

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14D-9

**SOLICITATION/RECOMMENDATION STATEMENT UNDER SECTION 14(d)(4) OF THE SECURITIES
EXCHANGE ACT OF 1934**

TAKE-TWO INTERACTIVE SOFTWARE, INC.

(Name of Subject Company)

TAKE-TWO INTERACTIVE SOFTWARE, INC.

(Name of Person Filing Statement)

COMMON STOCK, PAR VALUE \$0.01 PER SHARE

(Title of Class of Securities)

874054109

(CUSIP Number of Class of Securities)

Ben Feder

Chief Executive Officer

Take-Two Interactive Software, Inc.

622 Broadway

New York, NY 10012

(646) 536-2842

(Name, address and telephone number of person authorized to receive
notices and communications on behalf of the person filing statement)

Copies to:

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Executive Vice President and
General Counsel
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622 Broadway
New York, NY 10012
(646) 536-2842

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**Check the box if the filing relates to preliminary communications made before the
commencement date of a tender offer.**

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ITEM 1. SUBJECT COMPANY INFORMATION

Name and Address. The name of the subject company is Take-Two Interactive Software, Inc., a Delaware corporation ("Take-Two" or the "Company"). The address of the Company's principal executive offices is 622 Broadway, New York, New York 10012, and the telephone number of the Company's principal executive offices is (646) 536-2842.

Securities. The title of the class of equity securities to which this Schedule 14D-9 relates is the common stock, par value \$0.01 per share, of the Company (the "Shares").

As of the close of business on March 21, 2008 there were 76,826,485 Shares issued and outstanding.

ITEM 2. IDENTITY AND BACKGROUND OF FILING PERSON

Name and Address. The filing person is the Company. The name, business address and business telephone number of the Company are set forth in "Item 1. Subject Company Information."

Tender Offer. This Schedule 14D-9 relates to the tender offer by EA08 Acquisition Corp. ("Purchaser"), a Delaware corporation and wholly owned subsidiary of Electronic Arts Inc. ("EA"), to purchase all of the issued and outstanding Shares at a purchase price of \$26.00 net per Share in cash (subject to applicable withholding taxes), without interest, upon the terms and conditions set forth in the Offer to Purchase dated March 13, 2008 (the "Offer to Purchase") and in the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer") contained in the Schedule TO filed by the Purchaser (the "Schedule TO") with the Securities and Exchange Commission (the "SEC") on March 13, 2008. The Offer materials, including the Offer to Purchase and Letter of Transmittal, were separately mailed to stockholders of the Company.

The Offer is conditioned upon, among other things: (i) Take-Two having entered into a merger agreement with Purchaser and EA providing for the consummation of the Offer and the Merger (as defined below) on terms satisfactory to EA and Purchaser in their reasonable judgment, including representations and warranties that are reasonably satisfactory to EA and Purchaser and are not subject to any exceptions that reflect facts, circumstances or conditions that would result in a failure to satisfy any other condition to the Offer; (ii) there having been validly tendered and not withdrawn at least the number of Shares, which, together with the Shares then owned by EA and its subsidiaries (including Purchaser), represents at least a majority of the total number of Shares outstanding on a fully diluted basis (taking into account, without limitation, all Shares issuable upon the exercise of any options, warrants, convertible securities or rights or pursuant to other contractual obligations) on the date of the purchase of Shares pursuant to the Offer; (iii) Purchaser being satisfied, in its sole discretion, that the restrictions on business combinations with interested stockholders set forth in Section 203 of the General Corporation Law of the State of Delaware (the "DGCL") are inapplicable to the Offer and the Merger; (iv) the absence of certain adverse changes in market conditions, including a condition that there is not any decline, measured from the date of the Offer, in the Dow Jones Industrial Average, the Standard and Poor's Index of 500 Industrial Companies or the NASDAQ Composite Index by an amount in excess of 15%, measured from the close of business on the date of the Offer; (v) Take-Two not having adopted, established or entered into any new employment, change in control, severance compensation or similar agreement, arrangement or plan with or for one or more of its employees, consultants, directors or affiliates, or adopted, established or entered into or amended, or made grants or awards pursuant to, any agreements, arrangements or plans so as to provide for increased benefits to, or otherwise taken any action to provide for acceleration of any awards under any agreements, arrangements or plans affecting, one or more employees, consultants, directors or affiliates, whether or not as a result of or in connection with the transactions contemplated by the Offer or the Merger or any other business combination with the Company; and (vi) any applicable waiting period under the

Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, having expired or having been terminated prior to the expiration of the Offer.

As disclosed in the Company's proxy statement, dated February 28, 2008 (the "2008 Proxy Statement"), and the supplement thereto, dated March 26, 2008 (the "Proxy Statement Supplement"), for the Company's annual meeting of stockholders formerly scheduled to be held on April 10, 2008 but currently scheduled to be held on April 17, 2008 (the "Annual Meeting"), the Company has submitted to its stockholders a proposal to amend the Company's Incentive Stock Plan to increase the number of Shares reserved for issuance under that plan by 2,000,000 Shares and to permit the issuance of awards under such plan to consultants, including 1,500,000 Shares of restricted stock to ZelnickMedia Corporation ("ZelnickMedia"), a media investment and management firm retained by the Company to provide the Company with financial and management consulting services. The Offer provides that if the stockholders of the Company approve this proposal, Purchaser intends to amend the Offer to reduce the purchase price to \$25.74 net per Share. The Offer further provides that if such an amendment is made, Purchaser will extend the Offer to the extent required by Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

According to the Offer to Purchase, if the Offer is consummated, EA and Purchaser intend, as soon as practicable after consummation of the Offer, to have EA, Purchaser or another direct or indirect wholly owned subsidiary of EA consummate a second-step merger or similar business combination with the Company (the "Merger"). At the effective time of the Merger, each then outstanding Share (other than Shares held by EA and Purchaser, Shares held in the treasury of the Company, Shares held by subsidiaries of the Company, if any, and Shares held by Take-Two stockholders who have not tendered Shares in the Offer and who properly seek appraisal for their Shares in accordance with Section 262 of the DGCL) would be canceled and converted automatically into the right to receive an amount in cash per Share equal to the highest price per Share paid by EA and Purchaser pursuant to the Offer, without interest (and less any applicable withholding taxes). Upon consummation of the Merger, the Company would become a wholly-owned subsidiary of EA.

As set forth in the Schedule TO, the principal offices of Purchaser are located at 209 Redwood Shores Parkway, Redwood City, California 94065, and its telephone number is (650) 628-1500.

ITEM 3. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS

If the Company's directors and executive officers were to tender any Shares they own for purchase pursuant to the Offer, they would receive the same cash consideration per Share on the same terms and conditions as the other stockholders of the Company. As of March 21, 2008, the Company's directors and executive officers owned an aggregate of 18,766 Shares and ZelnickMedia did not own any Shares. Strauss Zelnick, Executive Chairman and a director of the Company, Ben Feder, Chief Executive Officer and a director of the Company, and Karl Slatoff, Executive Vice President of the Company, are partners of ZelnickMedia. The foregoing amounts exclude Shares underlying options and exclude unvested shares of restricted stock, which are discussed in the next paragraph. If the directors and executive officers were to tender all of their 18,766 Shares owned by them for purchase pursuant to the Offer and those Shares were purchased by the Purchaser for \$26.00 per Share, the directors and executive officers would receive an aggregate of \$487,916 in cash. As discussed below under Item 4(c), to the knowledge of the Company, none of the Company's directors or executive officers or ZelnickMedia currently intends to tender any of their Shares for purchase pursuant to the Offer.

In addition, if following completion of the Offer, Purchaser were to own a majority of the Company's outstanding Shares (the "Tender Offer Change of Control"): (1) all unvested options to purchase Shares would vest if the Board of Directors or the Compensation Committee of the Board of Directors takes action to accelerate the options and (2) other than restricted Shares to be issued to ZelnickMedia if stockholders approve the proposed amendment to the Company's incentive stock plan as described in the following paragraph and except as otherwise provided in certain employment

agreements with the Company, all restricted Shares would vest unless the Board of Directors takes action to prevent them from vesting. As of March 21, 2008, the Company's directors and executive officers held options to purchase an aggregate of 419,500 Shares, 305,667 of which were unvested, with exercise prices ranging from \$10.42 to \$25.95 and an aggregate weighted exercise price of \$19.93 per Share and owned an aggregate of 218,925 restricted Shares. As of March 21, 2008, ZelnickMedia held options to purchase 2,009,075 Shares, 334,845 of which had vested and 1,674,230 of which had not vested, with an exercise price of \$14.74 per Share.

The management agreement between the Company and ZelnickMedia and the employment agreements between the Company and certain of its executive officers contain provisions relating to vesting of equity awards and the payment of compensation in the event of a change in control, such as would occur upon the Tender Offer Change of Control. For further information with respect to these matters, see (i) the 2008 Proxy Statement under the headings: "Election of Directors;" "Compensation Discussion and Analysis;" "Executive Compensation;" "Voting Security Ownership of Certain Beneficial Owners and Management;" "Approval of the Amendment and Restatement of the Take-Two Interactive Software, Inc. Incentive Stock Plan (Proposal 2);" and "Annex A—Take-Two Interactive Software, Inc.—Incentive Stock Plan (as amended effective April 10, 2008);" and (ii) the Proxy Statement Supplement under the heading "Executive Compensation-Employment, Management and Separation Agreements-ZelnickMedia Corporation-Management Agreement." In addition, pursuant to the Company's employment agreement with Gary Dale, Executive Vice President of the Company, 66,667 unvested options and 16,667 restricted Shares held by Mr. Dale automatically would vest under certain circumstances following a change of control, such as would occur upon the Tender Offer Change of Control. To the knowledge of the Company, except as disclosed therein and in this Schedule 14D-9, as of the date of this Schedule 14D-9, there is no material agreement, arrangement or understanding, or actual or potential conflict of interest between the Company or any of its affiliates and (1) the Company's executive officers, directors or affiliates or (2) Purchaser or its executive officers, directors or affiliates. The 2008 Proxy Statement and the Proxy Statement Supplement are incorporated by reference in this Item 3 and are attached hereto as Exhibits (e)(1) and (e)(2), respectively.

ITEM 4. THE SOLICITATION OR RECOMMENDATION

(a) The Board's Recommendation.

After careful consideration by the Board of Directors, including a thorough review of the Offer with the Company's financial and legal advisors and following a discussion among the independent members of the Board of Directors in executive session, the Board of Directors, by unanimous vote at a meeting held on March 20, 2008, determined that the Offer is inadequate and not in the best interests of the Company's stockholders.

ACCORDINGLY, AND FOR THE OTHER REASONS DESCRIBED IN MORE DETAIL BELOW, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS REJECT THE OFFER AND NOT TENDER THEIR SHARES TO PURCHASER PURSUANT TO THE OFFER. If you have tendered your Shares, you can withdraw them. For assistance in withdrawing your Shares, you can contact your broker or either of our information agents, MacKenzie Partners, Inc. ("MacKenzie") or Innisfree M&A Incorporated ("Innisfree") at the addresses and phone numbers below.

Mackenzie Partners, Inc.
105 Madison Ave.
New York, NY 10016
Tel: 1-800-322-2885

Innisfree M&A Inc.
501 Madison Ave, 20th Floor
New York, NY 10022
Tel: 1-888-750-5834

In reaching the conclusions and in making the recommendation described above, the Board consulted with the Company's management, as well as the Company's financial and legal advisors, and

took into account a number of reasons, described in more detail below including, but not limited to, the Board's belief that the Offer undervalues the Shares based on the Company's historical financial performance and future opportunities.

A copy of the press release relating to the recommendation to reject the Offer is filed as Exhibit (a)(2) to this Schedule 14D-9 and is incorporated herein by reference.

(b) Reasons for the Board's Recommendation.

In reaching the conclusion that the Offer is inadequate and not in the best interests of the Company's stockholders, and in making the recommendation set forth above, the Board of Directors consulted with management of the Company and the Company's financial and legal advisors and took into account numerous factors, including, but not limited to, the following:

- **The Offer price is inadequate and substantially undervalues the Company.** The Board of Directors has determined that the Offer price is inadequate and substantially undervalues the Company's established position in the interactive entertainment software market, robust and enviable stable of game franchises, extensive portfolio of owned intellectual property, creative talent, strong consumer loyalty and a growing sports business. In particular, the Offer does not adequately compensate stockholders for the Company's valuable franchises include more than 20 brands (in addition to *Grand Theft Auto*) that have sold one million or more units each, of which more than one-half are internally owned and developed and therefore deliver higher profit margins than licensed products.
- **The Company's financial advisors have each delivered an opinion stating that the Offer price, as of the date of such opinion, was inadequate, from a financial point of view, to the stockholders of the Company.** On March 20, 2008, Lehman Brothers Inc. ("Lehman Brothers") and Bear, Stearns & Co. Inc. ("Bear Stearns") rendered oral opinions, which were subsequently confirmed in writing, to the Board of Directors to the effect that, as of that date and subject to certain assumptions, qualifications and other considerations set forth in their respective written opinions, the consideration of \$26.00 net per Share in cash offered by Purchaser in the Offer was inadequate, from a financial point of view, to the stockholders of the Company. Copies of Lehman Brothers' and Bear Stearns' opinions are filed as exhibits (a)(3) and (a)(4), respectively. You are urged to read these opinions in their entirety.
- **The Company's directors and executive officers believe that the Offer price is inadequate and do not intend to tender their Shares.** The Company's directors and executive officers believe that their understanding of and familiarity with the Company's business, financial condition, current business strategy and future prospects have not been fully reflected in the Offer price. As a result, to the Company's knowledge, none of the Company's directors or executive officers or ZelnickMedia currently intends to tender any of their Shares for purchase pursuant to the Offer.
- **The Board of Directors is committed to exploring strategic alternatives to maximize stockholder value and may be able to find a better alternative to the Offer.** After the Company's release of *Grand Theft Auto IV*, scheduled for April 29, 2008, the Board of Directors is committed to exploring alternatives to maximize stockholder value, which may include a business combination of the Company with third parties or with EA, remaining independent, or other strategic or financial alternatives that could deliver higher stockholder value than the Offer. The Board continues to believe that the Company will be best positioned, from the perspective of both value and timing, to conduct such a review at that time. The Company has received indications of interest from third parties with respect to possible business combination transactions involving the Company since EA's announcement, but no substantive discussions with respect thereto have yet occurred. To facilitate its efforts to explore alternatives to maximize stockholder value, the Company has begun to assemble the materials necessary for interested parties to conduct due diligence. Prior to the release of *Grand Theft Auto IV*, the Company is willing to enter into confidentiality agreements on customary terms and to engage in preliminary conversations (not

in the Company's view amounting to negotiations) with interested parties, including EA. The Board of Directors believes that tendering Shares into the Offer before the Board of Directors and its advisors have had the opportunity fully to explore alternatives to the Offer could preclude its ability to effect an alternative transaction that could provide superior value to the Company's stockholders.

- **In order to afford the Company an opportunity to explore strategic alternatives, the Board of Directors has adopted a stockholders rights plan.** On March 24, 2008, the Board of Directors adopted a stockholders rights plan, sometimes referred to as a "poison pill," and declared a distribution of rights to stockholders of record at the close of business on April 7, 2008. The Board took these actions in order to give it additional time to explore strategic alternatives to maximize stockholder value. The Board has committed to redeem these rights not later than 180 days after the date of the adoption of the stockholders rights plan.
- **The timing of the Offer is opportunistic.** The Offer is opportunistic and has been timed to take advantage of the upcoming release of *Grand Theft Auto IV*, one of the most valuable and durable franchises in the interactive entertainment software industry and the Company's biggest selling and most profitable franchise. EA launched an unsolicited bid for the Company even though the Company had extended an offer to negotiate with EA immediately following the release of *Grand Theft Auto IV* and, subject to the fiduciary duties of the Board of Directors, offered not to negotiate with any other third parties in the interim without first contacting EA. The Board of Directors believes the full commercial potential of the game will not be evident until after its release, and that the Offer was timed to capture the value of that anticipated commercial success at the expense of the Company's stockholders.
- **The Offer does not reflect progress in the Company's revitalization efforts.** The Offer price does not reflect the significant progress the Company has made in its revitalization efforts since June 2007, including the implementation of a more streamlined and efficient operating structure, a cost cutting initiative that is achieving annualized savings of at least \$25 million and a more disciplined product investment review process. Benefits of the revitalization plan have yet to be recognized fully in either the current stock price or in the Offer price.
- **The Offer does not reflect the Company's potential synergy value that a proposed combination with EA would create.** The Offer does not compensate the Company for the significant potential synergy value that the proposed combination would create. EA has been unwilling to estimate publicly the synergy potential but has acknowledged that there is significant synergy potential. Potential synergies related to a proposed combination include: realizing a sales uplift as a result of a broader reach of distribution infrastructure; leveraging investments in online, wireless and other evolving platforms; optimizing sports offerings; and reducing sales, general and administrative costs significantly. Certain equity research analysts concur with this point of view and have estimated that EA would realize approximately \$50 million to \$210 million in synergies per year following completion of a transaction.
- **The Offer does not properly reflect the Company's business, financial condition, current business strategy and future prospects.** The Board of Directors believes that management's and the Board of Directors' understanding of and familiarity with the Company's business, financial condition, current business strategy and future prospects has not been fully reflected in the Company's results of operations or Share price. The Company's management and Board of Directors remain entirely focused on generating the maximum value for stockholders. Stockholders elected new senior management and members of the Board of Directors less than one year ago because of this team's commitment to, and track record of, creating stockholder value, and industry experience. The Board of Directors believes that the Company's senior management will be able to create stockholder value meaningfully in excess of the Offer price

through the continued execution of the Company's current revitalization plan and business strategy.

- **The consideration offered by EA is taxable.** The consideration offered by EA would in general be taxable to the Company's stockholders.
- **The Offer is highly conditional.** The Offer is highly conditional, which results in significant uncertainty that the Offer will be consummated. A number of the conditions are broadly drafted, are of questionable relevance, are solely for the benefit of the Purchaser, and may be asserted by Purchaser in its "sole judgment." Some of these conditions restrict the Company's ability to manage its business in the ordinary course and are not capable of being satisfied. The Company has taken actions that it believes are in the best interests of stockholders, which are not in conformity with the conditions, such as the amendments to employment agreements described in Item 8(f) below. Included in the express conditions to which the Offer is subject are the following conditions, among others:
 - Take-Two having entered into a merger agreement with Purchaser and EA providing for the consummation of the Offer and the Merger on terms satisfactory to EA and Purchaser in their reasonable judgment, including representations and warranties that are reasonably satisfactory to EA and Purchaser and are not subject to any exceptions that reflect facts, circumstances or conditions that would result in a failure to satisfy any other condition to the Offer;
 - there having been validly tendered and not withdrawn at least the number of Shares, which, together with the Shares then owned by EA and its subsidiaries (including Purchaser), represents at least a majority of the total number of Shares outstanding on a fully diluted basis (taking into account, without limitation, all shares issuable upon the exercise of any options, warrants, convertible securities or rights or pursuant to other contractual obligations) on the date of the purchase of Shares pursuant to the Offer;
 - Purchaser being satisfied, in its sole discretion, that the restrictions on business combinations with interested stockholders set forth in Section 203 of the DGCL are inapplicable to the Offer and the Merger;
 - the absence of certain adverse changes in market conditions, including a condition that there is not any decline, measured from the date of the Offer, in the Dow Jones Industrial Average, the Standard and Poor's Index of 500 Industrial Companies or the NASDAQ Composite Index by an amount in excess of 15%, measured from the close of business on the date of the Offer;
 - Take-Two not having adopted, established or entered into any new employment, change in control, severance compensation or similar agreement, arrangement or plan with or for one or more of its employees, consultants, directors or affiliates, or adopted, established or entered into or amended, or made grants or awards pursuant to, any agreements, arrangements or plans so as to provide for increased benefits to, or otherwise taken any action to provide for acceleration of any awards under any agreements, arrangements or plans affecting, one or more employees, consultants, directors or affiliates, whether or not as a result of or in connection with the transactions contemplated by the Offer or the Merger or any other business combination with the Company; and
 - any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, having expired or having been terminated prior to the expiration of the Offer.

The foregoing discussion of the information and factors considered by the Board of Directors of the Company is not intended to be exhaustive but addresses the material information and factors considered by the Board of Directors in its consideration of the Offer. In view of the variety of factors

and the amount of information considered, the Board of Directors did not find it practicable to provide specific assessments of, quantify or otherwise assign any relative weights to, the specific factors considered in determining their recommendations. The Board of Directors' determination was made after consideration of the factors taken as a whole. Individual members of the Board of Directors may have given differing weights to different factors. In addition, in arriving at their respective recommendations, the members of the Board of Directors were aware of the interests of certain officers and directors of the Company as described in Item 3 above and in the 2008 Proxy Statement and the Proxy Statement Supplement.

For information with respect to the background of the proposed Offer and related matters, see "Background to Proposals by Electronic Arts Inc." in the Proxy Statement Supplement.

(c) Intent to Tender.

To the knowledge of the Company, none of the Company's directors or executive officers or ZelnickMedia currently intends to tender any of their shares for purchase pursuant to the Offer.

ITEM 5. PERSONS/ASSETS RETAINED, EMPLOYED, COMPENSATED OR USED

Bear Stearns was retained by the Company to act as financial advisor in connection with the Board's evaluation of possible strategic alternatives. In connection with such assignment, Bear Stearns is also advising the Board with respect to the Offer. The Company has agreed to pay Bear Stearns customary compensation for its services, a portion of which is payable upon the rendering of a fairness opinion in connection with a transaction and a significant portion of which is contingent upon a sale of the Company, such as the consummation of the Offer. The Company has also agreed to indemnify Bear Stearns and certain related persons against certain liabilities relating to or arising out of its engagement. Bear Stearns has previously been engaged by the Company and ZelnickMedia to provide certain investment banking services in matters unrelated to the Offer, for which Bear Stearns has received (or expects to receive) customary fees. Bear Stearns may seek to provide the Company, ZelnickMedia, EA and their respective affiliates with certain investment banking services unrelated to the Offer in the future. In the ordinary course of business, Bear Stearns, its successors and affiliates may hold or trade, for their own accounts and the accounts of their customers, the Company's securities and/or the securities of Purchaser and its affiliates, and, accordingly, may at any time hold a long or short position in such securities.

Lehman Brothers was also retained by the Company to act as financial advisor in connection with EA's acquisition proposal to the Company regarding its sale and any other extraordinary corporate transaction that the Company may contemplate as a result of its consideration of EA's acquisition proposal. The Company has agreed to pay Lehman Brothers customary compensation for its services, a portion of which became payable upon the rendering of the inadequacy opinion described above in connection with the Offer and a significant portion of which is contingent upon a sale of the Company, such as the consummation of the Offer. The Company has also agreed to indemnify Lehman Brothers and certain related persons against certain liabilities relating to or arising out of its engagement. Lehman Brothers has performed various investment banking and financial services for the Company, EA and their respective affiliates in the past, and expects to perform such services in the future, and has received, and expects to receive, customary fees for such services. In the ordinary course of business, Lehman Brothers may actively trade, for its own account and the accounts of its customers, the debt and equity securities of the Company and EA, and, accordingly, may at any time hold a long or short position in such securities. Neuberger Berman Inc., an affiliate of Lehman Brothers, owns approximately 5,608,007 Shares, as to which Shares Lehman Brothers has no voting or dispositive power. In addition, Lehman Brothers has invested in limited partnership interests of affiliates of ZelnickMedia. Strauss Zelnick, Executive Chairman and a director of the Company, Ben Feder, Chief Executive Officer and a director of the Company, and Karl Slatoff, Executive Vice President of the Company, are partners of ZelnickMedia.

The Company has retained MacKenzie and Innisfree to assist it in connection with the Company's solicitation of proxies with respect to the Company's Annual Meeting, to assist it in connection with communications with its stockholders with respect to the Offer, to monitor trading activity in the Shares and to identify investors holding large positions of Shares in street name. The Company has agreed to pay MacKenzie and Innisfree customary compensation for their services and reimbursement of certain expenses in connection with their engagement. The Company has also agreed to indemnify MacKenzie and Innisfree against certain liabilities arising out of or in connection with their engagement.

The Company has retained the Brunswick Group as its public relations advisor in connection with the Offer. The Company has agreed to pay customary compensation for such services and to reimburse the Brunswick Group for its out-of-pocket expenses arising out of or in connection with its engagement.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY

Except in the ordinary course of business in connection with the Company's employee benefit plans, and except as set forth in the 2008 Proxy Statement or the Proxy Statement Supplement, no transactions in the Shares have been effected during the past 60 days by the Company. To the knowledge of the Company, no transactions in the Shares have been effected by any director, executive officer, affiliate or subsidiary of the Company, except that, in February 2008, Lainie Goldstein, Chief Financial Officer, sold an aggregate of 1,467 Shares at a price of approximately \$16.42 per Share, and Gary Dale, Executive Vice President, sold an aggregate of 3,417 Shares at a price of approximately \$16.43 per Share. These transactions were effected pursuant to a Rule 10b5-1 trading plan entered into by each of Ms. Goldstein and Mr. Dale and were solely to satisfy their respective tax withholding obligations upon the vesting of restricted Shares.

ITEM 7. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS

(a) Subject Company Negotiations.

The Company has received indications of interest from third parties with respect to possible business combination transactions involving the Company since EA's announcement, but no substantive discussions with respect thereto have yet occurred. The Company intends to pursue such discussions regarding such potential transactions, with a view to maximizing stockholder value, subsequent to the release of *Grand Theft Auto IV*, scheduled for April 29, 2008. Except as set forth in this Schedule 14D-9, the 2008 Proxy Statement or the Proxy Statement Supplement, the Company is not undertaking or engaged in any negotiation in response to the Offer that relates to or would result in: (1) an extraordinary transaction, such as a merger, reorganization or liquidation, involving the Company or any subsidiary of the Company; (2) a purchase, sale or transfer of a material amount of assets of the Company or any subsidiary of the Company; (3) a tender offer for or other acquisition of the Company's securities by the Company, any subsidiary of the Company, or any other person or (4) a material change in the present dividend rate or policy, indebtedness or capitalization of the Company.

(b) Transactions and Other Matters.

Except as set forth in this Schedule 14D-9, the 2008 Proxy Statement or the Proxy Statement Supplement, there is no transaction, resolution of the Board of Directors, agreement in principle, or signed contract that is entered into in response to the Offer that relates to or would result in one or more of the matters referred to in the immediately preceding paragraph of this Item 7.

ITEM 8. ADDITIONAL INFORMATION

(a) Change in Control Employee Severance Plan

On March 3, 2008, the Compensation Committee of the Board of Directors of the Company adopted the Take-Two Interactive Software, Inc. Change in Control Employee Severance Plan (the "Plan"). The Plan provides that all employees of the Company and its affiliates on the date of a Change in Control (as defined in the Plan) will be entitled to receive certain payments and benefits if their employment is terminated under certain circumstances following a Change in Control, except that individuals providing services to the Company pursuant to the management agreement between ZelnickMedia and the Company will not be eligible to receive benefits under the Plan. The individuals providing services under the Management Agreement include Strauss Zelnick, Executive Chairman, Ben Feder, Chief Executive Officer, and Karl Slatoff, Executive Vice President. The Plan is described in, and a copy thereof is attached to, the Company's Current Report on Form 8-K, filed with the SEC on March 7, 2008, which is incorporated herein by reference.

(b) Stockholders Rights Agreement.

On March 24, 2008, the Board of Directors adopted a stockholder rights plan and declared a distribution of one right (a "Right") for each outstanding Share to stockholders of record at the close of business on April 7, 2008 and for each Share issued by the Company thereafter. Each Right entitles the registered holder, subject to the terms of the Rights Agreement (as defined below), to purchase from the Company one one-thousandth of a share (a "Unit") of Series B Preferred Stock, par value \$0.01 per share (the "Preferred Shares"), at a price of \$42.50 per Unit, subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement, dated as of March 24, 2008 (the "Rights Agreement"), between the Company and American Stock Transfer & Trust Company. The Board of Directors has committed to redeem the Rights 180 days after the date of the adoption of the stockholders rights plan.

Copies of the Rights Agreement and the Certificate of Designation for the Preferred Shares have been filed with the SEC as exhibits to a Registration Statement on Form 8-A, dated March 26, 2008, and are incorporated herein by reference. For further information with respect to the Rights, the Rights Agreement and related matters, see the Proxy Statement Supplement under the heading "Stockholders Rights Plan."

(c) Litigation

As previously reported in the Quarterly Report of the Company on Form 10-Q for the quarter ended January 31, 2008, on March 7, 2008, Patrick Solomon, a stockholder of the Company, filed a purported class action complaint in the Delaware Court of Chancery against the Company and certain of its officers and directors. The plaintiff contends that the defendants breached their fiduciary duties by, among other things, allegedly refusing to explore offers by EA to acquire all of the Shares, enacting a By-law amendment allegedly designed to entrench the current Board of Directors by preventing stockholders from nominating and electing alternative directors, agreeing to an amendment to the management agreement with ZelnickMedia and issuing the 2008 Proxy Statement that allegedly contains misleading and incomplete information. The complaint seeks preliminary and permanent injunctive relief, rescissory and other equitable relief and damages. The Company believes that the claims lack merit and intends vigorously to defend against them. The Company has been advised that the individual defendants believe that the claims lack merit and will vigorously defend such actions. However, the Company cannot predict the outcome of these matters and, if determined adversely to it, such matters, either singly or in the aggregate, could result in the imposition of significant judgments, fines and/or penalties, which could have a material adverse effect on the Company's financial condition, cash flows and results of operations.

At a hearing on March 18, 2008, the court scheduled for an expedited hearing the questions of the accuracy of the 2008 Proxy Statement and the validity of the "advance notice" By-law amendment that

the Company had adopted on February 14, 2008 requiring stockholders to give notice of proposals or nominations before a stockholders meeting. The expedited hearing on the validity of the By-law amendment is currently scheduled to be held on April 11, 2008. If the court finds the By-law amendment to be valid, then the Annual Meeting will take place as currently scheduled on April 17, 2008. If the court finds the By-law amendment to be invalid, then it will determine what remedy to grant, which may include requiring the Company to postpone the Annual Meeting to a later date.

Neither the Company nor any of its directors and officers believes that the 2008 Proxy Statement was misleading or incomplete in any material respect. Nevertheless, to avoid any argument that the 2008 Proxy Statement was misleading or incomplete and due to the uncertainties associated with the outcome of the stockholder complaint, the Company has decided to take certain actions to moot any of the plaintiff's claims alleging that the 2008 Proxy Statement was misleading or incomplete, including mailing the Proxy Supplement to stockholders and adopting the amendment to the By-laws of the Company as described in Item 8(e) below.

(d) Credit Agreement

The Company and certain of its subsidiaries are parties to a Credit Agreement, dated as of November 16, 2007, as amended (the "Credit Agreement"), with Wells Fargo Foothill, Inc., which provides for a revolving credit facility in the aggregate principal amount of up to \$140 million, including a \$25 million subfacility for the issuance of letters of credit and a U.K. subfacility in the aggregate principal amount of \$25 million. The closing of the Offer would constitute a "Change of Control" under the Credit Agreement and may result in the acceleration of the indebtedness thereunder. Moreover, the Credit Agreement contains restrictions on mergers involving the Company and sales of a significant portion of the Company's assets, which, absent a waiver from its lender, may restrict the Company from entering into extraordinary transactions with third parties. In order for the Company to effect its planned redemption of the Rights, it may be required to obtain a waiver under the Credit Agreement.

(e) Amendment to the By-Laws of the Company

In response to the Solomon stockholder complaint described in Item 8(c) above, on March 24, 2008, the Board of Directors amended the By-laws of the Company to provide for a new extended period of time for stockholders to be able to nominate persons for election to the Board of Directors or to propose any business to be considered at the Annual Meeting. The period of time begins with the public announcement of the amendment to the By-laws and ends at 5:00 p.m. (New York City time) on April 15, 2008. In order to accommodate the extended nomination and proposal period, the date of the Annual Meeting has been changed from April 10, 2008 to April 17, 2008. Further, in addition to stockholders of record on the record date, the Company will accept nominations and proposals from any person who was a stockholder of record or beneficial owner of Shares at any time between February 19, 2008, the record date for the Annual Meeting, and April 15, 2008. Finally, if a stockholder of the Company provides notice that it requires additional time to nominate persons for election to the Board of Directors or to propose business to be considered at the Annual Meeting, the Board of Directors will consider in good faith a request to adjourn the Annual Meeting for a reasonable period of time, not to exceed 30 days.

The By-law amendment became effective immediately upon its approval by the Board of Directors. The amendment is described in, and a copy thereof is attached to, the Company's Current Report on Form 8-K, filed with the SEC on March 26, 2008, which is incorporated herein by reference.

(f) Amendments to Certain Employment Agreements

On March 25, 2008, the Company and three of its executive officers entered into amendments to these executive officers' employment agreements. The amendments are described in the Company's Current Report on Form 8-K, filed with the SEC on March 26, 2008, which is incorporated herein by reference.

(g) Suspension of Section 8 of the Company's Incentive Stock Plan

On March 20, 2008, the Board of the Company, pursuant to Section 8(b) of the Company's Incentive Stock Plan (the "Stock Plan"), passed a resolution to suspend the provisions of Section 8 of the Stock Plan (relating to a change of control) until the earliest of (i) immediately prior to the time a party which has commenced a tender offer shall have agreed to accept for payment more than 50% of the then outstanding shares of the Company's capital stock entitled to vote generally in the election of directors; (ii) the occurrence of any event specified in Section 8(a)(i) or (iii) of the Stock Plan; and (iii) any further action taken by the Board of Directors with respect to Section 8 of the Stock Plan. The resolution did not limit the power of the Board of Directors pursuant to Section 8(b) of the Stock Plan. The resolution is described in the Company's Current Report on Form 8-K, filed with the SEC on March 26, 2008, which is incorporated herein by reference.

(h) Cautionary Note Regarding Forward-Looking Statements.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995. This Schedule 14D-9 contains forward-looking statements made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The statements contained herein which are not historical facts are considered forward-looking statements under federal securities laws. Such forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to them. The Company has no obligation to update such forward-looking statements. Actual results may vary significantly from these forward-looking statements based on a variety of factors. Important factors are described in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007, in the section entitled "Risk Factors" as updated in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2008, in the section entitled "Risk Factors." Further risks and uncertainties associated with EA's unsolicited proposal to acquire the Company include: the risk that key employees may pursue other employment opportunities due to concerns as to their employment security with the Company; the risk that the acquisition proposal will make it more difficult for the Company to execute its strategic plan and pursue other strategic opportunities; the risk that the future trading price of our common stock is likely to be volatile and could be subject to wide price fluctuations; and the risk that stockholder litigation in connection with EA's unsolicited proposal, or otherwise, may result in significant costs of defense, indemnification and liability. All forward-looking statements are qualified by these cautionary statements and are made only as of the date they are made.

WHERE YOU CAN FIND MORE INFORMATION

The Company is subject to the informational requirements of the Exchange Act and in accordance therewith file periodic reports, proxy statements and other information with the SEC relating to its business, financial condition and other matters. Such reports, proxy statements and other information may be inspected at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of such material can also be obtained at prescribed rates from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549, or free of charge at the web site maintained by the SEC at <http://www.sec.gov>.

The SEC allows us to "incorporate by reference" information into this Schedule 14D-9, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this Schedule 14D-9, except for any information superseded by information contained directly in this Schedule 14D-9.

ITEM 9. EXHIBITS

- (a)(1) Letter to Stockholders of the Company, dated March 26, 2008*
- (a)(2) Press Release of the Company, dated March 26, 2008*
- (a)(3) Opinion of Lehman Brothers, dated March 20, 2008*
- (a)(4) Opinion of Bear Stearns, dated as of March 20, 2008*
- (e)(1) Company's Proxy Statement, dated February 28, 2008, relating to the Company's 2008 Annual Meeting of Stockholders*
- (e)(2) Company's Proxy Statement Supplement, dated March 26, 2008, relating to the Company's 2008 Annual Meeting of Stockholders*
- (e)(3) Company's Current Report on Form 8-K, filed with the SEC on March 7, 2008 (incorporated by reference)
- (e)(4) Company's Current Report on Form 8-K, filed with the SEC on March 26, 2008 (incorporated by reference)
- (e)(5) Rights Agreement, dated as of March 24, 2008, between Take-Two Interactive Software, Inc. and American Stock Transfer & Trust Company, as Rights Agent (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A dated March 26, 2008)
- (e)(6) Certificate of Designation of Preferred Shares of the Company (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form 8-A dated March 26, 2008)
- (g) Not applicable.

* Filed herewith and included in copies mailed to stockholders of the Company.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By /s/ DANIEL P. EMERSON

Daniel P. Emerson
Vice President, Associate General Counsel and Secretary

Dated: March 26, 2008

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March 26, 2008

To our stockholders:

On March 13, 2008, EA08 Acquisition Corp. ("Purchaser") commenced a tender offer (the "Offer") for all of your Company's issued and outstanding shares of Common Stock, at a price of \$26.00 per share, subject to the terms and conditions contained in Purchaser's Offer materials. The Offer is currently scheduled to expire at 12:00 midnight, New York City time, on Friday, April 11, 2008.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE COMPANY'S STOCKHOLDERS REJECT THE OFFER AND NOT TENDER THEIR SHARES PURSUANT TO THE OFFER.

