, mortgages and deeds of trust referred to collectively as "Superior Instruments"). Tenant also agrees that if the holder of any Superior Instrument elects to have this Lease superior to its Superior Instrument and gives notice of its election to Tenant, then this Lease shall be superior to the lien of any such lease, mortgage or deed of trust and all renewals, replacements and extensions thereof, whether this Lease is dated before or after such lease, mortgage or deed of trust. If requested in writing by Landlord or any first mortgagee or ground lessor of Landlord, Tenant agrees to execute a subordination agreement required to further effect the provisions of this paragraph.

In the event of any transfer in lieu of foreclosure or termination of a lease in which Landlord is lessee or the foreclosure of any Superior Instrument, or sale of the Property pursuant to any Superior

Instrument, Tenant shall attorn to such purchaser, transferee or lessor and recognize such party as landlord under this Lease, provided such party acquires and accepts the Leased Premises subject to this Lease. The agreement of Tenant to attorn contained in the immediately preceding sentence shall survive any such foreclosure sale or transfer.

13.5 ATTORNEY'S FEES: If the services of an attorney are required by any party to secure the performance under this Lease or otherwise upon the breach or default of the other party to the Lease, or if any judicial remedy is necessary to enforce or interpret any provision of the Lease, the prevailing party shall be entitled to reasonable attorney's fees, costs and other expenses, in addition to any other relief to which such prevailing party may be entitled.

13.6 APPLICABLE LAW: This Lease shall be construed according to the laws of the state in which the Leased Premises are located. Venue shall be proper in Orange County, Florida.

13.7 BINDING EFFECT; GENDER: This Lease shall be binding upon and inure to the benefit of the parties and their successors and assigns. It is understood and agreed that the terms "Landlord" and "Tenant" and verbs and pronouns in the singular number are uniformly used throughout this Lease regardless of gender, number or fact of incorporation of the parties hereto.

13.8 TIME: Time is of the essence of this Lease.

13.9 ENTIRE AGREEMENT: This Lease and the schedules and addenda attached set forth all the covenants, promises, agreements, representations, conditions, statements and understandings between Landlord and Tenant concerning the Leased Premises and the Building and the Project, and there are no representations, either oral or written between them other than those in this Lease. This Lease shall not be amended or modified except in writing signed by both parties. Failure to exercise any right in one or more instances shall not be construed as a waiver of the right to strict performance or as an amendment to this Lease.

13.10 NOTICES: Any notice or demand provided for or given pursuant to this Lease shall be in writing and served on the parties at the addresses listed in paragraph 1.1(n) and paragraph 1.1(o). Any notice shall be either (i) personally delivered to the addressee set forth above, in which case it shall be deemed delivered on the date of delivery to said addressee; or (ii) sent by registered or certified mail/return receipt requested, in which case it shall be deemed delivered 3 business days after being deposited in the U.S. Mail; (iii) sent by a nationally recognized overnight courier, in which case it shall be deemed delivered 1 business day after deposit with such courier; or (iv) sent by telecommunication ("Fax") during normal business hours in which case it shall be deemed delivered on the day sent, provided an original is received by the addressee after being sent by a nationally recognized overnight courier within 1 business day of the Fax. The addresses and Fax numbers listed in paragraphs 1.1(n) and 1.1(o) may be changed by written notice to the other parties, provided, however, that no notice of a change of address or Fax number shall be effective until the date of delivery of such notice. Copies of notices are for informational purposes only and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

13.11 HEADINGS: The headings on this Lease are included for convenience only and shall not be taken into consideration in any construction or interpretation of this Lease or any of its provisions.

13.12 STANDBY POWER/UPS: Landlord shall make available to Tenant, at no cost to Tenant, the two (2) emergency generators and two (2) UPS systems that are currently in place in the Building. Tenant, at Tenant's sole cost and expense, shall be responsible for keeping the energy generators and

UPS systems in good working order, including, but not limited to, testing and maintenance. Landlord shall deliver the generators and UPS systems in good working order to Tenant including all service agreements and warranties (to the extent they are available), as of the Lease Commencement Date. Prior to occupancy by Tenant, Landlord will provide Tenant with an engineering report concluding that the systems are in good working order.

13.13 EXCLUSIVE USE: Throughout Tenant's lease term, Landlord agrees not to lease space to any other video game production companies within the Building.

13.14 LOBBY/COURTYARD USE: Tenant shall, upon Landlord's prior written authority, have the right to use the Building lobby for display purposes including plasma screens and kiosks, provided such use and display is deemed by Landlord to be in good taste, at Landlord's discretion, and such use or displays do not interfere with any other tenant's rights and does not constitute a nuisance. As long as Tenant occupies the entire FIRST (1st) Floor, Tenant will have the exclusive use of (at no additional cost) the courtyard area on the east side of the Building and may make improvements to suit its needs subject to Landlord's reasonable approval. Tenant shall install and maintain any such items at Tenant's sole cost and expense, and Tenant shall, at Tenant's sole cost and expense, remove any such items and restore the Building lobby to its original condition.

13.15 SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT: Landlord shall use reasonable efforts to obtain from its lender a subordination, non-disturbance and attornment agreement for the benefit of Tenant, in a form acceptable to the lender.

13.16 BROKERAGE COMMISSIONS: Tenant and Landlord each represents to the other that no broker or agent was instrumental in procuring or negotiating or consummating this Lease other than Broker of Record whose compensation shall be paid by Landlord, and Cooperating Broker, if any, whose compensation shall be paid by Broker of Record, and Tenant and Landlord each agree to defend, indemnify and hold harmless the other party against any loss, cost, expense or liability for any compensation, commission, fee or charge, including reasonable attorney's fees, resulting from any claim of any other broker, agent or finder claiming under or through the indemnifying party in connection with this Lease or its negotiation.

13.17 BASE RENT ADJUSTMENT: Base Rent shall be adjusted on the following dates:

Period	Monthly Base Rent	Total Base Rent For Period
Months 1-6.5	$ free —	$ free —
Months 6.5-12	$195,335.00	$1,074,342.50
Months 13-24	$214,868.50	$2,578,422.00
Months 25-36	$220,240.21	$2,642,882.55
Months 37-48	$225,709.59	$2,708,515.11
Months 49-60	$231,374.31	$2,776,491.69
Months 61-66	$237,136.70	$1,422,820.14

13.18 RADON GAS: Landlord has advised Tenant that radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time.

Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from the county public health unit.

13.19 SIGNAGE: Landlord will allow Tenant, at Tenant's expense, to display its company name on the Building facia and the Building's illuminated monument sign at the entrance of Summit Park. Specifications for any such signage must be approved by Landlord in writing prior to Tenant's seeking applicable permits from governmental authorities and installation. Landlord reserves the right in its sole discretion, to specify details of such signage. In the event that Tenant elects to exercise its Downsizing Option, Landlord shall have the right to require Tenant, at Tenant's sole cost, to remove its sign from the Building facia and restore the Building facia to its original condition, original wear and tear excepted. Tenant, at Tenant's sole cost and expense, shall be required to remove all Building signage and restore the Building facia to its original condition, original wear and tear excepted, upon expiration of the lease.

All signage will conform to applicable governing authority requirements and Tenant shall obtain any permits or authorizations necessary.

Landlord shall arrange for Tenant's suite identification sign(s) and lobby directory strip(s) at Tenant's expense. Tenant may incorporate its logo graphics, without color, on the suite identification sign(s).

13.20 RIGHT OF FIRST REFUSAL: Subject to the rights of Charles Schwab as to Summit Park II, Tenant shall have a one-time Right of First Refusal ("ROFR") on any tenable space that becomes available in the Project. Should Landlord have a bona fide third party offer on this ROFR space, Landlord shall provide Tenant written notice of the terms and conditions of such offer and Tenant shall have FIVE (5) business days within which to accept or decline the ROFR space upon the same terms and conditions as that offered by the bona fide third party. With respect to Suite 300, Summit Park I, this ROFR shall only apply if there remains no less than four years on the Term of this Lease. Should Tenant elect to take the Suite 300 summit Park I space pursuant to this ROFR, the terms shall be pro-rated such that the term for the ROFR Suite 300 space shall be co-terminous with that of this Lease. Should Tenant not exercise its Right of First Refusal Option, Landlord shall be free to lease the space to a third party.

13.21 RELOCATING SUITE 300 TENANT: After Tenant's request to Landlord in writing that it intends to take additional space in the Building (Suite 300), if ultimately made available, Landlord shall exercise its commercially reasonable efforts to relocate the current tenant of Suite 300 within the Project. Terms of any such relocation shall be coordinated and agreed upon by the affected parties. Any cost associated with relocating the tenant from Suite 300 shall be borne by Tenant unless otherwise agreed upon between Landlord and Tenant.

13.22 GUARANTY: Landlord has required Tenant to obtain for Landlord's benefit an unconditional guaranty of Tenant's performance of its obligations pursuant to the Lease, by Tenant's parent company, Electronic Arts, Inc. The Guaranty shall be in the Form attached hereto as Schedule 8.

— SIGNATURES ON NEXT PAGE —

SUBMISSION OF THIS INSTRUMENT FOR EXAMINATION OR SIGNATURE BY TENANT DOES NOT CONSTITUTE A RESERVATION OF OR OPTION FOR LEASE, AND IT IS NOT EFFECTIVE AS A LEASE OR OTHERWISE UNTIL EXECUTION AND DELIVERY BY BOTH LANDLORD AND TENANT.

This Lease is executed as of the date first written above.

LANDLORD:

ASP WT, L.L.C.

Witnesses:
/s/ Carol J. M c Adams

Print Name: Carol J. M c Adams

/s/ Mary Mason

Print Name: Mary Mason

By: /s/ Scott R. Fitzgerald

Print Name: Scott R. Fitzgerald

Title: Vice President

Date: June 15, 2004

TENANT:

TIBURON ENTERTAINMENT,INC.

Witnesses:
/s/ Gay A. Jacobs

Print Name: Gay A. Jacobs

/s/ Tomi Watanabe

Print Name: Tomi Watanabe

By: /s/ Bryan Neider

Print Name: Bryan Neider

Title: CFO, Worldwide Studios

Date: June 14, 2004

Where Tenant is a corporation, this Lease shall be signed by a President or Vice President and Secretary or Assistant Secretary of Tenant. Any other signatories shall require a certified corporate resolution.

SCHEDULE 1

DESCRIPTION OF LEASED PREMISES

First Floor (excluding commons areas)
Second Floor
Third Floor (excluding Suite 300, existing of 11,039 RSF)
Fourth Floor
Fifth Floor
Sixth Floor

SCHEDULE 2

RULES AND REGULATIONS

1. The sidewalks, entrances, halls, corridors, elevators and stairways of the Building and Project shall not be obstructed or used as a waiting or lounging place by tenants, and their agents, servants, employees, invitees, licensees and visitors. All entrance doors leading from any Leased Premises to the hallways are to be kept closed at all times.

2. Landlord reserves the right to refuse admittance to the Building after reasonable business hours, as established from time to time, to any person not producing both a key to the Leased Premises and/or a pass issued by Landlord. In case of invasion, riot, public excitement or other commotion, Landlord also reserves the right to prevent access to the Building during the continuance of same. Landlord shall in no case be liable for damages for the admission or exclusion of any person to or from the Building.

3. Landlord will furnish each tenant with two keys to each door lock on the Leased Premises, and Landlord may make a reasonable charge for any additional keys and access cards requested by any tenant. No tenant shall have any keys made for the Leased Premises; nor shall any tenant alter any lock, or install new or additional locks or bolts, on any door without the prior written approval of Landlord. If Landlord approves any lock alteration or addition, the tenant making such alteration shall supply Landlord with a key for any such lock or bolt. Each tenant, upon the expiration or termination of its tenancy, shall deliver to Landlord all keys and access cards in any such tenant's possession for all locks and bolts in the Building.

4. No tenant shall cause any unnecessary labor by reason of such tenant's carelessness or indifference in the preservation of good order and cleanliness of the Leased Premises. Tenants will see that (i) the windows are closed, (ii) the doors securely locked, and (iii) all water faucets and other utilities are shut off (so as to prevent waste or damage) each day before leaving the Leased Premises. In the event tenant must dispose of crates, boxes, etc. which will not fit into office waste paper baskets, Tenant is to clearly mark those items that are to be disposed of and leave such items next to the trash cans for disposal.

5. Landlord reserves the right to prescribe the date, time, method and conditions that any personal property, equipment, trade fixtures, merchandise and other similar items shall be delivered to or removed from the Building. No iron safe or other heavy or bulky object shall be delivered to or removed from the Building, except by experienced safe men, movers or riggers approved in writing by Landlord. All damage done to the Building by the delivery or removal of such items, or by reason of their presence in the Building, shall be paid to Landlord, immediately upon demand, by the tenant by, through, or under whom such damage was done. There shall not be used in any space, or in the public halls of the Building, either by tenant or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires.

6. Tenant shall not cover or obstruct any skylights, windows, doors and transoms that reflect or admit light into passageways or into any other part of the Building.

7. The toilet rooms, toilets, urinals, wash bowls and water apparatus shall not be used for any purpose other than for those for which they were constructed or installed, and no sweepings, rubbish, chemicals, or other unsuitable substances shall be thrown or placed therein. The expense of any breakage, stoppage or damage resulting from violation(s) of this rule shall be borne by the tenant by whom, or by whose agents, employees, invitees, licensees or visitors, such breakage, stoppage or damage shall have been caused.

8. No sign, name, placard, advertisement or notice visible from the exterior of any Leased Premises, shall be inscribed, painted or affixed by any tenant on any part of the Building or Project without the prior written approval of Landlord. All signs or letterings on doors, or otherwise, approved by Landlord shall be inscribed, painted or affixed at the sole cost and expense of the tenant, by a person approved by

Landlord. A directory containing the names of all tenants in the Building shall be provided by Landlord at an appropriate place on the first floor of the Building.

9. Landlord may inquire as to Tenant's use of signaling, telegraphic or telephonic instruments or devices, or other wires, instruments or devices, that are installed by Tenant in connection with any Leased Premises. Such installations, and the boring or cutting for wires, shall be made at the sole cost and expense of the tenant and under control and direction of Landlord. Landlord retains, in all cases, the right to require (i) the installation and use of such electrical protecting devices that prevent the transmission of excessive currents of electricity into or through the Building, (ii) the changing of wires and of their installation and arrangement underground or otherwise as Landlord may direct, and (iii) compliance on the part of all using or seeking access to such wires with such rules as Landlord may establish relating thereto. All such wires used by tenants must be clearly tagged at the distribution boards and junction boxes and elsewhere in the Building, with (i) the number of the Leased Premises to which said wires lead, (ii) the purpose for which said wires are used, and (iii) the name of the company operating same.

10. Tenant, their agents, servants or employees, shall not (a) go on the roof of the Building, (b) use any additional method of heating or air conditioning the Leased Premises, (c) sweep or throw any dirt or other substance from the Leased Premises into any of the halls, corridors, elevators, or stairways of the Building, (d) bring in or keep in or about the Leased Premises any vehicles or animals of any kind, (e) install any radio or television antennae or any other device or item on the roof, exterior walls, windows or windowsills of the Building, (f) place objects against glass partitions, doors or windows which would be unsightly from the interior or exterior of the Building, (g) use any Leased Premises (i) for lodging or sleeping, (ii) for cooking (except that the use by any tenant of Underwriter's Laboratory-approved equipment for microwaving, brewing coffee, tea and similar beverages shall be permitted, provided that such use is in compliance with law), (iii) for any manufacturing, storage or sale of merchandise or property of any kind, (h) cause or permit unusual or objectionable odor to be produced or permeate from the Leased Premises, including, without limitation, duplicating or printing equipment fumes, and (i) install or operate any vending machines in the Leased Premises unless specifically identified and located on Construction Documents as defined in Schedule 6. Tenant, its agents, servants and employees, invitees, licensees, or visitors shall not permit the operation of any musical or sound producing instruments or device which may be heard outside Leased Premises, Building or garage facility, or which may emit electrical waves which will impair radio or television broadcast or reception from or into the Building.

