

ELECTRONIC ARTS INC

FORM S-8

(Securities Registration: Employee Benefit Plan)

Filed 8/9/1996

Address	209 REDWOOD SHORES PARKWAY REDWOOD CITY, California 94065
Telephone	650-628-1500
CIK	0000712515
Industry	Software & Programming
Sector	Technology
Fiscal Year	03/31

Form S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ELECTRONIC ARTS INC.

Delaware
(State of Incorporation)

94-2838567
(I.R.S. employer identification no.)

1450 Fashion Island Boulevard
San Mateo, California 94404
(Address of principal executive offices)

INTERNATIONAL EMPLOYEE STOCK PURCHASE PLAN
(Full title of the Plan)

RUTH A. KENNEDY
Vice President, General Counsel and Secretary
Electronic Arts Inc.
1450 Fashion Island Boulevard
San Mateo, California 94404
(415) 571-7171
(Name, address and telephone number of agent for service)

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Proposed Maximum Amount to be Registered	Proposed Maximum Offering Price Per Share	Aggregate Offering Price	Amount of Registration Fee
Common Stock (\$0.01 par value)	100,000 (1)	\$29.50 (2)	\$2,950,000 (2)	\$1,017

The Index to Exhibits appears on sequentially numbered page 6.

(1) Shares available for issuance under the International Employee Stock Purchase Plan.

(2) Calculated solely for the purposes of determining the amount of the Registration Fee pursuant to Rule 457(h)(1) on the basis of the average of the high and low trading prices of Registrant's common stock on August 5, 1996.

ITEM 3. INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE.

The following documents filed by Electronic Arts Inc. (the "REGISTRANT") with the Securities and Exchange Commission (the "COMMISSION") are incorporated herein by reference:

- (a) The Registrant's Annual Report on Form 10-K for Registrant's fiscal year ended March 31, 1996, which is Registrant's latest annual report filed pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934, as amended (the "EXCHANGE ACT");
- (b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the annual report referred to in (a) above.
- (c) The description of the Registrant's Common Stock contained in the Registrant's Registration Statement on Form 8-A filed with the Commission under Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description.

All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment hereto which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents.

ITEM 5. EXPERTS.

The consolidated balance sheet statement of the Registrant as of March 31, 1995 and 1996 and the consolidated financial statements and schedule of the Registrant for each of the years in the three-year period ended March 31, 1996 incorporated by reference in this Registration Statement have been incorporated herein in reliance upon the reports of KPMG Peat Marwick LLP, Independent Auditors and upon the authority of said firm as experts in accounting and auditing.

The validity of the issuance of the shares of Common Stock offered hereby will be passed upon for the Registrant by Ruth A. Kennedy, Vice President, General Counsel and Secretary of the Registrant.

ITEM 6. INDEMNIFICATION OF OFFICERS AND DIRECTORS.

The provisions of Section 145 of the Delaware General Corporation Law and Section 6 of the Registrant's Bylaws provide for indemnification for expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any person is or was a director, officer or employee of the Registrant. This indemnification may be sufficiently broad to permit indemnification of the Registrant's officers and directors for liabilities arising under the Securities Act of 1933, as amended. In addition, Article 7 of the Registrant's Certificate of Incorporation provides that the Registrant's directors shall not be personally liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Registrant or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law (iii) under Section 174 of the Delaware General Corporation Law or (iv) for any transactions for which the director derived an improper personal benefit. Article 7 of the Registrant's Certificate of Incorporation further provides that if any amendment to the Delaware General Corporation Law further eliminates or limits the liability of a director of a corporation incorporated in Delaware, the liability of the Registrant's directors shall be eliminated to the fullest extent then-permissible under Delaware law. The Registrant has entered into indemnity agreements with each of its current directors to give such directors additional contractual assurances regarding the scope of indemnification and liability limitation set forth in the

Delaware General Corporation Law and the Registrant's Certificate of Incorporation and Bylaws. The Registrant maintains an insurance policy against claims regarding errors or omissions of any of Registrant's directors or executive officers while acting within the scope of their duties to the Registrant.

