

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): August 31, 1998

TAKE-TWO INTERACTIVE SOFTWARE, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	0-29230 (Commission File Number)	51-0350842 (I.R.S. Employer Identification No.)
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575 Broadway, New York, New York (Address of principal executive offices)	10012 (Zip Code)
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Registrant's telephone number, including area code: (212)941-2988

Not Applicable
Former name or former address, if changed since last report

Item 2. Acquisition and Disposition of Assets.

On August 31, 1998, Take-Two Interactive Software, Inc. (the "Company") acquired all of the outstanding capital stock of Jack of All Games, Inc. ("JAG"). JAG is engaged in the wholesale distribution of interactive software games. Pursuant to an Agreement and Plan of Merger dated August 22, 1998 (the "Merger Agreement"), by and among the Company, JAG Acquisition Corp. (the "Subsidiary"), JAG and Robert Alexander, David Rosenbaum and Thomas Rosenbaum (the "Stockholders"), the Subsidiary was merged with and into JAG and all of the outstanding shares of the capital stock of JAG were converted into an aggregate of 2,750,000 shares of restricted Common Stock of the Company (the "Merger"). The Company intends to account for the Merger as a "pooling of interests."

Simultaneous with the closing, David P. Clark resigned as a member of the Board of Directors of the Company, and Robert Alexander was nominated and elected to fill the vacancy created by such resignation, to serve in accordance with the Company's By-laws until his resignation, removal or replacement.

Effective as of the closing, JAG entered into a five-year employment agreement with each of Nicholas Alexander, Robert Alexander, David Rosenbaum and Thomas Rosenbaum, which agreements, as subsequently amended, provide for a base salary of \$200,000, \$233,000, \$233,000 and \$140,000, respectively, and bonuses based on certain performance criteria. The Company also granted options to purchase 100,000 shares of Common Stock to Nicholas Alexander, Robert Alexander and David Rosenbaum and 25,000 shares to Thomas Rosenbaum.

The Company and each of the Stockholders entered into a Registration Rights Agreement providing for certain registration rights in connection with an underwritten public offering, subject to certain exceptions, or in the event there is no public offering, the registration of a portion of the shares following the date the Company first publishes at least 30 days of the combined results of operations of the Company and JAG in accordance with the accounting rules relating to a pooling of interests.

The source of the consideration paid in the Merger was authorized but unissued shares of Common Stock of the Company. The amount of consideration paid by the Company in connection with the Merger was determined by arm's-length negotiations.

The descriptions of the Merger Agreement and the other agreements discussed above are qualified in their entirety by reference to such agreements, which are attached as exhibits and are incorporated herein by reference.

Item 5. Other Events.

JAG, as the surviving entity and a wholly-owned subsidiary of the Company following the Merger, entered into Second Amended and Restated Loan and Security Agreement with respect to its revolving line of credit with The Provident Bank (the "Bank"). The agreement provides for aggregate borrowings by JAG of up to \$22.2 million consisting of (i) a revolving line of credit up to \$20 million and (ii) term loans aggregating \$2.2 million. Advances under the line of credit are based on a borrowing formula with respect to eligible inventory and accounts receivable. Interest accrues on such advances at a rate of prime rate established by the Bank from time to time plus 1.25% and is payable monthly. Borrowings under the line of credit are secured by a lien on accounts receivable and inventory of JAG and are guaranteed by the Company as well as Messrs. Robert Alexander and David Rosenbaum. The loan agreement limits or prohibits JAG, subject to certain exceptions, from declaring or paying cash dividends, merging or consolidating with another corporation, selling assets (other than in the ordinary course of business), creating liens and incurring additional indebtedness. The line of credit expires on June 1, 1999.

In connection with the loan agreement, the Company issued to the Bank warrants to purchase 20,000 shares of Common Stock at an exercise price of \$5.625 per share.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of the Business Acquired.

Audited financial statements relating to the acquisition will be filed by amendment within 60 days of the date this Report was required to be filed.

(b) Pro Forma Financial Information and Exhibits.

Pro Forma financial information relating to the acquisition will be filed by amendment within 60 days of the date this report was required to be filed.

(c) Exhibits

Exhibit 1 - Agreement and Plan of Merger dated as of August 22, 1998 by and among the Company, Subsidiary, JAG and the JAG Stockholders.

Exhibit 2 - Registration Rights Agreement dated August 31, 1998 among the Company and the JAG Stockholders

Exhibit 3 - Employment Agreement dated August 31, 1998 between JAG and Nicholas Alexander

Exhibit 4 - Employment Agreement dated August 31, 1998 between JAG and Robert Alexander

Exhibit 5 - Amendment to Employment Agreement dated September 10, 1998, between JAG and Robert Alexander

Exhibit 6 - Employment Agreement dated August 31, 1998 between JAG and David Rosenbaum

Exhibit 7 - Amendment to Employment Agreement dated September 10, 1998, between JAG and David Rosenbaum

Exhibit 8 - Employment Agreement dated August 31, 1998 between JAG and Thomas Rosenbaum.

Exhibit 9 - Loan Documents, dated August 31, 1998, by and among The Provident Bank, JAG and the Company, as guarantor.

- i) Form of Second Amended and Restated Loan and Security Agreement
- ii) Form of \$20 Million Amended and Restated Promissory Note
- iii) Form of \$2 Million Amended and Restated Promissory Note
- iv) Form of Company Guaranty

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: September 14, 1998

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By /s/ Ryan A Brant

Name: Ryan A. Brant
Title: Chairman of the Board

Agreement and Plan of Merger
among
Take-Two Interactive Software Inc.,
JAG Acquisition Corp.
(its wholly-owned subsidiary)
and
Jack of All Games, Inc.

August 22, 1998

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER dated as of August 22, 1998 (the "Agreement"), among Take-Two Interactive Software, Inc., a Delaware corporation ("TTIS"); JAG Acquisition Corp., a Delaware corporation wholly-owned subsidiary of TTIS ("Subsidiary"); Jack of All Games, Inc., an Ohio corporation ("JAG"); David Rosenbaum ("David"), Robert Alexander ("Robert"), and Thomas Rosenbaum ("Thomas"). David, Robert and Thomas are sometimes referred to as the "Shareholders."

W I T N E S S E T H :

WHEREAS, JAG is in the business of distributing computer software (the "Business"); and

WHEREAS, TTIS desires to acquire all of the outstanding capital stock of JAG; and

WHEREAS, the Board of Directors of TTIS, the Board of Directors of Subsidiary, TTIS as the sole shareholder of Subsidiary, and the Board of Directors of JAG and Shareholders have: (a) determined that it is in the best interests of their respective companies for the Subsidiary to be merged with and into JAG upon the terms and subject to the conditions set forth herein; and (b) approved the merger of the Subsidiary with and into JAG (the "Merger") in accordance with the Delaware General Corporation Law of the State of Delaware ("Delaware Law") and the General Corporation Law of the State of Ohio ("Ohio Law"), and upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto do hereby agree as follows:

1. The Merger.

1.1. The Merger. At the Effective Date (as defined in Section 1.2), and subject to and upon the terms and conditions of this Agreement, Delaware Law and Ohio Law, Subsidiary shall be merged with and into JAG, the separate corporate existence of the Subsidiary shall cease, and JAG shall continue as the surviving corporation, operating as a wholly-owned subsidiary of TTIS. JAG, as the surviving corporation after the Merger, is hereinafter sometimes referred to as the "Surviving Corporation."

1.2. Effective Date. As promptly as practicable after the satisfaction or waiver of the conditions set forth in

Section 6, unless this Agreement shall have been terminated and the transactions contemplated herein shall have been abandoned pursuant to Section 8.1, Subsidiary and JAG shall cause the Merger to be consummated by filing a Certificate of Merger (the "Certificate of Merger") with the Secretaries of State of the States of Delaware and Ohio in the form of Exhibit A and making such other filings as may be required by Delaware Law and Ohio Law, in such form as required by and executed in accordance with such laws (the time of the last of such filings to be made being the "Effective Date").

1.3. Effect of the Merger. At the Effective Date, the effect of the Merger shall be as provided in the applicable provisions of Delaware Law and Ohio Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Date, all the rights, privileges, powers, franchises and all property (real, personal and mixed) of the Subsidiary and all debts due the Subsidiary as listed on Schedule 1.3.A shall vest in JAG, and all debts, liabilities, obligations and duties of the Subsidiary as listed on Schedule 1.3.B shall become the debts, liabilities, obligations and duties of JAG.

1.4. Certificate of Incorporation; Code of Regulations.

(a) The Certificate of Incorporation of JAG, as in effect immediately prior to the Effective Date (annexed hereto as Exhibit B), shall be the Certificate of Incorporation of the Surviving Corporation until thereafter amended as provided by law or such Certificate of Incorporation.

(b) The Code of Regulations of JAG, as in effect immediately prior to the Effective Date (annexed hereto as Exhibit C), shall be the Code of Regulations of the Surviving Corporation until thereafter amended as provided by law or by the Certificate of Incorporation of the Surviving Corporation or the By-Laws of the Surviving Corporation.

1.5. Directors and Officers of Surviving Corporation.

(a) Ryan Brant, the sole director of the Subsidiary shall, at the Effective Date, be the duly appointed director of the Surviving Corporation, to hold office in accordance with applicable law, the Certificate of Incorporation and By-Laws of the Surviving Corporation until resignation, removal or replacement.

(b) Each of Nicholas Alexander, Robert, David and Thomas, shall, at the Effective Date, be duly nominated and appointed as Chief Executive Officer, President, Chairman of the Board and Senior Vice President, respectively, of the Surviving Corporation, and shall constitute the initial officers

of the Surviving Corporation, in each case to serve at the pleasure of the Board of Directors of JAG until their respective resignation, removal or placement.

1.6. Conversion of Securities. At the Effective Date, by virtue of the Merger and without any action on the part of TTIS, Subsidiary, JAG or the Shareholders:

(a) The outstanding shares of JAG Capital Stock (as defined in Section 2.2 hereof) shall be converted into the right to receive an aggregate of 2,750,000 shares of Common Stock, \$.01 par value per share, of TTIS ("TTIS Common Stock") (hereafter referred to as the "Share Consideration"), to be distributed to the Shareholders, pro rata, as set forth in Schedule 1.6(a). All such shares of JAG Capital Stock, when so converted, shall no longer be outstanding and shall automatically be cancelled and become Treasury Stock subject to issuance pursuant to Section 1.6(e).

(b) Any warrant or option convertible or exchangeable into JAG Capital Stock shall be cancelled and extinguished without any conversion thereof and no payment shall be made with respect thereto.

(c) From and after the Effective Date, the holders of certificates evidencing ownership of shares of JAG Capital Stock shall cease to have any rights with respect to the shares of JAG Capital Stock.

(d) No fractional shares of TTIS Common Stock shall be issued in connection with the Merger and the Shareholders will be issued a whole share of TTIS Common Stock in lieu of any fractional shares.

(e) Each share of the common stock, par value \$.01 per share, of the Subsidiary issued and outstanding at the Effective Date shall be converted into the right to receive one fully paid and nonassessable share of common stock of the Surviving Corporation.

2. Representations and Warranties as to JAG. Each of the Shareholders and JAG, jointly and severally, represents and warrants to TTIS and Subsidiary as follows:

2.1. Organization, Standing and Power. JAG is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio, with full corporate power and corporate authority to (i) own, lease and operate its properties, (ii) carry on the Business as currently conducted by it and (iii) execute and deliver, and perform under this Agreement and each other agreement and instrument to be executed and delivered by it pursuant hereto. Except as set forth on Schedule 2.1, there are no states or jurisdictions in which the

character and location of any of the properties owned or leased by JAG, or the conduct of the Business makes it necessary for JAG to qualify to do business as a foreign corporation. True and complete copies of the Certificate of Incorporation of JAG and all amendments thereof, and of the Code of Regulations of JAG, as amended to date, have heretofore been furnished to TTIS. JAG's minute books contain complete and accurate records of all meetings and other corporate actions of JAG's stockholders and Board of Directors (including committees of its Board of Directors).

2.2. Capitalization. (a) The authorized capital stock of JAG consists of: 750 shares of common stock, no par value (the "JAG Common Stock"), of which 100 shares of JAG Common Stock are outstanding. The shares of JAG Common Stock and JAG Preferred Stock are sometimes hereinafter collectively referred to as "JAG Capital Stock". All of the JAG Capital Stock is duly authorized, validly issued, fully paid and nonassessable. Schedule 2.2 sets forth a true and complete list of the holders of all outstanding shares of JAG Capital Stock, and the holders of all outstanding options and warrants issued by JAG, which shares, options and warrants are held by them in the amounts set forth on Schedule 2.2. Except as contemplated by the Merger and except as set forth on Schedule 2.2, there are no options, warrants or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued capital stock of JAG or obligating JAG to issue or sell any shares of capital stock of or other equity interests in JAG. There is no personal liability, and there are no preemptive rights with regard to the capital stock of JAG, and no right-of-first refusal or similar catch-up rights with regard to such capital stock. Except as set forth on Schedule 2.2 and except for the transactions contemplated by this Agreement, there are no outstanding contractual obligations or other commitments or arrangements of JAG to (A) repurchase, redeem or otherwise acquire any shares of JAG Capital Stock (or any interest therein) or (B) to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any other entity, or (C) issue or distribute to any person any capital stock of JAG, or (D) issue or distribute to holders of any of the capital stock of JAG any evidences of indebtedness or assets of JAG. All of the outstanding securities of JAG have been issued and sold by JAG in full compliance with applicable federal and state securities laws.

2.3. Ownership of JAG Capital Stock. Except as listed on Schedule 2.3, the Shareholders have good and marketable title to all of the issued and outstanding shares of JAG Capital Stock, free and clear of any and all liens, adverse claims, security interests, pledges, mortgages, charges and encumbrances of any nature whatsoever ("Liens"), and on the Closing Date (as defined in Section 7 hereof) will own all of the JAG Capital Stock, free and clear of any and all Liens, including, but not

limited to, any claims by any present or former stockholders of JAG.

2.4. Interests in Other Entities.

(a) JAG does not have any direct or indirect subsidiaries or own, directly or indirectly, of record or beneficially, shares of voting stock or other equity securities in any other corporation.

(b) None of the Shareholders (individually or jointly): (i) own, directly or indirectly, of record or beneficially, any shares of voting stock or other equity securities of any other corporation engaged in the same or similar business to that business engaged in by JAG at the Effective Date (other than not more than one percent (1%) of the publicly-traded capital stock of corporations engaged in such business held solely for investment purposes); (ii) have any ownership interest, direct or indirect, of record or beneficially, in any unincorporated entity engaged in the same or similar business to that business engaged in by JAG at the Effective Date; or (iii) have any obligation, direct or indirect, present or contingent, (A) to purchase or subscribe for any interest in, advance or loan monies to, or in any way make investments in, any other person or entity engaged in the same or similar business to that business engaged in by JAG at the Effective Date, or (B) to share any profits or capital investments or both from a entity engaged in the same or similar business to that business engaged in by JAG at the Effective Date.

2.5. Authority. The execution and delivery by JAG of this Agreement and of all of the agreements to be executed and delivered by JAG pursuant hereto (collectively, the "JAG Documents"), the performance by JAG of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of JAG (including, but not limited to, the unanimous consents of the Board of Directors of JAG and of the Shareholders) and JAG has all necessary corporate power and corporate authority with respect thereto. The Shareholders are individuals having all necessary capacity, power and authority to execute and deliver this Agreement and such other agreements to be executed and delivered by either of them pursuant hereto (collectively, the "Shareholder Documents") and to consummate the transactions contemplated hereby and thereby. This Agreement is, and when executed and delivered by JAG and the Shareholders, each of the other agreements to be delivered by either or both of them pursuant hereto will be, the valid and binding obligations of JAG and the Shareholders, to the extent they are parties thereto, in accordance with their respective terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or

other laws affecting the rights of creditors generally and subject to the rules of law governing (and all limitations on) specific performance, injunctive relief, and other equitable remedies.

2.6. Noncontravention. Except as set forth on Schedule 2.6, neither the execution and delivery by JAG or the Shareholders of this Agreement or of any other JAG Documents or Shareholder Documents to be executed and delivered by either or both of them, nor the consummation of any of the transactions contemplated hereby or thereby, nor the performance by either or both of them of any of their respective obligations hereunder or thereunder, will (nor with the giving of notice or the lapse of time or both would) (a) conflict with or result in a breach of any provision of the Certificate of Incorporation, By-Laws or other constituent documents of JAG, each as amended to date, or (b) give rise to a default, or any right of termination, cancellation or acceleration, or otherwise be in conflict with or result in a loss of contractual benefits to any of them, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which either or both of them is a party or by which either or both of them or any of their respective assets may be bound, or require any consent, approval or notice under the terms of any such document or instrument, or (c) violate any order, writ, injunction, decree, law, statute, rule or regulation of any court or governmental authority which is applicable to either or both of them, or (d) result in the creation or imposition of any lien, adverse claim, restriction, charge or encumbrance upon any of the assets of JAG (the "Assets") or the JAG Capital Stock, or (e) interfere with or otherwise adversely affect the ability of JAG to carry on the Business after the Effective Date on substantially the same basis as is now conducted by JAG.

2.7. Financial Statements. JAG has heretofore delivered to each of TTIS and Subsidiary (a) its financial statements consisting of the audited balance sheets at December 31, 1996 and 1997, and the related statements of income, stockholders' equity and cash flows for the two (2) years then ended, which have been audited by Aronowitz, Chaiken & Hardesty, L.L.P., independent certified public accountants, and (b) its unaudited balance sheet at June 30, 1998 (the "Balance Sheet") statements of income and stockholders' equity and cash flows for the six months ended June 30, 1998 (collectively, the "JAG Financial Statements"). The JAG Financial Statements were prepared in accordance with generally accepted accounting principles ("GAAP"), consistently applied, and present fairly the financial position of JAG as at the dates thereof and the results of operations for the periods and the cash flow indicated. The books and records of JAG are complete and correct, have been maintained in accordance with good business practices, and accurately reflect the basis for the financial condition, results

of operations and cash flow of JAG as set forth in the JAG Financial Statements.

2.8. Absence of Undisclosed Liabilities. JAG has no liabilities or obligations of any nature whatsoever, whether accrued, matured, unmatured, absolute, contingent, direct or indirect or otherwise, which have not been (a) in the case of liabilities and obligations of a type customarily reflected on a corporate balance sheet, prepared in accordance with GAAP, set forth on the Balance Sheet, or (b) incurred in the ordinary course of business since June 30, 1998, or (c) in the case of other types of liabilities and obligations, described in Schedule 2.8, or (d) incurred, consistent with past practice, in the ordinary course of business of JAG (in the case of liabilities and obligations of the type referred to in clause (a) above).

2.9. Guaranties. Schedule 2.9 hereto is a complete and accurate list and summary description of all written guaranties currently in effect heretofore issued by the Shareholders to any bank or other lender in connection with any credit facilities extended by such creditors to JAG or issued by the Shareholders in connection with any other contracts or agreements for the benefit of JAG (collectively, the "Guaranties"), including the name of such creditor and the amount of the indebtedness, together with any interest and fees currently owing and expected to be outstanding as of the Effective Date.

2.10. Accounts and Notes Receivable/Inventories.

(a) The accounts and notes receivable which are reflected on the Balance Sheet are good and collectible in the ordinary course of business at the aggregate recorded amounts thereof, less the respective amount of the allowances for doubtful accounts and notes receivable, if any, reflected thereon, and are not subject to offsets other than in the ordinary course of business. The accounts and notes receivable of JAG which were added after June 30, 1998, are good and collectible in the ordinary course of business, less the respective amount of the allowances for doubtful accounts and notes receivable, if any, reflected on the books and records of JAG (which allowances were established on a basis consistent with prior practice), and are not subject to offsets.

(b) The inventories reflected on the Balance Sheet consist of items of a quality and quantity usable or saleable in the ordinary course of business, except for obsolete materials, slow-moving items, materials of below standard quality and not readily marketable items, all of which have been (i) written down to net realizable value or (ii) adequately reserved against on the books and records of JAG. All inventories are stated at the lower of cost or market.

2.11. Absence of Changes. Since June 30, 1998, there have not been (a) any adverse change (other than as is normal in the ordinary course of business) in the condition (financial or otherwise), assets, liabilities, business, prospects, results of operations or cash flows of JAG (including, without limitation, any such adverse change resulting from damage, destruction or other casualty loss, whether or not covered by insurance), (b) any waivers by JAG of any right, or cancellation of any debt or claim, of substantial value, (c) any declarations, set asides or payments of any dividend or other distributions or payments in respect of the JAG Capital Stock, or (d) any changes in the accounting principles or methods which are utilized by JAG.

2.12. Litigation. Except as set forth in Schedule 2.12, there are no claims, suits or actions, or administrative, arbitration or other proceedings or governmental investigations, pending or, to the best knowledge of JAG and the Shareholders, threatened, against or relating to JAG or the Shareholders, the transactions contemplated hereby or any of the Assets. There are no judgments, orders, stipulations, injunctions, decrees or awards in effect which relate to JAG, this Agreement, the transactions contemplated, the Business or any of the Assets, the effect of which is (a) to limit, restrict, regulate, enjoin or prohibit any business practice of JAG in any area, or the acquisition by JAG of any properties, assets or businesses, or (b) otherwise materially adverse to the Business, any of the Assets or JAG Capital Stock.

2.13. No Violation of Law. To the best knowledge of the Shareholders and JAG, JAG is not engaging in any activity or omitting to take any action as a result of which it is in violation of any law, rule, regulation, zoning or other ordinance, statute, order, injunction or decree, or any other requirement of any court or governmental or administrative body or agency, applicable to JAG, the Business or any of the Assets, including, but not limited to, those relating to: occupational safety and health matters; issues of environmental and ecological protection (e.g., the use, storage, handling, transport or disposal of pollutants, contaminants or hazardous or toxic materials or wastes, and the exposure of persons thereto); business practices and operations; labor practices; employee benefits; and zoning and other land use laws and regulations.

2.14. Properties. Except as set forth on Schedule 14A, all plants, structures and equipment which are utilized in the Business, or are material to the condition (financial or otherwise) of JAG are owned or leased by JAG, are free and clear of all Liens, are in good operating condition and repair (ordinary wear and tear excepted), and are adequate and suitable for the purposes for which they are used. Schedule 2.14B sets forth all (a) real property which is owned, leased (whether as lessor or lessee) or subject to contract or

commitment of purchase or sale or lease (whether as lessor or lessee) by JAG, or which is subject to a title retention or conditional sales agreement or other security device, and (b) tangible personal property which is owned, leased (whether as lessor or lessee) or subject to contract or commitment of purchase or sale or lease (whether as lessor or lessee) by JAG.

2.15. Intangibles/Inventions. Schedule 2.15 identifies (by a summary description) the Intangibles (as defined below), the ownership thereof and, if applicable, JAG's authority for use of the same, which Schedule is complete and correct and encompasses: (A) all United States and foreign patents, trademark and trade name registrations, trademarks and trade names, brandmarks and brand name registrations, servicemarks and servicemark registrations, assumed names and copyrights and copyright registrations, (collectively, the "Marks") owned in whole or in part or used by JAG, and all applications therefor, (B) all inventions, discoveries, improvements, processes, formulae, technology, know-how, processes and other intellectual property, proprietary rights and trade secrets relating to the Business (collectively, the "Inventions") and (C) all licenses and other agreements to which JAG is a party or otherwise bound which relate to any of the Intangibles or the Inventions or JAG's use thereof in connection with the Business (collectively, the "Licenses", and together with the Marks and the Inventions, the "Intangibles"). No violations of the terms of any of the aforesaid licenses and/or agreements have occurred. Except as disclosed on Schedule 2.15, (A) JAG owns or is authorized to use in connection with the Business all of the Intangibles; (B) no proceedings have been instituted, are pending, or to the best knowledge of JAG and the Shareholders, are threatened which challenge the rights of JAG with respect to the Intangibles or its use thereof in connection with the Business and/or the Assets or the validity thereof and, there is no valid basis for any such proceedings; (C) neither JAG's ownership of the Intangibles nor their use thereof in connection with the Business and/or the Assets violates any laws, statutes, ordinances or regulations, or has at any time infringed upon or violated any rights of others, or is being infringed by others; (D) none of the Intangibles, or JAG's use thereof in connection with the Business and/or the Assets is subject to any outstanding order, decree, judgment, stipulation or any lien, security interest or other encumbrance; and (E) JAG has not granted any license to third parties with regard to its Intangibles.

2.16. Systems and Software. JAG owns or has the right to use pursuant to lease, license, sublicense, agreement, or permission all computer hardware, software and information systems listed on Schedule 2.16 and necessary for the operation of the businesses of JAG as presently conducted (collectively, "Systems"). Each System owned or used by JAG immediately prior to the Effective Date will be owned or available for use by JAG on identical terms and conditions immediately subsequent to the

Effective Date. With respect to each System owned by a third party and used by JAG pursuant to lease, license, sublicense, agreement or permission: (a) the lease, license, sublicense, agreement or permission covering the System is legal, valid, binding, enforceable, and in full force and effect; (b) the lease, license, sublicense, agreement or permission will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the Effective Date; (c) no party to any such lease, license, sublicense, agreement or permission is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default, and permit termination, modification or acceleration thereunder; (d) no party to any such lease, license, sublicense, agreement or permission has repudiated any provision thereof; (e) JAG has not granted any sublicense, sublease or similar right with respect to any such lease, license, sublicense, agreement or permission; (f) JAG's use and continued use of such Systems does not and will not interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any intellectual property rights of third parties as a result of the continued operation of the Business.

2.17. Tax Matters.

(a) Except as listed on Schedule 2.17, JAG has filed with the appropriate governmental agencies all tax returns and reports required to be filed by it, and has paid in full or contested in good faith or made adequate provision for the payment of, Taxes (as defined herein) shown to be due or claimed to be due on such tax returns and reports. The provisions for Taxes which are set forth on the Balance Sheet are adequate for all accrued and unpaid taxes of JAG as of June 30, 1998, whether (i) incurred in respect of or measured by income of JAG for any periods prior to the close of business on that date, or (ii) arising out of transactions entered into, or any state of facts existing, on or prior to such date. JAG has duly withheld all payroll taxes, FICA and other federal, state and local taxes and other items requiring to be withheld by it from employer wages, and has duly deposited the same in trust for or paid over to the proper taxing authorities. JAG has not executed or filed with any taxing authority any agreement extending the periods for the assessment or collection of any Taxes, and is not a party to any pending or, to the best knowledge of JAG and the Shareholders, threatened, action or proceeding by any governmental authority for the assessment or collection of Taxes. Within the past three years, the United States federal income tax returns of JAG have not been examined by the Internal Revenue Service ("the IRS"), nor has any states taxing authority examined any merchandize, personal property, sales or use tax returns of JAG.

(b) JAG (i) has not agreed to or been required to make any adjustment pursuant to Section 481(a) of the

Internal Revenue Code of 1986, as amended (the "Code"), (ii) has no knowledge that the IRS or any other taxing authority has proposed any such adjustment or change in accounting method, and (iii) has no application pending with any governmental authority requesting permission for any change in accounting method.

(c) As used herein, the term "Taxes" means all federal, state, county, local and other taxes and governmental assessments, including but not limited to income taxes, estimated taxes, withholding taxes, excise taxes, ad valorem taxes, payroll related taxes (including but not limited to premiums for worker's compensation insurance and statutory disability insurance), employment taxes, franchise taxes and import duties, together with any related liabilities, penalties, fines, additions to tax or interest.

2.18. Insurance. Schedule 2.18 is a complete and correct list and summary description of all contracts and policies of insurance relating to any of the Assets, the Business or the Shareholders in which JAG is an insured party, beneficiary or loss payable payee. Such policies are in full force and effect, all premiums due and payable with respect thereto have been paid, and no notice of cancellation or termination has been received by JAG with respect to any such policy.

2.19. Banks; Powers of Attorney. Schedule 2.19 is a complete and correct list showing (a) the names of each bank in which JAG has an account or safe deposit box and the names of all persons authorized to draw thereon or who have access thereto, and (b) the names of all persons, if any, holding powers of attorney from JAG.

2.20. Employee Arrangements. Schedule 2.20 is a complete and correct list and summary description of all (a) union, collective bargaining, employment, management, termination and consulting agreements to which JAG is a party or otherwise bound, and (b) compensation plans and arrangements; bonus and incentive plans and arrangements; deferred compensation plans and arrangements; pension and retirement plans and arrangements; profit-sharing and thrift plans and arrangements; stock purchase and stock option plans and arrangements; hospitalization and other life, health or disability insurance or reimbursement programs; holiday, sick leave, severance, vacation, tuition reimbursement, personal loan and product purchase discount policies and arrangements; and other plans or arrangements providing for benefits for employees of JAG. Said Schedule also lists the names and compensation of all employees of JAG whose earnings during the last fiscal year were \$25,000 or more (including bonuses and other incentive compensation), and all employees who are expected to receive at least said amount in respect of the current fiscal year.

2.21. ERISA. JAG neither maintains nor is obligated to contribute to an "employee pension benefit plan" as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and JAG "welfare benefit plan", as such term is defined in Section 3(1) of ERISA.

2.22. Environmental Matters. JAG and each of its subsidiaries has obtained and is in compliance with the terms and conditions of all required permits, licenses, registrations and other authorizations required under Environmental Laws (as hereinafter defined). To the best knowledge of the Shareholders and JAG, no asbestos in a friable condition, equipment containing polychlorinated biphenyls, leaking underground or above-ground storage tanks are contained in or located at any facility currently, or was contained or located at any facility previously owned, leased or controlled by JAG or any subsidiary of JAG heretofore in existence. JAG has not released, discharged or disposed of on, under or about any facility currently or previously owned, leased or controlled by JAG, any Hazardous Substance (as hereinafter defined), and to the best knowledge of JAG and the Shareholders, no third party has released, discharged or disposed of on, under or about any facility currently or previously owned, leased or controlled by JAG, and Hazardous Substances. JAG is in compliance with all applicable Environmental Laws. JAG has fully disclosed to TTIS all past and present noncompliance with, or liability under, Environmental Laws, and all past discharges, emissions, leaks, releases or disposals by it of any substance or waste regulated under or defined by Environmental Laws that have formed or could reasonably be expected to form the basis of any claim, action, suit, proceeding, hearing or investigation under any applicable Environmental Laws. JAG has not received notice of any past or present events, conditions, circumstances, activities, practices, incidents, actions or plans of JAG or its subsidiaries that have resulted in or threaten to result in any common law or legal liability, or otherwise form the basis of any claim, action, suit, proceeding, hearing or investigation under, any applicable Environmental Laws. For purposes of this Section 2.22, (a) "Environmental Laws: mean applicable federal, state, local and foreign laws, regulations and codes relating in any respect to pollution or protection of the environment and (b) "Hazardous Substances" means any toxic, caustic or otherwise dangerous substance (whether or not regulated under federal, state or local environmental statutes, rules, ordinances, or orders), including (i) "hazardous substance" as defined in 42 U.S.C. Section 9601, and (ii) petroleum products, derivatives, byproducts and other hydrocarbons.

2.23. Business Practices and Commitments. Set forth on Schedule 2.23 is a description of and a list and the amount of all of JAG's outstanding obligations with respect to (i) JAG's rebate and volume discount practice and obligations,

(ii) JAG's allowance and customer return practice and obligations, (iii) JAG's co-op advertising and other promotional practices, and (iv) JAG's warranty practice and obligations as each of the foregoing relate to the customers and suppliers of JAG.

