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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2009

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☑ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

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

As of November 6, 2009, there were 325,475,032 shares of the Registrant's Common Stock, par value $0.01 per share, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

ELECTRONIC ARTS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited) (In millions, except par value data)	September 30, 2009	March 31, 2009 (a)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,042	$ 1,621
Short-term investments	583	534
Marketable equity securities	387	365
Receivables, net of allowances of $194 and $217, respectively	646	116
Inventories	250	217
Deferred income taxes, net	74	51
Other current assets	245	216
Total current assets	3,227	3,120
Property and equipment, net	569	354
Goodwill	817	807
Acquisition-related intangibles, net	194	221
Deferred income taxes, net	71	61
Other assets	124	115
TOTAL ASSETS	$ 5,002	$ 4,678
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 273	$ 152
Accrued and other current liabilities	848	723
Deferred net revenue (packaged goods and digital content)	792	261
Total current liabilities	1,913	1,136
Income tax obligations	316	268
Deferred income taxes, net	28	42
Other liabilities	89	98
Total liabilities	2,346	1,544
Commitments and contingencies (See Note 11)		
Stockholders' equity:		
Preferred stock, $0.01 par value. 10 shares authorized	—	—
Common stock, $0.01 par value. 1,000 shares authorized; 325 and 323 shares issued and outstanding, respectively	3	3
Paid-in capital	2,181	2,142
Retained earnings	175	800
Accumulated other comprehensive income	297	189
Total stockholders' equity	2,656	3,134
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,002	$ 4,678

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

(a) Derived from audited consolidated financial statements.

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ELECTRONIC ARTS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited) (In millions, except per share data)	Three Months Ended September 30,		Six Months Ended September 30,	
	2009	2008	2009	2008
Net revenue	$ 788	$ 894	$1,432	$1,698
Cost of goods sold	593	557	914	853
Gross profit	195	337	518	845
Operating expenses:				
Marketing and sales	187	197	351	325
General and administrative	91	92	157	176
Research and development	316	372	628	729
Acquired in-process technology	—	—	—	2
Amortization of intangibles	12	16	24	30
Certain abandoned acquisition-related costs	—	21	—	21
Restructuring charges	6	3	20	23
Total operating expenses	612	701	1,180	1,306
Operating loss	(417)	(364)	(662)	(461)
Losses on strategic investments	(8)	(34)	(24)	(40)
Interest and other income, net	7	7	10	23
Loss before benefit from income taxes	(418)	(391)	(676)	(478)
Benefit from income taxes	(27)	(81)	(51)	(73)
Net loss	$ (391)	$ (310)	$ (625)	$ (405)
Net loss per share:				
Basic and Diluted	$ (1.21)	$ (0.97)	$ (1.93)	$ (1.27)
Number of shares used in computation:				
Basic and Diluted	324	319	324	319

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

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

(Unaudited) (In millions)	Six Months Ended September 30, 2009	 2008
OPERATING ACTIVITIES		
Net loss	$ (625)	$ (405)
Adjustments to reconcile net loss to net cash used in operating activities:		
Acquired in-process technology	—	2
Depreciation, amortization and accretion, net	94	104
Net losses on investments and sale of property and equipment	23	40
Non-cash restructuring charges	7	16
Stock-based compensation	77	103
Change in assets and liabilities:		
Receivables, net	(518)	(253)
Inventories	(30)	(163)
Other assets	(34)	18
Accounts payable	123	104
Accrued and other liabilities	73	104
Deferred income taxes, net	(43)	(122)
Deferred net revenue (packaged goods and digital content)	531	37
Net cash used in operating activities	(322)	(415)
INVESTING ACTIVITIES		
Purchase of headquarters facilities	(233)	—
Capital expenditures	(34)	(63)
Proceeds from maturities and sales of investments	359	510
Purchase of short-term investments	(405)	(313)
Acquisition of subsidiaries, net of cash acquired	(3)	(42)
Net cash provided by (used in) investing activities	(316)	92
FINANCING ACTIVITIES		
Proceeds from issuance of common stock	25	69
Excess tax benefit from stock-based compensation	—	16
Net cash provided by financing activities	25	85
Effect of foreign exchange on cash and cash equivalents	34	(18)
Decrease in cash and cash equivalents	(579)	(256)
Beginning cash and cash equivalents	1,621	1,553
Ending cash and cash equivalents	$1,042	$1,297
Supplemental cash flow information:		
Net cash paid during the period for income taxes	$ 3	$ 11
Non-cash investing activities:		
Change in unrealized gains (losses) on investments, net	$ 29	$ (97)

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

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

(1) DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

We develop, market, publish and distribute video game software and content that can be played by consumers on a variety of platforms, including video game consoles (such as the PLAYSTATION ® 3, Microsoft Xbox 360 ™ and Nintendo Wii ™), personal computers, handheld game players (such as the PlayStation ® Portable ("PSP ™ ") and the Nintendo DS ™) and wireless devices (such as cellular phones and smart phones including the Apple iPhone ™). Some of our games are based on content that we license from others (*e.g.* , Madden NFL Football, Harry Potter ™ and FIFA Soccer), and some of our games are based on our own wholly-owned intellectual property (*e.g.* , The Sims ™ , Need for Speed ™ , Dead Space ™ and Pogo ™). Our goal is to publish titles with global mass-market appeal, which often means translating and localizing them for sale in non-English speaking countries. In addition, we also attempt 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 franchise approach are the annual iterations of our sports-based products (*e.g.* , Madden NFL Football, NCAA ® Football and FIFA Soccer), wholly-owned properties that can be successfully sequeled (*e.g.* , The Sims, Need for Speed and Battlefield) and titles based on long-lived literary and/or movie properties (*e.g.* , Harry Potter).

Our fiscal year is reported on a 52 or 53-week period that ends on the Saturday nearest March 31. Our results of operations for the fiscal years ending or ended, as the case may be, March 31, 2010 and 2009 contain 53 and 52 weeks, respectively, and ends or ended, as the case may be, on April 3, 2010 and March 28, 2009, respectively. Our results of operations for the three months ended September 30, 2009 and 2008 contain 13 weeks and ended on October 3, 2009 and September 27, 2008, respectively. Our results of operations for the six months ended September 30, 2009 and 2008 contain 27 and 26 weeks, respectively, and ended on October 3, 2009 and September 27, 2008, respectively. For simplicity of disclosure, all fiscal periods are referred to as ending on a calendar month end.

The Condensed Consolidated Financial Statements are unaudited and reflect all adjustments (consisting only of normal recurring accruals unless otherwise indicated) that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The preparation of these Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the amounts reported in these Condensed Consolidated Financial Statements and accompanying notes. Actual results could differ materially from those estimates. 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 reclassifications have been made to the fiscal year 2009 financial information to conform to the fiscal year 2010 presentation.

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, 2009, as filed with the United States Securities and Exchange Commission ("SEC") on May 22, 2009.

(2) FAIR VALUE MEASUREMENTS

On April 1, 2009, we adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, as it applies to nonfinancial assets and nonfinancial liabilities. These nonfinancial items include assets and liabilities such as a reporting unit measured at fair value in a goodwill impairment test and nonfinancial assets acquired and liabilities assumed in a business combination. We measure certain financial and nonfinancial assets and liabilities at fair value on a recurring and nonrecurring basis.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our money market funds, available-for-sale fixed income and marketable equity securities, deferred compensation plan assets and foreign currency derivatives are measured and recorded at fair value on a recurring basis.

Our Level 1 financial instruments are valued using quoted prices in active markets for identical instruments. Our Level 2 financial instruments, including derivative instruments, are valued using quoted prices for identical instruments in less active markets or using other observable market inputs for comparable instruments. As of September 30, 2009 and March 31, 2009, we did not have any Level 3 financial instruments that were measured and recorded at fair value on a recurring basis.

As of September 30, 2009 and March 31, 2009, our financial assets and liabilities that are measured and recorded at fair value on a recurring basis were as follows (in millions):

		Fair Value Measurements at Reporting Date Using			
	As of September 30, 2009	Quoted Prices in Active Markets for Identical Financial Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets					
Money market funds	$ 543	$ 543	$ —	$ —	Cash equivalents
Available-for-sale securities:					
Marketable equity securities	387	387	—	—	Marketable equity securities
Corporate bonds	224	—	224	—	Short-term investments
U.S. Treasury securities	191	191	—	—	Short-term investments
U.S. agency securities	149	—	149	—	Short-term investments
Commercial paper	18	—	18	—	Short-term investments and cash equivalents
Asset-backed securities	4	—	4	—	Short-term investments
Deferred compensation plan assets [a]	12	12	—	—	Other assets
Foreign currency derivatives	2	—	2	—	Other current assets
Total assets at fair value	$ 1,530	$ 1,133	$ 397	$ —	

	As of March 31, 2009	(Level 1)	(Level 2)	(Level 3)	Balance Sheet Classification
Assets					
Money market funds	$ 1,069	$ 1,069	$ —	$ —	Cash equivalents
Available-for-sale securities:					
Marketable equity securities	365	365	—	—	Marketable equity securities
U.S. Treasury securities	212	212	—	—	Short-term investments and cash equivalents
Corporate bonds	133	—	133	—	Short-term investments and cash equivalents
U.S. agency securities	118	—	118	—	Short-term investments and cash equivalents
Commercial paper	118	—	118	—	Short-term investments and cash equivalents
Asset-backed securities	15	—	15	—	Short-term investments
Deferred compensation plan assets [a]	9	9	—	—	Other assets
Foreign currency derivatives	2	—	2	—	Other current assets
Total assets at fair value	$ 2,041	$ 1,655	$ 386	$ —	

[a] The deferred compensation plan assets consist of various mutual funds.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During the three and six months ended September 30, 2009, none of our nonfinancial or financial assets were recorded at fair value on a nonrecurring basis. During the three and six months ended September 30, 2008, certain of our financial assets were measured and recorded at fair value and the impairments recorded during those periods on a nonrecurring basis were as follows (in millions):

		Fair Value Measurements Using				
	Net Carrying Value as of September 30, 2008	Quoted Prices in Active Markets for Identical Financial Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Impairment for the Three Months Ended September 30, 2008	Total Impairment for the Six Months Ended September 30, 2008
Assets						
Other investments	$ 8	$ —	$ 8	$ —	$ 9	$ 10
Total assets at fair value	$ 8	$ —	$ 8	$ —	$ 9	$ 10

Other investments included in the table above were measured and recorded on a nonrecurring basis using other observable market inputs for comparable instruments. During the three and six months ended September 30, 2008, we measured certain of our other investments at fair value due to various factors, including but not limited to, the extent and duration during which the fair value had been below cost. See Note 3 for information regarding other investments.

(3) FINANCIAL INSTRUMENTS

On April 1, 2009, we adopted FASB ASC 825, *Financial Instruments* , which requires disclosures about the fair value of financial instruments for interim reporting periods of publicly traded companies. See Note 2 for information on the methods and assumptions used to estimate the fair value of our financial instruments.

Cash, Cash Equivalents, Short-Term Investments and Foreign Currency Option Contracts

Cash, cash equivalents and short-term investments consisted of the following as of September 30, 2009 and March 31, 2009 (in millions):

	As of September 30, 2009				As of March 31, 2009			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:								
Cash	$ 496	$ —	$ —	$ 496	$ 490	$ —	$ —	$ 490
Money market funds	543	—	—	543	1,069	—	—	1,069
Commercial paper	3	—	—	3	39	—	—	39
U.S. Treasury securities	—	—	—	—	12	—	—	12
U.S. agency securities	—	—	—	—	9	—	—	9
Corporate bonds	—	—	—	—	2	—	—	2
Cash and cash equivalents	1,042	—	—	1,042	1,621	—	—	1,621
Short-term investments:								
Corporate bonds	221	3	—	224	130	1	—	131
U.S. Treasury securities	190	1	—	191	198	2	—	200
U.S. agency securities	148	1	—	149	108	1	—	109
Commercial paper	15	—	—	15	79	—	—	79
Asset-backed securities	4	—	—	4	15	—	—	15
Short-term investments	578	5	—	583	530	4	—	534
Cash, cash equivalents and short-term investments	$ 1,620	$ 5	$ —	$1,625	$ 2,151	$ 4	$ —	$2,155

As of September 30, 2009 and March 31, 2009, we had less than $1 million in each period in gross unrealized losses primarily attributable to our corporate bonds and U.S. Treasury securities. As of September 30, 2009 and March 31, 2009, these gross unrealized losses were primarily in loss positions for less than 12 months.

We evaluate our investments for impairment quarterly. Factors considered in the review of investments with an unrealized loss include the credit quality of the issuer, the duration that the fair value has been less than the cost basis, severity of the impairment, reason for the decline in value and potential recovery period, the financial condition and near-term prospects of the investees, our intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery in market value, as well as any contractual terms impacting the prepayment or settlement process. Based on our review, we did not consider the investments listed above to be other-than-temporarily impaired as of September 30, 2009 and March 31, 2009.

The following table summarizes the gross realized gains and losses from the sale of short-term investments for the three and six months ended September 30, 2009 and 2008 (in millions):

	September 30, 2009		September 30, 2008	
	Three months ended	Six months ended	Three months ended	Six months ended
Short-term investments				
Gross realized gains	$ —	$ 2	$ 2	$ 3
Gross realized losses	—	—	(1)	(2)
Net realized gains [a]	$ —	$ 2	$ 1	$ 1

[a] Realized gains and losses are calculated based on the specific identification method.

The following table summarizes the amortized cost and fair value of our short-term investments, classified by stated maturity as of September 30, 2009 and March 31, 2009 (in millions):

	As of September 30, 2009		As of March 31, 2009	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Short-term investments excluding asset-backed securities				
Due in 1 year or less	$ 188	$ 189	$ 245	$ 245
Due in 1-2 years	224	227	156	159
Due in 2-3 years	162	163	114	115
Asset-backed securities				
Weighted average maturity less than 1 year	4	4	15	15
Short-term investments	$ 578	$ 583	$ 530	$ 534

Asset-backed securities are separately disclosed as they are not due at a single maturity date. Our investment policy requires our asset-backed securities have weighted-average maturities of three years or less.

As of September 30, 2009, our foreign currency option contracts had a cost of $3 million, gross unrealized gains of $1 million, gross unrealized losses of $2 million and a fair value of $2 million. As of March 31, 2009, our foreign currency option contracts had a cost of $3 million, gross unrealized losses of $1 million and a fair value of $2 million. See Note 4 for information regarding our derivative financial instruments.

Marketable Equity Securities

Our investments in marketable equity securities consist of investments in common stock of publicly traded companies and are accounted for as available-for-sale securities and are recorded at fair value. Unrealized gains and losses are recorded as a component of accumulated other comprehensive income in stockholders' equity, net of tax, until either the security is sold or we determine that the decline in fair value of a security to a level below its cost basis is other-than-temporary. We evaluate our investments for impairment quarterly. If we conclude that an investment is other-than-temporarily impaired, we will recognize an impairment charge at that time in our Condensed Consolidated Statements of Operations.

Marketable equity securities consisted of the following (in millions):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
As of September 30, 2009	$146	$ 241	$ —	$387
As of March 31, 2009	$175	$ 190	$ —	$365

During the three and six months ended September 30, 2009, we recognized impairment charges of $8 million and $24 million, respectively, on our investment in The9. During the three and six months ended September 30, 2008, we recognized impairment charges of $25 million and $30 million, respectively, on our Neowiz common shares. Due to various factors, including but not limited to, a change in the financial condition of one of the investee's business and the extent and duration during which the market prices had been below cost, we concluded the decline in values were other-than-temporary. The $8 million and $24 million impairments for the three and six months ended September 30, 2009, respectively, and the $25 million and $30 million impairments for the three and six months ended September 30, 2008, respectively, are included in losses on strategic investments on our Condensed Consolidated Statements of Operations.

During the three and six months ended September 30, 2009, we received proceeds of $4 million and recognized less than $1 million in realized losses from selling a portion of our investment in The9. We did not sell any of our marketable equity securities during the three and six months ended September 30, 2008.

Other Investments Included in Other Assets

Our other investments consist principally of non-voting preferred shares in two companies whose common stock is publicly traded and are accounted for under the cost method. Under this method these investments are recorded at cost on our Condensed Consolidated Balance Sheets until we determine that the fair values of the investments other-than-temporarily fall below their cost basis. We evaluate our investments for impairment quarterly. If we conclude that an investment is other-than-temporarily impaired, we will recognize an impairment charge at that time in our Condensed Consolidated Statements of Operations.

During the three and six months ended September 30, 2009, we did not recognize any impairment charges with respect to these investments. During the three and six months ended September 30, 2008, we recognized impairment charges of $9 million and $10 million, respectively, on these investments. Due to various factors, including but not limited to, the extent and duration during which the fair value had been below cost, we concluded the decline in values were other-than-temporary. The $9 million and $10 million impairments for the three and six months ended September 30, 2008, respectively, are included in losses on strategic investments on our Condensed Consolidated Statements of Operations.

(4) DERIVATIVE FINANCIAL INSTRUMENTS

The assets or liabilities associated with our derivative instruments and hedging activities are recorded at fair value in other current assets or accrued and other current liabilities, respectively, in our Condensed Consolidated Balance Sheets. As discussed below, the accounting for gains and losses resulting from changes in fair value depends on the use of the derivative and whether it is designated and qualifies for hedge accounting.

We transact business in various foreign currencies and have significant international sales and expenses denominated in foreign currencies, subjecting us to foreign currency risk. We purchase foreign currency option contracts, generally with maturities of 15 months or less, to reduce the volatility of cash flows primarily related to forecasted revenue and expenses denominated in certain foreign currencies. In addition, we utilize foreign currency forward contracts to mitigate foreign exchange rate risk associated with foreign-currency-denominated assets and liabilities, primarily intercompany receivables and payables. The foreign currency forward contracts generally have a contractual term of approximately three months or less and are transacted near month-end. At each quarter-end, the fair value of the foreign currency forward contracts generally is not significant. We do not use foreign currency option or foreign currency forward contracts for speculative or trading purposes.

Cash Flow Hedging Activities

Our foreign currency option contracts are designated and qualify as cash flow hedges. The effectiveness of the cash flow hedge contracts, including time value, is assessed monthly using regression, as well as other timing and probability criteria. To receive hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedge and the hedges must be highly effective in offsetting changes to future cash flows on hedged transactions. The effective portion of gains or losses resulting from changes in fair value of these hedges is initially reported, net of tax, as a component of accumulated other comprehensive

income in stockholders' equity. The gross amount of the effective portion of gains or losses resulting from changes in fair value of these hedges is subsequently reclassified into net revenue or research and development expenses, as appropriate, in the period when the forecasted transaction is recognized in our Condensed Consolidated Statements of Operations. The ineffective portion of gains or losses resulting from changes in fair value, if any, is reported in each period in interest and other income, net, in our Condensed Consolidated Statements of Operations. The effective portion of hedges recognized in accumulated other comprehensive income will be reclassified to our Condensed Consolidated Statements of Operations within 12 months. As of September 30, 2009, we had foreign currency option contracts to purchase approximately $36 million in foreign currency and to sell approximately $117 million of foreign currencies. As of September 30, 2009, these foreign currency option contracts outstanding had a total fair value of $2 million and are included in other current assets. As of March 31, 2009, we had foreign currency option contracts to purchase approximately $19 million in foreign currency and to sell approximately $65 million of foreign currencies. As of March 31, 2009, these foreign currency option contracts outstanding had a total fair value of $2 million and are included in other current assets.

The effect of foreign currency option contracts on our Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2009 was immaterial.

Balance Sheet Hedging Activities

Our foreign currency forward contracts are not designated as hedging instruments. Accordingly, any gains or losses resulting from changes in the fair value of the foreign currency forward contracts are reported in interest and other income, net, in our Condensed Consolidated Statements of Operations. The gains and losses on these foreign currency forward contracts generally offset the gains and losses associated with the underlying foreign-currency-denominated assets and liabilities, which are also reported in interest and other income, net, in our Condensed Consolidated Statements of Operations. As of September 30, 2009, we had foreign currency forward contracts to purchase and sell approximately $320 million in foreign currencies. Of this amount, $286 million represented contracts to sell foreign currencies in exchange for U.S. dollars, $26 million to purchase foreign currencies in exchange for U.S. dollars and $8 million to sell foreign currency in exchange for British pounds sterling. As of March 31, 2009, we had foreign currency forward contracts to purchase and sell approximately $63 million in foreign currencies. Of this amount, $53 million represented contracts to sell foreign currencies in exchange for U.S. dollars, $7 million to purchase foreign currencies in exchange for U.S. dollars and $3 million to sell foreign currencies in exchange for British pounds sterling. The fair value of our foreign currency forward contracts was immaterial as of September 30, 2009 and March 31, 2009.

The effect of foreign currency forward contracts on our Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2009, was as follows (in millions):

	Three Months Ended September 30, 2009		Six Months Ended September 30, 2009	
	Location of Loss Recognized in Income on Derivative	Amount of Loss Recognized in Income on Derivative	Location of Loss Recognized in Income on Derivative	Amount of Loss Recognized in Income on Derivative
Foreign currency forward contracts not designated as hedging instruments	Interest and other income, net	$ (4)	Interest and other income, net	$ (12)

(5) BUSINESS COMBINATIONS

On April 1, 2009, we adopted FASB ASC 805, *Business Combinations* , which requires the recognition of assets acquired, liabilities assumed, and any noncontrolling interest in an acquiree at the acquisition date based on their fair value with limited exceptions. FASB ASC 805 changes the accounting treatment for certain specific items and includes a substantial number of new disclosure requirements. The adoption of FASB ASC 805 did not have a significant impact on our Condensed Consolidated Financial Statements for the three and six months ended September 30, 2009.

(6) GOODWILL AND ACQUISITION-RELATED INTANGIBLES, NET

The changes in the carrying amount of goodwill are as follows (in millions):

	As of March 31, 2009	Goodwill Acquired	Effects of Foreign Currency Translation	As of September 30, 2009
Label Segment	$ 667	$ —	$ 6	$ 673
EA Mobile Segment	140	2	2	144
Total	$ 807	$ 2	$ 8	$ 817

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

	As of September 30, 2009			As of March 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Acquisition-Related Intangibles, Net	Gross Carrying Amount	Accumulated Amortization	Acquisition-Related Intangibles, Net
Developed and Core Technology	$ 253	$ (142)	$ 111	$ 249	$ (128)	$ 121
Trade Name	87	(54)	33	86	(43)	43
Carrier Contracts and Related	85	(53)	32	85	(51)	34
Subscribers and Other Intangibles	49	(31)	18	51	(28)	23
Total	$ 474	$ (280)	$ 194	$ 471	$ (250)	$ 221

Amortization of intangibles for the three and six months ended September 30, 2009 was $15 million (of which $3 million was recognized as cost of goods sold) and $30 million (of which $6 million was recognized as cost of goods sold), respectively. Amortization of intangibles for the three and six months ended September 30, 2008 was $20 million (of which $4 million was recognized as cost of goods sold) and $37 million (of which $7 million was recognized as cost of goods sold), respectively. Finite-lived intangible assets are amortized using the straight-line method over the lesser of their estimated useful lives or the term of the related agreement, typically from two to fifteen years. As of September 30, 2009 and March 31, 2009, the weighted-average remaining useful life for finite-lived intangible assets was approximately 5.8 years and 6.0 years, respectively.

As of September 30, 2009, future amortization of finite-lived intangibles that will be recorded in cost of goods sold and operating expenses is estimated as follows (in millions):

Fiscal Year Ending March 31,	
2010 (remaining six months)	$ 28
2011	52
2012	36
2013	21
2014	14
Thereafter	43
Total	$194

(7) RESTRUCTURING CHARGES

Restructuring information as of September 30, 2009 was as follows (in millions):

	Fiscal 2009 Restructuring			Fiscal 2008 Reorganization			Other Restructurings			
	Workforce	Facilities-related	Other	Workforce	Facilities-related	Other	Workforce	Facilities-related	Other	Total
Balances as of March 31, 2008	$ —	$ —	$—	$ 1	$ —	$ 4	$ —	$ 9	$—	$ 14
Charges to operations	32	7	2	—	22	12	4	1	—	80
Charges settled in cash	(24)	(1)	—	(1)	—	(13)	(4)	(3)	—	(46)
Charges settled in non-cash	—	(1)	(2)	—	(22)	—	—	—	—	(25)
Balances as of March 31, 2009	8	5	—	—	—	3	—	7	—	23
Charges to operations	1	10	—	—	3	6	—	—	—	20
Charges settled in cash	(9)	(3)	—	—	—	(7)	—	—	—	(19)
Charges settled in non-cash	—	(4)	—	—	(3)	—	—	—	—	(7)
Accrual reclassification	—	—	—	—	—	—	—	(7)	—	(7)
Balances as of September 30, 2009	$ —	$ 8	$—	$ —	$ —	$ 2	$ —	$ —	$—	$ 10

Fiscal 2009 Restructuring

In fiscal year 2009, we announced details of a cost reduction plan as a result of our performance combined with the economic environment. This plan includes a narrowing of our product portfolio, a reduction in our worldwide workforce of approximately 11 percent, or 1,100 employees, the closure of 10 facilities, and reductions in other variable costs and capital expenditures.

Since the inception of the fiscal 2009 restructuring plan through September 30, 2009, we have incurred charges of $52 million, of which (1) $33 million were for employee-related expenses, (2) $17 million related to the closure of certain of our facilities, and (3) $2 million related to asset impairments. The restructuring accrual of $8 million as of September 30, 2009 related to our fiscal 2009 restructuring is expected to be settled by September 2016. This accrual is included in other accrued expenses presented in Note 9 of the Notes to Condensed Consolidated Financial Statements.

During the remainder of fiscal year 2010, we anticipate incurring less than $1 million of restructuring charges related to the fiscal 2009 restructuring. Overall, including charges incurred through September 30, 2009, we expect to incur total cash and non-cash charges between $52 million and $55 million by March 2010. These charges will consist primarily of employee-related costs (approximately $33 million), facility exit costs (approximately $18 million), as well as other costs including asset impairment costs (approximately $2 million).

Fiscal 2008 Reorganization

In June 2007, we announced a plan to reorganize our business into several new divisions including, at the time four new “Labels”: EA SPORTS ™, EA Games, EA Casual Entertainment and The Sims in order to streamline decision-making, improve global focus, and speed new ideas to market. In October 2007, our Board of Directors approved a plan of reorganization (“fiscal 2008 reorganization plan”) in connection with the reorganization of our business into four new Labels. During fiscal year 2009, we consolidated and reorganized two of our Labels. As a result, we have three Labels, EA SPORTS, EA Games and EA Play, as well as a new organization, EA Interactive, which reports into our Publishing business. Each Label, as well as EA Interactive, operates with dedicated studio and product marketing teams focused on consumer-driven priorities.

Since the inception of the fiscal 2008 reorganization plan through September 30, 2009, we have incurred charges of $140 million, of which (1) $12 million were for employee-related expenses, (2) $83 million related to the closure of our Chertsey, England and Chicago, Illinois facilities, which included asset impairment and lease termination costs, and (3) $45 million related to other costs including other contract terminations, as well as IT and consulting costs to assist in the reorganization of our business support functions. The restructuring accrual of $2 million as of September 30, 2009 related to our fiscal 2008 reorganization is expected to be settled by March 2010. This accrual is included in other accrued expenses presented in Note 9 of the Notes to Condensed Consolidated Financial Statements.

During the remainder of fiscal year 2010, we anticipate incurring approximately $1 million of restructuring charges related to the fiscal 2008 reorganization. Overall, including charges incurred through September 30, 2009, we expect to incur total cash and non-cash charges between $141 million and $145 million by March 2010. These charges will consist primarily of employee-related costs (approximately $12 million), facility exit costs (approximately $83 million), as well as other reorganization costs including other contract terminations and IT and consulting costs to assist in the reorganization of our business support functions (approximately $46 million).

Other Restructurings

We also engaged in various other restructurings based on management decisions. From April 1, 2008 through September 30, 2009, $7 million in cash had been paid out under these restructuring plans. The $7 million restructuring accrual as of March 31, 2009 was reclassified as of September 30, 2009 from accrued and other current liabilities to other liabilities on our Condensed Consolidated Balance Sheet.

(8) ROYALTIES AND LICENSES

Our royalty expenses consist of payments to (1) content licensors, (2) independent software developers, and (3) co-publishing and distribution affiliates. License royalties consist of payments made to celebrities, professional sports organizations, movie studios and other organizations for our use of their trademarks, copyrights, personal publicity rights, content and/or other intellectual property. Royalty payments to independent software developers are payments for the development of intellectual property related to our games. Co-publishing and distribution royalties are payments made to third parties for the delivery of products.

Royalty-based obligations with content licensors and distribution affiliates are either paid in advance and capitalized as prepaid royalties or are accrued as incurred and subsequently paid. These royalty-based obligations are generally expensed to cost of goods sold generally at the greater of the contractual rate or an effective royalty rate based on the total projected net revenue. Prepayments made to thinly capitalized independent software developers and co-publishing affiliates are generally in connection with the development of a particular product and, therefore, we are generally subject to development risk prior to the release of the product. Accordingly, payments that are due prior to completion of a product are generally expensed to research and development over the development period as the services are incurred. Payments due after completion of the product (primarily royalty-based in nature) are generally expensed as cost of goods sold.

Our contracts with some licensors include minimum guaranteed royalty payments, which are initially recorded as an asset and as a liability at the contractual amount when no performance remains with the licensor. When performance remains with the licensor, we record guarantee payments as an asset when actually paid and as a liability when incurred, rather than recording the asset and liability upon execution of the contract. Royalty liabilities are classified as current liabilities to the extent such royalty obligations are contractually due within the next twelve months. As of September 30, 2009 and March 31, 2009, approximately $23 million and $37 million, respectively, of minimum guaranteed royalty obligations had been recognized and are included in the royalty-related assets and liabilities tables below.

Each quarter, we also evaluate the expected future realization of our royalty-based assets, as well as any unrecognized minimum commitments not yet paid to determine amounts we deem unlikely to be realized through product sales. Any impairments or losses determined before the launch of a product are charged to research and development expense. Impairments or losses determined post-launch are charged to cost of goods sold. We evaluate long-lived royalty-based assets for impairment based on an undiscounted cash flow basis when impairment indicators exist. Unrecognized minimum royalty-based commitments are accounted for as executory contracts and, therefore, any losses on these commitments are recognized when the underlying intellectual property is abandoned (*i.e.* , cease use) or the contractual rights to use the intellectual property are terminated. During the six months ended September 30, 2009, we recognized impairment charges of $1 million. We had no loss or impairment charges during the three months ended September 30, 2009. During the three and six months ended September 30, 2008, we recognized an impairment charge of $5 million.

The current and long-term portions of prepaid royalties and minimum guaranteed royalty-related assets, included in other current assets and other assets, consisted of (in millions):

	As of September 30, 2009	As of March 31, 2009
Other current assets	$ 82	$ 74
Other assets	44	47
Royalty-related assets	$ 126	$ 121

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 recognize unpaid royalty amounts owed to these parties as accrued liabilities. The current and long-term portions of accrued royalties, included in accrued and other current liabilities and other liabilities, consisted of (in millions):

	As of September 30, 2009	As of March 31, 2009
Accrued and other current liabilities	$ 321	$ 237
Other liabilities	12	29
Royalty-related liabilities	$ 333	$ 266

In addition, as of September 30, 2009, we were committed to pay approximately $1,480 million to content licensors, independent software developers and co-publishing and/or distribution affiliates, but performance remained with the counterparty (*i.e.* , delivery of the product or content or other factors) and such commitments were therefore not recorded in our Condensed Consolidated Financial Statements.

(9) BALANCE SHEET DETAILS

Inventories

Inventories as of September 30, 2009 and March 31, 2009 consisted of (in millions):

	As of September 30, 2009	As of March 31, 2009
Raw materials and work in process	$ 21	$ 7
In-transit inventory	14	9
Finished goods	215	201
Inventories	$ 250	$ 217

Property and Equipment, Net

Property and equipment, net, as of September 30, 2009 and March 31, 2009 consisted of (in millions):

	As of September 30, 2009	As of March 31, 2009
Computer equipment and software	$ 712	$ 663
Buildings	338	143
Leasehold improvements	105	125
Office equipment, furniture and fixtures	72	63
Land	64	11
Warehouse equipment and other	14	14
Construction in progress	13	16
	1,318	1,035
Less accumulated depreciation	(749)	(681)
Property and equipment, net	$ 569	$ 354

Depreciation expense associated with property and equipment amounted to $30 million and $62 million for the three and six months ended September 30, 2009, respectively. Depreciation expense associated with property and equipment amounted to $29 million and $61 million for the three and six months ended September 30, 2008, respectively.

On July 13, 2009, we purchased our Redwood Shores headquarters facilities comprised of approximately 660,000 square feet concurrent with the expiration and extinguishment of the lessor’s financing agreements. These facilities were subject to leases, which expired in July 2009, and had previously been accounted for as operating leases. The total amount paid under the terms of the leases was $247 million, of which $233 million related to the purchase price of the facilities and $14 million was for the loss on our lease

obligation. This $14 million loss is included in General and administrative expense on our Condensed Consolidated Statements of Operations. Subsequent to our purchase, we classified the facilities on our Condensed Consolidated Balance Sheet as property and equipment, net and recognized depreciation expense for the property acquired on a straight-line basis over the estimated useful lives, excluding the land acquired.

Accrued and Other Current Liabilities

Accrued and other current liabilities as of September 30, 2009 and March 31, 2009 consisted of (in millions):

	As of September 30, 2009	As of March 31, 2009
Accrued royalties	$ 321	$ 237
Other accrued expenses	305	237
Accrued compensation and benefits	122	142
Deferred net revenue (other)	100	107
Accrued and other current liabilities	$ 848	$ 723

Deferred net revenue (other) includes the deferral of subscription revenue, deferrals related to our Switzerland distribution business, advertising revenue, licensing arrangements and other revenue for which revenue recognition criteria has not been met.

Deferred Net Revenue (Packaged Goods and Digital Content)

Deferred net revenue (packaged goods and digital content) was $792 million as of September 30, 2009 and $261 million as of March 31, 2009. Deferred net revenue (packaged goods and digital content) includes the deferral of (1) the total net revenue from bundle sales of certain online-enabled packaged goods and digital content for which either we do not have vendor-specific objective evidence of fair value ("VSOE") for the online service that we provide in connection with the sale of the software or we have an obligation to provide future incremental unspecified digital content, (2) revenue from certain packaged goods sales of massively-multiplayer online role-playing games, and (3) revenue from the sale of certain incremental content associated with our core subscription services that can only be played online, which are types of "micro-transactions." We recognize revenue from sales of online-enabled packaged goods and digital content for which (1) we do not have VSOE for the online service that we provided in connection with the sale and (2) we have an obligation to deliver incremental unspecified digital content in the future without an additional fee on a straight-line basis over an estimated six month period beginning in the month after shipment. However, we expense the cost of goods sold related to these transactions during the period in which the product is delivered (rather than on a deferred basis).

(10) INCOME TAXES

We estimate our annual effective tax rate at the end of each quarterly period, and we record the tax effect of certain discrete items, which are unusual or occur infrequently, in the interim period in which they occur, including changes in judgment about deferred tax valuation allowances. In addition, jurisdictions with a projected loss for the year or a year-to-date loss where no tax benefit can be recognized are excluded from the estimated annual effective tax rate. The impact of such an exclusion could result in a higher or lower effective tax rate during a particular quarter depending on the mix and timing of actual earnings versus annual projections.

We recognize deferred tax assets and liabilities for both the expected impact of differences between the financial statement amount and the tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax losses and tax credit carry forwards. We record a valuation allowance against deferred tax assets when it is considered more likely than not that all or a portion of our deferred tax assets will not be realized. In making this determination, we are required to give significant weight to evidence that can be objectively verified. It is generally difficult to conclude that a valuation allowance is not needed when there is significant negative evidence, such as cumulative losses in recent years. Forecasts of future taxable income are considered to be less objective than past results, particularly in light of the economic environment. Therefore, cumulative losses weigh heavily in the overall assessment. Based on the assumptions and requirements noted above, we have recorded a valuation allowance against most of our U.S. deferred tax assets. In addition, we expect to provide a valuation allowance on future U.S. tax benefits until we can sustain a level of profitability or until other significant positive evidence arises that suggest that these benefits are more likely than not to be realized.

In determining the valuation allowance we recorded at June 30, 2009, we did not include as a source of future taxable income the taxable temporary difference related to the accumulated tax depreciation on our headquarters facilities in Redwood City, California. On July 13, 2009, we purchased our Redwood Shores headquarters facilities concurrent with the expiration and extinguishment of the lessor's financing agreements. These facilities were subject to leases which expired in July 2009, and had been accounted for as operating leases. The total amount paid under the terms of the leases was $247 million, of which $233 million related to the purchase price of the facilities and $14 million was for the loss on our lease obligation. Therefore, in the fiscal quarter ended September 30, 2009, we recorded a tax benefit of approximately $31 million, consisting of approximately $6 million related to the loss on our lease obligation and a $25 million reduction in our valuation allowance due to the inclusion of a significant portion of the remaining taxable temporary difference as a source of future taxable income.

On May 27, 2009, the U.S. Court of Appeals for the Ninth Circuit overturned a 2005 Tax Court decision in *Xilinx Inc. v. Commissioner* ("Xilinx"). The Court's decision changed the tax treatment of share-based compensation expenses for the purpose of determining intangible development costs under an entity's research and development cost sharing arrangement. The Court held that related parties to such an arrangement must share stock option costs, notwithstanding the U.S. Tax Court's finding that unrelated parties in such an arrangement would not share such costs. The case is subject to further appeal. Nevertheless, as a result of this decision, we recorded additional reserves for unrecognized tax benefits of approximately $56 million during the three months ended June 30, 2009. These reserves relate primarily to windfall tax benefits recognized for stock-based compensation, and were therefore recorded as reductions in paid-in capital.

A portion of the additional reserves for unrecognized tax benefits recorded as a result of the Xilinx decision were included as a source of taxable income in determining the valuation allowance we recorded at June 30, 2009. As a result, we recorded a tax benefit of approximately $11 million in the three months ended June 30, 2009 for the corresponding reduction in the valuation allowance.

The tax benefit reported for the three and six months ended September 30, 2009 is based on our projected annual effective tax rate for fiscal year 2010, and also includes certain discrete tax charges recorded during the period. Our effective tax rates for the three and six months ended September 30, 2009 were a tax benefit of 6.7 percent and 7.6 percent, respectively, compared to a tax benefit of 20.6 percent and 15.3 percent for the same periods in fiscal 2009. The effective tax rates for the three and six months ended September 30, 2009 differ from the statutory rate of 35.0 percent primarily due to U.S. losses for which no benefit is recognized, non-U.S. losses with a reduced or zero tax benefit, partially offset by benefits related to the resolution of examinations by taxing authorities and reductions in the valuation allowance on U.S. deferred tax assets. The effective tax rates for the three and six months ended September 30, 2009 differ from the same periods in fiscal year 2009 primarily due to reduced or zero tax benefit on losses incurred, changes in the deferred tax valuation allowance, tax charges incurred in fiscal year 2009 related to our integration of VG Holding Corp., and tax benefits related to the resolution of tax examinations.

During the three months ended September 30, 2009, we reached a final settlement with the Internal Revenue Service ("IRS") for the fiscal years 1997 through 1999. As a result, we recorded a tax benefit of approximately $6 million due to a reduction in our accrual for interest and penalties.

During the three months ended June 30, 2009, we recorded approximately $21 million of previously unrecognized tax benefits and reduced our accrual for interest and penalties by approximately $12 million due to the expiration of statutes of limitation in the United Kingdom.

During the three and six months ended September 30, 2009, we recorded a decrease of $35 million and an increase of $10 million in gross unrecognized tax benefits, respectively. This includes a reduction in gross unrecognized tax benefits of approximately $48 million related to the settlements with the IRS for fiscal years 1997 through 1999. This settlement and agreement to pay will be partially offset by prior cash deposits of approximately $40 million. The total gross unrecognized tax benefits as of September 30, 2009 is $288 million, of which approximately $16 million would be offset by prior cash deposits to tax authorities for issues pending resolution. A portion of our unrecognized tax benefits will affect our effective tax rate if they are recognized upon favorable resolution of the uncertain tax positions. As of September 30, 2009, approximately $114 million of the unrecognized tax benefits would affect our effective tax rate, approximately $88 million would result in adjustments to deferred tax assets with corresponding adjustments to the valuation allowance, and approximately $58 million would increase paid-in capital.

During the three and six months ended September 30, 2009, we recorded a net decrease in tax expense of $3 million and a net increase of $1 million, respectively, for accrued interest and penalties related to tax positions taken on our tax returns, including a reduction related to the settlement with the IRS for fiscal years 1997 thru 1999. As of September 30, 2009, the combined amount of accrued interest and penalties related to uncertain tax positions was approximately $57 million.

The IRS has completed its examination of our federal income tax returns through fiscal year 2005. As of September 30, 2009, the IRS had proposed, and we had agreed to, certain adjustments to our tax returns. The effects of these adjustments have been considered in estimating our future obligations for unrecognized tax benefits and are not expected to have a material impact on our financial position or results of operations. As of September 30, 2009, we had not agreed to certain other proposed adjustments for fiscal years 2000 through 2005, and those issues were pending resolution by the Appeals section of the IRS. Furthermore, the IRS has commenced an examination of our fiscal year 2006, 2007 and 2008 tax returns. We are also under income tax examination in Canada for fiscal years 2004 and 2005, in France for fiscal years 2006 through 2008, and in Germany for fiscal years 2004 through 2007. We remain subject to income tax examination in Canada for fiscal years 2000 and after 2001, in France for fiscal years after 2005, in Germany for fiscal years after 2003, in the United Kingdom for fiscal years after 2007, and in Switzerland for fiscal years after 2006.

The timing of the resolution of income tax examinations is highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Although potential resolution of uncertain tax positions involve multiple tax periods and jurisdictions, it is reasonably possible that a reduction of up to $20 million of unrecognized tax benefits may occur within the next 12 months, some of which, depending on the nature of the settlement or expiration of statutes of limitations, may affect our income tax provision and therefore benefit the resulting effective tax rate. The actual amount could vary significantly depending on the ultimate timing and nature of any settlements.

(11) COMMITMENTS AND CONTINGENCIES

Lease Commitments

As of September 30, 2009, we leased certain of our current facilities, furniture and equipment under non-cancelable operating lease agreements. We were required to pay property taxes, insurance and normal maintenance costs for certain of these facilities and any increases over the base year of these expenses on the remainder of our facilities. See Note 9 regarding the purchase of our Redwood Shores headquarters facilities on July 13, 2009.

The following table summarizes our minimum contractual obligations as of September 30, 2009 (in millions):

Fiscal Year Ending March 31,	Leases [(a)]
2010 (remaining six months)	$ 28
2011	44
2012	34
2013	28
2014	20
Thereafter	39
Total	$ 193

[(a)] Lease commitments have not been reduced by minimum sub-lease rentals for unutilized office space resulting from our reorganization activities of approximately $13 million due in the future under non-cancelable sub-leases.

The amounts represented in the table above reflect our minimum cash obligations for the respective fiscal years, but do not necessarily represent the periods in which they will be expensed in our Condensed Consolidated Financial Statements. Included in the amounts above are $6 million and $1 million in lease commitments for fiscal years 2010 and 2011, respectively, for leases expiring in less than one year as of September 30, 2009.

Legal proceedings

We are subject to claims and litigation arising in the ordinary course of business. We do not believe that any liability from any reasonably foreseeable disposition of such claims and litigation, individually or in the aggregate, would have a material adverse effect on our condensed consolidated financial position or results of operations.

(12) STOCK-BASED COMPENSATION

We are required to estimate the fair value of share-based payment awards on the date of grant. We recognize compensation costs for stock-based payment transactions to employees based on their grant-date fair value over the service period for which such awards are expected to vest. The fair value of restricted stock units is determined based on the quoted market price of our common stock on the date of grant. The fair value of stock options and stock purchase rights granted pursuant to our equity incentive plans and our 2000 Employee Stock Purchase Plan ("ESPP"), respectively, is determined using the Black-Scholes valuation model. The determination of fair value is affected by our stock price, as well as assumptions regarding subjective and complex variables such as expected employee exercise behavior and our expected stock price volatility over the expected term of the award. Generally, our assumptions are based on historical information and judgment is required to determine if historical trends may be indicators of future outcomes. The key assumptions for the Black-Scholes valuation calculation are:

- *Risk-free interest rate* . The risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant for the expected term of the option.
- *Expected volatility* . We use a combination of historical stock price volatility and implied volatility computed based on the price of options publicly traded on our common stock for our expected volatility assumption.
- *Expected term* . The expected term represents the weighted-average period the stock options are expected to remain outstanding. The expected term is determined based on historical exercise behavior, post-vesting termination patterns, options outstanding and future expected exercise behavior.
- *Expected dividends* .

The estimated assumptions used in the Black-Scholes valuation model to value our option grants and ESPP were as follows:

	Stock Option Grants				ESPP			
	Three Months Ended September 30,		Six Months Ended September 30,		Three Months Ended September 30,		Six Months Ended September 30,	
	2009	2008	2009	2008	2009	2008	2009	2008
Risk-free interest rate	1.6 - 2.8%	2.1 - 2.9%	1.6 - 3.0%	2.1 - 3.8%	0.2 - 0.4%	1.9 - 2.1%	0.2 - 0.4%	1.9 - 2.1%
Expected volatility	41 - 45%	33 - 34%	41 - 48%	32 - 34%	45 - 57%	35%	45 - 57%	35%
Weighted-average volatility	44%	34%	45%	33%	51%	35%	51%	35%
Expected term	4.4 years	4.2 years	4.2 years	4.3 years	6-12 months	6-12 months	6-12 months	6-12 months
Expected dividends	None	None	None	None	None	None	None	None

Employee stock-based compensation expense recognized during the three and six months ended September 30, 2009 and 2008 was calculated based on awards ultimately expected to vest and has been reduced for estimated forfeitures. In subsequent periods, if actual forfeitures differ from those estimates, an adjustment to stock-based compensation expense will be recognized at that time.

The following table summarizes stock-based compensation expense resulting from stock options, restricted stock, restricted stock units and our ESPP included in our Condensed Consolidated Statements of Operations (in millions):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2009	2008	2009	2008
Cost of goods sold	$ —	$ —	$ 1	$ 1
Marketing and sales	5	5	8	10
General and administrative	10	13	15	23
Research and development	29	35	53	69
Stock-based compensation expense	44	53	77	103
Benefit from income taxes	—	(12)	—	(21)
Stock-based compensation expense, net of tax	$ 44	$ 41	$ 77	$ 82

As of September 30, 2009, our total unrecognized compensation cost related to stock options was $151 million and is expected to be recognized over a weighted-average service period of 2.4 years. As of September 30, 2009, our total unrecognized compensation cost related to restricted stock, restricted stock units and notes payable in shares of common stock (collectively referred to as "restricted stock rights") was $280 million and is expected to be recognized over a weighted-average service period of 2.6 years.

The following table summarizes our stock option activity for the six months ended September 30, 2009:

	Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of March 31, 2009	34,360	$ 42.04		
Granted	4,145	20.53		
Exercised	(559)	15.17		
Forfeited, cancelled or expired	(3,632)	42.09		
Outstanding as of September 30, 2009	34,314	39.87	6.1	$ 7
Exercisable as of September 30, 2009	22,011	44.62	4.7	$ —

The aggregate intrinsic value represents the total pre-tax intrinsic value based on our closing stock price as of September 30, 2009, which would have been received by the option holders had all option holders exercised their options as of that date. The weighted-average grant-date fair values of stock options granted during the three and six months ended September 30, 2009 were $7.68 and $7.88, respectively. The weighted-average grant-date fair values of stock options granted during the three and six months ended September 30, 2008 were $13.71 and $15.41, respectively. We issue new common stock from our authorized shares upon the exercise of stock options.

The following table summarizes our restricted stock rights activity, excluding performance-based restricted stock unit activity discussed below, for the six months ended September 30, 2009:

	Restricted Stock Rights (in thousands)	Weighted-Average Grant Date Fair Value
Balance as of March 31, 2009	7,559	$ 42.76
Granted	3,363	20.11
Vested	(1,029)	49.77
Forfeited or cancelled	(482)	40.89
Balance as of September 30, 2009	9,411	34.00

The weighted-average grant date fair value of restricted stock rights is based on the quoted market value of our common stock on the date of grant. The weighted-average grant date fair values of restricted stock rights granted during the three and six months ended September 30, 2009 were $19.37 and $20.11, respectively. The weighted-average grant date fair values of restricted stock rights granted during the three and six months ended September 30, 2008 were $45.52 and $47.30, respectively.

The following table summarizes our performance-based restricted stock unit activity for the six months ended September 30, 2009:

	Performance-Based Restricted Stock Units (in thousands)	Weighted-Average Grant Date Fair Value
Balance as of March 31, 2009	3,008	$ 47.59
Granted	236	20.93
Forfeited or cancelled	(392)	30.93
Balance as of September 30, 2009	2,852	47.67

The weighted-average grant date fair value of performance-based restricted stock units is based on the quoted market value of our common stock on the date of grant. The weighted-average grant date fair values of performance-based restricted stock units granted during the three and six months ended September 30, 2009 were $20.89 and $20.93, respectively. The weighted-average grant date fair values of performance-based restricted stock units granted during the three and six months ended September 30, 2008 were $42.96 and $49.38, respectively.

During the six months ended September 30, 2009 and 2008, we issued approximately 1.2 million shares and 519 thousand shares, respectively, under the ESPP with exercise prices for purchase rights of $13.86 and $40.20, respectively. The estimated weighted-average fair values of purchase rights during the six months ended September 30, 2009 and 2008 were $6.25 and $12.20, respectively.

At our Annual Meeting of Stockholders, held on July 29, 2009, our stockholders approved our Employee Stock Option Exchange Program to permit our eligible employees to exchange, on a grant-by-grant basis, certain outstanding eligible options that are significantly "underwater" (that is, the exercise price is greater than the quoted market price at the time the Exchange Program was launched) for a lesser number of restricted stock units, shares of restricted stock (in Canada only), or new options (in China only) to be granted under our 2000 Equity Incentive Plan (the "Equity Plan"). The Exchange Program offer period began on October 21, 2009 and is expected to end on November 18, 2009, unless we extend the offer. It is open to all employees designated for participation by the Compensation Committee of the Board of Directors. However, members of the Board of Directors and the Named Executive Officers identified in our definitive proxy statement filed with the SEC on June 12, 2009 are not eligible to participate. Options eligible for the Exchange Program are those options that were granted prior to October 21, 2008, that have an exercise price per share that is greater than $28.18, which is the 52-week high trading price of our common stock prior to the start date of the Exchange Program, as reported on The NASDAQ Global Select Market, and that upon conversion using the exchange ratio applicable for such options would result in four or more shares of restricted stock units, shares of restricted stock or new options, as the case may be.

Our stockholders also approved amendments to the Equity Plan to (a) increase the number of shares authorized for issuance under the Equity Plan by 20.8 million shares and (b) amend the Equity Plan so that each share subject to a full value stock award would reduce the number of shares available for issuance by 1.43 shares, instead of the current multiple of 1.82 shares. Our stockholders also approved an amendment to the ESPP to increase the number of shares authorized under the ESPP by 3 million shares.

(13) COMPREHENSIVE LOSS

We are required to classify items of other comprehensive income (loss) by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and paid-in capital in the equity section of a balance sheet. Accumulated other comprehensive income primarily includes foreign currency translation adjustments, and the net of tax amounts for unrealized gains (losses) on investments and unrealized gains (losses) on derivative instruments designated as cash flow hedges. Foreign currency translation adjustments are not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries.

The components of comprehensive loss, net of related immaterial taxes, for the three and six months ended September 30, 2009 and 2008 are summarized as follows (in millions):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2009	2008	2009	2008
Net loss	$ (391)	$ (310)	$ (625)	$ (405)
Other comprehensive income (loss):				
Change in unrealized gains (losses) on investments	(48)	(92)	28	(94)
Reclassification adjustment for losses realized on investments	7	25	23	30
Change in unrealized gains (losses) on derivative instruments	—	5	(2)	4
Reclassification adjustment for losses (gains) on derivative instruments	—	—	(2)	1
Foreign currency translation adjustments	24	(17)	61	(17)
Total other comprehensive income (loss)	(17)	(79)	108	(76)
Total comprehensive loss	$ (408)	$ (389)	$ (517)	$ (481)

(14) NET LOSS PER SHARE

As a result of our net loss for the three and six months ended September 30, 2009, we have excluded certain stock awards from the diluted loss per share calculation as their inclusion would have had an antidilutive effect. Had we reported net income for these periods, an additional 1 million shares of common stock would have been included in the number of shares used to calculate diluted earnings per share in each of the three and six month periods ended September 30, 2009. Options to purchase and restricted stock units to be released in the amount of 39 million shares and 38 million shares of common stock were excluded from the computation of diluted shares for the three and six months ended September 30, 2009, respectively, as their inclusion would have had an antidilutive effect. For the three and six months ended September 30, 2009, the weighted-average exercise prices of these shares were $35.73 and $36.43 per share, respectively.

As a result of our net loss for the three and six months ended September 30, 2008, we have excluded certain stock awards from the diluted loss per share calculation as their inclusion would have had an antidilutive effect. Had we reported net income for these periods, an additional 6 million shares of common stock would have been included in the number of shares used to calculate diluted earnings per share in each of the three and six month periods ended September 30, 2008. Options to purchase and restricted stock units to be released in the amount of 25 million shares and 23 million shares of common stock were excluded from the computation of diluted shares for the three and six months ended September 30, 2008, respectively, as their inclusion would have had an antidilutive effect. For the three and six months ended September 30, 2008, the weighted-average exercise prices of these shares were $50.80 and $52.43 per share, respectively.

(15) SEGMENT INFORMATION

Our reporting segments are based upon: our internal organizational structure; the manner in which our operations are managed; the criteria used by our Chief Executive Officer, our Chief Operating Decision Maker (“CODM”), to evaluate segment performance; the availability of separate financial information; and overall materiality considerations.

Our business is currently organized around three operating labels, EA Games, EA SPORTS and EA Play, as well as EA Interactive, which reports into our Publishing business. In addition, our CODM regularly receives separate financial information for two distinct businesses within the EA Interactive organization: EA Mobile and Pogo. Accordingly, in assessing performance and allocating resources, our CODM reviews the results of our three Labels, as well as the two operating segments in EA Interactive: EA Mobile and Pogo. Due to their similar economic characteristics, products and distribution methods, EA Games, EA SPORTS, EA Play and Pogo’s results are aggregated into one Reportable Segment (the “Label segment”) as shown below. The remaining operating segment’s results are not material for separate disclosure and are included in the reconciliation of Label segment profit to consolidated operating loss below. In addition to assessing performance and allocating resources based on our operating segments as described herein, to a lesser degree, our CODM also continues to review results based on geographic performance.

The following table summarizes the financial performance of the Label segment and a reconciliation of the Label segment's profit to our consolidated operating loss for the three and six months ended September 30, 2009 and 2008 (in millions):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2009	2008	2009	2008
Label segment:				
Net revenue	$ 1,076	$ 1,050	$ 1,815	$ 1,588
Depreciation and amortization	(14)	(17)	(29)	(35)
Other expenses	(911)	(890)	(1,548)	(1,470)
Label segment profit	151	143	238	83
Reconciliation to consolidated operating loss:				
Other:				
Change in deferred net revenue (packaged goods and digital content)	(359)	(232)	(531)	(37)
Other net revenue	71	76	148	147
Depreciation and amortization	(31)	(32)	(63)	(63)
Other expenses	(249)	(319)	(454)	(591)
Consolidated operating loss	$ (417)	$ (364)	$ (662)	$ (461)

Label segment profit differs from the consolidated operating loss primarily due to the exclusion of (1) certain corporate and other functional costs that are not allocated to the Labels, (2) the deferral of certain net revenue related to online-enabled packaged goods and digital content (see Note 9 of the Notes to Condensed Consolidated Financial Statements), and (3) the results of EA Mobile and our Switzerland distribution revenue that has not been allocated to the Labels. Our CODM reviews assets on a consolidated basis and not on a segment basis.

Information about our total net revenue by platform for the three and six months ended September 30, 2009 and 2008 is presented below (in millions):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2009	2008	2009	2008
Consoles				
Xbox 360	$ 171	$ 290	$ 244	$ 424
PLAYSTATION 3	142	120	263	282
Wii	142	94	303	203
PlayStation 2	40	77	67	173
Xbox	—	1	—	1
Total Consoles	495	582	877	1,083
Mobile Platforms				
Wireless	51	47	101	91
Nintendo DS	22	44	50	65
PSP	20	36	58	94
Total Mobile	93	127	209	250
PC	173	164	297	316
Licensing and Other	27	21	49	49
Total Net Revenue	$ 788	$ 894	$ 1,432	$ 1,698

Information about our operations in North America, Europe and Asia for the three and six months ended September 30, 2009 and 2008 is presented below (in millions):

	North America	Europe	Asia	Total
Three months ended September 30, 2009				
Net revenue from unaffiliated customers	$ 479	$ 268	$41	$ 788
Long-lived assets	1,373	162	45	1,580
Three months ended September 30, 2008				
Net revenue from unaffiliated customers	$ 555	$ 301	$38	$ 894
Long-lived assets	1,607	204	28	1,839
Six months ended September 30, 2009				
Net revenue from unaffiliated customers	$ 822	$ 526	$84	$1,432
Six months ended September 30, 2008				
Net revenue from unaffiliated customers	$ 984	$ 630	$84	$1,698

Our direct sales to GameStop Corp. represented approximately 18 percent and 16 percent of total net revenue for the three and six months ended September 30, 2009, respectively, and approximately 17 percent and 15 percent of total net revenue for the three and six months ended September 30, 2008, respectively. Our direct sales to Wal-Mart Stores, Inc. represented approximately 14 percent and 13 percent of total net revenue for the three and six months ended September 30, 2009, respectively, and approximately 13 percent of total net revenue for each of the three and six months ended September 30, 2008. Our direct sales to Best Buy Co., Inc. represented approximately 10 percent of total net revenue for the three months ended September 30, 2008.

(16) COLLABORATIVE ARRANGEMENTS

On April 1, 2009, we adopted FASB ASC 808, *Collaborative Arrangements* . FASB ASC 808 defines collaborative arrangements and establishes reporting requirements for transactions between participants in a collaborative arrangement and between participants in the arrangement and third parties. The adoption of FASB ASC 808 did not have a significant impact on our Condensed Consolidated Financial Statements for the three and six months ended September 30, 2009 and 2008.

(17) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In October 2009, the FASB issued Accounting Standards Update (“ASU”) 2009-13, *Revenue Recognition (Topic 605) – Multiple-Deliverable Revenue Arrangements* . This guidance modifies the fair value requirements of FASB ASC subtopic 605-25, *Revenue Recognition-Multiple Element Arrangements* , by allowing the use of the “best estimate of selling price” in addition to vendor specific objective evidence and third-party evidence for determining the selling price of a deliverable. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence, (b) third-party evidence, or (c) estimates. In addition, the residual method of allocating arrangement consideration is no longer permitted. ASU 2009-13 is effective for fiscal years beginning on or after June 15, 2010. We do not expect the adoption of ASU 2009-13 to have a material impact on our Condensed Consolidated Financial Statements.

In October 2009, the FASB issued ASU 2009-14, *Software (Topic 985) – Certain Revenue Arrangements that Include Software Elements* . This guidance modifies the scope of FASB ASC subtopic 965-605, *Software-Revenue Recognition* , to exclude from its requirements non-software components of tangible products and software components of tangible products that are sold, licensed, or leased with tangible products when the software components and non-software components of the tangible product function together to deliver the tangible product’s essential functionality. ASU 2009-14 is effective for fiscal years beginning on or after June 15, 2010. We do not expect the adoption of ASU 2009-14 to have a material impact on our Condensed Consolidated Financial Statements.

In June 2009, the FASB issued accounting guidance contained within FASB ASC 810, *Consolidation* , which amends the consolidation guidance for variable interest entities and requires additional disclosures about a company’s involvement in variable interest entities and any significant changes in risk exposure due to that involvement. This guidance is effective for fiscal years beginning after November 15, 2009. We do not expect this adoption to have a material impact on our Condensed Consolidated Financial Statements.

(18) SUBSEQUENT EVENTS

We have evaluated our Condensed Consolidated Financial Statements for subsequent events through the date the financial statements were issued on November 10, 2009.

Playfish Acquisition

On November 9, 2009, Electronic Arts Nederland B.V. ("EA Nederland"), a wholly-owned subsidiary of Electronic Arts Inc. ("EA"), and the equity holders (the "Sellers") of Playfish Limited ("Playfish") entered into and closed a definitive agreement for the sale and purchase of Playfish, pursuant to which EA Nederland purchased all of the outstanding capital stock of Playfish. The consideration paid by EA Nederland consisted of: (1) approximately $275 million in cash and (2) approximately $25 million in equity retention arrangements in the form of restricted stock awards and restricted stock unit awards to acquire our common stock. In addition, the Sellers are entitled to additional variable cash consideration that is contingent upon the achievement of certain performance milestones through December 31, 2011. The additional consideration is limited to a maximum of $100 million.

Fiscal 2010 Restructuring

On November 6, 2009, our management initiated a plan of restructuring (the "Plan") to narrow our product portfolio to provide greater focus on titles with higher margin opportunities. Under the Plan, we anticipate (1) reducing our workforce by approximately 1,300 employees, (2) consolidating or closing various facilities, (3) eliminating certain titles, and (4) incurring IT and other costs to assist in reorganizing certain activities. We expect the majority of these actions to be completed by March 31, 2010.

In connection with the Plan, we anticipate incurring between approximately $130 million and $150 million in total costs, of which approximately $80 million to $90 million will result in future cash expenditures. Approximately $100 million to $120 million of these charges are expected to occur during the fiscal year ending March 31, 2010. These costs will consist primarily of severance and other employee-related costs (approximately $50 million to $60 million), facility closures costs (approximately $35 million), asset impairments (approximately $25 million to $35 million), and various other reorganizational costs (approximately $20 million).

Worker, Homeownership and Business Assistance Act

The Worker, Homeownership and Business Assistance Act of 2009 ("the Act") was signed into law on November 6, 2009. The Act provides that taxpayers may elect to increase the carry back period for tax losses incurred in a taxable year beginning or ending in either 2008 or 2009. We are in the process of determining whether to elect to increase the carry back period. If we make this election in fiscal year 2010, we may be required to reduce our deferred tax valuation allowance, which could reduce our fiscal year 2010 income tax expense. The amount of the reduction, if any, has not yet been determined.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Electronic Arts Inc.:

We have reviewed the condensed consolidated balance sheet of Electronic Arts Inc. and subsidiaries (the Company) as of October 3, 2009, the related condensed consolidated statements of operations for the three- and six-month periods ended October 3, 2009 and September 27, 2008, and the related condensed consolidated statements of cash flows for the six-month periods ended October 3, 2009 and September 27, 2008. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of 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 reviews, 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 of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Electronic Arts Inc. and subsidiaries as of March 28, 2009, and the related consolidated statements of operations, stockholders' equity and comprehensive loss, and cash flows for the year then ended (not presented herein); and in our report dated May 21, 2009, 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 28, 2009, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

Mountain View, California
November 10, 2009

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

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

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 "anticipate," "believe," "expect," "intend," "estimate" (and the negative of any of these terms), "future" and similar expressions to help identify forward-looking statements. These forward-looking statements are subject to business and economic risk and reflect management's current expectations, and involve subjects that are inherently uncertain and difficult to predict. Our actual results could differ materially. 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 under the heading "Risk Factors" in Part II, Item 1A, as well as in our Annual Report on Form 10-K for the fiscal year ended March 31, 2009 as filed with the Securities and Exchange Commission ("SEC") on May 22, 2009 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 some of the trends and drivers that affect our business. Management believes that an understanding of these trends and drivers is important in order to understand our results for the three and six months ended September 30, 2009, 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," and the Condensed Consolidated Financial Statements and related notes. Additional information can be found in the "Business" section of our Annual Report on Form 10-K for the fiscal year ended March 31, 2009 as filed with the SEC on May 22, 2009 and in other documents we have filed with the SEC.

About Electronic Arts

We develop, market, publish and distribute video game software and content that can be played by consumers on a variety of platforms, including video game consoles (such as the PLAYSTATION ® 3, Microsoft Xbox 360 ™ and Nintendo Wii ™), personal computers, handheld game players (such as the PlayStation ® Portable ("PSP ™ ") and the Nintendo DS ™) and wireless devices (such as cellular phones and smart phones including the Apple iPhone ™). Some of our games are based on content that we license from others (*e.g.* , Madden NFL Football, Harry Potter ™ and FIFA Soccer), and some of our games are based on our own wholly-owned intellectual property (*e.g.* , The Sims ™ , Need for Speed ™ , Dead Space ™ and Pogo ™). Our goal is to publish titles with global mass-market appeal, which often means translating and localizing them for sale in non-English speaking countries. In addition, we also attempt 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 franchise approach are the annual iterations of our sports-based products (*e.g.* , Madden NFL Football, NCAA ® Football and FIFA Soccer), wholly-owned properties that can be successfully sequeled (*e.g.* , The Sims, Need for Speed and Battlefield) and titles based on long-lived literary and/or movie properties (*e.g.* , Harry Potter).