11. No canvassing, soliciting, distribution of hand bills or other written material, or peddling by Tenant shall be permitted in the Building or the Project, and tenants shall cooperate with Landlord in prevention and elimination of same.

12. Tenant shall give Landlord prompt notice of all accidents to or defects in air conditioning equipment, plumbing, electrical facilities or any part or appurtenances of Leased Premises.

13. If any Leased Premises becomes infested with vermin by acts of Tenant, the Tenant, at its sole cost and expense, shall cause its premises to be exterminated from time to time to the satisfaction of the Landlord and shall employ such exterminators as shall be approved by Landlord.

14. No curtains, blinds, shades, screens, awnings or other coverings or projections of any nature shall be attached to or hung in, or used in connection with any door, window or wall of the premises of the Building by Tenant if such attachment or hanging will cause material damage to the Premises, unless otherwise approved by Landlord.

15. Landlord shall have the right to prohibit any advertising by tenant which, in Landlord's opinion, tends to impair the reputation of Landlord or of the Building, or its desirability as an office building for existing or prospective tenants who require the highest standards of integrity and respectability, and upon written notice from Landlord, tenant shall refrain from or discontinue such advertising.

16. Wherever the word “tenant” occurs, it is understood and agreed that it shall also mean tenant’s associates, employees, agents and any other person entering the Building or the Leased Premises under the express or implied invitation of tenant. Tenant shall cooperate with Landlord to assure compliance by all such parties with rules and regulations.

17. Landlord will not be responsible for lost or stolen personal property, equipment, money or any article taken from Leased Premises, Building or garage facilities regardless of how or when loss occurs.

18. All contractors and or technicians performing alterations as described in 6.1(e) for Tenant within the Leased Premises, Building or garage facilities shall be referred to Landlord for approval before performing such work. This shall apply to all work including, but not limited to, installation of telephones, electrical devises and attachments, and all installations affecting floors, walls, windows, doors, ceilings, equipment of any other physical feature of the Building, Leased Premises or garage facilities.

19. Showcases and any other articles shall not be placed in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors or vestibules by Tenant without the prior written consent of Landlord.

20. The Tenant shall not do anything in the Leased Premises, or bring or keep anything herein, which will in any way increase or tend to increase the risk of fire or rate of insurance, or which shall conflict with the Regulations of the Fire Department, any fire laws, with any insurance policy on the Building or any part thereof, or with any rules or ordinances established by any governmental authority.

21. The requirements of Tenant will be attended to only upon application to the Managing Agent. Employees of Landlord shall not perform any work or do anything outside of their regular dates unless under special instructions from Landlord, and no employee will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

22. No Tenant shall obtain for use upon the Leased Premises ice, drinking water, towel or other similar service or accept barbering or other personal services on the Leased Premises, except for persons authorized by Landlord and at the hours and under regulations fixed by Landlord.

23. Landlord reserves the right to make reasonable amendments, modifications and additions to the rules and regulations heretofore set forth, and to make additional reasonable rules and regulations, as in Landlord’s sole judgment may from time to time be needed for the safety, care, cleanliness and preservation of good order of the Building.

NOTE: In consideration to Tenant’s occupancy of the Tenant’s Square Footage, Tenant shall be permitted to:

a. Allow, within the Premises, certain domesticated pets, with prior approval from Landlord which approval may be reasonably withheld.

b. Install, by contractors approved by Landlord in locations and configuration approved by Landlord, to the extent permitted by law and deemed architecturally sound by Landlord, satellite dishes or supplemental HVAC, on the roof.

c. Place food and beverage vending machines within the Premises through vendors selected by Tenant and approved by Landlord.

d. Allow barbering within the Premises.

e. Section 17 hereinabove shall apply except in the event of Landlord’s gross negligence.

f. Section 2 shall be amended as to the Tenant’s employees or invitees to the extent Tenant has provided access cards, codes or keys to such individuals. Tenant shall

assume all risk associated with access obtained by use of Tenant’s access cards, codes or keys.

SCHEDULE 3

UTILITY SERVICES

A. The Landlord shall provide, as part of Operating Costs, except as otherwise provided, the following services:

(1) Air Conditioning and heat for normal purposes only, to provide in Landlord's judgment, comfortable occupancy Monday through Friday from 8:00 a.m. to 6:00 p.m., and Saturday from 8:00 a.m. to 12:00 p.m., Sundays and holidays excepted. Tenant agrees not to use any apparatus or device, in or upon or about the Leased Premises, and Tenant further agrees not to connect any apparatus or device with the conduits or pipes, or other means by which such services are supplied, for the purpose of using additional or unusual amounts of such services, without written consent of Landlord. The HVAC system is currently designed to accommodate separate metering of electrical usage. In the event that the Tenant does not elect separate metering of the HVAC system, after-hours HVAC is available to Tenant at a price equal to actual cost (including equipment depreciation) plus TEN percent (10%).

(2) Electric power for lighting and operating of office machines between Monday and Friday from 8:00 a.m. to 6:00 p.m. and Saturdays from 8:00 a.m. to 12:00 p.m., Sundays and holidays excepted. Electric power furnished by Landlord is intended to be that consumed in normal office use for lighting and small office machines including desktop computers, copiers and fax machines.

(3) Water for drinking, lavatory and toilet purposes from the regular Building supply (at the prevailing temperature) through fixtures installed by Landlord, (or by Tenant with Landlord's written consent).

B. Tenant may elect, after providing SIXTY (60) days' prior written notice to Landlord to obtain its own utility for the Premises, as follows:

(1) Tenant shall have the right to separately meter the Premises and pay the actual electrical costs.

(2) In the event that Tenant elects to pay the aforementioned expenses directly, the Base Rental Rate and the Base Year Operating Expense Stop will be reduced accordingly.

SCHEDULE 4

MAINTENANCE SERVICES

(1) In order that the Building may be kept in a state of cleanliness, each tenant shall during the term of each respective lease, permit Landlord's employees (or Landlord's agent's employees) to take care of and clean the Leased Premises and tenants shall not employ any person(s) other than Landlord's employees (or Landlord's agent's employees) for such purpose. , Tenant may, upon SIXTY (60) day's prior notice to Landlord, assume all obligations for janitorial services within the Leased Premises at its sole cost and expense. Base Rents and Base Year Operating Expense shall be reduced by corresponding amounts charged to Landlord prior to Tenant's election.

(2) Landlord shall supply public restroom supplies, public area lamp replacement, window washing with reasonable frequency, and janitorial services to the common areas of the Building and Leased Premises during the time and in the manner that such janitorial services are customarily furnished in general office buildings in the area. These services are included in Tenant's Pro Rata Share of Operating Costs.

(3) Landlord agrees to maintain the exterior and common areas of Building to include maintenance of the structure, roof, mechanical, electrical and HVAC equipment, architectural finish, lawn and shrub care, snow removal and so on, excluding only those items specifically excepted elsewhere in this Lease.

SCHEDULE 5

PARKING

Landlord hereby grants to Tenant a license to the use during the term of this Lease the minimum number of spaces described in Article 1.1k. Said parking spaces shall be made available to Tenant on an allocated basis and Tenant agrees to comply with such reasonable rules and regulations as may be made by Landlord from time to time in order to insure the proper operation of the parking facilities. In consideration of the right to use said parking spaces, Tenant shall pay to Landlord on the first day of each calendar month, the amount specified in Article 1.1k, in addition to the Rent and other charges payable by Tenant under this Lease. Tenant agrees not to overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of parking facilities. Landlord reserves the right in its sole discretion to determine whether parking facilities are becoming crowded, and in such event, to allocate specific parking spaces among Tenant and other tenants or to take such other steps necessary to correct such condition, including but not limited to policing and towing, and if Tenant, its agents, officers, employees, contractors, licensees or invitees are deemed by Landlord to be contributing to such condition, to charge to Tenant as Rent that portion of the cost thereof which Landlord reasonably determines to be caused thereby but in no event shall any such actions by Landlord result in a reduction of the number of parking spaces allocated to Tenant pursuant to Article 1.1k. Landlord may, in its sole discretion, change the location and nature of the parking spaces available to Tenant, provided that after such change, there shall be available to Tenant approximately the same number of spaces as available before such change. Tenant shall have rights to request up to TWENTY (20) “reserved” parking spaces.

In the event that Tenant shall become the sole tenant within the Building, the parking deck for the 1950 Building will be designated for Tenant’s exclusive use. In the event Tenant requires over-flow parking, it may utilize additional spaces that may be available in the Phase II garage (location to be designated by Landlord) at no additional charge until such time as Phase III is completed.

SCHEDULE 6

WORK LETTER AGREEMENT
(Tenant Constructs)

A. LANDLORD'S WORK: Landlord shall ensure as of the commencement date that any mechanical, electrical and plumbing structures are in good working order and Tenant acknowledges and agrees that it is accepting possession of the Premises in **AS-IS** condition and that, except for the Tenant Improvement Allowance, Landlord has no obligation to furnish, render, or supply any money, work, labor, material, fixture, equipment, or decoration with respect to the Premises.

B. TENANT'S OBLIGATIONS:

(1) Subject to the provisions hereof, Tenant shall, at its expense, cause the construction and installation of all improvements to the Premises in accordance with the Plans and Specifications, as hereinafter defined, and as necessary to permit Tenant to occupy same and conduct normal business operations (such improvements being referred to herein as "Tenant's Work").

(2) Within twenty days of the effective date of the Lease, the parties shall have mutually approved a space plan for the Premises. The space plan shall be acknowledged by the parties in writing. The Plans and Specifications, as hereinafter defined, shall be based on the mutually approved space plan. Tenant agrees to furnish to Landlord at Tenant's expense within sixty (60) days from the effective date of the Lease a detailed set of plans and specifications (the "Plans and Specifications") for Tenant's Work. The Plans and Specifications shall be prepared by Tenant's architect and engineer, which architect and engineer shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld or delayed. If Tenant elects to retain Landlord's architect and/or engineer, such architect and/or engineer shall nonetheless be considered to be Tenant's agent(s) for purposes of this Work Letter.

(3) The Plans and Specifications shall be subject to Landlord's review and approval. Landlord shall accept or notify Tenant of its objections to the Plans and Specifications within ten (10) business days after receipt thereof. If Landlord requires more than ten (10) business days to approve the Plans and Specifications, Landlord shall not be deemed to be in default hereunder or otherwise liable in damages to Tenant. Should Tenant fail to submit the Plans and Specifications within the time period set forth above, or should Tenant fail to make any modifications Landlord may require within fifteen (15) days of notice thereof, then either such event shall be deemed to be a delay caused by Tenant. Notwithstanding Landlord's review and approval of the Plans and Specifications, Landlord assumes no responsibility whatsoever, and shall not be liable, for the manufacturer's, architect's, or engineer's design or performance of any structural, mechanical, electrical, or plumbing systems or equipment of Tenant.

(4) Once Landlord approves the Plans and Specifications, Tenant shall, within fifteen (15) days, provide Landlord with three (3) sets of the Plans and Specifications which shall be signed and dated by both parties, with two sets retained by Landlord and one set retained by Tenant (and any changes to the Plans and Specifications shall be made only by written addendum signed by both parties).

(5) Tenant shall use only licensed contractors and subcontractors approved in writing by Landlord to complete the construction and installation of Tenant's Work. Within ten (10) days after the date hereof, Tenant shall provide to Landlord certificates of insurance

evidencing that Tenant has the required commercial general liability insurance required of Tenant under the Lease. In addition, prior to selecting the contractor, Tenant shall provide to Landlord certificates of insurance evidencing that Tenant's general contractor has in effect (and shall maintain at all times during the course of the work hereunder) workers' compensation insurance to cover full liability under workers' compensation laws of the State in which the Premises is located with employers' liability coverage; commercial general liability and builder's risk insurance for the hazards of operations, independent contractors, products and completed operations (for two (2) years after the date of acceptance of the work by Landlord and Tenant); and contractual liability specifically covering the indemnification provision in the construction contract, such commercial general liability to include broad form property damage and afford coverage for explosion, collapse and underground hazards, and "personal injury" liability insurance and an endorsement providing that the insurance afforded under the contractor's policy is primary insurance as respects Landlord and Tenant and that any other insurance maintained by Landlord or Tenant is excess and non-contributing with the insurance required hereunder, provided that such insurance may be written through primary or umbrella insurance policies with a minimum policy limit of $2,000,000.00. Landlord and Tenant are to be included as an additional insured for insurance coverages required of the general contractor. Tenant shall inform its contractor, subcontractors, and material suppliers that Landlord's interest in the Premises shall not be subject to any lien to secure payment for work done or materials supplied to the Premises on Tenant's behalf. All inspections and approvals necessary and appropriate to complete Tenant's Work in accordance with the Plans and Specifications and as necessary to obtain a certificate of use and occupancy as hereinafter provided are the responsibility of Tenant and its general contractor. Tenant shall arrange a meeting prior to the commencement of construction between Landlord and Tenant's contractors for the purpose of organizing and coordinating the completion of Tenant's Work. To the extent any Tenant's Work is done by contractors of Landlord, Landlord's contractors shall adhere to the same insurance standards set out in this paragraph and shall provide to Tenant certificates of insurance evidencing the required coverage.

(6) Tenant shall commence Tenant's Work (and shall be required to diligently pursue same) upon receipt of the building permit therefore. If Tenant has not commenced Tenant's Work by such date, or if Tenant has not substantially completed Tenant's Work before December 31, 2004, then, in either such event, Tenant shall be in default under the Lease, and the Commencement Date shall not be extended such that Tenant will be required to pay Rent and Additional Rent as otherwise provided in this Lease. If Tenant has not completed Tenant's Work within sixty (60) days of the Commencement Date, Landlord shall have the option to declare the Lease null and void and exercise any remedies available under the Lease. Should the Lease be declared null and void pursuant to this paragraph, Tenant shall forfeit all rights to any deposits, advance rent, and any other payments made under the Lease, and Landlord shall have no further liability to Tenant under the Lease. "Substantial Completion" of Tenant's Work shall mean that the Premises are approved for use and occupancy by the appropriate governmental authorities and are in suitable condition for the operation of Tenant's business.

(7) All of Tenant's Work shall be completed in a good and workmanlike manner and shall be in conformity with the applicable building codes, and in accordance with Landlord's construction rules and regulations pertaining to contractors. Upon completion of Tenant's Work, Tenant shall furnish Landlord:

(a) a certificate of use and/or occupancy issued by the appropriate governmental authority and other evidence satisfactory to Landlord that Tenant has obtained the governmental approvals necessary to permit occupancy; and

(b) a notarized affidavit from Tenant's contractor(s) that all amounts due for work done and materials furnished in completing Tenant's Work have been paid; and

(c) releases of lien from any subcontractor or material supplier that has given Landlord a Notice to Owner pursuant to Florida law; and

(d) as-built drawings of the Premises, with a list and description of all work performed by the contractors, subcontractors, and material suppliers.

(8) Any damage to the existing finishes of the building shall be patched and repaired by Tenant, at its expense, and all such work shall be done to Landlord's satisfaction. If any patched and painted area does not match the original surface, then the entire surface shall be repainted at Tenant's expense. Tenant agrees to indemnify and hold harmless Landlord, its agents, and employees from and against any and all costs, expenses, damage, loss, or liability, including, but not limited to, reasonable attorneys' fees and costs, which arise out of, are occasioned by, or are in any way attributable to the build-out of the Premises by Tenant pursuant to this Work Letter. Tenant, at its expense, shall be responsible for the maintenance, repair, and replacement of any and all items constructed by Tenant's contractor.