The attached Schedule 14D-9, which has been filed with the Securities and Exchange Commission, describes certain aspects of the Offer, the reasons for your Board's recommendation and the Company's activities with respect to the Offer and contains other important information. We urge you to read it carefully.

A handwritten signature in black ink, appearing to read 'Strauss Zelnick'.

Strauss Zelnick
Executive Chairman

A handwritten signature in black ink, appearing to read 'Benjamin Feder'.

Benjamin Feder
Chief Executive Officer

Take-Two Interactive Software, Inc. 622 Broadway, New York, NY 10012, USA
Tel 646.536.2842 fax 646.536.2926 www.take2games.com

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[Exhibit \(a\)\(1\)](#)

CONTACT: **FOR IMMEDIATE RELEASE**

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meg.maise@take2games.com

Brunswick Group
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**TAKE-TWO INTERACTIVE SOFTWARE BOARD REJECTS ELECTRONIC ARTS'
OFFER AS INADEQUATE**

***Recommends Stockholders Not Tender Shares at \$26 a Share
Company to Begin a Review of Strategic Alternatives After Release of
Grand Theft Auto IV***

Company's Presentation at Bank of America Conference on March 26th at 2:40 pm ET to be Webcast

New York, NY—March 26, 2008—The Board of Directors of Take-Two Interactive Software, Inc. (NASDAQ:TTWO) today announced that it has thoroughly reviewed Electronic Arts Inc.'s (NASDAQ: ERTS; "EA") unsolicited conditional tender offer with the assistance of its financial and legal advisors and unanimously determined that the \$26.00 per share cash offer is inadequate in multiple respects and contrary to the best interests of Take-Two's stockholders. Accordingly, the Board recommends that stockholders not tender any of their shares to EA. The basis for the Board's unanimous decision is set forth in Take-Two's Schedule 14D-9 filed today with the Securities and Exchange Commission.

Take-Two also announced today the following actions:

- Filed a Solicitation / Recommendation Statement on Schedule 14D-9 with the SEC containing the Board's unanimous recommendation that stockholders reject Electronic Arts Inc.'s offer of \$26.00 net per share in cash as being inadequate and not in the best interests of stockholders
 - Filed a supplement to the proxy statement with the SEC to moot any claims alleged in a class action lawsuit that the proxy statement was misleading and incomplete
 - Adopted a stockholders rights agreement and a Certificate of Designation for a new class of Series B Preferred Stock. The rights agreement will be outstanding for 180 days
 - Changed the date and time of the 2008 Annual Meeting to Thursday, April 17, 2008 at 6:30 p.m. (New York City time)
 - Amended Bylaws to provide for a new extended period of time for stockholders to nominate persons for election to the Board and propose business to be considered at the 2008 Annual Meeting
 - Amended employment agreements with Lainie Goldstein (CFO), Seth Krauss (EVP and General Counsel) and Gary Dale (EVP)
 - Participation in investor presentations, including the Bank of America 2008 Smid Cap Conference
 - Suspended the acceleration of outstanding restricted stock awards under the Company's Incentive Stock Plan until such time that, among other things, payment is accepted for more than 50% of the Company's then outstanding shares in a tender offer
-

The Board also confirmed that it will explore alternatives to maximize value for stockholders, which may include a business combination with third parties or with EA, remaining independent, or other strategic or financial alternatives that could deliver higher stockholder value than the current EA offer. The Board has commenced a process for considering strategic alternatives in order to be prepared to engage in discussions with any parties, including EA, interested in a strategic business combination following Take-Two's release of *Grand Theft Auto IV*, scheduled for April 29, 2008. The Board continues to believe that the Company will be best positioned, from the perspective of both value and timing, to conduct such a review at that time. The Company has received indications of interest from third parties with respect to possible business combination transactions involving the Company since EA's announcement, but no substantive discussions have yet occurred. To facilitate its efforts to explore alternatives to maximize stockholder value, the Company has begun to assemble the materials necessary for interested parties to conduct due diligence. Prior to the release of *Grand Theft Auto IV*, the Company is willing to enter into confidentiality agreements on customary terms and to engage in preliminary conversations with interested parties, including EA.

Strauss Zelnick, Chairman of the Board of Take-Two, commented, "Take-Two's Board of Directors and senior management team were put in place less than one year ago with one mandate: maximize stockholder value. We have maintained a single-minded focus on that goal ever since and it remains the guiding principle in every decision we make with regard to Take-Two. Our Board, after careful review, has unanimously determined that Electronic Arts' offer continues to provide insufficient value and remains opportunistically timed to capture the value of the upcoming *Grand Theft Auto IV* launch at the expense of our stockholders."

"With one of the strongest portfolios of intellectual property in our business, a superb creative and business team, and a revitalization plan that is beginning to deliver results, Take-Two is uniquely positioned to create stockholder value in an industry that is enjoying the highest growth rates of any entertainment medium. We are effectively working toward a process to review all available options to maximize this value, either as an independent company or in combination with a third party, and are open to beginning informal discussions starting now. Our stockholders' interests would hardly be served by accepting an offer from EA at the wrong price and the wrong time. As a result, the Board recommends that stockholders not tender any of their shares to EA."

Mr. Zelnick will be presenting at the Bank of America 2008 Smid Cap Conference on March 26, 2008 at 2:40 pm Eastern Time. To listen to the audio portion of the presentation live, log onto <http://ir.take2games.com>. A replay of the presentation will be archived and available following the presentation at the same location.

Reasons for the Board's Recommendation

In arriving at its decision, the Board of Directors considered numerous factors, including but not limited to the following:

- **EA's Offer price is inadequate and substantially undervalues the Company.** The Board of Directors has determined that the EA Offer price is inadequate and substantially undervalues the Company's established position in the interactive entertainment software market, robust and enviable stable of game franchises, extensive portfolio of owned intellectual property, creative talent, strong consumer loyalty and a growing sports business. In particular, the EA Offer does not adequately compensate stockholders for the Company's valuable franchises, which include more than 20 brands (in addition to *Grand Theft Auto*) that have sold one million or more units each, of which more than half are internally owned and developed and therefore deliver higher profit margins than licensed products.

- **The Company's financial advisors, Bear Stearns and Lehman Brothers, have each delivered an opinion stating that, as of the date of such opinion, the EA Offer price was inadequate, from a financial point of view, to the stockholders of the Company.**
- **The Company's directors and executive officers believe that the EA Offer price is inadequate and do not intend to tender their Shares.**
- **The Board of Directors is committed to exploring strategic alternatives to maximize stockholder value and may be able to find a better alternative to the EA Offer.** After the Company's release of *Grand Theft Auto IV*, scheduled for April 29, 2008, the Board of Directors is committed to exploring alternatives to maximize stockholder value, which may include a business combination of the Company with third parties or with EA, remaining independent, or other strategic or financial alternatives, that could deliver higher stockholder value than the EA Offer. The Board continues to believe that the Company will be best positioned, from the perspective of both value and timing, to conduct such a review at that time. The Company has received indications of interest from third parties with respect to possible business combination transactions involving the Company since EA's announcement, but no substantive discussions with respect thereto have yet occurred. To facilitate its efforts to explore alternatives to maximize stockholder value, the Company has begun to assemble the materials necessary for interested parties to conduct due diligence. Prior to the release of *Grand Theft Auto IV*, the Company is willing to enter into confidentiality agreements on customary terms and to engage in preliminary conversations (not in the Company's view amounting to negotiations) with interested parties, including EA. The Board of Directors believes that tendering Shares into the EA Offer before the Board of Directors and its advisors have had the opportunity fully to explore alternatives to the EA Offer could preclude its ability to effect an alternative transaction that could provide superior value to the Company's stockholders.
- **The timing of the EA Offer is opportunistic.** The EA Offer is opportunistic and has been timed to take advantage of the upcoming release of *Grand Theft Auto IV*, one of the most valuable and durable franchises in the interactive entertainment software industry and the Company's biggest selling and most profitable franchise. EA launched an unsolicited bid for the Company even though the Company had extended an offer to negotiate with EA immediately following the release of *Grand Theft Auto IV* and, subject to the fiduciary duties of the Board of Directors, offered not to negotiate with any other third parties in the interim without first contacting EA. The Board of Directors believes the full commercial potential of the game will not be evident until after its release, and that the EA Offer was timed to capture the value of that anticipated commercial success at the expense of the Company's stockholders.
- **The EA Offer does not reflect progress in the Company's revitalization efforts.** The Offer price does not reflect the significant progress the Company has made in its revitalization efforts since June 2007, including the implementation of a more streamlined and efficient operating structure, a cost cutting initiative that is expected to achieve annualized savings of at least \$25 million and a more disciplined product investment review process. Benefits of the revitalization plan have yet to be recognized fully in either the current stock price or in the Offer price.
- **The EA Offer does not reflect the Company's potential synergy value that a proposed combination with EA would create.** The EA Offer does not compensate the Company for the significant potential synergy value that the proposed combination would create. EA has been unwilling to estimate publicly the synergy potential but has acknowledged that there is significant synergy potential. Potential synergies related to a proposed combination include: realizing a sales uplift as a result of a broader reach of distribution infrastructure; leveraging investments in online, wireless and other evolving platforms; optimizing sports offerings; and reducing sales, general and administrative costs significantly. Certain equity research analysts concur with this

point of view and have estimated that EA would realize approximately \$50 million to \$210 million in synergies per year following completion of a transaction.

- **The EA Offer does not properly reflect the Company's business, financial condition, current business strategy and future prospects.** The Board of Directors believes that management's and the Board of Directors' understanding of and familiarity with the Company's business, financial condition, current business strategy and future prospects has not been fully reflected in the Company's results of operations or Share price. The Company's management and Board of Directors remain entirely focused on generating the maximum value for stockholders. Stockholders elected new senior management and members of the Board of Directors less than one year ago because of this team's commitment to, and track record of, creating stockholder value, and industry experience. The Board of Directors believes that the Company's senior management will be able to create stockholder value meaningfully in excess of the EA Offer price through the continued execution of the Company's current revitalization plan and business strategy.
- **The consideration offered by EA is taxable.** The consideration offered by EA would in general be taxable to the Company's stockholders.
- **The Offer is highly conditional, which results in significant uncertainty that the Offer will be consummated.**

Stockholders Rights Agreement

Take-Two also announced today that its Board of Directors has adopted a Stockholders Rights Agreement to protect stockholders against, among other things, unsolicited attempts to acquire control of the Company at an inadequate price for all stockholders or are otherwise not in the best interests of Take-Two and its stockholders. The Stockholders Rights Agreement has been adopted in response to EA's unsolicited tender offer to acquire all of Take-Two's outstanding shares of common stock for \$26.00 per share in cash. The Board of Directors has committed to redeem the Rights distributed pursuant to the Rights Agreement 180 days after adoption of the Agreement.

Under the Stockholders Rights Agreement, the rights will become exercisable if a person becomes an "acquiring person" by acquiring 20% or more of the common stock of Take-Two or if a person commences a tender offer that could result in that person owning 20% or more of the common stock of Take-Two. The Stockholders Rights Agreement will not apply to existing stockholders who own 20% or more of Take-Two's existing common stock, unless and until they acquire an additional 2% of Take-Two's outstanding common stock.

Mr. Zelnick commented, "We have adopted this short-term Stockholders Rights Agreement in order to guard against a takeover by EA at the current, inadequate price. We believe the Rights Agreement will ensure that the Take-Two Board has adequate time to consider all strategic alternatives for maximizing value for Take-Two stockholders. The Agreement will not, and is not intended to, prevent a takeover of the Company on terms that are fair to and in the best interests of all stockholders."

Amendment to the Amended and Restated By-Laws of the Company

Take-Two also filed with the SEC on a Form 8-K dated March 26, 2008 an amendment to the by-laws of the Company. Specifically, the Board of Directors amended the by-laws of the Company to provide for a new period of time for stockholders to be able to nominate persons for election to the Board of Directors or to propose any business to be considered at the upcoming Annual Meeting. The period of time begins with the public announcement of the amendment to the by-laws and ends on

April 15, 2008. To extend the period of time, the date of the Annual Meeting has been postponed from April 10, 2008 to April 17, 2008.

Further, in addition to stockholders of record on the record date (who currently are entitled to put forth a nomination or proposal), the Company will accept nominations and proposals from any person who was a stockholder of record or beneficial owner of Shares at any time between the record date and April 15, 2008. Finally, if a stockholder of the Company provides notice that it requires additional time to nominate persons for election to the Board of Directors or to propose business to be considered at the Annual Meeting, the Board of Directors will consider in good faith a request to adjourn the Annual Meeting for a reasonable period of time, not to exceed 30 days. The by-law amendment became effective immediately upon its approval by the Board of Directors.

Bear Stearns and Lehman Brothers are acting as financial advisors to Take-Two and Proskauer Rose LLP is acting as legal advisor.

For more information, please visit www.taketwovalue.com.

About Take-Two Interactive Software

Headquartered in New York City, Take-Two Interactive Software, Inc. is a global developer, marketer, distributor and publisher of interactive entertainment software games for the PC, PLAYSTATION®3 and PlayStation®2 computer entertainment systems, PSP® (PlayStation®Portable) system, Xbox 360® and Xbox® video game and entertainment systems from Microsoft, Wii™, Nintendo GameCube™, Nintendo DS™ and Game Boy® Advance. The Company publishes and develops products through its wholly owned labels Rockstar Games, 2K Games, 2K Sports and 2K Play, and distributes software, hardware and accessories in North America through its Jack of All Games subsidiary. Take-Two's common stock is publicly traded on NASDAQ under the symbol TTWO. For more corporate and product information please visit our website at www.take2games.com.

All trademarks and copyrights contained herein are the property of their respective holders.

Important Legal Information

In connection with the tender offer commenced by Electronic Arts Inc. ("EA"), the Company has filed with the Securities Exchange Commission a Solicitation/Recommendation Statement on Schedule 14D-9. The Company's stockholders should read carefully the Solicitation/Recommendation Statement on Schedule 14D-9 (including any amendments or supplements thereto) prior to making any decisions with respect to EA's tender offer because it contains important information. Free copies of the Solicitation/Recommendation Statement on Schedule 14D-9 and the related amendments or supplements thereto that the Company has filed with the SEC are available at the SEC's website at www.sec.gov.

This press release contains forward-looking statements made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The statements contained herein which are not historical facts are considered forward-looking statements under federal securities laws. Such forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to them. The Company has no obligation to update such forward-looking statements. Actual results may vary significantly from these forward-looking statements based on a variety of factors. These risks and uncertainties include the matters relating to the Special Committee's investigation of the Company's stock option grants and the restatement of our consolidated financial statements. The investigation and conclusions of the Special Committee may result in claims and proceedings relating to such matters, including previously disclosed shareholder and derivative litigation and actions by the Securities and Exchange Commission and/or other governmental agencies and negative tax or other

implications for the Company resulting from any accounting adjustments or other factors. Further risks and uncertainties associated with Electronic Arts' tender offer to acquire the Company's outstanding shares: the risk that key employees may pursue other employment opportunities due to concerns as to their employment security with the Company; the risk that the acquisition proposal will make it more difficult for the Company to execute its strategic plan and pursue other strategic opportunities; the risk that the future trading price of our common stock is likely to be volatile and could be subject to wide price fluctuations; and the risk that stockholder litigation in connection with Electronic Arts' tender offer, or otherwise, may result in significant costs of defense, indemnification and liability. Other important factors are described in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007, in the section entitled "Risk Factors" as updated in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2008, in the section entitled "Risk Factors." All forward-looking statements are qualified by these cautionary statements and are made only as of the date they are made.

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[Exhibit \(a\)\(2\)](#)

[TAKE-TWO INTERACTIVE SOFTWARE BOARD REJECTS ELECTRONIC ARTS' OFFER AS INADEQUATE](#)

LEHMAN BROTHERS

March 20, 2008

Board of Directors
Take-Two Interactive Software, Inc.
622 Broadway
New York, New York 10012

Members of the Board of Directors:

We understand that EA08 Acquisition Corp. (the "Purchaser"), a wholly owned subsidiary of Electronic Arts Inc. ("EA"), has commenced a tender offer (the "Offer") to purchase all of the issued and outstanding shares of common stock, par value \$.01 per share (the "Shares") of Take-Two Interactive Software, Inc. (the "Company") at a purchase price of \$26.00 net per share in cash (the "Offer Consideration"), upon the terms and subject to the conditions set forth in the Offer to Purchase (the "Offer to Purchase") and the related Letter of Transmittal (the "Letter of Transmittal"), each contained in the Schedule TO filed by the Purchasers with the Securities and Exchange Commission on March 13, 2008 (the "Schedule TO" and, together with the Offer to Purchase and Letter of Transmittal, the "Offer Documents"). The terms and conditions of the Offer are set forth in more detail in the Offer Documents.

We have been requested by the Board of Directors of the Company to render our opinion with respect to the adequacy, from a financial point of view, to the Company's stockholders of the Offer Consideration offered to such stockholders by the Purchaser in the Offer.

In arriving at our opinion, we have reviewed and analyzed: (1) the Offer Documents, (2) publicly available information concerning the Company that we believe to be relevant to our analysis, including the Annual Report on Form 10-K for the fiscal year ended October 31, 2007 and the Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2008, (3) financial and operating information with respect to the business, operations and prospects of the Company furnished to us by the Company, including financial projections of the Company prepared by management of the Company (the "Company Projections") which reflect, among other things, management estimates regarding the rollout of the Grand Theft Auto IV video game ("GTAIV"), (4) the trading history of the Shares from March 19, 2007 to the present, (5) the historical results, projected performance and present financial condition of certain companies that we deemed relevant, (6) the financial terms of certain recent transactions that we deemed relevant; and (7) the pro forma impact on EA of the Purchaser's proposed business combination of the Company and EA, including cost savings, operating synergies and other strategic benefits (collectively, the "Synergies") that would result from such a combination. In addition, we have had discussions with the management of the Company concerning the businesses, operations, assets, liabilities, financial condition and prospects of the Company and have undertaken such other studies, analyses and investigations as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon the accuracy and completeness of the financial and other information used by us without any independent verification of such information and have further relied upon the assurances of management of

the Company that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Company Projections, upon advice of the Company we have assumed that such projections have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company as to the future financial performance of the Company and that the Company will perform substantially in accordance with such projections. In that regards, our opinion assumes the rollout of GTAIV in accordance with the Company Projections. We have not been provided with, and did not have any access to, financial projections of EA prepared by management of EA. Accordingly, upon advice of the Company, we have assumed that the published estimates of third party research analysts are a reasonable basis upon which to evaluate the future financial performance of EA and that EA will perform substantially in accordance with such estimates. In arriving at our opinion, we have not conducted a physical inspection of the properties and facilities of the Company and have not made or obtained any evaluations or appraisals of the assets or liabilities of the Company. Our opinion necessarily is based upon market, economic and other conditions as they exist on, and can be evaluated as of, the date of this letter. We have assumed with your consent that the Synergies provided to us by Company management have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Company.

Based upon and subject to the foregoing, we are of the opinion as of the date hereof that, from a financial point of view, the Offer Consideration that has been offered by the Purchaser pursuant to the Offer is inadequate to the stockholders of the Company.

We have acted as financial advisor to the Company in connection with the Offer and will receive fees for our services, a portion of which is payable upon rendering this opinion. In addition, the Company has agreed to reimburse our expenses and indemnify us for certain liabilities that may arise out of our engagement. We have performed various investment banking and financial services for the Company, EA and their respective affiliates in the past, and expect to perform such services in the future, and have received, and expect to receive, customary fees for such services. In the ordinary course of our business, we may actively trade in the debt and equity securities of the Company and EA for our own account and for the accounts of our customers and, accordingly, may at any time hold a long or short position in such securities. As we have previously informed you (i) Neuberger Berman Inc., an affiliate of Lehman Brothers Inc. owns approximately 5,608,007 Shares, over which Lehman Brothers Inc. has no voting or dispositive power; and (ii) Lehman Brothers Inc. has invested in limited partnership interests of affiliates of ZelnickMedia, an entity controlled by the Executive Chairman of the Company.

This opinion, the issuance of which has been approved by our Fairness Opinion Committee, is for the use and benefit of the Board of Directors of the Company and is rendered to the Board of Directors in connection with its consideration of the Offer. This opinion is not intended to be and does not constitute a recommendation to any stockholder of the Company as to whether to tender their Shares in connection with the Offer.

Very truly yours,



Bear, Stearns & Co. Inc.
383 Madison Avenue
New York, NY 10179
Tel (212) 272-2000
www.bearstearns.com

As of March 20, 2008

The Board of Directors
Take-Two Interactive Software, Inc.
622 Broadway
New York, NY 10012

Gentlemen:

On March 13, 2008, EA08 Acquisition Corp. ("Purchaser"), a wholly owned subsidiary of Electronic Arts Inc. ("EA"), commenced a tender offer to purchase all of the outstanding shares of common stock, \$0.01 par value per share, of Take-Two Interactive Software, Inc. ("Take-Two") at a price of \$26.00 per share, net to the seller in cash (the "Offer Price"), upon the terms and subject to adjustment and the conditions set forth in related the Offer to Purchase and the Letter of Transmittal filed with the Securities and Exchange Commission on March 13, 2008 (the "Tender Offer").

You have asked us to render an opinion as to whether the Offer Price is inadequate, from a financial point of view, to the stockholders of Take-Two.

In the course of performing our reviews and analyses for rendering this opinion, we have:

- reviewed the Schedule TO relating to the Tender Offer (including the exhibits thereto);
- reviewed Take-Two's Annual Reports to Shareholders and Annual Reports on Form 10-K for the fiscal years ended October 31, 2005, 2006 and 2007, its Quarterly Reports on Form 10-Q for the period ended January 31, 2008 and its Current Reports on Form 8-K filed since October 31, 2007;
- reviewed EA's Annual Reports to Shareholders and Annual Reports on Form 10-K for the fiscal years ended March 31, 2005, 2006 and 2007, its Quarterly Reports on Form 10-Q for the periods ended June 30, 2007, September 30, 2007 and December 31, 2007 and its Current Reports on Form 8-K filed since March 31, 2007;
- reviewed certain operating and financial information relating to Take-Two's business and prospects, including projections for its core console business for the eleven quarters ended October 31, 2010 as well as projections relating to new MMOG, mobile and film opportunities, all as prepared and provided to us by Take Two's senior management (the "Projections");
- reviewed certain estimates of revenue enhancements, cost savings and other combination benefits (collectively, "Synergy Estimates") expected to result from a potential transaction with EA, all as prepared and provided to us by Take-Two's senior management;
- met with certain members of Take-Two's senior management to discuss Take-Two's business, operations, historical financial results, future prospects, the Projections and the Synergy Estimates;
- reviewed the historical prices, trading multiples and trading volume of Take-Two's common stock;
- reviewed certain publicly available financial data, stock market performance data and trading multiples of companies which we deemed generally comparable to Take-Two;

- reviewed the terms of certain relevant mergers and acquisitions involving companies which we deemed generally comparable to Take-Two;
- performed discounted cash flow analyses based on the Projections and the Synergy Estimates;
- reviewed the pro forma financial results, financial condition and capitalization of EA giving effect to a transaction on the terms outlined in the Tender Offer;
- reviewed publicly available reports prepared by Wall Street equity research analysts relating to Take-Two, EA and the Tender Offer; and
- conducted such other studies, analyses, inquiries and investigations as we deemed appropriate.

We have relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information provided to or discussed with us by Take-Two or obtained by us from public sources, including, without limitation, the Projections and Synergy Estimates. With respect to the Projections and Synergy Estimates, we have relied on representations that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the senior management of Take-Two as to the expected future performance of Take-Two. We have not assumed any responsibility for the independent verification of any such information, including, without limitation, the Projections and Synergy Estimates; we express no view or opinion as to such Projections and Synergy Estimates and the assumptions upon which they are based; and we have further relied upon the assurances of the senior management of Take-Two that they are unaware of any facts that would make the information, Projections and Synergy Estimates incomplete or misleading.

In arriving at our opinion, we have not performed or obtained any independent appraisal of the assets or liabilities (contingent or otherwise) of Take-Two, nor have we been furnished with any such appraisals. We are not legal, regulatory, tax or accounting experts and have relied on the assessments made by Take-Two and its advisors with respect to such issues.

In arriving at our opinion, we have reviewed and considered the potential interest of certain alternative bidders that we understand may be interested in pursuing a business combination transaction with Take-Two.

We do not express any opinion as to the price or range of prices at which the shares of common stock of Take-Two may trade subsequent to the date hereof.

We are acting as a financial advisor to Take-Two in connection with this matter and will receive a customary fee for such services, a substantial portion of which is contingent on successful consummation of a transaction with EA or a third party. In addition, Take-Two has agreed to reimburse us for certain expenses and to indemnify us against certain liabilities arising out of our engagement.

Bear, Stearns & Co. Inc. ("Bear Stearns") has previously been engaged by Take-Two and ZelnickMedia Corporation ("ZelnickMedia"), an entity controlled by the Chairman of Take-Two, to provide certain investment banking and other services on matters unrelated to the Tender Offer, for which we have received (or expect to receive) customary fees. Bear Stearns may seek to provide Take-Two, ZelnickMedia, EA and their respective affiliates with certain investment banking and other services unrelated to the Tender Offer in the future.

Consistent with applicable legal and regulatory requirements, Bear Stearns has adopted certain policies and procedures to establish and maintain the independence of Bear Stearns' research departments and personnel. As a result, Bear Stearns' research analysts may hold views, make statements or investment recommendations and/or publish research reports with respect to Take-Two, EA, the Tender Offer and other parties that may be interested in a business combination with Take-Two that differ from the views of Bear Stearns' investment banking personnel.

In the ordinary course of business, Bear Stearns and its affiliates may actively trade (for their own accounts and for the accounts of their customers) certain equity and debt securities, bank debt and/or other financial instruments issued by Take-Two, EA and their respective affiliates, as well as derivatives thereof, and, accordingly, may at any time hold long or short positions in such securities, bank debt, financial instruments and derivatives.

It is understood that this letter is intended for the benefit and use of the Board of Directors of Take-Two in connection with its consideration of the Tender Offer. This letter and our opinion are not to be used for any other purpose, or be reproduced, disseminated, quoted from or referred to at any time, in whole or in part, without our prior written consent; *provided, however*, that this letter may be included in its entirety in any Tender Offer Solicitation/Recommendation Statement on Schedule 14D-9 to be distributed to Take-Two's stockholders in connection with the Tender Offer. This letter and our opinion do not constitute a recommendation to the Board of Directors of Take-Two in connection with the Tender Offer, nor do this letter and our opinion constitute a recommendation to any holders of Take-Two common stock as to whether to tender any such shares pursuant to the Tender Offer. Our opinion does not address Take-Two's underlying business decision to recommend that its stockholders reject the Tender Offer, the relative merits of the Tender Offer as compared to any alternative business or financial strategies that might exist for Take-Two or the effects of any other transaction in which Take-Two might engage.

Our opinion has been authorized for issuance by the Fairness Opinion and Valuation Committee of Bear Stearns. Our opinion is subject to the assumptions, limitations, qualifications and other conditions contained herein and is necessarily based on economic, market and other conditions, and the information made available to us, as of the date hereof. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

Based on and subject to the foregoing, it is our opinion that, as of the date hereof, the Offer Price is inadequate, from a financial point of view, to the stockholders of Take-Two.

Very truly yours,

BEAR, STEARNS & CO. INC.

By: _____ /s/ ERIC A. RUTKOSKE

Eric A. Rutkoske
Senior Managing Director

QuickLinks

[Exhibit\(a\)\(4\)](#)

[QuickLinks](#) -- Click here to rapidly navigate through this document



February 28, 2008

Dear Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Take-Two Interactive Software, Inc. that will be held on April 10, 2008 at 2:00 p.m. Eastern Time at the W Hotel Union Square, 201 Park Avenue South, Studio 1, New York, New York.

As more fully described in the attached Notice of Annual Meeting and Proxy Statement, the purpose of the meeting is to:

1. elect eight directors;
2. consider and vote upon a proposal to amend the Take-Two Interactive Software, Inc. Incentive Stock Plan to increase the number of shares of common stock reserved for issuance thereunder by 2,000,000 shares and to permit the issuance of awards thereunder to consultants;
3. ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending October 31, 2008; and
4. transact any other business that may properly come before the meeting.

Your Board of Directors believes that the election of the nominated directors, the approval of the amendment to the Incentive Stock Plan and the ratification of the appointment of Ernst & Young LLP are in the best interests of the Company and its stockholders and, accordingly, recommends a vote "FOR" the approval of these proposals.

Whether or not you plan to attend the meeting in person, it is important that your shares be represented and voted. After reading the enclosed Notice of Annual Meeting and Proxy Statement, I urge you to complete, sign, date and return the enclosed proxy card in the envelope provided or cast your vote by telephone or via the Internet. If the address on the accompanying material is incorrect, please advise our Transfer Agent, American Stock Transfer & Trust Company, in writing, at 59 Maiden Lane, New York, New York 10038.

Your vote is very important, and we appreciate a prompt return of your signed proxy card. We hope to see you at the meeting and appreciate your continued support.

Sincerely yours,

Handwritten signature of Strauss Zelnick in black ink.

Strauss Zelnick
Executive Chairman

Handwritten signature of Benjamin Feder in black ink.

Benjamin Feder
Chief Executive Officer

Take-Two Interactive Software, Inc. 622 Broadway, New York, NY 10012, USA
tel 646.536.2842 fax 646.536.2926 www.take2games.com

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 10, 2008**

- **This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting.**
 - **The proxy statement is available at www.proxyvote.com and can be accessed by entering the control number appearing on the proxy card.**
 - The Annual Meeting of Stockholders will be held at 2:00 p.m. Eastern Time on April 10, 2008.
 - The following matters will be considered at the Annual Meeting:
 - the election of eight directors;
 - a proposal to amend the Take-Two Interactive Software, Inc. Incentive Stock Plan to increase the number of shares of common stock reserved for issuance thereunder by 2,000,000 shares and to permit the issuance of awards thereunder to consultants;
 - the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending October 31, 2008; and
 - the transaction of any other business that may properly come before the Annual Meeting.
 - Your Board of Directors recommends that you vote "FOR" the election of the nominated directors, "FOR" the approval of the amendment to the Incentive Stock Plan and "FOR" the ratification of the appointment of Ernst & Young LLP.
 - Stockholders may attend the meeting and vote in person.
-



TAKE-TWO INTERACTIVE SOFTWARE, INC.

622 Broadway
New York, New York 10012

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

APRIL 10, 2008
2:00 p.m. Eastern Time

To the Stockholders of TAKE-TWO INTERACTIVE SOFTWARE, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting (the "*Annual Meeting*") of stockholders of Take-Two Interactive Software, Inc. (the "*Company*") will be held on April 10, 2008, at 2:00 p.m. Eastern Time at the W Hotel Union Square, 201 Park Avenue South, Studio 1, New York, New York for the following purposes:

1. to elect eight directors;
2. to consider and vote upon a proposal to amend the Take-Two Interactive Software, Inc. Incentive Stock Plan to increase the number of shares of common stock of the Company reserved for issuance thereunder by 2,000,000 shares and to permit the issuance of awards thereunder to consultants;
3. to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending October 31, 2008; and
4. to transact any other business that may properly come before the Annual Meeting.

Only stockholders of record at the close of business on February 19, 2008 are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors,

Daniel P. Emerson
Corporate Secretary

February 28, 2008

IF YOU DO NOT EXPECT TO BE PRESENT AT THE ANNUAL MEETING:

PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED FOR THAT PURPOSE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. YOU MAY ALSO VOTE BY TELEPHONE OR VIA THE INTERNET. YOUR PROXY MAY BE REVOKED AT ANY TIME PRIOR TO EXERCISE AND ANY STOCKHOLDER OF RECORD PRESENT AT THE ANNUAL MEETING MAY, IF HE OR SHE WISHES, REVOKE HIS OR HER PROXY AT THAT TIME AND EXERCISE THE RIGHT TO VOTE HIS OR HER SHARES PERSONALLY.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

622 Broadway
New York, New York 10012

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 10, 2008

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Take-Two Interactive Software, Inc. (the "Company") for use at the Annual Meeting of Stockholders (the "Annual Meeting") to be held on April 10, 2008, including any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

Management intends to begin mailing this Proxy Statement and the accompanying form of proxy to stockholders on or about March 10, 2008.

Proxies in the accompanying form, duly executed and returned to the management of the Company and not revoked, will be voted at the Annual Meeting. A proxy may be revoked by the stockholder of record at any time prior to the voting of the proxy by a subsequently dated proxy, by written notification to the Secretary of the Company, or by personally withdrawing the proxy at the Annual Meeting and voting in person.

The address of the principal executive offices of the Company is 622 Broadway, New York, New York 10012, and its telephone number is (646) 536-2842.

The following questions and answers provide important information about the Annual Meeting and this Proxy Statement:

What matters will be considered at the Annual Meeting?

- The election of eight directors;
- A proposal to amend the Take-Two Interactive Software, Inc. Incentive Stock Plan (the "*Incentive Stock Plan*") to increase the number of shares of common stock, par value \$0.01 per share, of the Company ("*Common Stock*") reserved for issuance thereunder by 2,000,000 shares and to permit the issuance of awards thereunder to consultants, including 1,500,000 shares of restricted stock to ZelnickMedia Corporation ("*ZelnickMedia*");
- The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending October 31, 2008; and
- The transaction of any other business that may properly come before the Annual Meeting.

How does the Board recommend that stockholders vote on these matters?

Your Board of Directors believes that the election of the nominated directors, the approval of the amendment to the Incentive Stock Plan and the ratification of the appointment of Ernst & Young LLP are in the best interests of the Company and its stockholders and, accordingly, recommends a vote "FOR" the approval of these proposals.

With respect to the recommendation that stockholders vote "FOR" the approval of the amendment to the Incentive Stock Plan to allow for grants to consultants and to increase the number of shares authorized for grant under the plan, the Board believes that the amendment and the related amendment to the management agreement with ZelnickMedia are justified by the far more extensive role that ZelnickMedia executives have had in the management of the Company than was originally contemplated in March 2007 when two ZelnickMedia executives first became directors of the Company and Ben Feder became interim Chief Executive Officer of the Company. The amendment to the management agreement formalizes this more extensive role, including the appointment of Strauss Zelnick as Executive Chairman from non-executive Chairman, the designation of Ben Feder as Chief Executive Officer for the term of the management agreement rather than on an interim basis, and the provision of additional personnel and services by ZelnickMedia, including Karl Slatoff becoming an

Executive Vice President of the Company. Furthermore, the term of the management agreement was extended for one additional year.

The Board's fundamental motivation in proposing the amendment to the Incentive Stock Plan was to enable the Company to provide long-term equity incentive compensation to the ZelnickMedia management team and to align further its interests with the Company's in order to promote the long-term performance of the Company. Additionally, the Board considered a number of change in control scenarios as they would relate to the acceleration of vesting of the restricted stock that will be granted to ZelnickMedia if this amendment is approved by stockholders and determined that certain limitations on acceleration were appropriate. The Board's decision to amend the management agreement and recommend the amendment of the Incentive Stock Plan followed a thorough process conducted by the independent members of the Board with input from its advisors, including an independent compensation consultant.

The Board's formal meetings concerning these matters began in December 2007 following earlier informal discussions among independent Board members, well before the Company received a February 6, 2008 letter from Electronic Arts Inc. proposing to acquire the Company, and were not initiated as a result of conversations with Electronic Arts Inc. or any other potential acquirer. For a further description of the management agreement and the equity awards contemplated thereunder see "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation."

Who is entitled to vote?

Stockholders as of the close of business on February 19, 2008 (the "*Record Date*") are entitled to vote at the Annual Meeting. Each stockholder is entitled to one vote for each share of Common Stock held on each matter submitted to a vote at the Annual Meeting.

How do I vote?

You may sign and date each paper proxy card you receive and return it in the prepaid envelope. The enclosed proxy will be voted in accordance with the instructions thereon. Unless otherwise stated, all shares represented by such proxy will be voted as instructed. Proxies may be revoked in the manner described above.

If you return your signed proxy but do not indicate your voting preferences, the Company will vote on your behalf "FOR" the election of the nominated directors, "FOR" the approval of the amendment to the Incentive Stock Plan and "FOR" the ratification of the appointment of Ernst & Young LLP. If any other matter properly comes before the stockholders for a vote at the Annual Meeting, the proxy holders will vote your shares in accordance with their best judgment.

You may also vote by telephone or via the Internet. There are separate telephone and Internet voting arrangements depending upon whether shares are registered in your name or in the name of a bank or broker. See "Voting by Telephone or Via the Internet" below for further details.

How do I sign the paper proxy card?

Sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as an attorney, executor, administrator, guardian, trustee or the officer or agent of a company), you should indicate your name and title or capacity. If the stock is held in custody for a minor (for example, under the Uniform Transfers to Minors Act), the custodian should sign the proxy card, not the minor. If the stock is held in joint ownership, both owners must sign.

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

It may mean that you hold shares registered in more than one account. Sign and return all proxy cards to ensure that all your shares are voted. You may call American Stock Transfer & Trust Company

at 1-800-937-5449 if you have any question regarding the share information or your address appearing on the paper proxy card.

