

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
	:	
Plaintiff,	:	
	:	
v.	:	No. 1:07-cv-1075-DLC
	:	
RYAN ASHLEY BRANT,	:	
	:	
	:	
Defendant.	:	

**NOTICE OF PLAN OF ALLOCATION FOR
DISTRIBUTION OF APPROXIMATELY \$6.5 MILLION TO
SHAREHOLDERS OF TAKE-TWO INTERACTIVE SOFTWARE , INC.**

THIS NOTICE RELATES TO THE DISTRIBUTION OF APPROXIMATELY \$6.5 MILLION IN FUNDS RECOVERED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") IN A CIVIL ENFORCEMENT ACTION ENTITLED SEC v. RYAN ASHLEY BRANT, CIVIL ACTION NO. 1:07-cv-1075-DLC (S.D.N.Y.)(THE "SEC ACTION"). THIS NOTICE DESCRIBES THE PROPOSED PLAN OF ALLOCATION FOR THE DISTRIBUTION OF FUNDS AND PROVIDES SHAREHOLDERS OF TAKE-TWO INTERACTIVE SOFTWARE, INC. ("TAKE-TWO") WITH A THIRTY-DAY PERIOD IN WHICH TO COMMENT OR OBJECT TO THE PROPOSED PLAN OF ALLOCATION. THIS NOTICE EXPLAINS IMPORTANT RIGHTS YOU MIGHT HAVE AS A SHAREHOLDER OR FORMER SHAREHOLDER OF TAKE-TWO, INCLUDING YOUR POSSIBLE RECEIPT OF A CASH PAYMENT AS A RESULT OF THE DISTRIBUTION OF FUNDS.

In February 2007, the SEC filed and simultaneously settled charges against Ryan Brant for his alleged role in a stock options backdating scheme at Take-Two. Brant, the former Chief Executive Officer and Chairman of Take-Two, consented to an injunction and a permanent officer and director bar and agreed to pay \$6,261,606 to the Registry of the Court. This amount consisted of Brant's disgorgement of his "in-the-money" benefit from options backdating (\$4,118,093), plus prejudgment interest thereon (\$1,143,513), and payment of a penalty (\$1 million). Now in the amount of approximately \$6.5 million because of the accumulation of interest, this money is maintained in an account over which the United States District Court for the Southern District of New York has control (the "Fund").

The SEC has requested that the Court authorize the distribution of the Fund jointly with a distribution in a class action pending against Take-Two, Brant and others, In re Take-Two Interactive Securities Litigation, Civil Action No. 1:06-cv-803-RJS (S.D.N.Y.), which would provide for the distribution of \$20,115,000, together with interest thereon, less attorneys' fees,

expenses and costs of administration, to class members (the “Class Action Fund”). The class action alleges stock options backdating as well as misstatements and omissions in connection with the inclusion of sexually explicit material in Take-Two’s then-premier product, *Grand Theft Auto: San Andreas*. The period covered by the class action is December 17, 2002 through July 10, 2006 (the “Class Period”), whereas the period of backdating in the SEC Action extends from February 6, 1998 through July 10, 2006 (the “Claims Period”). The Fund will be distributed, according to the plan of allocation described below, to all eligible Take-Two shareholders who purchased stock in the period from February 6, 1998 through July 10, 2006 and still owned stock at the end of that period.

The SEC alleges that the misrepresentations and omissions in connection with stock options backdating at Take-Two were first made on February 6, 1998. The misrepresentations and omissions are alleged to have been corrected by disclosures made on July 10, 2006.

The Fund is allocated between the Class Period and the period from February 6, 1998 through December 16, 2002 (the “SEC-Only Period”), on the basis of the relative number of “damaged shares” calculated by Forensic Economics, Inc. to have been purchased in each such period. According to Forensic Economics, approximately 25.6 percent of the total damaged shares purchased in the Claims Period were purchased in the SEC-Only Period, resulting in an allocation of approximately \$1.6 million to the SEC-Only Period. The remaining approximately \$4.9 million of the Fund is allocated to the damaged shares purchased in the Class Period.