(9) Tenant shall not alter the existing fire alarm system in the Premises or the building. The Plans and Specifications shall include detailed drawings and specifications for the design and installation of Tenant's fire alarm (and security) system(s) for the Premises. Such system (s) shall meet all appropriate building code requirements, and the fire alarm system shall, at Tenant's expense, be integrated into Landlord's fire alarm system for the building (if any). (Landlord is not required to provide any security system.) Landlord's electrical contractor and/or fire alarm contractor shall, at Tenant's expense, make all final connections between Tenant's and Landlord's fire alarm systems. Tenant shall insure that all work performed on the fire alarm system shall be coordinated at the job site with the Landlord's representative.

(10) Landlord will provide Tenant with an allowance (the "Tenant Improvement Allowance") against the cost of the improvements to the Premises and against the fees and costs incurred with respect to preparation of the Plans and Specifications for the Premises and all permit fees. The Tenant Improvement Allowance shall be One Million Four Hundred Thirty-Seven Thousand Eighteen Dollars and Six Cents ($1,437,018.06, for use on any portion of the Premises. Upon expiration or written waiver of the Downsizing Option, Landlord shall pay an additional $6.82 per square foot of Tenant Improvement Allowance for the space not vacated up to 47,067 RSF ($320,977.00). In the event that Tenant retains possession of the Premises subject to the Downsizing Option after the THIRTY-SIXTH month, but exercises the Downsizing Option before the FORTY-FIFTH (45th) month, Tenant shall receive a proportionate share of the additional Tenant Improvement Allowance which shall be determined as follows: The total of this retained RSF multiplied by $6.82 plus the total RSF to be vacated (but retained during Downsizing Option Period) multiplied by that number of months Tenant remains in possession divided by that proportion of the remaining Lease Term that the total number of months after the THIRTY SIXTH (36th) month that Tenant remains in possession of the portion of the Premises subject to the Downsizing Option of the remaining months of the Lease Term (30 months). [Example: If Tenant vacates the 10,000 RSF on the 40th month of the Lease, Tenant shall receive $252,796.94 [37,067 RSF x $6.82 = $252,796.94] plus $9,093.33 [(10,000 x $6.82) x (4÷30) = $9,093.33]. The Tenant Improvement Allowance shall be paid by Landlord by joint check to Tenant or Tenant's designated agent and its general contractor in monthly installments, based upon requests for payment submitted by Tenant and its general contractor not more than monthly. Additionally, TWENTY FIVE percent (25%) of the additional Tenant Improvement Allowance may be applied, at Tenant's request, toward Rent. Each request for payment shall be accompanied by a certification by the architect that all work up to the date of the request for payment has been substantially completed, along with the items required under subsection (7), above (except for a certificate of occupancy), for work done or materials furnished up to the date of Tenant's request for payment. Upon receipt thereof, Landlord shall pay to Tenant and its general contractor (by joint check), within TWENTY (20) days after submission of such items to

Landlord, an amount equal to Landlord's pro-rata share of such request for payment. Landlord's pro-rata share shall mean the percentage that the Tenant Improvement Allowance bears to the total cost of the Tenant's Work (plus the architectural and engineering fees incurred with respect to the Plans and Specifications and permit fees) (less TEN percent (10%) of each payment to be retained by Landlord pending final completion). Upon final completion of the Tenant's Work and receipt by Landlord of the items required under subsection (7), above, plus reasonable evidence indicating that all of Tenant's Costs have been paid, Landlord shall pay to Tenant and its general contractor (by joint check) within THIRTY (30) days the remaining Tenant Improvement Allowance, plus the retainage (provided, however, that the retainage will not be released by Landlord until all punchlist items have been completed). Any and all costs for the construction of the Premises above the Tenant Improvement Allowance ("Tenant's Costs") shall be paid by Tenant to the applicable contractors, subcontractors, and material suppliers. Tenant shall receive no credit or payment for any unused portion of the Tenant Improvement Allowance. Tenant shall be able to recapture up to TWENTY-FIVE percent (25%) of any Tenant Improvement dollars via an offset in base rental.

SCHEDULE 7

CERTIFICATE OF ACCEPTANCE

TENANT: _____

LEASED PREMISES: Suite _____

LOCATED AT 1950 Summit Park Drive, Orlando, Florida, 32810 _____

This letter is to certify that:

1. The above referenced Leased Premises have been accepted by the Tenant for possession.

2. The Leased Premises are substantially complete in accordance with the plans and specifications used in constructing the demised premises.

3. The Leased Premises can now be used for intended purposes.

Lease Commencement Date: _____

Expiration Date: _____

Executed this ___day of 20 ___

TENANT:

By: _____

Print Authorized Signatory Name: _____

Title: _____

SCHEDULE 8

GUARANTY

For value received and in consideration of and in order to induce **ASP WT, L.L.C.** (the "Landlord") to enter into that certain Lease dated June 15, 2004, between Landlord and **TIBURON ENTERTAINMENT, INC.** (the "Tenant"); for a certain office space in Maitland in Orange County, Florida, (the "Lease"), **ELECTRONIC ARTS INC.** (the "Guarantor"), absolutely, unconditionally and irrevocably guarantees to the Landlord and to its legal representatives, successors, and assigns, the prompt and full performance and observance by the Tenant and by its legal representatives, successors, and assigns, of all of the covenants, terms, provisions, conditions, and agreements required to be performed by Tenant under the Lease, whether, before or during the term of, or after the termination of the term of the Lease.

The capitalized terms used in this Guaranty shall have the same definitions as those terms have in the Lease unless the context clearly indicates a contrary intent.

Notice of all defaults is waived and consent is given to all extensions of time that the Landlord may grant to Tenant in the performance of any of the terms of the Lease or to the waiving in whole or in part of performance, or to the releasing of Tenant in whole or in part from any performance, or to the adjusting of any dispute concerning the Lease; and no defaults by Tenant, extensions, waivers, releases, or adjustments, with or without the knowledge of the Guarantor, shall affect or discharge the liability of the Guarantor. The Guarantor shall pay all expenses, including reasonable legal fees and disbursements paid or incurred by Landlord in endeavoring to enforce this Guaranty.

This Guaranty shall not be impaired by, and the Guarantor consents to, any modification, supplement, extension, or amendment of the Lease to which the parties to the Lease may hereafter agree. The liability of the Guarantor hereunder is direct and unconditional and may be enforced without requiring the Landlord first to resort to any other right, remedy, or security. The Guarantor shall have no right of subrogation, reimbursement, or indemnity whatsoever, nor any right of recourse to security for the debts and obligations of Tenant to Landlord. Guarantor waives all defenses based on claims that Landlord has impaired any collateral for the Tenant's obligations to Landlord or to Guarantor, including any such claim based on Lender's failure to perfect or maintain any security interest in Tenant's property.

This Guaranty is a continuing guaranty that shall be effective before the commencement of the Lease Term, and shall remain effective following the Lease Term as to any surviving provisions that remain effective after the termination of the Lease. The Guarantor's obligations under this Guaranty shall also continue in full force and effect after any transfer of the Tenant's interest under the Lease as defined in the Lease, unless such obligation is terminated in writing by Landlord.

The liability of Guarantor under this Guaranty shall in no way be affected, modified, or diminished by reason of (a) any assignment, renewal, modification, amendment, or extension of the Lease, or (b) any modification or waiver of or change in any of the terms, covenants, and conditions of the Lease by Landlord and Tenant, or (c) any extension of time that may be granted by Landlord to Tenant, or (d) any consent, release, indulgence, or other action, inaction, or omission under or in respect of the Lease (other than a default by Landlord), or (e) any dealings or transactions or matter or thing occurring between Landlord and Tenant (other than a default by Landlord), or (f) any bankruptcy, insolvency, reorganization, liquidation, arrangement, assignment for the benefit of creditors, receivership, trusteeship, or similar proceeding affecting Tenant, or the rejection or disaffirmance of the Lease in any proceedings, whether or not notice of the proceedings is given to Guarantor.

Should Landlord be obligated by any bankruptcy or other law to repay to Tenant or to Guarantor or to any trustee, receiver, or other representative of either of them, any amounts previously paid, this Guaranty shall be reinstated in the amount of the repayments. Landlord shall not be required to litigate or otherwise dispute its obligation to make any repayments if it in good faith believes that the obligation exists.

No delay on the part of Landlord in exercising any right under this Guaranty or failure to exercise any right shall operate as a waiver of or otherwise affect any right nor shall any single or partial exercise of a right preclude any other or further exercise of the right or the exercise of any other right.

No waiver or modification of any provision or this Guaranty nor any termination of this Guaranty shall be effective unless in writing and signed by Landlord; nor shall any such waiver be applicable except in the specific instance for which given.

All of Landlord's rights and remedies under the Lease and under this Guaranty, now or hereafter existing at law or in equity or by statute or otherwise, are intended to be distinct, separate, and cumulative and no exercise or partial exercise of any right or remedy mentioned in the Lease or this Guaranty is intended to be in exclusion of or a waiver of any of the others.

If Landlord assigns the Lease or sells the Leased Premises, Landlord may assign this Guaranty to the assignee or transferee, who shall thereafter succeed to the rights of Landlord under this Guaranty to the same extent as if the assignee were an original guaranteed party named in this Guaranty, and the same rights shall accrue to each subsequent assignee of this Guaranty. If Tenant assigns or sublets the Leased Premises, the obligations of the Guarantor under this Guaranty shall remain in full force and effect, unless terminated as otherwise provided herein.

From time to time, Guarantor, on not less than five days' prior notice, shall execute and deliver to Landlord an estoppel certificate in a form generally consistent with the requirements of institutional lenders and certified to Landlord and any mortgagee or prospective mortgagee or purchaser of the Leased Premises; provided that no such estoppel shall enlarge the obligations of Guarantor hereunder. In addition, if requested, Guarantor shall provide any financial information concerning Guarantor that may be reasonably requested by any mortgagee or prospective mortgagee or purchaser of the Leased Premises; provided that any such information shall be treated as "confidential" and not released to third parties except in connection with the enforcement of Landlord's rights hereunder.

If any provision of this Guaranty or the application of any provision to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of that provision and this Guaranty and the application of the provision to persons or circumstances other than those as to which it is invalid or enforceable shall not be affected thereby, and the remainder of the provision and this Guaranty shall otherwise remain in full force and effect.

As a further inducement to Landlord to make and enter into the Lease and in consideration of Landlord's execution of the Lease, Landlord and Guarantor waive trial by jury in any action or proceeding brought on, under, or by virtue of this Guaranty.

Without regard to principles of conflicts of laws, the validity, interpretation, performance, and enforcement of this Guaranty shall be governed by and construed in accordance with the internal laws of the State of Florida and shall be deemed to have been made and performed in the State of Florida.

Any legal action or proceeding arising out of or in any way connected with this Guaranty shall be instituted in a court (federal or state) located in Orange County, Florida, which shall be the exclusive jurisdiction and venue for litigation concerning this Guaranty. Landlord and Guarantor shall be subject to the personal jurisdiction of those courts in any legal action or proceeding. In addition, Landlord and Guarantor waive any objection that they may now have or hereafter have to the laying of venue of any action or proceeding in those courts, and further waive the right to plead or claim that any action or proceeding brought in any of those courts has been brought in an inconvenient form.

If there is more than one Guarantor, the liability of each Guarantor shall be joint and several with all other Guarantors.

GUARANTOR"

ELECTRONIC ARTS INC.

Witness:
/s/ Wendy Shaw-Rossie

Wendy Shaw-Rossie

By: /s/ Ken Barker

Print Name: Ken Barker

Title: Chief Accounting Officer

Guarantor's address:

209 Redwood Shores Parkway

Redwood City, CA 94065

Dated: June 15, 2004

Exhibit 10.38

FIRST AMENDMENT TO OFFICE LEASE

This First Amendment to Office Lease (this " **First Amendment** ") is made and entered into as of March 3, 2004, by and between PLAYA VISTA – WATER'S EDGE, LLC, a Delaware limited liability company (" **Landlord** "), and ELECTRONIC ARTS INC., a Delaware corporation (" **Tenant** ").

RECITALS:

A. Landlord and Tenant entered into that certain Office Lease, dated July 31, 2003 (the " **Lease** "), pursuant to which Landlord leases to Tenant and Tenant leases from Landlord certain space (the " **Premises** ") located at 5510 and 5570 Lincoln Boulevard, Los Angeles, California.

B. Landlord and Tenant desire to amend the Lease, on the terms and conditions set forth in this First Amendment.

C. Except as otherwise provided herein, all capitalized terms used herein shall have the same meanings given such terms in the Lease.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

1. **Tenant's Additional Construction Obligations** .

1.1 **In General** . Subject to the terms of this First Amendment, Tenant shall (i) construct the Surface Parking Lot and the loading dock to service the Project pursuant to the plans prepared by HLW International LLP, Site/Courtyard Package 5, Bulletin Number 1, dated January 30, 2004 (the " **Approved Plans** "), and (ii) remove and dispose of the temporary power poles located on the Field and the area in which the Surface Parking Lot is to be constructed (such obligations to be referred to herein collectively as " **Tenant's Additional Construction Obligations** "). Except as otherwise set forth in this Section 1, all of the terms of the Tenant Work Letter applicable to the Tenant Improvements shall be applicable Tenant's Additional Construction Obligations, including without limitation, causing such construction to comply with all Applicable Laws; provided, however, that, notwithstanding anything in the Tenant Work Letter or anything contained herein to the contrary, in no event shall Tenant make any changes to the Approved Plans with respect to Tenant's Additional Construction Obligations without the approval of Landlord, which approval Landlord shall not be unreasonably withheld and shall be granted or denied within five (5) business days following Tenant's request therefor. In addition, Tenant shall be responsible for obtaining all approvals or consents required by the Underlying Documents with respect to Tenant's Additional Construction Obligations. In no event shall the Tenant Improvement Allowance or the Common Area Allowance be modified as a result of Tenant's Additional Construction Obligations, provided that Landlord shall have the obligation to reimburse Tenant for the cost of

Tenant's Additional Construction Obligations, subject to and in accordance with the terms of Section 1.4 of this First Amendment. Tenant shall complete Tenant's Additional Construction Obligations so that such improvements, when completed, shall be in good condition and working order and free of defects.

1.2 **Surface Parking Lot** . Tenant shall, subject to Force Majeure Delays, complete the Surface Parking Lot in accordance with the terms hereof on or prior to April 1, 2004. Until such time as the Surface Parking Lot is complete, notwithstanding anything in the Lease to the contrary, (i) Landlord shall have no obligation to provide more parking than the Existing Parking Garage can reasonably accommodate (including through use of valets and aisle stacking (which shall be paid for by Landlord or Tenant, as the case may be, in accordance with the terms of the Lease), (ii) the Aisle Parking Cap shall not be applicable, and (iii) all tenant parking (including employee, visitor, sublease and construction parking) and the Playa Vista Visitor Center parking required to be provided pursuant to the Underlying Documents shall be located in the Existing Parking Garage. Notwithstanding anything to the contrary set forth herein, Tenant shall be permitted to designate commercially reasonably areas for the parking of non-Tenant vehicles.

1.3 **Loading Dock and Temporary Power Poles** . Subject to Applicable Laws, Tenant shall be permitted to construct the loading dock and to remove the temporary power poles at any time desired by Tenant during Tenant's initial construction of the Tenant Improvements and Common Area Improvements. Tenant shall be responsible for obtaining all approvals and/or consents required by the Underlying Documents with respect to the foregoing work. The terms of Section 28.6 of the Lease shall remain applicable to parking spaces lost in connection with the loading dock, notwithstanding that the loading dock shall be constructed by Tenant pursuant to the terms of this First Amendment.

