

ELECTRONIC ARTS INC
Form DEF 14A
June 30, 2003

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

ELECTRONIC ARTS INC.

(Name of Registrant As Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

No Fee required

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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

Notes:

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NOTICE OF ANNUAL

STOCKHOLDERS MEETING

AND

PROXY STATEMENT

PLEASE COMPLETE, SIGN, DATE AND

RETURN YOUR PROXY CARD PROMPTLY

June 30, 2003

Dear Fellow Stockholders:

You are cordially invited to join us at the 2003 Annual Meeting of Stockholders that will be held at 207 Redwood Shores Parkway in Redwood City, California on July 31, 2003 at 2:00 p.m. At this meeting the stockholders will elect eight Directors, vote on amendments to the 2000 Equity Incentive and Employee Stock Purchase Plans, and ratify the appointment of KPMG LLP as our auditors for the next fiscal year. After the meeting, we will report on our performance in the last year and answer your questions. Our products will be on display before and after the meeting.

Enclosed with this Proxy Statement are your Proxy Card and voting instructions and our 2003 Annual Report.

We know that it is not practical for most stockholders to attend the Annual Meeting in person. Whether or not you attend, your vote is important. You may vote your shares via the internet, or a toll-free telephone number. Instructions for using these services are provided on your proxy card. Of course you may still vote your shares on the proxy card.

I look forward to seeing you at the meeting.

Sincerely,

Lawrence F. Probst III

Chairman and Chief Executive Officer

VOTING INSTRUCTIONS

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, WE STRONGLY ENCOURAGE YOU TO DESIGNATE THE PROXIES SHOWN ON THE ENCLOSED CARD TO VOTE YOUR SHARES.

WE ARE PLEASED TO OFFER YOU THREE OPTIONS FOR DESIGNATING THE PROXIES AND INDICATING YOUR VOTING PREFERENCES:

- (1) you may complete, sign, date and return by mail the enclosed proxy card

OR

- (2) you may follow the instructions found on the proxy card and vote by telephone

OR

- (3) you may follow the instructions found on the proxy card and vote via the internet

If you choose to vote via telephone or the internet, you will have a PIN number assigned to you on the proxy card that you will use to safeguard your vote.

Notice of 2003 Annual Meeting of Stockholders

DATE: July 31, 2003

TIME: 2:00 P.M.

PLACE: ELECTRONIC ARTS HEADQUARTERS

Auditorium North Pole/South Pole

207 Redwood Shores Parkway

Redwood City, CA 94065

MATTERS TO BE VOTED UPON:

1. Election of eight Directors to hold office for a one-year term;
2. Amendment to the 2000 Equity Incentive Plan to increase by 5,500,000 the number of shares of the Company's Class A common stock reserved for issuance under the Plan;
3. Amendment to the 2000 Employee Stock Purchase Plan to increase by 150,000 the number of shares of the Company's Class A common stock reserved for issuance under the Plan;
4. Ratification of the appointment of KPMG LLP as our independent auditors for fiscal year 2004; and
5. Any other matters that may properly come before the meeting.

OUR BOARD OF DIRECTORS RECOMMENDS YOU VOTE **FOR** EACH OF THE NOMINEES AND **FOR** EACH PROPOSAL.

Stockholders of record at the close of business on June 4, 2003 are entitled to notice of the meeting and to attend and vote at the meeting. A complete list of these stockholders will be available at the Company's headquarters prior to the meeting.

By Order of the Board of Directors,

Ruth A. Kennedy

Executive Vice President,

General Counsel and Secretary

PROXY STATEMENT

PROXY STATEMENT

Our Board of Directors is soliciting proxies for the 2003 Annual Meeting of Stockholders. This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read it carefully.

The Board set June 4, 2003 as the record date for the meeting. Stockholders who owned the Company's Class A common stock on that date are entitled to notice of the meeting, and to attend and vote at the meeting, with each share entitled to one vote. There were 145,608,716 shares of the Company's Class A common stock outstanding on the record date.

Stockholders who owned the Company's Class B common stock on that date are entitled to notice of the meeting, and to attend and vote at the meeting, with each share entitled to .05214 of one vote. There were 225,130 shares of the Company's Class B common stock outstanding on the record date, representing 11,738 votes.

Voting materials, which include the Proxy Statement, Proxy Card and 2003 Annual Report, are being mailed to stockholders on or about June 30, 2003.