ITEM 8. EXHIBITS

- 4.01 Registrant's International Employee Stock Purchase Plan (the "PLAN") and related document.
- 4.02 Registrant's Certificate of Incorporation (incorporated by reference to Exhibit 3.01 of Registrant's Current Report on Form 8-K filed with the Commission on October 16, 1991 (the "Form 8-K")).
- 4.03 Registrant's Certificate of Amendment to Certificate of Incorporation (incorporated by reference to Exhibit 4.01 to Registrant's Registration Statement on Form S-8 filed with the Commission on December 1, 1992 (File No. 33-55212)).
- 4.04 Registrant's Bylaws (incorporated by reference to Exhibit 3.02 of the Form 8-K).
- 5.01 Opinion of General Counsel of Registrant regarding legality of the securities being issued
- 23.01 Consent of General Counsel (included in Exhibit 5.01)
- 23.02 Consent of KPMG Peat Marwick LLP, Independent Auditors
- 24.01 Power of Attorney (see page 4).

ITEM 9. UNDERTAKINGS

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information set forth in this Registration Statement;

PROVIDED, HOWEVER, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof;

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the

Securities Exchange Act of 1934 that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions of Item 6 of this Registration Statement, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than by payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered herein, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each individual and corporation whose signature appears below constitutes and appoints E. Stanton McKee and David L. Carbone and each of them, his or its true and lawful attorneys-in-fact and agents with full power of substitution, for him or it and in his or its name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement of Form S- 8, and to file the same with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or it might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of San Mateo, State of California, on this 9th day of August, 1996.

ELECTRONIC ARTS INC.

By: Ruth A. Kennedy

Ruth A. Kennedy, Esq.

Vice President, General Counsel and Secretary

Pursuant to the requirements of the 1933 Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Name -----	Title -----	Date -----
CHIEF EXECUTIVE OFFICER:		
Lawrence F. Probst III -----		
Lawrence F. Probst III	President, Chairman of the Board of Directors and Chief Executive Officer	August 9, 1996
PRINCIPAL FINANCIAL OFFICER:		
E. Stanton McKee -----		
E. Stanton McKee, Jr.	Sr. Vice President, Chief Financial and Administrative Officer	August 9, 1996
PRINCIPAL ACCOUNTING OFFICER:		
David L. Carbone -----		
David L. Carbone	Vice President, Assistant Secretary	August 9, 1996
DIRECTORS:		
M. Richard Asher -----	Director	August 9, 1996
M. Richard Asher		
William J. Byron -----	Director	August 9, 1996
William J. Byron		
Daniel H. Case III -----	Director	August 9, 1996
Daniel H. Case III		
Gary M. Kusin -----	Director	August 9, 1996
Gary M. Kusin		
Timothy J. Mott -----	Director	August 9, 1996
Timothy J. Mott		

INDEX TO EXHIBITS

Exhibit Number -----	Description -----
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24.01	Power of Attorney (see page 4)

EXHIBIT 4.01

REGISTRANT'S INTERNATIONAL EMPLOYEE STOCK PURCHASE PLAN

ELECTRONIC ARTS INC.

INTERNATIONAL EMPLOYEE STOCK PURCHASE PLAN

AS APPROVED BY THE BOARD OF DIRECTORS ON JUNE 27, 1996

1. **ESTABLISHMENT OF PLAN.** Electronic Arts Inc., (the "COMPANY") proposes to grant options for purchase of the Company's common Stock to employees of the Company's International Subsidiaries (as hereinafter defined) pursuant to this International Employee Stock Purchase Plan (the "PLAN"). For purposes of this Plan, "SUBSIDIARY" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. "INTERNATIONAL SUBSIDIARY" means any Subsidiary organized under the laws of and incorporated and having its principle place of business outside the United States. A total of 100,000 shares of Common Stock are reserved for issuance under the Plan. Such number shall be subject to adjustments effected in accordance with Section 14 of the Plan.

