

TAKE TWO INTERACTIVE SOFTWARE INC  
Form PRE 14A  
July 14, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

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

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Take-Two Interactive Software, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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July [ ], 2011

Dear Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Take-Two Interactive Software, Inc., that will be held on September 26, 2011, at [4:00 p.m.] local time at the [ ].

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting and Proxy Statement, which you are urged to read carefully.

We are pleased to take advantage of Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders on the Internet. We believe these rules allow us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of our Annual Meeting. On or about August 10, 2011, we expect to begin mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and Annual Report and vote online; however, stockholders of record will receive a copy of the Proxy Statement and Annual Report by mail instead of receiving this Notice. The Proxy Statement and Notice contain instructions on how you can receive a paper copy of the Proxy Statement and Annual Report if you only received a Notice by mail.

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

We hope to see you at the meeting and appreciate your continued support.

Sincerely,

[GRAPHIC]

Strauss Zelnick

*Chairman and Chief*

*Executive Officer*

Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012, USA

tel 646.536.2842 fax 646.536.2926 [www.take2games.com](http://www.take2games.com)

TAKE-TWO INTERACTIVE SOFTWARE, INC.

622 Broadway  
New York, New York 10012

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

September 26, 2011

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

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting (the *Annual Meeting*) of stockholders of Take-Two Interactive Software, Inc. (the *Company*) will be held on September 26, 2011, at [4:00 p.m.] local time at the [ ], to consider and vote upon the following matters, which are more fully described in the accompanying Proxy Statement:

1. the election as directors of the eight nominees named in the attached Proxy Statement;
2. the approval of the Amendment to the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan to increase the available shares reserved thereunder;
3. the approval of the Management Agreement, dated as of May 20, 2011, by and between ZelnickMedia Corporation and the Company (the *ZelnickMedia Management Agreement*);
4. the casting of an advisory vote to approve the compensation of the named executive officers;
5. the casting of an advisory vote on the frequency of holding future advisory votes to approve the compensation of the named executive officers;
6. the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2012; and
7. such other business that may properly come before the Annual Meeting or any adjournment thereof.

Your Board of Directors believes that the election of the nominated directors, the approval of the Amendment to the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan, the approval of the ZelnickMedia Management Agreement, the approval of the compensation of the named executive officers, an annual advisory vote on the compensation of the named executive officers and the ratification of the appointment of Ernst & Young LLP are in the best interests of the Company and its stockholders and, accordingly, recommends a vote FOR the approval of

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these proposals.

Only stockholders of record at the close of business on July 28, 2011 are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors,

[GRAPHIC]

Daniel P. Emerson

*Corporate Secretary*

July [ ], 2011

**YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY AND COMPLETE AND SUBMIT YOUR PROXY CARD VIA THE INTERNET OR SIGN AND DATE YOUR PAPER PROXY CARD AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE.**

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

**622 Broadway**

**New York, New York 10012**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON SEPTEMBER 26, 2011**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Take-Two Interactive Software, Inc. (the *Company*) for use at the Annual Meeting of Stockholders (the *Annual Meeting*) to be held on September 26, 2011 at [4:00 p.m.] local time, including any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

The Company expects to either mail or provide notice and electronic delivery of this proxy statement and the enclosed form of proxy to stockholders on or about August 10, 2011.

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

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

The rules of the Securities and Exchange Commission ( *SEC* ) require us to notify all stockholders, including those stockholders to whom we have mailed proxy materials, of the availability of our proxy materials through the Internet.

**Important Notice Regarding the Availability of Proxy Materials**

**for the Stockholder Meeting to be held on September 26, 2011**

**Our Proxy Statement and 2011 Annual Report to Stockholders are available at**

**<http://www.proxyvote.com>**

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

**What matters will be considered at the Annual Meeting?**

the election as directors of the eight nominees named in the attached Proxy Statement;

the approval of the Amendment to the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan (the *Amendment to the 2009 Stock Incentive Plan*) to increase the available shares reserved thereunder;

the approval of the Management Agreement, dated as of May 20, 2011, by and between ZelnickMedia Corporation and the Company (the *ZelnickMedia Management Agreement*);

the casting of an advisory vote to approve the compensation of the named executive officers;

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the casting of an advisory vote on the frequency of holding future advisory votes to approve the compensation of the named executive officers;

the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2012; and

such other business that may properly come before the Annual Meeting or any adjournment thereof.



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

Your Board of Directors believes that the election of the nominated directors, the approval of the Amendment to the 2009 Stock Incentive Plan, the approval of the ZelnickMedia Management Agreement, the approval of the compensation of the named executive officers, an annual advisory vote to approve the compensation of the named executive officers and the ratification of the appointment of Ernst & Young LLP ( *E&Y* ) are in the best interests of the Company and its stockholders and, accordingly, recommends a vote **FOR** the approval of these proposals.

**Who is entitled to vote?**

Stockholders of record as of the close of business on July 28, 2011 (the *Record Date* ) are entitled to attend and vote at the Annual Meeting. Each stockholder is entitled to one vote for each share of common stock of the Company ( *Common Stock* ) held on each matter submitted to a vote at the Annual Meeting.

**Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?**

The rules of the SEC permit us to make our proxy materials available to beneficial owners of our stock electronically over the Internet without having to mail printed copies of the proxy materials. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials ( *Notice of Internet Availability* ) to our beneficial owners. All beneficial owners will have the ability to access the proxy materials, including this Proxy Statement and our 2011 Annual Report, on the website referred to in the Notice of Internet Availability or to request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice of Internet Availability. In addition, beneficial owners may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

**What does it mean if I receive more than one Notice of Internet Availability or proxy card?**

It may mean that you hold shares registered in more than one account. Follow the voting instructions provided on each Notice of Internet Availability that you received to ensure that all of your shares are voted. If you received paper proxy cards, sign and return all proxy cards to ensure that all of your shares are voted. You may call American Stock Transfer & Trust Company at 1-800-937-5449 if you have any questions regarding the share information or your address appearing on the paper proxy card.

**How do I vote?**

You can vote by proxy over the Internet by following the instructions provided in the Notice of Internet Availability.