Who will count the votes?

A representative of American Stock Transfer & Trust Company will tabulate the votes and act as independent inspector of election.

What constitutes a quorum?

A majority of the outstanding shares of Common Stock on the Record Date present or represented by proxy constitutes a quorum for the Annual Meeting. As of the close of business on the Record Date, 76,175,266 shares of Common Stock were issued and outstanding.

What is an abstention?

An abstention is a properly signed proxy card that is marked "abstain."

What is a "broker non-vote"?

A "broker non-vote" occurs when a broker submits a proxy that does not indicate a vote for one or more of the proposals, because the broker has not received instructions from the beneficial owners as to how to vote on such proposals and does not have discretionary authority to vote in the absence of instructions.

What vote is needed to approve the adoption of the matters to be presented at the Annual Meeting?

In the election for directors, the eight persons receiving the highest number of "FOR" votes will be elected. However, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "*Majority Withheld Vote*") promptly shall tender his or her resignation to the Board for consideration following certification of the stockholder vote. A "FOR" vote by a majority of those shares present and entitled to vote is required to approve the amendment to the Incentive Stock Plan and to ratify the appointment of Ernst & Young LLP. For purposes of determining approval of a matter presented at the Annual Meeting, abstentions will be deemed present and entitled to vote and will, therefore, have the same legal effect as a vote "against" a matter presented at the Annual Meeting. Broker non-votes will not be counted as votes cast either for or against the proposals.

Will any other matters be acted on at the Annual Meeting?

If any other matters are properly presented at the Annual Meeting or any adjournment, the persons named in the proxy will have discretion to vote on those matters. As of the date by which shareholder proposals must have been received by the Company to be presented at the Annual Meeting, and as of the date of this proxy statement, the Company did not know of any other matters to be presented at the Annual Meeting.

Who pays for this proxy solicitation?

The Company will bear the entire cost of soliciting proxies, including the costs of preparing, assembling, printing and mailing this Proxy Statement, the proxy and any additional soliciting material furnished to stockholders. The Company has retained MacKenzie Partners, Inc. and Innisfree M&A Incorporated, proxy solicitation firms, to solicit proxies for a fee of \$15,000 each, plus reimbursement of their respective out-of-pocket expenses. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy materials to the beneficial owners of stock, and these entities may be reimbursed by the Company for their expenses. Proxies also may be solicited by directors, officers or employees of the Company in person or by telephone, telegram or other means. No additional compensation will be paid to such individuals for these services.

How may I communicate with the Board of Directors?

Stockholders wishing to send communications to the Board of Directors individually or as a group may do so by writing to: The Board of Directors of Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012, Attention: Corporate Communications. You should identify your communication as being from a stockholder of the Company. The Company may require reasonable evidence that your communication or other submission is made by a stockholder of the Company before transmitting your communication to the Board of Directors.

VOTING BY TELEPHONE OR VIA THE INTERNET

For Shares Registered in the Name of a Brokerage Firm or Bank.

Some brokerage firms and banks are participating in a program provided through Broadridge Financial Solutions that offers telephone and Internet voting options. If your shares are held in an account at a brokerage firm or bank participating in the Broadridge program, you may vote those shares telephonically by calling the telephone number referenced on your proxy card. If your shares are held in an account at a brokerage firm or bank participating in the ADP program, you are offered the opportunity to elect to vote via the Internet. Votes submitted via the Internet through the ADP program must be received by 11:59 p.m. (New York time) on April 9, 2008.

For Shares Directly Registered in the Name of the Stockholder.

Stockholders with shares registered directly with American Stock Transfer & Trust Company may vote telephonically by calling Broadridge Financial Solutions at 1-800-690-6903, or you may vote via the Internet at www.proxyvote.com.

The telephone and Internet voting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their voting instructions and to confirm that stockholders' instructions have been recorded properly. Stockholders voting via the Internet through Broadridge Financial Solutions should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, which must be borne by the stockholders.

ELECTION OF DIRECTORS

(Proposal 1)

At the Annual Meeting eight directors will be elected to hold office for a term expiring at the time of the Annual Meeting of Stockholders to be held in 2009. The Board of Directors, upon the recommendation of the Corporate Governance Committee, has nominated the nominees named herein. Each director will be elected to serve until a successor is elected and qualified or until the director's earlier resignation or removal.

At the Annual Meeting, the proxy cards given by stockholders will be voted individually for the election, as directors of the Company, of the persons named herein, unless a proxy card specifies that it is not to be voted in favor of a nominee for director. If any of the nominees listed below shall be unable to serve, it is intended that the proxy will be voted for such other nominees as may be designated by the Board of Directors. Each of the persons named herein has indicated to the Board of Directors that he will be available to serve.

Policy on Majority Voting for Directors. As part of our continuing efforts to enhance corporate governance procedures, our Board of Directors has amended our Corporate Governance Guidelines to provide for majority voting in an uncontested election of directors. In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election promptly shall tender his or her resignation to the Corporate Governance Committee following certification of the stockholder vote. The Corporate Governance Committee promptly will consider the resignation offer and recommend to the Board of Directors the action to be

taken with respect to such offered resignation. The Board of Directors will act on the Corporate Governance Committee's recommendation within 90 days following the date of the Annual Meeting. Thereafter, the Board of Directors promptly will disclose its decision whether to accept the director's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a Current Report on Form 8-K filed with the Securities and Exchange Commission. Any director tendering a resignation pursuant to this provision shall not participate in the Corporate Governance Committee recommendation or action of the Board of Directors regarding whether to accept the resignation offer.

The Board of Directors recommends that stockholders vote FOR the election of the nominees named below.

Set forth below is information with respect to the nominees for directors:

Ben Feder, age 44, has been serving as the Chief Executive Officer and a director of the Company since he was nominated by certain stockholders of the Company and elected to the Board of Directors at the Company's 2007 annual meeting of stockholders on March 29, 2007. Mr. Feder is also a partner of ZelnickMedia, a media investment and management firm, and is involved in overseeing ZelnickMedia's interest in Columbia Music Entertainment (CME) of Japan. He is a director of CME, which is traded on the Tokyo Stock Exchange. Prior to co-founding ZelnickMedia in 2001, Mr. Feder was Chief Executive Officer of MessageClick, Inc., a leading provider of voice messaging technology for next-generation telephone networks, and held a senior position with News Corporation.

Strauss Zelnick, age 50, has been Executive Chairman of the Company since February 2008 and has been the non-executive Chairman of the Company since he was nominated by certain stockholders of the Company and elected to the Board of Directors at the Company's 2007 annual meeting of stockholders on March 29, 2007. Mr. Zelnick is also a partner of ZelnickMedia and is Chairman of Columbia Music Entertainment (CME) of Japan, Online Testing Exchange, Inc. and ITN Networks. He also serves on the Boards of Directors of Blockbuster Inc. and Naylor LLC. Mr. Zelnick served as Executive Chairman of Direct Holdings, the parent company of Time Life and Lillian Vernon until the company was sold to Reader's Digest in March 2007. Prior to co-founding ZelnickMedia in 2001, Mr. Zelnick was President and Chief Executive Officer of BMG Entertainment, an entertainment company with more than 200 record labels and operations in 54 countries. Mr. Zelnick has also served as President and Chief Executive Officer of Crystal Dynamics, Inc and as President and Chief Operating Officer of Twentieth Century Fox. He is an associate member of the National Academy of Recording Arts and Sciences and served on the Board of Directors of the Recording Industry Association of America and the Motion Picture Association of America.

Robert A. Bowman, age 52, has been a director of the Company since April 2007. Mr. Bowman is the President and Chief Executive Officer of Major League Baseball Advanced Media, LP, which manages the interactive and Internet rights for Major League Baseball, a position he has held since 2000. Prior to joining MLB Advanced Media, Mr. Bowman was President and Chief Operations Officer of ITT Corporation from 1995 to 2000, where he previously served as Chief Financial Officer from 1991 to 1995. Mr. Bowman served as the Treasurer of the State of Michigan from 1983 to 1990, overseeing its tax policy and collection and the state's pension fund. Mr. Bowman serves as President of the Michigan Education Trust and is a director of Blockbuster Inc., The Warnaco Group, Inc. and World Wrestling Entertainment, Inc., serving as the Chair of the Audit Committee at Blockbuster and on the Audit Committee and Compensation Committee at Warnaco and the Audit Committee at World Wrestling Entertainment, Inc.

Grover C. Brown, age 72, has been a director of the Company since March 2006. Mr. Brown was not nominated by certain stockholders of the Company, and therefore not elected, to the Board of Directors at the Company's 2007 annual meeting of stockholders on March 29, 2007. However, at a meeting of the Board held immediately thereafter, the Board reappointed him to the Board. Mr. Brown, a former judge, has been special counsel at the law firm of Gordon, Fournaris & Mammarella, P.A. since March 2000. Previously, Mr. Brown was a partner at the law firm of Morris,

James, Hitchens & Williams from 1985 to 2000. Mr. Brown served as Chancellor and Vice Chancellor of the Delaware Court of Chancery from 1973 until 1985 and was a Family Court Judge for the State of Delaware prior to that time. Mr. Brown is a director of Cablevision Systems Corporation, a telecommunications and entertainment company and a member of its Special Litigation Committee.

Michael Dornemann, age 62, was nominated by certain stockholders of the Company and elected to the Board of Directors at the Company's 2007 annual meeting of stockholders on March 29, 2007. Mr. Dornemann is an entertainment and marketing executive with more than 30 years of management consulting, corporate development, strategic advisory and media experience. Since 2001, Mr. Dornemann has served on several boards and currently serves on the Board of Directors of Jet Set AG, a worldwide fashion company based in Switzerland, as Vice-Chairman of Access Worldwide Communications and on the Board of Directors of Columbia Music Entertainment (CME) of Japan. Prior to 2001, Mr. Dornemann was an executive board member of Bertelsmann AG for 16 years and Chief Executive Officer of Bertelsmann Entertainment (music and television division) and held positions with IBM and Boston Consulting Group.

John F. Levy, age 52, has been a director of the Company since March 2006. Since May 2005, Mr. Levy has served as the Chief Executive Officer of Board Advisory Services, a consulting firm that advises public companies in the areas of corporate governance, corporate compliance, financial reporting and financial strategies. From November 2005 to March 2006, Mr. Levy was the Interim Chief Financial Officer of Universal Food & Beverage Company, which filed a voluntary petition under the provisions of Chapter 11 of the United States Bankruptcy Act on August 31, 2007. From November 1997 to May 2005, Mr. Levy served as Executive Vice President and Chief Financial Officer of MediaBay, Inc., a provider of premium spoken word audio content. While at MediaBay, he also served for a period as its Chairman and Vice Chairman. Mr. Levy is a certified public accountant with nine years of experience with the national public accounting firms of Ernst & Young, Laventhol & Horwath and Grant Thornton LLP. Mr. Levy is a director, Lead Director and Chairman of the Audit Committee and a member of the Compensation Committee of Gilman+Ciocia, Inc., which provides tax preparation and financial planning services to individuals. Mr. Levy is also a director of Atlas Mining Company.

J Moses, age 49, was nominated by certain stockholders of the Company and elected to the Board of Directors at the Company's 2007 annual meeting of stockholders on March 29, 2007. Since 1997, Mr. Moses has been the Chief Executive Officer of UGO Networks, Inc., an online publisher delivering information and entertainment for "gamers." Mr. Moses, who co-founded UGO Networks, managed the sale of that company to the Hearst Corporation in August 2007, where he continues to oversee that company. Prior thereto, Mr. Moses served as President of MTV Russia and oversaw the launch of MTV Networks in Russia in 1996. Mr. Moses, a 30 year veteran of the media industry, also served as the President of BMG Interactive from 1992 to 1995.

Michael Sheresky, age 40, was nominated by certain stockholders of the Company and elected to the Board of Directors at the Company's 2007 annual meeting of stockholders on March 29, 2007. Since 1997, Mr. Sheresky has held a number of positions at the William Morris Agency, a talent agency, and he currently serves as a Senior Vice President in its Motion Picture Department.

Set forth below is information with respect to the Company's executive officers who are not also directors:

Lainie Goldstein, age 40, became Chief Financial Officer of the Company in June 2007 and prior thereto served as the Company's Senior Vice President of Finance since November 2003. Prior to joining the Company in November 2003, Ms. Goldstein spent seven years in various finance positions with Nautica Enterprises, an apparel company, most recently as Vice President, Finance and Business Development. Ms. Goldstein is a certified public accountant, and held positions in the audit and reorganization departments at Grant Thornton LLP.

Seth Krauss, age 37, has been the Executive Vice President and General Counsel of the Company since March 2007. Prior to that time, he served in the Legal and Compliance Division of Morgan

Stanley, a global financial services company, first as Vice President and Counsel and then as Executive Director and Counsel from March 2004 to March 2007, where most recently he had been responsible for coordinating all significant regulatory and law enforcement matters for Morgan Stanley in the United States and served as one of the firm's senior liaisons to its U.S.-based financial regulators and law enforcement agencies. From 1995 until joining Morgan Stanley in March 2004, Mr. Krauss served as an Assistant District Attorney and Senior Investigative Counsel in the New York County District Attorney's Office, where his work included leading complex, long-term investigations into violations of securities, banking, accounting, taxation and related laws and regulations, working closely with the SEC, FINRA (formerly the NASD and the NYSE), as well as numerous state, federal and international financial regulators and law enforcement agencies.

Gary Dale, age 47, became Executive Vice President of the Company in December 2007. Prior to that time, he was Chief Operating Officer of the Company's Rockstar Games publishing label since joining the Company in January 2007. Mr. Dale previously served as the European Managing Director of Capcom Co. Ltd., an interactive entertainment company, from November 2003 to January 2007. From 2000 to 2003, he was Chief Executive Officer of Granada Sky Broadcasting, an operator of television channels in the United Kingdom, where he was responsible for production, programming, operations, sales and marketing. From 1998 to 2000, he served as Senior Vice President of International Marketing at BMG Music, overseeing all marketing activities outside of North America. Prior to that, he was President of the Interactive Software and Video Division of BMG Entertainment from 1994 until the Company acquired BMG Interactive in March 1998.

Karl Slatoff, age 37, became Executive Vice President of the Company in February 2008. Mr. Slatoff is also a partner of ZelnickMedia. Prior to joining ZelnickMedia in 2001, Mr. Slatoff served as Vice President, New Media for BMG Entertainment, where he was responsible for guiding BMG's online digital strategies, including the development of commercial digital distribution initiatives and new business models for the sale and syndication of online content. From 1994 to 1996, Mr. Slatoff worked in strategic planning at the Walt Disney Company, where he focused on the consumer products, studio and broadcast divisions, as well as several initiatives in the educational, publishing and new media sectors. From 1992 to 1994 Mr. Slatoff worked in the corporate finance and mergers and acquisitions units at Lehman Brothers where he focused on the consumer products and retail/merchandising industries.

Section 16(a) Beneficial Ownership Compliance. Based solely on a review of Forms 3, 4 and 5 furnished to the Company with respect to its most recent fiscal year, the Company believes that all reporting persons currently required to file such reports under the Securities Exchange Act of 1934 filed such reports on a timely basis, except that each of Messrs. Moses and Sheresky filed a late Form 4 relating to an option grant to him due to delays in applying for EDGAR codes for first time filers.

Meetings of Directors. The Board of Directors holds regularly scheduled meetings during the year and holds additional meetings as necessary or desirable. During the fiscal year ended October 31, 2007, the Board of Directors held 17 meetings. Each of the incumbent directors attended more than 75% of the meetings of the Board of Directors and all committees thereof on which he served during the period for which he was a director.

Independent Directors. The Board has determined that Messrs. Bowman, Brown, Dornemann, Levy, Moses and Sheresky are "independent" directors as defined under the rules of the NASDAQ Stock Market. During the fiscal year ended October 31, 2007, the independent directors met in executive session (outside the presence of management) on several occasions. The Board has three committees comprised of independent directors, a Compensation Committee, a Corporate Governance Committee and an Audit Committee, each of which is governed by a written charter. These written charters and the Company's code of business conduct and ethics are posted on the Company's website at www.take2games.com and can be accessed by clicking on "Corporate," then "Corporate Overview" then "Governance Policies." The Board has an Executive Committee, currently comprised of

Messrs. Dornemann (Chair), Feder and Zelnick. The Board also established a Special Litigation Committee in 2006, which is currently comprised of Messrs. Brown, Levy and Zelnick, which, among other things, is responsible for investigating the allegations made in certain stockholder derivative actions and investigating the Company's past option granting practices. Certain information as to the Compensation Committee, the Corporate Governance Committee and the Audit Committee is set forth below.

Compensation Committee. The Company has established a Compensation Committee of the Board of Directors, currently comprised of Messrs. Dornemann (Chair), Sheresky and Moses. The function of the Compensation Committee is to review compensation policies and procedures of the Company, evaluate and approve the executive officers' compensation and make recommendations to the Board of Directors regarding executive compensation. The Compensation Committee held 11 meetings during the fiscal year ended October 31, 2007.

Corporate Governance Committee. The Company has established a Corporate Governance Committee, currently comprised of Messrs. Moses (Chair), Bowman, Brown and Sheresky. This committee is responsible for creating and maintaining overall corporate governance policies for the Company and identifying, screening and recruiting director candidates for the Board of Directors. The Corporate Governance Committee held three meetings during the fiscal year ended October 31, 2007.

The Corporate Governance Committee will consider nominees recommended by stockholders, provided that the recommendation contains sufficient information for the Committee to assess the suitability of the candidate. Candidates recommended by stockholders that comply with these procedures will receive the same consideration that candidates recommended by the Committee receive.

When selecting directors, the Board will review and consider many factors, including experience, business understanding, achievement, available time, diversity, age, skills and independence. It will also consider ethical standards, integrity and any conflict of interest. It considers recommendations primarily from members of the Board and management. The Committee conducts interviews with candidates who meet the Board's criteria, and has full discretion in considering its nominations to the Board. The Board of Directors adopted Corporate Governance Guidelines, which include criteria to assess the suitability of candidates for the Board of Directors. These Corporate Governance Guidelines are posted on the Company's website at "www.take2games.com" and can be accessed by clicking on "Corporate," then "Corporate Overview" then "Governance Policies."

A stockholder wishing to nominate a candidate for election to the Board at the Company's Annual Meeting of Stockholders to be held in 2009 is required to give written notice of an intention to make such a nomination by no later than November 11, 2008. Such notice should be addressed to Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012, Attention: Corporate Communications.

The notice of nomination is required to contain information about both the nominee and the stockholder making the nomination, including information regarding the recommended candidate relevant to a determination of whether the recommended candidate would be barred from being considered independent under the applicable rules of the NASDAQ Stock Market, or, alternatively, a statement that the recommended candidate would not be so barred. A nomination that does not comply with the above requirements will not be considered.

Audit Committee. The Company has established an Audit Committee of the Board of Directors, currently comprised of Messrs. Levy (Chair), Dornemann and Moses. The Board of Directors has determined that Mr. Levy qualifies as an "audit committee financial expert" under federal securities laws. The Audit Committee held five meetings during the fiscal year ended October 31, 2007.

Director Training. Mr. Levy, Chairman of the Audit Committee, has completed 64 hours of training sessions since May 2006, including "Audit Committee Institute Roundtable" presentations by

KPMG; a "Stock Option Backdating and Practices Conference" presented by Blank Rome LLP; an "Audit Committee Fundamentals Seminar," "Annual Corporate Governance Conference" and an "Audit Committee Issues Conference" presented by NACD; a "National SEC Reporting Conference" and an "Institute FASB/GAAP In-Depth Workshop" presented by the SEC; and an "Annual Board Room Summit" presented by Corporate Board Member Magazine. Mr. Moses also attended the "Annual Board Room Summit" presented by Corporate Board Member Magazine. Mr. Sheresky attended the first day of a "Director Training and Certification Program" presented by UCLA Anderson School of Management. Messrs. Brown, Dornemann, Feder, Moses and Zelnick participated in ISS accredited training provided by The Director's Network, via Deloitte & Touche. In December 2007, the Board adopted a director training policy providing that directors shall attend at least eight hours of ISS accredited training each year.

Director Stock Ownership Guidelines. In June 2007, the Company adopted stock ownership guidelines for non-employee directors of the Company. Under these guidelines, non-employee directors are encouraged to own shares of Common Stock having a value equal to three times the annual cash retainer paid by the Company to its non-employee directors, which is currently \$60,000. The ownership guidelines propose that current non-employee directors achieve such stock position within five years after the date of the adoption of the guidelines and that future non-employee directors achieve such ownership position within five years after the date of their election to the Board.

Code of Business Conduct and Ethics. In September 2007, the Company adopted a revised written Code of Business Conduct and Ethics that applies to the directors, officers and employees of the Company, including the Company's principal executive officer, principal financial officer, principal accounting officer and controller and any persons performing similar functions. A copy of the Code of Business Conduct and Ethics is posted on the Company's website at "www.take2games.com" and can be accessed by clicking on "Corporate," then "Corporate Overview" then "Governance Policies."

Conflict of Interest Guidelines for Directors / Directors' Code of Conduct. In September 2007, the Company adopted a written Conflict of Interest Guidelines for Directors / Directors' Code of Conduct that applies to directors of the Company. A copy of the Conflict of Interest Guidelines for Directors / Directors' Code of Conduct is posted on the Company's website at "www.take2games.com" and can be accessed by clicking on "Corporate," then "Corporate Overview" then "Governance Policies."

Attendance at Stockholder Meetings. The Board has adopted a policy whereby directors are strongly encouraged to attend the Company's annual meeting of stockholders. Three of our former directors and all of our current directors attended the last annual meeting of the Company's stockholders in March 2007.

Certain Legal Proceedings. As disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007 accompanying this proxy statement, the Company and certain of its former officers and directors and two current directors, Messrs. Brown and Levy, are defendants in a number of legal proceedings, including a number of purported derivative proceedings.

COMPENSATION DISCUSSION AND ANALYSIS

Objectives and Philosophy of Executive Compensation

The Company's mission is to produce superior financial returns to stockholders by creating and distributing premium quality interactive entertainment software designed to meet the mainstream entertainment choices of an increasingly mature and sophisticated audience. In order to fulfill this mission, the Company must attract and retain employees, including our principal executive officer, principal financial officer and the three other most highly compensated executive officers of the Company (collectively, the "*Named Executive Officers*"), who are committed to creativity, efficiency and innovation, who will support the Company's strong team orientation, and who understand and are capable of adhering to sound corporate governance policies. Our approach to executive compensation this past fiscal year has been particularly proactive and focused, due to the challenges we face in recruiting and retaining employees as a result of past regulatory and legal issues affecting the Company. Accordingly, our executive compensation is designed to:

- enhance the profitability of the Company and increase stockholder value;
- align the Named Executive Officers' and stockholders' interests by encouraging and facilitating significant ownership of our Common Stock by the Named Executive Officers;
- provide competitive compensation that will attract and retain qualified Named Executive Officers;
- reward Company success, while promoting each Named Executive Officers' profitability, individual initiative, leadership and achievement and contribution to the Company's growth; and
- motivate the Named Executive Officers to build a career at the Company, to contribute to our future success and to build long-term stockholder value by linking a significant part of their compensation to the Company's financial and stock price performance, especially long-term performance.

A significant portion of total compensation paid to the Company's Named Executive Officers is placed at risk through annual and long-term incentives. As shown in the Summary Compensation Table, in 2007, restricted stock awards, stock options and annual bonuses in the aggregate represented on average approximately 60% of the compensation for the Named Executive Officers. The combination of incentives is designed to balance annual operating objectives and Company earnings performance with longer-term stockholder value creation.

The Company seeks to provide competitive compensation that is commensurate with performance. The Company has recently instituted a planning and goal-setting process (on a Company-wide, business unit and individual basis) that is integrated into the compensation system, enhancing the relationship between individual efforts, Company results, and financial rewards.

Role of the Compensation Committee

General

The Compensation Committee reviews compensation policies and procedures of the Company and evaluates and approves the Named Executive Officers' compensation. The Compensation Committee currently consists of three members of the Company's Board of Directors, Messrs. Dornemann (Chair), Sheresky and Moses, each of whom is an independent director under Nasdaq's Rule 4200, a "non-employee director" as defined under the SEC rules and an "outside director" as defined under Section 162(m) of the Internal Revenue Code (the "Code"). The Compensation Committee held 11 meetings during the fiscal year ended October 31, 2007.

Role of Management

When considering decisions concerning the compensation of the Named Executive Officers (other than the Chief Executive Officer), the Compensation Committee asked for the recommendations of the Chairman (now the Executive Chairman) and the Chief Executive Officer, including their evaluation of each of the Named Executive Officers' performance.

Use of Outside Advisors

In making its determinations with respect to executive compensation, the Compensation Committee has historically engaged the services of independent compensation consulting firms. During the course of the fiscal year, Executive Compensation Advisors advised the Company with respect to the appropriate compensation for Ms. Goldstein's employment agreement and in September 2007, the Compensation Committee retained the services of Executive Compensation Advisors to perform benchmarking of compensation packages, to review our compensation programs and to develop recommendations regarding our annual and long-term incentive programs in which Ms. Goldstein and Mr. Krauss participate. In addition, from time to time during the fiscal year, the Company utilized data from Radford Surveys + Consulting. The compensation consultants typically obtain input and feedback from management regarding its consulting work product prior to finalization and presentation to the Compensation Committee in order to confirm alignment with the Company's business strategy, resolve questions regarding compensation data or other similar issues, if any.

The Compensation Committee has the authority to retain, terminate and set the terms of the Company's relationship with any outside advisors that assist the Compensation Committee in carrying out its responsibilities.

Elements of Executive Compensation

Pay Element—Overview

Executive compensation for our Named Executive Officers consists of the following elements:

- Base salary
- Annual incentive compensation
- Long-term incentives (consisting of restricted stock and stock options)
- Other compensation (consisting of a 401(k) plan, a medical expenses reimbursement plan and other benefits and perquisites)
- Employment and management agreements

During the fiscal year ended October 31, 2007, Mr. Feder received no direct compensation from us, other than payment of life insurance premiums and reimbursement under the Company's medical expense reimbursement plan. Accordingly, his compensation is not described under the headings "Base Salary," "Annual Incentive Compensation" and "Long-Term Incentives." On February 14, 2008, we entered into an employment agreement with Mr. Feder under which he will receive an annual salary of \$1.00 and he will be entitled to participate in all benefits and plans which the Company may institute from time to time for our executive officers and employees. In addition, as a partner of ZelnickMedia, Mr. Feder is indirectly compensated by us through our management agreement with ZelnickMedia. See "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation" for further information regarding our management agreement with ZelnickMedia and our employment agreement with Mr. Feder.

Base Salary

The Company pays base salaries to certain Named Executive Officers in order to provide them with fixed pay that takes into account their role and responsibilities, experience, expertise and individual performance. Decisions regarding salary increases take into account the Named Executive Officers' current salary, the salary of other Company executives, the value in the marketplace and the executive's performance. The Compensation Committee reviewed and approved the base salaries for the Named Executive Officers (other than the Chief Executive Officer) based on these factors. Base salaries are set in the Named Executive Officers' employment agreements and are subject to annual review by the Compensation Committee, including for discretionary increases from year to year.

Annual Incentive Compensation

The Compensation Committee has the authority to award annual performance-based bonuses to certain Named Executive Officers pursuant to their employment agreements with the Company. The Compensation Committee believes that the annual performance-based bonuses provide the incentives necessary to retain our Named Executive Officers and reward them for their attainment of the Company's business goals.

Pursuant to her employment agreement, Ms. Goldstein is eligible for an annual performance-based cash bonus equal to up to 75% of her base salary based on the achievement of certain budgeted EBITDA as follows:

Actual EBITDA	Annual Bonus
Less than 80% of the budget	No bonus earned
80%–100% of the budget	12.5%–50% of base salary
100%–120% of the budget	50%–75% of base salary
Greater than 120% of the budget	Capped at 75% of base salary

"Actual EBITDA" is defined as the net income recorded for the Company, adding back interest, depreciation, amortization and tax expenses and excluding one-time and extraordinary items. If Actual EBITDA is in between the range, the bonus is determined on a proportional, sliding scale basis. The Company's budgeted EBITDA is determined by the Board after consultation with Ms. Goldstein and in accordance with past practices, and these targets were established to be aligned with our historical bonus structure. For the year ending October 31, 2007, the budgeted EBITDA was \$30,400,000, but due the delayed release of Grand Theft Auto IV, actual EBITDA was less than 80% of budgeted EBITDA and Ms. Goldstein did not receive a bonus for the fiscal year 2007. However, the Compensation Committee intends to consider, at its regularly scheduled second quarter meeting in March 2008, an award to Ms. Goldstein which would be a special bonus equal to 50% of her base salary in recognition of her overall strong performance during the 2007 fiscal year, a significant portion of which was in her capacity as our Chief Financial Officer.

Mr. Krauss is also eligible to receive an annual performance-based cash bonus equal to up to 50% of his base salary, based on reasonable and appropriate quantitative and qualitative performance targets. In the fiscal year ended October 31, 2007, Mr. Krauss received a one-time bonus in the amount of \$50,000, which was subject to, and paid upon, the completion of three months of employment. This bonus was part of the compensation awarded to encourage Mr. Krauss to join the Company and to compensate him for forfeited equity awards granted by a prior employer. In addition, the Compensation Committee awarded an annual performance bonus of \$116,500 to Mr. Krauss. This bonus was awarded in recognition of his strong performance during the fiscal year, including, for example, enhancing and expanding our legal department, addressing the global governance of the Company, managing our internal investigation of our past option granting practices and the related litigation and regulatory investigations, interfacing and coordinating with management, ZelnickMedia

and the Board, and assuming responsibility for additional duties, such as managing insurance globally and administratively managing our internal audit department. The amount of the \$116,500 bonus was calculated based on the full amount of Mr. Krauss's target bonus equal to 50% of his annual salary, pro rated for the portion of the fiscal year Mr. Krauss was employed by us. Mr. Krauss's employment agreement contemplates that any cash bonus for the fiscal year 2007 be prorated for the period of his employment.

In addition, pursuant to their former employment agreements which were effective during part of our fiscal year 2007, Messrs. Eibeler, Winters and Judd were each eligible for an annual performance-based cash bonus, based on the achievement of certain performance targets and mutually agreed upon: Mr. Eibeler in an amount of up to 100% of his base salary, Mr. Winters in an amount of up to 50% of his base salary and Mr. Judd in an amount of \$275,000. However, Messrs. Eibeler, Winters and Judd were not awarded annual performance bonuses because of the termination of their employment with the Company prior to the end of our fiscal year 2007.

In September 2007, Executive Compensation Advisors made recommendations regarding our annual and long-term incentive award programs so that our 2008 program will be consistent across the Company and market competitive. Our 2008 program is based on key business metrics (generally, the extent to which profitability exceeds a certain budget) and results will be determined based on formulaic results, at the individual and/or group level. For corporate executives other than Messrs. Feder, Krauss and Slatoff and Ms. Goldstein, the annual incentive plan is based on the achievement of an EBITDA target that is established prior to the beginning of the Company's fiscal year and the annual bonus opportunity is as follows:

	<u>Budget Achieved</u>	<u>Payout</u>
Below Threshold	< 75% of Budget	0% payout
Threshold	75% of Budget	20% payout equal to 10% of base salary
Target	100% of Budget	100% payout equal to 50% of base salary
Maximum	125% of Budget	150% payout equal to 75% of base salary

If the budget is in between the range, the payout is proportional to the actual budget achieved. While achieving the targets of our 2008 program is substantially uncertain, the targets set forth above are challenging yet attainable goals for our talented management team. The target bonus is designed to provide corporate executives with a normal target bonus if the Company performs to expectation. The threshold bonus is designed to provide corporate executives with some bonus opportunity, but less than the target opportunity if the Company does not achieve its expected budgeted performance. If the Company exceeds its budgeted performance, corporate executives will be paid a bonus in excess of the target up to the maximum amount on a proportional sliding scale in order to reward them for the Company's outstanding performance.

Long-Term Incentives

We believe that equity-based awards are an important factor in aligning the long-term financial interest of the officers and stockholders. The Compensation Committee continually evaluates the use of equity-based awards and intends to continue to use such awards in the future as part of designing and administering the Company's compensation program. All grants made to the Named Executive Officers are issued on the first available grant date following the date they are approved by the Compensation Committee, which is the fifth trading day following the filing date with the SEC of our quarterly or annual report, as the case may be.

The Company has an incentive stock plan and a stock option plan that permit the Company to grant equity incentives in the form of stock options and/or restricted stock awards. These awards are designed to provide emphasis on providing significant incentives for continuing growth in stockholder

value. Equity-based awards were generally granted on an annual basis to existing key employees and on a quarterly basis to new key employees on the commencement of employment and to existing key employees following a significant change in job responsibilities or to meet other special retention objectives. During the fiscal year ended October 31, 2007, the Named Executive Officers were granted stock options and restricted stock. However, since February 2007, the Company has and intends in the future to predominantly grant restricted stock in order to provide for an award that contains both substantial incentive and retention characteristics.

Before September 2007, in determining the amount of stock options or restricted stock to be granted to the Named Executive Officers, we generally took into account historical practices and any special retention objectives. However, for the fiscal year 2008, we have generally followed certain guidelines in our 2008 long-term equity incentive program which was recommended by Executive Compensation Advisors and adopted by the Compensation Committee. Pursuant to these guidelines, the amount of an award granted to a Named Executive Officer (other than Messrs. Feder and Slatoff) is based on a dollar range from \$250,000 to \$350,000 for U.S.-based executives and from \$175,000 to \$245,000 for non-U.S.-based executives. The Chief Executive Officer makes recommendations to the Compensation Committee and the Compensation Committee then determines the amount of the award that will be granted within the dollar range. On December 28, 2007, the Compensation Committee granted certain equity awards to Ms. Goldstein (valued at \$300,000) and Mr. Krauss (valued at \$350,000) in recognition of their fiscal year 2007 performance. Such awards were within the dollar range contemplated for Named Executive Officers. Such grants contain both time-based vesting and performance-based vesting, because the Compensation Committee and management believe that equity awards should contain a performance element in order to better align the Named Executive Officers' performance with the success of the Company.

In the past, the Compensation Committee granted equity awards by designating a specific number of shares underlying the award. However, since September 2007, the Compensation Committee has generally determined the dollar value of a grant, using the average of the closing price of the Common Stock during the 10-day period preceding the date of grant, and then calculated a grant to correspond to such dollar value. In addition, the Compensation Committee generally follows a practice of granting equity awards on a quarterly basis, and since June 2007, the Compensation Committee has granted awards on the fifth trading day after the Company files its Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable. We have also employed Merrill Lynch to perform stock services administration which, among other things, allows us to better manage the sale of stock by Named Executive Officers (upon vesting) and cover the Named Executive Officer's tax liabilities. We believe that implementing the foregoing measures will ensure sound equity granting practices.

Stock Options

Our 2002 Stock Option Plan (the "*2002 Plan*") authorizes us to grant options to purchase shares of common stock to our officers, directors, employees and consultants. The Compensation Committee reviews and approves stock option awards to the Named Executive Officers based upon a review of competitive compensation data, its assessment of individual performance, a review of each Named Executive Officer's existing long-term incentives, and retention considerations.

During the fiscal year ended October 31, 2007, certain Named Executive Officers were awarded stock options in the amounts indicated in the Grants of Plan-Based Awards Table. This includes stock options granted to Mr. Krauss in connection with the commencement of his employment (which includes grants to compensate him for forfeited equity granted by a prior employer). Stock options granted by us have an exercise price equal to the fair market value of our common stock on the day of grant, typically vest over a three-year period (with 33% vesting 12 months after the grant date and the remainder vesting ratably each year thereafter based upon continued employment) and generally expire five years after the date of grant. The vesting of stock options may be accelerated in certain situations

pursuant to the terms of the Named Executive Officer's employment agreement. See the Potential Payments Upon Termination or Change in Control table for further information regarding the accelerated vesting of stock options.

Other Equity-Based Awards

Our Incentive Stock Plan authorizes us to grant restricted stock, deferred stock and other stock-based awards of our common stock to directors, officers and other employees. Our Compensation Committee oversees the administration of this plan. We are amending the Incentive Stock Plan, conditioned on the approval of Proposal 2, in order to: (i) provide for an increase in the number of shares of Common Stock reserved for issuance under the Incentive Stock Plan and (ii) permit the issuance of awards under the Incentive Stock Plan to consultants of the Company and its subsidiaries.

During the fiscal year ended October 31, 2007, certain Named Executive Officers were awarded restricted stock in the amounts indicated in the Grants of Plan-Based Awards Table. This includes restricted stock granted to Mr. Krauss in connection with the commencement of his employment (which includes grants to compensate him for forfeited equity granted by a prior employer) and to Ms. Goldstein in connection with her promotion to the position of Chief Financial Officer. Such restricted stock vests in one-third increments on the first, second and third anniversaries of the date of grant. The vesting of restricted stock may be accelerated in certain situations pursuant to the terms of the Named Executive Officer's employment agreement. See the Potential Payments Upon Termination or Change in Control Table for further information regarding the accelerated vesting of restricted stock.