2.24. Certain Business Matters. Except as is set forth in Schedule 2.24, (a) JAG is not a party to or bound by any publishing, distributorship, dealership, sales agency, franchise or similar agreement which relates to the sale or distribution of any of the products and services of the Business, (b) JAG has no sole-source supplier of significant goods or services (other than utilities) with respect to which practical alternative sources are not available on comparable terms and conditions, (c) there are no pending or, to the best knowledge of JAG and the Shareholders, threatened labor negotiations, work stoppages or work slowdowns involving or affecting the Business, and no union representation questions exist, and there are no organizing activities, in respect of any of the employees of JAG, (d) the product and service warranties given by JAG or by which it is bound (complete and correct copies or descriptions of which have heretofore been delivered by JAG to TTIS) entail no greater obligations than are customary in the Business, (e) neither JAG nor the Shareholders is a party to or bound by any agreement which limits its or his, as the case may be, freedom to compete in any line of business or with any person, or which is otherwise materially burdensome to JAG or the Shareholders, and (f) JAG is not a party to or bound by any agreement in which any officer, director or stockholder of JAG (or any affiliate of any such person) has, or had when made, a direct or indirect material interest.

2.25. Certain Contracts. Schedule 2.25 is a complete and correct list of all material contracts, commitments, obligations and understandings which are not set forth in any other Schedule delivered hereunder and to which JAG is a party or otherwise bound, except for (a) purchase orders from vendors or customers and (b) each of those which (i) were made in the ordinary course of business and (ii) either (A) are terminable by JAG (and will be terminable by JAG) without liability, expense or other obligation on 30 days' notice or less, or (B) may be anticipated to involve aggregate payments to or by JAG of \$50,000 (or the equivalent) or less calculated over the full term thereof, and (C) are not otherwise material to the Business. Complete and correct copies of all contracts, commitments, obligations and undertakings set forth on any of the Schedules delivered pursuant to this Agreement have been furnished by JAG to TTIS. Except as expressly stated on any of such Schedules, (1) each of agreements listed on Schedule 2.25 is in full force and effect, no other person or entity which is a party thereto or otherwise bound thereby is in material default thereunder, and no event, occurrence, condition or act exists which does (or which with the giving of notice or the lapse of time or both would)

give rise to a material default or right of cancellation, acceleration or loss of contractual benefits thereunder; (2) there has been no threatened cancellations thereof, and there are no outstanding disputes thereunder; and (3) each of them is fully assignable without the consent, approval, order or any waiver by, or any other action of or with any individual or individuals, without the payment of any penalty, the incurrence of any additional debt, liability or obligation of any nature whatsoever or the change of any term.

2.26. Customers and Suppliers. Schedule 2.26 sets forth a complete and correct list, as of June 30, 1998, of (a) the 20 largest customers of the Business and the amount for which each such customer was invoiced, and (b) the 20 largest suppliers of the Business and the amount of goods and services purchased from each such supplier. There are no (i) threatened cancellations by the aforesaid customers or suppliers with respect to the Business, (ii) outstanding disputes by such customers or suppliers with JAG and the Business, or (iii) any adverse changes in the business relationship between the Business and any such customer or supplier. To the best knowledge of the Shareholders and JAG, the aforesaid suppliers and customers will continue their respective relationships with the Business after the Closing Date on substantially the same basis as now exists.

2.27. Approvals/Consents. Except as set forth on Schedule 2.27, JAG currently holds all governmental and administrative consents, permits, appointments, approvals, licenses, certificates and franchises which are necessary for the operation of the Business, all of which are in full force and effect and are transferable pursuant to the transaction contemplated hereby without the payment of any penalty, the incurrence of any additional debt, liability or obligation of any nature whatsoever or the change of any term. Schedule 2.27 is a complete and correct list of all such governmental and administrative consents, permits, appointments, approvals, licenses, certificates and franchises. No material violations of the terms thereof have heretofore occurred or are known by the Shareholders to exist as of the date of this Agreement.

2.28. Information as to JAG. None of the representations or warranties made by the Shareholders in this Agreement is, or contained in any of the JAG Documents to be executed and delivered hereto will be, false or misleading with respect to any material fact, or omits to state any material fact necessary in order to make the statements therein contained not misleading.

2.29. Pooling of Interests. Each of the parties hereto intends that the Merger be accounted for under the pooling of interests methods under the requirements of APB No. 16 of the AICPA, as amended by the SFAS Board and the related interpretations of the AICPA, the SFAS Board and the rules and

regulations of the SEC. Neither JAG nor the Shareholders has, through the date of this Agreement, taken or agreed to take any action which would impair the ability of JAG to account for the business combination to be effected by the Merger as a pooling of interests. Except as set forth on Schedule 2.29:

(a) Neither JAG nor the Shareholders own or will have, since the date two years prior to the Effective Date, owned any shares of TTIS Common Stock, nor shall JAG have been a subsidiary or a division of another entity since the date two years prior to the Effective Date.

(b) JAG has no equity investments or rights to purchase equity investments of any kind in TTIS other than as pursuant to this Agreement and the other agreements referenced herein; and

(c) JAG has not disposed of a significant amount of assets other than in the ordinary course of business since the date two years prior to the Effective Date.

The equity transactions and the capital stock transactions for JAG and for each Shareholder since the date two years prior to the date hereof are set forth on Schedule 2.29.

2.30. Securities Act Representation. Except in accordance with the Registration Rights Agreement (as defined in Section 5.16), each Shareholder is acquiring the TTIS Common Stock solely for investment purposes, with no intention of distributing or reselling any such stock or any interest therein. Each Shareholder is aware that the TTIS Common Stock will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and that neither the TTIS Common Stock nor any interest therein may be sold, pledged, or otherwise transferred unless the TTIS Common Stock is registered under the Securities Act or qualifies for an exemption under the Securities Act.

3. Representations and Warranties as to TTIS and Subsidiary. TTIS and Subsidiary, jointly and severally, represent and warrant to JAG and the Shareholders as follows:

3.1. Organization, Standing and Power. Each of TTIS and Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, the laws of the jurisdiction of their respective incorporation, with full corporate power and corporate authority to (i) own, lease and operate its properties, (ii) carry on its business as currently conducted by it and (iii) execute and deliver, and perform under this Agreement and each other agreement and instrument to be executed and delivered by it pursuant hereto. Except as set forth on Schedule 3.1, there are no states or jurisdictions in which the character and location of any of the properties owned or leased by TTIS or the Subsidiary,

or the conduct of their respective business operations makes it necessary for TTIS or the Subsidiary to qualify to do business as a foreign corporation. True and complete copies of the Certificate of Incorporation of TTIS and all amendments thereof, and of the By-laws of TTIS, as amended to date, have heretofore been furnished to JAG.

3.2. Interests in Other Entities. Schedule 3.2 sets forth a true and complete list of all direct or indirect subsidiaries of TTIS (other than the Subsidiary) that are material to the financial condition of TTIS and its subsidiaries, together with the jurisdiction of incorporation of each such subsidiary and the percentage of each such subsidiary's outstanding capital stock owned by TTIS or another of TTIS's subsidiaries. Each of such subsidiaries are duly organized corporations, validly existing and in good standing under the laws of the jurisdiction of its respective incorporation (as well as all applicable foreign jurisdictions necessary to its business operations) and have the requisite corporate power and authority and governmental authority to own, operate or lease the properties that each purports to own, operate or lease and to carry on its business as it is now being conducted.

3.3. Capitalization.

(a) The authorized capital stock of TTIS consists of 50,000,000 shares of TTIS Common Stock and 5,317,000 shares of Preferred Stock, par value \$.01 per share (of which 1,850,000 shares of Series A Preferred Stock, \$.01 par value per share, are outstanding). As of the date hereof, (i) 12,103,863 shares of TTIS Common Stock are issued and outstanding, all of which are duly authorized, validly issued, fully paid and nonassessable, (ii) 1,186,784 (both plan and non-plan) shares of TTIS Common Stock are issuable upon exercise of options and (iii) 913,164 shares of TTIS Common Stock are reserved for future issuance upon exercise of outstanding common stock purchase warrants.

(b) The outstanding shares of capital stock of each of the subsidiaries of TTIS, including the Subsidiary, are duly authorized, validly issued, fully paid and nonassessable, and, except as set forth on Schedule 3.3, such shares are owned by TTIS, directly or indirectly, free and clear of all Liens and limitations on TTIS's voting rights. Except as noted on Schedule 3.3, there are no options, warrants or similar right outstanding with respect to shares of capital stock of any subsidiary.

(c) Except as set forth in the SEC Reports (as defined in Section 3.13 hereof) and on Schedule 3.3, and except for the transactions contemplated by this Agreement, there are no outstanding contractual obligations or other commitments or arrangements of TTIS to (A) repurchase, redeem or otherwise

acquire any shares of the capital stock of TTIS (or any interest therein) or (B) to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any other entity, or (C) issue or distribute to any person any capital stock of TTIS, or (D) issue or distribute to holders of any of the capital stock of TTIS any evidences of indebtedness or assets of TTIS. All of the outstanding securities of TTIS have been issued and sold by TTIS in full compliance with applicable federal and state securities laws.

3.4. Authority. The execution and delivery by TTIS and Subsidiary of this Agreement and of each agreement to be executed and delivered by either of them pursuant hereto (collectively, the "TTIS Documents"), the performance by each of them of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of TTIS and Subsidiary, and TTIS and Subsidiary have all necessary corporate power and corporate authority with respect thereto. This Agreement is, and when executed and delivered by TTIS and Subsidiary each other TTIS Document will be, the valid and binding obligation of TTIS or Subsidiary, as the case may be to the extent it is a party thereto, in accordance with the respective terms, thereof, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to the rules of law governing (and all limitations on) specific performance, injunctive relief, and other equitable remedies.

3.5. Noncontravention. Except as set forth on Schedule 3.5, neither the execution and delivery by TTIS or the Subsidiary of this Agreement or of any other document, agreement or instrument to be executed and delivered by either or both of them, nor the consummation of any of the transactions contemplated hereby or thereby, nor the performance by either or both of them of any of their respective obligations hereunder or thereunder, will (nor with the giving of notice or the lapse of time or both would) (a) conflict with or result in a breach of any provision of the Certificate of Incorporation, By-Laws or other constituent documents of TTIS or the Subsidiary, each as amended to date, or (b) give rise to a default, or any right of termination, cancellation or acceleration, or otherwise be in conflict with or result in a loss of contractual benefits to either or both of them, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which either or both of them is a party or by which either or both of them or any of their respective assets may be bound, or require any consent, approval or notice under the terms of any such document or instrument, or (c) violate any order, writ, injunction, decree, law, statute, rule or regulation of any court or governmental authority which is applicable to either or both of them, or (d)

result in the creation or imposition of any lien, adverse claim, restriction, charge or encumbrance upon any of the assets of TTIS or the capital stock of TTIS, or (e) interfere with or otherwise adversely affect the ability of TTIS to carry on its business operations after the Effective Date in substantially the same basis as are now conducted by TTIS.

3.6. Litigation. Except as set forth in the SEC Reports or on Schedule 3.4, there are no claims, suits or actions, or administrative, arbitration or other proceedings or governmental investigations, pending or, to the best knowledge of TTIS and the Subsidiary, threatened, against or relating to TTIS or the Subsidiary or the transactions contemplated hereby. There are no judgments, orders, stipulations, injunctions, decrees or awards in effect which relate to TTIS, the Subsidiary, this Agreement or the transactions contemplated hereby, the effect of which is (a) to limit, restrict, regulate, enjoin or prohibit any business practice of TTIS in any area, or the acquisition by TTIS of any properties, assets or businesses, or (b) otherwise materially adverse to the TTIS Common Stock.

3.7. No Violation of Law. To the best knowledge of TTIS and the Subsidiary, neither TTIS nor the Subsidiary is engaging in any activity or omitting to take any action as a result of which it is in violation of any law, rule, regulation, zoning or other ordinance, statute, order, injunction or decree, or any other requirement of any court or governmental or administrative body or agency, applicable to TTIS, the Subsidiary or the businesses of either or both of them, including, but not limited to, those relating to: occupational safety and health matters; issues of environmental and ecological protection (e.g., the use, storage, handling, transport or disposal of pollutants, contaminants or hazardous or toxic materials or wastes, and the exposure of persons thereto); business practices and operations; labor practices; employee benefits; and zoning and other land use laws and regulations.

3.8. Accounts and Notes Receivable/Inventories.

(a) The accounts and notes receivable of TTIS which are reflected on the financial statements set forth in the SEC Reports are good and collectible in the ordinary course of business at the aggregate recorded amounts thereof, less the respective amount of the allowances for doubtful accounts and notes receivable, if any, reflected thereon, and are not subject to offsets other than in the ordinary course of business. The accounts and notes receivable of TTIS which were added after April 30, 1998, are good and collectible in the ordinary course of business, less the respective amount of the allowances for doubtful accounts and notes receivable, if any, reflected on the books and records of TTIS (which allowances were established on a basis consistent with prior practice), and are not subject to offsets.

(b) The inventories reflected on the latest balance sheet contained in the SEC Reports consist of items of a quality and quantity usable or saleable in the ordinary course of business, except for obsolete materials, slow-moving items, materials of below standard quality and not readily marketable items, all of which have been (i) written down to net realizable value or (ii) adequately reserved against on the books and records of TTIS. All inventories are stated at the lower of cost or market.

3.9. Properties. All plants, structures and equipment which are material to the condition (financial or otherwise) of TTIS or the Subsidiary are owned or leased by TTIS operations or the Subsidiary, as applicable, are free and clear of all Liens except as otherwise disclosed in the SEC Reports, are in good operating condition and repair (ordinary wear and tear excepted), and are adequate and suitable for the purposes for which they are used. The SEC Reports and Schedule 3.9 sets forth all (a) real property which is owned, leased (whether as lessor or lessee) or subject to contract or commitment of purchase or sale or lease (whether as lessor or lessee) by TTIS or the Subsidiary, or which is subject to a title retention or conditional sales agreement or other security device, and (b) except for furniture, personal computers and personal property having a value less than \$500.00 located at its various facilities, tangible personal property which is owned, leased (whether as lessor or lessee) or subject to contract or commitment of purchase or sale or lease (whether as lessor or lessee) by TTIS or the Subsidiary.

3.10. Systems and Software. TTIS owns or has the right to use pursuant to lease, license, sublicense, agreement, or permission all Systems necessary for the operation of the businesses of TTIS as presently conducted. Each System owned or used by TTIS immediately prior to the Effective Date will be owned or available for use by TTIS on identical terms and conditions immediately subsequent to the Effective Date. With respect to each System owned by a third party and used by TTIS pursuant to lease, license, sublicense, agreement or permission: (a) the lease, license, sublicense, agreement or permission covering the System is legal, valid, binding, enforceable, and in full force and effect; (b) the lease, license, sublicense, agreement or permission will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the Effective Date; (c) no party to any such lease, license, sublicense, agreement or permission is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default, and permit termination, modification or acceleration thereunder; (d) no party to any such lease, license, sublicense, agreement or permission has repudiated any provision thereof; (e) TTIS has not granted any sublicense, sublease or similar right with respect to any such lease, license, sublicense, agreement or permission; (f)

TTIS's use and continued use of such Systems does not and will not interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any intellectual property rights of third parties as a result of the continued operation of the Business.

3.11. Intangibles/Inventions. Schedule 3.11 identifies (by a summary description) the Intangibles, the ownership thereof and, if applicable, TTIS's authority for use of the same, which Schedule is complete and correct and encompasses: (A) all Marks owned in whole or in part or used by TTIS, and all applications therefor, (B) all inventions, discoveries, improvements, processes, formulae, technology, know-how, processes and other intellectual property, proprietary rights and trade secrets relating to the business of TTIS (collectively, the "Inventions") and (C) all licenses and other agreements to which TTIS is a party or otherwise bound which relate to any of the TTIS Intangibles or the TTIS Inventions or TTIS's use thereof in connection with the Business (collectively, the "TTIS Licenses, and together with the Marks and the TTIS Inventions, the "TTIS Intangibles"). No violations of the terms of any of the aforesaid licenses and/or agreements have occurred. Except as disclosed on Schedule 3.11, (A) TTIS owns or is authorized to use in connection with its business all of the TTIS Intangibles; (B) no proceedings have been instituted, are pending, or to the best knowledge of TTIS, are threatened which challenge the rights of TTIS with respect to the TTIS Intangibles or its use thereof in connection with the business operations of TTIS or the validity thereof and, there is no valid basis for any such proceedings; (C) neither TTIS's ownership of the TTIS Intangibles nor its use thereof in connection with its business operations violates any laws, statutes, ordinances or regulations, or has at any time infringed upon or violated any rights of others, or is being infringed by others; (D) none of the TTIS Intangibles, or TTIS's use thereof in connection with its business operations is subject to any outstanding order, decree, judgment, stipulation or any lien, security interest or other encumbrance; and (E) TTIS has not granted any license to third parties with regard to it the TTIS Intangibles.

3.12. Tax Matters.

(a) Except as listed on Schedule 3.12, TTIS has filed with the appropriate governmental agencies all tax returns and reports required to be filed by it, and has paid in full or contested in good faith or made adequate provision for the payment of, Taxes shown to be due or claimed to be due on such tax returns and reports. The provisions for Taxes which are set forth on TTIS' balance sheet set forth in its latest Form 10-QSB for the three months ended April 30, 1998 are adequate for all accrued and unpaid taxes of TTIS as of April 30, 1998, whether (i) incurred in respect of or measured by income of TTIS for any periods prior to the close of business on that date, or

(ii) arising out of transactions entered into, or any state of facts existing, on or prior to such date. TTIS has duly withheld all payroll taxes, FICA and other federal, state and local taxes and other items requiring to be withheld by it from employer wages, and has duly deposited the same in trust for or paid over to the proper taxing authorities. TTIS has not executed or filed with any taxing authority any agreement extending the periods for the assessment or collection of any Taxes, and is not a party to any pending or, to the best knowledge of TTIS, threatened, action or proceeding by any governmental authority for the assessment or collection of Taxes. Within the past three years, the United States federal income tax returns of TTIS have not been examined by the IRS, nor has any states taxing authority examined any merchandize, personal property, sales or use tax returns of TTIS.

(b) TTIS (i) has not agreed to or been required to make any adjustment pursuant to Section 481(a) of the Code, (ii) has no knowledge that the IRS or any other taxing authority has proposed any such adjustment or change in accounting method, and (iii) has no application pending with any governmental authority requesting permission for any change in accounting method.

3.13. Securities and Exchange Commission Filings; Financial Statements.

(a) TTIS has filed on EDGAR all forms, reports, statements and documents required to be filed with the Securities and Exchange Commission ("SEC") (collectively, the "SEC Reports"), as set forth in Schedule 3.13, each of which has complied in form in all material respects with the applicable requirements of the Securities Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as applicable, each as in effect on the date so filed. None of such reports (including but not limited to any financial statements or schedules included or incorporated by reference therein) filed by TTIS, when filed (except to the extent revised or superseded by a subsequent filing with the SEC) contained any untrue statement of a material fact.

(b) Each of the consolidated financial statements contained in the SEC Reports has been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as may otherwise be indicated in the notes thereto) and each presents fairly, in all material respects, the consolidated financial position of TTIS and its subsidiaries as at the respective dates thereof and the consolidated results of its operations and cash flow position for the periods indicated.

(c) Except as and to the extent set forth on the balance sheet of TTIS and its subsidiaries as at April 30, 1998, including the notes thereto, TTIS and its subsidiaries

taken as a whole, do not have any liabilities or obligations, whether or not accrued, contingent or otherwise, that would be required to be included on a balance sheet prepared in accordance with GAAP, except for liabilities or obligations incurred in the ordinary course of business since April 30, 1998, none of which would, individually or in the aggregate, have a material adverse effect on the financial condition, or results of the operations or cash flows of TTIS and its subsidiaries, on a consolidated basis.

3.14. Stock Issuable in Merger. The Share Consideration, when issued, will be duly authorized and validly issued, fully paid and non-assessable, will be delivered hereunder free and clear of any liens, adverse claims, security interests, pledges, mortgages, charges and encumbrances of any nature whatsoever, except that the shares of TTIS Common Stock constituting the Share Consideration are not registered and will be subject to restrictions on transfers under the Securities Act.

3.15. Absence of Changes. Since April 30, 1998, there have not been (a) any material adverse change (other than as is normal in the ordinary course of business, in the condition (financial or otherwise), assets, liabilities, business, prospects, results of operations or cash flows of TTIS and Subsidiary (including, without limitation, any such adverse change resulting from damage, destruction or other casualty loss, whether or not covered by insurance), (b) any waivers by TTIS or Subsidiary of any right, or cancellation of any debt or claim, of substantial value, (c) any declarations, set asides or payments of any dividend or other distributions or payments in respect of the TTIS Common Stock, or (d) any changes in the accounting principles or methods which are utilized by TTIS or Subsidiary.

3.16. Environmental Matters. TTIS and the Subsidiary have obtained and are in compliance with the terms and conditions of all required permits, licenses, registrations and other authorizations required under Environmental Laws. To the best knowledge of TTIS and the Subsidiary, no asbestos in a friable condition, equipment containing polychlorinated biphenyls, leaking underground or above-ground storage tanks are contained in or located at any facility currently, or was contained or located at any facility previously owned, leased or controlled by TTIS or the Subsidiary. Neither TTIS nor the Subsidiary has released, discharged or disposed of on, under or about any facility currently or previously owned, leased or controlled by TTIS, any Hazardous Substance, and to the best knowledge of TTIS and the Subsidiary, no third party has released, discharged or disposed of on, under or about any facility currently or previously owned, leased or controlled by TTIS, Hazardous Substances. TTIS is in compliance with all applicable Environmental Laws. TTIS has fully disclosed to JAG all past and present noncompliance with, or liability under, Environmental Laws, and all past discharges, emissions, leaks,

releases or disposals by it of any substance or waste regulated under or defined by Environmental Laws that have formed or could reasonably be expected to form the basis of any claim, action, suit, proceeding, hearing or investigation under any applicable Environmental Laws. TTIS has not received notice of any past or present events, conditions, circumstances, activities, practices, incidents, actions or plans of TTIS or the Subsidiary that have resulted in or threaten to result in any common law or legal liability, or otherwise form the basis of any claim, action, suit, proceeding, hearing or investigation under, any applicable Environmental Laws.

3.17. Approvals/Consents. Except as set forth on Schedule 3.17, TTIS and the Subsidiary currently hold all governmental and administrative consents, permits, appointments, approvals, licenses, certificates and franchises which are necessary for the operation of its Business operations, all of which are in full force and effect and are transferable pursuant to the transaction contemplated hereby without the payment of any penalty, the incurrence of any additional debt, liability or obligation of any nature whatsoever or the change of any term. Schedule 3.17 is a complete and correct list of all such governmental and administrative consents, permits, appointments, approvals, licenses, certificates and franchises. No material violations of the terms thereof have heretofore occurred or are known by TTIS or the Subsidiary to exist as of the date of this Agreement.

3.18. Pooling of Interests. Each of the parties hereto intends that the Merger be accounted for under the pooling of interests methods under the requirements of APB No. 16 of the AICPA, as amended by the SFAS Board and the related interpretations of the AICPA, the SFAS Board and the rules and regulations of the SEC. Neither TTIS nor the Subsidiary has, through the date of this Agreement, taken or agreed to take any action which would impair the ability of TTIS to account for the business combination to be effected by the Merger as a pooling of interests.

3.19. Information as to TTIS and Subsidiary. None of the representations or warranties made by TTIS or Subsidiary in this Agreement, or contained in any of the TTIS Documents, to be executed and delivered hereto, is or will be, false or misleading with respect to any material fact, or omits to state any material fact necessary in order to make the statements therein contained not misleading.

4. Indemnification.

4.1. Indemnification by the Shareholders. Each of JAG (before the Effective Date) and the Shareholders, jointly and severally, hereby indemnifies and agrees to defend and hold harmless each of TTIS and Subsidiary from and against any and all

losses, obligations, deficiencies, liabilities, claims, damages, costs and expenses (including, without limitation, the amount of any settlement entered into pursuant hereto, and all reasonable legal and other expenses incurred in connection with the investigation, prosecution or defense of any matter indemnified pursuant hereto) which either of them may sustain, suffer or incur and which arise out of, are caused by, relate to, or result or occur from or in connection with any misrepresentation of a fact contained in any representation of JAG and/or the Shareholders contained in, or the breach by JAG, or the Shareholders of any warranty or covenant made by any one or all of them in, any JAG Document and/or any Shareholder Document. The foregoing indemnification shall also apply to direct claims by TTIS and/or Subsidiary against the Shareholders.

4.2. Indemnification by TTIS and Subsidiary. Each of TTIS and Subsidiary, jointly and severally, indemnifies and agrees to defend and hold harmless each of JAG (before the Effective Date) and the Shareholders from and against any and all losses, obligations, deficiencies, liabilities, claims, damages, costs and expenses (including, without limitation, the amount of any settlement entered into pursuant hereto, and all reasonable legal and other expenses incurred in connection with the investigation, prosecution or defense of any matter indemnified pursuant hereto), which it or he may sustain, suffer or incur and which arise out of, are caused by, relate to, or result or occur from or in connection with any misrepresentation of a fact contained in any representation of TTIS and/or Subsidiary contained in, or the breach by TTIS or Subsidiary of any warranty or covenant made by either or both of them in, any TTIS Document. The foregoing indemnification shall also apply to direct claims by JAG or the Shareholders against TTIS and/or Subsidiary.

4.3. Third Party Claims. If a claim by a third party is made against any party or parties hereto and the party or parties against whom said claim is made intends to seek indemnification with respect thereto under Subsections 4.1 or 4.2, the party or parties seeking such indemnification shall promptly notify the indemnifying party or parties, in writing, of such claim; provided, however, that the failure to give such notice shall not affect the rights of the indemnified party or parties hereunder except to the extent that such failure materially and adversely affects the indemnifying party or parties due to the inability to timely defend such action. The indemnifying party or parties shall have 10 business days after said notice is given to elect, by written notice given to the indemnified party or parties, to undertake, conduct and control, through counsel of their own choosing (subject to the consent of the indemnified party or parties, such consent not to be unreasonably withheld) and at their sole risk and expense, the good faith settlement or defense of such claim, and the indemnified party or parties shall cooperate with the indemnifying parties in connection therewith; provided: (a) all

settlements require the prior reasonable consultation with the indemnified party and the prior written consent of the indemnified party, which consent shall not be unreasonably withheld, and (b) the indemnified party or parties shall be entitled to participate in such settlement or defense through counsel chosen by the indemnified party or parties, provided that the fees and expenses of such counsel shall be borne by the indemnified party or parties. So long as the indemnifying party or parties are contesting any such claim in good faith, the indemnified party or parties shall not pay or settle any such claim; provided, however, that notwithstanding the foregoing, the indemnified party or parties shall have the right to pay or settle any such claim at any time, provided that in such event they shall waive any right of indemnification therefor by the indemnifying party or parties. If the indemnifying party or parties do not make a timely election to undertake the good faith defense or settlement of the claim as aforesaid, or if the indemnifying parties fail to proceed with the good faith defense or settlement of the matter after making such election, then, in either such event, the indemnified party or parties shall have the right to contest, settle or compromise (provided that all settlements or compromises require the prior reasonable consultation with the indemnifying party and the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld) the claim at their exclusive discretion, at the risk and expense of the indemnifying parties.

4.4. Limitation. Notwithstanding the provisions of this Section 4, the indemnification obligations shall not be applicable except to the extent that the aggregate of all indemnifiable amounts sought against the indemnifying parties exceeds \$250,000; provided, however, in no event shall the maximum liability of each Shareholder exceed the amounts, determined by the following formulas:

Name	Percentage of JAG Ownership	Number of TTIS Common Stock Received	Multiplied By	Maximum Liability
David	45%	1,237,500	("X")	\$_____
Robert	50%	1,375,000	("X")	\$_____
Thomas	5%	137,500	("X")	\$_____
Total:	100%	2,750,000	("X")	\$_____

"X" = the average of the closing bid price per share of the TTIS Common Stock on the five trading days immediately proceeding the Closing Date.

4.5. Assistance. Regardless of which party is controlling the defense of any claim, each party shall act in good faith and shall provide reasonable documents and cooperation to the party handling the defense.

5. Covenants

5.1. Investigation.

(a) Between the date hereof and the Closing Date, TTIS and/or Subsidiary, on the one hand, and JAG and the Shareholders, on the other hand, may, directly and through their representatives, make such investigation of each other corporate party and their respective businesses and assets of the other corporate party or parties as each deems necessary or advisable (the entity and/or its representatives making such investigation being the "Investigating Party"), but such investigation shall not affect any of the representations and warranties contained herein or in any instrument or document delivered pursuant hereto. In furtherance of the foregoing, the Investigating Party shall have reasonable access, during normal business hours after the date hereof, to all properties, books, contracts, commitments and records of each other, and shall furnish to the other and their representatives such financial and operating data and other information as may from time to time be reasonably requested relating to the transactions contemplated by this Agreement. Each of TTIS and Subsidiary, on the one hand, and JAG and the Shareholders, on the other, and the respective management, employees, accountants and attorneys of the corporate parties shall cooperate fully with the Investigating Party in connection with such investigation.

(b) The parties hereto hereby agree that all confidential information of a party to which an Investigating Party obtains access shall be deemed "Confidential Information." As used in this Section, the term "Confidential Information" shall mean any and all information (verbal and written) relating to the Business, including, but not limited to, information relating to: identity and description of goods and services used; purchasing; costs; pricing; sources; machinery and equipment; technology; research, test procedures and results; customers and prospects; marketing; and selling and servicing;

(c) After the Effective Date each of the Shareholders agrees not to, at any time, directly or indirectly, use, communicate, disclose or disseminate any Confidential Information in any manner whatsoever except such disclosures which are necessary to comply with their duties as officers of the Surviving Corporation.

5.2. Non-Compete Covenant. Each of the Shareholders hereby acknowledges and confirms that, in connection with the Merger, such Shareholder has agreed to certain non-

compete and other restrictive covenants which are set forth in such Shareholder's respective Employment Agreements (as hereinafter defined) entered into pursuant to this Agreement.

5.3. Consummation of Transaction. Each of the parties hereto hereby agrees to use its best efforts to cause all conditions precedent to his or its obligations (and to the obligations of the other parties hereto to consummate the transactions contemplated hereby) to be satisfied, including, but not limited to, using all reasonable efforts to obtain all required (if so required by this Agreement) consents, waivers, amendments, modifications, approvals, authorizations, novations and licenses; provided, however, that nothing herein contained shall be deemed to modify any of the absolute obligations imposed upon any of the parties hereto under this Agreement or any agreement executed and delivered pursuant hereto.

5.4. Cooperation/Further Assurances.

(a) Each of the parties hereto hereby agrees to fully cooperate with the other parties hereto in preparing and filing any notices, applications, reports and other instruments and documents which are required by, or which are desirable in the reasonable opinion of any of the parties hereto, or their respective legal counsel, in respect of, any statute, rule, regulation or order of any governmental or administrative body in connection with the transactions contemplated by this Agreement.