Class counsel, Forensic Economics and the SEC have calculated the amounts of losses per share caused as a result of the alleged stock options backdating at issue in the SEC Action, weighted according to the relative strength of such claims and the amount of the Fund available to be awarded, as follows: (1) with respect to the options backdating claim in the SEC-Only Period, \$0.17 per share; and (2) with respect to the options backdating claim in the Class Period, \$0.73 per share (all calculated on a split-adjusted basis).

For authorized claimants who made multiple purchases, other acquisitions or sales of Take-Two common stock during the Claims Period, sales must first be matched with purchases during or prior to the Claims Period. The plan of allocation performs this matching using a standard, first-in first-out methodology.

Each authorized claimant’s total “Inflation Loss” is calculated as the number of shares purchased or otherwise acquired in the Claims Period, multiplied by the difference between the applicable inflation per share on the date of purchase or acquisition and the applicable inflation per share on the date of sale (if any), for each set of matched transactions. If the Inflation Loss for a set of matched transactions is a negative amount, such negative amount represents an “Inflation Profit” that will be offset against Inflation Losses from other sets of matched transactions.

Each authorized claimant’s total “Trading Loss” for each set of matched transactions and retained shares is calculated as the number of shares purchased or otherwise acquired in the Claims Period multiplied by the difference between the purchase price per share, and: (1) if sold or disposed of in the Claims Period, the sale price per share; or (2) if retained through the end of

the Claims Period, the closing price of Take-Two common stock on the last day of the Claims Period. If the Trading Loss from this calculation results in a negative amount, such negative amount represents a "Trading Profit" that will be offset against Trading Losses from other sets of matched transactions.

An authorized claimant's total Recognized Loss for purposes of the distribution of the Fund is the **lesser** of the total Inflation Loss as calculated above and the total Trading Loss as calculated above.

For purposes of calculating Recognized Loss, the date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date. The determination of the price received per share and the price paid per share is exclusive of commissions, taxes, fees and charges. Any person who sold Take-Two common stock "short" will have no Recognized Loss with respect to any purchase during the Class Period to cover such short sale. However, to the extent that any purchase during the Class Period to cover a short sale resulted in an Inflation Profit or a Trading Profit, such transaction will be taken into account when calculating an authorized claimant's total Recognized Loss.

If the Fund equals or is greater than the total Recognized Loss of all authorized claimants, then each authorized claimant will receive an amount equal to the authorized claimant's Recognized Loss. If, however, the Fund is less than the total Recognized Loss of all authorized claimants, then each authorized claimant will be paid the percentage of the Fund that each authorized claimant's Recognized Loss bears to the total of the Recognized Losses of all authorized claimants. As such, each authorized claimant will receive a *pro rata* share of the Fund. If the Fund is greater than the total Recognized Loss of all authorized claimants, then after the distribution is complete and all taxes and court-ordered fees and expenses have been paid, the remaining portion of the Fund will be transferred to the SEC for deposit into the United States Treasury. The Court has reserved jurisdiction to allow, disallow, or adjust the Recognized Loss of any authorized claimant on equitable grounds.

The Court has reserved the right to modify the plan of allocation without further notice to authorized claimants. Payment pursuant to the plan of allocation approved by the Court shall be conclusive against all authorized claimants.

If you would like to comment on or object to the proposed plan of distribution, you must file your comments or objections in writing with the Court no later than January 15, 2010. Please mail your comments or objections to: United States District Court, Southern District of New York, Daniel Patrick Moynihan Courthouse, 500 Pearl Street, New York, New York 10007-1312, Attention: District Judge Denise L. Cote, with a copy mailed on the same day by first-class mail to counsel for the SEC, Richard E. Simpson, Esq., Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-4030.

If you would like to make a claim against the Fund, at a later date this website will post a toll-free telephone number and a weblink from which you can obtain a claim form.

December 16, 2009

Respectfully submitted,

Richard E. Simpson
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Securities and Exchange
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