Special Note Regarding Deferred Net Revenue

Many of our software products are developed with the ability to connect to the Internet. Depending on the type of product, this feature permits consumers to play against others via the Internet and/or receive additional updates or content from us. For those games that consumers can play via the Internet, we may provide a "matchmaking" online service which permits consumers to connect with other consumers to play against each other. In those situations where we do not separately sell this online service, we account for the sale of the software product as a "bundle" sale, or multiple element arrangement, in which we sell both the software product and the online service for one combined price. Through fiscal year 2007, for accounting purposes, vendor-specific objective evidence of fair value ("VSOE") existed for the online service. Accordingly, we allocated the revenue collected from the sale of the software product between the online service offered and the software product and recognized the amounts allocated to each element separately. However, starting in fiscal year 2008, VSOE did not exist for the online service and we began to recognize all of the revenue from the sale of these bundle sales on a deferred basis over an estimated online service period, which we estimate to be six months beginning in the month after shipment.

In addition, we also provide updates or additional content ("digital content") for some software products to be delivered via the Internet. For some software products, at the date of sale we had an obligation to make available for download via the Internet incremental unspecified future digital content without an additional fee. In those transactions, we also accounted for the sale of the software product as a bundle sale and recognized the revenue on a deferred basis over the period in which we expect to make available the incremental unspecified digital content.

On a quarterly basis, the deferral amount will vary significantly depending upon the number of titles we release, the timing of their release, sales volume, returns and price protection provided for these online-enabled software products. In addition, we expense the cost of goods sold related to these transactions during the period in which the product is delivered (rather than on a deferred basis), which inherently creates volatility in our reported gross profit percentages.

Financial Results

Total net revenue for the three months ended September 30, 2009 was $788 million, down $106 million as compared to the three months ended September 30, 2008. At September 30, 2009, deferred net revenue associated with sales of online-enabled packaged goods and digital content increased by $359 million as compared to June 30, 2009, directly reducing the amount of reported net revenue during the three months ended September 30, 2009. At September 30, 2008, deferred net revenue associated with sales of online-enabled packaged goods and digital content increased by $232 million as compared to June 30, 2008, directly decreasing the amount of reported net revenue during the three months ended September 30, 2008. Without these changes in deferred net revenue, reported net revenue increased by approximately $21 million during the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. Net revenue for the three months ended September 30, 2009, was driven by *The Beatles ™: Rock Band ™* , *The Sims 3* and *FIGHT NIGHT Round 4* .

Net loss for the three months ended September 30, 2009 was $391 million as compared to a net loss of $310 million for the three months ended September 30, 2008. Diluted loss per share for the three months ended September 30, 2009 was $1.21 as compared to diluted loss per share of $0.97 for the three months ended September 30, 2008. Net loss increased during the three months ended September 30, 2009 as compared to the three months ended September 30, 2008 primarily as a result of (1) a decrease of $106 million in net revenue, (2) a $54 million decrease in our benefit from income taxes, and (3) a $36 million increase in cost of goods sold. These decreases were partially offset by (1) a $54 million decrease in research and development, general and administrative and marketing and sales personnel-related costs primarily as a result of decreases in salaries, incentive-based compensation and stock-based compensation expenses, (2) a $26 million decrease in impairment charges related to our losses on strategic investments, and (3) $21 million recognized during the three months ended September 30, 2008 related to certain abandoned acquisition-related costs.

During the six months ended September 30, 2009, we used $322 million of cash in operating activities as compared to using $415 million of cash for the six months ended September 30, 2008. The decrease in cash used in operating activities for the six months ended September 30, 2009 as compared to the six months ended September 30, 2008 was primarily due to decreases in additional personnel-related costs as a result of our fiscal 2009 restructuring and incentive-based compensation payments. These decreases were partially offset by an increase in advertising and marketing costs.

Trends in Our Business

Economic Environment. As a result of the national and global economic downturn, overall consumer spending has declined. Retailers globally have taken a more conservative stance in ordering game inventory. The decrease in retail orders contributed to the decline in anticipated demand for our products during the 2008 holiday selling season. We remain cautious about our future sales in light of the economic environment and the impact it has had on our retailers.

Current Generation Game Consoles. Video game hardware systems have historically had a life cycle of four to six years, which causes the video game software market to be cyclical as well. The current cycle began with Microsoft's launch of the Xbox 360 in 2005, and continued in 2006 when Sony and Nintendo launched their next-generation systems, the PLAYSTATION 3 and the Wii, respectively. Unlike past cycles, we believe this current cycle may be extended, partly due to the growth of online services and content, the greater graphic and processing power of the current-generation hardware and the introduction of new peripherals. However, growth in the installed base of the Xbox 360, the PLAYSTATION 3 and the Wii may slow down in light of the economic environment. Consequently, our industry may experience slower growth than in recent years.

Online Content and Services . In addition to selling packaged goods games, we also provide a variety of electronically delivered products and services. Many of our games that are available as packaged goods products are also available by direct electronic download through the Internet (from websites that we maintain and others that we license). We also offer electronically delivered content and services that are add-ons or related to our packaged goods products (*e.g.* , game enhancements or matchmaking services), and other games, content and services that are available only via electronic delivery (such as games for wireless devices, and Internet-only games and game services). Electronically delivered content and services are generally offered to consumers as subscription services, electronic downloads for a one-time fee, or on an advertising-supported basis. We have made significant investments in electronically delivered content and services, and we believe that this will become an increasingly important part of our business over time.

Mobile Platforms . Advances in mobile technology have resulted in a variety of new and evolving platforms for on-the-go interactive entertainment that appeal to a broad consumer base. Our efforts in mobile interactive entertainment are focused in two areas – packaged goods games for handheld game systems and downloadable games for wireless devices. We expect sales of games for wireless devices to continue to be an important part of our business worldwide.

Recent Developments

International Operations and Foreign Currency Exchange Impact . International sales are a fundamental part of our business. Net revenue from international sales accounted for approximately 43 percent of our total net revenue during the six months ended September 30, 2009 and approximately 42 percent of our total net revenue during the six months ended September 30, 2008. Our international net revenue was primarily driven by sales in Europe and, to a much lesser extent, in Asia. We believe that in order to succeed internationally, it is important to develop content locally that is specifically directed toward local cultures and customs. Year-over-year, we estimate that foreign exchange rates had an unfavorable impact on our net revenue of approximately $39 million, or 2 percent, for the six months ended September 30, 2009. During the six months ended September 30, 2009, the U.S. dollar strengthened against most major currencies, including the Euro and the British pound sterling. In addition, our international investments and our cash and cash equivalents denominated in foreign currencies are subject to fluctuations in foreign currency. If the U.S. dollar continues to strengthen against these currencies, then foreign exchange rates may continue to have an unfavorable impact on our results of operations and our financial condition.

Deferred Income Tax Valuation Allowance . In the fiscal quarter ended December 31, 2008, we recorded a valuation allowance against most of our U.S. deferred tax assets. We record a valuation allowance against deferred tax assets when it is considered more likely than not that all or a portion of our deferred tax assets will not be realized. In making this determination, we are required to give significant weight to evidence that can be objectively verified. Forecasts of future taxable income are considered to be less objective than past results. Therefore, cumulative losses weigh heavily in the overall assessment. Based on these requirements, we expect to provide a valuation allowance on future U.S. tax benefits until we can sustain a level of profitability or until other significant positive evidence arises that suggests that these benefits are more likely than not to be realized.

Redwood Shores Headquarters Facilities Purchase . On July 13, 2009, we purchased our Redwood Shores headquarters facilities comprised of approximately 660,000 square feet concurrent with the expiration and extinguishment of the lessor’s financing agreements. These facilities were subject to leases, which expired in July 2009, and had previously been accounted for as operating leases. The total amount paid under the terms of the leases was $247 million, of which $233 million related to the purchase price of the facilities and $14 million was for the loss on our lease obligation. Subsequent to our purchase, we classified the facilities on our Condensed Consolidated Balance Sheet as property and equipment, net and recognized depreciation expense for the property acquired on a straight-line basis over the estimated useful lives, excluding the land acquired.

Fiscal 2010 Restructuring . On November 6, 2009, our management initiated a plan of restructuring (the “Plan”) to narrow our product portfolio to provide greater focus on titles with higher margin opportunities. Under the Plan, we anticipate (1) reducing our workforce by approximately 1,300 employees, (2) consolidating or closing various facilities, (3) eliminating certain titles, and (4) incurring IT and other costs to assist in reorganizing certain activities. We expect the majority of these actions to be completed by March 31, 2010.

In connection with the Plan, we anticipate incurring between approximately $130 million and $150 million in total costs, of which approximately $80 million to $90 million will result in future cash expenditures. Approximately $100 million to $120 million of these charges are expected to occur during the fiscal year ending March 31, 2010. These costs will consist primarily of severance and other employee-related costs (approximately $50 million to $60 million), facility closures costs (approximately $35 million), asset impairments (approximately $25 million to $35 million), and various other reorganizational costs (approximately $20 million).

Employee Stock Option Exchange Program . On October 21, 2009, we launched an Employee Stock Option Exchange Program to permit our eligible employees to exchange certain outstanding eligible options for a lesser number of restricted stock units, shares of restricted stock (in Canada only), or new options (in China only) to be granted under our 2000 Equity Incentive Plan (the "Equity Plan"). The Exchange Program offer period began on October 21, 2009 and is expected to end on November 18, 2009, unless we extend the offer. As of October 15, 2009, options held by eligible employees to purchase approximately 18,509,575 shares of our common stock had exercise prices greater than the threshold price of $28.18 per share, which was the 52-week high trading price of our common stock measured as of the start date of the Exchange Program, as reported on The NASDAQ Global Select Market, and are thus potentially eligible to participate in this offer. Assuming all such options are properly tendered for exchange, we will issue approximately 6,591,307 restricted stock units, shares of restricted stock and new stock options and cancel the tendered options. Due to the structure of the Exchange Program as a "value-for-value" exchange for the eligible options tendered for exchange, and certain assumptions we are required to use regarding the eligible options for accounting purposes, we expect to incur an accounting charge of approximately $60 million to $80 million over the vesting period of the restricted stock units issued in the Exchange Program in addition to recognizing any remaining unrecognized expense for the stock options surrendered in exchange for the restricted stock units.

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 management judgment and estimates of matters that are inherently uncertain and unknown. As a result, actual results may differ materially from our estimates.

Revenue Recognition, Sales Returns, Allowances and Bad Debt Reserves

We derive revenue principally from sales of interactive software games designed for play on video game consoles (such as the PLAYSTATION 3, Xbox 360 and Wii), PCs, handheld game players (such as the PSP and Nintendo DS), and wireless devices (such as cellular phones and smart phones including the Apple iPhone). We evaluate revenue recognition based on the criteria set forth in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 985-605, *Software: Revenue Recognition* , and Staff Accounting Bulletin ("SAB") No. 104, *Revenue Recognition* . We evaluate and recognize revenue when all four of the following criteria are met:

- *Evidence of an arrangement* . Evidence of an agreement with the customer that reflects the terms and conditions to deliver products that must be present in order to recognize revenue.
- *Delivery* . Delivery is considered to occur when a product is shipped and the risk of loss and rewards of ownership have been transferred to the customer. For online game services, delivery is considered to occur as the service is provided. For digital downloads that do not have an online service component, delivery is considered to occur generally when the download is made available.
- *Fixed or determinable fee* . If a portion of the arrangement fee is not fixed or determinable, we recognize revenue as the amount becomes fixed or determinable.
- *Collection is deemed probable* . We conduct a credit review of each customer involved in a significant transaction to determine the creditworthiness of the customer. Collection is deemed probable if we expect the customer to be able to pay amounts under the arrangement as those amounts become due. If we determine that collection is not probable, we recognize revenue when collection becomes probable (generally upon cash collection).

Determining whether and when some of these criteria have been satisfied often involves assumptions and management judgments that can have a significant impact on the timing and amount of revenue we report in each period. For example, for multiple element arrangements, we must make assumptions and judgments in order to (1) determine whether and when each element has been delivered, (2) determine whether undelivered products or services are essential to the functionality of the delivered products and services, (3) determine whether VSOE exists for each undelivered element, and (4) allocate the total price among the various elements we must deliver. Changes to any of these assumptions or management judgments, or changes to the elements in a software arrangement, could cause a material increase or decrease in the amount of revenue that we report in a particular period. For example, in connection with some of our packaged goods product sales, we offer an online service without an additional fee. Prior to fiscal year 2008, we were able to determine VSOE for the online service to be delivered; therefore, we were able to allocate the total price received from the combined product and online service sale between these two elements and recognize the related revenue separately. However, starting in fiscal year 2008, VSOE no longer existed for the online service to be delivered for certain platforms and all

revenue from these transactions is recognized over the estimated online service period. More specifically, starting in fiscal year 2008, we began to recognize the revenue from sales of certain online-enabled packaged goods on a straight-line basis over a six month period beginning in the month after shipment. Accordingly, this relatively small change (from having VSOE for the online service to no longer having VSOE) has had a significant effect on our reported results.

In addition, for some software products we also provide updates or additional content ("digital content") to be delivered via the Internet that can be used with the original software product. In many cases we separately sell digital content for an additional fee; however some purchased digital content can only be accessed via the Internet (*i.e.* , the consumer never takes possession of the digital content). We account for online transactions in which the consumer does not take possession of the digital content as a service transaction and, accordingly, we recognize the associated revenue over the estimated service period. In other transactions, at the date we sell the software product we have an obligation to provide incremental unspecified digital content in the future without an additional fee. In these cases, we account for the sale of the software product as a multiple element arrangement and recognize the revenue on a straight-line basis over the estimated life of the game.

Determining whether a transaction constitutes an online service transaction or a digital content download of a product requires judgment and can be difficult. The accounting for these transactions is significantly different. Revenue from product downloads is generally recognized when the download is made available (assuming all other recognition criteria are met). Revenue from an online game service is recognized as the service is rendered. If the service period is not defined, we recognize the revenue over the estimated service period. Determining the estimated service period is inherently subjective and is subject to regular revision based on historical online usage. In addition, determining whether we have an implicit obligation to provide incremental unspecified future digital content without an additional fee can be difficult.

Product revenue, including sales to resellers and distributors ("channel partners"), is recognized when the above criteria are met. We reduce product revenue for estimated future returns, price protection, and other offerings, which may occur with our customers and channel partners. Price protection represents the right to receive a credit allowance in the event we lower our wholesale price on a particular product. The amount of the price protection is generally the difference between the old price and the new price. In certain countries, we have stock-balancing programs for our PC and video game system software products, which allow for the exchange of these software products by resellers under certain circumstances. It is our general practice to exchange software products or give credits rather than to give cash refunds.

In certain countries, from time to time, we decide to provide price protection for our software products. When evaluating the adequacy of sales returns and price protection allowances, we analyze historical returns, current sell-through of distributor and retailer inventory of our software products, current trends in retail and the video game segment, changes in customer demand and acceptance of our software products, and other related factors. In addition, we monitor the volume of sales to our channel partners and their inventories, as substantial overstocking in the distribution channel could result in high returns or higher price protection costs in subsequent periods.

In the future, actual returns and price protections may materially exceed our estimates as unsold software products in the distribution channels are exposed to rapid changes in consumer preferences, market conditions or technological obsolescence due to new platforms, product updates or competing software products. For example, the risk of product returns and/or price protection for our software products may continue to increase as the PlayStation 2 console moves through its lifecycle. While we believe we can make reliable estimates regarding these matters, these estimates are inherently subjective. Accordingly, if our estimates changed, our returns and price protection reserves would change, which would impact the total net revenue we report. For example, if actual returns and/or price protection were significantly greater than the reserves we have established, our actual results would decrease our reported total net revenue. Conversely, if actual returns and/or price protection were significantly less than our reserves, this would increase our reported total net revenue. In addition, if our estimates of returns and price protection related to online-enabled packaged goods software products change, the amount of net deferred revenue we recognize in the future would change.

Significant management 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 and historical experience. 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.

Fair Value Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States often requires us to determine the fair value of a particular item in order to fairly present our financial statements. Without an independent market or

another representative transaction, determining the fair value of a particular item requires us to make several assumptions that are inherently difficult to predict and can have a material impact on the conclusion on the appropriate accounting.

There are various valuation techniques used to estimate fair value. These include (1) the market approach where market transactions for identical or comparable assets or liabilities are used to determine the fair value, (2) the income approach, which uses valuation techniques to convert future amounts (for example, future cash flows or future earnings) to a single present value amount, and (3) the cost approach, which is based on the amount that would be required to replace an asset. For many of our fair value estimates, including our estimates of the fair value of acquired intangible assets and acquired in-process technology, we use the income approach. Using the income approach requires the use of financial models, which require us to make various estimates including, but not limited to (1) the potential future cash flows for the asset or liability being measured, (2) the timing of receipt or payment of those future cash flows, (3) the time value of money associated with the delayed receipt or payment of such cash flows, and (4) the inherent risk associated with the cash flows (risk premium). Making these cash flow estimates are inherently difficult and subjective, and, if any of the estimates used to determine the fair value using the income approach turns out to be inaccurate, our financial results may be negatively impacted. Furthermore, relatively small changes in many of these estimates can have a significant impact to the estimated fair value resulting from the financial models or the related accounting conclusion reached. For example, a relatively small change in the estimated fair value of an asset may change a conclusion as to whether an asset is impaired.

While we are required to make certain fair value assessments associated with the accounting for several types of transactions, the following areas are the most sensitive to the assessments:

Business Combinations . We must estimate the fair value of assets acquired, liabilities and contingencies assumed, acquired in-process technology, and contingent consideration in a business combination. Our assessment of the estimated fair value of each of these can have a material effect on our reported results as intangible assets and acquired in-process technology are amortized over various estimated useful lives. Furthermore, a change in the estimated fair value of an asset or liability often has a direct impact on the amount to recognize as goodwill, an asset that is not amortized. Determining the fair value of acquired assets requires an assessment of the highest and best use or the expected price to sell the asset and the related expected future cash flows. Determining the fair value of acquired in-process technology also requires an assessment of our expectations related to the use of that asset. Determining the fair value of an assumed liability requires an assessment of the expected cost to transfer the liability. Such estimates are inherently difficult and subjective and can have a material impact on our financial statements.

Assessment of Impairment of Goodwill and Other Long-Lived Assets. Current accounting standards require that we assess the recoverability of our finite lived acquisition-related intangible assets and other long-lived assets whenever events or changes in circumstances indicate the remaining value of the assets recorded on our Condensed Consolidated Balance Sheets is potentially impaired. In order to determine if a potential impairment has occurred, management must make various assumptions about the estimated fair value of the asset by evaluating future business prospects and estimated cash flows. For some assets, our estimated fair value is dependent upon predicting which of our products will be successful. This success is dependent upon several factors, which are beyond our control, such as which operating platforms will be successful in the marketplace. Also, our revenue and earnings are dependent on our ability to meet our product release schedules.

We are required to perform a two-step approach to testing goodwill for impairment for each reporting unit annually, or whenever events or changes in circumstances indicate the fair value of a reporting unit is below its carrying amount. Our reporting units are determined by the components of our operating segments that constitute a business for which both (1) discrete financial information is available and (2) segment management regularly reviews the operating results of that component. We are required to perform the impairment test at least annually by applying a fair-value-based test. The first step measures for impairment by applying fair-value-based tests at the reporting unit level. The second step (if necessary) measures the amount of impairment by applying fair-value-based tests to the individual assets and liabilities within each reporting unit.

To determine the fair values of the reporting units used in the first step, we use a combination of the market approach, which utilizes comparable companies' data, and/or the income approach, or discounted cash flows. Each step requires us to make judgments and involves the use of significant estimates and assumptions. These estimates and assumptions include long-term growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates based on our weighted average cost of capital, future economic and market conditions and determination of appropriate market comparables. These estimates and assumptions have to be made for each reporting unit evaluated for impairment. Our estimates for market growth, our market share and costs are based on historical data, various internal estimates and certain external sources, and are based on assumptions that are consistent with the plans and estimates we are using to manage the underlying business. Our business consists of developing, marketing and distributing video game software using both established and emerging intellectual properties and our forecasts for emerging intellectual properties are based upon internal estimates and external sources rather than historical information and have an inherently higher risk of accuracy. If future forecasts are revised, they may indicate or require future impairment charges. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

Assessment of Impairment of Short-Term Investments, Marketable Equity Securities and Other Investments. We periodically review our short-term investments, marketable equity securities and other investments for impairment. Our short-term investments consist of securities with remaining maturities greater than three months at the time of purchase and our marketable equity securities consist of investments in common stock of publicly traded companies, both are accounted for as available-for-sale. Unrealized gains and losses on our short-term investments and marketable equity securities are recorded to other comprehensive income, net of tax, until either (1) the security is sold or (2) we determine that the decline in the fair value of a security to a level below its cost basis is other-than-temporary. Determining whether the decline in fair value is other-than-temporary requires management judgment based on the specific facts and circumstances of each security. The ultimate value realized on these securities is subject to market price volatility until they are sold. We consider various factors in determining whether we should recognize an impairment charge, including the duration that the fair value has been less than the cost basis, severity of the impairment, reason for the decline in value and potential recovery period, the financial condition and near-term prospects of the investees, and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value. During the three and six months ended September 30, 2009, we recognized impairment charges of $8 million and $24 million, respectively, on our marketable equity securities. During the three and six months ended September 30, 2008, we recognized impairment charges of $25 million and $30 million, respectively, on our marketable equity securities. Our ongoing consideration of these factors could result in additional impairment charges in the future, which could have a material impact on our financial results.

Our other investments consist principally of non-voting preferred shares in two companies whose common stocks are publicly traded and are accounted for under the cost method. Under this method, these investments are recorded at cost until we determine that the fair values of the investments have fallen below their cost basis and that such declines are other-than-temporary. We monitor these investments for impairment and make appropriate reductions in the carrying values if we determine that an impairment charge is required, based primarily on the financial condition and near-term prospects of the investees. We had no impairment charges during the three and six months ended September 30, 2009. During the three and six months ended September 30, 2008, we recognized impairment charges of $9 million and $10 million, respectively, on our other investments.

Assessment of Inventory Obsolescence. We regularly review inventory quantities on-hand and in the retail channel. We write down inventory based on excess or obsolete inventories determined primarily by future anticipated demand for our products. Inventory write-downs are measured as the difference between the cost of the inventory and market value, based upon assumptions about future demand that are inherently difficult to assess. At the point of a loss recognition, a new, lower cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Stock-Based Compensation

We are required to estimate the fair value of share-based payment awards on the date of grant. The estimated fair value of stock options and stock purchase rights granted pursuant to our employee stock purchase plan is determined using the Black-Scholes valuation model, which requires us to make certain assumptions about the future. Determining the estimated fair value is affected by our stock price, as well as assumptions regarding subjective and complex variables such as expected employee exercise behavior and our expected stock price volatility over the term of the award. The key assumptions for the Black-Scholes valuation calculation are:

- *Risk-free interest rate* . The risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant for the expected term of the option.
- *Expected volatility* . We use a combination of historical stock price volatility and implied volatility computed based on the price of options publicly traded on our common stock for our expected volatility assumption.
- *Expected term* . The expected term represents the weighted-average period the stock options are expected to remain outstanding. The expected term is determined based on historical exercise behavior, post-vesting termination patterns, options outstanding and future expected exercise behavior.
- *Expected dividends* .

Changes to our underlying stock price, our assumptions used in the Black-Scholes option valuation calculation and our forfeiture rate, which is based on historical data, as well as future equity granted or assumed through acquisitions could significantly impact compensation expense to be recognized in future periods.

Royalties and Licenses

Our royalty expenses consist of payments to (1) content licensors, (2) independent software developers, and (3) co-publishing and distribution affiliates. License royalties consist of payments made to celebrities, professional sports organizations, movie studios and other organizations for our use of their trademarks, copyrights, personal publicity rights, content and/or other intellectual property. Royalty payments to independent software developers are payments for the development of intellectual property related to our games. Co-publishing and distribution royalties are payments made to third parties for the delivery of product.

Royalty-based obligations with content licensors and distribution affiliates are either paid in advance and capitalized as prepaid royalties or are accrued as incurred and subsequently paid. These royalty-based obligations are generally expensed to cost of goods sold generally at the greater of the contractual rate or an effective royalty rate based on the total projected net revenue. Significant judgment is required to estimate the effective royalty rate for a particular contract. Because the computation of effective royalty rates requires us to project future revenue, it is inherently subjective as our future revenue projections must anticipate a number of factors, including (1) the total number of titles subject to the contract, (2) the timing of the release of these titles, (3) the number of software units we expect to sell, which can be impacted by a number of variables, including product quality, the timing of the title's release and competition, and (4) future pricing. Determining the effective royalty rate for our titles is particularly challenging due to the inherent difficulty in predicting the popularity of entertainment products. Accordingly, if our future revenue projections change, our effective royalty rates would change, which could impact the amount and timing of royalty expense we recognize.

Prepayments made to thinly capitalized independent software developers and co-publishing affiliates are generally made in connection with the development of a particular product and, therefore, we are generally subject to development risk prior to the release of the product. Accordingly, payments that are due prior to completion of a product are generally expensed to research and development over the development period as the services are incurred. Payments due after completion of the product (primarily royalty-based in nature) are generally expensed as cost of goods sold.

Our contracts with some licensors include minimum guaranteed royalty payments, which are initially recorded as an asset and as a liability at the contractual amount when no performance remains with the licensor. When performance remains with the licensor, we record guarantee payments as an asset when actually paid and as a liability when incurred, rather than recording the asset and liability upon execution of the contract. These obligations are classified as current liabilities to the extent such royalty payments are contractually due within the next twelve months. As of September 30, 2009 and March 31, 2009, approximately $23 million and $37 million, respectively, of minimum guaranteed royalty obligations had been recognized.

Each quarter, we also evaluate the expected future realization of our royalty-based assets, as well as any unrecognized minimum commitments not yet paid to determine amounts we deem unlikely to be realized through product sales. Any impairments or losses determined before the launch of a product are charged to research and development expense. Impairments or losses determined post-launch are charged to cost of goods sold. We evaluate long-lived royalty-based assets for impairment based on an undiscounted cash flow basis when impairment indicators exist. Unrecognized minimum royalty-based commitments are accounted for as executory contracts and, therefore, any losses on these commitments are recognized when the underlying intellectual property is abandoned (*i.e.* , cease use) or the contractual rights to use the intellectual property are terminated. During the six months ended September 30, 2009, we recognized impairment charges of $1 million. We had no loss or impairment charges during the three months ended September 30, 2009. During the three and six months ended September 30, 2008, we recognized an impairment charge of $5 million.

Income Taxes

We recognize deferred tax assets and liabilities for both the expected impact of differences between the financial statement amount and the tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax losses and tax credit carry forwards. We record a valuation allowance against deferred tax assets when it is considered more likely than not that all or a portion of our deferred tax assets will not be realized. In making this determination, we are required to give significant weight to evidence that can be objectively verified. It is generally difficult to conclude that a valuation allowance is not needed when there is significant

negative evidence, such as cumulative losses in recent years. Forecasts of future taxable income are considered to be less objective than past results, particularly in light of the recent deterioration of the economic environment. Therefore, cumulative losses weigh heavily in the overall assessment.

In addition to considering forecasts of future taxable income, we are also required to evaluate and quantify other possible sources of taxable income in order to assess the realization of our deferred tax assets, namely the reversal of existing deferred tax liabilities, the carry back of losses and credits as allowed under current tax law, and the implementation of tax planning strategies. Evaluating and quantifying these amounts involves significant judgments. Each source of income must be evaluated based on all positive and negative evidence, and involve assumptions about future activity. Certain taxable temporary differences that are not expected to reverse during the carry forward periods permitted by tax law cannot be considered as a source of future taxable income that may be available to realize the benefit of deferred tax assets. For example, in determining the valuation allowance we recorded at June 30, 2009, we did not include as a source of future taxable income the taxable temporary difference related to the accumulated tax depreciation on our headquarters facilities in Redwood City, California. On July 13, 2009, we purchased our Redwood Shores headquarters facilities concurrent with the expiration and extinguishment of the lessor's financing agreements. These facilities were subject to leases which expired in July 2009, and had been accounted for as operating leases. The total amount paid under the terms of the leases was $247 million, of which $233 million related to the purchase price of the facilities and $14 million was for the loss on our lease obligation. Therefore, in the fiscal quarter ended September 30, 2009, we recorded a tax benefit of approximately $31 million, consisting of approximately $6 million related to the loss on our lease obligation and a $25 million reduction in our valuation allowance due to the inclusion of a significant portion of the remaining taxable temporary difference as a source of future taxable income.

Based on the assumptions and requirements noted above, we have recorded a valuation allowance against most of our U.S. deferred tax assets. In addition, we expect to provide a valuation allowance on future U.S. tax benefits until we can sustain a level of profitability or until other significant positive evidence arises that suggest that these benefits are more likely than not to be realized.

In the ordinary course of our business, there are many transactions and calculations where the tax law and ultimate tax determination is uncertain. As part of the process of preparing our Consolidated Financial Statements, we are required to estimate our income taxes in each 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 uncertain tax positions in each jurisdiction where we operate. These estimates involve complex issues and require us to make judgments about the likely application of the tax law to our situation, as well as with respect to other matters, such as anticipating the positions that we will take on tax returns prior to our actually preparing the returns and the outcomes of disputes with tax authorities. The ultimate resolution of these issues may take extended periods of time due to examinations by tax authorities and statutes of limitations. In addition, changes in our business, including acquisitions, changes in our international corporate structure, changes in the geographic location of business functions or assets, changes in the geographic mix and amount of income, as well as changes in our agreements with tax authorities, valuation allowances, applicable accounting rules, applicable tax laws and regulations, rulings and interpretations thereof, developments in tax audit and other matters, and variations in the estimated and actual level of annual pre-tax income can affect the overall effective income tax rate.

We historically have considered undistributed earnings of our foreign subsidiaries to be indefinitely reinvested outside of the United States and, accordingly, no U.S. taxes have been provided thereon. We currently intend to continue to indefinitely reinvest the undistributed earnings of our foreign subsidiaries outside of the United States.

RESULTS OF OPERATIONS

Our fiscal year is reported on a 52 or 53-week period that ends on the Saturday nearest March 31. Our results of operations for the fiscal years ending or ended, as the case may be, March 31, 2010 and 2009 contain 53 and 52 weeks, respectively, and ends or ended, as the case may be, on April 3, 2010 and March 28, 2009, respectively. Our results of operations for the three months ended September 30, 2009 and 2008 contain 13 weeks and ended on October 3, 2009 and September 27, 2008, respectively. Our results of operations for the six months ended September 30, 2009 and 2008 contain 27 and 26 weeks, respectively, and ended on October 3, 2009 and September 27, 2008, respectively. For simplicity of disclosure, all fiscal periods are referred to as ending on a calendar month end.

Net Revenue

Net revenue consists of sales generated from (1) video games sold as packaged goods and designed for play on hardware consoles (such as the PLAYSTATION 3, Xbox 360 and Wii), PCs and handheld game players (such as the Sony PSP and Nintendo DS), (2) video games for wireless devices (such as cellular phones and smart phones including the Apple iPhone), (3) interactive online-enabled packaged goods, digital content, and online services associated with these games, (4) services in connection with some of our online games, (5) programming third-party web sites with our game content, (6) allowing other companies to manufacture and sell our products in conjunction with other products, and (7) advertisements on our online web pages and in our games.

During the three and six months ended September 30, 2009, we recognized total net revenue of $788 million and $1,432 million, respectively. Our total net revenue during the three and six months ended September 30, 2009 includes $290 million and $502 million, respectively, recognized from sales of certain online-enabled packaged goods and digital content that either (1) we were not able to objectively determine the fair value (as defined by U.S. Generally Accepted Accounting Principles for software sales) of the online service that we provided in connection with the sale or (2) we had an obligation to deliver incremental unspecified digital content in the future without an additional fee. When we refer to deferral of net revenue in this "Net Revenue" section, we mean the deferral of (1) the total net revenue from bundle sales of certain online-enabled packaged goods and PC digital downloads for which either we do not have VSOE for the online service that we provide in connection with the sale of the software or we have an obligation to provide future incremental unspecified digital content, (2) revenue from certain packaged goods sales of massively-multiplayer online role-playing games, and (3) revenue from the sale of certain incremental content associated with our core subscription services that can only be played online, which are types of "micro-transactions." During the three and six months ended September 30, 2009, we deferred the recognition of $359 million and $531 million of net revenue, respectively, which decreased our reported net revenue, as compared to the deferral of $232 million and $37 million of net revenue during the three and six months ended September 30, 2008, respectively, which decreased our reported net during the three and six months ended September 30, 2008.

From a geographical perspective, our total net revenue for the three and six months ended September 30, 2009 and 2008 was as follows (in millions):

	Three Months Ended September 30,				Increase / (Decrease)	% Change
	2009		2008			
North America	$ 479	61%	$ 555	62%	$ (76)	(14%)
Europe	268	34%	301	34%	(33)	(11%)
Asia	41	5%	38	4%	3	8%
International	309	39%	339	38%	(30)	(9%)
Total Net Revenue	$ 788	100%	$ 894	100%	$ (106)	(12%)

	Six Months Ended September 30,				Decrease	% Change
	2009		2008			
North America	$ 822	57%	$ 984	58%	$ (162)	(16%)
Europe	526	37%	630	37%	(104)	(17%)
Asia	84	6%	84	5%	—	—
International	610	43%	714	42%	(104)	(15%)
Total Net Revenue	$ 1,432	100%	$ 1,698	100%	$ (266)	(16%)

The overall change in deferred net revenue for the three and six months ended September 30, 2009 and 2008 was as follows (in millions):

	Three Months Ended September 30, 2009	2008	Increase / (Decrease)
Xbox 360	$ (189)	$ —	$ (189)
PLAYSTATION 3	(180)	(68)	(112)
PSP	(19)	3	(22)
PlayStation 2	(14)	(22)	8
Wii	2	(28)	30
PC	40	(117)	157
Other	1	—	1
Total Impact on Net Revenue	$ (359)	$ (232)	$ (127)

	Six Months Ended September 30, 2009	2008	Increase / (Decrease)
Xbox 360	$ (252)	$ —	$ (252)
PLAYSTATION 3	(158)	10	(168)
PC	(91)	(89)	(2)
Wii	(21)	(9)	(12)
PlayStation 2	(7)	17	(24)
PSP	(3)	34	(37)
Other	1	—	1
Total Impact on Net Revenue	$ (531)	$ (37)	$ (494)

North America

For the three months ended September 30, 2009, net revenue in North America was $479 million, driven by *The Beatles: Rock Band*, *The Sims 3*, and *Rock Band 2* . Net revenue for the three months ended September 30, 2009 decreased 14 percent, or $76 million, as compared to the three months ended September 30, 2008. From an operational perspective, the decrease in net revenue was driven by (1) a $111 million decrease in net revenue from sales of titles for the Xbox 360, and (2) a $38 million decrease in net revenue from sales of titles for the PlayStation 2. These decreases were partially offset by (1) a $32 million increase in net revenue from sales of titles for the Wii and (2) a $30 million increase in net revenue from sales of titles for the PLAYSTATION 3.

The deferral of net revenue decreased our reported net revenue by $159 million during the three months ended September 30, 2009, as compared to a decrease in our reported net revenue of $191 million for the three months ended September 30, 2008.

The change in deferred net revenue for the three months ended September 30, 2009 and 2008 for North America was as follows (in millions):

	Three Months Ended September 30, 2009	2008	Increase / (Decrease)
Xbox 360	$ (104)	$ —	$ (104)
PLAYSTATION 3	(67)	(71)	4
PlayStation 2	(14)	(22)	8
PSP	(5)	(3)	(2)
Wii	6	(22)	28
PC	24	(73)	97
Other	1	—	1
Total Impact on Net Revenue	$ (159)	$ (191)	$ 32

For the six months ended September 30, 2009, net revenue in North America was $822 million, driven by *The Beatles: Rock Band*, *EA SPORTS Active* ™, and *Rock Band 2* . Net revenue for the six months ended September 30, 2009 decreased 16 percent, or $162 million, as compared to the six months ended September 30, 2008. From an operational perspective, the decrease in net revenue was driven by (1) a $150 million decrease in net revenue from sales of titles for the Xbox 360 and (2) an $80 million decrease in net revenue from sales of titles for the PlayStation 2. These decreases were partially offset by (1) a $53 million increase in net revenue from sales of titles for the Wii and (2) a $23 million increase in net revenue from sales of titles for the PC.

The deferral of net revenue decreased our reported net revenue by $265 million during the six months ended September 30, 2009, as compared to a decrease in our reported net revenue of $102 million for the six months ended September 30, 2008.

The change in deferred net revenue for the six months ended September 30, 2009 and 2008 for North America was as follows (in millions):

	Six Months Ended September 30,		Increase / (Decrease)
	2009	2008	
Xbox 360	$ (153)	$ —	$ (153)
PLAYSTATION 3	(69)	(42)	(27)
PC	(30)	(66)	36
PlayStation 2	(8)	1	(9)
Wii	(7)	(8)	1
PSP	1	12	(11)
Other	1	1	—
Total Impact on Net Revenue	$ (265)	$ (102)	$ (163)

We expect net revenue in North America to decrease during fiscal year 2010 as compared to fiscal year 2009 due to an expected increase in deferred net revenue related to our online-enabled packaged goods and digital content.

Europe

For the three months ended September 30, 2009, net revenue in Europe was $268 million, driven by *The Sims 3*, *The Beatles: Rock Band*, and *FIFA 10* . Net revenue for the three months ended September 30, 2009 decreased 11 percent, or $33 million, as compared to the three months ended September 30, 2008. From an operational perspective the decrease in net revenue was driven by (1) a $17 million decrease in net revenue from sales of titles for the Nintendo DS, (2) an $8 million decrease in net revenue from sales of titles for the Xbox 360, and (3) an $8 million decrease in net revenue from sales of titles for the PLAYSTATION 3. These decreases were partially offset by an increase of $10 million in net revenue from sales of titles for the Wii.

The deferral of net revenue decreased our reported net revenue by $191 million during the three months ended September 30, 2009, as compared to a decrease in our reported net revenue of $37 million for the three months ended September 30, 2008.

We estimate that foreign exchange rates (primarily the British pound sterling) decreased reported net revenue, including the foreign exchange impact from deferred net revenue, by approximately $32 million, or 11 percent, for the three months ended September 30, 2009, as compared to the three months ended September 30, 2008. Excluding the effect of foreign exchange rates from net revenue, we estimate that net revenue decreased by approximately $1 million, or less than 1 percent, for the three months ended September 30, 2009, as compared to the three months ended September 30, 2008.

The change in deferred net revenue for the three months ended September 30, 2009 and 2008 for Europe was as follows (in millions):

	Three Months Ended September 30, 2009	2008	Increase / (Decrease)
PLAYSTATION 3	$ (107)	$ 2	$ (109)
Xbox 360	(80)	—	(80)
PSP	(14)	5	(19)
Wii	(4)	(6)	2
PC	14	(38)	52
Total Impact on Net Revenue	$ (191)	$ (37)	$ (154)

For the six months ended September 30, 2009, net revenue in Europe was $526 million, driven by *FIFA 09*, *The Sims 3*, and *Need for Speed Undercover* . Net revenue for the six months ended September 30, 2009 decreased 17 percent, or $104 million, as compared to the six months ended September 30, 2008. From an operational perspective the decrease in net revenue was driven by (1) a $36 million decrease in net revenue from sales of titles for the PC, (2) a $28 million decrease in net revenue from sales of titles for the Xbox 360, (3) a $22 million decrease in net revenue from sales of titles for the PlayStation 2, and (4) a $21 million decrease in net revenue from sales of titles for the PLAYSTATION 3.

The deferral of net revenue decreased our reported net revenue by $252 million during the six months ended September 30, 2009, as compared to an increase in our reported net revenue of $57 million for the six months ended September 30, 2008.

We estimate that foreign exchange rates (primarily the British pound sterling) decreased reported net revenue, including the foreign exchange impact from deferred net revenue, by approximately $32 million, or 5 percent, for the six months ended September 30, 2009, as compared to the six months ended September 30, 2008. Excluding the effect of foreign exchange rates from net revenue, we estimate that net revenue decreased by approximately $72 million, or 12 percent, for the six months ended September 30, 2009, as compared to the six months ended September 30, 2008.

The change in deferred net revenue for the six months ended September 30, 2009 and 2008 for Europe was as follows (in millions):

	Six Months Ended September 30, 2009	2008	Decrease
Xbox 360	$ (93)	$ —	$ (93)
PLAYSTATION 3	(85)	46	(131)
PC	(58)	(20)	(38)
Wii	(12)	(2)	(10)
PSP	(5)	19	(24)
PlayStation 2	1	14	(13)
Total Impact on Net Revenue	$ (252)	$ 57	$ (309)

We expect net revenue in Europe to decrease during fiscal year 2010 as compared to fiscal year 2009 due to an expected increase in deferred net revenue related to our online-enabled packaged goods and digital content, partially offset by an expected increase in sales.

Asia

For the three months ended September 30, 2009, net revenue in Asia was $41 million, driven by *The Sims 3*, *The Beatles: Rock Band*, and *EA SPORTS Active* . Net revenue for the three months ended September 30, 2009 increased 8 percent, or $3 million, as compared to the three months ended September 30, 2008. From an operational perspective, the increase in net revenue was driven primarily by a $6 million increase in net revenue from sales of titles for the Wii, partially offset by a $4 million decrease in net revenue from sales of titles for the PC.

The deferral of net revenue decreased our reported net revenue by $9 million during the three months ended September 30, 2009, as compared to a decrease in our reported net revenue of $4 million for the three months ended September 30, 2008.

We estimate that foreign exchange rates (particularly the Australian dollar) decreased reported net revenue, including the foreign exchange impact from deferred net revenue, by approximately $4 million, or 11 percent, for the three months ended September 30, 2009, as compared to the three months ended September 30, 2008. Excluding the effect of foreign exchange rates from net revenue, we estimate that net revenue increased by approximately $7 million, or 19 percent, for the three months ended September 30, 2009, as compared to the three months ended September 30, 2008.

The change in deferred net revenue for the three months ended September 30, 2009 and 2008 for Asia was as follows (in millions):

	Three Months Ended September 30,		Increase / (Decrease)
	2009	2008	
PLAYSTATION 3	$ (6)	$ 1	$ (7)
Xbox 360	(5)	—	(5)
PC	2	(6)	8
PSP	—	1	(1)
Total Impact on Net Revenue	$ (9)	$ (4)	$ (5)

For the six months ended September 30, 2009, net revenue in Asia was $84 million, driven by *EA SPORTS Active* , *Need for Speed Undercover* , and *FIFA 09* . Net revenue for the six months ended September 30, 2009 was flat compared to the six months ended September 30, 2008.

The deferral of net revenue decreased our reported net revenue by $14 million during the six months ended September 30, 2009, as compared to an increase in our reported net revenue of $8 million for the six months ended September 30, 2008.

We estimate that foreign exchange rates (particularly the Australian dollar) decreased reported net revenue, including the foreign exchange impact from deferred net revenue, by approximately $7 million, or 8 percent, for the six months ended September 30, 2009, as compared to the six months ended September 30, 2008. Excluding the effect of foreign exchange rates from net revenue, we estimate that net revenue increased by approximately $7 million, or 8 percent, for the six months ended September 30, 2009, as compared to the six months ended September 30, 2008.

The change in deferred net revenue for the six months ended September 30, 2009 and 2008 for Asia was as follows (in millions):

	Six Months Ended September 30,		Increase / (Decrease)
	2009	2008	
Xbox 360	$ (6)	$ —	$ (6)
PLAYSTATION 3	(4)	6	(10)
Wii	(2)	1	(3)
PC	(3)	(3)	—
PlayStation 2	—	2	(2)
PSP	1	3	(2)
Other	—	(1)	1
Total Impact on Net Revenue	$ (14)	$ 8	$ (22)

We expect net revenue in Asia to increase during fiscal year 2010 as compared to fiscal year 2009 due to increased sales, partially offset by an expected increase in deferred net revenue related to our online-enabled packaged goods and digital content.

Cost of Goods Sold

Cost of goods sold for our packaged-goods business 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 and other vendor reimbursements, (4) expenses for defective products, (5) write-offs of post-launch prepaid royalty costs, (6) amortization of certain intangible assets, (7) personnel-related costs, and (8) distribution costs. We generally recognize volume

discounts when they are earned from the manufacturer (typically in connection with the achievement of unit-based milestones), whereas other vendor reimbursements are generally recognized as the related revenue is recognized. Cost of goods sold for our online products consists primarily of data center and bandwidth costs associated with hosting our web sites, credit card fees and royalties for use of third-party properties. Cost of goods sold for our web site advertising business primarily consists of server costs.

Cost of goods sold for the three and six months ended September 30, 2009 and 2008 were as follows (in millions):

	September 30, 2009	% of Net Revenue	September 30, 2008	% of Net Revenue	% Change	Change as a % of Net Revenue
Three months ended	$ 593	75.3%	$ 557	62.3%	6.6%	13.0%
Six months ended	$ 914	63.9%	$ 853	50.2%	7.2%	13.7%

During the three months ended September 30, 2009, cost of goods sold increased by 13.0 percent as a percentage of total net revenue as compared to the three months ended September 30, 2008. This increase was primarily due to a $127 million unfavorable change in deferred net revenue related to certain online-enabled packaged goods and digital content for the three months ended September 30, 2009, as compared to the three months ended September 30, 2008.

During the six months ended September 30, 2009, cost of goods sold increased by 13.7 percent as a percentage of total net revenue as compared to the six months ended September 30, 2008. This increase was primarily due to a $494 million unfavorable change in deferred net revenue related to certain online-enabled packaged goods and digital content for the six months ended September 30, 2009, as compared to the six months ended September 30, 2008. The overall increase in cost of goods sold as a percentage of net revenue was partially mitigated by a greater percentage of net revenue from EA studio products, which have a higher margin than our co-publishing and distribution products, which positively impacted cost of goods sold as a percentage of total net revenue by approximately 3.2 percent.

Marketing and Sales

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

Marketing and sales expenses for the three and six months ended September 30, 2009 and 2008 were as follows (in millions):

	September 30, 2009	% of Net Revenue	September 30, 2008	% of Net Revenue	$ Change	% Change
Three months ended	$ 187	24%	$ 197	22%	$ (10)	(5%)
Six months ended	$ 351	25%	$ 325	19%	$ 26	8%

Marketing and sales expenses decreased by $10 million, or 5 percent, during the three months ended September 30, 2009, as compared to the three months ended September 30, 2008. The decrease was primarily due to a $6 million decrease in personnel-related costs primarily resulting from a decrease in headcount.

Marketing and sales expenses increased by $26 million, or 8 percent, during the six months ended September 30, 2009, as compared to the six months ended September 30, 2008. The increase was primarily due to an increase of $43 million in marketing, advertising and promotional expenses primarily to support our launch of new franchises and incremental spending on established franchises. This increase was partially offset by a $19 million decrease in personnel-related costs primarily resulting from a decrease in headcount and incentive-based compensation expense.

We expect marketing and sales expenses to increase in absolute dollars during fiscal year 2010 as compared to fiscal year 2009 primarily due to an increase in marketing and advertising expenses, partially offset by a decrease in personnel-related costs.

General and Administrative

General and administrative expenses consist of personnel and related expenses of executive and administrative staff, related overhead costs, fees for professional services such as legal and accounting, and allowances for doubtful accounts.

General and administrative expenses for the three and six months ended September 30, 2009 and 2008 were as follows (in millions):

	September 30, 2009	% of Net Revenue	September 30, 2008	% of Net Revenue	$ Change	% Change
Three months ended	$ 91	12%	$ 92	10%	$ (1)	(1%)
Six months ended	$ 157	11%	$ 176	10%	$ (19)	(11%)

General and administrative expenses decreased by $1 million, or 1 percent, during the three months ended September 30, 2009, as compared to the three months ended September 30, 2008. This decrease was primarily due to a $7 million decrease in personnel-related costs primarily resulting from a decrease in stock-based compensation expense and headcount. This decrease was offset by an increase in facilities related expenses of $11 million primarily due to the $14 million loss on our lease obligation related to our Redwood Shores headquarters facilities.

General and administrative expenses decreased by $19 million, or 11 percent, during the six months ended September 30, 2009, as compared to the six months ended September 30, 2008. This decrease was primarily due to a $24 million decrease in personnel-related costs primarily resulting from a decrease in stock-based and incentive-based compensation expenses and headcount. These decreases were partially offset by an increase in facilities related expenses of $10 million primarily due to a $14 million loss on our lease obligation.

We expect general and administrative expenses to decrease in absolute dollars during fiscal year 2010 as compared to fiscal year 2009 primarily due to a decrease in personnel-related costs.

Research and Development

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

Research and development expenses for the three and six months ended September 30, 2009 and 2008 were as follows (in millions):

	September 30, 2009	% of Net Revenue	September 30, 2008	% of Net Revenue	$ Change	% Change
Three months ended	$ 316	40%	$ 372	42%	$ (56)	(15%)
Six months ended	$ 628	44%	$ 729	43%	$ (101)	(14%)

Research and development expenses decreased by $56 million, or 15 percent, during the three months ended September 30, 2009, as compared to the three months ended September 30, 2008. The decrease was primarily due to (1) a decrease of $35 million in additional personnel-related costs primarily resulting from a decrease in headcount, (2) a decrease of $13 million in external development and contracted services, and (3) a decrease of $6 million in stock-based compensation expense.

Research and development expenses decreased by $101 million, or 14 percent, during the six months ended September 30, 2009, as compared to the six months ended September 30, 2008. The decrease was primarily due to (1) a decrease of $50 million in additional personnel-related costs primarily resulting from a decrease in headcount, (2) a decrease of $18 million in incentive-based compensation expense, (3) a decrease of $16 million in stock-based compensation expense, and (4) a $14 million decrease in external development and contracted services.

We expect research and development expenses to decrease in absolute dollars during fiscal year 2010 as compared to fiscal year 2009 primarily due to a decrease in personnel-related costs.

Amortization of Intangibles

Amortization of intangibles for the three and six months ended September 30, 2009 and 2008 was as follows (in millions):

	September 30, 2009	% of Net Revenue	September 30, 2008	% of Net Revenue	$ Change	% Change
Three months ended	$ 12	2%	$ 16	2%	$ (4)	(25%)
Six months ended	$ 24	2%	$ 30	2%	$ (6)	(20%)

Amortization of intangibles decreased by $4 million, or 25 percent, and $6 million, or 20 percent, during the three and six months ended September 30, 2009, respectively, as compared to the three and six months ended September 30, 2008, primarily due to a change in the estimated useful lives of certain intangibles.

Certain Abandoned Acquisition-Related Costs

Certain abandoned acquisition-related costs consist of costs we incurred in connection with the abandoned acquisition of Take-Two. On August 18, 2008, we allowed our tender offer for Take-Two shares to expire and on September 14, 2008, we announced that we had terminated discussions with Take-Two. As a result, during the three and six months ended September 30, 2008, we recognized $21 million in related costs consisting of legal, banking and other consulting fees.

Restructuring Charges

Restructuring charges for the three and six months ended September 30, 2009 and 2008 were as follows (in millions):

	September 30, 2009	% of Net Revenue	September 30, 2008	% of Net Revenue	$ Change	% Change
Three months ended	$ 6	1%	$ 3	—	$ 3	100%
Six months ended	$ 20	1%	$ 23	1%	$ (3)	(13%)

Fiscal 2009 Restructuring

During the six months ended September 30, 2009, we incurred $11 million of restructuring charges, primarily for facilities-related expenses. Including $52 million of charges incurred through September 30, 2009, we expect to incur cash and non-cash charges between $52 million and $55 million by March 2010. These charges will consist primarily of employee-related costs (approximately $33 million), facility exit costs (approximately $18 million), as well as other costs including asset impairment costs (approximately $2 million).

Fiscal 2008 Reorganization

During the six months ended September 30, 2009, we incurred $9 million of charges associated with our fiscal 2008 reorganization, of which $6 million related to other expenses, including contracted services costs to assist in the reorganization of our business support functions, and $3 million was for facilities-related expenses. Through September 30, 2009, we have incurred substantially all of the charges under this plan. During the six months ended September 30, 2008, we incurred $21 million of reorganization charges, of which $16 million was for a facility-related impairment charge.

Losses on Strategic Investments

Losses on strategic investments for the three and six months ended September 30, 2009 and 2008 were as follows (in millions):

	September 30, 2009	% of Net Revenue	September 30, 2008	% of Net Revenue	$ Change	% Change
Three months ended	$ (8)	(1%)	$ (34)	(4%)	$ 26	76%
Six months ended	$ (24)	(2%)	$ (40)	(2%)	$ 16	40%

During the three months ended September 30, 2009, losses on strategic investments decreased by $26 million, or 76 percent, as compared to the three months ended September 30, 2008. We recognized an $8 million impairment charge on our common stock investment in The9 during the three months ended September 30, 2009. During the three months ended September 30, 2008, we recognized $34 million of impairment charges on our investments in Neowiz's common and preferred shares.

During the six months ended September 30, 2009, losses on strategic investments decreased by $16 million, or 40 percent, as compared to the six months ended September 30, 2008. We recognized a $24 million impairment charge on our common stock investment in The9 during the six months ended September 30, 2009. During the six months ended September 30, 2008, we recognized $40 million of impairment charges on our investments in Neowiz's common and preferred shares.

Interest and Other Income, Net

Interest and other income, net, for the three and six months ended September 30, 2009 and 2008 were as follows (in millions):

	September 30, 2009	% of Net Revenue	September 30, 2008	% of Net Revenue	$ Change	% Change
Three months ended	$ 7	1%	$ 7	1%	$ —	—
Six months ended	$ 10	1%	$ 23	1%	$ (13)	(57%)

During the six months ended September 30, 2009, interest and other income, net, decreased by $13 million, or 57 percent, respectively, as compared to the six months ended September 30, 2008, primarily due to a decrease in interest income resulting from lower yields on our cash and cash equivalents and short-term investments balances and lower cash and cash equivalents and short-term investment balances.

Income Taxes

Income tax benefit for the three and six months ended September 30, 2009 and 2008 were as follows (in millions):

	September 30, 2009	Effective Tax Rate	September 30, 2008	Effective Tax Rate	% Change
Three months ended	$ (27)	6.7%	$ (81)	20.6%	67%
Six months ended	$ (51)	7.6%	$ (73)	15.3%	30%

The tax benefit reported for the three and six months ended September 30, 2009 is based on our projected annual effective tax rate for fiscal 2010, and also includes certain discrete tax charges recorded during the period. Our effective tax rates for the three and six months ended September 30, 2009 were a tax benefit of 6.7 percent and 7.6 percent, respectively, compared to a tax benefit of 20.6 percent and 15.3 percent for the same periods in fiscal 2009. The effective tax rates for the three and six months ended September 30, 2009 differ from the statutory rate of 35.0 percent primarily due to U.S. losses for which no benefit is recognized, non-U.S. losses with a reduced or zero tax benefit, partially offset by benefits related to the resolution of examinations by taxing authorities and reductions in the valuation allowance on U.S. deferred tax assets. The effective tax rates for the three and six months ended September 30, 2009 differ from the same periods in fiscal year 2009 primarily due to reduced or zero tax benefit on losses incurred, changes in the deferred tax valuation allowance, tax charges incurred in fiscal year 2009 related to our integration of VG Holding Corp., and tax benefits related to the resolution of tax examinations.

Our effective income tax rates for fiscal year 2010 and future periods will depend on a variety of factors, including changes in the deferred tax valuation allowance, as well as changes in our business such as acquisitions and intercompany transactions, changes in our international structure, changes in the geographic location of business functions or assets, changes in the geographic mix of income, changes in or termination of our agreements with tax authorities, applicable accounting rules, applicable tax laws and regulations, rulings and interpretations thereof, developments in tax audit and other matters, and variations in our annual pre-tax

income or loss. We incur certain tax expenses that do not decline proportionately with declines in our pre-tax consolidated income or loss. As a result, in absolute dollar terms, our tax expense will have a greater influence on our effective tax rate at lower levels of pre-tax income or loss than at higher levels. In addition, at lower levels of pre-tax income or loss, our effective tax rate will be more volatile.

Certain taxable temporary differences that are not expected to reverse during the carry forward periods permitted by tax law cannot be considered as a source of future taxable income that may be available to realize the benefit of deferred tax assets. For example, in determining the valuation allowance we recorded at June 30, 2009, we did not include as a source of future taxable income the taxable temporary difference related to the accumulated tax depreciation on our headquarters facilities in Redwood City, California. On July 13, 2009, we purchased our Redwood Shores headquarters facilities concurrent with the expiration and extinguishment of the lessor's financing agreements. These facilities were subject to leases which expired in July 2009, and had been accounted for as operating leases. The total amount paid under the terms of the leases was $247 million, of which $233 million related to the purchase price of the facilities and $14 million was for the loss on our lease obligation. Therefore, in the fiscal quarter ended September 30, 2009, we recorded a tax benefit of approximately $31 million, consisting of approximately $6 million related to the loss on our lease obligation and a $25 million reduction in our valuation allowance due to the inclusion of a significant portion of the remaining taxable temporary difference as a source of future taxable income.

We historically have considered undistributed earnings of our foreign subsidiaries to be indefinitely reinvested outside of the United States and, accordingly, no U.S. taxes have been provided thereon. We currently intend to continue to indefinitely reinvest the undistributed earnings of our foreign subsidiaries outside of the United States.

Impact of Recently Issued Accounting Standards

In October 2009, the FASB issued Accounting Standards Update ("ASU") 2009-13, *Revenue Recognition (Topic 605) – Multiple-Deliverable Revenue Arrangements* . This guidance modifies the fair value requirements of FASB ASC subtopic 605-25, *Revenue Recognition-Multiple Element Arrangements* , by allowing the use of the "best estimate of selling price" in addition to vendor specific objective evidence and third-party evidence for determining the selling price of a deliverable. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence, (b) third-party evidence, or (c) estimates. In addition, the residual method of allocating arrangement consideration is no longer permitted. ASU 2009-13 is effective for fiscal years beginning on or after June 15, 2010. We do not expect the adoption of ASU 2009-13 to have a material impact on our Condensed Consolidated Financial Statements.

In October 2009, the FASB issued ASU 2009-14, *Software (Topic 985) – Certain Revenue Arrangements that Include Software Elements* . This guidance modifies the scope of FASB ASC subtopic 965-605, *Software-Revenue Recognition* , to exclude from its requirements non-software components of tangible products and software components of tangible products that are sold, licensed, or leased with tangible products when the software components and non-software components of the tangible product function together to deliver the tangible product's essential functionality. ASU 2009-14 is effective for fiscal years beginning on or after June 15, 2010. We do not expect the adoption of ASU 2009-14 to have a material impact on our Condensed Consolidated Financial Statements.

In June 2009, the FASB issued accounting guidance contained within FASB ASC 810, *Consolidation* , which amends the consolidation guidance for variable interest entities and requires additional disclosures about a company's involvement in variable interest entities and any significant changes in risk exposure due to that involvement. This guidance is effective for fiscal years beginning after November 15, 2009. We do not expect this adoption to have a material impact on our Condensed Consolidated Financial Statements.

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LIQUIDITY AND CAPITAL RESOURCES

(In millions)	As of September 30, 2009	As of March 31, 2009	Increase / (Decrease)
Cash and cash equivalents	$ 1,042	$ 1,621	$ (579)
Short-term investments	583	534	49
Marketable equity securities	387	365	22
Total	$ 2,012	$ 2,520	$ (508)
Percentage of total assets	40%	54%	

(In millions)	Six Months Ended September 30, 2009	2008	Increase / (Decrease)
Cash used in operating activities	$ (322)	$ (415)	$ 93
Cash provided by (used in) investing activities	(316)	92	(408)
Cash provided by financing activities	25	85	(60)
Effect of foreign exchange on cash and cash equivalents	34	(18)	52
Net decrease in cash and cash equivalents	$ (579)	$ (256)	$ (323)

Changes in Cash Flow

During the six months ended September 30, 2009, we used $322 million of cash in operating activities as compared to using $415 million of cash for the six months ended September 30, 2008. The decrease in cash used in operating activities for the six months ended September 30, 2009 as compared to the six months ended September 30, 2008 was primarily due to decreases in additional personnel-related costs as a result of our fiscal 2009 restructuring and incentive-based compensation payments. These decreases were partially offset by an increase in advertising and marketing costs.

For the six months ended September 30, 2009, we generated $359 million of cash proceeds from maturities and sales of investments. Our primary use of cash in non-operating activities consisted of $405 million used to purchase short-term investments and $267 million in capital expenditures, which includes $233 million used to purchase our Redwood Shores headquarters facilities.

Short-term investments and marketable equity securities

Due to our mix of fixed and variable rate securities, our short-term investment portfolio is susceptible to changes in short-term interest rates. As of September 30, 2009, our short-term investments had gross unrealized gains of $5 million, or 1 percent of the total in short-term investments, and gross unrealized losses of less than $1 million, or less than 1 percent of the total in short-term investments. From time to time, we may liquidate some or all of our short-term investments to fund operational needs or other activities, such as capital expenditures, business acquisitions or stock repurchase programs. Depending on which short-term investments we liquidate to fund these activities, we could recognize a portion, or all, of the gross unrealized gains or losses.

The fair value of our marketable equity securities increased to $387 million as of September 30, 2009 from $365 million as of March 31, 2009. This increase was primarily due to unrealized gains of $51 million in the fair value of our investments. This increase was offset by impairment charges of $24 million recognized on our common stock investment in The9.

Receivables, net

Our gross accounts receivable balances were $840 million and $333 million as of September 30, 2009 and March 31, 2009, respectively. The increase in our accounts receivable balance was primarily due to higher sales volumes in the second quarter of fiscal year 2010 as compared to the fourth quarter of fiscal year 2009, which was expected as we traditionally have higher sales during our second quarter as compared to our fourth quarter. We expect our accounts receivable balance to increase during the three months ending December 31, 2009 based on our seasonal product release schedule. Reserves for sales returns, pricing allowances and doubtful accounts decreased in absolute dollars from $217 million as of March 31, 2009 to $194 million as of September 30, 2009. As a percentage of trailing nine month net revenue, reserves increased from 6 percent as of March 31, 2009, to 8 percent as of September 30, 2009. We believe these reserves are adequate based on historical experience and our current estimate of potential returns, pricing allowances and doubtful accounts.

Inventories

Inventories increased to $250 million as of September 30, 2009 from $217 million as of March 31, 2009, primarily as a result of inventory for FIFA, *EA SPORTS Active* and *Littlest Pet Shop ™ Friends* in conjunction with the seasonality of our business.

Other current assets and other assets

Other current assets increased to $245 million as of September 30, 2009, from $216 million as of March 31, 2009, while other assets increased to $124 million as of September 30, 2009 from $115 million as of March 31, 2009. Other current assets and other assets combined, increased by $38 million primarily due to an increase in other receivable balances.

Accounts payable

Accounts payable increased to $273 million as of September 30, 2009, from $152 million as of March 31, 2009, primarily due to higher inventory purchases in conjunction with the seasonality of our business.

Accrued and other current liabilities

Our accrued and other current liabilities increased to $848 million as of September 30, 2009 from $723 million as of March 31, 2009. The $125 million increase was primarily due to (1) an $84 million increase in accrued royalties, (2) a $35 million increase in Value-Added Tax payables, and (3) a $33 million increase in marketing and advertising accruals to support our current year releases. These increases were partially offset by a $20 million decrease in other accrued compensation and benefits.

Deferred income taxes, net

Our net deferred income tax asset position increased by $46 million as of September 30, 2009 as compared to March 31, 2009, primarily due to a decrease in the valuation allowance on domestic deferred tax assets.

Financial Condition

We believe that cash, cash equivalents, short-term investments, marketable equity securities, cash generated from operations and available financing facilities will be sufficient to meet our operating requirements for at least the next twelve months, including working capital requirements, capital expenditures and, potentially, future acquisitions or strategic investments. We may choose at any time to raise additional capital to strengthen our financial position, facilitate expansion, pursue strategic acquisitions and investments or to take advantage of business opportunities as they arise. There can be no assurance, however, that such additional capital will be available to us on favorable terms, if at all, or that it will not result in substantial dilution to our existing stockholders.

The loan financing arrangements supporting our Redwood City headquarters leases, described in the “Off-Balance Sheet Commitments” section below, expired in July 2009. On July 13, 2009, we purchased our Redwood Shores headquarters facilities comprised of approximately 660,000 square feet concurrent with the expiration and extinguishment of the lessor’s financing agreements. These facilities were subject to leases, which expired in July 2009, and had previously been accounted for as operating leases. The total amount paid under the terms of the leases was $247 million, of which $233 million related to the purchase price of the facilities and $14 million was for the loss on our lease obligation.

