

MAJESCO ENTERTAINMENT CO

Form DEF 14A

March 01, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

o Preliminary Proxy Statement

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

x Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to Rule § 240.14a-12

**MAJESCO ENTERTAINMENT COMPANY**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3.

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4. Proposed maximum aggregate value of transaction:
  
  5. Total fee paid:
    - o Fee paid previously with preliminary materials.
    - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
      1. Amount Previously Paid:
  
      2. Form, Schedule or Registration Statement No.:
  
      3. Filing Party:
  
      4. Date Filed:
-

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March 1, 2010

Dear Stockholder,

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of Majesco Entertainment Company to be held at 9:30 a.m. (local time) on April 12, 2010, at Majesco's offices, located at 160 Raritan Center Parkway, Suite 1, Edison, New Jersey 08837.

The principal business of the meeting will be (i) to elect two Class II members to the Board of Directors, (ii) to ratify the appointment of Amper, Politziner & Mattia, LLP as our independent public accountant for the fiscal year ending October 31, 2010, and (iii) to transact such other business as may be properly brought before the Annual Meeting and any adjournments thereof.

We hope you will be able to attend the Annual Meeting. Whether you plan to attend the Annual Meeting or not, it is important that your shares are represented. Therefore, when you have finished reading the proxy statement, you are urged to complete, sign, date and return the enclosed proxy card promptly in accordance with the instructions set forth on the card. This will ensure your proper representation at the Annual Meeting, whether or not you can attend.

Sincerely,

/s/ Jesse Sutton  
Jesse Sutton  
Chief Executive Officer

**YOUR VOTE IS IMPORTANT.  
PLEASE RETURN YOUR PROXY PROMPTLY.**

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**MAJESCO ENTERTAINMENT COMPANY**  
**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be Held Monday, April 12, 2010**

To the Stockholders of Majesco Entertainment Company:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Majesco Entertainment Company, a Delaware corporation, will be held at 9:30 a.m. (local time) on April 12, 2010, at Majesco's offices, located at 160 Raritan Center Parkway, Suite 1, Edison, New Jersey 08837, for the purpose of considering and taking action on the following proposals:

1. To elect two Class II members to the Board of Directors.
2. To ratify the appointment of Amper, Politziner & Mattia, LLP as our independent public accountant for the fiscal year ending October 31, 2010.
3. To transact such other business as may be properly brought before the Annual Meeting and any adjournments thereof.

The foregoing business items are more fully described in the following pages, which are made part of this Notice.

**WHO MAY VOTE:**

You may vote if you were the record owner of Majesco stock at the close of business on February 24, 2010. The Board of Directors has fixed the close of business on February 24, 2010 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournments thereof. A list of stockholders of record will be available at the meeting and, during the 10 days prior to the meeting, at the office of the Secretary at the above address.

All stockholders are cordially invited to attend the Annual Meeting. Whether you plan to attend the Annual Meeting or not, you are requested to complete, sign, date and return the enclosed proxy card as soon as possible in accordance with the instructions on the proxy card. A pre-addressed, postage prepaid return envelope is enclosed for your convenience.

**BY ORDER OF THE BOARD OF DIRECTORS**

/s/ Adam Sultan  
Adam Sultan  
Secretary

March 1, 2010

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**MAJESCO ENTERTAINMENT COMPANY**

160 Raritan Center Parkway, Suite 1  
Edison, New Jersey 08837  
(732) 225-8910

**PROXY STATEMENT**

**FOR MAJESCO ENTERTAINMENT COMPANY  
2010 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 12, 2010**

**GENERAL INFORMATION ABOUT THE ANNUAL MEETING**

**Why Did You Send Me This Proxy Statement?**

We sent you this proxy statement in connection with the solicitation by the Board of Directors of Majesco Entertainment Company, a Delaware corporation, of proxies, in the accompanying form, to be used at the Annual Meeting of Stockholders to be held at 9:30 a.m. (local time) on April 12, 2010, at Majesco's offices, located at 160 Raritan Center Parkway, Suite 1, Edison, New Jersey 08837, and any adjournments thereof. This proxy statement along with the accompanying Notice of Annual Meeting of Stockholders summarizes the purposes of the meeting and the information you need to know to vote at the Annual Meeting.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 12, 2010: The proxy statement and annual report to security holders are available at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=13856>**