1.4 **Landlord's Payment for Tenant's Additional Construction Obligations** . Landlord hereby acknowledges and agrees that the Contractor shall be responsible for the construction of Tenant's Additional Construction Obligations. Landlord shall not have the right to approve the contract with Contractor with respect to Tenant's Additional Construction Obligations, provided that such contract is commercially reasonable, is in written form signed by the parties, and contains commercially reasonable indemnification and insurance requirements (naming Landlord as additional insured/indemnitee) and contains commercially reasonable warranties and guarantees relating to Tenant's Additional Construction Obligations. Contractor shall competitively bid the Tenant's Additional Construction Obligations as part of Tenant's Common Area Improvements (in accordance with the bidding process described below), and the lowest bidders (after reasonable adjustment for inconsistent qualifications, clarifications and exclusions, as reasonably approved by Landlord, is made) shall be selected. Landlord and Tenant shall mutually and reasonably agree upon the segregation of the costs of the Tenant's Additional Construction Obligations from the costs of the Common Area Improvements, and, if applicable, the Tenant Improvements. Subject to the foregoing, Landlord shall reimburse Tenant for the entire cost of permitting, design and construction of the Tenant's Additional Construction Obligations, subject to and substantially in accordance with the terms and procedures set forth in Section 2.2.2 of the Tenant Work Letter (with the words "Tenant's Additional Construction Obligations" being substituted for the words "Tenant Improvements"); provided, however, that Landlord hereby agrees that, other than actual permitting, design and construction costs for Tenant's Additional Construction Obligations, Landlord shall not be charged any additional amounts other than the "Stipulated Fees and Reimbursements," as that

term is defined, below, in connection with Tenant's Additional Construction Obligations. Tenant agrees to cause the Contractor to solicit bids from not less than three (3) qualified, reputable and appropriately licensed subcontractors with respect to each trade comprising a portion of Tenant's Additional Construction Obligations. For purposes of this First Amendment, the " **Stipulated Fees and Reimbursements** " equal (i) with respect to Contractor, an amount equal to $36,748.00, and (ii) with respect to Tenant's construction project manager (Aurora Development Corp.), an amount equal to $20,181.21.

1.5 **Assignment of Guaranties and Warranties** . Upon the completion of Tenant's Additional Construction Obligations, Tenant shall assign to Landlord all guaranties and warranties by Contractor and/or any subcontractor relating to Tenant's Additional Construction Obligations. In addition, to the extent necessary, at Landlord's request, Tenant shall use commercially reasonable effects to assist Landlord in the enforcement of such guaranties and warranties.

2. **Grease Interceptor** . Landlord hereby agrees that, subject to the terms of the Tenant Work Letter (including, without limitation, Landlord's approval of all plans and specifications in accordance with the terms of the Tenant Work Letter), as part of the Tenant Improvements, Tenant shall be permitted to construct a grease interceptor to service Tenant's kitchen facilities within the Premises (the " **Grease Interceptor** ") in the location set forth on **Exhibit A** , attached hereto. Tenant shall be responsible for all repairs, maintenance, compliance with laws and other obligations with respect to the Grease Interceptor as are applicable to the Tenant Improvements, notwithstanding the location of the Grease Interceptor outside of the Premises, and Tenant's indemnity, as set forth in Section 10.1 of the Lease, shall be applicable with respect to any Claims related to or connected with the Grease Interceptor. Notwithstanding anything contained in the Lease or this Section 2 to the contrary, Tenant hereby agrees that, to the extent required by Landlord in connection with the construction of the Building 3 Project, or any portion thereof, prior to such date as Landlord shall reasonably designate to avoid delay of the construction of the Building 3 Project, or any portion thereof, Tenant shall remove the Grease Interceptor (and restore any affected area of the Project to the condition existing prior to Tenant's installation of the Grease Interceptor) and install the same in an alternative location mutually and reasonably agreed upon by Landlord and Tenant (subject to the terms of the Lease, including, without limitation, Article 8 of the Lease). In the event that the Grease Interceptor shall eliminate any parking spaces at the Project, (i) all such parking spaces shall be deemed parking spaces provided to and used by Tenant pursuant to the terms of the Lease, (ii) the Aisle Parking Cap shall be increased by the number of parking spaces so eliminated, and (iii) Tenant shall be required to pay the parking charge calculated pursuant to the terms of Article 28 of the Lease with respect to such eliminated parking spaces.

3. **Construction of Building 3; Relocation of Loading Dock** . Landlord shall have the right to relocate the loading dock servicing the Project as initially constructed by Tenant in accordance with the terms hereof, at Landlord's sole cost and expense, at such time, if applicable, that Building 3 is constructed, to a location mutually and reasonably agreed upon by Landlord and Tenant which does not materially interfere with the Field. Any such loading dock shall be constructed in accordance with plans and specifications prepared by Landlord.

4. **Lease Commencement Date and Lease Expiration Date** . Landlord and Tenant hereby acknowledge and agree that the Lease Commencement Date occurred as of October 1, 2003,

and, notwithstanding anything in Section 7.3 of the Summary to the contrary, the Lease Expiration Date shall occur as of September 30, 2013.

5. **Rent** .

5.1 **Base Rent** .

5.1.1 **Summary of Basic Lease Information** . Landlord and Tenant hereby acknowledge and agree that the Section 8 of the Summary is hereby deleted in its entirety and is replaced with **Exhibit B** , attached hereto.

5.1.2 **Base Rent Schedule** . Landlord and Tenant hereby acknowledge and agree that, provided that no Commencement Date Delay(s) occurs under Section 5 of the Tenant Work Letter that, pursuant to such Section 5, would serve to extend or delay any Tranche Rent Commencement Date, the schedule of Base Rent payable by Tenant under the Lease shall be as set forth on **Exhibit C** , attached hereto, which amounts shall be due and payable in accordance with the terms of the Lease.

5.2 **Tenant's Payment of Variable Operating Expenses** . Landlord and Tenant hereby acknowledge and agree that, notwithstanding that Tenant's Share shall be less than 100% prior to the Tranche Rent Commencement Date for Tranche 4, within thirty (30) days of billing, Tenant shall pay to Landlord, as Additional Rent, an amount equal to all variable Operating Expenses, such components of variable Operating Expenses to be determined in accordance with sound real estate management and accounting practices consistently applied. This Section 5.2 is not intended to be duplicative of Section 2.1.4 of the Lease, but is instead intended to set forth and/or clarify that Tenant is at all times liable for all variable Operating Expenses incurred at the Project.

5.3 **Storage Rent** . The schedule of Storage Rent, as set forth in Section 29.36 of the Lease, is hereby deleted and is replaced with the following:

"Period of Lease Term	**Monthly Storage Rent**
9/1/05-8/31/06	$289.45
9/1/06-8/31/07	$299.00
9/1/07-8/31/08	$308.87
9/1/08-8/31/09	$319.06
9/1/09-8/31/10	$329.59
9/1/10-8/31/11	$340.46
9/1/11-8/31/12	$351.70
9/1/12-8/31/13	$363.31
9/1/13-9/30/13	$375.30"

6. **Lease Year Definition** . Landlord and Tenant hereby acknowledge and agree that the seventh sentence (7th) of Section 2.1.1 of the Lease is hereby deleted in its entirely and is replaced with the following:

"For purposes of this Lease, the term ' **Lease Year** ' shall mean each consecutive twelve (12) month period during the Lease Term, provided that (a) for purposes of determining the Base Rent due under Section 8 of the Summary with respect to all Tranches other than Tranche 1, the term 'Lease Year' shall mean each period commencing as of September 1 and continuing through and including the next occurring August 31 which occurs during the Lease Term, with the first such Lease Year commencing as of September 1, 2003, and (b) the last Lease Year in all instances shall end on the Lease Expiration Date."

In no event shall the foregoing alter or modify the terms of Section 5.1, above.

7. **Other Miscellaneous Lease Changes** .

7.1 **Tranche 1 Part B RSF Transition Date** . In the last line of Section 9 of the Summary, the words "Tranche Part B RSF Transition Date" are deleted and are hereby replaced with the words "Tranche 1 Part B RSF Transition Date".

7.2 **Proposition 8 Reductions** . Landlord and Tenant hereby acknowledge and agree that Section 4.7 of the Lease shall be applicable only to the extent Landlord fails to fulfill its obligations set forth in the second (2nd) sentence of Section 4.2.4.2. The following is added following the third (3rd) sentence of Section 4.2.4.2: "The reasonable out-of-pocket costs to pursue Proposition 8 reductions hereunder shall be paid by Landlord and included in Tax Expenses in the Expense Year such expenses are paid."

7.3 **Underlying Documents** . The thirteenth (13th) sentence of Article 5 is hereby deleted and is replaced with the following:

"To the extent the Underlying Documents are so created or amended pursuant to the terms of this Article 5 and Tenant does not have the right to disapprove such Underlying Documents in accordance with this Article 5, Tenant, upon request by Landlord, will execute an agreement substantially in the form of Exhibit K , attached hereto and incorporated herein by this reference, evidencing Tenant's subordination to any such amendment or newly created document within thirty (30) business days following request by Landlord."

7.4 **Subleases of Tenant** . The first sentence of Section 19.3 of the Lease is hereby deleted and is replaced with the following:

"If Landlord elects to terminate this Lease, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other

consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements."

7.5 **Notices** . Landlord and Tenant hereby acknowledge and agree that word "mailed" in the second (2nd) sentence of Section 29.14 of the Lease is hereby deleted and is replaced with the following: "delivered or delivery is rejected with respect to items mailed". In addition, for purposes of Section 29.14, personal delivery shall be deemed to include delivery by a nationally recognized overnight courier.

8. **Deletions** . Sections 1.3 (Loading Dock), 1.4 (Temporary Power Poles), and 1.5 (Surface Parking Lot) of the Tenant Work Letter attached to the Lease as Exhibit D are hereby deleted in their entirety and are of no further force or effect.

9. **No Other Modifications** . Except as otherwise provided herein, all other terms and provisions of the Lease shall remain in full force and effect, unmodified by this First Amendment.

10. **Counterparts** . This First Amendment may be executed in any number of original counterparts. Any such counterpart, when executed, shall constitute an original of this First Amendment, and all such counterparts together shall constitute one and the same First Amendment.

11. **Conflict** . In the event of any conflict between the Lease and this First Amendment, this First Amendment shall prevail. Except as explicitly set forth in this First Amendment, all of the terms and provisions of the Lease shall be and remain in full force and effect.

IN WITNESS WHEREOF, the parties have entered into this First Amendment as of the date first set forth above.

" **LANDLORD** ":

PLAYA VISTA – WATER'S EDGE, LLC,
a Delaware limited liability company

By: CA-Playa Vista Water's Edge Limited Partnership,
a Delaware limited partnership,
its Co-Manager

By: EOM GP, L.L.C.,
a Delaware limited liability company,
its general partner

By: Equity Office Management, L.L.C.,
a Delaware limited liability company,
its non-member manager

By: /s/ Frank R. Campbell

Name: Frank R. Campbell

Title: Vice President

By: Maguire Partners – PV Investor Partnership, L.P.,
a California limited partnership,
its Co-Manager

By: Maguire Partners – PV IP GP, LLC,
a California limited liability company,
its general partner

By: Maguire Partners SCS, Inc.,
a California corporation,
its Manager

By: /s/ Richard I. Gilchrist

Name: Richard I. Gilchrist

Title: Co-CEO and President

" **TENANT** ":

ELECTRONIC ARTS INC., a Delaware corporation

By: /s/ John Batter

Its: Vice President, Group General Manager

By:

Its:

EXHIBIT A

LOCATION OF GREASE INTERCEPTOR

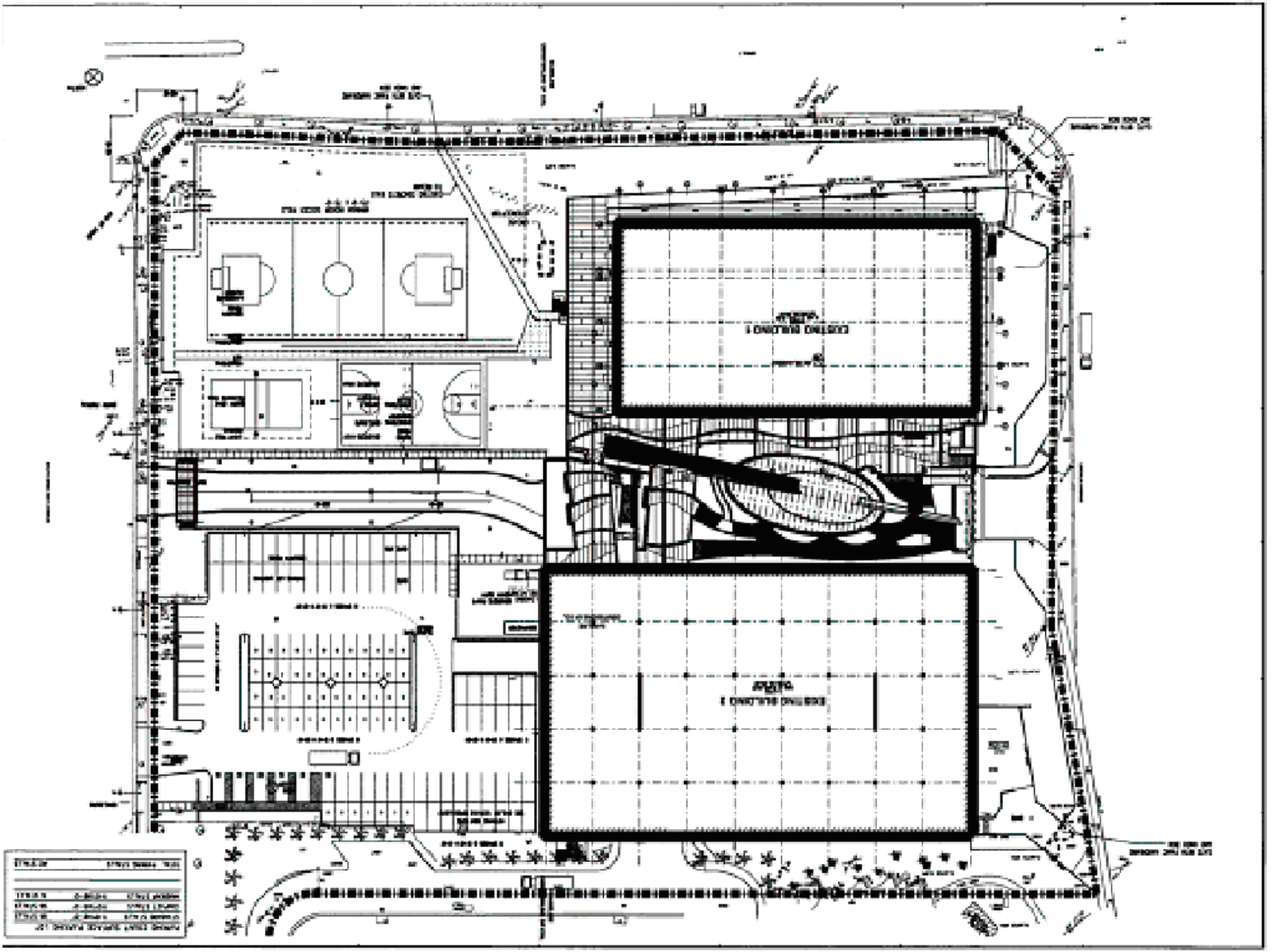

EXHIBIT B

LEASE SUMMARY SECTION 8

8. Base Rent (Article 3):

Tranche 1 Part A:

Lease Year	Annual Base Rent	Monthly Installment of Base Rent	Annual Base Rent Per Rentable Square Foot
1	$ 812,406.00	$ 67,700.50	$17.40
2	$ 857,695.30	$ 71,474.61	$18.37
3	$ 904,385.30	$ 75,365.44	$19.37
4	$ 952,942.90	$ 79,411.91	$20.41
5	$1,002,901.20	$ 83,575.10	$21.48
6	$1,054,260.20	$ 87,855.02	$22.58
7	$1,107,486.80	$ 92,290.57	$23.72
8	$1,162,581.00	$ 96,881.75	$24.90
9	$1,219,542.80	$101,628.57	$26.12
10	$1,278,372.20	$106,531.02	$27.38

Tranche 1 Part B**:

Lease Year	Annual Base Rent	Monthly Installment of Base Rent
1	$395,550.48	$32,962.54
2	$395,550.48	$32,962.54
3	$410,544.48	$34,212.04
4	$425,538.36	$35,461.53
5	$425,538.36	$35,461.53

Lease Year	Annual Base Rent	Monthly Installment of Base Rent
6	$440,865.24	$36,738.77
7	$440,865.24	$36,738.77
8	$456,445.56	$38,037.13
9	$472,025.88	$39,335.49
10	$472,025.88	$39,335.49

** Notwithstanding the foregoing or anything in this Lease to the contrary, (i) Tenant shall be entitled to a credit against the monthly Base Rent due for Tranche 1 Part B in the amount of $29,795.65 (prorated for any partial months) for each month during the Lease Term occurring prior to (but not including) January, 2004, (ii) Tenant shall be entitled to a credit against the monthly Base Rent due for Tranche 1 Part B in the amount of $12,000.00 for each month commencing as of January, 2004 and continuing through and including June, 2004, and (iii) Tenant shall be entitled to a credit against the monthly Base Rent due for Tranche 1 Part B for the twelfth (12th) and twenty-fourth (24th) full calendar months of the Lease Term applicable to Tenant's lease of Tranche 1 Part B in the amount of $29,795.65 for each such month.

