

**UNITED STATES  
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): **March 10, 2014**

**TAKE-TWO INTERACTIVE SOFTWARE, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**0-29230**

(Commission File Number)

**51-0350842**

(I.R.S. Employer Identification No.)

**622 Broadway**

**New York, New York**

(Address of principal executive offices)

**10012**

(Zip Code)

Registrant's telephone number, including area code: **(646) 536-2842**

Registrant's Former Name or Address, if changed since last report: **N/A**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 Entry into a Material Definitive Agreement**

Take-Two Interactive Software, Inc. (the "Company") entered into a Management Agreement, dated as of March 10, 2014 (the "Management Agreement"), with ZelnickMedia Corporation ("ZelnickMedia"). The Management Agreement will become effective as of April 1, 2014 (the "Effective Date"). The Board of Directors of the Company (the "Board") has unanimously approved the Company's entry into the Management Agreement.

Under the terms of the Management Agreement, ZelnickMedia will continue to provide financial and management consulting services to the Company pursuant to the existing Management Agreement, dated as of May 20, 2011, by and between ZelnickMedia and the Company (as amended, the "2011 Agreement") until the Management Agreement becomes effective. Once effective, the Management Agreement will supersede and replace the 2011 Agreement, except as otherwise contemplated in the Management Agreement.

*Term and Personnel.* The Management Agreement provides for a term through March 31, 2019, unless earlier terminated in accordance with its terms. Under the Management Agreement, ZelnickMedia will continue to provide certain individuals as it deems appropriate for the performance of the Management Agreement, provided that ZelnickMedia has agreed to make available the following individuals to provide the described services: (i) Strauss Zelnick will serve as Executive Chairman of the Board and Chief Executive Officer ("CEO") of the Company, (ii) Karl Slatoff will serve as the Company's President, and (iii) other ZelnickMedia personnel as appropriate will provide services to the Company on a project-by-project, as needed basis. If Mr. Zelnick or any other employee of ZelnickMedia acting in an executive capacity for the Company pursuant to the Management Agreement is unable or unavailable to serve in such capacity (other than due to a termination by the Company without Cause or resignation by such person for Good Reason (as such terms are defined in such person's employment or consulting agreement with the Company or, in the case of Mr. Zelnick, in the Management Agreement)), and ZelnickMedia is unable to provide a qualified individual within a reasonable period of time to serve in such capacity who is reasonably satisfactory to the Board, then the Company may fill such position with a person not affiliated with ZelnickMedia and deduct the costs of such person's compensation from ZelnickMedia's compensation under the Management Agreement (with such deduction limited to no more than 60% of the aggregate cash and equity compensation payable to ZelnickMedia if such person replaces Mr. Zelnick and no more than 40% of the aggregate cash and equity compensation payable to ZelnickMedia if such person replaces Mr. Slatoff).

*Management Fee and Annual Bonus Opportunity.* Commencing as of the Effective Date, the Company will pay ZelnickMedia a monthly management fee equal to \$247,500 per month in each year during the term of the Management Agreement. The management fee will not be increased or decreased during the term of the Management Agreement. In addition to the monthly management fee, ZelnickMedia will receive an annual bonus, subject to the achievement by the Company of certain performance thresholds, in respect of each of the five fiscal years ending March 31, 2015, 2016, 2017, 2018 and

2019. For each fiscal year, the annual bonus opportunity amount ranges from \$0 (at 80% of the Target, as defined in the Management Agreement) to \$4,752,000 (at 150% of the Target or greater). The annual bonus opportunity amounts will not be increased or decreased during the term of the Management Agreement. ZelnickMedia will remain entitled to receive an annual bonus with respect to the fiscal year ending March 31, 2014 pursuant to the 2011 Agreement. If the Management Agreement is terminated by the Company without Cause (as defined in the Management Agreement) or by ZelnickMedia for Good Reason (as defined in the Management Agreement) (whether before or after a Change in Control (as defined in the Management Agreement)), ZelnickMedia is entitled to be paid on the date of termination an amount equal to the sum of (i) the earned but unpaid portion of the management fee, (ii) any accrued but unpaid annual bonus for a completed fiscal year and (iii) three times the sum of the per annum management fee plus the Target bonus amount.

*Limits on Compensation.* Under the Management Agreement, no more than 60% of the aggregate compensation payable to ZelnickMedia under the Management Agreement (whether in the form of the management fee, the annual bonus or the restricted unit awards) shall be received by or conveyed to Mr. Zelnick (or such other employee of ZelnickMedia that serves as Executive Chairman and CEO of the Company) and no more than 40% of such aggregate compensation shall be received by or conveyed to Mr. Slatoff (or such other employee of ZelnickMedia that serves as the President of the Company).

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*Expense Reimbursement.* Under the Management Agreement, ZelnickMedia will be entitled to the reimbursement of reasonable out-of-pocket expenses in connection with the Management Agreement and the rendering of services thereunder.

*Restrictions on Sale of Stock.* Under the Management Agreement, prior to March 31, 2019 (or earlier in the event of a Change in Control) ZelnickMedia and any Subject Person (as defined in the Management Agreement) are prohibited from selling or otherwise disposing of any shares of common stock of the Company, if the Market Value (as defined in the Management Agreement) of all shares of common stock of the Company (including any options, restricted stock and restricted units), after giving effect to such proposed sale or other disposition, owned by ZelnickMedia and each Subject Person in the aggregate as of the trading day immediately preceding the date of the proposed sale or disposition, would be less than five times (5X) the per annum management fee (excluding any bonuses).

*Restricted Unit Awards.*

On the Effective Date, the Company will issue time-based and performance-based restricted units to ZelnickMedia, as further described below, pursuant to a form of Restricted Unit Agreement, to be entered into by the Company and ZelnickMedia on the Effective Date (the "RU Agreement"). The Company, in its discretion, may grant additional equity awards to ZelnickMedia annually on each anniversary of the Effective Date over the course of the term of the Management Agreement. Unless the Proposal (as defined below) is approved, the restricted units granted pursuant to the RU Agreement will be settled solely in cash.

*Time-Based Award.* The Company will grant ZelnickMedia that number of time-based restricted units as is determined by dividing \$3,850,000 by the average of the closing prices of the Company's common stock for each trading day during the 10 trading day period immediately prior to the Effective Date, which units will vest on April 1, 2016, provided that the Management Agreement has not been terminated prior to such date (the "Time-Based Award"). Notwithstanding the foregoing, the Time-Based Award will immediately vest in full if the Management Agreement is terminated by the Company without Cause or by ZelnickMedia for Good Reason. Conversely, ZelnickMedia will forfeit to the Company all restricted units under the Time-Based Award if the Management Agreement is terminated by the Company for Cause or by ZelnickMedia without Good Reason prior to April 1, 2016.

*Performance-Based Award.* The Company will grant ZelnickMedia that number of performance-based restricted units (the "Performance Award") as is determined by dividing \$4,750,000 by the average of the closing prices of the Company's common stock for each trading day during the 10 trading day period immediately prior to the Effective Date, which units will be divided into three categories of vesting as follows: (i) on April 1, 2016, a number of New IP Performance-Based Units (as defined in the RU Agreement) will vest equal to the product of (x) the target number of New IP Performance-Based Units in such vesting tranche multiplied by (y) the New IP Vesting Percentage (as defined in the RU Agreement), (ii) on April 1, 2016, a number of Major IP Performance-Based Units (as defined in the RU Agreement) will vest equal to the product of (x) the target number of Major IP Performance-Based Units in such vesting tranche multiplied by (y) the Major IP Vesting Percentage (as defined the RU Agreement), and (iii) on April 1, 2016, a number of TSR Performance-Based Units (as defined in the RU Agreement) will vest equal to the product of (x) the target number of TSR Performance-Based Units in such vesting tranche multiplied by (y) the TSR Vesting Percentage (as defined in the RU Agreement).

In the event that any portion of the Performance Award will not have vested as of April 1, 2016 or upon a termination of the Management Agreement by the Company for Cause or by ZelnickMedia without Good Reason, ZelnickMedia will forfeit to the Company any and all restricted units that have not vested as of such date.

Upon a termination of the Management Agreement by the Company without Cause or by ZelnickMedia for Good Reason, any then-unvested restricted stock or units granted pursuant to the Performance Award (including any restricted stock or units granted to ZelnickMedia during the term of the Management Agreement on or after the Effective Date) will vest on the assumption that the applicable performance measure was achieved at the target level of performance for the applicable performance period or, prior to a Change in Control (as defined in the Management Agreement), for TSR Performance-Based Units, based on the actual level of performance achieved for each applicable performance measure as of the date of termination.

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If the Company and ZelnickMedia fail to enter into a new management agreement on substantially similar terms in the aggregate as those provided under the Management Agreement upon the expiration of the term of the Management Agreement or otherwise fail to agree to extend the term of the Management Agreement, all unvested time-vesting restricted stock or units granted during the term of the Management Agreement on or after the Effective Date will vest upon such expiration and all then-unvested performance-vesting restricted stock or units will vest based on the assumption that the applicable performance measure was achieved at the target level of performance for the applicable performance period or, prior to a Change in Control, for TSR Performance-Based Units, based on the actual level of performance achieved for each applicable performance measure as of the date of termination.

If a Change in Control occurs during the term of the Management Agreement, the Management Agreement will not automatically terminate and all unvested restricted units granted pursuant to the RU Agreement will vest as set forth in the RU Agreement, except that any restricted stock or units granted to ZelnickMedia on or after the Effective Date will vest upon the earlier to occur of (x) a termination of the Management Agreement by the Company without

Cause or by ZelnickMedia for Good Reason or (y) the second anniversary of the applicable date of grant, and, with respect to any performance-based restricted stock or units, in each case, based on the assumption of that the applicable performance measure was achieved at the target level of performance for the applicable performance period.

*Existing Awards.* Upon any termination of the Management Agreement by the Company for Cause or by ZelnickMedia without Good Reason, any then-unvested restricted stock or units granted prior to the Effective Date will be forfeited for no consideration. Upon any termination of the Management Agreement by the Company without Cause or by ZelnickMedia for Good Reason, any then-unvested time-based restricted stock or units granted prior to the Effective Date will vest, and any then-unvested performance-based restricted stock or units granted prior to the Effective Date will vest in accordance with the terms of the applicable grant agreement between the Company and ZelnickMedia.