If you received a full set of proxy materials and your shares are registered directly with American Stock Transfer & Trust Company you may vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com). Although we encourage you to vote via the Internet, you may also sign and date each paper proxy card you receive and return it in the prepaid envelope. The enclosed proxy will be voted in accordance with the instructions thereon. Unless otherwise stated, all shares represented by such proxy will be voted as instructed. Proxies may be revoked in the manner described above.

If you hold your shares through a stock broker, nominee, fiduciary or other custodian you may also be able to vote through a program provided through Broadridge Financial Solutions ( *Broadridge* ) that offers Internet voting options. If your shares are held in an account at a brokerage firm or bank participating in the Broadridge program, you are offered the opportunity to elect to vote via the Internet. Votes submitted via the Internet through the Broadridge program must be received by 11:59 p.m. (Eastern Time) on September [ ], 2011.

**What happens if I do not give specific voting instructions?**

*For Shares Directly Registered in the Name of the Stockholder:* If you indicate when voting on the Internet that you wish to vote as recommended by the Board of Directors or if you return your signed proxy but do not indicate your voting preferences, the Company will vote on your behalf FOR the election of the nominated directors, FOR the Amendment to the 2009 Stock Incentive Plan, FOR the approval of the ZelnickMedia Management Agreement, FOR the approval of the compensation of the named executive officers, FOR an annual advisory vote to approve the compensation of the named executive officers and FOR the ratification of the appointment of E&Y. If any other matter properly comes before the stockholders for a vote at the Annual Meeting, the proxy holders will vote your shares in accordance with their best judgment.

*For Shares Registered in the Name of a Brokerage Firm or Bank:* If your shares are held in street name, your broker or nominee will ask you how you want your shares to be voted. If you provide voting instructions, your shares must be voted as you direct. If you do not furnish voting instructions, one of two things can happen, depending upon whether a proposal is routine. Under the rules that govern brokers that have record ownership of shares beneficially owned by their clients, brokers have discretion to cast votes on routine matters, such as the ratification of the appointment of independent registered public accounting firms, without voting instructions from their clients. Brokers are not permitted, however, to cast votes on non-routine matters, such as the election of directors, the approval of the Amendment to the 2009 Stock Incentive Plan, the approval of the ZelnickMedia Management Agreement, the advisory vote to approve the compensation of the named executive officers, and the advisory vote to approve the frequency of holding future advisory votes to approve the compensation of the named executive officers without such voting instructions. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that proposal and has not received voting instructions from the beneficial owner.

**What is an abstention?**

An abstention is a properly signed proxy card that is marked abstain or properly completed instructions via the Internet to the same effect.

**How do I sign the paper proxy card?**

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

**May I vote my shares in person at the Annual Meeting?**

*For Shares Directly Registered in the Name of the Stockholder:* Yes, however, we encourage you to vote by proxy card or the Internet even if you plan to attend the meeting. If you wish to give a proxy to someone other than the individuals named as proxies on the enclosed proxy card, you may cross out the names appearing on the enclosed proxy card, insert the name of some other person, sign the card and give the proxy card to that person for use at the meeting.

*For Shares Registered in the Name of a Brokerage Firm or Bank:* Yes, but in order to do so you will first have to ask your bank, broker or other intermediary to furnish you with a legal proxy. You will need to bring the legal proxy with you to the meeting, and hand it in with a signed ballot that you can request at the meeting. You will not be able to vote your shares at the meeting without a legal proxy and a signed ballot.

*Your attendance at the Annual Meeting in and of itself will not automatically revoke a proxy that was submitted via the Internet or by mail.*

**Who will count the votes?**

A representative of Broadridge will tabulate the votes and act as independent inspector of election.

**What constitutes a quorum?**

The holders of a majority of the outstanding shares of Common Stock on the Record Date present in person or represented by proxy constitutes a quorum for the Annual Meeting. As of the close of business on the Record Date, [\*] shares of Common Stock were issued and outstanding. Subject to the rules regarding the votes necessary to adopt the proposals discussed below, abstentions and broker non-votes (as described above) will be counted for purposes of determining whether a quorum is present. Once a share is represented for any purpose at the Annual Meeting, it will be deemed present for quorum purposes for the remainder of the Annual Meeting (including any meeting resulting from an adjournment or postponement of the Annual Meeting, unless a new record date is set).

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

In an uncontested election for directors, the eight persons receiving the highest number of FOR votes at the Annual Meeting will be elected. However, the Company's Bylaws provide that any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election (a *Majority Withheld Vote*) promptly shall tender his or her resignation to the Corporate Governance Committee for consideration following certification of the stockholder vote. See below under the heading Election of Directors (Proposal 1) Policy on Majority Voting for Directors.

A FOR vote by a majority of the votes cast is required to approve the Amendment to the 2009 Stock Incentive Plan pursuant to applicable NASDAQ rules, a FOR vote by the holders of a majority of the Company's stock having voting power present in person or represented by proxy is required to approve the ZelnickMedia Management Agreement, a FOR vote by a majority of the votes cast is required to approve the compensation of the named executive officers, the option for the frequency of holding future advisory votes to approve the compensation of the named executive officers that receives the greatest number of votes will be considered the option chosen by the stockholders, and a FOR vote by the holders of a majority of the shares present in person or represented by proxy and entitled to vote is required to ratify the appointment of E&Y and to approve any stockholder proposal. For purposes of determining approval of a matter presented at the Annual Meeting, abstentions will be deemed present and entitled to vote (but not cast), other than for purposes of the proposal to approve the Amendment to the 2009 Stock Incentive Plan, the ZelnickMedia Management Agreement, and the advisory vote to approve the compensation of the named executive officers, with respect to which an abstention will have the effect of a vote against such proposal, while broker non-votes will not be deemed present and entitled to vote. Both abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present. Abstentions and broker non-votes will not affect the outcome of the vote on the frequency of holding future advisory votes to approve the compensation of named executive officers.

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

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

**Who pays for this proxy solicitation?**

The Company will bear the entire cost of soliciting proxies, including the costs of preparing, assembling, printing and mailing this Proxy Statement, the proxy and any additional soliciting material furnished to stockholders. The Company has retained MacKenzie Partners, Inc., a proxy solicitation firm, to solicit proxies for a fee of \$20,000, plus reimbursement of its out-of-pocket expenses. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy materials to the beneficial owners of stock, and these entities may be reimbursed by the Company for their expenses. Proxies also may be solicited by directors, officers or employees of the Company in person or by telephone, e-mail or other means. No additional compensation will be paid to such individuals for these services.