2. **PURPOSES.** The purpose of the Plan is to provide certain employees of the International Subsidiaries of the Company as defined in section 4 below, as long as no employee is an executive officer or director of the Company ("EMPLOYEE") with a convenient means to acquire an equity interest in the Company through payroll deductions, to enhance such Employees' sense of participation in the affairs of the Company and Subsidiaries, and to provide an incentive for continued employment.

3. **ADMINISTRATION.** This Plan may be administered by the Board or a committee appointed by the Board (the "COMMITTEE"). The Plan shall be administered by the Board or a committee appointed by the Board consisting of not less than three (3) persons (who are members of the Board), each of whom is a disinterested director. As used in this Plan, references to the "Committee" shall mean either the committee appointed by the Board to administer this Plan or the Board if no committee has been established. Subject to the provisions of the Plan, all questions of interpretation or application of the Plan shall be determined by the Committee and its decisions shall be final and binding upon all participants. Members of the Committee shall receive no compensation for their services in connection with the administration of the Plan, other than standard fees as established from time to time by the Board of Directors of the Company for services rendered by Board members serving on Board committees. All expenses incurred in connection with the administration of the Plan shall be paid by the Company.

4. **ELIGIBILITY.** Any Employee is eligible to participate in an Offering Period (as hereinafter defined) under the Plan except the following:

(a) Employees who are not employed by the International Subsidiaries on the fifteenth (15th) day of the month before the beginning of such Offering Period;

(b) Employees who are customarily employed for less than 20 hours per week unless required by local law;

(c) Employees who are customarily employed for less than five (5) months in a calendar year unless required by local law;

(d) Employees who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Internal Revenue Code of 1986, as amended (the "CODE"), own stock or hold options to purchase stock or who, as a result of being granted an option under the Plan with respect to such Offering Period, would own stock or

hold options to purchase stock possessing five (5) percent or more of the total combined voting power or value of all classes of stock of the Company or any of its subsidiaries; and

(e) Employees who would, by virtue of their participation in such Offering Period, be participating simultaneously in more than one Offering Period under the Plan.

5. OFFERING DATES. The Offering Periods of the Plan (the "OFFERING PERIOD") shall be of twelve (12) months duration commencing on the first business day of March and September of each year and ending on the last business day of February and August, respectively, hereafter. The first Offering Period shall commence on September 2, 1996. The first day of each Offering Period is referred to as the "OFFERING DATE". Each Offering Period shall consist of two (2) six-month purchase periods (individually, a "PURCHASE PERIOD"), during which payroll deductions of the participant are accumulated under this Plan. Each such six-month Purchase Period shall commence on the first business day of March and September of an Offering Period and shall end on the last business day of the following August and February, respectively. The last business day of each Purchase Period is hereinafter referred to as the Purchase Date. The Board of Directors of the Company shall have the power to change the duration of Offering Periods or Purchase Periods if such change is announced at least fifteen (15) days prior to the scheduled beginning of the first Offering Period or Purchase Period, as the case may be, to be affected.

6. PARTICIPATION IN THE PLAN. Employees may become participants in an Offering Period under the Plan on the first Offering Date after satisfying the eligibility requirements by delivering to the Employee's payroll department (the "PAYROLL DEPARTMENT") not later than the 15th day of the month before such Offering Date unless a later time for filing the subscription agreement is set by the Board for all Employees with respect to a given Offering Period a subscription agreement authorizing payroll deductions. An Employee who does not deliver a subscription agreement to the Payroll Department by such date after becoming eligible to participate in such Offering Period under the Plan shall not participate in that Offering Period or any subsequent Offering Period unless such Employee enrolls in the Plan by filing the subscription agreement with the Payroll Department not later than the 15th day of the month preceding a subsequent Offering Date. Once an Employee becomes a participant in an Offering Period, such Employee will automatically participate in the Offering Period commencing immediately following the last day of the prior Offering Period unless the Employee withdraws from the Plan or terminates further participation in the Offering Period as set forth in Section 11 below. Such participant is not required to file any additional subscription agreements in order to continue participation in the Plan. Any participant whose option expires and who has not withdrawn from the Plan pursuant to Section 11 below will automatically be re-enrolled in the Plan and granted a new option on the Offering Date of the next Offering Period. A participant in the Plan may participate in only one Offering Period at any time.

