

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) : September 29, 1999

TAKE -TWO INTERACTIVE SOFTWARE, INC.

(Exact name of registrant as specified in its charter)

Delaware

0-29230

51-0350842

(State or other jurisdiction
of incorporation)

(Commission
File Number)

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

575 Broadway, New York, New York

10012

(address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:(212) 334-6633

Not Applicable

Former name or former address, if changed since last report

Item 2. Acquisition of Assets.

Acquisition of DMA

On September 29,1999, the Company acquired all of the outstanding capital of stock of DMA Design Holdings Limited ("DMA Holdings") for (pound)1.00 and assumed approximately \$11,900,000 of indebtedness. DMA Holdings holds all of the outstanding capital stock of DMA Design Limited, the developer of the Grand Theft Auto series.

The source of the consideration paid in the transaction was cash on hand. The amount of the consideration paid by the Company was determined by negotiation.

Item 5. Other Events.

Acquisition of Minority Interest of Bungie Software

On August 11, 1999, the Company agreed to purchase 19.9 % of the outstanding capital stock of Bungie Software Products Corporation ("Bungie") for \$5 million. In addition, the Company entered into an agreement with Bungie pursuant to which the Company was granted the

exclusive right to distribute four PC titles, including Halo and ONI, in North America, and publish these titles in Europe. The Company was also granted certain rights for console versions of these products and new products developed by Bungie. The Company agreed to make recoupable advances and pay royalties to Bungie for these rights.

Acquisition of Triad Distributors

On August 31, 1999, the Company, through its wholly owned Canadian subsidiary, purchased all of the issued and outstanding capital stock of Triad Distributors, Inc. ("Triad") and Global Star Software Ltd. ("Global") for \$700,000 in cash and the issuance of 162,500 shares of restricted common stock. Triad is a leading Canadian distributor of third-party computer software and videos games and Global is a leading Canadian budget publisher.

Acquisition of CD Verte

On September 30, 1999, the Company acquired all of the outstanding capital stock of CD Verte, S.p.A. for \$2.2 million, consisting of (i) \$200,000 in cash, \$800,000 payable on December 1, 1999 and the balance (subject to downward adjustment based on net income of the acquired entity) over a three-year period. CD Verte is a leading distributor and publisher of computer software and video games in Italy.

Item 7. Exhibits.

Exhibit 1- Stock Purchase Agreement between the Company and Infogrames Entertainment SA.

Exhibit 2- Stock Purchase Agreement by and among the Company, Take-Two Interactive Software Canada Ltd, Triad, Global and the stockholders of Triad and Global.

Exhibit 3- Stock Purchase Agreement by and among the Company, CD Verte, S.p.A. and the stockholders of CD Verte, S.p.A.

SIGNATURES

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

Dated: October 4, 1999

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By /s/ Ryan A. Brant

Name: Ryan A. Brant

Title: Chief Executive Officer

DATED 29 SEPTEMBER 1999

INFOGRAMES ENTERTAINMENT SA

TAKE TWO INTERACTIVE SOFTWARE INC.

AGREEMENT
TO BUY AND SELL
DMA DESIGN HOLDINGS LIMITED

GARRETT
180 Strand
London
WC2R 2NN
Phone: 0171 344 0344
Fax: 0171 438 2518
Ref: MDLD/DCR

THIS AGREEMENT is made on 29 September 1999

BETWEEN:

- (1) INFOGRAMES ENTERTAINMENT SA, a company incorporated in France (registered number RCS Lyon B341 699 106) whose registered office is at 82 - 84 rue du 1er Mars 1943, 69100 Villeurbanne, France (the "Seller"); and
- (2) TAKE TWO INTERACTIVE SOFTWARE INC., a Delaware Corporation whose business address is at 575 Broadway, New York, New York 10012, USA (the "Buyer").

BACKGROUND:

- (A) DMA Design Holdings Limited (the "Company"), a company incorporated in England and Wales (registered no. 3736771) whose registered office is at

21 Castle Street, Castlefield, Manchester M3 4SW, has an authorised share capital of (pound)1,000 comprising 1,000 ordinary shares of (pound)1 each, one of which is issued and legally and beneficially owned by the Seller (the "Sale Share").

(B) DMA Design Limited (the "Subsidiary"), a company incorporated in England and Wales (registered no. 3312220) and whose registered office is at The Green House, 33 Bowdon Street, Sheffield, South Yorkshire S1 4HA, has an authorised share capital comprising 1,000 ordinary shares of (pound)1 each, one of which is issued and legally and beneficially owned by the Company (the "Subsidiary Share").

(C) The Seller has agreed to sell and the Buyer has agreed to buy the Sale Share on the terms and subject to the conditions of this Agreement.

THE PARTIES AGREE as follows:

1 INTERPRETATION

1.1 In this Agreement:

Attack/Clan Wars Assignment means the assignment of intellectual property in the computer games "Attack" and "Clan Wars" between the Subsidiary and Gremlin Interactive Limited dated the date of this Agreement;

Assigned Games means the computer games "Attack", "Clan Wars" and "Tanktics";

Business Day means a day other than a Saturday or Sunday on which banks generally in the City of London are open to transact normal business;

Buyer's Group Company means each of the Buyer and its parent undertaking(s) and any subsidiary undertaking(s) of any of them, in each case from time to time (and including, for the avoidance of doubt the Company and the Subsidiary);

Claim means a claim (whether in contract, tort or otherwise) by the Buyer under or in relation to clause 4 or clause 9 or the Tax Deed or for misrepresentation;

Companies Act means the Companies Act 1985;

Completion means completion of the sale and purchase of the Sale Share in accordance with clause 3;

Completion Accounts means the accounts of the Subsidiary prepared in accordance with clause 2.5;

Encumbrance means a mortgage, pledge, charge, lien or assignment or any other encumbrance, priority or security interest or arrangement of any kind, or other type of preferential arrangement (including a title transfer and retention agreement) having similar effect;

First Share Sale Agreement the agreement dated the date of this Agreement to buy and sell the share in the Subsidiary and to lend and borrow money for that purpose between Gremlin Holdings Limited as seller, the Company as buyer and borrower and the Seller as lender;

IPR Assignments means the Wild Metal Country Assignment, the Tanktics Assignment and the Attack/Clan Wars Assignment;

Key Person means a person who immediately after Completion is a director of the Subsidiary or was employed or engaged as an employee of the Subsidiary in the capacity of manager or producer or in a more senior capacity (other than the directors of the Subsidiary who will resign in accordance with clause 3.1.4);

Liabilities all liabilities, duties, commitments and obligations of every description (but excluding Tax Liabilities), whether deriving from contract, common law, statute or otherwise, whether present or future, actual or contingent or ascertained or unascertained and whether owed or incurred severally or jointly or as a principal or surety;

Reorganisation means the reorganisation of the group of companies comprising the Seller's Group Companies, the Company and the Subsidiary which took place between 1 July 1999 (inclusive) and Completion including the IPR Assignments, the First Share Sale Agreement, the Second Share Sale Agreement and the waiver by Gremlin Group Plc on 2 August 1999 of an amount of (pound)3,871,000 owed by the Subsidiary (and for the avoidance of doubt the reorganisation shall not include any actions carried out by the Subsidiary in the ordinary course of its business);

Second Share Sale Agreement means the agreement dated the date of this Agreement to buy and sell the shares in Gremlin Group PLC between the Company as seller and Ocean Holdings Limited as buyer;

Secondment Agreement means the secondment agreement in agreed form between Gremlin Interactive Limited, the Subsidiary and the Buyer in respect of the Secondment of two employees of Gremlin Interactive Limited to the Subsidiary;

Seller's Group Company means each of the Seller and its parent undertaking(s) and any subsidiary undertaking(s) of any of them, in each case from time to time;

Tanktics Assignment means the assignment of intellectual property in the computer game "Tanktics" between the Subsidiary and Gremlin Interactive Limited dated the date of this Agreement;

Tax shall have the meaning given to it in the Tax Deed;

Tax Deed means the tax deed in agreed form to be entered into between the Buyer and the Seller;

Tax Liability shall have the meaning given to it in the Tax Deed;

Uncapped Claims means any Claims (whether in contract, tort or otherwise) and whether for breach of warranty or misrepresentation in respect of the warranties in clause 4.2.1 to 4.2.8, the indemnities in clauses 9.1.2 and 9.1.3 or under the Tax Deed; and

Wild Metal Country Assignment means the assignment of intellectual property in and certain publishing agreements relating to the computer game "Wild Metal Country" between the Buyer, the Subsidiary and Gremlin Interactive Limited and dated the date of this Agreement. 1.2 In this Agreement, a reference to:

1.2.1 a clause or party or schedule, unless the context otherwise requires, is a reference to a clause of or a party or schedule to this Agreement;

1.2.2 a person includes, unless the context otherwise requires, a reference to a body corporate, association, governmental authority, public body, trustee or partnership;

1.2.3 a document is a reference to the document as from time to time supplemented or varied;

1.2.4 a "subsidiary undertaking" or a "parent undertaking" is to be construed in accordance with section 258 of the Companies Act;

1.2.5 "control" is to be construed in accordance with section 416 of ICTA;

- 1.2.6 a document in the "agreed form" means the document in the form agreed and, for the purposes of identification only, signed or initialled by or on behalf of the Seller and the Buyer. A list of these documents is set out in schedule 3;
- 1.2.7 a person includes a reference to the person's legal personal representatives, successors and lawful assigns; and
- 1.2.8 a statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time before the date of this Agreement and any subordinate legislation made under the statutory provision before the date of this Agreement.
- 1.3 The headings in this Agreement do not affect its interpretation.
- 1.4 In this Agreement, the words "include", "includes" and "including" are to be construed as if they were immediately followed by the words "without limitation".
- 1.5 Any statement in this Agreement which refers to "so far as the Seller is aware" or any similar expression shall be limited to the awareness which the Seller and/or Chris Stockwell (the company secretary of Gremlin Group Plc) actually has.

2 AGREEMENT TO BUY AND SELL AND PRICE

- 2.1 The Seller agrees to sell with full title guarantee and the Buyer agrees to buy the Sale Share and each right attaching or accruing to the Sale Share on or after the date of this Agreement, free of any option, claim or Encumbrance.
- 2.2 Subject to clause 2.3 below, as consideration for the Sale Share the Buyer agrees to pay the Seller the sum of (pound)1 (receipt of which is hereby acknowledged) and to procure that at Completion the Company repays (or to repay on behalf of the Company) the (pound)3,251,703 owed by the Company to the Seller pursuant to the loan created under the First Share Sale Agreement, provided that all other indebtedness owed by the Company or the Subsidiary to any Seller's Group Company shall be dealt with in accordance with clause 6.
- 2.3 The Seller shall reimburse to the Buyer out of the amount paid under clause 2.2 (for itself and acting as trustee for the Company) the amount (if any) by which the Net Asset Value (as determined in accordance with clauses 2.4 and 2.5 below) is below (pound)-3,500,000 (negative three million five hundred thousand) less X (where X is (pound)500,000 less the amount of any Claims (other than Uncapped Claims or a Claim in respect of the indemnity in clause 9.1.1 or the warranty in clause 4.2.10) which have been finally determined against the Seller). For the avoidance of doubt no reimbursement shall be made of the consideration paid until the amount by which the Net Asset Value is below (pound)-3,500,000 (negative three million five hundred thousand) when aggregated with all Claims (other than Uncapped Claims or a Claim in respect of the indemnity in clause 9.1.1) which are finally determined against the Seller exceeds (pound)500,000, in which event a reimbursement shall be made only in respect of the excess over (pound)500,000.
- 2.4 For the purposes of this clause 2, "Net Asset Value" shall mean the amount paid up or credited as paid up on the issued share capital of the Subsidiary plus the reserves of the Subsidiary plus the retained earnings of the Subsidiary (or less the amount standing to the debit of the profit and loss account of the Subsidiary) less any amount included in the above which is attributable to minority interests, goodwill assets and/or other intangible assets in each case as at the date of Completion and as finally determined in accordance with clause 2.5.

2.5 For the purpose of determining the amount of the Net Asset Value:

2.5.1 The Seller shall as soon as practicable following Completion (and in any event on or before 13 October 1999) deliver to the Buyer draft Completion Accounts prepared by the Seller (together with copies of all working papers relating to the preparation of the draft Completion Accounts). In order to prepare the draft Completion Accounts the Buyer shall (and shall procure that the Subsidiary shall) give all such reasonable assistance, documents, information and access to premises and personnel of the Subsidiary as the Seller shall require in order to prepare the draft Completion Accounts in the time required. Such draft Completion Accounts will:

- (a) comprise a pro forma balance sheet and statement of income in respect of the Subsidiary;
- (b) be in respect of the period from 30 June 1999 to the date of Completion; and
- (c) be prepared using the same accounting policies as, on the same basis as and in all respects in a manner consistent with the audited accounts of the Subsidiary for the period to 30 June 1999 (the "Audited Accounts").

2.5.2 The Buyer shall raise no dispute in relation to the value of work in progress (relating to computer games in development) in the Audited Accounts (such figure being (pound)816,044) and acknowledges and accepts that the value of "work in progress" (relating to computer games in development) which will appear in the pro forma balance sheet of the Completion Accounts shall be calculated from such figure using the same accounting policies as, on the same basis as and in all respects in a manner consistent with the Audited Accounts (provided that account shall be taken of (pound)200,000 in respect of the sale by the Subsidiary of rights in the Assigned Games) and no dispute shall be raised and no adjustment shall be made to that amount in determining the Net Asset Value in accordance with this clause 2.5. The Buyer also agrees that no provision shall be made or any amount accounted for in the Completion Accounts for any Tax Liability arising or which may arise in connection with the waiver on 2 August 1999 by Gremlin Group PLC of an amount of (pound)3,871,000 owing by the Subsidiary to Gremlin Group PLC for the purposes of the calculation of the Net Asset Value and without prejudice to the Buyer's rights (but subject to its obligations) under the Tax Deed.

2.5.3 Following receipt of the draft Completion Accounts from the Seller, the Buyer shall be entitled to examine these with a view to agreeing the Seller's calculation of the Net Asset Value. The calculation of the Net Asset Value and Completion Accounts prepared by the Seller shall be final and binding upon the parties to this Agreement unless, prior to the expiry of 45 days following their delivery to the Buyer, the Buyer serves notice on the Seller stating that it wishes to dispute the same giving a detailed written explanation of its grounds for wishing to do so and incorporating any adjustment which the Buyer would wish to be made to the draft Completion Accounts and its own calculation of the Net Asset Value.

2.5.4 If a dispute is raised by the Buyer as to the draft Completion Accounts and/or the Net Asset Value and such dispute is not settled by agreement between the Buyer and the Seller within 30 days after the Buyer notifies the Seller of the dispute pursuant to sub-clause 2.5.3 above, then either the Seller or the Buyer

may instruct an independent firm of chartered accountants (the "Independent Accountants") appointed by agreement or in default of agreement by the President of the Institute of Chartered Accountants of England and Wales (acting as experts and not as arbitrators) to determine the dispute in question (having regard to the criteria for determining Net Asset Value in clauses 2.4 and 2.5) within 30 days of such instruction and the determination of such firm (whose costs shall be borne as such firm shall direct or (in default of direction) by the parties in equal proportions) shall be final and binding on the parties in all circumstances and each of the parties shall on request promptly supply to the Seller or the Buyer (or their respective professional advisers) and the Independent Accountants (as appropriate) all such assistance, documents and information as they may respectively require for the purpose of the determination pursuant to Clause 2.5.4 and the parties shall use all reasonable endeavours to procure the due and prompt determination of the Net Asset Value and finalisation of the Completion Accounts.

2.6 The Buyer must pay (or procure the Company to pay, as the case may be) the amount due under clause 2.2 as may be adjusted in accordance with clause 2.3 in cash by telegraphic transfer to the following bank account (or to such other account as the Seller may direct):

Account bank and branch: Societe Generale Lyon Entreprises Bank

Bank code: 30003

Agency code: 02280

Account name: Infogrames Entertainment SA

Account no: 00078014698

2.7 There is no clause 2.7

2.8 There is no clause 2.8

2.9 There is no clause 2.9

2.10 There is no clause 2.10

2.11 The Seller will procure that prior to Completion the overdraft of the Subsidiary held at the National Westminster Bank plc is reduced to an amount that is not more than (pound)3,988,905 and the Seller shall fully and effectively indemnify the Buyer (for itself and as trustee for the Company or the Subsidiary and their respective officers, directors and employees) against any and all loss, damage or liability (and all costs, charges, interest, fines, penalties and expenses relating to such loss, damage or liability) as a result such overdraft exceeding (pound)3,988,905 at the date of Completion.

3 COMPLETION

3.1 Completion must take place at the offices of Garretts at 180 Strand, London WC2R 2NN immediately after execution of this Agreement when:

3.1.1 the Buyer must:

(a) pay (or procure payment of) the amounts due under clauses 2.2, 6.6, 6.7 and 6.8; and

(b) give or make available to the Seller the items listed in schedule 1;

3.1.2 the Seller must give or make available to the Buyer the items listed in schedule 2;

3.1.3 the Seller must procure that a meeting of the board of directors of the Company takes place at which the directors resolve to:

(a) approve for registration the transfer of the Sale Share to the Buyer or its nominee(s) and the entry of the transferee(s) in the register of members of the Company (subject to the production of a properly stamped transfer);

(b) change the Company's registered office to Hogarth House, 29-31 Sheet Street, Windsor;

(c) revoke all existing mandates for the operation of the bank accounts of the Company and replace them with new mandates as required by the Buyer;

(d) change the Company's accounting reference date to 31 October;

(e) accept the resignations of Michel Lanne, David Ward, Thomas Schmider, Jean-Marie Dura and Bruno Bonnell as directors and Gary Warburton as secretary which have been provided in the agreed form and appoint Kelly Sumner and Gerry Tucker as directors and Gerry Tucker as secretary with effect from the end of the meeting;

(f) acknowledge that Deloitte, Touche, Tohmatsu had not yet formally acknowledged their appointment as auditors of the Company and could not therefore resign and to appoint PricewaterhouseCoopers as auditors of the Company at a remuneration to be agreed and subject to their consent; and

3.1.4 immediately after the board meeting of the Company has taken place, the Seller must ensure that a meeting of the board of directors of the Subsidiary takes place at which the directors resolve to:

(a) change the Subsidiary's registered office to Hogarth House, 29-31 Sheet Street, Windsor;

(b) revoke all existing mandates for the operation of the bank accounts of the Subsidiary and replace them with new mandates as required by the Buyer;

(c) change the Subsidiary's accounting reference date to 31 October;

(d) accept the resignations of James North-Hearn, Ian Stewart and Jenny Richards Stewart, Jean-Marie Dura and Michel Lanne as directors and Chris Stockwell as secretary and which have been provided in the agreed form appoint Kelly Sumner and Gerry Tucker as directors and Gerry Tucker as secretary with effect from the end of the meeting; and

(e) accept the resignation of Pannell Kerr Foster as auditors and appoint PricewaterhouseCoopers as auditors at a remuneration to be agreed and subject to their consent.

3.2 The Seller shall not be obliged to complete this Agreement unless the Buyer complies fully with the requirements set out in clause 3.1.1 above or any such requirements are waived by the Seller.

3.3 The Buyer shall not be obliged to complete this Agreement unless the Seller complies fully with the requirements set out in Clauses 3.1.2 to 3.1.4 above or any such requirements are waived by the Buyer.

3.4 The Seller shall (and shall procure that any other Seller's Group Company or their respective professional advisers shall) on, and at all times after Completion, execute and do all such deeds, documents, acts and things as the Buyer shall reasonably require at or after Completion for assigning to or vesting in the Buyer or its nominees the full beneficial ownership of, and legal title to, the Sale Share, and for giving full effect to this Agreement.

4 WARRANTIES

4.1 The Seller and the Buyer each warrant to the other that:

4.1.1 it has all necessary power and authority to execute and deliver, and to perform all its obligations and exercise all its rights under, this Agreement and all documents to be executed by it under this Agreement, and that such execution, delivery, performance of obligations and exercise of rights have been duly authorised by all necessary corporate action; and

4.1.2 this Agreement has (and all documents to be executed by it under this Agreement have) been duly executed by a duly authorised representative of the Seller or the Buyer (as the case may be) and constitute(s) the valid and binding obligations of the Seller or the Buyer (as the case may be).

4.2 The Seller warrants to the Buyer that as at Completion:

4.2.1 the information in respect of the Company and the Subsidiary set out in the section headed "Background" above is true, complete and accurate;

4.2.2 the Seller is the sole legal and beneficial owner of the Sale Share and the Company is the sole legal and beneficial owner of the Subsidiary Share;

4.2.3 the Sale Share and the Subsidiary Share have been properly allotted and issued and are fully paid or credited as fully paid;

4.2.4 there is no Encumbrance, and there is no agreement, arrangement or obligation to create or give an Encumbrance, in relation to the Sale Share or the Subsidiary Share and no person has claimed to be entitled to an Encumbrance in relation to either of them;

4.2.5 other than this Agreement, there is no agreement, arrangement or obligation requiring the transfer, redemption or repayment of, or the grant to any person of the right (whether conditional or unconditional) to require the transfer, redemption or repayment of the Sale Share or the Subsidiary Share (including an option or right of pre-emption or conversion);

- 4.2.6 the Sale Share comprises the entire issued share capital of the Company and the Subsidiary Share comprises the entire issued share capital of the Subsidiary and there is no agreement, arrangement or obligation requiring, constituting or effecting the allotment, issue or transfer of any additional securities (including loan capital) of the Company or the Subsidiary (including an option or right of pre-emption);
- 4.2.7 so far as the Seller is aware, the schedule of employees of the Subsidiary produced by the Seller at Completion contains a full and accurate list of all of the employees of the Subsidiary as at 31 August 1999 and full and accurate details of the salary payments made to those employees on that date;
- 4.2.8 other than the indebtedness owed by the Company to the Seller as created by the First Share Sale Agreement and the obligations of the Company under the power of attorney granted to Ocean Holdings Limited under clause 4.1.1(c) of the Second Share Sale Agreement, the Company has no Liabilities other than shareholder funds;
- 4.2.9 other than the Reorganisation, the signing of the lease of the Edinburgh office of the Subsidiary by the Subsidiary and the arrangements entered into at or about the time of Completion and which are listed in any of the schedules 1, 2 or 3, since 30 June 1999, so far as the Seller is aware, the Subsidiary has been operated and its business conducted in the ordinary course of business; and
- 4.2.10 so far as the Seller is aware, there has been no sale, transfer or other disposition (other than by way of security to a bank which has been fully discharged or other security granted solely for the benefit of the Subsidiary) by the Subsidiary of any rights it had to receive any income (whether by royalty or otherwise) in respect of the exploitation of the video games known as "Grand Theft Auto" and "Grand Theft Auto 2" and any products or merchandise derived from those video games.
- 4.3 Each party acknowledges that the other is entering into this Agreement in reliance on each warranty given by that party in clause 4.
- 5 USE OF NAMES ETC.
- 5.1 The Buyer unconditionally and irrevocably agrees with and undertakes to the Seller (acting for itself and as trustee for each other Seller's Group Company) to procure that the Company and the Subsidiary (and their respective directors, officers, employees and agents) will, without cost to any Seller's Group Company:
- 5.1.1 as soon as possible (and in any event within one month) after Completion, remove from all letterhead, business cards and other stationery, circulars and advertisements and on any signs or on any other assets used by the Company or the Subsidiary (or any of their respective agents) all references to;
- 5.1.2 with effect from Completion, not use or carry on business under, or seek to register or acquire any right, title or interest in or to, any mark, logo, name, symbol or device which is similar to or which may be confused with that of;
- 5.1.3 with effect from Completion, otherwise represent or hold themselves out as being in any way connected with;

the Seller or any other Seller's Group Company and its and their respective marks, logos, names, symbols or devices (excluding for the avoidance of doubt the Subsidiary's name, logos and marks).