On December 6, 2006, the Compensation Committee approved awards of restricted stock to Messrs. Eibeler and Winters, subject to stockholder approval of an amendment to the Incentive Stock Plan providing for an increase in the number of shares of Common Stock reserved for issuance thereunder. The amendment was thereafter approved by stockholders on March 29, 2007 and these awards were granted on such date. Such awards were made based on the Named Executive Officers' performance and to encourage continued service with us and recalibrate their ownership on a percentage basis, taking into account equity dilution resulting from stock issuances and grants made to recently hired executives. Such restricted stock was initially scheduled to vest in one-third increments on the first, second and third anniversaries of the date of grant, which vesting was accelerated upon the termination of their employment with the Company in April 2007.

Other Compensation

401(k) Plan

We maintain a 401(k) savings plan and trust for our eligible employees in which Ms. Goldstein and Mr. Krauss are eligible to participate, although currently only Ms. Goldstein participates. The plan permits each participant to make voluntary pre-tax contributions and in addition, we make matching contributions equal to 50% of the participant elective deferral (excluding catch-up contributions), up to the first 6% of the participant's salary that is contributed to the 401(k) savings plan. Please see the "All Other Compensation" column in the Summary Compensation Table for further information regarding these benefits.

Medical Expenses Reimbursement Plan

We maintain a Medical Expenses Reimbursement Plan (the "MERP") for certain eligible employees and all of the Named Executive Officers participate, except for Messrs. Eibeler, Winters and Judd who are no longer employed by us. Pursuant to the MERP, Mr. Feder, Ms. Goldstein and Mr. Krauss are reimbursed for unreimbursed medical, dental and vision expenses, up to \$10,000 per year.

We provide health insurance, dental insurance, life and accidental death and dismemberment insurance and short-term and long-term disability benefits for our Named Executive Officers on the same basis as such benefits are generally provided to our employees, except that Mr. Feder, Ms. Goldstein and Mr. Krauss and are also eligible for the MERP. Mr. Krauss receives a car allowance of \$1,000 per month, and pursuant to their former employment agreements with us, Messrs. Eibeler, Winters and Judd were entitled to a car allowance, as follows: Mr. Eibeler, \$1,000 per month and each of Messrs. Winters and Judd, \$800 per month. However, in lieu of car allowances, Messrs. Eibeler, Winters and Judd used Company-leased cars which included Company-paid insurance, gas and parking, and such arrangements exceeded each of their respective car allowances provided pursuant to their employment agreements. In addition, we provided an additional life insurance policy of \$1 million for Messrs. Eibeler, Winters and Judd while they were employed with us and we paid the premiums for such policies.

While the Compensation Committee in its discretion may revise, amend or add to the Named Executive Officers' benefits if it deems it advisable, we have no current plans to change the levels of benefits currently provided to our Named Executive Officers. The Company annually reviews these other benefits and makes adjustments as warranted based on competitive practices, the Company's performance and the individual's responsibilities and performance. The Compensation Committee has approved these other benefits as a reasonable component of the Company's executive compensation program. Please see the "All Other Compensation" column in the Summary Compensation Table for further information regarding these benefits.

Employment, Management and Separation Agreements

Employment Agreements

As of October 31, 2007, we had employment agreements with Ms. Goldstein and Mr. Krauss which provide for, among other things, base salary, bonus, general severance benefits and change in control benefits. The severance payable to Mr. Krauss if he is terminated without "cause" (as defined in his employment agreement and summarized in footnote 3 to the Potential Payments Upon Termination or Change in Control Table) within the first two years of the initial term of the agreement is generally enhanced, as he is entitled to continued payments of base salary for 24 months following his termination. We believe that Mr. Krauss's severance is reasonable and appropriate, given Mr. Krauss's responsibilities and in light of the legal and operational challenges the Company faced at the time of his retention, and such severance was a point of negotiation of his employment terms. We also believe that granting these arrangements with our Named Executive Officers is an important element in the retention of such Named Executive Officers which is consistent with our compensation philosophy.

On February 14, 2008, we entered into an employment agreement with Mr. Feder that provides for, among other things, base salary of \$1.00. He will also be eligible to participate in all benefits and plans which the Company may institute from time to time for our executive officers and employees. Upon termination of his employment, Mr. Feder is not entitled to any general severance benefits.

We believe that a strong, experienced management team is essential to the best interests of the Company and our stockholders. We recognize that the possibility of a change in control could arise and that such a possibility could result in the departure or distraction of members of the management team to the detriment of the Company and our stockholders. We have entered into the employment agreements with Ms. Goldstein and Mr. Krauss in order to minimize employment security concerns arising in the course of negotiating and completing a significant transaction. The benefits, which are payable if there is a change of control (with respect to Ms. Goldstein) or if the Named Executive Officer is terminated by the Company without cause in connection with a change in control, are enumerated and quantified in the section captioned "Executive Compensation—Employment, Management and Separation Agreements."

We entered into a management agreement, dated March 30, 2007, with ZelnickMedia, a media investment and management firm, to provide us with executive management services through October 31, 2011 (with automatic one-year renewals thereafter). Stockholders then holding approximately 46% of our outstanding shares of Common Stock negotiated the management agreement on our behalf and, after their election at the 2007 annual meeting of stockholders, the directors of the Company approved the execution of the management agreement by the Company, with Messrs. Feder and Zelnick not participating in the vote or discussion related thereto. Pursuant to the management agreement, ZelnickMedia provides financial and management consulting services to the Company. ZelnickMedia consults with the Board of Directors and management of the Company and its subsidiaries in such manner and on such business and financial matters as may be reasonably requested from time to time by the Board of Directors. In addition, pursuant to the management agreement, Strauss Zelnick may hire and/or terminate the chief executive officer and the chief financial officer, subject to the approval of the Compensation Committee of the Board. Messrs. Zelnick, Feder and Slatoff, each of whom is a partner at ZelnickMedia, as well as other employees of ZelnickMedia, provided services to us during the fiscal year ended October 31, 2007 pursuant to the management agreement. The management agreement also provides for, among other things, an annual fee, an annual incentive bonus, reimbursement of expenses and a grant of options to purchase 2,009,075 shares of Common Stock.

On February 14, 2008, we entered into an amendment to the management agreement with ZelnickMedia. The amendment, among other things, increases the annual management fee and the maximum annual bonus effective April 1, 2008, extends the term of the management agreement by one year to October 31, 2012 effective immediately and provides that ZelnickMedia will provide the services of certain individuals, including the services of Messrs. Zelnick, Feder and Slatoff, and such other individuals as it deems appropriate on a project-by-project, as needed basis for the performance of the management agreement. In addition, the amendment to the management agreement with ZelnickMedia provides that subject to, and effective only upon, the approval of the proposal to amend the Incentive Stock Plan (Proposal 2) at the Annual Meeting, the management agreement will also provide for additional awards of time-based and performance-based restricted stock to ZelnickMedia.

For more information regarding our management agreement with ZelnickMedia and the recent amendment thereto, see "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation."

Separation Agreements.

As more fully described in the section captioned "Executive Compensation—Employment, Management and Separation Agreements," our employment agreements with Messrs. Eibeler, Winters and Judd were terminated and Messrs. Eibeler and Winters entered into Separation Agreements and General Releases, which provide for, among other things, severance payments, consulting fees, certain health benefits and a car allowance.

Pay Mix

We utilize the particular elements of compensation described above because we believe that it provides a well-proportioned mix of secure compensation, retention value and at-risk compensation which produces short-term and long-term performance incentives and rewards. By following this approach, we provide the Named Executive Officers with a measure of security in the minimum expected level of compensation, while motivating our Named Executive Officers to focus on business metrics that will produce a high level of short-term and long-term performance for the Company and long-term wealth creation for the Named Executive Officers, as well as reducing the risk of recruitment of top executive talent by competitors. The mix of metrics used for our annual performance bonus and

long-term incentive program likewise provides an appropriate balance between short-term financial performance and long-term financial and stock performance.

For our Named Executive Officers, the mix of compensation is weighted toward at-risk pay (annual incentives and long-term incentives). Maintaining this pay mix results fundamentally in a pay-for-performance orientation for the Company's Named Executive Officers, which is aligned with the Company's stated compensation philosophy of providing compensation commensurate with performance.

Pay Levels and Benchmarking

Pay levels for our Named Executive Officers are determined based on a number of factors, including the individual's role and responsibilities within the Company, the individual's experience and expertise, pay levels in the marketplace for similar positions and performance of the individual and the Company as a whole. The Compensation Committee is responsible for approving pay levels for the Named Executive Officers. In determining pay levels, the Compensation Committee considers all forms of compensation and benefits, including the mix thereof.

The Compensation Committee assesses "competitive market" compensation using a number of sources. The Compensation Committee has not historically established benchmarks for the Named Executive Officers' compensation, and instead, has determined compensation levels based on the compensation of other executives of the Company and the general performance of the Company. However, the Compensation Committee expects to use benchmarking in the future to determine the compensation of its Named Executive Officers. In September 2007, the Compensation Committee reviewed total compensation (including base salary, bonuses and long-term incentives) as compared to competitive market data for Ms. Goldstein and Mr. Krauss using competitive market data provided by Executive Compensation Advisors. In addition, in performing its competitive market analysis for establishing our 2008 incentive program, Executive Compensation Advisors performed a peer group analysis composed of the following 19 companies:

- GameStop
- Electronic Arts
- Activision
- THQ
- Midway Games
- Warner Music Group
- Lions Gate Entertainment
- Navarre
- Dreamworks Animation
- Marvel Entertainment
- Playboy Enterprises
- Mattel
- Hasbro
- Jacks Pacific
- Leap Frog Enterprises
- Adobe Systems
- Intuit
- Autodesk
- McAfee

After consideration of the data collected on external competitive levels of compensation and internal relationships within the executive group, the Compensation Committee makes decisions regarding individual Named Executive Officers' target total compensation opportunities based on the need to attract, motivate and retain an experienced and effective management team. Relative to the competitive market data, for the fiscal year ended October 31, 2007, the Compensation Committee generally intended that the base salary and target annual incentive compensation for each Named Executive Officer would be around the median of the competitive market, based on market analysis performed by Executive Compensation Advisors during the fiscal year 2007. In fiscal year 2007, Ms. Goldstein's compensation was slightly below the median. Mr. Krauss's compensation included a one-time cash bonus and grants of restricted stock and stock options in connection with his commencement of employment. Excluding such amounts, as they represented one-time cash payments and equity grants, Mr. Krauss's compensation was also below the median.

As noted above, notwithstanding the Company's overall pay positioning objectives, pay opportunities for specific individuals vary based on a number of factors such as scope of duties, tenure, institutional knowledge and/or difficulty in recruiting a new executive. Actual total compensation in a given year will vary above or below the target compensation levels based primarily on the attainment of operating goals and the creation of stockholder value.

The level and mix of compensation that is finally decided upon is considered within the context of both the objective data from our competitive assessment of compensation and performance, as well as discussion of the subjective factors as outlined above. The Compensation Committee believes that each of the compensation packages is within the competitive range of practices when compared to the objective comparative data even where subjective factors have influenced the compensation decisions.

Chief Executive Officer Compensation

Mr. Feder is a partner of ZelnickMedia and he is compensated through our management agreement with ZelnickMedia. Except for the payment of life insurance premiums and health benefits provided by the Company (including his participation in the MERP), all of which is more fully described in the section captioned "Other Compensation," Mr. Feder was not compensated by us during the fiscal year ended October 31, 2007. For more information regarding our management agreement with ZelnickMedia, see "Executive Compensation—Employment, Management and Severance Agreements—ZelnickMedia Corporation."

Impact of Tax and Accounting Rules

As a general matter, the Compensation Committee reviews and considers the various tax and accounting implications of compensation vehicles utilized by the Company.

With respect to accounting considerations, the Compensation Committee examines the accounting cost associated with equity compensation in light of requirements under Statement of Financial Accounting Standards 123 (revised 2004) ("FAS 123R").

With respect to taxes, the Compensation Committee will consider the impact of Section 162(m) of Code, which generally prohibits any publicly held corporation from taking a federal income tax deduction for compensation paid in excess of \$1 million in any taxable year to the Named Executive Officers, subject to certain exceptions.

In general, the Company believes that compensation paid to our Named Executive Officers should be performance-based and deductible for U.S. tax purposes. In certain instances, however, we may determine that it is in our best interest and that of our stockholders to have the flexibility to pay compensation that is not deductible under the limitations of Section 162(m) of the Code in order to provide a compensation package consistent with our program and objectives.

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, that might incorporate this proxy statement or future filings with the SEC, in whole or in part, the following report shall not be deemed to be "soliciting material" or "filed" with the SEC and shall not be deemed to be incorporated by reference into any such filing.

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based upon this review and discussion, the Compensation Committee recommended to the Board of Directors of the Company that the Compensation Discussion and Analysis be included in this proxy statement.

Submitted by: Michael Dornemann (Chair)
 J Moses
 Michael Sheresky

Dated: February 28, 2008

EXECUTIVE COMPENSATION

The following table sets forth summary information for the fiscal year ended October 31, 2007 with respect to cash and certain other compensation paid by the Company to, or earned by, those persons who (a) held the position of Chief Executive Officer or Chief Financial Officer during the fiscal year ended October 31, 2007, (b) were serving as executive officers of the Company as of October 31, 2007, other than its Chief Executive Officer and Chief Financial Officer and (c) were former executive officers of the Company who served as an executive officer during, but not as of the end of, the fiscal year ended October 31, 2007. In accordance with SEC rules, the compensation described in this table does not include medical or group life insurance received by the Named Executive Officers that are available generally to all salaried employees of the Company, and, except as expressly noted, perquisites and other personal benefits received by the Named Executive Officers that in the aggregate do not exceed \$10,000.

Summary Compensation Table

Name and Principal Position	Fiscal Year Ended October 31,	Salary (\$)	Bonus \$(1)	Stock Awards \$(2)	Option Awards (2)	All Other Compensation \$(3)	Total (\$)
Benjamin Feder(4) <i>Chief Executive Officer</i>	2007	—	—	—	—	1,233	1,233
Lainie Goldstein(5) <i>Chief Financial Officer</i>	2007	326,967	—	146,862	116,094	18,489	608,412
Seth Krauss(6) <i>Executive Vice President and General Counsel</i>	2007	233,740	166,500	98,993	161,235	11,717	672,185
Paul Eibeler(7) <i>Former Chief Executive Officer and President</i>	2007	347,019	—	1,685,312	888,008	18,185	2,938,524
Karl H. Winters(8) <i>Former Chief Financial Officer</i>	2007	175,952	—	468,833	116,094	28,170	789,049
Samuel Judd(9) <i>Former Senior Vice President of Planning and Administration</i>	2007	262,590	—	116,713	—	14,457	393,760

- (1) Represents a performance bonus awarded by the Compensation Committee. See "Compensation Discussion and Analysis—Annual Incentive Compensation."
- (2) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended October 31, 2007 in accordance with FAS 123R for all stock awards or option awards, as applicable, held by such person and outstanding on October 31, 2007. For additional information, see Note 13 under the heading "Stock-Based Compensation Plans" of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007. The amounts reflect the accounting expense for these awards and do not correspond to the actual value that may be recognized by such persons with respect to these awards.
- (3) The amounts set forth in this column represent (i) automobile allowances, lease payments and related automotive expenses paid by the Company, (ii) Company contributions to the Company's 401(k) plan, (iii) premiums on the payment of life insurance policies, and (iv) reimbursements under the Company's medical expense reimbursement plan, as follows:

Name	Automobile (\$)	Company contributions to 401(k)(\$)	Life Insurance Policy Premiums (\$)	Medical reimbursements (\$)	Total (\$)
Benjamin Feder	0	0	48	1,175	1,223
Lainie Goldstein	6,800	6,750	239	4,700	18,489
Seth Krauss	8,000	—	192	3,525	11,717
Paul Eibeler	11,266	2,751	1,230	2,938	18,185
Karl H. Winters	16,509	1,258	3,353	7,050	28,170
Samuel Judd	9,719	481	144	4,113	14,457

- (4) Mr. Feder received no direct compensation from the Company in fiscal 2007, other than payment of life insurance premiums and reimbursement under the Company's medical expense reimbursement plan, which payments and reimbursements aggregated less than \$10,000 in 2007. Mr. Feder is a partner of ZelnickMedia, which is a party to a

management agreement with the Company. See "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation."

- (5) Ms. Goldstein was promoted to the position of Chief Financial Officer of the Company in June 2007 and currently receives an annual salary of \$384,600.
- (6) Mr. Krauss commenced employment with the Company in March 2007 and currently receives an annual salary of \$365,000. Mr. Krauss received a signing bonus of \$50,000 and an annual bonus of \$116,500.
- (7) Mr. Eibeler's employment terminated in April 2007. At the time of the termination of his employment, Mr. Eibeler was receiving an annual base salary of \$825,000.
- (8) Mr. Winters' employment terminated in April 2007. At the time of the termination of his employment, Mr. Winters was receiving an annual base salary of \$405,000.
- (9) Mr. Judd's employment terminated in July 2007. At the time of the termination of his employment, Mr. Judd was receiving an annual base salary of \$385,000.

Grants of Plan-Based Awards During 2007 Fiscal Year

The following table sets forth information concerning awards under the Company's equity and non-equity incentive plans granted to each of the Named Executive Officers during the fiscal year ended October 31, 2007, including performance-based awards and those using time-based vesting. Assumptions used in the calculation of certain dollar amounts are included in Note 13 to the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007.

Name	Grant Date	Date of Compensation Committee Approval	All Other Stock Awards: Number of Shares of Stock or Units (#)(1)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards \$(2)
Benjamin Feder	(3)	(3)	—	—	—	—
Lainie Goldstein	June 18, 2007	June 14, 2007	30,000	—	—	\$ 20.51
	February 1, 2007	December 6, 2006	10,000	—	—	\$ 17.58
Seth Krauss	April 2, 2007	February 9, 2007	25,000	—	—	\$ 20.56
	April 2, 2007	February 9, 2007	—	100,000(5)	20.56(6)	\$ 20.56
Paul Eibeler	March 29, 2007	December 6, 2006	25,000	—	—	\$ 21.10
Karl H. Winters	March 29, 2007	December 6, 2006	10,000	—	—	\$ 21.10
Samuel Judd	—	—	—	—	—	—

- (1) Time-based restricted stock awards granted under the Incentive Stock Plan, which awards vest, subject to continuing employment, in three equal annual installments commencing on the first anniversary of the date of grant.
- (2) These amounts are valued based on the aggregate grant date fair value of the award determined in accordance with FAS 123R. For additional information, see Note 13 under the heading "Stock-Based Compensation Plans" of the Notes to Consolidated Financial Statement included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007. The amounts reflect the accounting expense for these awards and do not correspond to actual value that may be recognized by such persons with respect to these awards.
- (3) Mr. Feder has not received a grant of stock or option awards. Mr. Feder is a partner of ZelnickMedia, which has been granted options to purchase Common Stock. On February 14, 2008, the Board approved additional awards of restricted stock to ZelnickMedia, subject to stockholder approval, as contemplated by Proposal 2 in this proxy statement. See "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation."

(4) Time-based stock option awards made under the Incentive Stock Plan, which awards vest, subject to continuing employment, in three equal annual installments commencing on the first anniversary of the date of grant.

(5) The exercise price is equal to the closing price of the Common Stock on April 2, 2007.

Outstanding Equity Awards at End of 2007 Fiscal Year

The following table sets forth information concerning unexercised stock options, restricted stock that has not vested and stock awards outstanding for each of the Named Executive Officers as of October 31, 2007.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Benjamin Feder(4)	—	—	—	—	—	—	—	—	—
Lainie Goldstein	3,333	6,667	—	\$ 10.42	7/31/2011	—	—	—	—
	8,000	4,000	—	\$ 24.29	7/31/2010	1,000	\$ 18,780	—	—
	6,667	3,333	—	\$ 25.10	4/14/2010	10,000	\$ 187,800	—	—
	37,500	—	—	\$ 25.95	11/02/2008	30,000	\$ 563,400	—	—
Seth Krauss	—	100,000	—	\$ 20.56	4/02/2012	25,000	\$ 469,500	—	—
Paul Eibeler	—	—	—	—	—	—	—	—	—
Karl H. Winters	—	—	—	—	—	—	—	—	—
Samuel Judd	—	—	—	—	—	—	—	—	—

(1) Time-based stock option awards granted under the Stock Option Plan, which awards vest, subject to continuing employment, in three equal annual installments commencing on the first anniversary of the date of grant.

(2) Time-based restricted stock awards made under the Incentive Stock Plan, which awards vest, subject to continuing employment, in three equal annual installments commencing on the first anniversary of the date of grant.

(3) The value of these unvested restricted shares was based on the closing price of the Common Stock on October 31, 2007.

(4) Mr. Feder has not received a grant of stock or option awards. Mr. Feder is a partner of ZelnickMedia, which has been granted options to purchase Common Stock. On February 14, 2008, the Board approved additional awards of restricted stock to ZelnickMedia, subject to stockholder approval, as contemplated by Proposal 2 in this proxy statement. See "Employment, Management and Separation Agreements—ZelnickMedia Corporation" below.

Option Exercises and Stock Vested During 2007 Fiscal Year

The following table sets forth information concerning stock options exercised and restricted stock vested during the fiscal year ended October 31, 2007 by each of the Named Executive Officers. The value realized from exercised options is deemed to be the market value of the Common Stock on the date of exercise, less the exercise price of the option, multiplied by the number of shares underlying the

option. The value realized from vested restricted stock is deemed to be the market value of the Common Stock on the date of vesting multiplied by the number of shares.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Benjamin Feder	—	—	—	—
Lainie Goldstein	—	—	1,000	\$ 16,760
Seth Krauss	—	—	—	—
Paul Eibeler	75,000	\$ 82,250	75,000	\$ 1,607,250
Karl H. Winters	64,500	\$ 153,350	23,333	\$ 427,927
Samuel Judd	—	—	—	—

Potential Payments Upon Termination or Change in Control

The table below sets forth amounts to be paid or benefits received by those Named Executive Officers entitled to receive any amounts or benefits upon termination of their employment, assuming such Named Executive Officers' employment had been terminated under the various circumstances set forth below as of October 31, 2007 or upon a change in control, assuming that one occurred on October 31, 2007.

Name and Principal Position	Cash Payment (\$ (1))	Continuation of Medical Insurance (present value) (\$)	Acceleration of Equity Awards (\$ (2))	Total Termination Benefits (\$)
Termination without cause:(3)				
Lainie Goldstein	576,900(5)	11,757(9)	825,716	1,414,373
Seth Krauss	730,000(6)	0	469,500	1,199,500
Termination due to non-renewal of employment agreement:				
Lainie Goldstein	0	0	825,716	825,716
Seth Krauss	0	0	0	0
Termination without cause upon or within six months after a change in control:(3)(4)				
Lainie Goldstein	769,200(7)	0	825,716	1,594,916
Seth Krauss	730,000(6)	0	469,500	1,199,500
Change in control(4)				
Lainie Goldstein	192,300(8)	0	0	192,300
Seth Krauss	0	0	0	0

(1) Represents cash payments that Ms. Goldstein and Mr. Krauss are entitled to receive under their respective employment agreements with the Company. See "Employment, Management and Separation Agreements—Lainie Goldstein" and—"Seth Krauss" below.

(2) Represents the value of invested outstanding options and restricted stock that would accelerate and vest on a termination or change in control occurring on October 31, 2007. In the case of options, the value is calculated by multiplying the number of shares underlying each accelerated unvested option by the difference between the per share closing price of the Common Stock on October 31, 2007 and the per share exercise price. In the case of restricted stock, the value is

calculated by multiplying the number of shares of restricted stock that accelerate by the per share closing price of the Common Stock on October 31, 2007.

- (3) "Cause" is generally defined under Ms. Goldstein's and Mr. Krauss's employment agreement as: (i) the continued failure to substantially perform his or her duties, (ii) the criminal conviction by plea or after trial of having engaged in criminal misconduct (including embezzlement and fraud) which is demonstrably injurious to the Company, (iii) the conviction of a felony; (iv) gross negligence affecting the Company, or (v) failure to adhere to the Company's written policies or to cooperate in any investigation or inquiry involving the Company. Ms. Goldstein is generally deemed to have been terminated without cause if: (i) the Company materially breaches the employment agreement or there is a material diminution in Ms. Goldstein's authority, duties or responsibilities or (ii) without her consent, the Company relocates her principal place of employment outside of a 10 mile radius of New York City, New York. Mr. Krauss is generally deemed to have been terminated without cause if the Company materially breaches the employment agreement or there is a material diminution in Mr. Krauss's title, status, position or responsibilities.
- (4) "Change in control" is generally defined under Ms. Goldstein's and Mr. Krauss's employment agreement as: (i) the acquisition of 50% or more of either the outstanding shares of the Company's common stock or the combined voting power of the Company's then outstanding voting securities, (ii) a merger or consolidation of the Company or any of its subsidiaries which results in the stockholders of the Company prior thereto continuing to represent less than 50% of the combined voting power of the voting securities of the Company or the surviving entity after the merger, or (iii) the sale of all, or substantially all, of the assets of the Company. In addition, Mr. Krauss's employment agreement provides that a change in control occurs upon a change in a majority of the Board which directors were not nominated by the Board immediately in place prior to such change. Ms. Goldstein's employment agreement specifies that a change in control will not be deemed to occur unless it is also a change in control for purposes of Section 409A of the Code.
- (5) Represents a lump sum cash payment equal to the sum of Ms. Goldstein's: (i) salary and (ii) a termination bonus equal to 50% of her salary.
- (6) Represents the total amount of continued payments of Mr. Krauss's salary for a period of 24 months after his termination of employment (applicable to a termination without cause occurring prior to the second anniversary of the effective date of Mr. Krauss's employment agreement).
- (7) Represents a lump sum cash payment equal to the sum of Ms. Goldstein's: (i) salary, (ii) a termination bonus equal to 50% of her salary and (iii) the aggregate stay bonus equal to six months of Ms. Goldstein's salary, 50% of which is payable on the change in control and 50% of which is payable six months following the change in control, if Ms. Goldstein is still employed on the payment date or is terminated without cause upon or within six months of a change in control.
- (8) Represents a stay bonus equal to six months of Ms. Goldstein's salary, 50% of which is payable on the change in control and 50% of which is payable six months following the change in control, provided Ms. Goldstein is employed on such payment dates or is terminated without cause upon or within six months of a change of control.
- (9) Represents the value of Company-paid COBRA medical insurance premiums for a period of 12 months from the date of Ms. Goldstein's termination, provided Ms. Goldstein does not obtain other employment which provides substantially similar or improved group health benefits.

Compensation of Directors During 2007 Fiscal Year

The following table sets forth information concerning the compensation of the Company's non-employee directors during the fiscal year ended October 31, 2007.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Total (\$)
Benjamin Feder(2)	—	—	—	—
Strauss Zelnick(2)	—	—	—	—
Robert A. Bowman	32,167	22,418	39,381	93,966
Grover C. Brown	108,222	60,851	61,692	230,765
Michael Dornemann	63,556	24,851	42,766	131,173
John F. Levy	125,278	57,391	59,918	242,587
J Moses	73,000	24,851	42,766	140,617
Michael Sheresky	35,333	24,851	42,766	102,950
Todd Emmel	35,000	37,408	—	72,408
Robert Flug	30,000	37,408	—	67,408
Oliver R. Grace, Jr.	30,000	37,408	—	67,408
Mark Lewis	30,000	37,408	—	67,408
Steven Tisch	30,000	37,408	—	67,408
Michael Malone	30,000	9,160	15,305	54,465

- (1) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended October 31, 2007 in accordance with FAS 123R for all stock awards or option awards, as applicable, held by such director and outstanding on October 31, 2007. For additional information, see Note 13 under the heading "Stock-Based Compensation Plans" of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for fiscal year ended October 31, 2007. The amounts reflect the accounting expense for these awards and do not correspond to actual value that may be recognized by the directors with respect to these awards.
- (2) Messrs. Feder and Zelnick are partners of ZelnickMedia. The Company issued 2,009,075 stock options to ZelnickMedia at an exercise price of \$14.74 per share in August 2007. The Company recognized \$1,282,867 for financial statement reporting purposes for the fiscal year ended October 31, 2007 in accordance with FAS 123R for this grant. There were no other stock awards or option awards granted to ZelnickMedia or Messrs. Feder or Zelnick in the fiscal year ended October 31, 2007. Except for the payment of premiums for life insurance and health benefits provided by the Company (including their participation in the MERP), Messrs. Feder and Zelnick were not compensated by us during the fiscal year ended October 31, 2007.

Employment, Management and Separation Agreements

ZelnickMedia Corporation

Background. On March 7, 2007, certain stockholders of the Company (the "Stockholder Group") filed a Schedule 13D (as amended, the "Schedule 13D") disclosing the formation of a "group" (as defined in the Securities Exchange Act of 1934). In the Schedule 13D, the Stockholder Group disclosed its intention, among other things, to attend the Company's annual meeting of stockholders held on March 29, 2007 (the "2007 Annual Meeting") and to vote all shares beneficially owned by them in favor of six director candidates named in the Schedule 13D instead of the Company's incumbent directors. These six director candidates were Strauss Zelnick, Benjamin Feder, Michael Dornemann, Michael Sheresky, J Moses and John Levy (an incumbent director of the Company).

At the 2007 Annual Meeting, all six director candidates proposed by the Stockholder Group in the Schedule 13D were elected to the Board. At a meeting of the Board held immediately after the 2007 Annual Meeting on March 29, 2007, the Board appointed Grover C. Brown (who was an incumbent director of the Company prior to the 2007 Annual Meeting) to the Board, and appointed Strauss Zelnick as non-executive Chairman of the Company and Benjamin Feder as interim Chief Executive Officer of the Company. The Board also approved the management agreement between the Company and ZelnickMedia, as described below. Upon the election of the new Board, incumbent director and Chief Executive Officer and President of the Company Paul Eibeler ceased to be a director and was removed as Chief Executive Officer and President of the Company. The Board also approved the reimbursement of certain costs and expenses incurred by ZelnickMedia in connection with the matters relating to the 2007 Annual Meeting and the actions of the Stockholder Group in connection therewith.

Management Agreement. The Company entered into a management agreement (the "*Management Agreement*"), dated as of March 30, 2007, with ZelnickMedia, a media investment and management firm, to provide us with executive management services through October 31, 2011 (with automatic one-year renewals thereafter). Stockholders then holding approximately 46% of our outstanding shares of Common Stock negotiated the Management Agreement on our behalf and, after their election at the 2007 Annual Meeting, the directors of the Company approved the execution of the Management Agreement by the Company, with Messrs. Feder and Zelnick not participating in the vote or discussion related thereto. Pursuant to the Management Agreement, ZelnickMedia provides financial and management consulting services to the Company. ZelnickMedia consults with the Board of Directors and management of the Company and its subsidiaries in such manner and on such business and financial matters as may be reasonably requested from time to time by the Board of Directors. The Management Agreement initially had a term ending October 31, 2011, unless earlier terminated by either ZelnickMedia or the Company in accordance with the terms thereof, with automatic renewal for successive one-year periods unless either party terminates upon 90 days' prior written notification to the other party. During the term, the Management Agreement initially provided that ZelnickMedia would receive a monthly management fee of \$62,500, an annual cash bonus of up to \$750,000 upon the achievement by the Company of certain performance thresholds and the grant of options and/or shares of restricted stock based on a predetermined formula. The Company did not achieve such performance thresholds for the fiscal year ended October 31, 2007 and no annual cash bonus was paid in respect of such year. The Management Agreement provided that, based on the then current market price of the Common Stock, we grant stock options and/or issue shares of restricted Common Stock to ZelnickMedia. Since the market price of the Common Stock was below the level specified in the Management Agreement, ZelnickMedia did not receive any shares of restricted Common Stock and, on August 27, 2007, we issued ZelnickMedia stock options to acquire 2,009,075 shares of Common Stock at an exercise price of \$14.74 per share pursuant to the terms of the Management Agreement. These options vest in equal monthly installments over 36 months and expire 10 years from the date of grant. If the Management Agreement is terminated prior to October 31, 2012 upon a Change in Control (as defined in the Management Agreement), ZelnickMedia will be paid on the date of termination all earned but unpaid management fees and accrued but unpaid annual bonus, all management fees that would have been paid through October 31, 2012, and the amount of the annual bonus that would have been paid for the current year based on the year-to-date performance of the Company, and all unvested stock options vest. In addition, if the Management Agreement is terminated in connection with a Change in Control, ZelnickMedia will be paid on the date of termination all annual bonus payments that would have been payable through October 31, 2012, assuming 50% of the maximum annual bonus would be payable in each future fiscal year. ZelnickMedia is also entitled to the reimbursement of expenses in connection with the Management Agreement and any and all transactions relating thereto. Strauss Zelnick, the President of ZelnickMedia, was initially entitled during the term of the Management Agreement to serve as non-Executive Chairman of the Company (and now serves as Executive Chairman in accordance with the amended Management Agreement, as

described below). Mr. Zelnick also has the authority during such term to hire and/or terminate the Chief Executive Officer and the Chief Financial Officer of the Company, subject to the approval of the Compensation Committee.

The Management Agreement initially contemplated that Mr. Feder would act as the Chief Executive Officer of the Company on an interim basis while ZelnickMedia assisted the Company in identifying and recruiting a qualified individual to act as Chief Executive Officer of the Company on a permanent basis. During the course of the fiscal year ended October 31, 2007, Mr. Feder continued to devote substantially all of his business time to acting as the Chief Executive Officer of the Company and ZelnickMedia provided the services of other executives, including Messrs. Zelnick and Slatoff. These services were substantially in excess of the level of services which the parties initially contemplated would be provided by ZelnickMedia and were greatly valued by the Company. Accordingly, ZelnickMedia and the Company agreed to amend the Management Agreement to reflect the services actually being provided by ZelnickMedia and to revise the compensation payable to ZelnickMedia appropriately.

In light of the relationships between ZelnickMedia and its partners, including Messrs. Zelnick and Feder, on the one hand, and the Company, on the other hand, independent members of the Board of Directors commenced initial informal discussions prior to December 2007 and, in December 2007, at the request of ZelnickMedia, the Board of Directors had its first of a series of formal meetings in executive session (without Messrs. Zelnick and Feder present) to discuss the Company's relationship with ZelnickMedia, the terms of the existing Management Agreement and the Company's strategy for retaining a permanent Chief Executive Officer for the Company. The Board of Directors determined that the Compensation Committee, led by Michael Dornemann, Chairman of the Compensation Committee, with the assistance of John Levy, Chairman of the Audit Committee, should evaluate the situation and the issues arising therefrom and report back to the Board of Directors, meeting in executive session, with a recommendation. In addition, Messrs. Dornemann and Levy were asked by the Board of Directors to interview various senior executives of the Company as part of their due diligence on the effectiveness of the ZelnickMedia team (including Messrs. Zelnick, Feder and Slatoff). Mr. Dornemann reported to the Corporate Governance Committee, the Compensation Committee and ultimately to the Board of Directors in executive session that there was considerable support among the senior management of the Company for Messrs. Zelnick, Feder and Slatoff to remain actively engaged in the management of the Company.

The Compensation Committee held three formal meetings and numerous informal discussions over the course of two months. After each of these formal meetings and on one subsequent occasion, the Compensation Committee reported to the Board of Directors in executive session. The Compensation Committee evaluated the Company's relationship with ZelnickMedia under the terms of the existing Management Agreement, analyzed ZelnickMedia's performance and contributions to date and defined the goals and objectives of the relationship in the future. The Compensation Committee then reviewed the appropriate compensation package for ZelnickMedia. To assist in this regard, the Compensation Committee retained the services of Watson Wyatt Worldwide to review a proposed compensation package for ZelnickMedia and provide information on the proposal relative to various market reference points, as well as governance and plan design considerations. Except for these services provided to the Compensation Committee, Watson Wyatt Worldwide has not performed any services for the Company or ZelnickMedia. Mr. Dornemann, with the assistance of Mr. Levy, led the discussions and negotiations with ZelnickMedia on behalf of the Company.

As a result of the foregoing, the Company entered into a second amendment to the Management Agreement on February 14, 2008 (the "*Second Amendment*"). Pursuant to the Second Amendment, effective on April 1, 2008 the monthly management fee is increased to \$208,333 (\$2,500,000 per year) and the maximum annual bonus is increased to \$2,500,000. The annual bonus for the fiscal year ending October 31, 2008 will be pro rated based on five months at a maximum annualized rate of \$750,000

and seven months at a maximum annualized rate of \$2,500,000, as determined by the Compensation Committee. The Second Amendment sets forth in more detail the services and personnel to be provided by ZelnickMedia. More specifically, the Second Amendment provides that Mr. Zelnick will be Executive Chairman of the Company and that Messrs. Feder and Slatoff shall enter into employment agreements with the Company to serve as Chief Executive Officer and Executive Vice President of the Company, respectively. These employment agreements are described below in this section. The Second Amendment also provides that other ZelnickMedia personnel will provide services to the Company on an as-needed basis. The Second Amendment extends the term of the Management Agreement until October 31, 2012, effective immediately.