7. GRANT OF OPTION ON ENROLLMENT. Enrollment by an Employee in the Plan with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such Employee of an option to purchase on each Purchase Date up to that number of shares of Common Stock of the Company determined by dividing the amount accumulated in such Employee's payroll deduction account during such Purchase Period by the lower of (i) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date (the "ENTRY PRICE") or (ii) eighty-five percent (85%) of the fair market value, of a share of the company's Common Stock on the Purchase Date, provided, however, that the number of shares of the Company's Common Stock subject to any option granted pursuant to this Plan shall not exceed the lesser of (a) the maximum number of shares set by the Board pursuant to Section 10(c) below with respect to all Purchase Periods within the applicable Offering Period or Purchase Period, or (b) 200% of the number of shares determined by using 85% of the fair market value of a share of the Company's Common Stock on the Offering Date as the denominator. Fair market value of a share of the Company's Common Stock shall be determined as provided in Section 8 hereof.

8. PURCHASE PRICE. The purchase price per share at which a share of Common Stock will be sold in any Offering Period shall be eighty-five percent (85%) of the lesser of:

- (a) the fair market value, in United States dollars, on the Offering Date or
- (b) the fair market value, in United States dollars, on the Purchase Date.

For purposes of the Plan, the term "fair market value" on a given date shall mean the closing bid from the previous day's trading of a share of the Company's Common Stock as reported on the Nasdaq National Market.

9. PAYMENT OF PURCHASE PRICE; CHANGES IN PAYROLL DEDUCTIONS; ISSUANCE OF SHARES.

(a) The purchase price of the shares is accumulated by regular payroll deductions made during each Purchase Period. The deductions are made as a percentage of the Employee's compensation in one percent (1%) increments not less than two percent (2%) nor greater than ten percent (10%). Compensation shall mean all compensation designated as employee compensation, including, but not limited to base salary, wages, commissions, overtime, shift premiums and bonuses, plus draws against commissions. Payroll deductions shall commence with the first pay period following the Offering Date and shall continue to the end of the Offering Period unless sooner altered or terminated as provided in the Plan.

(b) A participant may lower (but not increase) the rate of payroll deductions during a Purchase Period by filing with their local Payroll Department a new authorization for payroll deductions, in which case the new rate shall become effective for the next payroll period commencing more than 15 days after the Payroll Department's receipt of the authorization and shall continue for the remainder of the Offering Period unless changed as described below. Such change in the rate of payroll deductions may be made at any time during an Offering Period, but not more than one change may be made effective during any Purchase Period. A participant may increase or lower the rate of payroll deductions for any subsequent Purchase Period by filing with the Payroll Department a new authorization for payroll deductions not later than the 15th day of the month before the beginning of such Purchase Period.