(b) Each of the parties hereto hereby further agrees to execute, acknowledge, deliver, file and/or record, or cause such other parties to the extent permitted by law to execute, acknowledge, deliver, file and/or record such other documents as may be required by this Agreement and as TTIS and/or Subsidiary, on the one hand, and/or JAG and/or the Shareholders, on the other, or their respective legal counsel may reasonably require in order to document and carry out the transactions contemplated by this Agreement.

5.5. Accuracy of Representations. Each party hereto agrees that prior to the Effective Date he or it will enter into no transaction and take no action, and will use his or its best efforts to prevent the occurrence of any event (but excluding events which occur in the ordinary course of business and events over which such party has no control), which would result in any of his or its representations, warranties or covenants contained in this Agreement or in any agreement, document or instrument executed and delivered by him or it pursuant hereto not to be true and correct, or not to be performed as contemplated, at and as of the time immediately after the occurrence of such transaction or event.

5.6. Notification of Certain Matters. JAG and the Shareholders shall give prompt notice to TTIS and Subsidiary, and

TTIS or Subsidiary shall give prompt notice to JAG and the Shareholders, as the case may be, of (a) the occurrence, or nonoccurrence, or any event the occurrence, or nonoccurrence, of which would be likely to cause any representation contained in this Agreement to be untrue or inaccurate in any material respect at or prior to the Effective Date and (b) any material failure of JAG and/or the Shareholders, on the one hand, and of TTIS and/or Subsidiary, on the other, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by him or it hereunder; provided, however, that the delivery of any notice pursuant to this Subsection 5.6 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

5.7. Broker. Each of TTIS, Subsidiary, JAG, and the Shareholders represents and warrants to the other parties that no broker or finder was engaged or dealt with in connection with any of the transactions contemplated by this Agreement, and each of the parties shall indemnify and hold the other harmless from and against any and all claims or liabilities asserted by or on behalf of any alleged broker or finder for broker's fees, finder's fees, commissions or like payments.

5.8. No Solicitation of Transactions. Prior to the earlier of the Effective Date or the termination of this Agreement, neither JAG nor any of the Shareholders will, directly or indirectly, through any director, officer, employee, investment banker, financial advisor, attorney, accountant or other agent or representative of JAG otherwise, solicit, initiate or encourage the submission of proposals or offers from any person relating to any acquisition or purchase of all or (other than in the ordinary course of business) any portion of the JAG Capital Stock, Assets or Business of, or any equity interest in, JAG, or any business combination with JAG (other than the Merger contemplated hereby) and other than with TTIS and/or Subsidiary, participate in any negotiations regarding, or furnish to any other person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person to do or seek any of the foregoing. JAG and the Shareholders shall immediately cease and cause to be terminated any existing discussions or negotiations with any parties conducted heretofore with respect to any of the foregoing (other than in respect of the transaction contemplated hereby). JAG and the Shareholders shall promptly notify TTIS if any such proposal or offer, or any inquiry or contact with any person with respect thereto, is made and shall, in any such notice to TTIS, indicate in reasonable detail the identity of the offeror and the terms and conditions of any proposal or offer.

5.9. Prohibited Conduct. Each of JAG and the Shareholders, jointly and severally, covenants and agrees that, during the period from the date hereof to the Effective Date,

except pursuant to the terms hereof or unless TTIS shall otherwise agree in writing, the Business shall be conducted only, and JAG shall not take any action except, in the ordinary course of business and in a manner consistent with past practice and in compliance with applicable laws; and JAG shall use its best efforts to preserve intact its Assets, the Business and the business organization of JAG, to keep available the services of the present officers, employees and consultants of JAG, and to preserve the present relationships of JAG with customers, suppliers and other persons with whom JAG has business relations. By way of illustration, and not limitation, neither JAG nor the Shareholders shall, between the date of this Agreement and the Effective Date, directly or indirectly, do or propose or commit to do, any of the following without the prior written consent of TTIS:

(a) (i) declare, set aside or pay any dividends on, or make any other distributions in respect of, any of the JAG Capital Stock, or (ii) split, combine or reclassify any of the JAG Capital Stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of the JAG Capital Stock, or otherwise;

(b) authorize for issuance, issue, deliver, sell or agree to commit to issue, sell or deliver (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise), pledge or otherwise encumber, any shares of JAG Capital Stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities convertible securities or any other securities or equity equivalents;

(c) (i) increase the compensation payable or to become payable to any officer, director, employees or consultant of JAG, except pursuant to the terms of contracts, policies or benefit arrangements in effect on the date hereof, or (ii) grant any severance or termination pay to, or enter into any employment or severance agreement with, any director, officer, other employee or consultant of JAG or any of its subsidiaries, except pursuant to the terms of contracts, policies and benefit arrangements in effect on the date hereof, or (iii) establish, adopt, enter into or amend any collective bargaining (other than in accordance with past practice), bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any directors, officers, employees or consultants of JAG;

(d) amend the Certificate of Incorporation, By-Laws or other comparable charter or organizational documents of JAG or alter through merger, liquidation, reorganization,

restructuring, or in any other fashion, the corporate structure or ownership of JAG;

(e) acquire, or agree to acquire, (i) by merging or consolidating with, or by purchasing a substantial portion of the stock or assets of, or by any other manner, any business or corporation, partnership, joint venture, association or other business organization or division thereof, or (ii) any assets that are material, individually or in the aggregate, to JAG, except purchases consistent with past practice;

(f) sell, lease, license, mortgage or otherwise encumber or subject to any lien, security interest, pledge or encumbrance or otherwise dispose of any of the Assets, except sales in the ordinary course of business consistent with past practice;

(g) permit JAG to incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of JAG, guarantee any debt securities of another person, or enter into any arrangement having the economic effect of any of the foregoing, except for (i) short-term borrowings incurred in the ordinary course of business consistent with past practice, and (ii) the existing Provident Bank Facility disclosed in Schedule 5.9(g).

(h) except in the ordinary course of business, enter into any agreement, contract, commitment, involving a commitment on the part of JAG to purchase, sell, lease or otherwise dispose of assets or require payment by JAG in excess of \$50,000;

(i) make any capital expenditures;

(j) adopt a plan of complete or partial liquidation of JAG or resolutions providing for or authorizing such a liquidation or the dissolution, merger, consolidation, restructuring, recapitalization or reorganization of JAG;

(k) cause JAG to recognize any labor union (unless legally required to do so) or enter into or amend any collective bargaining agreement;

(l) change any accounting principles used by JAG, unless required by the Financial Accounting Standards Board;

(m) make any tax election of, or settle, compromise any income tax liability of, or file any federal income tax return prior to the last day (including extensions) prescribed by law, in the case of any of the foregoing, material to the business, financial condition or results of the operations of JAG and its subsidiaries, if any, taken as a whole;

(n) settle or compromise any litigation in which JAG is a defendant (whether or not commenced prior to the date of this Agreement) or settle, pay or compromise any claims not required to be paid, which payments are individually in an amount in excess of \$5,000 and in the aggregate in an amount in excess of \$25,000; and

(o) authorize any of, or commit or agree to take any of, the foregoing actions.

5.10. Tax-Free Reorganization. Each of the parties hereto agree to use all reasonable efforts to cause the Merger to be treated as a reorganization within the meaning of Section 368(a) of the Code, and to obtain the opinion of its respective counsel. Each party shall make, and shall use all reasonable efforts to cause those of its respective shareholders that counsel to the parties shall reasonably request to make, such representations and provide certificates as counsel to the parties shall reasonably request to enable them to render such opinions.

5.11. Pooling of Interests. Neither JAG nor the Shareholders shall take any action which would adversely affect the likelihood of treating, for financial reporting purposes, the Merger as a "pooling of interests."

5.12. Payment of Taxes Upon Merger. The Shareholders shall be responsible for, and shall pay, any and all sales, use, purchase, transfer and similar taxes (real estate or otherwise), and any and all filing, recording, registration and similar fees, arising out of the transfer of JAG Capital Stock pursuant to the Merger.

5.13. Stock Options. At the Effective Date, TTIS shall reserve an additional 250,000 shares of TTIS Common Stock under its 1997 Stock Option Plan (the "1997 Plan") for the granting of incentive stock options to the key employees of the Surviving Corporation listed on Schedule 5.13 after the Effective Date. All such options shall be granted pursuant to the terms and conditions of the 1997 Plan.

5.14. Employment Agreements. At the Effective Date, each of Nicholas Alexander, Robert, David and Thomas shall enter into an employment agreement with the Surviving Corporation in the form of Exhibits D, E, F and G hereto, respectively (the "Employment Agreements").

5.15. Registration Rights Agreement. At the Closing, TTIS shall enter into a registration rights agreement with the Shareholders, substantially in the form attached hereto as Exhibit H (the "Registration Rights Agreement"), with respect to a portion of the Share Consideration.

5.16. Business Office. Cincinnati, Ohio shall be the principal place of business for the Surviving Corporation for the next five (5) years.

5.17. TTIS Board of Directors. The members of the board of directors of TTIS (the "TTIS Board") shall use their best efforts to have appointed and elected Robert Alexander as a member of the TTIS Board, effective within three (3) days of the Closing Date, to hold such office in accordance with applicable law, the Certificate of Incorporation of TTIS and its By-Laws until his resignation, removal or replacement.

6. Conditions of Merger.

6.1. Conditions to Obligations of TTIS and Subsidiary to Effect the Merger. The respective obligations of TTIS and Subsidiary to effect the Merger shall be subject to the fulfillment at or prior to the Effective Date of the following conditions:

(a) Accuracy of Representations and Warranties. The representations and warranties of each of JAG and the Shareholders contained in any Shareholders Document or JAG Document delivered by either or both of them shall have been true when made, and, in addition, shall be true in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date.

(b) Performance of Agreements. Each of JAG and the Shareholders, as the case may be, shall have performed, observed and complied in all material respects with all of their obligations, covenants and agreements, and shall have satisfied or fulfilled in all material respects conditions contained in any Shareholders Document or JAG Document and required to be performed, observed or complied with, or to be satisfied or fulfilled, by JAG or the Shareholders at or prior to the Effective Date.

(c) Results of Investigation. TTIS and Subsidiary shall be satisfied with the results of any investigation of the business and affairs of JAG undertaken by them pursuant to Subsection 5.1 hereof, including, without limitation, satisfaction that the transaction would be "accretive" to the Earnings Per Share (fully diluted basis) of TTIS for the 1998 fiscal year.

(d) Board Authorization. Approval by the Board of Directors and the shareholders of JAG with respect to the execution and delivery of, and the performance by JAG of its obligations under, this Agreement and the transactions contemplated hereunder.

(e) Pooling of Interests. TTIS shall have received an opinion, in form attached as Exhibits I-1 and I-2, from each of Aronowitz, Chaiken & Hardesty, LLP and Price Waterhouse Coopers, LLP, independent auditors of JAG and TTIS, respectively, to the effect that the Merger will be treated for federal income tax purposes as a tax-free reorganization within the meaning of Section 368(a) of the Code. In rendering such opinion, such accountants may rely upon reasonable representations and certificates of JAG and TTIS and their respective directors, officers and shareholders.

(f) Affiliate Letters. TTIS shall have received a letter in substantially the form annexed hereto as Exhibit J from each of JAG, its officers and directors, the holders of JAG Capital Stock (or other securities of JAG) and any of its other "affiliates" within the meaning of Rule 145 of the Securities Act.

(g) Financing Arrangements. TTIS and JAG shall have executed a definitive agreement consistent with the term sheet attached hereto as Schedule 6.1(g) with respect to financing arrangements with respect to the on-going operations of JAG.

(h) Tangible Net Worth. JAG shall have at least \$1,800,000 of Tangible Net Worth as of the Closing Date. For purposes hereof, "Tangible Net Worth" shall mean the amount reflected on JAG's Balance Sheet as "Stockholder's Equity."

(i) Opinion of Counsel for JAG. TTIS and Subsidiary shall have received an opinion of Keating, Muething & Klekamp, P.L.L., counsel for JAG and the Shareholders, dated the Closing Date, in substantially the form of Exhibit K hereto.

(j) Litigation. No order of any court or administrative agency shall be in effect which restrains or prohibits the transactions contemplated hereby, and no claim, suit, action, inquiry, investigation or proceeding in which it will be, or it is, sought to restrain, prohibit or change the terms of or obtain damages or other relief in connection with this Agreement or any of the transactions contemplated hereby, shall have been instituted or threatened by any person or entity, and which, in the reasonable judgment of TTIS (based on the likelihood of success and material consequences of such claim, suit, action, inquiry or proceeding), makes it inadvisable to proceed with the consummation of such transactions.

(k) Consents and Approvals. All consents, waivers, approvals, licenses and authorizations by third parties

and governmental and administrative authorities (and all amendments or modifications to existing agreements with third parties) (the "Consents") including, without limitation, all Consents from the primary lending institutions of each of JAG, TTIS and the Subsidiaries, required as a precondition to the performance by JAG and the Shareholders of their respective obligations hereunder and under any agreement delivered pursuant hereto, or which in TTIS's reasonable judgment are necessary to continue unimpaired, subsequent to the Effective Date, any rights in and to the Assets and/or the Business which could be impaired by the Merger, shall have been duly obtained and shall be in full force and effect.

(l) Date of Consummation. The Merger shall have been consummated on or prior to August 31, 1998, or such later date as the parties shall agree by a written instrument signed by all of them.

(m) Validity of Transactions. The validity of all transactions contemplated hereby, as well as the form and substance of all agreements, instruments, opinions, certificates and other documents delivered by JAG and the Shareholders pursuant hereto, shall be satisfactory in all material respects to TTIS and its counsel.

(n) No Material Adverse Change. Except as otherwise provided by this Agreement, there shall not have occurred after the date hereof, in the reasonable judgment of TTIS, a material adverse change in the financial or business condition of JAG.

(o) Employment Agreements. Each of Nicholas Alexander, Robert, David and Thomas shall have executed and delivered their respective Employment Agreements.

(p) Closing Certificate. Each of the Shareholders shall have furnished TTIS and Subsidiary with certificates, all dated the Closing Date, to the effect that all the representations and warranties of JAG and the Shareholders are true and complete and all covenants to be performed by JAG or the Shareholders at or as of the Closing have been performed and conditions to be satisfied at or as of the Closing have been waived or satisfied.

6.2. Conditions to Obligations of JAG and the Shareholders to Effect the Merger. The obligations of JAG and the Shareholders to effect the Merger shall be subject to the fulfillment at or prior to the Effective Date of the following conditions:

(a) Accuracy of Representations and Warranties. The representations and warranties of TTIS and Subsidiary contained in any TTIS Documents delivered by either

TTIS or Subsidiary or both of them shall have been true when made, and, in addition, shall be true in all material respects, on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date.

(b) Performance of Agreements. Each of TTIS and Subsidiary shall have performed, observed and complied, in all material respects, with all obligations, covenants and agreements, and shall have satisfied or fulfilled in all material respects all conditions contained in any TTIS Document and required to be performed, observed or complied with, or satisfied or fulfilled, by TTIS and Subsidiary of them at or prior to the Closing Date.

(c) Board Authorization. Approval by the TTIS Board of the execution and delivery of, and the performance by TTIS of its obligations under, this Agreement and the transactions contemplated thereunder.

(d) Litigation. No order of any court or administrative agency shall be in effect which restrains or prohibits the transactions contemplated hereby, and no claim, suit, action, inquiry, investigation or proceeding in which it will be, or it is, sought to restrain, prohibit or change the terms of or obtain damages or other relief in connection with this Agreement or any of the transactions contemplated hereby shall have been instituted or threatened by any person or entity, and which in the reasonable judgment of the Shareholders (based on the likelihood of success and material consequences of such claim, suit, action, inquiry or proceeding), makes it inadvisable to proceed with the consummation of such transactions.

(e) Consents and Approvals. All consents, waivers, approvals, licenses and authorizations by third parties and governmental and administrative authorities (and all amendments and modifications to existing agreements with third parties) required as a precondition to the performance by TTIS and Subsidiary of their respective obligations hereunder and under any agreement delivered pursuant hereto, shall have been duly obtained and shall be in full force and effect.

(f) Pooling of Interests. TTIS shall have received an opinion, in form attached as Exhibits I-1 and I-2, from each of Aronowitz, Chaiken & Hardesty, LLP and Price Waterhouse Coopers, LLP, independent auditors of JAG and TTIS, respectively, to the effect that the Merger will be treated for federal income tax purposes as a tax-free reorganization within the meaning of Section 368(a) of the Code.

(g) Opinion of Counsel for TTIS and the Subsidiary. JAG shall have received an opinion of Tenzer Greenblatt LLP, counsel for TTIS and the Subsidiary, dated the Closing Date, in substantially the form of Exhibit L hereto.

(h) No Material Adverse Change. Except as otherwise provided by this Agreement, there shall not have occurred after the date hereof, in the reasonable judgment of JAG, a material adverse change in the financial or business condition of TTIS and its subsidiaries, taken as a whole.

(i) Date of Consummation. The Merger shall have been consummated on or prior to August 31, 1998, or such later date as the parties shall agree by a written instrument signed by all of them.

(j) Validity of Transactions. The validity of all transactions contemplated hereby, as well as the form and substance of all agreements, instruments, opinions, certificates and other documents delivered by TTIS and Subsidiary pursuant hereto, shall be satisfactory in all material respects to the Shareholders and its counsel.

(k) Stock Options. TTIS shall have authorized the issuance pursuant to its 1997 Plan of options to purchase up to an aggregate of 250,000 shares of the TTIS Common Stock to key employees of the Surviving Corporation listed on Schedule 5.13.

(l) Employment Agreements. The Surviving Corporation shall have executed and delivered to each of Nicholas Alexander, Robert, David and Thomas their respective Employment Agreements.

(m) Registration Rights Agreement. TTIS shall have entered into the Registration Rights Agreement.

(n) Closing Certificate. Each of TTIS and Subsidiary shall have furnished JAG with certificates, each executed by their respective presidents, dated the Closing Date, to the effect that all the representations and warranties of TTIS or Subsidiary, as the case may be, are true and complete in all material respects and all covenants to be performed by each of TTIS or Subsidiary, as the case may be, at or as of the Closing have been performed in all material respects and conditions to be satisfied at or as of the Closing have been waived or satisfied in all material respects.

7. The Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Section 8, the closing of the Merger (the "Closing") will take place at the offices of Tenzer Greenblatt LLP as promptly as practicable (and in any event within five business days) after satisfaction or waiver of the conditions set forth in Section 6 but in no event later than August 31, 1998 (the "Closing Date"); or such later date as shall have been fixed by a written instrument signed by the parties.

7.1. Deliveries by TTIS and Subsidiary at the Closing. At the Closing, TTIS and Subsidiary shall deliver the following:

(a) stock certificate(s), representing the Share Consideration registered in the names of the Shareholders;

(b) copies of (i) resolutions adopted by the TTIS Board authorizing TTIS to execute and deliver the TTIS Documents to which it is a party, to perform its obligations thereunder and to effect the Merger upon the terms and subject to the conditions set forth therein, and (ii) resolutions adopted by the board of directors of the Subsidiary, and the written consent of the sole shareholder, authorizing Subsidiary to execute and deliver the Subsidiary Documents to which it is a party, to perform its obligations thereunder and to effect the Merger upon the terms and subject to the conditions set forth therein, duly certified by the Secretaries or Assistant Secretaries of TTIS and the Subsidiary, respectively;

(c) certificates of the Secretary or Assistant Secretary of each of TTIS and Subsidiary certifying as to the incumbency and specimen signatures of the officers of TTIS and Subsidiary executing the TTIS Documents on behalf of such corporation;

(d) confirmation, in the form of satisfactory to the parties hereto, from the States of Delaware and Ohio that the Certificate of Merger of the Subsidiary with and into JAG has been filed with such Secretaries of State; together with a copy of the executed form of such agreement;

(e) the Registration Rights Agreement duly executed by TTIS;

(f) the Employment Agreements, duly executed by the Surviving Corporation; and

(g) the incentive stock options pursuant to Section 5.13.

7.2. Deliveries by JAG and/or the Shareholders at the Closing. At the Closing, JAG and/or the Shareholders, as applicable, shall deliver to TTIS and/or Subsidiary, as the case may be, the following:

(a) stock certificate(s) representing the JAG Capital Stock, duly executed by the Shareholders;

(b) a copy of the resolutions of the Board of Directors of JAG, and the written consent of the Shareholders, authorizing JAG to execute and deliver the JAG Documents, to perform its obligations thereunder and to effect the Merger upon

the terms and conditions thereunder, duly certified by the Secretary or assistant Secretary of JAG;

(c) certificates of the Secretary or Assistant Secretary of JAG certifying as to the incumbency and specimen signatures of the officers of JAG executing the JAG Documents on behalf of such corporation;

(d) the Employment Agreements, duly executed by Nicholas Alexander, Robert, David and Thomas;

(e) the Registration Rights Agreement duly executed by the Shareholders; and

(f) the Investment Representation Agreement, in the form of Exhibit M, duly executed by the Shareholders.

7.3. Other Deliveries. In addition, the parties shall execute and deliver such other documents as may be required by this Agreement and as either of them or their respective counsel may reasonably require in order to document and carry out the transactions contemplated by this Agreement.

8. Termination, Amendment and Waiver.

8.1. Termination. This Agreement may be terminated at any time prior to the Effective Date:

(a) By mutual consent of the Boards of Directors of TTIS and JAG; or

(b) By TTIS, on the one hand, or JAG and the Shareholders, on the other hand, if any of the conditions precedent with respect to the other party, as set forth in Sections 6.1 and 6.2, respectively, have not been satisfied or waived on or before the Closing Date.

(c) By TTIS, on the one hand, or JAG and the Shareholders, on the other hand, if (i) the Merger shall not have been consummated by August 31, 1998, or such later date as the parties shall have fixed by written instrument signed by the parties hereto; provided, however, that the right to terminate this Agreement under this Subsection shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Date to occur on or before such date or (ii) a court of competent jurisdiction or governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties hereto shall use their reasonable efforts to vacate), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement.

(d) By TTIS, on the one hand, or by JAG and the Shareholders, on the other hand, if, in the reasonable judgment of TTIS or JAG and the Shareholders, as the case may be, (and provided such parties are not then in material breach of their respective obligations hereunder), it shall have been determined that the transaction contemplated by this Agreement has become inadvisable or impracticable by reason of the institution or threat by state, local or federal governmental authorities or by any other person of material litigation or proceedings against TTIS or JAG.

(e) By TTIS, on the one hand, or JAG and the Shareholders, on the other hand, if, in the reasonable judgment of TTIS or JAG or the Shareholders, as the case may be (and provided such parties are not then in material breach of their respective obligations hereunder), it shall be determined that the business or financial condition of the other unrelated corporate party hereto has been materially and adversely affected since the date of its last balance sheet (to wit, April 30, 1998 as to TTIS and June 30, 1998 as to JAG), whether by reason of changes, developments or operations in the normal course of business or otherwise.

8.2. Effect of Termination. In the event of the termination of this Agreement as provided in this Section 8, this Agreement shall, forthwith become null and void and there shall be no liability on the part of any party hereto and nothing herein shall relieve any party from liability for any wilful breach hereof. Such termination shall not, however, affect the obligations of the parties with respect to any Confidential Information exchanged by the parties pursuant to Section 5.1 hereof.

8.3. Fees and Expenses.

(a) TTIS and the Subsidiary, on the one hand, and the Shareholders, on the other hand, shall bear their own expenses in connection with the transactions contemplated hereby; provided, however, that TTIS and/or the Subsidiary shall reimburse JAG for the reasonable legal and other professional fees incurred by JAG in connection with this transaction, up to a maximum amount of \$50,000, in the event that the Merger is not consummated by any reason other than JAG's failure to meet the tangible net worth requirement of Section 6.1(h).

(b) TTIS shall issue 50,000 shares of TTIS Common Stock to JAG (which stock will not be registered under the Act) in the event that the Merger is terminated by the TTIS Board for any reason other than a decision to terminate the Merger pursuant to Sections 6.1(c), (e), (g), (h) and (k) hereof or with respect to the granting of registration rights, in which event TTIS shall have no obligation to issue any shares to JAG.

8.4. Waiver. At any time prior to the Effective Date, any party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby.

9. Survival of Representations and Warranties.

Each of the parties hereto hereby agrees that: (i) representations and warranties made by or on behalf of him or it in this Agreement or in any document or instrument delivered pursuant hereto with respect to tax matters, environmental compliance and ERISA matters shall survive the respective statutes of limitations for such matters; and (ii) all other representations or warranties made herein shall survive the Closing Date for a period of two (2) years after the Effective Date.

10. General Provisions.

10.1. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the earlier of the date delivered or mailed if delivered personally, by overnight courier or mailed by express, registered or certified mail (postage prepaid, return receipt requested) or by facsimile transmittal, confirmed by express, certified or registered mail, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice, except that notices of changes of address shall be effective upon receipt):

If to TTIS or Subsidiary: Take-Two Interactive Software, Inc.
575 Broadway
New York, New York 10012
Attn: Ryan A. Brant

with a copy to: Tenzer Greenblatt LLP
405 Lexington Avenue
New York, New York 10174
Attn: Barry S. Rutcofsky, Esq.

If to JAG or
the Shareholders: Jack of All Games, Inc.
2909 Crescentville Road
Cincinnati, Ohio 45069
Attn: Nicholas R. Alexander

with a copy to: KEATING, MUETHING & KLEKAMP, P.L.L.
One East Fourth Street
Cincinnati, Ohio 45202

Attn: J. David Rosenberg, Esq.

10.2. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

10.3. Entire Agreement. This Agreement and the agreements referred to herein constitute the entire agreement, and supersede all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

10.4. Amendment. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

10.5. Schedules. All references in this Agreement to Schedules shall mean the schedules identified in this Agreement, which are incorporated into this Agreement and shall be deemed a part of the representations and warranties to which they relate. To the extent a disclosure has been made by TTIS, Subsidiary, JAG or the Shareholders on any Schedule, it shall be in writing, shall indicate the section pursuant to which it is being delivered, and shall be initialed by the delivering party. For purposes of this Agreement, information which is necessary to make a given Schedule complete and accurate, but is omitted therefrom, shall nevertheless be deemed to be contained therein if it is contained on any other Schedule; but only if such information appears on such other Schedule in such form and detail that it is responsive to the requirements of such given Schedule.

10.6. No Assignment. This Agreement shall not be assigned by operation of law or otherwise, and any assignment shall be null and void.

10.7. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without regard to its choice of law principles. Each of TTIS, Subsidiary, JAG and the Shareholders hereby irrevocably and unconditionally consents to submit to the jurisdiction of the courts of the State of New York and of the United States located in the County of New York, State of New

York for any litigation arising out of or relating to this Agreement and the transactions contemplated hereby waives any objection to the laying of venue of any such litigation in such courts and agrees not to plead or claim that such litigation brought in any such courts has been brought in an inconvenient forum.

[END OF PAGE - SECTION 10.8 AND SIGNATURE PAGE FOLLOWS]

10.8. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of Take-Two Interactive Software, Inc., Subsidiary, JAG, Ltd., by their respective officers thereunto duly authorized, the Shareholders, individually, have caused this Agreement to be executed as of the date first written above.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: /s/ Ryan A. Brant

Name: Ryan A. Brant
Title: Chairman of the Board

JAG ACQUISITION CORP.

By: /s/ Ryan A. Brant

Name: Ryan A. Brant
Title: President

JACK OF ALL GAMES, INC.

By: /s/ Nicholas R. Alexander

Name: Nicholas R. Alexander
Title: Chief Executive Officer

/s/ David Rosenbaum

DAVID ROSENBAUM

/s/ Thomas Rosenbaum

THOMAS ROSENBAUM

/s/ Robert Alexander

ROBERT ALEXANDER

REGISTRATION RIGHTS AGREEMENT

Registration Rights Agreement dated as of August 31, 1998, by and between Take-Two Interactive Software, Inc., a Delaware corporation (the "Company"), and the persons whose names and addresses appear on the signature page attached hereto (each a "Holder" and collectively, the "Holders").

WHEREAS, the Company issued to the Holders pursuant to the merger of a wholly-owned subsidiary of the Company with and into Jack of All Games, Inc. ("Jack"), an aggregate of 2,750,000 shares (the "Shares") of the Company's Common Stock, par value \$.01 per share, as described in the Agreement and Plan of Merger dated August 22, 1998 by and among the Company and its subsidiary, Jack and each of the Holders (the "Merger Agreement"); and

WHEREAS, pursuant to the Merger Agreement, the Company has agreed to grant to the Holders registration rights set forth herein with respect to the Shares.

NOW, THEREFORE, the parties do hereby agree as follows:

1. Registration. (a) The Company shall include a number of Shares having a market value of \$1,500,000 (as measured by the average of the closing bid price of the Common Stock on the five trading days immediately preceding the filing of a registration statement) in the next registration statement, if any, for an underwritten public offering for gross proceeds to the Company of greater than \$12,000,000 (the "Company Offering"); provided, however, that if in the opinion of the Company's underwriter or managing underwriter of the underwriting group for such offering, the inclusion of all or a portion of the Shares, when added to the securities being registered by the Company or selling shareholder(s), if any, will exceed the maximum amount of the Company's securities which can be marketed (i) at a price reasonably related to their then current market value, or (ii) without otherwise having an adverse effect on the offering, then the Company may exclude from such offering all or a portion of the Shares which it has sought to register.

(b) The Company shall include a number of Shares having a market value of \$3,500,000 (as measured by the average of the closing bid price of the Common Stock on the five trading days immediately preceding the filing of a registration statement) in a registration statement on Form S-3 (the "Registration Statement") to be filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act") as soon as reasonably practicable following the date the Company first publishes at least thirty (30) days of combined

results of operations of the Company and Jack in accordance with applicable accounting rules relating to a "pooling of interests" (which is anticipated to be on or before November 15, 1998) and use its reasonable efforts to cause such Registration Statement to become effective under the Act in the event the Company Offering is not consummated on or before December 15, 1998 (and such Secondary Offering is not, subject to the good faith mutual determination of the Holder and the Company, still pending at such time); provided that in the event a Company Offering is in process, the Holder agrees not to sell or otherwise dispose of the Shares in accordance with Section 3 hereof.

(c) The Company shall include a number of Shares having a market value of up to \$5,000,000 less the market value of any Shares registered pursuant to paragraph (a) above in a Registration Statement 180 days following the effective date of a Company Offering and shall use reasonable efforts to cause the Registration Statement to become effective under the Act so as to permit a public offering and sale of the Shares for a period of nine (9) months.

(d) The Company shall use reasonable efforts to include a number of Shares having a market value of \$2,000,000 (as measured by the average of the closing bid price of the Common Stock on the five trading days immediately preceding the filing of a registration statement) in a registration statement, if any, for any underwritten public offering subsequent to the Company Offering for gross proceeds to the Company of greater than \$12,000,000 having an effective date on or before the first anniversary of the date of this Agreement (a "Subsequent Offering"); provided, however, that if in the opinion of the Company's underwriter or managing underwriter of the underwriting group for such offering, the inclusion of all or a portion of the Shares, when added to the securities being registered by the Company or selling shareholder(s), if any, will

exceed the maximum amount of the Company's securities which can be marketed (i) at a price reasonably related to their then current market value, or (ii) without otherwise having an adverse effect on the offering, then the Company may exclude from such offering all or a portion of the Shares which it has sought to register.

(e) The rights granted herein shall be pro rata with respect to the Holders.