As of September 30, 2009, approximately $839 million of our cash, cash equivalents, short-term investments and marketable equity securities was domiciled in foreign tax jurisdictions. While we have no plans to repatriate these funds to the United States in the short term, if we choose to do so, we would be required to accrue and pay additional taxes on any portion of the repatriation where no United States income tax had been previously provided.

We have a “shelf” registration statement on Form S-3 on file with the SEC. This shelf registration statement, which includes a base prospectus, allows us at any time to offer any combination of securities described in the prospectus in one or more offerings. Unless otherwise specified in a prospectus supplement accompanying the base prospectus, we would use the net proceeds from the sale of any securities offered pursuant to the shelf registration statement for general corporate purposes, including for working capital,

financing capital expenditures, research and development, marketing and distribution efforts and, if opportunities arise, for acquisitions or strategic alliances. Pending such uses, we may invest the net proceeds in interest-bearing securities. In addition, we may conduct concurrent or other financings at any time.

Our ability to maintain sufficient liquidity could be affected by various risks and uncertainties including, but not limited to, those related to customer demand and acceptance of our products on new platforms and new versions of our products 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 acquisitions and other strategic transactions in which we may engage, the impact of competition, economic conditions in the United States and abroad, the seasonal and cyclical nature of our business and operating results, risks of product returns and the other risks described in the "Risk Factors" section, included in Part II, Item 1A of this report.

Contractual Obligations and Commercial Commitments

Development, Celebrity, League and Content Licenses: Payments and Commitments

The products we produce in our studios are designed and created by our employee designers, artists, software programmers and by non-employee software developers ("independent artists" or "third-party developers"). We typically advance development funds to the independent artists and third-party developers during development of our games, usually in installment payments made upon the completion of specified development milestones. Contractually, these payments are generally considered advances against subsequent royalties on the sales of the products. These terms are set forth in written agreements entered into with the independent artists and third-party developers.

In addition, we have certain celebrity, league and content license contracts that contain minimum guarantee payments and marketing commitments that may not be dependent on any deliverables. Celebrities and organizations with whom we have contracts include: FIFA, FIFPRO Foundation, and FAPL (Football Association Premier League Limited) (professional soccer); National Basketball Association (professional basketball); PGA TOUR and Tiger Woods (professional golf); National Hockey League and NHL Players' Association (professional hockey); Warner Bros. (Harry Potter); Red Bear Inc. (John Madden); National Football League Properties and PLAYERS Inc. (professional football); Collegiate Licensing Company (collegiate football and basketball); ESPN (content in EA SPORTS games); Twentieth Century Fox Licensing and Merchandising (The Simpsons), Hasbro, Inc. (a wide array of Hasbro intellectual properties), and the Estate of Robert Ludlum (Robert Ludlum novels and films). These developer and content license commitments represent the sum of (1) the cash payments due under non-royalty-bearing licenses and services agreements, and (2) the minimum guaranteed payments and advances against royalties due under royalty-bearing licenses and services agreements, the majority of which are conditional upon performance by the counterparty. These minimum guarantee payments and any related marketing commitments are included in the table below.

The following table summarizes our minimum contractual obligations and commercial commitments as of September 30, 2009, and the effect we expect them to have on our liquidity and cash flow in future periods (in millions):

	Contractual Obligations			Commercial Commitments	
Fiscal Year Ending March 31,	Leases [(a)]	Developer/ Licensor Commitments [(b)]	Marketing	Letter of Credit, Bank and Other Guarantees	Total
2010 (remaining six months)	$ 28	$ 192	$ 40	$ 2	$ 262
2011	44	310	73	—	427
2012	34	217	42	—	293
2013	28	149	42	—	219
2014	20	13	24	—	57
Thereafter	39	622	131	—	792
Total	$ 193	$ 1,503	$ 352	$ 2	$2,050

(a) See discussion on operating leases in the "Off-Balance Sheet Commitments" section below for additional information. Lease commitments have not been reduced by minimum sub-lease rentals for unutilized office space resulting from our reorganization activities of approximately $13 million due in the future under non-cancelable sub-leases.

(b) Developer/licensor commitments include $23 million of commitments to developers or licensors that have been recorded in current and long-term liabilities and a corresponding amount in current and long-term assets in our Condensed Consolidated Balance Sheet as of September 30, 2009 because payment is not contingent upon performance by the developer or licensor.

The amounts represented in the table above reflect our minimum cash obligations for the respective fiscal years, but do not necessarily represent the periods in which they will be expensed in our Condensed Consolidated Financial Statements.

In addition to what is included in the table above, as of September 30, 2009, we had a liability for unrecognized tax benefits and an accrual for the payment of related interest totaling $335 million, of which approximately $16 million is offset by prior cash deposits to tax authorities for issues pending resolution. For the remaining liability, we are unable to make a reasonably reliable estimate of when cash settlement with a taxing authority will occur.

OFF-BALANCE SHEET COMMITMENTS

Lease Commitments

As of September 30, 2009, we leased certain of our current facilities, furniture and equipment under non-cancelable operating lease agreements. We were required to pay property taxes, insurance and normal maintenance costs for certain of these facilities and any increases over the base year of these expenses on the remainder of our facilities.

On July 13, 2009, we purchased our Redwood Shores headquarters facilities comprised of approximately 660,000 square feet concurrent with the expiration and extinguishment of the lessor’s financing agreements. These facilities were subject to leases, which expired in July 2009, and had previously been accounted for as operating leases. The total amount paid under the terms of the leases was $247 million, of which $233 million related to the purchase price of the facilities and $14 million was for the loss on our lease obligation. Subsequent to our purchase, we classified the facilities on our Condensed Consolidated Balance Sheet as property and equipment, net and recognized depreciation expense for the property acquired on a straight-line basis over the estimated useful lives, excluding the land acquired.

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, interest rates and market prices, which have experienced significant volatility in light of the global economic downturn. Market risk is the potential loss arising from changes in market rates and market prices. We employ established policies and practices to manage these risks. Foreign currency option and forward contracts are used to hedge anticipated exposures or mitigate some existing exposures subject to foreign exchange risk as discussed below. While we do not hedge our short-term investment portfolio, we protect our short-term investment portfolio against different market risks, including interest rate risk as discussed below. Our cash and cash equivalents portfolio consists of highly liquid investments with insignificant interest rate risk and original or remaining maturities of three months or less at the time of purchase. We also do not currently hedge our market price risk relating to our marketable equity securities and we do not enter into derivatives or other financial instruments for trading or speculative purposes.

Foreign Currency Exchange Rate Risk

Cash Flow Hedging Activities . From time to time, we hedge a portion of our foreign currency risk related to forecasted foreign-currency-denominated sales and expense transactions by purchasing foreign currency option contracts that generally have maturities of 15 months or less. These transactions are designated and qualify as cash flow hedges. The derivative assets associated with our hedging activities are recorded at fair value in other current assets in our Condensed Consolidated Balance Sheets. The effective portion of gains or losses resulting from changes in fair value of these hedges is initially reported, net of tax, as a component of accumulated other comprehensive income in stockholders' equity and subsequently reclassified into net revenue or research and development expenses, as appropriate in the period when the forecasted transaction is recorded. The ineffective portion of gains or losses resulting from changes in fair value, if any, is reported in each period in interest and other income, net, in our Condensed Consolidated Statements of Operations. Our hedging programs are designed to reduce, but do not entirely eliminate the impact of currency exchange rate movements in net revenue and research and development expenses. As of September 30, 2009, we had foreign currency option contracts to purchase approximately $36 million in foreign currency and to sell approximately $117 million of foreign currencies. As of September 30, 2009, these foreign currency option contracts outstanding had a total fair value of $2 million, included in other current assets. As of March 31, 2009, we had foreign currency option contracts to purchase approximately $19 million in foreign currency and to sell approximately $65 million of foreign currencies. As of March 31, 2009, these foreign currency option contracts outstanding had a total fair value of $2 million, included in other current assets.

Balance Sheet Hedging Activities . We use foreign currency forward contracts to mitigate foreign currency risk associated with foreign-currency-denominated assets and liabilities, primarily intercompany receivables and payables. The forward contracts generally have a contractual term of three months or less and are transacted near month-end. Our foreign currency forward contracts are not designated as hedging instruments, and are accounted for as derivatives whereby the fair value of the contracts is reported as other current assets or other current liabilities in our Condensed Consolidated Balance Sheets, and gains and losses from changes in fair value are reported in interest and other income, net. The gains and losses on these forward contracts generally offset the gains and losses on the underlying foreign-currency-denominated assets and liabilities, which are also reported in interest and other income, net, in our Condensed Consolidated Statements of Operations. In certain cases, the amount of such gains and losses will significantly differ from the amount of gains and losses recognized on the underlying foreign-currency-denominated asset or liability, in which case our results will be impacted. As of September 30, 2009, we had foreign currency forward contracts to purchase and sell approximately $320 million in foreign currencies. Of this amount, $286 million represented contracts to sell foreign currencies in exchange for U.S. dollars, $26 million to purchase foreign currencies in exchange for U.S. dollars and $8 million to sell foreign currency in exchange for British pounds sterling. As of March 31, 2009, we had foreign currency forward contracts to purchase and sell approximately $63 million in foreign currencies. Of this amount, $53 million represented contracts to sell foreign currencies in exchange for U.S. dollars, $7 million to purchase foreign currencies in exchange for U.S. dollars and $3 million to sell foreign currencies in exchange for British pounds sterling. The fair value of our foreign currency forward contracts was immaterial as of September 30, 2009 and March 31, 2009.

The counterparties to these forward and option contracts are creditworthy multinational commercial banks. While we believe the risk of counterparty nonperformance is not material, the disruption in the global financial markets has impacted some of the financial institutions with which we do business. A sustained decline in the financial stability of financial institutions as a result of the disruption in the financial markets could affect our ability to secure credit-worthy counterparties for our foreign currency hedging programs.

Notwithstanding our efforts to mitigate some foreign currency exchange rate risks, there can be no assurance that our hedging activities will adequately protect us against the risks associated with foreign currency fluctuations. As of September 30, 2009, a hypothetical adverse foreign currency exchange rate movement of 10 percent or 15 percent would have resulted in a potential loss in fair value of our foreign currency option contracts used in cash flow hedging of $2 million in both scenarios. A hypothetical adverse foreign currency exchange rate movement of 10 percent or 15 percent would have resulted in potential losses on our foreign currency forward contracts used in balance sheet hedging of $31 million and $47 million, respectively, as of September 30, 2009. This sensitivity analysis assumes a parallel adverse shift of all foreign currency exchange rates against the U.S. dollar; however, all foreign currency exchange rates do not always move in such manner and actual results may differ materially.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our short-term investment portfolio. We manage our interest rate risk by maintaining an investment portfolio generally consisting of debt instruments of high credit quality and relatively short maturities. However, because short-term investments mature relatively quickly and are required to be reinvested at the then current market rates, interest income on a portfolio consisting of short-term investments is more subject to market fluctuations than a portfolio of longer term investments. Additionally, the contractual terms of the investments do not permit the issuer to call, prepay or otherwise settle the investments at prices less than the stated par value. Our investments are held for purposes other than trading. Also, we do not use derivative financial instruments in our short-term investment portfolio.

As of September 30, 2009 and March 31, 2009, our short-term investments were classified as available-for-sale and, consequently, recorded at fair market value with unrealized gains or losses resulting from changes in fair value reported as a separate component of accumulated other comprehensive income, net of any tax effects, in stockholders' equity. Our portfolio of short-term investments consisted of the following investment categories, summarized by fair value as of September 30, 2009 and March 31, 2009 (in millions):

	As of September 30, 2009	As of March 31, 2009
Corporate bonds	$ 224	$ 131
U.S. Treasury securities	191	200
U.S. agency securities	149	109
Commercial paper	15	79
Asset-backed securities	4	15
Total short-term investments	$ 583	$ 534

Notwithstanding our efforts to manage interest rate risks, there can be no assurance that we will be adequately protected against risks associated with interest rate fluctuations. At any time, a sharp change in interest rates could have a significant impact on the fair value of our investment portfolio. The following table presents the hypothetical changes in fair value in our short-term investment portfolio as of September 30, 2009, arising from potential changes in interest rates. The modeling technique estimates the change in fair value from immediate hypothetical parallel shifts in the yield curve of plus or minus 50 basis points ("BPS"), 100 BPS, and 150 BPS.

	Valuation of Securities Given an Interest Rate Decrease of X Basis Points			Fair Value as of September 30,	Valuation of Securities Given an Interest Rate Increase of X Basis Points		
(In millions)	(150 BPS)	(100 BPS)	(50 BPS)	2009	50 BPS	100 BPS	150 BPS
Corporate bonds	$ 229	$ 228	$ 226	$ 224	$ 223	$ 221	$ 220
U.S. Treasury securities	195	194	192	191	190	188	187
U.S. agency securities	151	150	150	149	149	148	147
Commercial paper	15	15	15	15	15	15	15
Asset-backed securities	4	4	4	4	4	4	4
Total short-term investments	$ 594	$ 591	$ 587	$ 583	$ 581	$ 576	$ 573

Market Price Risk

The value of our marketable equity securities in publicly traded companies is subject to market price volatility and foreign currency risk for investments denominated in foreign currencies. As of September 30, 2009 and March 31, 2009, our marketable equity securities were classified as available-for-sale and, consequently, were recorded in our Condensed Consolidated Balance Sheets at fair market value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income, net of any tax effects, in stockholders' equity. The fair value of our marketable equity securities was $387 million and $365 million as of September 30, 2009 and March 31, 2009, respectively. In the three and six months ended September 30, 2009, we recognized other-than-temporary impairment losses on our marketable equity securities of $8 million and $24 million, respectively. In the three and six months ended September 30, 2008, we recognized other-than-temporary impairment losses on our marketable equity securities of $25 million and $30 million, respectively.

Our marketable equity securities have been and may continue to be adversely impacted by volatility in the public stock markets. At any time, a sharp change in market prices in our investments in marketable equity securities could have a significant impact on the fair value of our investments. The following table presents hypothetical changes in the fair value of our marketable equity securities as of September 30, 2009, arising from changes in market prices plus or minus 25 percent, 50 percent and 75 percent.

	Valuation of Securities Given an X Percentage Decrease in Each Stock's Market Price			Fair Value as of September 30,	Valuation of Securities Given an X Percentage Increase in Each Stock's Market Price		
(In millions)	(75%)	(50%)	(25%)	2009	25%	50%	75%
Marketable equity securities	$ 97	$ 194	$ 290	$ 387	$ 484	$ 581	$ 677

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 Officer, as appropriate to allow timely decisions regarding required disclosure. Our management evaluates these controls and procedures on an ongoing basis.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. These limitations include the possibility of human error, the circumvention or overriding of the controls and procedures and reasonable resource constraints. In addition, because we have designed our system of controls based on certain assumptions, which we believe are reasonable, about the likelihood of future events, our system of controls may not achieve its desired purpose under all possible future conditions. Accordingly, our disclosure controls and procedures provide reasonable assurance, but not absolute assurance, of achieving their objectives.

Evaluation of disclosure controls and procedures

Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures, believe that as of the end of the period covered by this report, our disclosure controls and procedures were effective in providing the requisite reasonable assurance that material information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding the required disclosure.

Changes in internal control over financial reporting

There has been no change in our internal control over financial reporting identified in connection with our evaluation that occurred during the three months ended September 30, 2009 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. *Legal Proceedings*

We are subject to claims and litigation arising in the ordinary course of business. We do not believe that any liability from any reasonably foreseeable disposition of such claims and litigation, individually or in the aggregate, would have a material adverse effect on our condensed consolidated financial position or results of operations.

Item 1A: *Risk Factors*

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

Our business is highly dependent on the success and availability of video game hardware systems manufactured by third parties, as well as our ability to develop commercially successful products for these systems.

We derive most of our revenue from the sale of products for play on video game hardware systems (which we also refer to as "platforms") manufactured by third parties, such as PLAYSTATION 3, Microsoft's Xbox 360 and Nintendo's Wii. The success of our business is driven in large part by the commercial success and adequate supply of these video game hardware systems, our ability to accurately predict which systems will be successful in the marketplace, and our ability to develop commercially successful products for these systems. We must make product development decisions and commit significant resources well in advance of anticipated product ship dates. A platform for which we are developing products may not succeed or may have a shorter life cycle than anticipated. If consumer demand for the systems for which we are developing products is lower than our expectations, our revenue will suffer, we may be unable to fully recover the investments we have made in developing our products, and our financial performance will be harmed. Alternatively, a system for which we have not devoted significant resources could be more successful than we had initially anticipated, causing us to miss out on meaningful revenue opportunities.

If we do not consistently meet our product development schedules, our operating results will be adversely affected.

Our business is highly seasonal, with the highest levels of consumer demand and a significant percentage of our sales occurring in the December quarter. In addition, we seek to release many of our products in conjunction with specific events, such as the release of a related movie or the beginning of a sports season or major sporting event. If we miss these key selling periods for any reason, including product delays or delayed introduction of a new platform for which we have developed products, our sales will suffer disproportionately. Likewise, if a key event to which our product release schedule is tied were to be delayed or cancelled, our sales would also suffer disproportionately. 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 platforms for which they are developed, and the need to fine-tune our products prior to their release. We have experienced development delays for our products in the past, which caused us to push back release dates. In the future, any failure to meet anticipated production or release schedules would likely result in a delay of revenue and/or possibly a significant shortfall in our revenue, increase our development expense, harm our profitability, and cause our operating results to be materially different than anticipated.

Our business is intensely competitive and "hit" driven. If we do not deliver "hit" products and services or if consumers prefer our competitors' products or services over our own, our operating results could suffer.

Competition in our industry is intense and we expect new competitors to continue to emerge in the United States and abroad. While many new products and services are regularly introduced, only a relatively small number of "hit" titles accounts for a significant portion of total revenue in our industry. Hit products or services offered by our competitors may take a larger share of consumer spending than we anticipate, which could cause revenue generated from our products and services to fall below expectations. If our competitors develop more successful products or services, offer competitive products or services at lower price points or based on payment models perceived as offering a better value proposition (such as pay-for-play or subscription-based models), or if we do not continue to develop consistently high-quality and well-received products and services, our revenue, margins, and profitability will decline.

If our marketing and advertising efforts fail to resonate with our customers, our business and operating results could be adversely affected.

Our products are marketed worldwide through a diverse spectrum of advertising and promotional programs such as television and online advertising, print advertising, retail merchandising, website development and event sponsorship. Our ability to sell our products and services is dependent in part upon the success of these programs. If the marketing for our products and services fail to resonate with our customers, particularly during the critical holiday season or during other key selling periods, or if advertising rates or other media placement costs increase, these factors could have a material adverse impact on our business and operating results.

Uncertainty and adverse changes in the economy could have a material adverse impact on our business and operating results.

As a result of the national and global economic downturn, overall consumer spending has declined and retailers globally have taken a more conservative stance in ordering game inventory. The decrease in discretionary consumer spending contributed to the decline in the anticipated demand for our products during the 2008 holiday selling season. Continued economic distress, which may result in a further decrease in demand for our products, particularly during key product launch windows, could have a material adverse impact on our operating results and financial condition. Uncertainty and adverse changes in the economy could also increase the risk of material losses on our investments, increase costs associated with developing and publishing our products, increase the cost and decrease the availability of sources of financing, and increase our exposure to material losses from bad debts, any of which could have a material adverse impact on our financial condition and operating results. In addition, the decline in our market capitalization and our expected financial performance indicated that a potential impairment of goodwill existed during fiscal year 2009. As a result, we performed goodwill impairment tests for our reporting units. Based on the results of our goodwill impairment analysis, we determined that our EA Mobile reporting unit's goodwill was impaired. During the fiscal year ended March 31, 2009, we recorded a goodwill impairment charge of $368 million related to our EA Mobile reporting unit. For the six months ended September 30, 2009, there were no events or circumstances that indicated an impairment of our goodwill. If we experience further deterioration in our market capitalization or our financial performance, we could be required to recognize significant impairment charges in future periods.

Our international net revenue is subject to currency fluctuations.

For the six months ended September 30, 2009, international net revenue comprised 43 percent of our total net revenue. We expect foreign sales to continue to account for a significant portion of our total net revenue. Such sales may be subject to unexpected regulatory requirements, tariffs and other barriers. Additionally, foreign sales are primarily made in local currencies, which may fluctuate against the U.S. dollar. In addition, our international investments and our cash and cash equivalents denominated in foreign currencies are subject to currency fluctuations. We use foreign currency forward contracts to mitigate some foreign currency risk associated with foreign currency denominated assets and liabilities (primarily certain intercompany receivables and payables) to a limited extent and foreign currency option contracts to hedge foreign currency forecasted transactions (primarily related to a portion of the revenue and expenses denominated in foreign currency generated by our operational subsidiaries). However, these activities are limited in the protection they provide us from foreign currency fluctuations and can themselves result in losses. The disruption in the global financial markets has also impacted many of the financial institutions with which we do business. A sustained decline in the financial stability of financial institutions as a result of the disruption in the financial markets could negatively impact our treasury operations, including our ability to secure credit-worthy counterparties for our foreign currency hedging programs. Accordingly, our results of operations, including our reported net revenue, operating expenses and net income, and financial condition can be adversely affected by unfavorable foreign currency fluctuations, especially the Euro, British pound sterling and Canadian dollar.

Volatility in the capital markets may adversely impact the value of our investments and could cause us to recognize significant impairment charges in our operating results.

Our portfolio of short-term investments and marketable equity securities is subject to volatility in the capital markets and to national and international economic conditions. In particular, our international investments can be subject to fluctuations in foreign currency and our short-term investments are susceptible to changes in short-term interest rates. These investments are also impacted by declines in value attributable to the credit-worthiness of the issuer. From time to time, we may liquidate some or all of our short-term investments to fund operational needs or other activities, such as capital expenditures, strategic investments or business acquisitions, or for other purposes. If we were to liquidate these short-term investments at a time when they were worth less than what we had originally purchased them for, or if the obligor were unable to pay the full amount at maturity, we could incur a significant loss.

Similarly, we hold marketable equity securities, which have been and may continue to be adversely impacted by price and trading volume volatility in the public stock markets. For the three and six months ended September 30, 2009, we recognized impairment charges of $8 million and $24 million, respectively, on The9 common stock investment. We continually evaluate our portfolio of marketable equity securities. We could be required to recognize additional impairment charges on the securities held by us and/or we may realize losses on the sale of these securities, all of which could have an adverse effect on our financial condition and results of operations.

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.

During the six months ended September 30, 2009, approximately 70 percent of our United States sales were made to our top ten customers. In Europe, our top ten customers accounted for approximately 49 percent of our sales in that territory during the six months ended September 30, 2009. Worldwide, we had direct sales to two customers, GameStop Corp. and Wal-Mart Stores Inc., which represented approximately 16 percent and 13 percent, respectively, of total net revenue for the six months ended September 30, 2009. As a result of the economic downturn, retailers globally have taken a more conservative stance in ordering game inventory. 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 a 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 or declared bankruptcy. Additionally, our receivables from these large customers increase significantly in the December quarter as they make purchases in anticipation of the holiday selling season. Also, having such a large portion of our total net revenue concentrated in a few customers could reduce our negotiating leverage with these customers. If one or more of our key customers experience deterioration in their business, or become unable to obtain sufficient financing to maintain their operations, our business could be harmed.

Our industry is cyclical, driven by the periodic introduction of new video game hardware systems. As we continue to move through the current cycle, our industry growth may slow down and as a result, our operating results may be difficult to predict.

Video game hardware systems have historically had a life cycle of four to six years, which causes the video game software market to be cyclical as well. The current cycle began with Microsoft's launch of the Xbox 360 in 2005, and continued in 2006 when Sony and Nintendo launched their next-generation systems, the PLAYSTATION 3 and the Wii, respectively. Sales of software designed for these hardware systems represent the majority of our revenue, so our growth and success is highly correlated to sales of videogame hardware systems. While there are indications that this current cycle may be extended longer than prior cycles, in part, due to the growth of online services and content, the greater graphic and processing power of the current generation hardware, and the introduction of new peripherals, growth in the installed base of the current generation of video game systems may slow down in light of the current economic environment. This slow-down in sales of video game players may cause a corresponding slow-down in the growth of sales of video game software, which could significantly affect our operating results. Consequently, the decline in prior-generation product sales may be greater or faster than we anticipate, and sales of products for the new platforms may be lower or increase more slowly than we anticipate. Moreover, development costs for the current cycle of video game systems continue to be greater on a per-title basis than development costs for prior-generation video game systems. As a result of these factors, during the next several quarters and years, we expect our operating results to be difficult to predict.

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

Rapid technology changes in our industry require us to anticipate, sometimes years in advance, which technologies we must implement and take advantage of in order to make our products and services competitive in the market. 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 and effectively than we can. In either case, our products and services may be technologically inferior to our competitors', less appealing to consumers, or both. If we cannot achieve our technology goals within the original development schedule of our products and services, then we may delay their release 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 or service launch schedule or to keep up with our competition, which would increase our development expenses.

The video game hardware manufacturers are among our chief competitors and frequently control the manufacturing of and/or access to our video game 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 3, Microsoft for the Xbox 360, and Nintendo for the Wii) 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 among our chief competitors. Generally, control of the approval and manufacturing process by the hardware 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 also require compatibility code and the consent of Microsoft, Sony and Nintendo in order to include online capabilities in our products for their respective platforms. As online capabilities for video game systems become more significant, Microsoft, Sony and Nintendo could restrict the manner in which we provide online capabilities for our products. If Microsoft, Sony or Nintendo 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.

The video game hardware manufacturers 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 these manufacturers change their fee structure, our profitability will be materially impacted.

In order to publish products for a video game system such as the Xbox 360, PLAYSTATION 3 or Wii, we must take a license from Microsoft, Sony and Nintendo, respectively, which gives these companies the opportunity to set the fee structure that we must pay in order to publish games for that platform. Similarly, these companies have retained the flexibility to change their fee structures, or adopt different fee structures for online gameplay and other new features for their consoles. The control that hardware manufacturers have over the fee structures for their platforms and online access could adversely impact our costs, profitability and margins. Because publishing products for video game systems is the largest portion of our business, any increase in fee structures would significantly harm our ability to generate profits.

If we are unable to maintain or acquire licenses to include intellectual property owned by others in our games, or to maintain or acquire the rights to publish or distribute games developed by others, we will sell fewer hit titles and our revenue, profitability and cash flows will decline. Competition for these licenses may make them more expensive and reduce our profitability.

Many of our products are based on or incorporate intellectual property owned by others. For example, our EA SPORTS products include rights licensed from major sports leagues and players' associations. Similarly, many of our other hit franchises, such as Harry Potter, are based on key film and literary licenses. In addition, one of our most successful products in fiscal year 2009, *Rock Band 2* , was a game which we did not develop, but for which we had acquired distribution rights. Competition for these licenses and rights is intense. If we are unable to maintain these licenses and rights or obtain additional licenses or rights with significant commercial value, our revenues, profitability and cash flows will decline significantly. Competition for these licenses may also drive up the advances, guarantees and royalties that we must pay to licensors and developers, which could significantly increase our costs and reduce our profitability.

Our business is subject to risks generally associated with the entertainment industry, any of which could significantly harm our operating results.

Our business is subject to risks that are generally associated with the entertainment industry, many of which are beyond our control. These risks could negatively impact our operating results and include: the popularity, price and timing of our games and the platforms on which they are played; economic conditions that adversely affect discretionary consumer spending; changes in consumer demographics; the availability and popularity of other forms of entertainment; and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted.

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 business will be impaired.

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

We have engaged in, evaluated, and expect to continue to engage in and evaluate, a wide array of potential strategic transactions, including (1) acquisitions of companies, businesses, intellectual properties, and other assets, (2) minority investments in strategic partners, and (3) investments in new interactive entertainment businesses (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 we do consummate may not enhance our business or may decrease rather than increase our earnings. The process of acquiring and integrating a company or business, or successfully exploiting acquired intellectual property or other assets, could divert a significant amount of resources, as well as our management's time and focus and may create unforeseen operating difficulties and expenditures, particularly for a large acquisition. Additional risks and variations of the foregoing 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 key employees and maintaining the key business and customer relationships of 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 timely reporting,
- The possibility that we will not discover important facts during due diligence that could have a material adverse impact on the value of the businesses we acquire,
- Potential impairment charges incurred to write down the carrying amount of intangible assets generated as a result of an acquisition,
- Litigation or other claims in connection with, or inheritance of claims or litigation risks as a result of, an acquisition, including claims from terminated employees, customers or other third parties,
- Significant accounting charges resulting from the completion and integration of a sizeable acquisition and increased capital expenditures,
- Significant acquisition-related accounting adjustments, particularly relating to an acquired company's deferred revenue, that may cause reported revenue and profits of the combined company to be lower than the sum of their stand-alone revenue and profits,
- The possibility that the combined company would not achieve the expected benefits, including any anticipated operating and product synergies, of the acquisition as quickly as anticipated,
- The possibility that the costs of, or operational difficulties arising from, an acquisition would be greater than anticipated,
- 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, and
- The possibility that a change of control of a company we acquire triggers a termination of contractual or intellectual property rights important to the operation of its business.

Future acquisitions and investments could also involve the issuance of our equity and equity-linked securities (potentially diluting our existing stockholders), the incurrence of debt, contingent liabilities or amortization expenses, write-offs of goodwill, intangibles, or acquired in-process technology, or other increased cash and non-cash expenses, such as stock-based compensation. Any of the foregoing factors could harm our financial condition or prevent us from achieving improvements in our financial condition and operating performance that could have otherwise been achieved by us on a stand-alone basis. Our stockholders may not have the opportunity to review, vote on or evaluate future acquisitions or investments.

We may be subject to claims of infringement of third-party intellectual property rights, which could harm our business.

From time to time, third parties may assert against us alleged patent, copyright, trademark, personal publicity rights, or other intellectual property rights to technologies, products or delivery/payment methods that are important to our business. 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. For example, we may be subject to intellectual property infringement claims from certain individuals and companies who have acquired patent portfolios for the sole purpose of asserting such claims against other companies. In addition, many of our products are highly realistic and feature materials that are based on real world examples, which may be the subject of intellectual property infringement claims of others. 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 pay damages and other costs, stop selling the affected products, redesign those products to avoid infringement, or obtain a license, all of which could be costly and harm our business. In addition, many patents have been issued that may apply to potential new modes of delivering, playing or monetizing game software products and services, such as those that we produce or would like to offer in the future. We may discover that future opportunities to provide new and innovative mode of game play and game delivery to consumers may be precluded by existing patents that we are unable to license on reasonable terms.

From time to time we may become involved in other legal proceedings, which could adversely affect us.

We are currently, and from time to time in the future may become, subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, and disruptive to normal business operations. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on our business, operating results, or financial condition.

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

Legislation is continually being introduced in the United States at the local, state and federal levels for the establishment of government mandated rating requirements or restrictions on distribution of entertainment software based on content. To date, most courts that have ruled on such legislation have ruled in a manner favorable to the interactive entertainment industry. Other countries have adopted or are considering laws regulating or mandating ratings requirements on entertainment software content and certain foreign countries already allow government censorship of entertainment software products. Adoption of government ratings system or restrictions on distribution of entertainment software based on content could harm our business by limiting the products we are able to offer to our customers and compliance with new and possibly inconsistent regulations for different territories could be costly or delay the release of our products.

As we increase the online delivery of our products and services, we are subject to a number of foreign and domestic laws and regulations that affect companies conducting business on the Internet. In addition, laws and regulations relating to user privacy, data collection and retention, content, advertising and information security have been adopted or are being considered for adoption by many countries throughout the world. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws or application of these laws in an unanticipated manner may harm our business.

Our products are subject to the threat of piracy and unauthorized copying.

Entertainment software piracy is a persistent problem in our industry. The growth in peer-to-peer networks and other channels to download pirated copies of our products, the increasing availability of broadband access to the internet and the proliferation of technology designed to circumvent the protection measures used with our products all have contributed to an expansion in piracy. Though we take technical steps to make the unauthorized copying of our products more difficult, as do the manufacturers of consoles on which our games are played, these efforts may not be successful in controlling the piracy of our products.

While legal protections exist to combat piracy, preventing and curbing infringement through enforcement of our intellectual property rights may be difficult, costly and time consuming, particularly in countries where laws are less protective of intellectual property rights. Further, the scope of the legal protection of copyright and prohibitions against the circumvention of technological protection measures to protect copyrighted works are often under scrutiny by courts and governing bodies. The repeal or weakening of laws intended to combat piracy, protect intellectual property and prohibit the circumvention of technological protection measures could make it more difficult for us to adequately protect against piracy. These factors could have a negative effect on our growth and profitability in the future.

If one or more of our titles were found to contain hidden, objectionable content, our business could suffer.

Throughout the history of our industry, many video games have been designed to include certain hidden content and gameplay features that are accessible through the use of in-game cheat codes or other technological means that are intended to enhance the gameplay experience. However, in several recent cases, hidden content or features have been found to be included in other publishers' products by an employee who was not authorized to do so or by an outside developer without the knowledge of the publisher. From time to time, some hidden content and features have contained profanity, graphic violence and sexually explicit or otherwise objectionable material. In a few cases, the Entertainment Software Ratings Board ("ESRB") has reacted to discoveries of hidden content and features by reviewing the rating that was originally assigned to the product, requiring the publisher to change the game packaging and/or fining the publisher. Retailers have on occasion reacted to the discovery of such hidden content by removing these games from their shelves, refusing to sell them, and demanding that their publishers accept them as product returns. Likewise, consumers have reacted to the revelation of hidden content by refusing to purchase such games, demanding refunds for games they have already purchased, and refraining from buying other games published by the company whose game contained the objectionable material.

We have implemented preventative measures designed to reduce the possibility of hidden, objectionable content from appearing in the video games we publish. Nonetheless, these preventative measures are subject to human error, circumvention, overriding, and reasonable resource constraints. In addition, to the extent we acquire a company without similar controls in place, the possibility of hidden, objectionable content appearing in video games developed by that company but for which we are ultimately responsible could increase. If a video game we published were found to contain hidden, objectionable content, the ESRB could demand that we recall a game and change its packaging to reflect a revised rating, retailers could refuse to sell it and demand we accept the return of any unsold copies or returns from customers, and consumers could refuse to buy it or demand that we refund their money. This could have a material negative impact on our operating results and financial condition. In addition, our reputation could be harmed, which could impact sales of other video games we sell. If any of these consequences were to occur, our business and financial performance could be significantly harmed.

If we ship defective products, our operating results could suffer.

Products such as ours are extremely complex software programs, and are difficult to develop, manufacture and distribute. We have quality controls in place to detect defects in the software, media and packaging of our products before they are released. Nonetheless, these quality controls are subject to human error, overriding, and reasonable resource constraints. Therefore, these quality controls and preventative measures may not be effective in detecting defects in our products before they have been reproduced and released into the marketplace. In such an event, we could be required to recall a product, or we may find it necessary to voluntarily recall a product, and/or scrap defective inventory, which could significantly harm our business and operating results.

Changes in our tax rates or exposure to additional tax liabilities could adversely affect our earnings and financial condition.

We are subject to income taxes in the United States and in various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes, and, in the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain.

We are also required to estimate what our tax obligations will be in the future. Although we believe our tax estimates are reasonable, the estimation process and applicable laws are inherently uncertain, and our estimates are not binding on tax authorities. The tax laws' treatment of software and internet-based transactions is particularly uncertain and in some cases currently applicable tax laws are

ill-suited to address these kinds of transactions. Apart from an adverse resolution of these uncertainties, our effective tax rate also could be adversely affected by our profit level, by changes in our business or changes in our structure resulting from the reorganization of our business and operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the elections we make, changes in applicable tax laws (in the United States or foreign jurisdictions), or changes in the valuation allowance for deferred tax assets, as well as other factors. In fiscal year 2009, we recorded a valuation allowance against most of our U.S. deferred tax assets. We expect to provide a valuation allowance on future U.S. tax benefits until we can sustain a level of profitability or until other significant positive evidence arises that suggest that these benefits are more likely than not to be realized. Further, our tax determinations are regularly subject to audit by tax authorities and developments in those audits could adversely affect our income tax provision. Should our ultimate tax liability exceed our estimates, our income tax provision and net income or loss could be materially affected.

We incur certain tax expenses that do not decline proportionately with declines in our consolidated pre-tax income or loss. As a result, in absolute dollar terms, our tax expense will have a greater influence on our effective tax rate at lower levels of pre-tax income or loss than at higher levels. In addition, at lower levels of pre-tax income or loss, our effective tax rate will be more volatile.

We are also required to pay taxes other than income taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and foreign jurisdictions. We are regularly under examination by tax authorities with respect to these non-income taxes. There can be no assurance that the outcomes from these examinations, changes in our business or changes in applicable tax rules will not have an adverse effect on our earnings and financial condition.

Furthermore, as we expand our international operations, adopt new products and new distribution models, implement changes to our operating structure or undertake intercompany transactions in light of changing tax laws, expiring rulings, acquisitions and our current and anticipated business and operational requirements, our tax expense could increase.

Our reported financial results could be adversely affected by changes in financial accounting standards or by the application of existing or future accounting standards to our business as it evolves.

Our reported financial results are impacted by the accounting policies promulgated by the SEC and national accounting standards bodies and the methods, estimates, and judgments that we use in applying our accounting policies. Due to recent economic events, the frequency of accounting policy changes may accelerate. Policies affecting software revenue recognition have and could further significantly affect the way we account for revenue related to our products and services. Through fiscal year 2007, for accounting purposes, vendor- specific objective evidence of fair value ("VSOE") existed for the online service related to our online-enabled packaged software products. Accordingly, we allocated the revenue collected from the sale of the software product between the online service offered and the software product and recognized the amounts allocated to each element separately. However, starting in fiscal year 2008, VSOE did not exist for the online service and we began to recognize all of the revenue from bundle sales on a deferred basis over an estimated online service period, which we estimate to be six months beginning in the month after shipment. We expect that a more significant portion of our games will be online-enabled in the future and we could be required to recognize the related revenue over an extended period of time rather than at the time of sale. In addition, FASB ASC 740, *Income Taxes* has affected the way we account for income taxes and has had a material impact on our financial results and our adoption of FASB ASC 805, *Business Combinations* will have a material impact on our Condensed Consolidated Financial Statements for material acquisitions consummated after March 28, 2009. Similarly, changes in accounting standards relating to stock-based compensation require us to recognize significantly greater expense than we had been recognizing prior to the adoption of the new standard. As we enhance, expand and diversify our business and product offerings, the application of existing or future financial accounting standards, particularly those relating to the way we account for revenue and taxes, could have a significant adverse effect on our reported results although not necessarily on our cash flows.

We rely on business partners in many areas of our business and our business may be harmed if they are unable to honor their obligations to us.

We rely on various business partners, including third-party service providers, vendors, licensing partners, development partners, and licensees, among others, in many areas of our business. In many cases, these third parties are given access to sensitive and proprietary information in order to provide services and support to our teams. These third parties may misappropriate our information and engage in unauthorized use of it. The failure of these third parties to provide adequate services and technologies, or the failure of the third parties to adequately maintain or update their services and technologies, could result in a disruption to our business operations.

Further, the disruption in the financial markets and the global economic downturn may adversely affect our business partners and they may not be able to continue honoring their obligations to us. Some of our business partners are highly-leveraged or small businesses that may be particularly vulnerable in the current economic environment. Alternative arrangements and services may not be available to us on commercially reasonable terms or we may experience business interruptions upon a transition to an alternative partner or vendor. If we lose one or more significant business partners, our business could be harmed.

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

The market price of our common stock historically has been, and we expect will continue to be, subject to significant fluctuations. These fluctuations may be due to factors specific to us (including those discussed in the risk factors above, as well as others not currently known to us or that we currently do not believe are material), to changes in securities analysts' earnings estimates or ratings, to our results or future financial guidance falling below our expectations and analysts' and investors' expectations, to factors affecting the entertainment, computer, software, Internet, media or electronics industries, to our ability to successfully integrate any acquisitions we may make, or to national or international economic conditions. In particular, economic downturns may contribute to the public stock markets experiencing extreme price and trading volume volatility. These broad market fluctuations have and could continue to adversely affect the market price of our common stock.

Item 4. Submission of Matters to a Vote of Security Holders

At our Annual Meeting of Stockholders, held on July 29, 2009, our stockholders elected the following individuals to the Board of Directors for one-year terms:

	For	%	Against	%	Withheld	%
Leonard S. Coleman	256,935,344	94.02%	16,230,895	5.93%	101,020	0.03%
Jeffrey T. Huber	270,377,468	98.94%	2,799,914	1.02%	89,877	0.03%
Gary M. Kusin	267,770,222	97.98%	5,360,633	1.96%	136,403	0.04%
Geraldine B. Laybourne	268,395,595	98.21%	4,758,145	1.74%	113,519	0.04%
Gregory B. Maffei	262,781,034	96.16%	10,340,881	3.78%	145,343	0.05%
Vivek Paul	270,197,299	98.87%	2,972,121	1.08%	97,839	0.03%
Lawrence F. Probst III	267,953,004	98.05%	5,207,743	1.90%	106,511	0.03%
John S. Riccitiello	262,900,553	96.20%	10,294,693	3.76%	72,012	0.02%
Richard A. Simonson	250,293,580	91.59%	22,876,535	8.37%	97,143	0.03%
Linda J. Srere	258,582,629	94.62%	14,591,049	5.33%	93,581	0.03%

In addition, the following matters were voted on, received the number of votes indicated in the tables below, and approved by our stockholders:

1. Voluntary stock option exchange program (the “Exchange Program”) that would permit eligible employees to exchange certain underwater stock options for a lesser number of restricted stock units to be granted under our Equity Plan.

For	Against	Abstain	Broker Non-vote
194,212,124	50,908,956	296,115	27,850,064

2. Amendments to our Equity Plan to (a) increase the number of shares authorized for issuance under the Equity Plan by 20.8 million shares and (b) amend the Equity Plan so that each share subject to a full value stock award would reduce the number of shares available for issuance by 1.43 shares, instead of the multiple of 1.82 shares.

For	Against	Abstain	Broker Non-vote
177,406,607	67,951,135	59,452	27,850,065

3. Amendments to our 2000 Employee Stock Purchase Plan (the “Purchase Plan”) to increase the number of shares authorized under the Purchase Plan by 3 million shares.

For	Against	Abstain	Broker Non-vote
206,173,118	39,153,304	90,772	27,850,065

4. Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2010.

For	Against	Abstain	Broker Non-vote
267,720,403	5,486,516	60,340	—

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Item 6. Exhibits

The following exhibits (other than exhibits 32.1 and 32.2, which are furnished with this report) are filed as part of, or incorporated by reference into, this report:

Exhibit Number	Title
2.1	Agreement for the Sale and Purchase of Playfish Limited, dated as of November 9, 2009. (1)
10.1	Global PlayStation ® 3 Format Licensed Publisher Agreement, dated September 11, 2008, by and between the Electronic Arts Inc. and Sony Computer Entertainment America Inc. (*)
10.2	First Amended North American Territory Rider to the Global PlayStation ® 3 Format Licensed Publisher Agreement, dated September 11, 2008, by and between the Electronic Arts Inc. and Sony Computer Entertainment America Inc. (*)
10.3	Global PlayStation ® 3 Format Licensed Publisher Agreement, dated December 17, 2008, by and between EA International (Studio and Publishing) Limited and Sony Computer Entertainment Europe Limited. (*)
10.4	Sony Computer Entertainment Europe Limited Regional Rider to the Global PlayStation ® 3 Format Licensed Publisher Agreement, dated December 17, 2008, by and between EA International (Studio and Publishing) Limited and Sony Computer Entertainment Europe Limited. (*)
10.5	Confidential License Agreement for the Wii Console (Western Hemisphere), dated November 19, 2006, by and among Electronic Arts Inc., EA International (Studio and Publishing) Limited, and Nintendo of America Inc. (*)
10.6	Xbox2 Publisher License Agreement, dated May 15, 2005, by and among Electronic Arts Inc., Electronic Arts C.V. and Microsoft Licensing, GP. (*)
15.1	Awareness Letter of KPMG LLP, Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Executive Vice President, Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document. (**)
101.SCH	XBRL Taxonomy Extension Schema Document. (**)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. (**)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. (**)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. (**)
Additional exhibits furnished with this report:	
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Executive Vice President, Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Portions of this exhibit have been redacted pursuant to a confidential treatment request filed with the SEC.

** XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities and Exchange Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

(1) Incorporated by reference to exhibits filed with the Registrant's Current Report on Form 8-K, filed November 9, 2009.

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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)

DATED:
November 10, 2009

/s/ Eric F. Brown
Eric F. Brown
Executive Vice President,
Chief Financial Officer

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ELECTRONIC ARTS INC.
FORM 10-Q
FOR THE PERIOD ENDED SEPTEMBER 30, 2009

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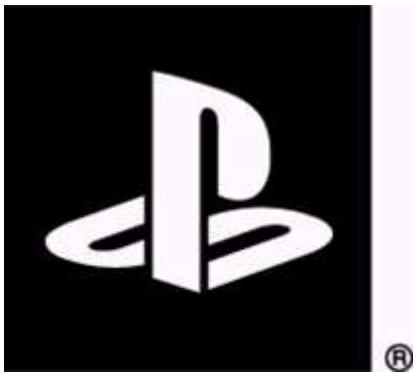
Exhibit 10.1

[***] DENOTES CONFIDENTIAL MATERIALS OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT



GLOBAL PLAYSTATION ® 3 FORMAT

LICENSED PUBLISHER AGREEMENT

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GLOBAL PLAYSTATION ® 3 FORMAT
LICENSED PUBLISHER AGREEMENT

This **Global PlayStation ® 3 Format Licensed Publisher Agreement** (the "Agreement") is entered into on September 11, 2008 by and between SONY COMPUTER ENTERTAINMENT AMERICA INC., with offices at 919 East Hillsdale Boulevard, Foster City, California ("the SCE Company") and Electronic Arts Inc., with offices at 209 Redwood Shores Parkway, Redwood City, CA 94065 ("Publisher").

The SCE Company's parent company, Sony Computer Entertainment Inc. ("SCEI"), has designed and developed certain core technology of or concerning the System.

The SCE Company has the right to grant non-exclusive licenses to qualified entities regarding certain intellectual property rights with respect to the System.

Publisher desires to be granted a non-exclusive license to publish, develop, have manufactured, market, advertise, distribute and sell Licensed Products in accordance with the provisions of this Agreement and the provisions of the Regional Rider that is attached hereto and incorporated herein by reference, and the SCE Company is willing, in accordance with the terms and subject to the conditions of this Agreement and the Regional Rider, to grant Publisher such a license.

In consideration of the representations, warranties and covenants contained herein and in the Regional Rider, and other good and valuable consideration, Publisher and the SCE Company hereby agree as follows:

1. Definition of Terms.

1.1 "Advertising Materials" means any advertising, marketing, merchandising, promotional, contest-related, public relations (including press releases), display, point of sale or website materials regarding or relating to the Licensed Products or depicting any of the Licensed Trademarks. Advertising Materials include any advertisements in which the System is displayed, referred to, or used, including giving away any unit(s) of the System as prizes in contests or sweepstakes and the public display of the System in product placement opportunities.

1.2 "Affiliate" means, as applicable, either Sony Computer Entertainment America Inc. ("SCEA"), Sony Computer Entertainment Inc. ("SCEI"), Sony Computer Entertainment Europe Ltd. ("SCEE"), Sony Computer Entertainment Korea ("SCEK"), any subsidiary of the foregoing, or any other entity as may be established from time to time and becomes a part of the Sony Computer Entertainment Group.

1.3 "Attribution Line" means the legal attribution line used on Advertising Materials, which shall be substantially similar to the following: "Product copyright and trademarks are the property of the respective publisher or its licensors."

1.4 "Designated Manufacturing Facility" means a manufacturing facility that is designated by the SCE Company, in its sole discretion, to manufacture Disc Products or any of their component parts.

1.5 "Development System Agreement" means an agreement entered into between the SCE Company and a Licensed Publisher or other licensee regarding the sale, lease, loan or license of Development Tools.

1.6 "Development Tools" means the PlayStation 3 development tools sold, leased, loaned or licensed solely for use in the development of Executable Software.

1.7 "Disc Products" means the Executable Software on PS3 Format Discs, Advertising Materials, Packaging, Printed Materials and Product Information relating to any individual title which shall consist of one application software product per Unit. Disc Products may, but need not, be designed to allow Online Gameplay.

1.8 "Effective Date" is the date specified in the preamble of this Agreement.

1.9 "Executable Software" means software in final object code form that is designed for use and operation exclusively on the System which consists of Publisher Software and any SCE Materials and constitutes a complete, standalone videogame.

1.10 "Guidelines" means any guidelines or specifications of the SCE Company with respect to the development, manufacture and publishing of Licensed Products, including any requirements regarding the development of Executable Software, the display of the Licensed Trademarks in any Licensed Products and related Advertising Materials, or the protection of any of the SCE Intellectual Property Rights, which may be set forth in the Technical Requirements Checklist, Corporate Identity Guidelines or in any other documentation provided to Publisher by the SCE Company. Guidelines shall be comparable to the guidelines and specifications applied by the SCE Company to its own software products for the System. All Guidelines may be modified, supplemented or amended by any Affiliate from time to time upon reasonable notice to Publisher. Guidelines are incorporated into and form a part of this Agreement.

1.11 "Licensed Developer" means an entity that has signed a Licensed Developer Agreement with any Affiliate.

1.12 "Licensed Developer Agreement" or "LDA" means a valid and current license agreement authorizing the development of software for the System, fully executed between a Licensed Developer and an Affiliate.

1.13 "Licensed Products" means Disc Products and Online Products, including any Publisher demonstration discs.

1.14 "Licensed Publisher" means an entity that has signed a Licensed Publisher Agreement with an Affiliate.

1.15 "Licensed Publisher Agreement" or "LPA" means a valid and current license agreement for the publishing, development, manufacture, marketing, advertising, distribution and sale of Licensed Products, fully executed between a Licensed Publisher and an Affiliate.

1.16 "Licensed Trademarks" means the trademarks, service marks, trade dress, logos, icons and other indicia designated in the Guidelines or otherwise for use on, in or otherwise in connection with Licensed Products. The Licensed Trademarks (or any part thereof) are subject to change during the term of this Agreement and may be modified, supplemented or amended by any Affiliate (as applicable) from time to time upon reasonable notice to Publisher.

1.17 "Master Disc" means a recordable Blu-Ray disc in the form requested by the SCE Company containing final pre-production Executable Software.

1.18 "Online Gameplay" means the capability to operate and interact with the Executable Software associated with a Licensed Product used on a System that is connected to the Internet or any other network and which may allow an end user to participate in a game or gameplay with another end user (or other end users) across the Internet or any other network.

1.19 "Online Products" means (i) enhancements, improvements, additions, patches, and updates, including characters, artifacts, scripts, levels, modifications, player statistics and gameplay data, used in conjunction with a related Disc Product and distributed electronically to any end users after sale or distribution of a Unit of the related Disc Product; and (ii) Executable Software distributed electronically to end-users. Online Products may, but need not, be designed to allow Online Gameplay.

1.20 "Packaging" means, with respect to each Disc Product, the carton, containers, cases, edge labels, wrapping materials, security seals and other proprietary labels and trade dress elements and wrapping materials of or concerning the Disc Products (and all parts of any of the foregoing) but specifically excluding Printed Materials and PlayStation 3 Format Discs.

1.21 "PlayStation 3 Format Disc" means the disc media formatted for use with the System.

1.22 "Printed Materials" means all artwork and mechanicals for the disc label for each PlayStation 3 Format Disc and for the Packaging relating to any of the Disc Products, and all instructional manuals, liners, inserts, and any other materials and user information within or attached to the Packaging and distributed as part of the Disc Products.

1.23 "Product Information" means any information owned or licensed by Publisher relating to any of the Licensed Products, including demos, videos, hints and tips, artwork, depictions of Disc Product cover art and videotaped interviews.

1.24 "Product Proposal" means a written proposal prepared by a Licensed Publisher and submitted to the SCE Company under the Guidelines regarding the concept and design for a Licensed Product.

1.25 "Publisher Software" means any software including incorporated audio and visual material developed by Publisher under this Agreement or an LDA, and does not include any SCE Materials.

1.26 "Publisher Intellectual Property Rights" means those worldwide intellectual property rights, current or future, that are owned and controlled by Publisher, including rights in or related to patents, inventions, designs, copyrights, databases, trademarks, service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction and any other intellectual property rights recognized in the Territory (including all registrations, applications to register and rights to apply for registration of same), that relate to the Publisher Software, Packaging, Product Information, Printed Materials, Advertising Materials or other materials.

1.27 "Purchase Order" means a written purchase order issued by Publisher pursuant to Section 7.8.1, regarding the purchase of Disc Products that conform to the Guidelines and other terms and conditions imposed by the SCE Company or any Designated Manufacturing Facility.

1.28 "Regional Rider" means the additional set of binding terms and which are appended to and form part of this Agreement, and which are applicable to the Territory.

1.29 "SCE Confidential Information" means the term as defined in Section 13.1.1.

1.30 "SCE Intellectual Property Rights" means those worldwide intellectual property rights, current or future, including rights in or related to patents, inventions, designs, copyrights, databases, trademarks (including the Licensed Trademarks), service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical

information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction, and any other intellectual property rights recognized in the Territory (including all registrations, applications to register and rights to apply for registration of the same), for their full term including all renewals and extensions, that relate to the SCE Materials, the System, the design and development of Licensed Products compatible with the System, and any SCE Confidential Information.

1.31 "SCE Materials" means any data, object code, source code, firmware, documentation (or any part(s) of any of the foregoing) or information relating to the System or the development of interactive entertainment products compatible with the System, selected in the sole judgment of the SCE Company, which are directly or indirectly provided or supplied by any Affiliate to Publisher. SCE Materials shall not include any hardware portions of the Development Tools, but shall include firmware in such hardware.

1.32 "System" means the PLAYSTATION®3 computer entertainment system.

1.33 "Term" means the period from the Effective Date until March 31, 2012.

1.34 "Territory" means the term as defined in the Regional Rider.

1.35 "Unit" means an individual copy of a specific Disc Product regardless of the number of PlayStation 3 Format Discs that are contained within and are part of such Disc Product.

2. License.

2.1 License Grant . The SCE Company grants to Publisher, for the Term and throughout the Territory, and in accordance with the other terms, limitations and conditions referenced herein, a non-exclusive, non-transferable license under the SCE Intellectual Property Rights, without the right to sublicense (except as specifically provided herein), to use SCE Materials as follows: (i) to develop and publish Licensed Products and to enter into agreements with Licensed Developers and other approved third parties, where the SCE Company requires such approval, subject to Section 3.2, to develop Licensed Products; (ii) to have Disc Products manufactured by Designated Manufacturing Facilities; (iii) to market, advertise, promote, sell and distribute Disc Products directly to end users or to third parties for distribution to end users; (iv) to market, advertise and promote, and, pursuant to a separate online distribution agreement(s) with the SCE Company or any Affiliate, to distribute Online Products to end users over the PlayStation ® Network; (v) to use the Licensed Trademarks only in connection with the manufacturing, marketing, packaging, advertising, promotion, sale and distribution of the Licensed Products; and (vi) to sublicense end-user customers the right to use the Licensed Products for personal, noncommercial purposes in conjunction with the System only, and not with other devices or for public performance.

2.2 Separate PlayStation Agreements . Unless specifically set forth in this Agreement, all terms used herein are specific to the System and the attendant SCE Company licensing program. Licenses relating to the original PlayStation, PS One, PlayStation 2 or PlayStation Portable game consoles are subject to separate agreements with the SCE Company (or any Affiliate, as applicable), and any license of rights to Publisher under such separate agreements shall not confer on Publisher any rights with respect to the System and vice versa.

3. Development and Distribution of Licensed Products.

3.1 Right to Develop . The SCE Company grants Publisher the right to purchase, lease or borrow, as applicable, certain hardware devices and license certain software tools and utilities that comprise the Development Tools, as is appropriate, from the SCE Company or its designee, pursuant to a separate Development System Agreement with the SCE Company or a separate rider to this Agreement, which hardware and software components may be used by Publisher only in connection with the development of Licensed Products pursuant to Section 2.1. In developing Executable Software

(or portions thereof), Publisher and any third-party Licensed Developers with whom Publisher contracts shall fully comply in all respects with all Guidelines, including technical specifications. In the event that Publisher uses any third-party tools to develop Executable Software or any portion thereof, Publisher shall be responsible at Publisher's sole risk and expense for ensuring that it has obtained all necessary licenses for any such use.

3.2 Subcontractors . Publisher may retain subcontractors who provide services which do not require access to SCE Materials or SCE Confidential Information without prior approval. Otherwise, Publisher may retain subcontractor(s) to assist with the development, publication and marketing of Licensed Products (or portions thereof) which have signed (i) an LPA or LDA with the SCE Company (the "PlayStation 3 Agreement") in full force and effect throughout the term of such development, publishing and marketing services or (ii) if required by the SCE Company, an SCE Company-approved subcontractor agreement ("Subcontractor Agreement"), and the SCE Company has approved such subcontractor in writing (which approval shall be in the SCE Company's sole discretion). Publisher shall not disclose to any subcontractor any of the SCE Confidential Information, including any SCE Materials, unless and until either a PlayStation 3 Agreement or any required Subcontractor Agreement has been executed and approved by the SCE Company. Publisher shall be solely responsible for verifying that all third parties that contribute to the development of any Licensed Product, or component thereof, satisfy the requirements of clause (i) or (ii) of this Section 3.2. Notwithstanding any consent which may be granted by the SCE Company for Publisher to employ any such permitted subcontractor(s), or any such separate agreement(s) that may be entered into by Publisher with any such permitted subcontractor, Publisher shall remain fully liable for its compliance with all of the provisions of this Agreement and for the compliance of any and all permitted subcontractors with the provisions of any agreements entered into by such subcontractors in accordance with this Section. Publisher shall use best efforts to cause all subcontractors that it retains in furtherance of this Agreement to comply in all respects with the terms and conditions of this Agreement, and hereby unconditionally guarantees all obligations of its subcontractors. The SCE Company may subcontract any of its rights or obligations hereunder.

3.3 Form of Distribution. Executable Software distributed physically to end users and demonstration discs shall be in the form of PlayStation 3 Format Discs only. Publisher shall not, directly or indirectly, incorporate more than one Disc Product in a single Unit, or package or bundle Units of any Disc Product with any other goods or services, without the SCE Company's prior written consent. Online Products, Online Gameplay and any services associated with Online Gameplay, including subscriptions, shall be distributed or made available electronically, including by wireless distribution, to end users over the PlayStation®Network only, unless the SCE Company gives express written consent to another manner of distribution on SCE Company standard terms or otherwise as agreed. Notwithstanding this limitation, Publisher may electronically transmit Executable Software from site to site, or from machine to machine over a computer network, for the sole purposes of facilitating development and for testing to be carried out under Section 6; provided that no right of retransmission shall attach to any such transmission, and provided further that Publisher shall use reasonable security measures customary within the high technology industry to reduce the risk of unauthorized interception or retransmission of such transmissions.

3.4 Distribution Channels for Disc Products . Publisher may use such distribution channels to distribute Disc Products as Publisher deems appropriate, including the use of third-party distributors, resellers, dealers and sales representatives. In the event that the SCE Company permits Publisher to have any of its Disc Products published by another Licensed Publisher, Publisher must, in addition to complying with Section 3.2, provide the SCE Company with advance written notice of such arrangement, including the name of the Licensed Publisher and any additional information requested by the SCE Company regarding the nature of the distribution services that would be provided by such third-party Licensed

Publisher prior to manufacture of the Disc Product.

4. Online Gameplay.

4.1 Access to and Maintenance of Online Gameplay. Publisher shall maintain servers hosting Online Gameplay for the periods specified in the Guidelines. Publisher, or, at SCEE's option, SCEE or its Affiliate shall provide notice to consumers in a clear and conspicuous manner via one of the methods listed in Section 4.3 any permanent shutdown to a server hosting or supporting Online Gameplay no later than three (3) months prior to any shutdown.

4.2 Publisher Online Designee. Publisher shall appoint a dedicated contact person for its Licensed Products designed to allow Online Gameplay, who shall act as a liaison between the SCE Company and Publisher for all online matters relating to Licensed Products designed to allow Online Gameplay. Publisher's designee shall also be responsible for ensuring that all terms and conditions relating to the online elements of the Licensed Products are complied with. Publisher shall give the SCE Company ten (10) days' written notice prior to any change in designee.

4.3 Online Legal Compliance. Licensed Products designed for Online Gameplay must include a legal disclosure enumerating end user, privacy and moderation policies and age rating (collectively, "Online Terms") prior to allowing any end users to engage in Online Gameplay for the first time for a particular user or as otherwise required by law. The SCE Company reserves the right to review Publisher's Online Terms, but shall have no liability for content of Publisher's Online Terms. Online Terms shall either be coded into the applicable Licensed Product or available on the server hosting Online Gameplay in such a way that an end user must agree to it prior to accessing and engaging in Online Gameplay. Online Terms must comply with the Guidelines. Publisher must inform all end users engaging in or accessing Online Gameplay if any personally identifying information will be collected, how it will be collected, and how it will be used.

4.4 Publisher Liability for Online Gameplay. Publisher shall bear exclusively all responsibility and liability for any features or capability of Licensed Products related to Online Gameplay, including Online Gameplay between territories using different television standards, whether PAL, NTSC or otherwise.

5. Limitations on Licenses; Reservation of Rights.

5.1 Application of Council Directive 91/250/EEC . If Publisher has executed the Regional Rider in a Territory governed by Council Directive 91/250/EEC, the limitations set forth in Section 5 shall be subject to Council Directive 91/250/EEC.

5.2 Reverse Engineering Prohibited . Publisher shall not directly or indirectly disassemble, decrypt, electronically scan, peel semiconductor components, decompile, or otherwise reverse engineer in any manner or attempt to reverse engineer or otherwise derive any source code from, all or any portion of the SCE Materials, or permit, assist or encourage any third party to do so.

5.3 Limitation on Creation of Derivative Works . Publisher shall not use, modify, reproduce, sublicense, distribute, create derivative works from, or otherwise provide to third parties, the SCE Materials, in whole or in part, other than as expressly set forth herein without the SCE Company's prior written consent.

5.4 Limitation on Examination and Study of Tools . Publisher may study the performance, design and operation of the Development Tools solely for the limited purposes of

developing and testing Publisher Software, or to develop tools to assist Publisher with the development and testing of Publisher Software. Any tools developed or derived by Publisher as a result of studying the performance, design or operation of the Development Tools shall be considered derivative works of the SCE Materials and shall be owned by the SCE Company, but may be treated as trade secrets of Publisher. This section shall govern any conflict with a similar provision in any separate agreement.

5.5 Limitations Regarding Content of Licensed Products . No rights are granted under this Agreement with respect to non-game products or products which contain significant elements of, or are a hybrid with, audio or video profile products. No rights are granted under this Agreement with respect to serving or providing in-game dynamic advertisements. Licensed Products may contain in-game static advertisements, subject to the Guidelines.

5.6 Reservation of SCE Company's Rights .

5.6.1 Limitations on Use of SCE Materials and SCE Intellectual Property Rights . This Agreement does not grant any right or license under, and Publisher shall not use, any SCE Confidential Information, the SCE Materials, or any of the SCE Intellectual Property Rights except as expressly authorized hereunder and in strict compliance with the terms and conditions of this Agreement. No other right or license is to be implied by or inferred from any provision of this Agreement or the conduct of the parties. In particular, Publisher shall not use the Executable Software, SCE Materials or SCE Confidential Information (or any portion of any of the foregoing) in connection with the development of any software for any emulator or other computer hardware or software system. In no event shall Publisher patent any tools, methods, or applications, created, developed or derived from SCE Materials. Publisher shall not make available to any third party any tools developed or derived from the study of the Development Tools without the SCE Company's express written permission. Use of such tools shall be strictly limited to the creation or testing of Licensed Products and any other use, direct or indirect, of such tools is strictly prohibited. Moreover, Publisher shall bear all risks arising from incompatibility of its Licensed Product and the System resulting from use of Publisher-created tools. The burden of proof under this Section shall be on Publisher, and the SCE Company reserves the right to require Publisher to furnish evidence satisfactory to the SCE Company that Publisher has complied with this Section.

5.6.2 Ownership and Protection of SCE Materials and SCE Intellectual Property Rights . All rights with respect to the SCE Materials and the System, including all of the SCE Intellectual Property Rights, are the exclusive property of the SCE Company or its Affiliates. Publisher shall not do or cause to be done any act or thing in any way impairing or tending to impair any of the SCE Company's rights, title or interests in or to the SCE Materials or the SCE Intellectual Property Rights. Publisher shall take all steps as the SCE Company may reasonably require for the protection and maintenance of the SCE Intellectual Property Rights, including executing licenses or obtaining registrations. Publisher shall not register any trademark in its own name or in any other person's name, or use, or obtain rights to use Internet domain names or addresses, which are identical or similar to, or are likely to be confused with any of the Licensed Trademarks or any other trademarks of the SCE Company. All goodwill associated with the Licensed Trademarks, including any goodwill generated or arising by or through Publisher's or its sub-licensees' activities under this Agreement, accrues to the benefit of and belongs exclusively to the SCE Company. Nothing contained in this Agreement shall be deemed to grant Publisher the right to use the trademark "S ONY " in any manner or for any purpose.