5.2 The Seller unconditionally and irrevocably agrees with and undertakes to the Buyer (acting for itself and as trustee for the Company and the Subsidiary) to procure that each Seller's Group Company (and their respective directors, officers, employees and agents) will, without cost to any Buyer's Group Company:

5.2.1 as soon as possible (and in any event within one month) after Completion, remove from all letterhead, business cards and other stationery, circulars and advertisements and on any signs or on any other assets used by any Seller's Group Company (or any of their respective agents) all references to;

5.2.2 with effect from Completion, not use or carry on business under, or seek to register or acquire any right, title or interest in or to, any mark, logo, name, symbol or device which is similar to or which may be confused with that of;

5.2.3 with effect from Completion, otherwise represent or hold themselves out as being in any way connected with;

the Company and the Subsidiary and their respective marks, logos, names, symbols or devices.

6 TERMINATION OF CERTAIN FINANCIAL OBLIGATIONS

6.1 Subject to the other provisions of this Agreement, the Seller unconditionally and irrevocably agrees with and undertakes to the Buyer (acting as trustee for the Company and the Subsidiary) as soon as possible (and in any event within one month of the Seller becoming aware) after Completion to:

6.1.1 release and discharge (or procure the release and discharge of as and when such become known to the Seller) the Company and the Subsidiary from; and

6.1.2 waive (or procure the waiver of) all rights against the Company and the Subsidiary arising from or in relation to;

each liability, obligation and undertaking of any nature whatsoever (whether actual or contingent and whether due for payment or not), which the Company and/or the Subsidiary owe(s) or has or have before or at Completion to:

(a) a Seller's Group Company (except for the amounts owed by the Company to the Seller as created by the First Sale Agreement); and/or

(b) any other person (each a "Seller's Security Beneficiary"):

(i) for the benefit of; or

(ii) in respect of a liability, obligation or undertaking of any nature whatsoever (whether actual or contingent) of,

a Seller's Group Company,

without any provision or consideration for such release, discharge or waiver by the Company or the Subsidiary.

6.2 Without in any way affecting clause 6.1, the Seller agrees to pay the Buyer (acting for itself and as trustee for the Company and the Subsidiary) on demand an amount equal to the amount of each loss, liability and cost suffered or incurred by the Company or the Subsidiary with effect from or after Completion because of or in relation to a liability, obligation or undertaking of any nature whatsoever which the Company or the Subsidiary owes or has before or at Completion to any Seller's Group Company, and/or a Seller's Security Beneficiary.

6.3 Subject to the other provisions of this Agreement and to the extent permitted by law, the Buyer unconditionally and irrevocably agrees with and undertakes to the Seller (acting for itself and as trustee for each other Seller's Group Company) as soon as possible (and in any event within one month of the Buyer becoming aware) after Completion to:

6.3.1 release and discharge (or procure the release and discharge of as and when such become known to the Buyer) each Seller's Group Company from; and

6.3.2 waive (or procure the waiver of) all rights against each Seller's Group Company arising from or in relation to,

each liability, obligation or undertaking of any nature whatsoever (whether actual or contingent and whether due for payment or not), which that Seller's Group Company owes or has before or at Completion to:

(a) the Company and/or the Subsidiary; and/or

(b) any other person (each a "Buyer's Security Beneficiary"):

(i) for the benefit of; or

(ii) in respect of a liability, obligation or undertaking of any nature whatsoever (whether actual or contingent) of,

the Company and/or the Subsidiary in respect of the business of the Company and/or Subsidiary as conducted immediately after Completion, including:

(1) the guarantee granted to Take Two Interactive Software, Inc. by Gremlin Group plc (Company No. 3216645) in support of the obligation of the Subsidiary to develop the game Grand Theft Auto 2 under the agreement dated 22 May 1998 (as amended);

(2) the guarantee granted by Gremlin Group PLC in support of the obligations of the Subsidiary to The East Old Dock Company Limited (registered no. 135999) under the Missives of Lease of Second Floor Office Accommodation, Building 1, Commercial Quay, 74 Commercial Street, Leith, Edinburgh EH6 6LX dated 2 September 1999 among those parties;

(3) the guarantee granted by Gremlin Holdings Limited (registered no. 3049932) in support of the obligations of the Subsidiary to Barry Gold under the sublease of the Unit 2.7 Discovery House, Lindsay V, Lindsay Court, Dundee dated 1 October 1997 among those parties; and.

- (4) the guarantees and security granted by the Seller's Group Companies to the National Westminster Bank plc in respect of the financial obligations of the Company and the Subsidiary;

without any provision or consideration for such release discharge or waiver by such Seller's Group Companies.

- 6.4 Without in any way affecting clause 6.3, the Buyer agrees to pay the Seller (acting for itself and as trustee for each other Seller's Group Company) on demand an amount equal to the amount of each loss, liability and cost suffered or incurred by each Seller's Group Company with effect from or after Completion because of or in relation to a liability, obligation or undertaking of any nature whatsoever which the Seller's Group Company owes or has before or at Completion to the Company and/or the Subsidiary, and/or a Buyer's Security Beneficiary.
- 6.5 For the avoidance of doubt, nothing in this clause 6 affects the obligation of the Company to repay the loan to the Seller created by the First Share Sale Agreement which will be satisfied by the obligation of the Buyer under clause 2.2 to procure that the Company repays to the Seller the amounts set out in clause 2.2 (provided that the Seller undertakes to the Buyer (for itself and as trustee for the Company) that following such payments, the Company shall have no further indebtedness to the Seller) or any of the other payments set out in this clause 6 or any of the obligations assumed by the parties under the IPR Assignments or any of the agreements entered into at or about the time of Completion and which are listed in any of schedules 1, 2 and 3, and nor does anything in this clause 6 affect any agreement or arrangement entered into after execution of this Agreement. 6.6 The Buyer undertakes to the Seller (for itself and as trustee for each Seller's Group Company) that the Buyer will procure that the Subsidiary will pay (or the Buyer will itself pay on behalf of the Subsidiary) (pound)250,000 (representing the balance of inter company payables and receivables between the Subsidiary and Gremlin Interactive Limited) to Gremlin Interactive Limited and such amount shall be payable at Completion.
- 6.7 The Buyer undertakes to the Seller (for itself and as trustee for each Seller's Group Company) that the Buyer will at Completion pay the (pound)249,532 owed by the Buyer to Gremlin Interactive Limited and the Buyer (as agent for the Subsidiary) acknowledges that the 80% contribution payment (in consideration for development work carried out by the Subsidiary on the game "Wild Metal Country") payable by Gremlin Interactive Limited to the Subsidiary in connection with "Wild Metal Country" (which would otherwise be payable out of the \$400,000 payment) has already been paid to the Subsidiary in full and final settlement of any and all amounts payable by Gremlin Interactive Limited to the Subsidiary in respect of "Wild Metal Country".
- 6.8 The Buyer undertakes to the Seller (for itself and as trustee for each Seller's Group Company) that the Buyer will procure that the Subsidiary will pay (or the Buyer will itself pay on behalf of the Subsidiary) the fees payable by the Subsidiary to Gremlin Interactive Limited under the Secondment Agreement.
- 6.9 For the avoidance of doubt, except in respect of the Secondment Agreement, the Seller (for itself and as agent for each Seller's Group Company) acknowledges and agrees that the Buyer and each Buyer's Group Company shall be released fully and finally from any and all obligations of any kind to any Seller's Group Company whether past or future in relation to the interactive entertainment products known as "Grand Theft

Auto" and "Grand Theft Auto 2" and all other products and merchandise derived from such products.

6.10 If any Seller's Group Company becomes aware of any matter which is reasonably likely to give rise to a claim against the Buyer under the indemnities in this clause 6, the provisions of paragraph 4 of schedule 4 shall, mutatis mutandis, apply to such claim.

6.11 If any Buyer's Group Company becomes aware of any matter which is reasonably likely to give rise to a claim against the Seller under the indemnities in this clause 6, the provisions of paragraph 4 of schedule 4 shall, mutatis mutandis, apply to such claim.

7 CONFIDENTIALITY

7.1 Subject to clause 7.2 and clause 8, each party must treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement or otherwise obtained, including all information which relates to:

7.1.1 the negotiations relating to this Agreement or any document referred to in this Agreement; or

7.1.2 the provisions or subject matter of this Agreement or any document referred to in this Agreement; or

7.1.3 in the case of the Seller, each Buyer's Group Company, and, in the case of Buyer, each Seller's Group Company and, in each case, their respective businesses, including future projects, business development and planning, commercial relationships and negotiations, and financial and tax affairs.

7.2 A party may disclose information which would otherwise be confidential if and to the extent:

7.2.1 required by the law of any relevant jurisdiction or for the purposes of any judicial proceedings; or

7.2.2 required by any recognised securities exchange or by any regulatory or governmental body to which either party is subject or submits; or

7.2.3 the information is disclosed on a strictly confidential basis to that party's professional advisers, auditors or bankers for the purpose of advising that party in connection with this Agreement; or

7.2.4 the information is disclosed to a director, officer or employee of a Buyer's Group Company or Seller's Group Company (as the case may be) whose function requires him to have the information; or

7.2.5 the information has come into the public domain otherwise than through a fault of that party; or

7.2.6 the other party has agreed to the disclosure in writing;

but a party may only disclose under clauses 7.2.1 and 7.2.2 after consultation (where practical) with the other party.

8 ANNOUNCEMENTS

8.1 Subject to clause 8.2, neither the Seller nor the Buyer may make or issue at any time any announcement, circular or other publicity relating to any matter referred to in this Agreement without the other party's prior written approval to the form and content of the announcement.

8.2 Clause 8.1 does not apply to any announcement, circular or other publicity required by the law of any relevant jurisdiction or by the rules or regulations of any recognised securities exchange or of any regulatory or governmental body to which either party is subject or submits. In such an event, the party making or sending the announcement, circular or other publicity must, as far as practical, consult with the other party as to the form and content of the announcement.

9 SELLER'S INDEMNITY

9.1 The Seller will at all times indemnify and hold the Buyer (for itself and acting as trustee for the Company and the Subsidiary and their respective officers, directors and employees) each an "Indemnified Person", fully and effectively indemnified against any and all loss, damage or Liability (and all costs, charges, interest, fines, penalties, reasonable professional fees and expenses incidental or relating to or arising in connection with any such loss, damage or liability) suffered by an Indemnified Person (whether or not foreseeable or contemplated) and arising as a result of or in connection with the following:-

9.1.1 the Assigned Games; and/or

9.1.2 the Reorganisation (other than in respect of obligations and liabilities expressly assumed by the Company or the Subsidiary in the IPR Assignments or the First and Second Share Sale Agreements); and/or

9.1.3 any breach of the warranty in clause 4.2.8; and/or

9.1.4 any breach of warranty in clause 4.2.9.

9.2 For the avoidance of doubt no Claim under Clause 9.1 shall be made by the Buyer in respect of any Tax Liability, any Claim in respect of any Tax Liability shall be made under the Tax Deed.

10 LIMITATIONS ON SELLER'S LIABILITY

10.1 The Seller's liability for Claims shall be limited or excluded (as the case may be) as set out in Schedule 4 and conduct in respect of any Claims shall be governed by Schedule 4.

10.2 Any payment made by the Seller to the Buyer pursuant to any claim under this Agreement shall be treated as a reduction in the consideration

11 TAX DEED AND TAXATION

11.1 The provisions of the Tax Deed shall apply in relation to Tax and any Tax Liabilities.

11.2 The Buyer shall procure that, following Completion, the Company and/or the Subsidiary (as the case may be) co-operates promptly and fully with any reasonable request of the Seller in respect of any accounting period of the Company and/or the Subsidiary (as the case may be) ended on or before Completion or the accounting period current at Completion to make such claims or elections as directed by the Seller in respect of:

11.2.1 group relief (as defined in section 402 ICTA); and/or

11.2.2 advance corporation tax under section 240 ICTA; and/or

11.2.3 tax refunds under section 102 Finance Act 1989;

provided that the Buyer shall not be obliged to procure the surrender of any Relief (as defined in the Tax Deed) which has been included as an asset in or taken into account in computing any provision for Tax or deferred Tax in the Completion Accounts which is reflected in Net Asset Value (as defined in clause 2).

11.3 If the amount of the Net Asset Value takes account of amounts received or receivable in respect of any surrender of any Relief by the Company or the Subsidiary and the Company or the Subsidiary shall not receive such amount, or such amount shall be liable to be repaid then, to the extent so taken into account, the Seller shall on demand pay to the Buyer an amount equal to the amount not received or the amount liable to be repaid.

11.4 If the amount of the Net Asset Value takes account of surrenders of Relief to the Company or the Subsidiary and such Relief is non-existent or is lost or cancelled, in whole or in part, then the Seller shall on demand pay to the Buyer an amount equal to the value attributed to such Relief, or the relevant part thereof, in the computation of Net Asset Value unless and to the extent that payment has been made under the Tax Deed.

12 NON-SOLICITATION

12.1 The Seller agrees with the Buyer that, without prejudice to any other duty imposed by law or equity, neither the Seller nor any Seller's Group Company will without the prior written consent of the Buyer (which consent will be withheld only in so far as may be reasonably necessary to protect the legitimate interests of the Buyer, the Company or the Subsidiary) either by itself, its employees or agents or otherwise howsoever, on its own account or in conjunction with or as principal, partner, director, employee, consultant or agent or otherwise on behalf of any other person or entity for a period of one year following Completion, directly or indirectly:

(a) solicit the employment or engagement of any Key Person; or

(b) procure or assist any third party so to solicit any Key Person (whether or not such person would commit any breach of his contract with the Company or the Subsidiary) unless such Key Person had ceased to be employed or engaged by the Company or (as the case may be) more than 3 months previously.

12.2 The Seller agrees with the Buyer that the restrictive covenants herein contained are reasonable and necessary for the protection of the value of the Sale Share and the Company and the Subsidiary and the Seller agrees that having regard to that fact those covenants do not work harshly on it.

- 12.3 While the restrictions aforesaid are considered by the parties to be reasonable in all the circumstances, it is agreed that if any such restrictions taken together shall be adjudged to go beyond what is reasonable in all the circumstances for the protection of the interests of the Buyer but would be adjudged reasonable if part or parts of the wording thereof were deleted or amended or qualified or the periods thereof were reduced then the relevant restriction or restrictions shall apply with such modification or modifications as may be necessary to make it or them valid and effective.
- 12.4 Without prejudice to any other rights or remedies that the Buyer may have, the Seller acknowledges and agrees that damages alone would not be an adequate remedy for any breach by the Seller of the provisions of this clause and that, accordingly, the Buyer shall be entitled without proof of special damage to the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of the provisions of this clause by the seller.
- 12.5 Each of the obligations on the Seller contained in the above provisions of this clause constitutes an entirely separate and independent restriction on the Seller notwithstanding that they may be contained in the same sub-clause, paragraph, sentence or phrase.

13 GENERAL

- 13.1 No provision of this Agreement by virtue of which this Agreement is subject to registration under the Restrictive Trade Practices Act 1976 (the "RTPA") shall, in the event that this Agreement is registerable but is not a non-notifiable agreement under the RTPA, take effect until the day after the date on which particulars of the Agreement have been furnished to the Director General of Fair Trading pursuant to the RTPA. For the purposes of this clause, "Agreement" includes this Agreement and any other relevant agreement or arrangement of which it forms a part.
- 13.2 No variation of this Agreement is effective unless made in writing and signed by or on behalf of each party.
- 13.3 The provisions of this Agreement survive, and are not in any way to be affected by, Completion, so that, to the extent that they remain to be performed or are capable of subsisting, they remain in full force and effect and are binding on, and enforceable by, the parties.
- 13.4 If any provision of this Agreement is illegal or unenforceable, this does not affect the enforceability any other provision of this Agreement.
- 13.5 Either party may assign its rights (but not its obligations) under this Agreement to any subsidiary undertaking of the relevant party, provided that if such assignee ceases to be subsidiary undertaking of such party the assignee shall be required to reassign such rights to a subsidiary undertaking of the original party.
- 13.6 No failure to exercise, and no delay in exercising, any right or remedy in connection with this Agreement operates as a waiver of that right or remedy. No single or partial exercise of any right or remedy under this Agreement precludes any other or further exercise of that right or remedy or the exercise of any other right or remedy. A waiver of any breach of this Agreement is not to be deemed to be a waiver of any subsequent breach.
- 13.7 The rights and remedies conferred upon the parties by this Agreement are cumulative and are not exclusive of any other rights or remedies provided by law

- 13.8 Each party must pay its own costs in relation to the preparation, negotiation and execution of this Agreement and the transactions of which it forms part (including, without limitation, the costs of their respective professional advisers).
- 13.9 Each party must do and execute, or arrange for the doing and executing of, each necessary act, document and thing reasonably within its power to implement this Agreement.
- 13.10 This Agreement may be executed in any number of counterparts each of which when executed and delivered is an original, but all counterparts together constitute the same document.

14 NOTICES

- 14.1 A notice or other communication to be given under or in connection with this Agreement must be in writing and delivered personally or sent by first class post or by air courier or by fax to the party to be served at its address set out in this Agreement or at another address or to a fax number which it may from time to time notify to the other party in accordance with this clause.
- 14.2 Subject to Clause 14.3 (and in the absence of evidence of earlier receipt), any notice or other communication is deemed to be served:
- 14.2.1 if delivered personally, when left at the address of the relevant party;
- 14.2.2 if posted first class or sent by air courier, two Business Days after posting or sending it; and
- 14.2.3 if sent by fax, when the sender receives a confirmation of a transmission.
- 14.3 If a notice or communication is served or deemed served on a day which is not a Business Day, it is deemed served on the next Business Day.

15 ENTIRE AGREEMENT

- 15.1 This Agreement (together with the documents referred to in it or executed at Completion) constitutes the entire and only agreement between the parties with respect to its subject matter and replaces and extinguishes all prior drafts, agreements, arrangements, understandings, commitments, representations, warranties, undertakings and statements (in whatever form) regarding that subject matter.
- 15.2 The Buyer acknowledges that no Seller's Group Company (nor any of its officers, employees, advisers or agents) has made or given (and the Buyer has not relied on or been induced to enter into this Agreement (or any of the documents referred to in it or executed at Completion) in reliance on) any representation, warranty or statement (in whatever form) of any nature whatsoever in relation to the subject matter of this Agreement other than the warranties given in clause 4.
- 15.3 The Buyer hereby irrevocably and unconditionally waives, in the absence of fraud, any rights which it might otherwise have had to seek to rescind or terminate this Agreement or to claim damages against the Seller or any other Seller's Group Company for, or arising out of, any representation or breach of any warranty not contained in this Agreement.

16 ACCESS TO INFORMATION

16.1 During the period of two years after Completion:-

16.1.1 if any business information Required for the Business of the Company or the Subsidiary is not in the possession of the Buyer or readily discoverable by the Buyer but is in the possession or under the control of or available to any Seller or any other Seller's Group Company, the Seller shall (provided that the Buyer meets the Seller's out of pocket expenses) procure that such business information is provided to the Buyer reasonably promptly on request; and

16.1.2 if any books or records of any Seller or any other Seller's Group Company contain business information relating to the Company or the Subsidiary, the Seller shall (provided that the Buyer meets the Seller's out of pocket expenses) procure that copies of the relevant parts of such books or records are given to the Buyer reasonably promptly on request;

provided that such period shall be extended to six years after Completion in respect of any such business information or copies of such books or records which are required by the Company or the Subsidiary to comply with any law applicable in relation to the business of the Company or the Subsidiary.

16.2 For the purposes of this clause, "Required for the Business" means any business information of the Company or the Subsidiary which is or has in the last 2 years been used in the business of the Company or the Subsidiary and is needed by the Company or the Subsidiary to carry on its business in the same manner as it is presently carried on or is needed to fulfil any of its present contracts, plans or projects in relation to the business of the Company or the Subsidiary or to comply with any law applicable in relation to the business of the Company or the Subsidiary.

17 GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

17.1 This Agreement is governed by, and is to be construed in accordance with, English law.

17.2 The courts of England and the courts of France have jurisdiction to the exclusion of all other courts to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement (respectively, "Proceedings" and "Disputes") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of England and the courts of France.

17.3 Each party irrevocably waives any objection which it might at any time have to the courts of England or the courts of France being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of England or the courts of France are not a convenient or appropriate forum.

17.4 Process by which Proceedings are begun in England may be served on the Seller by being delivered to Infogrames United Kingdom Limited, 21 Castle Street, Castlefield, Manchester, M3 4SW, marked for the attention of the Company Secretary and may be served on the Buyer by being delivered to Take Two Interactive Software Europe Limited, Hogarth House, 29-31 Sheet Street, Windsor, Berkshire, marked for the attention of the Managing Director. This clause 17.4 does not prevent the service of process in any other lawful manner.

SCHEDULE 1

ITEMS FOR DELIVERY BY THE BUYER AT COMPLETION

- 1 A copy, certified to be a true copy by a director or secretary of the Buyer, of a resolution of the Buyer's board of directors (or an authorised committee of the board) in terms consistent with the warranty given by the Buyer in clause 4.1.
- 2 A deed of release in a form satisfactory to the Seller executed by National Westminster Bank plc in respect of guarantees and security granted by each Seller's Group Company in support indebtedness of the Subsidiary.
- 3 A counterpart duly executed by the Buyer of the Wild Metal Country Assignment between the Buyer, the Subsidiary and Gremlin Interactive Limited in the agreed form annexed to this Agreement .
- 4 Evidence in a form satisfactory to the Buyer that the overdraft of the Subsidiary has been paid off by the Buyer.
- 5 A counterpart duly executed by the Buyer of the Tax Deed in the agreed form annexed to this Agreement.
- 6 A counterpart duly executed by the Buyer of the Secondment Agreement.

SCHEDULE 2
ITEMS FOR DELIVERY BY THE SELLER AT COMPLETION

- 1 A duly executed transfer of the Sale Share in favour of the Buyer or as it directs together with the relevant share certificates for the Sale Share and the Subsidiary Share (or an indemnity in a form satisfactory to the Buyer in the case of any missing certificate).
- 2 A deed of release executed in a form satisfactory to the Buyer by National Westminster Bank plc in respect of guarantees and any security granted by the Company and/or Subsidiary in support indebtedness of each Seller's Group Company.
- 3 A copy of a letter from National Westminster Bank plc in a form satisfactory to the Buyer consenting to the pre-sale reorganisation, notwithstanding the terms of the existing security documentation granted by any Seller's Group Company.
- 4 A counterpart duly executed by Gremlin Holdings Limited, the Company and the Seller of the First Share Sale Agreement in the agreed form annexed to this Agreement.
- 5 A counterpart duly executed by the Company and Ocean Holdings Limited of the Second Share Sale Agreement in the agreed form annexed to this Agreement together with a copy of the Power of Attorney granted to Ocean Holdings Limited pursuant to the Second Share Sale Agreement.
- 6 The waiver signed by Gremlin Group PLC in favour of the Subsidiary waiving (pound)3,871,000 of inter-company dated 2 August 1999.
- 7 A counterpart duly executed by the Subsidiary and Gremlin Interactive Limited of the Wild Metal Country Assignment in the agreed form annexed to this Agreement.
- 8 A counterpart duly executed by the Subsidiary and Gremlin Interactive Limited of the Tanktics Assignment in the agreed form annexed to this Agreement.
- 9 A counterpart duly executed by the Subsidiary and Gremlin Interactive Limited of the Attack/Clan Wars Assignment in the agreed form annexed to this Agreement.
- 10 A counterpart duly executed by the Subsidiary and Gremlin Interactive Limited of the Secondment Agreement.
- 11 The resignations in the agreed form annexed to this Agreement of the resigning directors and the secretary from their respective offices in the Company and the Subsidiary, together with copies of the relative Companies House Forms 288b.
- 12 The resignation in the agreed form annexed to this Agreement of Pannell Kerr Forster as auditors of the Subsidiary containing a statement under section 394 of the Companies Act together with evidence that the statements have been deposited at the registered office of the Subsidiary.
- 13 A counterpart duly executed by the Seller of the Tax Deed in the agreed form annexed to this Agreement.
- 14 Schedule of employees of the Subsidiary containing details of all employees of the Subsidiary as at 31 August 1999 and details of salary payments made to those employees on that date.