The Second Amendment also provides for certain other amendments to the Management Agreement that are effective only upon the approval of an amendment to the Company's Incentive Stock Plan (Proposal 2) by the stockholders of the Company at the Annual Meeting (the "*Conditional Amendments*"). If the stockholders of the Company do not approve Proposal 2 at the Annual Meeting, then the Conditional Amendments will be null and void. The Conditional Amendments provide for the grant of 1,500,000 shares of restricted Common Stock to ZelnickMedia, as described below, and require the Company to file with the Securities and Exchange Commission, a Registration Statement on Form S-3 registering for resale all of the shares of Common Stock granted to ZelnickMedia under the Management Agreement, including the additional equity grants made pursuant to the Second Amendment. The Conditional Amendments also provide that the Management Agreement will not be further revised during its term.

As noted above, the Second Amendment provides that if the stockholders of the Company approve Proposal 2 at the Annual Meeting, the Company will grant 1,500,000 shares of restricted Common Stock to ZelnickMedia. These shares will be granted pursuant to two separate grants, an award of 600,000 shares of restricted stock subject to time-based vesting conditions and an award of 900,000 shares of restricted stock subject to performance-based vesting conditions, on the fifth trading day following the filing of the Company's Quarterly Report on Form 10-Q for its second fiscal quarter (ending April 30, 2008), currently anticipated to be in June 2008. If stockholders approve Proposal 2 and there is a change in control after the Annual Meeting and prior to the date of grant, the Board of Directors will act in good faith to compensate ZelnickMedia for the economic value ZelnickMedia could have received if such change in control had occurred following the date of grant, subject to the provisions relating to an Excluded Transaction, as described below. If stockholders do not approve Proposal 2, these two equity grants will not be made. If stockholders approve Proposal 2:

- *Time Based Award.* The Company will grant ZelnickMedia a restricted stock award of 600,000 shares of Common Stock that will vest in equal installments on each of the first, second and third anniversaries of the grant date, subject to the Management Agreement not being terminated prior to the applicable vesting date (the "*Time Based Award*"). However, the Time Based Award will immediately vest in full if the Management Agreement is terminated by ZelnickMedia for Good Reason (as defined in the Management Agreement) or by the Company without Cause (as defined in the Management Agreement). Further, in the event of a Change in Control all unvested shares of restricted stock under the Time Based Award will vest in full immediately prior to the consummation of such Change in Control. However, the preceding sentence will not apply, and the unvested shares of restricted stock will not vest, if (a) prior to the date of the 2008 Annual Meeting of stockholders (scheduled for April 10, 2008), the Company received a bona fide indication of interest in, or offer to enter into, a business combination (an "*Offer*") from a third party, (b) the Offer specifies, with some degree of particularity, the material terms thereof, (c) the existence of the Offer is not publicly disclosed or confirmed by the Company or such third party prior to the date of the 2008 Annual Meeting of stockholders (scheduled for April 10, 2008), and (d) the transaction proposed by such Offer (as such Offer may be amended), is consummated prior to November 14, 2008 and the

consummation of such transaction constitutes a Change in Control (such transaction, an "Excluded Transaction"). In the event of an Excluded Transaction, the Compensation Committee will consider in good faith, and recommend to the independent members of the Board of Directors, a number of shares of restricted stock subject to the Time Based Award, if any, to become vested in connection with such Change in Control. The independent members of the Board of Directors will consider such recommendation and determine in good faith the number of shares of restricted stock under the Time Based Award, if any, that will become vested in connection with such Change in Control and the remaining shares of restricted stock will be forfeited to the Company. ZelnickMedia will forfeit to the Company any and all restricted stock that has not previously vested under the Time Based Award if the Management Agreement is terminated by the Company for Cause or by ZelnickMedia without Good Reason. Generally, ZelnickMedia may not sell or otherwise dispose of any Common Stock that it acquires pursuant to the Time Based Award until the earlier of October 31, 2012 or the termination of the Management Agreement.

- *Performance Based Award.* The Company will grant ZelnickMedia a restricted stock award of 900,000 shares of Common Stock that may vest on or after each of the Vesting Dates listed in the table below in the amounts set forth opposite the applicable Vesting Date, and subject to, with respect to each tranche, (i) the achievement of an increase in the price of the Common Stock which would place the stockholder return on the Common Stock in the 75th percentile of the stockholder returns of all of the companies in the NASDAQ Industrial Index, and (ii) the Management Agreement not being terminated prior to the achievement of the applicable performance goal for such Vesting Date (the "Performance Based Award").

Vesting Date	Shares Eligible to Vest
First anniversary of grant date	180,000
Second anniversary of grant date	270,000
Third anniversary of grant date	405,000
Fourth anniversary of grant date	45,000

In the event that the Company achieves the performance target as of any Vesting Date, all of the shares of restricted stock that did not vest on any prior Vesting Date shall nevertheless vest on such Vesting Date for which the Company achieves the performance target. However, the Performance Based Award will immediately vest in full if the Management Agreement is terminated by ZelnickMedia for Good Reason or by the Company without Cause. Further, in the event of a Change in Control, if

- (A) such Change in Control occurs on or prior to March 31, 2009, then 180,000 unvested shares of restricted stock under the Performance Based Award will vest in full immediately prior to the consummation of such Change in Control and the Compensation Committee will consider in good faith, and recommend to the independent members of the Board of Directors, a number of shares of restricted stock subject to the Performance Based Award, if any, to become vested in connection with such Change in Control. The independent members of the Board of Directors will consider such recommendation and determine in good faith, the number of shares of restricted stock under the Performance Based Award, if any, that will become vested in connection with such Change in Control and the remaining shares of restricted stock will be forfeited to the Company. However, the foregoing will not apply if the Change in Control is an Excluded Transaction. If such Change in Control is an Excluded Transaction then the Compensation Committee will consider in good faith, and recommend to the independent members of the Board of Directors, a number of shares of restricted stock subject to the Performance Based Award, if any, to become vested in connection with such Change in

Control. The independent members of the Board of Directors will consider such recommendation and determine in good faith, the number of shares of restricted stock under the Performance Based Award, if any, that will become vested in connection with such Change in Control and the remaining shares of restricted stock will be forfeited to the Company; or

- (B) such Change in Control occurs on or following April 1, 2009, all unvested shares of restricted stock under the Performance Based Award will vest in full immediately prior to the consummation of such Change in Control.

ZelnickMedia will forfeit to the Company any and all restricted stock not previously vested under the Performance Based Award if the Management Agreement is terminated by the Company for Cause or by ZelnickMedia without Good Reason. Generally, ZelnickMedia may not sell or otherwise dispose of any Common Stock that it acquires pursuant to the Performance Based Award until the earlier of October 31, 2012 or the termination of the Management Agreement.

On February 24, 2008, Electronic Arts Inc. ("EA") issued a press release announcing its proposal to acquire the Company in an all-cash merger valued at \$26 per share, or approximately \$2.0 billion. The Company's Board of Directors rejected this proposal. Under the terms of the Second Amendment, this proposed transaction, or another transaction with EA if it were to be consummated, would be a change in control but would not be deemed to be an Excluded Transaction, since the proposal was publicly disclosed by the offeror prior to the date of the 2008 Annual Meeting of Stockholders. Accordingly, assuming a transaction with EA were to occur, immediately prior to the consummation thereof, all unvested shares of restricted stock under the Time Based Award would vest in full, 180,000 unvested shares of restricted stock under the Performance Based Award would vest (assuming such transaction were to be consummated prior to March 31, 2009) and the Compensation Committee and the independent members of the Board would determine the number of shares, if any, of the balance of restricted stock subject to the Performance Based Award that would vest and any additional compensation to be paid.

Furthermore, in addition to the EA proposal described above, the Company may receive one or more additional transaction proposals from other parties interested in acquiring the Company. If the Company were to receive such a proposal, the Board of Directors may determine that it is in the best interests of the stockholders not to publicly disclose the existence of such transaction proposal. If any such transaction proposal is not publicly disclosed prior to the Annual Meeting and ultimately results in a Change in Control prior to November 14, 2008 and if the stockholders approve Proposal 2, then such Change in Control would be an Excluded Transaction, none of the shares of restricted stock granted to ZelnickMedia would vest upon such Change in Control and the Compensation Committee and the Board of Directors (acting in executive session) would have the discretion to determine, in good faith, the number of shares of restricted stock, if any, that would become vested in connection with such Change in Control and any additional compensation to be paid. Any such other transaction proposal that is publicly disclosed would not be an Excluded Transaction and would be treated in the same manner as the proposal of EA described above. From time to time the Company receives, and since the issuance of the press release by EA the Company has received, informal indications of interest in a business combination. However, the Company has not received any written "Offers" (as defined in the Management Agreement) and has not engaged in any substantive discussions with any party (including EA) with respect to a business combination since the execution of the Second Amendment. Accordingly, as of the date of the filing of this proxy statement, no Excluded Transaction exists. The statements in this paragraph are as of February 27, 2008 and are subject to change and, therefore, may not be correct or complete as of any other date. The Company does not intend to update such statements unless it has a legal obligation to do so. The Company strongly encourages stockholders to obtain such additional information that may become publicly available after the date hereof and prior to the Annual Meeting.

The Board's fundamental motivation in proposing the amendment to the Incentive Stock Plan was to enable the Company to provide long-term equity incentive compensation to the ZelnickMedia management team and to align further its interests with the Company's in order to promote the long-term performance of the Company. Additionally, the Board considered a number of change in control scenarios as they would relate to the acceleration of vesting of the restricted stock that will be granted to ZelnickMedia if Proposal 2 is approved by stockholders and determined that certain limitations on acceleration were appropriate. The Board's decision to amend the Management Agreement and recommend the amendment of the Incentive Stock Plan followed a thorough process conducted by the independent members of the Board with input from its advisors, including an independent compensation consultant.

For additional information on the Second Amendment and, the Time Based Award and the Performance Based Award, including the full text thereof, see the Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission on February 15, 2008.

Benjamin Feder and Karl Slatoff

In connection with the execution of the Second Amendment described above, Messrs. Feder and Slatoff each entered into an employment agreement with the Company. Pursuant to these employment agreements, each of Messrs. Feder and Slatoff will receive an annual salary of \$1.00. The employment agreements also provide that Messrs. Feder and Slatoff will be entitled to participate in all benefits and plans which the Company may institute from time to time for its executive officers and employees. The employment agreements will be in effect for the term of the Management Agreement, unless earlier terminated upon the employee's death or by the Board of Directors for any reason. Upon termination of their employment, the Company will have no further obligation towards Messrs. Feder and Slatoff other than continued indemnification rights and coverage under the Company's directors' and officers' liability insurance policies. In addition, the employment agreements provide that during the employment term and, in the event of a termination for Cause or without Good Reason (each as defined in the respective employment agreement), for a period of one year thereafter, Messrs. Feder and Slatoff will be subject to non-competition and non-solicitation restrictions.

Lainie Goldstein

The Company has a three-year employment agreement with Lainie Goldstein pursuant to which Ms. Goldstein serves as Chief Financial Officer of the Company, effective June 7, 2007, the material terms of which are described below. Pursuant to the terms of this employment agreement, during the first year of Ms. Goldstein's employment, she will receive an annual base salary of \$384,600 and in the second and third years of her employment she will receive an annual base salary of \$409,600. Ms. Goldstein will also be eligible to receive an annual bonus during each fiscal year of her employment of up to 75% of her salary, based on the achievement of certain financial targets by the Company. Pursuant to Ms. Goldstein's employment agreement, on June 18, 2007, the Company granted 30,000 shares of restricted Common Stock to Ms. Goldstein. One-third of these shares will vest on each of the first, second and third anniversaries of the grant date. The employment agreement provides that upon termination without cause, the Company will provide Ms. Goldstein with COBRA coverage for 12 months and pay a lump sum in the amount of (i) Ms. Goldstein's annual salary, (ii) a termination bonus (depending on the timing of the termination in the fiscal year, this bonus is an amount equal to either 25% or 50% of her salary) and (iii) any unpaid bonuses as of the date of termination. If Ms. Goldstein is terminated upon a change of control, Ms. Goldstein will receive both the payments made and benefits provided pursuant to a termination without cause as well as a bonus in an amount equal to six months salary made in two payments: 50% following the closing of the change of control and 50% six months after the change of control (provided Ms. Goldstein is still then employed by the Company or if her employment was terminated by the Company without cause). Ms. Goldstein agreed

not to compete with the Company or solicit any of the Company's customers or personnel for a certain period of time following the termination of her employment, depending on the circumstances of her termination, all on the terms set forth in her employment agreement.

Seth Krauss

The Company has a three-year employment agreement with Seth Krauss pursuant to which Mr. Krauss serves as Executive Vice President and General Counsel of the Company, effective March 12, 2007, the material terms of which are described below. Pursuant to the terms of this employment agreement, Mr. Krauss will receive an initial annual base salary in the amount of \$365,000, a one time bonus in the amount of \$50,000, and an additional annual bonus in an amount of up to 50% of his annual base salary, based on the achievement of certain quantitative and qualitative performance targets. Pursuant to Mr. Krauss's employment agreement, in April 2007, the Company granted to Mr. Krauss (i) five year non-qualified options to purchase a total of 100,000 shares of Common Stock, which options vest as to one-third of the shares covered thereby on each of the first, second and third anniversary of the date of grant; and (ii) 25,000 shares of restricted Common Stock, vesting as to one-third of such shares on each of the first, second and third anniversary of the date of grant. The employment agreement also provides for the Company to continue to pay Mr. Krauss' salary for certain specified periods of time if his employment is terminated without cause or upon a change in control of the Company. Mr. Krauss agreed not to compete with the Company or solicit any of the Company's customers or personnel for a certain period of time following the termination of his employment, depending on the circumstances of his termination, all on the terms set forth in his employment agreement.

Paul Eibeler

The Company had a three-year employment agreement with Paul Eibeler, the Company's former Chief Executive Officer and President. For the fiscal year ended October 31, 2007, Mr. Eibeler received an increase in his annual base salary from the prior year in the amount of \$25,000 to \$825,000. Mr. Eibeler's agreement provided for an annual bonus equal to 100% of his salary if certain agreed upon performance targets were achieved. Mr. Eibeler was also entitled to certain health and life insurance benefits and an automobile allowance. In addition to options to purchase 450,000 shares and a grant of 75,000 shares of restricted Common Stock vesting over a three-year period that he received when he became the Company's President in April 2004, Mr. Eibeler also received in March 2007 a grant of 25,000 shares of restricted Common Stock vesting over a three-year period.

The Company and Mr. Eibeler entered into a Separation Agreement and General Release dated April 4, 2007, as amended (the "*Eibeler Separation Agreement*"), pursuant to which Mr. Eibeler served as a consultant to the Company on an as-needed basis as determined by the Board for a period of three months from the date of the Eibeler Separation Agreement. During the term of Mr. Eibeler's consultancy pursuant to the Eibeler Separation Agreement, Mr. Eibeler received from the Company a monthly consulting fee of \$50,000 and certain health and other benefits. Mr. Eibeler was removed as President, Chief Executive Officer and a director of the Company on March 29, 2007 and, pursuant to the Eibeler Separation Agreement, his employment with the Company was terminated on April 4, 2007. In connection therewith, Mr. Eibeler received severance payments of \$2,475,000 (a multiple of his 2007 base salary and bonus calculated in accordance with the severance provisions of his employment agreement with the Company) and any vesting requirements with respect to options or restricted stock granted to him prior to the termination of his employment were deemed satisfied. Mr. Eibeler also agreed, with respect to his stock options that had been incorrectly dated and that had been previously exercised by him, to remit to the Company after-tax gains that he had realized as a result of the incorrect grant date by delivering to the Company for cancellation stock options with a Black-Scholes value equal to the amount to be remitted.

The Company had an employment agreement with Karl H. Winters, the Company's former Chief Financial Officer. For the fiscal year ended October 31, 2007, Mr. Winters received an increase in his annual base salary from the prior year in the amount of \$20,000 to \$405,000. Mr. Winters' agreement provided for an annual bonus equal to 50% of his salary, provided that the Company and Mr. Winters achieved certain qualitative and quantitative performance criteria. Mr. Winters was also entitled to certain health and life insurance benefits and an automobile allowance. Mr. Winters' agreement provided that if his employment was terminated under certain circumstances, including without cause or in the event of a change of control, he would be entitled to receive salary, bonus and other benefits for a period of 18 months following the date of termination (which amount is payable in one lump-sum if employment is terminated upon a change of control). In March 2007, Mr. Winters received a grant of 10,000 shares of restricted Common Stock vesting over a three-year period.

The Company and Mr. Winters entered into a Separation Agreement and General Release dated April 13, 2007 (the "*Winters Separation Agreement*"), pursuant to which Mr. Winters served as a consultant to the Company on an as-needed basis as determined by the Board of Directors for a period of three months from the date of the *Winters Separation Agreement*. During the term of Mr. Winters' consultancy, Mr. Winters received a monthly consulting fee of \$25,000. Mr. Winters resigned as Chief Financial Officer of the Company on April 9, 2007 and, pursuant to the *Winters Separation Agreement*, his employment with the Company was terminated on April 10, 2007. In connection therewith, Mr. Winters will, for a period of 18 months following the date of the *Winters Separation Agreement*, continue to receive his current base salary (\$405,000 per annum), target bonus (50% of his base salary deemed earned) and health benefits, and any vesting requirements with respect to options or restricted stock granted to him prior to the termination of his employment were deemed satisfied (subject to a delay of up to six months in certain circumstances).

Samuel Judd

The Company had a three-year employment agreement with Samuel Judd, the Company's former Senior Vice President of Planning & Administration, that terminated on July 5, 2007. The agreement provided that Mr. Judd was entitled to an annual salary of \$385,000 and an annual bonus of \$275,000, provided that the Company and Mr. Judd achieved certain qualitative and quantitative performance criteria. Mr. Judd was also entitled to certain health and life insurance benefits and an automobile allowance. Mr. Judd's agreement provided that if his employment was terminated under certain circumstances, including without cause or in the event of a change of control, he would be entitled to receive salary and benefits for a period of 18 months from the date of termination (which amount is payable in one lump-sum if employment is terminated upon a change of control).

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended October 31, 2007, John F. Levy and two of our former directors, Mark Lewis and Steven Tisch, served on the Compensation Committee. In March 2007, Messrs. Dornemann, Moses and Sheresky were elected to, and currently serve as members of, the Compensation Committee. During the fiscal year ended October 31, 2007:

- none of the members of the Compensation Committee was an officer (or former officer) or employee of the Company or any of its subsidiaries;
- none of the members of the Compensation Committee had a direct or indirect material interest in any transaction in which the Company was a participant and the amount involved exceeded \$120,000;
- none of the Company's executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity's executive officers served on the Company's Compensation Committee;
- none of the Company's executive officers was a director of another entity where one of that entity's executive officers served on the Company's Compensation Committee; and
- none of the Company's executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity's executive officers served as a director on the Board of Directors.

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, that might incorporate this proxy statement or future filings with the SEC, in whole or in part, the following report shall not be deemed to be "soliciting material" or "filed" with the SEC and shall not be deemed to be incorporated by reference into any such filing.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Review of the Company's Audited Financial Statements for the Fiscal Year Ended October 31, 2007

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements included in the Annual Report with Company management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of those audited consolidated financial statements with U.S. generally accepted accounting principles, its judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 61, *Communication With Audit Committees*, (as amended), other standards of the Public Company Accounting Oversight Board (United States), rules of the Securities and Exchange Commission, and other applicable regulations. In addition, the Audit Committee has discussed with the independent registered public accounting firm the firm's independence from Company management and the Company, including the matters in the letter from the firm required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and considered the compatibility of non-audit services with the independent registered public accounting firm's independence.

The Audit Committee also reviewed management's report on its assessment of the effectiveness of the Company's internal control over financial reporting and the independent registered public accounting firm's report on the effectiveness of the Company's internal control over financial reporting.

The Audit Committee discussed with the Company's internal auditors and independent registered public accounting firm the overall scope and plans for their respective audits. The Audit Committee meets with the internal auditors and the independent registered public accounting firm, with and without management present, to discuss the results of their examinations; their evaluations of the Company's internal control, including internal control over financial reporting; and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited consolidated financial statements and management's assessment of the effectiveness of the Company's internal control over financial reporting be included in the Annual Report on Form 10-K for the year ended October 31, 2007 filed by the Company with the Securities and Exchange Commission. The Audit Committee and the Board also have recommended, subject to stockholder approval, the selection of the Company's independent registered public accounting firm.

Submitted by: John F. Levy (Chair)
 Michael Dornemann
 J Moses

Dated: February 28, 2008

**VOTING SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information as of the Record Date, relating to the beneficial ownership of shares of the Common Stock by (i) each person or entity who is known by the Company to own beneficially five percent or more of the outstanding Common Stock, (ii) each current director, (iii) each of the Named Executive Officers and (iv) all current directors and executive officers as a group. Subsequent to the February 24, 2008 press release issued by EA, our Common Stock has been very actively traded and, accordingly, the information below may not be accurate as of the date of this proxy statement.

Name and Address of Beneficial Owner(1)	Number of Shares of Common Stock Beneficially Owned(2)	Percentage of Outstanding Common Stock Beneficially Owned
Oppenheimer Funds, Inc.(3)	17,254,697	22.6%
FMR LLC(4)	10,925,891	14.3%
UniCredito Italiano S.p.A.(5)	8,667,418	11.4%
Legg Mason Capital Management, Inc.(6)	7,376,875	9.7%
Neuberger Berman Inc.(7)	5,608,007	7.4%
Lainie Goldstein(8)	106,292	*
Seth Krauss(9)	77,279	*
Paul Eibeler	—	*
Karl Winters	3,981	*
Samuel Judd	—	*
John F. Levy(10)	30,898	*
Grover C. Brown(10)	30,898	*
Michael Dornemann(11)	16,565	*
Robert A. Bowman(11)	16,565	*
J Moses(11)	16,565	*
Michael Sheresky(11)	16,565	*
Strauss Zelnick(12)	390,649	*
Benjamin Feder(12)	390,649	*
All current directors and executive officers as a group (10 persons)(13)	702,276	*
		%

* Less than 1%.

(1) Unless otherwise indicated, the address of each beneficial owner is Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012. The address of Oppenheimer Funds, Inc. is 6803 S. Tucson Way, Centennial, Colorado 80112-3924. The address of FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109. The address of UniCredito Italiano S.p.A. is Piazza Cordusio 2, 20123 Milan, Italy. The address of Legg Mason Capital Management, Inc. is 100 Light Street, Baltimore, Maryland 21202. The address of Neuberger Berman Inc. is 605 Third Avenue, New York, New York, 10158.

(2) Unless otherwise indicated, the Company believes that all persons named in the table have sole voting and investment power with respect to all shares beneficially owned by them. A person is deemed to be the beneficial owner of securities that may be acquired by such person within 60 after the Record Date upon the exercise of options and is not deemed to be the beneficial owner of securities that may not be acquired within 60 days after the Record Date upon the exercise of options (referred to in the footnotes below as "*unvested options*"). Each beneficial owner's percentage ownership is determined by assuming that options that are held by such person (but

not those held by any other person) and which are exercisable within 60 days after the Record Date have been exercised.

- (3) Based on information contained in a report on Schedule 13G filed with the SEC on February 8, 2008. Oppenheimer Funds, Inc. reported shared voting and dispositive authority with Oppenheimer Quest Opportunity Value Fund with respect to these shares.
- (4) Based on information contained in a report on Schedule 13G filed with the SEC on February 14, 2008. FMR LLC reported sole voting authority with respect to 1,809,496 shares and sole dispositive authority with respect to 10,925,891 shares.
- (5) Based on information contained in a report on Schedule 13G filed with the SEC on February 1, 2008.
- (6) Based on information contained in a report on Schedule 13G filed with the SEC on February 14, 2008. Legg Mason Capital Management, Inc. reported shared voting and dispositive authority with Legg Mason Special Investment Trust, Inc. with respect to these shares.
- (7) Based on information contained in a report on Schedule 13G filed with the SEC on February 12, 2008. Neuberger Bergman Inc. reported sole voting authority with respect to 180,800 shares, and shared voting authority with respect to 5,321,707 shares and shared dispositive authority with respect to 5,608,007 with Neuberger Berman, LLC and Neuberger Berman Management Inc.
- (8) Represents 58,126 shares of Common Stock and 48,166 shares underlying options. Does not include 21,334 shares issuable upon the exercise of unvested options.
- (9) Represents 43,946 shares of Common Stock and 33,333 shares underlying options. Does not include 66,667 shares issuable upon the exercise of unvested options.
- (10) Includes 14,232 shares of Common Stock and 16,666 shares underlying options. Does not include 8,334 shares issuable upon the exercise of unvested options.
- (11) Represents 8,232 shares of Common Stock and 8,333 shares underlying options. Does not include 16,667 shares issuable upon the exercise of unvested options.
- (12) Messrs. Feder and Zelnick are partners in ZelnickMedia. The shares listed are issuable upon the exercise of options held by ZelnickMedia (and are not held individually by Mr. Feder or Mr. Zelnick) that are or become exercisable within 60 days. Does not include 1,618,426 shares issuable upon the exercise of unvested options held by ZelnickMedia or 1,500,000 shares of restricted stock to be granted to ZelnickMedia pursuant to the second amendment to the management agreement, subject to the approval of the proposal to amend the Incentive Stock Plan (Proposal 2) at the Annual Meeting. See "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation."
- (13) Includes or excludes, as to the current directors and executive officers, shares of Common Stock as described in the preceding footnotes.

**APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE
TAKE-TWO INTERACTIVE SOFTWARE, INC. INCENTIVE STOCK PLAN
(Proposal 2)**

The Board of Directors has approved, subject to stockholder approval, an amendment and restatement of the Company's Incentive Stock Plan. Two directors, Messrs. Feder and Zelnick abstained from such vote, since they are partners of ZelnickMedia which will receive a restricted stock grant, as described below, if this proposal is approved by stockholders.

The Incentive Stock Plan is being amended to provide for an increase in the number of shares of Common Stock reserved for issuance under the Incentive Stock Plan by 2,000,000 shares to a total of 2,933,719 shares reserved for issuance for future awards (including 1,500,000 shares of Common Stock to ZelnickMedia (as described under "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation"). Together with the 1,083,238 shares of Common Stock available for future awards under the Company's 2002 Stock Option Plan, approximately 3.3% of the currently outstanding shares of Common Stock will be available for awards under the Company's equity incentive plans (after giving effect to the grant of 1,500,000 shares to ZelnickMedia, but excluding any shares that may become available as a result of forfeiture). In addition, the Incentive Stock Plan is being amended to permit the issuance of awards under the Incentive Stock Plan to consultants of the Company and its subsidiaries and to provide for certain other technical amendments.

The Board of Directors believes that the proposed increase in the number of shares of Common Stock available for issuance under the Incentive Stock Plan is necessary in order to continue the effectiveness of the Incentive Stock Plan in attracting, motivating and retaining outside directors, officers and key employees with appropriate experience and ability to increase the grantees' alignment of interest with the Company's stockholders.

The Board of Directors also believes that the proposed amendment to the Incentive Stock Plan to permit the Company to grant awards under the Incentive Stock Plan to consultants will enable the Company to retain qualified independent consultants, to align such consultants' interests with the stockholders' interests and to motivate such consultants to contribute to the success of the Company.

The Board of Directors also seeks approval of the proposed amendment to the Incentive Stock Plan to allow the Company to make the restricted stock grant to ZelnickMedia pursuant to the Management Agreement between the Company and ZelnickMedia (as described under "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation") under the Incentive Stock Plan.

The following description of the Incentive Stock Plan, as amended pursuant to the amendment and restatement of the Incentive Stock Plan approved by the Board of Directors, is a summary and is qualified in its entirety by reference to the amended and restated Incentive Stock Plan, a copy of which is attached as Annex A to this Proxy Statement.

Administration. The Incentive Stock Plan is administered by the Compensation Committee of the Board of Directors, which is intended to consist of two or more non-employee directors, each of whom will be a non-employee director as defined in Rule 16b-3 under the Securities Exchange Act of 1934 and, if practicable, an outside director as defined under Section 162(m) of the Internal Revenue Code; except, that the Board of Directors will administer the Incentive Stock Plan with respect to, and has the right to make, set and interpret terms of award grants under the Incentive Stock Plan to, directors who are members of the Compensation Committee of the Board of Directors. The Compensation Committee of the Board of Directors or the Board of Directors, as applicable, will be referred to as the "*Committee*."

Generally, the Committee has full authority to administer and interpret the Incentive Stock Plan and to determine, among other things:

- to whom awards will be granted;
- the types of awards to be granted;
- the number of shares of Common Stock to be covered by each award; and
- the terms and conditions of each award, except that Common Stock granted under the Incentive Stock Plan will be subject to a minimum pro rata vesting period of three years with respect to outright grants and a minimum vesting period of one year with respect to performance based grants.

Eligibility. All of the Company's and its parents' (if any) and subsidiaries' directors, officers and other employees and consultants are eligible to be granted any of the awards available under the Incentive Stock Plan.

Available Shares. If Proposal 2 is approved by stockholders, an aggregate of 2,933,719 shares of Common Stock will be reserved and available for distribution under the Incentive Stock Plan. The Common Stock available for distribution under the Incentive Stock Plan may be either authorized and unissued shares or treasury shares. If any shares of Common Stock subject to any award under the Incentive Stock Plan are forfeited, those shares of Common Stock will again be available for the grant of awards under the Incentive Stock Plan.

The aggregate number of shares of Common Stock reserved for awards under the Incentive Stock Plan will be substituted or adjusted in the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split, or extraordinary distribution with respect to the Common Stock or other change in corporate structure affecting the Common Stock.

Subject to any adjustment as provided in the preceding paragraph, the maximum numbers of shares subject to awards under the Incentive Stock Plan to (i) all of the Company's directors and officers as a group or (ii) each of the Company's chief executive officer and the four other highest compensated executive officers who are employed by the Company on the last day of any tax year of the Company, is 375,000 shares during the term of the Incentive Stock Plan. The Incentive Stock Plan clarifies that the foregoing limitation will not apply to the grants of any awards to ZelnickMedia.

Awards Under the Incentive Stock Plan. The following types of awards are available under the Incentive Stock Plan:

Restricted Stock. The Committee may award shares of restricted stock subject to such restrictions, terms and conditions as may be established by the Committee. With certain exceptions, the participant generally will have the rights of a stockholder with respect to the shares, including the right to vote such restricted stock, to receive and retain all regular cash dividends and other cash equivalent distributions designated, paid or distributed on such restricted stock and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to such restricted stock. Other than regular cash dividends and other cash equivalent distributions, the Company will retain custody of all distributions made or declared with respect to restricted stock (which will be subject to the same restrictions, terms and conditions as are applicable to the restricted stock) until such time as the underlying restricted stock becomes vested and the applicable restriction period will have expired. Restricted stock and any distributions thereon retained by the Company will be forfeited upon a breach of any of the restrictions, terms or conditions contained in the Incentive Stock Plan or in any restricted stock agreement between the Company and participant, or otherwise established by the Committee with respect to any restricted stock or any such distributions. Shares of restricted stock may be time-based or performance-based.

Deferred Stock. The Committee may award deferred stock upon the attainment of such factors or criteria as the Committee will determine. Generally, upon termination of a participant's employment during the deferral period, the applicable deferred stock will vest or be forfeited in accordance with the terms and conditions established by the Committee at the time of grant. The Committee may, after grant, accelerate the vesting of all or any part of any deferred stock award and/or waive the deferral limitations for all or any part of a deferred stock award. In certain circumstances, if a participant is involuntarily terminated (other than for cause), the Committee may waive, in whole or in part, any or all of the remaining deferral limitations imposed with respect to any or all of the participant's deferred stock. A participant may (generally, at least one year prior to expiration of the applicable deferral period) request to, and the Committee may at any time, defer the receipt of all or part of an award for an additional specified period or until a specified period or until a specified event.

Other Stock-Based Awards. The Committee may make a grant of such other stock-based awards (including performance shares and shares valued by reference to the performance of the Company or any subsidiary) subject to the terms and conditions as may be established by the Committee. In the event of the participant's retirement, disability or death, or in cases of special circumstances, the Committee may waive in whole or in part any or all of the limitations imposed with respect to any other stock-based award.

All awards granted under the Incentive Stock Plan may be confirmed by, and may be subject to the terms of, an agreement between the Company and the participant.

Change in Control. Unless otherwise provided in an agreement between the Company and the participant, in the event of a Change of Control (as defined in the Incentive Stock Plan) all restrictions and deferral limitations contained in any awards granted under the Incentive Stock Plan will lapse unless otherwise determined by an affirmative vote of a majority of the Board of Directors prior to the occurrence of such Change of Control. Any such vote will not affect the provisions of any agreement between the Company and the participant.

Amendment and Termination. The Board of Directors may at any time, and from time to time, amend any or all of the provisions of the Incentive Stock Plan, and may at any time suspend or terminate the Incentive Stock Plan; provided, however, that any amendment that would increase the number of shares of Common Stock that may be issued under the Incentive Stock Plan, materially modify the eligibility requirements under the Incentive Stock Plan, or increase the benefits under the Incentive Stock Plan, or that may otherwise require stockholder approval under the rules of the exchange or system on which the Company's securities are listed or traded, will be subject to stockholder approval. Subject to the preceding sentence, the Committee may amend the terms of any award granted under the Incentive Stock Plan; provided, however, that, unless otherwise required by law or specifically provided in the Incentive Stock Plan, no such amendment may be made by the Committee that in any material respect impairs the rights of a participant without the participant's consent.

Transferability. Awards granted under the Incentive Stock Plan are generally nontransferable. The award agreements between the Company and ZelnickMedia provide that the shares awarded to ZelnickMedia are transferable to any of its affiliates, provided that the shares remain subject to the terms of the award agreement and each transferee agrees in writing to take such shares subject to and to comply with the restrictions on transfer contained in the award agreement.

Future Incentive Stock Plan Awards. Except as otherwise set forth below, at this time no equity-based awards have been approved for grant in the future to any employee, officer, director or consultant pursuant to the Incentive Stock Plan. We anticipate that other equity-based awards may be granted to the named individuals as well as to other employees, officers, directors and, if the amendment to the Incentive Stock Plan is approved by the stockholders, consultants, under the

Incentive Stock Plan. However, the amount of shares of Common Stock that may be granted to the named individuals will be based upon various prospective factors, including, the nature of services to be rendered by our employees, officers, directors and consultants, and their potential contributions to our success. Accordingly, except as otherwise set forth below, actual awards cannot be determined at this time.

Awards to ZelnickMedia. Subject to the stockholders' approval of the amendments to the Incentive Stock Plan, the Board has approved awards of 1,500,000 shares of restricted stock under the Incentive Stock Plan to ZelnickMedia pursuant to the Management Agreement between the Company and ZelnickMedia. See "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation."

THE AFFIRMATIVE VOTE OF THE HOLDERS OF AT LEAST A MAJORITY OF THE SHARES OF COMMON STOCK PRESENT OR REPRESENTED BY PROXY AND ENTITLED TO VOTE AT THE ANNUAL MEETING IS REQUIRED TO APPROVE THE AMENDED AND RESTATEMENT OF THE INCENTIVE STOCK PLAN.

THE BOARD OF DIRECTORS (WITH MESSRS. ZELNICK AND FEDER ABSTAINING) BELIEVES THAT THE APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE INCENTIVE STOCK PLAN IS IN THE BEST INTERESTS OF THE COMPANY AND UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE APPROVAL OF SUCH AMENDMENT AND RESTATEMENT.

**RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(Proposal 3)**

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP ("E&Y") as the Company's independent registered public accounting firm to audit its consolidated financial statements for its fiscal year ending October 31, 2008. Although action by the stockholders on this matter is not required, the Audit Committee believes it is appropriate to seek stockholder ratification of the appointment of the independent registered public accounting firm to provide a forum for stockholders to express their views with regard to the Audit Committee's appointment. If the stockholders do not ratify the appointment of E&Y, the selection of independent registered public accounting firms may be reconsidered by the Audit Committee; provided, however, that the Audit Committee retains the right to continue to engage E&Y. In addition, notwithstanding the ratification of E&Y as the Company's independent registered public accounting firm for the year ending October 31, 2008, the Audit Committee retains the right to replace E&Y at any time without stockholder approval. The Company has been advised that representatives of E&Y will be present at the Annual Meeting with the opportunity to make a statement if the representatives desire to do so. It is expected that the representatives will be available to respond to appropriate questions.

THE BOARD OF DIRECTORS BELIEVES THAT RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP IS IN THE BEST INTERESTS OF THE COMPANY AND RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" SUCH RATIFICATION.

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

On April 4, 2006, with the approval of the Audit Committee, the Company dismissed PricewaterhouseCoopers LLP ("PwC") as the Company's independent registered public accounting firm and retained E&Y as the Company's independent registered public accounting firm to audit the Company's financial statements.

Independent Auditor Fee Information

The aggregate fees billed by E&Y for the fiscal years ended October 31, 2006 and 2007 are set forth below. The Audit Committee believes that the services performed by E&Y were compatible with maintaining E&Y's independence.

	2006	2007
Audit(1)	\$ 4,950,000	\$ 4,037,000
Audit-related(2)	283,500	44,500
Tax(3)	—	5,800
All Other	—	—
Total	\$ 5,233,500	\$ 4,087,300

- (1) Includes quarterly reviews and audit of financial statements and internal control over financial reporting, statutory audits, services associated with registration statements and other SEC filings, and accounting consultations in connection with the Company's stock option investigation and resulting restatement.
- (2) Includes due diligence and accounting consultations in connection with proposed acquisitions.
- (3) Includes international tax consulting advice.