In this Proxy Statement:

EA, we and Company mean Electronic Arts Inc.

2000 Equity Plan or Equity Plan means the Company's 2000 Equity Incentive Plan formerly known as the 2000 Class A Equity Incentive Plan.

2000 Purchase Plan or ESPP means the Company's 2000 Employee Stock Purchase Plan.

Holding shares in street name means your Company shares are held in an account at a bank, brokerage firm or other nominee.

All Class A common stock numbers have been adjusted to reflect a one share for one share stock dividend effected September 8, 2000, unless otherwise noted.

COMMONLY ASKED QUESTIONS and ANSWERS

Q: *Why am I receiving this Proxy Statement and Proxy Card?*

A: This Proxy Statement describes proposals on which you, as a stockholder, will vote. It also gives you information on these proposals, as well as other information so that you can make an informed decision.

Q: *What is the Proxy Card?*

A: The proxy card enables you to appoint Lawrence F. Probst III and Warren C. Jenson as your representatives at the Annual Meeting. By completing and returning the proxy card, you are authorizing Mr. Probst and Mr. Jenson to vote your shares at the meeting as you have instructed them on the proxy card. This way your shares will be voted whether or not you attend the meeting. Even if you plan to attend the meeting, it is a good idea to complete and return your proxy card, or vote by telephone or on the internet before the meeting date just in case your plans change.

If a proposal comes up for vote at the meeting that is not on the proxy card, Mr. Probst and Mr. Jenson will vote your shares, under your proxy, according to their best judgment.

Q: *Who can vote at the Annual Meeting?*

A: Stockholders who owned EA's Class A and Class B common stock on June 4, 2003 may attend and vote at the Annual Meeting. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to .05214 of one vote. There were 145,833,846 shares of the Company's Class A and Class B common stock outstanding on June 4, 2003, representing a total of 145,620,454 votes.

Q: *What am I voting on?*

A: We are asking you to:

Elect eight Directors

Amend the 2000 Equity Incentive Plan to increase by 5,500,000 the number of shares of the Company's Class A common stock reserved for issuance under the Plan

Amend the 2000 Employee Stock Purchase Plan to increase by 150,000 the number of shares of the Company's Class A common stock reserved for issuance under the Plan

Ratify the appointment of our auditors for fiscal year 2004

Q: *How do I vote?*

A: You may vote by mail

Complete, date, sign and mail the proxy card in the enclosed postage pre-paid envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct.

If you do not mark your voting instructions on the proxy card, your shares will be voted:

- q for the election of eight Directors

- q for the amendment to the 2000 Equity Incentive Plan

- q for the amendment to the 2000 Purchase Plan

- q for ratification of the appointment of our auditors for fiscal year 2004

You may vote by telephone

You may do this by following the Vote by Telephone instructions on your proxy card. If you vote by telephone, you do not have to mail in your proxy card.

You may vote on the internet

You may do this by following the Vote by Internet instructions on your proxy card. If you vote by internet, you do not have to mail in your proxy card. The law of Delaware, where we are incorporated, allows a proxy to be sent electronically, so long as it includes or is accompanied by information that lets the inspector of elections determine it has been authorized by the stockholder.

You may vote in person at the meeting

You may complete the ballot we will pass out to any stockholder who wants to vote at the meeting. However, if you hold your shares in street name, you must request a proxy from your stockbroker in order to vote at the meeting.

QUESTIONS AND ANSWERS

Q: *What does it mean if I receive more than one proxy card?*

A: It means that you have multiple accounts at the transfer agent or with stockbrokers. Please complete and return all proxy cards to ensure that all your shares are voted.

Q: *What if I change my mind after I return my proxy?*

A: You may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by:

Sending a signed statement to the Company that the proxy is revoked. (you may send such a statement to the Company's Secretary at our corporate headquarters address listed on the Notice of Meeting) or

Signing another proxy with a later date, or

Voting by telephone or on the internet (your latest telephone or internet vote is counted), or

Voting at the meeting.

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

Q: *Will my shares be voted if I do not sign and return my proxy card?*

A: If your shares are registered in your name, they will not be voted unless you submit your proxy card, vote by telephone or on the internet or vote in person at the meeting. If your shares are held in street name, your bank, brokerage firm or other nominee, under certain circumstances, may vote your shares.