5.6.3 Authentication . The SCE Company reserves the right to require Publisher to utilize an authentication or authorization system to be provided, licensed or designated by the SCE Company to authenticate and verify all Licensed Products and units of the System. The SCE Company reserves the right to insert serial numbers on all PlayStation 3 Format Discs for security or authentication purposes.

5.7 Acknowledgment of Publisher's Ownership Rights . Separate and apart from the SCE Materials and other rights licensed to Publisher by the SCE Company hereunder, as between Publisher and the SCE Company, Publisher retains all rights, title and interest in and to the Publisher Software, the Product Proposals, and related Product Information, including Publisher Intellectual Property Rights therein, as well as Publisher's rights in any source code and other underlying material such as artwork and music (but specifically excluding the SCE Materials and any software provided directly or indirectly by the SCE Company) and any names used as titles for Licensed Products and other trademarks used by Publisher. Nothing in this Agreement shall restrict the right of Publisher to develop, distribute or transmit products incorporating the Publisher Software and underlying material, which do not contain or were not developed through use of the SCE Materials or the SCE Intellectual Property Rights, for any hardware platform or service other than the System, or to use Printed Materials or Advertising Materials approved by the SCE Company (excepting Printed Materials or Advertising Materials that contain any Licensed Trademarks) as Publisher determines for such other platforms.

5.8 Guidelines Requirement . The licenses granted to Publisher are expressly conditioned on Publisher's compliance with all provisions of the SCE Company's Guidelines, as and when published or within a commercially reasonable time following its receipt of a publication expressly referencing such provisions, and any and all such provisions are incorporated herein by this reference. To the extent that the Guidelines change with respect to any Licensed Product materials that Publisher submits to the SCE Company under Section 6.1, Publisher shall only be required to implement any such revised Guidelines in subsequent orders of corresponding Disc Product or subsequent publications of corresponding Online Product. Publisher shall not be required to recall or destroy previously manufactured Disc Products, unless such Disc Products do not comply with the original standards, requirements and conditions set forth in the Guidelines or unless explicitly required to do so in writing by the SCE Company.

6. Quality Standards for Licensed Products.

6.1 Product Assessment, Format Quality Assurance and Printed and Advertising Materials . Publisher shall comply with the process and requirements for assessment and format quality assurance of Licensed Products and Advertising Materials, on a product-by-product basis as specified in the Guidelines. The SCE Company will not approve Licensed Products that are outside the PlayStation ® 3 format specifications in the Guidelines.

6.2 Rating Requirements . No Licensed Product may be published, sold, distributed, marketed, advertised or promoted unless each Licensed Product bears a consumer advisory age rating, consisting of a rating code and product descriptors, either as required by local law or as issued by, and following the rating display requirements of, a consumer advisory ratings system designated by the SCE Company. Any and all costs and expenses incurred in connection with obtaining such rating shall be borne solely by Publisher. No Licensed Product, Printed Materials or Advertising Materials may bear more than one consumer advisory rating code. Any Online Product that can be used with a Disc Product must bear a rating that is the same as or lower than the rating issued to the Disc Product, unless the SCE Company gives express written consent.

6.3 Compatibility of Licensed Products with Peripherals . Publisher shall be solely responsible for functionality and operational compatibility of its Licensed Products with any third-party peripherals (e.g., controllers, memory storage devices, etc.). The SCE Company shall have

no responsibility to test or otherwise evaluate the compatibility of Publisher's Licensed Products with any third-party peripherals. The SCE Company shall not be held responsible for any actual, incidental or consequential damages that may result from any use or inability to use any third-party peripherals with any Licensed Products or the System. If the SCE Company elects, at its sole discretion, to test or otherwise evaluate the compatibility of Publisher's Licensed Products with any third-party peripheral device then, (i) any such testing or evaluation shall not obligate the SCE Company to test or evaluate any other third-party peripherals; (ii) any such testing or evaluation shall not shift to the SCE Company any responsibility to ensure or assess the functionality or compatibility of any third-party peripheral or require the SCE Company to report any third-party peripheral incompatibilities; and (iii) Publisher shall provide the SCE Company, upon request and at no additional cost or expense to the SCE Company, with a reasonable number of samples of any such third-party peripheral products for testing and review in a timely manner. In the event that any Licensed Product fails to perform to the SCE Company's satisfaction with any third-party peripheral that it is intended to support, the SCE Company shall have the right to require that Publisher modify or remove such portions of the Executable Software as are intended to support the affected third-party peripheral.

6.4 Publisher's Additional Quality Assurance Obligations . If at any time or times subsequent to the approval of any part of a Licensed Product, the SCE Company identifies any material defects (such materiality to be determined by the SCE Company in its sole discretion) with respect to the Licensed Product, or in the event that the SCE Company identifies any improper use of its Licensed Trademarks or the SCE Materials, or any material defects or improper use are brought to the attention of the SCE Company, Publisher shall, at no cost to the SCE Company, promptly correct any such material defects, or improper use, to the SCE Company's commercially reasonable satisfaction, which may include, in the SCE Company's judgment, the recall and re-release of Units of the affected Disc Product or publication of an update, upgrade or technical fix to an Online Product. In the event any Licensed Products create any risk of loss or damage to any property or injury to any person, Publisher shall immediately take effective steps, at Publisher's sole liability and expense, to recall and remove such Licensed Products from any affected channels of distribution; provided, however, that if Publisher is not acting as the distributor or seller for the Licensed Products, its obligation shall be to use its best efforts to arrange removal of all affected Licensed Products from the relevant distribution channels. Publisher shall provide all end-user support for Licensed Products. Publisher and the SCE Group Company may enter into a separate agreement to have Publisher provide all end-user support for Online Gameplay of Publisher's Licensed Products that is provided through the PlayStation ® Network. The SCE Company expressly disclaims any obligations or liability to provide end-user support with respect to Licensed Products.

7. Manufacture of Disc Products .

7.1 Manufacture of Units . Upon approval of Executable Software and associated Printed Materials pursuant to Section 6, and subject to Sections 7.4 – 7.7, the Designated Manufacturing Facility will, in accordance with the terms and conditions set forth in this Section 7, and at Publisher's request and sole expense (a) manufacture PlayStation 3 Format Discs for Publisher; (b) manufacture Publisher's Packaging and Printed Materials; and (c) assemble the PlayStation 3 Format Discs with the related Printed Materials and Packaging. Publisher shall comply with all Guidelines relating to the production of Units of Disc Products. The SCE Company reserves the right to insert or require Publisher to make arrangements for the insertion of certain Printed Materials relating to the System into each Unit.

7.2 Designated Manufacturing Facilities . To insure compatibility of PlayStation 3 Format Discs with the System, consistent quality of the Disc Products and incorporation of anti-piracy security measures, the SCE Company shall designate and license a Designated Manufacturing Facility or Facilities to reproduce PlayStation 3 Format Discs. Publisher shall purchase [***] of its requirements for PlayStation 3 Format Discs, including demonstration discs, from such Designated Manufacturing Facility. Any Designated Manufacturing Facility shall be entitled to enforce the terms of this Agreement.

7.3 Creation of Master PlayStation 3 Format Disc . Using one of the fully approved Master Discs provided by Publisher under the Guidelines, the SCE Company or the Designated Manufacturing Facility shall create an encrypted, reproducible master of the Executable Software (formatted as a PlayStation 3 Format Disc) from which all other copies of the Executable Software for the corresponding Disc Product are to be replicated. Publisher shall be responsible for the costs, as determined by the SCE Company or the Designated Manufacturing Facility, of producing the reproducible masters of any and all Executable Software.

7.4 Manufacture of Printed Materials by Designated Manufacturing Facility . If Publisher elects to order Printed Materials from a Designated Manufacturing Facility, Publisher shall deliver all SCE Company-approved Printed Materials to that Designated Manufacturing Facility, at Publisher's sole risk and expense, and the Designated Manufacturing Facility will manufacture such Printed Materials in accordance with this Section 7. In order to insure against loss or damage to the copies of the Printed Materials furnished to the SCE Company, Publisher shall retain duplicates of all Printed Materials, and neither the SCE Company nor any Designated Manufacturing Facility shall be liable for any loss of or damage to any Printed Materials.

7.5 Manufacture of Printed Materials by Alternate Source . Subject to the Guidelines, Publisher may elect to be responsible for manufacturing its own Printed Materials (other than artwork which is to be reproduced or otherwise displayed on any PlayStation 3 Format Discs, which Publisher will supply to the Designated Manufacturing Facility for incorporation within the Disc Products), at Publisher's sole risk and expense. The SCE Company shall have the right to disapprove any Printed Materials that do not comply with the applicable Guidelines. If Publisher elects to supply its own Printed Materials, neither the SCE Company nor any Designated Manufacturing Facility shall be responsible for any delays arising from use of Publisher's own Printed Materials.

7.6 Manufacture of Packaging by Designated Manufacturing Facility . To ensure consistent quality of the Disc Products, the SCE Company may designate and license a Designated Manufacturing Facility to reproduce [***] of the proprietary Packaging for the Disc Products. If so, then Publisher shall purchase [***] of its requirements for such Packaging from a Designated Manufacturing Facility during the Term.

7.7 Assembly Services . Publisher may either procure assembly services from a Designated Manufacturing Facility or, with the SCE Company's prior written consent, from an alternate source. If Publisher elects to be responsible for assembling the Disc Products, then the Designated Manufacturing Facility shall ship the component parts of the Disc Product to a destination designated by Publisher, at Publisher's sole risk and expense. The SCE Company shall have the right to inspect any assembly facilities that Publisher proposes to use in order to determine if the component parts of the Disc Products are being assembled in accordance with the SCE Company's quality standards. The SCE Company may require Publisher to recall any Units of any Disc Products that fail to comply with the Guidelines. If Publisher elects to use alternate assembly facilities, neither the SCE Company nor any Designated Manufacturing Facility shall be responsible for any delays or other production issues, including missing component parts, arising from use of alternate assembly facilities. Publisher shall comply with all applicable labor laws and, in accordance with the provisions of Section 16.8, shall

not employ child labor, slave labor or forced labor in connection with the assembly of the Licensed Products.

7.8 Orders and Delivery .

7.8.1 Orders . Publisher shall issue Purchase Order(s) to a Designated Manufacturing Facility in the form set forth and containing the information required in the Guidelines, with a copy to the SCE Company. No Purchase Orders will be processed for any Disc Product unless that Disc Product is fully compliant with the Guidelines. All Purchase Orders shall be subject to approval by the SCE Company not to be unreasonably withheld and to acceptance by the Designated Manufacturing Facility pursuant to the Guidelines. Purchase Orders issued by Publisher to a Designated Manufacturing Facility for each Licensed Product approved by the SCE Company shall be non-cancelable and are subject to the order requirements of the Designated Manufacturing Facility.

7.8.2 General Terms . Neither the SCE Company nor any Designated Manufacturing Facility shall be responsible for shortage or breakage with respect to any order if component parts or assembly services are obtained from alternate sources.

7.9 Delivery of Disc Products . The Designated Manufacturing Facility will deliver Disc Products to Publisher at Publisher's sole expense, except where otherwise provided under this Agreement. Publisher shall have no right to have completed Units of Disc Products stored after manufacture.

7.10 Ownership of Original Master Discs . Due to the proprietary and confidential nature of the mastering and encryption process, neither the SCE Company nor any Designated Manufacturing Facility shall under any circumstances release any original Master Discs, reproducible masters created under section 7.3 or other in-process materials to Publisher. All such materials shall be and remain the sole property of the SCE Company or the Designated Manufacturing Facility (as applicable). Notwithstanding the foregoing, the Publisher Intellectual Property Rights contained in the Publisher Software that is contained in any such in-process materials is, as between the SCE Company and Publisher, the sole and exclusive property of Publisher or its licensors.

8. Marketing of Licensed Products.

8.1 Marketing Generally . At no expense to the SCE Company, Publisher shall, and shall direct its distributors to, diligently market, sell and distribute the Licensed Products, and shall use commercially reasonable efforts to stimulate demand for such Licensed Products throughout the Territory and to supply any resulting demand. Publisher shall use reasonable efforts to protect the Licensed Products from and against illegal reproduction or copying by end users or by any other persons.

8.2 Samples . Publisher shall provide sample Units of each Disc Product to the SCE Company in the quantities and per the terms specified in the Guidelines. In the event that Publisher assembles any Disc Product using an alternate source, Publisher shall be responsible for shipping such sample Units to the SCE Company, at Publisher's cost and expense, promptly following the commercial release of such Disc Product. Units shall not be shipped to the SCE Company prior to the commercial release of such Disc Product. The SCE Company assumes no liability for release of samples prior to commercial release. The SCE Company shall not directly or indirectly resell any such sample Units of the Disc Products without Publisher's prior written consent. The SCE Company may distribute sample Units to its employees, provided that it uses its reasonable efforts to ensure that such Units are not sold into the retail market. In addition, subject to availability, Publisher shall sell to the SCE Company additional Units at cost.

8.3 Marketing Programs . From time to time, the SCE Company may invite Publisher to participate in promotional or advertising opportunities that may feature one or more Licensed Products from one or more Licensed Publishers. Participation shall be voluntary and subject to terms to be determined at the time of the opportunity. In the event Publisher elects to participate, all materials submitted by Publisher to the SCE Company shall be submitted subject to the Guidelines and delivery of such materials to the SCE Company shall constitute acceptance by Publisher of the terms of the offer. Each Affiliate shall be entitled to display and otherwise use the Attribution Line on its multi-product marketing materials, unless otherwise agreed in writing.

8.4 PlayStation Website . Publisher shall provide the SCE Company with Product Information for a web page for each of its Licensed Products for display on the PlayStation promotional website, or other website(s) operated by the SCE Company from time to time in connection with the promotion of the PlayStation brand. Specifications for Product Information for such web pages shall be as provided in the Guidelines. Publisher shall provide the SCE Company with such Product Information for each Licensed Product upon submission of Printed Materials to the SCE Company for approval pursuant to the Guidelines. Publisher shall also provide updates for any such web page in a timely manner as may be required in the Guidelines.

8.5 Demonstration Disc Programs . The SCE Company may, from time to time, provide opportunities for Publisher to contribute Licensed Product content for distribution as part of a demonstration disc published by any Affiliate, or permit Publisher to publish its own demonstration disc pursuant to a third party demonstration disc program. The specifications with respect to the approval, creation, manufacture, marketing, distribution and sale of any such demo disc programs shall be set forth in the Guidelines. The SCE Company reserves the right to choose from products submitted from other Licensed Publishers and first party products to determine the specific products that will be included in any SCE Company demonstration discs, and Publisher's Licensed Products will not be guaranteed prominence or preferential treatment on any SCE demonstration disc. The SCE Company has no obligation to publish, advertise or promote any demonstration disc.

8.6 Contests and Sweepstakes of Publisher . Publisher may conduct contests, sweepstakes, competitions and promotions, as permitted by law (collectively, "Contest" or "Contests"), to promote Licensed Products. The SCE Company shall permit Publisher to include Contest materials in Printed Materials and Advertising Materials, subject to compliance with the provisions of Sections 10.2 and 11.2, and subject to the Guidelines.

9. Payments.

9.1 Payments for Licensed Products . Publisher shall pay the SCE Company either directly or through its designee, for Licensed Products, including Licensed Products in any "Greatest Hits," "Platinum" or any other program, and demonstration discs, at the rates and in the manner specified in the Regional Riders and the terms of this Section 9. Publisher shall be required in all cases to make payments to the SCE Company, in accordance with this Section 9 and the Regional Rider, with respect to any and all of Publisher's products that are developed utilizing any SCE Materials or SCE Intellectual Property Rights or any derivative works based on or otherwise derived from the same. The burden of proof under this Section shall be on Publisher. The SCE Company reserves the right to require Publisher to furnish evidence satisfactory to the SCE Company that Publisher has complied with any or all of its obligations pursuant to this Section. Payment terms are subject to change in the SCE Company's discretion upon reasonable notice to Publisher.

9.2 Payment for Units of Disc Products . Payments shall be made to the SCE Company through its Designated Manufacturing Facility concurrent with the placement of any Purchase Order for Units of any Disc Product in accordance with the terms and conditions set forth in this Agreement unless otherwise agreed in writing with the SCE Company. Payment shall be made prior to manufacture unless the SCE Company has agreed in writing to extend credit terms to Publisher under Section 9.3.

9.3 Credit Terms . The SCE Company is not required to extend any credit terms to Publisher, but may do so in the SCE Company's sole discretion. Credit terms and limits shall be subject to revocation or extension at the SCE Company's sole discretion. If credit terms are extended to Publisher, Purchase Orders will be invoiced upon shipment of Disc Products and each invoice will be payable within 30 days of the date of the invoice. Publisher shall be additionally liable for all costs and expenses of collection, including without limitation, reasonable fees for lawyers and court costs.

9.4 Charges and Deductions . The amounts that Publisher must pay under this Agreement are exclusive of all taxes, duties, charges or assessments which the SCE Company or the Designated Manufacturing Facility may have to collect or pay and for which Publisher is solely responsible. No costs incurred in the development, manufacture, marketing, sale or distribution of any Licensed Products shall be deducted from any amounts payable under this Agreement. Similarly, there shall be no deduction from any amounts owed hereunder as a result of any uncollectible accounts owed to Publisher, or for any credits, discounts, allowances or returns which Publisher may credit or otherwise grant to any third-party customer of any Licensed Products, or for any taxes, fees, assessments or expenses of any kind which may be incurred by Publisher in connection with its sale or distribution of any Licensed Products or arising with respect to the payment of royalties. Publisher may not assert any credit, set-off or counterclaim to justify withholding payment under this Agreement. Publisher shall be solely responsible for and bear any costs relating to any withholding taxes or other such assessments which may be imposed by any governmental authority with respect to the payments to the SCE Company. Publisher shall provide the SCE Company with official tax receipts or other such documentary evidence issued by the applicable tax authorities sufficient to substantiate that any such taxes or assessments have in fact been timely paid. Deductions may only be made after issuance of an approved credit memo from the SCE Company or a Designated Manufacturing Facility.

9.5 General Terms . Each shipment to Publisher shall constitute a separate sale, whether said shipment constitutes the whole or partial fulfillment of any Purchase Order. Title to Units shall pass to Publisher only upon payment in full of the amounts due under this Agreement for those Units. The receipt and deposit by the SCE Company of any moneys payable under this Agreement shall be without prejudice to any rights or remedies the SCE Company has and shall not restrict or prevent the SCE Company from challenging the basis for calculation or payment accuracy. Nothing in this Agreement shall excuse or be construed as a waiver of Publisher's obligation to timely provide any and all payments owed to the SCE Company or any Designated Manufacturing Facility.

10. Representations and Warranties.

10.1 Representations and Warranties of SCE Company . The SCE Company represents and warrants solely for the benefit of Publisher that the SCE Company has the right, power and authority to enter into this Agreement and to fully perform its obligations hereunder.

10.2 Representations and Warranties of Publisher . Publisher represents and warrants that:

(i) There is no threatened or pending action, suit, claim or proceeding alleging that the use or possession by Publisher or its affiliates of all or any part of the Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials, Packaging not provided by the Designated Manufacturing Facility, or any underlying work or content embodied in any of the foregoing, including any name, designation or trademark used in conjunction with any of the Licensed Products, infringes or otherwise violates any intellectual property right or other right or interest of any kind whatsoever anywhere in the world of any third party, or otherwise contesting any right, title or interest of Publisher in or to the Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials, Packaging not provided by the Designated Manufacturing Facility, or any underlying work or content embodied in any of the foregoing, including any name, designation or trademark used in conjunction with any of the Licensed Products;

(ii) The Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials, Packaging not provided by the Designated Manufacturing Facility, and their contemplated disclosure or use under this Agreement do not and shall not infringe any person's rights including patents, copyrights (including rights in a joint work), trademarks, trade dress, trade secret, rights of publicity, privacy, performance, moral rights, literary rights or any other right or interest anywhere in the world of any third party. Publisher has obtained the consent of all holders of intellectual property rights necessary for the SCE Company's or its Affiliates' use of any Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials and Packaging not provided by the Designated Manufacturing Facility provided by Publisher, which may be reproduced, published, publicly displayed, publicly performed, marketed, sold and otherwise distributed by the SCE Company and any Affiliates in accordance with this Agreement. Publisher has made all payments required to any person having any legal rights arising from such disclosure or use so that the SCE Company will not incur any obligation to pay any royalty, residual, union, guild or other fees or expenses;

(iii) Publisher has the right, power and authority to enter into this Agreement, to grant the SCE Company the rights granted hereunder and to fully perform its obligations hereunder;

(iv) The making of this Agreement by Publisher does not violate any separate agreement, rights or obligations existing between Publisher and any other person, and, throughout the Term, Publisher shall not make any separate agreement with any third party that is inconsistent with any of the provisions of this Agreement;

(v) Publisher has not previously taken any action that could be interpreted as having sold, assigned, leased, licensed or in any other way disposed of or encumbered any of the rights granted to Publisher hereunder. Publisher will not sell, assign, lease, license or in any other way dispose of or encumber any of such rights except as expressly consented to by the SCE Company in writing;

(vii) Neither Publisher nor its affiliates shall make any representation or give any warranty to any person or entity expressly or on the SCE Company's behalf, or to the effect that the Licensed Products are connected in any way with the SCE Company other than that the Executable Software and Licensed Products have been developed, marketed, sold and distributed under license from the SCE Company;

(viii) In the event that any Executable Software is delivered by Publisher to any other Licensed Publishers or Licensed Developers in source code form, Publisher will take all precautions consistent with the protection of valuable trade secrets by companies in high technology industries to ensure that such third parties protect and maintain the confidentiality of such source code;

(ix) The Executable Software, excepting any SCE Materials, and any Product Information shall be in a commercially acceptable form, free of significant bugs, defects, time bombs or viruses or unauthorized content that is inconsistent with the age rating applicable to the corresponding Licensed Product, which could disrupt, delay, or destroy the Executable Software or System, or render any of such items less than fully useful, or that could cause the SCE Company to suffer public disrepute, contempt, scandal or ridicule, or which insults or offends the community or any substantial organized group thereof or which could tend to adversely affect the SCE Company's name, reputation or goodwill associated with the System, and shall be fully compatible with the System and all peripherals listed on the Printed Materials as compatible with the Licensed Product;

(x) Each of the Licensed Products shall be developed,

marketed, sold and distributed by or at the direction of Publisher in an ethical manner and in a responsible manner with respect to the protection of children in the online environment, and in full compliance with all applicable laws, including federal, state, provincial, local and foreign laws, and any rules, regulations and standards promulgated thereunder, including lottery laws and labor laws, and will not contain content that violates applicable laws, including those relating to privacy or any obscene or defamatory matter;

(xi) Publisher's policies and practices with respect to the development, marketing, sale, and distribution of the Licensed Products shall in no manner reflect adversely upon the name, reputation or goodwill of the SCE Company or any Affiliate;

(xii) To the extent Publisher wishes to utilize a Licensed Developer to assist in development of Licensed Products, Publisher has contracted, or will contract, with a Licensed Developer for the technical expertise and resources necessary to fulfill its obligations under this Agreement; and

(xiii) Publisher shall make no false, misleading or inconsistent representations or claims with respect to the System, any Licensed Products, or the SCE Company or any Affiliate.

11. Indemnities; Limited Liability.

11.1 Indemnification by SCE Company . The SCE Company shall indemnify and hold Publisher harmless from and against any and all third-party claims, demands, losses, liabilities, damages, expenses and costs, including reasonable fees for lawyers, expert witnesses and litigation costs, and costs incurred in the settlement or avoidance of any such claim, in connection with or which result from a breach of any of the SCE Company's representations or warranties set forth in Section 10.1 (collectively, "SCE-Indemnified Claim(s)"); provided that: (i) Publisher shall give prompt written notice to the SCE Company of the assertion of any SCE-Indemnified Claim; (ii) the SCE Company shall have the right to select counsel and control the defense and settlement of any SCE-Indemnified Claim and Publisher shall not agree to the settlement of any SCE-Indemnified Claim without the SCE Company's prior written consent; and (iii) Publisher shall provide the SCE Company reasonable assistance and cooperation concerning any SCE-Indemnified Claim, except that Publisher need not incur any out-of-pocket costs in rendering such assistance and cooperation. The SCE Company shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to SCE-Indemnified Claims as shall be deemed appropriate by the SCE Company.

11.2 Indemnification By Publisher . Publisher shall indemnify and hold the SCE Company harmless from and against any and all claims, demands, losses, liabilities, damages, expenses and costs, including reasonable fees for lawyers, expert witnesses and litigation costs, and costs incurred in the settlement or avoidance of any such claim, in connection with or which result from (i) a breach of any of the provisions of this Agreement; (ii) any claim of infringement of a third party's intellectual property rights or any consumer claim, with respect to Publisher's Licensed Products, including claims related to Publisher's support of unauthorized or unlicensed peripherals or software that are not part of the PlayStation 3 format specifications as set forth in the Guidelines; (iii) any claim related to any Licensed Product features or capability related to cross-regional Online Gameplay; (iv) any claims of or in connection with any personal or bodily injury (including death or disability) or property damage arising out of, in whole or in part, the development, marketing, advertising, sale, distribution or use of any of the Licensed Products (or portions thereof) unless due directly and solely to the breach of the SCE Company in performing any of the specific duties or providing any of the specific services required of it hereunder; or (v) any federal, state or foreign civil or criminal investigations or actions relating to the development, marketing, advertising, sale or distribution of Licensed Products (all subsections collectively, "Publisher-Indemnified Claim(s)"), provided that (a) the SCE Company shall give prompt written notice to Publisher of the

assertion of any Publisher-Indemnified Claim; (b) Publisher shall have the right to select counsel and control the defense and settlement of any Publisher-Indemnified Claim, except that with respect to any Publisher-Indemnified Claims made by a third party against the SCE Company, the SCE Company shall have the right to select counsel for the SCE Company and reasonably control the defense and settlement of the Publisher-Indemnified Claim against the SCE Company; and (c) the SCE Company shall provide Publisher with reasonable assistance and cooperation concerning any Publisher-Indemnified Claim, except that the SCE Company need not incur any out-of-pocket costs in rendering such assistance and cooperation. Subject to the foregoing, Publisher shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to Publisher-Indemnified Claims as shall be deemed appropriate by Publisher.

11.3 LIMITATIONS OF LIABILITY .

11.3.1 SCE Limitation of Liability for Financial Losses. In no event shall the SCE Company or any Affiliates, or the officers, directors, employees, agents, licensors or suppliers of any of such entities, be liable for loss of revenue, loss of actual or prospective profits, loss of contracts, loss of anticipated savings, loss of business opportunity, reputation or goodwill or loss of, damage to or corruption of data (whether such loss or damages are direct, indirect, special, incidental or consequential) arising out of, relating to, or in connection with this Agreement or any collateral contract (including the breach of this Agreement by the SCE Group Company), whether known, foreseen or foreseeable and whether in contract, tort (including negligence), product liability, under indemnity, or otherwise.

11.3.2 SCE Limitation of Liability for Other Consequential Losses. In no event shall the SCE Company, its Affiliates or the officers, directors, employees, agents, licensors or suppliers of any of such entities, be liable for any indirect, special, incidental or consequential loss or damage of any kind arising out of or in connection with this Agreement or any collateral contract (including the breach of this Agreement by the SCE Group Company), whether known, foreseen or foreseeable and whether in contract, tort (including negligence), product liability, under an indemnity or otherwise.

11.3.3 SCE Limitation of Liability for Representations. Publisher shall have no remedy with respect to any representation made to it upon which it relied in entering into this Agreement and the SCE Company and its Affiliates and the officers, directors, employees, agents, licensors or suppliers of any of such entities shall have no liability to Publisher other than under the express terms of this Agreement. In this Section 11.3.3, "representation" means any undertaking, promise, assurance, statement, representation, warranty or understanding, whether in writing or otherwise, of any person (whether a party to this Agreement or not), relating to the subject matter of this Agreement.

11.3.4 SCE Limitation of Liability for SCE Materials and Publisher's Materials. Except as expressly set forth herein, neither the SCE Company, nor its Affiliates, nor the officers, directors, employees, agents, licensors or suppliers of any of such entities, shall bear any risk, or have any responsibility or liability of any kind to Publisher or to any third parties with respect to the quality, functionality, operation or performance of, or the use or inability to use, all or any part of the SCE Materials, the System, the Licensed Products or Units of Disc Products, or for any software errors or "bugs" in Product Information included on SCE Company demonstration discs.

11.3.5 SCE Limitation of Financial Liability. In no event shall the SCE Company's liability arising under, relating to, or in connection with this Agreement, or any collateral contract, exceed the total amount paid by Publisher under Section 9 within the 48 month period immediately prior to the date of the first occurrence of the event or circumstances giving rise to the claimed liability.

11.3.6 Publisher Limitation of Liability . In no event shall Publisher, its officers, directors, employees, agents, licensors or suppliers be liable to the SCE Company for loss of revenue, loss of actual or prospective profits, loss of contracts, loss of anticipated savings, loss of business opportunity, reputation or goodwill or loss of, damage to or corruption of data (whether such loss or damage is direct, indirect, special, incidental or consequential), arising out of or in connection with this Agreement or any collateral contract (including the breach of this Agreement by Publisher) provided that such limitations shall not apply to damages resulting from Publisher's breach of Sections 2, 3, 5, 11.2, or 13 of this Agreement, or to any amounts which Publisher may be required to pay pursuant to Sections 11.2 or 16.10.

11.3.7 [***]

11.3.8 Law Applicable to Liabilities. Nothing in this Agreement shall exclude or limit any liability of either party which may not be excluded or limited under applicable law.

12. Infringement of SCE Intellectual Property Rights By Third Parties.

In the event that Publisher discovers or otherwise becomes aware that any of the SCE Intellectual Property Rights have been or are being infringed by any third party, Publisher shall promptly notify the SCE Company. The SCE Company shall have the sole right, in its discretion, to institute and prosecute lawsuits against third parties regarding infringement of SCE Intellectual Property Rights. Any lawsuit shall be prosecuted solely at the cost and expense of the SCE Company and all sums recovered in any such lawsuits, whether by judgment, settlement or otherwise, shall belong solely to the SCE Company. Upon the SCE Company's request, Publisher shall execute all papers, testify on all matters and otherwise cooperate in every way necessary or desirable for the prosecution of any such lawsuit. The SCE Company shall reimburse Publisher for the reasonable expenses incurred as a result of such cooperation, but unless authorized by other provisions of this Agreement, not costs and expenses attributable to any cross-claim, counterclaim or third party action.

13. Confidentiality.

13.1 SCE Confidential Information .

13.1.1 Definition of SCE Confidential Information . "SCE Confidential Information" shall mean:

(i) the SCE Materials, the Development Tools, the Guidelines, the Regional Riders and this Agreement, including all exhibits and schedules attached to any of the foregoing and all information related to these items;

(ii) other information, documents and materials developed, owned, licensed or under the control of the SCE Company or any Affiliate, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know-how, including SCE Intellectual Property Rights relating to the SCE Materials and the Development Tools; and

(iii) information, documents and other materials regarding the SCE Company's or any Affiliate's finances, business and business methods, marketing and technical plans, and development and production plans; and

(iv) third-party information and documents licensed to or under the control of the SCE Company or any Affiliate.

The SCE Confidential Information consists of information in any medium, whether oral, printed, in machine-readable form or otherwise, provided to Publisher before or during the Term, including information subsequently reduced to tangible or written form. In addition, the existence of a relationship between Publisher and the SCE Company shall be deemed to be the SCE Confidential Information unless otherwise agreed to in writing by the parties or until publicly announced by the SCE Company or any Affiliate.

13.1.2 Term of Protection of the SCE Confidential Information . The term for the protection of the SCE Confidential Information shall commence on the Effective Date and shall continue in full force and effect for as long as any of the SCE Confidential Information continues to be maintained as confidential and proprietary by the SCE Company or any Affiliate.

13.1.3 Preservation of SCE Confidential Information . Publisher shall, with respect to the SCE Confidential Information:

(i) not disclose SCE Confidential Information to any person, other than those employees, directors or officers of the Publisher or subcontractors expressly approved under Section 3.2, whose duties justify a "need-to-know" and who have executed a confidentiality agreement in which such employees, directors, officers or subcontractors have agreed not to disclose and to protect and maintain the confidentiality of all confidential information and materials inclusive of those of third parties which may be disclosed to them or to which they may have access during the course of their duties. At the SCE Company's request, Publisher shall provide the SCE Company with a copy of such confidentiality agreement between Publisher and its employees, directors, officers, or subcontractors and shall also provide the SCE Company with a list of employee, director, officer, and subcontractor signatories. Publisher shall not disclose any of the SCE Confidential Information to third parties, other than expressly approved subcontractors under section 3.2, including to consultants or agents without the SCE Company's prior written consent. Any employees, directors, officers, subcontractors, authorized consultants and agents who obtain access to or copies of the SCE Confidential Information shall be advised by Publisher of the confidential or proprietary nature of the SCE Confidential Information, and Publisher shall be responsible for any breach of this Agreement by all such persons.

(ii) hold all of the SCE Confidential Information in confidence and take all measures necessary to preserve the confidentiality of the SCE Confidential Information in order to avoid disclosure, publication, or dissemination, using as high a degree of care and scrutiny, but at least reasonable care, as is consistent with the protection of valuable trade secrets by companies in high technology industries.

(iii) ensure that all written materials relating to or containing the SCE Confidential Information be maintained in a restricted access area and plainly marked to indicate the proprietary and confidential nature thereof.

(iv) at the SCE Company's request, return promptly to the SCE Company any and all portions of the SCE Confidential Information, together with all copies thereof.

(v) not use, copy, reproduce, modify, create derivative works from, sublicense, distribute, or otherwise disseminate the SCE Confidential Information, or any portion thereof, except as expressly authorized, nor shall Publisher remove any proprietary legend set forth on or contained within any of the SCE Confidential Information.

13.1.4 Exceptions . The foregoing restrictions shall not apply to any portion of the SCE Confidential Information which:

(i) was previously known by Publisher without restriction on disclosure or use, as proven by written documentation of Publisher;

(ii) is or legitimately becomes part of the public domain through no fault of Publisher or any of its employees, directors, officers, consultants or agents;

(iii) is independently developed by Publisher's employees or consultants who have not had access to or otherwise used the SCE Confidential Information (or any

portion thereof), as proven by written documentation of Publisher;

(iv) is required to be disclosed by court, administrative or governmental order; provided that Publisher must use all reasonable efforts prior to issuance of any such order to maintain the confidentiality of the SCE Confidential Information, including asserting in any action or investigation the restrictions set forth in this Agreement, and, immediately after receiving notice of any such action, investigation, or threatened action or investigation, Publisher must notify the SCE Company of such action, investigation, or threatened action or investigation, unless Publisher is ordered by a court not to so notify; or

(v) is approved for release by written authorization of the SCE Company.

13.1.5 No Obligation to License . Disclosure of the SCE Confidential Information to Publisher shall not (i) constitute any option, grant or license from the SCE Company to Publisher under any SCE Intellectual Property Rights now or after owned or controlled by the SCE Company; (ii) result in any obligation on the part of the SCE Company to approve any materials of Publisher; (iii) give Publisher any right to, directly or indirectly, develop, manufacture, sell or otherwise distribute any product derived from or which uses or was developed with the use of the SCE Confidential Information (or any portion thereof), other than as expressly set forth in this Agreement.

13.1.6 Publisher's Obligations Upon Unauthorized Disclosure . If at any time Publisher becomes aware of any unauthorized duplication, access, use, possession or knowledge of any of the SCE Confidential Information, it shall notify the SCE Company as soon as reasonably practicable, and shall promptly act to recover any such information and prevent further breach of the confidentiality obligations herein. Publisher shall provide any and all reasonable assistance to the SCE Company to protect the SCE Company's proprietary rights in any of the SCE Confidential Information that Publisher or its employees, directors, officers, or permitted subcontractors, consultants, or agents may have directly or indirectly disclosed or made available, and that may be duplicated, accessed, used, possessed or known in any manner or for any purpose not expressly authorized by this Agreement, including enforcement of confidentiality agreements, commencement and prosecution in good faith (alone or with the SCE Company) of legal action, and reimbursement for all reasonable lawyers' fees, costs and expenses incurred by the SCE Company to protect the SCE Company's proprietary rights in the SCE Confidential Information. Publisher shall take all steps requested by the SCE Company to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of the SCE Confidential Information.

13.2 Publisher's Confidential Information .

13.2.1 Definition of Publisher's Confidential Information . "Publisher's Confidential Information" shall mean:

(i) any Publisher Software provided to the SCE Company pursuant to this Agreement and all documentation and information relating thereto, including Product Proposals, Printed Materials and Advertising Materials (other than documentation and information intended for release to and use by end users, the general public or the trade);

(ii) other documents and materials developed, owned, licensed or under the control of Publisher, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know-how; and

(iii) information and documents regarding Publisher's finances, business, marketing and technical plans, business methods and production plans.

Publisher's Confidential Information may consist of information in any medium, whether oral, printed, in machine-readable form or otherwise, provided to the SCE Company before or during the Term, including information subsequently reduced to tangible or written form.

13.2.2 Term of Protection of Publisher's Confidential Information . The term for the protection of Publisher's Confidential Information shall commence on the Effective Date and shall continue in full force and effect for as long as any of Publisher's Confidential Information continues to be maintained as confidential and proprietary by Publisher.

13.2.3 Preservation of Confidential Information of Publisher . The SCE Company shall, with respect to Publisher's Confidential Information:

(i) hold all Publisher's Confidential Information in confidence and take all reasonable steps to preserve the confidentiality of Publisher's Confidential Information, and to prevent it from falling into the public domain or into the possession of persons other than those persons to whom disclosure is authorized hereunder.

(ii) not disclose Publisher's Confidential Information to any person other than the SCE Company's or a Designated Manufacturing Facility's employees, directors, agents, consultants and subcontractors who need to know or have access to Publisher's Confidential Information for the purposes of this Agreement, and only to the extent necessary for such purposes.

(iii) ensure that all written materials relating to or containing Publisher's Confidential Information be maintained in a secure area and plainly marked to indicate the proprietary and confidential nature thereof.

(iv) at Publisher's request, return promptly to Publisher any and all portions of Publisher's Confidential Information, together with all copies thereof.

(v) not use Publisher's Confidential Information, or any portion thereof, except as provided herein, nor shall the SCE Company remove any proprietary legend set forth on or contained within any of Publisher's Confidential Information.

13.2.4 Exceptions . The foregoing restrictions shall not apply to any portion of Publisher's Confidential Information which:

(i) was previously known by the SCE Company without restriction on disclosure or use, as proven by written documentation of the SCE Company;

(ii) comes into the possession of the SCE Company from a third party which is not under any obligation to maintain the confidentiality of such information;

(iii) is or legitimately becomes part of information in the public domain through no fault of the SCE Company, or any of its employees, directors, agents, consultants or subcontractors;

(iv) is independently developed by the SCE Company's employees, consultants or subcontractors who have not had access to or otherwise used Publisher's Confidential Information (or any portion thereof), as proven by written documentation of the SCE Company;

(v) is required to be disclosed by court, administrative, or governmental order; provided that the SCE Company attempts, prior to the issuance of any such order, to maintain the confidentiality of Publisher's Confidential Information, including asserting in any action or investigation the restrictions set forth in this Agreement, and immediately after receiving notice of any such action, investigation, or threatened action or investigation, notifies Publisher of such action, investigation, or threatened action or investigation, unless the SCE Company is ordered by a court not to so notify; or

(vi) is approved for release by written authorization of Publisher.

13.2.5 SCE Company's Obligations Upon Unauthorized Disclosure . If at any time the SCE Company becomes aware of any unauthorized duplication, access, use, possession or knowledge of Publisher's Confidential Information, it shall notify Publisher as soon as is reasonably practicable. The SCE Company shall provide any and all reasonable assistance to Publisher to protect Publisher's proprietary rights in any of Publisher's Confidential Information that it or its employees or permitted subcontractors may have directly or indirectly disclosed or made available and that may be duplicated, accessed, used, possessed or known in a manner or for a purpose not expressly authorized by this Agreement, including enforcement of confidentiality agreements, commencement and prosecution in good faith (alone or with Publisher) of legal action, and reimbursement for all reasonable lawyers' fees, costs and expenses incurred by Publisher to protect Publisher's proprietary rights in Publisher's Confidential Information. The SCE Company shall take all reasonable steps requested by Publisher to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of Publisher's Confidential Information.

13.3 Confidentiality of Agreement . While the terms of this Agreement and the Regional Rider shall be treated as SCE Confidential Information, Publisher may disclose their terms and conditions:

(i) to legal counsel;

(ii) in confidence, to accountants, banks and financing sources and their advisors;

(iii) in confidence, in connection with the enforcement of this Agreement or rights arising under or relating to this Agreement; and

(iv) if required, in the opinion of its counsel, to file publicly or otherwise disclose the terms of this Agreement under applicable securities or other laws, Publisher shall promptly notify the SCE Company of such obligation so that the SCE Company has a reasonable opportunity to contest or limit the scope of such required disclosure, and Publisher shall request, and shall use best efforts to obtain, confidential treatment for such sections of this Agreement as the SCE Company may designate.

14. Term Renewal and Termination.

14.1 Term Renewal . The Term shall be automatically extended for additional one-year terms, unless either party provides the other with written notice of its election not to extend on or before January 31 of the year in which the Term would renew. Notwithstanding the foregoing, the term for the protection of SCE Confidential Information and Publisher's Confidential Information shall be as set forth in Sections 13.1.2 and 13.2.2 respectively.

14.2 Termination by SCE Company . The SCE Company shall have the right to terminate the Agreement immediately, on written notice to Publisher, upon the occurrence of any of the following:

(i) If Publisher is in material breach of any of its obligations under the Agreement or under any other agreement entered into between the SCE Company or any Affiliate, on the one hand, and Publisher on the other hand;

(ii) A statement of intent by Publisher to no longer exercise any of the rights granted by the SCE Company to Publisher hereunder or Publisher failing to submit materials under section 6.1 or failing to issue any Purchase Orders during any period of twelve consecutive calendar months;

(iii) If Publisher (a) is unable to pay its debts when due; (b) makes an assignment for the benefit of any of its creditors; (c) files or has filed against it a petition, or an order of bankruptcy or insolvency is made, under the bankruptcy or insolvency laws of any jurisdiction (and such petition is not discharged within 60 days) or becomes or is adjudicated bankrupt or insolvent; (d) is the subject of an order for, or

applies for or notices its intent to apply for, the appointment of an administrator, receiver, administrative receiver, manager, liquidator, trustee or similar officer to be appointed over any of its business or property; (e) ceases to do business or enters into liquidation; or (f) takes or suffers any similar or analogous action in any jurisdiction as a consequence of debt;

(iv) If a controlling interest in Publisher or in an entity which directly or indirectly has a controlling interest in Publisher is transferred to a party that (a) is in breach of any agreement with the SCE Company or any Affiliate; (b) directly or indirectly holds or acquires a controlling interest in a third party which designs, develops any of the core components for an interactive device or product which is directly or indirectly competitive with the System, or itself develops any product that is directly or indirectly competitive with the System; or (c) is in litigation or in an adversarial administrative proceeding with the SCE Company or any Affiliate concerning the SCE Confidential Information or any SCE Intellectual Property Rights, including challenging validity of any SCE Intellectual Property Rights;

(v) If Publisher or any entity that directly or indirectly has a controlling interest in Publisher (a) enters into a business relationship with a third party related to the design or development of any core components for an interactive device or product which is directly or indirectly competitive with the System; or (b) acquires an interest in or otherwise forms a strategic business relationship with any third party which has developed or owns or acquires intellectual property rights in any such device or product;

(vi) If Publisher or any of its affiliates initiates any legal or administrative action against the SCE Company or any Affiliate or challenges the validity of any SCE Intellectual Property Rights;

(vii) If Publisher fails to pay any sums owed to the SCE Company on the date due and such default is not fully corrected or cured within ten (10) business days of the date on which such payment was originally due; or

(viii) If Publisher or any of its officers or employees engage in "hacking" of any software for any PlayStation format or in activities which facilitate the same by any third party.

As used hereinabove, "controlling interest" means, with respect to any form of entity, sufficient power to control the decisions of such entity. Publisher shall immediately notify the SCE Company in writing in the event that any of the events or circumstances specified in this Section 14.2 occur. In the event of termination under 14.2(viii), the SCE Company shall have the right to terminate any other agreements entered into between the SCE Company and Publisher.

14.3 Product-by-Product Termination . In addition to the events of termination described in Section 14.2, the SCE Company, at its option, shall be entitled to terminate, with respect to a particular Licensed Product, the licenses and related rights herein granted to Publisher immediately on written notice to Publisher, in the event that (a) Publisher fails to notify the SCE Company promptly in writing of any material change to any materials previously approved by the SCE Company in accordance with Sections 6 and the relevant Guidelines, and such breach is not corrected or cured within 30 days after receipt of written notice of such breach; (b) Publisher uses a third party that fails to comply with the requirements of Section 3.2 in connection with the development of any Licensed Product; (c) any third party with whom Publisher has contracted for the development of Licensed Products breaches any of its material obligations to the SCE Company pursuant to such third party's agreement with the SCE Company with respect to any such Licensed Product; (d) Publisher cancels a Licensed Product or fails to provide the SCE Company, in accordance with the provisions of Section 6 and the relevant Guidelines, with the final version of the Executable Software for any Licensed Product within three months of the scheduled release date (as referenced in the Product Proposal or as otherwise mutually agreed by the

parties in writing), fails to provide work in progress to the SCE Company in strict compliance with the review process set forth in the Guidelines, fails to provide fully tested final Executable Software in strict conformance with the Guidelines; or (e) Publisher otherwise fails materially to conform to the Guidelines with respect to any particular Licensed Product.

14.4 Options in Lieu of Termination . As alternatives to terminating the Agreement or all licensed rights with respect to a particular Licensed Product as set forth in Sections 14.2 and 14.3, the SCE Company may, at its option and upon written notice to Publisher, suspend this Agreement, entirely or with respect to a particular Licensed Product or program, for a set period of time which shall be specified in writing to Publisher upon the occurrence of any breach of this Agreement. Election of suspension shall not constitute a waiver of or compromise with respect to any of the SCE Company's rights under this Agreement and the SCE Company may elect to terminate this Agreement with respect to any breach.

14.5 No Refunds . In the event that this Agreement expires or is terminated under any of Sections 14.2 through 14.4, no portion of any payments of any kind whatsoever previously provided hereunder shall be owed or be repayable or refunded to Publisher.

15. Effect of Expiration or Termination.

15.1 Inventory Statement . Within 30 days of the date of expiration or the effective date of termination with respect to any or all Licensed Products or this Agreement, Publisher shall provide the SCE Company with an itemized statement, certified to be accurate by an officer of Publisher, specifying the number of unsold Units of the Licensed Products as to which such termination applies, on a title-by-title basis, which remain in its inventory or under its control at the time of expiration or the effective date of termination. The SCE Company shall be entitled to conduct at its expense a physical inspection of Publisher's inventory and work in process upon reasonable written notice during normal business hours in order to ascertain or verify such inventory and inventory statement.

15.2 Reversion of Rights . Upon expiration or termination and subject to Section 15.3, the licenses and related rights herein granted to Publisher shall immediately revert to the SCE Company, and Publisher shall cease from any further use of the SCE Confidential Information, Licensed Trademarks and the SCE Materials and any SCE Intellectual Property Rights therein, and, subject to the provisions of Section 15.3, Publisher shall have no further right to continue the development, publication, manufacture, marketing, advertising, sale or other distribution of any Licensed Products, or to continue to use any Licensed Trademarks; provided, however, that for a period of one year after the effective date of termination, and subject to all the terms of Section 13, and provided this Agreement is not terminated due to any breach or default by Publisher, Publisher may retain such portions of the SCE Materials and the SCE Confidential Information as the SCE Company in its sole discretion agrees are required to support end users who possess Licensed Products but must return all these materials at the end of such one year period. Upon expiration or termination, the licenses and related rights herein granted to the SCE Company by Publisher shall immediately revert to Publisher, and the SCE Company shall cease from any further use of Product Information and any Publisher Intellectual Property Rights therein; provided that the SCE Company may continue the manufacture, marketing, advertising, sale and other such distribution of any SCE Company demonstration discs containing Publisher's Product Information which Publisher had previously approved.

15.3 Disposal of Unsold Units Upon Termination . In the event of termination of this Agreement under sections 14.2(ii), (iv), or (v), Publisher may sell off existing inventories of Units of the Disc Products, on a non-exclusive basis, and strictly in accordance with this Agreement, for a period of [***] from the date of expiration or effective date of

termination of this Agreement, and provided such inventories have not been manufactured solely or principally for sale during such period. Subsequent to the expiration of such [***] period, or in the event this Agreement is terminated under Sections 14.2(i), (iii), (vi), (vii), or (viii), any and all Units of the Disc Products remaining in Publisher's inventory or otherwise under its control shall be destroyed by Publisher within [***] of such expiration or termination date. Within [***] after such destruction, Publisher shall provide the SCE Company with an itemized statement, certified to be accurate by an officer of Publisher, indicating the number of Units of the Licensed Products which have been destroyed (on a title-by-title basis), the location and date of such destruction, and the disposition of the remains of such destroyed materials.

15.4 Disposal of Unsold Units Upon Non-Renewal . In the event that the Term expires and this Agreement is not renewed, Publisher may continue to publish those Licensed Products containing Executable Software whose development was completed before or during the Term, and to use the Licensed Trademarks strictly, only and directly in connection with such publication, until the Term expires or, if later, until the second anniversary of the 31 January next following such completion. Upon expiration of the Term or, the extended period for publishing Licensed Products, Publisher may sell off existing inventories of such Licensed Products on a non-exclusive basis for a period of [***] from the applicable expiration date; provided that such inventory is not manufactured solely or principally for sale within such sell-off period.

15.5 Return of the SCE Materials and the SCE Confidential Information . Upon the expiration or earlier termination of this Agreement or following either the [***] referenced in Sections 15.4 and 15.3 and subject to Section 15.2, Publisher shall immediately deliver to the SCE Company, or if and to the extent requested by the SCE Company, destroy, all SCE Materials and any and all copies thereof, and Publisher and the SCE Company shall, upon the request of the other party, immediately deliver to the other party, or to the extent requested by such party destroy, all Confidential Information of the other party, including any and all copies thereof, which the other party previously furnished to it in furtherance of this Agreement. Within five (5) working days after any such destruction, Publisher or the SCE Company, as appropriate, shall provide the other party with a certificate of destruction and an itemized statement, each certified to be accurate by an officer of Publisher, indicating the number of copies or units of the SCE Materials or SCE Confidential Information which have been destroyed, the location and date of such destruction and the disposition of the remains of such destroyed materials. In the event that Publisher fails to return or certify the destruction of the SCE Materials or SCE Confidential Information and the SCE Company must resort to legal means (including any use of lawyers) to recover the SCE Materials or SCE Confidential Information or the value thereof, all costs, including the SCE Company's reasonable lawyers' fees, shall be borne by Publisher, and the SCE Company may, in addition to the SCE Company's other remedies, withhold such amounts from any payment otherwise due from the SCE Company to Publisher under any agreement between the SCE Company and Publisher.

15.6 Extension of this Agreement; Termination Without Prejudice . The SCE Company shall be under no obligation to extend this Agreement notwithstanding any actions taken by either of the parties prior to the expiration of this Agreement. Upon the expiration of this Agreement, neither party shall be liable to the other for any damages (whether direct, indirect, consequential or incidental, and including any expenditures, loss of profits or prospective profits) sustained or arising out of or alleged to have been sustained or to have arisen out of such expiration. The expiration or termination of this Agreement shall be without prejudice to any rights or remedies which one party may otherwise have against the other party, and shall not excuse either party from liability with respect to any events occurring prior to expiration or the effective date of termination.

16. Miscellaneous Provisions.

16.1 Notices . All notices or other communications required or desired to be sent to either of the parties shall be in writing and shall be sent by registered or certified mail, postage prepaid, or sent by recognized international courier service, or facsimile, with charges prepaid. The address for all notices or other communications required to be sent to the SCE Company or Publisher, respectively, shall be the mailing address stated in the preamble hereof, or such other address as may be provided by written notice from one party to the other on at least ten (10) days' prior written notice. Any such notice shall be effective upon the date of actual receipt, as confirmed by the receiving party.

16.2 Audit Provisions . Publisher shall keep full, complete, and accurate books of accounts and records covering all transactions relating to this Agreement. Publisher shall preserve such books of accounts, records, documents, and materials for a period of [***] after the expiration or earlier termination of this Agreement. Acceptance by the SCE Company of any accounting statement, purchase order, or payment hereunder will not preclude the SCE Company from challenging or questioning the accuracy thereof at a later time. In the event that the SCE Company reasonably believes that the pricing information provided by Publisher with respect to any Licensed Product is not accurate, the SCE Company shall be entitled to request additional documentation from Publisher to support the pricing information provided for such Licensed Product. In addition, during the Term and for a period of [***] thereafter and upon the giving of reasonable prior written notice to Publisher, at the SCE Company's expense, representatives of the SCE Company shall be given access to, and the right to inspect, audit, and make copies and summaries of and take extracts from, such portions of all books and records of Publisher, and Publisher's affiliates and branch offices, as pertain to the Licensed Products and any payments due or credits received hereunder. Any such audit shall take place during normal business hours and shall, at the SCE Company's sole election, be conducted either by an independent certified accountant or by an appropriately professionally qualified SCE Company employee. In the event that such inspection reveals any under-reporting of any payment due to the SCE Company, Publisher shall immediately pay the SCE Company such amount. In the event that any audit conducted by the SCE Company reveals that Publisher has under-reported any payment due to the SCE Company hereunder by [***] or more for the relevant audit period, then in addition to the payment of the appropriate amount due to the SCE Company, Publisher shall reimburse the SCE Company for all reasonable audit costs for that audit and any and all collection costs to recover any unpaid amounts.

16.3 Force Majeure . Neither the SCE Company nor Publisher shall be liable for any loss or damage or be deemed to be in breach of this Agreement if its failure to perform or failure to cure any of its obligations under this Agreement results from any event or circumstance beyond its reasonable control, including any natural disaster, fire, flood, earthquake or other Act of God; shortage of equipment, materials, supplies or transportation facilities; strike or other industrial dispute; war or rebellion; shutdown or delay in power, telephone or other essential service due to the failure of computer or communications equipment or otherwise; provided, however, that the party interfered with gives the other party written notice thereof promptly, and, in any event, within fifteen (15) business days of discovery of any such Force Majeure condition. If notice of the existence of any Force Majeure condition is provided within such period, the time for performance or cure shall be extended for a period equal to the duration of the Force Majeure event or circumstance described in such notice, except that any such cause shall not excuse the payment of any sums owed to the SCE Company prior to, during or after the occurrence of any such Force Majeure condition. In the event that the Force Majeure condition continues for more than 60 days, the SCE Company may terminate this Agreement for cause by providing written notice to Publisher to such effect.

16.4 No Agency, Partnership or Joint Venture . The relationship between the SCE Company and Publisher, respectively, is that of licensor and licensee. Both parties are independent contractors and neither party is the legal representative, agent, joint venturer, partner or employee of the other party for any purpose whatsoever. Neither party has any right or authority to assume or create any obligations of any kind or to make any representation or warranty on behalf of the other party, whether express or implied, or to bind the other party in any respect whatsoever.

16.5 Assignment . The SCE Company has entered into this Agreement based upon the particular reputation, capabilities and experience of Publisher and its officers, directors and employees. Except as provided in this Agreement, Publisher may not assign, sublicense, subcontract, encumber or otherwise transfer this Agreement or any of its rights hereunder, nor delegate or otherwise transfer any of its obligations hereunder, to any third party unless the prior written consent of the SCE Company shall first be obtained. Any attempted or purported assignment, delegation or other such transfer, directly or indirectly, without the required consent of the SCE Company shall be void and a material breach of this Agreement. Subject to the foregoing, this Agreement shall inure to the benefit of the parties and their respective successors and permitted assigns (other than in connection with any of the events referenced in Section 14.2(iv).) The SCE Company shall have the right to assign any and all of its rights and obligations hereunder to any Affiliate(s) or to any company in the Sony family group of companies.

16.6 Non-solicitation . Neither Publisher nor any of its affiliates, by itself, its officers, employees or agents, or indirectly, shall during the Term, induce or seek to induce, on an individually targeted basis, the employment or the engagement of the services of, any employee of the SCE Company or any of its Affiliates, whose services are (a) specifically engaged in product development or directly related functions or (b) otherwise reasonably deemed by his or her employer to be of material importance to the protection of its legitimate business interests, and (c) with whom Publisher or any of its affiliates shall have had contact or dealings during the Term. The foregoing provisions shall continue to apply for a period of 12 months after this Agreement expires or is terminated.

16.7 Compliance with Applicable Laws . The parties shall at all times comply with all applicable laws and regulations and all conventions and treaties to which their countries are a party or relating to or in any way affecting this Agreement and the performance by the parties of this Agreement, including the US Children's Online Privacy Protection Act and all other laws and regulations relating to the gathering, handling and dissemination of all data from or concerning end users of Online Products. Each party, at its own expense, shall negotiate and obtain any approval, license or permit required in the performance of its obligations, and shall declare, record or take such steps to render this Agreement binding, including the recording of this Agreement with any appropriate governmental authorities (if required).

16.8 Legal Costs and Expenses . In the event it is necessary for either party to retain the services of a lawyer to enforce the provisions of this Agreement or to file or defend any action arising out of this Agreement, then the prevailing party in any such action shall be entitled, in addition to any other rights and remedies available to it at law or in equity, to recover from the other party its reasonable fees for lawyers and expert witnesses, plus such court costs and expenses as may be fixed by any court of competent jurisdiction. The term "prevailing party" for the purposes of this Section shall include a defendant who has by motion, judgment, verdict or dismissal by the court, successfully defended against any claim that has been asserted against it.

16.9 Remedies . Unless expressly set forth to the

contrary, either party's election of any remedies provided for in this Agreement shall not be exclusive of any other remedies at law or equity, and all such remedies shall be deemed to be cumulative. Any breach of Sections 2, 3, 5, 6, 7.1 – 7.7, 13 or 15 of this Agreement would cause significant and irreparable harm to the SCE Company, the extent of which would be difficult to ascertain and for which damages might not be an adequate remedy. Accordingly, in addition to any other remedies, including damages to which the SCE Company may be entitled, in the event of a breach or threatened breach by Publisher, or any of its directors, officers, employees, agents or permitted consultants or subcontractors, of any such Section or Sections of this Agreement, the SCE Company shall be entitled to the immediate issuance without bond or other security, of ex parte equitable relief, including injunctive relief, or, if a bond is required under applicable law, on the posting of a bond in an amount not to exceed USD [***], enjoining any breach or threatened breach of any or all of such provisions. In addition, if Publisher fails to comply with any of its obligations as set forth herein, the SCE Company shall be entitled to an accounting and repayment of all forms of compensation, commissions, remuneration or benefits which Publisher directly or indirectly realizes as a result of or arising in connection with any such failure to comply. Such remedy shall be in addition to and not in limitation of any injunctive relief or other remedies to which the SCE Company may be entitled under this Agreement or otherwise at law or in equity.

16.10 Severability . In the event that any provision of this Agreement or portion thereof is determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, such provision or portion shall be enforced to the extent possible consistent with the stated intention of the parties, or, if incapable of such enforcement, shall be deemed to be deleted from this Agreement, while the remainder of this Agreement shall continue in full force and remain in effect according to its stated terms and conditions.

16.11 Sections Surviving Expiration or Termination . The following Sections shall survive the expiration or earlier termination of this Agreement for any reason: 5, 6.2, 6.3, 6.4, 7.10, 9, 10, 11, 13, 14.5, 15 and 16 and any terms in any Regional Rider that are expressly designated as surviving termination.

16.12 Waiver . No failure or delay by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. Any waiver by either party of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver operate or be construed as a waiver of such provision respecting any future event or circumstance.

16.13 Modification and Amendment . The SCE Company reserves the right, at any time upon reasonable notice to Publisher, to amend the relevant provisions of this Agreement or the Guidelines, to take account of or in response to any decision, order, or objection of any court or governmental or other competition authority of competent jurisdiction, or any statutory or similar measures that give effect to any such decision (from which this Agreement and the Guidelines are not exempt) or to reflect any undertaking by the SCE Company to any such authority. Any such amendment shall be of prospective application only and shall not be applied to any Licensed Products submitted to the SCE Company pursuant to Section 6 prior to the date of the SCE Company's notice of amendment. In the event that Publisher is unwilling to accept any such amendment, then Publisher shall have the right to terminate this Agreement by providing written notice to the SCE Company no more than 90 days following the date of the SCE Company's notice of amendment. The provisions of Section 15.3 shall come into effect upon any such termination by Publisher. Subject to the remainder of this Section 16.14 and except as otherwise provided in this Agreement, no modification or amendment of any provision of this Agreement shall be effective unless in writing and signed by both of the parties.

16.14 Interpretation . The section headings used in this Agreement are intended primarily for reference and shall not by themselves determine the construction or interpretation of this Agreement or any portion hereof. Any reference to section numbers are to the sections of this Agreement. Any reference to persons includes natural persons as well as organizations, including firms, partnerships, companies and corporations. Any phrase introduced by the terms "including," "include," "in particular," or any similar expression shall be construed as illustrative and shall not limit the category preceding those terms.

16.15 Integration . This Agreement, together with the Guidelines, constitutes the entire agreement between the SCE Company and Publisher and supersedes all prior or contemporaneous agreements, proposals, representations, understandings and communications between the SCE Company and Publisher, whether oral or written, with respect to the subject matter hereof, including any PlayStation 3 Confidentiality and Nondisclosure Agreement between the SCE Company and Publisher. Publisher is not relying upon any statement, representation, warranty or understanding, whether negligently or innocently made, of any person other than as expressly set out in this Agreement.

16.16 Counterparts . This Agreement may be executed in counterparts, each of which shall be deemed an original, and together shall constitute one and the same instrument.

16.17 Construction . This Agreement shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either of the parties.

THIS AGREEMENT HAS BEEN ENTERED INTO ON THE DATE STATED AT THE BEGINNING OF IT.

SONY COMPUTER ENTERTAINMENT AMERICA INC.

By: /s/ Rob Dyer
Print Name: Rob Dyer
Title: SVP
Date: September 18, 2008

ELECTRONIC ARTS INC.

By: /s/ Joel Linzner
Print Name: Joel Linzner
Title: Executive Vice President, Business and Legal Affairs
Date: September 11, 2008

NOT AN AGREEMENT UNTIL EXECUTED BY BOTH PARTIES

[***] DENOTES CONFIDENTIAL MATERIALS OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

SONY COMPUTER ENTERTAINMENT AMERICA INC.

FIRST AMENDED NORTH AMERICAN TERRITORY RIDER TO THE GLOBAL PLAYSTATION3 FORMAT LICENSED PUBLISHER AGREEMENT

This **First Amended North American Territory Rider to the Global PlayStation ® 3 Format Licensed Publisher Agreement** (the "Rider" or "1 st Amended North American Rider") is entered into and rendered effective as of this 11th day of September, 2008 (the "Effective Date").

1. Incorporation

The Rider's terms and conditions are incorporated into and read in conjunction with the terms and conditions of the Global PlayStation 3 Format Licensed Publisher's Agreement signed by Publisher ("PS3 LPA") **.**

2. Definitions

All capitalized words and phrases referenced in the Rider that are not expressly defined herein shall have the meanings set forth in the Definitions section of the PS3 LPA.

2.1 "Wholesale Price" or "WSP" means the initial wholesale price Publisher offers to retailers of Disc Products as evidenced by sell sheets or other trade materials. No deduction for volume discounts, cooperative marketing, merchandising incentives, or other sales or marketing programs shall be taken to determine the initial wholesale price for the purpose of calculating royalties.

3. Territory

A. The Territory pursuant to the Rider and the PS3 LPA is expressly limited to the following countries and territories:

(1) The United States of America and its territories and possessions;

(2) Canada; and

(3) Mexico.

B. SCEA shall be entitled to modify and amend the Territory from time to time during the Term by providing written notice of any such changes to Publisher. In the event a country is deleted from the Territory, SCEA shall deliver to Publisher a written notice stating the number of days within which Publisher must cease distributing Licensed Products and must retrieve any Development Tools located in any deleted country.

C. Publisher shall not, directly or indirectly, solicit orders for or sell any Units of Disc Products in any situation where Publisher knows or reasonably should know that any of such Disc Products may be exported or resold outside of the Territory.