The aggregate fees billed by PwC for the fiscal year ended October 31, 2006 are set forth below. The Audit Committee believes that the services performed by PwC were compatible with maintaining independence.

	2006
Audit(1)	\$ 214,500
Audit-related	8,500
Tax(2)	180,700
All Other	—
Total	\$ 403,700

(1) Includes financial statement and statutory audits.

(2) Includes tax compliance, advice and audit assistance.

NO INCORPORATION BY REFERENCE

In its filings with the Securities and Exchange Commission, the Company sometimes "incorporates by reference" certain information. This means that we are referring you to information that has previously been filed with the SEC and the information should be considered as part of the particular filing. As provided under SEC regulations, the "Report of the Audit Committee" and the "Report of the Compensation Committee" contained in this proxy statement specifically are not incorporated by reference into any other filings with the SEC and shall not be deemed to be "soliciting material."

STOCKHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

The Company currently anticipates holding its Annual Meeting of Stockholders for its fiscal year ending October 31, 2008 in March 2009. Accordingly, stockholders who wish to present proposals appropriate for consideration at the Company's Annual Meeting of Stockholders to be held in 2009 must submit the proposal in proper form and in satisfaction of the conditions established by the Securities and Exchange Commission, to the Company at its address set forth on the first page of this proxy statement not later than November 11, 2008 in order for the proposal to be considered for inclusion in the Company's proxy statement and form of proxy relating to such annual meeting.

As provided in the Company's by-laws, for any proposal that is not submitted for inclusion in next year's proxy statement, but is instead sought to be presented directly at the 2009 Annual Meeting of Stockholders, notice of intention to present the proposal must be received in writing by the Company by no earlier than December 11, 2008 and no later than January 10, 2009. Address all notices of intention to present proposals at the 2009 Annual Meeting of Stockholders to Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012.

OTHER MATTERS

The Board of Directors is aware of no other matters, except for those incident to the conduct of the Annual Meeting, that are to be presented to stockholders for formal action at the Annual Meeting. If, however, any other matters properly come before the Annual Meeting or any adjournments thereof, it is the intention of the persons named in the proxy to vote the proxy in accordance with their judgment.

By order of the Board of Directors,

A handwritten signature in black ink, appearing to read 'Ben Feder', with a long horizontal flourish extending to the right.

Benjamin Feder
Chief Executive Officer

February 28, 2008

TAKE-TWO INTERACTIVE SOFTWARE, INC.
Incentive Stock Plan
(as amended effective April 10, 2008)

1. Purpose

The purpose of the Take-Two Interactive Software, Inc. Incentive Stock Plan is to enable Take-Two Interactive Software, Inc. (the "Company") to offer to those of its and its Parents (if any) and Subsidiaries (as such terms are defined herein) employees, directors and Consultants (as defined herein) who are expected to contribute to the success of the Company, long term equity interests in the Company, thereby enhancing its ability to attract, retain and reward such key employees, directors and Consultants, and to increase the mutuality of interests between those employees, directors and Consultants and the shareholders of the Company.

2. Administration

The Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors (the "Board"), the membership of which shall consist solely of two or more members of the Board, each of whom shall serve at the pleasure of the Board and shall be a "Non-Employee Director," as defined in Rule 16b-3 under the Securities Exchange Act of 1934, and, if practicable, shall also be an "outside director," as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be at all times constituted so as not to adversely affect the compliance of the Plan with the requirements of Rule 16b-3 or with the requirements of any other applicable law, rule or regulation.

The Committee shall have the authority to grant, pursuant to the terms of the Plan, to Consultants, directors (other than directors serving as members of the Committee), officers and other employees shares of the Company's Common Stock ("Stock") pursuant to: (i) Section 5 ("Restricted Stock"), (ii) Section 6 ("Deferred Stock") and/or (iii) Section 7 ("Other Stock-Based Awards"). Notwithstanding anything in the Plan to the contrary, (i) Stock granted under this Plan shall be subject to a minimum pro rata vesting period of three years with respect to outright grants and a minimum vesting period of one year with respect to performance based grants.

Notwithstanding the foregoing, the Board shall administer the Plan with respect to, and reserves the right to make and set the terms of and to interpret the terms of any grant of Stock under the Plan to, directors who are members of the Committee. All references hereinafter to "Committee" with respect to the administration of the Plan for grants to directors who are members of the Committee shall be deemed to refer to the Board.

For purposes of illustration and not of limitation, the Committee shall have the authority (subject to the express provisions of the Plan):

- (i) to select the Consultants, directors, officers and other employees of (a) the Company, (b) any parent corporation of the Company within the meaning of Section 424(e) of the Code or any other entity that, directly or indirectly, is the beneficial owner of 50% or more of the then outstanding shares of the Company's capital stock ("Parent"), or (c) any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code or any other entity that is directly or indirectly controlled 50% or more by the Company or in which the Company has a material equity interest and that is designated as a "subsidiary" by resolution of the Committee ("Subsidiary") to whom Restricted Stock, Deferred Stock and/or Other Stock-Based Awards may be from time to time granted hereunder;

(ii) to determine the Restricted Stock, Deferred Stock and/or Other Stock-Based Awards, or any combination thereof, if any, to be granted hereunder to one or more eligible persons;

(iii) to determine the number of shares of Stock to be covered by each award granted hereunder;

(iv) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder (including, but not limited to, share price, any restrictions or limitations, and any vesting acceleration and/or forfeiture provisions);

(v) to determine the terms and conditions under which awards granted hereunder are to operate on a tandem basis and/or in conjunction with or apart from other awards made by the Company or any Parent or Subsidiary outside of the Plan; and

(vi) to determine the extent and circumstances under which Stock and other amounts payable with respect to an award hereunder shall be deferred, with any such deferral structured in a manner intended to comply with, or be exempt from, Code Section 409A.

Subject to Section 9 hereof, the Committee shall have the authority to (i) adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, (ii) interpret the terms and provisions of the Plan and any award issued under the Plan (and to determine the form and substance of all agreements relating thereto), and (iii) to otherwise supervise the administration of the Plan.

Subject to the express provisions of the Plan, all decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee's sole and absolute discretion and shall be final and binding upon all persons, including the Company, its Subsidiaries and the Plan participants.

3. Stock Subject to Plan

The total number of shares of Stock reserved and available for distribution under the Plan shall be 6,500,000 shares, and shall include Restricted Stock previously granted by the Committee and Board. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares.

If any shares of Stock that are subject to any Restricted Stock, Deferred Stock or Other Stock-Based award are forfeited, such shares shall again be available for distribution under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split, extraordinary distribution with respect to the Stock or other change in corporate structure affecting the Stock, such substitution or adjustments shall be made in the aggregate number of shares of Stock reserved for issuance under the Plan.

Subject to the provisions of the immediately preceding paragraph, the maximum numbers of shares subject to Restricted Stock, Deferred Stock and Other Stock-Based Awards to (i) all of the Company's directors and officers (as determined in accordance with Rule 16a-1(f) of the Securities Exchange Act of 1934) as a group or (ii) each of the Company's chief executive officer and the four other highest compensated executive officers who are employed by the Company on the last day of any taxable year of the Company, shall be 375,000 shares during the term of the Plan. For the avoidance of doubt, the foregoing limitation shall not apply to the grants of any awards under the Plan to ZelnickMedia Corporation.

4. Eligibility

Consultants, directors, officers and other employees of the Company or any Parent or Subsidiary (but excluding any person whose eligibility would adversely affect the compliance of the Plan with the requirements of Rule 16b-3) who are at the time of the grant of an award under the Plan engaged or

employed (as applicable) by the Company or any Parent or Subsidiary and who are responsible for or contribute to the management, growth and/or profitability of the business of the Company or any Parent or Subsidiary, are eligible to be granted awards under the Plan. Eligibility under the Plan shall be determined by the Committee. For the purposes of the Plan, "Consultant" means any individual or entity who provides bona fide consulting or advisory services to the Company or any Parent or Subsidiary pursuant to a written agreement, which are not in connection with the offer and sale of securities in a capital-raising transaction, and do not, directly or indirectly, promote or maintain a market for the Company's or any Parent's or Subsidiary's securities.

The Committee may, in its sole discretion, include additional conditions and restrictions in connection with awards under the Plan. The grant of an award under the Plan, and any determination made in connection therewith, shall be made on a case by case basis and can differ among grantees. The grant of an award under the Plan is a privilege and not a right and the determination of the Committee can be applied on a non-uniform (discretionary) basis.

5. Restricted Stock

(a) *Grant and Exercise.* Shares of Restricted Stock may be issued either alone or in addition to or in tandem with other awards granted under the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which grants of Restricted Stock will be made, the number of shares to be awarded, the price (if any) to be paid by the recipient, the time or times within which such awards may be subject to forfeiture (the "Restriction Period"), the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the awards. The Committee may condition the grant of Restricted Stock upon the attainment of such factors as the Committee may determine.

(b) *Terms and Conditions.* Each Restricted Stock award shall be subject to the following terms and conditions:

(i) Restricted Stock, when issued, will be represented by a stock certificate or certificates registered in the name of the holder to whom such Restricted Stock shall have been awarded, unless the Company elects to use another system, such as book entry. Any such stock certificates shall, in addition to such legends required by applicable law, bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock including those applicable under the Plan or in any grant agreement. During the Restriction Period, the Restricted Stock shall be subject to such restrictions, terms and conditions as may be established by the Committee.

(ii) Restricted Stock shall constitute issued and outstanding shares of Stock for all corporate purposes, and the issuance thereof shall be made for at least the minimum consideration (if any) necessary to permit the shares of Restricted Stock to be deemed to be fully paid and nonassessable. The holder will have the right to vote such Restricted Stock, to receive and retain all regular cash dividends and other cash equivalent distributions as the Board may in its sole discretion designate, pay or distribute on such Restricted Stock and to exercise all other rights, powers and privileges of a holder of Stock with respect to such Restricted Stock, with the exceptions that (A) other than regular cash dividends and other cash equivalent distributions as the Board may in its sole discretion designate, pay or distribute, the Company will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Stock (and such Retained Distributions will be subject to the same restrictions, terms and conditions as are applicable to the Restricted Stock) until such time, if ever, as the Restricted Stock with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested and with respect to which the Restriction Period shall have expired; (B) the holder may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock or any Retained Distributions during the Restriction Period; and (C) a breach of any of the restrictions,

terms or conditions contained in the Plan or any agreement referred to in Section 5(b)(iv) below, or otherwise established by the Committee with respect to any Restricted Stock or Retained Distributions will cause a forfeiture of such Restricted Stock and any Retained Distributions with respect thereto.

(iii) Upon the expiration of the Restriction Period with respect to each award of Restricted Stock and the satisfaction of any other applicable restrictions, terms and conditions (A) all or part of such Restricted Stock shall become vested in accordance with the terms of any agreement referred to in Section 5(b)(iv) below or as otherwise established by the Committee, and (B) any Retained Distributions with respect to such Restricted Stock shall become vested to the extent that the Restricted Stock related thereto shall have become vested. Any such Restricted Stock and Retained Distributions that do not vest shall be forfeited to the Company and the holder shall not thereafter have any rights with respect to such Restricted Stock and Retained Distributions that shall have been so forfeited.

(iv) Restricted Stock awards may be confirmed by, and may be subject to the terms of, an agreement executed by the Company and the participant.

6. Deferred Stock

(a) *Grant and Exercise.* Deferred Stock may be awarded either alone or in addition to or in tandem with other awards granted under the Plan. The Committee shall determine the eligible persons to whom and the time or times at which Deferred Stock shall be awarded, the number of shares of Deferred Stock to be awarded to any person, the duration of the period (the "Deferral Period") during which, and the conditions under which, receipt of the Deferred Stock will be deferred, and all the other terms and conditions of the awards. The Committee may condition the grant of the Deferred Stock upon the attainment of such factors or criteria as the Committee shall determine.

(b) *Terms and Conditions.* Each Deferred Stock award shall be subject to the following terms and conditions:

(i) Subject to the provisions of the Plan, any agreement referred to in Section 6(b)(vii) below and any conditions otherwise established by the Committee, Deferred Stock awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Deferral Period. At the expiration of the Deferral Period (or the Additional Deferral Period referred to in Section 6(b)(vi) below, where applicable), share certificates shall be delivered to the participant, or his legal representative, in a number equal to the shares of Stock covered by the Deferred Stock award.

(ii) As determined by the Committee at the time of award, amounts equal to any dividends declared during the Deferral Period (or the Additional Deferral Period referred to in Section 6(b)(vi) below, where applicable) with respect to the number of shares covered by a Deferred Stock award may be paid to the participant currently or deferred and deemed to be reinvested in additional Deferred Stock.

(iii) Subject to the provisions of any agreement referred to in Section 6(b)(vii) below and this Section 6 and Section 11(g) below, upon termination of a participant's employment with the Company or any Parent or Subsidiary for any reason during the Deferral Period (or the Additional Deferral Period referred to in Section 6(b)(vi) below, where applicable) for a given award, the Deferred Stock in question will vest or be forfeited in accordance with the terms and conditions established by the Committee at the time of grant.

(iv) The Committee may, after grant, accelerate the vesting of all or any part of any Deferred Stock award and/or waive the deferral limitations for all or any part of a Deferred Stock award.

(v) In the event of hardship or other special circumstances of a participant whose employment with the Company or any Parent or Subsidiary is involuntarily terminated (other than for cause), the Committee may waive in whole or in part any or all of the remaining deferral limitations imposed hereunder or pursuant to any agreement referred to in Section 6(b)(vii) below with respect to any or all of the participant's Deferred Stock.

(vi) A participant may request to, and the Committee may at any time, defer the receipt of an award (or an installment of an award) for an additional specified period or until a specified period or until a specified event (the "Additional Deferral Period"); provided that such deferral shall be structured in a manner intended to comply with, or be exempt from, Code Section 409A. Subject to any exceptions adopted by the Committee such request must be made at least one year prior to expiration of the Deferral Period for such Deferred Stock award (or such installment).

(vii) Deferred Stock awards may be confirmed by, and may be subject to the terms of, an agreement executed by the Company and the participant.

7. Other Stock-Based Awards

(a) *Grant and Exercise.* Other Stock-Based Awards, which may include performance shares and shares valued by reference to the performance of the Company or any Parent or Subsidiary, may be granted either alone or in addition to or in tandem with Restricted Stock or Deferred Stock. The Committee shall determine the eligible persons to whom, and the time or times at which, such awards shall be made, the number of shares of Stock to be awarded pursuant to such awards, and all other terms and conditions of the awards. The Committee may also provide for the grant of Stock under such awards upon the completion of a specified performance period and/or achievement of one or more specified performance goals.

(b) *Terms and Conditions.* Each Other Stock-Based Award shall be subject to the following terms and conditions:

- (i) Shares of Stock subject to an Other Stock-Based Award may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction or period of deferral lapses.
- (ii) The recipient of an Other Stock-Based Award shall be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents with respect to the number of shares covered by the award, as determined by the Committee at the time of the award. The Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Stock.
- (iii) Any Other Stock-Based Award and any Stock covered by any Other Stock-Based Award shall vest or be forfeited to the extent so provided in any agreement referred to in Section 7(b)(v) below or as otherwise determined by the Committee.
- (iv) In the event of the participant's retirement, disability or death, or in cases of special circumstances, the Committee may waive in whole or in part any or all of the limitations imposed hereunder (if any) with respect to any or all of an Other Stock-Based Award.
- (v) Other Stock-Based Awards may be confirmed by, and may be subject to the terms of, an agreement executed by the Company and by the participant.

8. Change of Control Provisions

(a) Unless otherwise provided in an award agreement, written employment agreement or other similar written agreement between the Company and a participant, a "Change of Control" shall be deemed to have occurred on the tenth day after:

(i) any individual, corporation or other entity or group (as defined in Section 13(d)(3) of the Exchange Act), becomes, directly or indirectly, the beneficial owner (as defined in the General Rules and Regulations of the Securities and Exchange Commission with respect to Sections 13(d) and 13(g) of the Exchange Act) of more than 50% of the then outstanding shares of the Company's capital stock entitled to vote generally in the election of directors of the Company; or

(ii) the commencement of, or the first public announcement of the intention of any individual, firm, corporation or other entity or of any group (as defined in Section 13(d)(3) of the Exchange Act) to commence, a tender or exchange offer subject to Section 14(d)(1) of the Exchange Act for any class of the Company's capital stock; or

(iii) the shareholders of the Company approve (A) a definitive agreement for the merger or other business combination of the Company with or into another corporation pursuant to which the shareholders of the Company do not own, immediately after the transaction, more than 50% of the voting power of the corporation that survives, or (B) a definitive agreement for the sale, exchange or other disposition of all or substantially all of the assets of the Company, or (C) any plan or proposal for the liquidation or dissolution of the Company;

provided, however, that a "Change of Control" shall not be deemed to have taken place if beneficial ownership is acquired (A) directly from the Company, other than an acquisition by virtue of the exercise or conversion of another security unless the security so converted or exercised was itself acquired directly from the Company, or (B) by, or a tender or exchange offer is commenced or announced by, the Company, any profit-sharing, employee ownership or other employee benefit plan of the Company; or any trustee or fiduciary with respect to any such plan when acting in such capacity.

(b) Unless otherwise provided in an award agreement, written employment agreement or other similar written agreement between the Company and a participant, in the event of a "Change of Control," all restrictions and deferral limitations contained in Restricted Stock, Deferred Stock and Other Stock-Based Awards granted under the Plan shall lapse, unless the provisions of this Section 8 are suspended or terminated by an affirmative vote of a majority of the Board prior to the occurrence of such a "Change of Control;" provided, that such vote shall not affect the provisions of any award agreement, written employment agreement or other similar written agreement between the Company and a participant.

9. Amendments and Termination

The Board may at any time, and from time to time, amend any of the provisions of the Plan, and may at any time suspend or terminate the Plan; provided, however, that any amendment that would increase the number of shares which may be issued under the Plan, materially modify the requirements as to eligibility under the Plan, increase the benefits under the Plan, or that may otherwise require stockholder approval under the rules of the exchange or system on which the Company's securities are listed or traded, shall be subject to stockholder approval. Subject to the preceding sentence, the Committee may amend the terms of any award heretofore granted under the Plan; provided, however, that subject to Section 3 above, no such amendment may be made by the Committee which in any material respect impairs the rights of the participant without the participant's consent.

10. Unfunded Status of Plan

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a participant by the Company, nothing contained herein shall give any such participant any rights that are greater than those creditor of the Company.

11. General Provisions

(a) The Committee may require each person acquiring shares of Stock pursuant to an award under the Plan to represent to and agree with the Company in writing that the participant is acquiring the shares for investment without a view to distribution thereof.

All certificates for shares of Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem to be advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or association upon which the Stock is then listed or traded, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in the Plan shall prevent the Board from adopting such other or additional incentive arrangements as it may deem desirable, including, but not limited to, the granting of stock options and the awarding of stock and cash otherwise than under the Plan; and such arrangements may be either generally applicable or applicable only in specific cases.

(c) Nothing contained in the Plan or in any award hereunder shall be deemed to confer upon any employee of the Company or any Parent or Subsidiary any right to continued employment with the Company or any Parent or Subsidiary, nor shall it interfere in any way with the right of the Company or any Parent or Subsidiary to terminate the employment of any of its employees at any time.

(d) No later than the date as of which an amount first becomes includable in the gross income of the participant for Federal income tax purposes with respect to any award under the Plan, the participant shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any Federal, state and local taxes of any kind required by law to be withheld or paid with respect to such amount. If permitted by the Committee tax withholding or payment obligations may be settled with Stock, including Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional upon such payment or arrangements, and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant from the Company or any Parent or Subsidiary.

(e) The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of New York (without regard to choice of law provisions).

(f) Any award made under the Plan shall not be deemed compensation for purposes of computing benefits under any retirement plan of the Company or any Parent or Subsidiary and shall not affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation (unless required by specific reference in any such other plan to awards under the Plan).

(g) A leave of absence, unless otherwise determined by the Committee prior to the commencement thereof, shall not be considered a termination of employment. Any awards made under the Plan shall not be affected by any change of employment, so long as the holder continues to be an employee of the Company or any Parent or Subsidiary.

(h) Except as otherwise expressly provided in the Plan or in any agreement, no right or benefit under the Plan may be alienated, sold, assigned, hypothecated, pledged, exchanged, transferred, encumbered or charged, and any attempt to alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be subject to the debts, contracts or liabilities of the person entitled to such benefit.

(i) The obligations of the Company with respect to all awards under the Plan shall be subject to (A) all applicable laws, rules and regulations, and such approvals by any governmental agencies as may be required, and (B) the rules and regulations of any securities exchange or association on which the Stock may be listed or traded.

(j) If any of the terms or provisions of the Plan conflicts with the requirements of Rule 16b-3 as in effect from time to time, or with the requirements of any other applicable law, rule or regulation, then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of said Rule 16b-3.

12. Effective Date of Plan

The Plan shall be effective as of the date of the approval and adoption thereof at a meeting of the Board, provided that the Plan shall cover Restricted Stock previously granted by the Committee and Board.

13. Term of Plan

No award shall be granted pursuant to the Plan after the tenth anniversary of the effective date of the Plan, but awards granted on or prior to such tenth anniversary may extend beyond that date.

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**THE DATE AND TIME OF THE ANNUAL MEETING HAVE CHANGED.
PLEASE NOTE THE NEW DATE AND TIME BELOW.**

TAKE-TWO INTERACTIVE SOFTWARE, INC.

622 Broadway
New York, New York 10012

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD THURSDAY, APRIL 17, 2008**

To the Stockholders of TAKE-TWO INTERACTIVE SOFTWARE, INC.:

NOTICE IS HEREBY GIVEN that the date and time of the Annual Meeting ("*Annual Meeting*") of stockholders of Take-Two Interactive Software, Inc. (the "*Company*") have been changed to, and will be held on, Thursday, April 17, 2008, at 6:30 p.m. (New York City time) at the W Hotel Union Square, 201 Park Avenue South, Studio 1, New York, New York.

The following matters will be considered at the Annual Meeting:

1. the election of eight directors;
2. a proposal to amend the Company's Incentive Stock Plan to increase the number of shares of common stock, par value \$0.01 per share, of the Company (the "*Common Stock*"), reserved for issuance thereunder by 2,000,000 shares and to permit the issuance of awards thereunder to consultants, including 1,500,000 shares of restricted stock to ZelnickMedia Corporation;
3. the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending October 31, 2008; and
4. the transaction of any other business that may properly come before the Annual Meeting or any adjournments thereof.

Only stockholders of record at the close of business on February 19, 2008 (the "*Record Date*") are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. In addition to stockholders of record on the Record Date, the Company will accept nominations of persons for election to the Board and proposals of any business to be considered at the Annual Meeting from any person who was a stockholder of record or beneficial owner of shares of Common Stock at any time between the Record Date and April 15, 2008 if such person is a stockholder of record or beneficial owner of shares of Common Stock when such person submits such nominations or proposals of business. If a stockholder of the Company provides notice that it requires additional time to nominate persons for election to the Board or to propose business to be considered at the Annual Meeting, the Board will consider in good faith a request to adjourn the Annual Meeting for a reasonable period of time, not to exceed 30 days.

The Company's proxy statement, dated February 28, 2008, has previously been distributed to stockholders who held Common Stock on the Record Date. Attached hereto is a proxy statement supplement. The proxy statement and the proxy statement supplement contain important information about the Annual Meeting and related matters and stockholders are urged to read these documents carefully.

By Order of the Board of Directors,



Daniel P. Emerson
Corporate Secretary

March 26, 2008

TAKE-TWO INTERACTIVE SOFTWARE, INC.
622 Broadway
New York, New York 10012

Supplement, dated March 26, 2008, to Proxy Statement, dated February 28, 2008

ANNUAL MEETING OF STOCKHOLDERS
To Be Held On April 17, 2008

On or about March 10, 2008, Take-Two Interactive Software, Inc. ("*Take-Two*" or the "*Company*") mailed to you a proxy statement, dated February 28, 2008, relating to an Annual Meeting of the stockholders of Take-Two, previously scheduled to be held on April 10, 2008 (the "*Annual Meeting*"), to: (1) elect eight directors; (2) consider and vote upon a proposal to amend the Take-Two Interactive Software, Inc. Incentive Stock Plan to increase the number of shares of common stock, par value \$0.01 per share, of the Company (the "*Common Stock*") reserved for issuance thereunder by 2,000,000 shares and to permit the issuance of awards thereunder to consultants, including 1,500,000 shares of restricted stock to ZelnickMedia Corporation ("*ZelnickMedia*"); (3) ratify the appointment of Ernst & Young LLP as Take-Two's independent registered public accounting firm for the fiscal year ending October 31, 2008; and (4) transact any other business that may properly come before the meeting or any adjournment thereof. **THE DATE AND TIME OF THE ANNUAL MEETING HAVE BEEN CHANGED FROM APRIL 10, 2008 AT 2:00 P.M. TO APRIL 17, 2008 AT 6:30 P.M. (NEW YORK CITY TIME).** There is no change in the place of the Annual Meeting (the W Hotel Union Square, 201 Park Avenue South, Studio 1, New York, New York), and the proposals to be considered at the Annual Meeting contained in the proxy statement are unchanged by this supplement.

As previously reported in Take-Two's Quarterly Report on Form 10-Q for the quarter ended January 31, 2008, on March 7, 2008, Patrick Solomon, a stockholder of Take-Two, filed a purported class action complaint in the Delaware Court of Chancery against Take-Two and certain of its officers and directors (the "*Stockholder Complaint*"). The plaintiff contends that the defendants breached their fiduciary duties by, among other things, allegedly refusing to explore offers by Electronic Arts Inc. to acquire all of Take-Two's shares, enacting a By-law amendment allegedly designed to entrench the current Board by preventing stockholders from nominating and electing alternative directors, agreeing to an amendment to a management agreement with ZelnickMedia, and issuing a proxy statement for the Annual Meeting that allegedly contains misleading and incomplete information. The complaint seeks preliminary and permanent injunctive relief, rescissory and other equitable relief and damages. Take-Two believes that the claims lack merit, and intends to vigorously defend against them. Take-Two has been advised that the individual defendants also believe that the claims lack merit and that such individual defendants will also vigorously defend such actions. However, Take-Two cannot predict the outcome of these matters and, if determined adversely to it, such matters, either singly or in the aggregate, could result in the imposition of significant judgments, fines and/or penalties, which could have a material adverse effect on Take-Two's financial condition, cash flows and results of operations.

At a hearing on March 18, 2008, the court scheduled for an expedited hearing the questions of the accuracy of the proxy statement and the validity of the "advance notice" By-law amendment that the Company had adopted on February 14, 2008 requiring stockholders to give notice of proposals or nominations before a stockholders meeting. The expedited hearing on the validity of the By-law amendment is currently scheduled to be held on April 11, 2008. If the court finds the By-law amendment to be valid, then the Annual Meeting will take place as currently scheduled on April 17, 2008. If the court finds the By-law amendment to be invalid, then it will determine what remedy to grant, which may include requiring the Company to postpone the Annual Meeting to a later date.

Neither Take-Two nor any of its directors and officers believes that the proxy statement was misleading or incomplete in any material respect. Nevertheless, to avoid any argument that the proxy statement was misleading or incomplete and due to the uncertainties associated with the outcome of the Stockholder Complaint, the Company has decided to take certain actions to moot any of plaintiff's claims alleging that the proxy statement was misleading or incomplete, including providing you with this

supplement and adopting the amendment to the By-laws of the Company described below relating to the extended nomination and proposal period.

This supplement is being mailed to Take-Two stockholders who are entitled to vote at the Annual Meeting to be held on April 17, 2008, as well as beneficial holders of shares of Common Stock as of the record date. All holders of record of Common Stock at the close of business on the record date, February 19, 2008, are entitled to vote at the Annual Meeting and any adjournment or postponement thereof. The record date to determine stockholders entitled to notice of and to vote at the Annual Meeting has not been changed by this supplement and remains February 19, 2008.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATOR HAS APPROVED OR DISAPPROVED OF THE TRANSACTIONS DESCRIBED IN THIS SUPPLEMENT OR DETERMINED IF THE INFORMATION CONTAINED IN THIS SUPPLEMENT IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The information contained in this supplement should be read in conjunction with the proxy statement, Take-Two's Annual Report on Form 10-K for the fiscal year ended October 31, 2007 and Quarterly Report on Form 10-Q for the quarter ended January 31, 2008, including the information set forth under the heading "Risk Factors" in each of the Annual Report and the Quarterly Report. Except as described in this supplement, the information provided in the proxy statement continues to apply. To the extent that information in this supplement differs from, updates or conflicts with information contained in the proxy statement, the information contained in this supplement is deemed to supersede the information contained in the proxy statement. The preparation, filing with the Securities and Exchange Commission and distribution to stockholders of this supplement, including the information contained herein, is not, and shall not be deemed to be, an admission by Take-Two or any of its directors or officers that the information contained in the proxy statement was incomplete or misleading, or that the proxy statement otherwise contained a misrepresentation or omission of a material fact.

YOUR BOARD RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THE NOMINATED DIRECTORS, "FOR" THE APPROVAL OF THE AMENDMENT TO THE INCENTIVE STOCK PLAN AND "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP.

IN LIGHT OF THE SUPPLEMENTAL INFORMATION CONTAINED HEREIN, STOCKHOLDERS OF TAKE-TWO ARE BEING GIVEN THE OPPORTUNITY TO CHANGE THEIR VOTE IF THEY SO DESIRE. A NEW FORM OF PROXY CARD IS ENCLOSED HEREWITH. IF YOU HAVE ALREADY VOTED AND YOU NOW WISH TO CHANGE YOUR VOTE IN VIEW OF THE SUPPLEMENTAL INFORMATION CONTAINED HEREIN, PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD PROMPTLY. If you are a registered holder, you may also change your vote by voting in person at the Annual Meeting, delivering a written notice of revocation dated after the date of your initial proxy to Take-Two's Corporate Secretary, or delivering another proxy dated after the previous proxy. If you are a registered holder, you may also change your vote by telephone or via the Internet as indicated on the proxy card. If your shares are held in "street name" by your bank, brokerage firm or other nominee, and if you have already provided instructions to your nominee but wish to change those instructions, you should provide new instructions following the procedures provided by your nominee. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked, unless you specifically so request.

IF YOU DO NOT WISH TO CHANGE YOUR VOTE, YOU SHOULD DO NOTHING. Proxy cards that are returned unmarked as to how they should be voted will be voted in the manner recommended by the Board of Take-Two.

Any written revocation of a proxy should be addressed to Take-Two Interactive Software, Inc., Attention: Corporate Secretary, 622 Broadway, New York, New York 10012. All other communications in connection with the proxy statement and any requests for additional copies of this supplement or the proxy statement or the proxy card should be addressed to Take-Two Interactive Software, Inc., Attention: Investor Relations, 622 Broadway, New York, New York 10012.

We urge you to read this supplement carefully and in its entirety, together with the proxy statement.

This supplement is dated March 26, 2008 and is first being mailed, along with the attached proxy card, to Take-Two stockholders on or about March 28, 2008.

References to sections and subsections herein are references to the corresponding sections and subsections in the proxy statement and references to page numbers herein are references to page numbers in the proxy statement. Unless capitalized terms used in this supplement are otherwise defined herein, they will have the meanings given to them in the proxy statement.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 17, 2008**

This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting.

The proxy statement and the proxy statement supplement are available at www.proxyvote.com and can be accessed by entering the control number appearing on the proxy card.

THE DATE AND TIME OF THE ANNUAL MEETING HAVE BEEN CHANGED FROM APRIL 10, 2008 AT 2:00 P.M. TO APRIL 17, 2008 AT 6:30 P.M. (NEW YORK CITY TIME). The Annual Meeting will be held at the W Hotel Union Square, 201 Park Avenue South, Studio 1, New York, New York.

The following matters will be considered at the Annual Meeting:

- the election of eight directors;
- a proposal to amend the Take-Two Interactive Software, Inc. Incentive Stock Plan to increase the number of shares of Common Stock reserved for issuance thereunder by 2,000,000 shares and to permit the issuance of awards thereunder to consultants, including 1,500,000 shares of restricted stock to ZelnickMedia;
- the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending October 31, 2008; and
- the transaction of any other business that may properly come before the Annual Meeting or any adjournment thereof.

Your Board recommends that you vote "FOR" the election of the nominated directors, "FOR" the approval of the amendment to the Incentive Stock Plan and "FOR" the ratification of the appointment of Ernst & Young LLP.

Stockholders may attend the meeting and vote in person. Stockholders may also vote by telephone or via the Internet as indicated on the proxy card.

Q&A—How does the Board recommend that stockholders vote on these matters? (page 1)

The Board's formal meetings concerning the amendment to the Incentive Stock Plan and the related amendment to the management agreement with ZelnickMedia began in mid-December 2007 following earlier informal discussions among the independent members of the Board and were not initiated as a result of conversations with Electronic Arts Inc. ("EA") or any other potential acquirer.

Q&A—Who is entitled to vote? (page 2)

Stockholders as of the close of business on February 19, 2008 (the "Record Date") are entitled to vote at the Annual Meeting. Each stockholder is entitled to one vote for each share of Common Stock held on each matter submitted to a vote at the Annual Meeting. The Board set the Record Date of February 19, 2008 with a view to holding the Annual Meeting in late March or early April of 2008, depending on the availability of the members of the Board to attend the Annual Meeting. The broker search card process was initiated on February 4, 2008 and the Record Date was formally approved by the Board on February 14, 2008.

In response to the Stockholder Complaint, on March 24, 2008, the Board amended the By-laws of the Company to provide for a new extended period of time for stockholders to be able to nominate persons for election to the Board or to propose any business to be considered at the Annual Meeting. The period of time begins with the public announcement of the amendment to the By-laws and ends at 5:00 p.m. (New York City time) on April 15, 2008. In order to accommodate the extended nomination and proposal period, the date of the Annual Meeting has been changed from April 10, 2008 to April 17, 2008. Further, in addition to stockholders of record on the Record Date, the Company will accept nominations and proposals from any person who was a stockholder of record or beneficial owner of shares of Common Stock at any time between the Record Date and April 15, 2008. Finally, if a stockholder of the Company provides notice that it requires additional time to nominate persons for election to the Board or to propose business to be considered at the Annual Meeting, the Board will consider in good faith a request to adjourn the Annual Meeting for a reasonable period of time, not to exceed 30 days.

Q&A—What vote is needed to approve the adoption of the matters to be presented at the Annual Meeting? (page 3)

In an uncontested election for directors, the eight persons receiving the highest number of "for" votes at the Annual Meeting will be elected. However, the Company's Corporate Governance Guidelines provide that any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") promptly shall tender his or her resignation to the Board for consideration following certification of the stockholder vote. See below under the heading "Election of Directors (Proposal 1)—Policy on Majority Voting for Directors." A "for" vote by a majority of those shares present and entitled to vote is required to approve the amendment to the Incentive Stock Plan and to ratify the appointment of Ernst & Young LLP. For purposes of determining approval of a matter presented at the Annual Meeting, abstentions will be deemed present and entitled to vote and will, therefore, have the same legal effect as a vote "against" a matter presented at the Annual Meeting. Broker non-votes will not be counted as votes cast either for or against the proposals.

Q&A—Who pays for this proxy solicitation? (page 3)

The Company will bear the entire cost of soliciting proxies, including the costs of preparing, assembling, printing and mailing this supplement, the proxy statement, the proxy card, any additional soliciting material furnished to stockholders, and any amendments or supplements to these documents. The Company has retained MacKenzie Partners, Inc. and Innisfree M&A Incorporated, proxy solicitation firms, to solicit proxies for a fee of \$15,000 each, plus reimbursement of their respective out-of-pocket expenses. Arrangements will be made with brokerage houses and other custodians,

nominees and fiduciaries to send this supplement, the proxy statement, proxies and proxy materials as well as any amendments or supplements to these documents to the beneficial owners of stock, and these entities may be reimbursed by the Company for their expenses. Proxies also may be solicited by directors, officers or employees of the Company in person or by telephone, electronic mail or other means. No additional compensation will be paid to such individuals for these services.

ELECTION OF DIRECTORS (Proposal 1)—Policy on Majority Voting for Directors (page 4)

There are eight positions on the Board to be filled at the Annual Meeting. Under the By-laws of the Company, the eight persons receiving the highest number of "for" votes will be elected to the Board. However, as part of our continuing efforts to enhance corporate governance procedures, our Board amended our Corporate Governance Guidelines in December 2007 to provide for the additional requirement of majority voting in an uncontested election of directors, such that any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election promptly shall tender his or her resignation to the Corporate Governance Committee following certification of the stockholder vote. Our Corporate Governance Guidelines may be found on our website at www.take2games.com by clicking "Corporate," then "Corporate Overview" and then "Governance Policies." This policy is called "Policy on Majority Voting" in the Company's Corporate Governance Guidelines.