2. Covenants of the Company With Respect to Registration. The Company hereby covenants and agrees as follows:

(a) Following the effective date of any registration statement, the Company shall, upon the request of the Holder, forthwith supply such reasonable number of copies of the registration statement and prospectus as shall be reasonably requested by the Holder to permit the Holder to make a public

distribution of the Shares. The obligations of the Company hereunder with respect to the Shares are expressly conditioned on the Holder's furnishing to the Company such appropriate information concerning the Holder, the Shares and the terms of the Holder's offering of such shares as the Company may request.

(b) The Company will pay all costs, fees and expenses in connection with any Registration Statement filed; provided, that the Holder shall be solely responsible for the fees of any counsel retained by the Holder in connection with such registration and any transfer taxes or underwriting discounts, selling commissions or selling fees applicable to the Shares sold by the Holder pursuant thereto.

(c) The Company will use reasonable efforts to qualify or register the Shares included in a registration statement for offering and sale under the securities or blue sky laws of such states as are reasonably requested by the Holder, provided that the Company shall not be obligated to execute or file any general consent to service of process (unless the Company is already then subject to service in such jurisdiction) or to qualify as a foreign corporation to do business under the laws of any such jurisdiction, except as may be required by the Act and its rules and regulations.

(d) Notwithstanding anything contained herein to the contrary, the Company will have no obligation to register the Shares if it receives a written opinion of counsel that the Shares are eligible for sale under Rule 144.

3. Covenant of the Holder. The Holder, upon receipt of notice from the Company that an event has occurred which requires a post-effective amendment to a registration statement or a supplement to the prospectus included therein, shall promptly discontinue the sale of Shares until the Holder receives a copy of a supplemented or amended prospectus from the Company, which the Company shall provide as soon as reasonably practicable after such notice. The Holder hereby agrees that if requested by an underwriter, it will agree not to sell or otherwise dispose of the Shares on the same terms as management of the Company, except for the Shares sold, if any, pursuant to Section 1(a).

4. Indemnification. The Company agrees to indemnify, defend and hold harmless the Holder from and against any and all losses, claims, damages and liabilities caused by or arising out of any untrue statement of a material fact contained in a registration statement or prospectus included therein or caused by or arising out of any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of circumstances which they are made, not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission based upon information furnished or required to be

furnished in writing to the Company by the Holder expressly for use therein; provided, however, that the indemnification in this Section shall not inure to the benefit of the Holder on account of any such loss, claim, damage or liability arising from the sale of Shares by the Holder, if a copy of a subsequent prospectus correcting the untrue statement or omission in such earlier prospectus was provided to the Holder by the Company prior to the sale and the subsequent prospectus was not delivered or sent by the Holder to the purchaser prior to such sale. The Holder agrees to indemnify the Company, its directors, each officer signing a registration statement, each person who controls the Company within the meaning of the Act, any underwriter and any person who controls any underwriter within the meaning of the Act from and against any and all losses, claims, damages and liabilities caused by or arising out of any untrue statement of a material fact contained in a registration statement or prospectus included therein, or caused by or arising out of any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case, only insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omissions based upon information furnished in writing to the Company by the Holder expressly for use therein.

5. Governing Law.

(a) This Agreement shall be governed as to validity, interpretation, construction, effect and in all other respects by the internal substantive laws of the State of New York, without giving effect to the choice of law rules thereof.

(b) Each of the Company and the Holder hereby irrevocably and unconditionally consents to submit to the jurisdiction of the courts of the State of New York and of the United States located in the County of New York, State of New York (the "New York Courts") for any litigation arising out of or relating to this Agreement and the transactions contemplated hereby (and agrees not to commence any litigation relating thereto except in such courts), waives any objection to the laying of venue of any such litigation in the New York Courts and agrees not to plead or claim that such litigation brought in any New York Courts has been brought in an inconvenient forum.

6. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed duly given when delivered by hand or mailed by express, registered or certified mail, postage prepaid, return receipt requested, as follows:

If to the Company, at:

Take-Two Interactive Software, Inc.
575 Broadway

New York, New York 10012
Attn: Ryan A. Brant, Chairman

with a copy of the same to:

Tenzer Greenblatt LLP
405 Lexington Avenue, 23rd Floor
New York, New York 10174
Attn: Barry S. Rutcofsky, Esq.

If to the Holder(s), at that address set forth under their name on the signature page.

with a copy of the same to:

Keating Meuthing & Klekamp, P.L.L.
One East Fourth Street
Cincinnati, Ohio 45202
Attn: Gehl Babinec, Esq.

Or such other address as has been indicated by either party in accordance with a notice duly given in accordance with the provisions of this Section.

7. Amendment. This Agreement may only be amended by a written instrument executed by the Company and the Holders.

8. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9. Assignment; Benefits. This Agreement and the rights granted hereunder may not be assigned by any Holder and any purported assignment shall be void ab initio; provided that the Holders may assign the rights granted herewith to (i) immediate family members (including in connection with estate planning and family trusts) (ii) the other Holders and (iii) Nicholas A. Alexander. Nothing herein contained, express or implied, is intended to confer upon any person other than the parties hereto any rights or remedies under or by reason of this Agreement.

10. Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

11. Severability. Any provision of this Agreement which is held by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction(s) shall be, as

to such jurisdiction(s), ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

12. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the date first above written.

Company: TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: /s/ Ryan A. Brant

Name: Ryan A. Brant
Title: Chairman

Holder:

/s/ David Rosenbaum

David Rosenbaum

Address: 540 Locust Run Road
Cincinnati, OH 45245

Number of Shares: 1,237,500

/s/ Thomas Rosenbaum

Thomas Rosenbaum

Address: 614 Woodburn Lane
Loveland, OH 45140

Number of Shares: 137,500

/s/ Robert Alexander

Robert Alexander

Address: 1255 Coventry Woods
Cincinnati, OH 45230

Number of Shares: 1,375,000

EMPLOYMENT AGREEMENT

AGREEMENT dated as of August 31, 1998 between Jack of All Games, Inc., an Ohio corporation (the "Employer" or the "Company"), and Nicholas Alexander (the "Employee").

W I T N E S S E T H :

WHEREAS, the Employer desires to employ the Employee as its Chief Executive Officer and to be assured of his services as such on the terms and conditions hereinafter set forth; and

WHEREAS, the Employee is willing to accept such employment on such terms and conditions; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Employer and the Employee hereby agree as follows:

1. Term. Employer hereby agrees to employ Employee, and Employee hereby agrees to serve Employer for a five (5) year period commencing as of the date of this Agreement (the "Effective Date") (any year commencing on the Effective Date or any anniversary of the Effective Date being hereinafter referred to as an "Employment Year") unless earlier terminated pursuant to Section 6 hereof.

2. Employee Duties.

(a) During the term of this Agreement, the Employee shall have the duties and responsibilities of Chief Executive Officer reporting directly to the Chairman of the Board of Take-Two Interactive Software, Inc. (the "Parent") and the Board of Directors (the "Board") of the Employer. It is understood that such duties and responsibilities shall be reasonably related to the Employee's position.

(b) The Employee shall devote substantially all of his business time, attention, knowledge and skills faithfully, diligently and to the best of his ability in furtherance of the business and activities of the Company. The principal place of performance by the Employee of his duties hereunder shall be the Company's principal executive offices located at 2909 Crescentville Road, Ohio, 45069, although the Employee may be required to travel outside of the area where the Company's principal executive offices are located in connection with the business of the Company.

3. Compensation.

(a) During the term of this Agreement, the Employer shall pay the Employee a salary (the "Salary") at a rate of \$200,000 per annum in respect of each Employment Year, payable in equal installments bi-weekly, or at such other times as may mutually be agreed upon between the Employer and the Employee. Such Salary may be increased from time to time at the discretion of the Board.

(b) In addition to the foregoing, the Employee shall be eligible for a quarterly incentive bonus (the "Bonus") up to an amount of \$25,000 per quarter, based on certain gross margin and earning targets with respect to each quarter of the Company's fiscal year, as mutually agreed to by the parties hereto. Gross margin and earnings shall be calculated in accordance with generally accepted accounting principles applied on a basis consistent with those utilized in the preparation of the Company's financial statements. Gross margin and earnings for each quarter shall be determined no later than 45 days following the end of such quarter and the Bonus attributable thereto shall be paid to Employee within ten (10) business days following the date of such determination, and shall be accompanied by a copy of the determination of such amount, certified by the Chief Financial Officer or Controller of the Parent as having been determined in accordance with the provisions of this Section 3(b).

(c) In addition to the foregoing, and subject to the terms and conditions of the Parent's 1997 Stock Option Plan (the "Plan"), a copy of which has been made available to the Employee, the Employee shall

be granted as a matter of separate agreement, and not in lieu of Salary or any other compensation for services, the right and option (the "Option"), in the form of incentive stock options to the extent available, to purchase pursuant to the Plan all or any part of an aggregate of up to 125,000 shares of the authorized but unissued common stock, par value \$.01 per share, of the Parent (the "Shares"), at the exercise price of \$5.625 per Share, exercisable during the five (5) year period, with respect to any incentive stock options, or ten (10) year period (with respect to all other options granted pursuant hereto) commencing as of the date hereof and terminating on the close of business on August 31, 2008, or August 31, 2003, respectively, as follows: (i) 62,500 of the Shares are immediately vested and may be purchased as of the date hereof and (ii) an additional 62,500 of the Shares may be purchased commencing on the first anniversary hereof; and then, only to the extent that the Employee is still eligible under the terms of the Plan; provided, however, in the event that the Employee is terminated by reason of death or disability pursuant to Section 6(b) hereof or in the event of any transaction pursuant to Section 4 of the Plan, any options not vested at the time of termination pursuant thereto shall immediately vest.

4. Benefits.

(a) During the term of this Agreement, the Employee shall have the right to receive or participate in all benefits and plans, as set forth on Schedule A hereto ("Benefits"), or as the Company and Parent may from time to time institute during such period for its senior management employees and for which the Employee is eligible. Nothing paid to the Employee under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Employee pursuant to this Agreement.

(b) During the term of this Agreement, the Employee will be entitled to the number of paid holidays, personal days off, vacation days and sick leave days in each calendar year as are available to the Company's senior management employees. Such vacation may be taken in the Employee's discretion with the prior approval of the Employer, and at such time or times as are not inconsistent with the reasonable business needs of the Company.

5. Travel Expenses. All travel and other expenses incident to the rendering of services reasonably incurred on behalf of the Company by the Employee during the term of this Agreement shall be paid by the Employer. If any such expenses are paid in the first instance by the Employee, the Employer shall reimburse him therefor on presentation of appropriate receipts for any such expenses.

6. Termination. Notwithstanding the provisions of Section 1 hereof, the Employee's employment with the Employer may be earlier terminated as follows:

(a) By action taken by the Board, the Employee may be discharged for cause (as hereinafter defined), effective as of such time as the Board shall determine. Upon discharge of the Employee pursuant to this Section 6(a), the Employer shall have no further obligation or duties to the Employee and the Employee shall have no further obligations or duties to the Employer, except as provided in Section 7.

(b) In the event of (i) the death of the Employee or (ii) the inability of the Employee, by reason of physical or mental disability, to continue substantially to perform his duties hereunder for a period of 180 consecutive days, (the "Disability Period") during which Disability Period Salary and any other benefits hereunder shall not be suspended or diminished. Upon any termination of the Employee's employment under this Section 6(b), (y) any options granted pursuant to Section 3(c) hereof and not yet vested shall immediately vest in the Employee and (z) the Employer shall have no further obligations or duties to the Employee, except payment of Salary and such incentive compensation and Benefits, if any, having

accrued to the Employee pursuant to Section 3(b) hereof through the date of death or the expiration of the Disability Period, as applicable, and as provided in Sections 5.

(c) In the event that Employee's employment with the Employer is terminated by action taken by the Board without cause, then the Employer shall have no further obligation or duties to Employee, except for (i) payment of Salary and such incentive compensation, if any, having accrued to the Employee (or having vested, in the case of the Options) as provided in Section 3 hereof through the date of termination and as provided in Section 5 and (ii) payment of Salary and health and life insurance benefits as indicated on Schedule A hereto for 30 months following the date of such termination or the remaining term of this Agreement, whichever is less, and Employee shall have no further obligations or duties to the Employer, except as provided in Section 7.

(d) For purposes of this Agreement, the Company shall have "cause" to terminate the Employee's employment under this Agreement upon (i) the failure by the Employee to substantially perform his duties under this Agreement, (ii) the engaging by the Employee in criminal misconduct (including embezzlement and criminal fraud) which is materially injurious to the Company, monetarily or otherwise, (iii) the conviction of the Employee of a felony, (iv) gross negligence on the part of the Employee resulting in material harm to the Company or (v) other willful misconduct of the Employee in the performance of his duties hereunder resulting in material harm to the Company. The Company shall give written notice to the Employee, which notice shall specify the grounds for the proposed termination and the Employee shall be given thirty (30) days to cure if the grounds arise under clauses (i) or (iv) above.

(e) Notwithstanding anything to the contrary contained in this Section 6, in the event that the Employee terminates his employment for any reason during the term of this Agreement (other than in the event of death), the provisions of Sections 7(b) (non-compete) and 7(c) (non-solicitation) (the "Restrictive Covenants") shall be extended from one (1) year to 30 months after the date of termination; provided, however, in no event shall the period of the Restrictive Covenants be extended beyond the six (6) year anniversary of the Effective Date.

7. Confidentiality; Noncompetition. In addition to and supplementing the covenants contained in Section 5.2 of the Agreement and Plan of Merger (the "Merger Agreement"), dated August 22, 1998, among the Parent, JAG Acquisition Corp., Jack of All Games, Inc. and the Employee, the Employer and Employee agree as follows:

(a) The Employer and the Employee acknowledge that the services to be performed by the Employee under

this Agreement may result in the Employee being in possession of confidential information relating to the business practices of the Company and the Parent. The term "confidential information" shall mean any and all information (verbal and written) relating to the Company, the Parent or any of their respective affiliates, or any of their respective activities, other than such information which can be shown by the Employee to be in the public domain other than as the result of breach of the provisions of this Section 7(a), including, but not limited to, information relating to: existing and proposed projects, source codes, object codes, forecasts, assumptions, trade secrets, personnel lists, financial information, research projects, services, pricing, customers, customer lists and prospects, product sourcing, marketing and selling and servicing. The Employee agrees that he will not, at any time during or after the termination of his employment, directly or indirectly, use, communicate, disclose or disseminate to any person, firm or corporation any confidential information.

(b) The Employee hereby agrees that he shall not, during the period of his employment and for a period of one (1) year following such employment (subject to Sections 6(c) and 6(e) hereof), directly or indirectly, within any county (or adjacent county) in the States of Ohio and New York or in any State within the United States or territory outside the United States in which the Company is engaged in business during the period of the Employee's employment or on the date of termination of the Employee's employment, engage, have an interest in or render any services to any business (whether as owner, manager, operator, licensor, licensee, lender, partner, stockholder, joint venturer, employee, consultant or otherwise) competitive with the Parent's or the Company's business activities engaged in business during the period of the Employee's employment or on the date of termination of the Employee's employment.

(c) The Employee hereby agrees that he shall not, during the period of his employment and for a period of one (1) year following such employment (subject to Sections 6(c) and 6(e) hereof), directly or indirectly, take any action which constitutes an interference with or a disruption of any of the Parent's or Company's business activities including, without limitation, the solicitations of the Parent's or Company's customers, or persons listed on the personnel lists of the Parent or Company. At no time during the term of this Agreement, or thereafter shall the Employee directly or indirectly, disparage the commercial, business or financial reputation of the Parent or Company.

(d) For purposes of clarification, but not of limitation, the Employee hereby acknowledges and agrees that the provisions of subparagraphs 7(b) and (c) above shall serve as a prohibition against him, during the period referred to therein, directly or indirectly, hiring, offering to hire, enticing,

soliciting or in any other manner persuading or attempting to persuade any officer, employee, agent, lessor, lessee, licensor, licensee or customer who has been previously contacted by either a representative of the Parent or Company, including the Employee, to discontinue or alter his or its relationship with the Parent or Company.

(e) Upon the termination of the Employee's employment for any reason whatsoever, all documents, records, notebooks, equipment, price lists, specifications, programs, customer and prospective customer lists and other materials which refer or relate to any aspect of the business of the Company or Parent which are in the possession of the Employee including all copies thereof, shall be promptly returned to the Company.

(f) The Company shall be the sole owner of all products and proceeds of the Employee's services hereunder, including, but not limited to, all materials, ideas, concepts, formats, suggestions, developments, arrangements, packages, programs and other intellectual properties that the Employee may acquire, obtain, develop or create in connection with and during the term of the Employee's employment hereunder, free and clear of any claims by the Employee (or anyone claiming under the Employee) of any kind or character whatsoever (other than the Employee's right to receive payments hereunder). The Employee shall, at the request of the Company, execute such assignments, certificates or other instruments as the Company may from time to time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend its right, or title and interest in or to any such properties.

(g) The parties hereto hereby acknowledge and agree that (i) the Company would be irreparably injured in the event of a breach by the Employee of any of his obligations under this Section 7, (ii) monetary damages would not be an adequate remedy for any such breach, and (iii) the Company shall be entitled to injunctive relief, in addition to any other remedy which it may have, in the event of any such breach.

(h) The rights and remedies enumerated in Section 7(g) shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity.

(i) If any provision contained in this Section 7 is found to be unenforceable by reason of the extent, duration or scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, scope or other provision and in its reduced form any such restriction shall thereafter be enforceable as contemplated hereby.

(j) It is the intent of the parties hereto that the covenants contained in this Section 7 shall be enforced to the fullest extent permissible under the laws and public policies of each jurisdiction in which enforcement is sought (the Employee hereby acknowledging that said restrictions are reasonably necessary for the protection of the Company). Accordingly, it is hereby agreed that if any of the provisions of this Section 7 shall be adjudicated to be invalid or unenforceable for any reason whatsoever, said provision shall be (only with respect to the operation thereof in the particular jurisdiction in which such adjudication is made) construed by limiting and reducing it so as to be enforceable to the extent permissible, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of said provision in any other jurisdiction.

8. General. This Agreement is further governed by the following provisions:

(a) Notices. All notices relating to this Agreement shall be in writing and shall be either personally delivered, sent by telecopy (receipt confirmed) or mailed by certified mail, return receipt requested, to be delivered at such address as is indicated below, or at such other address or to the attention of such other person as the recipient has specified by prior written notice to the sending party. Notice shall be effective when so personally delivered, one business day after being sent by telecopy or three (3) days after being mailed.

To the Employer:

Jack of All Games, Inc.
2909 Crescentville Road
Cincinnati, OH 45069
Attention: Chief Executive Officer
Telecopier: (513) 326-2853

With copies to:

Take-Two Interactive Software, Inc.
575 Broadway
New York, New York 10012
Attention: Ryan A. Brant, Chief Executive Officer
Telecopier:

and

Tenzer Greenblatt LLP
405 Lexington Avenue
New York, New York 10174
Attention: Kenneth Selterman, Esq.
Telecopier: 212-885-5001

To the Employee:

Jack of All Games, Inc.
2909 Crescentville Road
Cincinnati, OH 45069
Attention: Nicholas Alexander
Telecopier: (513) 326-2853

With a copy to:

Keating Muething & Klekamp, P.L.L.
One East Fourth Street
Cincinnati, Ohio 45202
Attention: Gehl Babinee, Esq.
Telecopier: (513) 579-6457

(b) Parties in Interest. Employee may not delegate his duties or assign his rights hereunder. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

(c) Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of the Employee by the Employer and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever; provided that the provisions of Section 5.2 of the Merger Agreement shall also apply to Employee. Any modification or termination of this Agreement will be effective only if it is in writing signed by the party to be charged.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Employee agrees to and hereby does submit to jurisdiction before any state or federal court of record in New York City, New York, or in the state and county in which such violation may occur, at Employer's election.

(e) Employee Warranty. Employee hereby warrants and represents as follows:

(i) That the execution of this Agreement and the discharge of Employee's obligations hereunder will not breach or conflict with any other contract, agreement, or understanding between Employee and any other party or parties.

(ii) Employee has ideas, information and know-how relating to the type of business conducted by Employer, and Employee's disclosure of such ideas, information and know-how to Employer will not conflict with or violate the rights of any third party or parties.

(f) Company Warranty. The Company hereby warrants and represents that the execution of this Agreement and the discharge of the Company's obligations hereunder will not breach or conflict with any other contract, agreement, or understanding between the Company and any other party or parties.

(g) Severability. In the event that any term or condition in this Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or condition of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable term or condition had never been contained herein.

(h) Execution in Counterparts. This Agreement may be executed by the parties in one or more counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

JACK OF ALL GAMES, INC.

By: /s/ Ryan A. Brant

Name: Ryan A. Brant
Title: Chairman of the Board

/s/ Nicholas Alexander

Nicholas Alexander

EMPLOYMENT AGREEMENT

AGREEMENT dated as of August 31, 1998 between Jack of All Games, Inc., an Ohio corporation (the "Employer" or the "Company"), and Robert Alexander (the "Employee").

W I T N E S S E T H :

WHEREAS, the Employer desires to employ the Employee as its President and to be assured of his services as such on the terms and conditions hereinafter set forth; and

WHEREAS, the Employee is willing to accept such employment on such terms and conditions; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Employer and the Employee hereby agree as follows:

1. Term. Employer hereby agrees to employ Employee, and Employee hereby agrees to serve Employer for a five (5) year period commencing as of the date of this Agreement (the "Effective Date") (any year commencing on the Effective Date or any anniversary of the Effective Date being hereinafter referred to as an "Employment Year") unless earlier terminated pursuant to Section 6 hereof.

2. Employee Duties.

(a) During the term of this Agreement, the Employee shall have the duties and responsibilities of President reporting directly to the Chief Executive Officer and the Board of Directors (the "Board") of the Employer. It is understood that such duties and responsibilities shall be reasonably related to the Employee's position.

(b) The Employee shall devote substantially all of his business time, attention, knowledge and skills faithfully, diligently and to the best of his ability in furtherance of the business and activities of the Company. The principal place of performance by the Employee of his duties hereunder shall be the Company's principal executive offices located at 2909 Crescentville Road, Ohio, 45069, although the Employee may be required to travel outside of the area where the Company's principal executive offices are located in connection with the business of the Company.

3. Compensation.

(a) During the term of this Agreement, the Employer shall pay the Employee a salary (the "Salary") at a rate of \$233,000 per annum in respect of each Employment Year, payable in equal installments bi-weekly, or at such other times as may mutually be agreed upon between the Employer and the Employee. Such Salary may be increased from time to time at the discretion of the Board.

(b) In addition to the foregoing, the Employee shall be eligible for a quarterly incentive bonus (the "Bonus") up to an amount of \$25,000 per quarter, based on certain gross margin and earning targets with respect to each quarter of the Company's fiscal year, as mutually agreed to by the parties. Gross margin and earnings shall be calculated in accordance with generally accepted accounting principles applied on a basis consistent with those utilized in the preparation of the Company's financial statements. Gross margin and earnings for each quarter shall be determined no later than 45 days following the end of such quarter and the Bonus attributable thereto shall be paid to Employee within ten (10) business days following the date of such determination, and shall be accompanied by a copy of the determination of such amount, certified by the Chief Financial Officer or Controller of Take-Two Interactive Software, Inc. (the "Parent") as having been determined in accordance with the provisions of this Section 3(b).

(c) In addition to the foregoing, and subject to the terms and conditions of the Parent's 1997 Stock Option Plan (the "Plan"), a copy of which has been made available to the Employee, the Employee shall be granted as a matter of separate agreement, and not in lieu of

Salary or any other compensation for services, the right and option (the "Option"), in the form of incentive stock options to the extent available, to purchase pursuant to the Plan all or any part of an aggregate of up to 125,000 shares of the authorized but unissued common stock, par value \$.01 per share, of the Parent (the "Shares"), at the exercise price of \$5.625 per Share, exercisable during the five (5) year period, with respect to any incentive stock options, or ten (10) year period (with respect to all other options granted pursuant hereto) commencing as of the date hereof and terminating on the close of business on August 31, 2008 or August 31, 2003, respectively, as follows: (i) 62,500 of the Shares are immediately vested and may be purchased as of the date hereof and (ii) an additional 62,500 of the Shares may be purchased commencing on the first anniversary hereof; and then, only to the extent that the Employee is still eligible under the terms of the Plan; provided, however, in the event that the Employee is terminated by reason of death or disability pursuant to Section 6(b) hereof or in the event of any transaction pursuant to Section 4 of the Plan, any options not vested at the time of termination pursuant thereto shall immediately vest.

4. Benefits.

(a) During the term of this Agreement, the Employee shall have the right to receive or participate in all benefits and plans, as set forth on Schedule A hereto ("Benefits"), or as the Company and Parent may from time to time institute during such period for its senior management employees and for which the Employee is eligible. Nothing paid to the Employee under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Employee pursuant to this Agreement.

(b) During the term of this Agreement, the Employee will be entitled to the number of paid holidays, personal days off, vacation days and sick leave days in each calendar year as are available to the Company's senior management employees. Such vacation may be taken in the Employee's discretion with the prior approval of the Employer, and at such time or times as are not inconsistent with the reasonable business needs of the Company.

5. Travel Expenses. All travel and other expenses incident to the rendering of services reasonably incurred on behalf of the Company by the Employee during the term of this Agreement shall be paid by the Employer. If any such expenses are paid in the first instance by the Employee, the Employer shall reimburse him therefor on presentation of appropriate receipts for any such expenses.

6. Termination. Notwithstanding the provisions of Section 1 hereof, the Employee's employment with the Employer may be earlier terminated as follows:

(a) By action taken by the Board, the Employee may be discharged for cause (as hereinafter defined), effective as of such time as the Board shall determine. Upon discharge of the Employee pursuant to this Section 6(a), the Employer shall have no further obligation or duties to the Employee and the Employee shall have no further obligations or duties to the Employer, except as provided in Section 7.

(b) In the event of (i) the death of the Employee or (ii) the inability of the Employee, by reason of physical or mental disability, to continue substantially to perform his duties hereunder for a period of 100 consecutive days, (the "Disability Period") during which Disability Period Salary and any other benefits hereunder shall not be suspended or diminished. Upon any termination of the Employee's employment under this Section 6(b), (y) any options granted pursuant to Section 3(c) hereof and not yet vested shall immediately vest in the Employee and (z) the Employer shall have no further obligations or duties to the Employee, except payment of Salary

and such incentive compensation and Benefits, if any, having accrued to the Employee pursuant to Section 3(b) hereof through the date of death or the expiration of the Disability Period, as applicable, and as provided in Sections 5.

(c) In the event that Employee's employment with the Employer is terminated by action taken by the Board without cause, then the Employer shall have no further obligation or duties to Employee, except for (i) payment of Salary and such incentive compensation, if any, having accrued to the Employee (or having vested, in the case of the Options) as provided in Section 3 hereof through the date of termination and as provided in Section 5, and (ii) payment of Salary and health and life insurance benefits as indicated on Schedule A hereto for 30 months following the date of such termination or the remaining term of this Agreement, whichever is less, and Employee shall have no further obligations or duties to the Employer, except as provided in Section 7.

(d) For purposes of this Agreement, the Company shall have "cause" to terminate the Employee's employment under this Agreement upon (i) the failure by the Employee to substantially perform his duties under this Agreement, (ii) the engaging by the Employee in criminal misconduct (including embezzlement and criminal fraud) which is materially injurious to the Company, monetarily or otherwise, (iii) the conviction of the Employee of a felony, (iv) gross negligence on the part of the Employee resulting in material harm to the Company or (v) willful other misconduct of the Employee in the performance of his duties hereunder resulting in harm to the Company. The Company shall give written notice to the Employee, which notice shall specify the grounds for the proposed termination and the Employee shall be given thirty (30) days to cure if the grounds arise under clauses (i) or (iv) above.

(e) Notwithstanding anything to the contrary contained in this Section 6, in the event that the Employee terminates his employment for any reason during the term of this Agreement (other than in the event of death), the provisions of Sections 7(b) (non-compete) and 7(c) (non-solicitation) (the "Restrictive Covenants") shall be extended from one (1) year to 30 months after the date of termination; provided, however, in no event shall the period of the Restrictive Covenants be extended beyond the six (6) year anniversary of the Effective Date.

7. Confidentiality; Noncompetition. In addition to and supplementing the covenants contained in Section 5.2 of the Agreement and Plan of Merger (the "Merger Agreement"), dated August 22, 1998, among the Parent, JAG Acquisition Corp., Jack of All Games, Inc. and Employee, the Employer and Employee agree as follows:

(a) The Employer and the Employee acknowledge that the services to be performed by the Employee under this Agreement may result in the Employee being in possession of confidential information relating to the business practices of the Company and the Parent. The term "confidential information" shall mean any and all information (verbal and written) relating to the Company, the Parent or any of their respective affiliates, or any of their respective activities, other than such information which can be shown by the Employee to be in the public domain other than as the result of breach of the provisions of this Section 7(a), including, but not limited to, information relating to: existing and proposed projects, source codes, object codes, forecasts, assumptions, trade secrets, personnel lists, financial information, research projects, services, pricing, customers, customer lists and prospects, product sourcing, marketing and selling and servicing. The Employee agrees that he will not, at any time during or after the termination of his employment, directly or indirectly, use, communicate, disclose or disseminate to any person, firm or corporation any confidential information.

(b) The Employee hereby agrees that he shall not, during the period of his employment and for a period of one (1) year following such employment (subject to Sections 6(c) and 6(e) hereof), directly or indirectly, within any county (or adjacent county) in the States of Ohio and New York or in any State within the United States or territory outside the United States in which the Company is engaged in business during the period of the Employee's employment or on the date of termination of the Employee's employment, engage, have an interest in or render any services to any business (whether as owner, manager, operator, licensor, licensee, lender, partner, stockholder, joint venturer, employee, consultant or otherwise) competitive with the Parent's or the Company's business activities engaged in business during the period of the Employee's employment or on the date of termination of the Employee's employment.

(c) The Employee hereby agrees that he shall not, during the period of his employment and for a period of one (1) year following such employment (subject to Sections 6(c) and 6(e) hereof), directly or indirectly, take any action which constitutes an interference with or a disruption of any of the Parent's or Company's business activities including, without limitation, the solicitations of the Parent's or Company's customers, or persons listed on the personnel lists of the Parent or Company. At no time during the term of this Agreement, or thereafter shall the Employee directly or indirectly, disparage the commercial, business or financial reputation of the Parent or Company.

(d) For purposes of clarification, but not of limitation, the Employee hereby acknowledges and agrees that the provisions of subparagraphs 7(b) and (c) above shall serve as a prohibition against him, during the period referred to therein,

directly or indirectly, hiring, offering to hire, enticing, soliciting or in any other manner persuading or attempting to persuade any officer, employee, agent, lessor, lessee, licensor, licensee or customer who has been previously contacted by either a representative of the Parent or Company, including the Employee, to discontinue or alter his or its relationship with the Parent or Company.

(e) Upon the termination of the Employee's employment for any reason whatsoever, all documents, records, notebooks, equipment, price lists, specifications, programs, customer and prospective customer lists and other materials which refer or relate to any aspect of the business of the Company or Parent which are in the possession of the Employee including all copies thereof, shall be promptly returned to the Company.