4. Royalties Applicable to Licensed Products

A. Disc Products .

(i) Initial Orders . In accordance with Section 9 of the PS3 LPA, Publisher shall pay SCEA, either directly or through its designee, a royalty in United States dollars for each Unit of the Disc Products manufactured, as follows:

For product distributed on a [***]GB BD: [***]

For product distributed on a [***]GB BD: [***]

To insure quality, royalty payments include manufacturing of the BluRay disc and Packaging, excluding Printed Materials and inserts. In the future and at its sole discretion, SCEA may allow Publisher to use alternative packaging facilities provided that Publisher can prove that it can meet all of SCEA's quality assurance criteria set forth in the Guidelines. At that time, SCEA may restructure royalties to account for costs related to Packaging.

In the absence of satisfactory evidence to support the WSP, the royalty rate that shall apply will be [***] for a BluRay [***] disc and [***] for a BluRay [***] disc, per Unit. Upon receipt of any notice of change in royalties under Section 9.1 of the PS3 LPA, Publisher shall have the option to terminate this Agreement upon written notice to SCEA and discontinue all production, publishing, marketing, advertising, sale, distribution and other exploitation of Licensed Products, rather than having such revised royalty structure go into effect.

(ii) Reorders and Other Programs . Royalties on additional orders for Disc Products shall be the royalty determined by the initial Wholesale Price as originally reported by Publisher for that Disc Product, regardless of the wholesale price of the Disc Product at the time of reorder, except: (a) in the event that the Wholesale Price increases for such Disc Product, in which case the royalty shall be adjusted upwards to reflect the higher Wholesale Price; or (b) the product qualifies for an alternative royalty program offered by SCEA. Disc Products qualifying for SCEA's "Greatest Hits" programs or other SCEA alternative royalty programs shall be subject to the royalty rates applicable for such programs as set forth in the Guidelines.

(iii) PlayStation 3 "Greatest Hits" Program . Licensed Products may qualify for SCEA's PlayStation 3 "Greatest Hits" program ("PS 3 Greatest Hits") in accordance with the Guidelines published by SCEA for PS 3 Greatest Hits in the Territory. In accordance with Section 9 of the PS3 LPA, Publisher shall pay SCEA, either directly or through its designee, a royalty in United States dollars for each Unit of qualifying PS 3 Greatest Hits Disc Products manufactured, as follows:

For product distributed on a [***]GB BD: [***]

For product distributed on a [***]GB BD: [***]

To insure quality, royalty payments include manufacturing of the BluRay disc and Packaging, excluding Printed Materials and inserts. In the future and at its sole discretion, SCEA may allow Publisher to use alternative packaging facilities provided that Publisher can prove that it can meet all of SCEA's quality assurance criteria set forth in the Guidelines. At that time, SCEA may restructure royalties to account for costs related to Packaging.

(iv) Third Party Publisher Demo Disc Program Royalties . Publisher shall be able to produce demonstration discs in accordance with the Guidelines published by SCEA for demonstration discs in the Territory. The quantity of Units ordered shall comply with the terms of such SCEA Established Third Party Demo Disc Program.

B. Online Products .

Publisher must require all end-users to sign in with the end-user's unique PLAYSTATION Network identifier ("PSN Online ID") when accessing Online Gameplay. On a site that allows end-users access to Online Gameplay, for revenue, income, or other monetary value ("Consumer Value") that is earned, recognized, or otherwise derived by Publisher, including revenue recognized through distribution of Licensed Products or services provided free of charge to end-users, Publisher shall pay SCEA, either directly or through its designee, [***] in United States dollars on all Consumer Value.

Prior to distributing a Licensed Product to consumers without cost or other consideration, Publisher shall confer with SCEA to determine the deemed Consumer Value of the Licensed Product.

C. Advertising . Content or services that are supported by advertising shall be subject to a separate agreement or rider to the PS3 LPA and to SCEA's advertising policies and procedures. No advertisements shall be placed in Online Products nor shall advertisements be placed or served dynamically in Licensed Products without a separate express license from SCEA. SCEA reserves the right to charge an additional or different royalty for third-party advertising in-game, whether dynamic or static.

5. Accounting.

Publisher shall provide SCEA with monthly reports of the gross Consumer Value revenues actually received by Publisher (or otherwise credited to its benefit). Such monthly reports shall be delivered on a per title basis to SCEA no later than [***] days after the end of each month, beginning with the month in which Publisher launches a title-specific site that allows end-users access to Online Gameplay of that title. SCEA shall have the right to adopt and implement online royalty accounting verification mechanisms at its sole discretion.

6. Additional Regional Terms.

6.1 Payment Terms . In addition to the remedies and requirements set forth in the PS3 LPA, any overdue sums shall bear interest at the rate of [***] per month, or such lower rate as may be the maximum rate permitted under applicable law, from the date when payment first became due through and including the date of payment.

6.2 Subpublishing Prohibited . Publisher's license to publish Licensed Products in the Territory under the PS3 LPA does not extend to Licensed Products previously published for the PlayStation 3 computer entertainment system by another Licensed Publisher.

6.3 Liquidated Damages . As an additional option in lieu of termination under Section 14.4 of the PS3 LPA, SCEA may require Publisher to pay liquidated damages of [***] for certain breaches of the Agreement, including violations of SCEA's trademark rights under Section 6.8.2 of the PS3 LPA. Liquidated damages may be invoiced separately or on Publisher's next invoice for Disc Products. Election of liquidated damages shall not constitute a waiver of or compromise with respect to any of SCEA's rights under this Rider or the PS3 LPA and SCEA may elect to terminate the PS3 LPA with respect to any breach.

6.4 Additional Ground for Termination . If Publisher fails to pay any sums owed to SCEA (including liquidated damages pursuant to Section 6.3 of this Rider) on the date due and such default is not fully corrected or cured within [***] business days of the date on which such payment was originally due, SCEA shall be entitled to terminate under Section 14.2 of the PS3 LPA.

6.5 Subcontractors . SCEA requires that Publisher enter into a Subcontractor Agreement for use of subcontractors under Sections 2.1(i), 3.2 and 16.7(ii) of the PS3 LPA. Each Subcontractor Agreement shall provide that SCEA has the full right to bring any actions against the signing subcontractor, to require the subcontractor to comply with all the terms and conditions of the PS3 LPA or the Subcontractor Agreement. Publisher shall provide a copy of any proposed Subcontractor Agreement to SCEA prior to, and a fully-executed copy promptly following, execution of the Subcontractor Agreement. Publisher shall give SCEA written notice of the identity of any prospective subcontractor no less than [***] business days prior to entering into an agreement or other arrangement with the prospective subcontractor.

7. Notices .

Any notices required under this Rider or the PS3 LPA shall be delivered addressed to the following persons:

For Publisher:

For SCEA: ATTN: General Counsel
Sony Computer Entertainment America Inc.
919 East Hillsdale Boulevard
Foster City, CA 94404

8. Governing Law

The Agreement and this Rider shall be governed by and interpreted in accordance with the laws of the State of California, excluding that body of law related to choice of laws, and of the United States of America.

9. Dispute Resolution

The Parties shall attempt in good faith to resolve through informal discussions or negotiations any dispute, controversy or claim of any kind or nature arising under or in connection with this Agreement, including breach, termination or validity thereof (a "Dispute"). Any Dispute that the Parties are unable to resolve through informal discussions or negotiations after [***] days will be submitted to binding arbitration conducted in accordance with and subject to the Commercial Arbitration Rules of the American Arbitration Association ("AAA") except to the extent otherwise required under this dispute resolution clause. One arbitrator will be selected by the Parties' mutual agreement or, failing that, by the AAA. The arbitrator must have substantial experience in disputes involving technology licensing agreements. The arbitrator will allow such discovery as is appropriate, and impose such restrictions as are appropriate, consistent with the purposes of arbitration in accomplishing fair, speedy and cost-effective resolution of disputes, except that (i) no requests for admissions will be permitted; (ii) interrogatories will be limited to (a) identifying persons with knowledge of relevant facts and b) identifying expert witnesses and obtaining their opinions and the bases therefor; and (iii) each party will be limited to [***] depositions. Judgment upon the award rendered in any such arbitration may be entered in any court having jurisdiction thereof. Any arbitration conducted pursuant to this section will take place in San Francisco, California. Each Party will bear its own costs. The Parties will share equally in paying the expenses and fees of the arbitrator. The arbitrator may not alter the foregoing allocation of the parties' costs, nor of the arbitrator's fees and expenses. Other than those matters involving injunctive relief or any action necessary to enforce the award of the arbitrator, the Parties agree that the provisions of this section are a complete defense to any suit, action or other proceeding instituted in any court or before any administrative tribunal with respect to any Dispute. Notwithstanding the foregoing, SCEA may apply to any court of competent jurisdiction within the Licensed Territory seeking a temporary restraining order, preliminary injunction, or other interim or conservatory relief, with respect to the protection of any intellectual property rights or Confidential Information of or concerning the SCE Group Companies or the System, including, without limitation, the SCE Materials and Licensed Trademarks.

ACCEPTED AND AGREED:

Sony Computer Entertainment America Inc.

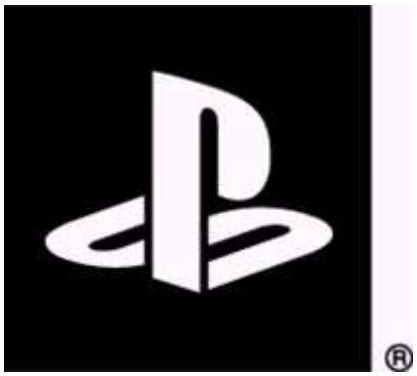
By: /s/ Rob Dyer
Name: Rob Dyer
Title: SVP
Date: September 18, 2008

Electronic Arts Inc.

By: /s/ Joel Linzner
Name: Joel Linzner
Title: Executive Vice President, Business and Legal Affairs
Date: September 11, 2008

Exhibit 10.3

[***] DENOTES CONFIDENTIAL MATERIALS OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT



GLOBAL PLAYSTATION ® 3 FORMAT

LICENSED PUBLISHER AGREEMENT

EA INTERNATIONAL
(STUDIO AND PUBLISHING) LIMITED

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GLOBAL PLAYSTATION ® 3 FORMAT
LICENSED PUBLISHER AGREEMENT

This **Global PlayStation ® 3 Format Licensed Publisher Agreement** (the "Agreement") is entered into on 17 December 2008 by and between SONY COMPUTER ENTERTAINMENT EUROPE LIMITED, with offices at 10 Great Marlborough Street, London W1F 7LP ("the SCE Company") and EA International (Studio and Publishing) Limited, with offices at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda ("Publisher").

The SCE Company's parent company, Sony Computer Entertainment Inc. ("SCEI"), has designed and developed certain core technology of or concerning the System.

The SCE Company has the right to grant non-exclusive licenses to qualified entities regarding certain intellectual property rights with respect to the System.

Publisher desires to be granted a non-exclusive license to publish, develop, have manufactured, market, advertise, distribute and sell Licensed Products in accordance with the provisions of this Agreement and the provisions of the Regional Rider that is attached hereto and incorporated herein by reference, and the SCE Company is willing, in accordance with the terms and subject to the conditions of this Agreement and the Regional Rider, to grant Publisher such a license.

In consideration of the representations, warranties and covenants contained herein and in the Regional Rider, and other good and valuable consideration, Publisher and the SCE Company hereby agree as follows:

1. Definition of Terms.

1.1 "Advertising Materials" means any advertising, marketing, merchandising, promotional, contest-related, public relations (including press releases), display, point of sale or website materials regarding or relating to the Licensed Products or depicting any of the Licensed Trademarks. Advertising Materials include any advertisements in which the System is displayed, referred to, or used, including giving away any unit(s) of the System as prizes in contests or sweepstakes and the public display of the System in product placement opportunities.

1.2 "Affiliate" means, as applicable, either Sony Computer Entertainment America Inc. ("SCEA"), Sony Computer Entertainment Inc. ("SCEI") and Sony Computer Entertainment Europe Ltd. ("SCEE"), any subsidiary of the foregoing, or any other entity as may be established from time to time and becomes a part of the Sony Computer Entertainment Group.

1.3 "Attribution Line" means the legal attribution line used on Advertising Materials, which shall be substantially similar to the following: "Product copyright and trademarks are the property of the respective publisher or its licensors."

1.4 "Designated Manufacturing Facility" means a manufacturing facility that is designated by the SCE Company, in its sole discretion, to manufacture Disc Products or any of their component parts.

1.5 "Development System Agreement" means an agreement entered into between the SCE Company and a Licensed Publisher or other licensee regarding the sale, lease,

loan or license of Development Tools.

1.6 "Development Tools" means the PlayStation 3 development tools sold, leased, loaned or licensed solely for use in the development of Executable Software.

1.7 "Disc Products" means the Executable Software on PS3 Format Discs, Advertising Materials, Packaging, Printed Materials and Product Information relating to any individual title which shall consist of one application software product per Unit. Disc Products may, but need not, be designed to allow Online Gameplay.

1.8 "Effective Date" is the date specified in the preamble of this Agreement.

1.9 "Executable Software" means software in final object code form that is designed for use and operation exclusively on the System which consists of Publisher Software and any SCE Materials and constitutes a complete, standalone videogame.

1.10 "Guidelines" means any guidelines or specifications of the SCE Company with respect to the development, manufacture and publishing of Licensed Products, including any requirements regarding the development of Executable Software, the display of the Licensed Trademarks in any Licensed Products and related Advertising Materials, or the protection of any of the SCE Intellectual Property Rights, which may be set forth in the Technical Requirements Checklist, Corporate Identity Guidelines or in any other documentation provided to Publisher by the SCE Company. Guidelines shall be comparable to the guidelines and specifications applied by the SCE Company to its own software products for the System. All Guidelines may be modified, supplemented or amended by any Affiliate from time to time upon reasonable notice to Publisher. Guidelines are incorporated into and form a part of this Agreement.

1.11 "Licensed Developer" means an entity that has signed a Licensed Developer Agreement with any Affiliate.

1.12 "Licensed Developer Agreement" or "LDA" means a valid and current license agreement authorizing the development of software for the System, fully executed between a Licensed Developer and an Affiliate.

1.13 "Licensed Products" means Disc Products and Online Products, including any Publisher demonstration discs.

1.14 "Licensed Publisher" means an entity that has signed a Licensed Publisher Agreement with an Affiliate.

1.15 "Licensed Publisher Agreement" or "LPA" means a valid and current license agreement for the publishing, development, manufacture, marketing, advertising, distribution and sale of Licensed Products, fully executed between a Licensed Publisher and an Affiliate.

1.16 "Licensed Trademarks" means the trademarks, service marks, trade dress, logos, icons and other indicia designated in the Guidelines or otherwise for use on, in or otherwise in connection with Licensed Products. The Licensed Trademarks (or any part thereof) are subject to change during the term of this Agreement and may be modified, supplemented or amended by any Affiliate (as applicable) from time to time upon reasonable notice to Publisher.

1.17 "Master Disc" means a recordable Blu-Ray disc in the form requested by the SCE Company containing final pre-production Executable Software.

1.18 "Online Gameplay" means the capability to operate and interact with the Executable Software associated with a Licensed Product used on a System that is connected to the Internet or any other network and which may allow an end user to participate in a game or gameplay with another end user (or other end users) across the Internet or any other network.

1.19 "Online Products" means (i) enhancements, improvements, additions, patches, and updates, including characters, artifacts, scripts, levels, modifications, player

statistics and gameplay data, used in conjunction with a related Disc Product or the Executable Software referred to in paragraph (ii) below and distributed electronically to any end users after sale or distribution of a Unit of such Disc Product, or such Executable Software; and (ii) Executable Software distributed electronically to end-users. Online Products may, but need not, be designed to allow Online Gameplay.

1.20 "Packaging" means, with respect to each Disc Product, the carton, containers, cases, edge labels, wrapping materials, security seals and other proprietary labels and trade dress elements and wrapping materials of or concerning the Disc Products (and all parts of any of the foregoing) but specifically excluding Printed Materials and PlayStation 3 Format Discs.

1.21 "PlayStation 3 Format Disc" means the disc media formatted for use with the System.

1.22 "Printed Materials" means all artwork and mechanicals for the disc label for each PlayStation 3 Format Disc and for the Packaging relating to any of the Disc Products, and all instructional manuals, liners, inserts, and any other materials and user information within or attached to the Packaging and distributed as part of the Disc Products.

1.23 "Product Information" means any information owned or licensed by Publisher relating to any of the Licensed Products, including demos, videos, hints and tips, artwork, depictions of Disc Product cover art and videotaped interviews.

1.24 "Product Proposal" means a written proposal prepared by a Licensed Publisher and submitted to the SCE Company under the Guidelines regarding the concept and design for a Licensed Product.

1.25 "Publisher Software" means any software including incorporated audio and visual material developed by Publisher under this Agreement or an LDA, and does not include any SCE Materials.

1.26 "Publisher Intellectual Property Rights" means those worldwide intellectual property rights, current or future, that are owned and controlled by Publisher, including rights in or related to patents, inventions, designs, copyrights, databases, trademarks, service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction and any other intellectual property rights recognized in the Territory (including all registrations, applications to register and rights to apply for registration of same), that relate to the Publisher Software, Packaging, Product Information, Printed Materials, Advertising Materials or other materials.

1.27 "Purchase Order" means a written purchase order issued by Publisher pursuant to Section 7.8.1, regarding the purchase of Disc Products that conform to the Guidelines and other terms and conditions imposed by the SCE Company or any Designated Manufacturing Facility.

1.28 "Regional Rider" means the additional set of binding terms and which are appended to and form part of this Agreement, and which are applicable to the Territory.

1.29 "SCE Confidential Information" means the term as defined in Section 13.1.1.

1.30 "SCE Intellectual Property Rights" means those worldwide intellectual property rights, current or future, including rights in or related to patents, inventions, designs, copyrights, databases, trademarks (including the Licensed Trademarks), service marks, trade names, trade dress, mask work rights, utility model rights, trade secret rights, technical information, know-how, and the equivalents of the foregoing under the laws of any jurisdiction, and any other intellectual property rights recognized in the Territory (including all registrations, applications to register and rights to apply for registration of the same), for their full term including all

renewals and extensions, that relate to the SCE Materials, the System, the design and development of Licensed Products compatible with the System, and any SCE Confidential Information.

1.31 "SCE Materials" means any data, object code, source code, firmware, documentation (or any part(s) of any of the foregoing) or information relating to the System or the development of interactive entertainment products compatible with the System, selected in the sole judgment of the SCE Company, which are directly or indirectly provided or supplied by any Affiliate to Publisher. SCE Materials shall not include any hardware portions of the Development Tools, but shall include firmware in such hardware.

1.32 "System" means the PLAYSTATION ® 3 computer entertainment system.

1.33 "Term" means the period from the Effective Date until March 31, 2012.

1.34 "Territory" means the term as defined in the Regional Rider.

1.35 "Unit" means an individual copy of a specific Disc Product regardless of the number of PlayStation 3 Format Discs that are contained within and are part of such Disc Product.

2. License.

2.1 License Grant . The SCE Company grants to Publisher, for the Term and throughout the Territory, and in accordance with the other terms, limitations and conditions referenced herein, a non-exclusive, non-transferable license under the SCE Intellectual Property Rights, without the right to sublicense (except as specifically provided herein), to use SCE Materials as follows: (i) to develop and publish Licensed Products and to enter into agreements with Licensed Developers and other approved third parties, where the SCE Company requires such approval, subject to Section 3.2, to develop Licensed Products; (ii) to have Disc Products manufactured by Designated Manufacturing Facilities; (iii) to market, advertise, promote, sell and distribute Disc Products directly to end users or to third parties for distribution to end users; (iv) to market, advertise and promote, and, pursuant to a separate online distribution agreement(s) with the SCE Company or any Affiliate, to distribute Online Products to end users over the PlayStation ® Network; (v) to use the Licensed Trademarks only in connection with the manufacturing, marketing, packaging, advertising, promotion, sale and distribution of the Licensed Products; and (vi) to sublicense end-user customers the right to use the Licensed Products for personal, noncommercial purposes in conjunction with the System only, and not with other devices or for public performance.

2.2 Separate PlayStation Agreements . Unless specifically set forth in this Agreement, all terms used herein are specific to the System and the attendant SCE Company licensing program. Licenses relating to the original PlayStation, PS One, PlayStation 2 or PlayStation Portable game consoles are subject to separate agreements with the SCE Company (or any Affiliate, as applicable), and any license of rights to Publisher under such separate agreements shall not confer on Publisher any rights with respect to the System and vice versa.

3. Development and Distribution of Licensed Products.

3.1 Right to Develop . The SCE Company grants Publisher the right to purchase, lease or borrow, as applicable, certain hardware devices and license certain software tools and utilities that comprise the Development Tools, as is appropriate, from the SCE Company or its designee, pursuant to a separate Development System Agreement with the SCE Company or a separate rider to this Agreement, which hardware and software components may be used by Publisher only in connection with the development of Licensed Products pursuant to Section 2.1. In developing Executable Software (or portions thereof), Publisher and any third-party Licensed Developers with whom Publisher contracts shall fully comply in all respects with all Guidelines, including technical specifications. In the event that Publisher uses any third-party tools to develop Executable Software or any portion thereof,

Publisher shall be responsible at Publisher's sole risk and expense for ensuring that it has obtained all necessary licenses for any such use.

3.2 Subcontractors . Publisher may retain subcontractors who provide services which do not require access to SCE Materials or SCE Confidential Information without prior approval. Otherwise, Publisher may retain subcontractor(s) to assist with the development, publication and marketing of Licensed Products (or portions thereof) which have signed (i) an LPA or LDA with the SCE Company (the "PlayStation 3 Agreement") in full force and effect throughout the term of such development, publishing and marketing services or (ii) if required by the SCE Company, an SCE Company-approved subcontractor agreement ("Subcontractor Agreement"), and the SCE Company has approved such subcontractor in writing (which approval shall be in the SCE Company's sole discretion). Publisher shall not disclose to any subcontractor any of the SCE Confidential Information, including any SCE Materials, unless and until either a PlayStation 3 Agreement or any required Subcontractor Agreement has been executed and approved by the SCE Company. Publisher shall be solely responsible for verifying that all third parties that contribute to the development of any Licensed Product, or component thereof, satisfy the requirements of clause (i) or (ii) of this Section 3.2. Notwithstanding any consent which may be granted by the SCE Company for Publisher to employ any such permitted subcontractor(s), or any such separate agreement(s) that may be entered into by Publisher with any such permitted subcontractor, Publisher shall remain fully liable for its compliance with all of the provisions of this Agreement and for the compliance of any and all permitted subcontractors with the provisions of any agreements entered into by such subcontractors in accordance with this Section. Publisher shall use best efforts to cause all subcontractors that it retains in furtherance of this Agreement to comply in all respects with the terms and conditions of this Agreement, and hereby unconditionally guarantees all obligations of its subcontractors. The SCE Company may subcontract any of its rights or obligations hereunder.

3.3 Form of Distribution. Executable Software distributed physically to end users and demonstration discs shall be in the form of PlayStation 3 Format Discs only. Publisher shall not, directly or indirectly, incorporate more than one Disc Product in a single Unit, or package or bundle Units of any Disc Product with any other goods or services, without the SCE Company's prior written consent. Online Products, Online Gameplay and any services associated with Online Gameplay, including subscriptions, shall be distributed or made available electronically, including by wireless distribution, to end users over the PlayStation ® Network only, unless the SCE Company gives express written consent to another manner of distribution on SCE Company standard terms or otherwise as agreed. Notwithstanding this limitation, Publisher may electronically transmit Executable Software from site to site, or from machine to machine over a computer network, for the sole purposes of facilitating development and for testing to be carried out under Section 6; provided that no right of retransmission shall attach to any such transmission, and provided further that Publisher shall use reasonable security measures customary within the high technology industry to reduce the risk of unauthorized interception or retransmission of such transmissions.

3.4 Distribution Channels for Disc Products . Publisher may use such distribution channels to distribute Disc Products as Publisher deems appropriate, including the use of third-party distributors, resellers, dealers and sales representatives. In the event that the SCE Company permits Publisher to have any of its Disc Products published by another Licensed Publisher, Publisher must, in addition to complying with Section 3.2, provide the SCE Company with advance written notice of such arrangement, including the name of the Licensed Publisher and any additional information requested by the SCE Company regarding the nature of the distribution services that would be provided by such third-party Licensed Publisher prior to manufacture of the Disc Product.

4. Online Gameplay.

4.1 Access to and Maintenance of Online Gameplay. Publisher shall maintain servers hosting Online Gameplay for the periods specified in the Guidelines. Publisher, or, at the SCE Company's option, the SCE Company or its Affiliate, shall provide notice to consumers in a clear and conspicuous manner via one of the methods listed in Section 4.3 any permanent shutdown to a server hosting or supporting Online Gameplay no later than three (3) months prior to any shutdown.

4.2 Publisher Online Designee. Publisher shall appoint a dedicated contact person for its Licensed Products designed to allow Online Gameplay, who shall act as a liaison between the SCE Company and Publisher for all online matters relating to Licensed Products designed to allow Online Gameplay. Publisher's designee shall also be responsible for ensuring that all terms and conditions relating to the online elements of the Licensed Products are complied with. Publisher shall give the SCE Company ten (10) days' written notice prior to any change in designee.

4.3 Online Legal Compliance. Licensed Products designed for Online Gameplay must include a legal disclosure enumerating end user, privacy and moderation policies and age rating (collectively, "Online Terms") prior to allowing any end users to engage in Online Gameplay for the first time for a particular user or as otherwise required by law. The SCE Company reserves the right to review Publisher's Online Terms, but shall have no liability for content of Publisher's Online Terms. Online Terms shall either be coded into the applicable Licensed Product or available on the server hosting Online Gameplay in such a way that an end user must agree to it prior to accessing and engaging in Online Gameplay. Online Terms must comply with the Guidelines. Publisher must inform all end users engaging in or accessing Online Gameplay if any personally identifying information will be collected, how it will be collected, and how it will be used.

4.4 Publisher Liability for Online Gameplay. Publisher shall bear exclusively all responsibility and liability for any features or capability of Licensed Products related to Online Gameplay, including Online Gameplay between territories using different television standards, whether PAL, NTSC or otherwise.

5. Limitations on Licenses; Reservation of Rights.

5.1 Application of Council Directive 91/250/EEC . The limitations set forth in Section 5 shall be subject to Council Directive 91/250/EEC in a Territory or any part thereof in which that Directive has been implemented.

5.2 Reverse Engineering Prohibited . Publisher shall not directly or indirectly disassemble, decrypt, electronically scan, peel semiconductor components, decompile, or otherwise reverse engineer in any manner or attempt to reverse engineer or otherwise derive any source code from, all or any portion of the SCE Materials, or permit, assist or encourage any third party to do so.

5.3 Limitation on Creation of Derivative Works . Publisher shall not use, modify, reproduce, sublicense, distribute, create derivative works from, or otherwise provide to third parties, the SCE Materials, in whole or in part, other than as expressly set forth herein without the SCE Company's prior written consent.

5.4 Limitation on Examination and Study of Tools . Publisher may study the performance, design and operation of the Development Tools solely for the limited purposes of developing and testing Publisher Software, or to develop tools to assist Publisher with the development and testing of Publisher Software. Any tools developed or derived by Publisher as a result of studying the performance, design or operation of the Development Tools shall be considered derivative works of the SCE Materials and shall be owned by the SCE Company, but may be treated as trade secrets of

Publisher. This section shall govern any conflict with a similar provision in any separate agreement.

5.5 Limitations Regarding Content of Licensed Products . No rights are granted under this Agreement with respect to non-game products or products which contain significant elements of, or are a hybrid with, audio or video profile products. No rights are granted under this Agreement with respect to serving or providing in-game dynamic advertisements. Licensed Products may contain in-game static advertisements, subject to the Guidelines.

5.6 Reservation of SCE Company's Rights .

5.6.1 Limitations on Use of SCE Materials and SCE Intellectual Property Rights . This Agreement does not grant any right or license under, and Publisher shall not use, any SCE Confidential Information, the SCE Materials, or any of the SCE Intellectual Property Rights except as expressly authorized hereunder and in strict compliance with the terms and conditions of this Agreement. No other right or license is to be implied by or inferred from any provision of this Agreement or the conduct of the parties. In particular, Publisher shall not use the Executable Software, SCE Materials or SCE Confidential Information (or any portion of any of the foregoing) in connection with the development of any software for any emulator or other computer hardware or software system. In no event shall Publisher patent any tools, methods, or applications, created, developed or derived from SCE Materials. Publisher shall not make available to any third party any tools developed or derived from the study of the Development Tools without the SCE Company's express written permission. Use of such tools shall be strictly limited to the creation or testing of Licensed Products and any other use, direct or indirect, of such tools is strictly prohibited. Moreover, Publisher shall bear all risks arising from incompatibility of its Licensed Product and the System resulting from use of Publisher-created tools. The burden of proof under this Section shall be on Publisher, and the SCE Company reserves the right to require Publisher to furnish evidence satisfactory to the SCE Company that Publisher has complied with this Section.

5.6.2 Ownership and Protection of SCE Materials and SCE Intellectual Property Rights . All rights with respect to the SCE Materials and the System, including all of the SCE Intellectual Property Rights, are the exclusive property of the SCE Company or its Affiliates. Publisher shall not do or cause to be done any act or thing in any way impairing or tending to impair any of the SCE Company's rights, title or interests in or to the SCE Materials or the SCE Intellectual Property Rights. Publisher shall take all steps as the SCE Company may reasonably require for the protection and maintenance of the SCE Intellectual Property Rights, including executing licenses or obtaining registrations. Publisher shall not register any trademark in its own name or in any other person's name, or use, or obtain rights to use Internet domain names or addresses, which are identical or similar to, or are likely to be confused with any of the Licensed Trademarks or any other trademarks of the SCE Company. All goodwill associated with the Licensed Trademarks, including any goodwill generated or arising by or through Publisher's or its sub-licensees' activities under this Agreement, accrues to the benefit of and belongs exclusively to the SCE Company. Nothing contained in this Agreement shall be deemed to grant Publisher the right to use the trademark "S ONY " in any manner or for any purpose.

5.6.3 Authentication . The SCE Company reserves the right to require Publisher to utilize an authentication or authorization system to be provided, licensed or designated by the SCE Company to authenticate and verify all Licensed Products and units of the System. The SCE Company reserves the right to insert serial numbers on all PlayStation 3 Format Discs for security or authentication purposes.

5.7 Acknowledgment of Publisher's Ownership Rights . Separate and apart from the SCE Materials and other rights licensed to Publisher by the SCE Company hereunder, as between Publisher and the SCE Company, Publisher retains all rights, title and interest in and to the Publisher Software, the Product Proposals, and related Product Information, including Publisher Intellectual Property Rights therein, as well as Publisher's rights in any source code and other underlying material such as artwork and music (but specifically excluding the SCE Materials and any software provided directly or indirectly by the SCE Company) and any names used as titles for Licensed Products and other trademarks used by Publisher. Nothing in this Agreement shall restrict the right of Publisher to develop, distribute or transmit products incorporating the Publisher Software and underlying material, which do not contain or were not developed through use of the SCE Materials or the SCE Intellectual Property Rights, for any hardware platform or service other than the System, or to use Printed Materials or Advertising Materials approved by the SCE Company (excepting Printed Materials or Advertising Materials that contain any Licensed Trademarks) as Publisher determines for such other platforms.

5.8 Guidelines Requirement . The licenses granted to Publisher are expressly conditioned on Publisher's compliance with all provisions of the SCE Company's Guidelines, as and when published or within a commercially reasonable time following its receipt of a publication expressly referencing such provisions, and any and all such provisions are incorporated herein by this reference. To the extent that the Guidelines change with respect to any Licensed Product materials that Publisher submits to the SCE Company under Section 6.1, Publisher shall only be required to implement any such revised Guidelines in subsequent orders of corresponding Disc Product or subsequent publications of corresponding Online Product. Publisher shall not be required to recall or destroy previously manufactured Disc Products, unless such Disc Products do not comply with the original standards, requirements and conditions set forth in the Guidelines or unless explicitly required to do so in writing by the SCE Company.

6. Quality Standards for Licensed Products.

6.1 Product Assessment, Format Quality Assurance and Printed and Advertising Materials . Publisher shall comply with the process and requirements for assessment and format quality assurance of Licensed Products and Advertising Materials, on a product-by-product basis as specified in the Guidelines. The SCE Company will not approve Licensed Products that are outside the PlayStation ® 3 format specifications in the Guidelines.

6.2 Rating Requirements . No Licensed Product may be published, sold, distributed, marketed, advertised or promoted unless each Licensed Product bears a consumer advisory age rating, consisting of a rating code and product descriptors, either as required by local law or as issued by, and following the rating display requirements of, a consumer advisory ratings system designated by the SCE Company. Any and all costs and expenses incurred in connection with obtaining such rating shall be borne solely by Publisher. No Licensed Product, Printed Materials or Advertising Materials may bear more than one consumer advisory rating code. Any Online Product that can be used with a Disc Product must bear a rating that is the same as or lower than the rating issued to the Disc Product, unless the SCE Company gives express written consent.

6.3 Compatibility of Licensed Products with Peripherals . Publisher shall be solely responsible for functionality and operational compatibility of its Licensed Products with any third-party peripherals (e.g., controllers, memory storage devices, etc.). The SCE Company shall have no responsibility to test or otherwise evaluate the compatibility of Publisher's Licensed Products with any third-party peripherals. The SCE Company shall not be held responsible for any actual, incidental or consequential damages that may result from any use or inability to use any third-party peripherals with any Licensed Products or the System. If the SCE Company elects, at its sole discretion, to test or otherwise evaluate the compatibility of Publisher's Licensed Products with any third-party peripheral device

then, (i) any such testing or evaluation shall not obligate the SCE Company to test or evaluate any other third-party peripherals; (ii) any such testing or evaluation shall not shift to the SCE Company any responsibility to ensure or assess the functionality or compatibility of any third-party peripheral or require the SCE Company to report any third-party peripheral incompatibilities; and (iii) Publisher shall provide the SCE Company, upon request and at no additional cost or expense to the SCE Company, with a reasonable number of samples of any such third-party peripheral products for testing and review in a timely manner. In the event that any Licensed Product fails to perform to the SCE Company's satisfaction with any third-party peripheral that it is intended to support, the SCE Company shall have the right to require that Publisher modify or remove such portions of the Executable Software as are intended to support the affected third-party peripheral.

6.4 Publisher's Additional Quality Assurance Obligations . If at any time or times subsequent to the approval of any part of a Licensed Product, the SCE Company identifies any material defects (such materiality to be determined by the SCE Company in its sole discretion) with respect to the Licensed Product, or in the event that the SCE Company identifies any improper use of its Licensed Trademarks or the SCE Materials, or any material defects or improper use are brought to the attention of the SCE Company, Publisher shall, at no cost to the SCE Company, promptly correct any such material defects, or improper use, to the SCE Company's commercially reasonable satisfaction, which may include, in the SCE Company's judgment, the recall and re-release of Units of the affected Disc Product or publication of an update, upgrade or technical fix to an Online Product. In the event any Licensed Products create any risk of loss or damage to any property or injury to any person, Publisher shall immediately take effective steps, at Publisher's sole liability and expense, to recall and remove such Licensed Products from any affected channels of distribution; provided, however, that if Publisher is not acting as the distributor or seller for the Licensed Products, its obligation shall be to use its best efforts to arrange removal of all affected Licensed Products from the relevant distribution channels. Publisher shall provide all end-user support for Licensed Products. Publisher and the SCE Group Company may enter into a separate agreement to have Publisher provide all end-user support for Online Gameplay of Publisher's Licensed Products that is provided through the PlayStation ® Network. The SCE Company expressly disclaims any obligations or liability to provide end-user support with respect to Licensed Products.

7. Manufacture of Disc Products.

7.1 Manufacture of Units . Upon approval of Executable Software and associated Printed Materials pursuant to Section 6, and subject to Sections 7.4 – 7.7, the Designated Manufacturing Facility will, in accordance with the terms and conditions set forth in this Section 7, and at Publisher's request and sole expense (a) manufacture PlayStation 3 Format Discs for Publisher; (b) manufacture Publisher's Packaging and Printed Materials; and (c) assemble the PlayStation 3 Format Discs with the related Printed Materials and Packaging. Publisher shall comply with all Guidelines relating to the production of Units of Disc Products. The SCE Company reserves the right to insert or require Publisher to make arrangements for the insertion of certain Printed Materials relating to the System into each Unit.

7.2 Designated Manufacturing Facilities . To insure compatibility of PlayStation 3 Format Discs with the System, consistent quality of the Disc Products and incorporation of anti-piracy security measures, the SCE Company shall designate and license a Designated Manufacturing Facility or Facilities to reproduce PlayStation 3 Format Discs. Publisher shall purchase [***] of its requirements for PlayStation 3 Format Discs, including demonstration discs, from such Designated Manufacturing Facility. Any Designated Manufacturing Facility shall be entitled to enforce the terms of this Agreement.

7.3 Creation of Master PlayStation 3 Format Disc . Using one of the fully approved Master Discs provided by Publisher under the Guidelines, the SCE Company or the Designated Manufacturing Facility shall create an encrypted, reproducible master of the Executable Software (formatted as a PlayStation 3 Format Disc) from which all other copies of the Executable Software for the corresponding Disc Product are to be replicated. Publisher shall be responsible for the costs, as determined by the SCE Company or the Designated Manufacturing Facility, of producing the reproducible masters of any and all Executable Software.

7.4 Manufacture of Printed Materials by Designated Manufacturing Facility . If Publisher elects to order Printed Materials from a Designated Manufacturing Facility, Publisher shall deliver all SCE Company-approved Printed Materials to that Designated Manufacturing Facility, at Publisher's sole risk and expense, and the Designated Manufacturing Facility will manufacture such Printed Materials in accordance with this Section 7. In order to insure against loss or damage to the copies of the Printed Materials furnished to the SCE Company, Publisher shall retain duplicates of all Printed Materials, and neither the SCE Company nor any Designated Manufacturing Facility shall be liable for any loss of or damage to any Printed Materials.

7.5 Manufacture of Printed Materials by Alternate Source . Subject to the Guidelines, Publisher may elect to be responsible for manufacturing its own Printed Materials (other than artwork which is to be reproduced or otherwise displayed on any PlayStation 3 Format Discs, which Publisher will supply to the Designated Manufacturing Facility for incorporation within the Disc Products), at Publisher's sole risk and expense. The SCE Company shall have the right to disapprove any Printed Materials that do not comply with the applicable Guidelines. If Publisher elects to supply its own Printed Materials, neither the SCE Company nor any Designated Manufacturing Facility shall be responsible for any delays arising from use of Publisher's own Printed Materials.

7.6 Manufacture of Packaging by Designated Manufacturing Facility . To ensure consistent quality of the Disc Products, the SCE Company may designate and license a Designated Manufacturing Facility to reproduce [***] of the proprietary Packaging for the Disc Products. If so, then Publisher shall purchase [***] of its requirements for such Packaging from a Designated Manufacturing Facility during the Term.

7.7 Assembly Services . Publisher may either procure assembly services from a Designated Manufacturing Facility or, with the SCE Company's prior written consent, from an alternate source. If Publisher elects to be responsible for assembling the Disc Products, then the Designated Manufacturing Facility shall ship the component parts of the Disc Product to a destination designated by Publisher, at Publisher's sole risk and expense. The SCE Company shall have the right to inspect any assembly facilities that Publisher proposes to use in order to determine if the component parts of the Disc Products are being assembled in accordance with the SCE Company's quality standards. The SCE Company may require Publisher to recall any Units of any Disc Products that fail to comply with the Guidelines. If Publisher elects to use alternate assembly facilities, neither the SCE Company nor any Designated Manufacturing Facility shall be responsible for any delays or other production issues, including missing component parts, arising from use of alternate assembly facilities. Publisher shall comply with all applicable labor laws and, in accordance with the provisions of Section 16.8, shall not employ child labor, slave labor or forced labor in connection with the assembly of the Licensed Products.

7.8 Orders and Delivery .

7.8.1 Orders . Publisher shall issue Purchase Order(s) to a Designated Manufacturing Facility in the form set forth and containing the information required in the Guidelines, with a

copy to the SCE Company. No Purchase Orders will be processed for any Disc Product unless that Disc Product is fully compliant with the Guidelines. All Purchase Orders shall be subject to approval by the SCE Company not to be unreasonably withheld and to acceptance by the Designated Manufacturing Facility pursuant to the Guidelines. Purchase Orders issued by Publisher to a Designated Manufacturing Facility for each Licensed Product approved by the SCE Company shall be non-cancelable and are subject to the order requirements of the Designated Manufacturing Facility.

7.8.2 General Terms . Neither the SCE Company nor any Designated Manufacturing Facility shall be responsible for shortage or breakage with respect to any order if component parts or assembly services are obtained from alternate sources.

7.9 Delivery of Disc Products . The Designated Manufacturing Facility will deliver Disc Products to Publisher at Publisher's sole expense, except where otherwise provided under this Agreement. Publisher shall have no right to have completed Units of Disc Products stored after manufacture.

7.10 Ownership of Original Master Discs . Due to the proprietary and confidential nature of the mastering and encryption process, neither the SCE Company nor any Designated Manufacturing Facility shall under any circumstances release any original Master Discs, reproducible masters created under section 7.3 or other in-process materials to Publisher. All such materials shall be and remain the sole property of the SCE Company or the Designated Manufacturing Facility (as applicable). Notwithstanding the foregoing, the Publisher Intellectual Property Rights contained in the Publisher Software that is contained in any such in-process materials is, as between the SCE Company and Publisher, the sole and exclusive property of Publisher or its licensors.

8. Marketing of Licensed Products.

8.1 Marketing Generally . At no expense to the SCE Company, Publisher shall, and shall direct its distributors to, diligently market, sell and distribute the Licensed Products, and shall use commercially reasonable efforts to stimulate demand for such Licensed Products throughout the Territory and to supply any resulting demand. Publisher shall use reasonable efforts to protect the Licensed Products from and against illegal reproduction or copying by end users or by any other persons.

8.2 Samples . Publisher shall provide sample Units of each Disc Product to the SCE Company in the quantities and per the terms specified in the Guidelines. In the event that Publisher assembles any Disc Product using an alternate source, Publisher shall be responsible for shipping such sample Units to the SCE Company, at Publisher's cost and expense, promptly following the commercial release of such Disc Product. Units shall not be shipped to the SCE Company prior to the commercial release of such Disc Product. The SCE Company assumes no liability for release of samples prior to commercial release. The SCE Company shall not directly or indirectly resell any such sample Units of the Disc Products without Publisher's prior written consent. The SCE Company may distribute sample Units to its employees, provided that it uses its reasonable efforts to ensure that such Units are not sold into the retail market. In addition, subject to availability, Publisher shall sell to the SCE Company additional Units at cost.

8.3 Marketing Programs . From time to time, the SCE Company may invite Publisher to participate in promotional or advertising opportunities that may feature one or more Licensed Products from one or more Licensed Publishers. Participation shall be voluntary and subject to terms to be determined at the time of the opportunity. In the event Publisher elects to participate, all materials submitted by Publisher to the SCE Company shall be submitted subject to the Guidelines and delivery of such materials to the SCE Company shall constitute acceptance by Publisher of the terms of the offer. Each Affiliate shall be entitled to display and otherwise use the Attribution Line on its multi-product marketing materials, unless otherwise agreed in writing.

8.4 PlayStation Website . Publisher shall provide the SCE Company with Product Information for a web page for each of its Licensed Products for display on the PlayStation promotional website, or other website(s) operated by the SCE Company from time to time in connection with the promotion of the PlayStation brand. Specifications for Product Information for such web pages shall be as provided in the Guidelines. Publisher shall provide the SCE Company with such Product Information for each Licensed Product upon submission of Printed Materials to the SCE Company for approval pursuant to the Guidelines. Publisher shall also provide updates for any such web page in a timely manner as may be required in the Guidelines.

8.5 Demonstration Disc Programs . The SCE Company may, from time to time, provide opportunities for Publisher to contribute Licensed Product content for distribution as part of a demonstration disc published by any Affiliate, or permit Publisher to publish its own demonstration disc pursuant to a third party demonstration disc program. The specifications with respect to the approval, creation, manufacture, marketing, distribution and sale of any such demo disc programs shall be set forth in the Guidelines. The SCE Company reserves the right to choose from products submitted from other Licensed Publishers and first party products to determine the specific products that will be included in any SCE Company demonstration discs, and Publisher's Licensed Products will not be guaranteed prominence or preferential treatment on any SCE demonstration disc. The SCE Company has no obligation to publish, advertise or promote any demonstration disc.

8.6 Contests and Sweepstakes of Publisher . Publisher may conduct contests, sweepstakes, competitions and promotions, as permitted by law (collectively, "Contest" or "Contests"), to promote Licensed Products. The SCE Company shall permit Publisher to include Contest materials in Printed Materials and Advertising Materials, subject to compliance with the provisions of Sections 10.2 and 11.2, and subject to the Guidelines.

9. Payments.

9.1 Payments for Licensed Products . Publisher shall pay the SCE Company either directly or through its designee, for Licensed Products, including Licensed Products in any "Greatest Hits," "Platinum" or any other program, and demonstration discs, at the rates and in the manner specified in the Regional Riders and the terms of this Section 9. Publisher shall be required in all cases to make payments to the SCE Company, in accordance with this Section 9 and the Regional Rider, with respect to any and all of Publisher's products that are developed utilizing any SCE Materials or SCE Intellectual Property Rights or any derivative works based on or otherwise derived from the same. The burden of proof under this Section shall be on Publisher. The SCE Company reserves the right to require Publisher to furnish evidence satisfactory to the SCE Company that Publisher has complied with any or all of its obligations pursuant to this Section. Payment terms are subject to change in the SCE Company's discretion upon reasonable notice to Publisher.

9.2 Payment for Units of Disc Products . Payments shall be made to the SCE Company through its Designated Manufacturing Facility concurrent with the placement of any Purchase Order for Units of any Disc Product in accordance with the terms and conditions set forth in this Agreement unless otherwise agreed in writing with the SCE Company. Payment shall be made prior to manufacture unless the SCE Company has agreed in writing to extend credit terms to Publisher under Section 9.3.

9.3 Credit Terms . The SCE Company is not required to extend any credit terms to Publisher, but may do so in the SCE Company's sole discretion. Credit terms and limits shall be subject to revocation or extension at the SCE Company's sole discretion. If credit terms are extended to Publisher, Purchase Orders will be invoiced upon shipment of Disc Products and each invoice will be payable within 30 days of the date of the

invoice. Publisher shall be additionally liable for all costs and expenses of collection, including without limitation, reasonable fees for lawyers and court costs.

9.4 Charges and Deductions . The amounts that Publisher must pay under this Agreement are exclusive of all taxes, duties, charges or assessments which the SCE Company or the Designated Manufacturing Facility may have to collect or pay and for which Publisher is solely responsible. No costs incurred in the development, manufacture, marketing, sale or distribution of any Licensed Products shall be deducted from any amounts payable under this Agreement. Similarly, there shall be no deduction from any amounts owed hereunder as a result of any uncollectible accounts owed to Publisher, or for any credits, discounts, allowances or returns which Publisher may credit or otherwise grant to any third-party customer of any Licensed Products, or for any taxes, fees, assessments or expenses of any kind which may be incurred by Publisher in connection with its sale or distribution of any Licensed Products or arising with respect to the payment of royalties. Publisher may not assert any credit, set-off or counterclaim to justify withholding payment under this Agreement. Publisher shall be solely responsible for and bear any costs relating to any withholding taxes or other such assessments which may be imposed by any governmental authority with respect to the payments to the SCE Company. Publisher shall provide the SCE Company with official tax receipts or other such documentary evidence issued by the applicable tax authorities sufficient to substantiate that any such taxes or assessments have in fact been timely paid. Deductions may only be made after issuance of an approved credit memo from the SCE Company or a Designated Manufacturing Facility.

9.5 General Terms . Each shipment to Publisher shall constitute a separate sale, whether said shipment constitutes the whole or partial fulfillment of any Purchase Order. Title to Units shall pass to Publisher only upon payment in full of the amounts due under this Agreement for those Units. The receipt and deposit by the SCE Company of any moneys payable under this Agreement shall be without prejudice to any rights or remedies the SCE Company has and shall not restrict or prevent the SCE Company from challenging the basis for calculation or payment accuracy. Nothing in this Agreement shall excuse or be construed as a waiver of Publisher's obligation to timely provide any and all payments owed to the SCE Company or any Designated Manufacturing Facility.

10. Representations and Warranties.

10.1 Representations and Warranties of SCE Company . The SCE Company represents and warrants solely for the benefit of Publisher that the SCE Company has the right, power and authority to enter into this Agreement and to fully perform its obligations hereunder.

10.2 Representations and Warranties of Publisher . Publisher represents and warrants that:

(i) There is no threatened or pending action, suit, claim or proceeding alleging that the use or possession by Publisher or its affiliates of all or any part of the Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials, Packaging not provided by the Designated Manufacturing Facility, or any underlying work or content embodied in any of the foregoing, including any name, designation or trademark used in conjunction with any of the Licensed Products, infringes or otherwise violates any intellectual property right or other right or interest of any kind whatsoever anywhere in the world of any third party, or otherwise contesting any right, title or interest of Publisher in or to the Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials, Packaging not provided by the Designated Manufacturing Facility, or any underlying work or content embodied in any of the foregoing, including any name, designation or trademark used in conjunction with any of the Licensed Products;

(ii) The Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials, Packaging not provided by the Designated Manufacturing Facility, and their contemplated disclosure or use under this Agreement do not and shall not infringe any person's rights including patents, copyrights (including rights in a joint work), trademarks, trade dress, trade secret, rights of publicity, privacy, performance, moral rights, literary rights or any other right or interest anywhere in the world of any third party. Publisher has obtained the consent of all holders of intellectual property rights necessary for the SCE Company's or its Affiliates' use of any Publisher Software, Product Proposals, Product Information, Printed Materials, Advertising Materials and Packaging not provided by the Designated Manufacturing Facility provided by Publisher, which may be reproduced, published, publicly displayed, publicly performed, marketed, sold and otherwise distributed by the SCE Company and any Affiliates in accordance with this Agreement. Publisher has made all payments required to any person having any legal rights arising from such disclosure or use so that the SCE Company will not incur any obligation to pay any royalty, residual, union, guild or other fees or expenses;

(iii) Publisher has the right, power and authority to enter into this Agreement, to grant the SCE Company the rights granted hereunder and to fully perform its obligations hereunder;

(iv) The making of this Agreement by Publisher does not violate any separate agreement, rights or obligations existing between Publisher and any other person, and, throughout the Term, Publisher shall not make any separate agreement with any third party that is inconsistent with any of the provisions of this Agreement;

(v) Publisher has not previously taken any action that could be interpreted as having sold, assigned, leased, licensed or in any other way disposed of or encumbered any of the rights granted to Publisher hereunder. Publisher will not sell, assign, lease, license or in any other way dispose of or encumber any of such rights except as expressly consented to by the SCE Company in writing;

(vi) Neither Publisher nor its affiliates shall make any representation or give any warranty to any person or entity expressly or on the SCE Company's behalf, or to the effect that the Licensed Products are connected in any way with the SCE Company other than that the Executable Software and Licensed Products have been developed, marketed, sold and distributed under license from the SCE Company;

(vii) In the event that any Executable Software is delivered by Publisher to any other Licensed Publishers or Licensed Developers in source code form, Publisher will take all precautions consistent with the protection of valuable trade secrets by companies in high technology industries to ensure that such third parties protect and maintain the confidentiality of such source code;

(viii) The Executable Software, excepting any SCE Materials, and any Product Information shall be in a commercially acceptable form, free of significant bugs, defects, time bombs or viruses or unauthorized content that is inconsistent with the age rating applicable to the corresponding Licensed Product, which could disrupt, delay, or destroy the Executable Software or System, or render any of such items less than fully useful, or that could cause the SCE Company to suffer public disrepute, contempt, scandal or ridicule, or which insults or offends the community or any substantial organized group thereof or which could tend to adversely affect the SCE Company's name, reputation or goodwill associated with the System, and shall be fully compatible with the System and all peripherals listed on the Printed Materials as compatible with the Licensed Product;

(ix) Each of the Licensed Products shall be developed, marketed, sold and distributed by or at the direction of Publisher in an ethical manner and in a responsible manner with respect to the protection of children in the online environment, and in full compliance with all applicable laws, including federal, state, provincial, local and foreign laws, and

any rules, regulations and standards promulgated thereunder, including lottery laws and labor laws, and will not contain content that violates applicable laws, including those relating to privacy or any obscene or defamatory matter;

(x) Publisher's policies and practices with respect to the development, marketing, sale, and distribution of the Licensed Products shall in no manner reflect adversely upon the name, reputation or goodwill of the SCE Company or any Affiliate;

(xi) To the extent Publisher wishes to utilize a Licensed Developer to assist in development of Licensed Products, Publisher has contracted, or will contract, with a Licensed Developer for the technical expertise and resources necessary to fulfill its obligations under this Agreement; and

(xii) Publisher shall make no false, misleading or inconsistent representations or claims with respect to the System, any Licensed Products, or the SCE Company or any Affiliate.

11. Indemnities; Limited Liability.

11.1 Indemnification by SCE Company . The SCE Company shall indemnify and hold Publisher harmless from and against any and all third-party claims, demands, losses, liabilities, damages, expenses and costs, including reasonable fees for lawyers, expert witnesses and litigation costs, and costs incurred in the settlement or avoidance of any such claim, in connection with or which result from a breach of any of the SCE Company's representations or warranties set forth in Section 10.1 (collectively, "SCE-Indemnified Claim(s)"); provided that: (i) Publisher shall give prompt written notice to the SCE Company of the assertion of any SCE-Indemnified Claim; (ii) the SCE Company shall have the right to select counsel and control the defense and settlement of any SCE-Indemnified Claim and Publisher shall not agree to the settlement of any SCE-Indemnified Claim without the SCE Company's prior written consent; and (iii) Publisher shall provide the SCE Company reasonable assistance and cooperation concerning any SCE-Indemnified Claim, except that Publisher need not incur any out-of-pocket costs in rendering such assistance and cooperation. The SCE Company shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to SCE-Indemnified Claims as shall be deemed appropriate by the SCE Company.

11.2 Indemnification By Publisher . Publisher shall indemnify and hold the SCE Company harmless from and against any and all claims, demands, losses, liabilities, damages, expenses and costs, including reasonable fees for lawyers, expert witnesses and litigation costs, and costs incurred in the settlement or avoidance of any such claim, in connection with or which result from (i) a breach of any of the provisions of this Agreement; (ii) any claim of infringement of a third party's intellectual property rights or any consumer claim, with respect to Publisher's Licensed Products, including claims related to Publisher's support of unauthorized or unlicensed peripherals or software that are not part of the PlayStation 3 format specifications as set forth in the Guidelines; (iii) any claim related to any Licensed Product features or capability related to cross-regional Online Gameplay; (iv) any claims of or in connection with any personal or bodily injury (including death or disability) or property damage arising out of, in whole or in part, the development, marketing, advertising, sale, distribution or use of any of the Licensed Products (or portions thereof) unless due directly and solely to the breach of the SCE Company in performing any of the specific duties or providing any of the specific services required of it hereunder; or (v) any federal, state or foreign civil or criminal investigations or actions relating to the development, marketing, advertising, sale or distribution of Licensed Products (all subsections collectively, "Publisher-Indemnified Claim(s)"), provided that (a) the SCE Company shall give prompt written notice to Publisher of the assertion of any Publisher-Indemnified Claim; (b) Publisher shall have the right to select counsel and control the defense and settlement of any Publisher-Indemnified Claim, except

that with respect to any Publisher-Indemnified Claims made by a third party against the SCE Company, the SCE Company shall have the right to select counsel for the SCE Company and reasonably control the defense and settlement of the Publisher-Indemnified Claim against the SCE Company; and (c) the SCE Company shall provide Publisher with reasonable assistance and cooperation concerning any Publisher-Indemnified Claim, except that the SCE Company need not incur any out-of-pocket costs in rendering such assistance and cooperation. Subject to the foregoing, Publisher shall have the exclusive right, at its discretion, to commence and prosecute at its own expense any lawsuit or to take such other action with respect to Publisher-Indemnified Claims as shall be deemed appropriate by Publisher.

11.3 LIMITATIONS OF LIABILITY .

11.3.1 SCE Limitation of Liability for Financial Losses. In no event shall the SCE Company or any Affiliates, or the officers, directors, employees, agents, licensors or suppliers of any of such entities, be liable for loss of revenue, loss of actual or prospective profits, loss of contracts, loss of anticipated savings, loss of business opportunity, reputation or goodwill or loss of, damage to or corruption of data (whether such loss or damages are direct, indirect, special, incidental or consequential) arising out of, relating to, or in connection with this Agreement or any collateral contract (including the breach of this Agreement by the SCE Group Company), whether known, foreseen or foreseeable and whether in contract, tort (including negligence), product liability, under indemnity, or otherwise.

11.3.2 SCE Limitation of Liability for Other Consequential Losses. In no event shall the SCE Company, its Affiliates or the officers, directors, employees, agents, licensors or suppliers of any of such entities, be liable for any indirect, special, incidental or consequential loss or damage of any kind arising out of or in connection with this Agreement or any collateral contract (including the breach of this Agreement by the SCE Group Company), whether known, foreseen or foreseeable and whether in contract, tort (including negligence), product liability, under an indemnity or otherwise.

11.3.3 SCE Limitation of Liability for Representations. Publisher shall have no remedy with respect to any representation made to it upon which it relied in entering into this Agreement and the SCE Company and its Affiliates and the officers, directors, employees, agents, licensors or suppliers of any of such entities shall have no liability to Publisher other than under the express terms of this Agreement. In this Section 11.3.3, "representation" means any undertaking, promise, assurance, statement, representation, warranty or understanding, whether in writing or otherwise, of any person (whether a party to this Agreement or not), relating to the subject matter of this Agreement.

11.3.4 SCE Limitation of Liability for SCE Materials and Publisher's Materials. Except as expressly set forth herein, neither the SCE Company, nor its Affiliates, nor the officers, directors, employees, agents, licensors or suppliers of any of such entities, shall bear any risk, or have any responsibility or liability of any kind to Publisher or to any third parties with respect to the quality, functionality, operation or performance of, or the use or inability to use, all or any part of the SCE Materials, the System, the Licensed Products or Units of Disc Products, or for any software errors or "bugs" in Product Information included on SCE Company demonstration discs.

11.3.5 SCE Limitation of Financial Liability. In no event shall the SCE Company's liability arising under, relating to, or in connection with this Agreement, or any collateral contract, exceed the total amount paid by Publisher under Section 9 within the 48 month period immediately prior to the date of the first occurrence of the event or circumstances giving rise to the claimed liability.

11.3.6 Publisher Limitation of Liability . In no event shall Publisher, its officers, directors, employees,

agents, licensors or suppliers be liable to the SCE Company for loss of revenue, loss of actual or prospective profits, loss of contracts, loss of anticipated savings, loss of business opportunity, reputation or goodwill or loss of, damage to or corruption of data (whether such loss or damage is direct, indirect, special, incidental or consequential), arising out of or in connection with this Agreement or any collateral contract (including the breach of this Agreement by Publisher) provided that such limitations shall not apply to damages resulting from Publisher's breach of Sections 2, 3, 5, 11.2, or 13 of this Agreement, or to any amounts which Publisher may be required to pay pursuant to Sections 11.2 or 16.10.

11.3.7 [***]

11.3.8 Law Applicable to Liabilities. Nothing in this Agreement shall exclude or limit any liability of either party which may not be excluded or limited under applicable law.

12. Infringement of SCE Intellectual Property Rights By Third Parties.

In the event that Publisher discovers or otherwise becomes aware that any of the SCE Intellectual Property Rights have been or are being infringed by any third party, Publisher shall promptly notify the SCE Company. The SCE Company shall have the sole right, in its discretion, to institute and prosecute lawsuits against third parties regarding infringement of SCE Intellectual Property Rights. Any lawsuit shall be prosecuted solely at the cost and expense of the SCE Company and all sums recovered in any such lawsuits, whether by judgment, settlement or otherwise, shall belong solely to the SCE Company. Upon the SCE Company's request, Publisher shall execute all papers, testify on all matters and otherwise cooperate in every way necessary or desirable for the prosecution of any such lawsuit. The SCE Company shall reimburse Publisher for the reasonable expenses incurred as a result of such cooperation, but unless authorized by other provisions of this Agreement, not costs and expenses attributable to any cross-claim, counterclaim or third party action.

13. Confidentiality.

13.1 SCE Confidential Information .

13.1.1 Definition of SCE Confidential Information. "SCE Confidential Information" shall mean:

(i) the SCE Materials, the Development Tools, the Guidelines, the Regional Riders and this Agreement, including all exhibits and schedules attached to any of the foregoing and all information related to these items;

(ii) other information, documents and materials developed, owned, licensed or under the control of the SCE Company or any Affiliate, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know-how, including SCE Intellectual Property Rights relating to the SCE Materials and the Development Tools; and

(iii) information, documents and other materials regarding the SCE Company's or any Affiliate's finances, business and business methods, marketing and technical plans, and development and production plans; and

(iv) third-party information and documents licensed to or under the control of the SCE Company or any Affiliate.

The SCE Confidential Information consists of information in any medium, whether oral, printed, in machine-readable form or otherwise, provided to Publisher before or during the Term, including information subsequently reduced to tangible or written form. In addition, the existence of a relationship between Publisher and the SCE Company shall be deemed to be the SCE Confidential Information unless otherwise agreed to in writing by the parties or until publicly announced by the SCE Company or any Affiliate.

13.1.2 Term of Protection of the SCE Confidential Information . The term for the protection of the SCE Confidential Information shall commence on the Effective Date and shall continue in full force and effect for as long as any of the SCE Confidential Information continues to be maintained as confidential and proprietary by the SCE Company or any Affiliate.

13.1.3 Preservation of SCE Confidential Information . Publisher shall, with respect to the SCE Confidential Information:

(i) not disclose SCE Confidential Information to any person, other than those employees, directors or officers of the Publisher or subcontractors expressly approved under Section 3.2, whose duties justify a "need-to-know" and who have executed a confidentiality agreement in which such employees, directors, officers or subcontractors have agreed not to disclose and to protect and maintain the confidentiality of all confidential information and materials inclusive of those of third parties which may be disclosed to them or to which they may have access during the course of their duties. At the SCE Company's request, Publisher shall provide the SCE Company with a copy of such confidentiality agreement between Publisher and its employees, directors, officers, or subcontractors and shall also provide the SCE Company with a list of employee, director, officer, and subcontractor signatories. Publisher shall not disclose any of the SCE Confidential Information to third parties, other than expressly approved subcontractors under section 3.2, including to consultants or agents without the SCE Company's prior written consent. Any employees, directors, officers, subcontractors, authorized consultants and agents who obtain access to or copies of the SCE Confidential Information shall be advised by Publisher of the confidential or proprietary nature of the SCE Confidential Information, and Publisher shall be responsible for any breach of this Agreement by all such persons.

(ii) hold all of the SCE Confidential Information in confidence and take all measures necessary to preserve the confidentiality of the SCE Confidential Information in order to avoid disclosure, publication, or dissemination, using as high a degree of care and scrutiny, but at least reasonable care, as is consistent with the protection of valuable trade secrets by companies in high technology industries.

(iii) ensure that all written materials relating to or containing the SCE Confidential Information be maintained in a restricted access area and plainly marked to indicate the proprietary and confidential nature thereof.

(iv) at the SCE Company's request, return promptly to the SCE Company any and all portions of the SCE Confidential Information, together with all copies thereof.

(v) not use, copy, reproduce, modify, create derivative works from, sublicense, distribute, or otherwise disseminate the SCE Confidential Information, or any portion thereof, except as expressly authorized, nor shall Publisher remove any proprietary legend set forth on or contained within any of the SCE Confidential Information.

13.1.4 Exceptions . The foregoing restrictions shall not apply to any portion of the SCE Confidential Information which:

(i) was previously known by Publisher without restriction on disclosure or use, as proven by written documentation of Publisher;

(ii) is or legitimately becomes part of the public domain through no fault of Publisher or any of its employees, directors, officers, consultants or agents;

(iii) is independently developed by Publisher's employees or consultants who have not had access to or otherwise used the SCE Confidential Information (or any portion thereof), as proven by written documentation of Publisher;

(iv) is required to be disclosed by court, administrative or governmental order; provided that Publisher must use all reasonable efforts prior to issuance of any such

order to maintain the confidentiality of the SCE Confidential Information, including asserting in any action or investigation the restrictions set forth in this Agreement, and, immediately after receiving notice of any such action, investigation, or threatened action or investigation, Publisher must notify the SCE Company of such action, investigation, or threatened action or investigation, unless Publisher is ordered by a court not to so notify; or

(v) is approved for release by written authorization of the SCE Company.

13.1.5 No Obligation to License . Disclosure of the SCE Confidential Information to Publisher shall not (i) constitute any option, grant or license from the SCE Company to Publisher under any SCE Intellectual Property Rights now or after owned or controlled by the SCE Company; (ii) result in any obligation on the part of the SCE Company to approve any materials of Publisher; (iii) give Publisher any right to, directly or indirectly, develop, manufacture, sell or otherwise distribute any product derived from or which uses or was developed with the use of the SCE Confidential Information (or any portion thereof), other than as expressly set forth in this Agreement.