*Amendment to the 2009 Stock Incentive Plan.* Under the Management Agreement, the Company will include a proposal, in its proxy statement for the Company's 2014 annual meeting of stockholders, for the approval of an amendment of the Company's 2009 Stock Incentive Plan, as amended and restated effective as of July 24, 2013 (the "Plan") to amend the definition of "Consultants" in the Plan to include corporations, limited liability companies and other non-natural persons (in a form reasonably acceptable to ZelnickMedia) (the "Proposal"). Pursuant to the Management Agreement, in the event that the Proposal is approved, the Company will have the right to elect to settle the restricted units granted to ZelnickMedia pursuant to the Management Agreement in shares of the Company's common stock that will be issued pursuant to the Plan. If the Proposal is not approved, the restricted units will be settled solely in cash.

*Registration Statement.* Within 45 days following the request of ZelnickMedia, the Company will file a Registration Statement on Form S-3 registering for resale all of the shares of the Company's common stock issuable pursuant to awards granted to ZelnickMedia under the RU Agreement.

The foregoing descriptions of the Management Agreement and the RU Agreement (including the Time-Based Award and the Performance Award issuable to ZelnickMedia thereunder) are only a summary and are qualified in their entirety by reference to the full text of the Management Agreement (and the RU Agreement attached as Exhibit A thereto), which is attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference into this Item 1.01.

## **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Management Agreement, dated as of March 10, 2014, by and between Take-Two Interactive Software, Inc. and ZelnickMedia Corporation.

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## **SIGNATURES**

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

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: /s/ Linda Zabriskie  
Name: Linda Zabriskie  
Title: Vice President, Associate General Counsel and Secretary

Date: March 10, 2014

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## **EXHIBIT INDEX**

<u>Exhibits</u>	<u>Description</u>
10.1	Management Agreement, dated as of March 10, 2014, by and between Take-Two Interactive Software, Inc. and ZelnickMedia Corporation.

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## MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (this "Agreement"), dated as of March 10, 2014, which shall become effective on April 1, 2014 (the "Effective Date"), is by and between ZelnickMedia Corporation, a New York corporation ("ZelnickMedia"), and Take-Two Interactive Software, Inc., a Delaware corporation (the "Company").

WHEREAS, the Company desires to continue to receive financial and management consulting services from ZelnickMedia, and to obtain the benefit of the experience of ZelnickMedia in business and financial management of companies engaged in businesses similar to the Company's;

WHEREAS, ZelnickMedia desires to continue to provide financial and management consulting services to the Company and the compensation arrangements set forth in this Agreement are designed to compensate ZelnickMedia for such services;

WHEREAS, ZelnickMedia and the Company are parties to that certain Management Agreement, dated as of May 20, 2011, by and between ZelnickMedia and the Company (the "2011 Agreement"), which sets forth the terms of the existing management services agreement between ZelnickMedia and the Company and which superseded and replaced that certain Management Agreement, dated as of March 30, 2007, by and between ZelnickMedia and the Company, as amended by that certain Amendment to Management Agreement, dated as of July 27, 2007, and that certain Second Amendment to Management Agreement, dated as of February 14, 2008 (as amended, the "Original Agreement");

WHEREAS, ZelnickMedia and the Company desire to supersede and replace the 2011 Agreement in its entirety (except as otherwise expressly contemplated herein and therein and thereunder), effective as of the Effective Date; and

WHEREAS, until the Effective Date, the Company and ZelnickMedia will continue to abide by and operate under the terms and conditions of the 2011 Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements hereinafter set forth, and the mutual benefits to be derived herefrom, ZelnickMedia and the Company agree as follows:

1. Engagement. The Company hereby engages ZelnickMedia as its financial and management consultant, and ZelnickMedia hereby agrees to provide financial and management consulting services to the Company, all on the terms and subject to the conditions set forth below.

2. Services of ZelnickMedia. ZelnickMedia hereby agrees during the term of this engagement to consult with the board of directors (the "Board") and management of the Company and its subsidiaries in such manner and on such business, financial and operational matters as may be reasonably requested from time to time by the Board, including but not limited to:

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- (i) oversee and supervise the operations of the Company and its subsidiaries in accordance with policies established by the Board and usual and customary standards of efficient operation and maintenance;
  - (ii) assist in the preparation of operating budgets and business plans;
  - (iii) advise and assist the Company and its subsidiaries regarding their corporate and financial structure;
  - (iv) advise and assist the Company and its subsidiaries in formulating long-term business strategies;
  - (v) assist the Company in recruiting senior management;
  - (vi) advise and assist the Company in securing equity and/or debt financing and negotiating and structuring the terms of such financing;
  - (vii) assist the Company and its subsidiaries with mergers and acquisitions with, and of, third party entities;
  - (viii) advise and assist the Company in evaluating potential sale or exit opportunities, structuring and negotiating a sale of the Company, or leveraged recapitalization;
  - (ix) provide consulting services in connection with the business and operations of the Company as requested by the Board; and
  - (x) respond to Board requests concerning, and perform any other management services incidental to, the foregoing, or any other management or advisory services reasonably requested by the Board from time to time and to which ZelnickMedia agrees (such agreement not be unreasonably withheld, conditioned or delayed).

3. Personnel.

(i) ZelnickMedia shall provide and devote to the performance of this Agreement such employees, agents and representatives of ZelnickMedia, and for such time, as ZelnickMedia shall deem appropriate for the furnishing of the services required hereunder. Notwithstanding the generality of the foregoing, it is agreed that in the performance of its duties hereunder, subject to Section 3(ii) below, ZelnickMedia shall make available the following individuals to provide the described services:

(A) During the term of this Agreement, Strauss Zelnick shall serve as the Executive Chairman of the Board and Chief Executive Officer of the Company, and shall devote a sufficient amount of his business time to the performance of his duties during the term of this

Agreement, consistent with past practice.

(B) Karl Slatoff shall serve as President of the Company pursuant to the employment agreement by and between the Company and Mr. Slatoff, dated as of

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February 14, 2008, and as amended from time to time by mutual agreement of the Company and Mr. Slatoff.

(C) Other ZelnickMedia personnel, as appropriate, shall provide services and serve as consultants to the Company on a project-by-project, as-needed basis.

(ii) In the event that Mr. Zelnick, Mr. Slatoff or any other employee of ZelnickMedia acting in an executive capacity for the Company is unable or unavailable to serve in the applicable capacities set forth in Section 3(i) above, ZelnickMedia shall provide a qualified individual to serve in such capacity, who must be reasonably satisfactory to the Board. If ZelnickMedia does not provide a qualified replacement reasonably acceptable to the Board within a reasonable period of time, the Company may fill such position with a person not affiliated with ZelnickMedia and deduct the costs of such person's compensation (including cash and equity compensation) from ZelnickMedia's compensation under this Agreement; provided, however, that such costs shall not be deducted from ZelnickMedia's compensation hereunder if Mr. Zelnick, Mr. Slatoff or such other employee of ZelnickMedia, as applicable, is terminated by the Company without Cause or resigns for Good Reason (in the case of Mr. Zelnick, each as defined in Section 8 of this Agreement, or, in the case of Mr. Slatoff or any other employee of ZelnickMedia, each as defined in such person's employment or consulting agreement with the Company); provided further, however, that (i) in no event shall any termination by the Company without Cause or resignation by an individual for Good Reason caused by any action or inaction taken not in good faith by ZelnickMedia, Mr. Zelnick, Mr. Slatoff or any other individual appointed by ZelnickMedia pursuant to Section 3(i) for the purpose of giving rise to such a termination by the Company without Cause or a resignation by an individual for Good Reason, be deemed a termination of such individual's employment by the Company without Cause or a resignation by such individual for Good Reason, as applicable, in either case for purposes of this Section 3(ii), and (ii) no more than 60% of the cash and equity compensation payable to ZelnickMedia hereunder shall be deducted if the Company replaces Mr. Zelnick in accordance with this Section 3(ii) and no more than 40% of the cash and equity compensation payable to ZelnickMedia hereunder shall be deducted if the Company replaces Mr. Slatoff in accordance with this Section 3(ii). The Compensation Committee of the Board (the "Committee") shall reasonably and in good faith determine the value of the equity awarded to such replacement person and the appropriate deductions from the cash and equity compensation payable to ZelnickMedia (including the Management Fee and Annual Bonus and the equity awards pursuant to Section 6 below); provided, however, that, except as provided in Section 8 or Section 24 hereof, in no event shall ZelnickMedia be required to forfeit any cash compensation paid to ZelnickMedia or any vested equity awards, whether granted pursuant to Section 6 below or otherwise.

4. Management Fee. In consideration for the services to be provided by ZelnickMedia hereunder, the Company shall, commencing on the Effective Date, pay to ZelnickMedia a management fee of \$2,970,000 per annum during the term of this Agreement (the "Management Fee") payable on the first day of each month during the term of this Agreement in equal monthly installments of \$247,500 in immediately available funds. The Management Fee shall not be increased or decreased during the term of this Agreement.

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5. Annual Bonus. In addition to the Management Fee, ZelnickMedia shall have an annual bonus opportunity subject to performance goals (the "Annual Bonus") for each of the fiscal years of the Company ending March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019 (each, an "Applicable Fiscal Year" and collectively the "Applicable Fiscal Years"). The target annual bonus opportunity has been set at 80% of the Management Fee, or \$2,376,000 per annum (the "Target Bonus Amount"). The actual amount of the Annual Bonus shall be determined reasonably and in good faith by the Committee with respect to each Applicable Fiscal Year subject to the terms set forth herein, and shall be paid within the 15-day period immediately following the Company's receipt of its audited financial statements for the Applicable Fiscal Year, but in all events in the fiscal year immediately following the Applicable Fiscal Year to which the Annual Bonus relates and prior to August 15 of such subsequent fiscal year, as follows:

(i) In the event actual results in an Applicable Fiscal Year are less than 80% of the Target (as defined below), the Annual Bonus shall be zero.

(ii) In the event actual results in an Applicable Fiscal Year are equal to or greater than 80% of the Target but less than 100% of the Target, the Annual Bonus shall be between zero and the Target Bonus Amount, pro-rated on a straight-line basis between such amounts based upon the actual percentage of the Target achieved.