(f) The Company shall be the sole owner of all products and proceeds of the Employee's services hereunder, including, but not limited to, all materials, ideas, concepts, formats, suggestions, developments, arrangements, packages, programs and other intellectual properties that the Employee may acquire, obtain, develop or create in connection with and during the term of the Employee's employment hereunder, free and clear of any claims by the Employee (or anyone claiming under the Employee) of any kind or character whatsoever (other than the Employee's right to receive payments hereunder). The Employee shall, at the request of the Company, execute such assignments, certificates or other instruments as the Company may from time to time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend its right, or title and interest in or to any such properties.

(g) The parties hereto hereby acknowledge and agree that (i) the Company would be irreparably injured in the event of a breach by the Employee of any of his obligations under this Section 7, (ii) monetary damages would not be an adequate remedy for any such breach, and (iii) the Company shall be entitled to injunctive relief, in addition to any other remedy which it may have, in the event of any such breach.

(h) The rights and remedies enumerated in Section 7(g) shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity.

(i) If any provision contained in this Section 7 is found to be unenforceable by reason of the extent, duration or scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, scope or other provision and in its reduced form any such restriction shall thereafter be enforceable as contemplated hereby.

(j) It is the intent of the parties hereto that the covenants contained in this Section 7 shall be enforced to the fullest extent permissible under the laws and public policies of each jurisdiction in which enforcement is sought (the Employee hereby acknowledging that said restrictions are reasonably necessary for the protection of the Company). Accordingly, it is hereby agreed that if any of the provisions of this Section 7 shall be adjudicated to be invalid or unenforceable for any reason whatsoever, said provision shall be (only with respect to the operation thereof in the particular jurisdiction in which such adjudication is made) construed by limiting and reducing it so as to be enforceable to the extent permissible, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of said provision in any other jurisdiction.

8. General. This Agreement is further governed by the following provisions:

(a) Notices. All notices relating to this Agreement shall be in writing and shall be either personally delivered, sent by telecopy (receipt confirmed) or mailed by certified mail, return receipt requested, to be delivered at such address as is indicated below, or at such other address or to the attention of such other person as the recipient has specified by prior written notice to the sending party. Notice shall be effective when so personally delivered, one business day after being sent by telecopy or three (3) days after being mailed.

To the Employer:

Jack of All Games, Inc.
2909 Crescentville Road
Cincinnati, Ohio 45069
Attention: Chief Executive Officer
Telecopier: (513) 326-3026

With copies to:

Take-Two Interactive Software, Inc.
575 Broadway
New York, New York 10012
Attention: Ryan A. Brant, Chief Executive Officer
Telecopier:

and

Tenzer Greenblatt LLP
405 Lexington Avenue
New York, New York 10174
Attention: Kenneth Selterman, Esq.
Telecopier: 212-885-5001

To the Employee:

Robert Alexander
Jack of All Games, Inc.
2909 Crescentville Road
Cincinnati, Ohio 45069
Telecopier:

With a copy to:

Keating Muething & Klekamp, P.L.L.
One East Fourth Street
Cincinnati, Ohio 45202
Attention: Gehl Babinec, Esq.
Telecopier: (513) 579-6457

(b) Parties in Interest. Employee may not delegate his duties or assign his rights hereunder. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

(c) Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of the Employee by the Employer and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever; provided that the provisions of Section 5.2 of the Merger Agreement shall also apply to Employee. Any modification or termination of this Agreement will be effective only if it is in writing signed by the party to be charged.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Employee agrees to and hereby does submit to jurisdiction before any state or federal court of record in New York City, New York, or in the state and county in which such violation may occur, at Employer's election.

(e) Employee Warranty. Employee hereby warrants and represents as follows:

(i) That the execution of this Agreement and the discharge of Employee's obligations hereunder will not breach or conflict with any other contract, agreement, or understanding between Employee and any other party or parties.

(ii) Employee has ideas, information and know-how relating to the type of business conducted by Employer, and Employee's disclosure of such ideas, information and know-how to Employer will not conflict with or violate the rights of any third party or parties.

(f) Company Warranty. The Company hereby warrants and represents that the execution of this Agreement and the discharge of the Company's obligations hereunder will not breach or conflict with any other contract, agreement, or understanding between the Company and any other party or parties.

(g) Severability. In the event that any term or condition in this Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or condition of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable term or condition had never been contained herein.

(h) Execution in Counterparts. This Agreement may be executed by the parties in one or more counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

JACK OF ALL GAMES, INC.

By: /s/ Ryan A. Brant

Name: Ryan A. Brant
Title: Chairman of the Board

/s/ Robert Alexander

Robert Alexander

JACK OF ALL GAMES, INC.
2909 Crescentville Road
West Chester, OH 45069

September 10, 1998

Robert Alexander
1255 Coventry Woods
Cincinnati, Ohio 45230

Re: Amendment to Employment Agreement

Dear Mr. Alexander:

Reference is made to the employment agreement, dated August 31, 1998, between you and Jack of All Games, Inc.

This letter confirms our agreement that Section 3(c) of the Employment Agreement, with respect to Options granted to the employee, is hereby amended in its entirety to provide for 100,000 Options in lieu of 125,000 Options, to read as follows:

"(c) In addition to the foregoing, and subject to the terms and conditions of the Parent's 1997 Stock Option Plan (the "Plan"), a copy of which has been made available to the Employee, the Employee shall be granted as a matter of separate agreement, and not in lieu of Salary or any other compensation for services, the right and option (the "Option"), in the form of incentive stock options to the extent available, to purchase pursuant to the Plan all or any part of an aggregate of up to 100,000 shares of the authorized but unissued common stock, par value \$.01 per share, of the Parent (the "Shares"), at the exercise price of \$5.625 per Share, exercisable during the five (5) year period, with respect to any incentive stock options, or ten (10) year period (with respect to all other options granted pursuant hereto) commencing as of the date hereof and terminating on the close of business on August 31, 2008 or August 31, 2003, respectively, as follows: (i) 50,000 of the Shares are immediately vested and may be purchased as of the date hereof and (ii) an additional 50,000 of the Shares may be purchased commencing on the first anniversary hereof; and then, only to the extent that the Employee is still eligible under the terms of the Plan; provided, however, in the event

Robert Alexander
September 10, 1998
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that the Employee is terminated by reason of death or disability pursuant to Section 6(b) hereof or in the event of any transaction pursuant to Section 4 of the Plan, any options not vested at the time of termination pursuant thereto shall immediately vest."

Except as set forth herein, the Employment Agreement shall remain in full force and effect.

Very truly yours,

JACK OF ALL GAMES, INC.

By: /s/ Nicolas A. Alexander

Nicolas A. Alexander
Chief Executive Officer

AGREED AND ACCEPTED:

/s/ Robert A. Alexander

Robert A. Alexander

EMPLOYMENT AGREEMENT

AGREEMENT dated as of August 31, 1998 between Jack of All Games, Inc., an Ohio corporation (the "Employer" or the "Company"), and David Rosenbaum (the "Employee").

W I T N E S S E T H :

WHEREAS, the Employer desires to employ the Employee as its Chairman of the Board and to be assured of his services as such on the terms and conditions hereinafter set forth; and

WHEREAS, the Employee is willing to accept such employment on such terms and conditions; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Employer and the Employee hereby agree as follows:

1. Term. Employer hereby agrees to employ Employee, and Employee hereby agrees to serve Employer for a five (5) year period commencing as of the date of this Agreement (the "Effective Date") (any year commencing on the Effective Date or any anniversary of the Effective Date being hereinafter referred to as an "Employment Year") unless earlier terminated pursuant to Section 6 hereof.

2. Employee Duties.

(a) During the term of this Agreement, the Employee shall have the duties and responsibilities of Chairman of the Board reporting directly to the Chief Executive Officer and the Board of Directors (the "Board") of the Employer. It is understood that such duties and responsibilities shall be reasonably related to the Employee's position.

(b) The Employee shall devote substantially all of his business time, attention, knowledge and skills faithfully, diligently and to the best of his ability in furtherance of the business and activities of the Company. The principal place of performance by the Employee of his duties hereunder shall be the Company's principal executive offices located at 2909 Crescentville Road, Ohio, 45069, although the Employee may be required to travel outside of the area where the Company's principal executive offices are located in connection with the business of the Company.

3. Compensation.

(a) During the term of this Agreement, the Employer shall pay the Employee a salary (the "Salary") at a rate of \$233,000 per annum in respect of each Employment Year, payable in equal installments bi-weekly, or at such other times as may mutually be agreed upon between the Employer and the Employee. Such Salary may be increased from time to time at the discretion of the Board.

(b) In addition to the foregoing, the Employee shall be eligible for a quarterly incentive bonus (the "Bonus") up to an amount of \$25,000 per quarter, based on certain gross margin and earning targets with respect to each quarter of the Company's fiscal year, as set forth on Schedule A annexed hereto. Gross margin and earnings shall be calculated in accordance with generally accepted accounting principles applied on a basis consistent with those utilized in the preparation of the Company's financial statements. Gross margin and earnings for each quarter shall be determined no later than 45 days following the end of such quarter and the Bonus attributable thereto shall be paid to Employee within ten (10) business days following the date of such determination, and shall be accompanied by a copy of the determination of such amount, certified by the Chief Financial Officer or Controller of Take-Two Interactive Software, Inc. (the "Parent") as having been determined in accordance with the provisions of this Section 3(b).

(c) In addition to the foregoing, and subject to the terms and conditions of the 1997 Stock Option Plan (the "Plan") of Take-Two Interactive Software, Inc. (the "Parent"), of which a copy of the Plan

has been made available to the Employee, the Employee shall be granted as a matter of separate agreement, and not in lieu of Salary or any other compensation for services, the right and option (the "Option") in the form of incentive stock options to the extent available, to purchase pursuant to the Plan all or any part of an aggregate of up to 125,000 shares of the authorized but unissued common stock, par value \$.01 per share, of the Parent (the "Shares"), at the exercise price of \$5.625 per Share, exercisable during the five (5) year period with respect to any incentive stock options, or ten (10) year period (with respect to all other options granted pursuant hereto) commencing as of the date hereof and terminating on the close of business on August 31, 2008 or August 31, 2003, respectively, as follows: (i) 62,500 of the Shares are immediately vested and may be purchased as of the date hereof and (ii) an additional 62,500 of the Shares may be purchased commencing on the first anniversary hereof; and then, only to the extent that the Employee is otherwise still eligible under the terms of the Plan; provided, however, in the event that the Employee is terminated by reason of death or disability pursuant to Section 6(b) hereof or in the event of any transaction

pursuant to Section 4 of the Plan, any options not vested at the time of termination pursuant thereto shall immediately vest.

4. Benefits.

(a) During the term of this Agreement, the Employee shall have the right to receive or participate in all benefits and plans, as set forth on Schedule A hereto ("Benefits"), or as the Company and Parent may from time to time institute during such period for its senior management employees and for which the Employee is eligible. Nothing paid to the Employee under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Employee pursuant to this Agreement.

(b) During the term of this Agreement, the Employee will be entitled to the number of paid holidays, personal days off, vacation days and sick leave days in each calendar year as are available to the Company's senior management employees. Such vacation may be taken in the Employee's discretion with the prior approval of the Employer, and at such time or times as are not inconsistent with the reasonable business needs of the Company.

5. Travel Expenses. All travel and other expenses incident to the rendering of services reasonably incurred on behalf of the Company by the Employee during the term of this Agreement shall be paid by the Employer. If any such expenses are paid in the first instance by the Employee, the Employer shall reimburse him therefor on presentation of appropriate receipts for any such expenses.

6. Termination. Notwithstanding the provisions of Section 1 hereof, the Employee's employment with the Employer may be earlier terminated as follows:

(a) By action taken by the Board, the Employee may be discharged for cause (as hereinafter defined), effective as of such time as the Board shall determine. Upon discharge of the Employee pursuant to this Section 6(a), the Employer shall have no further obligation or duties to the Employee and the Employee shall have no further obligations or duties to the Employer, except as provided in Section 7.

(b) In the event of (i) the death of the Employee or (ii) the inability of the Employee, by reason of physical or mental disability, to continue substantially to perform his duties hereunder for a period of 180 consecutive days, (the "Disability Period") during which Disability Period Salary and any other benefits hereunder shall not be suspended or diminished. Upon any termination of the Employee's employment under this Section 6(b), (y) any options granted pursuant to Section 3(c) hereof and not yet vested shall immediately vest in

the Employee and (z) the Employer shall have no further obligations or duties to the Employee, except payment of Salary and such incentive compensation and Benefits, if any, having accrued to the Employee pursuant to Section 3(b) hereof through the date of death or the expiration of the Disability Period, as applicable, and as provided in Sections 5.

(c) In the event that Employee's employment with the Employer is terminated by action taken by the Board without cause, then the Employer shall have no further obligation or duties to Employee, except for (i) payment of Salary and such incentive compensation, if any, having accrued to the Employee (or having vested, in the case of the Options) as provided in Section 3 hereof through the date of termination and as provided in Section 5, and (ii) payment of Salary and health and life insurance benefits as indicated on Schedule A hereto for 30 months following the date of such termination or the remaining term of this Agreement, whichever is less, and Employee shall have no further obligations or duties to the Employer, except as provided in Section 7.

(d) For purposes of this Agreement, the Company shall have "cause" to terminate the Employee's employment under this Agreement upon (i) the failure by the Employee to substantially perform his duties under this Agreement, (ii) the engaging by the Employee in criminal misconduct (including embezzlement and criminal fraud) which is materially injurious to the Company, monetarily or otherwise, (iii) the conviction of the Employee of a felony, (iv) gross negligence on the part of the Employee resulting in material harm to the Company or (v) other willful misconduct of the Employee in the performance of his duties hereunder resulting in material harm to the Company. The Company shall give written notice to the Employee, which notice shall specify the grounds for the proposed termination and the Employee shall be given thirty (30) days to cure if the grounds arise under clauses (i) or (iv) above.

(e) Notwithstanding anything to the contrary contained in this Section 6, in the event that the Employee terminates his employment for any reason during the term of this Agreement (other than in the event of death), the provisions of Sections 7(b) (non-compete) and 7(c) (non-solicitation) (the "Restrictive Covenants") shall be extended from one (1) year to 30 months after the date of termination; provided, however, in no event shall the period of the Restrictive Covenants be extended beyond the six (6) year anniversary of the Effective Date.

7. Confidentiality; Noncompetition. In addition to and supplementing the covenants contained in Section 5.2 of the Agreement and Plan of Merger (the "Merger Agreement"), dated August 22, 1998, among the Parent, JAG Acquisition Corp., Jack of All Games, Inc. and Employee, the Employer and Employee agree as follows:

(a) The Employer and the Employee acknowledge that the services to be performed by the Employee under this Agreement may result in the Employee being in possession of confidential information relating to the business practices of the Company and the Parent. The term "confidential information" shall mean any and all information (verbal and written) relating to the Company, the Parent or any of their respective affiliates, or any of their respective activities, other than such information which can be shown by the Employee to be in the public domain (such information not being deemed to be in the public domain merely because it is embraced by more general information which is in the public domain) other than as the result of breach of the provisions of this Section 7(a), including, but not limited to, information relating to: existing and proposed projects, source codes, object codes, forecasts, assumptions, trade secrets, personnel lists, financial information, research projects, services, pricing, customers, customer lists and prospects, product sourcing, marketing and selling and servicing. The Employee agrees that he will not, at any time during or after the termination of his employment, directly or indirectly, use, communicate, disclose or disseminate to any person, firm or corporation any confidential information regarding the clients, customers or business practices of the Company or Parent and that Employee agrees that all confidential information shall be the sole property of the Company.

(b) The Employee hereby agrees that he shall not, during the period of his employment and for a period of one (1) year following such employment (subject to Sections 6(c) and 6(e) hereof), directly or indirectly, within any county (or adjacent county) in the States of Ohio and New York or in any State within the United States or territory outside the United States in which the Company is engaged in business during the period of the Employee's employment or on the date of termination of the Employee's employment, engage, have an interest in or render any services to any business (whether as owner, manager, operator, licensor, licensee, lender, partner, stockholder, joint venturer, employee, consultant or otherwise) competitive with the Parent's or the Company's business activities engaged in business during the period of the Employee's employment or on the date of termination of the Employee's employment.

(c) The Employee hereby agrees that he shall not, during the period of his employment and for a period of one (1) year following such employment (subject to Sections 6(c) and 6(e) hereof), directly or indirectly, take any action which constitutes an interference with or a disruption of any of the Parent's or Company's business activities including, without limitation, the solicitations of the Parent's or Company's customers, or persons listed on the personnel lists of the Parent or Company. At no time during the term of this Agreement, or thereafter shall the Employee directly or indirectly, disparage the commercial, business or financial reputation of the Parent or Company.

(d) For purposes of clarification, but not of limitation, the Employee hereby acknowledges and agrees that the

provisions of subparagraphs 7(b) and (c) above shall serve as a prohibition against him, during the period referred to therein, directly or indirectly, hiring, offering to hire, enticing, soliciting or in any other manner persuading or attempting to persuade any officer, employee, agent, lessor, lessee, licensor, licensee or customer who has been previously contacted by either a representative of the Parent or Company, including the Employee, to discontinue or alter his or its relationship with the Parent or Company.

(e) Upon the termination of the Employee's employment for any reason whatsoever, all documents, records, notebooks, equipment, price lists, specifications, programs, customer and prospective customer lists and other materials which refer or relate to any aspect of the business of the Company or Parent which are in the possession of the Employee including all copies thereof, shall be promptly returned to the Company.

(f) The Company shall be the sole owner of all products and proceeds of the Employee's services hereunder, including, but not limited to, all materials, ideas, concepts, formats, suggestions, developments, arrangements, packages, programs and other intellectual properties that the Employee may acquire, obtain, develop or create in connection with and during the term of the Employee's employment hereunder, free and clear of any claims by the Employee (or anyone claiming under the Employee) of any kind or character whatsoever (other than the Employee's right to receive payments hereunder). The Employee shall, at the request of the Company, execute such assignments, certificates or other instruments as the Company may from time to time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend its right, or title and interest in or to any such properties.

(g) The parties hereto hereby acknowledge and agree that (i) the Company would be irreparably injured in the event of a breach by the Employee of any of his obligations under this Section 7, (ii) monetary damages would not be an adequate remedy for any such breach, and (iii) the Company shall be entitled to injunctive relief, in addition to any other remedy which it may have, in the event of any such breach.

(h) The rights and remedies enumerated in Section 7(g) shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity.

(i) If any provision contained in this Section 7 is found to be unenforceable by reason of the extent, duration or scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, scope or other provision and in its reduced form any such

restriction shall thereafter be enforceable as contemplated hereby.

(j) It is the intent of the parties hereto that the covenants contained in this Section 7 shall be enforced to the fullest extent permissible under the laws and public policies of each jurisdiction in which enforcement is sought (the Employee hereby acknowledging that said restrictions are reasonably necessary for the protection of the Company). Accordingly, it is hereby agreed that if any of the provisions of this Section 7 shall be adjudicated to be invalid or unenforceable for any reason whatsoever, said provision shall be (only with respect to the operation thereof in the particular jurisdiction in which such adjudication is made) construed by limiting and reducing it so as to be enforceable to the extent permissible, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of said provision in any other jurisdiction.

8. General. This Agreement is further governed by the following provisions:

(a) Notices. All notices relating to this Agreement shall be in writing and shall be either personally delivered, sent by telecopy (receipt confirmed) or mailed by certified mail, return receipt requested, to be delivered at such address as is indicated below, or at such other address or to the attention of such other person as the recipient has specified by prior written notice to the sending party. Notice shall be effective when so personally delivered, one business day after being sent by telecopy or three (3) days after being mailed.

To the Employer:

Jack of All Games, Inc.
2090 Crescentville Road
Cincinnati, OH 45069
Attention: Chief Executive Officer
Telecopier: (513) 326-3026

With copies to:

Take-Two Interactive Software, Inc.
575 Broadway
New York, New York 10012
Attention: Ryan A. Brant, Chief Executive Officer
Telecopier:

and

Tenzer Greenblatt LLP
405 Lexington Avenue
New York, New York 10174

Attention: Kenneth Selterman, Esq.
Telecopier: 212-885-5001

To the Employee:

David Rosenbaum
c/o Jack of All Games, Inc.
2909 Crescentville Road
Cincinnati, OH 45069

With a copy to:

Keating Muething & Klekamp, P.L.L.
One East Fourth Street
Cincinnati, Ohio 45202
Attention: Gehl Babinec, Esq.
Telecopier: (513) 579-6457

(b) Parties in Interest. Employee may not delegate his duties or assign his rights hereunder. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

(c) Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of the Employee by the Employer and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever; provided that the provisions of Section 5.2 of the Merger Agreement shall also apply to Employee. Any modification or termination of this Agreement will be effective only if it is in writing signed by the party to be charged.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Employee agrees to and hereby does submit to jurisdiction before any state or federal court of record in New York City, New York, or in the state and county in which such violation may occur, at Employer's election.

(e) Employee Warranty. Employee hereby warrants and represents as follows:

(i) That the execution of this Agreement and the discharge of Employee's obligations hereunder will not breach or conflict with any other contract, agreement, or understanding between Employee and any other party or parties.

(ii) Employee has ideas, information and know-how relating to the type of business conducted by Employer, and Employee's disclosure of such ideas, information and know-how

to Employer will not conflict with or violate the rights of any third party or parties.

(f) Company Warranty. The Company hereby warrants and represents that the execution of this Agreement and the discharge of the Company's obligations hereunder will not breach or conflict with any other contract, agreement, or understanding between the Company and any other party or parties.

(g) Severability. In the event that any term or condition in this Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or condition of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable term or condition had never been contained herein.

(h) Execution in Counterparts. This Agreement may be executed by the parties in one or more counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

JACK OF ALL GAMES, INC.

By: /s/ Ryan A. Brant

Name: Ryan A. Brant
Title: Chairman of the Board

/s/ David Rosenbaum

David Rosenbaum

JACK OF ALL GAMES, INC.
2909 Crescentville Road
West Chester, OH 45069

September 10, 1998

David Rosenbaum
540 Locust Run Road
Cincinnati, OH 45245

Re: Amendment to Employment Agreement

Dear Mr. Rosenbaum:

Reference is made to the employment agreement, dated August 31, 1998, between you and Jack of All Games, Inc.

This letter confirms our agreement that Section 3(c) of the Employment Agreement, with respect to Options granted to the employee, is hereby amended in its entirety to provide for 100,000 Options in lieu of 125,000 Options, to read as follows:

"(c) In addition to the foregoing, and subject to the terms and conditions of the Parent's 1997 Stock Option Plan (the "Plan"), a copy of which has been made available to the Employee, the Employee shall be granted as a matter of separate agreement, and not in lieu of Salary or any other compensation for services, the right and option (the "Option"), in the form of incentive stock options to the extent available, to purchase pursuant to the Plan all or any part of an aggregate of up to 100,000 shares of the authorized but unissued common stock, par value \$.01 per share, of the Parent (the "Shares"), at the exercise price of \$5.625 per Share, exercisable during the five (5) year period, with respect to any incentive stock options, or ten (10) year period (with respect to all other options granted pursuant hereto) commencing as of the date hereof and terminating on the close of business on August 31, 2008 or August 31, 2003, respectively, as follows: (i) 50,000 of the Shares are immediately vested and may be purchased as of the date hereof and (ii) an additional 50,000 of the Shares may be purchased commencing on the first anniversary hereof; and then, only to the extent that the Employee is still eligible under the terms of the Plan; provided, however, in the event

Robert Alexander
September 10, 1998
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that the Employee is terminated by reason of death or disability pursuant to Section 6(b) hereof or in the event of any transaction pursuant to Section 4 of the Plan, any options not vested at the time of termination pursuant thereto shall immediately vest."

Except as set forth herein, the Employment Agreement shall remain in full force and effect.

Very truly yours,

JACK OF ALL GAMES, INC.

By: /s/ Nicolas A. Alexander

Nicolas A. Alexander
Chief Executive Officer

AGREED AND ACCEPTED:

/s/ David Rosenbaum

David Rosenbaum

EMPLOYMENT AGREEMENT

AGREEMENT dated as of August 31, 1998 between Jack of All Games, Inc., an Ohio corporation (the "Employer" or the "Company"), and Thomas Rosenbaum (the "Employee").

W I T N E S S E T H :

WHEREAS, the Employer desires to employ the Employee as its Senior Vice President and to be assured of his services as such on the terms and conditions hereinafter set forth; and

WHEREAS, the Employee is willing to accept such employment on such terms and conditions; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Employer and the Employee hereby agree as follows:

1. Term. Employer hereby agrees to employ Employee, and Employee hereby agrees to serve Employer for a five (5) year period commencing as of the date of this Agreement (the "Effective Date") (any year commencing on the Effective Date or any anniversary of the Effective Date being hereinafter referred to as an "Employment Year") unless earlier terminated pursuant to Section 6 hereof.

2. Employee Duties.

(a) During the term of this Agreement, the Employee shall have the duties and responsibilities of Senior Vice President reporting directly to the Chief Executive Officer and the Board of Directors (the "Board") of the Employer. It is understood that such duties and responsibilities shall be reasonably related to the Employee's position.

(b) The Employee shall devote substantially all of his business time, attention, knowledge and skills faithfully, diligently and to the best of his ability in furtherance of the business and activities of the Company. The principal place of performance by the Employee of his duties hereunder shall be the Company's principal executive offices located at 2909 Crescentville Road, Ohio, 45069, although the Employee may be required to travel outside of the area where the Company's principal executive offices are located in connection with the business of the Company.

3. Compensation.

(a) During the term of this Agreement, the Employer shall pay the Employee a salary (the "Salary") at a rate of \$140,000 per annum in respect of each Employment Year, payable in equal installments bi-weekly, or at such other times as may mutually be agreed upon between the Employer and the Employee. Such Salary may be increased from time to time at the discretion of the Board.

(b) In addition to the foregoing, and subject to the terms and conditions of the 1997 Stock Option Plan (the "Plan") of Take-Two Interactive Software, Inc. (the "Parent"), of which a copy of the Plan has been made available to the Employee, the Employee shall be granted as a matter of separate agreement, and not in lieu of Salary or any other compensation for services, the right and option (the "Option") in the form of incentive stock options to the extent available, to purchase pursuant to the Plan all or any part of an aggregate of up to 25,000 shares of the authorized but unissued common stock, par value \$.01 per share, of the Parent (the "Shares"), at the exercise price of \$5.625 per Share, exercisable during the five (5) year period with respect to any incentive stock options, or ten (10) year period (with respect to all other options granted pursuant hereto) commencing as of the date hereof and terminating on the close of business on August 31, 2008 or August 31, 2003, respectively, as follows: (i) 12,500 of the Shares are immediately vested and may be purchased as of the date hereof and (ii) an additional 12,500 of the Shares may be purchased commencing on the first anniversary hereof; and then, only to the extent that the Employee is otherwise still eligible under the terms

of the Plan; provided, however, in the event that the Employee is terminated by reason of death or disability pursuant to Section 6(b) hereof or in the event of any transaction pursuant to Section 4 of the Plan, any options not vested at the time of termination pursuant thereto shall immediately vest.

4. Benefits.

(a) During the term of this Agreement, the Employee shall have the right to receive or participate in all benefits and plans, as set forth on Schedule A hereto ("Benefits"), or as the Company and Parent may from time to time institute during such period for its senior management employees and for which the Employee is eligible. Nothing paid to the Employee under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Employee pursuant to this Agreement.

(b) During the term of this Agreement, the Employee will be entitled to the number of paid holidays, personal days off, vacation days and sick leave days in each calendar year as are available to the Company's senior management

employees. Such vacation may be taken in the Employee's discretion with the prior approval of the Employer, and at such time or times as are not inconsistent with the reasonable business needs of the Company.

5. Travel Expenses. All travel and other expenses incident to the rendering of services reasonably incurred on behalf of the Company by the Employee during the term of this Agreement shall be paid by the Employer. If any such expenses are paid in the first instance by the Employee, the Employer shall reimburse him therefor on presentation of appropriate receipts for any such expenses.

6. Termination. Notwithstanding the provisions of Section 1 hereof, the Employee's employment with the Employer may be earlier terminated as follows:

(a) By action taken by the Board, the Employee may be discharged for cause (as hereinafter defined), effective as of such time as the Board shall determine. Upon discharge of the Employee pursuant to this Section 6(a), the Employer shall have no further obligation or duties to the Employee and the Employee shall have no further obligations or duties to the Employer, except as provided in Section 7.

(b) In the event of (i) the death of the Employee or (ii) the inability of the Employee, by reason of physical or mental disability, to continue substantially to perform his duties hereunder for a period of 180 consecutive days, (the "Disability Period") during which Disability Period Salary and any other benefits hereunder shall not be suspended or diminished. Upon any termination of the Employee's employment under this Section 6(b), (y) any options granted pursuant to Section 3(c) hereof and not yet vested shall immediately vest in the Employee and (z) the Employer shall have no further obligations or duties to the Employee, except payment of Salary and such incentive compensation and Benefits, if any, having accrued to the Employee pursuant to Section 3(b) hereof through the date of death or the expiration of the Disability Period, as applicable, and as provided in Sections 5.

(c) In the event that Employee's employment with the Employer is terminated by action taken by the Board without cause, then the Employer shall have no further obligation or duties to Employee, except for (i) payment of Salary and such incentive compensation, if any, having accrued to the Employee (or having vested, in the case of the Options) as provided in Section 3 hereof through the date of termination and as provided in Section 5, and (ii) payment of Salary and health and life insurance benefits as indicated on Schedule A hereto for 30 months following the date of such termination or the remaining term of this Agreement, whichever is less, and Employee shall

have no further obligations or duties to the Employer, except as provided in Section 7.

(d) For purposes of this Agreement, the Company shall have "cause" to terminate the Employee's employment under this Agreement upon (i) the failure by the Employee to substantially perform his duties under this Agreement, (ii) the engaging by the Employee in criminal misconduct (including embezzlement and criminal fraud) which is materially injurious to the Company, monetarily or otherwise, (iii) the conviction of the Employee of a felony, (iv) gross negligence on the part of the Employee resulting in material harm to the Company or (v) other willful misconduct of the Employee in the performance of his duties hereunder resulting in material harm to the Company. The Company shall give written notice to the Employee, which notice shall specify the grounds for the proposed termination and the Employee shall be given thirty (30) days to cure if the grounds arise under clauses (i) or (iv) above.

(e) Notwithstanding anything to the contrary contained in this Section 6, in the event that the Employee terminates his employment for any reason during the term of this Agreement (other than in the event of death), the provisions of Sections 7(b) (non-compete) and 7(c) (non-solicitation) (the "Restrictive Covenants") shall be extended from one (1) year to 30 months after the date of termination; provided, however, in no event shall the period of the Restrictive Covenants be extended beyond the six (6) year anniversary of the Effective Date.

7. Confidentiality; Noncompetition. In addition to and supplementing the covenants contained in Section 5.2 of the Agreement and Plan of Merger (the "Merger Agreement"), dated August 22, 1998, among the Parent, JAG Acquisition Corp., Jack of All Games, Inc. and Employee, the Employer and Employee agree as follows:

(a) The Employer and the Employee acknowledge that the services to be performed by the Employee under this Agreement may result in the Employee being in possession of confidential information relating to the business practices of the Company and the Parent. The term "confidential information" shall mean any and all information (verbal and written) relating to the Company, the Parent or any of their respective affiliates, or any of their respective activities, other than such information which can be shown by the Employee to be in the public domain (such information not being deemed to be in the public domain merely because it is embraced by more general information which is in the public domain) other than as the result of breach of the provisions of this Section 7(a), including, but not limited to, information relating to: existing and proposed projects, source codes, object codes, forecasts, assumptions, trade secrets, personnel lists, financial information, research projects, services, pricing, customers,

customer lists and prospects, product sourcing, marketing and selling and servicing. The Employee agrees that he will not, at any time during or after the termination of his employment, directly or indirectly, use, communicate, disclose or disseminate to any person, firm or corporation any confidential information regarding the clients, customers or business practices of the Company or Parent and that Employee agrees that all confidential information shall be the sole property of the Company.