13.1.6 Publisher's Obligations Upon Unauthorized Disclosure . If at any time Publisher becomes aware of any unauthorized duplication, access, use, possession or knowledge of any of the SCE Confidential Information, it shall notify the SCE Company as soon as reasonably practicable, and shall promptly act to recover any such information and prevent further breach of the confidentiality obligations herein. Publisher shall provide any and all reasonable assistance to the SCE Company to protect the SCE Company's proprietary rights in any of the SCE Confidential Information that Publisher or its employees, directors, officers, or permitted subcontractors, consultants, or agents may have directly or indirectly disclosed or made available, and that may be duplicated, accessed, used, possessed or known in any manner or for any purpose not expressly authorized by this Agreement, including enforcement of confidentiality agreements, commencement and prosecution in good faith (alone or with the SCE Company) of legal action, and reimbursement for all reasonable lawyers' fees, costs and expenses incurred by the SCE Company to protect the SCE Company's proprietary rights in the SCE Confidential Information. Publisher shall take all steps requested by the SCE Company to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of the SCE Confidential Information.

13.2 Publisher's Confidential Information .

13.2.1 Definition of Publisher's Confidential Information . "Publisher's Confidential Information" shall mean:

(i) any Publisher Software provided to the SCE Company pursuant to this Agreement and all documentation and information relating thereto, including Product Proposals, Printed Materials and Advertising Materials (other than documentation and information intended for release to and use by end users, the general public or the trade);

(ii) other documents and materials developed, owned, licensed or under the control of Publisher, including all processes, data, hardware, software, inventions, trade secrets, ideas, creations, improvements, designs, discoveries, developments, research and know-how; and

(iii) information and documents regarding Publisher's finances, business, marketing and technical plans, business methods and production plans.

Publisher's Confidential Information may consist of information in any medium, whether oral, printed, in machine-readable form or otherwise, provided to the SCE Company before or during the Term, including information subsequently reduced to tangible or written form.

13.2.2 Term of Protection of Publisher's Confidential Information . The term for the protection of Publisher's Confidential Information shall commence on the Effective Date and shall continue in full force and effect for as long as any of Publisher's Confidential Information continues to be maintained as confidential and proprietary by Publisher.

13.2.3 Preservation of Confidential Information of Publisher . The SCE Company shall, with respect to Publisher's Confidential Information:

(i) hold all Publisher's Confidential Information in confidence and take all reasonable steps to preserve the confidentiality of Publisher's Confidential Information, and to prevent it from falling into the public domain or into the possession of persons other than those persons to whom disclosure is authorized hereunder.

(ii) not disclose Publisher's Confidential Information to any person other than the SCE Company's or a Designated Manufacturing Facility's employees, directors, agents, consultants and subcontractors who need to know or have access to Publisher's Confidential Information for the purposes of this Agreement, and only to the extent necessary for such purposes.

(iii) ensure that all written materials relating to or containing Publisher's Confidential Information be maintained in a secure area and plainly marked to indicate the proprietary and confidential nature thereof.

(iv) at Publisher's request, return promptly to Publisher any and all portions of Publisher's Confidential Information, together with all copies thereof.

(v) not use Publisher's Confidential Information, or any portion thereof, except as provided herein, nor shall the SCE Company remove any proprietary legend set forth on or contained within any of Publisher's Confidential Information.

13.2.4 Exceptions . The foregoing restrictions shall not apply to any portion of Publisher's Confidential Information which:

(i) was previously known by the SCE Company without restriction on disclosure or use, as proven by written documentation of the SCE Company;

(ii) comes into the possession of the SCE Company from a third party which is not under any obligation to maintain the confidentiality of such information;

(iii) is or legitimately becomes part of information in the public domain through no fault of the SCE Company, or any of its employees, directors, agents, consultants or subcontractors;

(iv) is independently developed by the SCE Company's employees, consultants or subcontractors who have not had access to or otherwise used Publisher's Confidential Information (or any portion thereof), as proven by written documentation of the SCE Company;

(v) is required to be disclosed by court, administrative, or governmental order; provided that the SCE Company attempts, prior to the issuance of any such order, to maintain the confidentiality of Publisher's Confidential Information, including asserting in any action or investigation the restrictions set forth in this Agreement, and immediately after receiving notice of any such action, investigation, or threatened action or investigation, notifies Publisher of such action, investigation, or threatened action or investigation, unless the SCE Company is ordered by a court not to so notify; or

(vi) is approved for release by written authorization of Publisher.

13.2.5 SCE Company's Obligations Upon Unauthorized Disclosure . If at any time the SCE Company becomes aware of any unauthorized duplication, access, use, possession or knowledge of Publisher's Confidential Information, it shall notify Publisher as soon as is reasonably practicable. The SCE Company shall provide any and all reasonable assistance to Publisher to protect Publisher's proprietary rights in any of Publisher's Confidential Information that it or its employees or permitted subcontractors may have directly or indirectly disclosed or made available and that may be duplicated, accessed, used, possessed or known in a manner or for a purpose not expressly authorized by this Agreement, including enforcement of confidentiality agreements, commencement and prosecution in good faith (alone or with Publisher) of legal action, and reimbursement for all reasonable lawyers' fees, costs and expenses incurred by Publisher to protect Publisher's proprietary rights in Publisher's Confidential Information. The SCE Company shall take all reasonable steps requested by Publisher to prevent the recurrence of any unauthorized duplication, access, use, possession or knowledge of Publisher's Confidential Information.

13.3 Confidentiality of Agreement . While the terms of this Agreement and the Regional Rider shall be treated as SCE Confidential Information, Publisher may disclose their terms and conditions:

(i) to legal counsel;

(ii) in confidence, to accountants, banks and financing sources and their advisors;

(iii) in confidence, in connection with the enforcement of this Agreement or rights arising under or relating to this Agreement; and

(iv) if required, in the opinion of its counsel, to file publicly or otherwise disclose the terms of this Agreement under applicable securities or other laws, Publisher shall promptly notify the SCE Company of such obligation so that the SCE Company has a reasonable opportunity to contest or limit the scope of such required disclosure, and Publisher shall request, and shall use best efforts to obtain, confidential treatment for such sections of this Agreement as the SCE Company may designate.

14. Term Renewal and Termination.

14.1 Term Renewal . The Term shall be automatically extended for additional one-year terms, unless either party provides the other with written notice of its election not to extend on or before January 31 of the year in which the Term would renew. Notwithstanding the foregoing, the term for the protection of SCE Confidential Information and Publisher's Confidential Information shall be as set forth in Sections 13.1.2 and 13.2.2 respectively.

14.2 Termination by SCE Company . The SCE Company shall have the right to terminate the Agreement immediately, on written notice to Publisher, upon the occurrence of any of the following:

(i) If Publisher is in material breach of any of its obligations under the Agreement or under any other agreement entered into between the SCE Company or any Affiliate, on the one hand, and Publisher on the other hand;

(ii) A statement of intent by Publisher to no longer exercise any of the rights granted by the SCE Company to Publisher hereunder or Publisher failing to submit materials under section 6.1 or failing to issue any Purchase Orders during any period of twelve consecutive calendar months;

(iii) If Publisher (a) is unable to pay its debts when due; (b) makes an assignment for the benefit of any of its creditors; (c) files or has filed against it a petition, or an order of bankruptcy or insolvency is made, under the bankruptcy or insolvency laws of any jurisdiction (and such petition is not discharged within 60 days) or becomes or is adjudicated bankrupt or insolvent; (d) is the subject of an order for, or applies for or notices its intent to apply for, the appointment of an administrator, receiver, administrative receiver, manager, liquidator, trustee or similar officer to be appointed over any of its business or property; (e) ceases to do business or enters

into liquidation; or (f) takes or suffers any similar or analogous action in any jurisdiction as a consequence of debt;

(iv) If a controlling interest in Publisher or in an entity which directly or indirectly has a controlling interest in Publisher is transferred to a party that (a) is in breach of any agreement with the SCE Company or any Affiliate; (b) directly or indirectly holds or acquires a controlling interest in a third party which designs, develops any of the core components for an interactive device or product which is directly or indirectly competitive with the System, or itself develops any product that is directly or indirectly competitive with the System; or (c) is in litigation or in an adversarial administrative proceeding with the SCE Company or any Affiliate concerning the SCE Confidential Information or any SCE Intellectual Property Rights, including challenging validity of any SCE Intellectual Property Rights;

(v) If Publisher or any entity that directly or indirectly has a controlling interest in Publisher (a) enters into a business relationship with a third party related to the design or development of any core components for an interactive device or product which is directly or indirectly competitive with the System; or (b) acquires an interest in or otherwise forms a strategic business relationship with any third party which has developed or owns or acquires intellectual property rights in any such device or product;

(vi) If Publisher or any of its affiliates initiates any legal or administrative action against the SCE Company or any Affiliate or challenges the validity of any SCE Intellectual Property Rights;

(vii) If Publisher fails to pay any sums owed to the SCE Company on the date due and such default is not fully corrected or cured within ten (10) business days of the date on which such payment was originally due; or

(viii) If Publisher or any of its officers or employees engage in "hacking" of any software for any PlayStation format or in activities which facilitate the same by any third party.

As used hereinabove, "controlling interest" means, with respect to any form of entity, sufficient power to control the decisions of such entity. Publisher shall immediately notify the SCE Company in writing in the event that any of the events or circumstances specified in this Section 14.2 occur. In the event of termination under 14.2(viii), the SCE Company shall have the right to terminate any other agreements entered into between the SCE Company and Publisher.

14.3 Product-by-Product Termination . In addition to the events of termination described in Section 14.2, the SCE Company, at its option, shall be entitled to terminate, with respect to a particular Licensed Product, the licenses and related rights herein granted to Publisher immediately on written notice to Publisher, in the event that (a) Publisher fails to notify the SCE Company promptly in writing of any material change to any materials previously approved by the SCE Company in accordance with Sections 6 and the relevant Guidelines, and such breach is not corrected or cured within 30 days after receipt of written notice of such breach; (b) Publisher uses a third party that fails to comply with the requirements of Section 3.2 in connection with the development of any Licensed Product; (c) any third party with whom Publisher has contracted for the development of Licensed Products breaches any of its material obligations to the SCE Company pursuant to such third party's agreement with the SCE Company with respect to any such Licensed Product; (d) Publisher cancels a Licensed Product or fails to provide the SCE Company, in accordance with the provisions of Section 6 and the relevant Guidelines, with the final version of the Executable Software for any Licensed Product within three months of the scheduled release date (as referenced in the Product Proposal or as otherwise mutually agreed by the parties in writing), fails to provide work in progress to the SCE Company in strict compliance with the review process set forth in the Guidelines, fails to provide fully tested final Executable Software in strict conformance with the

Guidelines; or (e) Publisher otherwise fails materially to conform to the Guidelines with respect to any particular Licensed Product.

14.4 Options in Lieu of Termination . As alternatives to terminating the Agreement or all licensed rights with respect to a particular Licensed Product as set forth in Sections 14.2 and 14.3, the SCE Company may, at its option and upon written notice to Publisher, suspend this Agreement, entirely or with respect to a particular Licensed Product or program, for a set period of time which shall be specified in writing to Publisher upon the occurrence of any breach of this Agreement. Election of suspension shall not constitute a waiver of or compromise with respect to any of the SCE Company's rights under this Agreement and the SCE Company may elect to terminate this Agreement with respect to any breach.

14.5 No Refunds . In the event that this Agreement expires or is terminated under any of Sections 14.2 through 14.4, no portion of any payments of any kind whatsoever previously provided hereunder shall be owed or be repayable or refunded to Publisher.

15. Effect of Expiration or Termination.

15.1 Inventory Statement . Within 30 days of the date of expiration or the effective date of termination with respect to any or all Licensed Products or this Agreement, Publisher shall provide the SCE Company with an itemized statement, certified to be accurate by an officer of Publisher, specifying the number of unsold Units of the Licensed Products as to which such termination applies, on a title-by-title basis, which remain in its inventory or under its control at the time of expiration or the effective date of termination. The SCE Company shall be entitled to conduct at its expense a physical inspection of Publisher's inventory and work in process upon reasonable written notice during normal business hours in order to ascertain or verify such inventory and inventory statement.

15.2 Reversion of Rights . Upon expiration or termination and subject to Section 15.3, the licenses and related rights herein granted to Publisher shall immediately revert to the SCE Company, and Publisher shall cease from any further use of the SCE Confidential Information, Licensed Trademarks and the SCE Materials and any SCE Intellectual Property Rights therein, and, subject to the provisions of Section 15.3, Publisher shall have no further right to continue the development, publication, manufacture, marketing, advertising, sale or other distribution of any Licensed Products, or to continue to use any Licensed Trademarks; provided, however, that for a period of one year after the effective date of termination, and subject to all the terms of Section 13, and provided this Agreement is not terminated due to any breach or default by Publisher, Publisher may retain such portions of the SCE Materials and the SCE Confidential Information as the SCE Company in its sole discretion agrees are required to support end users who possess Licensed Products but must return all these materials at the end of such one year period. Upon expiration or termination, the licenses and related rights herein granted to the SCE Company by Publisher shall immediately revert to Publisher, and the SCE Company shall cease from any further use of Product Information and any Publisher Intellectual Property Rights therein; provided that the SCE Company may continue the manufacture, marketing, advertising, sale and other such distribution of any SCE Company demonstration discs containing Publisher's Product Information which Publisher had previously approved.

15.3 Disposal of Unsold Units Upon Termination . In the event of termination of this Agreement under sections 14.2(ii), (iv), or (v), Publisher may sell off existing inventories of Units of the Disc Products, on a non-exclusive basis, and strictly in accordance with this Agreement, for a period of [***] from the date of expiration or effective date of termination of this Agreement, and provided such inventories have not been manufactured solely or principally for sale during such period. Subsequent to the expiration of such [***]

period, or in the event this Agreement is terminated under Sections 14.2(i), (iii), (vi), (vii), or (viii), any and all Units of the Disc Products remaining in Publisher's inventory or otherwise under its control shall be destroyed by Publisher within [***] of such expiration or termination date. Within [***] after such destruction, Publisher shall provide the SCE Company with an itemized statement, certified to be accurate by an officer of Publisher, indicating the number of Units of the Licensed Products which have been destroyed (on a title-by-title basis), the location and date of such destruction, and the disposition of the remains of such destroyed materials.

15.4 Disposal of Unsold Units Upon Non-Renewal . In the event that the Term expires and this Agreement is not renewed, Publisher may continue to publish those Licensed Products containing Executable Software whose development was completed before or during the Term, and to use the Licensed Trademarks strictly, only and directly in connection with such publication, until the Term expires or, if later, until the second anniversary of the 31 January next following such completion. Upon expiration of the Term or, the extended period for publishing Licensed Products, Publisher may sell off existing inventories of such Licensed Products on a non-exclusive basis for a period of [***] from the applicable expiration date; provided that such inventory is not manufactured solely or principally for sale within such sell-off period.

15.5 Return of the SCE Materials and the SCE Confidential Information . Upon the expiration or earlier termination of this Agreement or following either the [***] referenced in Sections 15.4 and 15.3 and subject to Section 15.2, Publisher shall immediately deliver to the SCE Company, or if and to the extent requested by the SCE Company, destroy, all SCE Materials and any and all copies thereof, and Publisher and the SCE Company shall, upon the request of the other party, immediately deliver to the other party, or to the extent requested by such party destroy, all Confidential Information of the other party, including any and all copies thereof, which the other party previously furnished to it in furtherance of this Agreement. Within five (5) working days after any such destruction, Publisher or the SCE Company, as appropriate, shall provide the other party with a certificate of destruction and an itemized statement, each certified to be accurate by an officer of Publisher, indicating the number of copies or units of the SCE Materials or SCE Confidential Information which have been destroyed, the location and date of such destruction and the disposition of the remains of such destroyed materials. In the event that Publisher fails to return or certify the destruction of the SCE Materials or SCE Confidential Information and the SCE Company must resort to legal means (including any use of lawyers) to recover the SCE Materials or SCE Confidential Information or the value thereof, all costs, including the SCE Company's reasonable lawyers' fees, shall be borne by Publisher, and the SCE Company may, in addition to the SCE Company's other remedies, withhold such amounts from any payment otherwise due from the SCE Company to Publisher under any agreement between the SCE Company and Publisher.

15.6 Extension of this Agreement; Termination Without Prejudice . The SCE Company shall be under no obligation to extend this Agreement notwithstanding any actions taken by either of the parties prior to the expiration of this Agreement. Upon the expiration of this Agreement, neither party shall be liable to the other for any damages (whether direct, indirect, consequential or incidental, and including any expenditures, loss of profits or prospective profits) sustained or arising out of or alleged to have been sustained or to have arisen out of such expiration. The expiration or termination of this Agreement shall be without prejudice to any rights or remedies which one party may otherwise have against the other party, and shall not excuse either party from liability with respect to any events occurring prior to expiration or the effective date of termination.

16. Miscellaneous Provisions.

16.1 Notices . All notices or other communications required or desired to be sent to either of the parties shall be in writing and shall be sent by registered or certified mail, postage prepaid, or sent by recognized international courier service, or facsimile, with charges prepaid. The address for all notices or other communications required to be sent to the SCE Company or Publisher, respectively, shall be the mailing address stated in the preamble hereof, or such other address as may be provided by written notice from one party to the other on at least ten (10) days' prior written notice. Any such notice shall be effective upon the date of actual receipt, as confirmed by the receiving party.

16.2 Audit Provisions . Publisher shall keep full, complete, and accurate books of accounts and records covering all transactions relating to this Agreement. Publisher shall preserve such books of accounts, records, documents, and materials for a period of [***] after the expiration or earlier termination of this Agreement. Acceptance by the SCE Company of any accounting statement, purchase order, or payment hereunder will not preclude the SCE Company from challenging or questioning the accuracy thereof at a later time. In the event that the SCE Company reasonably believes that the pricing information provided by Publisher with respect to any Licensed Product is not accurate, the SCE Company shall be entitled to request additional documentation from Publisher to support the pricing information provided for such Licensed Product. In addition, during the Term and for a period of [***] thereafter and upon the giving of reasonable prior written notice to Publisher, at the SCE Company's expense, representatives of the SCE Company shall be given access to, and the right to inspect, audit, and make copies and summaries of and take extracts from, such portions of all books and records of Publisher, and Publisher's affiliates and branch offices, as pertain to the Licensed Products and any payments due or credits received hereunder. Any such audit shall take place during normal business hours and shall, at the SCE Company's sole election, be conducted either by an independent certified accountant or by an appropriately professionally qualified SCE Company employee. In the event that such inspection reveals any under-reporting of any payment due to the SCE Company, Publisher shall immediately pay the SCE Company such amount. In the event that any audit conducted by the SCE Company reveals that Publisher has under-reported any payment due to the SCE Company hereunder by [***] or more for the relevant audit period, then in addition to the payment of the appropriate amount due to the SCE Company, Publisher shall reimburse the SCE Company for all reasonable audit costs for that audit and any and all collection costs to recover any unpaid amounts.

16.3 Force Majeure . Neither the SCE Company nor Publisher shall be liable for any loss or damage or be deemed to be in breach of this Agreement if its failure to perform or failure to cure any of its obligations under this Agreement results from any event or circumstance beyond its reasonable control, including any natural disaster, fire, flood, earthquake or other Act of God; shortage of equipment, materials, supplies or transportation facilities; strike or other industrial dispute; war or rebellion; shutdown or delay in power, telephone or other essential service due to the failure of computer or communications equipment or otherwise; provided, however, that the party interfered with gives the other party written notice thereof promptly, and, in any event, within fifteen (15) business days of discovery of any such Force Majeure condition. If notice of the existence of any Force Majeure condition is provided within such period, the time for performance or cure shall be extended for a period equal to the duration of the Force Majeure event or circumstance described in such notice, except that any such cause shall not excuse the payment of any sums owed to the SCE Company prior to, during or after the occurrence of any such Force Majeure condition. In the event that the Force Majeure condition continues for more than 60 days, the SCE Company may terminate this Agreement for cause by providing written notice to Publisher to such effect.

16.4 No Agency, Partnership or Joint Venture . The relationship between the SCE Company and Publisher, respectively, is that of licensor and licensee. Both parties are independent contractors and neither party is the legal representative, agent, joint venturer, partner or employee of the other party for any purpose whatsoever. Neither party has any right or authority to assume or create any obligations of any kind or to make any representation or warranty on behalf of the other party, whether express or implied, or to bind the other party in any respect whatsoever.

16.5 Assignment . The SCE Company has entered into this Agreement based upon the particular reputation, capabilities and experience of Publisher and its officers, directors and employees. Except as provided in this Agreement, Publisher may not assign, sublicense, subcontract, encumber or otherwise transfer this Agreement or any of its rights hereunder, nor delegate or otherwise transfer any of its obligations hereunder, to any third party unless the prior written consent of the SCE Company shall first be obtained. Any attempted or purported assignment, delegation or other such transfer, directly or indirectly, without the required consent of the SCE Company shall be void and a material breach of this Agreement. Subject to the foregoing, this Agreement shall inure to the benefit of the parties and their respective successors and permitted assigns (other than in connection with any of the events referenced in Section 14.2(iv).) The SCE Company shall have the right to assign any and all of its rights and obligations hereunder to any Affiliate(s) or to any company in the Sony family group of companies.

16.6 Non-solicitation . Neither Publisher nor any of its affilates, by itself, its officers, employees or agents, or indirectly, shall during the Term, induce or seek to induce, on an individually targeted basis, the employment or the engagement of the services of, any employee of the SCE Company or any of its Affiliates, whose services are (a) specifically engaged in product development or directly related functions or (b) otherwise reasonably deemed by his or her employer to be of material importance to the protection of its legitimate business interests, and (c) with whom Publisher or any of its affiliates shall have had contact or dealings during the Term. The foregoing provisions shall continue to apply for a period of 12 months after this Agreement expires or is terminated.

16.7 Compliance with Applicable Laws . The parties shall at all times comply with all applicable laws and regulations and all conventions and treaties to which their countries are a party or relating to or in any way affecting this Agreement and the performance by the parties of this Agreement, including the US Children's Online Privacy Protection Act and all other laws and regulations relating to the gathering, handling and dissemination of all data from or concerning end users of Online Products. Each party, at its own expense, shall negotiate and obtain any approval, license or permit required in the performance of its obligations, and shall declare, record or take such steps to render this Agreement binding, including the recording of this Agreement with any appropriate governmental authorities (if required).

16.8 Legal Costs and Expenses . In the event it is necessary for either party to retain the services of a lawyer to enforce the provisions of this Agreement or to file or defend any action arising out of this Agreement, then the prevailing party in any such action shall be entitled, in addition to any other rights and remedies available to it at law or in equity, to recover from the other party its reasonable fees for lawyers and expert witnesses, plus such court costs and expenses as may be fixed by any court of competent jurisdiction. The term "prevailing party" for the purposes of this Section shall include a defendant who has by motion, judgment, verdict or dismissal by the court, successfully defended against any claim that has been asserted against it.

16.9 Remedies . Unless expressly set forth to the contrary, either party's election of any remedies provided for in this Agreement shall not be exclusive of any other remedies

at law or equity, and all such remedies shall be deemed to be cumulative. Any breach of Sections 2, 3, 5, 6, 7.1 – 7.7, 13 or 15 of this Agreement would cause significant and irreparable harm to the SCE Company, the extent of which would be difficult to ascertain and for which damages might not be an adequate remedy. Accordingly, in addition to any other remedies, including damages to which the SCE Company may be entitled, in the event of a breach or threatened breach by Publisher, or any of its directors, officers, employees, agents or permitted consultants or subcontractors, of any such Section or Sections of this Agreement, the SCE Company shall be entitled to the immediate issuance without bond or other security, of ex parte equitable relief, including injunctive relief, or, if a bond is required under applicable law, on the posting of a bond in an amount not to exceed USD [***] enjoining any breach or threatened breach of any or all of such provisions. In addition, if Publisher fails to comply with any of its obligations as set forth herein, the SCE Company shall be entitled to an accounting and repayment of all forms of compensation, commissions, remuneration or benefits which Publisher directly or indirectly realizes as a result of or arising in connection with any such failure to comply. Such remedy shall be in addition to and not in limitation of any injunctive relief or other remedies to which the SCE Company may be entitled under this Agreement or otherwise at law or in equity.

16.10 Severability . In the event that any provision of this Agreement or portion thereof is determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, such provision or portion shall be enforced to the extent possible consistent with the stated intention of the parties, or, if incapable of such enforcement, shall be deemed to be deleted from this Agreement, while the remainder of this Agreement shall continue in full force and remain in effect according to its stated terms and conditions.

16.11 Sections Surviving Expiration or Termination . The following Sections shall survive the expiration or earlier termination of this Agreement for any reason: 5, 6.2, 6.3, 6.4, 7.10, 9, 10, 11, 13, 14.5, 15 and 16 and any terms in any Regional Rider that are expressly designated as surviving termination.

16.12 Waiver . No failure or delay by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. Any waiver by either party of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver operate or be construed as a waiver of such provision respecting any future event or circumstance.

16.13 Modification and Amendment . The SCE Company reserves the right, at any time upon reasonable notice to Publisher, to amend the relevant provisions of this Agreement or the Guidelines, to take account of or in response to any decision, order, or objection of any court or governmental or other competition authority of competent jurisdiction, or any statutory or similar measures that give effect to any such decision (from which this Agreement and the Guidelines are not exempt) or to reflect any undertaking by the SCE Company to any such authority. Any such amendment shall be of prospective application only and shall not be applied to any Licensed Products submitted to the SCE Company pursuant to Section 6 prior to the date of the SCE Company's notice of amendment. In the event that Publisher is unwilling to accept any such amendment, then Publisher shall have the right to terminate this Agreement by providing written notice to the SCE Company no more than 90 days following the date of the SCE Company's notice of amendment. The provisions of Section 15.3 shall come into effect upon any such termination by Publisher. Subject to the remainder of this Section 16.13 and except as otherwise provided in this Agreement, no modification or amendment of any provision of this Agreement shall be effective unless in writing and signed by both of the parties.

16.14 Interpretation . The section headings used in this Agreement are intended primarily for reference and shall not by themselves determine the construction or interpretation of this Agreement or any portion hereof. Any reference to section numbers are to the sections of this Agreement. Any reference to persons includes natural persons as well as organizations, including firms, partnerships, companies and corporations. Any phrase introduced by the terms "including," "include," "in particular," or any similar expression shall be construed as illustrative and shall not limit the category preceding those terms.

16.15 Integration . This Agreement, together with the Guidelines, constitutes the entire agreement between the SCE Company and Publisher and supersedes all prior or contemporaneous agreements, proposals, representations, understandings and communications between the SCE Company and Publisher, whether oral or written, with respect to the subject matter hereof, including any PlayStation 3 Confidentiality and Nondisclosure Agreement between the SCE Company and Publisher. Publisher is not relying upon any statement, representation, warranty or understanding, whether negligently or innocently made, of any person other than as expressly set out in this Agreement.

16.16 Counterparts . This Agreement may be executed in counterparts, each of which shall be deemed an original, and together shall constitute one and the same instrument.

16.17 Construction . This Agreement shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either of the parties.

THIS AGREEMENT HAS BEEN ENTERED INTO ON THE DATE STATED AT THE BEGINNING OF IT.

SONY COMPUTER ENTERTAINMENT EUROPE LIMITED

By: /s/ Jim Ryan
Print Name: Jim Ryan
Title: EVP & Co-COO
Date: 17 December 2008

EA INTERNATIONAL (STUDIO AND PUBLISHING) LIMITED

By: /s/ Varinder Saini
Print Name: Varinder Saini
Title: Manager, International Publishing
Date: 17 December 2008

NOT AN AGREEMENT UNTIL EXECUTED BY BOTH PARTIES

[***] DENOTES CONFIDENTIAL MATERIALS OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

GLOBAL PLAYSTATION ® 3 FORMAT

LICENSED PUBLISHER AGREEMENT

Sony Computer Entertainment Europe Limited
Regional Rider

1. Incorporation

This Rider's terms and conditions are incorporated into and read in conjunction with the terms and conditions of the Global PlayStation 3 Format Licensed Publisher's Agreement signed by Publisher ("Global Terms").

2. Definitions and Interpretation

All capitalized words and phrases referenced in this Rider that are not expressly defined herein shall have the meanings set forth in the Definitions section of the Global Terms.

3. Territory

3.1 The Territory is expressly limited to the countries and territories specified in the Schedule to this Rider.

3.2 SCEE shall be entitled to modify and amend the Territory from time to time during the Term by providing written notice of any such changes to Publisher. In the event a country is excluded from the Territory, SCEE shall deliver to Publisher a written notice stating the number of days within which Publisher must cease the marketing, sale or distribution of Licensed Products there (or authorizing others to do so) and any further use of the SCE Materials or any SCE Intellectual Property Rights.

4. License

4.1 The rights granted to Publisher under Section 2 of the Global Terms shall not be exercised in respect of any Executable Software or Licensed Products outside of the Territory unless and until Publisher shall be authorized to do so pursuant to a current LPA with the applicable Affiliate.

4.2 All sums paid by Publisher after the Effective Date under any Development System Agreement entered into by Publisher shall be treated as license fees and SCEE shall have no obligation to refund all or any portion of any such sums.

5. SCEE Intellectual Property Rights

Nothing in Section 5 of the Global Terms shall be taken to prevent Publisher from challenging the validity of the SCE Intellectual Property Rights.

6. Quality Standards for Licensed Products

6.1 The testing and verification for conformity to the Guidelines under Section 6.1 of the Global Terms may be conducted, at Publisher's election, by an independent external testing service (if and when such service becomes available). In those cases, the parties acknowledge and agree that Publisher will require each such independent external testing service to conduct such testing and verification in place of SCEE and will assume all the obligations of SCEE under Section 6.1 of the Global Terms, including responsibility for advising Publisher of the results of such reviews, specifying the reasons for any failure and stating what revisions are required, re-testing and for providing written confirmation that any software or materials submitted conform to the Guidelines. The timeframes within which an independent external testing service must carry out each stage of any testing or verification shall be agreed between such service and Publisher and SCEE shall have no responsibility or liability whatsoever arising from a failure by such service to meet such timeframes. Where Publisher elects to use an independent external testing service to test Executable Software that service shall be responsible for delivering Master Discs to SCEE or the Designated Manufacturing Facility.

6.2 Where any software or materials submitted under Section 6.1 of the Global Terms are not approved, as an alternative to making required corrections or improvements, or to providing any additional information requested by SCEE, or in the event that Publisher wishes to contest the outcome of SCEE's testing or verification in relation to any specific product, Publisher may have recourse to the appeals process specified in the Guidelines.

7. Manufacture of Disc Products

7.1 In no circumstances shall SCEE or the Designated Manufacturing Facility treat any of Publisher's Licensed Products in any way more or less favourably, in terms of production turnaround times or otherwise, than the Licensed Products of any other Licensed Publisher of SCEE or than Executable Software games published by SCEE itself.

7.2 Publisher shall purchase all of its requirements for the following items and services from the Designated Manufacturing Facility (and the terms of Section 7 of the Global Terms shall be construed accordingly):

(i) PlayStation 3 Format Discs (including demo discs);

(ii) Artwork of mechanicals to be reproduced or otherwise displayed on any PlayStation 3 Format Discs;

(iii) Cases for all Disc Products; and

(iv) Assembly of all components of Disc Products.

8. Delivery of Disc Products

8.1 Delivery of Disc Products shall be made ex-factory the Designated Manufacturing Facility and the Designated Manufacturing Facility shall use reasonable endeavours, subject to available manufacturing capacity, to fulfil Publisher's Purchase Orders by the Publisher's requested ex-factory delivery date but does not, in any event, guarantee to do so. All risk of loss or damage in transit to any and all Disc Products manufactured pursuant to the Publisher's Purchase Orders shall pass to Publisher immediately upon first handling by Publisher's carrier.

8.2 SCEE offers free delivery to EEA countries (only) by regular road (and/or, where applicable, sea) services, with airfreight or other expedited delivery available but the incremental costs thereof for Publisher's account. The minimum quantity per game per drop is [***] Units.

9. Charges Applicable to Licensed Products

9.1 In accordance with Section 9 of the Global Terms, Publisher shall pay the Designated Manufacturing Facility the following charge for each finished Unit ("Platform Charge"):

For Units distributed on Blu-ray Disc [***]GB	[***]
For Units distributed on Blu-ray Disc [***]GB	[***]

Where the Publisher has a direct distribution presence in any country, "Price to Trade" means Publisher's average net price to trade weighted by revenue across those countries within the Territory where Publisher has a direct distribution presence. Price is defined as gross invoice value to retail net of on-invoice trade margins and net of volume rebates properly attributable to sales of Units, but prior to any credit, deduction, or rebate for co-op advertising or other marketing or merchandising support. Allowances, credits or discounts for returns, price protection and prompt payment are specifically excluded. Barter, or other offsets, are not permissible as deductions.

A Publisher shall be deemed to have a direct distribution presence in any country where [***] or more of Publisher's Unit turnover is transacted direct by either Publisher or Publisher's wholly owned subsidiaries with retail customers, and the trade price in each case is the price to retail.

Where the Publisher has an indirect distribution presence in any country, "Price to Trade" means Publisher's average net price to trade weighted by revenue across those countries within the Territory where Publisher has an indirect distribution presence, [***]. Price is defined as gross invoice value to retail (where Publisher makes any sales direct to retail in a country where it has an indirect distribution presence) and/or distributor (as applicable) net of on-invoice trade margins and net of volume rebates properly attributable to sales of Units, but prior to any credit, deduction, or rebate for co-op advertising or other marketing or merchandising support, divided by [***]. Where Publisher does not have responsibility for marketing costs, then an agreed uplift to "Price to Trade" for the marketing cost is to be agreed with SCEE and added. Allowances, credits or discounts for returns, price protection and prompt payment are specifically excluded. Barter, or other offsets, are not permissible as deductions.

A Publisher shall be deemed to have an indirect distribution presence in any country where [***] or more of Publisher's Unit turnover is transacted via non-wholly owned or third party distributors, and the trade price in each case is the Publisher's price to its distributor. Accordingly, for the purpose of computing the Platform Charge, Publisher's Price to Trade for indirect distribution shall be [***].

The Platform Charge is calculated, for each Disc Product, in each year of the Term (for the period 1 April to 31 March) by reference to Publisher's average net weighted Price to Trade as at day one launch of the relevant Disc Product. For the first year in which Units of a particular Disc Product are sold, the Price to Trade calculation will be made by reference to the Publisher's projected day one prices to trade and annual sales to trade for the relevant Disc Product. For each subsequent year (for the period 1 April to 31 March), Price to Trade will be calculated in accordance with Publisher's actual day one prices to trade and actual sales to trade in the prior annual period.

Where the SCE Company grants consent to bundling Units pursuant to Section 3.3 of the Global Terms, then any Units incorporated into any such bundle shall be excluded from both the units and the Price to Trade calculations detailed above.

The Price to Trade for each Disc Product shall be independently verified on signature of this Agreement and thereafter on an annual basis (on, or as soon as possible after, 1 April in each year in which Units of the Disc Product are sold) for the purpose of calculating the correct Platform Charge.

The base currency for the Platform Charge is the Euro, based on revenue-weighted averages of all relevant currencies in the Territory. For non-Euro currencies, the FT mid day spot-rate as of January 31 in each year of the Term will be used. In the event at the end of any calendar quarter any non-Euro currency has moved against the Euro by more than [***] from the January 31 base rate, the base rate will reset from the first of the following quarter.

The exercise of agreeing Publisher's calculation for the Platform Charge will be independently conducted.

There will be no retrospective adjustment of Platform Charges, notwithstanding SCEE's right to audit under the Global Terms.

9.2 The Platform Charge assumes a standard 1-disc product and covers mastering, disc, 4-colour disc label, standard box and automated assembly of all components, but excludes the cost of Printed Materials other than disc label. Platform Charge is [***]/unit for publisher promotional discs. Publisher promotional discs will have a standard 4-colour disc label and be supplied in a jewel case (included in Platform Charge). An inlay may be provided as Printed Materials. The charge for manual insertion of inlays for promotional discs shall be as individually quoted in each case. Shrink Wrap is available as an option subject to incremental charges (in addition to the otherwise applicable Platform Charge specified above) of [***]/unit (or as individually quoted in each case for products in non-standard packaging). The Platform Charge and minimum order and reorder quantities for other "non-standard" products and/or production processes (subject to availability) shall be as individually quoted in each case. Further details relating to the Platform Charge, including minimum order quantities, will be specified in Guidelines.

9.3 **Migration** . Subject to all the terms and conditions of this paragraph 9.3, from 1 September 2008, Publisher may opt to migrate the Price to Trade of a particular Disc Product to any nominated Price to Trade for the purposes of calculating the Platform Charge for the relevant Units of such Disc Product under this paragraph 9. The option permits only a single new nominated Price to Trade in respect of each Disc Product and may only take effect nine months after submission of the first order for the relevant Units. For the purposes of calculating the Platform Charge only, the nominated new Price to Trade is deemed to be no lower than [***]. There is no requirement for Publisher to migrate the Price to Trade in every country in which it sells Units for the relevant Disc Product, or to do so at the same time, subject to SCEE's prior approval in each case and to any conditions imposed by SCEE from time to time in respect of such arrangements.

9.4 **Platinum** . From 1 August 2008, Units of a particular Disc Product may carry Platinum branding (as specified in the Guidelines) provided that publisher has ordered more than [***] Units of the relevant Disc Product, the original Price to Trade for the Disc Product was in excess of [***], and that Publisher has opted to migrate the Price to Trade for that Disc Product, in accordance with paragraph 9.3 of this Rider, to a sum not exceeding [***]. SCEE reserves the right to change the qualifying criteria for Platinum branding from time to time.

9.5 In addition to the Platform Charge, Publisher shall also pay to SCEE:

9.5.1 Indirect Income. [***] of all direct or indirect revenue, income or other monetary value earned, recognized or otherwise derived from Licensed Products, including in connection with the online distribution and Online Gameplay of Licensed Products, and all websites or networks on which they are published or may be played, including revenue sharing or advertising revenue; and

9.5.2 Publishing off PLAYSTATION Network. Where SCEE consents, pursuant to Section 3.3 of the Global Terms, to Publisher distributing Online Products, Online Gameplay or any services associated with Online Gameplay other than over the PlayStation ® Network, Publisher shall also pay to SCEE [***] of all direct or indirect revenue, income or other monetary value earned, recognized or otherwise derived from any such distribution of Online Products, Online Gameplay or services associated with Online Gameplay, including one-off payments and subscription income (comprising total value of receipts from subscriptions and the total value of retail sales of vouchers for Online Gameplay).

Publisher shall provide SCEE with reports of the gross revenues actually received by Publisher (or otherwise credited to its benefit), and shall make all payments due to SCEE, pursuant to this paragraph 9.3, in accordance with the Guidelines or as otherwise notified to Publisher. SCEE shall have the right to adopt and implement online revenue accounting verification mechanisms at its sole discretion.

9.6 The Platform Charge for products developed utilising SCE Materials and/or SCE Intellectual Property Rights and/or, subject to Council Directive 91/250/EEC ("the Directive"), SCE Confidential Information, but manufactured in reliance on Article 6 of the Directive, shall be the otherwise applicable Platform Charge less only such sum as represents from time to time the costs of raw materials and for production services (including for utilisation of Sony's proprietary disc mastering technology) for the products concerned which would otherwise have been deducted from SCEE's receipts from the Designated Manufacturing Facility ("the Article 6 Platform Charge"). If Publisher has products so manufactured in reliance on Article 6 of the Directive, then Publisher shall furnish SCEE, within 28 days following the close of each calendar month: (i) a written reporting of the number of inventory units (by product title) of products so manufactured during such calendar month; (ii) an external auditor's certificate (or similar independent certificate reasonably acceptable to SCEE) confirming the completeness and accuracy of such reporting; (iii) Publisher's remittance for the Article 6 Platform Charge multiplied by the number of inventory units reflected in such reporting. Any failure fully and promptly to comply with the foregoing reporting and payment obligations shall constitute a breach of this Agreement not capable of remedy, entitling SCEE forthwith to terminate this Agreement, and upon termination by SCEE for such cause, the provisions of Section 15.2 of the Global Terms shall come into effect. SCEE shall upon reasonable written request provide Publisher with details of the aforementioned costs of raw materials and production services if Publisher has legitimately exercised its rights under Article 6 of the Directive or genuinely intends to exercise and rely upon such rights. However, SCEE reserves the right to require Publisher to execute a separate Non-Disclosure Agreement before making such information available.

9.7 No claim for credit due to shortage of Disc Products as delivered to carrier will be allowed unless it is made within four working days from the date of receipt at Publisher's receiving destination.

9.8 If Publisher fails to pay any amount payable by it under this Agreement, SCEE may charge Publisher interest on the overdue amount. Publisher shall pay the interest immediately on demand, from the due date up to the date of actual payment, after as well as before judgment, at the rate of [***] per annum above the base rate for the time being of National Westminster Bank Plc.

10. Representations and Warranties

SCEE warrants that all PlayStation 3 Format Discs manufactured by the Designated Manufacturing Facility for Publisher pursuant to Section 7 of the Global Terms shall be free from defects in materials and workmanship under normal use and service at time of delivery in accordance with Section 7.9 of the Global Terms. The sole obligation of SCEE under this warranty shall be, for a period of [***] from the date of delivery of such PlayStation 3 Format Discs in accordance with Section 7.9 of the Global Terms, at SCEE's election, either (i) to replace such defective PlayStation 3 Format Discs or (ii) to issue credit for, or to refund to Publisher the Platform Charge of such defective PlayStation 3 Format Discs and to reimburse Publisher its reasonable return shipping costs. Such warranty is the only warranty applicable to Licensed Products manufactured by the Designated Manufacturing Facility for Publisher pursuant to Section 7 of the Global Terms. This warranty shall not apply to damage resulting from accident, fair wear and tear, wilful damage, alteration, negligence, abnormal conditions of use, failure to follow directions for use (whether given in instruction manuals or otherwise howsoever) or misuse of Licensed Products, or to PlayStation 3 Format Discs comprising less than [***] in the aggregate of the total number of Disc Products manufactured by the Designated Manufacturing Facility for Publisher per Purchase Order of any Executable Software game. If, during such [***] day period, defects appear as aforesaid, Publisher shall notify SCEE and, upon request by SCEE (but not otherwise), return such defective PlayStation 3 Format Discs, with a written description of the defect claimed, to such location as SCEE shall designate. SCEE shall not accept for replacement, credit or refund as aforesaid any Licensed Products except factory defective PlayStation 3 Format Discs (i.e. PlayStation 3 Format Discs that are not free from defects in materials and workmanship under normal use and service). All returns of defective PlayStation 3 Format Discs shall be subject to prior written authorisation by SCEE, not unreasonably to be withheld. If no defect exists or the defect is not such as to be covered under the above warranty, Publisher shall reimburse SCEE for expenses incurred in processing and analysing the PlayStation 3 Format Discs.

11. Limitations of Liability

Nothing in this Agreement shall exclude or limit SCEE's liability in relation to claims arising from deceit, fraud, the injury or death of any person resulting from the proven negligence of SCEE.

12. Notices

All notices sent to SCEE under Section 16.1 of the Global Terms shall be directed to its Senior Vice President, Third Party Relations & Business Affairs.

13. Governing Law

This Agreement shall be governed by and interpreted in accordance with English Law. The parties irrevocably agree for the exclusive benefit of SCEE that the English Courts shall have jurisdiction to adjudicate any proceeding, suit or action arising out of or in connection with this Agreement. However, nothing contained in this paragraph 13 shall limit the right of SCEE to take any such proceeding, suit or action against Publisher in any other court of competent jurisdiction, nor shall the taking of any such proceeding, suit or action in one or more jurisdictions preclude the taking of any other such proceeding, suit or action in any other jurisdiction, whether concurrently or not, to the extent permitted by the law of such other jurisdiction. Publisher shall have the right to take any such proceeding, suit or action against SCEE only in the English Courts.

SCHEDULE

Territory

Albania	Algeria	Andorra
Angola	Armenia	Australia
Austria	Azerbaijan	Bahrain
Bangladesh	Belgium	Belorussia
Bosnia Herzegovina	Botswana	Bulgaria
Cameroon	Croatia	Cyprus
Czech Republic	Denmark	Djibouti
Egypt	Estonia	Ethiopia
Fiji	Finland	France
Georgia	Germany	Ghana
Gibraltar	Greece	Hungary
Iceland	India	Italy
Ireland	Israel	Kenya
Jordan	Kazakhstan	Kyrgyzstan
Kosovo	Kuwait	Liechtenstein
Latvia	Lebanon	Macedonia
Lithuania	Luxembourg	Malta & Gozo
Madagascar	Malawi	Monaco
Mauritius	Moldova	Mozambique
Montenegro	Morocco	New Zealand
Namibia	Netherlands	Oman
Nigeria	Norway	Poland
Pakistan	Papua New Guinea	Romania
Portugal	Qatar	Saudi Arabia
Russian Federation	San Marino	Slovenia
Senegal	Slovakia	Spain
Somalia	South Africa	Switzerland
Swaziland (South Africa)	Sweden	Tunisia
Tajikistan	Tanzania	Uganda
Turkey	Turkmenistan	United Kingdom
Ukraine	United Arab Emirates	Yemen
Uzbekistan	Vatican	Zimbabwe
Zaire	Zambia	

Such countries in addition to those specified above in which the PAL television standard obtains and which SCEE, in its sole discretion as representative of Sony Computer Entertainment worldwide, determines from time to time to include within the Territory by notice to Publisher.

[***] DENOTES CONFIDENTIAL MATERIALS OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

CONFIDENTIAL LICENSE AGREEMENT FOR THE Wii CONSOLE

(Western Hemisphere)

THIS LICENSE AGREEMENT ("Agreement") is entered into by and among NINTENDO OF AMERICA INC., at 4820 150th Avenue N.E., Redmond, WA 98052 Attn: General Counsel (Fax: 425-882-3585) ("NOA") on one hand, and ELECTRONIC ARTS INC., at 209 Redwood Shores Parkway, Redwood City, CA 94065 Attn: General Counsel (Fax: 650-628-1424) and EA International (Studio and Publishing) Ltd a Bermuda company with its office located at LOM Building, 27 Reid Street, Hamilton, HM11, Bermuda, Attention: Manager (Fax: 1 44 1 2925829). (together, "LICENSEE") on the other hand. NOA and LICENSEE agree as follows:

1. RECITALS

1.1 NOA markets and sells advanced design, high-quality video game systems, including the Wii video game console ("Wii").

1.2 LICENSEE desires use of the highly proprietary programming specifications, unique and valuable security technology, trademarks, copyrights and other valuable intellectual property rights of NOA and its parent company, Nintendo Co., Ltd., which rights are only available for use under the terms of a license agreement, to develop, have manufactured, advertise, market and sell video game software for play on Wii.

1.3 NOA is willing to grant a license to LICENSEE on the terms and conditions set forth in this Agreement.

2. DEFINITIONS

2.1 "Artwork" means the text and design specifications for the Game Disc label and the Printed Materials in the format specified by NOA in the Guidelines.

2.2 "Bulk Goods" means Game Discs that have been printed with the Game Disc label Artwork for delivery to LICENSEE without Printed Materials or other packaging.

2.3 "Check Disc(s)" means the pre-production Game Discs to be produced by Nintendo.

2.4 "Confidential Information" means the information described in Section 8.1.

2.5 "Development Tools" means the development kits, programming tools, emulators and other materials of Nintendo, or third parties authorized by Nintendo, that may be used in the development of Games under this Agreement and that are provided to LICENSEE by NOA, Nintendo or an authorized tool developer of NOA or Nintendo.

2.6 "Effective Date" means the earlier of November 19, 2006, or the date that LICENSEE placed its first order for Bulk Goods.

2.7 "Game Discs(s)" means custom optical discs for play on Wii on which a Game has been stored.

2.8 “Game(s)” means any interactive programs (including source and object/binary code) developed to be compatible with Wii.

2.9 “Guidelines” means the then current version of “Wii Programming Guidelines,” “Licensee Packaging Guidelines,” and “Nintendo Trademark Guidelines,” together with other guidelines provided by NOA to LICENSEE from time to time. **[***]**

2.10 “Independent Contractor” means any individual or entity that is not an employee of LICENSEE, including any independent programmer, consultant, contractor or advisor.

2.11 “Intellectual Property Rights” means individually, collectively or in any combination, Proprietary Rights owned, licensed or otherwise held by Nintendo that are associated with the development, manufacturing, advertising, marketing or sale of the Licensed Products, including, without limitation, (a) registered and unregistered trademarks and trademark applications used or licensed for use by Nintendo in connection with Wii including Nintendo ®, Wii ™, Official Nintendo Seal of Quality ®, and Mii ™, (b) select trade dress associated with Wii and licensed video games for play thereon (other than trade dress that is specific to Licensed Products published by LICENSEE and that is not derived from Nintendo’s trade dress), (c) Proprietary Rights in the Security Technology employed in the Games or Game Discs by Nintendo, (d) rights in the Development Tools for use in developing the Games, excluding, however, rights to use, incorporate or duplicate select libraries, protocols and/or sound or graphic files associated with the Development Tools which belong to any third party and for which no additional licenses or consents are required, (e) patents, design registrations or copyrights which may be associated with the Game Discs or Printed Materials (other than design registrations or copyrights that are specific to Licensed Products published by LICENSEE and that are not derived from Nintendo’s designs or copyrights), (f) copyrights in the Guidelines, and (g) other Proprietary Rights of Nintendo in the Confidential Information.

2.12 “Licensed Products” means Bulk Goods after being assembled by or for LICENSEE with the Printed Materials in accordance with the Guidelines.

2.13 “Marketing Materials” means marketing, advertising or promotional materials developed by or for LICENSEE (or subject to LICENSEE’s approval) that promote the sale of the Licensed Products, including but not limited to, television, radio and on-line advertising, point-of-sale materials (e.g., posters, counter-cards), package advertising, print media and all audio or video content other than the Game that is to be included on the Game Disc.

2.14 “Microtransactions” mean and refer to offering to consumers, through any means, in exchange for consideration from the consumer, any video game content whatsoever that updates, modifies or supplements a Game, including, without limitation, additional characters, character clothing or accessories, treasurers and items, updated statistics, or additional playable features, levels or areas.

2.15 “NDA” means the non-disclosure agreement related to Wii previously entered into between NOA and LICENSEE.

2.16 “Nintendo” means NOA’s parent company, Nintendo Co., Ltd., of Kyoto, Japan, individually or collectively with NOA.

2.17 “Notice” means any notice permitted or required under this Agreement. All notices shall be sufficiently given when (a) personally served or delivered, or (b) transmitted by facsimile, with an original sent concurrently by first class U.S. mail, or (c) deposited, postage prepaid, with a guaranteed air courier service, in each case addressed as stated herein, or addressed to such other person or address either party may designate in a Notice. Notice shall be deemed effective upon the earlier of actual receipt or two (2) business days after transmittal, provided, however, any Notice received after the recipient’s normal business hours will be deemed received on the next business day.

2.18 “Price Schedule” means the then current version of NOA’s schedule of purchase prices and minimum order quantities for the Bulk Goods.

2.19 “Printed Materials” means a plastic disc storage case, title page, instruction booklet, warranty card and poster incorporating the Artwork.

2.20 “Promotional Disc(s)” means custom optical discs compatible with Wii that incorporate select game promotional or supplemental materials, as may be specified or permitted in the Guidelines.

2.21 “Proprietary Rights” means any rights or applications for rights owned, licensed or otherwise held in patents, trademarks, service marks, copyrights, mask works, trade secrets, trade dress, moral rights and publicity rights, together with all inventions, discoveries, ideas, technology, know-how, data, information, processes, formulas, drawings and designs, licenses, computer programs, software source code and object code, and all amendments, modifications, and improvements thereto for which such patent, trademark, service mark, copyright mask work, trade secrets, trade dress, moral rights or publicity rights may exist or may be sought and obtained in the future.

2.22 “Rebate Program” means any then current version of NOA’s optional rebate program, establishing select terms for price rebates under this Agreement.

2.23 “Reverse Engineer(ing)” means, without limitation, (a) the x-ray, electronic scanning or physical or chemical stripping of semiconductor components, (b) the disassembly, decompilation, decryption or simulation of object code or executable code, or (c) any other technique designed to extract source code or facilitate the duplication of a program or product; **[***]** .

2.24 “Security Technology” means Nintendo’s highly proprietary security features in the Wii and the Licensed Products to minimize the risk of unlawful copying and other unauthorized or unsafe usage, including, without limitation, any security signature, bios, data scrambling, password, hardware security apparatus, watermark, hologram, encryption, digital rights management system, copyright management information system, proprietary manufacturing process or any feature which obstructs piracy, limits unlawful, unsafe or unauthorized use, or facilitates or limits compatibility with other hardware, software, accessories or peripherals, or with respect to a video game system other than the Wii, or limits distribution outside of the Territory.

2.25 “Term” means five (5) years from the Effective Date.

2.26 “Territory” means the U.S. and Canada and their respective territories and possessions with respect to Electronic Arts Inc. and all other countries within the Western Hemisphere and their respective territories and possessions with respect to EA International (Studio and Publishing) Ltd

2.27 “Wii Network Services” means and includes the Wii Shop Channel Services, WiiConnect24, and any related services and material delivered to a consumer’s Wii console over the Internet.

3. GRANT OF LICENSE; LICENSEE RESTRICTIONS

3.1 Limited License Grant . For the Term and for the Territory, NOA grants to LICENSEE a nonexclusive, nontransferable, limited license to (a) use, copy, practice and modify the Intellectual Property Rights to develop (or have developed on LICENSEE’s behalf) Games, Artwork, Marketing Materials and Printed Materials for incorporation into Licensed Products and for use in marketing the Licensed Products; and (b) reproduce, manufacture, advertise, market, publicly display and perform, and sell Licensed Products and Marketing Materials that incorporate the Intellectual Property Rights, subject to the terms and conditions of this Agreement. Except as permitted under a separate written authorization from Nintendo, LICENSEE shall not use the Intellectual Property Rights for any other purpose.

3.2 LICENSEE Acknowledgement . LICENSEE acknowledges (a) the valuable nature of the Intellectual Property Rights, (b) the right, title and interest of Nintendo in and to the Intellectual Property Rights, and (c) the right, title, and interest of Nintendo in and to the Proprietary Rights associated with all aspects of Wii. LICENSEE recognizes that the Development Tools, Games, Game Discs and Licensed Products will embody valuable rights of Nintendo and Nintendo's licensors. LICENSEE represents and warrants that it will not undertake any act or thing which in any way impairs or is intended to impair any part of the right, title, interest or goodwill of Nintendo in the Intellectual Property Rights. LICENSEE's use of the Intellectual Property Rights shall not create any right, title or interest of LICENSEE therein. Licensee is authorized and permitted to develop Games, and have manufactured, advertise, market, and sell Licensed Products, only for play on Wii and only in accordance with this Agreement.

3.3 LICENSEE Restrictions and Prohibitions . LICENSEE is not licensed to and covenants that, without the express, written consent of NOA, it will not at any time, directly or indirectly, do or cause to be done any of the following:

(a) grant access to, distribute, transmit or broadcast a Game by electronic means or by any other means known or hereafter devised, including, without limitation, by wireless, cable, fiber optic, telephone lines, microwave, radiowave, computer or other device network, except (a) as a part of local wireless Game play on and among two or more Wii systems, or between Wiis and Nintendo DS systems (b) for the purpose of facilitating Game development under the terms of this Agreement, or (c) as otherwise approved in writing by Nintendo. LICENSEE shall use reasonable security measures, customary within the high technology industry, to reduce the risk of unauthorized interception or retransmission of any Game transmission. No right of retransmission shall attach to any authorized transmission of a Game;

(b) authorize or permit any online activities involving a Game, including, without limitation, multiplayer, peer-to-peer or online play;

(c) modify, install or operate a Game on any server or computing device for the purpose of or resulting in the rental, lease, loan or other grant of remote access to the Game;

(d) emulate, interoperate, interface or link a Game for operation or use with any hardware or software platform, accessory, computer language, computer environment, chip instruction set, consumer electronics device or device other than Wii, the Nintendo DS system, the Development Tools or such other Nintendo system as NOA may authorize in the Guidelines; provided, however, that LICENSEE may do so for the sole purpose of facilitating development of a Game under the terms of this Agreement;

(e) embed, incorporate, or store a Game in any media or format except the optical disc format utilized by Wii, except as may facilitate the Game development process under this Agreement;

(f) design, implement or undertake any process, procedure, program or act designed to disable, obstruct, circumvent or otherwise diminish the effectiveness or operation of the Security Technology;

(g) utilize the Intellectual Property Rights to design or develop any interactive video game program, except as authorized under this Agreement;

(h) manufacture or reproduce a Game developed under this Agreement, except through Nintendo; or

(i) Reverse Engineer or assist in Reverse Engineering all or any part of Wii, including the hardware, software (embedded or not) or the Security Technology; **[***]** .

(j) engage in the distribution of (1) Games, (2) demos, updates or additions of any kind for any Licensed Product, or (3) Microtransactions, through the Wii Network Services or other online means, without a separate written agreement with Nintendo addressing such activities;

(k) include advertising or product placements for products or services of third parties, whether in the Game, as separate content on a Game Disc (e.g., a trailer), or in the Printed Materials;

(l) develop any Game that permits Nintendo's Mii characters to appear;

(m) fail to strictly adhere to NOA's Guidelines on Mii usage for any permitted use of Miis in Games; or

(n) send any data, content, messages, advertising, or other communications of any kind to any consumer's Wii console through the Wii Network Services or otherwise.

Nothing in this Section 3.3 shall be deemed to prohibit LICENSEE from developing a game for other video game systems where such game has a similar audiovisual display, look, or feel as found in the Game(s) developed by LICENSEE under this Agreement, provided that LICENSEE does not use in the development thereof, or incorporate therein, any Nintendo Intellectual Property Rights.

3.4 No Free-Riding; No Co-Publishing Arrangements . To protect Nintendo's valuable Intellectual Property Rights, to prevent the dilution of Nintendo's trademarks and to preclude free-riding by third parties on the goodwill associated with Nintendo's trademarks, the license granted under this Agreement is limited to LICENSEE and may not be delegated or contracted out for the benefit of a third party, except as provided in Section 12.2. This Agreement, together with all submissions, representations, undertakings and approvals contemplated of LICENSEE by this Agreement, is and shall remain the right and obligation only of LICENSEE. All Printed Materials and Marketing Materials for a Game shall prominently and accurately identify LICENSEE as NOA's licensee. NOA does not permit the designation or identification of any third party co-publisher for a Game on any Game Disc or Game Disc label Artwork, however, LICENSEE may identify a third party as a co-publisher, licensor, developer or other partner of LICENSEE in those Printed Materials (other than the Game Disc label), Marketing Materials or Game credits, as authorized under the Guidelines. For purposes of clarification, LICENSEE's name, or logo, will appear on the Licensed Product Game Disc case and Game Disc label as it appears in the preamble of this Agreement.

3.5 Development Tools . Nintendo may lease, loan or sell Development Tools to LICENSEE to assist in the development of Games under this Agreement. Ownership and use of any Development Tools shall be subject to the terms of this Agreement and any separate license or purchase agreement required by Nintendo or any third party licensing the Development Tools. LICENSEE acknowledges the respective interests of Nintendo, and in the case of third-party Development Tools, such third parties, in and to the Proprietary Rights associated with the Development Tools. LICENSEE's use of the Development Tools shall not create any right, title or interest of LICENSEE therein. LICENSEE shall not, directly or indirectly, (a) use the Development Tools for any purpose except the design and development of Games under this Agreement, (b) reproduce or create derivatives of the Development Tools, except in association with the development of Games under this Agreement, (c) Reverse Engineer the Development Tools **[***]** , or (d) sell, lease, assign, lend, license, encumber or otherwise transfer the Development Tools, except as may be allowed pursuant to Sections 3.6 and 8.3 below. Anything developed or derived by LICENSEE as a result of a study of the performance, design or operation of any Nintendo Development Tools shall be considered a derivative work of the Intellectual Property Rights and shall belong to Nintendo, but may be retained and utilized by LICENSEE in connection with this Agreement. In no event shall LICENSEE (i) seek, claim or file for any patent, copyright or other Proprietary Right with regard to any portions of such derivative work that include Intellectual Property Rights, (ii) make available to any third parties any portions of such derivative work that include Intellectual Property Rights, except to an Independent Contractor of LICENSEE in accordance with the requirements of Sections 3.6 and 8.3 below, or (iii) use any portions of such derivative work that include Intellectual Property Rights except in connection with the design and development of Games under this Agreement. Anything developed or derived by LICENSEE as a result of a study of the performance, design or operation of any third-party Development Tools shall be governed by the terms of the license agreement

applicable to such Development Tools. Notwithstanding any referral or information provided or posted regarding third-party Development Tools, NOA and Nintendo Co., Ltd. make no representations or warranties with regard to any such third-party Development Tools. LICENSEE acquires and utilizes third-party Development Tools at its own risk.

3.6 Third Party Developers . LICENSEE shall not disclose the Confidential Information, the Guidelines or the Intellectual Property Rights to any Independent Contractor, nor permit any Independent Contractor to perform or assist in development work for a Game, unless and until such Independent Contractor has signed a confidentiality agreement with LICENSEE that is no less restrictive than the terms of Section 8 below, and that expressly includes the following language:

> **"Independent Contractor may have access to highly-confidential and proprietary information, intellectual property, and trade secrets of Nintendo Co., Ltd. and/or Nintendo of America Inc. (collectively, "Nintendo"). Independent Contractor expressly acknowledges (i) the valuable nature of such materials; and (ii) Nintendo's right, title and interest in such materials. All such materials constitute confidential information under this agreement and shall be treated by Independent Contractor as such. Independent Contractor shall not undertake any act or thing which in any way impairs or is intended to impair any part of the right, title, interest or goodwill of Nintendo in such materials. Independent Contractor's use of such materials shall not create any right, title or interest of Independent Contractor therein. Nintendo Co., Ltd. and Nintendo of America Inc. are intended third-party beneficiaries of this agreement."**

LICENSEE shall, upon request by NOA, provide NOA with copies of the confidentiality agreements required by this Section. Notwithstanding any such confidentiality agreement, LICENSEE shall remain fully responsible for, and shall hold NOA and Nintendo Co., Ltd. harmless against, any breach of the confidentiality agreement by any Independent Contractor involving any Confidential Information, Guidelines, or Intellectual Property Rights. Licensee may develop Games by or through its wholly-owned subsidiaries, provided that such subsidiaries are known to NOA and are made expressly subject to the terms of the NDA.

3.7 Games Developed for Linked Play on Two Systems . In the event the Guidelines permit LICENSEE to develop a Game for simultaneous or linked play on Wii and on another Nintendo video game system, LICENSEE shall be required to acquire and maintain with NOA such additional licenses as are necessary for the use of the Proprietary Rights associated with such other Nintendo video game system.

4. SUBMISSION AND APPROVAL OF GAME AND ARTWORK

4.1 Submission of a Completed Game to NOA . Upon completion of a Game, LICENSEE shall deliver a prototype of the Game to NOA in a format specified in the Guidelines. Delivery shall be made in accordance with the methods specified in the Guidelines. Each Submission shall include such other information or documentation that is required under the Guidelines, including, for example, a complete set of written user instructions, a complete description of any security holes, backdoors, time bombs, cheats, "easter eggs" or other hidden features or characters in the Game and a complete screen text script. LICENSEE must establish that the Game and any other content included on the Game Disc complies with the Advertising Code of Conduct of the Entertainment Software Ratings Board ("ESRB") and that the Game has been rated EC, E, E10+, T or M (or another non-Adult Only category added by the ESRB) by the ESRB. LICENSEE shall provide NOA with a certificate of rating for the Game issued by the ESRB.

4.2 Testing of a Completed Game . Upon submission of a completed Game, NOA and Nintendo Co., Ltd. shall promptly test the Game with regard to its technical compatibility with and error-free operation on Wii, utilizing the lot check process. Within a reasonable period of time after receipt, NOA shall approve or disapprove such Game (and shall communicate the approval or disapproval of Nintendo). If a Game is disapproved, NOA shall specify in writing the reasons for such disapproval and state what corrections are necessary. After making the necessary corrections, LICENSEE may, at its discretion, submit a revised Game to NOA for testing. **[***]** NOA shall not unreasonably withhold or delay its approval of any Game. Neither the testing nor approval of a Game by NOA or Nintendo Co., Ltd. shall relieve LICENSEE of its sole responsibility for the development, quality and operation of the Game or in any way create any warranty by NOA or Nintendo Co., Ltd. relating to any Licensed Product.

4.3 Production of Check Discs . By submission of a completed Game to NOA in accordance with section 4.1, LICENSEE authorizes Nintendo to proceed with production of Check Discs for such Game. If NOA approves a Game, it shall promptly, and without further notification to or instruction from LICENSEE, submit such Game for the production of Check Discs. Unless otherwise advised by LICENSEE, following production of the Check Discs, NOA shall deliver to LICENSEE approximately ten (10) Check Discs for content verification, testing and final approval by LICENSEE.