- 15 Copies of the resolutions passed at the Board Meetings referred to in clauses 3.1.3 and 3.1.4.
- 16 The statutory books, certificate(s) of incorporation and of incorporation on change of name of the Company and the Subsidiary.
- 17 A power of attorney from the Seller granted to the Buyer in respect of the Sale Share.

SCHEDULE 3
AGREED FORM DOCUMENTS

- 1 Wild Metal Country Assignment.
- 2 Tanktics Assignment.
- 3 Attack/Clan Wars Assignment.
- 4 First Share Sale Agreement.
- 5 Second Share Sale Agreement together with the Power of Attorney granted to Ocean Holdings Limited pursuant to clause 4.1.1(c).
- 6 Waiver signed by Gremlin Group PLC in favour of the Subsidiary waiving (pound)3,871,000 of inter-company debt.
- 7 Secondment Agreement.
- 8 Letters:
 - (a) to the Company from each of Michel Lanne, Thomas Schmider, Jean-Marie Dura and Bruno Bonnell resigning as directors and from Gary Warburton resigning as secretary; and
 - (b) to the Subsidiary from each of Jean-Marie Dura, Michel Lanne, James Hearn, Ian Stewart and Jenny Richards Stewart resigning as directors and from Chris Stockwell resigning as secretary.
- 9 Letter from Pannell Kerr Foster to the Subsidiary resigning as auditors and containing a statement under section 394 of the Companies Act.
- 10 Tax Deed to be entered into by the Buyer and the Seller.
- 11 Power of attorney from the Seller granted to the Buyer in respect of the Sale Share.

SCHEDULE 4

LIMITATIONS ON SELLER'S LIABILITY

1 LIMITATIONS ON AMOUNT

1.1 The Seller shall not be liable for a Claim unless and until the Seller's aggregate liability for all such Claims exceeds:

1.1.1 in the case of all Claims (other than Uncapped Claims or a Claim in respect of the indemnity in clause 9.1.1 or the warranty in clause 4.2.10); Z (where Z = (pound)500,000 less any amount by which the Net Asset Value (as determined in accordance with clauses 2.4 and 2.5) is below (pound)-3,500,000 (negative three million five hundred thousand) (in which event the Seller shall be liable only for the excess over and above Z); and

1.1.2 in the case of Uncapped Claims or a Claim in respect of the indemnity in clause 9.1.1 or the warranty in 4.2.10; (pound)32,500 (in which event the Seller shall be liable only for the excess over (pound)32,500).

1.2 The Seller's total aggregate liability for all Claims other than Uncapped Claims is limited to (pound)6,750,000 (including all legal and other professional costs, fees, charges and expenses of the Seller).

1.3 The Seller's total aggregate liability in respect of Uncapped Claims shall not be limited by references to any maximum liability.

2 TIME LIMITS FOR BRINGING CLAIMS

2.1 The Seller shall not be liable for a Claim unless it receives from the Buyer written notice of the Claim (stating in reasonable detail the matter giving rise to the Claim and the nature and, where practicable, amount of the Claim):

2.1.1 on or before the sixth anniversary of Completion in respect of a Claim under the Tax Deed;

2.1.2 on or before 31 January 2001 in respect of any Claim under the warranty in clause 4.2.9 or the indemnity in clause 9.1.4 or the warranty in clause 4.2.10;

2.1.3 on or before the first anniversary of Completion in respect of any Claim under the indemnity in clause 9.1.1; and

2.1.4 on or before the fourth anniversary of Completion in respect of any other Claim including an Uncapped Claim (other than a Claim under the Tax Deed).

2.2 Any Claim which has been made against the Seller (and which has not been previously satisfied, settled or withdrawn) shall be deemed to have been withdrawn and shall become fully barred and unenforceable on the expiry of the period of one year commencing on the date on which the Seller received notice of the Claim in accordance with paragraph 2.1 or in the case of a Claim based on a contingent liability (which has been notified to the Seller in accordance with paragraph 2.1), commencing on the date on which that contingent liability shall have become an actual liability, unless legal proceedings in respect of the Claim shall have been issued and served on the Seller.

3 NO LIABILITY IF LOSS IS OTHERWISE COMPENSATED

3.1 Neither the Buyer nor the Company or the Subsidiary shall be entitled to recover more than once in respect of the same loss.

3.2 No Claim shall be made in respect of any matter to the extent that such matter has been fully reflected in the calculation of the Net Asset Value pursuant to clause 2.5.

3.3 The Seller shall not be liable to the extent that the matter giving rise to the Claim is an amount for which the Company or the Subsidiary recovers (without damage, loss, liability, expense or prejudice to any Buyer's Group Company) under any insurance policy held by or in the name of any Buyer's Group Company.

3.4 Save in the case of a Claim under the Tax Deed nothing in this Schedule 4 shall restrict or limit the Buyer's general obligation at law where applicable to mitigate any loss or damage which it may suffer as a result of a matter giving rise to a Claim.

3.5 The Seller shall not be liable for a Claim if and to the extent that:

3.5.1 the Claim is attributable (in whole or in part) to, or is increased as a result of, the passing or coming into force of, or any change in, after the date of this Agreement, any law, rule, regulation, directive, interpretation of the law or any administrative practice of any government, governmental department, agency or regulatory body or any increase in the rates of Tax or any imposition of Tax, in any such case not actually or prospectively in force at the date of this Agreement; or

3.5.2 save in the case of a Claim under the Tax Deed the Claim arises directly as a result of an act or omission of a Buyer's Group Company occurring after Completion where such Buyer's Group Company knows (or ought reasonably to know) that such act or omission would give rise to such Claim and is other than (a) in the ordinary course of business of the Company or the Subsidiary or (b) pursuant to a legally binding obligation entered into prior to Completion or (c) with written consent of the Seller; or

3.5.3 it is excluded under Clause 3 of the Tax Deed; or

3.5.4 save in the case of a Claim under the Tax Deed the matter giving rise to the Claim was allowed, provided for or reserved in the Completion Accounts or was specifically referred to or taken into account in the Completion Accounts or in the notes to those accounts.

4. CONDUCT OF CLAIMS

4.1 If any Buyer's Group Company becomes aware of any matter which is reasonably likely to give rise to a Claim or upon any Claim being made other than a Claim under the Tax Deed (to which Clause 6 of the Tax Deed shall apply) the following provisions shall apply:

4.1.1 the Buyer shall as soon as reasonably practicable give detailed written notice to the Seller of the matter and shall consult with the Seller with respect to the matter;

4.1.2 the Buyer shall not make, and shall procure that no other Buyer's Group Company shall make, any admission of liability in respect of or compromise or

settle the matter without the prior written consent of the Seller (such consent not to be unreasonably withheld or delayed);

4.1.3 (subject to the Seller undertaking to maintain the confidentiality of the same) the Buyer shall make available to the Seller at the Seller's expense and upon reasonable notice and in such manner as does not materially disrupt the business of the Buyer or any of the Buyer's Group Companies, all relevant details documentation and correspondence in relation to such Claim and by prior arrangement and during normal business hours permit the Seller to inspect the relevant accounts, books and records of the Company or the Subsidiary and to have access to such information as the Seller may reasonably require in order to investigate fully the merits of such claim.

4.1.4 the Buyer shall, and shall procure that each Buyer's Group Company, retains and preserves all relevant assets, documents, records and information within the power, possession or control of the Buyer's Group Company relating to the Company and the Subsidiary which are or are reasonably likely to be relevant in connection with any Claim for so long as any actual or prospective Claim remains outstanding;

4.1.5 the Seller shall at its own cost be entitled to copies of any of the details documentation, correspondence, accounts, books, records and information referred to in paragraph 4.1.3; and

4.1.6 the Buyer shall and shall procure that each Buyer's Group Company will at the Seller's expense:

(a) take such reasonable action and institute such proceedings, and give such information and assistance, as the Seller may reasonably request to dispute, resist, appeal, compromise, defend, remedy or mitigate the matter or to enforce against any person (other than the Seller) the rights of each Buyer's Group Company in relation to the matter; and

(b) in connection with any proceedings related to the matter (other than against the Seller) use professional advisers nominated by the Seller with the approval of the Buyer (such approval not to be unreasonably withheld or delayed);

and in each case on the basis that the Seller shall indemnify the Buyer and each Buyer's Group Company for all reasonable costs and expenses properly incurred as a result of any request or nomination by the Seller.

4.2 Provided that if the Seller does not take any action as aforesaid within 60 days of notice being given to the Seller, the Company, the Subsidiary or the Buyer shall be free to defend or pay or settle the claim as they may in their absolute discretion think fit.

4.3 The Seller's rights pursuant to Clause 4.1 are subject to the following:

4.3.1 no failure by the Buyer to give any notice under Clause 4.1 shall relieve the Seller of any liability under this Agreement;

4.3.2 notwithstanding the Seller's election to appoint professional advisors to represent the Seller in an action, the Buyer shall have the right to employ separate professional advisors, and, the Seller shall bear the reasonable fees, costs and expenses of such separate professional advisors if (i) the use of professional advisors chosen by the Seller would present such professional

advisors with a conflict of interest, or (ii) the Seller has not employed professional adviser in accordance with paragraph 4.1.6(a) within 60 days, or (iii) the Seller shall authorise the Buyer to employ separate professional advisors at the expense of the Seller;

4.3.3 the Seller may not exercise its right pursuant to Clause 4.1 if the Claim (i) is reasonably likely to result in imprisonment of any officers of the Buyer or any Buyer's Group Company or (ii) is reasonably likely to result in a criminal penalty or fine against the Buyer or any Buyer's Group Company;

4.3.4 the Seller shall not and has no authority to (i) settle or compromise any claim by or against any Buyer's Group Company without the Buyer's prior written consent (not to be unreasonably withheld or delayed) or (ii) take any action, or make any omission which it knows or should reasonably have known would cause the officers of the Buyer, or any Buyer's Group Company to be in breach of their fiduciary duties or which would cause the Buyer or any Buyer's Group Company or any of their respective officers or employees to be in breach of any law or regulation;

4.3.5 Where any action is taken by the Seller pursuant to this clause, it shall keep the Buyer fully informed and copied with correspondence and shall consult the Buyer prior to taking such action and in so doing shall act in good faith with no damage or prejudice to the business of the Buyer or any Buyer's Group Company.

5. RECOVERY FROM THIRD PARTIES

5.1 Save as provided in clause 5.2 where the Seller pays to the Buyer an amount in respect of any Claim (the "Payment") and the Company or the Subsidiary or the Buyer (or any other Buyer's Group Company) either recovers or is entitled to recover (whether by reason of insurance, payment, discount, credit, relief or otherwise) from a third party any sum which is referable to a fact, matter, event or circumstance giving rise to a Claim or obtains relief or other saving or benefit which is so referable which, in each case, if received prior to the Claim would have reduced the amount of the Payment, the Buyer shall (or, as appropriate, shall procure that the Company or the Subsidiary and each Buyer's Group Company shall):

5.1.1 as soon as reasonably practicable notify the Seller and provide such information and assistance as the Seller may reasonably require relating to such right of recovery or such other relief, saving or benefit and the steps taken or to be taken by the Buyer or (as the case may be) Buyer's Group Company in connection with it;

5.1.2 keep the Seller informed of the progress of any action taken and provide it with copies of all relevant correspondence and documentation

and if the Buyer, the Company or the Subsidiary receives or obtains such a payment, relief, saving or benefit, the Buyer shall forthwith repay to the Seller so much of the Payment as is so reduced and does not exceed the sum received from the third party (less any reasonable costs incurred in recovering or obtaining such payment, saving or benefit and any tax actually suffered (and which is not reclaimable) on such amount).

5.2 This paragraph 5 shall not apply to any matter or Claim falling within the scope of the Tax Deed.

EXECUTED by the parties

Signed by)
o)
for an on behalf of)
INFOGRAMES ENTERTAINMENT SA)
)

Signed by)
o)
for an on behalf of)
TAKE TWO INTERACTIVE SOFTWARE INC.)
)

STOCK PURCHASE AGREEMENT

AGREEMENT dated as of August 31, 1999 (the "Agreement"), by and among TAKE-TWO INTERACTIVE SOFTWARE, INC., a Delaware corporation ("Take-Two US"); TAKE-TWO INTERACTIVE SOFTWARE CANADA INC., an Ontario corporation ("Take-Two Canada" and together with Take-Two US, the "Purchasers"); TRIAD DISTRIBUTORS INC., an Ontario corporation ("Triad"); GLOBAL STAR SOFTWARE LIMITED, an Ontario corporation ("Global"); and Craig McGauley ("Craig"), Damian Cristiani ("Damian") and Lucy Cristiani ("Lucy"), the shareholders of Triad and Global (collectively, the "Shareholders").

W I T N E S S E T H :

WHEREAS, the Shareholders are the owners of all of the issued and outstanding capital stock of Triad and Global (the "Triad and Global Shares");

WHEREAS, Triad and Global are in the business of distributing software games and other items at wholesale (the "Business");

WHEREAS, the Purchasers wish to purchase all of the Triad and Global Shares from the Shareholders, upon the terms and subject to the conditions set forth herein.

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

1. Purchase and Sale of Triad and Global Shares.

Subject to the terms and conditions set forth in this Agreement and in reliance upon the representations, warranties, covenants and conditions herein contained, the Shareholders shall sell, convey, assign, transfer and deliver to the Purchasers all of the Triad and Global Shares, free and clear of any and all liens, adverse claims, security interests, pledges, mortgages, charges and encumbrances of any nature whatsoever as follows: (i) to Take-Two US, 23 shares in the capital of Triad and 150 shares in the capital of Global and (ii) to Take-Two Canada, 7 shares in the capital of Triad and 50 shares in the capital of Global.

2. Purchase Price.

2.1. Consideration. Subject to Section 2.2 below, the purchase price (the "Purchase Price") for the purchase of the Triad and Global Shares by the Purchasers shall be an aggregate of (i) 162,500 unregistered shares (the "Stock Consideration") of the common stock, \$.01 par value, of Take-Two US ("Take-Two Common Stock") payable by Take-Two US, which Stock Consideration shall be issued ratably among the Shareholders in accordance with Schedule 2.1 hereof, 144,000 shares of which are deliverable upon the execution hereof and the balance of which are deliverable in accordance with the terms of the Escrow Agreement (as defined below), and (ii) a cash payment of \$500,000 (the "Cash Consideration") in United States Dollars ("US\$") payable by Take-Two Canada, US\$250,000 of which is payable upon the

execution hereof, and the balance of which is payable in accordance with the escrow agreement (as defined below).

2.2. Purchase Price Adjustment. The Purchasers shall deposit in escrow with Stikeman, Elliott (the "Escrow Agent") pursuant to the escrow agreement (the "Escrow Agreement") attached hereto as Exhibit A 18,500 shares of Take-Two Common Stock and US\$250,000 in cash. The Escrow Agreement shall provide that to the extent that Triad's and Global's combined stockholders' equity on the date hereof, as determined by an audit undertaken by the Purchasers within SIXTY (60) days from the date hereof, is less than US\$250,000, then the Purchase Price shall be reduced on a dollar for dollar basis, and to the extent that such stockholders' equity is negative, the Purchase Price shall be reduced by US\$2.00 for every US\$1.00 of negative equity. The escrow agreement shall also contain provisions allowing the shareholders, acting reasonably, to dispute the determination of the audit, provided that an audit conducted by an independent third-party shall be binding on the parties. Any calculation of stockholders' equity shall include any bonus to be made to the employees of Triad and Global.

3. Deliveries. Simultaneous with the execution of this Agreement, the parties shall deliver the following in accordance with the terms and conditions of this Agreement:

(a) The Purchasers shall deliver:

(i) to the Shareholders and the Escrow Agent in accordance with Section 2 hereof, stock certificates, registered in the names of the Shareholders, representing 162,500 shares of Take-Two Common Stock against share certificates representing the Triad and Global Shares;

(ii) a cash payment of US\$500,000 by certified cheques payable to the Shareholders and the Escrow Agent in accordance with Section 2 hereof and an aggregate cash payment of US\$200,000 by certified cheque payable to Craig and Damian in accordance with the Non-Competition Agreements (as defined in Section 5.4 hereof);

(iii) the Employment Agreements and Non-Competition Agreements (as defined in Section 5.4 hereof);

(iv) copies of the resolutions of the Board of Directors of Take-Two US and the resolutions of the shareholders of Take-Two Canada authorizing each Purchaser to execute and deliver the documents it is obligated to deliver pursuant to this Agreement, to perform its obligations hereunder, duly certified by the Secretary or Assistant Secretary of the respective Purchaser;

(v) the opinion of Tenzer Greenblatt LLP relating to the Stock Consideration in form and substance attached hereto as Exhibit B-1 and the opinion of Stikeman, Elliott relating to Take-Two Canada in form and substance attached hereto as Exhibit B-2; and

(vi) the Escrow Agreement.

(b) Triad and Global and the Shareholders, as the case may be, shall deliver:

(i) share certificates representing all of the issued and outstanding Triad and Global Shares, duly endorsed for transfer by the Shareholders, together with evidence satisfactory to the Purchasers that they or their nominees have been entered upon the books of Triad and Global as the holders of the shares;

(ii) copies of the resolutions of the Board of Directors of Triad and Global, and the written consent of the Shareholders, authorizing Triad and Global to execute and deliver the documents it is obligated to deliver pursuant to this Agreement, to perform its obligations hereunder, duly certified by the Secretary or Assistant Secretary of Triad and Global;

(iii) certificates of the Secretary or Assistant Secretary of Triad and Global certifying as to (i) the charter documents and by-laws of each of Triad and Global, the incumbency and to the specimen signatures of the officers of Triad and Global executing the documents pursuant to this Agreement on behalf of such corporation;

(iv) the legal opinion of Lafleur Brown in form and substance attached hereto as Exhibit C;

(v) certificate of status, compliance or good standing with respect to each of Triad and Global of the appropriate authority in the Province of Ontario and of each jurisdiction in which either Triad or Global carries on its business;

(vi) the Employment Agreements duly executed by Craig and Damian and the Non-Competition Agreements duly executed by Craig, Damian and Lucy;

(vii) resignations of Craig and Damian as directors of Triad and Global, together with general releases; and

(viii) the Escrow Agreement.

4. Representations and Warranties as to Triad and Global and Shareholders. Each of the Shareholders hereby, jointly and severally, represents and warrants to each of the Purchasers as follows:

4.1. Organization, Standing and Power. Each of Triad and Global is a corporation duly incorporated, organized, validly existing and in good standing under the laws of the Province of Ontario, with full corporate power and authority to own, lease and operate its properties and to carry on the Business, as presently conducted by it. There are no provinces, states or other jurisdictions in which the character and location of any of the properties owned or leased by Triad or Global, or the conduct of its Business, makes it necessary for it to qualify to do business as a foreign corporation and where it has not so qualified, except for those jurisdictions in which the failure to so qualify would not have a material adverse effect on the Business or operations of Triad or Global. Copies of the Articles of Incorporation of each of Triad and Global and all amendments thereto, and of the By-laws of each of Triad and Global, as amended to date, and each of Triad's and Global's corporate books (containing original corporate minutes

and resolutions in Triad's and Global 's possession) have been furnished to the Purchasers and are complete, correct and accurate.

4.2. Capitalization. The authorized capital of Triad consists of an unlimited number of common shares, of which 30 shares are issued and outstanding and held of record as set forth in Schedule 4.2 hereto. The authorized capital of Global consists of an unlimited number of common shares, of which 200 shares are issued and outstanding and held of record as set forth in Schedule 4.2 hereto. There are no outstanding options, warrants, rights, calls, commitments, conversion rights, puts, plans or other agreements of any character, whether written or oral, to which either the Shareholders, Triad or Global is a party or otherwise bound which provide for the acquisition or disposition of any of the Triad and Global Shares or any of the securities of Triad or Global. All of the issued and outstanding shares of Triad and Global have been duly and validly issued and are fully paid and nonassessable and have not been issued in violation of any preemptive or similar right or any applicable laws.

4.3. Ownership of Triad and Global Shares. Each of the Shareholders has good and marketable title to, and owns of record and beneficially, all of the issued and outstanding Triad and Global Shares held by him or her as set forth in Schedule 4.2 hereto, free and clear of any and all liens, adverse claims, security interests, pledges, mortgages, charges and encumbrances of any nature whatsoever.

4.4. Interests in Other Entities.

(a) Neither Triad nor Global (A) owns, directly or indirectly, of record or beneficially, any voting shares or other equity securities of any other entity, (B) has any ownership interest, direct or indirect, of record or beneficially, in any partnership, joint venture or other unincorporated entity, or (C) has any obligation, direct or indirect, present or contingent, (1) to purchase or subscribe for any interest in, advance or loan monies to, or in any way make investments in, any person or entity or (2) to share any profits from any entity.

(b) None of the Shareholders (A) owns, directly or indirectly, of record or beneficially, any voting shares or other equity securities of, or have any debt outstanding to or from, any other entity engaged in the same or similar business to the Business (Except for ownership interests in publicly traded companies not exceeding 10% of the voting shares thereof set forth on schedule 4.4 (B) hereof), (B) has any ownership interest, direct or indirect, of record or beneficially, in any partnership, joint venture or unincorporated entity engaged in the same or similar business to the Business, or (C) has any obligation, direct or indirect, present or contingent, (1) to purchase or subscribe for any interest in, advance or loan monies to, or in any way make investments in, any person or entity engaged in the same or similar business to the Business, or (2) to share any profits from any entity engaged in the same or similar business to the Business, (Except for ownership interests in publicly traded companies not exceeding 10% of the voting shares thereof set forth on schedule 4.4 (B)).

4.5. Authority.

(a) The execution and delivery by the Shareholders and Triad and Global of this Agreement and of all of the agreements to be executed and delivered by each of

them pursuant hereto (the "Triad and Global Documents"), the performance by each of them of their respective obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of each of Triad and Global (including, but not limited to, the consent of the Shareholders and each of Triad's and Global's Board of Directors) and each of Triad and Global has all necessary corporate power with respect thereto.

(b) The Shareholders are each individuals having all necessary capacity, power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement is, and when executed and delivered by the Shareholders and Triad and Global (to the extent that they are parties thereto), the Triad and Global Documents to be delivered by any of them pursuant hereto will be, the valid and binding obligation of the Shareholders and Triad and Global (to the extent that they are parties thereto) enforceable against each of them in accordance with their respective terms.

4.6. Noncontravention. Except as set forth on Schedule 4.6, neither the execution and delivery by the Shareholders or Triad and Global of this Agreement or of any agreement to be executed and delivered by the Shareholders and/or Triad and Global pursuant hereto, nor the consummation of any of the transactions contemplated hereby or thereby, nor the performance by the Shareholders or Triad and Global of their respective obligations, as the case may be, hereunder or thereunder, will (nor with the giving of notice or the lapse of time or both would) (a) conflict with or result in a breach of any provision of the Articles of Incorporation or By-laws of either of Triad or Global, or (b) give rise to a default, or any right of termination, cancellation or acceleration, or otherwise be in conflict with or result in a loss of contractual benefits to Triad or Global or under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it is a party or by which Triad or Global or any of the Shareholders may be bound or to which Triad or Global or the Business may be subject, or require any consent, approval or notice under the terms of any such document or instrument, or (c) violate any order, writ, injunction, decree, law, statute, rule or regulation of any court or governmental authority which is applicable to Triad or Global or any Shareholder, or the Business, or (d) result in the creation or imposition of any lien, claim, charge, restriction or encumbrance upon any of the properties or assets of Triad or Global, or (e) interfere with or otherwise adversely affect the ability of Triad and Global to carry on the Business on substantially the same basis as is now conducted by Triad and Global.