**How may I communicate with the Board of Directors?**

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

**AVAILABILITY OF CERTAIN DOCUMENTS**

**Householding of Annual Meeting materials**

Some banks, brokers and other nominee record holders may participate in the practice of householding proxy statements and their accompanying documents and/or Notices of Internet Availability. This means that only one copy of our Proxy Statement and/or Notice of Internet Availability is sent to multiple stockholders in your household. We will promptly deliver a separate copy of these documents without charge to you upon written request to Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012, Attn: Investor Relations; our main telephone number is (646) 536-2842. If you want to receive separate copies of our proxy statements and/or Notice of Internet Availability in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address.

**Additional information**

We are required to file annual, quarterly and current reports, proxy statements and other reports with the SEC. Copies of these filings are available through our Internet website at [www.take2games.com](http://www.take2games.com) or the SEC's website at [www.sec.gov](http://www.sec.gov). We will furnish copies of our SEC filings (without exhibits), including our Annual Report on Form 10-K for the year ended March 31, 2011, without charge to any stockholder upon written request to Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012, Attn: Investor Relations.

**ELECTION OF DIRECTORS**

**(Proposal 1)**

At the Annual Meeting eight directors will be elected to hold office for a term expiring at the 2012 Annual Meeting of Stockholders. The Board of Directors, upon the recommendation of the Corporate Governance Committee, has nominated the nominees named herein. Each director will be elected to serve until a successor is elected and qualified or until the director's earlier resignation or removal.

At the Annual Meeting, the proxies given by stockholders will be voted individually for the election, as directors of the Company, of the persons named herein, unless a proxy card specifies that it is not to be voted in

favor of a nominee for director. If any of the nominees listed below shall be unable to serve, it is intended that the proxy will be voted for such other nominees as may be designated by the Board of Directors. Each of the persons named herein has indicated to the Board of Directors that he will be available to serve as a director of the Company.

*Policy on Majority Voting for Directors.* In an uncontested election, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election promptly shall tender his or her resignation to the Corporate Governance Committee following certification of the stockholder vote. The Corporate Governance Committee promptly will consider the resignation offer and recommend to the Board of Directors the action to be taken with respect to such offered resignation. The Board of Directors will act on the Corporate Governance Committee's recommendation within 90 days following the date of the Annual Meeting. Thereafter, the Board of Directors promptly will disclose its decision whether to accept the director's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a Current Report on Form 8-K filed with the SEC. Any director tendering a resignation pursuant to this provision shall not participate in the Corporate Governance Committee recommendation or action of the Board of Directors regarding whether or not to accept the resignation offer. Abstentions and broker non-votes with respect to a director's election will not be counted as votes withheld for purposes of this policy.

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

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

**Strauss Zelnick**, age 54, has been Chairman of the Company since April 2007, Executive Chairman of the Company since February 2008 and Chief Executive Officer of the Company since January 2011. Mr. Zelnick is also a partner in ZelnickMedia Corporation ( *ZelnickMedia* ). Mr. Zelnick serves as Executive Chairman and Chief Executive Officer pursuant to the terms of the Management Agreement between the Company and ZelnickMedia. See Certain Relationships and Related Transactions Management Agreement. Mr. Zelnick currently is Chairman of ITN Networks and serves on the boards of directors of Alloy, Inc., Naylor LLC and Starwood Properties Trust, Inc. Mr. Zelnick served as Executive Chairman of Direct Holdings Worldwide, Inc., the parent company of Time Life and Lillian Vernon, until the company was sold to Reader's Digest on March 2, 2007. Prior to forming ZelnickMedia, Mr. Zelnick was President and Chief Executive Officer of BMG Entertainment, a \$4.7 billion music and entertainment company with more than 200 record labels and operations in 54 countries. Mr. Zelnick's appointment as President and Chief Executive Officer of BMG Entertainment followed his tenure as President and Chief Executive Officer of the company's North American business unit from 1994 through 1998. Before joining BMG Entertainment, Mr. Zelnick was President and Chief Executive Officer of Crystal Dynamics, a leading producer and distributor of interactive game software. Prior to that, he spent four years as President and Chief Operating Officer of 20th Century Fox, where he managed all aspects of its worldwide motion picture and distribution business. Previously, he spent three years at Vestron Inc. as a senior executive, and rose to become President and Chief Operating Officer. Mr. Zelnick also served as Vice President, International Television for Columbia Pictures. Mr. Zelnick holds an MBA and a JD from Harvard University and a B.A. from Wesleyan University. He is an associate member of the National Academy of Recording Arts and Sciences and served on the board of directors of the Recording Industry Association of America and the Motion Picture Association of America. Mr. Zelnick provides the Board of Directors with valuable insight in organization and management obtained from his experiences, including acting as Chairman of the Company, and more recently as Chief Executive Officer of the Company, and as such, the Board of Directors has deemed him qualified to serve as a director.

**Robert A. Bowman**, age 56, has been a director of the Company since April 2007. Mr. Bowman is the President and Chief Executive Officer of Major League Baseball Advanced Media, L.P. ( *MLB Advanced Media* ), which manages the interactive and Internet rights for Major League Baseball, a position he has held since 2000. Prior to joining MLB Advanced Media, Mr. Bowman was President and Chief Operations Officer of

ITT Corporation from 1995 to 2000, where he previously served as Chief Financial Officer from 1991 to 1995. Mr. Bowman served as the Treasurer of the State of Michigan from 1983 to 1990, overseeing its tax policy and collection and the state's pension fund. Mr. Bowman serves as President of the Michigan Education Trust and is a director of The Warnaco Group, Inc., serving on the Audit Committee and Compensation Committee at Warnaco. Mr. Bowman's broad work experience, including his experience as President and Chief Executive Officer of MLB Advanced Media, is a key addition to the Board of Directors, and as such, the Board of Directors has deemed him qualified to serve as a director.