4.4 Approval or Disapproval of Check Discs by LICENSEE . If, after review and testing, LICENSEE approves the Check Discs, it shall promptly transmit to NOA a signed authorization for production in the form specified in the Guidelines. If LICENSEE does not approve the sample Check Discs for any reason, LICENSEE shall advise NOA in writing and may, after undertaking any necessary changes or corrections, resubmit the Game to NOA for approval in accordance with the procedures set forth in this Section 4. The absence of a signed authorization form from LICENSEE within five (5) days after delivery of the Check Discs to LICENSEE shall be deemed disapproval of such Check Discs. Production of any order for Bulk Goods shall not proceed without LICENSEE's signed authorization.

4.5 Cost of Disc Stamper Production . If LICENSEE (a) disapproves the Check Discs for any reason other than defects caused by Nintendo or its agents or (b) fails to order the minimum order quantity of any Game approved by NOA, LICENSEE shall reimburse NOA (or its designee) for the reasonable estimated cost of the production of the Check Discs, including the cost of the disc stamper. The payment will be due upon the earlier of (x) the subsequent submission by LICENSEE of a revised version of the Game to NOA, or (y) six months after the date the Game was first approved by NOA.

4.6 Submission and Approval of Artwork . Prior to submitting a completed Game to NOA under Section 4.1, LICENSEE shall submit to NOA all Artwork for the proposed Licensed Product. Within ten (10) business days of receipt, NOA shall approve or disapprove the Artwork based on the applicable criteria set forth in the Guidelines. If any Artwork is disapproved, NOA shall specify in writing the reasons for such disapproval and state what corrections or improvements are necessary to cause the submitted Artwork to conform to the applicable Guidelines. After making the necessary corrections or improvements, LICENSEE may, at its discretion, submit revised Artwork to NOA for approval. **[***]** NOA shall not unreasonably withhold or delay its approval of any Artwork. The approval of the Artwork by NOA shall not relieve LICENSEE of its sole responsibility for the development and quality of the Artwork or in any way create any warranty for the Artwork or the Licensed Product by NOA. All Artwork must be approved prior to submitting an order for the Bulk Goods, and LICENSEE shall not produce any Printed Materials for commercial distribution until such Artwork has been approved by NOA.

4.7 Promotional Discs . In the event NOA issues Guidelines in the future that permit LICENSEE to develop and distribute Promotional Discs, either separately or as a part of the Licensed Product, the content and specifications of such Promotional Disc shall be subject to all of the terms and conditions of this Agreement, including, without limitation, the Guidelines, the Price Schedule and the submission and approval procedures provided for in this Section 4.

5. ORDER PROCESS, PURCHASE PRICE, PAYMENT AND DELIVERY

5.1 Submission of Orders by LICENSEE . After receipt of NOA's approval for a Game and Artwork, LICENSEE may at any time submit a written purchase order to NOA for Bulk Goods for such Game. The terms and conditions of this Agreement shall control over any contrary or additional terms of such purchase order or any other written documentation or verbal instruction from LICENSEE. All orders shall be subject to acceptance by NOA in Redmond, WA.

5.2 Purchase Price and Minimum Order Quantities . The purchase price and minimum order quantities for the Bulk Goods shall be set forth in NOA's then current Price Schedule. Unless otherwise specifically provided for, the purchase price includes the cost of manufacturing a single Game Disc, together with a royalty for the use of the Intellectual Property Rights. No taxes, duties, import fees or other tariffs related to the development, manufacture, import, marketing or sale of the Licensed Products (except for taxes imposed on NOA's income) are included in the purchase price and all such taxes are the responsibility of LICENSEE; **[***]** . The Price Schedule is subject to change by NOA at any time without Notice, provided however, that any price increase shall be applicable only to purchase orders submitted, paid for, and accepted by NOA after the effective date of the price increase.

5.3 Payment . Upon placement of an order with NOA, LICENSEE shall pay the full purchase price either (a) by tender of an irrevocable letter of credit in favor of NOA (or its designee) and payable at sight, issued by a bank acceptable to NOA and confirmed, if requested by NOA, at LICENSEE's expense, or (b) in cash, by wire transfer to an account designated by NOA. All letters of credit shall comply with NOA's written instructions and all associated banking charges shall be for LICENSEE's account.

5.4 Delivery of Bulk Goods . Bulk Goods shall be delivered to LICENSEE FCA Torrance, California, USA, or such other delivery point within the continental United States as may be specified by NOA. Orders may be delivered in partial shipments, at NOA's option. Title to Bulk Goods shall vest in LICENSEE in accordance with the terms of the applicable letter of credit, or in the absence thereof, upon delivery to LICENSEE and receipt by NOA of full payment for the shipment at issue. The term "FCA" shall have the same meaning for purposes of this Section as given by INCOTERMS 2000.

5.5 Rebate Program . NOA, at its sole option, may elect to offer a Rebate Program to its Wii licensees. If NOA offers such a Rebate Program, LICENSEE shall be entitled to participate in it, and the terms and conditions applicable to LICENSEE under the Rebate Program shall be the same as those applicable to NOA's other Wii licensees. The terms and conditions of any Rebate Program shall, however, be subject to NOA's sole discretion. LICENSEE shall not be entitled to offset any claimed rebate amount against other amounts owing NOA. No interest shall be payable by NOA to LICENSEE on any claimed rebate. The Rebate Program is subject to change or cancellation by NOA at any time without Notice.

6. MANUFACTURE OF THE LICENSED PRODUCT

6.1 Manufacturing . Nintendo Co., Ltd. shall be the exclusive source for the manufacture of the Game Discs, Check Discs and Promotional Discs, with responsibility for all aspects of the manufacturing process, including the selection of the locations and specifications for any manufacturing facilities, determination of materials and processes, appointment of suppliers and subcontractors and management of all work-in-progress. Upon acceptance by NOA of a purchase order from LICENSEE and receipt of payment as provided for at Section 5.3 herein, NOA shall place the order with Nintendo Co., Ltd. who shall (through its suppliers and subcontractors) arrange for manufacturing.

6.2 Security Features . The final release version of the Game, the Game Disc and the Printed Materials shall include such Security Technology as Nintendo, in its sole discretion, deems necessary or appropriate to (a) reduce the risk of unlawful copying or other unlawful, unsafe or unauthorized uses, (b) protect the Proprietary Rights of Nintendo and of LICENSEE, (c) promote consumer confidence, and (d) increase the quality or reliability of Wii.

6.3 Printed Materials for Bulk Goods . It shall be the responsibility of LICENSEE to assemble the Printed Materials and Bulk Goods into the Licensed Products in accordance with the Guidelines. No other materials, items, products or packaging may be included or assembled with the Bulk Goods without NOA's prior written consent. Bulk Goods may be sold or distributed by LICENSEE only when fully assembled in accordance with the Guidelines.

6.4 Prior Approval of LICENSEE's Independent Contractors . Prior to the placement of a purchase order for Bulk Goods, LICENSEE shall obtain NOA's approval of any Independent Contractors, other than an entity controlled by, controlling or under common control with LICENSEE, selected to perform the production and assembly operations. LICENSEE shall provide NOA with the names, addresses and all business documentation reasonably requested by NOA for such Independent Contractors. NOA may, prior to approval and at reasonable intervals thereafter, (a) require submission of additional business or financial information regarding the Independent Contractors, (b) inspect applicable facilities of the Independent Contractors, and (c) be present to supervise any work on the Licensed Products to be done by the Independent Contractors. If at any time NOA deems the Independent Contractor to be unable to meet quality, security or performance standards reasonably established by NOA, NOA may refuse to grant its approval or withdraw its approval upon Notice to LICENSEE. LICENSEE may not proceed with the production of the Printed Materials or assembly of the Licensed Product by such Independent Contractor until NOA's concerns have been resolved to its satisfaction or until LICENSEE has selected and received NOA's approval of another Independent Contractor. NOA may establish preferred or required supply sources for select components of the Printed Materials, or for assembly of Printed Materials and Bulk Goods into Licensed Products, which sources shall be deemed preapproved in accordance with this Section 6.4. **[***]** LICENSEE shall comply with all sourcing requirements established by NOA.

6.5 Sample Printed Materials . Within a reasonable period of time after LICENSEE's assembly of an initial order for Bulk Goods for a Game title, LICENSEE shall provide NOA with (a) six (6) samples of the fully assembled Licensed Product, and (b) seventy-five (75) samples of the LICENSEE produced Printed Materials (excluding the plastic disc storage case, warranty card, and poster) for such Game title.

6.6 Retention of Sample Licensed Products by NOA . NOA or Nintendo may, at their own expense, manufacture reasonable quantities of the Bulk Goods, and make a reasonable number of copies of the Printed Materials to be used for archival purposes, legal proceedings against infringers of the Intellectual Property Rights and for other lawful purposes, but in no event for subsequent sale or distribution.

7. MARKETING AND ADVERTISING

7.1 Approval of Marketing Materials . LICENSEE represents and warrants that the Printed Materials and the Marketing Materials shall be of high quality and comply with (a) the Guidelines, (b) the ESRB's Advertising Code of Conduct and Principles and Guidelines for Responsible Advertising, and (c) all applicable laws and regulations in those jurisdictions in the Territory where they will be used or distributed, including without limitation all applicable privacy laws such as the Children's Online Privacy Protection Act. Prior to actual use or distribution, LICENSEE shall submit to NOA for review samples of all proposed Marketing Materials. NOA shall, within ten (10) business days of receipt, approve or disapprove of the quality of such samples based on the applicable criteria set forth in the Guidelines. If any of the samples are disapproved, NOA shall specify the reasons for such disapproval and state what corrections and/or improvements are necessary to cause the submitted Marketing Materials to conform to the applicable Guidelines. After making the necessary corrections and/or improvements, LICENSEE may, at its discretion submit revised samples for approval by NOA. **[***]** The process described in the four preceding sentences shall be repeated until NOA either approves the samples or LICENSEE determines (at its discretion) that it shall not re-submit the samples for approval. No Marketing Materials shall be used or distributed by LICENSEE without NOA's prior written approval. NOA shall not unreasonably withhold or delay its approval of any proposed Marketing Materials.

7.2 Restriction on Bundling . **[***]** To protect Nintendo's valuable Intellectual Property Rights, to prevent the dilution of Nintendo's trademarks and to preclude free-riding by non-licensed products on the goodwill associated with Nintendo's trademarks, LICENSEE shall not market or distribute any Games or Game Discs that have been bundled with any peripheral designed for use with Wii that has not been licensed or approved in writing by NOA.

7.3 Warranty and Repair . LICENSEE shall provide the original consumer of any Licensed Product unit with a minimum ninety (90) day limited warranty on all Licensed Products. LICENSEE shall also provide reasonable product service, including out-of-warranty service, for all Licensed Products. LICENSEE shall make such warranty and repair information available to consumers as required by applicable federal and state law.

7.4 Business Facilities . LICENSEE agrees to develop and maintain (a) suitable office facilities within the United States, adequately staffed to enable LICENSEE to fulfill all responsibilities under this Agreement, (b) necessary warehouse, distribution, marketing, sales, collection and credit operations to facilitate proper handling of the Licensed Products, and (c) customer service and game counseling, including telephone service, to adequately support the Licensed Products in accordance with game industry standards in each country or local market where LICENSEE distributes Licensed Products.

7.5 No Sales Outside the Territory . LICENSEE covenants that it shall not market, sell, offer to sell, import or distribute the Licensed Products outside the Territory, or to any third party within the Territory whom LICENSEE knows, or has reason to know, intends to subsequently distribute such Licensed Products outside the Territory.

7.6 [SECTION INTENTIONALLY OMITTED.]

7.7 NOA Promotional Materials, Publications and Events . At its option and expense, NOA may (a) utilize screen shots, Artwork and information regarding the Licensed Products in Nintendo Power , Nintendo Power Source, official Nintendo sponsored web sites or other advertising, promotional or marketing media, which promote Nintendo products, services or programs, and (b) exercise public performance rights in the Games published by LICENSEE and use related trademarks and Artwork in connection with NOA sponsored contests, tours, conventions, trade shows, press briefings and similar events which promote Wii. NOA shall make a reasonable, good faith effort to advise LICENSEE in advance of any such use of LICENSEE's Games or related trademarks.

7.8 Nintendo Gateway System . To promote and increase demand for games on Nintendo video game systems, NOA licenses select games in various non-coin activated commercial settings such as commercial airlines, cruise ships, rail systems and hotels, where customers play games on specially adapted Nintendo video game hardware referred to as the "Nintendo Gateway System". If NOA identifies a Game for possible license on the Nintendo Gateway System, the parties agree to conduct good faith negotiations to determine commercially reasonable terms for such participation.

8. CONFIDENTIAL INFORMATION

8.1 Definition . Confidential Information means information provided to LICENSEE by Nintendo or any third party working with Nintendo relating to the hardware and software for Wii or the Development Tools, including, but not limited to, (a) all current or future information, know-how, techniques, methods, information, tools, emulator hardware or software, software development specifications, proprietary manufacturing processes and/or trade secrets, (b) any information on patents or patent applications, (c) any business, legal, marketing, pricing or sales data or information, and (d) any other information or data relating to development, design, operation, manufacturing, marketing or sales. Confidential Information shall include all confidential information disclosed, whether in writing, orally, visually, or in the form of drawings, technical specifications, software, samples, pictures, models, recordings, or other tangible items which contain or manifest, in any form, the above listed information. Confidential Information shall not include (i) data and information which was in the public domain prior to LICENSEE's receipt of the same hereunder, or which subsequently becomes part of the public domain by publication or otherwise, except by LICENSEE's wrongful act or omission, (ii) data and information

which LICENSEE can demonstrate, through written records kept in the ordinary course of business, was in its possession without restriction on use or disclosure, prior to its receipt of the same hereunder and was not acquired directly or indirectly from Nintendo under an obligation of confidentiality which is still in force, and (iii) data and information which LICENSEE can show was received by it from a third party who did not acquire the same directly or indirectly from Nintendo and to whom LICENSEE has no obligation of confidentiality.

8.2 Disclosures Required by Law . LICENSEE shall be permitted to disclose Confidential Information if such disclosure is required by an authorized governmental or judicial entity, provided that LICENSEE shall notify NOA at least thirty (30) days prior to such disclosure. LICENSEE shall use its best efforts to limit the disclosure to the greatest extent possible consistent with LICENSEE's legal obligations, and if required by NOA, shall cooperate in the preparation and entry of appropriate protective orders.

8.3 Disclosure and Use . NOA may provide LICENSEE with highly confidential development information, Guidelines, Development Tools, systems, specifications and related resources and information constituting and incorporating the Confidential Information to assist LICENSEE in the development of Games. LICENSEE agrees to maintain all Confidential Information as strictly confidential and to use such Confidential Information only in accordance with this Agreement. LICENSEE shall limit access to the Confidential Information to LICENSEE's employees, and Independent Contractors that are in compliance with the requirements of Section 3.6 above, having a strict need to know and shall advise such individuals of their obligation of confidentiality as provided herein. LICENSEE shall require each such individual retain in confidence the Confidential Information pursuant to a written non-disclosure agreement with LICENSEE. LICENSEE shall use its best efforts to ensure that individuals who are permitted hereunder to work with or otherwise having access to Confidential Information shall not disclose or make any unauthorized use of the Confidential Information.

8.4 Agreement Confidentiality . LICENSEE and NOA each agrees that the terms, conditions and contents of this Agreement shall be treated as confidential. Any public announcement or press release regarding this Agreement shall be subject to the prior written approval of both parties. The parties may disclose this Agreement (a) to accountants, banks, financing sources, lawyers, parent companies and related parties under substantially equivalent confidentiality obligations, (b) in connection with any formal legal proceeding for the enforcement of this Agreement, (c) as required by the regulations of the Securities and Exchange Commission ("SEC"), provided that all Confidential Information shall be redacted from such disclosures to the maximum extent allowed by the SEC, and (d) in response to lawful process, subject to a written protective order.

8.5 Notification Obligations . LICENSEE shall promptly notify NOA of the unauthorized use or disclosure of any Confidential Information by LICENSEE or any of its employees, or any Independent Contractor or its employees, and shall promptly act to recover any such information and prevent further breach of the obligations herein. The obligations of LICENSEE set forth herein are in addition to and not in lieu of any other legal remedy that may be available to NOA under this Agreement or applicable law.

8.6 Continuing Effect of the NDA . The terms of this Section 8 supplement the terms of the NDA, which shall remain in effect. In the event of a conflict between the terms of the NDA and this Agreement, the provisions of this Agreement shall control.

9. REPRESENTATIONS AND WARRANTIES

9.1 LICENSEE's Representations and Warranties . LICENSEE represents and warrants that:

(a) it is a duly organized and validly existing corporation and has full authority to enter into this Agreement and to carry out the provisions hereof,

(b) the execution, delivery and performance of this Agreement by LICENSEE does not conflict with any agreement or understanding to which LICENSEE may be bound, and

(c) excluding the Intellectual Property Rights, LICENSEE is either (i) the sole owner in the Territory of all right, title and interest in and to the trademarks, copyrights and all other Proprietary Rights incorporated into the Game or the Artwork or used in the development, advertising, marketing and sale of the Licensed Products or the Marketing Materials, or (ii) the holder of such rights in the Territory, including trademarks, copyrights and all other Proprietary Rights which belong to any third party but have been licensed from such third party by LICENSEE, as are necessary for incorporation into the Game or the Artwork or as are used in the development, advertising, marketing and sale of the Licensed Products or the Marketing Materials under this Agreement.

9.2 NOA's Representations and Warranties . NOA represents and warrants that:

(a) it is a duly organized and validly existing corporation and has full authority to enter into this Agreement and to carry out the provisions hereof, and

(b) the execution, delivery and performance of this Agreement by NOA does not conflict with any agreement or understanding to which NOA may be bound.

9.3 INTELLECTUAL PROPERTY RIGHTS DISCLAIMER . NOA (ON ITS OWN BEHALF AND ON BEHALF OF NINTENDO AND ITS AFFILIATES, LICENSORS, SUPPLIERS AND SUBCONTRACTORS) EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES CONCERNING THE SCOPE OR VALIDITY OF THE INTELLECTUAL PROPERTY RIGHTS. NOA (ON ITS OWN BEHALF AND ON BEHALF OF NINTENDO AND ITS AFFILIATES, LICENSORS, SUPPLIERS AND SUBCONTRACTORS) EXPRESSLY DISCLAIMS ANY WARRANTY THAT THE DESIGN, DEVELOPMENT, ADVERTISING, MARKETING OR SALE OF THE LICENSED PRODUCTS OR THE USE OF THE INTELLECTUAL PROPERTY RIGHTS BY LICENSEE WILL NOT INFRINGE UPON ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER PROPRIETARY RIGHTS OF A THIRD PARTY. ANY WARRANTY THAT MAY BE PROVIDED IN ANY APPLICABLE PROVISION OF THE UNIFORM COMMERCIAL CODE OR ANY OTHER COMPARABLE LAW OR STATUTE IS EXPRESSLY DISCLAIMED. LICENSEE HEREBY ASSUMES THE RISK OF INFRINGEMENT.

9.4 GENERAL DISCLAIMER . NOA (ON ITS OWN BEHALF AND ON BEHALF OF NINTENDO AND ITS AFFILIATES, LICENSORS, SUPPLIERS AND SUBCONTRACTORS) EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES WITH RESPECT TO THE BULK GOODS AND THE LICENSED PRODUCTS, INCLUDING, WITHOUT LIMITATION, THE SECURITY TECHNOLOGY. LICENSEE PURCHASES AND ACCEPTS ALL BULK GOODS AND LICENSED PRODUCTS ON AN "AS IS" AND "WHERE IS" BASIS. NOA (ON ITS OWN BEHALF AND ON BEHALF OF NINTENDO AND ITS AFFILIATES, LICENSORS, SUPPLIERS AND SUBCONTRACTORS) EXPRESSLY DISCLAIMS ALL WARRANTIES UNDER THE APPLICABLE LAWS OF ANY COUNTRY, EXPRESS OR IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A GENERAL OR PARTICULAR PURPOSE.

9.5 LIMITATION OF LIABILITY . TO THE MAXIMUM EXTENT PERMITTED BY LAW, NEITHER NOA NOR NINTENDO (NOR THEIR AFFILIATES, LICENSORS, SUPPLIERS OR SUBCONTRACTORS) SHALL BE LIABLE FOR LOSS OF PROFITS, OR FOR ANY SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF LICENSEE OR ITS CUSTOMERS ARISING OUT OF OR RELATED TO THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE BREACH OF THIS AGREEMENT BY NOA, THE MANUFACTURE OF THE BULK GOODS OR THE USE OF THE BULK GOODS ON ANY NINTENDO VIDEO GAME SYSTEM BY LICENSEE OR BY ANY END USER.

10. INDEMNIFICATION

10.1 Claim . "Claim" means any and all third party claims, demands, actions, suits, proceedings, losses, liabilities, damages, expenses and costs, including, without limitation, reasonable attorneys' fees and costs and any expenses incurred in the settlement or avoidance of any such claim. "Claim" shall specifically include civil, criminal, and regulatory matters, and those brought by any third party (including governmental authorities or agencies) under any federal, state, or foreign law or regulation, or the rules of any self-regulatory body (e.g., ESRB).

10.2 LICENSEE's Indemnification . LICENSEE shall indemnify and hold harmless NOA and Nintendo (and any of their respective affiliates, subsidiaries, licensors, suppliers, officers, directors, employees or agents) from any Claims which are alleged to result from or be in connection with:

(a) a breach by LICENSEE of any of the provisions in this Agreement,

(b) any infringement of a third party's Proprietary Rights as a result of the design, development, advertising, marketing, sale or use of any aspect of the Licensed Products, Promotional Materials or the Marketing Materials,

(c) a defect, failure to warn, bodily injury (including death) or other personal or property damage arising out of, or in connection with, the design, development, advertising, marketing, sale or use of any aspect of the Licensed Products, and

(d) the design, development, advertising, marketing, sale or use of any aspect of the Licensed Products, Promotional Materials or the Marketing Materials.

NOA and LICENSEE shall give prompt Notice to the other of any Claim which is or which may be subject to indemnification under this Section 10. With respect to any such Claim, LICENSEE, as indemnitor, shall have the right to select counsel and to control the defense and/or settlement thereof. NOA may, at its own expense, participate in such action or proceeding with counsel of its own choice. LICENSEE shall not enter into any settlement of any Claim in which (i) NOA or Nintendo has been named as a party and such settlement involves an admission of liability or other obligation or restriction on the part of NOA or Nintendo, or (ii) Intellectual Property Rights have been asserted, without NOA's prior written consent such consent not to be unreasonably withheld or delayed. NOA shall provide reasonable assistance to LICENSEE in its defense of any Claim.

10.3 LICENSEE's Insurance . LICENSEE shall, at its own expense, obtain a comprehensive policy of general liability insurance (including coverage for advertising injury and product liability Claims) from an insurance company rated at least B+ by A.M. Best. Such policy of insurance shall be in an amount of not less than Five Million Dollars ($5,000,000 US) on a per occurrence basis and shall provide for adequate protection against any Claims. Such policy shall name NOA and Nintendo Co., Ltd. as additional insureds and shall specify it may not be canceled without thirty (30) days' prior written Notice to NOA. A Certificate of Insurance shall be provided to NOA's Licensing Department not later than the date of the initial order of Bulk Goods under this Agreement. If LICENSEE fails to provide NOA's Licensing Department with such Certificate of Insurance or fails to maintain such insurance at any time during the Term and for a period of two (2) years thereafter, NOA, in its sole discretion may secure comparable insurance, at LICENSEE's expense, for the sole benefit and protection of NOA and Nintendo Co., Ltd. only and not for LICENSEE.

10.4 Suspension of Production . In the event NOA deems itself at risk with respect to any Claim under this Section 10, NOA may, at its sole option, suspend production, delivery or order acceptance for any Bulk Goods, in whole or in part, pending resolution of such Claim.

11. PROTECTION OF PROPRIETARY RIGHTS

11.1 Joint Actions against Infringers . LICENSEE and NOA may agree to jointly pursue cases of infringement involving the Licensed Products, as such Licensed Products will contain Proprietary Rights owned by each of them. Unless the parties otherwise agree, or unless the recovery is expressly allocated between them by the court, in the event of such an action, any recovery shall be used first to reimburse LICENSEE and NOA for their respective reasonable attorneys' fees and costs, pro rata, and any remaining recovery shall be distributed to LICENSEE and NOA, pro rata, based upon the fees and costs incurred in bringing such action.

11.2 Actions by LICENSEE . LICENSEE, without the consent of NOA, may bring any action or proceeding relating to an infringement or potential infringement of LICENSEE's Proprietary Rights in the Licensed Products. LICENSEE will have the right to retain all proceeds it may derive from any recovery in connection with such actions.

11.3 Actions by NOA . NOA, without the consent of LICENSEE, may bring any action or proceeding relating to an infringement or potential infringement of NOA's Intellectual Property Rights in the Licensed Products. NOA will have the right to retain all proceeds it may derive from any recovery in connection with such actions.

12. ASSIGNMENT

12.1 Definition . "Assignment" means every type and form of assignment, transfer, sale, sublicense, delegation, encumbrance, pledge and/or hypothecation of LICENSEE's rights or obligations under this Agreement, including, but not limited to, (a) a voluntary assignment, transfer, sale, sublicense, delegation, encumbrance, pledge and/or hypothecation by LICENSEE of all or any portion of its rights or obligations under this Agreement, (b) the assignment, transfer, sale, sublicense, delegation, encumbrance, pledge and/or hypothecation of all or any portion of LICENSEE's rights or obligations under this Agreement to or by LICENSEE's trustee in bankruptcy, receiver, or other individual or entity appointed to control or direct the business and affairs of LICENSEE, (c) an involuntary assignment, transfer, sale, sublicense, delegation, encumbrance, pledge or hypothecation of all or a portion of LICENSEE's rights or obligations under this Agreement, including but not limited to a foreclosure by a third party upon assets of LICENSEE, (d) the merger or consolidation of LICENSEE if LICENSEE is a corporation, and (e) any other means or method whereby rights or obligations of LICENSEE under this Agreement are sold, assigned or transferred to another individual or entity for any reason. Assignment also includes the sale, assignment, transfer or other event affecting a change in the controlling interest of LICENSEE, whether by sale, transfer or assignment of shares in LICENSEE, or by sale, transfer or assignment of partnership interests in LICENSEE, or otherwise.

12.2 No Assignment by LICENSEE . This Agreement and the subject matter hereof are personal to LICENSEE. No Assignment of LICENSEE's rights or obligations hereunder shall be valid or effective without NOA's prior written consent, **[***]** . In the event of an attempted Assignment in violation of this provision, NOA shall have the right at any time, at its sole option, to immediately terminate this Agreement. Upon such termination, NOA shall have no further obligation under this Agreement to LICENSEE or to LICENSEE's intended or purported assignee.

12.3 Proposed Assignment . Prior to any proposed Assignment of this Agreement, other than to an entity controlled by, controlling or under common control with LICENSEE, LICENSEE shall give NOA not less than thirty (30) days prior written Notice thereof, which Notice shall disclose the name of the proposed assignee, the proposed effective date of the Assignment and the nature and extent of the rights and obligations that LICENSEE proposes to assign. NOA may, in its sole discretion, approve or disapprove such proposed Assignment. Unless written consent is given by NOA to a proposed Assignment, any attempted or purported Assignment shall be deemed disapproved and NOA shall have the unqualified right, in its sole discretion, to terminate this Agreement at any time. Upon termination, NOA shall have no further obligation under this Agreement to LICENSEE or to LICENSEE's intended or purported assignee.

12.4 Non-Disclosure Obligation . LICENSEE shall not (a) disclose Nintendo's Confidential Information to any proposed assignee of LICENSEE or (b) permit access to Nintendo's Confidential Information by any proposed assignee or other third party, without the prior written consent of NOA to such disclosure, which consent shall not be unreasonably withheld or delayed. The Notice (and any other non-public information) provided by LICENSEE to NOA pursuant to the requirements of Section 12.3 shall be considered confidential information of LICENSEE and shall not be disclosed by Nintendo without LICENSEE's consent.

Notwithstanding the foregoing, LICENSEE shall be entitled to disclose a summary of the material terms of this Agreement (excluding pricing information) to third parties that have expressed a bona fide interest in acquiring all of, or an interest in, the assets or stock of LICENSEE (a "Potential Acquiror") in connection with the Potential Acquiror's due diligence activities; provided that the Potential Acquiror has executed a confidentiality agreement with LICENSEE that prohibits the Potential Acquiror from divulging the contents of the summary to any third parties other than its attorneys and accountants who have been engaged to assist in the evaluation of the potential acquisition.

13. TERM AND TERMINATION

13.1 Term . This Agreement shall commence on the Effective Date and continue for the Term, unless earlier terminated as provided for herein.

13.2 Breach . In the event that either party commits a breach of this Agreement, which is not cured within thirty (30) days after Notice thereof, then the non-breaching may terminate this Agreement upon Notice to the party in breach.

13.3 Bankruptcy . At NOA's option, this Agreement may be terminated immediately and without Notice in the event that LICENSEE (a) makes an assignment for the benefit of creditors, (b) becomes insolvent, (c) files a voluntary petition for bankruptcy, (d) acquiesces to any involuntary bankruptcy petition, (e) is adjudicated as a bankrupt, or (f) ceases to do business. **[***]**

13.4 Termination Other Than by Breach . Upon the expiration of this Agreement or its termination other than by LICENSEE's breach, LICENSEE shall have a period of one hundred eighty (180) days to sell any unsold Licensed Products. All Licensed Products in LICENSEE's control following the expiration of such sell-off period shall be destroyed by LICENSEE within ten (10) days and Notice of such destruction (with proof certified by an officer of LICENSEE) shall be delivered to NOA. **[***]**

13.5 Termination by LICENSEE's Breach . If this Agreement is terminated by NOA as a result of a breach of its terms and conditions by LICENSEE, LICENSEE shall immediately cease all distribution, advertising, marketing or sale of any Licensed Products. All Bulk Goods and Licensed Products in LICENSEE's control as of the date of such termination shall be destroyed by LICENSEE within ten (10) days and Notice of such destruction (with proof certified by an officer of LICENSEE) shall be delivered to NOA.

13.6 Breach of NDA or other NOA License Agreements . At NOA's option, any breach by LICENSEE of (a) the NDA, or (b) any other license agreement between NOA and LICENSEE relating to the development of games for any Nintendo video game system, which breach is not cured within the time period for cure allowed under the applicable agreement, shall be considered a material breach of this Agreement entitling NOA to terminate this Agreement in accordance with Section 13.2 herein.

13.7 No Further Use of the Intellectual Property Rights . Upon expiration or termination of this Agreement, LICENSEE shall cease all use of the Intellectual Property Rights for any purpose, except as may be required in connection with the sale of the Licensed Products authorized under Section 13.4 herein. LICENSEE shall, within thirty (30) days of expiration or termination, (a) return to NOA all Development Tools provided to LICENSEE by Nintendo, and (b) return to NOA or destroy any and all copies of materials constituting, relating to, or disclosing any Confidential Information, including but not limited to Guidelines, writings, drawings, models, data, and tools, whether in LICENSEE's possession or in the possession of any past or present employee, agent or Independent Contractor who received the information through LICENSEE. Proof of such return or destruction shall be certified by an officer of LICENSEE and promptly provided to NOA.

13.8 Termination by NOA's Breach . If this Agreement is terminated by LICENSEE as a result of a breach of its terms or conditions by NOA, LICENSEE may continue to sell the Licensed Products in the Territory until the expiration of the Term, at which time the provisions of Section 13.4 shall apply.

14. GENERAL PROVISIONS

14.1 Export Control . LICENSEE agrees to comply with the export laws and regulations of the United States and any other country with jurisdiction over the Intellectual Property Rights, the Licensed Products or the Development Tools.

14.2 Force Majeure . Neither party shall be liable for any breach of this Agreement occasioned by any cause beyond the reasonable control of such party, including governmental action, war, riot or civil commotion, fire, natural disaster, labor disputes, restraints affecting shipping or credit, delay of carriers, inadequate supply of suitable materials, or any other cause which could not with reasonable diligence be controlled or prevented by the parties. In the event of material shortages, including shortages of materials or production facilities necessary for production of the Bulk Goods, NOA reserves the right to allocate such resources among itself and its licensees.

14.3 Records and Audit . During the Term and for a period of two (2) years thereafter, LICENSEE agrees to keep accurate, complete and detailed records relating to the use of the Confidential Information, the Development Tools and the Intellectual Property Rights. Upon not less than sixty (60) days' prior Notice to LICENSEE, but not more than once in any calendar year, NOA may, at its expense, audit LICENSEE's records, reports and other information related to LICENSEE's compliance with this Agreement; provided, however, that NOA shall not, during the course of the audit, access LICENSEE's source code, development plans, marketing plans, internal business plans or other items deemed confidential by LICENSEE, except to the extent such materials incorporate, disclose or reference Nintendo's Confidential Information or Intellectual Property Rights.

14.4 Waiver, Severability, Integration, and Amendment . The failure of a party to enforce any provision of this Agreement shall not be construed to be a waiver of such provision or of the right of such party to thereafter enforce such provision. In the event that any term, clause or provision of this Agreement shall be construed to be or adjudged invalid, void or unenforceable, such term, clause or provision shall be construed as severed from this Agreement, and the remaining terms, clauses and provisions shall remain in effect. Together with the NDA, this Agreement constitutes the entire agreement between the parties relating to the subject matter hereof. All prior negotiations, representations, agreements and understandings are merged into, extinguished by and completely expressed by this Agreement and the NDA. Any amendment to this Agreement shall be in writing, signed by both parties.

14.5 Survival . In addition to those rights specified elsewhere in this Agreement, the rights and obligations set forth in Sections 3, 5.5, 6.6, 8, 9, 10, 11, 12.4, 13.4, 13.5, 13.6, 13.7, 13.8, 14.3, 14.4, 14.5, 14.6, 14.7, 14.8 shall survive any expiration or termination of this Agreement to the degree necessary to permit their complete fulfilment or discharge.

14.6 Governing Law and Venue . This Agreement shall be governed by the laws of the State of Washington, without regard to its conflict of laws principles.

14.7 Equitable Relief . LICENSEE acknowledges that in the event of its breach of this Agreement, no adequate remedy at law may be available to NOA and that NOA shall be entitled to seek injunctive or other equitable relief in addition to any relief available at law.

14.8 Attorneys' Fees . In the event it is necessary for either party to this Agreement to undertake legal action to enforce or defend any action arising out of or relating to this Agreement, the prevailing party in such action shall be entitled to recover from the other party all reasonable attorneys' fees, costs and expenses relating to such legal action or any appeal therefrom.

14.9 Counterparts and Signature by Facsimile . This Agreement may be signed in counterparts, which shall together constitute a complete Agreement. A signature transmitted by facsimile shall be considered an original for purposes of this Agreement.

IN WITNESS WHEREOF, the parties have entered into this Agreement.

[Signatures appear on following page]

NOA:

NINTENDO OF AMERICA INC.

By: /s/ James R. Cannataro
Name: James R. Cannataro
Title: Executive VP, Administration

LICENSEE:

ELECTRONIC ARTS INC.

By: /s/ Joel Linzner
Name: Joel Linzner
Title: Executive Vice President, Business and Legal Affairs

EA INTERNATIONAL (STUDIO and PUBLISHING) LTD.

By: /s/ Varinder Saini
Name: Varinder Saini
Title: Manager, International Publishing

[***] DENOTES CONFIDENTIAL MATERIALS OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT

XBOX 2 PUBLISHER LICENSE AGREEMENT

This Xbox 2 Publisher License Agreement (the "Agreement") is entered into and effective as of May 15, 2005 (the "Effective Date") by and between Microsoft Licensing, GP, a Nevada general partnership ("Microsoft"), on the one hand, and Electronic Arts Inc., a Delaware corporation and Electronic Arts C.V., a Netherlands limited partnership (together referred to as "EA") on the other hand.

RECITALS

A. On or about December 8, 2000, EA and Microsoft Corporation entered into an Xbox Publisher License Agreement relating to EA's development and publishing of software titles for the first generation of the Xbox video game console system, which Xbox Publisher License Agreement has been amended several times. Said Xbox Publisher License Agreement, as amended by any and all amendments thereto, except the amendment referred to in Recital B below, are referred to herein as the "Xbox PLA."

B. On or about May 7, 2004, EA and Microsoft entered into an Xbox Live Distribution Amendment to the Xbox PLA (the "Xbox Live Amendment"), relating to EA's participation in Microsoft's Xbox Live service with respect to both Xbox and Xbox 2 (as defined below).

C. EA desires to develop and/or publish one or more software products running on the Xbox 2 video game console system, which software products may also be made available to subscribers of Xbox Live, and to license proprietary materials from Microsoft on the terms and conditions set forth herein.

D. EA intends to release certain franchise titles on the Xbox 2 game system under certain release conditions **[***]** .

E. The Agreement is intended by the parties to be the "new publisher license agreement for Xbox 2" referred to in Section 0.3 of the Xbox Live Amendment.

F. Microsoft is a partnership considered a tax resident of the United States, and whose owner is considered for United States federal income tax purposes a United States corporation and a tax resident of the United States.

Accordingly, for and in consideration of the mutual covenants and conditions contained herein, and for other good and valuable consideration, receipt of which each party hereby acknowledges, Microsoft and EA agree as follows:

1. Exhibits

The following exhibits are hereby incorporated into this Agreement.

Exhibit 1:	Form of Annual Title Map
Exhibit 2:	Royalty Payments
Exhibit 2-A:	Royalty Tier Selection Form
Exhibit 2-B:	Japan/Asia Royalty Incentive Program
Exhibit 3:	Authorized Affiliates
Exhibit 4:	MIOL Enrollment Form
Exhibit 5:	Non-Disclosure Agreement

2. Scope and Relationship Among Agreements

2.1 Scope, In General . This Agreement and the Xbox Live Amendment (to the extent applicable to Xbox 2) are intended by the parties to set forth their entire agreement with respect to the publishing of software products by EA for Xbox 2. The Xbox PLA and the Xbox Live Amendment (to the extent applicable to Xbox, as defined in the Xbox PLA) are intended by the parties to continue to apply to the publishing of software products by EA for Xbox, and only to such products.

2.2 Conflicting Terms . The provisions of the Xbox PLA and Xbox Live Amendment shall apply to the so-called "first generation" Xbox software products, as set forth therein, and nothing contained in this Agreement shall be deemed to apply to such first generation Xbox software products. The Xbox PLA shall not apply in any way to the development and publishing of Xbox 2 software products. If and to the extent that this Agreement and/or the Xbox Live Amendment are inconsistent, this Agreement shall be controlling over the Xbox Live Amendment with respect to Xbox 2 software products. Notwithstanding the foregoing, no term in Section "0. Scope" of the Xbox Live Amendment shall be controlled by this Agreement.

3. Definitions

Notwithstanding anything to the contrary contained in Section 2 above, if and to the extent that terms defined in the Xbox Live Amendment are defined differently than in this Agreement, then the definitions herein shall be controlling and the Xbox Live Amendment shall be deemed amended accordingly (as it applies to Xbox 2 software products, but not Xbox software products). As further described in this Agreement and the Xbox 2 Guide, the following terms have the following respective meanings:

3.1 **"Asian Manufacturing Region"** means the region comprising Taiwan, Hong Kong, Singapore, Korea and Japan and any other countries that may be included by Microsoft from time to time as set forth in the Xbox 2 Guide.

3.2 **"Asian Sales Territory"** means the territory comprising Taiwan, Hong Kong, Singapore and Korea and any other countries that are listed by Microsoft from time to time as set forth in the Xbox 2 Guide. The Asian Sales Territory does not include Japan.

3.3 **"Authorized Replicator"** means a software replicator certified and approved by Microsoft for replication of FPUs that run on Xbox 2.

3.4 **"Branding Specifications"** means the specifications as provided by Microsoft from time to time for using the Licensed Trademarks on or in connection with a Software Title or Demo Version and on Marketing Materials as set forth in the Xbox 2 Guide. **[***]** .

3.5 **"BTS"** means a Microsoft designed sticker ("Break the Seal") that will be issued to the Authorized Replicator for placement on the Packaging Materials as specified in the Xbox 2 Guide.

3.6 **"Certification"** means the final stage of the approval process at which Microsoft approves or disapproves of a Software Title for manufacture and distribution. Certification is further defined in this Agreement and the Xbox 2 Guide; **[***].**

3.7 **"Commercial Release"** with respect to a Software Title means the first distribution of an FPU that is not designated as a Demo Version. With respect to an Online Feature of a Software Title, Commercial Release means the first availability of such feature via Xbox Live to End Users.

3.8 **"Concept"** means the details of a proposed Software Title for Xbox 2, in each case including content and technical characteristics, target market, proposed release date and development schedule.

3.9 **"Demo Version"** means a small portion of an applicable Software Title that is provided to end users at no or minimal cost to advertise or promote a Software Title.

3.10 **"End User"** has the meaning ascribed to it in Section 1.9 of the Xbox Live Amendment.

3.11 **"End User Content"** has the meaning ascribed to it in Section 1.11 of the Xbox Live Amendment.

3.12 **"European Sales Territory" and "European Manufacturing Region"** each mean the territory comprising the United Kingdom, France, Germany, Spain, Italy, Netherlands, Belgium, Sweden, Denmark, Norway, Finland, Austria, Switzerland, Ireland, Portugal, Greece, Australia and New Zealand, and any other countries that may be included by Microsoft from time to time as set forth in the Xbox 2 Guide.

3.13 **"FPU"** (Finished Product Unit) means a copy of a Software Title in object code form that has passed Certification, has been affixed to a DVD disk and approved by Microsoft for release and manufacturing. Once the Packaging Materials have been added, and the BTS has been assigned or affixed to the FPU or its packaging, the FPU also includes its accompanying BTS and Packaging Materials.

3.14 **"FPU Technical Specifications"** shall mean the technical specifications set forth in the Xbox 2 Guide to which FPUs must conform, as Microsoft may hereafter provide from time to time in accordance with Section 6.

3.15 **"Japan Sales Territory"** means the country of Japan.

3.16 **"Licensed Trademarks"** means the Microsoft trademarks identified in the Xbox 2 Guide.

3.17 **"Marketing Guidelines"** shall mean requirements in the following categories that are included and/or revised by Microsoft from time to time in the Xbox 2 Guide, which requirements will form the basis for Microsoft's review and approval of EA's Marketing Materials: (i) conformance to the Branding Specifications; (ii) the inclusion of any language pertaining to intellectual property rights of Microsoft or its third party suppliers that is required in the Xbox 2 Guide; (iii) the inclusion of any information relating to the use or maintenance of the Xbox 2 system that is required by the Xbox 2 Guide; (iv) with respect to any language relating specifically to the Xbox 2, compliance of such language with the overall Xbox 2 marketing message, direction and plan as further illustrated in the Xbox 2 Guide; (v) adherence to the requirements of any applicable ratings board per Section 5.5; and (vi) the inclusion of any other information required by law.

3.18 **"Marketing Materials"** collectively means the Packaging Materials and all press releases, marketing, advertising or promotional materials related to the Software Title and/or FPUs (including without limitation web advertising and EA's web pages to the extent they refer to the Software Title(s) or the FPU(s)) that will be used and distributed by EA in the marketing of the Software Title(s) or FPU(s).

3.19 **"Manufacturing Region"** means the Asian Manufacturing Region, European Manufacturing Region, and/or North American Manufacturing Region.

3.20 **"North American Sales Territory"** and **"North American Manufacturing Region"** each mean the territory comprising the United States, Canada, Mexico, Colombia and any other countries that may be included by Microsoft from time to time as set forth in the Xbox 2 Guide.

3.21 **"Online Features"** has the meaning ascribed in Section 1.4 of the Xbox Live Amendment.

3.22 **"Packaging Materials"** means art and mechanical formats for a Software Title including the retail packaging, end user instruction manual with end user license agreement and warranties, end user warnings, FPU media label, and any promotional inserts and other materials that are to be included in the retail packaging.

3.23 **"Packaging Requirements"** shall mean the objective physical specifications as Microsoft may hereafter provide from time to time in accordance with Section 6 for the packaging for Software Titles (including user documentation) such as dimensions, materials and finishes.

3.24 **"Pre-Certification"** means the first stage of the approval process wherein Microsoft tests the Software Title to provide feedback and/or identify any issues that may prevent the Software Title from being approved during the Certification phase. Pre-Certification is further described in this Agreement and the Xbox 2 Guide.

3.25 **"Replication Requirements"** shall mean the technical and process requirements for the submission by EA to Microsoft for the final version of each Software Title, as Microsoft may hereafter provide from time to time. Such Replication Requirements shall be reasonably appropriate to enable Microsoft to conduct Certification testing, apply its Security Technology, parental control technology and region encoding technology to the Software Title to create a master version of each Software Title for manufacture by Authorized Replicators.

3.26 **"Sales Territory"** means the Asian Sales Territory, European Sales Territory, Japan Sales Territory, and/or North American Sales Territory.

3.27 **"Software Title"** means each single software product **[***]** or Concept that EA proposes to publish for use on Xbox 2. A Software Title includes updates thereto and all Online Features. If Microsoft approves one or more additional Concept(s) for other single software product(s) proposed by EA to run on Xbox 2, then this Agreement, and the term "Software Title," will be broadened automatically to cover the respective new software product(s) as additional Software Titles under this Agreement.

3.28 **"Subscriber"** has the meaning ascribed in Section 1.10 of the Xbox Live Amendment.

3.29 **"Sub-Publisher"** means an entity that has a valid Xbox 2 publisher license agreement with Microsoft or a Microsoft affiliate and with whom EA has entered into a written agreement to allow such entity to publish a Software Title in specific territories.

3.30 **"Suggested Retail Price"** means the highest per unit price that EA or its agent recommends the FPU be made commercially available to end-users in a particular Sales Territory. If the Suggested Retail Price of a particular Software Title varies among the countries in a single Sales Territory, then the highest Suggested Retail Price established for any of the countries will be used to determine the royalty fees for the entire Sales Territory.

3.31 **"Technical Certification Requirements"** shall mean **[***]** .

3.32 **"Usability Requirements"** shall mean **[***]** .

3.33 **"Wholesale Price"** means the highest per unit price that EA intends to charge retailers and/or distributors in bona fide third party transactions for the right to distribute and resell the Software Title within a Sales Territory, it being agreed that (i) any transactions involving affiliates of EA (entities controlling, controlled by or under common control of, EA) are not to be considered in determining the Wholesale Price; (ii) if EA enters into an agreement with a third party (such as a Sub-Publisher) providing the third party with the exclusive right to distribute the Software Title in a Sales Territory, the Wholesale Price is governed by the price charged by the third party rather than the terms of the exclusive distribution agreement between EA and such third party; (iii) in the North American Sales Territory, the Wholesale Price in the U.S. will be used to determine the royalty fees for the entire North American Sales Territory, regardless of the Wholesale Price of the Software Title in any other country in the North American Sales Territory; (iv) in the European Sales Territory, the highest Wholesale Price **[***]** will be used to determine the royalty fees for the entire European Sales Territory, **[***]** ; and (v) if the Wholesale Price varies among countries in the Asian Sales Territory, the highest Wholesale Price used in the Asian Sales Territory will be used to determine the royalty fees for the entire Asian Sales Territory.

3.34 **"Xbox 2"** has the meaning ascribed to it in Section 1.16 of the Xbox Live Amendment.

3.35 **"Xbox 2 Guide"** means a document (in physical, electronic or website form) created by Microsoft and as may be amended from time to time in accordance with Section 6 that supplements this Agreement and (i) includes Technical Certification Requirements, Usability Requirements, Branding Specifications, Replication Requirements, Marketing Guidelines, FPU Technical Specifications and Packaging Requirements (as each of those terms are defined herein, the "Required Categories") and (ii) provides other information (e.g., royalty payment) regarding other operational aspects of Xbox 2 and Xbox Live.

3.36 **"Xbox Live"** has the meaning ascribed to it in Section 1.3 of the Xbox Live Amendment.

3.37 **Other Terms.** All other capitalized terms have the definitions set forth with the first use of such term as described in this Agreement.

4. Xbox 2 Development Kit License

Contemporaneous with or prior to the execution of this Agreement, EA shall enter into one or more development kit license(s) (each an "XDK License") pursuant to which Microsoft or its affiliate may license to EA software development tools and hardware to assist EA in the development and testing of Software Titles, including redistributable code that EA must incorporate into Software Titles pursuant to the terms and conditions contained in the XDK License. **[***]** .

5. Approval Process

5.1 Both Microsoft and EA acknowledge the importance of the games produced for a next-generation video game system. **[***]** .

5.2 Standard Approval Process . The standard approval process for a Software Title is divided into four phases comprised of Concept disclosure, Pre-Certification, Certification, and Marketing Materials approval. Unless EA elects the EU Approval Option for a European FPU (described below), EA is required to comply at all four phases. Each phase is identified below and further described in the Xbox 2 Guide. In addition, all provisions in the Xbox Live Amendment that apply to Certification and approval processes shall also apply to Software Titles containing Online Features.

5.2.1 Annual Title Map **[***]** .

5.2.2 Concept . **[***]** . Following evaluation of EA's Concept submission, Microsoft will notify EA of whether the Concept is approved or rejected. If approved, the Concept submission form, in the form submitted and approved by Microsoft, is incorporated herein by reference and adherence to its terms is a requirement for Certification.

5.2.3 Pre-Certification . For each Software Title, EA shall deliver to Microsoft a feature-complete version of the Software Title that includes all current features of the Software Title and such other content as may be required under the Xbox 2 Guide. Upon receipt, Microsoft shall conduct technical screen and/or other testing of the Software Title consistent with the Xbox 2 Guide and will subsequently provide EA with advisory feedback regarding such testing.

5.2.4 Certification . Following Pre-Certification, EA shall deliver to Microsoft the proposed final release version of the applicable Software Title that is complete, ready for access via Xbox Live (if applicable), release, manufacture, and commercial distribution. Such version must include the final content rating certification required by Section 5.5, and shall be in a form that satisfies the Replication Requirements. Microsoft shall conduct testing of the Software Title to determine the Software Title's compliance with the Technical Certification Requirements and the Usability Requirements ("Certification Testing") and shall subsequently provide EA with the results of such testing, including any required fixes required prior to achieving Certification in accordance with Section 5.2.5 below. Release from Certification for a Software Title is based on (1) passing the Certification Testing; (2) Packaging Materials approval; (3) conformance with the approved Concept or Annual Title Map or any update thereto, as appropriate; and (4) continuing and ongoing compliance with all Required Categories set forth in the Xbox 2 Guide and this Agreement. EA and Microsoft acknowledge that streamlining the certification process for EA Software Titles would be mutually beneficial. The parties will work together to explore ways to streamline the Certification process, which may include EA performing certain Certification functions in-house in coordination with Microsoft's Certification team.

5.2.5 Response by Microsoft; Re-testing . **[***]** . In the event EA resubmits a Software Title for re-testing by Microsoft, there will be no charge for the first re-submission. However, Microsoft reserves the right to charge EA a reasonable fee designed to offset the costs associated with the testing of Software Titles upon further resubmissions.

5.2.6 Pre-Certification and Certification Appointments . Microsoft will make "appointments" for Pre-Certification and Certification testing of each Software Title provided that: (i) EA and Microsoft will mutually schedule the Pre-Certification appointment approximately **[***]** weeks in advance of EA's intended Commercial Release of the Software Title, and the Certification appointment approximately **[***]** weeks in advance of EA's intended Commercial Release of the Software Title; and (ii) EA delivers to Microsoft all materials required to perform Pre-Certification or Certification testing, as applicable, as provided in Section 5.2.3 and 5.2.4 above, respectively, on or before such appointment date. In the event that EA fails to provide required materials prior to its appointment, Microsoft will schedule the applicable Software Title into the first available appointment slot **[***]** .

5.2.7 Marketing Materials Approval

5.2.7.1 EA shall submit all Marketing Materials to Microsoft and shall not distribute such Marketing Materials (as a component of the Software Title, FPU or otherwise) unless and until Microsoft has approved them in writing. Prior to use or publication of any Marketing Materials, EA agrees to incorporate all changes relating to use of the Licensed Trademarks that Microsoft may request in order to bring such Marketing Materials into compliance with the Marketing Guidelines. Additionally, where press releases or announcements otherwise mention Software Titles, the Xbox 2 or Xbox Live, EA will make reasonable efforts to provide Microsoft with notice of such materials and their contents prior to release.

5.2.7.2 To expedite the review and approval process of EA's Marketing Materials, Microsoft and EA will make "appointments" for review and approval of EA's expected date for final printing or manufacture of the Marketing Materials and EA will deliver to Microsoft the applicable Marketing Materials on or before the scheduled appointment date. In the event that EA fails to provide required materials by the date of its appointment, Microsoft will schedule the review of the applicable Marketing Materials into the first available approval slot **[***]** .

5.2.7.3 Notwithstanding anything to the contrary in this Agreement, the Xbox Live Amendment or the Xbox 2 Guide, samples of Marketing Materials approved by Microsoft that are subsequently manufactured without change by or on behalf of EA are not required to be resubmitted to Microsoft for approval (i) prior to publication or (ii) prior to assembling the materials with FPUs and distributing the finished goods. Once approved by Microsoft, Marketing Materials, or particular elements thereof, may be reused and republished in related Marketing Materials without the need for additional review or approval by Microsoft, provided that the other elements of such related Marketing Materials shall be subject to Microsoft's approval as provided in Section 5.2.7.1. By way of example only, elements of the approved packaging for a Software Title may be incorporated into advertisements or point-of-purchase ("POP") displays without requiring additional review or approval by Microsoft of the elements taken from the previously approved packaging (so long as the reused elements are accurately depicted in the ads or POP displays), but other elements (other than the reused or republished elements) of the ads or POP displays shall require review and approval by Microsoft with respect to their conformance to the Marketing Guidelines.

5.2.7.4 With the exception of certifying that EA's use of Licensed Trademarks is in accordance with the Marketing Guidelines, nothing herein shall require EA to obtain Microsoft's approval of EA's Marketing Materials with respect to screen shots, publicity materials, trademarks, etc. owned by Microsoft or any third parties as permitted by law without a license (for example, pursuant to a right of "fair use" under applicable copyright law or a "referential" use under trademark law).

5.3 EU Approval Option . For a Software Title that EA intends to distribute solely in the European Sales Territory (a "European FPU"), EA may choose at any time during a Software Title's development and prior to manufacture by an Authorized Replicator, not to submit the Software Title to Microsoft for Concept approval (Section 5.2.2), Pre-Certification (section 5.2.3) and/or Marketing Materials approval (section 5.2.7). Notwithstanding the foregoing, EA is required to submit such Software Title to Microsoft for Certification approval. Collectively, this option is referred to herein as the "EU Approval Option." The EU Approval Option is not available for Online Features intended to be available in the European Sales Territory. If EA chooses the EU Approval Option, EA shall not use the Licensed Trademarks on the European FPU and the license grant set forth in Section 18.1 is withdrawn as to such European FPU. In addition, EA shall make no statements in advertising, marketing materials, packaging, websites or otherwise that the European FPU is approved or otherwise sanctioned by Microsoft or is an official Xbox 2 Software Title. The European FPU may not be distributed outside the European Sales Territory without complying with all terms of the Agreement concerning approvals and the release of the FPU as deemed relevant by Microsoft. Microsoft may provide additional information in the Xbox 2 Guide regarding the European Approval Option. Notwithstanding EA's choice of the EU Approval Option, all other portions of the Agreement other than those specifically identified above shall remain in effect.

5.4 Additional Review . EA may request the ability to submit versions of the Software Title or Online Features at stages of development other than as identified above for review and feedback by Microsoft. Such review is within the discretion of Microsoft and may require the payment of reasonable fees by EA to offset the costs associated with the review of such Software Titles.

5.5 Content Rating . For those Sales Territories that utilize a content rating system, Microsoft will not accept submission of a Software Title for Certification approval unless and until EA has obtained, at EA's sole cost, a rating not higher than "Mature (17+)" or its equivalent from the appropriate rating bodies and/or any and all other independent content rating authority/authorities reasonably designated by Microsoft (such as ESRB, ELSPA, *etc.*). EA shall include the applicable rating(s) prominently on FPUs and Marketing Materials, in accordance with the applicable rating body guidelines. For those Sales Territories that do not utilize a content rating system, Microsoft will not approve any Software Title that, in its opinion, contains excessive sexual content or violence, inappropriate language or other elements deemed unsuitable for Xbox 2.

5.6 Mutual Approval Required . EA shall not distribute the Software Title, nor manufacture any FPU intended for distribution, unless and until Microsoft has given its final approval and released from Certification the Software Title (in accordance with the requirements set forth in this Agreement and the Xbox 2 Guide) and both parties have approved the FPU in writing.

5.7 Prompt Release by Microsoft . Once **[***]** a Software Title is in compliance with the Replication Requirements, Technical Certification Requirements and the Usability Requirements, Microsoft will promptly convert the Software Title submission provided by EA to the form necessary in order for the Software Title to be manufactured, and Microsoft will immediately submit the Software Title, in a form ready for manufacturing, to the Authorized Replicator designated by EA.

6. Xbox 2 Guide

6.1 EA acknowledges and accepts that each Software Title must comply with the requirements set forth in the Xbox 2 Guide, **[***]** . EA shall comply with all future provisions of the Required Categories (and/or new Required Categories) of the Xbox 2 Guide added after the Effective Date **[***]** .

6.2 **[***]** .

6.3 Upon EA's receipt of a supplement, revision or updated version of the Xbox 2 Guide, EA shall automatically be bound by all provisions of the Required Categories or new Required Categories that have been added in compliance with this Section 6. Microsoft will specify in each such supplement, revision or updated version of the Xbox 2 Guide a reasonable effective date of each change or revision to the Required Categories that has been adopted by Microsoft in accordance with this Section 6 if such change or revision is not required to be effective immediately. All Certification testing (and applicable fees therefore, if any) will be in accordance with the then-applicable versions of the Technical Certification Requirements and Usability Requirements in the Xbox 2 Guide. Notwithstanding the foregoing, (a) after a Software Title has been scheduled for a Pre-Certification appointment, EA will not be obligated to comply, with respect to such Software Title only, with any subsequent changes made by Microsoft to the Technical Certification Requirements or Usability Requirements in the Xbox 2 Guide unless such subsequent changes are intended to address Xbox 2 or Xbox Live security or technical integrity issues, or such changes will not add significant expense or delay to a Software Title's development, Certification or manufacture; and (b) changes to the Replication Requirements shall not apply to a particular Software Title if such Software Title has a scheduled appointment for Certification within **[***]** business days of the effective date for such changes to the Replication Requirements unless such subsequent changes are intended to address Xbox 2 or Xbox Live security or technical integrity issues, or such changes will not add significant expense or delay to a Software Title's Certification or manufacture.

6.4 **[***]** .

6.5 Changes made in Branding Specifications, Marketing Guidelines, Packaging Requirements or FPU Technical Specifications will be effective as to a Software Title that has passed Certification only on a "going forward" basis (*i.e.*, only to such Marketing Materials and/or FPUs as are manufactured more than thirty (30) days after Microsoft notifies EA of the change), unless (i) the change can be accommodated by EA with insignificant added expense and without delay in shipment of the affected Software Title(s) or in publishing the affected Marketing Materials, or (ii) Microsoft pays for EA's direct, out-of-pocket expenses necessarily incurred as a result of its compliance with the change **[***]** .

6.6 Throughout this Agreement, unless otherwise expressly set forth, references to complying or compliance (or words to similar effect) with the Xbox 2 Guide will be deemed to mean complying or compliance with the Xbox 2 Guide subject to the limitations set forth in this Section 6.

6.7 In the event of a conflict between any provision of the Xbox Live Amendment and this Section 6, this Section 6 will control.

7. Post-Release Compliance

7.1 Nothing herein will be deemed to relieve EA of its obligation to correct material program bugs and errors, whenever discovered (including without limitation after Commercial Release), and EA agrees to correct such material bugs and errors as soon as possible after discovery; provided that, with respect to materials bugs and errors discovered after Commercial Release of the applicable Software Title, EA will use commercially reasonable efforts to correct such material bugs and errors in all FPUs manufactured after discovery. In addition, upon notice or other discovery of any material non-conformance of any FPUs with the FPU Technical Specifications or Technical Certification Requirements, EA shall promptly undertake reasonable commercial efforts to remedy such non-conformance in all FPUs, wherever in the chain of distribution, and shall notify Microsoft of the non-conformance and the remedial steps taken. With respect to FPUs that have already been sold by EA to distributors and retailers not under EA's control, EA's obligations under the foregoing sentence will be satisfied by EA's request to its distributors and retailers to assist EA in remedying such non-conformance.

7.2 In the event that an Online Feature of a Software Title is not operating properly on Xbox Live or is otherwise not in then-current compliance with Technical Certification Requirements, and the failure is not reasonably attributable to a program bug or error addressed in Section 7.1, the parties will work together diligently and in good faith to fix the problem as soon as possible while maintaining network integrity. The parties further acknowledge that in doing so, either or both parties may incur costs associated with the development of updates, patches or other technical fixes for a Software Title or the Xbox Live service, and the Online Feature may be made unavailable to End Users until such time that the problem is fixed. **[***]** .

8. Manufacturing

8.1 Authorized Replicators . EA may only use Microsoft or an Authorized Replicator to produce FPUs. Prior to placing an order with a replicator for FPUs, EA shall confirm with Microsoft that such entity is an Authorized Replicator. Microsoft will endeavor to keep an up-to-date list of Authorized Replicators in the Xbox 2 Guide. EA will notify Microsoft in writing of the identity of the applicable Authorized Replicator that it intends to use for each Software Title. The agreement for such replication services will be negotiated between EA and the applicable Authorized Replicator, subject to the requirements in this Agreement. EA acknowledges that Microsoft may charge the Authorized Replicator fees for rights, services or products associated with the manufacture of FPUs and that the agreement between Microsoft and each Authorized Replicator grants Microsoft the right to instruct the Authorized Replicator to cease the manufacture of FPUs and/or prohibit the release of FPUs to EA or its agents in the event EA is in breach of this Agreement or any credit arrangement entered into by the parties. Microsoft does not guarantee any level of performance by the Authorized Replicators, and Microsoft will have no liability to EA for any Authorized Replicator's failure to perform its obligations under any applicable agreement between Microsoft and such Authorized Replicator and/or between EA and such Authorized Replicator. Microsoft has no responsibility for ensuring that FPUs are free of all defects.

8.2 Submissions to the Authorized Replicator . Microsoft, and not EA, will provide to the applicable Authorized Replicator the final release version of the Software Title and all specifications required by Microsoft for the manufacture of the FPUs including, without limitation, the Security Technology (as defined in Section 8.9 below). EA is responsible for preparing and delivering to the Authorized Replicator all other items required for manufacturing FPUs including approved Packaging Materials associated with the FPUs.

8.3 Verification Versions . EA shall cause the Authorized Replicator to create several test versions of each FPU ("Verification Version (s)") that will be provided to both Microsoft and EA for approval as to (i) its conformance with the Software Title software submitted by EA and certified by Microsoft, (ii) its proper operation on the Xbox 2 and (iii) its conformity with all quality standards required by Microsoft of the Authorized Replicator (the "Verification Version Criteria"). Prior to full manufacture of FPUs by the Authorized Replicator, both EA and Microsoft must approve the applicable Verification Version as to its conformance with the Verification Version Criteria. Throughout the manufacturing process and upon the reasonable request of Microsoft, EA shall cause the Authorized Replicator to provide additional Verification Versions of the FPU for evaluation by Microsoft on the Verification Version Criteria. Microsoft's approval of each Verification Version (as specified in the first sentence of this Section) is a condition precedent to manufacture, however EA shall grant the final approval and shall work directly with the Authorized Replicator regarding the production run. EA agrees that all FPUs must be replicated in conformity with all of the quality standards and manufacturing specifications, policies and procedures that Microsoft requires of its Authorized Replicators, and that all Packaging Materials must be approved by Microsoft (in accordance with Section 5.2.7) prior to packaging. EA shall cause the Authorized Replicator to include the BTS on each FPU.

8.4 Samples . For each Software Title published under this Agreement, upon Microsoft's request and at EA's cost, EA shall provide Microsoft with **[***]** FPUs (including Packaging Materials) per Sales Territory in which the FPU will be released. **[***]** . Such units may be used solely by Microsoft in marketing, as product samples, for customer support, testing and for archival purposes. EA shall not be required to pay any royalty fees for such samples nor will such samples count towards the Unit Discount in Section 1.4 of Exhibit 1 **[***]** . By way of clarification, the **[***]** sample limit is on a per-Software Title and per-Sales Territory basis. Microsoft's request for **[***]** samples shall specify details on which specific languages or discs that EA is to provide.