This proxy statement, the accompanying proxy and, though not part of this proxy statement, our 2009 Annual Report, which includes our financial statements for the fiscal year ended October 31, 2009, are being mailed on or about March 1, 2010 to all stockholders entitled to notice of and to vote at the meeting. You can also find a copy of our 2009 Annual Report on Form 10-K on the Internet through the Security and Exchange Commission's electronic data system called EDGAR at [www.sec.gov](http://www.sec.gov) or through the Investor Relations section of our website at [www.majescoentertainment.com](http://www.majescoentertainment.com).

**Who Can Vote?**

Only stockholders who owned Majesco common stock at the close of business on February 24, 2010, are entitled to vote at the Annual Meeting. On that record date, there were 38,666,550 shares of Majesco common stock outstanding and entitled to vote. Majesco common stock is our only class of voting stock.

You do not need to attend the meeting to vote your shares. Shares represented by valid proxies, received in time for the meeting and not revoked prior to the meeting, will be voted at the meeting. A stockholder may revoke a proxy before the proxy is voted by delivering to our Secretary a signed statement of revocation or a duly executed proxy card bearing a later date. Any stockholder who has executed a proxy card but attends the meeting in person may revoke the proxy and vote at the meeting.

**How Many Votes Do I Have?**

Each share of Majesco common stock that you own entitles you to one vote.

**How Do I Vote?**

Whether you plan to attend the Annual Meeting or not, we urge you to vote by proxy. Voting by proxy will not affect your right to attend the Annual Meeting. If your shares are registered directly in



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your name through our stock transfer agent, American Stock Transfer & Trust Company, or you have stock certificates, you may vote:

**By mail.** Complete and mail the enclosed proxy card in the enclosed postage prepaid envelope. Your proxy will be voted in accordance with your instructions. If you sign the proxy card but do not specify how you want your shares voted, they will be voted as recommended by our Board of Directors.

**In person at the meeting.** If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

If your shares are held in street name (held in the name of a bank, broker or other nominee), you must provide the bank, broker or other nominee with instructions on how to vote your shares and can do so as follows:

**By Internet or by telephone.** Follow the instructions you receive from your broker to vote by Internet or telephone.

**By mail.** You will receive instructions from your broker or other nominee explaining how to vote your shares.

**In person at the meeting.** Contact the broker or other nominee who holds your shares to obtain a broker's proxy card and bring it with you to the meeting. You will not be able to attend the Annual Meeting unless you have a proxy card from your broker.

## **How Does The Board Of Directors Recommend That I Vote On The Proposals?**

The Board of Directors recommends that you vote as follows:

**FOR** the election of our Board of Directors nominees for Class II directors set forth on the proxy card included in this proxy statement; and

**FOR** ratification of the selection of Amper, Politziner & Mattia, LLP as our independent public accountant for our fiscal year ending October 31, 2010.

If any other matter is presented, the proxy card provides that your shares will be voted by the proxy holder listed on the proxy card in accordance with his or her best judgment. At the time this proxy statement was printed, we knew of no matters that needed to be acted on at the Annual Meeting, other than those discussed in this proxy statement.

## **May I Revoke My Proxy?**

If you give us your proxy, you may revoke it at any time before the Annual Meeting. You may revoke your proxy in any one of the following ways:

signing a new proxy card and submitting it as instructed above;

if your shares are held in street name, re-voting by Internet or by telephone as instructed above only your latest Internet or telephone vote will be counted;

if your shares are registered in your name, notifying Majesco's Secretary in writing before the Annual Meeting that you have revoked your proxy; or

attending the Annual Meeting in person and voting in person. Attending the Annual Meeting in person will not in and of itself revoke a previously submitted proxy unless you specifically request it.