(c) All payroll deductions made for a participant are credited to his or her account under the Plan and are deposited with the general funds of the Company; no interest accrues on the payroll deductions. All payroll deductions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

(d) On each Purchase Date, as long as the Plan remains in effect and provided that the participant has not submitted a signed and completed withdrawal form before that date which notifies the Company that the participant wishes to withdraw from that Offering Period under the Plan and have all payroll deductions accumulated in the account maintained on behalf of the participant as of that date returned to the participant, the Company shall apply the funds then in the participant's account to the purchase of whole shares of Common Stock reserved under the option granted to such participant with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The purchase price per share shall be as specified in Section 8 of the Plan. Any cash remaining in a participant's account after such purchase of shares shall be refunded to such participant in cash; provided, however, that any amount remaining in participant's account on a Purchase Date which is less than the amount necessary to purchase a full share of Common Stock of the Company shall be carried forward, without interest, into the next Purchase Period or Offering Period, as the case may be. In the event that the Plan has been oversubscribed, all funds not used to purchase shares on the Purchase Date shall be returned to the participant. No Common Stock shall be purchased on a Purchase Date on behalf of any Employee whose participation in the Plan has terminated prior to such Purchase Date.

(e) As promptly as practicable after the Purchase Date, the Company shall arrange the delivery to each participant, as appropriate, of a certificate representing the shares purchased upon exercise of his option; provided that the Company may deliver certificates to a broker or brokers that hold such certificates in street name for the benefit of each such participant.

(f) During a participant's lifetime, such participant's option to purchase shares hereunder is exercisable only by him or her. The participant will have no interest or voting right in shares covered by his or her option until such option has been exercised. Shares to be delivered to a participant under the Plan will be registered in the name of the participant or in the name of the participant and his or her spouse.

10. LIMITATIONS ON SHARES TO BE PURCHASED.

(a) No Employee shall be entitled to purchase stock under the Plan at a rate which, when aggregated with his or her rights to purchase stock under all other stock purchase plans of the Company or any Subsidiary, exceeds \$25,000 in fair market value, determined as of the Offering Date for each calendar year in which the Employee participates in the Plan.

(b) No more than 200% of the number of shares determined by using 85% of the fair market value of a share of the Company's Common Stock on the Offering Date as the denominator may be purchased by a participant on any single Purchase Date.

(c) No Employee shall be entitled to purchase more than the Maximum Share Amount (as defined below) on any single Purchase Date. Not less than thirty days prior to the commencement of any Purchase Period, the Board may, in its sole discretion, set a maximum number of shares which may be purchased by any Employee at any single Purchase Date (hereinafter the "MAXIMUM SHARE AMOUNT"). In no event shall the Maximum Share Amount exceed the amounts permitted under Section 10(b) above. If a new Maximum Share Amount is set, then all participants must be notified of such Maximum Share Amount not less than fifteen (15) days prior to the commencement of the next Purchase Period. Once the Maximum Share Amount is set, it shall continue to apply with respect to all succeeding Purchase Dates and Purchase Periods unless revised by the Board as set forth above.

(d) If the number of shares to be purchased on a Purchase Date by all Employees participating in the Plan exceeds the number of shares then available for issuance under the Plan, the Company shall make a pro rata allocation of the remaining shares in as uniform a manner as shall be practicable and as the Board shall determine to be equitable. In such event, the Company shall give written notice of such reduction of the number of shares to be purchased under a participant's option to each Employee affected thereby.

(e) Any payroll deductions accumulated in a participant's account which are not used to purchase stock due to the limitations in this Section 10 shall be returned to the participant as soon as practicable after the end of the Offering Period.

11. WITHDRAWAL.

(a) Each participant may withdraw from an Offering Period under the Plan by signing and delivering to the local Payroll Department notice on a form provided for such purpose. Such withdrawal may be elected at any time at least fifteen (15) days prior to the end of an Offering Period.

(b) Upon withdrawal from the Plan, the accumulated payroll deductions shall be returned to the withdrawn Employee and his or her interest in the Plan shall terminate. In the event an Employee voluntarily elects to withdraw from the Plan, he or she may not resume his or her

participation in the Plan during the same Offering Period, but he or she may participate in any Offering Period under the Plan which commences on a date subsequent to such withdrawal by filing a new authorization for payroll deductions in the same manner as set forth above for initial participation in the Plan.