Tranche 2:

Lease Year	Annual Base Rent	Monthly Installment of Base Rent	Annual Base Rent Per Rentable Square Foot
1	$1,001,700.60	$ 83,475.05	$17.40
2	$1,057,542.53	$ 88,128.54	$18.37
3	$1,115,111.53	$ 92,925.96	$19.37
4	$1,174,983.29	$ 97,915.27	$20.41
5	$1,236,582.12	$103,048.51	$21.48
6	$1,299,908.02	$108,325.67	$22.58
7	$1,365,536.68	$113,794.72	$23.72
8	$1,433,468.10	$119,455.68	$24.90
9	$1,503,702.28	$125,308.52	$26.12
10	$1,576,239.22	$131,353.27	$27.38
11*	$1,652,277.00	$137,689.75	$28.70

Tranche 3:

Lease Year	Annual Base Rent	Monthly Installment of Base Rent	Annual Base Rent Per Rentable Square Foot
1	N/A	N/A	N/A
2	$ 861,534.63	$ 71,794.55	$18.37
3	$ 908,433.63	$ 75,702.80	$19.37
4	$ 957,208.59	$ 79,767.38	$20.41
5	$1,007,390.52	$ 83,949.21	$21.48
6	$1,058,979.42	$ 88,248.29	$22.58
7	$1,112,444.28	$ 92,703.69	$23.72
8	$1,167,785.10	$ 97,315.43	$24.90
9	$1,225,001.88	$102,083.49	$26.12
10	$1,284,094.62	$107,007.89	$27.38
11*	$1,346,039.40	$112,169.95	$28.70

Tranche 4 Part A:

Lease Year	Annual Base Rent	Monthly Installment of Base Rent	Annual Base Rent Per Rentable Square Foot
1	N/A	N/A	N/A
2	N/A	N/A	N/A
3	$ 908,898.51	$75,741.54	$19.37
4	$ 957,698.43	$79,808.20	$20.41
5	$1,007,906.04	$83,992.17	$21.48
6	$1,059,521.34	$88,293.45	$22.58
7	$1,113,013.56	$92,751.13	$23.72

Lease Year	Annual Base Rent	Monthly Installment of Base Rent	Annual Base Rent Per Rentable Square Foot
8	$1,168,382.70	$ 97,365.23	$24.90
9	$1,225,628.76	$102,135.73	$26.12
10	$1,284,751.74	$107,062.65	$27.38
11*	$1,346,728.20	$112,227.35	$28.70

Tranche 4 Part B:

Lease Year	Annual Base Rent	Monthly Installment of Base Rent	Annual Base Rent Per Rentable Square Foot
1	N/A	N/A	N/A
2	N/A	N/A	N/A
3	$506,118.73	$42,176.56	$19.37
4	$533,292.89	$44,441.07	$20.41
5	$561,250.92	$46,770.91	$21.48
6	$589,992.82	$49,166.07	$22.58
7	$619,779.88	$51,648.32	$23.72
8	$650,612.10	$54,217.68	$24.90
9	$682,489.48	$56,874.12	$26.12
10	$715,412.02	$59,617.67	$27.38
11*	$749,923.44	$62,493.62	$28.70

Tenant shall be required to pay “Early Rent,” as that term is defined in Section 2.1.2 of this Lease, with respect to Tranche 2, Tranche 3 and Tranche 4 as and to the extent provided for in Section 2.1.2 of this Lease.

* 11th Lease Year ends on Lease Expiration Date.

EXHIBIT C

BASE RENT SCHEDULE

		Lease Name: Space location:	Traunch 1-A Bldg 2-4th		Traunch 1-B Playa Capital		Traunch 2 Bldg 1	Traunch 3 Bldg 2-3rd
		RSF:	46,690		(see below left)		57,569	46,899
1	October-03	$1.450	$67,700.50	19,223	$ 3,166.89	$1.450	$ 0.00	$ 0.00
2	November-03	$1.450	$67,700.50	19,223	$ 3,166.89	$1.450	$ 0.00	$ 0.00
3	December-03	$1.450	$67,700.50	19,223	$ 3,166.89	$1.450	$ 0.00	$ 0.00
4	January-04	$1.450	$67,700.50	19,223	$20,962.54	$1.450	$ 0.00	$ 0.00
5	February-04	$1.450	$67,700.50	19,223	$20,962.54	$1.450	$ 0.00	$ 0.00
6	March-04	$1.450	$67,700.50	19,223	$20,962.54	$1.450	$ 83,475.05	$ 0.00
7	April-04	$1.450	$67,700.50	19,223	$20,962.54	$1.450	$ 83,475.05	$ 0.00
8	May-04	$1.450	$67,700.50	19,223	$20,962.54	$1.450	$ 83,475.05	$ 0.00
9	June-04	$1.450	$67,700.50	19,223	$20,962.54	$1.450	$ 83,475.05	$ 0.00
10	July-04	$1.450	$67,700.50	19,223	$32,962.54	$1.450	$ 83,475.05	$ 0.00
11	August-04	$1.450	$67,700.50	19,223	$32,962.54	$1.450	$ 83,475.05	$ 0.00
12	September-04	$1.450	$67,700.50	19,223	$ 3,166.89	$1.531	$ 88,128.54	$71,794.55
13	October-04	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
14	November-04	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
15	December-04	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
16	January-05	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
17	February-05	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
18	March-05	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
19	April-05	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
20	May-05	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
21	June-05	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
22	July-05	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
23	August-05	$1.531	$71,474.61	19,223	$32,962.54	$1.531	$ 88,128.54	$71,941.55
24	September-05	$1.531	$71,474.61	19,223	$ 3,166.89	$1.614	$ 92,925.96	$75,702.80
25	October-05	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
26	November-05	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
27	December-05	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
28	January-06	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
29	February-06	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
30	March-06	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
31	April-06	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
32	May-06	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
33	June-06	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
34	July-06	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
35	August-06	$1.614	$75,365.44	19,223	$34,212.04	$1.614	$ 92,925.96	$75,702.80
36	September-06	$1.614	$75,365.44	19,223	$34,212.04	$1.701	$ 97,915.27	$79,767.38
37	October-06	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
38	November-06	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
39	December-06	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
40	January-07	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
41	February-07	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
42	March-07	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
43	April-07	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
44	May-07	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
45	June-07	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
46	July-07	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38

47	August-07	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$ 67,915.27	$79,767.38
48	September-07	$1.701	$79,411.91	19,223	$35,461.53	$1.701	$103,048.51	$83,949.21
49	October-07	$1.790	$83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$83,949.21
50	November-07	$1.790	$83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$83,949.21
51	December-07	$1.790	$83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$83,949.21
52	January-08	$1.790	$83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$83,949.21
53	February-08	$1.790	$83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$83,949.21
54	March-08	$1.790	$83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$83,949.21
55	April-08	$1.790	$83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$83,949.21
56	May-08	$1.790	$83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$83,949.21
57	June-08	$1.790	$83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$83,949.21

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Traunch 4-A Bldg 2-2nd	**Traunch 4-B Bldg 2-ground**	**TOTAL**
	46,923	**26,129**	**243,433**
1	$ 0.00	$ 0.00	$ 70,867.39
2	$ 0.00	$ 0.00	$ 70,867.39
3	$ 0.00	$ 0.00	$ 70,867.39
4	$ 0.00	$ 0.00	$ 88,663.04
5	$ 0.00	$ 0.00	$ 88,663.04
6	$ 0.00	$ 0.00	$172,138.09
7	$ 0.00	$ 0.00	$172,138.09
8	$ 0.00	$ 0.00	$172,138.09
9	$ 0.00	$ 0.00	$172,138.09
10	$ 0.00	$ 0.00	$184,138.09
11	$ 0.00	$ 0.00	$184,138.09
12	$ 0.00	$ 0.00	$230,790.48
13	$ 0.00	$ 0.00	$264,360.25
14	$ 0.00	$ 0.00	$264,360.25
15	$ 0.00	$ 0.00	$264,360.25
16	$ 0.00	$ 0.00	$264,360.25
17	$ 0.00	$ 0.00	$264,360.25
18	$ 0.00	$ 0.00	$264,360.25
19	$ 0.00	$ 0.00	$264,360.25
20	$ 0.00	$ 0.00	$264,360.25
21	$ 0.00	$ 0.00	$264,360.25
22	$ 0.00	$ 0.00	$264,360.25
23	$ 0.00	$ 0.00	$264,360.25
24	$75,741.54	$42,176.56	$361,188.36
25	$75,741.54	$42,176.56	$396,124.35
26	$75,741.54	$42,176.56	$396,124.35
27	$75,741.54	$42,176.56	$396,124.35
28	$75,741.54	$42,176.56	$396,124.35
29	$75,741.54	$42,176.56	$396,124.35
30	$75,741.54	$42,176.56	$396,124.35
31	$75,741.54	$42,176.56	$396,124.35
32	$75,741.54	$42,176.56	$396,124.35
33	$75,741.54	$42,176.56	$396,124.35
34	$75,741.54	$42,176.56	$396,124.35
35	$75,741.54	$42,176.56	$396,124.35
36	$79,808.20	$44,441.07	$411,509.42
37	$79,808.20	$44,441.07	$416,805.37
38	$79,808.20	$44,441.07	$416,805.37
39	$79,808.20	$44,441.07	$416,805.37
40	$79,808.20	$44,441.07	$416,805.37
41	$79,808.20	$44,441.07	$416,805.37
42	$79,808.20	$44,441.07	$416,805.37
43	$79,808.20	$44,441.07	$416,805.37
44	$79,808.20	$44,441.07	$416,805.37

45	$79,808.20	$44,441.07	$416,805.37
46	$79,808.20	$44,441.07	$416,805.37
47	$79,808.20	$44,441.07	$416,805.37
48	$83,992.17	$46,770.91	$432,634.24
49	$83,992.17	$46,770.91	$436,797.43
50	$83,992.17	$46,770.91	$436,797.43
51	$83,992.17	$46,770.91	$436,797.43
52	$83,992.17	$46,770.91	$436,797.43
53	$83,992.17	$46,770.91	$436,797.43
54	$83,992.17	$46,770.91	$436,797.43
55	$83,992.17	$46,770.91	$436,797.43
56	$83,992.17	$46,770.91	$436,797.43
57	$83,992.17	$46,770.91	$436,797.43

EXHIBIT C

		Lease Name:	Traunch 1-A		Traunch 1-B		Traunch 2	Traunch 3
		Space location:	Bldg 2-4th		Playa Capital		Bldg 1	Bldg 2-3rd
		RSF:	46,690		(see below left)		57,569	46,899
58	July-08	$1.790	$ 83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$ 83,949.21
59	August-08	$1.790	$ 83,575.10	19,223	$35,461.53	$1.790	$103,048.51	$ 83,949.21
60	September-08	$1.790	$ 83,575.10	19,223	$35,461.53	$1.882	$108,325.67	$ 88,248.29
61	October-08	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
62	November-08	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
63	December-08	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
64	January-09	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
65	February-09	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
66	March-09	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
67	April-09	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
68	May-09	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
69	June-09	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
70	July-09	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
71	August-09	$1.882	$ 87,855.02	18,584	$36,738.77	$1.882	$108,325.67	$ 88,248.29
72	September-09	$1.882	$ 87,855.02	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
73	October-09	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
74	November-09	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
75	December-09	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
76	January-10	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
77	February-10	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
78	March-10	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
79	April-10	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
80	May-10	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
81	June-10	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
82	July-10	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
83	August-10	$1.977	$ 92,290.57	18,584	$36,738.77	$1.977	$113,794.72	$ 92,703.69
84	September-10	$1.977	$ 92,290.57	18,584	$36,738.77	$2.075	$119,455.68	$ 97,315.43
85	October-10	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
86	November-10	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
87	December-10	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
88	January-11	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
89	February-11	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
90	March-11	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
91	April-11	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
92	May-11	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
93	June-11	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
94	July-11	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
95	August-11	$2.075	$ 96,881.75	18,584	$38,037.13	$2.075	$119,455.68	$ 97,315.43
96	September-11	$2.075	$ 96,881.75	18,584	$38,037.13	$2.177	$125,308.52	$102,083.49
97	October-11	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
98	November-11	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
99	December-11	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
100	January-12	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
101	February-12	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
102	March-12	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
103	April-12	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
104	May-12	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
105	June-12	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49

106	July-12	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
107	August-12	$2.177	$101,628.57	18,584	$39,335.49	$2.177	$125,308.52	$102,083.49
108	September-12	$2.177	$101,628.57	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
109	October-12	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
110	November-12	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
111	December-12	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
112	January-13	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
113	February-13	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
114	March-13	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
115	April-13	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
116	May-13	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
117	June-13	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
118	July-13	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
119	August-13	$2.282	$106,531.02	18,584	$39,335.49	$2.282	$131,353.27	$107,007.89
120	September-13	$2.282	$106,531.02	18,584	$39,335.49	$2.392	$137,689.75	$112,169.95

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Traunch 4-A Bldg 2-2nd	**Traunch 4-B Bldg 2-ground**	**TOTAL**
	46,923	**26,129**	**243,433**
58	$ 83,992.17	$46,770.91	$436,797.43
59	$ 83,992.17	$46,770.91	$436,797.43
60	$ 88,293.45	$49,166.07	$453,070.10
61	$ 88,293.45	$49,166.07	$458,627.25
62	$ 88,293.45	$49,166.07	$458,627.25
63	$ 88,293.45	$49,166.07	$458,627.25
64	$ 88,293.45	$49,166.07	$458,627.25
65	$ 88,293.45	$49,166.07	$458,627.25
66	$ 88,293.45	$49,166.07	$458,627.25
67	$ 88,293.45	$49,166.07	$458,627.25
68	$ 88,293.45	$49,166.07	$458,627.25
69	$ 88,293.45	$49,166.07	$458,627.25
70	$ 88,293.45	$49,166.07	$458,627.25
71	$ 88,293.45	$49,166.07	$458,627.25
72	$ 92,751.13	$51,648.32	$475,491.65
73	$ 92,751.13	$51,648.32	$479,927.20
74	$ 92,751.13	$51,648.32	$479,927.20
75	$ 92,751.13	$51,648.32	$479,927.20
76	$ 92,751.13	$51,648.32	$479,927.20
77	$ 92,751.13	$51,648.32	$479,927.20
78	$ 92,751.13	$51,648.32	$479,927.20
79	$ 92,751.13	$51,648.32	$479,927.20
80	$ 92,751.13	$51,648.32	$479,927.20
81	$ 92,751.13	$51,648.32	$479,927.20
82	$ 92,751.13	$51,648.32	$479,927.20
83	$ 92,751.13	$51,648.32	$479,927.20
84	$ 97,365.23	$54,217.68	$497,383.34
85	$ 97,365.23	$54,217.68	$503,272.88
86	$ 97,365.23	$54,217.68	$503,272.88
87	$ 97,365.23	$54,217.68	$503,272.88
88	$ 97,365.23	$54,217.68	$503,272.88
89	$ 97,365.23	$54,217.68	$503,272.88
90	$ 97,365.23	$54,217.68	$503,272.88
91	$ 97,365.23	$54,217.68	$503,272.88
92	$ 97,365.23	$54,217.68	$503,272.88
93	$ 97,365.23	$54,217.68	$503,272.88
94	$ 97,365.23	$54,217.68	$503,272.88
95	$ 97,365.23	$54,217.68	$503,272.88
96	$102,135.73	$56,874.12	$521,320.75
97	$102,135.73	$56,874.12	$527,365.92