**SungHwan Cho**, age 37, has been a director since April 2010. Mr. Cho has been Senior Vice President and previously Portfolio Company Associate at Icahn Enterprises L.P., an entity controlled by Carl C. Icahn since October 2006. From 2004 to 2006, Mr. Cho served as Director of Finance for Atari, Inc., a publisher of video game software. From 1999 to 2002, Mr. Cho served as Director of Corporate Development and Director of Product Development at Talk America, a telecommunications provider to small business and residential customers. Previously, Mr. Cho was an investment banker at Salomon Smith Barney in New York and Tokyo. He is a director of PSC Metals Inc., a metal recycling company; American Railcar Industries, Inc., a railcar manufacturing company; Viskase Companies, Inc., a meat casing company; and WestPoint International, Inc., a home textiles manufacturer. Mr. Cho received a B.S. from Stanford University and an MBA from New York University, Stern School of Business. Mr. Cho's understanding of finance and risk obtained from his past experience, including his position as an investment banker at Salomon Smith Barney, is a valuable addition to the Board of Directors, and as such, the Board of Directors has deemed Mr. Cho qualified to serve as a director.

**Michael Dornemann**, age 65, has been a director since April 2007. Mr. Dornemann is an entertainment and marketing executive with more than 30 years of management consulting, corporate development, strategic advisory and media experience. Since 2001, Mr. Dornemann has served on several boards and currently serves on the board of directors of Jet Set AG, a worldwide fashion company based in Switzerland, as Vice-Chairman of Access Worldwide Communications and on the board of directors of Columbia Music Entertainment (CME) of Japan. Prior to 2001, Mr. Dornemann was an executive board member of Bertelsmann AG for 16 years and Chief Executive Officer of Bertelsmann Entertainment (music and television division) and held positions with IBM and Boston Consulting Group. Mr. Dornemann's consulting, management, and marketing experience obtained from his past experiences, including his role as Chief Executive Officer of Bertelsmann Entertainment, is a valuable addition to the Board of Directors, and as such, the Board of Directors has deemed Mr. Dornemann qualified to serve as a director.

**Brett Icahn**, age 31, has been a director since April 2010. Since April 2010, Mr. Icahn has been a Portfolio Manager of the Sargon Portfolio of Icahn Capital LP, the entity through which Carl C. Icahn manages investment funds, where he was an investment analyst from 2002 until April 2010. Mr. Icahn has served: as director of the Hail Celestial Group, Inc. (a natural and organic products company) since July 2010; as a director of Cadus Corporation (a company engaged in the ownership and licensing of yeast-based drug discovery technologies) since January 2010; as a director of Motricity, Inc. (a mobile data solutions provider) and as a member of its Nominating and Corporate Governance committees since January 2010; and as a director and a member of the Compensation Committee of American Railcar Industries, Inc. (a company that is primarily engaged in the business of manufacturing covered hopper and tank railcars) since January 2007. From November 2006 until December 2007, Mr. Icahn served on the Board of Directors of HowStuffWorks.com, an internet website acquired by Discovery Communication in 2007. Mr. Icahn received a B.A. from Princeton University. Mr. Icahn has experience with technology companies, both as a board member and as a founder. His experience as a portfolio manager and investment analyst also provides him with strong skills in dealing with financial matters. As such, the Board of Directors has deemed Mr. Icahn qualified to serve as a director.

**J Moses**, age 52, has been a director since April 2007. Mr. Moses is currently the Founder and President of Bagooba, a social media start up based in New York City. From 1997 until July 2010, Mr. Moses was the Chief Executive Officer of UGO Networks, Inc., an online publisher delivering information and entertainment for gamers. Mr. Moses, who co-founded UGO Networks, managed the sale of that company to the Hearst

Corporation in August 2007. Prior thereto, Mr. Moses served as President of MTV Russia and oversaw the launch of MTV Networks in Russia in 1996. Mr. Moses, a 30 year veteran of the media industry, also served as the President of BMG Interactive from 1992 to 1995. Mr. Moses serves on advisory boards to Simulmedia, Inc. and AbilTo LLC. Mr. Moses' vast media experience and leadership history, including his role as President of MTV Russia, is a key asset to the Board of Directors, and as such, the Board of Directors has deemed Mr. Moses qualified to serve as a director.

**James L. Nelson**, age 61, has been a director since April 2010. Mr. Nelson has served as a director of Icahn Enterprises GP since June 2001 and is a member of its Audit Committee. Since December 2003, Mr. Nelson has served as a director and member of the audit committee of American Entertainment Properties Corp., or AEP. From May 2005 until November 15, 2007, Mr. Nelson served as a director and member of the Audit Committee of Atlantic Coast Entertainment Holdings, Inc. From 1986 until 2009, Mr. Nelson was Chairman and Chief Executive Officer of Eaglescliff Corporation, a specialty investment banking, consulting and wealth management company. From March 1998 through 2003, Mr. Nelson was Chairman and Chief Executive Officer of Orbit Aviation, Inc., a company engaged in the acquisition and completion of Boeing Business Jets for private and corporate clients. From August 1995 until July 1999, Mr. Nelson was Chief Executive Officer and Co-Chairman of Orbitex Management, Inc., a financial services company in the mutual fund sector. From August 1995 until March 2001, he was a director of Orbitex Financial Services Group. From April 2003 through April 2010, Mr. Nelson served as a director and Chairman of the Audit Committee of Viskase Companies, Inc. From January 2008 through June 2008, Mr. Nelson served as a director and member of the Audit Committee of Shuffle Master, Inc., a gaming manufacturing company. From March 2008 until March 2010, Mr. Nelson was a director and served on the audit committee of Pacific Energy Resources Ltd., an energy producer. Since April 2008, Mr. Nelson has served as a director and currently serves as Chairman of the Audit Committee of Cequel Communications, an owner and operator of a large cable television system. Since March 2010, Mr. Nelson has served as a director and member of the Audit Committee of Tropicana Entertainment Inc. Since June 2011, Mr. Nelson has served as a director of Motricity, Inc. Mr. Nelson brings to his service as a director his significant experience and leadership roles serving as Chief Executive Officer, Director and Chairman of the Audit Committee of various companies as discussed above. As such, the Board of Directors has deemed Mr. Nelson qualified to serve as a director.