**What If I Receive More Than One Proxy Card?**

You may receive more than one proxy card or voting instruction form if you hold shares of our common stock in more than one account, which may be in registered form or held in street name.

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Please vote in the manner described under **How Do I Vote?** on the proxy card for each account to ensure that all of your shares are voted.

### **Will My Shares Be Voted If I Do Not Return My Proxy Card?**

If your shares are registered in your name or if you have stock certificates, they will not be voted if you do not return your proxy card by mail or vote at the Annual Meeting as described above under **How Do I Vote?** If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above under **How Do I Vote?**, the bank, broker or other nominee has the authority, even if it does not receive instructions from you, to vote your unvoted shares for Proposal 2, the ratification of our independent public accountant but does not have authority to vote your unvoted shares for Proposal 1, the election of nominees to the Board of Directors. We encourage you to provide voting instructions. This ensures your shares will be voted at the Annual Meeting in the manner you desire. If your broker cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter or because your broker chooses not to vote on a matter for which it does have discretionary voting authority, this is referred to as a broker non-vote.

### **What Vote is Required to Approve Each Proposal and How are Votes Counted?**

#### **Proposal 1: Elect Class II Directors**

The nominees for director who receive the most votes (also known as a plurality) will be elected. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or WITHHOLD your vote from any one of the nominees. Votes that are withheld will not be included in the vote tally for the election of directors. Brokerage firms do not have authority to vote customers' unvoted shares held by the firms in street name for the election of directors. As a result, any shares not voted by a beneficial owner will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

#### **Proposal 2: Ratify Our Selection of Amper, Politziner & Mattia, LLP as our Independent Public Accountant for 2010**

The affirmative vote of a majority of the shares cast affirmatively or negatively for this proposal is required to ratify the selection of our independent public accountant. Abstentions will have no effect on the results of this vote. Brokerage firms have authority to vote customers' unvoted shares held by the firms in street name on this proposal. If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote. We are not required to obtain the approval of our stockholders to select our independent accountant. However, if our stockholders do not ratify the selection of Amper, Politziner & Mattia, LLP as our independent public accountant for the fiscal year ending October 31, 2010, the Audit Committee of our Board of Directors will reconsider its selection.

### **What Constitutes a Quorum for the Annual Meeting?**

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock entitled to vote at the meeting is necessary to constitute a quorum at the Annual

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Meeting. Votes of stockholders of record who are present at the Annual Meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

**Householding of Annual Disclosure Documents**

In December 2000, the Securities and Exchange Commission, or SEC, adopted a rule concerning the delivery of annual disclosure documents. The rule allows us or brokers holding our shares on your behalf to send a single set of our annual report and proxy statement to any household at which two or more of our stockholders reside, if either we or the brokers believe that the stockholders are members of the same family. This practice, referred to as householding, benefits both stockholders and us. It reduces the volume of duplicate information received by you and helps to reduce our expenses. The rule applies to our annual reports, proxy statements and information statements. Once stockholders receive notice from their brokers or from us that communications to their addresses will be householded, the practice will continue until stockholders are otherwise notified or until they revoke their consent to the practice. Each stockholder will continue to receive a separate proxy card or voting instruction card.

Those stockholders who either (i) do not wish to participate in householding and would like to receive their own sets of our annual disclosure documents in future years, or (ii) who share an address with another one of our stockholders and who would like to receive only a single set of our annual disclosure documents should follow the instructions described below:

Stockholders whose shares are registered in their own name should contact our transfer agent, American Stock Transfer & Trust Company, and inform them of their request by calling them at 1-800-937-5449 or writing them at 59 Maiden Lane, Plaza Level, New York, New York 10038.