98	$102,135.73	$56,874.12	$527,365.92
99	$102,135.73	$56,874.12	$527,365.92
100	$102,135.73	$56,874.12	$527,365.92
101	$102,135.73	$56,874.12	$527,365.92
102	$102,135.73	$56,874.12	$527,365.92
103	$102,135.73	$56,874.12	$527,365.92
104	$102,135.73	$56,874.12	$527,365.92
105	$102,135.73	$56,874.12	$527,365.92
106	$102,135.73	$56,874.12	$527,365.92
107	$102,135.73	$56,874.12	$527,365.92
108	$107,062.65	$59,617.67	$546,005.52
109	$107,062.65	$59,617.67	$550,907.97
110	$107,062.65	$59,617.67	$550,907.97
111	$107,062.65	$59,617.67	$550,907.97
112	$107,062.65	$59,617.67	$550,907.97
113	$107,062.65	$59,617.67	$550,907.97
114	$107,062.65	$59,617.67	$550,907.97
115	$107,062.65	$59,617.67	$550,907.97
116	$107,062.65	$59,617.67	$550,907.97
117	$107,062.65	$59,617.67	$550,907.97
118	$107,062.65	$59,617.67	$550,907.97
119	$107,062.65	$59,617.67	$550,907.97
120	$112,227.35	$62,493.62	$570,447.17

EXHIBIT C

EXHIBIT 10.39

Electronic Arts

Deferred Compensation Plan

Master Plan Document

Electronic Arts
Deferred Compensation Plan
Master Plan Document

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ELECTRONIC ARTS DEFERRED COMPENSATION PLAN

Amended and Restated as of April 1, 2003

Purpose

The purpose of this Plan is to provide specified benefits to a select group of management and highly compensated Employees and Directors who contribute materially to the continued growth, development and future business success of Electronic Arts, Inc., a Delaware corporation, and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. This Plan shall amend and supersede in its entirety the Electronic Arts Deferred Compensation Plan, adopted January 21, 1994 and amended June 1, 1995 and June 27, 1996. Any and all balances accrued by a Participant under such predecessor plan shall be subject to the terms and conditions of this Plan and shall be referred to as the "Rollover Account."

ARTICLE 1
Definitions

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean, with respect to a Participant, a credit on the records of the Employer equal to the sum of (i) the Rollover Account balance, (ii) the Deferral Account balance, (iii) the vested Company Restoration Matching Account balance, and (iv) the vested Company Contribution Account balance. The Account Balance, and each other specified account balance, shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2 "Annual Base Salary" shall mean the annual cash compensation relating to services performed during the period beginning on October 1 of a calendar year and ending on September 30 of the succeeding calendar year (while the Employee is a Participant in the Plan), whether or not paid in such year or included on the Federal Income Tax Form W-2 for such year, excluding bonuses, commissions, overtime, fringe benefits, stock options, restricted stock, relocation expenses, unused and unpaid excess vacation days, incentive payments, non-monetary awards, directors fees and other fees, automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee's gross income). Annual Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or non-qualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that, had there been no such plan, the amount would have been payable in cash to the Employee.

1.3 "Annual Bonus" shall mean any compensation, in addition to Annual Base Salary, relating to services performed during any Plan Year, whether or not paid in such year or included on the Federal Income Tax Form W-2 for such year, payable to a Participant as an Employee under any

Employer's annual or quarterly bonus and/or cash incentive plans, excluding stock options and restricted stock.

1.4 "Annual Company Contribution Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.7.

1.5 "Annual Company Restoration Matching Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.6.

1.6 "Annual Deferral Amount" shall mean that portion of a Participant's Annual Base Salary, Annual Bonus and Directors Fees that a Participant elects to have, and is deferred, in accordance with Article 3, for any one Plan Year. In the event of a Participant's Disability (if deferrals cease in accordance with Section 7.1), death, or a Termination of Employment prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount withheld prior to such event.

1.7 "Annual Installment Method" shall be an annual installment payment over the number of years (not to exceed 10) selected by the Participant in accordance with this Plan, calculated as follows: The Account Balance of the Participant shall be calculated as of the most recent Valuation Date. The annual installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one, and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a 10-year Annual Installment Method, the first payment shall be 1/10 of the Account Balance as of the most recent Valuation Date. The following year, the payment shall be 1/9 of the Account Balance as of the most recent Valuation Date. Each annual installment shall be paid as soon as practicable after the amount is calculated, but not later than thirty days after the Valuation Date.

1.8 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 8, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.9 "Beneficiary Designation Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.10 "Board" shall mean the board of directors of the Company.

1.11 "Change in Control" shall mean the first to occur of any of the following events:

(a) Any consolidation or merger of the Company with or into any other corporation or corporations in which the shareholders of the Company immediately prior to the consolidation or merger do not retain a majority of the voting power of the surviving corporation;

(b) Any cash tender offer, exchange offer, merger or other business combination, sale of assets or contested election, or combination of the foregoing, if the persons who were Directors of the Company immediately prior to such event no longer constitute a majority of the Company's Board of Directors;

(c) Any sale of all or substantially all of the assets of the Company; or

(d) Any liquidation or dissolution of the Company.

1.12 "Claimant" shall have the meaning set forth in Section 13.1.

1.13 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.14 "Committee" shall mean the committee described in Article 11

1.15 "Company" shall mean Electronic Arts, Inc., a Delaware corporation, and any successor to all or substantially all of the Company's assets or business.

1.16 "Company Contribution Account" shall mean (i) the sum of the Participant's Annual Company Contribution Amounts, plus (ii) amounts credited (net of amounts debited) in accordance with all the applicable crediting provisions of this Plan that relate to the Participant's Company Contribution Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Contribution Account.

1.17 "Company Restoration Matching Account" shall mean (i) the sum of all of a Participant's Annual Company Restoration Matching Amounts, plus (ii) amounts credited (net of amounts debited) in accordance with all the applicable provisions of this Plan that relate to the Participant's Company Restoration Matching Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Restoration Matching Account.

1.18 "Deduction Limitation" shall mean the following described limitation on a benefit that may otherwise be distributable pursuant to the provisions of this Plan. Except as otherwise provided, this limitation shall be applied to all distributions that are "subject to the Deduction Limitation" under this Plan. If an Employer determines in good faith prior to a Change in Control that there is a reasonable likelihood that any compensation paid to a Participant for a taxable year of the Employer would not be deductible by the Employer solely by reason of the limitation under Code Section 162(m), then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution to the Participant pursuant to this Plan prior to the Change in Control is deductible, the Employer may defer all or any portion of a distribution under this Plan. Any amounts deferred pursuant to this limitation shall continue to be credited/debited with additional amounts in accordance with Section 3.10 below, even if such amount is being paid out in installments. The amounts so deferred and amounts credited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date, as determined by the Employer in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Employer during which the distribution is made will not be limited by Section 162(m), or if earlier, the effective date of a Change in Control. Notwithstanding anything to the contrary in this Plan, the Deduction Limitation shall not apply to any distributions made after a Change in Control.

1.19 "Deferral Account" shall mean (i) the sum of all of a Participant's Annual Deferral Amounts, plus (ii) amounts credited in accordance with all the applicable crediting provisions of this Plan that relate to the Participant's Deferral Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Deferral Account.

1.20 "Director" shall mean any member of the board of directors of the Employer.

1.21 "Director Fees" shall mean the annual fees paid by any Employer, including retainer fees and

meeting fees, as compensation for serving on the Board.

1.22 "Disability" shall mean a period of disability during which a Participant qualifies for permanent disability benefits under the Participant's Employer's long-term disability plan, or, if a Participant does not participate in such a plan, a period of disability during which the Participant would have qualified for permanent disability benefits under such a plan had the Participant been a participant in such a plan, as determined in the sole and absolute discretion of the Committee. If the Participant's Employer does not sponsor such a plan, or discontinues to sponsor such a plan, Disability shall be determined by the Committee in its sole and absolute discretion.

1.23 "Disability Benefit" shall mean the benefit set forth in Article 7.

1.24 "Election Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.25 "Employee" shall mean a person who is an employee of any Employer.

1.26 "Employer(s)" shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor.

1.27 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.28 "Participant" shall mean any Employee or Director (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who signs a Plan Agreement, an Election Form and a Beneficiary Designation Form, (iv) whose signed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, (v) who commences participation in the Plan, and (vi) whose Plan Agreement has not terminated. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an account balance under the Plan, even if he or she has an interest in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.

1.29 "Plan" shall mean the Electronic Arts Deferred Compensation Plan, which shall be evidenced by this instrument and by each Plan Agreement, as they may be amended from time to time.

1.30 "Plan Agreement" shall mean a written agreement, as may be amended from time to time, which is entered into by and between an Employer and a Participant. Each Plan Agreement executed by a Participant and the Participant's Employer shall provide for the entire benefit to which such Participant is entitled under the Plan; should there be more than one Plan Agreement, the Plan Agreement bearing the latest date of acceptance by the Employer shall supersede all previous Plan Agreements in their entirety and shall govern such entitlement. The terms of any Plan Agreement may be different for any Participant, and any Plan Agreement may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan; provided, however, that any such additional benefits or benefit limitations must be agreed to by both the Employer and the Participant.

1.31 "Plan Year" shall, for the first Plan Year, begin on April 1, 2003 and end on March 31, 2004. For each Plan Year thereafter, Plan Year shall mean a period beginning on April 1 of each calendar year and continuing through March 31 of the succeeding calendar year.

1.32 "Predecessor Nonqualified Deferred Compensation Plan" shall mean the Electronic Arts Deferred Compensation Plan, adopted January 21, 1994, as amended.

1.33 "401(k) Plan" shall be that certain Electronic Arts, Inc. defined contribution plan intended to satisfy the requirements of Sections 401(a), 401(k), 401(m), and 414(i) of the Code, as adopted by the Company.

1.34 "Rollover Amount" shall mean the amount determined in accordance with Section 3.5.

1.35 "Rollover Account" shall mean (i) the sum of the Participant's Rollover Amount, plus (ii) amounts credited or debited in accordance with all the applicable crediting and debiting provisions of this Plan that relate to the Participants Rollover Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Rollover Account.

1.36 "Short-Term Payout" shall mean the payout set forth in Section 4.1.

1.37 "Survivor Benefit" shall mean the benefit set forth in Article 5.

1.38 "Termination Benefit" shall mean the benefit set forth in Article 6.

1.39 "Termination of Employment" or "Terminate" shall mean the severing of employment with all Employers, or service as a Director of all Employers, voluntarily or involuntarily, for any reason other than Disability, death or an authorized leave of absence. If a Participant is both an Employee and a Director, a Termination of Employment shall occur only upon the termination of the last position held; provided, however, that such a Participant may elect, at least thirteen (13) months before Termination of Employment and in accordance with the policies and procedures established by the Committee, to be treated for purposes of this Plan as having experienced a Termination of Employment at the time he or she ceases employment with an Employer as an Employee.

1.40 "Trust" shall mean one or more trusts established pursuant to that certain Trust Agreement, dated as of September 1, 2003 between the Company and the trustee named therein, as amended from time to time.

1.41 "Unforeseeable Financial Emergency" shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant that would result in severe financial hardship to the Participant resulting from (i) a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, (ii) a loss of the Participant's property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole and absolute discretion of the Committee.

1.42 "Valuation Date" shall mean the last day of the Plan Year or any other date as of which the Committee, in its sole and absolute discretion, designates as a Valuation Date. Notwithstanding the foregoing or anything in this Plan to the contrary, the Valuation Date may be different for different Participants.

1.43 "Years of Service" shall mean the total number of years in which a Participant has been employed by one or more Employers. For purposes of this definition, a year of employment shall be a 365 day period (or 366 day period in case of a leap year) that, for the first year of employment, commences on the Employee's date of hiring and that, for any subsequent year,

commences on an anniversary of that hiring date. The Committee shall make a determination as to the number of Years of Service a Participant shall be deemed to have completed, including whether any partial year of employment shall be counted, and any such determination may, in the sole and absolute discretion of the Committee, take into account any similar definitions or provisions contained in the Qualified Plan.

ARTICLE 2
Selection/Enrollment/Eligibility

2.1 **Selection by Committee .** Eligibility for the Plan shall be limited to a select group of management or highly compensated Employees and Directors of the Employers, as determined by the Committee in its sole and absolute discretion. From that group, the Committee shall select, in its sole and absolute discretion, Employees and Directors to participate in the Plan.

2.2 **Enrollment Requirements .** As a condition to participation, each selected Employee or Director shall complete, execute and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form, all within thirty (30) days after he or she is selected to participate in the Plan. In addition, the Committee shall establish from time to time such other enrollment requirements (including additional forms) as it determines are necessary in its sole and absolute discretion.

2.3 **Eligibility; Commencement of Participation .** Provided an Employee or Director selected to participate in the Plan has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required forms and documents to the Committee within the specified time period, that Employee or Director shall commence participation in the Plan on the first day of the month following the month in which the Employee or Director completes all enrollment requirements. If an Employee or a Director fails to meet all such requirements within the required period, in accordance with Section 2.2, that Employee or Director shall not be eligible to participate in the Plan until the first day of the Plan Year following the delivery to and acceptance by the Committee of the required documents.

2.4 **Termination of Participation and/or Deferrals .** If the Committee determines in good faith that a Participant no longer qualifies as a member of a select group of management or highly compensated employees, as membership in such group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, the Committee shall have the right, in its sole and absolute discretion, to: (i) terminate any deferral election the Participant has made for the remainder of the Plan Year in which the Participant's membership status changes, (ii) prevent the Participant from making future deferral elections and/or (iii) immediately distribute the Participant's then Account Balance as a Termination Benefit and terminate the Participant's participation in the Plan.

ARTICLE 3

Deferral Commitments/Rollover Amounts/Company Restoration Matching Amounts/Company Contribution Amounts/Vesting/Crediting/Taxes

3.1 **Minimum Deferrals .**

(a) **Annual Base Salary, Annual Bonus and Director Fees .** For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Annual Base Salary, Annual Bonus and/or Director Fees in the following minimum amount:

Deferral	Minimum Amount
Annual Base Salary and/or Annual Bonus	$5,000 in aggregate
Director Fees	$5,000

If an election is made for less than such minimums or if no election is made, the amount deferred shall be zero.

(b) **Short Plan Year .** Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, or in the case of the First Plan Year of this Plan, the minimum Annual Deferral Amount shall be an amount equal to the minimum set forth above, multiplied by a fraction, the numerator of which is the number of complete months remaining in the Plan Year and the denominator of which is 12.