(c) A participant may participate in the current Purchase Period under an Offering Period (the "CURRENT OFFERING PERIOD") and enroll in the Offering Period commencing after such Purchase Period (the "NEW OFFERING PERIOD") by (i) withdrawing from participating in the Current Offering Period effective as of the last day of a Purchase Period within that Offering Period and (ii) enrolling in the New Offering Period. Such withdrawal and enrollment shall be effected by filing with the local Payroll Department at least fifteen (15) days prior to the end of a Purchase Period such form or forms as are provided for such purposes.

12. **TERMINATION OF EMPLOYMENT.** Termination of a participant's employment for any reason, including retirement or death or the failure of a participant to remain an Employee, terminates his or her participation in the Plan immediately on the date which Employee's employment with the Company ceases, or if earlier, the date on which the Company gives notice of such termination. In no event shall participation in this plan extend beyond the participant's termination date, nor shall any potential value of a purchase under this Plan be considered in determining any notice or compensation in lieu of notice that may be required or given upon termination of participant's employment by the Company. Participant agrees that this provision is a condition to this Plan and enrollment in the Plan waives any and all rights and claims participant may have to value attributable to a purchase under this Plan which would have under any circumstances taken place after the termination date. In such event, the payroll deductions credited to the participant's account will be returned to him or her or, in the case of his or her death, to his or her legal representative. For this purpose, an Employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company in the case of sick leave, military leave, or any other leave of absence approved by the Board of Directors of the Company; provided that such leave is for a period of not more than ninety (90) days or re employment upon the expiration of such leave is guaranteed by contract or statute.

13. **RETURN OF PAYROLL DEDUCTIONS.** In the event an Employee's interest in the Plan is terminated by withdrawal, termination of employment or otherwise, or in the event the Plan is terminated by the Board, the Company shall promptly deliver to the Employee all payroll deductions credited to his account. No interest shall accrue on the payroll deductions of a participant in the Plan.

14. **CAPITAL CHANGES.** Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but have not yet been placed under option (collectively, the "RESERVES"), as well as the price per share of Common Stock covered by each option under the Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

In the event of the proposed dissolution or liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board. The Board may, in the exercise of its sole discretion in such instances, declare that the options under the Plan shall terminate as of a date fixed by the Board and give each participant the right to exercise his or her option as to all of the optioned stock, including shares which would not otherwise be exercisable. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each option under the Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Board determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, that the participant shall have the right to exercise the option as to all of the optioned stock. If the Board makes an option exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Board shall notify the participant that the option shall be fully exercisable for a period of twenty (20) days from the date of such notice, and the option will terminate upon the expiration of such period.

The Board may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per share of Common Stock covered by each outstanding option, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding common Stock, and in the event of the Company being consolidated with or merged into any other corporation.

15. **NONASSIGNABILITY.** Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 22 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect.

16. **REPORTS.** Individual accounts will be maintained for each participant in the Plan. Each participant shall receive promptly after the end of each Purchase Period a report of his account setting forth the total payroll deductions accumulated, the number of shares purchased, the per share price thereof and the remaining cash balance, if any, carried forward to the next Purchase Period or Offering Period, as the case may be.

17. **NOTICE OF DISPOSITION.** Each participant shall notify the Company if the participant disposes of any of the shares purchased in any Offering Period pursuant to this Plan if such disposition occurs within two (2) years from the Offering Date or within twelve (12) months from the Purchase Date on which such shares were purchased (the "NOTICE PERIOD"). Unless such participant is disposing of any of such shares during the Notice Period, such participant shall keep the certificates representing such shares in his or her name (and not in the name of a nominee) during the Notice Period. The Company may, at any time during the Notice Period, place a legend or legends on any certificate representing shares acquired pursuant to the Plan requesting the Company's transfer agent to notify the Company of any transfer of the shares. The obligation of the participant to provide such notice shall continue notwithstanding the placement of any such legend on certificates.