Stockholders whose shares are held by a broker or other nominee should contact such broker or other nominee directly and inform them of their request. Stockholders should be sure to include their name, the name of their brokerage firm and their account number.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table is based upon 38,666,550 shares of common stock outstanding as of February 26, 2010, and sets forth, based on the public filings of such individuals and entities and our knowledge of securities issued by us to them, certain information concerning the ownership of voting securities of: (i) each current member of the Board of Directors, (ii) our Chief Executive Officer and other executive officers named in the Summary Compensation Table on page 11 of this proxy statement, (iii) all of our current directors and executive officers as a group, and (iv) each beneficial owner of more than 5% of the outstanding shares of any class of our voting securities. Except as otherwise indicated, addresses are c/o Majesco Entertainment Company, 160 Raritan Center Parkway, Suite 1, Edison, NJ 08837.

<b>Common Stock</b>	<b>Number of Shares Beneficially Owned</b>	<b>Voting Power</b>
Robert S. Ellin	2,630,388 <sup>(1)</sup>	6.80%
Joseph Sutton	2,383,664 <sup>(2)</sup>	6.16%
Adam Sutton	1,960,771 <sup>(3)</sup>	5.07%
Jesse Sutton	2,220,321 <sup>(4)</sup>	5.73%
John Gross	546,430 <sup>(5)</sup>	1.41%
Gui Karyo	526,871	1.36%
Allan Grafman	258,610 <sup>(6)</sup>	*
Louis Lipschitz	214,470 <sup>(7)</sup>	*
Laurence Aronson	212,421 <sup>(8)</sup>	*
Stephen Wilson	155,611 <sup>(9)</sup>	*
Keith McCurdy	22,374 <sup>(10)</sup>	*
<b><i>Current Executive Officers and Directors as a Group</i></b>	<b>4,157,108<sup>(11)</sup></b>	<b>10.59%</b>

\* Represents beneficial ownership of less than 1% of the shares of common stock.

- (1) Based on a Schedule 13D/A filed with the SEC on January 11, 2010. Includes: (a) 115,297 shares of common stock owned by Robert S. Ellin; (b) 2,433,650 shares of common stock owned by the Trinad Capital Master Fund, Ltd. ( Master Fund ), of which Mr. Ellin is the managing director; and (c) 81,441 shares of common stock owned by the Robert S. Ellin Profit Sharing Plan. Robert S. Ellin disclaims beneficial ownership of the shares of common stock directly beneficially owned by the Master Fund except to the extent of his pecuniary interests therein. Mr. Ellin also disclaims any beneficial ownership of shares of common stock owned directly by the Robert S. Ellin Profit Sharing Plan. The address is 2121 Avenue of the Stars, Suite 1650, Los Angeles, California 90067.
- (2) Includes 51,000 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days. Joseph Sutton is an employee of the Company and is the brother of Jesse and Adam Sutton.
- (3) Includes 3,600 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days. Adam Sutton is an employee of the Company and is the brother

of Jesse and Joseph Sutton.

- (4) Includes 90,000 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days.
- (5) Includes 221,000 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days.
- (6) Includes 89,605 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days.
- (7) Includes 82,135 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days.
- (8) Includes 77,036 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days.
- (9) Includes 43,820 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days.
- (10) Includes 2,584 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days.
- (11) Includes 606,180 shares of common stock underlying outstanding options but does not include options that have not vested and are not vesting within 60 days.

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Below is information about our current directors. We have a staggered board of directors comprised of three classes and each director serves until the annual meeting associated with their class. The Class III board members are Stephen Wilson and Allan I. Grafman, who will serve until our annual meeting in 2011. The Class I board members are Jesse Sutton and Louis Lipschitz, who will serve until our annual meeting in 2012. The Class II board members are Laurence Aronson and Keith McCurdy, who are up for re-election at this year's annual meeting, and if elected will serve until our annual meeting in 2013. Our Board of Directors has reviewed the materiality of any relationship that each of our directors has with Majesco, either directly or indirectly. Based upon this review, our Board has determined that the following members of the Board are independent directors as defined by the rules of the Nasdaq Stock Market: Laurence Aronson, Allan Grafman, Louis Lipschitz, Keith McCurdy, and Stephen Wilson.