Brokerage firms, banks and other nominees may vote customers' unvoted shares in routine matters. Generally, a broker may not vote a customer's unvoted shares on non-routine matters without instructions from the customer and must instead submit a broker non-vote. A broker non-vote is counted toward the shares needed for a quorum, but is not counted in determining whether a matter has been approved.

EA believes that all of our proposals described later under "Proposals To Be Voted On" are routine matters. However, we encourage you to provide instructions to your broker or bank by submitting your proxy in order to ensure your shares will be voted at the meeting.

Q: *Who will count the votes?*

A: Employees of Wells Fargo Shareowner Services will tabulate the votes and act as the inspectors of election.

Q: *How many shares must be present to hold the meeting?*

A: To hold the meeting and conduct business, a majority of EA's outstanding voting shares as of June 4, 2003 must be present at the meeting. On this date a total of 145,833,846 shares of Class A and Class B common stock were outstanding and entitled to vote a total of 145,620,454 votes. Shares representing a majority, or 72,810,228 of these votes must be present. This is called a quorum.

Votes are counted as present at the meeting if the stockholder either:

is present and votes in person at the meeting, or

has properly submitted a proxy card or voted via telephone or the internet.

Q: *How many votes must the nominees have to be elected as Directors?*

A: The eight nominees receiving the highest number of for votes will be elected as Directors. This number is called a plurality.

Q: *What happens if one or more of the nominees is unable to stand for re-election?*

A: The Board may reduce the number of Directors or select a substitute nominee. In the latter case, if you have completed and returned your proxy card, Lawrence F. Probst III and Warren C. Jenson can vote your shares for a substitute nominee. They cannot vote for more than eight nominees.

Q: *How many votes must the amendments to the 2000 Equity Plan and 2000 Purchase Plan have to pass?*

A: To pass, the amendments must receive a for vote of a majority of the votes present at the meeting in person or by proxy and voting for this proposal.

Q: *How are votes counted?*

A: You may vote either for each nominee or withhold your vote. You may vote for , against or abstain on the proposals to amend the 2000 Equity Plan and 2000 Purchase Plan, and for ratification of the independent auditors.

If you abstain from voting on the 2000 Plan amendments, or on the auditors, it has the same effect as a vote against.

If you sign and return your proxy without voting instructions, your shares will be counted as a for vote in favor of each nominee and in favor of each proposal.

Q: *Where do I find the voting results of the meeting?*

A: We will announce preliminary voting results at the meeting. We will publish the final results in our quarterly report on Form 10-Q for the second fiscal quarter of 2004. We will file that report with the Securities and Exchange Commission, and you can get a copy by contacting our Investor Relations Hotline at (650) 628-7352 or the SEC at (800) SEC-0330 for the location of its nearest public reference room. You can also get a copy on the internet at www.info.ea.com or through the SEC's electronic data system called EDGAR at www.sec.gov.

Q: *Why is EA amending the 2000 Equity Plan?*

A: We are amending the 2000 Equity Plan to increase the number of shares available. We want to ensure that there are approved sufficient shares for employees to participate in our 2000 Equity Plan. The Company believes it is essential to be able to grant stock options to new and existing employees in order to recruit and retain key talent.

Q: *Why is EA amending the 2000 Purchase Plan?*

A: We are amending the 2000 Purchase Plan to increase the number of shares available. The Purchase Plan permits the purchase of EA Class A common stock by employees of EA through payroll deductions and provides continuing opportunities for employees of EA to become stockholders.

Q: *Who will pay for this proxy solicitation?*

A: The Company has retained Georgeson & Company Inc. to solicit proxies from stockholders at an estimated fee of \$8,000 plus expenses and EA will pay these costs. This fee does not include our costs of printing and mailing the proxy statements. Some of our officers and other agents may also solicit proxies personally, by telephone and by mail, and we will pay these costs as well. EA will also reimburse brokerage houses and other custodians for their reasonable out-of-pocket expenses for forwarding proxy and solicitation material to the beneficial owners of common stock.

Q: *Whom can I call with any questions?*

A: You may call Wells Fargo Shareowner Services at 1-800-468-9716 or www.wellsfargo.com/shareownerservices.

PROPOSALS TO BE VOTED ON

Proposals To Be Voted On

1. ELECTION OF DIRECTORS

Nominee for election this year:

Gregory B. Maffei

Nominees for re-election this year are:

M. Richard Asher

William J. Byron

Leonard S. Coleman

Gary M. Kusin

Timothy Mott

Lawrence F. Probst III

Linda J. Sere

The Board recommends a vote for these nominees.