(iii) In the event actual results in an Applicable Fiscal Year are equal to or greater than 100% of the Target but less than 120% of the Target, the Annual Bonus shall be between Target Bonus Amount and \$3,394,286 (the "120% Bonus Amount"), prorated on a straight-line basis between the Target Bonus Amount and the 120% Bonus Amount based upon the actual percentage of the Target achieved.

(iv) In the event actual results in an Applicable Fiscal Year are equal to or greater than 120% of the Target but less than 150% of the Target, the Annual Bonus shall be between the 120% Bonus Amount and \$4,752,000 (the "Maximum Bonus Amount"), prorated on a straight-line basis between 120% Bonus Amount and the Maximum Bonus Amount based upon the actual percentage of the Target achieved.

(v) In the event actual results in an Applicable Fiscal Year are equal to or greater than 150% of the Target, the Annual Bonus shall be the Maximum Bonus Amount.

For illustration, the following table sets forth the amount of Annual Bonus that would be payable to ZelnickMedia for each 10% increment of achievement of the Target:

Percentage of Target Obtained	Amount of Annual Bonus	
80%	Zero	
90%	\$	1,188,000
100%	\$	2,376,000

110%	\$	2,885,143
120%	\$	3,394,286
130%	\$	3,846,857
140%	\$	4,299,429
150%	\$	4,752,000

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The term “Target” shall mean budgeted EBITDA of the Company (or other measurement of financial performance reasonably determined by the members of the Board (excluding any member of the Board who is a shareholder, affiliate, member and/or partner of ZelnickMedia), on the one hand, and ZelnickMedia, on the other hand, with respect to an Applicable Fiscal Year), determined within 30 days of the beginning of that Applicable Fiscal Year by mutual agreement of the Company and ZelnickMedia, each acting reasonably and in good faith, and measured without giving effect to any payments under this Agreement.

For purposes of this Agreement, if budgeted EBITDA is used as the Target, the term “EBITDA” shall be calculated consistent with the Company’s past practices and on the same basis as utilized by the Company for other employee compensation purposes; and actual EBITDA with respect to each Applicable Fiscal Year shall be calculated by the Company acting reasonably and in good faith, after meaningful consultation with ZelnickMedia, in the same manner as the budgeted EBITDA for such Applicable Fiscal Year.

The Committee shall, acting reasonably and in good faith, after meaningful consultation with ZelnickMedia, make such adjustments to the calculation of actual or budgeted EBITDA as it deems equitable in the event the circumstances upon which budgeted EBITDA is initially calculated change during any Applicable Fiscal Year.

The Committee shall, acting reasonably and in good faith, after meaningful consultation with ZelnickMedia, make such adjustments to this Section 5 as it deems equitable in the event the Company changes its fiscal year during the term of this Agreement.

Notwithstanding anything herein to the contrary, the Company and ZelnickMedia hereby agree that this Agreement shall not supersede or otherwise have any affect on the Company’s obligation to pay ZelnickMedia any Annual Bonus for the fiscal year of the Company ending on March 31, 2014 in accordance with the terms and conditions of the 2011 Agreement.

6. Company Equity.

(i) Equity Award. On the Effective Date, ZelnickMedia (or upon three (3) days prior written notice of ZelnickMedia to the Company, an affiliate or partner of ZelnickMedia that agrees to be bound by the provisions of this Section 6), shall be entitled to receive that number of time-based restricted units of the Company as is determined by dividing \$3,850,000 by the average of the closing prices of the Company’s common stock for each

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trading day during the 10 trading day period immediately prior to the Effective Date and that number of performance-based restricted units of the Company as is determined by dividing \$4,750,000 by the average of the closing prices of the Company’s common stock for each trading day during the 10 trading day period immediately prior to the Effective Date (such awards, the “Equity Awards”), pursuant to and in accordance with the terms and conditions of the agreement attached as Exhibit A hereto (the “New Grant Agreement”). The New Grant Agreement, together with (i) any grant agreements entered into with respect to additional grants by the Company in accordance with this Section 6, (ii) the grant agreements relating to the restricted stock described in Section 6 of the 2011 Agreement and (iii) the grant agreements relating to the restricted stock described in Section 6 of the Original Agreement, shall be referred to collectively as the “Grant Agreements.” Following the grant on the Effective Date, additional equity awards may be granted, in amounts determined at the discretion of the Committee in accordance with Section 3 hereof, to ZelnickMedia (or an affiliate or partner thereof in accordance with this Section 6) annually on each anniversary of the Effective Date.

(ii) Stock Ownership Requirement — 5X Management Fee. Until the earlier of (A) March 31, 2019, (B) a Change in Control (as defined below) or (C) the termination of this Agreement pursuant to Section 8 below, ZelnickMedia shall not, and shall cause each Subject Person (as defined below) to agree in writing not to, sell or otherwise dispose of (other than, upon not less than three (3) days’ prior written notice to the Company, to a Subject Person that agrees to be bound by the provisions of this Section 6) any shares of the Company’s common stock if, after giving effect to such proposed sale or other disposition, the shares of Company common Stock (including options, restricted stock and restricted units, which restricted units will be counted at the target number of shares if subject to performance-based vesting) owned by ZelnickMedia and each Subject Person in the aggregate (collectively, “Applicable Shares”), as of the trading day immediately preceding the date of the proposed sale or disposition, would have a Market Value (as defined below) less than five times (5X) the Management Fee; provided, however, that the foregoing shall not limit the right of ZelnickMedia and/or the Subject Persons to sell or otherwise dispose of that number of shares of common stock of the Company necessary to satisfy any taxes imposed on ZelnickMedia or such Subject Person as a result of the exercise of options, vesting of restricted stock or restricted units, or in connection with the transfer by ZelnickMedia to a Subject Person of any Applicable Shares in accordance with this paragraph.

For purposes of this Agreement, (A) the term “Subject Person” shall mean shareholders, partners, members, employees and other affiliates of ZelnickMedia who hold any Applicable Shares, including any person to whom any Applicable Shares were transferred in accordance with this Section 6(ii) and (B) “Market Value” of a number of shares of the Company’s common stock shall equal the number of shares of common stock multiplied by the average of the closing prices of the Company’s common stock for each trading day during the 10 trading day period ending on the day as of which Market Value is being determined (which, in the case of a sale or other disposition, shall be the trading day immediately preceding the date of such sale or other disposition).

(iii) Securities Trading Policy. ZelnickMedia hereby acknowledges the Company’s “Securities Trading Policy” (as in effect from time to time, the “Trading Policy”) and shall, and shall cause its Subject Persons who own Applicable Shares, and shall use

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commercially reasonable efforts to cause its employees (including by making compliance a condition to the employees' continued employment), to comply at all times with the Trading Policy as if such Persons (as defined below) were executive officers of the Company under the terms of the Trading Policy.

(iv) Allocation of Compensation. In order to ensure that the persons providing services under this Agreement are properly incentivized, ZelnickMedia covenants and agrees that the aggregate compensation payable to ZelnickMedia or any person providing services on its behalf hereunder (whether in the form of Management Fee, Annual Bonus or Equity Awards) shall only be paid, payable or otherwise conveyed (directly or indirectly), whether by the Company, ZelnickMedia or otherwise, such that (i) no more than 60% of such aggregate compensation shall be received by or conveyed to Mr. Zelnick (or such other employee of ZelnickMedia that serves as Executive Chairman and Chief Executive Officer of the Company in accordance with Section 3(ii)) and (ii) no more than 40% of such aggregate compensation shall be received by or conveyed to Mr. Slatoff (or such other employee of ZelnickMedia that serves as President of the Company in accordance with Section 3(ii)).

(v) Plan Amendment. The Company will include a proposal for the approval of an amendment of the Company's 2009 Stock Incentive Plan, as amended and restated effective as of July 24, 2013 (the "Plan") to amend the definition of "Consultants" in the Plan to include corporations, limited liability companies and other non-natural persons (in a form reasonably acceptable to ZelnickMedia) (the "Proposal") in the proxy statement for the Company's 2014 annual meeting of stockholders to consider and vote upon the Proposal. In the event the Proposal is approved by the requisite vote of the Company's stockholders, the Company may then elect to settle the Equity Awards in shares of the Company's common stock in accordance with the New Grant Agreement which shares shall be issued under the Plan.

7. Expenses. The Company shall (i) promptly reimburse ZelnickMedia for all reasonable out-of-pocket fees and expenses as have been or may be incurred (before or after the date of this Agreement) by ZelnickMedia, its partners, shareholders, members, officers, employees, affiliates, counsel, agents and representatives in connection with ZelnickMedia's engagement hereunder and the rendering of services hereunder (including, but not limited to, attorneys' fees in connection with the negotiation and performance of this Agreement and fees and expenses incurred in attending Company-related meetings) and (ii) reimburse ZelnickMedia for all travel expenses in accordance with the Company's "Travel and Entertainment Policy". The Company shall reimburse ZelnickMedia for all reasonable and documented attorneys' fees incurred by ZelnickMedia in connection with the negotiation of this Agreement as soon as practicable after the date hereof.