**Class I**

<b>Name</b>	<b>Age</b>	<b>Position</b>
Jesse Sutton	40	Chief Executive Officer and Director
Louis Lipschitz	64	Director

**Class II**

<b>Name</b>	<b>Age</b>	<b>Position</b>
Laurence Aronson	53	Director
Keith McCurdy	49	Director

**Class III**

<b>Name</b>	<b>Age</b>	<b>Position</b>
Allan I. Grafman	56	Director
Stephen Wilson	63	Director

**JESSE SUTTON.** Mr. Sutton is currently our Chief Executive Officer and has served in such capacity since November 29, 2007 and prior to that as Interim Chief Executive Officer since August 23, 2006. Previously, he served as our President, other than from December 5, 2003 through August 24, 2004, when he served as our Chief Executive Officer. Mr. Sutton also serves as one of our directors. He had served as one of our directors since December 5, 2003, but resigned effective February 6, 2006 in order for our Board to continue to have a majority of independent directors. He joined the Board again on August 23, 2006.

**LOUIS LIPSCHITZ.** Mr. Lipschitz has served as one of our directors since April 20, 2004. From February 1996 to March 2004, he served as Executive Vice President and Chief Financial Officer of Toys R Us, Inc. He currently serves



on the board of directors of Finlay Enterprises, New York and Company, Forward Industries, and The Children's Place Retail Stores, Inc.

LAURENCE ARONSON. Mr. Aronson has served as one of our directors since November 4, 2004. He is currently an owner of Homewatch CareGivers of Essex, Morris and Union Counties, a provider of home care services. From 2003 to December 2009, he served as the President and Chief Executive Officer of Cartwheel LLC, a marketing services company. From 2000 to 2003, he was the President of Sales and Customer Marketing at Revlon USA. Prior to that, he held senior leadership positions at Procter & Gamble and Warner Lambert/Adams USA.

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**ALLAN I. GRAFMAN.** Mr. Grafman has served as one of our directors since April 11, 2007 and since December 4, 2007 as our Chairman. He is currently the President of All Media Ventures, and since 2005 has been an operating partner of Mercury Capital Partners. Previously, Mr. Grafman served as President of Archie Comics Entertainment and Executive Vice President, Chief Financial Officer of Hallmark Entertainment. From 1983 to 1996, at Tribune Entertainment, he served as Vice President and at parent Tribune Company, as Managing Director.

**STEPHEN WILSON.** Mr. Wilson has served as one of our directors since May 1, 2006. He is currently a partner with Camelot Equity Partners and a Senior Managing Director at Brock Capital. From May 2001 to February 2006, Mr. Wilson was Executive Vice President, Chief Financial Officer and Chief Administrative Officer at Footstar, Inc. He has also served as Executive Vice President and Chief Financial Officer of Bridge Information Systems, Reader's Digest Association and RJR Nabisco. His additional prior experience includes senior management and financial positions at Cadbury Schweppes North America and PepsiCo, Inc.

**KEITH MCCURDY.** Mr. McCurdy has served as one of our directors since March 9, 2009. He is also the Chief Executive Officer and a co-founder of Vivaty, Inc. Prior to this, Mr. McCurdy was the Chief Operating Officer of Hands-On Mobile, Inc. He also served as the Chief Executive Officer of Blaze Entertainment, and held numerous executive positions at Electronic Arts Inc. (EA), including Vice President of Product Development, Vice President of Technology, Vice President of Online, and Director of the Advanced Technology Group. He currently serves as a member of the board of directors of Mandalay Media, Inc.