Mr. Maffei was appointed as a Director by the Board of Directors effective June 3, 2003. Each of the remaining nominees is presently a Director of the Company, and all nominees have consented to serve a one-year term.

2. AMENDMENT TO THE 2000 EQUITY INCENTIVE PLAN

The 2000 Equity Plan, which initially was approved by the stockholders on March 22, 2000, continues EA's program to provide equity incentives by granting options to employees qualified under the 2000 Equity Plan to purchase shares of the Company's common stock. These grants are offered to assist the Company in recruiting and retaining qualified officers and employees of the Company and its subsidiaries and affiliates. Since its initial approval by the stockholders, the Company has reserved 17,700,000 shares of its Class A common stock for issuance under the plan.

This amendment would:

Increase the number of shares by 5,500,000 to a total of 23,200,000 shares of Class A common stock for issuance under the 2000 Equity Plan.

The Board recommends a vote for the amendment to the 2000 Equity Plan.

If you would like more information about the 2000 Equity Plan, a summary of its terms is included as Appendix A to this Proxy Statement.

3. AMENDMENT TO THE 2000 EMPLOYEE STOCK PURCHASE PLAN

The 2000 Employee Stock Purchase Plan, which was approved by the stockholders on July 27, 2000, provides employees of EA with a convenient means of acquiring equity in the Company through payroll deductions. It also provides an incentive for continued employment. Since its initial approval by the stockholders, the Company has reserved 1,000,000 shares of its common stock for issuance under the 2000 Purchase Plan.

This amendment would:

Increase the number of shares by 150,000 to a total of 1,150,000 shares of Class A common stock for issuance under the 2000 Purchase Plan.

The Board recommends a vote for the amendment to the 2000 Employee Stock Purchase Plan.

If you would like more information about the 2000 Purchase Plan, a summary of its terms is included as Appendix B to this Proxy Statement.

4. RATIFICATION OF THE APPOINTMENT OF KPMG LLP, INDEPENDENT AUDITORS

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KPMG LLP has audited the financial statements of EA and its consolidated subsidiaries since fiscal year 1987. The Board, through its Audit Committee, has appointed them for fiscal year 2004. The Audit Committee and the Board believe that KPMG LLP's long-term knowledge of EA and its subsidiaries is valuable to the Company. Representatives of KPMG LLP have direct access to members of the Audit Committee and the Board. Representatives of KPMG LLP will attend the meeting in order to respond to appropriate questions from stockholders, and may make a statement if they desire to do so.

Ratification of the appointment of KPMG LLP as our independent auditors is not required by our bylaws or otherwise. The Board of Directors has determined to submit this proposal to the stockholders as a matter of good corporate practice. If the stockholders do not ratify the appointment, the Audit Committee will review their future selection of auditors.

Even if the appointment is ratified, the Audit Committee may, in its discretion, direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interest of the Company and the stockholders.

The Board recommends a vote to ratify the appointment of KPMG LLP.

5. OTHER BUSINESS

The Board knows of no other business for consideration at the meeting. If other matters are properly presented at the meeting, or at any adjournment or postponement of the meeting, Lawrence F. Probst III and Warren C. Jenson will vote, or otherwise act, in accordance with their judgment on such matters.

BOARD OF DIRECTORS

BIOGRAPHIES

M. RICHARD ASHER

DIRECTOR SINCE 1984

Mr. Asher, age 71, is presently an attorney and a consultant. He was a senior executive officer and CEO in the music and record business with CBS, Warner Brothers and PolyGram Records for over 25 years. Mr. Asher is a Director of several private companies and previously served as a Director for a number of public companies.

WILLIAM J. BYRON

DIRECTOR SINCE 1989

Mr. Byron, age 70, is currently self-employed. Previously Mr. Byron was President of Sanyo Electric Consumer Products Division and Vice Chairman of the Sanyo Fisher Corporation.