8. Term. This Agreement will continue from the Effective Date through March 31, 2019 (the "Initial Term"), unless earlier terminated by either ZelnickMedia or the Company in accordance with this Section 8. This Agreement may be terminated immediately by the Company for Cause (as defined below) or by ZelnickMedia for Good Reason (as defined below), and may be terminated by the Company without Cause or by ZelnickMedia without Good Reason, in each case upon 30 days' written notice (which notice requirement will be waived following a Change in Control). If this Agreement is terminated by the Company or ZelnickMedia prior to March 31, 2019, ZelnickMedia will be entitled to the following: (a) if this

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Agreement is terminated by the Company for Cause or by ZelnickMedia without Good Reason, all unvested equity granted under the Grant Agreements shall be forfeited for no consideration and ZelnickMedia shall be paid on the date of termination (i) the earned but unpaid portion of the Management Fee and (ii) any accrued but unpaid Annual Bonus for a completed fiscal year, and ZelnickMedia and/or any Subject Persons, as applicable, shall retain the vested portion of all equity granted pursuant to the Grant Agreements; (b) if this Agreement is terminated by the Company without Cause or by ZelnickMedia for Good Reason (whether before or after a Change in Control), (i) ZelnickMedia shall be paid on the date of termination (x) the earned but unpaid portion of the Management Fee, (y) any accrued but unpaid Annual Bonus for a completed fiscal year, and (z) three times (3X) the sum of (A) the Management Fee plus (B) the Target Bonus Amount; (ii) all unvested time-based restricted stock or restricted units granted pursuant to the Grant Agreements shall vest; and (iii) all performance-based restricted stock or restricted units granted pursuant to the Grant Agreements will vest in accordance with the terms of the applicable Grant Agreement, provided that the vesting of any such performance-based restricted stock or restricted units granted on or following the Effective Date shall be determined based on the assumption that the applicable performance measure was achieved at the target level of performance for the applicable performance period or, prior to a Change in Control, for performance-based restricted stock or restricted units that vest based on Total Shareholder Return, based on the actual level of performance achieved for each applicable performance measure as of the date of termination. Notwithstanding anything to the contrary contained in this Agreement, if the parties fail to enter into a new agreement with respect to services by ZelnickMedia provided hereunder on substantially similar terms in the aggregate upon the expiration of the Initial Term or otherwise agree to extend the Initial Term, all unvested time-based restricted stock and time-based restricted units granted pursuant to the Grant Agreements shall vest, and all performance-based restricted units granted pursuant to the Grant Agreements shall vest upon such expiration; provided that the vesting of any such performance-based restricted stock or restricted units granted on or following the Effective Date shall be determined based on the assumption that the applicable performance measure was achieved at the target level of performance for the applicable performance period or, prior to a Change in Control, for performance-based restricted stock or restricted units that vest based on Total Shareholder Return, based on the actual level of performance achieved for each applicable performance measure as of such vesting date. Upon a Change in Control, (i) this Agreement shall not terminate, and any termination of this Agreement shall only be in accordance with this Section 8, and (ii) all unvested restricted stock or restricted units granted pursuant to the Grant Agreements (including time-based and performance-based restricted stock or restricted units) will vest in accordance with the terms of the applicable Grant Agreement; provided, that (a) the vesting of any such restricted stock or restricted units granted on or following the Effective Date shall occur upon the earlier of (x) a termination of this Agreement by the Company without Cause or by ZelnickMedia for Good Reason or (y) the second anniversary of the date such awards were granted pursuant to the Grant Agreements (irrespective of whether this Agreement has been terminated for any reason after such date) and (b) the vesting of any such performance-based restricted stock or restricted units granted on or following the Effective Date shall be determined based on the assumption that the applicable performance measure was achieved at the target level of performance for the applicable performance period.

"Cause" means (a) the conviction of, or a plea of guilty or nolo contendere by any of the individuals provided by ZelnickMedia to serve in the positions set forth in Section 3(i)(A)-(B)

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(which positions are currently filled by Strauss Zelnick or Karl Slatoff, respectively) of any felonious criminal act (other than traffic-related offenses or as a result of vicarious liability), (b) fraud, or (c) any act or omission involving malfeasance or gross negligence by ZelnickMedia in the performance of its obligations hereunder, in the case of each of clauses (b) through (c) above, that relates to and damages the Company and, if capable of being cured so that the Company is not materially damaged, is not so cured within 15 days after receipt by ZelnickMedia of written notice thereof.

“Good Reason” means (a) a condition that materially impairs the ability of ZelnickMedia, Strauss Zelnick, Karl Slatoff or any other individual appointed by ZelnickMedia pursuant to Section 3(i)(A)-(B) to perform their respective duties or responsibilities, as applicable, as contemplated herein, (b) assigning Strauss Zelnick, Karl Slatoff or any other individual appointed by ZelnickMedia pursuant to Section 3(i)(A)-(B) duties materially inconsistent with their respective positions (including status, offices, titles and reporting requirements), authorities or responsibilities or any other action by the Company which results in a material diminution of their respective positions, authorities, duties or responsibilities (and in making this determination with respect to Mr. Zelnick, factors may include Mr. Zelnick ceasing to be the most senior executive in any controlled group containing the Company), (c) the failure by the Company to perform any of its material obligations under this Agreement or (d) the requirement that ZelnickMedia’s place of service be located outside a 30-mile radius of New York City, NY; *provided, however*, that in each ZelnickMedia provides not less than 30 days’ written notice to the Company (within 60 days of ZelnickMedia, Strauss Zelnick, Karl Slatoff or any other individual appointed by ZelnickMedia pursuant to Section 3(i)(A)-(B) becoming aware of the initial existence of the facts or circumstances constituting Good Reason) of its intention to terminate this Agreement for Good Reason, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination for Good Reason is based, and such termination shall be effective at the expiration of such 30 day notice period only if the Company has not fully cured such act or acts or failure or failures to act that give rise to Good Reason during such period.

A “Change in Control” means any transaction or occurrence (or series of related transactions or occurrences) which results at any time in any of (i) a sale of all or substantially all of the consolidated assets of the Company and of its subsidiaries, or a consolidation, reorganization, merger, or other business combination of the Company with or into, any other Person (as defined below) if, after such transaction the stockholders of the Company immediately prior to such transaction beneficially hold, directly or indirectly, less than a majority of the outstanding voting units of the purchasing or surviving parent entity in such transaction, on a fully diluted basis, (ii) a change in the majority of the members of the Board to Persons who were neither (x) nominated or appointed by the current Board nor (y) nominated or appointed by directors so nominated or appointed, or (iii) an acquisition by any individual, general partnership, limited partnership, limited liability company, corporation, trust, estate, real estate investment trust association or any other entity (each, a “Person”) or group of Persons (other than the Company or any subsidiary of the Company or any of their affiliates) of the outstanding securities of the Company in a transaction or series of transactions, if immediately thereafter such acquiring Person or group has, or would have, beneficial ownership of more than fifty percent (50%) of the combined equity interests or voting power of the Company; provided that mere formation of a group will not itself constitute a Change in Control. A Change in Control shall be deemed to occur as of the

effective date of the first event, action or transaction leading to one of the results described above.

As the parties hereto do not intend that actions taken by ZelnickMedia or any of its employees, shareholders, members, partners or other affiliates could give rise to a right on the part of ZelnickMedia to terminate this Agreement for Good Reason, the Company and ZelnickMedia hereby agree that, in no event shall any conduct or actions undertaken by ZelnickMedia or any of its employees, shareholders, members, partners or other affiliates, or any failure by such Persons to act, give rise to or constitute Good Reason hereunder or, to the extent that such conduct, actions, or failure to act results in a termination of this Agreement, be deemed a termination of this Agreement by the Company without Cause.

No termination of this Agreement shall affect the Company’s obligations with respect to any and all reasonable fees, costs and expenses incurred by ZelnickMedia in rendering services hereunder and not reimbursed by the Company as of the effective date of such termination or the Company’s indemnification and contribution obligations.

9. Confidentiality; Non-Solicitation. ZelnickMedia shall not at any time during or after the term of this Agreement, directly or indirectly, except as in good faith deemed necessary or desirable to perform any of its obligations hereunder, to defend its own rights or as required by applicable law or legal process, disclose or use for its own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise other than the Company and any of its subsidiaries or affiliates, any trade secrets, information, data, or other information, including, without limitation, relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans, or the business and affairs of the Company, or of any subsidiary or affiliate of the Company; provided, that the foregoing shall not apply to information which is generally known to the industry or the public (other than as a result of ZelnickMedia’s breach of this covenant) or information obtained by ZelnickMedia prior to March 30, 2007 or not in connection with its performance of its obligations under this Agreement. ZelnickMedia agrees that upon termination of this Agreement, upon the Company’s request, it shall immediately return to the Company all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company and its affiliates, except that ZelnickMedia may retain such personal notes, notebooks and diaries that do not contain confidential information of the type described above. For a period beginning on March 30, 2007 and ending one year after the date of termination of this Agreement, except in the event this Agreement is terminated by the Company without Cause or by ZelnickMedia for Good Reason, ZelnickMedia shall not in any capacity, either individually or in association with others, employ or solicit for employment (other than in any general solicitation) any person who is an employee of the Company or its affiliates at the level of vice president or higher immediately prior to such employment or during such solicitation.

10. Liability. Neither ZelnickMedia nor any of its affiliates, directors, officers, employees, counsel, agents or representatives shall be liable to the Company or its subsidiaries or affiliates for any loss, claim, liability, damage or expense arising out of or in connection with the performance of services contemplated by this Agreement, other than any

loss, claim, liability, damage or expense to the extent determined by the final judgment of a court of competent jurisdiction to have been caused from the gross negligence, fraud, bad faith or willful misfeasance of ZelnickMedia or its affiliates.

11. Indemnification; D&O Insurance. To the fullest extent permitted by applicable law, the Company shall indemnify and hold harmless ZelnickMedia and its affiliates, and each of their respective members, managers, directors, officers, employees, counsel, agents, representatives, contractors and affiliates (each such individual or entity to be referred to hereinafter as an “Indemnified Person”), from and against any loss, claim, damage or liability, joint or several, and any action in respect thereof, whether or not involving a third party, to which an Indemnified Person may be subject, insofar as such loss, claim, damage, liability or action relates to, arises out of or results from any Covered Event (as such term is defined below) or alleged Covered Event, and will reimburse such Indemnified Person upon request for all expenses (including, without limitation, reasonable attorneys’ fees and disbursements)



incurred by such Indemnified Person in connection with investigating, defending or preparing to defend against any such loss, claim, damage, liability or action, as such expenses are incurred or paid. The term "Covered Event" shall mean (a) any action taken, or services performed, by an Indemnified Person, related to or consistent with the terms of this Agreement or the Original Agreement, or (b) any action taken, or omitted to be taken, by the Company or any of its managers, directors, officers, employees, agents or affiliates, in connection with any matter in which an Indemnified Person has been involved pursuant to this Agreement or the Original Agreement; provided, that the term "Covered Event," with respect to an Indemnified Person, shall exclude any loss, claim, damage, liability or expense to the extent determined by the final judgment of a court of competent jurisdiction to have been caused from the gross negligence, fraud, bad faith or willful misfeasance of such Indemnified Person or any affiliate thereof. The Company shall cover the designees of ZelnickMedia under directors and officers' liability insurance both during and, while potential liability exists, after the term of this Agreement in amounts reasonably requested by ZelnickMedia.