**Michael Sheresky**, age 43, has been a director since April 2007. Mr. Sheresky has been a motion picture talent agent at United Talent Agency since June 2009, where he is responsible for structuring projects and deals in the areas of motion picture and television development, production, and distribution. From 1992 until 1995, and then from 1997 until May 2009, Mr. Sheresky held a number of positions at the William Morris Agency, a talent agency, most recently Senior Vice President in its Motion Picture Department. During that time, he represented authors, journalists, screenwriters, directors, producers and actors in the motion picture and television businesses. Mr. Sheresky holds an MBA from Harvard University and a B.A. from Vassar College. Mr. Sheresky's entertainment experience obtained from his various positions at William Morris Agency and United Talent Agency is an important asset to the Board of Directors, and as such, the Board of Directors has deemed Mr. Sheresky qualified to serve as a director.

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

**Lainie Goldstein**, age 43, became Chief Financial Officer of the Company in June 2007 and since 2010 assumed the additional responsibilities of overseeing Human Resources, Information Technology, Investor Relations and North American Operations. Prior to June 2007, Ms. Goldstein served as the Company's Senior Vice President of Finance beginning in November 2003. Ms. Goldstein has over 20 years of financial and business experience in the software, entertainment, retail and apparel industries, including more than 12 years overseeing the finance functions of publicly traded companies. Prior to joining the Company in November 2003, Ms. Goldstein spent seven years in various finance positions with Nautica Enterprises, Inc., an apparel company, most recently as Vice President, Finance and Business Development. Ms. Goldstein is a certified public accountant, and, from 1990 until joining Nautica Enterprises, Inc., held positions in the audit and reorganization departments at Grant Thornton LLP.

**Seth Krauss**, age 41, has been Executive Vice President and General Counsel of the Company since March 2007. Prior to that time, he served in the Legal and Compliance Division of Morgan Stanley, a global financial services company, first as Vice President and Counsel and then as Executive Director and Counsel from March 2004 to March 2007, where he had been responsible for coordinating all significant regulatory and law enforcement matters for Morgan Stanley in the United States and served as one of the firm's senior liaisons to its U.S.-based financial regulators and law enforcement agencies. From 1995 until joining Morgan Stanley in March 2004, Mr. Krauss served as an Assistant District Attorney and Senior Investigative Counsel in the New York County District Attorney's Office, where his work included leading complex, long-term investigations into violations of securities, banking, accounting, taxation and related laws and regulations, working closely with the SEC, FINRA, as well as numerous state, federal and international financial regulators and law enforcement agencies.

**Karl Slatoff**, age 40, became Chief Operating Officer of the Company in October 2010 and prior thereto served as an Executive Vice President of the Company from February 2008 until October 2010. Mr. Slatoff also is a partner in ZelnickMedia. Prior to joining ZelnickMedia in 2001, Mr. Slatoff served as Vice President, New Media for BMG Entertainment, where he was responsible for guiding BMG's online digital strategies, including the development of commercial digital distribution initiatives and new business models for the sale and syndication of online content. From 1994 to 1996, Mr. Slatoff worked in strategic planning at the Walt Disney Company, where he focused on the consumer products, studio and broadcast divisions, as well as several initiatives in the educational, publishing and new media sectors. From 1992 to 1994, Mr. Slatoff worked in the corporate finance and mergers and acquisitions units at Lehman Brothers where he focused on the consumer products and retail/merchandising industries.

*Meetings of Directors.* The Board of Directors holds regularly scheduled meetings during the year and holds additional meetings as necessary or desirable. During the fiscal year ended March 31, 2011, the Board of Directors held nine meetings. Each of the incumbent directors attended more than 75% of the meetings of the Board of Directors and all committees thereof on which he served during the period for which he was a member thereof.

*Independent Directors; Board Committees.* The Board of Directors has determined that Messrs. Bowman, Cho, Icahn, Dornemann, Moses, Nelson and Sheresky are independent directors as defined under the rules of The NASDAQ Stock Market. During the fiscal year ended March 31, 2011, the independent directors met in executive session (outside the presence of management) on numerous occasions. The Board of Directors has three committees entirely comprised of independent directors, a Compensation Committee, a Corporate Governance Committee and an Audit Committee, each of which is governed by a written charter. The Board of Directors also has an Executive Committee, currently comprised of Messrs. Dornemann (Chair), Sheresky and Zelnick, which is also governed by a written charter. These written charters and the Company's Code of Business Conduct and Ethics are posted on the Company's website at [www.take2games.com](http://www.take2games.com) and can be accessed by clicking on Corporate, then Corporate Governance, then Highlights. The Board of Directors established a Special Litigation Committee in 2006. The Special Litigation Committee, currently comprised of Mr. Zelnick, was responsible for, among other things, investigating the allegations made in certain stockholder derivative actions and investigating the Company's past stock option granting practices. The Board of Directors also established a committee of independent directors, consisting of Messrs. Dornemann, Icahn and Sheresky, to evaluate the Company's relationship with ZelnickMedia under the terms of the existing Management Agreement with ZelnickMedia. See Approval of ZelnickMedia Management Agreement (Proposal 3). Certain information as to the Compensation Committee, the Corporate Governance Committee and the Audit Committee is set forth below.

*Board Structure.* The Board of Directors is led by Mr. Zelnick in his role as Executive Chairman. Mr. Zelnick is also the Chief Executive Officer. The Board also has designated a Lead Independent Director position to complement the Executive Chairman's role, and to serve as the principal liaison between the independent directors and the Executive Chairman. Further information regarding the role of the Lead Independent Director is set forth below.



The Board of Directors recently reviewed its leadership structure and concluded that its current structure is the appropriate one for the Company at this time. Specifically, the Board of Directors determined that in light of the Company's clear strategy and the strength of its overall governance practices, a combined Chairman/CEO role will more effectively unify the Board and management around the specific initiatives to support the Company's strategy. The Board of Directors continues to evaluate Mr. Zelnick annually in each of his roles, and has retained the discretion to separate the Chairman/CEO roles at any time if the Board believes it would better serve the interests of the Company. The Board of Directors also concluded that its Lead Independent Director position effectively balances any risk of concentration of authority that may exist with a combined Chairman/CEO position.