LEONARD S. COLEMAN

DIRECTOR SINCE 2001

Mr. Coleman, age 54, was appointed as a Director by EA's Board of Directors effective June 1, 2001. He has been Senior Advisor to Major League Baseball since November 1999 and, from 2001 to 2002, Mr. Coleman was the Chairman of ARENACO, a subsidiary of Yankees/Nets. Mr. Coleman was President of The National League of Professional Baseball Clubs from 1994 to 1999, having previously served since 1992 as Executive Director, Market Development of Major League Baseball. Mr. Coleman serves on the Board of Directors of Cendant Corporation and the following corporations which file reports pursuant to the Exchange Act: Owens Corning, The Omnicom Group, New Jersey Resources, H. J. Heinz Company, Churchill Downs and Aramark. Mr. Coleman is also a Director of several not-for-profit organizations including the Jackie Robinson Foundation of which he is the Chairman.

GARY M. KUSIN

DIRECTOR SINCE 1995

Mr. Kusin, age 52, is currently President and Chief Executive Officer of Kinko's, Inc., a leading provider of document solutions and business services. From September 1998 to July 2001 he was the Chief Executive Officer of HQ Global Workplaces, Inc., a global leader in office outsourcing. In April 2002, HQ Global filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Prior to September 1998, Mr. Kusin was co-founder and Chairman of Kusin Gurwitch Cosmetics, LLC and co-founder and President of Babbages, Inc.

THE BOARD OF DIRECTORS

GREGORY B. MAFFEI

DIRECTOR SINCE 2003

Mr. Maffei, age 43, was appointed as a Director by EA's Board of Directors effective June 3, 2003. He has been Chief Executive Officer of 360networks Corporation, a broadband telecom service provider, since January 2000 and became Chairman in November 2002. Previously, Mr. Maffei was Senior Vice President, Finance and Administration and CFO of Microsoft Corporation. He joined Microsoft in 1993 and was named Treasurer in 1994 and Vice President, Corporate Development in 1995. He also served as Chairman of Expedia, Inc. from 1999 to 2002 and will continue to serve on their Board until July 31, 2003. Mr. Maffei serves on the Board of Directors of Starbucks Coffee and aQuantive.

TIMOTHY MOTT

DIRECTOR SINCE 1990

Mr. Mott, age 54, has been Chairman and CEO of All Covered, a provider of computer and network support and services since 2001. Mr. Mott is also the managing partner of Ironwood Capital, an investment company.

LAWRENCE F. PROBST III

DIRECTOR SINCE 1991

Mr. Probst, age 53, has been employed by EA since 1984. He has served as Chairman of the Board since July 1994, and Chief Executive Officer since May 1991. Previously Mr. Probst served as President from 1991 until 1998 and Senior Vice President of EA Distribution from 1987 to 1991.

LINDA J. SRERE

DIRECTOR SINCE 2001

Ms. Srere, age 47, was appointed as a Director by EA's Board of Directors effective June 11, 2001. She is currently a Marketing and Advertising consultant. Previously, Ms. Srere was President of Young & Rubicam Advertising. Since 1994, Ms. Srere held many positions with Young & Rubicam Inc. (Y&R), including Vice Chairman and Chief Client Officer, Executive Vice President and Director of Business Development, Group Managing Director, and in 1997, was named Chief Executive Officer of Y&R's New York office, becoming the first female CEO in the company's 75-year history.

NUMBER OF DIRECTORS

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At the meeting, stockholders will elect Directors to hold office until the next Annual Meeting. The Company's Board currently has eight members. Mr. Maffei is nominated for election by the stockholders for the first time. The remaining seven Directors are nominees for re-election this year. Shares represented by the proxy will be voted for the election of the eight nominees recommended by EA's management unless the Proxy is marked to withhold authority to so vote.

BOARD, BOARD COMMITTEES AND MEETINGS

Our Board of Directors currently consists of eight Directors as described in Proposal 1, Election of Directors, comprised of seven independent Directors and the Chief Executive Officer.

The Board meets on a fixed schedule four times each year and also occasionally holds special meetings and acts by written consent. At each regularly scheduled meeting the independent members of the Board meet separately without management present, and a lead Director rotates in accordance with the preference of the independent Directors.