4.7. Litigation. Except as set forth in Schedule 4.7, there are no suits or actions, or administrative, arbitration or other proceedings or governmental investigations, pending or threatened against or relating to Triad or Global or the Business or any of the Shareholders in their capacity as shareholders of Triad and Global. There are no judgments, orders, stipulations, injunctions, decrees or awards in effect which relate to Triad or Global, the Business or the operation of Triad or Global, the effect of which is (A) to limit, restrict, regulate, enjoin or prohibit Triad's or Global's operation in any area, or the acquisition of any properties, assets or businesses, or (B) otherwise materially adverse to the Business or Triad or Global.

4.8. No Violation of Law.

(a) Neither Triad, Global nor any of the Shareholders are

engaging in any activity or omitting to take any action as a result of which: (A) they are in violation of any law, rule, regulation, zoning or other ordinance, municipal by-law, statute, order, injunction, decision, ruling, award or decree, or any other requirement of any court or governmental or administrative body or agency, applicable to Triad and Global or the Business ("Laws"), including, but not limited to, those relating to: occupational safety and health; business practices and operations; labor practices; employee benefits; and zoning and other land use.

(b) Neither Triad, Global nor any of the Shareholders are engaging in any activity or omitting to take any action as a result of which they are in violation of any Laws relating to environmental and ecological protection (e.g., the use, storage, handling, transport or disposal of pollutants, contaminants or hazardous or toxic materials or wastes, and the exposure of persons thereto).

4.9. Financial Statements. Triad and Global have herewith delivered to the Purchasers combined financial statements consisting of (i) the unaudited balance sheet at June 30, 1998, and the related statements of income, stockholders' equity and cash flows for the eleven months then ended, which have been reviewed by Malcolm Weinstein, chartered accountant and (ii) the unaudited combined balance sheet at March 31, 1999, and the related statements of income, stockholders' equity and cash flows for the nine months then ended (collectively, the "Financial Statements"). The Financial Statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), consistently applied, and present fairly the financial position of Triad and Global as at the dates thereof and the results of operations for the periods and the cash flow indicated. The books and records of Triad and Global are complete and correct, have been maintained in accordance with good business practices, and reflect the basis for the financial condition, results of operations and cash flow of Triad and Global as set forth in the Financial Statements.

4.10. Guaranties. Schedule 4.10 hereto is a complete and accurate list and summary description of all written guaranties currently in effect heretofore issued by the Shareholders to any bank or other lender in connection with any credit facilities extended by such creditors to Triad or Global (collectively, the "Guaranties"), including the name of such creditor and the amount of the indebtedness, together with any interest and fees currently outstanding.

4.11. Absence of Undisclosed Liabilities. Neither Triad nor Global has any liabilities or obligations of any nature whatsoever, whether accrued, matured, unmatured, absolute, contingent, direct or indirect or otherwise, which have not been (a) in the case of liabilities and obligations of a type customarily reflected on a corporate balance sheet, prepared in accordance with GAAP, set forth on the Financial Statements, or (b) incurred in the ordinary course of business since March 31, 1999, or (c) in the case of other types of liabilities and obligations, described in any of the Schedules delivered pursuant hereto or omitted from said Schedules in accordance with the terms of this Agreement, or arising under contracts or leases listed in such Schedules or other contracts or leases which are omitted from such Schedules in accordance with the terms of this Agreement, or (d) incurred, consistent with past practice, in the ordinary course of business of Triad and Global (in the case of liabilities and obligations of the type referred to in clause (a) above).

4.12. Accounts Receivable; Inventories. The accounts and notes receivable which are reflected on the Financial Statements are good and

collectible in the ordinary course of business at the aggregate recorded amounts thereof, less the respective amount of the allowances for doubtful accounts and notes receivable, if any, reflected thereon, and are not subject to offsets other than in the ordinary course of business. The accounts and notes receivable of Triad and Global which were added after March 31, 1999, are good and collectible in the ordinary course of business, less the amount of the allowance(s) for doubtful accounts and notes receivable, if any, reflected thereon (which allowances were established on a basis consistent with prior practice), and are not subject to offsets other than in the ordinary course of business. The inventories reflected on the Financial Statements and thereafter added consist of items of a quality and quantity usable or saleable in the ordinary course of business, except for obsolete materials, slow-moving items, materials of below standard quality and not readily marketable items, all of which DO NOT EXCEED US\$50,000 OR have been written down to net realizable value or adequately reserved against on the books and records of Triad and Global. All inventories are stated at the lower of cost or market in accordance with generally accepted accounting principles.

4.13. Absence of Changes. Since March 31, 1999, there has not been (a) any adverse change (other than as is normal in the ordinary course of business, e.g., inventory level changes) in the condition (financial or otherwise), assets, liabilities, business, prospects, results of operations or cash flows of Triad or Global or the Business (including, without limitation, any such adverse change resulting from damage, destruction or other casualty loss, whether or not covered by insurance), (b) any waivers by Triad or Global of any right, or cancellation of any debt or claim, of material value, (c) any declarations, set asides or payments of any dividend or other distributions or payments in respect of the Triad and Global Shares, or (d) any changes in the accounting principles or methods which are utilized by Triad or Global.

4.14. Properties. Except as set forth on Schedule 4.14, Triad and Global has good and valid title to all of the properties and assets, reflected on the Financial Statements as owned by it or thereafter acquired, except properties or assets sold or otherwise disposed of in the ordinary course of business, free and clear of any and all mortgages, liens (excluding liens for current Taxes, as defined in subparagraph 4.17, (b) hereof), pledges, claims, charges and encumbrances of any nature whatsoever. All plants, structures and equipment which are utilized in the Business, or are material to the condition (financial or otherwise) of Triad or Global are owned or leased by Triad or Global. Neither Triad nor Global owns any real property. Neither Triad nor Global is a party to, or under any agreement to become a party to, any lease with respect to real property other than the leases listed in Schedule 4.14 (the "Leases"), copies of which have been provided to the Purchasers. Each Lease is in good standing, creates a good and valid leasehold estate in the property thereby demised and is in full force and effect without amendment, except as disclosed in Schedule 4.14. With respect to each Lease (i) all rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of the lessee's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act (including the completion of the transactions contemplated by this Agreement) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default under the Lease, and (iv) to the best knowledge of the Shareholders, all of the covenants to be performed by any party (other than either Triad or Global) under the Lease have been fully performed. Schedule 4.14 contains a list of all of the Leases setting out, in respect of each Lease, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease

(specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment or change of control of Triad or Global, as the case may be.

4.15. Intellectual Property. Schedule 4.15 is a complete and correct list of all (A) United States, Canadian and foreign patents, trademark and trade name registrations, trademarks and trade names, brandmarks and brand name registrations, servicemarks and servicemark registrations, assumed names and copyrights and copyright registrations, computer software, computer programs owned in whole or in part or used in the Business, and all applications therefor, licenses and other agreements to which either Triad or Global is a party to or otherwise bound which relates to any of the foregoing. Except as expressly set forth in Schedule 4.15, (A) Triad and Global owns or has the right to use all of the foregoing; (B) no proceedings have been instituted, are pending or threatened, which challenge the rights of Triad or Global in respect thereto or the validity thereof; and (C) to the best knowledge of the Shareholders, none of the aforesaid violates any laws, statutes, ordinances or regulations, or has at any time infringed upon or violated any rights of others, or is being infringed by others.

4.16. Banks; Powers of Attorney. Schedule 4.16 is a complete and correct list showing (A) the names of each bank in which Triad and Global has an account or safe deposit box and the names of all persons authorized to draw thereon or who have access thereto, and (B) the names of all persons, if any, holding powers of attorney from Triad and Global or the Shareholders with respect to the Business.

4.17. Tax Matters.

(a) Each of Triad and Global has filed with the appropriate governmental agencies (Canadian and other) all tax returns and reports required to be filed by it, and has paid in full or contested in good faith or made adequate provision for the payment of, Taxes (as defined herein) shown to be due or claimed to be due on such tax returns and reports. The provisions for Taxes which will be set forth on the latest balance sheet included in the Financial Statements reflects and includes adequate provisions for the payment in full of any and all Taxes for which Triad and Global is or could be liable, whether to any governmental entity or to other persons (as, for example, under tax allocation agreements), not yet due for any and all periods up to and including the date of such balance sheet; and all Taxes for periods beginning thereafter through the Effective Time have been, or will be, paid when due or adequately reserved against on the books of Triad and Global and an amount of cash equal to the amount of such reserve will have been set aside for the payment of such Taxes. Each of Triad and Global has duly withheld all payroll taxes and other applicable taxes and other items requiring to be withheld by it from employer wages, and has duly deposited the same in trust for or paid over to the proper taxing authorities. Neither Triad nor Global has executed or filed with any taxing authority any agreement extending the periods for the assessment or collection of any Taxes, and is not a party to any pending or threatened action or proceeding by any governmental authority for the assessment or collection of Taxes. Except as set forth in Schedule 4.17, within the past three years, the income tax returns of Triad and Global have not been reassessed to any material degree by any taxing authority, nor has any such authority examined any merchandise, personal property, sales or use tax returns of Triad or Global. There is no tax lien, whether imposed by any taxing authority, outstanding against the assets, properties or business of Triad or Global. Neither Triad

nor Global has agreed to make or is required to make any adjustment by reason of a change in accounting method or otherwise. Neither Triad nor Global is a party to any tax sharing or allocation agreement.

(b) As used herein, the term "Taxes" or "Tax" means all taxes and governmental assessments, charges and reassessments, including but not limited to income taxes, capital gains, estimated taxes, withholding taxes, excise taxes, sales, use, occupancy, real property, goods and services, ad valorem taxes, payroll related taxes (including but not limited to premiums for worker's compensation insurance and statutory disability insurance), employment taxes, franchise taxes and import duties, together with any related liabilities, penalties, fines, additions to tax or interest.

4.18. Certain Business Matters. Except as is set forth in Schedule 4.18, (a) neither Triad nor Global is a party to or bound by any distributorship, dealership, sales agency, franchise or similar agreement which relates to the sale or distribution of any of the products and services of the Business, (b) neither Triad nor Global has a sole-source supplier of significant goods or services (other than utilities) with respect to which practical alternative sources are not available on comparable terms and conditions (Provided however, that software products are, by their nature unique, and Take-Two acknowledges that any software titles which become unavailable, may not be replaced), (c) there are no pending or threatened labor negotiations, work stoppages or work slowdowns involving or affecting the Business, and no union representation questions exist, and there are no organizing activities, in respect of any of the employees of Triad or Global, (d) the product and service warranties given by Triad and Global or by which they are bound (complete and correct copies or descriptions of which have heretofore been delivered by Triad and Global to the Purchasers) entail no greater obligations than are customary in the Business, (e) neither Triad nor Global nor any Shareholder is a party to or bound by any agreement which limits its or his, as the case may be, freedom to compete in any line of business or with any person, or which is otherwise materially burdensome to Triad or Global or any of the Shareholders, and (f) neither Triad nor Global is a party to or bound by any agreement in which any officer, director or Shareholder of Triad and Global (or any affiliate of any such person) has, or had when made, a direct or indirect material interest.

4.19. Certain Contracts. Schedule 4.19 is a complete and correct list of all material contracts, commitments, obligations and understandings which are not set forth in any other Schedule delivered hereunder and to which either Triad or Global is a party or otherwise bound, except for (a) purchase orders from vendors or customers and (b) each of those which (i) were made in the ordinary course of business and (ii) either (A) are terminable by Triad or Global (and will be terminable by Subsidiary) without liability, expense or other obligation on 30 days' notice or less, or (B) may be anticipated to involve aggregate payments to or by Triad or Global of \$(US)5,000 (or the equivalent) or less calculated over the full term thereof, and (C) are not otherwise material to the Business or Triad or Global. Complete and correct copies of all contracts, commitments, obligations and undertakings set forth on any of the Schedules delivered pursuant to this Agreement have been furnished by Triad and Global to the Purchasers. Except as expressly stated on any of such Schedules, (1) each of THE agreements listed on Schedule 4.19 is in full force and effect, no person or entity which is a party thereto or otherwise bound thereby is in material default thereunder, and no event, occurrence, condition or act exists which does (or which with the giving of notice or the lapse of time or both would) give rise to a material default

or right of cancellation, acceleration or loss of contractual benefits thereunder; (2) there has been no threatened cancellations thereof, and there are no outstanding disputes thereunder; (3) none of them is materially burdensome to Triad or Global; and (4) each of them is fully assignable without the consent, approval, order or any waiver by, or any other action of or with any individual or individuals, without the payment of any penalty, the incurrence of any additional debt, liability or obligation of any nature whatsoever or the change of any term.

4.20. Customers and Suppliers. Set forth on Schedule 4.20 is a complete and correct list setting forth, for the twelve months ended December 31, 1998 and the six months ended June 30, 1999, (a) the 20 largest customers of the Business and the amount for which each such customer was invoiced, and (b) the 20 largest suppliers of the Business and the amount of goods and services purchased from each such supplier. There are no (i) threatened cancellations by the aforesaid customers or suppliers with respect to the Business, (ii) outstanding disputes by such customers or suppliers with Triad or Global and the Business, or (iii) any adverse changes in the business relationship between the Business and any such customer or supplier. To the best knowledge of the Shareholders, the aforesaid suppliers and customers will continue their respective relationships with the Business on substantially the same basis as now exists.

4.21. Business Practices and Commitments. Set forth on Schedule 4.21 is a description of (a) Triad's and Global 's rebate and volume discount practice, and obligations, (b) Triad's and Global 's allowance and customer return practice and obligations, (c) Triad's and Global 's co-op advertising and other promotional practices, (d) Triad's and Global 's warranty practices and obligations, (e) price protection agreements, (f) return policies and historical return rates, as each of the foregoing relate to Triad's and Global 's customers and suppliers, and (g) co-op and rebate and volume discount credits due to customers.

4.22. Approvals/Consents. Except as set forth on Schedule 4.22, each of Triad and Global currently holds all governmental and administrative consents, permits, appointments, approvals, licenses, certificates and franchises which are necessary for the operation of the Business, all of which are in full force and effect and are transferable to Subsidiary without the payment of any penalty, the incurrence of any additional debt, liability or obligation of any nature whatsoever or the change of any term and no such consent or authorization is required and no filing with or notice to any governmental entity is required as a condition to the lawful completion of the transactions contemplated by this Agreement. Schedule 4.22 is a complete and correct list of all such governmental and administrative consents, permits, appointments, approvals, licenses, certificates and franchises. No material violations of the terms thereof have heretofore occurred or are known by the Shareholders to exist as of the date of this Agreement.

4.23. Nature of Securities. The Shareholders understand that as of the date hereof (a) the Stock Consideration has not been registered under the Securities Act of 1933, as amended (the "Act"), based upon an exemption from such registration requirements; (b) the Stock Consideration to be received is "restricted securities," as said term is defined in Rule 144 of the General Rules and Regulations promulgated under the Act; (c) the Stock Consideration to be received may not be sold or otherwise transferred unless it has first been registered under the Act and applicable state securities laws or an exemption from the registration provisions of the Act and applicable state securities laws are available with respect to the proposed sale or transfer; (d)

the certificates evidencing the Stock Consideration will bear a legend to the effect that the transfer thereof is restricted; and (e) stop transfer instructions will be placed with the transfer agent for the Stock Consideration. Each Stockholder represents that he or she is taking the Stock Consideration for investment purposes only and not with a view toward the distribution thereof and AS an "accredited investor" as defined under the Act.

4.24. Insurance. Schedule 4.24 is a complete and correct list and summary description of all contracts and policies of insurance relating to the Business. Such policies are in full force and effect, all premiums due and payable have been paid and no notice of cancellation has been received by Triad or Global.

4.25. Employee Arrangements. Schedule 4.25 is a complete and correct list and summary description of all compensation plans, agreements and arrangements providing for benefits to Triad's and Global's employees and a list of names and compensation of all employees of Triad and Global whose earnings exceeded \$(US)15,000 during the current fiscal year. Neither Triad nor Global is a party to any collective bargaining agreement.

4.26. Residence. Each of the Shareholders is a resident of Canada within the meaning of the Income Tax Act (Canada).

4.27. Year 2000. The Company's computer systems and products are Year 2000 compliant (in all material respects).

4.28. Information as to Triad and Global and the Shareholders. None of the representations or warranties made by Triad and Global or the Shareholders in this Agreement or in any agreement executed and delivered by or on behalf of any of them pursuant hereto are false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein not misleading.

5. Representations and Warranties as to the Purchasers. The Purchasers hereby represent and warrant to the Shareholders as follows:

5.1. Organization, Standing and Power.

(a) Take-Two US is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with full corporate power and authority to own, lease and operate its properties and to carry on its business as presently conducted by it. Take-Two Canada is a corporation duly organized, validly existing and in good standing under the laws of the province of Ontario, with full corporate power and authority to own, lease and operate its properties and to carry on its business as presently conducted by it.

(b) Take-Two US has filed all forms, reports, statements and documents required to be filed with the Securities and Exchange Commission ("SEC") since April 14, 1997, (collectively, the "SEC Reports"), each of which has complied in all material respects with the applicable requirements of the Act or the Exchange Act of 1934, as amended (the "Exchange Act"), as applicable, each as in effect on the date so filed. Take-Two US has made available to the Shareholders, in the form filed with the SEC (including any amendments thereto), (A) its most recent Quarterly Report on Form 10-Q for the three months ended April 30, 1999

and (B) its Prospectus dated May 5, 1999 . None of such forms, reports or documents filed by Take-Two US, when filed (except to the extent revised or superseded by a subsequent filing with the SEC) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements included in such forms were prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the financial position of Take-Two US as at the dates thereof and its results of operations for the periods indicated, except that any unaudited financial statements are subject to normal reoccurring adjustments which might be required as a result of year-end audits.

5.2. Authority. The execution and delivery by each of the Purchasers of this Agreement and of each agreement, document and instrument to be executed and delivered by them pursuant hereto (the "Take-Two Documents"), the compliance by the Purchasers with the provisions hereof and thereof, and the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate actions on the part of each of the Purchasers, as applicable, and each of the Purchasers has all necessary corporate powers with respect thereto.

5.3. Capitalization. The authorized capital stock of Take-Two US consists of 55,000,000 shares of Take-Two Stock and 5,000,000 shares of Preferred Stock, par value \$.01 per share. As of the date hereof immediately prior to the issuance of the Stock Consideration, 22,874,154 shares of Take-Two Stock are issued and outstanding, all of which are duly authorized, validly issued, fully paid and nonassessable.

5.4. Stock Consideration. The Stock Consideration, when issued, will be (A) duly authorized and validly issued, fully paid and non-assessable, (B) delivered hereunder free and clear of any security interests, pledges, mortgages, claims, liens and encumbrances of any kind whatsoever except that the Take-Two Stock will be "restricted securities" as such term is defined in the rules and regulations of the SEC and will be subject to restrictions on transfers pursuant to such rules and regulations and State laws. Take-Two US shall file an Additional Listing Application with Nasdaq for the Stock Consideration.

5.5. Information as to Take-Two. None of the representations or warranties made by either of the Purchasers in this Agreement or in any agreement executed and delivered by or on behalf of either or both of them pursuant hereto are false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein contained not misleading.

6. Indemnification.

6.1. Indemnification by the Shareholders. Subject to Section 6.4 below, each of the Shareholders hereby indemnifies and agrees to defend and hold harmless the Purchasers and each of their officers, directors, shareholders, employees and agents from and against any and all losses, obligations, deficiencies, liabilities, damages, costs and expenses (including, without limitation, the amount of any settlement entered into pursuant hereto, and all reasonable legal and other expenses incurred in connection with the investigation, prosecution or defense of any matter indemnified pursuant hereto) which any of them may sustain, suffer or incur

and which arise out of, are caused by, relate to, or result or occur from or in connection with any breach by Triad or Global or any of the Shareholders of any representation, warranty, agreement or covenant made by any one or all of them, in this Agreement or the Triad and Global Documents, as applicable. The foregoing indemnification shall also apply to direct claims by the Purchasers against the Shareholders.

6.2. Indemnification by the Purchasers. The Purchasers indemnify and agree to defend and hold harmless the Shareholders from and against any and all losses, obligations, deficiencies, liabilities, damages, costs and expenses (including, without limitation, the amount of any settlement entered into pursuant hereto, and all reasonable legal and other expenses incurred in connection with the investigation, prosecution or defense of any matter indemnified pursuant hereto), which it or he may sustain, suffer or incur and which arise out of, are caused by, relate to, or result or occur from or in connection with (i) any breach by either of the Purchasers of any representation, warranty, agreement or covenant made in this Agreement or any Take-Two Document or (ii) the guarantees by Damian and Craig in favour of the Business Development Bank of Canada dated September 8, 1995 and September 5, 1997. The indemnification provisions herein shall also apply to direct claims by the Shareholders against the Purchasers.

6.3. Third Party Claims. If a claim by a third party is made against any party or parties hereto and the party or parties against whom said claim is made intends to seek indemnification with respect thereto under subsections 6.1 or 6.2, the party or parties seeking such indemnification shall promptly notify the indemnifying party or parties, in writing, of such claim, providing such details of the claim (including the claimed amount) as are then known; provided, however, that the failure to give such notice shall not affect the rights of the indemnified party or parties hereunder except to the extent that such failure materially and adversely affects the indemnifying party or parties due to the inability to timely defend such action. The indemnifying party or parties shall have 10 business days after said notice is given to elect, by written notice given to the indemnified party or parties, to undertake, conduct and control, through counsel of their own choosing (subject to the consent of the indemnified party or parties, such consent not to be unreasonably withheld) and at their sole risk and expense, the good faith settlement or defense of such claim, and the indemnified party or parties shall cooperate with the indemnifying parties in connection therewith; provided: (a) all settlements require the prior reasonable consultation with the indemnified party and the prior written consent of the indemnified party, which consent shall not be unreasonably withheld, and (b) the indemnified party or parties shall be entitled to participate in such settlement or defense through counsel chosen by the indemnified party or parties, provided that the fees and expenses of such counsel shall be borne by the indemnified party or parties. So long as the indemnifying party or parties are contesting any such claim in good faith, the indemnified party or parties shall not pay or settle any such claim; provided, however, that notwithstanding the foregoing, the indemnified party or parties shall have the right to pay or settle any such claim at any time, provided that in such event they shall waive any right of indemnification therefor by the indemnifying party or parties. If the indemnifying party or parties do not make a timely election to undertake the good faith defense or settlement of the claim as aforesaid, or if the indemnifying parties fail to proceed with the good faith defense or settlement of the matter after making such election, then, in either such event, the indemnified party or parties shall have the right to contest, settle or compromise (provided that all settlements or compromises require the prior reasonable consultation with the indemnifying party

and the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld) the claim at their exclusive discretion, at the risk and expense of the indemnifying parties. 6.4 Limitation. In no event shall the maximum liability of each of the Shareholders for indemnification exceed their pro rata portion of the Purchase Price, provided that this limitation shall not apply to third-party claims.