12. Independent Contractor. ZelnickMedia and the Company agree that ZelnickMedia shall perform services hereunder as an independent contractor, retaining control and direction over and responsibility for its own operations and personnel. Neither ZelnickMedia nor their directors, officers or employees shall be considered employees or agents of the Company or its subsidiaries as a result of this Agreement nor shall any of them have authority to contract in the name of or bind the Company, except as expressly agreed to in writing by the Company, including as provided in this Agreement.

13. Notices. Any notice, report or payment required or permitted to be given or made under this Agreement by one party to the other shall be deemed to have been duly given or made if personally delivered or, if mailed, when mailed by registered or certified mail, postage prepaid, to the other party at the following addresses (or at such other address as shall be given in writing by one party to the other):

If to ZelnickMedia:

ZelnickMedia Corporation  
19 West 44th Street, 18th Floor

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New York, NY 10036  
Telephone: (212) 223-1383  
Facsimile: (212) 223-1384  
Attention: Strauss Zelnick

with a copy to (which shall not constitute notice):

Simpson Thacher & Bartlett LLP  
1999 Avenue of the Stars — 29th Floor  
Los Angeles, CA 90067  
Telephone: (310) 407-7500  
Facsimile: (310) 407-7502  
Attention: Daniel Clivner

If to the Company:

Take-Two Interactive Software, Inc.  
622 Broadway  
New York, NY 10012  
Telephone: (646) 536-2842  
Facsimile: (646) 536-2926  
Attention: General Counsel

with a copy to (which shall not constitute notice):

Willkie Farr & Gallagher LLP  
787 Seventh Avenue  
New York, NY 10019  
Telephone: (212) 728-8129  
Facsimile: (212) 728-9129  
Attention: Adam Turteltaub

14. Entire Agreement; Modification. Effective as of the Effective Date, this Agreement and the Grant Agreements shall (a) contain the complete and entire understanding and agreement of ZelnickMedia and the Company with respect to the subject matter hereof; and (b) supersede all prior and contemporaneous understandings, conditions and agreements, oral or written, express or implied, respecting the engagement of ZelnickMedia in connection with the subject matter hereof, including the 2011 Agreement and the Original Agreement; provided that, notwithstanding the foregoing, (i) ZelnickMedia shall be entitled to receive such Annual Bonus for the fiscal year of the Company ending March 31, 2014 as ZelnickMedia would have been entitled to receive pursuant to Section 5 of the 2011 Agreement, (ii) Section 23 (Registration Statement) of the 2011 Agreement shall survive the execution of the this Agreement and (iii) to the extent expressly provided therein, each of the grant agreements attached as Exhibit A and Exhibit B to the 2011 Agreement relating to restricted stock described in Section 6 of the 2011 Agreement and the grant agreements attached as Exhibit A and Exhibit B to the Original Agreement relating to restricted stock described in Section 6 of the Original Agreement shall remain in full force and effect in accordance with the terms thereof and shall not be superseded

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by this Agreement or by the New Grant Agreement, including without limitation with respect to the grant, vesting or termination of any equity awards contemplated therein. This Agreement may be amended or modified, or any of the terms, covenants or conditions hereof may be waived, only by a written instrument executed by ZelnickMedia and the Company, or in the case of a waiver, by the party or parties waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term or covenant contained in this Agreement, in any one or more instances, shall not be deemed to be nor construed as a further or continuing waiver of any such condition, or the breach of any other provision, term or covenant of this Agreement.

15. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach of that provision or any other provision hereof.

16. Assignment. ZelnickMedia may assign its rights or obligations under this Agreement only with the express written consent of the Company, such consent not to be unreasonably withheld. The Company may not assign its rights or obligations under this Agreement. The Company hereby agrees to the assignment by ZelnickMedia of all of its rights and obligations under this Agreement to ZM Capital Advisors, LLC, a Delaware limited liability company ("ZM Capital"); provided, however, that ZelnickMedia shall remain liable for all of the obligations hereunder and under this Agreement. In the event ZelnickMedia elects to effect such assignment to ZM Capital, it shall cause ZM Capital to execute a joinder agreement to this Agreement in form and substance reasonably acceptable to the Company.

17. Successors. This Agreement and all the obligations and benefits hereunder shall inure to the successors and permitted assigns of the parties.

18. Failure to Pay. If for any reason the Company does not pay the Management Fee, Annual Bonus or any other amount due under this Agreement when due, then such amount shall accrue interest at a rate of 1% per month and shall continue to be payable and shall be paid by the Company as soon as it can be paid. The preceding sentence shall not limit any other remedies of ZelnickMedia in the event amounts are not paid when due.

19. Counterparts. This Agreement may be executed and delivered by each party hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and both of which taken together shall constitute one and the same agreement.

20. Choice of Law. This Agreement and any dispute arising hereunder shall be governed by and construed in accordance with the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of laws provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Each party consents to the *in personam* jurisdiction of the Court of Chancery or other courts of the State of Delaware and the United States District Court located in the State of Delaware in connection with any claim or dispute arising under or in connection with this Agreement.

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21. Severability. If any provision of this Agreement is or becomes illegal, invalid or unenforceable under any law or regulation of any jurisdiction, it shall, as to such jurisdiction, be deemed modified to the least degree necessary to conform to the requirements of such law or regulation, or if for any reason it is not deemed so modified, it shall be illegal, invalid or unenforceable only to the extent set forth in the law or regulation without affecting the legality, validity or enforceability of such provision in any other jurisdiction or the remaining provisions of this Agreement.

22. Section 409A. Notwithstanding anything to the contrary contained in this Agreement, in the event that one or more payments under this Agreement are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and would cause ZelnickMedia to incur any additional tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder, the Company shall, at no additional cost to the Company, after consulting with ZelnickMedia and receiving ZelnickMedia's approval, reform and appropriately adjust such provision; provided that the Company agrees to maintain, to the maximum extent practicable without any such additional cost to the Company, the original intent and economic benefit to ZelnickMedia of the applicable provision without violating the provisions of Section 409A of the Code.

23. Registration Statement. Subject to reasonable blackout periods and the receipt of necessary information from ZelnickMedia (or any Subject Person, if applicable) for inclusion in such filing, the Company shall, at any time following the first anniversary of the date hereof and within 45 days following the written request of ZelnickMedia, file a registration statement on Form S-3 (or any applicable successor registration form) (the "Registration Statement") covering the shares of the common stock granted to ZelnickMedia pursuant to the New Grant Agreement. Subject to reasonable blackout periods, the Company shall use its reasonable best efforts to prepare and file with the Securities and Exchange Commission ("SEC") such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement continuously effective and free from any material misstatement or omission to state a material fact until such time as all such shares of common stock have been sold pursuant to a registration statement or are otherwise freely tradable.

24. Dodd-Frank. ZelnickMedia hereby acknowledges (i) the section in the Company' Corporate Governance Guidelines entitled "Recovery of Improperly-Awarded Incentive Compensation", a copy of which is attached hereto as Annex A (the "Clawback Policy") and (ii) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), which requires that the SEC, by rule, direct the national securities exchanges and national securities associates to prohibit the listing of any security of an issuer that fails to implement a "clawback" policy providing that "in the event that the issuer is required to prepare an accounting restatement due to the material noncompliance of the issuer with any financial reporting requirement under the securities laws, the issuer will recover from any current or former executive of the issuer who received incentive-based compensation (including stock options awarded as compensation) during the three-year period preceding the date on which the issuer is required to prepare an accounting restatement, based on the erroneous data, in excess of what would have been paid to the executive officer under the accounting restatement." ZelnickMedia shall, and shall cause its shareholders, partners, employees,

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members and other affiliates who are deemed "Executives" under the Clawback Policy or who receive any portion of the Equity Awards, to comply with the Clawback Policy, including as may be amended or superseded by the Board after the date hereof to the extent required to comply with any rules adopted by the SEC in response to Section 954 of the Dodd-Frank Act.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Management Agreement to be duly executed and delivered on the date and year first above written.

ZELNICKMEDIA CORPORATION

By: /s/ Strauss Zelnick  
Name: Strauss Zelnick

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: /s/ Seth D. Krauss  
Name: Seth D. Krauss  
Title: EVP and General Counsel

[Signature Page to 2014 Management Agreement]

**ANNEX A**

**Clawback Policy**

**Recovery of Improperly-Awarded Incentive Compensation**

The Company will use commercially reasonable efforts to implement the following policy through the insertion of contractual provisions in new agreements with applicable employees and through any amendments that may be entered into after the date of the adoption of this policy on November 12, 2010 to existing agreements with Executives (as defined below).

The Board may require the reimbursement of any bonus or incentive compensation awarded to an Executive and/or effect the cancellation of unvested restricted stock or outstanding stock option awards previously granted to an Executive, in each case, on or after the adoption of this policy on November 12, 2010, but in no event more than four years after the award of such compensation where: (1) they payment was predicated upon achieving certain financial results that were subsequently determined to have been erroneously reported; (2) the Board determines that the Executive engaged in knowing or intentional fraudulent or illegal conduct that caused or substantially caused such erroneous reporting to have occurred; and (3) a lower payment would have been made to the Executive based upon the corrected financial results. In each instance, the Board may, to the extent practicable under applicable law, seek to recover from such Executive on or after the adoption of this policy that was subsequently reduced due to the correction of erroneous reporting and/or effect the cancellation of outstanding restricted stock or stock option awards previously granted to such Executive on or after the date of the adoption of this policy in the amount by which such Executive's bonus or incentive payments for the relevant period exceeded the lower payment that would have been made based on the corrected financial results.

The Board shall render a determination pursuant to this policy in each instance where both an erroneous report of financial results has affected the size of a bonus or incentive compensation awarded to an Executive, and where the Board is aware of credible evidence that the Executive may have engaged in such fraudulent or illegal conduct. In determining whether to recover a payment, the Board shall take into account such considerations as it deems appropriate, including, without limitation, whether the assertion of a claim against the Executive could violate applicable law or prejudice the Company's overall interests and whether other penalties or punishments are being imposed on the Executives, including by third parties, such as law enforcement agencies, regulators or other authorities. The Board shall have sole discretion in determining whether an Executive's conduct has or has not met any particular standard of conduct under law of Company policy. Any recovery under this policy may be in addition to any other remedies that may be available to the Company under applicable law, including disciplinary actions up to and including termination of employment.