*Lead Independent Director.* The Lead Independent Director is responsible for presiding at all Board of Directors meetings at which the Chairman of the Board of Directors is not present, convening regular and special meetings of the independent directors, developing the agenda for executive sessions of the independent directors and working with the Chairman to develop the agenda for meetings of the full Board, coordinating feedback to the Chairman on behalf of the independent directors, and coordinating with the General Counsel of the Company to respond to stockholders who have addressed a communication to the independent directors. The Lead Independent Director meets separately with one or more of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the General Counsel on approximately a bi-weekly basis to discuss the business strategy of the Company in greater detail and provide additional guidance to such members of management. These meetings enable the Lead Independent Director to gain a deeper understanding of any matters being handled by management which should be brought to the attention of the entire Board of Directors or a committee thereof, as well as an opportunity to obtain additional information on any matters which he believes may otherwise be of interest to the other directors and to provide advice to the other directors regarding such matters. The Lead Independent Director generally attends the meetings of the Audit Committee, Compensation Committee and Corporate Governance Committee. Finally, the Lead Independent Director is responsible for handling any matters concerning an actual or potential conflict of interest involving any other director. Mr. Dornemann was designated by the Board of Directors as the Chairman of the Executive Committee and, as such, also serves as the Lead Independent Director.

*Compensation Committee.* The Company has established a Compensation Committee of the Board of Directors, currently consisting of Messrs. Sheresky (Chair), Dornemann, Icahn and Moses, each of whom is an independent director under NASDAQ's Rule 4200, a non-employee director as defined under the SEC rules and an outside director as defined under Section 162(m) of the Internal Revenue Code. The function of the Compensation Committee is to review the compensation policies and procedures of the Company, evaluate and approve the executive officers' compensation and make recommendations to the Board of Directors regarding executive compensation. The Compensation Committee held six meetings during the fiscal year ended March 31, 2011.

*Corporate Governance Committee.* The Company has established a Corporate Governance Committee, currently comprised of Messrs. Moses (Chair), Dornemann and Sheresky. This committee is responsible for creating and maintaining overall corporate governance policies for the Company and identifying, screening and recruiting director candidates for the Board of Directors. The Corporate Governance Committee held five meetings during the fiscal year ended March 31, 2011.

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

When selecting directors, the Board of Directors reviews and considers many factors, including experience, business understanding, achievement, available time, diversity, skills and independence. It also will consider ethical standards, integrity and any conflict of interest. It considers recommendations primarily from stockholders of the Company and from members of the Board of Directors and management. The Corporate

Governance Committee conducts interviews with candidates who meet the criteria of the Board of Directors, and has full discretion in considering its nominations to the Board of Directors. The Board of Directors adopted Corporate Governance Guidelines, which include criteria to assess the suitability of candidates for the Board of Directors. These Corporate Governance Guidelines are posted on the Company's website at [www.take2games.com](http://www.take2games.com) and can be accessed by clicking on Corporate, then Corporate Governance, then Highlights.

A stockholder wishing to nominate a candidate for election to the Board of Directors at the Company's Annual Meeting of Stockholders to be held in 2012 is required to give written notice of an intention to make such a nomination between [ ] and [ ]. Such notice should be addressed to Take-Two Interactive Software, Inc., 622 Broadway, New York, New York 10012, Attention: Corporate Communications.

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

*Audit Committee.* The Company has established an Audit Committee of the Board of Directors, currently comprised of Messrs. Bowman (Chair), Cho and Nelson. The Board of Directors has determined that Mr. Bowman qualifies as an audit committee financial expert under federal securities laws. The Audit Committee held four meetings during the fiscal year ended March 31, 2011.

*Risk Oversight.* The Board of Directors exercises direct oversight of strategic risks to the Company. The Audit Committee reviews the Company's policies for risk assessment and risk management and assesses steps management has taken to control such risks and exposures. The Compensation Committee oversees risks relating to compensation programs and policies. In each case management periodically reports to our Board or to the relevant committee, which provides guidance on risk appetite, assessment, and mitigation. Each committee charged with risk oversight reports to our Board on those matters.

*Director Stock Ownership Guidelines.* The Company has adopted stock ownership guidelines for non-employee directors of the Company. Under these guidelines, non-employee directors are encouraged to own shares of Common Stock having a value equal to three times the annual cash retainer paid by the Company to its non-employee directors, which is currently \$60,000. The ownership guidelines propose that current non-employee directors achieve such stock position within five years after the date of the adoption of the guidelines and that future non-employee directors achieve such ownership position within five years after the date of their election to the Board of Directors. Information regarding executive officer stock ownership guidelines is set forth in this proxy statement under Compensation Discussion & Analysis.

*Code of Business Conduct and Ethics.* The Company has adopted a written Code of Business Conduct and Ethics that applies to the directors, officers and employees of the Company, including the Company's principal executive officer, principal financial officer, principal accounting officer and controller and any person performing similar functions. A copy of the Code of Business Conduct and Ethics is posted on the Company's website at [www.take2games.com](http://www.take2games.com) and can be accessed by clicking on Corporate, then Corporate Governance, then Highlights.

*Conflict of Interest Guidelines for Directors / Directors Code of Conduct.* The Company has adopted a written Conflict of Interest Guidelines for Directors / Directors Code of Conduct that applies to directors of the Company. A copy of the Conflict of Interest Guidelines for Directors / Directors Code of Conduct is posted on the Company's website at [www.take2games.com](http://www.take2games.com) and can be accessed by clicking on Corporate, then Corporate Governance, then Highlights.

*Attendance at Stockholder Meetings.* The Board of Directors has adopted a policy whereby director nominees are strongly encouraged to attend the Company's annual meeting of stockholders. Seven out of our eight incumbent director nominees attended the last annual meeting of the Company's stockholders in April 2010.

**AMENDMENT TO THE 2009 STOCK INCENTIVE PLAN**

**(Proposal 2)**

At the 2009 Annual Meeting, the stockholders of the Company approved the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan (as amended, the *2009 Stock Incentive Plan*), which is designed to enable the Company to offer eligible employees, consultants and non-employee directors stock-based incentives in the Company to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders. At the Annual Meeting, the Company's stockholders will be asked to approve the Amendment to the 2009 Stock Incentive Plan, which was approved unanimously by the Board of Directors at its meeting on July 12, 2011, to increase the available shares reserved thereunder by 5,000,000 shares, which the Board of Directors recommends that the Company's stockholders approve and adopt. No other changes to the 2009 Stock Incentive Plan that are subject to stockholder approval are contemplated by the Amendment to the 2009 Stock Incentive Plan, which will become effective upon the approval of the Company's stockholders. The Amendment to the 2009 Stock Incentive Plan also amends the 2009 Stock Incentive Plan to clarify that, in accordance with best equity incentive plan practices, in no event will stockholder approval of a transaction which, if consummated, would constitute a change in control under the 2009 Stock Incentive Plan, constitute a change in control under the plan until such transaction is consummated.