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

7. Covenants

7.1. Consummation of Transaction. Each of the parties hereto hereby agrees to use all reasonable efforts to cause all conditions precedent to his or its obligations (and to the obligations of the other parties hereto to consummate the transactions contemplated hereby) to be satisfied, including, but not limited to, using all reasonable efforts to obtain all required (if so required by this Agreement) consents, waivers, amendments, modifications, approvals, authorizations, novations and licenses (including the any required consents listed on Schedule 4.19, 7.1 or other Schedule); provided, however, that nothing herein contained shall be deemed to modify any of the absolute obligations imposed upon or rights of any of the parties hereto under this Agreement or any agreement executed and delivered pursuant hereto.

7.2. Cooperation/Further Assurances.

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

(b) Each of the parties hereto hereby further agrees to execute, acknowledge, deliver, file and/or record, or cause such other parties to the extent permitted by law to execute, acknowledge, deliver, file and/or record such other documents as may be required by this Agreement and as the Purchasers, on the one hand, and/or Triad and Global and/or the Shareholders, on the other, or their respective legal counsel may reasonably require in order to document and carry out the transactions contemplated by this Agreement. The legal, administrative costs and disbursements incurred by the party of whom the request is being made shall be borne by the party who sought such request.

7.3. Broker. Each of the parties hereto represents and warrants to the other parties that no broker or finder was engaged in connection with the transaction contemplated by this Agreement with whom the indemnifying party has dealt, and each of the parties shall indemnify and hold the other harmless from and against any and all claims or liabilities asserted by or on behalf of any alleged broker or finder for broker's fees, finder's fees,

commissions or like payments, without regard to the indemnification limitations contained in this Agreement.

7.4. Employment Agreements and Non Competition Agreements. Simultaneous with the execution of this Agreement, each of Craig and Damian will enter into an employment agreement with Triad in the form of Exhibit D hereto (the "Employment Agreement") and each of Craig, Damian and Lucy shall enter into a Non-Competition Agreement in the form of Exhibit E hereto.

7.5. Stock Options. Simultaneously with the execution of this Agreement, Take-Two US shall grant five-year options to purchase an aggregate of 30,000 shares of Take-Two Stock, at an exercise price per share equal to the closing price of Take-Two US's common stock on the date hereof, to the designees of the Shareholders as set forth on Schedule 7.5.

7.6. Indebtedness. On or prior to the execution hereof, Triad and Global shall cause Royal Bank of Canada and Business Development Bank of Canada (the "Banks"), to enter into agreements with the TRIAD AND/OR GLOBAL whereby the Banks will continue to provide credit to TRIAD AND/OR GLOBAL upon terms and conditions mutually satisfactory to the parties thereto, and arrangements satisfactory to the Purchasers shall have been made to continue or satisfy indebtedness owed to MC Capital Corporation and Beacon Lane Holdings Inc. other parties. Within two (2) business days after Closing, Take-Two Canada shall make a loan of US\$500,000 to Triad and Global, evidenced by a promissory note substantially in the form attached hereto as Exhibit 7.6 (the "Note"). The proceeds of the Note shall be used by Triad and Global to repay the outstanding balance owed by Triad and Global pursuant to the promissory notes held by MC Capital Corp., dated June 9, 1999, and Beacon Lane Holdings, Inc., dated June 30, 1999 (the "MC Capital and Beacon Notes"). Within two (2) business days after repayment of the MC Capital and Beacon Notes, Triad and Global shall enter into a new loan agreement with the Royal Bank of Canada and the personal guarantees to Royal Bank of Canada by the Shareholders shall be released. Within two (2) business days after the new loan agreement with the Royal Bank of Canada has been entered into, Triad and Global shall repay the outstanding balance of \$1,500 owed to Craig and \$24,500 owed to Damian.

7.7. Non-Compete. The provisions contained in the Non-Competition Agreement have been specifically negotiated and the consideration therefor is the execution and delivery of this Agreement.

8. Survival of Representations and Warranties.

Each of the parties hereto hereby agrees that all representations and warranties made by or on behalf of him or it in this Agreement or in any document or instrument delivered pursuant hereto shall survive the closing of the transactions contemplated hereby for a period of one (1) year.

9. General Provisions.

9.1. Fees and Expenses. The Purchasers, on the one hand, and the

Shareholders, on the other hand, shall be responsible for and shall, prior to the date hereof pay the fees and expenses incurred by (i) the Purchasers and (ii) Triad and Global and the Shareholders, respectively, in connection with the transactions contemplated by this Agreement.

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

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

If to the Purchasers:

Take-Two Interactive Software, Inc.
575 Broadway
New York, New York 10012
Attn: Ryan Brant, CEO

with a copy to:

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

If to Shareholders:

Craig McGauley
5795 Yonge Street
Unit 712
Toronto, Ontario
Canada M2M 4S3

Damian and Lucy Cristiani
85 Blackmore Avenue
Richmond Hill, Ontario
Canada L4B 2A2

with a copy to:

Lafluer Brown
National Bank Building
150 York Street - 14th Floor
Toronto, Ontario, Canada M5H 3E5
ATT: M. Steven Alizadeh

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

9.5. Entire Agreement. This Agreement and the agreements referred to herein constitute the entire agreement, and supersede all prior agreements, representations and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof, including the letter of intent dated July 6, 1999.

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

9.7. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without regard to its choice of law principles. Each of the Shareholders hereby agree that any action or proceeding based on or arising out of this Agreement shall be brought in the courts of the State of New York (New York County), United States of America or in the courts of the United States of America for the Southern District of New York and each of the Shareholders hereby accepts (exclusively and unconditionally) the jurisdiction of the New York courts.

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

IN WITNESS WHEREOF, each of the parties hereto, have caused this Agreement to be executed as of the date first written above.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: _____
Ryan Brant, CEO

TAKE-TWO INTERACTIVE SOFTWARE CANADA
INC.

By: _____

Larry Muller, President

TRIAD DISTRIBUTORS INC.

By:

GLOBAL STAR SOFTWARE LIMITED

By:

Craig McGauley

Damian Cristiani

Lucy Cristiani

DATED 30 SEPTEMBER 1999

C.D. VERTE ITALIA SPA

AND

PIETRO GIOVANNI VAGO

AND

MAURIZIO EZIO CURIONI

AND

TAKE-TWO INTERACTIVE SOFTWARE, INC

AGREEMENT
FOR THE SALE AND PURCHASE OF
THE BUSINESS AND ASSETS OF
C.D. VERTE ITALIA SPA

HARBOTTLE & LEWIS
Hanover House
14 Hanover Square
London W1R 0BE

Ref: h154/44890_7

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THIS AGREEMENT is made on 30 September 1999

BETWEEN:

- (1) C.D. VERTE ITALIA SPA, an Italian company having its registered office at Via Campo Dei Fiori 67, 21013 Gallarate, Italy ("THE SELLER");
- (2) PIETRO GIOVANNI VAGO of Via Caralloffi, 6, 21100 Varese (VA), Italy ("PGV")
- (3) MAURIZIO EZIO CURIONI of Via Canova, 20, 21013, Gallarate (VA) Italy ("MEC"); and (4) TAKE-TWO INTERACTIE SOFTWARE, INC a Delaware company having its office at 575 Broadway, New York, New York 10012 ("THE BUYER" which expression shall, where consistent with the context, include its successors in title and assigns or any subsidiary undertaking which Take-Two Interactive Software, Inc procures to purchase the Business and assets of the Seller as provided for in Clause 2.1).

IT IS AGREED as follows:-

1. Interpretation
 - 1.1 In this Agreement and its Schedules the words and expressions defined in paragraph 1 of Schedule 3 shall, unless inconsistent with the context, have the meanings set out in such paragraph.
 - 1.2 This Agreement and its Schedules will be construed and interpreted in accordance with Schedule 3.
 - 1.3 The Schedules form part of this Agreement and will be of full force and effect as though expressly set out in the body of this Agreement.
 - 1.4 References to any English legal term or concept (including without limitation any action, remedy, method of judicial procedure, legal document, statute, court, official or any other legal concept) will in respect of any jurisdiction other than England be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction.
2. Agreement for Sale
 - 2.1 The Seller agrees to sell with full title guarantee and free from any Encumbrance and the Buyer agrees to buy or to procure that a subsidiary undertaking of it shall buy, in each case on Completion but with effect from the Effective Time, the Business and the following assets:-
 - 2.1.1 the benefit (subject to the burden) of the Contracts;
 - 2.1.2 the Fixed Plant;

- 2.1.3 the Lease;
- 2.1.4 the Goodwill;
- 2.1.5 the Intellectual Property Rights;
- 2.1.6 the Machinery;
- 2.1.7 the Motor Vehicles;
- 2.1.8 the Office Equipment;
- 2.1.9 the Records;
- 2.1.10 the Stock;
- 2.1.11 the benefit of any amount to which the Seller is entitled from a person (including, without limitation, an insurer) in respect of damage or injury to any of the Assets other than amounts spent before the Effective Time in repairing the damage or injury; and
- 2.1.12 all other property and assets owned by the Seller and used in connection with the Business on the Completion Date (wherever located).

2.2 The Property is sold subject to the interests of Leaseindustria SPA under the Lease

3. PURCHASE PRICE

3.1 Subject to the further provisions of this Agreement, the total consideration for the sale of the Business and Assets (the "CONSIDERATION") shall be satisfied by the following:-

- (i) the payment by the Buyer to the Seller on the date of this Agreement of US\$200,000 in cash;
- (ii) the payment by the Buyer to the Seller on 1 December 1999 or within 5 days of the date of Completion (whichever is later) of US\$800,000 in cash;
- (iii) the payment by the Buyer to the Seller, within 5 Business Days of the signature by the Board of Directors of the Buyer (the "BOARD") of the management accounts of the Buyer for each of the years ending:
 - (a) 31 December 1999 ("YEAR 1");
 - (b) 31 December 2000 ("YEAR 2"); and
 - (c) 31 December 2001 ("YEAR 3")

(the "COMPANY ACCOUNTS") of a percentage (X) of;

for Year 1 US \$400,000 in cash;
for Year 2 US \$415,000 in cash;
for Year 3 US \$430,000 in cash

where X shall be calculated in accordance with Clause 3.3.

3.2 The Buyer shall be entitled to set off, or (pending the determination of the relevant amount) withhold any amounts payable by it after Completion to the Seller against (a) the amount of any claims by the Buyer under any Transaction Document and (b) any other sum due to the Buyer or its Associates by any Seller party or its Associates.

3.3 For the purposes of Clause 3.1(iii):

(i) in Year 1 X shall equal actual post tax profit for financial year ended 31 October 2000 in accordance with the Company Accounts for that year as a percentage of US\$572,000 (subject to a maximum of 100%);

(ii) in Year 2 X shall equal actual post tax profit for financial year ended 31 October 2001 in accordance with the Company Accounts for that year as a percentage of US\$624,000 (subject to a maximum of 100%); and

(iii) in Year 3 X shall equal actual post tax profit for financial year ended 31 October 2002 in accordance with the Company Accounts for that year as a percentage of US\$676,000 (subject to a maximum of 100%).

4. COMPLETION

4.1 Completion shall take place on 1 November 1999 at the offices of the Notary Public Lebano, Via Vittor Pisani 9, 2012Y Milan.

4.2 At Completion the Seller shall:

4.2.1 deliver the Italian Transfer Document;

4.2.2 give written confirmation to the Buyer that:

(a) 30 days' notice of the sale of the Business and Assets was given to any union official to whom notice should have been given pursuant to any Italian legal or regulatory requirements, and

(b) it has complied with all legal requirements relating to the transfer of the Employees' employment to the Buyer.

4.2.3 deliver a certificate from the Italian tax authorities confirming that there is no litigation pending in respect of the Seller or its Business and Assets;

4.2.4 give the Buyer possession of those Assets which are transferable by delivery;

- 4.2.5 give the Buyer (if it requests and in a form reasonably acceptable to it, including without limitation, full title guarantee) an executed assignment of, or otherwise vest in the Buyer, those Assets which are not transferable by delivery;
 - 4.2.6 give the Buyer a release in the agreed form in respect of any Encumbrance affecting any of the Assets; and
 - 4.2.7 give the Buyer the Records.
- 4.3 The Buyer is not obliged to complete this Agreement unless:
- 4.3.1 the Seller complies with all its obligations under Clause 4; and
 - 4.3.2 the purchase of all of the Assets is completed simultaneously (but if the Buyer exercise its option under Clause 4.4.1, completion of the purchase of some of the Assets does not affect the Buyer's rights in connection with the others).
- 4.4 If Completion does not take place on the date set for Completion in Clause 4.1 because the Seller fails to comply with any of its obligations under Clause 4, the Buyer may by notice to the Seller:
- 4.4.1 proceed to Completion to the extent reasonably practicable;
 - 4.4.2 postpone Completion to a date not more than 28 Business Days after the date set for Completion in Clause 4.1; or
 - 4.4.3 terminate this Agreement.
- 4.5 If the Buyer postpones Completion to another date in accordance with Clause 4.4.2, the provisions of this Agreement apply as if that other date is the date set for Completion in Clause 4.1.
- 4.6 If the Buyer terminates the Agreement under Clause 4.4.3:-
- (i) the Seller Parties shall indemnify the Buyer for each loss, expense or Liability (and all costs, charges, interest, fines, penalties and expenses) incidental to or relating to or arising in connection with any such loss, damage or liability, including without limitation, all expenses of the investigations and legal fees and expenses on a solicitor and own client basis (whether or not reasonable, foreseeable, contemplated or avoidable and whether suffered directly or indirectly) as a result of or in connection with the Buyer failing to proceed to Completion in accordance with this Agreement;
 - (ii) the Seller shall repay US\$100,000 (the "Principal Amount") to the Seller on account of the monies paid to the Buyer pursuant to Clause 3.1(i) together with interest (accruing day to day) on the Principal Amount at a rate of 4% per annum over the base rate of National Westminster Bank PLC from the date that payment was made by the Buyer to the Seller pursuant to Clause

3.1(i) until the date the Seller repays the Principal Amount pursuant to this clause;

(iii) each party's further rights and obligations cease immediately on termination, but termination does not affect a party's accrued rights and obligations at the date of termination.

5. THE BUYER'S REMEDIES

5.1 If, on or before the date set for Completion in Clause 4.1, the Buyer considers that the Seller is in breach of any provision of this Agreement, the Buyer may by notice to the Seller elect to proceed to Completion or terminate the Agreement.

5.2 If the Buyer terminates the Agreement under Clause 5.1:

5.2.1 the Seller shall indemnify the Buyer against all loss, damage or liability suffered by the Buyer as a result of the Seller's breach including but not limited to its costs relating to negotiation, preparation, execution or termination of this Agreement;

5.2.2 the Seller shall repay the amount paid by the Buyer to the Seller under Clause 3.1(i) in accordance with the terms of Clause 4.6(ii); and

5.2.3 each party's further rights and obligations cease immediately on termination but termination does not affect the party's accrued rights and obligations at the date of termination.

5.3 The Seller shall indemnify the Buyer against:

5.3.1 each loss, liability and cost which the Buyer may incur in connection with the breach of Clause 6.1 by the Seller; and

5.3.2 each cost which the Buyer may incur whether before or after the start of an action in connection with:

(a) the settlement of the claim against the Seller in respect of a breach or an alleged breach of Clause 6.1 for the enforcement of the settlement; and

(b) legal proceedings against the Seller in respect of a breach or an alleged breach of Clause 6.1 in which judgement is given for the Buyer or the enforcement of the judgement.

6. REPRESENTATIONS WARRANTIES AND UNDERTAKINGS

6.1 The Seller Parties jointly and severally represent, warrant and undertake to the Buyer:-

6.1.1 in the terms of Schedule 1;

- 6.1.2 that the contents of the Buyer's Report are true, accurate and complete in all respects and fully, clearly and accurately divulge every matter to which they relate;
- 6.1.3 that upon any event occurring or matter arising which results in any of the Warranties being unfulfilled, untrue, misleading or inaccurate in any respect at Completion or any breach or non-fulfilment of any of the undertakings, agreements or obligations of the Seller Parties or any of them contained in this Agreement the Seller Parties will as soon as reasonably practicable thereafter notify the Buyer of the same and give details of and, where requested, investigate fully all relevant circumstances.
- 6.2 The Warranties contained in this Agreement will each remain in full force and effect beyond and notwithstanding Completion and are each made without prejudice to any of the others. Subject to Clause 7, no provision of this Agreement will limit the extent or application of any Warranty and although those contained in Schedule 1 are given subject to matters fully and fairly disclosed in the Disclosure Letter no other information relating to any Group Company of which the Buyer or any of its advisers has knowledge (actual or constructive) will prejudice any claim made by the Buyer under any such Warranties or operate to reduce any amounts recoverable. Each disclosure in the Disclosure Letter shall (if it refers to any separate document) identify such document with a copy of the relevant document being attached to the Disclosure Letter; any disclosure which fails to comply with the foregoing requirement in any respect shall not be effective and the matters stated therein shall be deemed not to be disclosed so that the Warranties shall continue to have full effect without qualification in any respect by such disclosure. Notwithstanding the above or any other provision of this Agreement:-
- 6.2.1 the Warranties contained in paragraph 1 and paragraph 6.1.1 of Schedule 1 shall not be or be capable of being qualified or discharged by any disclosure made by the Seller Parties, Clause 5 or in any other way; and
- 6.2.2 the Warranties shall not be or be capable of being qualified or discharged by the Disclosure Letter, Clause 7 or in any other way insofar as any Claim arises as a consequence of the fraud or wilful or negligent misconduct or concealment of the Seller Parties.
- 6.3 Subject to the provisions of Clause 7, without restricting the rights of the Buyer or its ability to claim damages on any basis, the amount of any Claim may be determined as and be deemed to be and the Seller Parties shall at all times indemnify and keep fully and effectively indemnified the Buyer (for itself and at its option on behalf of its officers, employees, directors, shareholders, advisors and agents (other than the Seller Parties)) from and in respect of:-
- 6.3.1 the amount of all loss, damage or Liability (and all costs, charges, interest, fines, penalties and expenses incidental or relating to the same (including without limitation all expenses of investigations and legal fees and expenses on a solicitor and own client basis) whether reasonable, foreseeable, contemplated or avoidable and suffered directly or indirectly and/or the

amount of any depletion or diminution in the value of the Assets or the Business in each case suffered or incurred by the Buyer directly or indirectly as a result of, in connection with or in relation to the subject matter of such Claim; or

6.3.2 the amount by which the Business or any Assets or Liabilities of the Buyer are respectively less or more than they would have been had the relevant statement in Schedule 1 been true and not misleading.

6.4 Save as otherwise provided herein and save as regards matters already disclosed in the Disclosure Letter the rights and remedies of the Buyer in respect of any breach of the Warranties shall not be affected by Completion, by any investigation made by it or on its behalf into the affairs of the Seller or the Business, by its rescinding or failing to rescind this Agreement or by any other event or matter whatsoever.

6.5 Any liability of a Seller Party to the Buyer under this Agreement (including its Schedules and documents referred to in this Agreement) may be released compounded or compromised in whole or in part by the Buyer without in any way prejudicing or affecting its rights against the other Sellers Parties.

6.6 If the Business or any of the Assets purchased by the Buyer shall at any time be sold or transferred the benefit of each of the Warranties may be assigned to the purchaser or transferee of the Business or those Assets who shall accordingly be entitled to enforce each of the Warranties against the Seller Parties as if he were named in this Agreement as the Buyer.

6.7 The Seller Parties warrant that between the date of this Agreement and Completion they shall ensure that:

6.7.1 the Seller complies with Schedule 2;

6.7.2 they shall notify the Buyer immediately if they become aware of a fact or circumstance which constitutes a breach of Clause 6 or has caused or will cause a Warranty to become untrue, inaccurate, incomplete or misleading at any time before Completion.

6.8 The Seller Parties will at all times indemnify and hold the Buyer (for itself and on behalf of its officers, shareholders, directors, employees, shareholders and advisors and agents (other than the Seller Parties)) fully and effectively indemnified against any claims, actions, proceedings, demands, judgments, orders or enforcements and all loss, damage or Liability (and all costs charges interest fines penalties and expenses incidental or relating to or arising in connection with any such loss damage or liability, including without limitation, all expenses of investigations and legal fees and expenses on a solicitor and own-client basis) whether or not reasonable, foreseeable, contemplated or avoidable and whether suffered directly or indirectly as a result of or in connection with the following:-

6.9 The Buyer undertakes to make available (subject to Completion) US\$375,000 (the "EMPLOYEE FUND") for distribution to Employees nominated by the Seller which shall

be distributed by the Buyer by way of bonus. The Employee Fund shall be reduced by any amount payable by the Buyer (by way of any tax or other liability or other expenses) in making any payment to Employees pursuant to this Clause.

7. LIMITATIONS

7.1 The liability of the Seller Parties in respect of any Claim shall be limited as follows:

7.1.1 no liability shall arise unless the loss thereby sustained (together with the aggregate amount of losses sustained arising from previous or concurrent Claims, if any) shall exceed US\$5,000, in which case any and all such sums shall be liable to be met in full;

7.1.2 no Claim shall be made by the Buyer (other than in respect of (a) those Warranties in paragraph 1 of Schedule 1 or (b) fraud or wilful misconduct or concealment), unless written notice specifying in reasonable detail the grounds on which such Claim is based (and so far as practicable the amount claimed) has been given by the Buyer to any of the Seller Parties on or before the third anniversary of Completion (the "CLAIM DATE"), Any Claim which has been made or shall be made before the Claim Date shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been withdrawn and shall become fully barred and unenforceable on the expiry of the period of six months commencing on the receipt by any Seller Party of notice of the Claim pursuant to this clause unless proceedings in respect thereof shall have been commenced against any Seller Party and for this purpose proceedings shall not be deemed to have been commenced unless they shall have been issued and served upon any of the Seller Parties.

8. LIABILITIES AND APPORTIONMENTS

8.1 With effect from Completion, the Seller:

8.1.1 remains responsible for all liabilities incurred by it before the Effective Time (including, without limitation, the Trade Credits and all outgoings and expenses owed in connection with the Business or the Assets before the Effective Time (including, without limitation, wages, accrued holiday pay, bonuses and other outgoings in respect of the Employees and rents, rates and service charges in respect of the Property));

8.1.2 remains responsible for all claims by any person outstanding against it as at the Effective Time or arising by reason of any act or omission by it before the Effective Time (including, without limitation, all claims by any person in connection with any goods or services supplied by the Seller before the Effective Time);

8.1.3 shall (except as provided in clause 9.7) promptly pay the liabilities referred to in clause 8.1.1. and promptly settle the claims referred to in clause 8.1.2; and

8.1.4 shall indemnify the Buyer against each loss, liability and cost which the Buyer may incur:

(a) in connection with the ownership or operation of the Business or the Assets before the Effective Time; or

(b) as a result of the Seller's failure to comply with its obligations under clause 8.1.1, 8.1.2 or 8.1.3,

including, without limitation, each loss, liability or cost incurred as a result of defending or settling a claim alleging such a liability (a "SPECIFIED CLAIM").

8.2 With effect from Completion the Buyer:

8.2.1 is responsible for all liabilities incurred by it in connection with the Business and the Assets after the Effective Time (including, without limitation, all outgoings and expenses owed in connection with the Business or the Assets after the Effective Time (including, without limitation, wages accrued holiday pay,

bonuses and other outgoings in respect of the Employees and rents, rates and service charges in respect of the Property));

8.2.2 shall indemnify the Seller against each loss, liability and cost which the Seller may incur:

(a) in connection with the ownership or operation of the Business or the Assets after the Effective Time; or

(b) as a result of the Buyer's failure to comply with its obligations under clause 8.2.1;

including, without limitation, each loss, liability or cost incurred as a result of defending or settling a claim alleging such a liability (also a "SPECIFIED CLAIM").