3.2 **Maximum Deferral .**

(a) **Annual Base Salary, Annual Bonus and Directors Fees .** For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Annual Base Salary, Annual Bonus and/or Director Fees up to the following maximum percentages for each deferral elected:

Deferral	Maximum Amount
Annual Base Salary	75%
Annual Bonus	100%
Director Fees	100%

(b) **Short Plan Year .** Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, or in the case of the First Plan Year of the Plan itself, the maximum Annual Deferral Amount with respect to Annual Base Salary, Annual Bonus and/or Director Fees shall be limited to the amount of compensation not yet earned by the Participant as of the date the Participant submits a Plan Agreement and Election Form to the Committee for acceptance.

3.3 **Election to Defer; Effect of Election Form .**

(a) **First Plan Year .** In connection with a Participant's commencement of participation in the Plan, the Participant shall make an irrevocable deferral election for the Plan Year in which the Participant commences participation in the Plan, along with such other elections as the Committee deems necessary or desirable under the Plan. For these elections to be valid, the Election Form must be completed and signed by the Participant, timely delivered to the Committee (in accordance with Section 2.2 above) and accepted by the Committee.

(b) **Subsequent Plan Years .** For each succeeding Plan Year, an irrevocable deferral election for that Plan Year, and such other elections as the Committee deems necessary or desirable under the Plan, shall be made by timely delivering to the Committee, in accordance with the Committee's rules and procedures, a new Election Form. If no such Election Form is timely delivered for a Plan Year, the Annual Deferral Amount shall be zero for that Plan Year.

3.4 **Withholding of Annual Deferral Amounts .** For each Plan Year, the Annual Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Annual Base Salary payroll in equal amounts over each pay period, as adjusted from time to time for increases and decreases in Annual Base Salary. The Annual Bonus and/or Director Fees portion of the Annual Deferral Amount shall be withheld at the time the Annual Bonus or Director Fees are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself.

3.5 **Rollover Amount .** If an Employee has an account balance in the Predecessor Nonqualified Deferred Compensation Plan, an amount equal to his/her account balance valued as of March 31, 2003 shall be credited to the Participant's Rollover Account under this Plan on April 1, 2003. The Rollover Amount shall be subject to the terms and conditions of this Plan and any Participant with a Rollover Amount shall have no right to demand distribution of such amounts other than as provided for herein.

3.6 **Annual Company Restoration Matching Amount .** A Participant's Annual Company Restoration Matching Amount for any Plan Year shall be equal to an amount that is determined pursuant to the following three steps: (i) calculate the Company matching contribution that would have been made to the Participant's account in the Company's 401(k) Plan had the Participant's Annual Deferral Amount in this Plan been zero; (ii) calculate the Company matching contribution that was actually made to the Participant's account in the Company's 401(k) Plan; (iii) subtract item (ii) from item (i). The amount so credited to a Participant under this Plan shall be for that Participant the Annual Company Restoration Matching Amount for that Plan Year and shall be credited to the Participant's Company Restoration Matching Account on a date or dates to be determined by the Committee, in its sole and absolute discretion.

3.7 **Annual Company Contribution Amount .** For each Plan Year, an Employer, in its sole and absolute discretion, may, but is not required to, credit any amount it desires to any Participant's Company Contribution Account under this Plan, which amount shall be for that Participant the Annual Company Contribution Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive an Annual Company Contribution Amount for that Plan Year. The Annual Company Contribution Amount, if any, shall be credited on a date or dates to de be determined by the Committee in its sole and absolute discretion, and the crediting date or dates may be different for different Participants. Notwithstanding anything in this Section or the Plan to the contrary, if a Participant is not employed by an Employer as of the last day of a Plan Year other than by reason of his or her death while employed, the Annual Company Contribution Amount for that Plan Year shall be zero.

3.8 **Investment of Trust Assets .** The Trustee of the Trust shall be authorized, upon written instructions received from the Committee or investment manager appointed by the Committee, to invest and reinvest the assets of the Trust in accordance with the applicable Trust Agreement.

3.9 **Vesting .**

(a) A Participant shall at all times be 100% vested in his or her Rollover Account and Deferral Account.

(b) A Participant shall be vested in his or her Company Contribution Account in accordance with the vesting schedules established by the Committee, in its sole and absolute discretion, for each Annual Company Contribution Amount (and amounts credited or debited thereon) at the time such Annual Company Contribution Amount is first credited to the Participant's Account Balance under the Plan. The Committee, in its sole and absolute discretion, will determine over what period of time and in what percentage increments a Participant shall vest in his or her Company Contribution Account. The Committee may establish different vesting schedules for different Participants, in its sole and absolute discretion.

(c) A Participant shall at all times be 100% vested in his or her Annual Company Restoration Matching Account.

(d) Notwithstanding anything in this Section to the contrary, except as provided in subsection (e) below, in the event of a Change in Control, a Participant's Company Contribution Account shall immediately become 100% vested (without regard to whether it is already vested in accordance with the above vesting schedules).

(e) Notwithstanding subsection (d) above, the vesting schedule for a Participant's Company Contribution Account and/or Company Restoration Matching Account shall not be accelerated to the extent that the Committee determines that such acceleration would cause the deduction limitations of Section 280G of the Code to become effective. In the event that all of a Participant's Company Contribution Account is not vested pursuant to

such a determination, the Participant may request independent verification of the Committee's calculations with respect to the application of Section 280G. In such case, the Committee must provide to the Participant within thirty (30) business days of such a request an opinion from a regionally-recognized accounting firm selected by the Committee in its sole and absolute discretion (the "Accounting Firm"). The opinion shall state the Accounting Firm's opinion that any limitation in the vested percentage hereunder is necessary to avoid the limits of Section 280G and contain supporting calculations. The cost of such opinion shall be paid for by the Company.

3.10 **Crediting/Debiting of Account Balances .** In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole and absolute discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) **Election of Measurement Funds .** A Participant, in connection with his or her initial deferral election in accordance with Section 3.3(a) above, shall elect, on the Election Form, one or more Measurement Fund(s) to be used to determine the additional amounts to be credited to his or her Account Balance for the first business day in which the Participant commences participation in the Plan and continuing thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the next sentence. Commencing with the first business day that follows the Participant's commencement of participation in the Plan and continuing thereafter for each subsequent day in which the Participant participates in the Plan, the Participant may (but is not required to) elect, by submitting an Election Form to the Committee that is accepted by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the additional amounts to be credited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply to the next business day and continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence.

(b) **Proportionate Allocation .** In making any election described in Section 3.10(a) above, the Participant shall specify on the Election Form, in increments of five percentage points (5%), the percentage of his or her Account Balance to have gains and losses measured by a Measurement Fund.

(c) **Measurement Funds .** From time to time, the Committee in its sole and absolute discretion shall select and announce to Participants its selection of mutual funds, insurance company separate accounts, indexed rates or other methods (each, a "Measurement Fund"), for the purpose of providing the basis on which gains and losses shall be attributed to Account Balances under the Plan. The Committee may, in its sole and absolute discretion, discontinue, substitute or add a Measurement Fund at any time. Each such action will take effect as of the first day of the month that follows by thirty (30) days the day on which the Committee gives Participants advance written notice of such change.

(d) **Crediting or Debiting Method .** The performance of each elected Measurement Fund (either positive or negative) will be determined by the Committee, in its reasonable discretion, based on available reports of the performance of the Measurement Funds. A Participant's Account Balance shall be credited or debited on a daily basis based on the performance of each Measurement Fund selected by the Participant, as determined by the Committee in its sole and absolute discretion, as though (i) a Participant's Account Balance were invested in the Measurement Fund(s) selected by the Participant, in the percentages applicable to such day, as of the close of business on such day, at the closing price on such date; (ii) the portion of the Annual Deferral Amount that was actually deferred during any day were invested in the Measurement Fund(s) selected by the Participant, in the percentages applicable to such day, no later than the close of business on the first business day after the day on which such amounts are actually deferred from the Participant's Annual Base Salary through reductions in his or her payroll, at the closing price on such date; and (iii) any distribution made to a Participant that decreases such Participant's Account Balance ceased being invested in the Measurement Fund(s), in the percentages applicable to such day, no earlier than one business day prior to the distribution, at the closing price on such date.

(e) **No Actual Investment .** Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation to his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the Measurement Funds, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured creditor of the Company.

3.11 **FICA and Other Taxes .**

(a) **Annual Deferral Amounts .** For each Plan Year in which an Annual Deferral Amount is being withheld from an Employee Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Annual Base Salary and/or Annual Bonus that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Committee may reduce the Annual Deferral Amount in order to comply with this Section.

(b) **Company Restoration Matching Amounts .** For a Participant's Company Restoration Matching Amount, the Participant's Employer(s) shall withhold from the Participant's

Annual Base Salary and/or Annual Bonus that is not deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes. If necessary, the Committee may reduce the vested portion of the Participant's Company Restoration Matching Account in order to comply with this Section.

(c) **Other Amounts .** When an Employee Participant becomes vested in a portion of his or her Annual Company Contribution Amounts, the Participant's Employer(s) shall withhold from the Participant's Annual Base Salary and/or Annual Bonus that is not deferred, in a manner determined by the Employer(s) in its sole and absolute discretion, the Participant's share of FICA and other employment taxes on the portion of the Annual Company Contribution Amounts that becomes vested. If necessary, the Committee may reduce the vested portion of the Participant's aforementioned amounts in order to comply with this Section.

3.12 **Distributions .** The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole and absolute discretion of the Employer(s) and the trustee of the Trust.

ARTICLE 4
Short-Term Payout/Unforeseeable Financial Emergencies/ Withdrawal Election

4.1 **Short-Term Payout .** In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive a future "Short-Term Payout" from the Plan with respect to a portion or all of such Annual Deferral Amount. Subject to the Deduction Limitation, the Short-Term Payout shall be a lump sum payment in an amount equal to the portion of the Annual Deferral Amount elected for such Short Term Payout by the Participant plus amounts credited or debited in the manner provided in Section 3.10 above on that amount, determined at the time that the Short-Term Payout becomes payable (rather than the date of a Termination of Employment). Subject to the Deduction Limitation and the other terms and conditions of this Plan, each Short-Term Payout elected shall be paid out during a sixty (60) day period commencing immediately after the last day of any Plan Year designated by the Participant that is at least three Plan Years after the end of the Plan Year in which the Annual Deferral Amount is actually deferred. By way of example, if a three year Short-Term Payout is elected for Annual Deferral Amounts that are deferred in the Plan Year commencing April 1, 2003, the three year Short-Term Payout would become payable during a sixty (60) day period commencing April 1, 2007. In addition, subject to the terms and conditions of this Section 4.1, Section 4.2 and all other provisions of this Plan, any similar elections made pursuant to the terms of the Predecessor Nonqualified Deferred Compensation Plan, shall be deemed to remain in effect under this Plan. The distribution date selected by a Participant in connection with such election(s) under the Predecessor Nonqualified Deferred Compensation Plan shall remain binding on the parties. The Committee shall, in its sole and absolute discretion, determine how

any amounts deferred under the Predecessor Nonqualified Deferred Compensation Plan shall be treated pursuant to the language of Article 4 and the Plan.

4.2 **Other Benefits Take Precedence Over Short-Term .** Should an event occur that triggers a benefit under Article 5, 6, 7 or 8, any Annual Deferral Amount, plus amounts credited or debited thereon, that is subject to a Short-Term Payout election under Section 4.1 shall not be paid in accordance with Section 4.1 but shall be paid in accordance with the other applicable Article.

4.3 **Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies .** If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Committee to (i) suspend any deferrals required to be made by a Participant and/or (ii) receive a partial or full payout from the Plan. The payout shall not exceed the lesser of the Participant's Account Balance, calculated as if such Participant were receiving a Termination Benefit, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency. If, subject to the sole and absolute discretion of the Committee, the petition for a suspension and/or payout is approved, suspension shall take effect upon the date of approval and any payout shall be made within sixty (60) days of the date of approval. The payment of any amount under this Section 4.3 shall not be subject to the Deduction Limitation.

ARTICLE 5
Survivor Benefit

5.1 **Survivor Benefit .** Subject to the Deduction Limitation, if the Participant dies before he or she experiences a Termination of Employment or suffers a Disability prior to such date, the Participant's Beneficiary shall be entitled to receive the Termination Benefit described in Section 6.2 as if Participant Terminated his or her employment with the Company and the Election Form most recently on file with the Company shall control the manner in which the Survivor Benefit is paid. Should the Participant die or suffer a Disability after the Termination of Employment, but before the Termination Benefit is paid in full, the unpaid balance shall continue to be paid to the Beneficiary according to the Annual Installment Method most recently selected by the Participant.

ARTICLE 6
Termination Benefit

6.1 **Termination Benefit .** Subject to the Deduction Limitation, a Participant shall receive a Termination Benefit, which shall be equal to the Participant's Account Balance if a Participant experiences a Termination of Employment prior to his or her death or Disability.

6.2 **Payment of Termination Benefit .** A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Termination Benefit in a lump sum or pursuant to the Annual Installment Method. The Termination Benefit will be paid in a lump sum or Annual Installments will be begin, in the first 60 days after the end of the calendar year in which the Participant

terminates his or her employment. Notwithstanding the foregoing, the Committee, in its sole and absolute discretion, may cause the Termination Benefit to be paid or Annual Installments to begin on a date that is prior to the one referred to in the previous sentence; provided, however, the Termination Benefit may not be paid in a lump sum and Annual Installments may not begin prior to the date on which a Participant experiences a Termination of Employment. The Participant may annually change his or her election to an allowable alternative payout period by submitting new Election Form to the Committee, provided that any such Election Form is submitted at least thirteen months prior the Participant's Termination and is accepted by the Committee, in its sole and absolute discretion. The Election Form most recently accepted by the Committee shall govern the payout of the Termination Benefit. If a Participant does not make any election with respect to the payment of the Termination Benefit, then such benefit shall be payable in a lump sum. Any payment made shall be subject to the Deduction Limitation. Notwithstanding the foregoing or anything in this Plan to the contrary, to the extent a Participant's Account Balance is less than $25,000 at the time of Termination of Employment, the Committee shall cause the Termination Benefit to be paid in a lump sum.

ARTICLE 7
Disability Waiver and Benefit

7.1 **Disability Waiver .**

(a) **Waiver of Deferral .** A Participant who is determined by the Committee to be suffering from a Disability shall be (i) excused from fulfilling that portion of the Annual Deferral Amount commitment that would otherwise have been withheld from a Participant's Annual Base Salary, Annual Bonus and/or Directors Fees for the Plan Year during which the Participant first suffers a Disability. During the period of Disability, the Participant shall not be allowed to make any additional deferral elections, but will continue to be considered a Participant for all other purposes of this Plan.

(b) **Return to Work .** If a Participant returns to employment, or service as a Director, with an Employer, after a Disability ceases, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment or service and for every Plan Year thereafter while a Participant in the Plan; provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.3 above.

7.2 **Continued Eligibility; Disability Benefit .** A Participant suffering a Disability shall, for benefit purposes under this Plan, continue to be considered to be employed, or in the service of an Employer as a Director, and shall be eligible for the benefits provided for in Articles 4, 5, or 6 in accordance with the provisions of those Articles. Notwithstanding the above, the Committee, in its sole and absolute discretion and for purposes of this Plan only, shall have the right to deem the Participant to have experienced a Termination of Employment at any time after such Participant is determined to be suffering a Disability, in which case the Participant shall receive a Disability Benefit equal to his or her Account Balance at the time of the Committee's determination. The Disability Benefit shall be paid in a lump sum or pursuant to the Annual Installment Method of up to ten years,

with the lump sum or first installment payable within sixty (60) days of the Committee's exercise of such right. Any payment made shall be subject to the Deduction Limitation.