18. **NO RIGHTS TO CONTINUED EMPLOYMENT.** Neither this Plan nor the grant of any option hereunder shall confer any right on any Employee to remain in the employ of the Company or any Subsidiary or restrict the right of the Company or any Subsidiary to terminate such Employee's employment.

19. **EQUAL RIGHTS AND PRIVILEGES.** All Employees shall have equal rights and privileges with respect to the Plan.

20. NOTICES. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. DESIGNATION OF BENEFICIARY

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to the end of a Purchase Period but prior to delivery to him of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to a Purchase Date.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

22. CONDITIONS UPON ISSUANCE OF SHARES; LIMITATION ON SALE OF SHARES. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

23. APPLICABLE LAW. Except as otherwise expressly required under the laws of a country, the Plan and all rights thereunder shall be governed by and construed in accordance with the laws of the state of California, United States of America. Should any provision of this Plan be determined by a court of competent jurisdiction to be unlawful or unenforceable for a country, such determination shall in no way affect the application of that provision in any other country, or any of the remaining provisions of the Plan.

24. AMENDMENT OR TERMINATION OF THE PLAN. This Plan shall be effective on the day after the effective date of the Company's Registration Statement filed with the Securities Exchange Commission under the Securities Act of 1933, as amended, with respect to the shares issuable under the Plan (the "Effective Date"), and the Plan shall continue until the earlier to occur of termination by the Board, issuance of all of the shares of Common Stock reserved for issuance under the Plan, or ten (10) years from the adoption of the Plan by the Board. The Board of Directors of the Company may at any time amend or terminate the Plan, except that any such termination cannot affect options previously granted under the Plan, nor may any amendment make any change in an option previously granted which would adversely affect the right of any participant.

**INTERNATIONAL EMPLOYEE STOCK PURCHASE PLAN ACTION FORM
ENROLLMENT/CHANGE/WITHDRAWAL AGREEMENT**

Section 1

Action	Complete Sections
-----	-----
/ / New Enrollment	2, 3, 4, 6, 8
/ / Payroll Deduction Change	2, 4, 8
/ / Withdrawal	2, 5, 8
/ / Beneficiary Change	2, 6, 8

Section 2 PERSONAL INFORMATION

Name: _____ Location: _____

Address: _____

Section 3 NEW ENROLLMENT

I hereby elect to participate in the Electronic Arts International Employee Stock Purchase Plan (the "Plan") and I agree to be bound by its terms. Stock purchased under the Plan should be registered in my name or in my name together with the following name:

Section 4 PAYROLL DEDUCTION AUTHORIZATION

I hereby authorize payroll deductions from each paycheck in that percentage of my compensation as shown below, in accordance with the Plan. Decreases in deductions will be effective for the payroll period that begins 15 days after the payroll department's receipt of this form. Increases in deductions will not be effective until the next Purchase Period.

Amount to be Deducted (Circle One): 0% 2% 3% 4% 5% 6% 7% 8% 9% 10%

Section 5 WITHDRAWAL

Effective: _____/_____/_____
 Month Date Year

I will cease participating in the Plan, all monies contributed to the Plan since the most recently completed Purchase Period thus far will be returned, and I may not re-enroll until the next Offering Period.

Section 6 BENEFICIARY

In the event of my death, I hereby designate the following person(s) as my beneficiary(ies) to receive all payments and/or stock due me under the Plan.

Primary Beneficiary: _____ %: _____ Relationship: _____

Primary Beneficiary: _____ %: _____ Relationship: _____

Note: If more than one primary beneficiary is listed, please indicate % allocated to each.

Secondary Beneficiary: _____ Relationship: _____

Section 7

ACCUMULATION AND PURCHASE PRICE

I understand that my payroll deductions will be accumulated for the automatic purchase of shares of Common Stock at the end of each Purchase Period, unless I withdraw from the Plan or become ineligible. The purchase price per share will be the lower of (i) 85% of the fair market value on the first day of an Offering Period or (ii) 85% of the fair market value on the last day of a Purchase Period.