For purposes of this policy, the term "Executive" means an "executive officer" as defined in Rule 3b-7 of the Securities Exchange Act of 1934. The right of the Board to assert a recovery claim under this policy shall not survive the occurrence of a change in control of the Company as defined in the relevant incentive compensation plan. This policy shall apply in addition to any right of recovery against the Chief Executive Officer and the Chief Financial Officer under Section 304 of the Sarbanes-Oxley Act of 2002. The Board may delegate one or more of the duties or powers described in this policy to one or more committees of the Board consisting of solely independent directors.

**EXHIBIT A**

**FORM OF RESTRICTED UNIT AGREEMENT**

This Restricted Unit Agreement (this "**Agreement**"), dated as of April 1, 2014 (the "**Grant Date**"), is made by and between Take-Two Interactive Software, Inc. (the "**Company**") and ZelnickMedia Corporation (the "**Participant**").

**WITNESSETH:**

**WHEREAS**, pursuant to the Management Agreement between the Participant and the Company, effective as of April 1, 2014 (the "**Management Agreement**"), the Company has agreed to grant to the Participant restricted units ("**Restricted Units**"), each representing the right to receive, upon vesting, an amount equal the Fair Market Value (as defined below) of one (1) share of the common stock, par value \$0.01 per share (the "**Common Stock**") of the Company (a "**Share**").

**NOW, THEREFORE**, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Grant of Restricted Units.** Subject to the restrictions, terms and conditions of this Agreement, the Company hereby awards to the Participant [ ] Restricted Units, subject to adjustment, forfeiture and the other terms and conditions set forth below. The Restricted Units constitute an unfunded and unsecured promise of the Company to deliver (or cause to be delivered) to the Participant, subject to the terms of this Agreement, cash on the applicable vesting date for such Restricted Units as provided herein. Until such delivery, the Participant shall have only the rights of a general unsecured creditor; provided, that if prior to the settlement of any Restricted Unit, (a) the Company pays a cash dividend (whether regular or extraordinary) or otherwise makes a cash distribution to a shareholder in respect of a Share, then the Company shall credit, in respect of each then-outstanding Restricted Unit held by the Participant, an amount equal to any such cash dividend or distribution to a book entry account on behalf of the Participant, provided that such cash dividend or distribution shall not be deemed to be reinvested in shares of Common Stock and will be held uninvested and without interest and paid in cash at the same time as such Restricted Unit vests and is settled under Section 2 below (and the Participant shall forfeit any such right to such cash if such Restricted Unit is forfeited prior to vesting), and (b) the Company pays a non-cash dividend (whether regular or extraordinary) or otherwise makes a non-cash distribution in Shares or other property to a shareholder in respect of a Share, then the Company shall provide the Participant, in respect of each then-outstanding Restricted Unit held by the Participant, an amount equal to the Fair Market Value (as defined in the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan, as amended through the date hereof (the "**Plan**")) of such Shares or an amount equal to the fair market value of such other property as reasonably determined by the Company in good faith, as applicable, at the same time as such Restricted Unit vests and is settled under Section 2 below (and the Participant shall forfeit any such right to such amount if such Restricted Unit is forfeited prior to vesting).

2. **Vesting.** The Restricted Units shall become vested and settled in accordance with the terms set forth on Annex A attached hereto.

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3. **Taxes.** The Participant shall be solely responsible for all applicable federal, state, local, and foreign taxes the Participant incurs from the grant, vesting or settlement of the Restricted Units.

4. **No Obligation to Continue Service.** This Agreement is not an agreement of consultancy. This Agreement does not guarantee that the Company or its affiliates will retain, or continue to retain, the Participant during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which the Restricted Units are outstanding, nor does it modify in any respect the Company or its affiliate's right to terminate or modify the Participant's consultancy or compensation.

5. **Power of Attorney.** The Company, and its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may reasonably deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for the Participant, may in the name and stead of the Participant, make and execute all conveyances, assignments, and transfers of the Restricted Units, Shares, and property provided for herein, and the Participant hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the reasonable judgment of the Company, be advisable for the purpose.

6. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable law, the Company may issue Shares in the form of uncertificated shares. Such uncertificated Shares shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated Shares, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.

7. **Adjustments.** The Company shall make any adjustments to the Restricted Units upon any changes in capital structure of the Company, as determined by the Company's Board of Directors (the "**Board**") in good faith and in a manner consistent with adjustments made to Awards (as defined in the Plan) granted under the Plan. The Company hereby agrees that in the event that the Company takes any action with respect to outstanding Awards under the Plan pursuant to Section 4.2 of the Plan, the Restricted Units shall receive the same treatment as applied to all other Shares or Awards in respect of Shares.

8. **Notices.** Any notice or communication given hereunder (each a "**Notice**") shall be in writing and shall be sent by personal delivery, by courier or by United States mail (registered or certified mail, postage prepaid and return receipt requested), to the appropriate party at the address set forth below:

If to the Company, to:

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Take-Two Interactive Software, Inc.  
622 Broadway  
New York, New York 10012  
Attention: General Counsel

If to the Participant, to:

ZelnickMedia Corporation  
19 West 44th Street, 18th Floor  
New York, NY 10036

or such other address or to the attention of such other person as a party shall have specified by prior Notice to the other party. Each Notice will be deemed given and effective upon actual receipt (or refusal of receipt).

9. **Governing Law.** All questions concerning the construction, validity, and interpretation of this Agreement will be governed by, and construed in accordance with, the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

10. **Consent to Jurisdiction.** In the event of any dispute, controversy, or claim between the Company or any affiliate and the Participant in any way concerning, arising out of or relating to this Agreement (a “**Dispute**”), including without limitation any Dispute concerning, arising out of, or relating to the interpretation, application, or enforcement of this Agreement, the parties hereby (a) agree and consent to the personal jurisdiction of the courts of the State of New York located in New York County and/or the Federal Courts of the United States of America located in the Southern District of New York (collectively, the “**Agreed Venue**”) for resolution of any such Dispute, (b) agree that those courts in the Agreed Venue, and only those courts, shall have exclusive jurisdiction to determine any Dispute, including any appeal, and (c) agree that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York. The parties also hereby irrevocably (i) submit to the jurisdiction of any competent court in the Agreed Venue (and of the appropriate appellate courts therefrom), (ii) to the fullest extent permitted by law, waive any and all defenses the parties may have on the grounds of lack of jurisdiction of any such court and any other objection that such parties may now or hereafter have to the laying of the venue of any such suit, action, or proceeding in any such court (including without limitation any defense that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum), and (iii) consent to service of process in any such suit, action, or proceeding anywhere in the world, whether within or without the jurisdiction of any such court, in any manner provided by applicable law. Without limiting the foregoing, each party agrees that service of process on such party pursuant to a Notice as provided in Section 8 hereof shall be deemed effective service of process on such party. Any action for enforcement or recognition of

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any judgment obtained in connection with a Dispute may be enforced in any competent court in the Agreed Venue or in any other court of competent jurisdiction.

11. **Counterparts.** This Agreement may be executed (including by facsimile transmission) with counterpart signature pages or in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

12. **Amendment.** The Board may, at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement, and may also suspend or terminate this Agreement, in any manner which is consistent with the terms of the Plan with respect to the amendment, suspension or termination thereof or of Awards granted pursuant thereto. No modification or waiver of any of the provisions of this Agreement shall be effective unless in writing by the party against whom it is sought to be enforced, unless such modification or waiver would be permitted without such a writing pursuant to the Plan with respect to its provisions or the provisions of Awards granted pursuant thereto.

13. **Miscellaneous.**

(i) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors, and assigns.

(ii) This Agreement, the Management Agreement and, to the extent referenced herein, the Plan, contain the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof. By signing and returning this Agreement, the Participant agrees to comply with its terms and all applicable laws and regulations.

(iii) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(iv) Although the Company makes no guarantee with respect to the tax treatment of the Restricted Units, the Company intends that the Restricted Units shall not constitute “nonqualified deferred compensation” subject to Section 409A of the Internal Revenue Code of 1986, as amended, and any successor provision or any Treasury Regulation promulgated thereunder (“**Section 409A**”) and this Agreement shall be interpreted, administered and construed consistent with such intent. If, and only to the extent that, (i) the Restricted Units constitute “deferred compensation” within the meaning of Section 409A and (ii) the Participant is deemed to be a “specified employee” (as such term is defined in Section 409A and as determined by the Company), the payment of Restricted Units on termination of the Management Agreement shall not be made until the first business day of the seventh month following such termination or, if earlier, the date of the Participant’s death.

(v) Except to the extent the Proposal is approved by the Company’s stockholders and any Shares become deliverable to the Participant hereunder as contemplated in Section E of Annex A attached hereto, the Restricted Units are not intended to be an award made

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under any stock incentive plan adopted by the Company, including the Plan as in effect on the date hereof. Notwithstanding the preceding sentence, this Agreement and the Restricted Units shall be construed as if this grant had been granted under the Plan in accordance with and consistent with, and subject to, the provisions of the Plan, a copy of which has been made available to the Participant, and the terms of which are incorporated into this Agreement, except as otherwise specifically stated herein. The Participant agrees to be bound by the terms and conditions of this Agreement and the Plan and any future amendments to the Plan which do not materially impair the Participant’s rights hereunder. Notwithstanding the foregoing, for the avoidance of doubt, in the event of any inconsistency between the Plan and this Agreement, the provisions of this Agreement shall govern, and in the event of any inconsistency

between this Agreement and the Management Agreement, the provisions of the Management Agreement shall govern. References in this Agreement to any specific Plan provision will not be construed as limiting the applicability of any other Plan provision.

[End of text. Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

**COMPANY:**

**TAKE-TWO INTERACTIVE SOFTWARE, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PARTICIPANT:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

**Annex A**

**Vesting**

**A. Time Based Vesting.**

Subject to Section C, [ ] of the Restricted Units shall become vested on the second (2<sup>nd</sup>) anniversary of the Grant Date (the “**Time-Based Units**”).