The Board currently has three committees, each of which operates under a charter approved by the Board: the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. The Board amended the Audit Committee charter in February of 2003 (See Appendix C) and the Compensation Committee and the Nominating and Governance Committee Charters were adopted by the Board in February and May 2003 respectively. In accordance with the charters for each, and with current and pending regulatory requirements, all members of these Committees are outside independent Directors. During fiscal year 2003 each member of the Board of Directors participated in at least 75% of all Board meetings and Committee meetings held during the period for which he or she was a member. The Committee members are as follows:

Audit	Gary M. Kusin (Chair), M. Richard Asher and Timothy Mott (until July 1, 2003) and Gregory B. Maffei (as of July 1, 2003)
Compensation	M. Richard Asher (Chair), William J. Byron and Linda J. Srere
Nominating and Governance	Linda J. Srere (Chair), Leonard S. Coleman and Timothy Mott

The Audit Committee assists the Board in its oversight of the company's financial reporting and other matters, and is directly responsible for the appointment, compensation and oversight of our independent auditors. See the Report of the Audit Committee below and the Amended Audit Committee Charter annexed as Appendix C to this Proxy Statement. The Audit Committee met ten times in fiscal 2003.

The Compensation Committee is responsible for setting the overall compensation strategy for the Company, for determining the compensation of the CEO and other executive officers and for overseeing the Company's equity incentive plans and other benefit plans. See the Report of the Compensation Committee below. The Compensation Committee met six times in fiscal 2003 and also acts regularly by written consent.

The Nominating and Governance Committee has been reconstituted from a nominating function to a nominating and governance function this year. Accordingly, it is responsible for recommending to the Board nominees for election to the Board of Directors, for appointing Directors to Board committees and for reviewing developments in corporate governance, reviewing and ensuring the quality of the Company's semi-annual Talent and Succession Plans, and recommending formal governance standards to the Board. Among the governance recommendations made to and adopted by the Board are the following: independent Directors meet regularly outside the presence of management, led by a rotating lead Director; the Board will conduct a self evaluation at least annually beginning this year, and each Director must submit his or her resignation for consideration by the Board upon reaching 75 years of age, upon 15 years of service on the Board, or upon a significant change in employment responsibilities. The Board also authorized the Committee to develop, for its consideration, a formal set of Governance Principles including those listed above. The Nominating and Governance Committee met once in Fiscal 2003 after reconstituting itself as the Nominating and Governance Committee. Prior to that time, the nominating functions were addressed by the entire Board of Directors.

DIRECTOR COMPENSATION

DIRECTOR COMPENSATION

Mr. Probst, the Company's Chief Executive Officer, is not paid additional compensation for his services as a Director. During fiscal 2003, compensation for non-employee Directors included the following stock and cash elements:

CASH COMPENSATION

\$16,000 annual retainer

\$1,200 for each Board meeting attended

\$950 for each telephone Board meeting attended

\$1,000 for each Committee meeting attended

\$750 for each telephone Committee meeting attended

\$1,000 per day, with the approval of the Board of Directors, to individual Directors for special assignments

STOCK COMPENSATION

Under the 1998 Directors' Stock Option Plan, non-employee Directors receive an automatic grant of options to purchase 8,000 shares of Class A common stock upon re-election. New Directors receive a grant of 25,000 shares to purchase Class A common stock under the Directors' Plan upon their election or appointment.

Under the Board Stock Ownership Guidelines, each non-employee Director is also required, within three years of 1998 or appointment, to own EA Class A common shares having a value of at least 3 years annual retainer.

An annual option grant to purchase 8,000 shares of Class A common stock under the Directors' Plan was granted to each non-employee Director on August 1, 2002, the date of their re-election to the Board, at an exercise price of \$58.82 per share.

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Formerly, an annual option grant to purchase 2,500 shares of Class B common stock under the 2000 Class B Equity Plan was granted to each non-employee Director on the date of their re-election to the Board. On February 13, 2003, the Board resolved that all Directors would forfeit their Class B option rights as of the date of the Board meeting. The Board further resolved that the Board would not receive any further grants under the 2000 Class B Equity Plan, and amended that Plan accordingly.

Under the Directors' and Equity Incentive Plans, non-employee Directors may elect to receive all or part of their cash compensation in the Company's Class A common stock.

The material terms regarding the exercise price of options, vesting, changes in capital structure, assumption of options and acceleration of vesting and prohibitions on repricing under the Directors' Plan are substantially similar to the terms of the Equity Incentive Plan, summarized in Appendix A to this Proxy Statement.

PRINCIPAL STOCKHOLDERS

This table shows how much EA common stock is owned by the Directors, certain executive officers and owners of more than 5% of the Company's outstanding common stock, as of May 30, 2003.

Title of Class Common Stock	Name	Number of Shares Owned⁽¹⁾	Right to Acquire⁽²⁾
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