SUCCESSIVE PERIODS

I understand that this enrollment will be effective for each subsequent Offering Period unless I withdraw from the Plan or otherwise become ineligible to participate in the Plan. In the event, however, that the Offering Price for the new Offering Period for which I am not enrolled is less than the Offering Price for the Offering Period for which I am currently enrolled, I understand that I will automatically be withdrawn from the current Offering Period and re-enrolled in the new Offering Period unless I notify the Company to the contrary.

REVIEW OF PROSPECTUS

I have received a copy of the Company's most recent prospectus which describes the Plan. I understand that my participation is in all respects subject to the terms of the Plan.

Section 8 AUTHORIZATION AND AGREEMENT

I agree to be bound by the terms of this Form and the Plan. I have been advised to consult my tax advisor with respect to the tax consequences of participating in the Plan.

I am not a citizen or resident of the United States and therefore not subject to United States income tax laws. I understand that Electronic Arts makes no representation regarding the tax treatment under the tax laws of the country in which I am a citizen or resident in connection with the International Employee Stock Purchase Plan or my purchase of shares thereunder. I also understand that I am encouraged to consult with my own tax advisor, prior to purchasing shares under the Plan, concerning tax treatment of my participation in the Plan.

I understand that because my payroll deductions will not be expressed in U.S. dollars and the value of shares of the Company's Common stock is expressed in U.S. dollars, it will be necessary to convert the amount of my payroll deductions into U.S. dollars in order to calculate various share amounts under the International Employee Stock Purchase Plan. I also understand that the exercise price for the shares purchased by me pursuant to the International Employee Stock Purchase Plan will be expressed in U.S. dollars and that the exchange rates in effect at the end of the Purchase Period will be used to determine the number of shares which I may purchase on the exercise date.

Signature of Employee: _____ Date: _____

[GRAPHIC]

Exhibit 5.01
(Includes Exhibit 23.01)

[GRAPHIC]

August 9, 1996

Securities and Exchange Commission
Division of Corporation Finance
450 5th Street, N.W.
Washington, D.C. 20549

Re: Electronic Arts Inc. ("EA")
Registration Statement on Form S-8

Ladies/Gentlemen:

I am an attorney licensed to practice law in the states of California and New York and I am Vice President, General Counsel and Secretary of EA. I have examined EA's Registration Statement on Form S-8 (the "REGISTRATION STATEMENT") to be filed by EA on or about August 9, 1996 in connection with the registration under the Securities Act of 1933, as amended, of 100,000 shares of Common Stock that may be sold by EA to eligible international employees located in EA's international subsidiaries pursuant to EA's International Employee Stock Purchase Plan (the "PURCHASE PLAN").

As General Counsel for EA, I have examined the proceedings taken by EA in connection with the Plan and the shares being registered hereby.

[GRAPHIC]

It is my opinion that the 100,000 shares of Common Stock that may be issued and sold by EA pursuant to the Purchase Plan, when issued and sold in the manner referred to in the applicable Prospectus associated with the Registration Statement and the Purchase Plan, as applicable, will be legally issued, fully paid and nonassessable.

I consent to the use of this opinion as an exhibit to the Registration Statement and further consent to all references to this opinion, if any, in the Registration Statement and amendments thereto.

Very truly yours,
ELECTRONIC ARTS INC.

/s/ Ruth A. Kennedy

Ruth A. Kennedy
Vice President, General Counsel and Secretary

[GRAPHIC]

EXHIBIT 23.02

CONSENT OF KPMG PEAT MARWICK LLP, INDEPENDENT AUDITORS

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Electronic Arts Inc.:

We consent to the use of our reports incorporated herein by reference and to the reference to our firm under the heading "Experts" in the registration statement.

/s/ KPMG PEAT MARWICK LLP

*Palo Alto, California
August 9, 1996*

End of Filing

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