(b) The Employee hereby agrees that he shall not, during the period of his employment and for a period of one (1) year following such employment (subject to Sections 6(c) and 6(e) hereof), directly or indirectly, within any county (or adjacent county) in the States of Ohio and New York or in any State within the United States or territory outside the United States in which the Company is engaged in business during the period of the Employee's employment or on the date of termination of the Employee's employment, engage, have an interest in or render any services to any business (whether as owner, manager, operator, licensor, licensee, lender, partner, stockholder, joint venturer, employee, consultant or otherwise) competitive with the Parent's or the Company's business activities engaged in business during the period of the Employee's employment or on the date of termination of the Employee's employment.

(c) The Employee hereby agrees that he shall not, during the period of his employment and for a period of one (1) year following such employment (subject to Sections 6(c) and 6(e) hereof), directly or indirectly, take any action which constitutes an interference with or a disruption of any of the Parent's or Company's business activities including, without limitation, the solicitations of the Parent's or Company's customers, or persons listed on the personnel lists of the Parent or Company. At no time during the term of this Agreement, or thereafter shall the Employee directly or indirectly, disparage the commercial, business or financial reputation of the Parent or Company.

(d) For purposes of clarification, but not of limitation, the Employee hereby acknowledges and agrees that the provisions of subparagraphs 7(b) and (c) above shall serve as a prohibition against him, during the period referred to therein, directly or indirectly, hiring, offering to hire, enticing, soliciting or in any other manner persuading or attempting to persuade any officer, employee, agent, lessor, lessee, licensor, licensee or customer who has been previously contacted by either a representative of the Parent or Company, including the Employee, to discontinue or alter his or its relationship with the Parent or Company.

(e) Upon the termination of the Employee's employment for any reason whatsoever, all documents, records, notebooks, equipment, price lists, specifications, programs, customer and prospective customer lists and other materials which

refer or relate to any aspect of the business of the Company or Parent which are in the possession of the Employee including all copies thereof, shall be promptly returned to the Company.

(f) The Company shall be the sole owner of all products and proceeds of the Employee's services hereunder, including, but not limited to, all materials, ideas, concepts, formats, suggestions, developments, arrangements, packages, programs and other intellectual properties that the Employee may acquire, obtain, develop or create in connection with and during the term of the Employee's employment hereunder, free and clear of any claims by the Employee (or anyone claiming under the Employee) of any kind or character whatsoever (other than the Employee's right to receive payments hereunder). The Employee shall, at the request of the Company, execute such assignments, certificates or other instruments as the Company may from time to time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend its right, or title and interest in or to any such properties.

(g) The parties hereto hereby acknowledge and agree that (i) the Company would be irreparably injured in the event of a breach by the Employee of any of his obligations under this Section 7, (ii) monetary damages would not be an adequate remedy for any such breach, and (iii) the Company shall be entitled to injunctive relief, in addition to any other remedy which it may have, in the event of any such breach.

(h) The rights and remedies enumerated in Section 7(g) shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity.

(i) If any provision contained in this Section 7 is found to be unenforceable by reason of the extent, duration or scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, scope or other provision and in its reduced form any such restriction shall thereafter be enforceable as contemplated hereby.

(j) It is the intent of the parties hereto that the covenants contained in this Section 7 shall be enforced to the fullest extent permissible under the laws and public policies of each jurisdiction in which enforcement is sought (the Employee hereby acknowledging that said restrictions are reasonably necessary for the protection of the Company). Accordingly, it is hereby agreed that if any of the provisions of this Section 7 shall be adjudicated to be invalid or unenforceable for any reason whatsoever, said provision shall be (only with respect to the operation thereof in the particular jurisdiction in which such adjudication is made) construed by limiting and reducing it so as to be enforceable to the extent permissible, without

invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of said provision in any other jurisdiction.

8. General. This Agreement is further governed by the following provisions:

(a) Notices. All notices relating to this Agreement shall be in writing and shall be either personally delivered, sent by telecopy (receipt confirmed) or mailed by certified mail, return receipt requested, to be delivered at such address as is indicated below, or at such other address or to the attention of such other person as the recipient has specified by prior written notice to the sending party. Notice shall be effective when so personally delivered, one business day after being sent by telecopy or three (3) days after being mailed.

To the Employer:

Jack of All Games, Inc.
2909 Crescentville Road
Cincinnati, OH 45069
Attention: Chief Executive Officer
Telecopier: (513) 326-3026

With copies to:

Take-Two Interactive Software, Inc.
575 Broadway
New York, New York 10012
Attention: Ryan A. Brant, Chief Executive Officer
Telecopier:

and

Tenzer Greenblatt LLP
405 Lexington Avenue
New York, New York 10174
Attention: Kenneth Seltermann, Esq.
Telecopier: 212-885-5001

To the Employee:

Thomas Rosenbaum
c/o Jack of All Games, Inc.
2909 Crescentville Road
Cincinnati, OH 45069

Telecopier: _____

With a copy to:

Keating Muething & Klekamp, P.L.L.
One East Fourth Street
Cincinnati, Ohio 45202
Attention: Gehl Babinec, Esq.
Telecopier: (513) 579-6457

(b) Parties in Interest. Employee may not delegate his duties or assign his rights hereunder. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

(c) Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of the Employee by the Employer and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever; provided that the provisions of Section 5.2 of the Merger Agreement shall also apply to Employee. Any modification or termination of this Agreement will be effective only if it is in writing signed by the party to be charged.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Employee agrees to and hereby does submit to jurisdiction before any state or federal court of record in New York City, New York, or in the state and county in which such violation may occur, at Employer's election.

(e) Employee Warranty. Employee hereby warrants and represents as follows:

(i) That the execution of this Agreement and the discharge of Employee's obligations hereunder will not breach or conflict with any other contract, agreement, or understanding between Employee and any other party or parties.

(ii) Employee has ideas, information and know-how relating to the type of business conducted by Employer, and Employee's disclosure of such ideas, information and know-how to Employer will not conflict with or violate the rights of any third party or parties.

(f) Company Warranty. The Company hereby warrants and represents that the execution of this Agreement and the discharge of the Company's obligations hereunder will not breach or conflict with any other contract, agreement, or understanding between the Company and any other party or parties.

(g) Severability. In the event that any term or condition in this Agreement shall for any reason be held by a

court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or condition of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable term or condition had never been contained herein.

(h) Execution in Counterparts. This Agreement may be executed by the parties in one or more counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

JACK OF ALL GAMES, INC.

By: /s/ Ryan A. Brant

Name: Ryan A. Brant
Title: Chairman of the Board

/s/ Thomas Rosenbaum

Thomas Rosenbaum

SECOND AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT

THIS SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Agreement") dated as of August 31, 1998, between Jack of All Games, Inc., an Ohio corporation ("Borrower"), whose mailing address is 2909 Crescentville Road, West Chester, Ohio 45069, and The Provident Bank ("Bank"), an Ohio banking corporation whose mailing address is One East Fourth Street, Cincinnati, Ohio 45202.

This Agreement is executed in substitution of, and replaces, the Amended and Restated Loan and Security Agreement between Borrower and Bank dated August 27, 1997.

1. Definitions. As used herein, the following terms, when initial capital letters are used, shall have the respective meanings set forth below. In addition, all terms defined in the Uniform Commercial Code as adopted in Ohio shall have the meanings given therein unless otherwise defined herein.

1.1 Accounts shall mean all of Borrower's accounts (as that term is defined in the Uniform Commercial Code), accounts receivable, chattel paper, contract rights, documents and instruments; all other obligations or indebtedness owed to Borrower from whatever source arising; all guarantees of any of the foregoing and all security therefor; all of the right, title and interest of Borrower in and with respect to the goods, services or other property which gave rise to or which secure any of the foregoing and all insurance policies and proceeds relating thereto; all of the foregoing whether now owned by Borrower or hereafter acquired or in existence.

1.2 Affiliate shall mean any person, company or business entity controlling, controlled by or under common control with, Borrower, whether such common control is direct or indirect, and all of the partners, officers, directors and shareholders of Borrower and such entities.

1.3 Cash Collateral Account shall mean that deposit account maintained by Borrower at Bank into which all collections on the Collateral shall be deposited and over which Bank shall have the sole power of withdrawal as provided in Section 7.1.

1.4 Collateral shall mean (a) all of Borrower's Accounts, Equipment, General Intangibles, Inventory and all other items of personal property now owned or hereafter acquired by Borrower or in which Borrower has granted or may in the future grant a security interest to Bank hereunder or in any supplement hereto or otherwise; (b) all of Borrower's right, title and interest in and to all goods or other property represented by or securing any of the Accounts, including all goods that may be reclaimed or repossessed from or returned by Debtors; (c) all of Borrower's rights as an unpaid seller, including

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stoppage in transit, detinue and reclamation; (d) all additional amounts due to Borrower from any Debtor, irrespective of whether such additional amounts have been specifically assigned to Bank; (e) all guaranties or other agreements or property securing or relating to any of the items referred to in (a) above, or acquired for the purpose of securing and enforcing any of such items; (f) all instruments, documents, securities, cash, property, deposit accounts (including but not limited to deposits made to Borrower's Cash Collateral Account), and the proceeds of any of the foregoing, owned by Borrower or in which it has an interest, which are now or may hereafter be in the possession or control of Bank or in transit by mail or carrier to or from Bank, or in possession of any third party acting on behalf of Bank, without regard to whether Bank received same in pledge, for safekeeping, as agent for collection or transmission or otherwise or whether Bank had conditionally released the same; (g) all ledger sheets, files, records, documents, blueprints, drawings and instruments (including, without limitation, computer programs, tapes and related electronic data processing software) evidencing an interest in or relating to the foregoing; and (h) all proceeds and products of the collateral described above, including, without limitation, all claims against third parties for damage to or loss or destruction of any of the foregoing, including insurance proceeds, and accounts, contract rights, chattel paper and general intangibles arising out of any sale, lease or other disposition of any of the foregoing.

1.5 Debtor shall mean the account debtor with respect to any of Borrower's Accounts and/or the prospective purchaser with respect to any contract right,

and/or any party who enters into or proposes to enter into any contract or other arrangement with Borrower pursuant to which Borrower is to deliver any personal property or perform any service.

1.6 Eligible Inventory shall mean such of Borrower's Inventory as is acceptable to Bank in its sole discretion and in which Bank shall have a perfected first priority security interest.

1.7 Eligible Accounts shall mean such Accounts which are and at all times shall continue to be acceptable to Bank in all respects and in which Bank shall have a perfected first priority security interest. Criteria for eligibility shall be fixed and revised from time to time solely by Bank in its exclusive judgment. In general, an Account shall in no event be deemed to be eligible unless (a) delivery of the merchandise or the rendition of services has been completed; (b) no return, rejection or repossession has occurred; (c) such merchandise or services have been finally accepted by the customer without dispute, offset, defense or counterclaims; (d) such Account continues to be in full conformity with the representations and warranties made by Borrower to Bank with respect thereto; (e) no more than 90 days have elapsed from the invoice date; and (f) Bank is and continues to be satisfied with the credit standing

of the Debtor in relation to the amount of credit extended. Accounts due from Debtors who are Affiliates of Borrower shall in no event be deemed to be eligible.

1.8 Equipment shall mean all of Borrower's equipment (as that term is defined in the Uniform Commercial Code), including, without limitation, all furniture, fixtures, machinery and other equipment of any kind and all substitutions and replacements thereof and accessories and parts therefor, all whether now owned or hereafter acquired by Borrower.

1.9 General Intangibles shall mean all of Borrower's general intangibles (as that term is defined in the Uniform Commercial Code), including, without limitation, all goodwill, patents, formulas, blueprints, proprietary manufacturing processes, trademarks, trade names, licenses, franchises, beneficial interests in trusts, joint venture interests, partnership interests, rights to tax refunds, rights to insurance proceeds (including, but not limited to, any proceeds of credit insurance policies on Borrower's customers), rights under causes of action, rights to pension plan overfundings, literary rights and other contractual rights of Borrower, all whether now owned or hereafter acquired by Borrower.

1.10 Guarantors shall mean the collective reference to Take-Two Interactive Software, Inc., a Delaware corporation ("Take-Two"), David Rosenbaum ("Rosenbaum") and Robert Alexander.

1.11 Inventory shall mean all of Borrower's inventory (as that term is defined in the Uniform Commercial Code), including, without limitation, all goods, merchandise and other personal property which are held for sale or lease, or are furnished or to be furnished under any contract of service by Borrower, or are raw materials, work-in-progress, supplies or materials used or consumed in Borrower's business, and all products thereof, and all substitutions, replacements, additions and accessories thereto, all whether now owned or hereafter acquired by Borrower; and all of Borrower's right, title and interest in and to any leases or rental agreements for such inventory.

1.12 Inventory Cap shall mean \$7,500,000 during the months of August through January and shall mean \$6,000,000 during the months of February through July.

1.13 Loan Documents shall mean the collective reference to this Agreement, the Notes, the Rosenbaum Guaranty, the Robert Alexander Guaranty, the Take-Two Guaranty, the Rosenbaum Life Insurance Assignment, the Robert Alexander Life Insurance Assignment, the Nicholas Alexander Life Insurance Assignment, the Warrant Agreement, the Warrant and all other documents, instruments, certificates and agreements (including without limitation financing statements) executed or delivered in connection with the transactions contemplated under this Agreement.

1.14 Loans shall mean the collective reference to the Revolving Credit Loans, the Term Loan A and the Term Loan B.

1.15 Notes shall mean the collective reference to the Revolving Credit Note, the Term Note A and the Term Note B.

1.16 Obligations shall mean, without limitation, all Loans and all other debts, obligations and liabilities of every kind and description of Borrower to Bank, now due or to become due, direct or indirect, absolute or contingent, presently existing or hereafter arising, joint or several, secured or unsecured, whether for payment or performance, regardless of how the same arise or by what instrument, agreement or book account they may be evidenced, or whether evidenced by any instrument, agreement or book account, including, without limitation, all loans (including any loan by renewal or extension), all overdrafts, all guarantees, all bankers acceptances, all agreements, all letters of credit issued by Bank for Borrower and the applications relating thereto, all indebtedness of Borrower to Bank, all undertakings to take or refrain from taking any action and all indebtedness, liabilities and obligations owing from Borrower to others which Bank may obtain by purchase, negotiation, discount, assignment or otherwise. Obligations shall also include all interest and other charges chargeable to Borrower or due from Borrower to Bank from time to time and all costs and expenses referred to in Section 12.

1.17 Permitted Liens shall mean the liens and interests in favor of Bank granted in connection herewith and, to the extent reflected on Borrower's books and records and not impairing the operations of Borrower or any performance hereunder or contemplated hereby:

(i) liens arising by operation of law for taxes not yet due and payable;

(ii) statutory liens of mechanics, materialmen, shippers and warehousemen for services or materials for which payment is not yet due;

(iii) liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;

(iv) liens, if any, specifically permitted by Bank from time to time in writing; and (v) the following if the validity or amount thereof is being contested in good faith and by appropriate and lawful proceedings promptly initiated and diligently conducted of which Borrower has given prior notice to Bank and for which appropriate reserves (in Bank's reasonable judgment) have been established and so long as levy and execution have been and continue to be stayed: claims and liens for taxes due and payable and claims of mechanics, materialmen, shippers, warehousemen, carriers and landlords.

1.18 Prime Rate shall mean that annual percentage rate of interest which is established by Bank from time to time as its prime rate, whether or not such rate is publicly announced, and which provides a base to which loan rates may be referenced. The Prime Rate is not necessarily the lowest lending rate of Bank.

1.19 Subordinated Debt shall mean indebtedness subordinated to the Obligations of Borrower to Bank in form and substance satisfactory to Bank.

2. Loans

2.1 Revolving Credit Loans. Bank will make revolving credit loans to Borrower (the "Revolving Credit Loans") in an aggregate amount not to exceed the lesser of (a) \$20,000,000 (the "Revolving Loan Cap") or (b) (i) the lesser of (A) 50% of the cost or market value, whichever is lower, of Borrower's Eligible Inventory or (B) the then-applicable Inventory Cap plus (ii) 85% of the outstanding amount of Borrower's Eligible Accounts owed by Debtors with respect to which Borrower has credit insurance in amounts and in formats acceptable to Bank ("Insured Customers") plus (iii) 75% of the outstanding amount of Borrower's other Eligible Accounts plus (iv) 100% of the balance of the Cash Collateral Account (the amount calculated under (b) being sometimes referred to herein as the "Borrowing Base" and the lesser of (a) and (b) being sometimes referred to herein as the "Maximum Revolving Loan Amount"). Should the outstanding amount of Revolving Credit Loans at any time exceed the upper limits therefor set forth in the immediately preceding sentence, Borrower shall on demand immediately repay such excess amount. The Revolving Credit Loans shall be evidenced by, and shall bear interest and be payable in accordance with, an Amended and Restated Promissory Note (the "Revolving Credit Note") in substantially the form attached hereto as Exhibit A. If the average outstanding principal balance of the Revolving Credit Loans during any calendar quarter is less than the Revolving Loan Cap, Borrower shall pay Bank a fee, in arrears on the first day after the end of such calendar quarter, equal to .25% per annum of the amount of the difference between the average outstanding principal amount of the Revolving Credit Loans during such quarter and the Revolving Loan Cap.

2.2 Term Loan A. Bank has made a term loan (the "Term Loan A") to Borrower in the principal amount of \$200,000. The Term Loan A shall be evidenced by, and shall bear interest and be payable in accordance with, the Promissory Note (the "Term Note A") dated as of August 27, 1997 given by Borrower to Bank, a copy of which is attached hereto as Exhibit B. No repayment or prepayment of Term Loan A shall be reason for any relending or additional lending of Term Loan A proceeds to Borrower.

2.3 Term Loan B. Bank has made another term loan (the "Term Loan B") to Borrower in the principal amount of \$2,000,000. The Term Loan B shall be evidenced by, and shall bear interest and be payable in accordance with, an Amended and Restated Promissory Note (the "Term Note B") in substantially the form attached hereto as Exhibit C. No repayment or prepayment of Term Loan B shall be reason for any relending or additional lending of Term Loan B proceeds to Borrower.

2.4 Default Rate. Upon the occurrence of an Event of Default, the Loans shall bear interest at a rate of 4% per annum greater than the rate otherwise applicable to the Loans (the "Default Rate").

2.5 Interest Calculation. Interest on the Loans will be calculated on the basis of the actual number of days elapsed over an assumed year consisting of 360 days.

2.6 Change in Law. In case of any change in law or governmental rules, regulations, guidelines or orders (or any interpretations thereof) or the introduction of new laws, regulations or guidelines, which require Bank to reserve for unfunded credit commitments, Bank may charge Borrower an additional fee which will reasonably compensate Bank for such requirements. Bank agrees to provide Borrower with written notice setting forth such requirements.

2.7 Loan Payments. All payments of interest, principal and all other amounts owing hereunder or under the Notes shall be made by Borrower to Bank in immediately available funds at its principal office in Cincinnati, Ohio or at such other place as Bank may designate in writing, at such times as shall be set forth herein or in the Notes or if not so set forth, such amounts shall be payable on demand. Borrower hereby authorizes Bank, at Bank's option, to charge any account or charge or increase any Loan balance of Borrower at Bank for the payment or repayment of any interest or principal of the Loans or any fees, charges or other amounts due to Bank hereunder.

2.8 Prepayment, Refinancing. In the event of prepayment of the principal amount of any of the Loans in whole or in part prior to the maturity date thereof (except for regularly-scheduled installments due on Term Loan A and except for prepayment of the Revolving Credit Loans in full) with cash obtained from any source (including without limitation another lender) other than the operation of Borrower's business in the ordinary course, Borrower shall pay Bank a fee in the amount of 2% of the amount so prepaid, and in the event of prepayment of the principal amount of the Revolving Credit Loans in full prior to the maturity date thereof with cash obtained from any source (including without limitation another lender) other than the operation of Borrower's business in the ordinary course, Borrower shall pay Bank a fee in the amount of \$400,000. In the event that at any time prior to June 1, 1999 Borrower should receive a bona fide commitment for refinancing of any of the Loans, Borrower

shall notify Bank thereof in writing, and Bank shall have the right of first refusal to provide financing to Borrower on the same general terms as are provided in such commitment, and Bank shall notify Borrower within two weeks after receipt of such notification whether Bank elects to exercise such right.

2.9 Letters of Credit. Bank proposes, subject to the terms and conditions of this Agreement, to issue commercial and/or standby letters of credit for the account of Borrower (the "Letters of Credit"), which shall be secured by the Collateral, shall have expiration dates that are not later than the Revolving Credit Maturity Date, and shall be in such amounts as Borrower may from time to time request and as are acceptable to Bank; provided, however, that in no event shall the total aggregate face amount of all Letters of Credit outstanding at any time exceed the difference between (a) the Maximum Revolving Loan Amount and (b) the outstanding principal balance of the Revolving Credit Loans. Bank's approval or disapproval of each Letter of Credit shall be made no later than five business days after a written request from Borrower is received by Bank accompanied by an original of Bank's standard form letter of credit application and agreement duly executed by Borrower. Each Letter of Credit shall be fully reserved from and subject to the limitations of the availability to Borrower of the Revolving Credit Loans, and upon any draw under a Letter of Credit, the amount so drawn shall immediately and automatically be deemed a Revolving Credit Loan advance by Bank to Borrower hereunder. Borrower shall pay Bank a per annum fee in the amount of 1.5% of the face amount of each standby Letter of Credit and shall pay Bank's standard fee for each commercial Letter of Credit, as well as Bank's customary fees ancillary to the issuance, transfer, cancellation and payment of letters of credit; such fees shall be due and payable upon the issuance, transfer, cancellation or payment, as applicable, of such Letter of Credit.

2.10 Use of Proceeds. Borrower shall use the proceeds of Term Loan A only for the purpose of financing capital expenditures and shall use the proceeds of the Revolving Credit Loans and Term Loan B only for refinancing existing loans and providing for future working capital needs.

3. Security for the Obligations.

3.1 Grant of Security Interest. To secure the payment and performance of all of the Obligations, as herein defined, Borrower hereby grants to Bank a continuing security interest in and assigns to Bank all of the Collateral.

3.2 Additional Security. The full and timely payment and performance of all of the Obligations shall be further secured by (a) the payment guaranty of Rosenbaum in substantially the form of Exhibit D attached hereto (the "Rosenbaum Guaranty"); (b) the payment guaranty of Robert Alexander in

substantially the form of Exhibit E attached hereto (the "Robert Alexander Guaranty"); (c) the payment guaranty of Take-Two in substantially the form of Exhibit F attached hereto (the "Take-Two Guaranty"); (d) an assignment of the proceeds of a \$1,000,000 insurance policy on the life of Rosenbaum as previously provided to Bank (the "Rosenbaum Life Insurance Assignment"), and in the event of the death of Rosenbaum, the proceeds of the insurance thereunder shall be applied to the Obligations in such order of application as Bank may, in its sole discretion, elect; (e) an assignment of the proceeds of a \$2,000,000 insurance policy on the life of Robert Alexander as previously provided to Bank (the "Robert Alexander Life Insurance Assignment"), and in the event of the death of Robert Alexander, proceeds of the insurance thereunder shall be applied to the Obligations in such order of application as Bank may, in its sole discretion, elect; and (f) an assignment of the proceeds of a \$2,000,000 insurance policy on the life of Nicholas Alexander pursuant to an Assignment of Life Insurance Policy as Collateral in substantially the form of Exhibit G attached hereto (the "Nicholas Alexander Life Insurance Assignment"), which shall be duly completed, executed and delivered to Bank within 60 days after the date hereof, together with the original life insurance policy therefor and evidence of the payment of all premiums due thereon, and in the event of the death of Nicholas Alexander, the proceeds of the insurance thereunder shall be applied to the Obligations in such order of application as Bank may, in its sole discretion, elect. The Rosenbaum Guaranty and the Robert Alexander Guaranty shall be released at such time after December 1, 1998, if any, as: (i) Take-Two has provided at least \$2,000,000 in capital (in addition to any capital provided prior to the date hereof or contemporaneously with the closing of the transactions contemplated hereunder) or Subordinated Debt to Borrower, (ii) Borrower's Consolidated Tangible Net Worth (as hereinafter defined) as reflected in Borrower's financial statements provided to Bank pursuant to Section 5.4 as of the end of any calendar quarter, commencing with the calendar quarter ended December 31, 1998, is at least \$5,000,000, and (iii) no Event of Default hereunder has occurred.

4. Representations and Warranties. Borrower hereby represents and warrants to Bank that:

4.1 (a) Organization and Authority. Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio and has the corporate power and authority to conduct its business as now conducted and as proposed to be conducted while this Agreement is in effect; (b) the execution and delivery of this Agreement, the Notes and the other Loan Documents to which Borrower is a party and the performance of the transactions contemplated hereby and thereby are within the corporate authority of Borrower and have been duly authorized by all proper and necessary corporate

action; (c) the execution and delivery of this Agreement, the Notes and the other Loan Documents to which Borrower is a party and the performance of the transactions contemplated hereby and thereby will not violate or contravene any provisions of law or the articles of incorporation or code of regulations of Borrower, or result in a breach or default in respect of the terms of any other agreement to which Borrower is a party or by which it is bound, which breach or default would result in the creation, imposition or enforcement of any lien against any of the Collateral, or would have a material adverse affect on the conduct of Borrower's business as it is now being conducted and proposed to be conducted while this Agreement is in effect, or would otherwise impair the value of the security interest granted to Bank hereunder; and (d) Borrower is duly qualified as a foreign corporation and is in good standing and duly authorized to do business in every jurisdiction where the nature of its properties or the conduct of its business requires such qualification and authorization.

4.2 Binding Effect of Documents. This Agreement, the Notes and the other Loan Documents to which it is a party are legal and binding obligations of Borrower enforceable in accordance with their terms.

4.3 Government Consent. The execution and delivery of this Agreement, the Notes and the other Loan Documents to which it is a party and the performance of the transactions contemplated hereby and thereby do not require any approval or consent of any governmental agency or authority, or of any other party.

4.4 Financial Statements. Borrower has delivered to Bank copies of its audited financial statements as of and for the year ending December 31, 1997 and its internally-prepared financial statements as of and for the interim period ending July 31, 1998. All of these financial statements are true and correct, are in accordance with the respective books of account and records of Borrower and its subsidiaries (if any) and have been prepared in accordance with generally accepted accounting principles ("GAAP") applied on a basis consistent with prior periods, and accurately present the financial condition of Borrower and its subsidiaries (if any) and their assets and liabilities and the results of their operations as at such date.

4.5 No Change in Financial Condition. Since the ending date of the interim financial statements described in Section 4.4, there has been no change in the assets, liabilities, financial condition or operation of Borrower, other than changes in the ordinary course of business, the effect of which have not, individually or in the aggregate, been materially adverse.

4.6 No Other Liabilities. Except to the extent reflected in the interim financial statements described in Section 4.4 or as otherwise disclosed to Bank by Borrower in writing, Borrower, as of the date of this Agreement, does not know or have reasonable grounds to know of any basis for the assertion against it of any material liabilities or obligations of any nature, direct or indirect, accrued, absolute or contingent, including, without limitation, liabilities for taxes then due or to become due whether incurred in respect of or measured by the income of Borrower for any period prior to the date of this Agreement or arising out of transactions entered into, or any state of facts existing, prior thereto.

4.7 Taxes. Borrower has filed all federal, state, local and other tax returns and reports required to be filed by it and such returns and reports are true and correct. Borrower has paid all taxes, assessments and other governmental charges lawfully levied or imposed on or against it or its properties, other than those presently payable without penalty or interest.

4.8 No Litigation. Except as reflected on Schedule 4.8 attached hereto, there is no litigation or proceeding or governmental investigation pending or, to the knowledge of Borrower, threatened against or relating to Borrower, its properties or business which is not reflected in the interim financial statements described in Section 4.4.

4.9 Compliance with Laws. Borrower is not, to its knowledge, in violation of or default under any statute, regulation, license, permit, order, writ, injunction or decree of any government, governmental department, commission, board, bureau, agency, instrumentality or court, which violation or default would have a material adverse effect on the business, properties or condition, financial or otherwise, of Borrower.

4.10 No Default. Borrower is not, to its knowledge, in default under a material order, writ, judgment, injunction, decree, indenture, agreement, lease or other instrument or contract, which default would have a material adverse effect on the business, properties or condition, financial or otherwise, of Borrower, or in the performance of any covenants or conditions respecting any of its indebtedness, and no holder of any indebtedness of Borrower has given notice of any asserted default thereunder, and no liquidation or dissolution of Borrower and no receivership, insolvency, bankruptcy, reorganization or other similar proceedings relative to Borrower or its properties is pending or, to the knowledge of Borrower, is threatened against Borrower.

4.11 Location of Collateral. Borrower maintains places of business and owns collateral only at 2909 Crescentville Road, West Chester, Ohio 45069 and maintains its books of account and records, including all records concerning Collateral, only at 2909 Crescentville Road, West Chester, Ohio 45069.

Borrower maintains its chief executive office at 2909 Crescentville Road, West Chester, Ohio 45069.

4.12 Title to Collateral. With respect to the Collateral, at the time the Collateral becomes subject to Bank's security interest, Borrower is and at all times will be the sole owner of and have good and marketable title to the Collateral, free from all liens, encumbrances and security interests in favor of any person other than Bank except Permitted Liens and except as reflected on Schedule 4.12 attached hereto, and has full right and power to grant Bank a security interest therein. All information furnished to Bank concerning the Collateral is and will be complete, accurate and correct in all material respects when furnished.

4.13 Rights of Borrower to Accounts. As to each and every Account (a) it is a bona fide existing obligation, valid and enforceable against the Debtor for a sum certain for sales of goods shipped or delivered, or goods leased, or services rendered in the ordinary course of business; (b) all supporting documents, instruments, chattel paper and other evidence of indebtedness, if any, delivered to Bank are complete and correct and valid and enforceable in accordance with their terms, and all signatures and endorsements that appear thereon are genuine, and all signatories and endorsers have full capacity to contract; (c) the Debtor is liable for and is obligated to make payment of the amount expressed in such Account according to its terms; (d) it will be subject to no discount, allowance or special terms of payment without the prior approval of Bank, except for discounts, allowances and special terms of payments offered in the ordinary course of business; (e) with respect to each Eligible Account, it is subject to no dispute, defense or offset, real or claimed; (f) it is not subject to any prohibition or limitation upon assignment; (g) Borrower has full right and power to grant Bank a security interest therein and the security interest granted in such Account to Bank in Section 3 hereof is a valid first security interest which will inure to the benefit of Bank without further action. The warranties set out herein shall be deemed to have been made with respect to each and every Account now owned or hereafter acquired by Borrower.

4.14 Rights of Borrower in Inventory. (a) The Inventory is and will be of good and merchantable quality, free from defects and (b) none of the Inventory is or will be stored with a bailee without the prior written consent of Bank.