**B. Performance Based Vesting.**

Subject to Section C, certain of the Restricted Units shall be subject to performance-based vesting in accordance with Section (B)(i) (the “**TSR Performance-Based Units**”), Section (B)(ii) (the “**New IP Performance-Based Units**”), and Section (B)(iii) (the “**Major IP Performance-Based Units**,” and together with the TSR Performance-Based Units and the New IP Performance-Based Units, the “**Performance-Based Units**”).

(i) **TSR Performance-Based Units.** The target number of TSR Performance-Based Units that shall be eligible to vest pursuant to this Section B(i) shall be [ ], and the maximum number of TSR Performance-Based Units that shall be eligible to vest pursuant to this Section B(i) shall be [ ]. Subject to Section C, on the second (2<sup>nd</sup>) anniversary of the Grant Date, a number of TSR Performance-Based Units shall become vested equal to the product of (x) the target number of TSR Performance-Based Units eligible to vest pursuant to this Section B(i) *multiplied by* (y) the TSR Vesting Percentage, rounded down to the nearest whole TSR Performance-Based Unit.

(ii) **New IP Performance-Based Units.** The target number of New IP Performance-Based Units that shall be eligible to vest pursuant to this Section B(ii) shall be [ ], and the maximum number of New IP Performance-Based Units that shall be eligible to vest pursuant to this Section B(ii) shall be [ ]. Subject to Section C, on the second (2<sup>nd</sup>) anniversary of the Grant Date, a number of New IP Performance-Based Units shall become vested equal to the product of (x) the target number of New IP Performance-Based Units in such vesting tranche *multiplied by* (y) the New IP Vesting Percentage, rounded down to the nearest whole New IP Performance-Based Unit.

(iii) **Major IP Performance-Based Units.** The target number of Major IP Performance-Based Units that shall be eligible to vest pursuant to this Section B(iii) shall be [ ], and the maximum number of Major IP Performance-Based Units that shall be eligible to vest pursuant to this Section B(iii) shall be [ ]. Subject to Section C, on the second (2<sup>nd</sup>) anniversary of the Grant Date, a number of Major IP Performance-Based Units shall become vested equal to the product of (x) the target number of Major IP Performance-Based Units in such vesting tranche *multiplied by* (y) the Major IP Vesting Percentage, rounded down to the nearest whole Major IP Performance-Based Unit.

**C. Qualifying Termination; Change in Control.**

(i) **Termination.** In the event of a Qualifying Termination prior to the earlier of (x) the second (2<sup>nd</sup>) anniversary of the Grant Date or (y) a Change in Control (as defined in the

Management Agreement): (a) the effective date of such Qualifying Termination shall serve as the vesting date for all Time-Based Units hereunder, and all such Time-Based Units shall vest as of such date; (b) the effective date of such Qualifying Termination shall serve as the vesting date for all TSR Performance-Based Units hereunder and the given date for purposes of the Measurement Price, and the number of such TSR Performance-Based Units that shall vest as of such date shall be calculated in accordance with Section B(i) above based upon the Percentile Rank through the effective date of such Qualifying Termination, and (c) the effective date of such Qualifying Termination shall serve as the vesting date for all New IP Performance-Based Units and Major IP Performance-Based Units hereunder, and the target number of such New IP Performance-Based Units and Major IP Performance-Based Units (as set forth in Sections B(ii) and B(iii), as applicable) shall vest as of such date without regard to the application of the Applicable Vesting Percentage.

(ii) **Change in Control.** If a Change in Control occurs while the Management Agreement remains in effect, in any case prior to the earlier of (x) the second (2<sup>nd</sup>) anniversary of the Grant Date or (y) a Qualifying Termination, all Time-Based Units and the target number of Performance-Based Units (as set forth in Sections B(i), B(ii) and B(iii), as applicable) shall remain eligible to vest and shall vest (without regard to the application of the Applicable Vesting Percentage, in the case of Performance-Based Units), in each case, as of the earlier of (a) a Qualifying Termination or (b) the second (2<sup>nd</sup>) anniversary of the Grant Date. Each Restricted Unit that remains eligible to vest following a Change in Control pursuant to the foregoing sentence shall be referred to as a **“Vesting-Eligible Unit.”** Upon the occurrence of a Change in Control, each Vesting-Eligible Unit shall be converted into an amount in cash equal to the Market Value of the consideration payable in the Change in Control in respect of each such Vesting-Eligible Unit, and such consideration shall be paid to the Participant promptly following the satisfaction of the vesting conditions set forth in this Section C(ii) (i.e., in full on the second (2<sup>nd</sup>) anniversary of the Grant Date, or if earlier, upon a Qualifying Termination), and shall automatically be forfeited and shall revert back to the Company if such vesting conditions are not satisfied.

D. **Forfeiture.**

(i) Any Restricted Units that have not vested as of the termination of the Management Agreement for any reason other than a Qualifying Termination shall automatically be forfeited and shall revert back to the Company without compensation to the Participant.

(ii) Any Performance-Based Units that (x) have not vested as of the earlier of (a) the second (2<sup>nd</sup>) anniversary of the Grant Date or (b) the effective date of a Qualifying Termination, or (y) do not become Vesting-Eligible Units upon the occurrence of a Change in Control (i.e., any Performance-Based Units above the target numbers set forth in Sections B(i), B(ii) and B(iii), as applicable), shall automatically be forfeited and shall revert back to the Company without compensation to the Participant.

E. **Settlement.** Subject to the last sentence of Section C(ii), upon vesting pursuant to Sections A, B, and C, the Company shall deliver to the Participant an amount in cash having a value equal to the aggregate value of a number of Shares equal to the number of Restricted Units vesting on such date, based on the closing price of the Shares on such settlement date on the

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principal national securities exchange on which the Shares are traded on such date (or if the Shares are not traded on such date, the immediately preceding trading date), provided that the Participant has satisfied any tax withholding obligations as described in this Agreement. Notwithstanding anything herein to the contrary, but subject to the last sentence of Section C(ii), if and only to the extent that the Company’s stockholders approve the Proposal (as defined in the Management Agreement), each Restricted Unit (including any amount provided for pursuant to Section 1(a) of the Agreement) may, at the election of the Company, be settled in Shares issued pursuant to the Plan (subject to any required delay in issuance as required under the Plan). To the extent the Proposal is approved by the Company’s stockholders and any Shares become deliverable to the Participant hereunder the Participant shall be deemed the beneficial owner of any Share issued upon settlement of a Restricted Unit at the close of business on any settlement date and shall be entitled to any dividend or distribution that has not already been made with respect to such Share if the record date for such dividend or distribution is after the close of business on such settlement date, and the Company shall promptly issue and deliver, unless the Company is using a book entry or similar method pursuant to Section 6 of the Agreement (in which case the Company shall upon request promptly issue and deliver upon the Participant’s request), to the Participant a new stock certificate registered in the name of the Participant for any Shares issued upon settlement of Restricted Units and deliver to the Participant such Shares, in each case free of all liens, claims and other encumbrances (other than those created by the Participant).

F. **Definitions.**

**“Add-On Content”** in respect of any IP means all interactive software entertainment products that are ancillary to such IP, either in the form of expansion packs or micro-content and which are not playable separately from such IP, but excluding any Sequel of such IP.

**“Applicable Vesting Percentage”** means (i) with respect to TSR Performance-Based Units, the TSR Vesting Percentage, (ii) with respect to New IP Performance-Based Units, the New IP Vesting Percentage, and (iii) with respect to Major IP Performance-Based Units, the Major IP Vesting Percentage.

**“Existing IP”** means any IP commercially released prior to April 1, 2014 and any products released on or after April 1, 2014 that are derived from or use the branding, environments or characters of such products (e.g., Sequels and subsequent Individual Releases).

**“Individual Release”** means any IP released across any and all gaming platforms and all SKUs released of any IP, including, for the avoidance of doubt, any bundles, anniversary editions or “game of the year” editions of such IP but excluding (i) any Add-On Content in respect of such IP and (ii) any expansion packs that are playable separately from such IP, with each such expansion pack being deemed to be a separate Individual Release.

**“IP”** means any interactive entertainment product.

**“Major IP”** means Existing IP or New IP.

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**“Major IP Vesting Percentage”** as of a given date is a function of the Company’s Sell-In Performance or Sales Performance, as applicable, for any Individual Release of Major IP calculated as of such date, determined by reference to the following tables. For the avoidance of doubt, the Major IP Vesting Percentage shall be determined based on the Company’s Sell-In Performance or Sales Performance, as applicable, with respect to one Individual Release of Major IP. If multiple Individual Releases of Major IP occur during the relevant measurement period, the Major IP Vesting Percentage shall be determined based on the Individual Release of Major IP (whether Regular Price IP, Reduced Price IP or Other IP) that results in the highest Major IP Vesting Percentage. Without limiting the generality of the foregoing, in no event shall (i) the Company’s Sell-In Performance and/or Sales Performance with respect to multiple Individual Releases of Major IP or (ii) the Major IP Vesting Percentages attributable to multiple Individual Releases of Major IP, be aggregated for purposes of determining the Major IP Vesting Percentage. By way of example, if, during the relevant measurement period, the Company has an Individual Release of Major IP that is Regular Price IP that results in a Sell-In Performance of 4,000,000 units, as well as an Individual Release of Major IP that is Other IP that results in Sales Performance of \$150,000,000, the Major IP Vesting Percentage will be 100% (i.e., the highest Major IP Vesting Percentage attributable to an Individual Release of Major IP).

(x) For any Individual Release of Major IP that is Regular Price IP:

Major IP Sell-In Performance	Major IP Vesting Percentage
Less than 4,000,000 units	0%
4,000,000 units	50%
5,000,000 units	100%
6,000,000 units	200%

In the event that the Major IP Sell-In Performance is less than 4,000,000 units, the Major IP Vesting Percentage shall be zero percent (0%). In the event that the Major IP Sell-In Performance falls between any of the values listed in the table above, the Major IP Vesting Percentage shall be based on a straight line interpolation between such two values.