8.3 If a party (the "INDEMNIFIED PARTY") becomes aware of a matter which might give rise to a Specified Claim:

8.3.1 the Indemnified Party shall notify the other party (the "INDEMNIFIER") immediately of the matter (stating in reasonable detail the nature of the matter and, if practicable, the amount claimed) and consult with the Indemnifier with respect to the matter; if the matter has become the subject of proceedings the Indemnified Party shall notify the Indemnifier within sufficient time to enable the Indemnifier time to contest the proceedings before final judgment;

8.3.2 the Indemnified Party shall:

(a) take any action and institute any proceedings, and give any information and assistance, as the Indemnifier or its insurers may reasonably request to:

(i) dispute, resist, appeal, compromises, defend, remedy or mitigate the matter; or

(ii) enforce against a person (other than the Indemnifier) the Indemnified Party's or its insurers' rights in relation to the matter; and

(b) in connection with proceedings related to the matter (other than against the Indemnifier) use advisers chosen by the Indemnifier or its insurers and, if the Indemnifier requests, allow the Indemnifier or its insurers the exclusive conduct of the proceedings,

in each case if the Indemnifier indemnifies the Indemnified Party for all reasonable costs incurred as a result of a request or choice by the Indemnifier or its insurers;

8.3.3 if the Buyer is the Indemnified Party, clause 8.3.2 does not apply if the Seller's or its insurers' request or choice would in the Buyer's reasonable opinion prejudice its relationship with a customer or supplier of the Business; and

8.3.4 the Indemnified Party may only admit liability in respect of or settle the matter if it has first obtained the Indemnifier's written consent (not to be unreasonably withheld or delayed).

8.4 If a payment of outgoings or expenses in respect of the Business or the Assets for a period covering both before and after the Effective Time (other than the Seller Prepayments) has been made by:

8.4.1 the Seller, the Buyer shall pay the Seller an amount equal to that proportion of the payment that relates to the period after the Effective Time; or

8.4.2 the Buyer, the Seller shall pay the Buyer an amount equal to that proportion of the payment that relates to the period before the Effective Time.

8.4.3 If a payment in respect of the Business or the Assets for a period covering both before and after the Effective time (other than Customer Prepayments) has been received by:

(a) the Seller, it is entitled to retain the proportion of the payment that relates to the period before the Effective Time and shall pay the Buyer an amount equal to the remainder; or

(b) the Buyer, it is entitled to retain the proportion of the payment that relates to the period after the Effective Time and shall pay the Seller an amount equal to the remainder.

8.5 A party owing an amount under clause 8.4 or 8.5 shall pay the other party that amount within 28 days of receipt of an invoice from the other party.

9. TRADE DEBTS AND TRADE CREDITS

9.1 Within 10 days starting on the day of Completion, the Seller shall give the Buyer written details of

9.1.1 the amount of each Trade Debt, the name and address of the trade debtor that owes the Trade Debt and the date on which the Trade Debt became due and payable; and

9.1.2 the amount of each the Trade Credit, the name and address of the trade creditor that is owed the Trade Credit and the date on which the Trade Credit is due to be paid.

9.2 During the period starting on the day after Completion and ending on the day 60 days after that date the Buyer shall make all reasonable efforts to collect the Trade Debts as the Seller's agent. After that period the Buyer has no further obligation to the Seller in respect of clause 9.

9.3 During the period specified in clause 9.2, the Seller may only assign to a person or deal with a Trade Debt or contact a debtor whose debt is included in the Trade Debts if it has first obtained the Buyer's written consent.

9.4 The Buyer shall, for the purpose of collecting the Trade Debts, in all material respects continue the practices and procedures previously used by the Seller to collect trade debts. The Buyer is not required to take legal proceedings to recover a Trade Debt nor to apply its own money to settle a Trade Debt.

9.5 If the Buyer receives an amount from a debtor whose debt is included in the Trade Debts and who is a debtor of the Buyer, the amount shall be applied to satisfy the outstanding debts which were invoiced first to the debtor unless the debtor allocates the amount.

9.6 The Buyer may only compromise a Trade Debt or give time or indulgence for payment of a Trade Debt if it has first obtained the Seller's written consent (not to be unreasonably withheld or delayed).

9.7 The Buyer shall (as the Seller's agent) apply any money it receives in respect of the Trade Debts (less any deduction permitted by clause 9.10 or clause 9.11) to discharge the Trade Credits. The Buyer has an absolute discretion as to which Trade Credits to discharge and the order in which Trade Credits are discharged. If when a Trade Credit is due to be paid the amount of money collected from the Trade Debts (and not previously used to discharge another Trade Credit) is less than the amount of the Trade Credit, the Seller shall pay the Buyer the difference between those amounts immediately after being notified by the Buyer of the difference.

- 9.8 After all the Trade Credits have been paid, the Buyer shall within 10 days starting on the last day of each month pay any money it has received during that month in respect of the Trade Debts (less any deduction permitted by clause 9.10 into the Seller's bank account.
- 9.9 Within 10 days starting on the last day of each month, the Buyer shall give the Seller written details of the amounts received during that month in respect of the Trade Debts and the amounts applied in payment of Trade Credits or deducted in accordance with clauses 9.10 and 9.11.
- 9.10 The Buyer may set off each amount which the Seller is liable to pay the Buyer in connection with this Agreement against its obligations under clause 9.7 to discharge the Trade Credits and its obligations under clause 9.8 to pay the Seller the amount of the Trade Debts collected.

10. CONTACTS

- 10.1 Subject to Clauses 8.1 and 10.3.3, after Completion the Buyer shall:
- 10.1.1 perform all the Seller's obligations under each Contract in accordance with the terms of the Contract; and
 - 10.1.2 indemnify the Seller against each loss, liability and cost which the Seller may incur as a result of the Buyer's performance of the Seller's obligations under each Contract to the extent that the loss, liability or cost is attributable to the Buyer's act or omission after the Completion Date (including, without limitation, each loss, liability and cost incurred as a result of defending or settling a claim alleging such a liability).
- 10.2 The Seller shall indemnify the Buyer against each loss, liability and cost which the Buyer may incur as a result of the Seller's performance of its obligations under each Contract to the extent that the loss, liability or cost is attributable to the Seller's act or omission whether before or after the Completion Date (including, without limitation, each loss, liability and cost incurred as a result of defending or settling a claim alleging such a liability).
- 10.3 If a Contract cannot be transferred to the Buyer except by an assignment made with a specified person's consent or by a novation agreement:
- 10.3.1 this Agreement does not constitute an assignment or an attempted assignment of the Contract if the assignment or attempted assignment would constitute a breach of the Contract;
 - 10.3.2 both before and after the Completion Date each party shall make all reasonable efforts to obtain the person's consent to the assignment, or achieve the novation, of the Contract;
 - 10.3.3 until the consent is obtained or novation is achieved, the Seller shall do each act and thing reasonably requested of it by the Buyer to enable performance

of the Contract and to provide for the Buyer the benefits of the Contract (including, without limitation, enforcement of a right of the Seller against another party to the Contract arising out of its termination by the other party or otherwise); and

10.3.4 if the arrangements in clauses 10.3.2 and 10.3.3 cannot be made in respect of the Contract:

(a) each party shall make all reasonable efforts to ensure that the Contract is terminated without liability to either party; and

(b) neither party has any further obligation to the other relating to the Contract except that the Seller shall immediately repay to the Buyer any amount paid by the Buyer to the Seller in respect of the Contract.

10.4 Clause 10.3 does not affect the Buyer's rights and remedies against the Seller in respect of a Contract which the Seller has warranted is assignable, or may be performed by the Buyer instead of the Seller, without novation agreement.

11. RESTRICTIONS ON SELLERS

11.1 As regards the Service Arrangements proposed to be entered into between the Buyer and PGV and MEC (the "EXECUTIVE SELLER PARTIES"):

11.1.1 the Executive Seller Parties hereby acknowledge that:

(a) it is a term of this Agreement that the said Service Arrangements are being entered into for the purpose of (inter alia) protecting the goodwill of the Business and Assets; and

(b) accordingly if any Executive Seller Party shall voluntarily leave the service of the Buyer within 3 years from Completion or if the Buyer shall be entitled summarily to determine such Service Arrangement, the Buyer will suffer loss;

11.1.2 if any Executive Seller Party shall leave the service of the Buyer prior to the expiry of such 3 year period, such Executive Seller Party undertakes to repay to the Buyer an amount equal to one half of US\$ (which sum represents the agreed proportion of the total consideration payable hereunder which is attributable to the goodwill of the Business) for each complete calendar month between the date of termination of the Executive Seller Party's service by the Buyer and the expiry of such 3 year period, such amount to be payable within one calendar month after the termination of the Executive Seller Party's employment;

11.1.3 nothing in this Clause shall require the Executive Seller Parties or any of them to make any payment to the Buyer in circumstances in which:

- (a) the Buyer shall terminate the said Service Arrangement without good cause; or
- (b) the Buyer shall fail to fulfil its obligations under this Agreement in any material respect; or
- (c) the Buyer shall constructively dismiss the Executive Seller Party without having good cause to do so; or
- (d) the Executive Seller Party shall by reason of death, illness or injury be unable to perform his obligations under the said Service Arrangement in circumstances which would entitle the Buyer to terminate the same.

11.2 For the purposes of this Clause the following words and expressions shall have the following meanings:

"CUSTOMER" any person, firm or company who at any time during the period of two years immediately prior to the relevant Event Date was a customer, client or licensee of the Seller or any Relevant Associate being a person, firm or company with whom the Seller personally dealt on its own behalf or that of any Relevant Associate during the said period of two years or for whose account the Seller had overall responsibility;

"DISTRIBUTION BUSINESS" the business of the marketing, purchasing, sale, licensing and distribution of interactive entertainment software, peripheral and hardware products;

"THE EVENT DATES" the Completion Date and/or the Termination Date;

"KEY PERSON" a person who is or was at any time whilst the relevant Seller Party was employed by or a shareholder of the Seller:

employed or engaged as an employee, director or consultant of the Seller or any Relevant Associate; and

a person with whom the relevant Seller Party personally dealt during his employment by or the time he held shares in the Seller; and/or

employed in the capacity of manager, marketing or licensing executive or developer

or in a more senior capacity or who is reasonably likely to be in possession of any Confidential Information;

"PERIOD" the period commencing on each of the Event Dates and ending on the date being five years later and (in the case of the Termination Date) two years from the Termination Date, save that the purposes of clause 11.3.5, such period shall continue indefinitely;

"PROSPECTIVE CUSTOMER" any person, firm or company who has been engaged in negotiations with the Seller or any Relevant Associate with a view to purchasing or contracting in relation to services or goods supplied by the Seller or any Relevant Associate in the period of 12 months prior to the relevant Event Date being a person, firm or company with whom the relevant Seller Party personally dealt on behalf of the Seller or any Relevant Associate during the said period of 12 months or for whose account the relevant Seller Party had overall responsibility;

"RELEVANT ASSOCIATE" the Seller and/or an Associate of the Seller from time to time;

"RESTRICTED BUSINESS" that part or parts of the Distribution Business which competes or compete or is or are about to compete with that part or parts of the business of the Seller or any Relevant Associate with which the relevant Seller Party was materially involved or concerned or for which the relevant Seller Party was responsible within a two year period prior to the relevant Event Date;

"SERVICES AND/OR GOODS" any services and/or goods of a kind supplied by the Seller or any Relevant Associate in the period of two years immediately prior to the relevant Event Date and with the supply of which the relevant Seller Party was concerned during the said two year period;

"SUPPLIER" any person, firm or company who at any time during the period of two years immediately prior to the relevant Event Date was a supplier, licensor developer of the Seller or any Relevant Associate being a person, firm or

company with whom the relevant Seller Party personally dealt on behalf of the Seller or any Relevant Associate during the said period of two years or for whose account the relevant Seller Party had overall responsibility;

"THE TERMINATION DATE"

the date on which the relevant Executive Seller Party's Service Arrangement with the Seller or any Relevant Associate terminates; and

"TERRITORY"

Means Italy and the Vatican City.

11.3 Each Seller Party agrees with the Buyer that, without prejudice to any other duty imposed by law or equity, neither such Seller Party nor any Associate of such Seller Party will without the prior written consent of the Buyer (which consent will be withheld only in so far as may be reasonably necessary to protect the legitimate interests of the Buyer or the Business) either by himself, his employees or agents or otherwise howsoever, on his own account or in conjunction with or as principal, partner, director, employee, consultant or agent or otherwise on behalf of any other person for the Period, directly or indirectly:

11.3.1 carry on or assist with or be concerned or interested in the carrying on of a Restricted Business in the Territory;

11.3.2 in competition with that part or parts of the Business with which the relevant Seller Party was involved, concerned or responsible within a two year period prior to the relevant Event Date, supply (or procure or assist the supply of) any Services and Goods to any Customer or any Prospective Customer;

11.3.3 in competition with that part or parts of the Business with which the relevant Seller Party was involved, concerned or responsible within a two year period prior to the relevant Event Date, canvass or solicit the custom of (or procure or assist the canvassing or soliciting of the custom of) any Customer or any Prospective Customer in respect of any Services and/or Goods;

11.3.4 in competition with the Business

(a) offer employment to or employ or offer or conclude contract for services with, canvass or solicit the employment or engagement of any Key Person; or

(b) procure or assist any third party so to offer, employ, engage or solicit any Key Person (whether or not such person would commit any breach of his contract with the Buyer or any Relevant Associate) unless such Key Person had ceased to be employed or engaged by the Buyer or any Relevant Associate (as the case may be) more than 3 months previously;

- 11.3.5 interfere or seek to interfere with the continuance of supplies to the Buyer or any Relevant Associate by any Supplier or do or say anything likely or calculated to lead any person, firm or company to withdraw from or cease to continue offering to the Buyer or any Relevant Associate any goods, services or rights enjoyed by it.
- 11.4 Within 30 days starting on the day of Completion the Seller Parties shall ensure that the name of the Seller is changed so as not to include the words "C.D. Verte" or to suggest a connection with the Business. The Seller Parties acknowledge that reputation and goodwill is attached to the name "C.D. Verte" and that the Buyer is acquiring all rights in the name under this Agreement. After Completion the Seller Parties may not, directly or indirectly, use or authorise, encourage, allow or assist a person to use, a name or names identical or confusingly similar to "C.D. Verte" in connection with an activity which competes directly or indirectly with the Business.
- 11.5 The Seller Parties shall ensure that each Relevant Associate of them complies with the last sentence of clause 11.4.
- 11.6 Each of the Seller Parties agrees with the Buyer that he will not at any time after either of the Event Dates, whether by himself, his employees or agents or otherwise howsoever;
- 11.6.1 in the course of carrying on any trade or business, claim, represent or otherwise indicate any present association with the Business or for the purpose of obtaining or retaining any business or custom claim, represent or otherwise indicate any past association with the Business;
- 11.6.2 without the consent of the Buyer use whether on his own behalf or on behalf of any third party or divulge to any third party any Confidential Information;
- 11.6.3 do or say anything with the intention of harming the reputation of the Buyer or the Business or do anything which could be anticipated to lead to any person or Undertaking ceasing to do business with the Buyer;
- 11.7 Each of the Seller Parties agrees with the Buyer that the restrictive covenants herein contained are reasonable and necessary for the protection of the value of the Business and each of the Seller Parties agrees that having regard to that fact those covenants do not work harshly on him.
- 11.8 While the restrictions aforesaid are considered by the parties to be reasonable in all the circumstances, it is agreed that if any such restrictions taken together shall be adjudged to go beyond what is reasonable in all the circumstances for the protection of the interests of the Buyer but would be adjudged reasonable if part or parts of the wording thereof were deleted or amended or qualified or the periods thereof were reduced or the range of products or area dealt with were thereby reduced in scope, then the relevant restriction or restrictions shall apply with such modification or modifications as may be necessary to make it or them valid and effective.

11.9 Each of the Seller Parties hereby agrees with the Buyer at the request of the Buyer to enter into a direct agreement or undertaking with any company or companies in the Buyer Group whereby he will accept restrictions and provisions corresponding to the restrictions and provisions herein contained (or such of them as may be appropriate in the circumstances) in relation to such products and services and such area and for such period as such company or companies in the Buyer Group may reasonably require for the protection of its or their legitimate interests.

11.10 Without prejudice to any other rights or remedies that the Buyer may have, the Seller Parties acknowledge and agree that damages alone would not be an adequate remedy for any breach by any Seller Party of the provisions of this clause and that, accordingly, the Buyer shall be entitled without proof of special damage to the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of the provisions of this clause by any of the Seller Parties.

11.11 Each of the obligations on the Seller Parties contained in the above provisions of this Clause constitutes an entirely separate and independent restriction on the Seller Parties notwithstanding that they may be contained in the same sub-clause, paragraph, sentence or phrase.

11.12 This Clause shall not preclude the Seller Parties from holding or acquiring directly or indirectly not more than 1% in nominal value of the issued shares or other securities of any class of any other company which are listed or dealt in on any recognised stock exchange and held by way of bona fide investment only.

12. EFFECT OF COMPLETION

Any provision of this Agreement and any other documents referred to in it which is capable of being performed after but which has not been performed at or before Completion and all Warranties and covenants and other undertakings contained in or entered into pursuant to this agreement shall remain in full force and effect notwithstanding Completion.

13. COSTS, EXPENSES AND INSURANCE

13.1 All costs and expenses incurred by or on behalf of the parties to this Agreement in connection with this Agreement or any of the documents to be executed pursuant to this Agreement will be borne solely by the party who incurs them:

(i) to the Buyer's Accountants or the Buyer's Solicitors shall be borne by the buyer; and

(ii) to the Sellers' Accountant or the Sellers' Solicitors shall be borne by the Seller)

13.2 For 90 days following Completion the Sellers shall take such steps as are reasonably available to them to maintain in good standing all insurance policies relating to the Business and Assets, details of which are given in the Disclosure Letter. The Buyer shall be responsible for making new insurance arrangements for the Business and

Assets as soon as reasonably practicable after Completion and undertakes to pay on demand (against evidence thereof) to the Sellers all costs properly attributable to keeping the said insurance arrangements in force after Completion.

14. NOTICES

14.1 To be effective all notices consents approvals requests or other communications relating to this Agreement must be in writing but may be delivered personally or sent by first class prepaid (airmail if overseas) recorded delivery post or facsimile (with a confirmation copy sent by post) to the party to be served at its address as stated in this Agreement or to that party's facsimile transmission number at that address or as notified from time to time;

and if to the Buyer to:-

Take Two Interactive Software Europe Limited
Hogarth House
29-31 Sheet Street
Windsor
Berkshire
SL4 1BY

For the attention of: Kelly Sumner (with a copy to the Buyer's Solicitors)

and if to the Sellers Parties to the respective addresses set out at the beginning of this Agreement.

14.2 A communication will be deemed to have been served as follows:-

14.2.1 if personally delivered or by overnight mail at the time of delivery;

14.2.2 if posted at the expiration of two days (three days if overseas) (excluding days which are not Business Days) after the envelope containing the communication was delivered into the custody of the postal authorities;

14.2.3 if sent by facsimile at the expiration of one day (excluding a Business Day) after the facsimile was transmitted.

14.3 In proving service it will be sufficient to prove that the personal delivery was made or that the envelope containing the communication was properly addressed as a pre-paid first class (airmail if overseas) recorded delivery letter or that the facsimile was properly addressed and sent.

15. ENTIRE AGREEMENT/VARIATION

15.1 This Agreement (together with any Transaction Documents) constitutes the entire agreement and understanding between the parties and supersedes any previous agreement, arrangement or understanding between the parties in relation to the subject matter of this Agreement.

15.2 No variation of this Agreement shall be effective unless made in writing and signed by or on behalf of each party.

16. COUNTERPARTS

This Agreement may be executed in any number of counterparts all of which together shall constitute a single instrument.

17. ANNOUNCEMENTS

Unless specifically otherwise agreed in writing or required by law, no public announcement shall be made in respect of the subject matter of this Agreement and the parties shall co-operate with respect to any such public announcement.

18. GENERAL

18.1 The termination of this Agreement for whatever cause shall not prejudice or affect the rights or remedies of either party against the other in respect of any antecedent breach of this Agreement and shall not prejudice the rights or remedies of either party in respect of any sums or sum of money owed or owing from one party to the other.

18.2 No failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by either party of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of and are without prejudice to any rights or remedies available under law or otherwise.

18.3 No breach of any provision of this Agreement shall be waived or discharged except with the express written consent of the parties.

18.4 If any term or provision in this Agreement shall be held to be illegal or unenforceable, in whole or in part, under any enactment or rule of law, such term or provision or part shall to that extent be deemed not to form part of this Agreement but the enforceability of the remainder of this Agreement shall not be affected. The parties further agree to replace such void or unenforceable provision of this Agreement with valid and enforceable provisions that will achieve, to the greatest extent possible, the economic, business and other purposes of the illegal or unenforceable term or provision.

18.5 The parties hereby agree to participate fully in and to use their respective reasonable endeavours to obtain any necessary clearances and guidance from the European Commission ("THE COMMISSION") and any other governmental or other authorities having responsibility from time to time for the control of mergers and other competition law issues to ensure that the provisions contained in this Agreement are fully effective and binding against the parties for the duration provided herein.

18.6 Subject to the express provisions of this Agreement, neither party may assign the benefit of this Agreement in whole or in part without the prior written consent of the

other Provided That the Buyer may upon giving written notice to the Sellers, assign the benefit of this Agreement to any Connected Company. For the purposes of this sub-clause "CONNECTED COMPANY" will mean any Subsidiary Undertaking, Parent Undertaking or Associate of the Buyer or any Subsidiary Undertaking of such Parent Undertaking or Associate. If that assignee (or in the case of a series of assignments the ultimate assignee) ceases to be a Connected Company, the rights held by the relevant assignee shall lapse unless they are reassigned within 14 days to the Buyer or any other person or Undertaking at that time a Connected Company.

18.7 If the Sellers or the Buyer default in the payment when due of any sum payable under this Agreement or the Deed (whether determined by agreement or pursuant to an order of the Court or otherwise) the liability of the Sellers or the Buyer (as the case may be) shall be increased to include interest on such sum from the date when such payment was due until the date of actual payment (as well after as before judgment) at a rate per annum of 2 per cent above the base rate from time to time of National Westminster Bank Plc. Such interest shall accrue from day to day.

19. GOVERNING LAW AND JURISDICTION

19.1 This Agreement and the Transaction Documents save as expressly stated otherwise shall be governed by and construed in accordance with English law and the parties irrevocably submit to the non-exclusive jurisdiction of the English courts as regards any claim, dispute or matter ensuing in relation to this Agreement and the Transaction Documents.

19.2 Each of the Sellers and the Buyer hereby irrevocably designate, appoint and empower (in the case of the Sellers) the Sellers' Solicitors and (in the case of the Buyer) the Buyer's Solicitors as its agent to receive for and on its behalf service of process in any legal action, matter or proceedings with respect to this Agreement service on whom shall be deemed completed whether or not received by the Sellers or the Buyer as the case may be. Each party shall inform the other in writing of any change in the address of its process agents within 28 days. If such process agents cease to have an address in England, the relevant party irrevocably agrees to appoint new process agents acceptable to the other party and deliver to it within 14 days a copy of a written acceptance of appointment by its new process agents. Nothing contained in this Agreement shall however affect the right to serve process in any other manner permitted by law or the right to bring proceedings in any other jurisdiction for the purposes of the enforcement or execution of any judgment or other settlement in any other courts.

IN WITNESS of which this Agreement has been duly executed the day and year first above written.

SCHEDULE 1

REPRESENTATION WARRANTIES AND UNDERTAKINGS

1. CAPACITY AND AUTHORITY

1.1 Each of the Seller Parties has full power and authority and legal capacity to enter into and perform this Agreement and/or any other Transaction Document to which it is a party. This Agreement and the Transaction Documents constitute or when executed will constitute binding obligations on each of them enforceable against each in accordance with their terms and will not give rise to any breach of any agreement or order, judgment or decree of any court or governmental agency by or to which any Seller Party is bound.