4.15 Employee Benefit Plans. Borrower has complied with, and shall continue to comply with, all applicable state and federal laws and regulations governing employee benefit plans, including, but not limited to all regulations under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Borrower has not received any notice to the effect that is not in full compliance with any

of the requirements of ERISA, and no fact or situation, including but not limited to any "Reportable Event," or "Prohibited Transaction," as such terms are defined in ERISA, exists which is or could in any way be construed as a violation of ERISA in connection with any Plan. Borrower has complied with all applicable provisions of ERISA, including minimum funding requirements, has made all filings required to be made by Borrower or any of its Plans (now or at any time in the past maintained) under ERISA, has not applied for any extensions of time in which to make contributions to any Plan maintained (now or at any time in the past) by it or to which it is, or has been, required to contribute, has timely made all contributions and paid all premiums required to be paid to the Pension Benefit Guaranty Corporation, and no matters are presently pending before the United States Labor Department or the Internal Revenue Service concerning any Plan maintained (now or at any time in the past) by Borrower to which it is or was required to contribute. Each employee pension benefit plan (as defined in Section 3 (2) of ERISA) maintained by Borrower is qualified and tax exempt under the Internal Revenue Code. Borrower has never had any obligation or liability with respect to a multi-employer plan as defined in Section 4001 (a)(3) of ERISA.

4.16 Accuracy of Representations. No representation or warranty by or with respect to Borrower contained herein or in any certificate or other document furnished by Borrower pursuant hereto contains any untrue statement of a material fact or omits to state a material fact necessary to make such representation or warranty not misleading in light of the circumstances under which it was made.

4.17 Representations as Inducement to Bank. The foregoing representations and warranties are made by Borrower with the knowledge and intention that Bank will rely thereon, and shall survive the execution and delivery of this Agreement and the making of all Loans hereunder. The receipt of Borrower of each Loan advance shall constitute a representation and warranty by Borrower that the representations and warranties of Borrower contained in this Section 4 are true and correct as of the date of such Loan advance, except to the extent such representations and warranties expressly relate to an earlier date.

5. Affirmative Covenants. Borrower covenants and agrees that until all of the Obligations have been paid in full, unless Bank shall otherwise consent in writing, it shall:

5.1 Books and Records. Maintain complete and accurate books of account and records pertaining to the Collateral and the operations of Borrower, and all such books of account and records shall be kept and maintained at the location specified in Section 4.11. Borrower shall not move such books of account and records or change its chief executive office or open any new office without giving Bank at least 30

days prior written notice. Prior to moving any of such books of account and records or changing the location of its chief executive office or opening any new office, Borrower shall execute and deliver to Bank financing statements satisfactory to Bank. All such books of account and records and all financial statements and reports furnished to Bank shall be maintained and prepared in accordance with GAAP applied on a basis consistent with prior periods.

5.2 Access to Information. Grant Bank, or its representatives, full and complete access to the Collateral and to all books of account, records, correspondence and other papers relating to the Collateral during normal business hours and the right to inspect, examine, verify and make abstracts from the copies of such books of account, records, correspondence and other papers, and to investigate such other records, activities and business of Borrower as they may deem necessary or appropriate at the time.

5.3 Evidence of Accounts. Upon the creation of Accounts, or from time to time as Bank may require, deliver to Bank schedules of all outstanding Accounts. Such schedules shall be in form satisfactory to Bank and shall show the age of such Accounts in intervals of not more than 30 days, and contain such other information and be accompanied by such supporting documents as Bank may from time to time prescribe. Borrower shall also deliver to Bank copies of Debtor's invoices, evidences of shipment or delivery and such other schedules and information as Bank may reasonably request. The items to be provided under this Section are to be prepared and delivered to Bank from time to time solely for its convenience in maintaining records of the Collateral and Borrower's failure to give any of such items to Bank shall not affect, terminate, modify or otherwise limit Bank's security interest granted herein.

5.4 Financial Statements. Deliver to Bank not more than 30 days after the close of each month, or within such further time as Bank may permit, consolidated and consolidating financial statements for Borrower and its subsidiaries, including a balance sheet and related profit and loss statement, prepared in accordance with GAAP (excluding footnotes and year-end adjustments or accruals) by Borrower, which financial statements shall be accompanied by a certification, signed by an officer of Borrower, certifying the accuracy of the financial statements.

Deliver to Bank not more than 90 days after the close of each fiscal year of Borrower, or within such further time as Bank may permit, consolidated and consolidating audited financial statements for Borrower and its subsidiaries, including a balance sheet and related profit and loss statement, prepared in accordance with GAAP by independent certified public accountants acceptable to Bank, who shall give their unqualified opinion with respect hereto.

Deliver to Bank a copy of Take-Two's quarterly report on Form 10-Q promptly after the filing thereof with the Securities Exchange Commission.

5.5 Other Information. Furnish to Bank such other financial and business information and reports, including without limitation accounts receivable agings, accounts payable agings, listings of inventory and borrowing base reports, in form and substance satisfactory to Bank as and when Bank may from time to time request.

5.6 Maintenance of Existence and Licenses. While this Agreement remains in effect and until the Obligations have been paid in full, (a) maintain its corporate existence in good standing; (b) make no material change in the nature or character of its business; (c) maintain and keep in full force and effect all licenses and permits necessary to the proper conduct of its business and (d) at the request of Bank, qualify as a foreign corporation and obtain all requisite licenses and permits in each state (other than the state of its incorporation) where Borrower does business and is required to qualify.

5.7 Maintenance and Insurance of Properties. Maintain and keep all of its properties, real and personal, in good working order, condition and repair and insure and keep insured all such properties at all times against loss of damage by fire, theft, and such other risks and hazards as are customarily insured against by corporations in similar circumstances, or as Bank may specify from time to time, with insurers and in amounts reasonably acceptable to Bank. If Borrower fails to do so, Bank may obtain such insurance and charge the cost thereof to Borrower's account and add it to the Obligations. Borrower agrees that, if any loss should occur, the proceeds of all such insurance policies may be applied to the payment of all or any part of the Obligations, as Bank may direct. Bank shall be named loss payee, with a lender's loss payable endorsement, on such insurance policies to the extent that such policies insure the Collateral. All policies shall provide for at least 10 days prior written notice of cancellation to Bank. Borrower shall deliver at least annually to Bank, or sooner if requested by Bank, certificates of insurance evidencing Borrower's compliance herewith. Bank or Bank's designated agent is hereby irrevocably constituted and appointed Borrower's attorney-in-fact to (either in the name of Borrower or in the name of Bank) make adjustments of all insurance losses, sign all applications, releases and other papers necessary for the collection of any such loss, make settlements and endorse and collect all instruments payable to Borrower or issued in connection therewith; provided, however, that so long as no Event of Default has occurred, Borrower may exercise all of the foregoing rights relating to insurance losses.

5.8 Liability Insurance. At all times, maintain in full force and effect such liability insurance with respect to its activities and business interruption and other insurance as may be reasonably required by Bank, such insurance to be provided by insurer(s) acceptable to Bank, and if requested by Bank, such insurance shall name Bank as an additional insured. Borrower shall deliver at least annually to Bank, or sooner if requested by Bank, certificates of insurance evidencing Borrower's compliance herewith.

5.9 Notice of Certain Events. Give prompt notice in writing to Bank of any Event of Default hereunder, or of any condition which with the passage of time or the giving of notice or both would give rise to an Event of Default, and of any development, financial or otherwise, which would materially adversely affect its business, properties or affairs or the ability of Borrower to perform its obligations under this Agreement, the Notes or any of the other Loan Documents.

5.10 Payment of Taxes. Pay all taxes, assessments or governmental charges lawfully levied or imposed on or against it and its properties prior to the date when such taxes, assessments or charges shall become delinquent, unless Borrower shall contest the validity thereof in good faith and shall post any bond or other security required by applicable law or by Bank against the payment thereof.

5.11 Dealings in Inventory. With respect to the Inventory (a) sell or dispose of the Inventory only to buyers in the ordinary course of business, (b) immediately notify Bank of any change in location of any of the Inventory and, prior to any such change, execute and deliver to Bank such financing statements satisfactory to Bank as Bank may request and (c) report, in form satisfactory to Bank and with such frequency as determined by Bank, such information as Bank may request regarding the Inventory.

5.12 Claims Against Borrower. Immediately upon learning thereof, report to Bank any reclamation, return or repossession of goods, any claim or dispute asserted by any Debtor or other obligor, and any other matters affecting the value and enforceability or collectibility of any of the Collateral which have not arisen in the ordinary course of business. In addition, Borrower shall, at its sole cost and expense (including attorney's fees), settle any and all such claims and disputes and indemnify and protect Bank against any liability, loss or expense arising therefrom or out of any such reclamation, return or repossession of goods, provided, however, if Bank shall so elect following the occurrence of an Event of Default, it shall have the right at all times to settle, compromise, adjust or litigate all claims or disputes directly with the Debtor or other obligor upon such terms and conditions as it deems advisable and charge all costs and expenses thereof (including attorneys' fees) to Borrower's account and add them to the Obligations.

5.13 Defense of Collateral. Defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein and pay all costs and expenses (including attorneys' fees) incurred in connection with such defense.

5.14 Financing Statements; Further Assurances. At the request of Bank, execute and deliver such financing statements, documents and instruments, and perform all other acts as Bank deems necessary or desirable, to carry out and perform the intent and purpose of this Agreement, and pay, upon demand, all expenses (including reasonable attorneys' fees) incurred by Bank in connection therewith. A photocopy of this Agreement shall be sufficient as a financing statement and may be filed in any appropriate office in lieu thereof.

5.15 Financial Covenants. Maintain the following financial covenants:

(a) Consolidated Tangible Net Worth at all times greater than (i) \$2,000,000 from the date hereof through November 30, 1998, (ii) \$4,500,000 from December 1, 1998 through January 31, 1999 and (iii) \$5,000,000 on and after February 1, 1999.

(b) A ratio of Consolidated Liabilities to Consolidated Tangible Net Worth of not more than (i) 15:1 for the months of August through November, inclusive, (ii) 10:1 for the months December through January, inclusive, and (iii) 8:1 for the months of February through May, inclusive.

(c) Consolidated Net Working Capital of not less than \$900,000.

(d) Consolidated Income Before Taxes of not less than (i) \$250,000 for the quarter ending October 31, 1998, (ii) \$750,000 for the quarter ending January 31, 1999 and (iii) \$0 for the quarter ending April 30, 1999.

The following terms shall have the following meaning when used herein:

"Consolidated Current Assets" and "Consolidated Current Liabilities" shall mean, at any time, all assets or liabilities, respectively, that should, in accordance with GAAP, be classified as current assets or current liabilities, respectively, on a consolidated balance sheet of Borrower and its subsidiaries (if any).

"Consolidated Liabilities" shall mean all indebtedness, obligations and other liabilities of Borrower, whether matured or unmatured, liquidated or unliquidated, direct or contingent or joint or several, that should, in accordance with GAAP, be classified as liabilities on a consolidated balance sheet of Borrower and its subsidiaries (if any).

"Consolidated Net Working Capital" shall mean, at any time, the amount by which Consolidated Current Assets exceed Consolidated Current Liabilities.

"Consolidated Tangible Net Worth" shall mean, at any time, Stockholder's Equity, less the sum of (i) any surplus resulting from any write-up of assets subsequent to December 31, 1996, (ii) goodwill, including any amounts, however designated on a consolidated balance sheet of Borrower and its subsidiaries, representing the excess of the purchase price paid for assets or stock acquired over the value assigned thereto on the books of Borrower, (iii) patents, trademarks, tradenames and copyrights, (iv) any amount at which shares of capital stock of Borrower appear as an asset on Borrower's balance sheet, (v) deferred expenses and (vi) any other amount in respect of an intangible that should be classified as an asset on a consolidated balance sheet of Borrower in accordance with GAAP.

"Stockholder's Equity" shall mean, at any time, the aggregate of the following amounts set forth on a consolidated balance sheet of Borrower and its subsidiaries prepared in accordance with GAAP: (i) the par or stated value of all outstanding capital stock, (ii) capital surplus, (iii) retained earnings and (iv) Subordinated Debt.

"Consolidated Income Before Taxes" shall mean, at any time, the net income before taxes of Borrower and its subsidiaries, as determined in accordance with GAAP.

5.16 Maintenance of Bank Accounts. At Bank's option, maintain all of its depository accounts with Bank, including without limitation, all demand deposit, lock box, time deposit, concentration and zero balance accounts. A balance of at least \$20,000 shall be maintained in Borrower's operating account at all times.

5.17 Compliance. Comply in all material respects with all applicable laws, rules, regulations and orders applicable to Borrower or its business, operations or properties.

6. Negative Covenants. Borrower covenants and agrees that until the Obligations have been paid in full, unless Bank shall consent in advance in writing, it shall not and shall not permit any subsidiary to:

6.1 Sale of Assets or Merger. Discontinue its business or liquidate, sell, transfer, lease, assign or otherwise dispose of a material part of its assets or of the Collateral, by sale, merger, consolidation or otherwise, provided, however, that it may sell in the ordinary course of business and for a full consideration in money or money's worth, any product, merchandise or service produced, marketed or furnished by it.

6.2 Liens and Encumbrances. Sell, assign, pledge, grant or suffer to exist a security interest, lien, mortgage or other encumbrance on any of the Collateral or any other properties or assets of Borrower to any person other than Bank, or permit any lien, encumbrance or security interest to attach to any of

the Collateral or any other properties or assets of Borrower, except in favor of Bank and except Permitted Liens, without the prior written consent of Bank.

6.3 Contingent Liabilities. Endorse, guarantee or become surety for the obligations of any person, firm or corporation, except that Borrower may endorse checks and negotiable instruments for collection or deposit in the ordinary course of business.

6.4 Loans. Not make loans, advances or extensions of credit to others in excess of \$10,000 in aggregate without the prior written consent of Bank.

6.5 Distributions. Declare or pay any dividends or make any other payments on its capital stock, issue, redeem, repurchase, retire or otherwise acquire, directly or indirectly, any of its capital stock, or grant or issue any warrant, right or option pertaining thereto or other security convertible into any of the foregoing, or make any other distribution to its shareholders; provided, however, that Borrower may distribute funds to its shareholders, no more frequently than quarterly, in order to enable such shareholders to pay estimated federal and state taxes on Borrower's taxable income for each taxable year of Borrower. A fiscal year-end reconciliation of such distributions shall be made taking into consideration the actual taxable income of Borrower each year. In the event that it is determined that the shareholders have received distributions in excess of those allowable under this Section 6.5, then the excess amount received by any such shareholder shall be immediately repaid to Borrower.

6.6 Dealings with Accounts. Compromise or discount any Account except for ordinary trade discounts or allowances for prompt payment in the ordinary course of Borrower's business, consistent with past practices.

6.7 Investments. Change its name, dissolve or consolidate or merge with any other corporation or acquire or purchase any equity interest in any other entity, including shares of stock of other corporations, or acquire or purchase any assets or assume any obligations of any other entity, except that Borrower is permitted to own notes and other receivables acquired in the ordinary course of business.

6.8 Change in Management or Business. Change its management or its capital structure or make any material change in any of its business objectives, purposes and operations which might in any way adversely affect the repayment of the Loans; provided, however that Bank's consent to any change in management shall not be unreasonably withheld.

6.9 Change in Ownership. Permit to occur a change in record or beneficial ownership of voting stock of Borrower which Bank, in its sole discretion, deems material with respect to the control over Borrower, without the prior written consent of Bank.

6.10 Transaction with Affiliates. Enter into, or be a party to, any transaction with any of Borrower's Affiliates, except in the ordinary course of business, pursuant to the reasonable requirements of Borrower's business, and upon fair and reasonable terms which are fully disclosed to Bank and are no less favorable to Borrower than Borrower could obtain in a comparable arm's length transaction with a person not an Affiliate of Borrower.

6.11 Indebtedness. Directly or indirectly create, incur, assume, guaranty or be or remain liable with respect to any indebtedness, except for (a) the Obligations, (b) any existing indebtedness disclosed in the financial statements referenced in Section 4.4 hereof, (c) any purchase money indebtedness not to exceed \$20,000 in the aggregate, (d) any other indebtedness to which Bank has consented in writing and (e) trade obligations arising in the normal course of business.

7. Collection of Collateral and Notice of Assignment

7.1 Collections on Collateral. So long as Bank does not request that the Debtors on the Collateral be notified of the consignment thereof to Bank or that all collections be directed to a lock box at Bank, Borrower may make collections on the Collateral. All collections on the Collateral shall be the property of Bank, shall be held in trust for Bank by Borrower and shall not be commingled with Borrower's other funds or be deposited in any bank account of Borrower (except for the Cash Collateral Account), or used in any manner except to pay the Obligations. Borrower shall immediately deposit all collections on the Collateral in the Cash Collateral Account of Borrower maintained at Bank for that purpose, over which Bank alone shall have the sole power of withdrawal. On a daily basis, Bank will apply all or part of the collected balance of the Cash Collateral Account against the Obligations, the amount, order and method of such application to be in the sole discretion of Bank. In no event shall Bank be obligated to apply any funds deposited in the Cash Collateral Account before the first business day after the day of deposit. Any part of the collected balance in the Cash Collateral Account which Bank elects not to apply to Borrower's obligations may be paid over and deposited by Bank to Borrower's commercial account. The crediting of items deposited in the Cash Collateral Account to the reduction of the Obligations shall be conditioned upon final payment of the item and if any item is not so paid, the amount of any credit given for it may be charged to the Obligations or to any other deposit account of Borrower, whether or not the item is returned.

7.2 Notice of Assignment. Bank shall have the right at any time following an Event of Default to notify Debtors of its security interest in the Accounts and to require payments to be made directly to Bank. Upon request of Bank at any time following an Event of Default, Borrower will so notify the

Debtors and will indicate on all billings to the Debtors that the Accounts are payable to Bank. To facilitate direct collection, Borrower hereby appoints Bank and any officer or employee of Bank, as Bank may from time to time designate, as attorney-in-fact for Borrower to (a) receive, open and dispose of all mail addressed to Borrower and take therefrom any payments on or proceeds of Accounts; (b) take over Borrower's post office boxes or make other arrangements, in which Borrower shall cooperate, to receive Borrower's mail, including notifying the post office authorities to change the address for delivery of mail addressed to Borrower to such address as Bank shall designate; (c) endorse the name of Borrower in favor of Bank upon any and all checks, drafts, money orders, notes, acceptances or other evidences or payment or Collateral that may come into Bank's possession; (d) sign and endorse the name of Borrower on any invoice or bill of lading relating to any of the Accounts, on verifications of Accounts sent to any Debtor, to drafts against Debtors, to assignments of Accounts and to notices to Debtors; and (e) do all acts and things necessary to carry out this Agreement, including signing the name of Borrower on any instruments required by law in connection with the transactions contemplated hereby and on financing statements as permitted by the Uniform Commercial Code. Borrower hereby ratifies and approves all acts of such attorneys-in-fact pursuant to this section, and neither Bank nor any other such attorney-in-fact shall be liable for any acts of commission or omission, or for any error of judgment or mistake of fact or law. This power, being coupled with an interest, is irrevocable so long as any of the Obligations remain unsatisfied.

7.3 Enforcement of Accounts. In the event Bank exercises its rights under Section 7.2, Bank (a) shall not, under any circumstances, be liable for any error or omission or delay of any kind occurring in the settlement, collection or payment of any Accounts or any instruments received in payment thereof or for any damage resulting therefrom; (b) may, without notice to or consent from Borrower, sue upon or otherwise collect, extend the time of payment of, or compromise or settle for cash, credit or otherwise upon any terms, any of the Accounts or any securities, instruments or insurance applicable thereto and/or release the obligor thereon; and (c) is authorized to accept the return of the goods represented by any of the Accounts, without notice to or consent by Borrower, or without discharging or any way affecting the Obligations hereunder.

7.4 Returned or Rejected Goods. In the event Bank exercises its rights under Section 7.2, upon receipt of any returned or rejected goods Borrower shall immediately issue and deliver a copy of the credit memo to Bank with respect thereto. Or, at Bank's election, Borrower shall set aside such goods, mark them in Bank's name and hold them in trust for Bank at Borrower's expense and shall, upon

Bank's request, deliver such goods to Bank. Bank may sell or cause the goods to be sold, at public or private sale, at such prices, to such purchasers and upon such terms as Bank deems advisable. Borrower shall remain liable to Bank for any deficiency and shall pay the costs and expenses of such sale, including reasonable attorneys' fees.

7.5 Limitation of Bank's Liability. Bank shall not be liable for or prejudiced by any loss, depreciation or other damage to Accounts or other Collateral unless caused by Bank's willful and malicious act, and Bank shall have no duty to take any action to preserve or collect any Account or other Collateral.

7.6 Verification of Accounts. Bank may confirm and verify all Accounts in a manner consistent with its usual practices at any time. Bank shall have no obligation to disclose or discuss with Borrower the names or identities of any Debtors from whom Bank obtains or requests information as to Accounts. Borrower agrees to cooperate with Bank in the confirmation and verification of any Accounts, or reconciling any discrepancy between those amounts verified by Bank and information provided to Bank by Borrower.

8. Service Charges. In addition to the principal and interest on the Loans and the reimbursement of expenses to Bank pursuant to this Agreement, Borrower shall pay to Bank a monthly service charge for the services provided by Bank in connection with this Agreement in the amount of \$500.00. In addition to the monthly service charge, Borrower shall pay to Bank a service charge of 3% per annum on the excess amount for each day on which the outstanding principal balance of the Revolving Credit Loans exceeds the Maximum Revolving Loan Amount. All service charges shall be payable monthly on the due date for the payment of principal and/or interest on the Loans.

9. One General Obligation: Cross Collateral. All Loans and advances by Bank to Borrower under this Agreement and under all other agreements constitute one loan, and all indebtedness and Obligations of Borrower to Bank under this and under all other agreements, present and future, constitute one general obligation secured by the Collateral and security held and to be held by Bank hereunder and by virtue of all other assignments and security agreements between Borrower and Bank now and hereafter existing. It is expressly understood and agreed that all of the rights of Bank contained in this Agreement shall likewise apply insofar as applicable to any modification of or supplement to this Agreement and to any other agreements, present and future, between Bank and Borrower.

10. Conditions Precedent. The agreement of Bank to make the Loans is subject to the satisfaction prior to or concurrently with the making of the Loans, of each of the following conditions precedent:

10.1 Bank shall have received the following, each of which shall be reasonably acceptable in form and substance to Bank:

- (a) The Revolving Credit Note, duly executed and delivered to Bank;
- (b) The Term Note B, duly executed and delivered to Bank;
- (c) The Rosenbaum Guaranty, duly executed and delivered to Bank;
- (d) The Robert Alexander Guaranty, duly executed and delivered to Bank;
- (e) The Take-Two Guaranty, duly executed and delivered to Bank;
- (f) A Warrant Certificate for shares of Take-Two in substantially the form of Exhibit H attached hereto (the "Warrant Certificate");
- (g) Evidence, satisfactory to Bank, that Take-Two has provided at least \$500,000 of additional capital or Subordinated Debt to Borrower contemporaneously with the closing of the transactions contemplated hereunder;
- (h) Payment to Bank of a closing fee in the amount of \$50,000;
- (i) An opinion or opinions from counsel to Borrower, Take-Two, Rosenbaum and Robert Alexander, in form satisfactory to Bank and its counsel, to the effect that: (i) Borrower is duly incorporated, validly existing and in good standing under the laws of the State of Ohio, and Take-Two is duly incorporated, validly existing and in good standing under the laws of the State of Delaware; (ii) Borrower has full power and authority to carry on its business as presently conducted by it, to own and operate the properties used in such business, and to execute and deliver this Agreement, the Notes and the other Loan Documents to which it is a party and to perform its obligations hereunder and thereunder, and Take-Two has full power and authority to carry on its business as presently conducted by it, to own and operate the properties used in such business, and to execute and deliver the Take-Two Guaranty and the Warrant Certificate and to perform its obligations thereunder; (iii) the execution and delivery by Borrower of this Agreement, the Notes and the other Loan Documents to which it is a party, and the performance by Borrower of its obligations hereunder and thereunder, have been duly authorized by all necessary corporate action, and are not in conflict with any provision of law or any provision of the Articles of Incorporation or Regulations of Borrower or, to such counsel's knowledge, with any agreement, order or decree binding upon Borrower; the execution and delivery by Take-Two of the Take-Two Guaranty and the Warrant Certificate, and the performance by Take-Two of its obligations thereunder, have been duly authorized by all necessary corporate action, and are not in conflict with any provision of law or any provision of the Certificate of Incorporation or Bylaws of Take-Two or, to such

counsel's knowledge, with any agreement, order or decree binding upon Take-Two; the execution and delivery by Rosenbaum of the Rosenbaum Guaranty, and the performance by Rosenbaum his obligations thereunder, are not in conflict with any provision of law or, to such counsel's knowledge, with any agreement, order or decree binding upon Rosenbaum; and the execution and delivery by Robert Alexander of the Robert Alexander Guaranty, and the performance by Robert Alexander of his obligations thereunder, are not in conflict with any provision of law or, to such counsel's knowledge, with any agreement, order or decree binding upon Robert Alexander; (iv) this Agreement, the Notes and the other Loan Documents to which Borrower is a party have been duly authorized, executed and delivered by Borrower and constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with their terms against Borrower; the Take-Two Guaranty and the Warrant Certificate have been duly authorized, executed and delivered by Take-Two and constitute the legal, valid and binding obligation of Take-Two, enforceable in accordance with their terms against Take-Two; the Rosenbaum Guaranty has been duly executed and delivered by Rosenbaum and constitutes the legal, valid and binding obligation of Rosenbaum, enforceable against Rosenbaum in accordance with its terms; and the Robert Alexander Guaranty has been duly executed and delivered by Robert Alexander and constitutes the legal, valid and binding obligation of Robert Alexander, enforceable against Robert Alexander in accordance with its terms; (v) no governmental or third party approvals, authorizations, licenses or consents are required to be obtained in connection with the execution and delivery by Borrower of this Agreement, the Notes or the other Loan Documents to which it is a party, the execution and delivery by Take-Two of the Take-Two Guaranty or the Warrant Certificate, the execution and delivery by Rosenbaum of the Rosenbaum Guaranty, or the execution and delivery by Robert Alexander of the Robert Alexander Guaranty, or the performance by any of them of their respective obligations in accordance therewith, or the exercise by Bank of its rights thereunder; (vi) to such counsel's knowledge, there is no threatened or pending legal or governmental proceeding or action to which any of Borrower, Take-Two, Rosenbaum or Robert Alexander is a party or to which any of its or his property is subject, which, if adversely determined, could materially and adversely affect its or his condition, assets or operation or result in an Event of Default under this Agreement; and (vii) the shares of Common Stock, par value \$.01 per share, of Take-Two to be issued to Bank upon the exercise of the Warrants provided under the Warrant Certificate have been duly authorized and, when issued in accordance with the terms of the Warrant Certificate and upon payment in full of the exercise price as provided therein, will be duly and validly issued and outstanding, fully paid and nonassessable.

(j) A copy of the resolutions of the Board of Directors of Borrower authorizing (i) the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which Borrower is a party, (ii) the borrowings contemplated hereunder and (iii) the granting by Borrower of the liens and security interests pursuant to this Agreement, certified by the President, Secretary or Assistant Secretary of Borrower as of the date hereof as being in full force and effect and not amended, modified, revoked or rescinded;

(k) A copy of the resolutions of the Board of Directors of Take-Two authorizing the execution, delivery and performance of the Take-Two Guaranty and the Warrant Certificate, certified by the Secretary or Assistant Secretary of Take-Two as of the date hereof as being in full force and effect and not amended, modified, revoked or rescinded;

(l) A certificate of the President, Secretary or Assistant Secretary of Borrower dated as of the date hereof as to the incumbency and signature of the officers of Borrower executing this Agreement, the Notes and the other Loan Documents to which Borrower is a party;

(m) A certificate of the Secretary or Assistant Secretary of Take-Two dated as of the date hereof as to the incumbency and signature of the officers of Take-Two executing the Take-Two Guaranty, the Warrant Agreement and the Warrant;

(n) Copies of (i) the Articles of Incorporation of Borrower certified as correct and complete by the President, Secretary or Assistant Secretary of Borrower as of the date hereof and by the Ohio Secretary of State as of a recent date, (ii) the Regulations of Borrower certified as correct and complete by the President, Secretary or Assistant Secretary of Borrower as of the date hereof and (iii) a certificate of good standing of Borrower as of a recent date from the Ohio Secretary of State;

(o) Copies of (i) the Certificate of Incorporation of Take-Two certified as correct and complete by the Secretary or Assistant Secretary of Take-Two as of the date hereof and by the Delaware Secretary of State as of a recent date, (ii) the Bylaws of Take-Two certified as correct and complete by the Secretary or Assistant Secretary of Take-Two as of the date hereof, and (iii) a certificate of good standing of Take-Two as of a recent date from the Delaware Secretary of State; and

(p) Borrower shall have delivered to Bank its internally-prepared financial statements as of and for the interim period ending July 31, 1998.

10.2 Borrower shall have provided such other documents, instruments and information, executed such other agreements and certificates, and generally taken such other actions as Bank may reasonably require.

11. Events of Default and Remedies.

11.1 Event of Default. The following shall constitute Events of Default under this Agreement, it being agreed that time is of the essence hereof: (a) failure of Borrower to pay when due any of the Obligations; (b) failure of Borrower to observe or perform any covenant contained in this Agreement, the Notes, the other Loan Documents or any other agreement between Borrower and Bank, and such default is not fully cured within 30 days after Bank has given written notice thereof to Borrower; (c) any representation or warranty at any time made orally or in this Agreement, the Notes, the other Loan Documents or any other agreement between Borrower and Bank, or in any document or instrument delivered to Bank pursuant to this Agreement, the Notes, the other Loan Documents or any such other agreement is, or becomes, untrue or misleading in any material respect; (d) acceleration of the maturity of any of the Obligations; (e) Borrower shall be in default or breach under any material obligation for the payment of borrowed money or for the payment of rent under any lease agreement covering real or personal property, which default is not cured within any applicable grace period; (f) failure of Borrower or any Guarantor, after request by Bank, to furnish financial information or to permit the inspection of its or his books of account and records; (g) suspension by Borrower or any Guarantor of the operation of its or his present business, or the insolvency of Borrower or any Guarantor, or the inability of Borrower or any Guarantor to meet its or his debts as they mature, or its or his admission in writing to such effect, or its or his calling any meeting of all or any of its or his creditors or committing any act of bankruptcy, or the filing by or against Borrower or any Guarantor of any petition under any provision of the Bankruptcy Act, as amended, or the entry of any judgment or filing of any lien against Borrower or any Guarantor; (h) there shall occur any material adverse change in Borrower's condition or affairs (financial or otherwise) or in that of any endorser, Guarantor or surety for any of the Obligations; (i) loss, theft, damage, destruction or encumbrance of or on any of the Collateral or any levy, seizure or attachment thereof; (j) any Guarantor of the Obligations denies its or his obligation to guarantee any Obligations then existing or attempts to limit or terminate its or his obligation to guarantee any future Obligations, including future Loan advances; and (k) the death of any co-maker, Guarantor or surety of the Loans if, within fifteen (15) days after the date of such death, Borrower has failed to satisfy Bank, in the exercise of Bank's sole discretion, that such death will not adversely affect Borrower's business operations.