(y) For any Individual Release of Major IP that is Reduced Price IP:

Major IP Sell-In Performance	Major IP Vesting Percentage
Less than Reduced Price Major IP Minimum Number	0%
Reduced Price Major IP Minimum Number	50%
Reduced Price Major IP Target Number	100%
Reduced Price Major IP Maximum Number	200%

In the event that the Major IP Sell-In Performance is less than the Reduced Price Major IP Minimum Number, the Major IP Vesting Percentage shall be zero percent (0%). In the event that the Major IP Sell-In Performance falls between any of the values listed in the table above, the Major IP Vesting Percentage shall be based on a straight line interpolation between such two values.

(z) For any Individual Release of Major IP that is Other IP:

Major IP Sales Performance	Major IP Vesting Percentage
Less than \$120,000,000	0%
\$ 120,000,000	50%
\$ 150,000,000	100%
\$ 180,000,000	200%

In the event that the Major IP Sales Performance is less than \$120,000,000, the Major IP Vesting Percentage shall be zero percent (0%). In the event that the Major IP Sales Performance falls between any of the values listed in the table above, the Major IP Vesting Percentage shall be based on a straight line interpolation between such two values.

“**Measurement Price**” as of a given date means the average of the closing prices of the Common Stock or the common stock of a Peer Group company, as applicable, for each of the 30 trading days ending on (and including) such date.

“**New IP**” means any IP commercially released on or after April 1, 2014 that is not Existing IP. Sequels and subsequent Individual Releases of New IP occurring after April 1, 2014 shall qualify as New IP for purposes of this Agreement.

“**New IP Vesting Percentage**” as of a given date is a function of the Company’s Sell-In Performance or Sales Performance, as applicable, for any Individual Release of New IP calculated as of such date, determined by reference to the following tables. For the avoidance of doubt, the New IP Vesting Percentage shall be determined based on the Company’s Sell-In Performance or Sales Performance, as applicable, with respect to one Individual Release of New IP. If multiple Individual Releases of New IP occur during the relevant measurement period, the New IP Vesting Percentage shall be determined based on the Individual Release of New IP (whether Regular Price IP, Reduced Price IP, or Other IP) that results in the highest New IP Vesting Percentage. Without limiting the generality of the foregoing, in no event shall (i) the Company’s Sell-In Performance and/or Sales Performance with respect to multiple Individual Releases of New IP or (ii) the New IP Vesting Percentages attributable to multiple Individual Releases of New IP, be aggregated for purposes of determining the New IP Vesting Percentage. By way of example, if, during the relevant measurement period, the Company has an Individual Release of New IP that is Regular Price IP that results in a Sell-In Performance of 2,000,000 units, as well as an Individual Release of New IP that is Other IP that results in Sales Performance of \$90,000,000, the New IP Vesting Percentage will be 100% (i.e., the highest New IP Vesting Percentage attributable to an Individual Release of New IP).

(x) For any Individual Release of New IP that is Regular Price IP:

New IP Sell-In Performance	New IP Vesting Percentage
Less than 2,000,000 units	0%
2,000,000 units	50%
3,000,000 units	100%
4,000,000 units	200%

In the event that the New IP Sell-In Performance is less than 2,000,000 units, the New IP Vesting Percentage shall be zero percent (0%). In the event that the New IP Sell-In

Performance falls between any of the values listed in the table above, the New IP Vesting Percentage shall be based on a straight line interpolation between such two values.

(y) For any Individual Release of New IP that is Reduced Price IP:

New IP Sell-In Performance	New IP Vesting Percentage
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Less than Reduced Price New IP Minimum Number	0%
Reduced Price New IP Minimum Number	50%
Reduced Price New IP Target Number	100%
Reduced Price New IP Maximum Number	200%

In the event that the New IP Sell-In Performance is less than the Reduced Price New IP Minimum Number, the New IP Vesting Percentage shall be zero percent (0%). In the event that the New IP Sell-In Performance falls between any of the values listed in the table above, the New IP Vesting Percentage shall be based on a straight line interpolation between such two values.

(z) For any Individual Release of New IP that is Other IP:

New IP Sales Performance	New IP Vesting Percentage
Less than \$60,000,000	0%
\$ 60,000,000	50%
\$ 90,000,000	100%
\$ 120,000,000	200%

In the event that the New IP Sales Performance is less than \$60,000,000, the New IP Vesting Percentage shall be zero percent (0%). In the event that the New IP Sales Performance falls between any of the values listed in the table above, the New IP Vesting Percentage shall be based on a straight line interpolation between such two values.

“**Other IP**” means any IP that is not Reduced Price IP or Regular Price IP, which has a primary business model of not charging for the basic release and is meant to create revenue based on follow-on transactions as the primary business model.

The “**Peer Group**” shall consist of the companies that comprise The NASDAQ Composite Index on the Grant Date; provided, that (i) subject to clause (ii) below, if a member of the Peer Group ceases to be publicly traded for any reason following the Grant Date and prior to the applicable date on which the Measurement Price is calculated, that member of the Peer Group shall be deleted as a member of the Peer Group and shall not be counted for purposes of the TSR Vesting Percentage and related calculations and (ii) if a member of the Peer Group becomes bankrupt following the Grant Date and prior to the applicable date on which the Measurement Price is calculated, that member of the Peer Group shall remain a member of the Peer Group and shall be attributed a Total Shareholder Return of -100% for purposes the TSR Vesting Percentage and related calculations.

The “**Percentile Rank**” of the Company’s Total Shareholder Return is defined as the percentage of the Peer Group companies’ returns falling at or below the Company’s Total Shareholder Return. The formula for calculating the Percentile Rank is as follows:

$$\text{Percentile Rank} = (N - R + 1) \div N \times 100$$

Where:

N = total number of companies in the Peer Group

R = the numeric rank of the Company’s Total Shareholder Return relative to the Peer Group, where the highest Total Shareholder Return in the Peer Group is ranked number 1

The Percentile Rank shall be rounded to the nearest whole percentage, with (0.5) rounded up.

To illustrate, if the Company’s Total Shareholder Return is the 25th highest in a Peer Group comprised of 100 companies, its Percentile Rank would be 76. The calculation is  $(100 - 25 + 1) \div 100 \times 100 = 76$ .

The “**Port**” of an IP means a substantially similar version of such IP developed to operate on a platform other than the platform for which such IP had theretofore been developed to operate.

“**Qualifying Termination**” means a termination of the Management Agreement by the Company without Cause (as defined in the Management Agreement) or by ZelnickMedia or its assignee for Good Reason (as defined in the Management Agreement).(1)

“**Reduced Price IP**” means any IP that is not Regular Price IP or Other IP.

“**Reduced Price Major IP Target Number**” means, for any Individual Release of Reduced Price Major IP, a number of units equal to the product of (i) 5,000,000 and (ii) a fraction, the numerator of which is 29.99 and the denominator of which is the numeric value of the original wholesale price in the United States per unit.

“**Reduced Price Major IP Maximum Number**” means, for any Individual Release of Reduced Price Major IP, a number of units equal to the product of (i) 6,000,000 and (ii) a fraction, the numerator of which is 29.99 and the denominator of which is the numeric value of the original wholesale price in the United States per unit.

“**Reduced Price Major IP Minimum Number**” means, for any Individual Release of Reduced Price Major IP, a number of units equal to the product of (i) 4,000,000 and (ii) a fraction, the numerator of which is 29.99 and the denominator of which is the numeric value of the original wholesale price in the United States per unit.

(1) For future grants, non-renewal of the Management Agreement will be included as a Qualifying Termination event.

“**Reduced Price New IP Maximum Number**” means, for any Individual Release of Reduced Price New IP, a number of units equal to the product of (i) 4,000,000 and (ii) a fraction, the numerator of which is 29.99 and the denominator of which is the numeric value of the original wholesale price in the United States per unit.

“**Reduced Price New IP Minimum Number**” means, for any Individual Release of Reduced Price New IP, a number of units equal to the product of (i) 2,000,000 and (ii) a fraction, the numerator of which is 29.99 and the denominator of which is the numeric value of the original wholesale price in the United States per unit.

“**Reduced Price New IP Target Number**” means, for any Individual Release of Reduced Price New IP, a number of units equal to the product of (i) 3,000,000 and (ii) a fraction, the numerator of which is 29.99 and the denominator of which is the numeric value of the original wholesale price in the United States per unit.

“**Reference Price**” means the average of the closing prices of the Common Stock or the common stock of a Peer Group company, as applicable, for each of the 30 trading days ending on (and including) the Grant Date.

“**Regular Price IP**” means any IP that is not Reduced Price IP or Other IP, with a SKU that had an original wholesale price in the United States per unit equal to or in excess of \$29.99.

“**Sales Performance**” as of a given date means, with respect to any Individual Release of Other IP, the revenue generated during the period beginning on the Grant Date and ending on the second (2<sup>nd</sup>) anniversary of the Grant Date.

“**Sell-In Performance**” as of a given date means, with respect to any Individual Release of Regular Price IP or Reduced Price IP, as applicable, the number of units “sold-in” during the period beginning on the Grant Date and ending on the second (2<sup>nd</sup>) anniversary of the Grant Date.

“**Sequel**” means with respect to any IP, any game software program, other than any Port or Add-On Content, in any medium that is derived from such IP within the same genre, utilizing the same game play, and based on the same themes and using the same brand name as such IP where the visual display(s), character(s), background(s), virtual environment(s), or other visual or video elements accessible to the end-user of the game software program are derived from comparable elements of such IP.

“**Total Shareholder Return**” as of a given date means the percentage change in the value of the Common Stock or the common stock of a Peer Group company, as applicable, from the Reference Price to the Measurement Price on such date.

“**TSR Vesting Percentage**” as of a given date is a function of the Company’s Percentile Rank among the Peer Group calculated as of such date, determined by reference to the following table:

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Percentile Rank	TSR Vesting Percentage
Less than 40 <sup>th</sup> Percentile	0%
40 <sup>th</sup> Percentile	50%
50 <sup>th</sup> Percentile	100%
75 <sup>th</sup> Percentile	200%

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In the event that the Percentile Rank is less than 40th Percentile, the TSR Vesting Percentage shall be zero percent (0%). In the event that the Percentile Rank falls between any of the values listed in the table above, the TSR Vesting Percentage shall be based on a straight line interpolation between such two values.

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