1.2 The Seller is in all respects duly organised and registered, validly existing until 31 December 2050 under the laws of Italy and the Seller has all requisite corporate power to own, lease and operate its assets and to carry out its business as it is now being conducted, and the said business has been conducted and is now being conducted in conformity with all applicable laws.

2. ACCOUNTS AND FINANCE

2.1 The Latest Accounts (including all books and records relevant to them) were prepared in accordance with [the historical cost convention on the same basis and adopting] the same accounting principles (whether in respect of valuation rates of depreciation or otherwise) as the Accounts for the previous financial year and both they and their preparation accord with Italian generally accepted accounting principles and all other applicable statutes and regulations and:-

2.1.1 are true complete and accurate in all respects, set out accurately and correctly all assets and liabilities (whether actual or contingent) of the Seller as at the date of the Latest Accounts, show a true and fair view of the financial position of the Seller at the date of the Latest Accounts and of the profits and losses of the Seller for the period ended on the date of the Latest Accounts are not affected by any extraordinary or exceptional items; and

2.1.2 contain either full provision or full particulars in notes (conforming with good accountancy practice) in respect of bad and doubtful debts and all Liabilities of the Seller as at the date of the Latest Accounts.

2.2 In the Latest Accounts the Seller's assets were not overvalued nor were its Liabilities undervalued.

2.3 At the date of the Latest Accounts the value attributed to stock did not exceed the lower of its direct cost or net realisable value, all slow-moving stock (being stock held

for a period in excess of 6 months) redundant or obsolete stock then owned by the Seller having been written down to nil.

- 2.4 The rate of depreciation applied in the Latest Accounts in respect of each fixed asset has been consistently applied over previous accounting periods of the Seller consistently applied after the date of this Agreement will be adequate to write down the value of such asset to its net realisable value at a time not later than the expiration of its useful working life.
- 2.5 The turnover, profits and losses of the Seller shown by the Latest Accounts have not been affected by any unusual, exceptional, extraordinary, non-recurring or short-term item or by any other matter which has rendered such turnover, profits or losses unusually or artificially high or low.
- 2.6 The Seller has maintained its books and records accurately and in accordance with generally accepted accounting principles and standards and such books and records accurately reflect the Seller's current physical stock debtors and creditors the levels of all of which do not materially differ from the Seller's customary levels at this stage in its trading year and are sufficient but not excessive for the normal requirements of the Business and having regard to current orders and to orders reasonably anticipated.
- 2.7 The Seller is in possession of all books, records, papers, deeds and documents relating to its business, assets and liabilities and does not have any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent on or held by any means which (including all means or access thereto and therefrom) are not under the exclusive ownership and direct control of the Seller.
- 2.8 The Seller has no amounts outstanding under all loan, guarantee, acceptance and other borrowing facilities and arrangements (including, without limitation, money raised by acceptances or debt factoring) and no outstanding foreign exchange commitments or exposures. The Seller has not, and will not by virtue of any aspect of the transaction hereby contemplated, become bound or liable to be called upon to pay or repay prematurely any indebtedness or to pay or discharge any obligation under any guarantee, indemnity, surety, or security arrangement nor has the Seller failed to pay or repay any indebtedness or to meet any such obligation in full on the due date.
- 2.9 No loan made to the Seller is repayable now nor has the Seller received any notice requiring repayment of any loan or which may result in any indebtedness becoming due prior to its intended maturity date nor do any circumstances exist which may result in the service of any such notice.

3. EVENTS SINCE THE LATEST ACCOUNTS

Since the date of the Latest Accounts there has been no adverse or material change in the prospects or financial or trading position of the Seller or the nature and scope of the Business or the net realisable value of its assets or its gross and net profit margins and the Seller has not:-

- 3.1 entered into or incurred or assumed any contract or Liability of a material or unusual nature or which is not in the ordinary course of trading consistent with past practice or pursuant to which the Seller is required to make a payment in excess of US\$5,000 or periodic payments which involved or may involve total annual expenditure in excess of US\$5,000 per contract or commitment (or series or related associated contracts and or commitments);
- 3.2 given any guarantee, indemnity, surety or security;
- 3.3 lent any amount to any person or entity, other than advances for travel and expenses which are incurred in the ordinary course of business consistent with past practice, not material in amount and documented by receipts for the claimed amounts;
- 3.4 terminated or amended any agreement, arrangement or understanding or waived or released any right or claim of material value;
- 3.5 failed to perform in accordance with their terms all contracts and orders and (subject to any specific restrictions herein contained) discontinued obtaining new contracts and orders in the ordinary and proper course of trading;
- 3.6 let, licensed, exchanged, sold, assigned or transferred or agreed to do any of the foregoing or otherwise part with possession or ownership or created any Security Interest in respect of the whole or any part of its business or undertaking or the Properties, any Intellectual Property or other intangible asset or any material part of its assets or any material asset or (other than in the ordinary course of trading consistent with past practice) disposed of any of its assets;
- 3.7 done or omitted to do anything which might jeopardise or diminish any of the assets, goodwill or customer list of the or the value of the Business;
- 3.8 entered into any unusual or imprudent foreign exchange commitment or arrangement or failed to enter into arrangements to hedge any foreign currency exposures where it would have been prudent to do so;
- 3.9 declared, set aside, or paid any dividend or made any distribution;
- 3.10 paid or accrued or become liable to pay any admissions, or accounting, management and consultancy or other such fees to or entered into any transaction with or for the benefit of the Sellers or any of their Associates;
- 3.11 departed from conducting its business in its ordinary course and in consultation with the Buyer;
- 3.12 entered into any transaction with or for the benefit of any of its directors, the Seller Parties or of any Associate of any of the foregoing;
- 3.13 failed to keep proper accounting records or make therein true and complete entries of all its dealings and transactions or changed its accounting methods;

- 3.14 entered into any borrowing, factoring or other financing or any lending commitments being in each case commitments which are outside the ordinary course of trading and are not material to the financial condition of any of the Companies;
- 3.15 failed to pay off creditors on a timely basis;
- 3.16 paid or made (or made any oral or written commitments or representation to pay or make) any bonus, increased or special salary, remuneration, benefits or gratuitous payment to any director, officer, employee or consultant or entered into or varied the terms of any employment, consulting agency, agreement for personal services, compensation or severance agreement or arrangement with any such person, or paid any severance or termination pay.
- 3.17 failed to maintain in good working condition and repair, subject only to ordinary wear and tear or suffered the repossession by the owner under any hire purchase leasing rental or similar agreement of any of the plant and machinery fixtures fittings equipment vehicles and other assets represented in the Latest Accounts or subsequently acquired by the Seller;
- 3.18 ceased to trade with any substantial or important customer of or supplier to the Seller or received notice of termination;
- 3.19 so far as the Sellers are aware, incurred any bad or doubtful debt or learned of any circumstances making bad or doubtful any previously incurred debt;
- 3.20 received any notice of:
- (i) any adverse price or other changes in trading terms with any customer and no such change is to the knowledge of the Seller intended or likely;
 - (ii) the termination, or proposed or intended termination, of or changes or desired changes to the terms of any of the Material Contracts;
- 3.21 issued or sold any shares of any class or any other of its securities, or issued or created any warrants, obligations, subscriptions, options, convertible securities or other commitments to issue shares, or accelerate the vesting of any outstanding security;
- 3.22 split or combined the outstanding authorised or issued share capital of any class or entered into any recapitalisation or agreement affecting the number or rights of outstanding shares of any class affecting any other of its securities;
- 3.23 merged, consolidated or reorganised with, or acquired any entity;
- 3.24 amended its Memorandum and Articles of Association;
- 3.25 passed any resolution in general meeting other than resolutions relating to the routine business of annual general meetings;
- 3.26 agreed to any assessment by any tax authority;

- 3.27 changed any insurance coverage or issued any certificates of insurance;
- 3.28 directly or indirectly redeemed, purchased or otherwise acquired or committed to acquire any shares or other securities or other ownership interest of any party; or
- 3.29 agreed to do, or entered into negotiations with respect to, any of the things described in the preceding sub-paragraphs.

4. COMMITMENTS

- 4.1 There is not outstanding any option, right to acquire, right of pre-emption, Security Interest, deposit by way of security, set off, counterclaim, or other security, encumbrance or equity on the whole or any part of the Seller's undertaking goodwill uncalled capital properties or assets nor is the Seller a party to or subject to any agreement arrangement or commitment to give or create any such thing.
- 4.2 The amounts borrowed by the Seller from its bankers do not exceed any of its overdraft facilities and the total amount borrowed by the Seller (from whatever source) does not exceed any limitation on its borrowing powers whether contained in the Articles of Association of the Seller or in any debenture or loan stock deed or other deed document or agreement executed by the Seller or on its behalf or to which it is subject.
- 4.3 The Seller does not have any outstanding capital commitments nor has it entered into any leasing or hire purchase or similar commitment involving any asset with a capital value in excess of US\$5,000.
- 4.4 Except as fully provided or reserved for in the Latest Accounts no sum is owed by the Seller to its auditors solicitors or other professional advisers.
- 4.5 The Seller has paid its creditors within the times agreed with them and there are no debts owing by the Seller which have been due for more than four weeks.

5. LITIGATION

- 5.1 The Seller is not in default under any agreement to which it is a party or in respect of any other obligation binding upon it and it is not engaged (whether as plaintiff defendant or otherwise) in any litigation (whether civil or criminal), arbitration, tribunal inquiry or other proceedings or dispute and none of the foregoing is or are pending or threatened either by or against the Seller nor are there any facts or circumstances which may lead to any of the foregoing or to any proceedings against any director or employee of the Seller in respect of any act or default for which the Seller might be vicariously liable.
- 5.2 No governmental or other investigation or inquiry is in progress or threatened in respect of the Seller or its business and (so far as the Seller Parties are aware) there are no circumstances likely to lead to any of the same.

5.3 Details of all claims, complaints or other correspondence which might have a material effect on the Business have been disclosed to the Buyer and are referred to in the Buyer's Report.

6. ASSETS

6.1 Ownership of Assets

6.1.1 The Seller is the sole legal and beneficial owner of and has good and marketable title to the Assets and the Assets comprise all the assets used in, or used in the carrying on of, the Business (including, without limitation, all the assets which are accounted for or referred to in the Latest Accounts) and all the Assets are in the Seller's possession and under its control.

6.1.2 None of the Assets is subject to and there is no agreement or commitment to give or create in respect of any of the Assets any Security Interest.

6.1.3 None of the Assets has been purchased on terms that property does not pass to the Seller until full payment is made by it to the supplier.

6.1.4 There has been no exercise purported exercise or claim for any Security Interest over any of the Assets and there is no dispute directly or indirectly relating to any of the Assets.

6.2 Assets sufficient for the Business

6.2.1 The Assets comprise all the business of the Business and all assets used in the Business since 1 January 1999 and which are necessary for the continuation of the Business as carried on since that date and as it is expected to be conducted following Completion.

6.2.2 The stock is at its normal level and is sufficient for the normal requirements of the Business.

6.2.3 The work-in-progress is at its normal level having regard to the operation of the Business in the ordinary course and current orders and to orders reasonably anticipated from customers of the Seller.

6.2.4 The Seller Parties do not use, own or have any interest in any of the Assets.

6.3 Stock

6.3.1 The Stock is of satisfactory quality, in good and marketable condition, and saleable at normal selling prices in the ordinary course of business.

6.3.2 None of the Stock is obsolete unusable unmarketable or inappropriate or of limited value in relation to the Business and the Stock does not include any stock relating to contracts which have expired or terminated.

6.3.3 The stocks of raw materials packaging materials and finished goods included in the Stock are not excessive and are sufficient in relation to the current trading and normal requirements of the Business.

6.3.4 There has been no material change in the levels of stocks since the date of the Latest Accounts.

6.4 Assets: General

6.4.1 There is no property, service or benefit of any description which was available at the date of the Latest Accounts or has subsequently become available to the Seller which will not be available to the Buyer on the same terms after Completion.

6.4.2 All material details of the maintenance and servicing histories and records of the computer system and software used by the Seller have been supplied to the Buyer and such computer system and software has been properly licensed used maintained and serviced in accordance with the manufacturer's instructions, has not been susceptible to breakdown malfunction or failure.

6.4.3 All computer software used by the Seller is governed by valid licence agreements which will continue in full force and effect for an indefinite period following Completion.

6.4.4 The Seller has in place adequate back up arrangements to ensure continuance of its business without loss of customers, data and without additional expense, in the event of computer hardware or software breakdown, malfunction or in the event of power failure.

6.4.5 All documents which in any way affect the right title or interest of the Seller in or to any of the Assets and which attract stamp duty (or would do so if brought into the United Kingdom) or require to be stamped with a particular stamp denoting that no duty is chargeable or that the document has been produced to one appropriate authority have been duly stamped within the requisite period for stamping.

6.5 Outstanding offers

No offer tender or the like relating to the Seller which is capable of being converted into an obligation of the Seller by an acceptance or other act of some other person firm or corporation is outstanding and details of any potential contractual arrangements which are currently being negotiated or discussed have been disclosed to the Buyer and are referred to in the Buyer's Report.

6.6 Defective products and service liabilities

The Seller has not manufactured or sold stock which was or is or will become in any material respect faulty or defective or which did not or does not comply in any material

respect with any warranties or representations expressly or impliedly made by the Seller or with all applicable regulations standards and requirements;

7. INTELLECTUAL PROPERTY RIGHTS

7.1 All Intellectual Property Rights relating to or used in connection with the Business (the "BUSINESS INTELLECTUAL PROPERTY") are legally and beneficially owned by the Seller free from any Security Interests.

7.2 All Business Intellectual Property is valid, subsisting and enforceable, there is in full force and effect any registrations of Intellectual Property Rights required to enable the Seller to exercise fully such rights, and, in the case of Business Intellectual Property which is registered, all renewal fees in respect thereof have been duly paid.

7.3 Nothing has been done by the Seller or by any other person whereby any of the Business Intellectual Property has ceased or might cease to be valid and enforceable or whereby any person is or will be able to seek cancellation, rectification or any similar remedy in relation to any such rights.

7.4 There have been no material claims, proceedings or actions and there are no proceedings or actions pending or threatened and to the best of the knowledge, information and belief of the Seller Parties none will arise, impugning the title, validity or enforceability of any of the Business Intellectual Property or claiming any right or interest thereon.

7.5 There have been and there are no infringements of any of the Business Intellectual Property and none is threatened.

7.6 The Seller is not obliged to grant or enter into any licence, sub-licence, assignment, consent or any other right in respect of the Business Intellectual Property. The Intellectual Property Rights not owned by the Business Seller but used by it in relation to the Business are used under licences which are currently in force and no claims have been made in respect of any such use nor are any applications pending which if pursued or granted might be material in relation to such use.

7.7 The Business and the activities, processes, methods, products or services now or at any time within the last six years employed in, manufactured by, used in, dealt in, or supplied by the Seller do not now nor did they at any time within the last six years infringe any Intellectual Property Rights of any third party; and will not, to the best of the knowledge, information and belief of the Seller Parties, give rise to any claim for infringement, misuse, payment or otherwise.

7.8 The Seller is not, nor has at any time been, in breach of any agreement relating to the use by the Seller of any Business Intellectual Property owned by a third party and no other party to any such agreement is, or has at any time, been in breach thereof.

7.9 All know-how, trade secrets, price or customer or supplier lists, formulae, confidential information or secret processes relating to or used in or in connection with the

Business (the "BUSINESS KNOW-HOW") is sufficiently documented to enable the Buyer to acquire its full benefit.

- 7.10 The Seller has taken all reasonable steps to preserve the confidentiality of the Business Know-how and is not obliged to disclose any confidential Business Know-how to any third party except in the ordinary or usual course of the business of the Seller and then on condition that the disclosure is to be treated as being of a confidential nature. The Seller has not (except in the ordinary and normal course of business) disclosed or permitted to be disclosed or undertaken or arranged to disclose to any person other than the Buyer any of the Business Know-how.
- 7.11 There are no confidentiality or other agreements in favour of the third parties which restrict the free use or disclosure of Business Know-how by the Seller.
- 7.12 After Completion the Buyer will be entitled to use all the Intellectual Property Rights that were used by the Seller prior to Completion.
- 7.13 The goods and services supplied in the course of, and the processes employed in, the business of the Seller are free of inherent defects of design (whether known or not).
- 7.14 The Business Intellectual Property and all such licences and agreements are in full force and effect, no notice having been given on either side to terminate them, the obligations of all parties having been fully complied with, and no disputes having arisen or being foreseeable in respect thereof.
- 7.15 No current or prior officers, employees, consultants or other personnel engaged by the Seller claim any ownership interest or interest as licensee in relation to any Business Intellectual Property.

8. TRADING

- 8.1 The trade of the Seller comprises exclusively the Business. The Seller has no obligations or liabilities (actual, accrued or contingent) other than those directly related to, and incurred in the ordinary course of such trade.
- 8.2 A true copy of the standard terms and conditions upon which the Seller sells and supplies products and after sales services has been disclosed to the Buyer. Such terms and conditions apply to and govern all agreements or arrangements for sale and supply to which the Seller is or has offered to become party. Save as set out in such terms or as implied by law and not capable of exclusion, neither the Seller nor any other person on its behalf has given or made expressly or impliedly any guarantee, indemnity, warranty or representation in respect of any goods sold or services supplied or agreed to be sold or supplied by the Seller.
- 8.3 Save as set out in the Buyer's Report not more than 5 per cent of the Seller's sales since the Date of the Latest Accounts have been made to any single customer of the Seller (and for the purposes of this paragraph purchases from and supplies to different entities in the same group of companies shall be aggregated and treated as purchases from or supplies to the same person).

- 8.4 No significant customer of the Seller has in the past twelve months ceased or indicated an intention to cease to contract with the Seller or to substantially reduce its business with the Seller.
- 8.5 The Seller has disclosed details of all arrangements pursuant to which the Seller makes sales on a "sale-or-return" basis and details of the basis and frequency of "returns" customarily accepted by the Seller.
- 8.6 The maximum aggregate invoice value (before VAT or any other similar tax) of all returns made by customers after the Latest Accounts Date in respect of sales made by the Seller on or prior to such Date and in respect of which customers are or will be entitled to credit or reimbursement shall not exceed the amount to be provided for such returns in the Latest Accounts.
- 8.7 To the best of the knowledge and belief of the Seller Parties:-
- 8.7.1 none of the Seller's present customers or suppliers will within twelve months from today's date cease to be a customer or supplier (as the case may be) of the Business or materially reduce his or its purchases or supplies from or to the Business; and
- 8.7.2 neither the acquisition of the Business by the Buyer the disposal of the Business by the Seller nor any change in the officers carrying out the Business will directly or indirectly cause the Buyer to lose the benefit of any contract right or privilege which the Business now enjoys nor will it cause any other officers or any senior employees to leave or resign.
- 8.8 The Seller has not received any notice from any supplier of goods or services informing the Seller that the terms of its supply including (but without limitation) the period allowed for payment are to be revised.

9. CONTRACTS

- 9.1 In relation to the Material Contracts:
- 9.1.1 the same are reduced to writing, in the name of or validly legally assigned to the Seller, are not unauthorised, invalid or unenforceable and (where necessary) have been appropriately registered;
- 9.1.2 neither the Seller nor (to the best of the Seller Parties' knowledge information and belief) any third party is in breach of any of the same;
- 9.1.3 a list of the same is included in the Disclosure Letter and true and complete copies of all documents setting out the terms thereof have been delivered to the Buyer.
- 9.2 The Material Contracts comprise all the agreements or arrangements entered into by the Seller which are:

- 9.2.1 with customers whose purchases from the Seller represent more than 5 per cent of the Seller's aggregate turnover for the financial year prior to the date of the Latest Accounts;
- 9.2.2 material in the context of the business of the Seller;
- 9.2.3 with any Trade Union;
- 9.2.4 continuing for the future purchase, sale or manufacture of products, material, supplies, equipment or services requiring payment to or from the Seller in an amount in excess of US\$5,000 per annum which is not terminable on 30 days' or less notice without cost or other Liability at or at any time after Completion or in which the Seller has granted or received manufacturing rights, most favoured nations pricing provisions or exclusive marketing rights relating to any product, group of products or territory;
- 9.2.5 a joint venture which has involved or is reasonably expected to involve a sharing of profits or losses in excess of US\$5,000 per annum with any other party or consortium or partnership or agency commission franchise or distributorship;
- 9.2.6 for the employment of any officer, employee or consultant, severance agreement, non-competition agreement, non-disclosure agreement, agreement requiring a change of control or parachute payments, or any other type of contract or understanding with any officer, employee or consultant which is not immediately terminable without cost or other Liability;
- 9.2.7 a debenture, mortgage, promissory note, loan agreement, guarantee or other agreement or commitment for the borrowing of money, for a line of credit or for a leasing transaction of a type required to be capitalised in accordance with Italian generally accepted accounting principles;
- 9.2.8 a lease or other agreement under which the Seller is lessee of or holds or operates any items of tangible personal property or real property owned by any third party and under which payments to such third party exceed US\$5,000 per annum;
- 9.2.9 for the sale of any assets, properties or rights having a value in excess of US\$5,000;
- 9.2.10 limiting or excluding its right to do business or to compete in any area or in any field or with any person firm or company or containing a grant to or by the Seller of any sole or exclusive or limited (whether by reference to territory, product, customer or supplier, type or otherwise) right;
- 9.2.11 to govern or exploit the Business Intellectual Property; or
- 9.2.12 between the Seller and any of the Seller Parties or their Associates.

9.3 The Seller is not a party or subject to or under a Liability in respect of nor has it undertaken (by assignment or otherwise) or made any offer or tender to enter into any:-

9.3.1 contract of an onerous or long-term nature or to any contract which is known to be or which may become unprofitable or which cannot readily be fulfilled or performed by the Seller on time and without undue or unusual expenditure of money or effort by the Seller or to any contract or obligation outside the ordinary course of the Business;

9.3.2 agreement relating to delivery of products or merchandise other than in the ordinary course of trading;

9.3.3 guarantee or agreement for indemnity or for suretyship or any bond or any comfort letter or similar arrangement; or

9.3.4 agreement the terms of which include any provision under which such agreement may by reason of any change in the registered or beneficial ownership of the shares in its capital be terminated or become terminable by any party or be subject to any change in the terms thereof as at today's date;

9.3.5 agreement for the provision of management or services to the Seller which is not terminable by the Seller on less than 3 months' notice without compensation; or

9.3.6 agreement, arrangement or understanding which in any respect is unusual having regard to the usual practice of the Seller or other persons carrying on businesses similar to the Business.

9.4 Except for those made in the ordinary course of the Seller's trading no offer tender or similar thing given or made by the Seller on or before today's date hereof and still outstanding is capable of giving rise to a contract merely by a unilateral act of a third party.

10. INSURANCE

10.1 All of the stock assets and undertaking of and in the possession of the Seller or which are used by the Seller in its business and which are of an insurable nature are insured for their full replacement values against all risks including (but without limitation) loss of profit and consequential loss and all insurance required by statute and such insurance policies as are normal and proper in relation to the business of the Seller have been effected and maintained with an insurance office of good standing and repute authorised to carry on insurance business of the relevant type and any premiums due in respect of such insurances have been paid.

10.2 All insurances are currently in full force and effect and nothing has been done or omitted or suffered to be done which may make any policy of insurance void or voidable. The Buyer's Report sets out details of such insurance policies including the

effective date and amount of cover and true copies of such policies have been disclosed to the Buyer. The Seller has complied with all conditions attached to its insurance policies and there is no claim outstanding pending or threatened by or against the Seller nor to the best of the Seller Parties' knowledge and belief are there any circumstances which may give rise to any claim in respect of product liability or of any accident or injury (whether to property or to person) which is not fully covered by insurance.