The Corporate Governance Committee promptly will consider the resignation offer and recommend to the Board the action to be taken with respect to such offered resignation. The Board will act on the Corporate Governance Committee's recommendation within 90 days following the date of the Annual Meeting. Thereafter, the Board promptly will disclose its decision whether to accept the director's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a Current Report on Form 8-K filed with the Securities and Exchange Commission. The Board may decide to reject a resignation offer. Any director who receives a greater number of votes "withheld" from his or her election than votes "for" such election and who tenders a resignation pursuant to this provision shall recuse himself and shall not participate in the Corporate Governance Committee recommendation or action of the Board regarding whether to accept the resignation offer.

If a majority of the members of the Corporate Governance Committee receive a greater number of votes "withheld" for their election than votes "for" their election at the same election, then the remaining directors who are on the Board and who did not receive a greater number of votes "withheld" for their election than votes "for" their election would consider the matter directly or may appoint a committee of the Board among themselves solely for the purpose of considering the tendered resignations that would make recommendations to the Board whether to accept or reject resignations.

ELECTION OF DIRECTORS (Proposal 1)—Corporate Governance Committee (page 8)

As previously disclosed in the Company's Current Report on Form 8-K filed on February 15, 2008, the Board amended the By-laws of the Company on February 14, 2008 to add an "advance notice" provision to the By-laws that would require stockholders to give prior written notice in connection with any proposal to be brought for the vote of stockholders at an annual or special meeting. For the Annual Meeting, the "advance notice" provision required that notice of stockholder nominations and proposals be delivered within ten days from the date that the amendment to the Company's By-laws was publicly disclosed. Accordingly, director nominations for the Annual Meeting were to have been received on or prior to February 25, 2008, which date has passed without any notice of nominations or proposals having been delivered to the Company. The validity and enforceability of the amendment to the By-laws adopted on February 14, 2008 is being challenged in the action commenced by the Stockholder Complaint. Pursuant to the By-laws, stockholders representing a majority of the outstanding shares of Common Stock may act by written consent to replace directors prior to, during or after the Annual Meeting. As noted above, pursuant to the amended By-laws, the Company is

accepting nominations of persons for election to the Board and proposals for other business to be considered at the Annual Meeting until 5:00 p.m. (New York City time) on April 15, 2008.

A stockholder wishing to nominate a candidate in accordance with the By-laws for election to the Board at the Company's annual meeting of stockholders to be held in 2009 is required to give written notice of an intention to make such a nomination not earlier than December 18, 2008 and not later than January 19, 2009. Such notice should be addressed to Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012, Attention: Investor Relations.

EXECUTIVE COMPENSATION—Employment, Management and Separation Agreements—ZelnickMedia Corporation—Management Agreement (page 27)

Discussion and Analysis of ZelnickMedia's Compensation

Pursuant to the original Management Agreement, Strauss Zelnick had agreed to serve as the non-executive chairman of the Company, interact with the full Board and have authority to hire and/or terminate the employment of, from time to time, the Chief Executive Officer and the Chief Financial Officer of the Company, subject to the final approval of the Compensation Committee of the Board. At the initial meeting of the Board following the Company's 2007 annual meeting of stockholders, the Board appointed Ben Feder as the Chief Executive Officer of the Company, and it was the intention of the Board and ZelnickMedia that Mr. Feder would serve in such capacity on an interim basis only while ZelnickMedia would assist the Company in identifying and recruiting a qualified individual to act as Chief Executive Officer of the Company on a full-time and permanent basis. The Board and ZelnickMedia had initially contemplated that Mr. Feder would devote only a modest portion of his business time serving as the interim Chief Executive Officer of the Company. However, while Mr. Feder continued to act as a member of the Board of Directors of Columbia Music Entertainment and to perform certain other services in his capacity as a partner of ZelnickMedia, since his election as Chief Executive Officer and director in March 2007, Mr. Feder has devoted substantially all of his business time to the Company. ZelnickMedia also provided the services of other executives, including Mr. Zelnick and Karl Slatoff. The scope of the services provided by Messrs. Zelnick, Feder and Slatoff was substantially in excess of the level of services which the Board and ZelnickMedia initially contemplated would be provided by ZelnickMedia and were greatly valued by the Company. Accordingly, the Company, acting through the Compensation Committee and the independent members of the Board, and ZelnickMedia, agreed to amend the Management Agreement to reflect the services actually being provided by ZelnickMedia and to revise the compensation payable to ZelnickMedia appropriately.

As previously disclosed in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 15, 2008, the Company entered into an amendment to the Management Agreement, as amended, with ZelnickMedia on February 14, 2008 (the "*Second Amendment*"), a summary of which was also provided in the proxy statement. ZelnickMedia proposed a new compensation package to the Compensation Committee and the independent members of the Board. The Compensation Committee recommended, and the independent members of the Board approved, a compensation package that contained fewer shares of restricted stock than ZelnickMedia's proposal and suggested (and ZelnickMedia agreed) that the Management Agreement be extended for an additional year to give the Company added stability. In making its determination with respect to the appropriate level of compensation payable to ZelnickMedia under the Second Amendment, on December 20, 2007 the Compensation Committee retained the services of Watson Wyatt Worldwide ("*Watson Wyatt*"), a global consulting firm focused on human capital and financial management consulting services, to review ZelnickMedia's compensation package relative to market reference points as well as governance and plan design considerations, including change in control provisions. Prior to this engagement, Watson Wyatt had never provided consulting services or other services to the Company or to ZelnickMedia. In connection with its review, Watson Wyatt utilized three sources as comparators. The primary source was a peer group of comparably sized companies in the

entertainment and video game sectors. This information was supplemented by an analysis of data from (i) a broader group of companies using Institutional Stockholder Services ("ISS") reports relating to share usage as a percentage of total shares outstanding and (ii) a small sample of turnaround companies.

In performing its competitive market analysis, Watson Wyatt performed a peer group analysis of total compensation paid by the following 12 companies to their five highest paid executives (the "Regular Peer Group"):

- Marvel Entertainment Inc.
- Dreamworks Animation Inc.
- Leapfrog Enterprises Inc.
- Sinclair Broadcast Group Inc.
- EMI Music Group
- Lions Gate Entertainment
- THQ Inc.
- Activision Inc.
- EW Scripps
- Electronic Arts Inc.
- Hasbro Inc.
- Warner Music Group Corp

For the purpose of this comparison, the ZelnickMedia team (consisting of Mr. Zelnick as Executive Chairman, Mr. Feder as Chief Executive Officer and Mr. Slatoff as Executive Vice President), together with Lainie Goldstein, the Company's Chief Financial Officer, Seth Krauss, the Company's Executive Vice President and General Counsel and Gary Dale, the Company's Executive Vice President were considered to be equivalent to the top five executives for each Regular Peer Group.

Watson Wyatt also evaluated data on annual equity burn-rates and run-rates both for the Company's industry classification as well as the broader group of S&P Super 1500 companies, using ISS reports. Watson Wyatt also looked at a small sample of turnaround companies that it was able to identify that had hired new executives with the goal of achieving a turnaround. Since the turnaround companies were of different size, and generally larger than the Company, the comparisons to this group were based on executive grants as a percentage of shares outstanding rather than dollars of compensation. The following five companies were included in Watson Wyatt's analysis of turnaround companies (the "Turnaround Sample"):

- Schering-Plough
- Magellan Health Services
- Muzak Holdings
- Tyco International
- Motorola

After reviewing Watson Wyatt's competitive market analysis, the Compensation Committee approved an increase in the annual management fee to \$2,500,000 (from \$750,000) and an increase in the maximum annual bonus to \$2,500,000 (from \$750,000) under the Second Amendment, to be effective April 1, 2008, because such increases were competitive with market data. The total cash compensation for the entire management team (*i.e.*, ZelnickMedia, the Chief Financial Officer and the Executive Vice President and General Counsel), including the cash compensation payable pursuant to the Management Agreement as amended by the Second Amendment, was just below the 75th percentile of the Regular Peer Group.

In connection with approving the Second Amendment, the Compensation Committee provided for additional grants of restricted stock to ZelnickMedia, subject to stockholder approval of Proposal 2 at the Annual Meeting. While the initial proposed compensation package contemplated only time-based restricted stock, in order to better align ZelnickMedia's interests with stockholder interests, the Compensation Committee decided instead to grant ZelnickMedia 40% time-based restricted stock and 60% performance-based restricted stock. In determining the appropriate target to benchmark performance with respect to the performance-based restricted stock, the Compensation Committee considered different metrics for measuring performance and engaged Watson Wyatt to perform a competitive market analysis and recommend a methodology for setting a relative total stockholder return goal.

After members of the Compensation Committee reviewed various indices to benchmark performance and further discussed these with the independent members of the Board, on Watson Wyatt's recommendation the Compensation Committee selected the NASDAQ Industrial Index ("*Index*") as the index against which performance should be measured because the Company and its peers are included in the Index and the Index is specific enough to benchmark performance while being large enough to provide stable results for total stockholder return. In addition, the Index provides a challenging benchmark for performance, especially at the upper range of total stockholder return. After considering Watson Wyatt's analysis, the Compensation Committee conditioned vesting of the performance-based restricted stock on achieving the 75th percentile of stockholder returns of all the companies in the Index, given the size of the grant and the Compensation Committee's desire that the grant only reward superior performance. In addition, the Compensation Committee limited the mandatory acceleration of vesting of the performance-based restricted stock in the event of a change in control to a portion of the award (180,000 unvested shares) if there is a change in control before March 31, 2009, but reserved the ability to recommend that the independent members of the Board provide for the vesting of additional shares of restricted stock in connection with such change in control.

Amendments to Employment Agreements with the Company's Executive Officers

On March 25, 2008, the Company entered into amendments to its employment agreements with Ms. Goldstein and Messrs. Krauss and Dale.

Ms. Goldstein's employment agreement, dated July 17, 2007, was amended to provide that effective as of March 25, 2008, her salary is increased to \$500,000 and will be subject to annual review by the Compensation Committee of the Board which could increase her salary at its discretion from time to time. On March 25, 2008, the Compensation Committee of the Board also awarded a special bonus to Ms. Goldstein in the amount of \$163,008 in recognition of her overall strong performance during the 2007 fiscal year, a significant portion of which was in her capacity as the Company's Chief Financial Officer.

Mr. Krauss's employment agreement, dated February 28, 2007, was amended to provide that:

- the initial term of the employment agreement is extended until October 31, 2010;
- effective as of March 12, 2008, his salary is increased to \$500,000;
- he will no longer receive a car allowance;
- if his employment is terminated by the Company without cause (including his resignation following certain events that will be deemed a termination without cause), he will be entitled to a lump sum payment within 30 days following the date of termination in an amount equal to the sum of: (i) 1.5 times his salary; (ii) 1.5 times his target bonus for the year of termination; (iii) (x) if the termination occurs during the first two quarters of the Company's fiscal year, a pro-rata portion of his target bonus for the year of termination, or (y) if the termination occurs during the last two quarters of the Company's fiscal year, his target bonus for the year of termination; and (iv) all unpaid bonuses for the prior full fiscal year, if any, that would have been paid but for such termination; except, that if the termination occurs prior to January 1, 2009, then the amount equal to the payments he would have been entitled to receive prior to this amendment (such amount, the "*Pre-Amendment Severance Amount*"), will be payable as follows: (A) any portion of the Pre-Amendment Severance Amount that would have been payable during calendar year 2008 will be payable in equal installments during 2008, and (B) the remaining portion of the Pre-Amendment Severance Amount will be payable in a lump sum payment on the later of January 1, 2009 or the 30th day following the date of such termination;
- if the Company provides notice that it will not renew the term of the employment agreement, he will receive an amount equal to the sum of (i) his salary, (ii) his target bonus for the year of

termination and (iii) all unpaid bonuses for the prior full fiscal year, if any, that would have been paid but for such non-renewal by the Company, paid in a lump sum in the calendar year in which the term will expire;

- if his employment is terminated due to his suffering a disability, he will receive a pro-rata portion of his target bonus for the year of termination;
- if his employment is terminated by the Company without cause (including his resignation following certain events that will be deemed a termination without cause) or due to his suffering a disability, or if the Company provides notice that it will not renew the term of his employment agreement, all of his outstanding stock options and shares of restricted stock will vest as of the date of such termination and, as applicable, become immediately exercisable;
- he will be eligible to participate in the Company's equity compensation program at a level commensurate with other executive officers of the Company, with any grants of restricted stock vesting as follows: 50% subject to time-based vesting over three years and 50% subject to performance-based vesting over three years; and
- the date by which either party must provide a notice of non-renewal is extended to 90 days prior to the end of the then current term.

Mr. Krauss's employment agreement was also amended to comply with Section 409A of the Internal Revenue Code, including delaying payments following a separation from service to the extent required thereunder, and to clarify certain other provisions in the employment agreements.

In addition, the employment agreements with both Ms. Goldstein and Mr. Krauss were amended to provide that they will each receive a gross-up payment to indemnify them for the effect of any excise tax imposed by Section 4999 of the Internal Revenue Code in connection with amounts and benefits they receive in connection with a change in control of the Company, except that if the total amount payable to them in connection with the change in control does not exceed 115% of the maximum amount that could be paid to them without application of any excise tax, then the total amount payable to them in connection with the change in control will be reduced so that no excise tax is imposed, and the gross-up payment will not be made.

The foregoing description of the amendments to Ms. Goldstein's and Mr. Krauss's employment agreements are qualified in their entirety by reference to such amendments which are filed as exhibits to the Company's Current Report on Form 8-K, filed with the SEC on March 26, 2008, and which amendments are incorporated herein by reference.

Mr. Dale's employment agreement, dated November 15, 2007, was amended to provide for certain entitlements if his employment is terminated for cause or without cause. For more information on Mr. Dale's employment agreement, dated November 15, 2007, and the amendment to his agreement, dated March 25, 2008, please refer to Mr. Dale's employment agreement, dated November 15, 2007, which has been filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007, and Mr. Dale's employment agreement amendment, dated March 25, 2008, which has been filed as an exhibit to the Company's Current Report on Form 8-K, filed with the SEC on March 26, 2008, respectively, which agreement and amendment are incorporated herein by reference.

Background to Proposals by Electronic Arts Inc.

The following section provides a summary of the substantive communications with respect to the proposals by EA to acquire all of the shares of Common Stock of the Company (i) between the Company and EA and (ii) among the members of the Board, the Company's senior management and the Company's financial and legal advisors.

Following an inquiry initiated by the Company with respect to a possible business relationship or strategic transaction between the Company and EA, on March 16, 2007, EA and the Company entered

into a nondisclosure agreement. After execution of the nondisclosure agreement, in March 2007, EA conducted a due diligence review of the Company, including in-depth analyses of its operational, financial and legal condition. In addition, during that time, the Company and EA engaged in negotiations concerning a potential acquisition of the Company by EA. Prior to any agreement being reached regarding the terms of an acquisition, such negotiations were terminated by EA on March 26, 2007.

Following Strauss Zelnick's appointment as Chairman of the Company in March 2007, John Riccitiello, the Chief Executive Officer of EA, and Mr. Zelnick have periodically engaged in discussions regarding the interactive entertainment software business. In several conversations with Mr. Zelnick between April and November 2007, Mr. Riccitiello discussed EA's potential interest in acquiring the Company. At a meeting on December 20, 2007, Mr. Riccitiello told Mr. Zelnick that EA was interested in pursuing an acquisition of the Company in a transaction that would value the Company at a substantial premium to its then current market price. Mr. Riccitiello also stated that EA was prepared promptly to commence due diligence and negotiations with the Company. In early January 2008, Mr. Zelnick responded to Mr. Riccitiello that the Company was not interested in engaging in negotiations at that time, and that he preferred that any discussions regarding a potential acquisition of the Company not occur until after April 29, 2008, the scheduled launch date of *Grand Theft Auto IV*, a title in the Company's highest selling and most profitable franchise. Prior to delivering his response to Mr. Riccitiello, consistent with his practice, Mr. Zelnick informed the members of the Board and acted with their knowledge and consent.

On February 6, 2008, Mr. Riccitiello contacted Mr. Zelnick to inform him of EA's interest in potentially acquiring all of the shares of Common Stock of the Company and that the following letter would be delivered to Mr. Zelnick, which letter was delivered that morning.

February 6, 2008

*Mr. Strauss Zelnick
Chairman of the Board of Directors
Take-Two Interactive Software, Inc.
622 Broadway
New York, NY 10012*

Dear Strauss:

Congratulations on your recent announcement about the release date for Grand Theft Auto IV. I am sure it must feel great to have this important title locked and ready.

Further to our recent discussions, this letter is to formally express Electronic Arts Inc's ("EA") interest in acquiring Take-Two Interactive Software, Inc. ("Take-Two") and to propose a transaction in which EA would acquire all of the outstanding shares of Take-Two common stock for \$25 per share payable in cash. We are confident we can consummate a transaction quickly, confidentially and on the terms proposed.

The proposed combination will create significant value for your stockholders. Our offer price provides a substantial premium of 58% over Take-Two's most recent closing price and a 51% premium over Take-Two's 30-day trailing average price. The cash purchase price provides certainty of value to Take-Two's stockholders in today's uncertain economic environment.

We believe that moving quickly to negotiate and conclude our proposed merger is in the best interest of Take-Two and EA. Waiting for a later date leaves open significant uncertainty regarding the timing, the probability and the value of a potential transaction and is not in the best interests of either company or Take-Two's stockholders.

We also believe the proposed merger provides an attractive outcome for Take-Two's employees and business partners. We have a powerful product slate for 2008 and beyond with exciting releases planned for many of EA's well-established franchises as well as important new franchises we are launching such as SPORE, Dead Space, Dragon Age and Mirror's Edge. We feel that Take-Two's IP portfolio is well aligned

against EA's product footprint and its studios fit well with our decentralized divisional model. Take-Two's creative teams are an essential part of the Take-Two business, and we believe EA would offer a stable and supportive environment for your studios to focus on developing great new games with the backing of a global games industry leader. We believe EA can and will represent the best home for these teams anywhere in the entertainment world.

We have completed a thorough review of Take-Two's public information and are prepared to move forward immediately to consummate a transaction with minimum disruption to Take-Two. We believe that with adequate access to the necessary information we can complete all required due diligence in approximately 2 weeks. We believe that our due diligence review would require limited access to a small number of senior executives of Take-Two and its legal, accounting and financial advisors. Importantly, no interaction with any of the studio leaders will be required until our other due diligence is completed and the material terms of a transaction are agreed to.

Considerable time and resources have been put forth in developing this offer, and our Board of Directors has approved its delivery to Take-Two. Our offer is not conditioned on any financing requirement. However, our offer is subject to the satisfactory completion of our due diligence review of Take-Two, the negotiation and execution of mutually acceptable definitive transaction agreements and the satisfaction of customary conditions to be set forth in such agreements.

We do not intend to make this letter public and our offer will automatically terminate and be withdrawn in its entirety if any portion of this letter, or the existence of discussions between EA and Take-Two relating to a possible business combination, are disclosed to any person other than the directors and officers of Take-Two and its legal and financial advisors.

We look forward to hearing back from you by the close of business on Friday, February 15, 2008, with a response to our proposal.

I am available to meet and discuss all aspects of this proposal with you and your Board. If you have any questions, please do not hesitate to contact me. I very much look forward to hearing from you and working with you and the Take-Two team to consummate a successful transaction.

Sincerely,

/s/ John Riccitiello

John Riccitiello
Chief Executive Officer

JSR/dal

From February 6 to February 14, 2008, Mr. Zelnick discussed this proposal in a series of conversations with the members of the Board and the Company's senior management, as well as at five formal meetings of the Board. In addition to the Board and the Company's senior management, Bear Stearns & Co. ("Bear Stearns") and Lehman Brothers Inc. ("Lehman Brothers"), financial advisors to the Company, and Proskauer Rose LLP ("Proskauer Rose") and Potter, Anderson & Corroon LLP ("Potter Anderson"), legal advisors to the Company, were involved in the discussions. During these formal Board meetings and interim conversations, Mr. Zelnick provided updates about the Company's financial position and prospects. At a meeting on February 14, 2008, following discussion regarding EA's proposal, the Board determined that it was in the best interests of the Company and the stockholders of the Company at that time not to pursue EA's proposal because the proposal was not made at the right time, nor at the right price. In addition, after consulting with and receiving the advice of the Company's financial and legal advisors and management's recommendation, the Board decided to adopt an amendment to the Company's By-laws that would add an "advance notice" provision requiring stockholders to give prior written notice in connection with any proposal to be brought for a vote of stockholders at an annual or special meeting. For the Annual Meeting, the "advance notice" provision required that notice of stockholder nominations and proposals be delivered by February 25,

2008, which was ten days from the date that the amendment to the Company's By-laws was publicly disclosed in a Form 8-K that the Company filed with the SEC which included the actual text of the By-law amendment as an attachment. The Board was advised by its legal counsel that the "advance notice" provision adopted by the Board could potentially have the effect of being an anti-takeover defense. The Board also discussed and evaluated the implementation of a stockholders rights plan. The Board decided not to implement this plan at that time but instead decided it would reconsider its decision if a hostile tender offer were to be commenced. Management had rejected adopting other anti-takeover defenses because it felt that such defenses were not required at that time to protect against a potential hostile tender offer. During this period, the Compensation Committee and the independent members of the Board continued to discuss amendments to the Management Agreement.

On February 11, 2008, Mr. Riccitiello called Mr. Zelnick and Mr. Zelnick indicated that EA would receive a response to EA's letter by February 15, 2008, the date by which EA requested a response in their letter.

As previously disclosed in the Company's Current Report on Form 8-K filed on February 15, 2008, on February 14, 2008 (i) the Company entered into the Second Amendment; (ii) the Company entered into separate employment agreements with each of Messrs. Feder and Slatoff pursuant to which Messrs. Feder and Slatoff will be employed as Chief Executive Officer and Executive Vice President of the Company, respectively; and (iii) the Board adopted an amendment to the Amended and Restated By-laws of the Company to add an "advance notice" provision to the By-laws that would require stockholders to give prior written notice in connection with any proposal to be brought for the vote of stockholders at an annual or special meeting. The Board's formal meetings concerning the Second Amendment began in December 2007 following earlier informal discussions among independent Board members and were not initiated as a result of conversations with EA or any other potential acquirer.

On February 15, 2008, Mr. Zelnick sent a letter to Mr. Riccitiello, the full text of which is set forth below.

February 15, 2008

*Mr. John S. Riccitiello
Chief Executive Officer
Electronic Arts Inc.
209 Redwood Shores Parkway
Redwood City, CA 94065*

Dear John:

Thank you for your letter of February 6, 2008.

The position of the Board of Directors (the "Board") of Take-Two Interactive Software, Inc. (the "Company") with respect to an acquisition of the Company by Electronic Arts Inc. ("EA") has not changed from that which you and I have previously discussed.

As part of the Board's stated objective of maximizing shareholder value, we have been and remain open to considering a business combination with interested parties at the right time and the right price. However, the Board has concluded that EA's proposal has not been delivered at a time nor does it contemplate a price which is consistent with this objective.

On a personal note, I want to thank you for the courtesy reflected in our prior discussions and also your letter. I look forward to getting to know you better in the future.

Sincerely,

/s/ Strauss Zelnick

*Strauss Zelnick
Executive Chairman*

On February 19, 2008, Mr. Riccitiello contacted Mr. Zelnick to inform him that the following letter would be delivered, which letter was delivered that morning to Mr. Zelnick.

February 19, 2008

Mr. Strauss Zelnick
Executive Chairman of the Board of Directors
Take-Two Interactive Software, Inc.
622 Broadway
New York, NY 10012

Dear Strauss:

Thank you for your letter of February 15, 2008. While I appreciate its courteous tone and value our ongoing dialogue, I am disappointed that you have rejected Electronic Arts Inc.'s ("EA's") \$25 per share cash offer to acquire Take-Two Interactive Software, Inc. ("Take-Two") and declined to engage in the friendly negotiations we proposed. We continue to believe that an acquisition of Take-Two by EA is in the best interests of your shareholders, employees and other constituents, and we remain interested in acquiring Take-Two. So, to further demonstrate our seriousness and encourage you to move forward now, I am writing to increase EA's offer to acquire all of the outstanding shares of Take-Two to \$26 per share in cash. This offer is subject to Take-Two agreeing by February 22, 2008 to commence negotiation of a definitive merger agreement and to permit EA to commence a limited due diligence review of Take-Two.

Our revised all-cash offer represents a 64% premium over Take-Two's most recent closing price and a 63% premium over Take-Two's 30-day trailing average price (based on prices as of market close on Friday, February 15th). We believe our offer represents a unique and compelling opportunity for Take-Two shareholders to maximize the value of their investment in the company, with materially lower risk than if Take-Two proceeds on a stand-alone basis.

We also believe that the transaction we are proposing represents a uniquely attractive opportunity for Take-Two's creative teams and key employees. EA is a diversified leader with well-established franchises and proven intellectual properties, global reach, and significant financial resources. I know we both agree that Take-Two's talented creative teams deserve a permanent home within a stable and growing publisher that provides these teams an environment to do what they do best—create great games. EA is organized in a four-label model that provides our creative teams the autonomy they need to fully realize their creative ambitions, while also providing a stable and supportive corporate and publishing infrastructure which allows them to best address the global marketplace. We have the resources to make the significant investments in technology and infrastructure needed for the most creative and innovative games in the industry. In short, a combination with EA would provide Take-Two's studios and employees a combination of the right resources for investment and global reach, and the right environment to do their best work.

We believe that Take-Two's shareholders would not be well-served by any further delay in negotiating and completing the proposed merger. While the videogame industry remains an attractive, high-growth business, the challenges and risks in the business are escalating, and the need for scale is becoming more pronounced. Despite steps taken since March 2007, Take-Two remains dependent on a limited number of titles, and has limited capital resources. In addition, Take-Two faces ongoing financial, legal and operating issues and a very intense competitive environment. Given these factors, we believe it will be increasingly difficult for Take-Two to create sustainable shareholder value and that Take-Two remains exposed to considerable risk of value loss.

We also believe that any delay in this proposed transaction works against the interest of Take-Two's shareholders, because:

- There can be no certainty that in the future EA or any other buyer would pay the same high premium we are offering today. We place significant value on the ability to close the transaction relatively quickly so that EA's strong publishing and distribution network, including our global packaged goods, online and wireless publishing organizations, can positively impact the catalogue sales of GTA IV and also the launch and sale of titles released later this year. We want to work with you and your team to complete the transaction in time to begin realizing its significant marketplace benefits in advance of this year's holiday selling season.

- *We believe Take-Two's current share price already reflects investor expectations for a strong release of GTA IV as well as the longer-term issues that Take-Two faces. Once GTA IV ships, Take-Two will again be dependent on less-popular titles and face increasing challenges to compete with larger and better-capitalized competitors.*
- *With GTA IV shipping on April 29, development on this important title must now be essentially complete. We believe now is the right time to complete a transaction with minimal disruption for Take-Two.*

We also believe the transaction we are proposing will create value for EA's shareholders. In addition to the top-line benefits noted above, we can achieve bottom-line benefits by combining Take-Two's and EA's corporate and publishing infrastructures and by optimally supporting Take-Two's creative teams and intellectual properties in EA's decentralized label structure.

Considerable thought, time and resources have been put forth in developing this offer, and our Board of Directors unanimously supports it. Our offer is not conditioned on any financing requirement. It is subject to the satisfactory completion of a due diligence review of Take-Two, the negotiation and execution of mutually acceptable definitive transaction agreements, and the satisfaction of customary conditions to be set forth in such agreements. We are prepared to move forward immediately with formal due diligence and the negotiation and execution of a definitive merger agreement and believe that with adequate access to the necessary information and people, we can complete both in approximately two weeks. We believe that our due diligence review can be completed with minimal disruption, requiring only limited access to a small number of senior executives of Take-Two and its legal, accounting and financial advisors. We also have prepared a draft merger agreement that we can forward to you immediately.

Our strong preference is to conduct a private negotiation. If you are unwilling to proceed on that basis, however, we may pursue other means, including the public disclosure of this letter, to bring our offer and the compelling value it represents to the attention of Take-Two's shareholders.

I am available to meet and discuss any and all aspects of this proposal with you and your Board. Again, we believe this proposal represents a unique opportunity to maximize value for Take-Two's shareholders, and that the combined enterprise would be extraordinarily well positioned to build value for our respective customers, employees, developers and other business partners. We hope that you and your Board share our enthusiasm, and we look forward to hearing back from you by February 22.

Sincerely,

/s/ John Riccitiello

*John Riccitiello
Chief Executive Officer*

JSR/dal

From February 19 to February 21, 2008, Mr. Zelnick discussed this proposal at two formal meetings of the Board and in a series of conversations with the members of the Board, the Company's senior management, and the Company's financial and legal advisors. The Board also discussed anti-takeover measures again, including the adoption of a stockholders rights plan. The Board decided not to adopt such a plan at that time, but would reconsider its decision if a hostile tender offer were to be commenced. Mr. Zelnick also provided updates about the Company's financial position and prospects. Bear Stearns and Lehman Brothers made a financial presentation to the Board concerning an evaluation of the Company and EA's proposal. As a result of these conversations, the Board determined that it was in the best interests of the Company and the stockholders of the Company at that time not to pursue EA's proposal, because the proposal was not made at the right time, nor at the right price.

On February 20, 2008, Mr. Riccitiello called Mr. Zelnick and Mr. Zelnick indicated that EA would receive a response to its letter by February 22, 2008, the date by which EA requested a response in their letter. On February 22, 2008, Mr. Zelnick sent the following response letter to Mr. Riccitiello:

February 22, 2008

Mr. John S. Riccitiello
Chief Executive Officer
Electronic Arts Inc.
209 Redwood Shores Parkway
Redwood City, CA 94065

Dear John:

Thank you for your letter of February 19, 2008. As you know, the Board of Directors (the "Board") of Take-Two Interactive Software, Inc. ("Take-Two" or the "Company") carefully considered Electronic Arts Inc.'s ("EA's") previous offer of \$25 per share and concluded that neither the timing of the proposed acquisition nor the price was consistent with the Board's objective of maximizing stockholder value. The Board's rationale for rejecting EA's prior offer is not altered by your decision to increase that offer by four percent.

I would like to reiterate, in the clearest possible terms, the Board's conviction that this is not the right time for Take-Two to enter into a negotiation to sell the Company. Our organization is keenly focused on the scheduled April 29th launch of Grand Theft Auto IV, and on maximizing the value of the game to the Company and, in turn, our stockholders. It is the Board's strongly held view that beginning strategic discussions now would distract our Company and thereby threaten the value of this key franchise.

While I understand that you may disagree with the Board's reluctance to commence discussions immediately, the Board and I want to assure you that our concerns about timing are genuine. Potential negative financial consequences to Take-Two are significant and we believe outweigh the benefits of commencing discussions at this time. As you know, there is no certainty that EA will actually close on the proposed transaction on mutually agreeable terms, especially since you have proposed a price that we would not accept and have qualified your offer by a diligence request. Moreover, as we have all seen time and again, the process surrounding acquiring a public company from start to finish is complex, uncertain, intrusive and distracting, and we believe it would be especially so to the creative artists at the core of our business and to all those who may be displaced by a transaction.

While the Board is convinced that discussions at this time would be imprudent, we also appreciate the potential benefit of a frank and private dialogue with EA. To that end, the Board would be willing to commit to entering into a good-faith discussion with EA on April 30, 2008 to determine if we can reach common ground on the proper value of the Company and therefore an appropriate, mutually beneficial transaction. This would, of course, be subject to both parties reaching a mutually acceptable confidentiality agreement on customary terms. We are prepared to begin negotiating this confidentiality agreement immediately.

In order to alleviate any concerns you may have about the proposed starting date for these discussions, I would be pleased to meet with you privately as soon as possible to talk on a general basis. In addition our Board would confirm, subject to its fiduciary duties, that from now until April 30, 2008 (the "Quiet Period"), the Company will not pursue negotiations with any other potential strategic partner for a business combination unless we have first contacted you. Further, if the Company receives any bona fide offer to acquire the Company during the Quiet Period that the Board decides to explore, the Company will immediately inform EA and we understand that EA may then act as it sees fit.

I would like to note that if EA chooses to announce publicly the Board's proposal or announce any offer by EA to acquire the Company during this Quiet Period or if the contents of this letter become publicly available in sum and substance, the Company will consider all of its alternatives, including discussions with other parties, and further we will reserve the right to refuse to provide EA access to information or diligence.

John, I believe I know you well enough to rely on your considering this proposal in the same good faith we have in making it. I look forward to your favorable response.

Sincerely,

/s/ Strauss Zelnick

Strauss Zelnick
Executive Chairman

Following receipt of Mr. Zelnick's letter of February 22, 2008, Mr. Riccitiello and Mr. Zelnick spoke by telephone. On this call, Mr. Riccitiello explained that he felt it was in the Company's best interest promptly to engage in negotiations and conclude a sale of the Company to EA, and that any delay could result in a reduction in the price EA might be willing to pay for the Company. Mr. Zelnick responded that he felt that EA's \$26.00 per share offer price was too low and that it was not the right time for the Company to enter into negotiations due to the Company's scheduled April 29, 2008 launch of *Grand Theft Auto IV*, a title in the Company's highest selling and most profitable franchise. On February 24, 2008, Mr. Riccitiello contacted Mr. Zelnick to advise him that EA had considered Mr. Zelnick's request that EA delay negotiations until after April 29, 2008 and that such delay was not acceptable to EA. When Mr. Zelnick confirmed that the Company was not prepared promptly to engage in negotiations towards potentially entering into a definitive transaction, Mr. Riccitiello stated that, in view of this response, EA would publicly announce its \$26.00 per share proposal of February 19, 2008. At approximately 2:00 p.m., eastern time, on February 24, 2008, EA issued a press release indicating that it had made a proposal to acquire all of the outstanding shares of the Company at a price of \$26.00 per share in cash. Included within the press release was a copy of the February 19, 2008 letter set forth above.

Later in the day on February 24, 2008, the Company issued a press release in response to EA's proposal stating that the Board had thoroughly reviewed EA's proposal with the assistance of its independent financial and legal advisors and concluded that the proposal was inadequate in multiple respects and not in the best interests of the Company's stockholders. The press release set forth the four letters described above.

As previously disclosed in the Company's Current Report on Form 8-K filed on March 7, 2008, on March 3, 2008, the Compensation Committee of the Board of the Company adopted the Take-Two Interactive Software, Inc. Change in Control Employee Severance Plan (the "*Severance Plan*"). The Severance Plan provides that all employees of the Company and its affiliates on the date of a change in control will be entitled to receive certain payments and benefits if their employment is terminated under certain circumstances following a change in control, except that individuals providing services to the Company pursuant to the Management Agreement will not be eligible to receive benefits under the Severance Plan. The individuals providing services under the Management Agreement include Messrs. Zelnick, Feder and Slatoff.

As previously reported in the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2008, on March 7, 2008, Patrick Solomon, a stockholder of the Company, filed a purported class action complaint in the Court of Chancery of the State of Delaware against the Company and certain of its officers and directors.

On March 13, 2008, EA issued a press release announcing a tender offer by its wholly owned subsidiary for all of the currently outstanding shares of Common Stock of the Company (the "*Tender Offer*") for \$26.00 in cash, and EA filed a Tender Offer Statement on Schedule TO commencing the Tender Offer.

Later in the day on March 13, 2008, the Board and senior management of the Company met to discuss the Tender Offer and the Company's response. In addition to the members of the Board and senior management, present at the meeting were representatives of Bear Stearns, Lehman Brothers, Proskauer Rose and Potter Anderson. The Board, together with its advisors, engaged in substantial

discussions regarding the Tender Offer, including its implications under Delaware law and possible courses of action available to the Company, including the adoption of a stockholders rights plan. Representatives of Proskauer Rose and Potter Anderson reviewed with the Board its fiduciary duties in the context of the Tender Offer. The Board discussed with its advisors the preparation of this supplement. The Board authorized the issuance of a "stop-look-and-listen" press release which sets forth the Board's recommendation that the stockholders take no action at the moment in response to the Tender Offer and that, consistent with its fiduciary duties, and in consultation with its independent financial and legal advisors, the Board would review and consider EA's Tender Offer, and within 10 business days, advise the Company's stockholders of its position regarding the Tender Offer as well as its reasons for that position. In addition, senior management also authorized an e-mail to employees regarding the Tender Offer and the Company's "stop-look-and-listen" press release.

On March 16, 2008, the Board and senior management of the Company, together with the Company's legal and financial advisors, discussed this supplement and authorized its filing.

On March 20, 2008, the Board and senior management of the Company met with representatives of Bear Stearns, Lehman Brothers, Proskauer Rose and Potter Anderson. At this meeting, the Board received an updated financial analysis regarding the Tender Offer from Bear Stearns and Lehman Brothers. Bear Stearns and Lehman Brothers rendered oral opinions, which were subsequently confirmed in writing, to the Board to the effect that, as of that date and subject to certain assumptions, qualifications and other considerations set forth in their respective written opinions, the consideration of \$26.00 net per share in cash that has been offered pursuant to the Tender Offer was inadequate, from a financial point of view, to the stockholders of the Company. You are urged to read these opinions, which are attached as exhibits to the Solicitation/Recommendation Statement on Schedule 14D-9 that the Company will be filing with the SEC, in their entirety. After a full discussion with the Board members, including consultation with its financial and legal advisors, the Board determined that the Tender Offer is inadequate and not in the best interests of the stockholders of the Company. The Board determined that it would recommend to the stockholders of the Company that the Tender Offer be rejected.