ARTICLE 8
Beneficiary Designation

8.1 **Beneficiary .** Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

8.2 **Beneficiary Designation; Change; Spousal Consent .** A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, a spousal consent, in the form designated by the Committee, must be signed by that Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

8.3 **Acknowledgment .** No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

8.4 **No Beneficiary Designation .** If a Participant fails to designate a Beneficiary as provided in Sections 8.1, 8.2, and 8.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

Upon the Committee or its designated agent being provided with written notice of the dissolution of marriage of a Participant, and notwithstanding any of the preceding provisions of this Article 8, any earlier designation of the Participant's former spouse as a Beneficiary for a portion or all of the benefits specified herein shall be treated as though the Participant's former spouse had predeceased the Participant. Notwithstanding the preceding sentence, any designation of the Participant's former spouse as a Beneficiary shall not be treated as though the Participant's former spouse had predeceased the Participant if, after the dissolution of the Participant's marriage and prior to payment of benefits on behalf of the Participant (1) the Participant executes and delivers a new Beneficiary designation that complies with this Plan that clearly names such former spouse as a Beneficiary, or (2) there is delivered to the Plan a domestic relations order providing that the former spouse is to be treated as the Beneficiary. In any case in which the

Participant's former spouse is treated under the Participant's Beneficiary designation as having predeceased the Participant, no heirs or other beneficiaries of the former spouse shall receive benefits from this Plan as a Beneficiary of the Participant except as provided otherwise in the Participant's Beneficiary designation.

(The following example illustrates the application of the preceding paragraph. Assume that a Participant, 'Participant A,' is married to 'Spouse A' and that Participant A files a valid and effective Beneficiary designation under this Plan naming Spouse A as a 50% Beneficiary and each of Participant A's two children with Spouse A (the 'Children') as a 25% Beneficiary. Assume that Participant A becomes divorced from Spouse A after making such Beneficiary designation. Upon the Committee or its designated agent being provided with written notice of the divorce, Spouse A shall be deemed to have predeceased Participant A for purposes of Participant A's Beneficiary designation subject to the second sentence of the preceding paragraph. If Participant A later dies without having made a valid post-divorce Beneficiary designation under this Plan and assuming that no Plan benefits have been paid and that there is no domestic relations order to the contrary, Participant A's Beneficiaries shall be deemed to be his two Children, with each child being a 50% Beneficiary.)

8.5 **Doubt as to Beneficiary .** If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its sole and absolute discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.

8.6 **Discharge of Obligations .** The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 9
Leave of Absence

9.1 **Paid Leave of Absence .** If a Participant is authorized by the Participant's Employer for any reason to take a paid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.3.

9.2 **Unpaid Leave of Absence .** If a Participant is authorized by the Participant's Employer for any reason to take an unpaid leave of absence from the employment of the Employer, the Participant shall continue to be considered employed by the Employer and the Participant shall be excused from making deferrals until the earlier of the date the leave of absence expires or the Participant returns to a paid employment status. Upon such expiration or return, deferrals shall resume for the remaining portion of the Plan Year in which the expiration or return occurs, based on the deferral election, if any, made for that Plan Year. If no election was made for that Plan Year, no deferral shall be withheld.

ARTICLE 10
Termination/Amendment or Modification

10.1 **Termination .** Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to discontinue its sponsorship of the Plan and/or to terminate the Plan at any time with respect to any or all of its participating Employees and Directors, by action of its board of directors. Upon the termination of the Plan with respect to any Employer, the Plan Agreements of the affected Participants who are employed by that Employer, or in the service of that Employer as Directors, shall terminate and their Account Balances, determined as if they had experienced a Termination of Employment on the date of Plan termination, shall be paid to the Participants as follows: Prior to a Change in Control, if the Plan is terminated with respect to all of its Participants, an Employer shall have the right, in its sole and absolute discretion, and notwithstanding any elections made by the Participant, to pay such benefits in a lump sum or pursuant to the Annual Installment Method of up to ten (10) years, with amounts credited and debited during the installment period as provided herein. If the Plan is terminated with respect to less than all of its Participants, an Employer shall be required to pay such benefits in a lump sum. After a Change in Control, the Employer shall be required to pay such benefits in a lump sum. The termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination; provided however, that the Employer shall have the right to accelerate installment payments without a premium or prepayment penalty by paying the Account Balance in a lump sum or pursuant to the Annual Installment Method using fewer years (provided that the present value of all payments that will have been received by a Participant at any given point of time under the different payment schedule shall equal or exceed the present value of all payments that would have been received at that point in time under the original payment schedule).

10.2 **Amendment .** The Company may, at any time, amend or modify the Plan in whole or in part by the action of its Board of Directors or by action of a committee or individual(s) acting pursuant to a valid delegation of authority of the Board of Directors, as appropriate in its sole and absolute discretion; provided, however, that: (i) no amendment or modification shall be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification, and (ii) no amendment or modification shall be effective upon or after a Change in Control without the prior written consent of a majority of Participants. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification; provided, however, that the Employer shall have the right to accelerate installment payments by paying the Account Balance in a lump sum or pursuant to the Annual Installment Method using fewer years (provided that the present value of all payments that will have been received by a Participant at any given point of time under the different payment schedule shall equal or exceed the present value of all payments that would have been received at that point in time under the original payment schedule).

10.3 **Plan Agreement .** Despite the provisions of Sections 10.1 and 10.2 above, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer may only amend or terminate such provisions with the consent of the Participant.

10.4 **Effect of Payment .** The full payment of the applicable benefit under Articles 4, 5, 6, 7 or 8 of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan and the Participant's Plan Agreement shall terminate.

ARTICLE 11
Administration

11.1 **Committee Duties .** Except as otherwise provided in this Article 11, this plan shall be administered by a Committee, which shall consist of those persons appointed by the Chief Executive Officer of the Company from time to time. If the Chief Executive Officer of the Company fails to appoint the Committee, the Committee shall be the Company until such time as the Chief Executive Officer appoints the members of the Committee pursuant to the previous sentence. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and (ii) decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or the Company.

11.2 **Administration Upon Change In Control .** For purposes of this Plan, the Committee shall be the "Administrator" at all times prior to the occurrence of a Change in Control. Upon and after the occurrence of a Change in Control, the "Administrator" shall be an independent third party selected by the Trustee and approved by the individual who, immediately prior to such event, was the Company's Chief Executive Officer or, if not available or willing to assume such responsibility, the Company's highest ranking officer (the "Ex-CEO"). The Administrator shall have the discretionary power to determine all questions arising in connection with the administration of the Plan and the interpretation of the Plan and Trust including, but not limited to benefit entitlement determinations; provided, however, upon and after the occurrence of a Change in Control, the Administrator shall have no power to direct the investment of Plan or Trust assets or select any investment manager or custodial firm for the Plan or Trust. Upon and after the occurrence of a Change in Control, the Company must: (1) pay all reasonable administrative expenses and fees of the Administrator; (2) indemnify the Administrator against any costs, expenses and liabilities including, without limitation, attorney's fees and expenses arising in connection with the performance of the Administrator hereunder, except with respect to matters resulting from the gross negligence or willful misconduct of the Administrator or its employees or agents; and (3) supply full and timely information to the Administrator or all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the date of circumstances of the Disability, death or Termination of Employment of the Participants, and

such other pertinent information as the Administrator may reasonably require. Upon and after a Change in Control, the Administrator may be terminated (and a replacement appointed) by the Trustee only with the approval of the Ex-CEO. Upon and after a Change in Control, the Administrator may not be terminated by the Company.

11.3 **Agents .** In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to any Employer.

11.4 **Binding Effect of Decisions .** The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

11.5 **Indemnity of Committee .** All Employers shall indemnify and hold harmless the members of the Committee, and any Employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee or the Administrator.

11.6 **Employer Information .** To enable the Committee and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Committee and/or Administrator, as the case may be, on all matters relating to the compensation of its Participants, the date and circumstances of the Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE 12
Other Benefits and Agreements

12.1 **Coordination with Other Benefits .** The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 13
Claims Procedures

13.1 **Presentation of Claim .** Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which

the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

13.2 **Notification of Decision .** The Committee shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) an explanation of the claim review procedure set forth in Section 13.3 below.

13.3 **Review of a Denied Claim .** Within sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, but not later than thirty (30) days after the review procedure began, the Claimant (or the Claimant's duly authorized representative):

(a) may review pertinent documents;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole and absolute discretion, may grant.

13.4 **Decision on Review .** The Committee shall render its decision on review promptly, and not later than sixty (60) days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Committee's decision must be rendered within 120 days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and

(c) such other matters as the Committee deems relevant.

13.5 **Mediation .** Should the parties be unable to resolve the dispute pursuant to these procedures, the claim shall be referred to non-binding mediation, conducted by

the Employment panel of Judicial Arbitration Mediation Services ("JAMS"), in accordance with JAMS' standard mediation rules. A mutually agreeable mediator will be selected. The parties shall share all costs of the mediation equally, including attorney fees. Not sooner than 20 days following the mediator's final determination, either party may request binding arbitration.

13.6 **Binding Arbitration .** Following the expiration of the 20 day period referenced in Section 13.5, either party may initiate binding arbitration by making a written demand for it on the other party. Such binding arbitration shall be conducted under the applicable rules of the American Arbitration Association using a mutually selected arbitrator in San Mateo or San Francisco County. The cost of the arbitration shall be borne by the non-prevailing party or as otherwise determined by the arbitrator.

ARTICLE 14
Trust

14.1 **Establishment of the Trust .** The Company shall establish the Trust, and each Employer shall at least annually transfer over to the Trust such assets as the Employer determines, in its sole and absolute discretion, are necessary to provide, on a present value basis, for its respective future liabilities created with respect to the Rollover Amounts, Annual Company Contribution Amounts, Company Restoration Matching Contribution Amounts, and Annual Deferral Amounts for such Employer's Participants for all periods prior to the transfer, as well as any debits and credits to the Participants' Account Balances for all periods prior to the transfer, taking into consideration the value of the assets in the trust at the time of the transfer.

14.2 **Interrelationship of the Plan and the Trust .** The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

14.3 **Distributions From the Trust .** Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 15
Miscellaneous

15.1 **Status of Plan .** The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employee" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

15.2 **Unsecured General Creditor .** Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

15.3 **Employer's Liability .** An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.

15.4 **Nonassignability .** Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

15.5 **Not a Contract of Employment .** The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

15.6 **Furnishing Information .** A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

15.7 **Terms .** Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

15.8 **Captions .** The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

15.9 **Governing Law .** Subject to ERISA, the provisions of this

Plan shall be construed and interpreted according to the internal laws of the State of California without regard to its conflicts of laws principles.

15.10 **Notice .** Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Senior Vice President, Human Resources
Electronic Arts, Inc.
209 Redwood Shores Pkwy
Redwood City, CA 94065

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

15.11 **Successors .** The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

15.12 **Spouse's Interest .** The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of in testate succession.

15.13 **Validity .** In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

15.14 **Incompetent .** If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

15.15 **Court Order .** The Committee is authorized to make any payments directed by court order in any action in which the Plan or the Committee has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Committee, in its sole and absolute discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the

spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.

15.16 **Distribution in the Event of Taxation .**

(a) **In General .** If, for any reason, all or any portion of a Participant's benefits under this Plan becomes taxable to the Participant prior to receipt, a Participant may petition the Committee before a Change in Control, or the trustee of the Trust after a Change in Control, for a distribution of that portion of his or her benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld (and, after a Change in Control, shall be granted), a Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to the taxable portion of his or her benefit (which amount shall not exceed a Participant's unpaid Account Balance under the Plan). If the petition is granted, the tax liability distribution shall be made within ninety (90) days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the benefits to be paid under this Plan.

(b) **Trust .** If the Trust terminates in accordance with Section 3.6(e) of the Trust and benefits are distributed from the Trust to a Participant in accordance with that Section, the Participant's benefits under this Plan shall be reduced to the extent of such distributions.

15.17 **Insurance .** The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole and absolute discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

15.18 **Legal Fees To Enforce Rights After Change in Control .** The Company and each Employer is aware that upon the occurrence of a Change in Control, the Board or the board of directors of a Participant's Employer (which might then be composed of new members) or a shareholder of the Company or the Participant's Employer, or of any successor corporation might then cause or attempt to cause the Company, the Participant's Employer or such successor to refuse to comply with its obligations under the Plan, and might cause or attempt to cause the Company or the Participant's Employer to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. Accordingly, if, following a Change in Control, it should appear to any Participant that the Company, the Participant's Employer or any successor corporation has failed to comply with any of its obligations under the Plan or any agreement hereunder or, if the Company, such Employer or any other person takes any action to declare the Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant the benefits intended to be provided, then the Company and the Participant's Employer irrevocably authorize such Participant to retain counsel of his or her choice at the expense of the Company and the Participant's Employer (who shall be jointly and severally liable) to represent such

Participant in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company, the Participant's Employer or any director, officer, shareholder or other person affiliated with the Company, the Participant's Employer or any successor thereto in any jurisdiction. Notwithstanding anything in this Section or the Plan to the contrary, the Company and/or the Participant's employer shall have no obligation under this Section to the extent there is a judicial determination or final mediation decision that the litigation or other legal action brought by the Participant is frivolous.

IN WITNESS WHEREOF, the Company has signed this Plan document as of February 20, 2004.

"Company"

Electronic Arts, Inc., a Delaware corporation

Exhibit 15.1

Awareness Letter of KPMG LLP, Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Electronic Arts Inc.:

With respect to the registration statements on Forms S-8 (Nos. 33-66836, 33-55212, 33-53302, 33-41955, 33-82166, 33-61781, 33-61783, 333-09683, 333-09893, 333-32239, 333-32771, 333-46937, 333-60513, 333-60517, 333-84215, 333-39430, 333-39432, 333-44222, 333-60256, 333-67430, 333-82888, 333-99525 and 333-107710), and the registration statement on Form S-3 (No. 333-102797), of Electronic Arts Inc., we acknowledge our awareness of the use therein of our report dated July 21, 2004 relating to the unaudited condensed consolidated interim financial statements of Electronic Arts Inc. and subsidiaries that are included in its Form 10-Q for the three-month period ended June 30, 2004.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an accountant, or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

KPMG LLP

San Francisco, California
August 3, 2004

Exhibit 31.1

ELECTRONIC ARTS INC.

Certification of Chairman and 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

I, Lawrence F. Probst III, Chairman and Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Electronic Arts Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2004

By: /s/ Lawrence F. Probst III

Lawrence F. Probst III
Chairman and Chief Executive Officer

Exhibit 31.2

ELECTRONIC ARTS INC.

Certification of Executive Vice President, Chief Financial and Administrative Officer
Pursuant to Rule 13a-14(a) of the Exchange Act
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Warren C. Jenson, Executive Vice President, Chief Financial and Administrative Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Electronic Arts Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 3, 2004

By: /s/ Warren C. Jenson

Warren C. Jenson
Executive Vice President,
Chief Financial and Administrative Officer

Exhibit 32.1

ELECTRONIC ARTS INC.

Certification of Chairman and Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Electronic Arts Inc. on Form 10-Q for the period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence F. Probst III, Chairman and Chief Executive Officer of Electronic Arts Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Electronic Arts Inc. for the periods presented therein.

/s/ Lawrence F. Probst III

Lawrence F. Probst III
Chairman and Chief Executive Officer
Electronic Arts Inc.

August 3, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Electronic Arts and will be retained by Electronic Arts and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

ELECTRONIC ARTS INC.

Certification of Executive Vice President, Chief Financial and Administrative Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Electronic Arts Inc. on Form 10-Q for the period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Warren C. Jenson, Executive Vice President and Chief Financial and Administrative Officer of Electronic Arts Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Electronic Arts Inc. for the periods presented therein.

/s/ Warren C. Jenson

Warren C. Jenson
Executive Vice President,
Chief Financial and Administrative Officer
Electronic Arts Inc.

August 3, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Electronic Arts and will be retained by Electronic Arts and furnished to the Securities and Exchange Commission or its staff upon request.