11. EMPLOYEES, EMPLOYMENT AND LABOUR RELATIONS

11.1 The following details are fully given in the Buyer's Report:

11.1.1 In the case of all employees of the Seller their names jobs and short details of their terms of employment including years of continuous service for redundancy purposes.

11.1.2 In the case of officers of the Seller, key personnel and consultants engaged by the Seller the above details and full details details of their terms of employment or engagement.

details of any benefit received by any employee otherwise than in cash.

11.2 None of the officers employees or consultants is contemplating leaving the service of the Seller and none of them are (or so far as the Seller Parties are aware will become) employees of (or engaged to provide services to) any Seller Party or any Associate of any Seller Party.

11.3 The Seller has complied with all statutory provisions and Codes of Practice concerning or affecting employment and working conditions and there are in existence no circumstances which might give rise to a claim against the Seller or Buyer under any such legislation.

11.4 The Seller is not liable (otherwise than contingently in respect of persons currently in its employment to whom no notice of termination of employment has been given) to make any payment to any person under any of the statutory provisions referred to in the previous paragraph nor are there any circumstances which would or might render the Seller liable to make any such payment.

11.5 Any contract of employment with any officer or employee to which the Seller is a party can be terminated by the Seller without damages or compensation (other than that payable by statute) by giving at any time only the minimum period of notice required by statute applicable to that contract.

11.6 The Seller is not a party to any bargaining or union membership agreement with any Trade Union or any other group arrangement which affects the rights of all or any of its employees nor has any application or claim for any such agreement or arrangement been made; no Trade Union is recognised by the Seller for any collective bargaining purposes in respect of any of its employees.

11.7 The Seller is not engaged in any trade dispute and no strike lock out or other form of industrial action is pending or threatened by or against the Seller nor to the best of the knowledge and belief of the Seller Parties is there anything likely to give rise to a dispute with any employee or union.

11.8 No increase in the wages or salary or any improvement in the benefits of any officer employee or consultant of the Seller or any section or class of employees has been agreed or paid or made since the date of the Latest Accounts nor has any negotiation for any such increase or improvement or any demand therefor been entered into or made.

11.9 There is no scheme in operation or arrangement made by or in relation to the Seller whereunder any person is entitled to commission or remuneration of any sort calculated by reference to the whole or any part of the turnover profits sales or any other results of the Seller nor is or at any time has there been in force any share option share incentive or profit sharing scheme operated by the Seller or in which any employee of the Seller participates or participated in respect of his employment with the Seller .

11.10 The Seller is not liable to pay any industrial training levy.

11.11 There are no retirement benefit schemes in operation by or in relation to the Seller nor does the Seller contribute to any other scheme which will provide any of its directors or employees or their respective dependants with pensions annuities or lump sum payments upon retirement or earlier death or otherwise and the Seller is not under any obligation (whether legally binding or otherwise) to make any payment or pay any pension gratuity superannuation allowance or the like to any of its present or past officers or employees or their dependants.

12. ACCURACY OF INFORMATION AND DISCLOSURE

12.1 All statements of fact or information set out in the recitals and schedules to this Agreement and the Buyer's Report are true, complete and accurate in all respects.

12.2 All statements of fact and information given by the Seller Parties and any directors, officers, auditors, financial advisers, solicitors or other officials of the Seller Parties to any of the directors officers or professional advisers of the Buyer after the Buyer indicated its interest in acquiring the Seller or its Business were when given and insofar as they or any of them have not been superseded altered or varied by matters made known in writing to the Buyer or its professional advisers on or prior to today's date hereof are now true complete and accurate in all respects and there is no fact or matter not disclosed in writing to the Buyer or any of its advisers which renders any such statements or information untrue or misleading because of any omission or ambiguity or for any other reason.

12.3 All statements of opinion including (but without prejudice to the foregoing) all estimates, forecasts and/or projections given to any of the directors officers or professional advisers of the Buyer were given in good faith and based on reasonable assumptions and are best estimates of the likely outcome and to the best of the

knowledge and belief of the Seller Parties and there is no reason why any such opinion should now be changed.

12.4 There has been disclosed to the Buyer and incorporated in the Buyer's Report all information and circumstances relating to the Business which is or could on reasonable inquiry be known to the Seller Parties and which:-

12.4.1 may be material for a buyer of the Business for value to know; or

12.4.2 might adversely affect the present or future value of the Business;
or

12.4.3 might affect the willingness of the Buyer to purchase the Business or to purchase them for the consideration or upon the terms set out in this Agreement.

13. SELLERS' OTHER INTERESTS AND ARMS LENGTH DEALINGS

13.1 No contract or arrangement was entered into other than in the usual course of the Business and by way of bargain at arm's length. 13.2 Save for ownership of the Seller, neither PGV, MEC nor any of their respective Associates has any interest, direct or indirect, in any business which competes or is likely to compete with the Business;

14. STATUTORY REQUIREMENTS AND GENERAL MATTERS

14.1 The Seller is and has been in connection with the Business in compliance with all laws, regulations and orders applicable to it, its business and operations and all of its assets and properties and has obtained and kept up-to-date all licences and consents needed to own or use its assets or to enable it to carry on its business properly and in accordance with the laws of the countries or states where it is or has been engaged in business and there are not any circumstances which may lead to any loss or refusal to renew any such licence or consent on terms no less advantageous than the terms of the licences and consents currently in force.

14.2 Neither the Seller nor any of its officers has committed any criminal illegal tortious or unlawful act (except traffic offences not being indictable offences in the case of officers) or committed any breach of contract or committed or omitted to do any act or thing which could give rise to the Seller being liable to any fine, penalty, sanction, loss or similar event.

14.3 The Seller has not had any subsidiary and it does not have nor has it had any branch or permanent establishment or place of business or any substantial capital assets outside its country of incorporation nor is it or has it been:-

14.3.1 a subsidiary of any other company; nor

14.3.2 the holder or beneficial owner of 5 per cent or more of any class of share or other capital of any company or corporation whether limited or unlimited nor has it agreed to acquire any such interest;
nor

- 14.3.3 a member of any partnerships unincorporated company or association.
- 14.4 The Seller has not given any power of attorney or other authority (express implied or ostensible) which remains outstanding or effective.
- 14.5 The Seller is not a party or subject to any contract or arrangement which is invalid or which is voidable or can be rescinded or repudiated by any party (including the Seller) and the Seller has not received or given notice of any intention to terminate any agreement or arrangement or repudiated or disclaimed any transaction.
- 14.6 The Seller has within the last six years conducted its business and corporate affairs in all respects in accordance with all relevant laws.
15. COMPETITION
- 15.1 The Seller is not and has not been a party to and is not and has not been concerned in any agreement or arrangement:-
- 15.1.1 which has been notified to the Commission of the European Communities or EFTA Surveillance Authority for an exemption under Article 81(3) of the Treaty of Rome or Article 53(3) of the Agreement on the European Economic Area;
- 15.1.2 for which an application has been made to the Commission of the European Communities or EFTA Surveillance Authority for a negative clearance under Article 81 or 82 of the Treaty of Rome or Article 53 or 54 of the Agreement on the European Economic Area;
- 15.1.3 which is prohibited by a competition law in any jurisdiction; or
- 15.1.4 is registerable, unenforceable or void (whether in whole or in part) or renders it liable to civil, criminal or administrative proceedings by virtue of any anti-trust or similar legislation in any jurisdiction.
16. THE PROPERTIES
- 16.1 The Property comprise all the land and premises occupied or otherwise used by the Seller in connection with the Business.
- 16.2 The Property is are used by the Company in connection with the Business and the terms of the Lease permit such occupation and use.
- 16.3 The information contained in the Buyer's Report relating to the Property is true and accurate in all respects and does not omit reference to any document relevant to the basis upon which the Seller occupies the Property.
- 16.4 The Property is free from any mortgage debenture or charge (whether specific or floating legal or equitable) rent-charge lien or other encumbrance securing the

repayment of monies or other obligation or liability whether of the Seller or any other party.

- 16.5 The Property is not subject to any liability for the payment of any outgoings of a recurring nature.
- 16.6 There is no person who is in occupation or who has or claims any rights or easements of any kind in respect of the Property adversely to the interest right or title of the Seller.
- 16.7 There are no disputes relating to the Property.
- 16.8 The Seller has paid all outgoings (including but not limited to rent and service charges) relating to the Property it occupies in accordance with its contractual obligations and is not in breach of any of the terms of the relevant Lease.
- 16.9 All licences consents and approvals required from the lessor under the Lease have been obtained and complied with.
- 16.10 The Property is not subject to any third party interests including but not limited to any tenancies (which expression includes subtenancies).
- 16.11 The Seller has at all times complied with all applicable governing environmental legislation and there is nothing in on over or under the Property the presence existence or condition of which constitutes a breach of such environmental legislation nor is any manufacturing storage generation servicing treatment disposal or other process carried on at the Properties in such a way as to amount to a breach of the same.
- 16.12 The Property is insured for its full reinstatement value against the usual comprehensive risks (including acts of terrorism) and for not less than three years' loss of rent and against third party and public liability claims to an adequate extent and all premiums payable in respect of insurance policies relating to the Property which have become due have been duly paid and no circumstances have arisen which would vitiate or permit the insurers to avoid such policies
- 16.13 There is no other matter of which any of the Seller Parties are or ought to be aware on reasonable enquiry and which adversely affects the value of the Property or casts any doubt on the right or title of the Seller thereto which should be revealed to the Buyer.

17. TAXES

With respect to the laws and regulations and their interpretation, the Company has duly kept its fiscal records, has fulfilled its tax and fiscal obligations and acted in compliance with all national and local tax and fiscal laws and regulations and, without prejudice to the generality of the foregoing, in particular:

- (a) the Company has correctly, completely and accurately filed all tax statements and, when acting as a tax representative of a third party, those of the third parties concerned, and has duly filed the V.A.T. returns and all relevant tax returns and

other documents or reports in respect of taxes or other fiscal accomplishments which are required to be filed by the Company according to the applicable laws and regulations;

- (b) the Company has duly carried out the withholdings and paid the respective amounts according to the applicable laws and regulations;
- (c) the Company has paid, within the time and in the manner prescribed by the applicable laws and regulations, all taxes and other fiscal obligations which it was required to pay in accordance with such laws and regulations;
- (d) as of the date of this Agreement the Company has no debt with the tax administrations for which an adequate allocation is not already provided in the Company records and all the allocations needed to pay all the sums due by the Company for taxes and other fiscal obligations which the Company has to pay and for any other deferred or conditional tax and fiscal obligation appear in the Latest Accounts and in the Company's records;
- (e) there are no tax or other fiscal disputes pending before the tributary commissions, financial officers, judicial authorities or any other competent body nor has the Company been notified of any assessment or dispute for additional taxes or other fiscal obligations, including, but not limited to, additional taxes or charges, interest or penalties, nor have any reports or minutes of fiscal inspections regarding taxes or fiscal accomplishments been drawn up;
- (f) the fiscal credits of the Company posted in the Latest Accounts are true and existing.

SCHEDULE 2

ACTION PENDING COMPLETION

The Seller shall:

1. operate the Business in the usual way so as to maintain the Business as a going concern;
2. not acquire or dispose of, or agree to acquire or dispose of, an asset except in the usual course of the Business or assume or incur, or agree to assume or incur, a liability, obligation, or expense (actual or contingent) except in the usual course of the Business;
3. not make, or agree to make, capital expenditure in connection with the Business exceeding in total (pound)10,000 (or its equivalent at the time) or incur, or agree to incur, a commitment or commitments involving capital expenditure exceeding in total (pound)10,000 (or its equivalent at the time);
4. not create, or agree to create, an Encumbrance over the Property or another of the Assets or redeem, or agree to redeem, an existing Encumbrance over the Property or another of the Assets;
5. continue each of the insurance policies (the "POLICIES") relating to the Business and not do or omit to do anything which would make any of the Policies void or voidable or might result in an increase in the premium payable under any of the Policies or prejudice the ability to effect equivalent insurance in the future;
6. not in connection with the Business or any of the Assets enter into any long term, onerous or unusual agreement, arrangement or obligation;
7. not amend or terminate an agreement, arrangement or obligation to which it is a party in connection with the Business or any of the Assets;
8. only employ a person in the Business if it first obtains the Buyer's written consent (not to be unreasonably withheld or delayed) and only for the purpose of filling a vacancy which has arisen in the Business before Completion;
9. not amend the terms of employment or engagement of any of the Employees (except in the usual course of the Business) or provide, or agree to provide, a gratuitous payment or benefit to any of the Employees (or any of their dependants) or terminate the employment or engagement of, any of the Employees;
10. not give, or agree to give, in connection with the Business, a guarantee, indemnity or other agreement to secure, or incur financial or other obligations with respect to, another person's obligations;

11. not start litigation or arbitration proceedings in connection with the Business or any of the Assets;
12. except in the usual course of the Business, not compromise, settle, release, discharge or compound litigation or arbitration proceedings or a liability, claim, action, demand or dispute, or waive a right in relation to litigation or arbitration proceedings in connection with the Business or any of the Assets;
13. conduct the Business in all material respects in accordance with all applicable legal and administrative requirements in any jurisdiction;
14. not enter into an agreement, arrangement or obligation (legally enforceable or not) affecting the Business or any of the Assets in which a director or former director of the Seller or a person connected with any of them is interested;
15. not make a payment out of a bank account except if the payment is in the usual course of the Business and not make payments in the usual course of the Business which exceed in total (pound)5,000 (or its equivalent at the time); and
16. co-operate with the Buyer to:
 - 16.1 ensure the efficient continuation of management of the Business after Completion; and
 - 16.2 to prepare for the introduction of the Buyer's normal working procedures in readiness for Completion.

SCHEDULE 3

INTERPRETATION

1. DEFINITIONS

"ACCOUNTS": in relation to any financial year or other specified period of any company:

- (a) the audited balance sheet of the Company (and, where relevant, the audited consolidated balance sheet of the Company and its Subsidiary Undertakings as at the Accounts Date in respect of the financial year; and
- (b) the audited profit and loss account of the Company (and, where relevant, the audited consolidated profit and loss account of the Company and its Subsidiary Undertakings) in respect of that financial year,

together with any notes, statements or documents permitted or required by the Companies Act (or equivalent legislation in the relevant jurisdiction) to be made thereon or annexed or attached thereto;

"ACCOUNTS DATE": in relation to any financial year of any company, the last day of that financial year;

"ASSETS": all the property and assets agreed to be sold and purchased under this Agreement;

"ASSOCIATE":

- (a) in respect of an Undertaking ("THE SUBJECT"), any other Undertaking which is owned or controlled by the Subject or which owns or controls such Subject or which is owned or controlled by another Undertaking which owns or controls the Subject; or
- (b) in relation to any person, another person which is an "associate" of the first mentioned company person or body within the meaning of Section 435 Insolvency Act 1986;

"AUDITORS": the auditors of the Company from time to time;

"BUSINESS": the business of the marketing, sale, licensing and distribution of interactive entertainment hardware and software products (including, without limitation, hardware peripherals) operated by the Seller at the Completion Date under the name C.D. Verte Italia Spa;

"BUSINESS DAY": any day other than a Saturday, a Sunday, or a day on which banks in London or Italy are authorised by law to close;

"BUYER'S REPORT": the due diligence report dated 28 June 1999 prepared by Coopers & Lybrand for the Buyer relating to the business of the Seller;

"CLAIM": a claim by the Buyer under the Warranties provided that, for the purpose of Clauses 8.1.1 and 8.1.2 only Claim shall mean a claim (whether in contract, tort or otherwise) by the Buyer under or in relation to the Warranties;

"COMPANIES ACT": the Companies Act 1985 as amended;

"COMPLETION": Completion of the sale and purchase of the Business and the Assets as provided by Clause 4 of the Agreement;

"COMPLETION DATE": the date of Completion;

"CONFIDENTIAL INFORMATION": trade secrets and information not publicly known (including but not limited to formulae, processes, methods, financial data, customer lists, marketing information, knowledge and know how) in connection with the Company and the customers, suppliers, licensors and licensees and the operation of the Company and which are for the time being confidential to Company;

"CONSENTS": means all necessary licences consents authorisations and registrations required under Environmental Legislation with regard to the Properties and/or any activities processes and substances from time to time on the Properties;

"CONTRACTS": means all the contracts to which the Seller is a party and which relate to the Business and are unperformed (wholly or partly) at the Completion Date including, without limitation, supply and distribution agreements, customer and supply contracts, leases, hire and hire purchase agreements but excluding employment contracts with the Employees, [the Leases] and agreements relating to borrowing and "Contract" means any one of the Contracts;

"THE DATE OF THE LATEST ACCOUNTS": 31 December 1998;

"DISCLOSURE LETTER": there is no Disclosure Letter;

"EFFECTIVE TIME": means close of business on the Business Day before the date of this Agreement;

"EMPLOYEES": the employees employed in the Business at the Completion Date;

"ENCUMBRANCE": A mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, any other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect;

"EVENT": any payment, transaction, act or omission in connection with the business of the Seller of whatever nature, whether or not the Seller is a party thereto and references to an Event occurring on or before a particular date shall include an Event deemed to occur or be treated or regarded as occurring on or before that date

provided that any reference to an Event occurring on or before Completion shall include the combined result of two or more Events the first of which shall have taken place or the commencement of which shall have occurred on or before Completion and the second or subsequent of which shall have taken place after Completion but in such case only to the extent that the first such Event occurring or commencing prior to Completion is outside the ordinary course of business of the Seller and the second or successive Event after Completion is inside the ordinary course of business of the Seller as carried on at Completion;

"FIXED PLANT": means the fixed plant and machinery, and leasehold improvements at the Property, owned by the Seller and used in connection with the Business at the Completion Date;

"GOODWILL": the goodwill of the Business and the Buyer's right to use the names "C.D. Verte Italia" and to represent itself as operating the Business in succession to the Seller;

"INTELLECTUAL PROPERTY": all patents, trade marks, registered designs, applications for any of those rights, trade and business names unregistered trade marks and service marks, copyrights, know how, rights in designs and inventions, all rights to bring an action for passing off, all rights to apply for protection in respect of any of the above rights, and all other intellectual property rights in any jurisdiction and all legal rights protecting the confidentiality of any information or materials;

"INTELLECTUAL PROPERTY RIGHTS": all Intellectual Property owned by the Seller and used in connection with the Business at the Completion Date;

"ITALIAN TRANSFER DOCUMENT": a document effective under Italian law to transfer the Business and Assets to the Buyer with effect from the date of Completion;

"LATEST ACCOUNTS": the Accounts of the Seller in relation to the financial year ending on 31 December 1998;

"LEASE": the lease of a building located in Gallarate (VA) details of which are set out in the Buyer's Report;

"LIABILITIES": all liabilities, duties, commitments and obligations of every description, whether deriving from contract, common law, statute or otherwise, whether present or future, actual or contingent or ascertained or unascertained and whether owed or incurred severally or jointly or as a principal or surety;

"MACHINERY": the leased plant, machinery, equipment and other similar articles owned by the Seller and used in connection with the Business at the Completion Date;

"MATERIAL CONTRACTS": the agreements or arrangements which are referred to in the Buyer's Report;

"MOTOR VEHICLES": The motor vehicles owned by the Seller and used in connection with the Business at the Completion Date;

"OFFICE EQUIPMENT": the office equipment and furnishings and other similar articles owned by the Seller and used in connection with the Business at the Completion Date;

"PERSON": any individual, firm, company or other incorporated or unincorporated body;

"PROPERTY": the property the subject of the Lease;

"RECORDS": the Seller's books and records relating to the Business (including, without limitation, all bought and sold ledgers, purchase and sales day books and purchase and sale invoices;

"SECURITY INTEREST": any interest or equity of any person (including, without limitation, any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over, affecting or in the relevant property;

"SELLER PARTIES": the Seller, Pietro Giovanni Vago and Maurizio Ezio Curioni;

"SERVICE ARRANGEMENTS": means any arrangement by which either of the Executive Seller Parties is engaged to provide his services to the Buyer whether as a director or as an employee or by means of any other arrangement;

"STOCK": means the stock of raw materials, partly finished and finished goods of the Business as at the Completion Date;

"SUBSIDIARY UNDERTAKING": shall be construed in accordance with Section 258 of the Companies Act;

"TRANSACTION DOCUMENT": this Agreement and any other document executed pursuant to this Agreement;

"UNDERTAKING": a body corporate, partnership or an unincorporated association situate in any jurisdiction;

"IN WRITING": includes any communication made by letter, cablegram, telex, facsimile transmission or electronic mail;

"WARRANTIES": the warranties representations and undertakings by the Sellers set out in Schedule 1 and "WARRANTY" means any of them.

2. INTERPRETATION

Words and expressions which are defined in the Companies Act and used in this Agreement will unless the context otherwise requires bear the same meanings as in that Act. In this Agreement:-

- 2.1 a reference to a statutory provision will be interpreted as a reference to that provision as amended or re-enacted from time to time including any statutory instrument order or governmental regulation from time to time made or issued pursuant to that provision and including a reference to any past statutory provision instrument order or regulation which such provision has amended or from which it derives as from time to time (whether before or after the date of this Agreement) amended or re-enacted;
- 2.2 a reference to a recital, clause or schedule is unless otherwise specified a reference to the recital, clause or schedule of that number in or to this Agreement; any reference to a sub-clause is unless otherwise specified a reference to the sub-clause of that number in the clause in which the reference is made;
- 2.3 a document referred to as being in "the agreed terms" will be in the form of a draft document approved by the parties to this Agreement and for identification purposes signed or initialled by or on behalf of the parties hereto on or before the date hereof;
- 2.4 the clause headings are for ease of reference only and do not affect interpretation;
- 2.5 the liability of each of the Seller Parties under or in respect of this Agreement shall be joint and several and every representation, warranty, covenant, undertaking, guarantee, indemnity and other obligation of whatever nature of or undertaken or granted by the Seller Parties shall be construed as a covenant, undertaking, guarantee, indemnity and other obligation of each of the Sellers and in this Agreement the expression "the Seller Parties" shall mean each of the Seller Parties.
- 2.6 "to the best of the Sellers' knowledge and belief" "so far as the Sellers are aware" or any similar expression will mean to the best of any of the Sellers' knowledge and belief having made (or caused to have been made) all enquiries which a prudent purchaser would make and having used their best endeavours to ascertain all relevant information and to ensure that all information given, referred to or reflected in any relevant warranty or representation is accurate in all respects. A matter shall be treated as being within the knowledge, information or belief of the Seller if such matter is within the knowledge, information or belief of any one or more of the directors of the Company
- 2.7 any reference in this Agreement to "the Buyer" shall include its successors and assigns; and

2.8 a reference to the masculine gender will be deemed to include a reference to the feminine gender and vice versa; the singular shall be construed as including the plural and vice versa;

2.9 This Agreement and the Transaction Documents have been negotiated by the respective parties to this Agreement and their legal advisors and the language of this Agreement and the Transaction Documents will not be construed for or against either party.

EXECUTED AS A DEED BY)
For and on behalf of) -----
C.D. VERTE ITALIA SPA) Director
in the presence of:)
)
) -----
) Director/Secretary

EXECUTED AS A DEED BY)
PIETRO GIOVANNI VAGO)
in the presence of:)

EXECUTED AS A DEED BY)
MAURIZIO EZIO CURIONI)
in the presence of:)

EXECUTED AS A DEED)
For and on behalf of) -----
TAKE- TWO INTERACTIVE) Director
SOFTWARE, INC)
in the presence of:)
)
) -----
) Director/Secretary
)