11.2 Rights of Bank upon Default. Upon the occurrence of an Event of Default described in Section 11.1, Bank at its option may: (a) declare the Obligations of Borrower immediately due and

payable (except upon the occurrence of any Event of Default described in Section 11.1(g), the Obligations shall automatically become due and payable), without presentment, notice, protest or demand of any kind for the payment of all or any part of the Obligations (all of which are expressly waived by Borrower) and exercise all of its rights and remedies against Borrower and any Collateral provided in this Agreement, the Notes, the other Loan Documents or any other agreement between Borrower and Bank, at law or in equity and (b) exercise all rights granted to a secured party under the Ohio Uniform Commercial Code or otherwise. Upon the occurrence of an Event of Default, or in the event of non-payment of the Loan when due in the case of a demand Loan, Bank may take possession of the Collateral, or any part thereof, and Borrower hereby grants Bank authority to enter upon any premises on which the Collateral may be situated, and remove the Collateral from such premises or use such premises, together with the materials, supplies, books and records of Borrower, to maintain possession and/or the condition of the Collateral and to prepare the Collateral for sale. Borrower shall, upon demand by Bank, assemble the Collateral and make it available at a place designated by Bank which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Bank will give Borrower reasonable notice of the time and place of any public sale thereof or of the time after which any private sales or other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrower shown at the beginning of this Agreement at least 5 days prior to the time of such sale or disposition. Bank shall have the widest possible latitude to preserve and protect the Collateral and Bank's security interest therein, and Bank, at its option, shall have the right to appointment of a receiver for the preservation, possession, protection and disposition of all or any part of the Collateral and the collection and protection for Bank of any proceeds of use or disposition of the Collateral and to do any other thing and exercise any other right or remedy which Bank may, with or without judicial process, do or exercise.

11.3 Application of Proceeds. Bank shall have the right to apply the proceeds of any disposition of the Collateral to the payment of the Obligations in such order of application as Bank may, in its sole discretion, elect. Bank shall have no obligation to marshal any assets in favor of Borrower or any other party.

11.4 Remedies Cumulative. The rights, options and remedies of Bank shall be cumulative and no failure or delay by Bank in exercising any right, option or remedy shall be deemed a waiver thereof or of any other right, option or remedy, or waiver of any Event of Default hereunder, nor shall any single

or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. Bank shall not be deemed to have waived any of Bank's rights hereunder or under any other agreement, instrument or paper signed by Borrower unless such waiver be in writing and signed by Bank.

12. Miscellaneous

12.1 Governing Law; Jurisdiction and Venue. The provisions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Ohio. Bank and Borrower hereby designate all courts of record sitting in Cincinnati, Ohio, both state and federal, as forums where any action, suit or proceeding in respect of or arising out of this Agreement or the transactions contemplated by this Agreement may be prosecuted as to all parties, their successors and assigns, and by the foregoing designation Bank and Borrower consent to the jurisdiction and venue of such courts.

12.2 MUTUAL WAIVER OF JURY TRIAL. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR BANK TO EXTEND CREDIT TO BORROWER AND FOR BORROWER TO BORROW FROM BANK, AND AFTER HAVING THE OPPORTUNITY TO CONSULT COUNSEL, BORROWER AND BANK HEREBY EXPRESSLY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO THIS AGREEMENT OR ARISING IN ANY WAY FROM THE OBLIGATIONS.

12.3 Other Waivers. Borrower waives notice of nonpayment, demand, notice of demand, presentment, protest and notice of protest with respect to the Obligations, or notice of acceptance hereof, notice of Loans made, credit extended, Collateral received or delivered, or any other action taken in reliance hereon, and all other demands and notices of any description, except such as are expressly provided for herein.

12.4 Collection Costs. All costs and expenses incurred by Bank to obtain, enforce or preserve the security interests granted by this Agreement or the other Loan Documents and to collect the Obligations, including, without limitation, stationery and postage, telephone and telegraph, secretarial and clerical expenses, the fees or salaries of any collection agents utilized, all costs to maintain and preserve the Collateral and all reasonable attorneys' fees and legal expenses incurred in obtaining or enforcing payment of any of the Obligations or foreclosing Bank's security interest in any of the Collateral, whether through judicial proceedings or otherwise, or in enforcing or protecting its rights and interests under this Agreement, the Notes or any other Loan Document, or in protecting the rights of any holder or holders with respect thereto, or in defending or prosecuting any actions or proceedings arising out of or relating to Bank's transactions with Borrower, shall be paid by Borrower to Bank, upon demand, or, at Bank's election, charged to Borrower's account and added to the Obligations, and Bank may take

judgment against Borrower for all such costs, expenses and fees in addition to all other amounts due from Borrower hereunder.

12.5 Expenses. Borrower shall reimburse Bank for all out-of-pocket costs and expenses incurred by Bank in connection with the preparation of this Agreement, the Notes and the other Loan Documents and the making of the Loans hereunder, including all reasonable attorneys' fees and legal expenses, and for all UCC search, filing, recording and other costs connected with the perfection of Bank's security interest in the Collateral.

12.6 Notices. All notices, requests, directions, demands, waivers and other communications provided for herein shall be in writing and shall be deemed to have been given or made when delivered personally, by telecopy (if to Borrower, at (513) 326-2853, and if to Bank, at (513) 579-2201), or sent by registered or certified mail, postage prepaid and return receipt requested, addressed to Borrower or Bank, as the case may be, at their respective addresses set forth at the beginning of this Agreement (if to Borrower, Attention: Nicholas A. Alexander, and if to Bank, Attention: John D. Rentz). Notices of changes of address shall be given in the same manner.

12.7 Severability. Any provision of this Agreement which is prohibited and unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12.8 Entire Agreement, Modification, Benefit. This Agreement shall constitute the entire agreement of the parties and no provision of this Agreement, including the provisions of this Section, may be modified, deleted or amended in any manner except by agreement in writing executed by the parties. All terms of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns, provided, however, that Borrower shall not assign or transfer its rights hereunder.

12.9 Construction. All references in this Agreement to the single number and neuter gender shall be deemed to mean and include the plural number and all genders, and vice versa, unless the context shall otherwise require.

12.10 Headings. The underlined headings contained herein are for convenience only and shall not affect the interpretation of this Agreement.

12.11 Counterparts. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original.

12.12 Nonliability of Bank. The relationship between Borrower and Bank shall be solely that of borrower and lender. Bank shall not have any fiduciary responsibilities to Borrower. Bank undertakes no responsibility to Borrower to review or inform Borrower of any matter in connection with any phase of Borrower's business or operations.

12.13 Limitation of Liability. No claim may be made by Borrower against Bank, or the Affiliates, directors, officers, employees, attorneys or agents of Bank, for any special, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and Borrower hereby waives, releases and agrees not to sue upon any such claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

12.14 Warrant of Attorney. Borrower authorizes any attorney at law, including an attorney engaged by Bank, to appear in any court of record in the State of Ohio or any other State or Territory of the United States, after the occurrence of an Event of Default hereunder, and waive the issuance and service of process and confess judgment against Borrower in favor of Bank, for the amount of the Obligations then appearing due, together with costs of suit and, thereupon, to release all errors and waive all rights of appeal and stay of execution, but no such judgment or judgments against Borrower shall be a bar to a subsequent judgment or judgments against any one or more than one of persons against whom judgment has not been obtained hereon. Borrower hereby expressly waives any conflict of interest that Bank's attorney may have in confessing such judgment against Borrower and expressly consents to the confessing attorney receiving a legal fee from the holder for confessing such judgment against Borrower. This warrant of attorney to confess judgment is a joint and several warrant of attorney. The foregoing warrant of attorney shall survive any judgment; and if any judgment be vacated for any reason, Bank nevertheless may thereafter use the foregoing warrant of attorney to obtain an additional judgment or judgments against Borrower.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first set forth above.

WARNING-BY SIGNING THIS PAPER, YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME, A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT OR ANY OTHER CAUSE.

JACK OF ALL GAMES, INC.

BY: _____

TITLE: _____

BY: _____

TITLE: _____

ATTEST: _____
Secretary or Assistant Secretary

THE PROVIDENT BANK

BY: _____

TITLE: _____

COMMERCIAL LOAN

AMENDED AND RESTATED PROMISSORY NOTE

\$20,000,000.00
Cincinnati, Ohio

August 31, 1998

The undersigned, for value received, promises to pay to the order of The Provident Bank, at any of its offices, the sum of Twenty Million Dollars (\$20,000,000.00), together with interest until maturity at the fluctuating rate equal to The Provident Bank Prime Rate plus one and one quarter percent (1.25%) per year computed on the basis of a year of 360 days for the actual number of days elapsed, and after an Event of Default or maturity, whether at stated maturity or by acceleration, at a rate four (4) percentage points greater than the stated rate (the "Default Rate"). Interest payments shall be due and payable monthly commencing on September 1, 1998, and on the first day of each month thereafter and at maturity. Principal shall be due and payable in full on or before June 1, 1999.

The undersigned hereby states that the purpose of the loans evidenced by this Note is to refinance existing loans and provide for future working capital needs. This Note amends and restates that certain Promissory Note in the original principal amount of \$15,500,000.00 dated as of August 27, 1997 given by the undersigned to The Provident Bank (as amended from time to time) and that certain Promissory Note in the original principal amount of \$2,000,000.00 dated as of August 19, 1998 given by the undersigned to The Provident Bank; amounts outstanding as of the date hereof under such Promissory Notes shall not be deemed cancelled or satisfied, but shall be evidenced by this Note instead of by such Promissory Notes. This Note is issued and secured by the Second Amended and Restated Loan and Security Agreement of even date herewith between the undersigned and The Provident Bank (as amended, modified and supplemented from time to time, the "Loan Agreement") and is further evidenced and secured by additional Loan Documents (as defined in the Loan Agreement).

This Note evidences a revolving credit. Subject to the terms hereof, of the Loan Agreement and of the other Loan Documents and until maturity, the undersigned may borrow and reborrow from the holder and the holder shall, provided no Event of Default has occurred, lend and relend to the undersigned such amounts not to exceed the Maximum Revolving Loan Amount (as defined in the Loan Agreement) as the undersigned may at any time and from time to time request upon satisfactory notice to the holder.

If any payment of principal or interest is not paid when due or if an Event of Default occurs as defined in the Loan Agreement or other Loan Documents, this Note shall, at the option of its holder, become immediately due and payable (except upon the occurrence of an Event of Default described in Section 11.1(g) of the Loan Agreement, the same shall automatically become due and payable), without demand or notice.

In the event the undersigned prepays the principal amount of this Note in part prior to the maturity date hereof with cash obtained from any source (including without limitation another lender) other than the operation of the undersigned's business in the ordinary course, the undersigned shall pay the holder hereof a fee in the amount of 2% of the amount so prepaid, and in the event that the undersigned prepays the principal amount of this Note in full prior to the maturity date hereof with cash obtained from any source (including without limitation another lender) other than the operation of the undersigned's business in the ordinary course, the undersigned shall pay the holder hereof a fee in the amount of \$400,000.

As collateral security for the payment of the amounts from time to time owing hereunder, the undersigned hereby grants to the holder a security interest in (i) all property in which the holder now or hereafter holds a security interest pursuant to any and all assignments, pledges and security agreements, including the Loan Agreement and Loan Documents, between the undersigned and the holder and (ii) all accounts, securities and properties now or hereafter in the possession of the holder and in which the undersigned has any interest. Upon this Note becoming due under any of its terms and provisions, and not being fully paid and satisfied, the total sum then due hereunder may, at any time and from time to time, be charged against any account or accounts maintained with the holder hereof by the undersigned, without notice to or further consent from it, and the undersigned agrees to be and remain liable for all remaining indebtedness represented by this Note in excess of the amount or amounts so applied. The undersigned and the holder intend that this indebtedness shall be secured by any and all mortgages hereafter granted by the undersigned in favor of the holder.

There will be a minimum finance charge of \$50.00 for each billing period.

Prime Rate is that annual percentage rate of interest which is established by The Provident Bank from time to time as its prime rate, whether or not such rate is publicly announced, and which provides a base to which loan rates may be referenced. Prime Rate is not necessarily the lowest lending rate of The Provident

Bank. The interest rate on this Note will change each time and as of the date that the Prime Rate changes. If any payment of principal or interest is not paid when due or if the undersigned shall otherwise default in the performance of its obligations hereunder or under any other note or agreement with the holder, the holder at its option, may charge and collect, or add to the unpaid balance hereof, a late charge up to the greater of \$250 or .1% of the unpaid balance of this Note at the time of such delinquency for each such delinquency to cover the extra expense incident to handling delinquent accounts, and/or increase the interest rate on the unpaid balance to the Default Rate.

The undersigned (i) waives presentment, demand, notice of demand, protest, notice of protest and notice of dishonor and any other notice required to be given by law in connection with the delivery, acceptance, performance, default or enforcement of this Note, of any indorsement or guaranty of this Note or of any document or instrument evidencing any security for payment of this Note; and (ii) consents to any and all delays, extensions, renewals or other modifications of this Note or waivers of any term hereof or release or discharge by the holder of any obligors hereof or release, substitution or exchange of any security for the payment hereof or the failure to act on the part of the holder or any indulgence shown by the holder, from time to time and in one or more instances, (without notice to or further assent from the undersigned) and agrees that no such action, failure to act or failure to exercise any right or remedy, on the part of the holder shall in any way affect or impair the obligations of the undersigned or be construed as a waiver by the holder of, or otherwise affect, any of the holder's rights under this Note, under any indorsement or guaranty of this Note or under any document or instrument evidencing any security for payment of this Note. The undersigned further agrees to reimburse the holder for all advances, charges, costs and expenses, including reasonable attorneys' fees, incurred or paid in exercising any right, power or remedy conferred by this Note, or in the enforcement thereof.

The undersigned authorizes any attorney at law, including an attorney engaged by the holder, to appear in any court of record in the State of Ohio or any other State or Territory of the United States, after the indebtedness evidenced hereby, or any part thereof, becomes due and waive the issuance and service of process and confess judgment against the undersigned in favor of the holder, for the amount then appearing due, together with costs of suit and, thereupon, to release all errors and waive all rights of appeal and stay of execution. The foregoing warrant of attorney shall survive any judgment; and if any judgment be vacated for any reason, the holder hereof nevertheless may thereafter use the foregoing warrant of attorney to obtain an additional judgment or judgments against the undersigned. The undersigned hereby expressly waives any conflict of interest that the holder's attorney may have in confessing such judgment against such parties and expressly consents to the confessing attorney receiving a legal fee from the holder for confessing such judgment against such parties.

THE PROVISIONS OF THIS NOTE SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF OHIO. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE HOLDER TO EXTEND CREDIT TO THE UNDERSIGNED, AND AFTER HAVING THE OPPORTUNITY TO CONSULT COUNSEL, THE UNDERSIGNED HEREBY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATED TO THIS NOTE OR ARISING IN ANY WAY FROM ANY INDEBTEDNESS OR OTHER TRANSACTIONS INVOLVING THE HOLDER AND THE UNDERSIGNED. THE UNDERSIGNED HEREBY DESIGNATES ALL COURTS OF RECORD SITTING IN CINCINNATI, OHIO AND HAVING JURISDICTION OVER THE SUBJECT MATTER, STATE AND FEDERAL, AS FORUMS WHERE ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING FROM OR OUT OF THIS NOTE, ITS MAKING, VALIDITY OR PERFORMANCE, MAY BE PROSECUTED AS TO ALL PARTIES, THEIR SUCCESSORS AND ASSIGNS, AND BY THE FOREGOING DESIGNATION THE UNDERSIGNED CONSENTS TO THE JURISDICTION AND VENUE OF SUCH COURTS.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first set forth above.

WARNING - BY SIGNING THIS PAPER, YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME, A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE, AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT OR ANY OTHER CAUSE.

JACK OF ALL GAMES, INC.

By: _____

Its: _____

By: _____

Its: _____

COMMERCIAL LOAN

AMENDED AND RESTATED PROMISSORY NOTE

\$2,000,000.00
Cincinnati, Ohio

August 31, 1998

The undersigned, for value received, promises to pay to the order of The Provident Bank, at any of its offices, the sum of Two Million Dollars (\$2,000,000.00), together with interest until maturity at the fixed rate of 16.5% per year computed on the basis of a year of 360 days for the actual number of days elapsed, and after an Event of Default or maturity, whether at stated maturity or by acceleration, at a rate four (4) percentage points greater than the stated rate (the "Default Rate"). Interest payments shall be due and payable monthly commencing on September 1, 1998, and on the first day of each month thereafter and at maturity. Principal shall be due and payable in full on or before June 1, 1999.

The undersigned hereby states that the purpose of the loan evidenced by this Note is to refinance existing loans and provide for future working capital needs. This Note amends and restates that certain Promissory Note in the original principal amount of \$2,000,000.00 dated as of August 27, 1997 given by the undersigned to The Provident Bank; amounts outstanding as of the date hereof under such Promissory Note shall not be deemed cancelled or satisfied, but shall be evidenced by this Note instead of by such Promissory Note. This Note is issued and secured by the Second Amended and Restated Loan and Security Agreement of even date herewith between the undersigned and The Provident Bank (as amended, modified and supplemented from time to time, the "Loan Agreement") and is further evidenced and secured by additional Loan Documents (as defined in the Loan Agreement).

If any payment of principal or interest is not paid when due or if an Event of Default occurs as defined in the Loan Agreement or other Loan Documents, this Note shall, at the option of its holder, become immediately due and payable (except upon the occurrence of an Event of Default described in Section 11.1(g) of the Loan Agreement, the same shall automatically become due and payable), without demand or notice.

In the event the undersigned prepays the principal amount of this Note in whole or in part prior to the maturity date hereof with cash obtained from any source (including without limitation another lender) other than the operation of the undersigned's business in the ordinary course, the undersigned shall pay the holder hereof a fee in the amount of 2% of the amount so prepaid.

As collateral security for the payment of the amounts from time to time owing hereunder, the undersigned hereby grants to the holder a security interest in (i) all property in which the holder now or hereafter holds a security interest pursuant to any and all assignments, pledges and security agreements, including the Loan Agreement and Loan Documents, between the undersigned and the holder and (ii) all accounts, securities and properties now or hereafter in the possession of the holder and in which the undersigned has any interest. Upon this Note becoming due under any of its terms and provisions, and not being fully paid and satisfied, the total sum then due hereunder may, at any time and from time to time, be charged against any account or accounts maintained with the holder hereof by the undersigned, without notice to or further consent from it, and the undersigned agrees to be and remain liable for all remaining indebtedness represented by this Note in excess of the amount or amounts so applied. The undersigned and the holder intend that this indebtedness shall be secured by any and all mortgages hereafter granted by the undersigned in favor of the holder.

There will be a minimum finance charge of \$50.00 for each billing period. Prime Rate is that annual percentage rate of interest which is established by The Provident Bank from time to time as its prime rate, whether or not such rate is publicly announced, and which provides a base to which loan rates may be referenced. Prime Rate is not necessarily the lowest lending rate of The Provident Bank. The interest rate on this Note will change each time and as of the date that the Prime Rate changes. If any payment of principal or interest is not paid when due or if the undersigned shall otherwise default in the performance of its obligations hereunder or under any other note or agreement with the holder, the holder at its option, may charge and collect, or add to the unpaid balance hereof, a late charge up to the greater of \$250 or .1% of the unpaid balance of this Note at the time of such delinquency for each such delinquency to cover the extra expense incident to handling delinquent accounts, and/or increase the interest rate on the unpaid balance to the Default Rate.

The undersigned (i) waives presentment, demand, notice of demand, protest, notice of protest and notice of dishonor and any other notice required to be given by law in connection with the delivery, acceptance, performance, default

or enforcement of this Note, of any indorsement or guaranty of this Note or of any document or instrument evidencing any security for payment of this Note; and (ii)

consents to any and all delays, extensions, renewals or other modifications of this Note or waivers of any term hereof or release or discharge by the holder of any obligors hereof or release, substitution or exchange of any security for the payment hereof or the failure to act on the part of the holder or any indulgence shown by the holder, from time to time and in one or more instances, (without notice to or further assent from the undersigned) and agrees that no such action, failure to act or failure to exercise any right or remedy, on the part of the holder shall in any way affect or impair the obligations of the undersigned or be construed as a waiver by the holder of, or otherwise affect, any of the holder's rights under this Note, under any indorsement or guaranty of this Note or under any document or instrument evidencing any security for payment of this Note. The undersigned further agrees to reimburse the holder for all advances, charges, costs and expenses, including reasonable attorneys' fees, incurred or paid in exercising any right, power or remedy conferred by this Note, or in the enforcement thereof.

The undersigned authorizes any attorney at law, including an attorney engaged by the holder, to appear in any court of record in the State of Ohio or any other State or Territory of the United States, after the indebtedness evidenced hereby, or any part thereof, becomes due and waive the issuance and service of process and confess judgment against the undersigned in favor of the holder, for the amount then appearing due, together with costs of suit and, thereupon, to release all errors and waive all rights of appeal and stay of execution. The foregoing warrant of attorney shall survive any judgment; and if any judgment be vacated for any reason, the holder hereof nevertheless may thereafter use the foregoing warrant of attorney to obtain an additional judgment or judgments against the undersigned. The undersigned hereby expressly waives any conflict of interest that the holder's attorney may have in confessing such judgment against such parties and expressly consents to the confessing attorney receiving a legal fee from the holder for confessing such judgment against such parties.

THE PROVISIONS OF THIS NOTE SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF OHIO. AS A SPECIFICALLY BARGAINED INDUCEMENT FOR THE HOLDER TO EXTEND CREDIT TO THE UNDERSIGNED, AND AFTER HAVING THE OPPORTUNITY TO CONSULT COUNSEL, THE UNDERSIGNED HEREBY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATED TO THIS NOTE OR ARISING IN ANY WAY FROM ANY INDEBTEDNESS OR OTHER TRANSACTIONS INVOLVING THE HOLDER AND THE UNDERSIGNED. THE UNDERSIGNED HEREBY DESIGNATES ALL COURTS OF RECORD SITTING IN CINCINNATI, OHIO AND HAVING JURISDICTION OVER THE SUBJECT MATTER, STATE AND FEDERAL, AS FORUMS WHERE ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING FROM OR OUT OF THIS NOTE, ITS MAKING, VALIDITY OR PERFORMANCE, MAY BE PROSECUTED AS TO ALL PARTIES, THEIR SUCCESSORS AND ASSIGNS, AND BY THE FOREGOING DESIGNATION THE UNDERSIGNED CONSENTS TO THE JURISDICTION AND VENUE OF SUCH COURTS.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first set forth above.

WARNING - BY SIGNING THIS PAPER, YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME, A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE, AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT OR ANY OTHER CAUSE.

JACK OF ALL GAMES, INC.

By: _____

Its: _____

By: _____

Its: _____

CONTINUING UNCONDITIONAL GUARANTY

To induce the Provident Bank ("Provident") to give and continue to give credit to Jack of All Games, Inc. ("Borrower"), whether to Borrower alone or to Borrower and others, and in consideration of the extension of such credit, the undersigned, jointly and severally if more than one, hereby absolutely and unconditionally guarantees prompt payment when due of any and all existing and future indebtedness or liability of every kind, nature or character (including, without limitation, principal, interest, all costs of collection and attorneys' fees) owing to Provident by Borrower, all whether direct or indirect, absolute or contingent and whether incurred as primary debtor, co-maker or guarantor (hereinafter the "Indebtedness"). The undersigned further absolutely and unconditionally guarantees the prompt performance when due of all terms, covenants and conditions of any agreement between the Borrower and Provident that relates to the Indebtedness. The undersigned undertakes this continuing, absolute and unconditional guaranty of the aforementioned payment and performance by Borrower notwithstanding that any portion of the Indebtedness shall be void, voidable or unenforceable as between the Borrower and Provident. It is understood that while the amount of credit that may be extended to, and the amount of the Indebtedness or liability that may be incurred by Borrower is not limited, the liability of each of the undersigned to Provident hereunder is (check one of the following):

Unlimited in amount

Limited to _____

Limited to a principal amount of _____, plus interest thereon and all expenses reimbursable pursuant to the following paragraph.

If none of the above boxes are checked, this guaranty shall be unlimited in amount.

This absolute, continuing, unconditional and unrestricted guaranty is a guaranty of payment and not a guaranty of collection. Upon Borrower's failure to pay the Indebtedness promptly when due, Provident, at its sole option, may proceed against the undersigned (or any one or more of them if more than one) to collect the Indebtedness, with or without proceeding against the Borrower, any co-maker or co-surety or co-guarantor, any indorser or any collateral held as security for the Indebtedness. Any and all payments upon the Indebtedness made by the Borrower, the undersigned, or any other person, and the proceeds of any and all collateral securing the payment of the Indebtedness and this guaranty, may be applied by Provident in whatever manner it may determine, at its sole discretion. The undersigned agrees to reimburse Provident for all expenses of any nature whatsoever including, without limitation, attorneys' fees incurred or paid by Provident in exercising any right, power or remedy conferred by this guaranty.

The obligations of the undersigned set forth in this guaranty shall extend to all amendments, supplements, modifications, renewals, replacements or extensions of the Indebtedness at any rate of interest. The liability of the undersigned and the rights of Provident under this guaranty shall

not be impaired or affected in any manner by, and the undersigned hereby consents in advance to and waives any requirement of notice for, any (1) disposition, impairment, release, surrender, substitution, or modification of any collateral securing the Indebtedness or the obligations created by this guaranty or any failure to perfect a security interest in any collateral; (2) release (including adjudication or discharge in bankruptcy) or settlement with any person primarily or secondarily liable for ht Indebtedness (including, without limitation, any maker, indorser, guarantor or surety); (3) delay in enforcement of payment of the Indebtedness or delay in enforcement of this guaranty; (4) delay, omission, waiver, or forbearance in exercising any right or power with respect to the Indebtedness or this guaranty; (5) defense arising from the enforceability or validity of the Indebtedness or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto; (6) defenses or counterclaims that the Borrower may assert on the Indebtedness, including, but not limited to, failure of consideration, breach of warranty, fraud, payment, statute of frauds, bankruptcy, infancy, statute of limitations, lender liability, accord and satisfaction and usury; (7) extensions or modifications of any indebtedness; or (8) other act or omission which might constitute a legal or equitable discharge of the undersigned. The undersigned waives all defenses based on suretyship or impairment of collateral, presentment, protest, demand for payment, any right of set-off, notice of dishonor or default, notice of acceptance of this guaranty, notice of the incurring of any of

the Indebtedness and notice of any other kind in connection with the Indebtedness or this guaranty. The undersigned also waives any right to require a commercially reasonable disposition of any collateral securing the Indebtedness.

The undersigned agrees that in the event of (i) the dissolution or insolvency of Borrower, (ii) the inability of Borrower to pay its debts as they become due, (iii) an assignment by Borrower for the benefit of its creditors, or (iv) the institution of any bankruptcy or other proceeding by or against the Borrower alleging that Borrower is insolvent or unable to pay its debts as they become due, and whether or not such event shall occur at a time when the Indebtedness is not then due and payable, the undersigned shall pay the Indebtedness to Provident promptly upon demand as if the Indebtedness was then due and payable. The undersigned hereby waives, releases and discharges any claim, right or remedy which the undersigned may now have or hereafter acquire against Borrower that arises hereunder and/or from the performance by the undersigned hereunder including, without limitation, any claim, remedy or right of subrogation, reimbursement, exoneration, contribution, indemnification, or participation in any claim, right or remedy of Provident against Borrower or any security which Provident now has or hereafter acquires, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise.

The undersigned agrees that this guaranty shall continue to be effective or be reinstated, as the case may be, if

at any time payment, or any part thereof, of principal, interest or any other amount with respect to the Indebtedness is avoided, rescinded or must otherwise be restored by Provident upon the bankruptcy or reorganization of Borrower or any other person or otherwise.

Upon any portion of the Indebtedness becoming due and not being fully paid and satisfied, the total sum then due hereunder may immediately be charged against any account or accounts maintained by the undersigned with Provident, without notice to or further consent from the undersigned. The undersigned shall promptly provide such financial information as the holder shall reasonably request from time to time.

As a specially bargained inducement for Provident to extend credit to Borrower: (i) THE UNDERSIGNED HEREBY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATED TO THIS GUARANTY OR ARISING IN ANY WAY FROM THE INDEBTEDNESS OR TRANSACTIONS INVOLVING PROVIDENT AND THE BORROWER AND (ii) THE UNDERSIGNED HEREBY DESIGNATE(S) ALL COURTS OF RECORD SITTING IN CINCINNATI, OHIO AND HAVING JURISDICTION OVER THE SUBJECT MATTER, STATE AND FEDERAL, AS FORUMS WHERE ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING FROM OR OUT OF THIS GUARANTY, ITS MAKING, VALIDITY OR PERFORMANCE, MAY BE PROSECUTED AS TO ALL PARTIES, THEIR SUCCESSORS AND ASSIGNS, AND BY THE FOREGOING DESIGNATION THE UNDERSIGNED CONSENT(S) TO THE JURISDICTION AND VENUE OF SUCH COURTS.

The undersigned authorizes any attorney at law, including an attorney engaged by Provident, to appear in any

court of record in the State of Ohio or any other State or Territory of the United States, after the indebtedness evidenced hereby, or any part thereof, becomes due and waive the issuance and service of process and confess judgment against any one or more than one of the undersigned in favor of Provident, for the amount then appearing due, together with costs of suit and, thereupon, to release all errors and waive all rights of appeal and stay of execution, but no such judgment or judgments against any one of the undersigned shall be a bar to subsequent judgment or judgments against any one or more than one of such persons against the undersigned. The undersigned hereby expressly waives any conflict of interest that Provident's attorney may have in confessing such judgment against the undersigned. This warrant of attorney to confess judgment is a joint and several warrant of attorney. The forgoing warrant of attorney shall survive any judgment, and if any judgment be vacated for any reason, the holder thereof nevertheless may thereafter use the foregoing warrant of attorney to obtain an additional judgment or judgments against the undersigned, or any one or more of them.

This guaranty shall inure to the benefit of any bind the parties hereto, their successors and assigns, and their legal representatives or heirs. Provident may, at its option, assign this guaranty to any other party who is or becomes the indorsee or assignee of any part of the Indebtedness or who is in possession of or the bearer of any part of the Indebtedness that is payable to the bearer, and the undersigned shall continue to be liable under this guaranty to such other part to the extent of

such indorsed, assigned or possessed indebtedness. This guaranty shall be deemed to be a contract entered into and made pursuant to the laws of the State of Ohio and shall in all respects be governed, construed, applied and enforced in accordance with the laws of said state.

Each of the undersigned that is a corporation warrants that it has the corporate power to execute this guaranty, that all the necessary corporate actions have been taken to permit the undersigned to give this guaranty and that the person(s) executing this guaranty is (are) duly empowered to do so on behalf of the undersigned. Each of the undersigned that is a partnership warrants that it has the power to execute this guaranty, that all necessary partnership actions have been taken to permit the undersigned to give this guaranty, and that the person(s) executing this guaranty is (are) duly empowered to do so on behalf of the undersigned

Signed and delivered by the undersigned at Cincinnati, Ohio, on August 31, 1998.

WARNING - BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

WITNESS(S)

GUARANTOR(S)

Barbara A. Ras, Secretary

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: -----
Ryan A. Brant, President