On March 24, 2008, the Board and senior management of the Company met with representatives of Bear Stearns, Lehman Brothers, Proskauer Rose and Young Conaway Stargatt & Taylor, LLP, Delaware co-counsel to the Company. At this meeting, the Board approved an amendment to the Company's By-laws to permit certain stockholders of the Company to nominate persons for election to the Board or to propose any business to be considered at the Annual Meeting. The Board also changed the date of the Annual Meeting from April 10, 2008 to April 17, 2008. In addition, representatives of Bear Stearns made a presentation to the Board regarding the financial aspects of the stockholders rights plan and reviewed the valuation of the stockholders rights plan discussed at prior meetings. In consultation with its financial and legal advisers, the Board reaffirmed that the Tender Offer is inadequate and not in the best interests of the stockholders of the Company. The Board also reaffirmed its decision to recommend to the stockholders of the Company that the Tender Offer be rejected. The Board also discussed, and upon the recommendation of the Governance Committee adopted, a stockholders rights plan, a summary of which is set forth below. The Board authorized the issuance of a press release and the filing of a Solicitation/Recommendation Statement on Schedule 14D-9 with the SEC setting forth the recommendation of the Board that the Tender Offer be rejected.

Stockholders Rights Plan

On March 24, 2008, the Board adopted a stockholders rights plan and declared a distribution of one right (a "*Right*") for each outstanding share of Common Stock to stockholders of record at the close of business on April 7, 2008 (the "*Rights Record Date*") and for each share of Common Stock issued (including shares of Common Stock issued from the Company's Treasury) by the Company thereafter and prior to the Distribution Date (as defined below). Each Right entitles the registered holder, subject to the terms of the Rights Agreement (as defined below), to purchase from the

Company one one-thousandth of a share (a "*Unit*") of Series B Preferred Stock, par value \$0.01 per share (the "*Preferred Shares*"), at a price of \$42.50 per Unit, subject to adjustment (the "*Purchase Price*"). **As described below, the Board has committed to redeem the Rights 180 days after the date of the adoption of the stockholders rights plan.**

The description and terms of the Rights are set forth in a Stockholders Rights Agreement, dated as of March 24, 2008 (the "*Rights Agreement*") between the Company and American Stock Transfer & Trust Company (the "*Rights Agent*"). Copies of the Rights Agreement and the Certificate of Designation for the Preferred Shares have been filed with the SEC as exhibits to a Registration Statement on Form 8-A dated March 26, 2008. This summary description of the Rights and Preferred Shares does not purport to be complete and is qualified in its entirety by reference to all the provisions of the Rights Agreement and the Certificate of Designation, including the definitions therein of certain terms, which Rights Agreement and Certificate of Designation are incorporated herein by reference. Capitalized terms in this section and defined in the Rights Agreement and not otherwise defined in this section shall have the meaning set forth in the Rights Agreement.

The Stockholders Rights Agreement

Initially, the Rights will attach to all certificates representing shares of Common Stock then outstanding, and no separate Rights Certificates will be distributed. The Rights will separate from the shares of Common Stock and the "Distribution Date" will occur upon the earlier of (i) 10 business days following a public announcement that a person or group of affiliated or associated persons has become an "Acquiring Person," or (ii) either (x) with respect to any tender or exchange offer not pending on the date of the execution of the Rights Agreement, 10 business days (or such later date as may be determined by the Board prior to such time as any person becomes an Acquiring Person) following the commencement of a tender or exchange offer that would result in a person or group of affiliated and associated persons beneficially owning an aggregate of 20% or more of the total voting power represented by all the then outstanding shares of Common Stock and other voting securities of the Company (the "*Voting Securities*") or (y) with respect to any tender or exchange offer pending on the date of the Rights Agreement, simultaneously with the acceptance for payment of the shares of Common Stock tendered pursuant to such tender offer if, upon consummation thereof, such person would be the beneficial owner of Voting Securities representing 20% or more of the total Voting Securities then outstanding. Until the Distribution Date, (i) the Rights will be evidenced by certificates for shares of Common Stock and will be transferred with and only with such share certificates, (ii) new certificates for shares of Common Stock issued after the Rights Record Date (including shares of Common Stock distributed from the Company's treasury) will contain a notation incorporating the Rights Agreement by reference, and (iii) the surrender for transfer of any certificates representing outstanding shares of Common Stock will also constitute the transfer of the Rights associated with the shares of Common Stock represented by such certificates.

An "*Acquiring Person*" is a person or group of affiliated or associated persons that has acquired, obtained the right to acquire, or otherwise obtained beneficial ownership of an aggregate of 20% or more of the total voting power represented by all the then outstanding shares of Voting Securities. The following, however, are not considered Acquiring Persons: (1) the Company, its subsidiaries, any employee benefit plan of the Company or any of its subsidiaries, or any entity holding shares of Voting Securities pursuant to the terms of any such plan; (2) any person or group that becomes the Beneficial Owner of 20% or more of the total voting power represented by all the then outstanding Voting Securities solely as a result of the acquisition of Voting Securities by the Company, unless such person or group thereafter acquires beneficial ownership of additional Voting Securities; (3) subject to certain conditions set forth in the Rights Agreement, a person or group that otherwise would have become an Acquiring Person as a result of an inadvertent acquisition of 20% or more of the total voting power represented by all the then outstanding Voting Securities; and (4) subject to certain conditions set forth in the Rights Agreement, any person or group that would otherwise be deemed an Acquiring Person upon adoption of the Rights Agreement (a "*Grandfathered Stockholder*"). Except as provided in the

Rights Agreement, a person or group that is a Grandfathered Stockholder will cease to be a Grandfathered Stockholder and will become an Acquiring Person if, after adoption of the Rights Agreement, such Grandfathered Stockholder acquires beneficial ownership of additional Voting Securities in excess of two percent of the number of shares of Common Stock outstanding as of March 24, 2008.

The Rights are not exercisable until the Distribution Date and will expire at the Close of Business on the third anniversary of the Rights Agreement unless earlier redeemed or exchanged by the Company as described below.

As soon as practicable after the Distribution Date, Rights Certificates will be mailed to holders of record of shares of Common Stock as of the Close of Business on the Distribution Date and, thereafter, the separate Rights Certificates alone will represent the Rights.

If a person or group of affiliated or associated persons becomes an Acquiring Person, then each holder of a Right will thereafter have the right to receive, upon exercise, shares of Common Stock (or, in certain circumstances, Preferred Shares, other securities, cash, property or a combination thereof) having a value equal to two times the exercise price of the Right. The exercise price is the Purchase Price multiplied by the number of Preferred Shares issuable upon exercise of a Right prior to the events described in this paragraph.

Notwithstanding any of the foregoing, following the time any person or group becomes an Acquiring Person, all Rights that are, or under certain circumstances specified in the Rights Agreement were, beneficially owned by any Acquiring Person or its Affiliates or Associates will be null and void.

In the event that, at any time after a person or group becomes an "Acquiring Person," (i) Take-Two is acquired in a merger or other business combination with another company and Take-Two is not the surviving corporation, (ii) another company consolidates or merges with Take-Two and all or part of the shares of Common Stock are converted or exchanged for other securities, cash, or property, or (iii) 50% or more of the consolidated assets or earning power of Take-Two and its subsidiaries is sold or transferred to another company, then each holder of a Right (except Rights that previously have been voided as described above) shall thereafter have the right to receive, upon exercise, common stock or other equity interest of the ultimate parent of such other company having a value equal to two times the exercise price of the Right.

The Purchase Price payable, and the number of Preferred Shares (or other securities, as applicable) issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Shares, (ii) if holders of the Preferred Shares are granted certain rights or warrants to subscribe for Preferred Shares or convertible securities at less than the current market price of the Preferred Shares, or (iii) upon the distribution to the holders of the Preferred Shares of evidences of indebtedness, cash or assets (excluding regular quarterly cash dividends or dividends payable in the Preferred Shares) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments amount to at least one percent of the Purchase Price. The Company is not required to issue fractional Preferred Shares (other than fractional shares that are integral multiples of one one-thousandth of a share). In lieu thereof, an adjustment in cash may be made based on the market price of the Preferred Shares prior to the date of exercise.

At any time prior to such time as any person or group or affiliated or associated persons becomes an Acquiring Person, the Board may redeem the Rights in whole, but not in part, at a price of \$0.0001 per Right, rounded up to the nearest whole cent (subject to adjustment in certain events) (the "*Redemption Price*"). Immediately upon the action of the Board ordering the redemption of the Rights, the Rights will terminate and the only right of the holders of such Rights will be to receive the Redemption Price for each Right held. The Board has committed to redeem the Rights 180 days after the date of the adoption of the stockholders rights plan.

At any time after any person or group of affiliated or associated persons becomes an Acquiring Person and before any such Acquiring Person becomes the beneficial owner of 50% or more of the total voting power of the aggregate of all shares of Voting Securities then outstanding, the Board, at its option, may exchange each Right (other than Rights that previously have become void as described above) in whole or in part, for shares of Common Stock at an exchange ratio of one share of Common Stock (or under certain circumstances one Unit of Preferred Shares or equivalent preferred stock) per Right (subject to adjustment in certain events).

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends. While the distribution of the Rights will not be taxable to stockholders or to the Company, stockholders may, depending upon the circumstances, recognize taxable income in the event that the Rights become exercisable for Preferred Shares (or other consideration).

Any of the provisions of the Rights Agreement may be amended without the approval of the holders of Rights in order to cure any ambiguity, defect, or inconsistency or to make any other changes that the Board may deem necessary or desirable. After any person or group of affiliated or associated persons becomes an Acquiring Person, the provisions of the Rights Agreement may not be amended in any manner that would adversely affect the interests of the holders of Rights (excluding the interests of any Acquiring Person).

Description of Preferred Shares

The Preferred Shares that may be acquired upon exercise of the Rights will not be redeemable and will rank junior to any other shares of preferred stock that may be issued by the Company with respect to the payment of dividends and as to distribution of assets in liquidation.

Each Preferred Share will have a minimum preferential quarterly dividend of the greater of \$1.00 per share or 1,000 times the aggregate per share amount of any cash dividend declared on the shares of Common Stock since the immediately preceding quarterly dividend, subject to certain adjustments.

In the event of liquidation, the holder of Preferred Shares will be entitled to receive a cash preferred liquidation payment per share equal to the greater of \$1.00 (plus accrued and unpaid dividends thereon) or 1,000 times the amount paid in respect of a share of Common Stock, subject to certain adjustments.

Generally, each Preferred Share will vote together with the shares of Common Stock and any other class or series of capital stock entitled to vote on such matter, and will be entitled to 1,000 votes per share, subject to certain adjustments. The holders of the Preferred Shares, voting as a separate class, shall be entitled to elect two directors if dividends on the Preferred Shares are in arrears in an amount equal to six quarterly dividends thereon.

In the event of any merger, consolidation or other transaction in which shares of Common Stock are exchanged, each Preferred Share will be entitled to receive 1,000 times the aggregate per share amount of stock, securities, cash or other property paid in respect of each share of Common Stock, subject to certain adjustments.

The rights of holders of the Preferred Shares to dividend, liquidation and voting rights are protected by customary anti-dilution provisions.

Because of the nature of the Preferred Shares' dividend, liquidation and voting rights, the economic value of one Unit of Preferred Shares is expected to approximate the economic value of one share of Common Stock.

The terms of the Rights generally may be amended by the Board without the approval of the holders of the Rights, except that from and after such time as the Rights are distributed, no such amendment may adversely affect the interests of the holders of Rights (excluding any interests of any Acquiring Person).

Extracts from Electronic Arts Inc.'s Offer to Purchase

The following are extracts from the Offer to Purchase filed as exhibit 99(a)(1)(A) to the Tender Offer Statement on Schedule TO filed by EA with the SEC on March 13, 2008. The Offer to Purchase is an all cash offer for all of the outstanding shares of Common Stock of the Company at a purchase price of \$26.00 net per share by EA08 Acquisition Corp., a wholly owned subsidiary of EA. References to pages in this section are references to the corresponding page numbers in the Offer to Purchase. In the extracts below, all references to "Purchaser," "we," "us," or "our" are to EA08 Acquisition Corp.; all references to "Parent" or "Electronic Arts" are to Electronic Arts Inc. and all references to "Take-Two" or the "Company" are to Take-Two Interactive Software, Inc. The documents relating to the Tender Offer, including the Offer to Purchase, a related Letter of Transmittal, certain other Tender Offer documents and the Schedule TO, as each may be amended from time to time, contain important information and stockholders of the Company are strongly advised to carefully read these materials in their entirety. Documents relating to the Tender Offer are filed with the SEC and may be obtained at no charge at the website maintained by the SEC at <http://www.sec.gov>.

[Cover Page to Offer to Purchase]:

"THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (I) THERE HAVING BEEN VALIDLY TENDERED AND NOT WITHDRAWN BEFORE THE EXPIRATION OF THE OFFER AT LEAST THE NUMBER OF SHARES OF COMMON STOCK, PAR VALUE \$.01 PER SHARE (THE 'SHARES'), OF TAKE-TWO INTERACTIVE SOFTWARE, INC. ('TAKE-TWO' OR THE 'COMPANY'), WHICH, TOGETHER WITH THE SHARES THEN OWNED BY ELECTRONIC ARTS INC. ('ELECTRONIC ARTS' OR 'PARENT'), A DIRECT PARENT OF EA08 ACQUISITION CORP. ('PURCHASER'), AND ITS SUBSIDIARIES (INCLUDING PURCHASER), REPRESENTS AT LEAST A MAJORITY OF THE TOTAL NUMBER OF SHARES OUTSTANDING ON A FULLY-DILUTED BASIS, (II) PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE RESTRICTIONS ON BUSINESS COMBINATIONS WITH INTERESTED STOCKHOLDERS SET FORTH IN SECTION 203 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE ARE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER, (III) TAKE-TWO HAVING ENTERED INTO A MERGER AGREEMENT WITH ELECTRONIC ARTS AND PURCHASER PROVIDING FOR THE CONSUMMATION OF THE OFFER AND A SECOND STEP MERGER AS CONTEMPLATED BY THIS OFFER TO PURCHASE ON TERMS SATISFACTORY TO ELECTRONIC ARTS AND PURCHASER IN THEIR REASONABLE JUDGMENT, INCLUDING REPRESENTATIONS AND WARRANTIES THAT ARE REASONABLY SATISFACTORY TO ELECTRONIC ARTS AND PURCHASER AND ARE NOT SUBJECT TO ANY EXCEPTIONS THAT REFLECT FACTS, CIRCUMSTANCES OR CONDITIONS THAT WOULD RESULT IN A FAILURE TO SATISFY ANY OTHER CONDITION TO THE OFFER AND (IV) ANY APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED, HAVING EXPIRED OR BEEN TERMINATED. THE OFFER IS ALSO SUBJECT TO CERTAIN OTHER CONDITIONS CONTAINED IN THIS OFFER TO PURCHASE. SEE 'INTRODUCTION' AND 'THE OFFER—SECTION 14—CONDITIONS OF THE OFFER', WHICH SET FORTH IN FULL THE CONDITIONS TO THE OFFER."

"AS DISCLOSED IN TAKE-TWO'S PROXY STATEMENT FOR ITS ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 10, 2008, THE COMPANY HAS SUBMITTED TO ITS STOCKHOLDERS A PROPOSAL TO AMEND THE COMPANY'S INCENTIVE STOCK PLAN TO INCREASE THE NUMBER OF SHARES RESERVED FOR ISSUANCE UNDER THAT PLAN BY 2,000,000 SHARES AND TO PERMIT THE ISSUANCE OF AWARDS UNDER SUCH PLAN TO CONSULTANTS, INCLUDING 1,500,000 SHARES OF RESTRICTED STOCK TO ZELNICKMEDIA CORPORATION. IN THE EVENT THAT THE STOCKHOLDERS OF THE COMPANY APPROVE THIS PROPOSAL, PURCHASER INTENDS TO AMEND THE OFFER TO REDUCE THE PURCHASE PRICE TO \$25.74 NET PER SHARE. IF SUCH AN AMENDMENT IS MADE, PURCHASER WILL EXTEND THE OFFER TO THE EXTENT REQUIRED BY RULE 14E-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED."

"ELECTRONIC ARTS AND PURCHASER INTEND TO CONTINUE TO SEEK TO NEGOTIATE THE ACQUISITION OF TAKE-TWO BY ELECTRONIC ARTS AND THE OFFER IS CONDITIONED ON ELECTRONIC ARTS AND PURCHASER ENTERING INTO A MERGER AGREEMENT WITH TAKE-TWO. SUBJECT TO APPLICABLE LAW, PURCHASER RESERVES THE RIGHT TO AMEND THE OFFER (INCLUDING AMENDING THE NUMBER OF SHARES TO BE PURCHASED AND THE OFFER PRICE), INCLUDING FOR PURPOSES OF NEGOTIATING OR ENTERING INTO A MERGER AGREEMENT WITH THE COMPANY. IF REQUESTED BY THE COMPANY, ANY SUCH MERGER AGREEMENT MAY CONTEMPLATE THE TERMINATION OF THE OFFER. IN THE EVENT THAT PARENT, PURCHASER AND THE COMPANY ENTER INTO A MERGER AGREEMENT THAT REQUIRES THAT THE OFFER BE TERMINATED, THE SHARES WOULD, UPON CONSUMMATION OF SUCH MERGER, BE CONVERTED INTO THE RIGHT TO RECEIVE THE CONSIDERATION PROVIDED FOR IN SUCH MERGER AGREEMENT."

[Page 2 to Offer to Purchase]:

"Take-Two has publicly announced that it is holding its 2008 annual meeting of stockholders on April 10, 2008, to consider certain matters, including, among other matters, the election of directors to Take-Two's Board of Directors and certain amendments to the Company's Incentive Stock Plan as described above. We are not taking any position with respect to any of the matters to be considered at the Take-Two annual meeting."

[Page 3 to Offer to Purchase]:

"To the extent we or Electronic Arts determines that a consent solicitation would be necessary or advisable in order to further our objective to acquire Take-Two, we and/or Electronic Arts intend to commence a solicitation of written consents from Take-Two stockholders in order to, among other things, remove each member of Take-Two's board of directors and replace such directors with nominees selected by us to serve as the directors of Take-Two. We would expect that any directors selected by us and/or Electronic Arts would, subject to their fiduciary duties, support our offer and the related merger and take certain actions to enable the offer and the related merger to proceed, including taking action to cause certain conditions of the offer to be satisfied (including negotiating and causing the Company to enter into a merger agreement, if the condition relating to Take-Two's entry into a merger agreement with us and Electronic Arts remains in place)."

"Neither this Offer to Purchase nor the offer constitutes a solicitation of consents from Take-Two's stockholders. Any solicitation will be made only pursuant to separate proxy or consent solicitation materials complying with all applicable requirements of Section 14(a) of the Exchange Act."

[Page 10 to Offer to Purchase]:

"Neither we nor Electronic Arts intends to nominate for election at the Company's 2008 annual meeting of stockholders any persons to serve as directors of the Company. Electronic Arts and we

intend, however, if we and/or Electronic Arts deem it necessary or advisable in connection with our proposal to acquire the Company, in accordance with the Company's Restated Certificate of Incorporation, its bylaws and applicable rules and regulations of the Exchange Act, to commence a solicitation of written consents from Take-Two stockholders for the following purposes, among others that we and/or Electronic Arts may choose to include within any consent solicitation we and/or Electronic Arts may undertake: (1) to remove each member of Take-Two's board of directors, (2) to elect nominees selected by Electronic Arts, which we refer to as 'EA Nominees', to serve as the directors of Take-Two and (3) to repeal each provision of the Take-Two bylaws and amendments thereto, if any, adopted after February 14, 2008, and before the effectiveness of the proposals made pursuant to such consent solicitation. **Neither this Offer to Purchase nor the Offer constitutes a solicitation of consents from Take-Two's stockholders. Any solicitation will be made only pursuant to separate proxy or consent solicitation materials complying with all applicable requirements of Section 14(a) of the Exchange Act.** If we and/or Electronic Arts do undertake the aforementioned consent solicitation, we and/or Electronic Arts will file solicitation materials with the SEC complying with the rules and requirements of the Exchange Act to solicit from Take-Two stockholders consents to undertake the aforementioned actions. Furthermore, if we and/or Electronic Arts undertake a consent solicitation, the granting of a consent will **not** be a condition to the tender of Shares in the Offer."

[Pages 31-32 to Offer to Purchase]:

"Company Board and Stockholder Approval. The timing and details of the consummation of the Offer and the Merger depend on a variety of factors and legal requirements, the number of Shares (if any) acquired by Purchaser pursuant to the Offer, and most importantly, actions of the Company's Board of Directors. In general (other than with respect to short-form mergers, described below), under the [Delaware General Corporation Law], the approval of both the stockholders and the board of directors of a corporation is required to effect a merger of that corporation with or into another corporation. Except in the case of a short-form merger, the Merger can only be effected with the approval of the Company's Board of Directors and the affirmative vote of the holders of at least a majority of the outstanding shares. If the Minimum Condition, the Section 203 Condition, the Merger Agreement Condition, the HSR Condition and the other conditions to the Offer discussed in 'The Offer—Section 14—Conditions of the Offer' are satisfied, a merger agreement providing for the Merger will have been entered into and Purchaser will own Shares representing at least a majority of the outstanding Shares after consummation of the Offer, and will have the voting power necessary to assure approval of the Merger by the Company's stockholders."

"Purchaser reserves the right to waive the Merger Agreement Condition, although there can be no assurance that it will do so, and Purchaser has not determined whether it would be willing to do so under any circumstances. If Purchaser waives such condition and purchases Shares pursuant to the Offer and if the Minimum Condition has been satisfied, then Purchaser will have the voting power necessary to act by written consent of the Company's stockholders to remove Take-Two's existing directors and replace them with directors that Electronic Arts and Purchaser believe would, subject to their fiduciary duties, support the Merger. Although Purchaser will seek to have the Company consummate the Merger as soon as practicable after consummation of the Offer, because the Merger must be approved by the Company's Board of Directors, the Merger could be delayed if the Company's Board of Directors refuses to negotiate and approve a merger agreement that satisfies the Merger Agreement Condition and the Merger Agreement Condition is waived by Purchaser."

"Although Electronic Arts and Purchaser currently intend to propose the Merger on the terms described in this Offer to Purchase, if the Company's Board of Directors refuses to negotiate and approve a merger agreement that satisfies the Merger Agreement Condition and the Merger

Agreement Condition is waived by Purchaser, it is possible that, as a result of substantial delays in Parent's and Purchaser's ability to effect such a transaction, actions the Company may take in response to the Offer, information Parent and Purchaser obtain hereafter, changes in general economic or market conditions or in the business of the Company or other currently unforeseen factors, such a transaction may not be so proposed, may be delayed or abandoned or may be proposed on different terms, and accordingly, under such circumstances, there can be no assurance that the Merger or another merger or business combination between Take-Two, Electronic Arts and Purchaser will occur (and if so, what the timing of such a transaction would be). Purchaser reserves the right not to propose a merger or other similar business combination with the Company or to propose such a transaction on terms other than those described in this Offer to Purchase."

[Pages 35-36 to Offer to Purchase]

Conditions of the Offer.

"Notwithstanding any other provision of the Offer, and in addition to (and not in limitation of) our rights to extend and amend the Offer at any time, in our sole discretion, we are not required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to our obligation to pay for or return tendered shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of and accordingly the payment for, any Shares tendered pursuant to the Offer, and may terminate the Offer, if, in our sole judgment, before the Expiration Date, the Minimum Condition, the HSR Condition, the Merger Agreement Condition or the Section 203 Condition shall not have been satisfied, or if, at any time on or after the date of this Offer to Purchase, and before the time of payment for any such Shares (whether or not any Shares have theretofore been accepted for payment pursuant to the Offer), any of the following events shall occur or shall be determined by us to have occurred:"

[Pages 38-39 to Offer to Purchase]

...."(8) (a) pursuant to Section 8 of the Second Amendment, the compensation committee of the Board of the Company shall have failed to recommend to the independent members of the Board of the Company that no additional compensation be paid to ZelnickMedia, ZM Capital LLC and their affiliates in connection with the Offer, the Merger and any other business combination that constitutes a 'Change in Control' (as defined in the Management Agreement) or the independent members of the Board of the Company or the Board of the Company shall have failed to adopt a resolution providing that no such additional compensation shall be payable or (b) if the Company shall have received the Incentive Stock Plan Amendment Approval, the compensation committee of the Board of the Company shall have failed to recommend to the independent members of the Board of the Company and the Board of the Company that no more than 780,000 of the shares of restricted stock of the Company issuable to ZelnickMedia pursuant to the Second Amendment shall vest in connection with the Offer, the Merger and any other business combination that constitutes a 'Change in Control' and that any shares of restricted stock not vesting in connection with the Offer, the Merger and any other business combination that constitutes a 'Change in Control' shall be forfeited without compensation, or the independent members of the Board of the Company or the Board of the Company shall have failed to adopt a resolution to the foregoing effects"

Change in Control Payments

Under the terms of the Second Amendment, the proposed transaction described in EA's Tender Offer documents, or another transaction with EA if it were to be consummated, would be a change in

control but would not be deemed to be an Excluded Transaction (as defined in the Second Amendment), since the proposal was publicly disclosed prior to the date of the Annual Meeting.

Accordingly, assuming a transaction with EA were to occur, ZelnickMedia would be entitled to the following in accordance with the Management Agreement, as amended:

- All earned but unpaid management fees through October 31, 2012. For the period April 1, 2008 through October 31, 2012, such fees would total \$11,458,333 (compared to \$2,687,500 under the original Management Agreement through October 31, 2011).
- 50% of the \$2,500,000 maximum annual bonus would be payable for each future fiscal year through October 31, 2012 (compared to 50% of the \$750,000 maximum annual bonus through October 31, 2011 under the original Management Agreement). For the fiscal years ending October 31, 2008 through October 31, 2012, such bonuses would total \$5,885,417.
- The immediate vesting of all of ZelnickMedia's unvested stock options. In August 2007, ZelnickMedia was issued 2,009,075 stock options at an exercise price of \$14.74 per share pursuant to the Management Agreement entered into on March 30, 2007. As of the date of this supplement, 334,845 of these stock options have vested and 1,674,230 remain unvested. If the Tender Offer is successfully consummated, the vesting of all unvested options would accelerate and ZelnickMedia would be entitled to \$22,622,185, an amount equal to the number of stock options issued to ZelnickMedia in August 2007 multiplied by the difference between EA's offer price of \$26.00 and the stock option's per share exercise price of \$14.74. The difference between EA's offer price of \$26.00 and the \$14.74 per share exercise price of the options totals \$3,770,366 as to the vested options and \$18,851,818 with respect to the unvested options.

These payments amount to an aggregate of \$39,965,935. For instance, if the Tender Offer is successfully consummated on November 1, 2008, the management fees payable under the Second Amendment for the four future fiscal years through October 31, 2012 would total \$10,000,000, rather than the total of \$2,250,000 for the three fiscal years through October 31, 2011 under the original Management Agreement. Similarly, if the Tender Offer is successfully consummated on November 1, 2008, the annual bonus payable to ZelnickMedia for the fiscal years ended October 2008 through 2012 would total \$5,885,417 under the Second Amendment, compared to \$2,385,417 under the original Management Agreement.

Under the terms of the Second Amendment and the Restricted Stock Agreements related thereto, if the stockholders approve Proposal 2 at the Annual Meeting, assuming the Tender Offer was to be successfully consummated, immediately prior to the consummation thereof:

- All unvested shares of restricted stock under the Time-Based Award would vest in full.
- 180,000 unvested shares of restricted stock under the Performance-Based Award would vest (assuming such transaction were to be consummated prior to March 31, 2009).
- The independent members of the Board would determine in good faith, taking into consideration such factors including, but not limited to, the good faith recommendation of the Compensation Committee, the contributions of ZelnickMedia and its personnel to the Company pursuant to the Management Agreement and otherwise, the number of shares, if any, of the balance of the 720,000 shares of restricted stock subject to the Performance-Based Award that would become vested and cease to be restricted stock in connection with a change in control and any additional compensation, if any, to be paid to ZelnickMedia in connection with the successful consummation of the Tender Offer.

As a result, under the terms of the Second Amendment, if the stockholders approve Proposal 2 at the Annual Meeting and assuming the Tender Offer was to be successfully consummated, based on EA's offer price of \$26.00, ZelnickMedia would be entitled to an aggregate payment of up to

\$39,000,000, consisting of (i) \$15,600,000 as a result of the vesting of the 600,000 shares of restricted stock granted under the Time-Based Award (or the payment of an equivalent amount in cash if the Tender Offer is consummated prior to the grant of such shares), (ii) \$4,680,000 as a result of the vesting of 180,000 shares of restricted stock granted under the Performance-Based Award (or the payment of an equivalent amount in cash if the Tender Offer is consummated prior to the grant of such shares) and (iii) an amount from \$0 to \$18,720,000, based on the good faith determination of the Compensation Committee and the independent members of the Board of the number of shares, if any, of restricted stock subject to the Performance-Based Award to become vested and cease to be restricted stock in connection with the successful consummation of the Tender Offer. In addition, the independent members of the Board may, based on a good faith determination and the good faith recommendation of the Compensation Committee, award additional compensation to ZelnickMedia in connection with the successful consummation of the Tender Offer.

In summary, pursuant to the Second Amendment, if the stockholders approve Proposal 2 at the Annual Meeting and assuming the Tender Offer was to be successfully consummated, based on EA's offer price of \$26.00, ZelnickMedia would be entitled to an aggregate payment of up to \$78,965,935 as well as any additional compensation that may be awarded to them by the Compensation Committee and the independent members of the Board in connection with the successful consummation of the Tender Offer.

EA's Offer to Purchase provides that EA intends to amend the Tender Offer to reduce its purchase price to \$25.74 net per share if stockholders of the Company approve Proposal 2 at the Annual Meeting. EA's Offer to Purchase also provides that the Tender Offer is conditional upon, among other things (i) no additional compensation being paid by the Company to ZelnickMedia, and its affiliates in connection with the Tender Offer or any other business combination constituting a change in control (as defined in the Management Agreement) or (ii) if the stockholders approve Proposal 2 at the Annual Meeting, no more than 780,000 shares of restricted stock of the Company issuable to ZelnickMedia pursuant to the Second Amendment shall vest in connection with the Tender Offer or any other business combination constituting a change in control (as defined in the Management Agreement) and that any shares of restricted stock not vesting in connection therewith shall be forfeited. See above under the heading "Executive Compensation—Employment, Management and Separation Agreements—ZelnickMedia Corporation—Management Agreement—Extracts from Electronic Arts Inc.'s Offer to Purchase—[Pages 38-39 to Offer to Purchase]."

The Company has received indications of interest from third parties with respect to possible business combination transactions involving the Company since EA's announcement, but no substantive discussions with respect thereto have yet occurred. The Company has not received any bona fide indication of interest in, or offer to enter into, a business combination from a third party that would constitute an Excluded Transaction and has not engaged in any substantive discussions with any party (including EA) with respect to a business combination since the execution of the Second Amendment. Accordingly, as of the date of the filing of this supplement, no Excluded Transaction exists.

STOCKHOLDER PROPOSALS FOR NEXT ANNUAL MEETING (page 43)

The Company currently anticipates holding its annual meeting of stockholders for its fiscal year ending October 31, 2008 in April 2009. Accordingly, stockholders who wish to present proposals appropriate for consideration at the Company's annual meeting of stockholders to be held in 2009 must submit the proposal in proper form and in satisfaction of the conditions established by the SEC, to the Company at 622 Broadway, New York, New York 10012 no later than November 8, 2009 in order for the proposal to be considered for inclusion in the Company's proxy statement and form of proxy relating to such annual meeting.

As provided in the Company's By-laws, for any proposal that is not submitted for inclusion in next year's proxy statement, but is instead sought to be presented directly at the annual meeting of stockholders of the Company to be held in 2009, notice of intention to present the proposal must be received in writing by the Company by no earlier than December 18, 2008 and no later than January 19, 2009. Address all notices of intention to present proposals at the 2009 annual meeting of stockholders to Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012, Attention: Investor Relations.

OTHER MATTERS

In 2005, the Company entered into third-party exclusive licensing agreements with each of Major League Baseball Properties, the Major League Baseball Players Association and Major League Baseball Advanced Media, L.P. ("*MLBAM*") with respect to the Company's *Major League Baseball* 2K series of video games. Robert A. Bowman, a director of the Company since April 2007, is the President and Chief Executive Officer of MLBAM. The amount of the licensing fees paid by the Company to MLBAM in the Company's fiscal year ended October 31, 2007 was not material to the Company's financial condition or results of operations. The Company's license agreement with MLBAM was entered into on an arms' length basis.

Proskauer Rose and Potter Anderson represented ZelnickMedia in connection with the formation of a "group" (as defined in the Securities Exchange Act of 1934) of stockholders of the Company (the "*Group*"), the execution of a letter agreement, dated as of March 4, 2007, by and among ZelnickMedia and the members of the Group, and the filing by the Group of a Schedule 13D (as amended, the "*Schedule 13D*") with the SEC on March 7, 2007. The letter agreement provided, among other things, for (i) the Company's engagement of ZelnickMedia to provide financial and management consulting services to the Company, (ii) cooperation among ZelnickMedia and the members of the Group and (iii) an agreement to vote the Company's securities in a way to effect changes in the Board of the Company, in each case as described more fully in a Schedule 13D filed on March 7, 2007. In the Schedule 13D, the Group disclosed its intention to, among other things, attend the Company's annual meeting of stockholders held on March 29, 2007 (the "*2007 Meeting*") and vote all shares beneficially owned by them (and eligible to be voted by them at the 2007 Meeting) respectively in favor of six director candidates named in the Schedule 13D instead of the Company's incumbent directors. These six director candidates were Michael Dornemann, Ben Feder, John Levy (an incumbent director of the Company), J Moses, Michael Sheresky, and Strauss Zelnick. Proskauer Rose continues to represent ZelnickMedia on matters unrelated to the Company. ZelnickMedia retained separate legal counsel in connection with matters relating to the Company, including the Second Amendment. For more information, see the full text of the Schedule 13D which is available on the SEC's website at www.sec.gov.

Bear Stearns has previously been engaged by the Company and ZelnickMedia to provide certain investment banking services in matters unrelated to the Tender Offer, for which Bear Stearns has received (or expects to receive) customary fees. Bear Stearns may seek to provide the Company, ZelnickMedia, EA and their respective affiliates with certain investment banking services unrelated to the Tender Offer in the future. In the ordinary course of business, Bear Stearns, its successors and affiliates may hold or trade, for their accounts and the accounts of their customers, the Company's securities and/or the securities of EA and its affiliates and, accordingly, may at any time hold a long or short position in such securities.

Lehman Brothers has performed various investment banking and financial services for the Company, EA and their respective affiliates in the past, and expects to perform such services in the future, and has received, and expects to receive, customary fees for such services. In the ordinary course of business, Lehman Brothers may actively trade, for its own account and the accounts of its customers, the debt and equity securities of the Company and EA and, accordingly, may at any time

hold a long or short position in such securities. Neuberger Berman Inc., an affiliate of Lehman Brothers, owns approximately 5,608,007 shares of Common Stock, as to which shares Lehman Brothers has no voting or dispositive power. In addition, Lehman Brothers has invested in limited partnership interests of affiliates of ZelnickMedia. Messrs. Zelnick, Feder and Slatoff are partners of ZelnickMedia.

THIS SUPPLEMENT IS NOT A RECOMMENDATION, AN OFFER TO PURCHASE OR A SOLICITATION OF AN OFFER TO SELL SHARES OF THE COMPANY. ON MARCH 13, 2008, EA FILED A TENDER OFFER STATEMENT ON SCHEDULE TO AND RELATED TENDER OFFER MATERIALS WITH THE SEC. THE TENDER OFFER MATERIALS (INCLUDING AN OFFER TO PURCHASE, A RELATED LETTER OF TRANSMITTAL AND CERTAIN OTHER TENDER OFFER DOCUMENTS) AND THE TENDER OFFER STATEMENT ON SCHEDULE TO, AS EACH MAY BE AMENDED FROM TIME TO TIME, CONTAIN IMPORTANT INFORMATION ABOUT THE COMPANY, EA, THE TENDER OFFER AND RELATED MATTERS. THE COMPANY HAS FILED OR WILL FILE A SOLICITATION / RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 WITH THE SEC. THE COMPANY'S STOCKHOLDERS SHOULD READ THE SOLICITATION / RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) REGARDING THIS TENDER OFFER CAREFULLY PRIOR TO MAKING ANY DECISIONS WITH RESPECT TO THE TENDER OFFER BECAUSE IT CONTAINS IMPORTANT INFORMATION. FREE COPIES OF THE TENDER OFFER STATEMENT ON SCHEDULE TO AND THE SOLICITATION / RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 AND THE RELATED AMENDMENTS OR SUPPLEMENTS THERETO ARE OR WILL BE AVAILABLE AT THE SEC'S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov).

QuickLinks

[TAKE-TWO INTERACTIVE SOFTWARE, INC. 622 Broadway New York, New York 10012](#)

[ANNUAL MEETING OF STOCKHOLDERS To Be Held On April 17, 2008](#)

[IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 17, 2008](#)