**Burn Rate Commitment.** In order to address potential stockholder concerns regarding the number of options, stock appreciation rights or other stock awards we intend to grant in a given year, the Board has committed to our stockholders that during the three-year period ending on October 31, 2012, it will not grant a number of shares subject to options, stock appreciation rights or other stock awards to employees or non-employee directors at an average rate greater than 5.47% of the weighted-average number of shares of our Common Stock that we believe will be outstanding over such three year period. For purposes of calculating the number of shares granted in a fiscal year with respect to this commitment, stock awards will count as equivalent to 1.5 option shares. The Company is currently in compliance with its burn rate commitment. In addition to our prior commitment, the Board also commits to our stockholders that over the next three fiscal years (commencing on April 1, 2011) it will not grant a number of shares subject to options, stock appreciation rights or other stock awards to employees or nonemployee directors at an average rate greater than 7.26% of the weighted-average number of shares of our Common Stock that we believe will be outstanding over such three-year period. For purposes of calculating the number of shares granted in a fiscal year with respect to this commitment, stock awards will count as equivalent to 2.5 option shares.

We continue to actively manage our use of shares of Common Stock available for equity-based compensation each year to maintain an acceptable burn rate. The following table sets forth, for each of the specified periods, the number of shares of Common Stock underlying stock options and the number of shares of time-vested restricted stock granted, as well as the number of shares of performance-vested restricted stock for which the stated performance goal was achieved in each period:

Period	Total Shares Underlying Stock Options Granted	Total Time-Vested Restricted Stock Granted	Total Performance-Vested Restricted Shares Earned
4/1/10 3/31/11		1,465,583	293,626
4/1/09 3/31/10*		4,706,899	120,576
11/1/08 10/31/09*		3,864,818	29,502

\* During the Period from 4/1/09 10/31/09, 3,042,270 shares of time-vested restricted stock were granted and 12,857 shares of performed-vested restricted stock were earned, and such shares are thereby double-counted for the fiscal years 4/1/09 3/31/10 and 11/1/08 10/31/09.

The following description of the 2009 Stock Incentive Plan, as amended by the Amendment to the 2009 Stock Incentive Plan, is a summary and is qualified in its entirety by reference to the 2009 Stock Incentive Plan, which was filed as Exhibit 10.1 to the Company's Form 8-K filed with the Commission on April 23, 2009, the Amendment to the 2009 Stock Incentive Plan, which was attached as Annex A to the Company's Proxy Statement filed with the Commission on February 26, 2010, and the Amendment to the 2009 Stock Incentive Plan, a copy of which is attached as **Annex A** to this Proxy Statement. All references to the 2009 Stock Incentive Plan in this Proposal 2 shall be references to the 2009 Stock Incentive Plan, as amended by the Amendment to the 2009 Stock Incentive Plan.

**Administration.** The 2009 Stock Incentive Plan is administered by a committee (the *Committee*) which, with respect to eligible employees and consultants, will be the Compensation Committee, or such other committee or subcommittee of the Board of Directors appointed from time to time by the Board of Directors, consisting of two or more non-employee directors, each of whom is intended to be, to the extent required, a non-employee director as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the *Exchange Act*), an outside director as defined under Section 162(m) of the Internal Revenue Code and an independent director for the purposes of the applicable stock exchange rules. The Board of Directors will be the Committee with respect to the application of the 2009 Stock Incentive Plan to non-employee directors.

Generally, the Committee has full authority to administer and interpret the 2009 Stock Incentive Plan, to grant discretionary awards under the 2009 Stock Incentive Plan, to delegate authority to others or other committees, and to determine:

the persons to whom awards will be granted;

the types of awards to be granted;

the terms and conditions of each award;

the number of shares of Common Stock to be covered by each award;

when an award may be granted (however, awards may be granted only during the 45-day period following the filing of a quarterly report by the Company or the 30-day period following the filing of the Company's annual report, or immediately prior to a change in control that occurs outside of such periods); and

all other matters arising in connection with the 2009 Stock Incentive Plan and the awards thereunder as the Committee, in its sole discretion, deems necessary or expedient to promote the best interests of the Company that are not in conflict with the provisions of the 2009 Stock Incentive Plan.

The terms and conditions of individual awards will be set forth in written agreements that are consistent with the terms of the 2009 Stock Incentive Plan. Awards under the 2009 Stock Incentive Plan may not be made on or after the tenth anniversary of the 2009 Stock Incentive Plan's adoption by the Board of Directors, except that awards (other than stock options or stock appreciation rights (*SARs*)) that are intended to be performance-based under Section 162(m) of the Internal Revenue Code will not be made after the fifth anniversary of the date of the last approval by the Company's stockholders of the performance goals set forth in the 2009 Stock Incentive Plan.

**Eligibility and Types of Awards.** All employees and consultants of the Company and its affiliates and non-employee directors of the Company are eligible to be granted nonqualified stock options, SARs, restricted stock and other stock-based awards. In addition, the Company's employees and employees of the Company's affiliates that qualify as subsidiaries or parent corporations (as defined under Section 424 of the Internal Revenue Code) are eligible to be granted incentive stock options under the 2009 Stock Incentive Plan. As of the date of this proposal, approximately [ ] employees are eligible to participate in the 2009 Stock Incentive Plan.

**Available Shares.** An aggregate of [2,200,983] shares of Common Stock have been reserved for issuance or for reference purposes under the 2009 Stock Incentive Plan with respect to awards granted thereunder (without giving effect to the proposed amendment to the 2009 Stock Incentive Plan as described in this Proxy Statement). Awards of Common Stock under the 2009 Stock Incentive Plan may be either authorized and unissued shares of Common Stock or shares of Common Stock held in treasury by the Company. In general, if awards under the 2009 Stock Incentive Plan are cancelled, expire or terminate unexercised for any reason, the shares covered by such awards will be available again for the grant of awards under the 2009 Stock Incentive Plan. The number of shares of Common Stock available for awards under the 2009 Stock Incentive Plan will be reduced by the total number of stock options or SARs exercised (regardless of whether the shares of Common Stock underlying such awards are actually issued as the result of net settlement), any shares of Common Stock used to pay any exercise price or tax withholding obligation with respect to any award, and any shares of Common Stock repurchased in

the open market with the proceeds of a stock option exercise. The closing price of the Common Stock on the NASDAQ on July [ ], 2011, was \$[ ] per share.