## **Committees of the Board of Directors and Meetings**

*Meeting Attendance.* The Board of Directors has a policy that directors make all reasonable efforts to attend our Company's annual stockholder meetings. Laurence Aronson, Allan Grafman, Louis Lipschitz, Keith McCurdy and Stephen Wilson attended last year's annual stockholders' meeting. In fiscal 2009, there were a total of ten meetings of the Board of Directors; the various committees of the Board met a total of 18 times. No director attended fewer than 75% of the total number of meetings of the Board and of committees of the Board on which he served during fiscal year 2009. The independent members of the Board also met regularly in executive session.

*Audit Committee.* The Board of Directors has a standing Audit Committee, consisting of Messrs. Louis Lipschitz (Chair), Allan Grafman, Laurence Aronson, and Stephen Wilson. Our Audit Committee held eight meetings during fiscal year 2009. The Audit Committee acts under a written charter, which more specifically sets forth its responsibilities and duties, as well as requirements for the Committee's composition and meetings. The charter of the Audit Committee can be found on our website at [www.majescoentertainment.com](http://www.majescoentertainment.com).

The Board of Directors has determined that each member of the audit committee is independent, as that term is defined by applicable Securities and Exchange Commission rules. In addition, the Board of Directors has determined that each member of the audit committee is independent, as that term is defined by the rules of the Nasdaq Stock Market.

The Board has determined that Messrs. Allan Grafman, Louis Lipschitz and Stephen Wilson are financial experts serving on its Audit Committee, and are independent, as the SEC has defined that term in Item 407 of Regulation S-K. Please see the biographical information for these individuals contained in the section above entitled, "The Board of Directors."

*Nominating and Governance Committee.* The Board of Directors has a standing Nominating and Governance Committee. The Nominating and Governance Committee consists of Messrs. Stephen Wilson (Chair), Laurence Aronson, Allan Grafman, and Louis Lipschitz. The Committee may employ a variety of methods for identifying and evaluating nominees for director. All members of the Committee qualify as independent as defined by the rules of the

Nasdaq Stock Market. The Nominating and Governance Committee held four meetings during fiscal year 2009. The Nominating

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and Governance Committee acts under a written charter, which more specifically sets forth its responsibilities and duties, as well as requirements for its composition and meetings. The charter of the Nominating and Governance Committee can be found on our website at [www.majescoentertainment.com](http://www.majescoentertainment.com).

The Committee regularly assesses the size of the Board, the need for particular expertise on the Board, the upcoming election cycle of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. Candidates may be evaluated at regular or special meetings of the Committee, and may be considered at any point during the year.

As reflected in the charter of the Nominating and Governance Committee, factors considered by the Committee in the selection of director nominees are those it may deem appropriate, including judgment, character, high ethics and standards, integrity, skills, diversity, independence, experience with businesses and organizations of a comparable size to the Company, the interplay of the candidate's experience with the experience of other Board of Directors members and the extent to which the candidate would be a desirable addition to the Board of Directors or any of its committees. In addition, in considering nominees for director, the Nominating and Governance Committee will review the qualifications of available candidates that are brought to the attention of the Committee by any member of the Board of Directors, stockholders and management or identified by the Committee through the use of search firms or otherwise.

The Nominating and Governance Committee does not set specific, minimum qualifications that nominees must meet in order for the Committee to recommend them to the Board of Directors, but rather believes that each nominee should be evaluated based on his or her individual merits, taking into account the needs of the Company and the composition of the Board of Directors. Members of the Nominating and Governance Committee discuss and evaluate possible candidates in detail prior to recommending them to the Board of Directors.

If a stockholder wishes to propose a candidate for consideration as a nominee by the Nominating and Governance Committee, it should follow the procedures described in this section and in the Company's Nominating and Corporate Governance Committee Charter. The Nominating and Governance Committee will consider candidates recommended by stockholders, when the nominations are properly submitted. The policy adopted by the Nominating and Governance Committee provides that nominees recommended by stockholders are given appropriate consideration and will be evaluated in the same manner as other nominees. Following verification of the stockholder status of persons proposing candidates, the Committee makes an initial analysis of the qualifications of any candidate recommended by stockholders or others pursuant to the criteria summarized above to determine whether the candidate is qualified for service on the Company's Board before deciding to undertake a complete evaluation of the candidate. If any materials are provided by a stockholder or professional search firm in connection with the nomination of a director candidate, such materials are forwarded to the Committee as part of its review. Other than the verification of compliance with procedures and stockholder status, and the initial analysis performed by the Committee, a potential candidate nominated by a stockholder is treated like any other potential candidate during the review process by the Committee.