8.5 Minimum Order Quantities

8.5.1 Within **[***]** days of the date when both Microsoft and EA have authorized the Authorized Replicator to begin replication of FPUs for distribution to a specified Sales Territory, (receipt of both approvals is "Release to Manufacture"), EA must place orders to manufacture the minimum order quantities ("MOQs") as described in the Xbox 2 Guide, which MOQs may be updated and revised **[***]** and will be effective starting **[***]** . EA will not be subject to a higher minimum order requirement than that applied by Microsoft generally to its other third-party publishers. Currently, the MOQs are as follows:

[***]

8.5.2 For the purposes of this Section, a "Disc" shall mean an FPU that is signed for use on a certain defined range of Xbox 2 hardware, regardless of the number of languages or product SKUs contained thereon. The MOQs per Software Title are cumulative per Sales Territory, e.g., if an FPU is released in the North American Sales Territory and the European Sales Territory, then there will be an MOQ of **[***]** for the North American Sales Territory and an additional MOQ of **[***]** for the European Sales Territory. The per Software Title MOQ and the per Disc MOQ, however, are not cumulative, e.g., a single Disc FPU released only in the North America Sales Territory will have a total minimum order quantity of **[***]** which would cover the **[***]** per Software MOQ and the **[***]** per Disc MOQ (rather than **[***]** which would have been the MOQ if the per Software Title MOQ and the per Disc MOQ were cumulative).

8.5.3 If EA fails to place orders to meet any applicable Minimum Order Quantity within **[***]** days of Release to Manufacture, EA shall immediately pay Microsoft the applicable royalty fees for the number of FPUs represented by the difference between the applicable Minimum Order Quantity and the number of FPUs of the Software Title actually ordered by EA.

8.6 Manufacturing Reports . For purposes of assisting in the scheduling of manufacturing resources, in the Annual Title Map (and any updates thereto) EA shall provide Microsoft with forecasts showing manufacturing projections by Sales Region for each Software Title listed on the Annual Title Map. EA will update these forecasts for each Software Title by Sales Region in the Quarterly Updates. EA will use commercially reasonable efforts to cause the Authorized Replicator to deliver to Microsoft true and accurate **[***]** statements of FPUs manufactured in

each **[***]** , on a Software Title-by-Software Title basis and in sufficient detail to satisfy Microsoft, within **[***]** . Microsoft will have reasonable audit rights to examine the records of the Authorized Replicator regarding the number of FPUs manufactured.

8.7 New Authorized Replicator . If EA requests that Microsoft certify and approve a third party replicator that is not then an Authorized Replicator, Microsoft will consider such request in good faith. EA acknowledges and agrees that Microsoft may condition certification and approval of such third party on the execution of an agreement in a form satisfactory to Microsoft pursuant to which such third party agrees to strict quality standards, non-disclosure requirements, license fees for use of Microsoft intellectual property and trade secrets, and procedures to protect Microsoft's intellectual property and trade secrets. Notwithstanding anything contained herein, EA acknowledges that Microsoft is not required to certify, maintain the certification or approve any particular third party as an Authorized Replicator, and that the certification and approval process may be time-consuming.

8.8 Alternate Manufacturing in Europe . EA may, solely with respect to FPUs manufactured for distribution in the European Sales Territory, utilize a different process or company for the combination of FPUs with Packaging Materials provided that such packaging process incorporates the BTS and otherwise complies with the Xbox 2 Guide. EA shall notify Microsoft regarding its use of such process or company so that the parties may properly coordinate their activities and approvals. To the extent that Microsoft is unable to accommodate such processes or company, EA shall modify its operations to comply with Microsoft's requirements.

8.9 Security . Microsoft has the right to add to the final release version of the Software Title delivered by EA to Microsoft, and to all FPUs, such digital signature technology and other security technology and copyright management information (collectively, "Security Technology") as Microsoft may determine to be necessary, and/or Microsoft may modify the signature included in any Security Technology included in the Software Title by EA at Microsoft's discretion. Additionally, Microsoft may add Security Technology that prohibits the play of Software Titles on Xbox 2 units sold in a Sales Territory that is different from the Sales Territory in which the FPUs are intended to be distributed, or FPUs that have been modified in any manner not authorized by Microsoft. Any changes in Security Technology will not be applicable to Software Titles in Certification testing or FPUs in manufacturing by an Authorized Replicator, unless such change will not cause any material delay in the delivery date of such FPUs by the Authorized Replicator to EA, or unless otherwise agreed by EA.

8.10 Demo Versions . If EA wishes to distribute a Demo Version, EA must obtain Microsoft's written approval as provided in the Xbox 2 Guide and Microsoft may charge a reasonable fee to offset costs of the Certification. Subject to the terms of the Xbox 2 Guide, Demo Version(s) may be placed on a single disc, either as a stand-alone or with other Demo Versions and the suggested price of such units must be **[***]** or its equivalent in local currency. All rights, obligations and approvals set forth in this Agreement as applying to Software Titles shall separately apply to any Demo Version. **[***]** .

9. Royalties

EA will pay Microsoft royalties in accordance with the terms of Exhibits 2, 2-A and 2-B .

10. Pre-launch Support

It is important to the success of the Xbox 2 platform that it receive positive press at E3 2005 and that leading publishers express their intentions to support the platform at launch. To help drive positive press coverage and confidence in the launch of the platform, Microsoft has requested that demo versions of EA's Xbox 2 software titles be available at E3 2005. EA agrees to provide between three and six demos of launch titles at E3 for these purposes. **[***]** .

11. [***].

12. [***].

13. [***].

14. Xbox 2 Units

At the initial Commercial Release of Xbox 2, Microsoft shall make One Thousand (1,000) Xbox 2 units available for purchase by EA.

15. [***].

[PAGES 12 THROUGH 18 OF THIS AGREEMENT CONTAINING SECTIONS 11 THROUGH 13 AND SECTION 15 HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

16. Marketing, Sales and Support

16.1 EA Responsible . Except as provided for herein, as between Microsoft and EA, EA is solely responsible for the marketing and sales of the Software Titles, and for providing technical and all other support relating to the FPUs (including for End Users of Online Features). EA shall provide all end users appropriate contact information (including without limitation EA's street address and telephone number, and the applicable individual/group responsible for customer support), and shall also provide all such information to Microsoft for posting on http://www.xbox.com, or such successor or related website identified by Microsoft. Except as otherwise provided in Section 3.1.3 of the Xbox Live Amendment, customer support for the Software Titles shall at all times be consistent with the then-applicable industry standards in the console game industry.

16.2 Warranty . EA shall provide the original end user of any FPU a minimum warranty in accordance with local laws and industry practices **[***]** . EA may offer additional warranty coverage consistent with the traditions and practices of video game console publishers within the applicable Sales Territory or as otherwise required by local law.

16.3 No Bundling with Unapproved Peripherals, Products or Software . Except as expressly stated in this Section, EA shall not market or distribute FPUs bundled with any other product or service, nor shall EA knowingly permit or assist any third party in such bundling, without Microsoft's prior written consent. EA may market or distribute (i) FPUs bundled with a Software Title(s) that has been previously certified and released by Microsoft for manufacturing; or (ii) FPUs bundled with a peripheral product (e.g. game pads) that has been previously licensed as an "Xbox 2 Licensed Peripheral" by Microsoft, without obtaining the written permission of Microsoft. EA shall contact Microsoft in advance to confirm that the peripheral or Software Title to be bundled has previously been approved by Microsoft pursuant to a valid license.

16.4 Software Title License . Subject to the prior written consent of EA in each case (which consent will not be unreasonably withheld), EA hereby grants Microsoft a fully-paid, royalty-free, non-exclusive license (i) to publicly perform the Software Titles at conventions, events, trade shows, press briefings, public interactive displays and the like; (ii) to use the title of the Software Title, and screen shots from the Software Title, in advertising and promotional material relating to Xbox 2 and related Microsoft products and services, as Microsoft may reasonably deem appropriate; and (iii) distribute Demo Versions with the Official Xbox Magazine, or as a standalone product with other demo software. Additional marketing and promotional opportunities shall be discussed by the parties. For purposes of the foregoing, it shall not be deemed to be unreasonable for EA to withhold its approval on the basis that (a) its screen shots, advertising materials, etc. would be depicted with Microsoft titles that are competitive to EA's Software Titles, or (b) Microsoft's proposed use is inconsistent with EA's marketing plan for such Software title (e.g., use by Microsoft ahead of EA's official announcement of a Software Title). The parties agree to develop a process whereby Software Titles and/or screen shots thereof may be pre-approved for the uses described in this Section. Nothing herein shall preclude Microsoft from using screen shots, publicity materials, etc. as permitted by law without a license (for example, pursuant to a right of "fair use" under applicable copyright law or a "referential" use under trademark law).

17. Grant of Distribution License, Limitations

17.1 Distribution License . Upon Certification of a Software Title, approval of the Marketing Materials and the Verification Version of the Software Title by Microsoft (as provided in Section 8.3 above), and subject to the terms and conditions contained within this Agreement, Microsoft grants EA a non-exclusive, non-transferable, license to distribute FPUs containing Redistributable and Sample Code (as defined in the XDK License) and Security

Technology (as defined above) within the approved Sales Territories in FPU form to third parties for distribution to end users and/or directly to end users. The license to distribute the FPUs is personal to EA and except for transfers of FPUs through normal channels of distribution (e.g. wholesalers, retailers), absent the written approval of Microsoft, EA may not sublicense or assign its rights under this license to other parties. For the avoidance of doubt, without the written approval of Microsoft, EA may not sublicense, transfer or assign its right to distribute Software Titles or FPUs to another entity that will brand, co-brand or otherwise assume control over such products as a "publisher" as that concept is typically understood in the console game industry. EA's license rights do not include any license, right, power or authority to subject Microsoft's software or derivative works thereof or intellectual property associated therewith in whole or in part to any of the terms of an Excluded License. "Excluded License" means any license that requires as a condition of use, modification and/or distribution of software subject to the Excluded License, that such software or other software combined and/or distributed with such software be (a) disclosed or distributed in source code form; (b) licensed for the purpose of making derivative works; or (c) redistributable at no charge.

17.2 Limitations on Distribution . Except as provided for herein, EA shall distribute FPUs only in the Sales Territories for which the Software Titles have been approved by Microsoft. EA shall not, directly or indirectly export any FPUs from one Sales Territory to another, nor shall EA knowingly permit or assist any third party in doing so, **[***]** . Furthermore, EA shall not directly or indirectly export any FPUs outside of any Sales Territories (as defined herein), nor shall EA distribute FPUs to any person or entity that it has reason to believe may re-distribute or sell such FPUs outside a Sales Territory as defined herein. **[***]** .

17.3 No Reverse Engineering

17.3.1 EA shall not, directly or indirectly, reverse engineer or aid or assist in the reverse engineering of all or any part or component of the Xbox 2, including, but not limited to hardware, software or firmware, except and only to the extent that such activity is expressly permitted by applicable law notwithstanding this limitation and even in such case, subject to the limitations set forth below. For the purposes of this Agreement, "reverse engineer(ing)" shall mean: (a) the x-ray electronic scanning and/or physical or chemical stripping of semiconductor components, including, but not limited to, the motherboard for the Xbox 2; and/or (b) disassembling, decompiling, sniffing, using logic analyzers or electrical probes or replacing the physical components of the Xbox 2 with the purpose or effect of deriving source code.

17.3.2 **[***]**

17.3.3 **[***]**

17.3.4 Notwithstanding the foregoing provisions of Section 17.3, nothing herein shall diminish rights that EA may have under applicable law to reverse engineer hardware components, and/or (subject to subsection 17.3.5 below) software not developed by Microsoft, contained within Xbox 2 units purchased by EA through normal retail channels, provided that the restrictions and conditions on the Evaluation as set forth in Sections (17.3.2.1, 17.3.2.2 and 17.3.2.4 - 17.3.2.8) above shall apply to the results and proceeds from any such reverse engineering.

17.3.5 **[***]**

17.4 Reservation of Rights . Microsoft reserves all rights not explicitly granted herein.

17.5 Ownership of the Software Titles . Except for the intellectual property supplied by Microsoft to EA (including without limitation the Licensed Trademarks hereunder and the licenses in certain software and hardware granted by an XDK License), ownership of which is retained by Microsoft, insofar as Microsoft is concerned, EA will own all rights in and to the Software Titles.

17.6 Sub-Publishing . Notwithstanding Section 16.1, EA may enter into independent agreements with other publishers to distribute Software Titles in multiple approved Sales Territories (a "Sub-Publishing Relationship"), so long as:

17.6.1 EA provides written notice to Microsoft, at least **[***]** days prior to authorizing a Sub-Publisher to manufacture any Software Title(s), of the Sub-Publishing relationship, along with a summary of the scope and nature of the Sub-Publishing Relationship including, without limitation, (i) as between EA and Sub-Publisher, which party will be responsible for Certification of the Software Title(s), (ii) a list of the Software Title(s) for which Sub-Publisher has acquired publishing rights, (iii) the geographic territory(ies) for which such rights were granted, and (iv) the term of EA's agreement with Sub-Publisher; and

17.6.2 The Sub-Publisher has signed an Xbox 2 publisher license agreement ("PLA") and both EA and Sub-Publisher are and remain at all times in good standing under each of their respective PLAs. EA is responsible for making applicable royalty payments for the FPUs for which it places manufacturing orders, and Sub-Publisher is responsible for making royalty payments for the FPUs for which it places manufacturing orders.

17.7 Authorized Affiliates . Through the mutual written agreement by each Party, and once an EA affiliate executes the "Authorized Affiliate" form attached as Exhibit 3 , then EA's authorized affiliate may exercise the rights granted to EA under this Agreement. The foregoing shall not apply to any EA affiliate which pays or intends to pay royalties **[***]** from a European billing address. Any such European affiliate shall instead execute an Xbox 2 Publisher Enrollment with MIOL, a copy of which is attached hereto as Exhibit 4 .

18. Trademark Rights and Restrictions

18.1 Licensed Trademarks License . In each Software Title, FPU, Demo Version and Marketing Materials, EA shall incorporate the Licensed Trademarks and include credit and acknowledgement to Microsoft as set forth in the Branding Specifications. Microsoft grants to EA a non-exclusive, non-transferable, personal license to use the Licensed Trademarks on FPUs, Demo Versions and Marketing Materials according to the Xbox 2 Guide and other conditions herein, and solely in connection with marketing, sale, and distribution in the approved Sales Territories.

18.2 Limitations . EA is granted no right, and shall not purport, to permit any third party to use the Licensed Trademarks in any manner without Microsoft's prior written consent. EA's license to use Licensed Trademarks in connection with the Software Titles and FPUs does not extend to the merchandising or sale of related or promotional products other than approved Demo Versions.

18.3 Branding Specifications . EA's use of the Licensed Trademarks (including without limitation in FPUs and Marketing Materials) must comply with the Branding Specifications set forth in the Xbox 2 Guide. EA shall not use Licensed Trademarks in association with any third party trademarks in a manner that might suggest co-branding or otherwise create potential confusion as to source or sponsorship of the Software Title or FPUs or ownership of the Licensed Trademarks unless Microsoft has otherwise approved such use in writing. Upon notice or other discovery of any non-conformance with the requirements or prohibitions of this Section, EA shall promptly undertake diligent commercial efforts to remedy such non-conformance and notify Microsoft of the non-conformance and remedial steps taken.

18.4 Protection of Licensed Trademarks . **[***]** , EA shall assist Microsoft in protecting and maintaining Microsoft's rights in the Licensed Trademarks, including preparation and execution of documents necessary to register the Licensed Trademarks or record this Agreement, and giving immediate notice to Microsoft of potential infringement of the Licensed Trademarks of which EA becomes aware, except in cases of the mere unauthorized replication and distribution of FPUs or Marketing Materials. Microsoft shall have the sole right to, and in its sole discretion may, commence, prosecute or defend, and control any action concerning the Licensed Trademarks, either in its own name or by joining EA as a party thereto. EA shall not during the Term of this Agreement contest the validity of, by act or omission jeopardize, or take any action inconsistent with, Microsoft's rights or goodwill in the Licensed Trademarks in any country, including attempted registration of any Licensed Trademark, or use or attempted registration of any mark confusingly similar thereto.

18.5 Ownership and Goodwill . EA acknowledges Microsoft's ownership of all Licensed Trademarks, and all goodwill associated with the Licensed Trademarks. Use of the Licensed Trademarks shall not create any right, title or interest therein in EA's favor. EA's use of the Licensed Trademarks shall inure solely to the benefit of Microsoft.

19. Non-Disclosure; Announcements

19.1 Non-Disclosure Agreement . The information, materials and software exchanged by the parties hereunder or under an XDK License, including the terms and conditions hereof and of the XDK License, are subject to the Non-Disclosure Agreement Attached hereto as Exhibit 5 (the "Non-Disclosure Agreement") between the parties, which is incorporated herein by reference; provided, however, that for purposes of the foregoing Section 2(a)(i) of the Non-Disclosure Agreement shall hereinafter read, "[The Receiving Party shall: (i)] Refrain from disclosing Confidential Information of the Disclosing Party to any third parties for as long as such remains undisclosed under 1(b) above except as expressly provided in Sections 2(b) and 2(c) of this [Non-Disclosure] Agreement." In this way, all Confidential Information provided hereunder or by way of the XDK License in whatever form (e.g. information, materials, tools and/or software exchanged by the parties hereunder or under an XDK License), including the terms and conditions hereof and of the XDK License, unless otherwise specifically stated, will be protected from disclosure for as long as it remains Confidential.

19.2 Public Announcements . The parties contemplate that they will coordinate the issuance of initial press releases, or a joint press release, announcing the relationship established by the execution of this Agreement. The parties shall work to cooperatively to ensure that an initial announcement of this agreement shall be similar in stature and magnitude to that of the announcement for the Xbox Live Amendment in May 2004. However, neither party shall issue any such press release or make any such public announcement(s) without the express prior consent of the other party, which consent will not be unreasonably withheld or delayed. Furthermore, the parties agree to use their commercially reasonable efforts to coordinate in the same manner any subsequent press releases and public announcements relating to their relationship hereunder prior to the issuance of the same. Nothing contained in this Section 18.2 will relieve EA of any other obligations it may have under this Agreement, including without limitation its obligations to seek and obtain Microsoft approval of Marketing Materials.

19.3 Required Public Filings . Notwithstanding Sections 19.1 and 19.2, the parties acknowledge that this Agreement, or portions thereof, may be required under applicable law to be disclosed, as part of or an exhibit to a party's required public disclosure documents. If either party is advised by its legal counsel that such disclosure is required, it will notify the other in writing and the parties will jointly seek confidential treatment of this Agreement to the maximum extent reasonably possible, in documents approved by both parties and filed with the applicable governmental or regulatory authorities, and/or Microsoft will prepare a redacted version of this Agreement for filing.

20. Protection of Proprietary Rights

20.1 Microsoft Intellectual Property . If EA learns of any infringement or imitation of the Licensed Trademarks, the Software Titles or the FPUs, or the proprietary rights in or related to any of them, it will promptly notify Microsoft thereof, except in cases of the mere unauthorized duplication and distribution of FPUs ("Pirated FPUs") or Marketing Materials. Microsoft may take such action as it deems advisable for the protection of its rights in and to such proprietary rights, and EA shall, if requested by Microsoft, cooperate in all reasonable respects therein at Microsoft's expense. In no event, however, shall Microsoft be required to take any action if it deems it inadvisable to do so. Microsoft will have the right to retain all proceeds it may derive from any recovery in connection with such actions.

20.2 EA Intellectual Property . EA, without the express written permission of Microsoft, may bring any action or proceeding relating to infringement or potential infringement of the Software Titles or FPUs, to the extent such infringement involves any proprietary rights of EA (provided that EA will not have the right to bring any such action or proceeding involving Microsoft's intellectual property). EA shall make reasonable efforts to inform Microsoft regarding such actions in a timely manner, except where such action involves only the seizure of Pirated FPUs and the prosecution or other legal action against the parties responsible for the unauthorized duplication and/or distribution of Pirated FPUs. EA will have the right to retain all proceeds it may derive from any recovery in connection with such actions. EA agrees to use all commercially reasonable efforts to protect and enforce its proprietary rights in the Software Title.

20.3 Joint Actions . EA and Microsoft may agree to jointly pursue cases of infringement involving the Software Titles (since such products will contain intellectual property owned by each of them). Unless the parties otherwise agree, or unless the recovery is expressly allocated between them by the court (in which case the terms of Sections 19.1 and 19.2 will apply), in the event EA and Microsoft jointly prosecute an infringement lawsuit under this

provision, any recovery will be used first to reimburse EA and Microsoft for their respective reasonable attorneys' fees and expenses, *pro rata*, and any remaining recovery shall also be given to EA and Microsoft *pro rata* based upon the fees and expenses incurred in bringing such action.

21. Warranties

21.1 EA . EA warrants and represents that:

21.1.1 It has the full power to enter into this Agreement;

21.1.2 It has not previously and will not grant any rights to any third party that are inconsistent with the rights granted to Microsoft herein;

21.1.3 The Software Titles, FPUs, Marketing Materials, Online Features, all information, data, logos, software or other materials provided to Microsoft and/or made available to End Users via Xbox Live (excluding those portions that consist of the Licensed Trademarks, Security Technology and redistributable components of the XDK in the form as delivered to EA by Microsoft pursuant to an XDK License) (collectively, the "EA Content") does not and will not infringe upon or misappropriate any third party trade secrets, copyrights, trademarks, patents, publicity, privacy or other proprietary rights.

21.1.4 It shall comply with all laws, regulations and administrative orders and requirements within the relating to the distribution, sale and marketing of the Software Titles, and shall keep in force all necessary licenses, permits, registrations, approvals and/or exemptions throughout the Term and for so long as it is distributing, selling or marketing the Software Titles.

21.2 Microsoft . Microsoft warrants and represents that it has the full power to enter into this Agreement and it has not previously and will not grant any rights to any third party that are inconsistent with the rights granted to EA herein.

21.3 DISCLAIMER . EXCEPT AS EXPRESSLY STATED IN THIS SECTION 21, MICROSOFT PROVIDES ALL MATERIALS (INCLUDING WITHOUT LIMITATION THE SECURITY TECHNOLOGY) AND SERVICES HEREUNDER ON AN "AS IS" BASIS, AND MICROSOFT DISCLAIMS ALL OTHER WARRANTIES UNDER THE APPLICABLE LAWS OF ANY COUNTRY, EXPRESS OR IMPLIED, REGARDING THE MATERIALS AND SERVICES IT PROVIDES HEREUNDER, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTY OF FREEDOM FROM COMPUTER VIRUSES. WITHOUT LIMITATION, MICROSOFT PROVIDES NO WARRANTY OF NON-INFRINGEMENT.

21.4 LIMITATION OF LIABILITY . **[***]** . FURTHERMORE, UNDER NO CIRCUMSTANCES SHALL MICROSOFT BE LIABLE TO EA FOR ANY DAMAGES WHATSOEVER WITH RESPECT TO ANY CLAIMS RELATING TO THE SECURITY TECHNOLOGY AND/OR ITS EFFECT ON ANY SOFTWARE TITLE OR FOR ANY STATEMENTS OR CLAIMS MADE BY EA, WHETHER IN EA'S MARKETING MATERIALS OR OTHERWISE, REGARDING THE AVAILABILITY OR OPERATION OF ANY ONLINE FEATURES.

22. Indemnity. A claim for which indemnity may be sought hereunder is referred to as a "Claim."

22.1 Mutual Indemnification . Each party hereby agrees to indemnify, defend, and hold the other party harmless from any and all claims, demands, costs, liabilities, losses, expenses and damages (including reasonable attorneys' fees, costs, and expert witnesses' fees) arising out of or in connection with any claim that, taking the claimant's allegations to be true, would result in a breach by the indemnifying party of any of its warranties and covenants set forth in Section 21.

22.2 Additional EA Indemnification Obligation . EA further agrees to indemnify, defend, and hold Microsoft harmless from any and all claims, demands, costs, liabilities, losses, expenses and damages (including reasonable attorneys' fees, costs, and expert witnesses' fees) arising out of or in connection with any claim regarding any Software Title or FPU or End User Content (excluding those portions thereof that consist of components of the XDK in the form(s) as delivered to EA by Microsoft pursuant to an XDK License), including without limitation any claim relating to quality, performance, safety thereof, or arising out of EA's use of the Licensed Trademarks in breach of this Agreement **[***]** .

22.3 **[***]** .

22.4 Notice and Assistance . The indemnified party shall: (i) provide the indemnifying party reasonably prompt notice in writing of any Claim and permit the indemnifying party to answer and defend such Claim through counsel chosen and paid by the indemnifying party; and (ii) provide information, assistance and authority to help the indemnifying party defend such Claim. The indemnified party may participate in the defense of any Claim at its own expense. The indemnifying party will not be responsible for any settlement made by the indemnified party without the indemnifying party's written permission, which will not be unreasonably withheld or delayed. In the event the indemnifying party and the indemnified party agree to settle a Claim, the indemnified party agrees not to publicize the settlement without first obtaining the indemnifying party's written permission.

22.5 **[***]** .

23. Term and Termination

23.1 Term . The term of the Agreement shall commence upon execution and continue until **[***]** ("Initial Term"). Thereafter, this Agreement shall renew automatically for successive **[***]** terms ("Renewal Terms"), unless either party shall give notice of non-renewal to the other at least **[***]** prior to the expiration of the Initial Term or any Renewal Term. The Initial Term and any Renewal Term shall be collectively referred to herein as the "Term."

23.2 Termination for Breach . If either party materially fails to perform or comply with this Agreement or any provision thereof **[***]** and fails to remedy the default within **[***]** days after the receipt of notice to that effect, then the other party has the right, at its sole option and upon written notice to the defaulting party, to terminate this Agreement upon written notice; provided that if EA is the party that has materially failed to perform or comply with this Agreement **[***]** , then Microsoft shall have the right, but not the obligation, to suspend availability of the Online Features during such **[***]** . Any notice of default hereunder must be prominently labeled "NOTICE OF DEFAULT"; provided, however, that if the default is of Sections 17 or 18 above, the Non-Disclosure Agreement, or an XDK License, then the non-defaulting party may terminate this Amendment immediately upon written notice, without being obligated to provide a **[***]** day cure period. The rights and remedies provided in this Section are not exclusive and are in addition to any other rights and remedies provided by law or this Agreement. If the uncured default is related to a particular Software Title or particular Online Features, then the party not in default has the right, in its discretion, to terminate this Agreement in its entirety or with respect to the applicable Software Title or the particular Online Features. If Microsoft determines, at any time prior to the Commercial Release of a Software Title, that such Software Title does not materially comply with the requirements set forth in the Xbox 2 Guide, subject to Section 6, or to any applicable laws, then Microsoft has the right, in Microsoft's sole discretion and notwithstanding any prior approvals given by Microsoft, to terminate this Agreement without cost or penalty, on a Software Title by Software Title, or Sales Territory by Sales Territory basis upon written notice to EA with respect to such Software Title or Sales Territory.

23.3 Effect of Termination; Sell-off Rights . Upon termination or expiration of this Agreement, EA has no further right to exercise the rights licensed hereunder or within the XDK License and shall promptly cease all manufacturing of FPUs through its Authorized Replicators and, other than as provided below, cease use of the Licensed Trademarks. EA shall have a period of **[***]** months **[***]** , to sell-off its inventory of (i) FPUs existing as of the date of termination or expiration; and (ii) **[***]** ; after which sell-off period EA shall immediately return all FPUs to an Authorized Replicator for destruction. EA shall cause the Authorized Replicator to destroy all FPUs and issue to Microsoft written certification by an authorized representative of the Authorized Replicator(s) confirming the destruction of FPUs required hereunder. All of EA's obligations under this Agreement shall continue to apply during such **[***]** sell-off period. If this Agreement is terminated due to EA's breach, at Microsoft's option, Microsoft may require EA to immediately destroy all FPUs not yet distributed to EA's distributors, dealers and/or end users and shall require all those distributing the FPUs over which it has control to cease distribution.

23.4 Cross-Default . If Microsoft has the right to terminate this Agreement, then Microsoft may, at its sole discretion also terminate the XDK License and the Xbox Live Amendment, but only as to Xbox 2. If Microsoft terminates the XDK License or the Xbox Live Amendment due to a breach of either agreement by EA, then Microsoft may, at its sole discretion also terminate this Agreement.

23.5 Survival . The following provisions shall survive expiration or termination of this Agreement: 1, 9, 12.6, 13, 15, 16.1, 16.4, 17.4, 17.5, 18.5, 19, 20, 21, 22, 23.3, 23.4, 23.5, and 24.

24. General

24.1 Governing Law; Venue; Attorneys Fees . This Agreement shall be construed and controlled by the laws of the State of Washington, U.S.A., and each party consents to exclusive jurisdiction and venue in the federal courts sitting in **[***]** . Each party waives all defenses of lack of personal jurisdiction and forum non conveniens with respect to any claims brought in the courts specified in the preceding sentence. Process may be served on either party in the manner authorized by local applicable law or court rule. If either party employs attorneys to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees, costs and other expenses. This choice of jurisdiction provision does not prevent either party from seeking injunctive relief with respect to a violation of intellectual property rights or confidentiality obligations in any appropriate jurisdiction.

24.2 Notices; Requests . All notices and requests in connection with this Agreement shall be deemed given (i) **[***]** business days after they are deposited in the U.S. mails, postage prepaid, certified or registered, return receipt requested; or (ii) **[***]** sent by overnight courier, charges prepaid, with a confirming fax **[***]** ; and addressed as follows:

EA:	ELECTRONIC ARTS INC. 209 Redwood Shores Parkway Redwood City, CA 94065 Attention: Executive Vice President, Business and Legal Affairs Fax: 650-628-1375 Phone: 650-628-7402
with a cc to:	ELECTRONIC ARTS INC. 209 Redwood Shores Parkway Redwood City, CA 94065 Attention: General Counsel Fax: 650-628-1424 Phone: 650-628-7305
Microsoft:	MICROSOFT CORPORATION One Microsoft Way Redmond, WA 98052-6399
Attention:	Senior Vice President, Home & Retail Division
with a cc to:	MICROSOFT CORPORATION One Microsoft Way Redmond, WA 98052-6399
Attention:	Law & Corporate Affairs Department Consumer Group
Fax:	(425) 936-7329

or to such other address as the party to receive the notice or request so designates by written notice to the other.

24.3 No Delay or Waiver . No delay or failure of either party at any time to exercise or enforce any right or remedy available to it under this Agreement, and no course of dealing or performance with respect thereto, will

constitute a waiver of any such right or remedy with respect to any other breach or failure by the other party. The express waiver by a party of any right or remedy in a particular instance will not constitute a waiver of any such right or remedy in any other instance. All rights and remedies will be cumulative and not exclusive of any other rights or remedies.

24.4 Assignment

24.4.1 By EA . **[***]** , EA may not assign this Agreement or any portion thereof, to any third party unless Microsoft expressly consents to such assignment in writing. For the purposes of this Agreement, a merger, consolidation, or other corporate reorganization, or a transfer or sale of a controlling interest in a party's stock, or of all or substantially all of its assets to a third party (collectively, a "Sale Event") shall be deemed to be an assignment. **[***]** . In any event, no assignment of this Agreement or any portion thereof shall release EA from any of its obligations under this Agreement, and EA and any permitted assignee shall be jointly and severally liable for the performance of all duties and obligations herein.

24.4.2 By Microsoft . Microsoft will have the right to assign this Agreement and/or any portion thereof as Microsoft may deem appropriate.

24.4.3 This Agreement will inure to the benefit of and be binding upon the parties, their successors, administrators, heirs, and permitted assigns.

24.5 No Partnership . Microsoft and EA are entering into a license pursuant to this Agreement and nothing in this Agreement is to be construed as creating an employer-employee relationship, a partnership, a franchise, or a joint venture between the parties.

24.6 Severability . If any provision of this Agreement is found invalid or unenforceable pursuant to judicial decree or decision, the remainder of this Agreement shall remain valid and enforceable according to its terms. The parties intend that the provisions of this Agreement be enforced to the fullest extent permitted by applicable law. Accordingly, the parties agree that if any provisions are deemed not enforceable, they are to be deemed modified to the extent necessary to make them enforceable.

24.7 Injunctive Relief . The parties agree that EA's threatened or actual unauthorized use of the Licensed Trademarks or other Microsoft proprietary rights whether in whole or in part, may result in immediate and irreparable damage to Microsoft for which there is no adequate remedy at law. Either party's threatened or actual breach of the confidentiality provisions may cause damage to the non-breaching party, and in such event the non-breaching party is entitled to appropriate injunctive relief from any court of competent jurisdiction without the necessity of posting bond or other security.

24.8 Entire Agreement; Modification; No Offer . This Agreement (including the Annual Title Map or Concept as applicable, the Non-Disclosure Agreement, the Xbox 2 Guide, written amendments thereto, and other incorporated documents), the Xbox Live Amendment and the XDK License constitute the entire agreement between the parties with respect to the subject matter hereof and merges all prior and contemporaneous communications. This Agreement shall not be modified except by a written agreement dated subsequent hereto signed on behalf of EA and Microsoft by their duly authorized representatives. Neither this Agreement nor any written or oral statements related hereto constitute an offer, and this Agreement is not legally binding until executed by both parties hereto.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date on the dates indicated below.

MICROSOFT LICENSING, GP

/s/ Roxanne V. Spring
By (sign)

Roxanne V. Spring
Name (Print)

Senior Program Manager
Title

30 June 2005
Date

ELECTRONIC ARTS INC.

/s/ Joel Linzner
By (sign)

Joel Linzner
Name (Print)

EVP, Business & Legal Affairs
Title

May 13, 2005
Date

ELECTRONIC ARTS C.V.*

/s/ Steve Bené
By (sign)

Steve Bené
Name (Print)

Secretary
Title

May 13, 2005
Date

* by its General Partner Electronic Arts UK Holding Co.

EXHIBIT 1
Form of Annual Title Map

[***] [EXHIBIT 1 HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.]

EXHIBIT 2

ROYALTY PAYMENTS

1. Platform Royalty

1.1 For each FPU manufactured during the Term of the Agreement, EA shall pay Microsoft nonrefundable royalties in accordance with the royalty tables set forth below (Tables 1 and 2) and the "Unit Discount" table set forth in Section 1.4 of this Exhibit 2 (Table 3).

1.2 The royalty fee is determined by the "Threshold Price" (which is the Wholesale Price (WSP) or Suggested Retail Price (SRP) at which EA intends to sell the Software Title in the applicable Sales Territory) and the Manufacturing Region where the FPUs are manufactured. To determine the applicable royalty fee for a particular Software Title in a particular Sales Territory, the applicable Threshold Price from Table 1 below will determine the correct royalty "Tier." The royalty rate is then as set forth in Table 2 based on the Manufacturing Region in which the FPUs are to be manufactured. For example, assume the Wholesale Price of a Software Title to be sold in the European Sales Territory is € **[***]** . According to Table 1, Tier A royalty rates would apply to that Software Title and the royalty rate would be determined in Table 2 by the Manufacturing Region. If the FPUs were manufactured in the European Manufacturing Region, the royalty rate would be € **[***]** per FPU. If the Software Title were manufactured in the Asian Manufacturing Region, the royalty rate would be ¥ **[***]** per FPU.

[***]

1.3 Setting the Royalty Rate . EA shall submit to Microsoft, at least **[***]** business days **[***]** for a Software Title, a completed and signed "Royalty Tier Selection Form" in the form attached to the Agreement as Exhibit 2-A for each Sales Territory. The selection indicated in the form will only be effective once the form has been accepted by Microsoft. If EA for any reason does not submit a Royalty Tier Selection Form within the time frame specified above, such failure will not be deemed a breach of this Agreement, but (a) the royalty rate for such Software Title will default to Tier A, regardless of the actual Threshold Price; and (b) unless notified otherwise by EA in writing, the Sales Territory for any FPUs of the Software Title shall be deemed to be the same as the Manufacturing Region for such FPUs. The selection of a royalty Tier for a Software Title in a Sales Territory is binding for the life of that Software Title even if the Threshold Price is reduced following the Software Title's Commercial Release.

1.4 Unit Discounts . EA is eligible for a discount to the royalty rate applicable to FPUs manufactured for a particular Sales Territory (a "Unit Discount") based on the number of FPUs that have been manufactured for sale in that Sales Territory as described in Table 3 below. Note that units manufactured for sale in a Sales Territory are aggregated only towards a discount on FPUs manufactured for that Sales Territory; there is no worldwide or cross-territorial aggregation of units. The discount will be rounded up to the nearest Cent, Yen or hundredth of a Euro.

[***]

i. For North American Sales Territory:
[***]

ii. For Japan Sales Territory:
[***]

1.5 **[***]** .

2. Payment Process

2.1 **[***]** . All payments will be made by wire transfer only, in accordance with the payment instructions set forth in the Xbox 2 Guide.

2.2 EA will pay royalties for FPUs manufactured in the North American Manufacturing Region in US Dollars, for FPUs manufactured in the Asian Manufacturing Region in Japanese Yen and for FPUs manufactured in the European Manufacturing Region in Euros, as set forth in Section 1 above.

3. Billing Address

3.1 EA may have up to three "bill to" addresses for the payment of royalties under this Agreement and receipt of royalties under the Xbox Live Amendment, one for the North American Manufacturing Region, one for the Asian Manufacturing Region excluding Japan and one for Japan. Electronic Arts C.V. agrees to execute and deliver a completed and signed enrollment agreement with Microsoft Ireland Operations Ltd. ("MIOL") in the form attached hereto as Exhibit 4 under which Electronic Arts C.V. may have a billing address for the European Manufacturing Region concurrently with the execution and delivery of the Agreement. EA represents that Electronic Arts C.V. is responsible for EA's operations in Europe, and Microsoft agrees that Electronic Arts C.V. may assign the MIOL enrollment agreement to any other affiliated entity as long as such successor entity is also responsible for EA's operations in Europe.

North America Manufacturing Region:

Name: _____
Address: _____
_____
_____

Attention: _____
Email address: _____
Fax: _____
Phone: _____

Asian Manufacturing Region excluding Japan:

Name: _____
Address: _____
_____
_____

Attention: _____
Email address: _____
Fax: _____
Phone: _____

Japan:

Name: _____
Address: _____
_____
_____

Attention: _____
Email address: _____
Fax: _____
Phone: _____

4. Taxes

4.1 The amounts to be paid by either party to the other under this Amendment do not include any foreign, U.S. federal, state, local, municipal or other governmental taxes, duties, levies, fees, excises or tariffs, arising as a result of or in connection with the transactions contemplated under this Agreement including, without limitation, (i) any state or local sales or use taxes or consumption tax or any value added tax or business transfer tax now or hereafter imposed on the provision of any goods and services to the other party under this Agreement, (ii) taxes imposed or based on or with respect to or measured by any net or gross income or receipts of either party, (iii) any franchise taxes, taxes on doing business, gross receipts taxes or capital stock taxes (including any minimum taxes and taxes measured by any item of tax preference), (iv) any taxes imposed or assessed after the date upon which this Agreement is terminated, (v) taxes based upon or imposed with reference to either party's real and/or personal property ownership, (vi) any taxes similar to or in the nature of those taxes described in (i), (ii), (iii), (iv), or (v) above, now or hereafter imposed on either party (or any third parties with which either party is permitted to enter into agreements relating to its undertakings hereunder) (all such amounts, together with any penalties, interest or any additions thereto, collectively "Taxes"). Each party will be responsible for and pay all Taxes imposed on such party under applicable law with respect to payments made under this Agreement, provided that both parties shall pay to

the other the appropriate Collected Taxes in accordance with subsection 4.2 below. Each party agrees to indemnify, defend and hold the other party harmless from any Taxes (other than Collected Taxes) or claims, causes of action, costs (including, without limitation, reasonable attorneys' fees) and any other liabilities of any nature whatsoever related to such Taxes to the extent such Taxes relate to amounts paid under this Agreement.

4.2 Any sales or use taxes described in 4.1 above that (i) are owed by either party solely as a result of entering into this Agreement and the payment of the fees hereunder, (ii) are required to be collected from that party under applicable law, and (iii) are based solely upon the amounts payable under this Agreement (such taxes the "Collected Taxes"), shall be stated separately as applicable on payee's invoices and shall be remitted by the other party to the payee, and upon request payee shall remit to the other party official tax receipts indicating that such Collected Taxes have been collected and paid by the payee. Either party may provide the other party an exemption certificate acceptable to the relevant taxing authority (including without limitation a resale certificate) in which case payee shall not collect the taxes covered by such certificate. Each party agrees to take such commercially reasonable steps as are requested by the other party to minimize such Collected Taxes in accordance with all relevant laws and to cooperate with and assist the other party in challenging the validity of any Collected Taxes or taxes otherwise paid by the payor party. Each party shall indemnify and hold the other party harmless from any Collected Taxes, penalties, interest, or additions to tax arising from amounts paid by one party to the other under this Agreement, that are asserted or assessed against one party to the extent such amounts relate to amounts that are paid to or collected by one party from the other under this section. If any taxing authority refunds any tax to a party which the other party originally paid, or a party otherwise becomes aware that any tax was incorrectly and/or erroneously collected from the other party, then that party shall promptly remit to the other party an amount equal to such refund or incorrect collection, as the case may be, plus any interest thereon.

4.3 If taxes are required to be withheld on any amounts otherwise to be paid by one party to the other, the paying party shall deduct such taxes from the amount otherwise owed and pay them to the appropriate taxing authority. Each party shall promptly secure and deliver to the other party an official receipt for any such taxes withheld by the first party, or other documents necessary to enable the other party to claim a U.S. Foreign Tax Credit. The parties shall use reasonable efforts to cooperate with and assist each other in obtaining tax certificates or other appropriate tax compliance documentation in connection with such payments.

4.4 This Section 4 shall govern the treatment of all Taxes arising as a result of or in connection with this Agreement notwithstanding any other section of this Agreement.

5. Asian Simship Program

The purpose of this program is to encourage EA to release Japanese FPUs or North American FPUs, that have been multi-region signed to run on NTSC-J boxes (hereinafter collectively referred to as "Simship Titles"), in Hong Kong, Singapore and Taiwan (referred to as "Simship Territory") at the same time as EA releases the Software Title in Japan or North America. In order for a Software Title to qualify as a Simship Title, EA must release the Software Title in the Simship Territory on the same date as the initial release date of such Software Title in the Japan and/or North American Sales Territories, wherever the Software Title was first released (referred to as "Original Territory"). To the extent that a Software Title qualifies as a Simship Title, the applicable royalty tier and Unit Discount is determined as if all FPUs of such Software Title manufactured for distribution in both the Original Territory and the Simship Territory were manufactured for distribution in the Original Territory. For example, if EA initially manufactures **[***]** FPUs of a Title for Japan and simships **[***]** of those units to the Simship Territory, the royalty for all of the FPUs is determined by **[***]** . In this example, EA would also receive a **[***]** Unit Discount on **[***]** units for having exceeded the Unit Discount level specified in 1.4 of this Exhibit 2 applicable to the Japan Sales Territory. EA must provide Microsoft with written notice of its intention to participate in the Asian Simship Program with respect to a particular Software Title at least **[***]** days prior to manufacturing any FPUs that are covered by the program. In its notice, EA shall provide all relevant information, including total number of FPUs to be manufactured, number of FPUs to be simshipped into the Simship Territory, date of simship, etc. EA remains responsible for complying with all relevant import, distribution and packaging requirements as well as any other applicable requirements set forth in the Xbox 2 Guide.

6. Audit

Each party shall keep all usual and proper records related to its performance (and any subcontractor's performance) under this Agreement, for a minimum period of **[***]** years from the date they are created. Such records, books of account, and

entries shall be kept in accordance with generally accepted accounting principles. Each party reserves the right, upon **[***]** business days' notice, to cause a third party independent CPA or law firm to audit the other party's records that are related to such other party's compliance with the terms of this Agreement and the Xbox Live Amendment, and consult with such other party's accountants, for the purpose of verifying such other party's compliance with the terms of this Agreement and the Xbox Live Amendment. This right of inspection and consultation shall expire with respect to all records related to any amounts payable under this Agreement on the **[***]** anniversary of the date of the statement or payment to which such records relate. Any such audit shall be made by the auditing party's independent auditors and shall be conducted during regular business hours at the audited party's (or any applicable subcontractor's) offices in such a manner as not to unreasonably interfere with the audited party's normal business activities, **[***]** . Any such audit shall be paid for by the auditing party unless material payment deficiencies are disclosed. For this purpose, "material" shall mean **[***]** . If any payment deficiencies are disclosed, the audited party shall immediately pay the auditing party **[***]** . This Section 6 supersedes Section 5.6.1 of the Xbox Live Amendment with respect to any and all payments and payment obligations related to Software Titles hereunder and their related offerings on Xbox Live.

EXHIBIT 2-A

ROYALTY TIER SELECTION FORM

PLEASE COMPLETE THE BELOW INFORMATION, SIGN THE FORM, AND FAX IT TO MICROSOFT AT (425) 708-2300 TO THE ATTENTION OF MSLI AND YOUR ACCOUNT MANAGER . UPON RECEIPT OF THE COMPLETED AND SIGNED FORM, MICROSOFT WILL E-MAIL AN ACKNOWLEDGEMENT OF RECEIPT TO THE E-MAIL ADDRESS LISTED BELOW.

NOTES:

- **THIS FORM MUST BE SUBMITTED AT LEAST [***] BUSINESS DAYS [***]. IF THIS FORM IS NOT SUBMITTED ON TIME, THE ROYALTY RATE WILL BE [***] FOR THE APPLICABLE SALES TERRITORY.**
- **A SEPARATE FORM MUST BE SUBMITTED FOR EACH SALES TERRITORY .**

1. Publisher name: _____

2. Xbox Software Title Name: _____

3. XMID Number:

_____ North American
_____ Japan
_____ European
_____ Asian

4. Manufacturing Region (check one):

_____ North America
_____ Europe
_____ Asia

5. Sales Territory (check one):

_____ North American Sales Territory
_____ Japan Sales Territory
_____ European Sales Territory
_____ Asian Sales Territory

6. Final Certification Date:

North American Sales Territory: _____

Japan Sales Territory: _____

European Sales Territory: _____

Asian Sales Territory: _____

7. Select Royalty Tier: (check one): **[***]**

The undersigned represents that he/she has authority to submit this form on behalf of the above publisher, and that the information contained herein is true and accurate.

_____
By (sign)

_____
Name, Title, Company (Print)

_____
E-Mail Address (for confirmation)

_____
Date

EXHIBIT 2-B

JAPAN AND ASIA ROYALTY INCENTIVE PROGRAM

1. Overview

To encourage EA to release localized Software Titles in the Japan and Asia Sales Territories during **[***]** , EA may qualify for a special incentive payment equal to **[***]** according to the terms of this Exhibit 2-B (the "Royalty Incentive Program").

2. Qualified FPUs

In order to qualify for the Royalty Incentive Program, the following requirements must be met.

2.1 Approved Concept Submission Form . EA must send Microsoft a concept submission (in a form to be provided by Microsoft) for any Software Titles EA intends to qualify for the program no later than August 31, 2005. In order for FPUs to qualify for the Royalty Incentive Program, EA's Concept for the Software Title must be received on time and approved.

2.2 J-signed . Only FPUs that are "J-signed" to technically restrict their operation to Xbox consoles made for the Japan and Asia Sales Territories will qualify for the Royalty Incentive Program.

2.3 Sim-Ship . Only FPUs of a Software Title that is commercially released on the Xbox 2 on or before the date the Software Title is commercially released in the Japan Sales Territory or the Asia Sales Territory on any video game platform other than the Xbox 2 (including PC or handheld devices) will qualify for the Royalty Incentive Program.

2.4 Fully Localized . Only FPUs that are Fully Localized will qualify for the Royalty Incentive Program. For FPUs manufactured for distribution in the Japan Sales Territory, "Fully Localized" means that all text in the game, the packaging and the Marketing Materials are in Japanese. For FPUs manufactured for distribution in the Asia Sales Territory, "Fully Localized" means that all text in the game, the packaging and the Marketing Materials are in either Korean or Chinese.

2.5 Public Relations . In order to qualify for the Royalty Incentive Program, EA must allow Microsoft to publicly disclose that the Software Title will be released on Xbox 2 in the Japan or Asia Sales Territories.

2.6 Timely Payment . EA must pay royalties on time in accordance with the Agreement or its credit arrangement with Microsoft in order to qualify for the Royalty Incentive Program.

3. Payment

3.1 Manufacturing Periods . The Royalty Incentive Program will only apply to qualified FPUs manufactured on or before the first anniversary of the Commercial Release of the Xbox 2 in the Japan or Asian Sales Territories (as applicable for the FPU).

3.2 Incentive Payments . Microsoft will make royalty incentive payments within forty-five (45) days of the end of each calendar quarter in which qualified FPUs were manufactured.

3.3 Subject to the terms of this Exhibit 2-B, EA's royalty incentive payment will equal **[***]** .

EXHIBIT 3

AUTHORIZED AFFILIATES

EA affiliates authorized to perform the rights and obligations under this Agreement are:

I. Name: _____
Address: _____
_____
_____
_____

Billing Address (if different):

_____
_____
_____

Telephone: _____
Fax: _____

II. Name: _____
Address: _____
_____
_____
_____

Billing Address (if different):

_____
_____
_____

Telephone: _____
Fax: _____

EA will provide Microsoft at least **[***]** calendar days prior written notice of the name and address of each additional EA affiliate that EA wishes to add to this Exhibit 3. Any additional EA affiliate may not perform any rights or obligations under the Agreement until it has signed and submitted a EA Affiliate Agreement (attached below) to Microsoft

EA AFFILIATE AGREEMENT

For good and valuable consideration, _____, a corporation of _____("EA Affiliate") hereby covenants and agrees with Microsoft Licensing, GP **,** a Nevada general partnership that EA Affiliate will comply with all obligations of Electronic Arts Inc., a Delaware corporation ("EA") pursuant to that certain Xbox 2 Publisher License Agreement between Microsoft and EA dated _____, 2005 (the "Agreement") and to be bound by the terms and conditions of this EA Affiliate Agreement. Capitalized terms used herein and not otherwise defined will have the same meaning as in the Agreement.

EA Affiliate acknowledges that its agreement herein is a condition for EA Affiliate to exercise the rights and perform the obligations established by the terms of the Agreement. EA Affiliate and EA will be jointly and severally liable to Microsoft for all obligations related to EA Affiliate's exercise of the rights, performance of obligations, or receipt of Confidential Information under the Agreement, provided, however, that the rights set forth in Sections 10-15 of the Agreement shall be personal to EA per the terms of the Agreement and not to EA Affiliate. This EA Affiliate Agreement may be terminated in the manner set forth in the Agreement. Termination of this EA Affiliate Agreement does not terminate the Agreement.

IN WITNESS WHEREOF, EA Affiliate has executed this agreement as of the date set forth below. All signed copies of this EA Affiliate Agreement will be deemed originals.

_____
Signature

_____
Title

_____
Name (Print)

_____
Date

EXHIBIT 4

XBOX 2 PUBLISHER ENROLLMENT

This Xbox Publisher License Enrollment ("Enrollment") is entered into between Microsoft Ireland Operations Ltd. ("MIOL") and _____("Publisher"), and effective as of the latter of the two signatures identified below. The terms of that certain Xbox 2 Publisher License Agreement signed by Microsoft Licensing GP and Electronic Arts Inc. and Electronic Arts C.V. dated on or about _____, 2005 (the "Xbox 2 PLA") are incorporated herein by reference, with the exception that such incorporation does not create additional payment rights for Electronic Arts C.V. pursuant to this Enrollment beyond those provided for "EA" under Sections 10-15 of the Xbox 2 PLA.

1. Term . This Enrollment will expire on the date on which the Xbox 2 PLA expires, unless it is terminated earlier as provided for in that agreement.

2. Representations and Warranties . By signing this Enrollment, the parties agree to be bound by the terms of this Enrollment, and Publisher represents and warrants that: (i) it has read and understood the Xbox 2 PLA, including any amendments thereto, and agree to be bound by those; (ii) it is either the entity that signed the Xbox 2 PLA or its affiliate; and (iii) the information that provided herein is accurate.

3. Notices; Requests . All notices and requests in connection with this Agreement are deemed given (i) on the **[***]** day after they are deposited in the applicable country's mail system (**[***]** days if sent internationally), postage prepaid, certified or registered, return receipt requested; or (ii) **[***]** after they are sent by overnight courier, charges prepaid, with a confirming fax; and addressed as follows:

Publisher: _____		Microsoft:	MICROSOFT IRELAND OPERATIONS LTD.
		Attention:	
		with a cc to:	MICROSOFT CORPORATION One Microsoft Way Redmond, WA 98052-6399
Attention: Fax: Phone: Email: _____		Attention:	Law & Corporate Affairs Department Consumer Group Fax: (425) 706-7329

or to such other address as the party to receive the notice or request so designates by written notice to the other.

5. Billing Address . For purposes of the Xbox PLA Exhibit 1, Section 3, Publisher's billing address is as follows:

Name: _____
Address: _____
_____

Attention: _____
Email address: _____
Fax: _____
Phone: _____

MICROSOFT IRELAND OPERATIONS LTD.	_____
_____	_____
By (sign)	By (sign)
_____	_____
Name (Print)	Name (Print)
_____	_____
Title	Title
_____	_____
Date	Date

EXHIBIT 5

MICROSOFT CORPORATION NON-DISCLOSURE AGREEMENT
(STANDARD RECIPROCAL)

This Non-Disclosure Agreement (the "Agreement") is made and entered into as of the later of the two signature dates below by and between MICROSOFT CORPORATION, a Washington corporation ("Microsoft"), and Electronic Arts, a Delaware corporation ("Company").

IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS CONTAINED IN THIS AGREEMENT AND THE MUTUAL DISCLOSURE OF CONFIDENTIAL INFORMATION, THE PARTIES HERETO AGREE AS FOLLOWS:

1 Definition of Confidential Information and Exclusions

(a) "Confidential Information" means nonpublic information that a party to this Agreement ("Disclosing Party") designates as being confidential to the party that receives such information ("Receiving Party") or which, under the circumstances surrounding disclosure ought to be treated as confidential by the Receiving Party. "Confidential Information" includes, without limitation, information in tangible or intangible form relating to and/or including released or unreleased Disclosing Party software or hardware products, the marketing or promotion of any Disclosing Party product, Disclosing Party's business policies or practices, and information received from others that Disclosing Party is obligated to treat as confidential. Except as otherwise indicated in this Agreement, the term "Disclosing Party" also includes all Affiliates of the Disclosing Party and, except as otherwise indicated, the term "Receiving Party" also includes all Affiliates of the Receiving Party. An "Affiliate" means any person, partnership, joint venture, corporation or other form of enterprise, domestic or foreign, including but not limited to subsidiaries, that directly or indirectly, control, are controlled by, or are under common control with a party. Prior to the time that any Confidential Information is shared with an Affiliate who has not signed this Agreement, the Receiving Party that executed this Agreement below (the "Undersigned Receiving Party") shall have entered into an appropriate written agreement with that Affiliate sufficient to enable the Disclosing Party and/or the Undersigned Receiving Party to enforce all of the provisions of this Agreement against such Affiliate.

(b) Confidential Information shall not include any information, however designated, that: (i) is or subsequently becomes publicly available without Receiving Party's breach of any obligation owed Disclosing Party; (ii) became known to Receiving Party prior to Disclosing Party's disclosure of such information to Receiving Party pursuant to the terms of this Agreement; (iii) became known to Receiving Party from a source other than Disclosing Party other than by the breach of an obligation of confidentiality owed to Disclosing Party; (iv) is independently developed by Receiving Party; or (v) constitutes Feedback (as defined in Section 5 of this Agreement).

2. Obligations Regarding Confidential Information

(a) Receiving Party shall:

(i) Refrain from disclosing any Confidential Information of the Disclosing Party to third parties for five (5) years following the date that Disclosing Party first discloses such Confidential Information to Receiving Party, except as expressly provided in Sections 2(b) and 2(c) of this Agreement;

(ii) Take reasonable security precautions, at least as great as the precautions it takes to protect its own confidential information, but no less than reasonable care, to keep confidential the Confidential Information of the Disclosing Party;

(iii) Refrain from disclosing, reproducing, summarizing and/or distributing Confidential Information of the Disclosing Party except in pursuance of Receiving Party's business relationship with Disclosing Party, and only as otherwise provided hereunder; and

(iv) Refrain from reverse engineering, decompiling or disassembling any software code and/or pre-release hardware devices disclosed by Disclosing Party to Receiving Party under the terms of this Agreement, except as expressly permitted by applicable law.

(b) Receiving Party may disclose Confidential Information of Disclosing Party in accordance with a judicial or other governmental order, provided that Receiving Party either (i) gives the undersigned Disclosing Party reasonable notice

prior to such disclosure to allow Disclosing Party a reasonable opportunity to seek a protective order or equivalent, or (ii) obtains written assurance from the applicable judicial or governmental entity that it will afford the Confidential Information the highest level of protection afforded under applicable law or regulation. Notwithstanding the foregoing, the Receiving Party shall not disclose any computer source code that contains Confidential Information of the Disclosing Party in accordance with a judicial or other governmental order unless it complies with the requirement set forth in sub-section (i) of this Section 2(b).

(c) The undersigned Receiving Party may disclose Confidential Information only to Receiving Party's employees and consultants on a need-to-know basis. The Receiving Party will have executed or shall execute appropriate written agreements with its employees and consultants sufficient to enable Receiving Party to enforce all the provisions of this Agreement.

(d) Receiving Party shall notify the undersigned Disclosing Party immediately upon discovery of any unauthorized use or disclosure of Confidential Information or any other breach of this Agreement by Receiving Party and its employees and consultants, and will cooperate with Disclosing Party in every reasonable way to help Disclosing Party regain possession of the Confidential Information and prevent its further unauthorized use or disclosure.

(e) Receiving Party shall, at Disclosing Party's request, return all originals, copies, reproductions and summaries of Confidential Information and all other tangible materials and devices provided to the Receiving Party as Confidential Information, or at Disclosing Party's option, certify destruction of the same.

3. Remedies

The parties acknowledge that monetary damages may not be a sufficient remedy for unauthorized disclosure of Confidential Information and that Disclosing Party shall be entitled, without waiving any other rights or remedies, to such injunctive or equitable relief as may be deemed proper by a court of competent jurisdiction.

4. Miscellaneous

(a) All Confidential Information is and shall remain the property of Disclosing Party. By disclosing Confidential Information to Receiving Party, Disclosing Party does not grant any express or implied right to Receiving Party to or under any patents, copyrights, trademarks, or trade secret information except as otherwise provided herein. Disclosing Party reserves without prejudice the ability to protect its rights under any such patents, copyrights, trademarks, or trade secrets except as otherwise provided herein.

(b) In the event that the Disclosing Party provides any computer software and/or hardware to the Receiving Party as Confidential Information under the terms of this Agreement, such computer software and/or hardware may only be used by the Receiving Party for evaluation and providing Feedback (as defined in Section 5 of this Agreement) to the Disclosing Party. Unless otherwise agreed by the Disclosing Party and the Receiving Party, all such computer software and/or hardware is provided "AS IS" without warranty of any kind, and Receiving Party agrees that neither Disclosing Party nor its suppliers shall be liable for any damages whatsoever arising from or relating to Receiving Party's use of or inability to use such software and/or hardware.

(c) The parties agree to comply with all applicable international and national laws that apply to (i) any Confidential Information, or (ii) any product (or any part thereof), process or service that is the direct product of the Confidential Information, including the U.S. Export Administration Regulations, as well as end-user, end-use and destination restrictions issued by U.S. and other governments. For additional information on exporting Microsoft products, see http://www.microsoft.com/exporting/.

(d) The terms of confidentiality under this Agreement shall not be construed to limit either the Disclosing Party or the Receiving Party's right to independently develop or acquire products without use of the other party's Confidential Information. Further, the Receiving Party shall be free to use for any purpose the residuals resulting from access to or work with the Confidential Information of the Disclosing Party, provided that the Receiving Party shall not disclose the Confidential Information except as expressly permitted pursuant to the terms of this Agreement. The term "residuals" means information in intangible form, which is retained in memory by persons who have had access to the Confidential Information, including ideas, concepts, know-how or techniques contained therein. The Receiving Party shall not have any obligation to limit or restrict the assignment of such persons or to pay royalties for any work resulting from the use of residuals. However, this sub-paragraph shall not be deemed to grant to the Receiving Party a license under the Disclosing Party's copyrights or patents.

(e) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. It shall not be modified except by written agreement dated subsequent to the date of this Agreement and signed by both parties. None of the provisions of this Agreement shall be deemed to have been waived by any act or acquiescence on the part of Disclosing Party, the Receiving Party, their agents, or employees, but only by an instrument in writing signed by an authorized employee of Disclosing Party and the Receiving Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision(s) or of the same provision on another occasion.

(f) If either Disclosing Party or the Receiving Party employs attorneys to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs. This Agreement shall be construed and controlled by the laws of the State of Washington, and the parties further consent to exclusive jurisdiction and venue in the federal courts sitting in King County, Washington, unless no federal subject matter jurisdiction exists, in which case the parties consent to the exclusive jurisdiction and venue in the Superior Court of King County, Washington. Company waives all defenses of lack of personal jurisdiction and forum non conveniens. Process may be served on either party in the manner authorized by applicable law or court rule.

(g) This Agreement shall be binding upon and inure to the benefit of each party's respective successors and lawful assigns; provided, however, that neither party may assign this Agreement (whether by operation of law, sale of securities or assets, merger or otherwise), in whole or in part, without the prior written approval of the other party. Any attempted assignment in violation of this Section shall be void.

(h) If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

(i) Either party may terminate this Agreement with or without cause upon ninety (90) days prior written notice to the other party. All sections of this Agreement relations to the right and obligations of the parties concerning Confidential Information disclosed during the term of the Agreement shall survive any such termination.

4. Suggestions and Feedback

The Receiving Party may from time to time provide suggestions, comments or other feedback ("Feedback") to the Disclosing Party with respect to Confidential Information provided originally by the Disclosing Party. Both parties agree that all Feedback is and shall be given entirely voluntarily. Feedback, even if designated as confidential by the party offering the Feedback, shall not, absent a separate written agreement, create any confidentiality obligation for the receiver of the Feedback. Receiving Party will not give Feedback that is subject to license terms that seek to require any Disclosing Party product, technology, service or documentation incorporating or derived from such Feedback, or any Disclosing Party intellectual property, to be licensed or otherwise shared with any third party. Furthermore, except as otherwise provided herein or in a separate subsequent written agreement between the parties, the receiver of the Feedback shall be free to use, disclose, reproduce, license or otherwise distribute, and exploit the Feedback provided to it as it sees fit, entirely without obligation or restriction of any kind on account of intellectual property rights or otherwise.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

COMPANY: ELECTRONIC ARTS INC.
Address: 209 Redwood Shores Parkway
Redwood City, CA 94065

Sign: /s/ M. West

Print Name: M. West

Print Title: SVP CIO

Signature Date: 4/8/04

MICROSOFT CORPORATION
One Microsoft Way
Redmond, WA 98052-6399

Sign: /s/ Laura Wallace

Print Name: Laura Wallace

Print Title: GM, Northern California

Signature Date: 4/26/04

Exhibit 15.1

Awareness Letter of KPMG LLP, Independent Registered Public Accounting Firm

The Board of Directors
Electronic Arts Inc.:

With respect to the subject registration statements on Form S-8 (Nos. 33-66836, 33-55212, 33-53302, 33-41955, 33-82166, 33-61783, 333-09683, 333-32239, 333-32771, 333-60513, 333-60517, 333-84215, 333-39432, 333-44222, 333-67430, 333-99525, 333-107710, 333-117990, 333-120256, 33-127156, 333-131933, 333-138532, 333-145182, 333-148596, 333-152757, and 333-161229) and the registration statement on Form S-3 (No. 333-155409), of Electronic Arts Inc., we acknowledge our awareness of the incorporation by reference therein of our report dated November 10, 2009 related to our review of interim financial information included in Form 10-Q for the quarterly period ended October 3, 2009.

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 independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP

Mountain View, California
November 10, 2009

Exhibit 31.1

ELECTRONIC ARTS INC.

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

I, John S. Riccitiello, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. 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
    d. 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: November 10, 2009

By: /s/ John S. Riccitiello
John S. Riccitiello
Chief Executive Officer

Exhibit 31.2

ELECTRONIC ARTS INC.

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

I, Eric F. Brown, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. 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
    d. 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: November 10, 2009

By: /s/ Eric F. Brown
Eric F. Brown
Executive Vice President,
Chief Financial Officer

Exhibit 32.1

ELECTRONIC ARTS INC.

Certification of 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 September 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John S. Riccitiello, Chief Executive Officer of Electronic Arts Inc., certify, pursuant to 18 USC 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/ John S. Riccitiello
John S. Riccitiello
Chief Executive Officer
Electronic Arts Inc.

November 10, 2009

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 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 September 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric F. Brown, Executive Vice President and Chief Financial Officer of Electronic Arts Inc., certify, pursuant to 18 USC 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/ Eric F. Brown
Eric F. Brown
Executive Vice President,
Chief Financial Officer
Electronic Arts Inc.

November 10, 2009

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.