The following share limits apply under the 2009 Stock Incentive Plan with respect to awards granted during any given fiscal year:

Type of Award	Share Limit Per Year
Awards subject to the attainment of performance goals and intended to satisfy Section 162(m) of the Internal Revenue Code	1,000,000 shares per type of award per participant
	4,000,000 shares per participant for all types of awards in the aggregate
Awards of restricted stock not subject to the attainment of specified performance goals	No limit
Nonqualified stock options, SARs, and other stock-based awards to non-employee directors	50,000 shares per type of award per director
	100,000 shares per director for all types of awards in the aggregate

The Committee will adjust the above individual maximum share limitations, the aggregate number of shares of Common Stock available for the grant of awards and the exercise price of an award to reflect certain changes in the Company's capital structure or business by reason of certain corporate transactions or events as provided in the 2009 Stock Incentive Plan.

**Awards Under the 2009 Stock Incentive Plan.** The following types of awards are available under the 2009 Stock Incentive Plan:

**Stock Options.** The Committee may grant incentive stock options (only to eligible employees) and nonqualified stock options to purchase shares of Common Stock. The Committee will determine the number of shares of Common Stock subject to each option, the term of each option (which may not exceed 10 years (or five years in the case of an incentive stock option granted to a 10% stockholder)), the exercise price, the vesting schedule (if any), and the other material terms of each option. No stock option may have an exercise price less than the fair market value of the Common Stock at the time of grant (or, in the case of an incentive stock option granted to a 10% stockholder, 110% of fair market value). Unless otherwise determined by the Committee at the time of grant, (i) stock options are subject to termination if prior to exercise the recipient engages in certain defined types of detrimental activity, and (ii) if the recipient engages in detrimental activity during the one-year period following the later of the date the stock option is exercised and the date the stock option becomes vested, the Company may recover at any time within the one-year period following such date, and upon request the recipient will pay to the Company, an amount equal to any gain realized as a result of the exercise (collectively, the *Detrimental Activity Provisions*).

Options will be exercisable at such time or times and subject to such terms and conditions as determined by the Committee at the time of grant, and the exercisability of such options may be accelerated by the Committee in its sole discretion. Upon the exercise of an option, the participant must make payment of the full exercise price, either (i) in cash, check, bank draft or money order; (ii) solely to the extent permitted by law, through the delivery of irrevocable instructions to a broker reasonably acceptable to the Company to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee.

**Stock Appreciation Rights.** The Committee may grant SARs either with a stock option, which SARs may be exercised only at such times and to the extent the related option is exercisable (*Tandem SARs*), or independent of a stock option (*Non-Tandem SARs*). A SAR is a right to receive a payment in Common Stock or cash (as determined by the Committee) equal in value to the excess of the fair market value of one share of Common Stock on the date of exercise over the exercise price per share established in connection with the grant of the SAR. The exercise price per share covered by a SAR will be the exercise price per share of the related option in the case of a Tandem SAR and will be no less than the fair market value of the Common Stock on the date of grant in the case of a Non-Tandem SAR. The Committee may also grant limited SARs, either as Tandem SARs

or Non-Tandem SARs, which become exercisable only upon the occurrence of a change in control of the Company or such other event as the Committee may, in its sole discretion, designate at the time of grant or thereafter. Unless otherwise determined by the Committee at the time of grant, SARs are subject to the Detrimental Activity Provisions.

**Restricted Stock.** The Committee may award shares of restricted stock. Except as otherwise provided by the Committee upon the award of restricted stock, the recipient generally has the rights of a stockholder with respect to the shares, including the right to receive dividends, the right to vote the shares of restricted stock and, conditioned upon full vesting of shares of restricted stock, the right to tender such shares in the event of a merger, recapitalization, reorganization or similar event involving the Company, subject to the conditions and restrictions generally applicable to restricted stock or specifically set forth in the recipient's restricted stock agreement. The Committee may determine at the time of grant that the payment of dividends, if any, will be deferred until the expiration of the applicable restriction period.

Recipients of restricted stock are required to enter into a restricted stock agreement with the Company that states the restrictions to which the shares are subject, which may include satisfaction of pre-established performance goals and the criteria or date or dates on which such restrictions will lapse.

If the grant of restricted stock or the lapse of the relevant restrictions is based on the attainment of performance goals, the Committee will establish for each recipient the applicable performance goals, formulas or standards and the applicable vesting percentages with reference to the attainment of such goals or satisfaction of such formulas or standards while the outcome of the performance goals is substantially uncertain. Such performance goals may incorporate provisions for disregarding (or adjusting for) changes in accounting methods, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar events or circumstances. Section 162(m) of the Internal Revenue Code requires that performance awards be based upon objective performance measures. The performance goals for performance-vesting restricted stock will be based on one or more of the objective performance goals discussed below.

**Other Stock-Based Awards.** The Committee may, subject to limitations under applicable law, make a grant of such other stock-based awards (including, without limitation, performance units, dividend equivalent units, stock equivalent units, restricted stock units and deferred stock units) under the 2009 Stock Incentive Plan that are payable in cash or denominated or payable in or valued by shares of Common Stock or factors that influence the value of such shares. The Committee will determine the terms and conditions of any such other awards, which may include the achievement of certain minimum performance goals for purposes of compliance with Section 162(m) of the Internal Revenue Code and/or a minimum vesting period. The performance goals for other stock-based awards will be based on one or more of the objective performance goals discussed below.

**Performance Goals.** The following is a list of the performance goals from which the Committee may select in establishing the grant, vesting and/or payment provisions of awards intended to qualify as performance based compensation for purposes of Section 162(m) of the Internal Revenue Code, to be applied, where applicable and in the discretion of the Committee, on a Company-wide, divisional, or individual basis:

earnings per share, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization;

gross profit or gross profit return on investment;

gross margin or gross margin return on investment;

operating income, operating profit margin, net income, cash flow or economic v