*Compensation Committee; Compensation Committee Interlocks and Insider Participation.* The Compensation Committee of the Board of Directors is composed entirely of directors who are not our current or former employees, each of whom meets the applicable definition of "independent" as defined by the rules of the Nasdaq Stock Market. None of the members of the Compensation Committee during fiscal 2009 (i) had any relationships requiring disclosure by the Company under the SEC's rules requiring disclosure of related party transactions, and (ii) was an executive officer of a company of which an executive officer of the Company is a director. The current members of our Compensation Committee are Messrs. Laurence Aronson (Chair), Allan Grafman, Louis Lipschitz, Keith McCurdy and Stephen Wilson. Our committee has no interlocks with other companies. Our



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Compensation Committee held four meetings during fiscal year 2009. The charter of the Compensation Committee can be found on our website at [www.majescoentertainment.com](http://www.majescoentertainment.com).

The Committee is responsible for establishing and administering our executive compensation policies. The role of the Compensation Committee is to (i) formulate, evaluate and approve compensation of the Company's directors, executive officers and key employees; (ii) oversee all compensation programs involving the use of the Company's stock; and (iii) produce, if required under the securities laws, a report on executive compensation for inclusion in the Company's proxy statement for its annual meeting of stockholders. The duties and responsibilities of the Compensation Committee under its charter include:

Annually reviewing and making recommendations to the Board with respect to compensation of directors, executive officers of the Company and key employees;

Annually reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation, evaluating the Chief Executive Officer's performance in light of those goals and objectives, and recommending to the Board the Chief Executive Officer's compensation levels based on this evaluation;

Reviewing competitive practices and trends to determine the adequacy of the executive compensation program;

Approving and overseeing compensation programs for executive officers involving the use of the Company's stock;

Approving and administering cash incentives and deferred compensation plans for executives (including any modification to such plans) and oversight of performance objectives and funding for executive incentive plans;

Annually evaluating the performance of the Compensation Committee; and

Making regular reports to the Board concerning the activities of the Compensation Committee.

When appropriate, the Compensation Committee may, in carrying out its responsibilities, form and delegate authority to subcommittees. The Chief Executive Officer plays a role in determining the compensation of our other executive officers by evaluating the performance of those executive officers. The Chief Executive Officer's evaluations are then reviewed by the Compensation Committee. This process leads to a recommendation for any changes in salary, bonus terms and equity awards, if any, based on performance, which recommendations are then reviewed and approved by the Compensation Committee.

From time to time the Compensation Committee has retained an independent compensation consulting firm, James F. Reda & Associates, LLC, to assist the Committee in determining appropriate short-term and long-term incentive awards for key executives. Other services have included a review of the Company's Amended and Restated Employee, Director and Consultant Incentive Plan ( Incentive Plan ), valuation of employee and director equity grants, valuation of warrants, and advisement on RiskMetrics policy guidelines.

The Compensation Committee retains the consulting firm directly, although in carrying out assignments, the consulting firm also interacts with Company management when necessary and appropriate in order to obtain compensation and performance data for the executives and the Company. In addition, the consultant may, in its discretion, seek input and feedback from management regarding its consulting work product prior to presentation to the Compensation Committee in order to confirm alignment with the Company's business strategy and/or identify data

questions or other similar issues.

The Compensation Committee has the authority to retain, terminate and set the terms of the Company's relationship with any outside advisors who assist the Committee in carrying out its responsibilities.

**Table of Contents****Communications with the Board of Directors**

Stockholders may communicate with the Board of Directors by sending an email to [InvestorRelations@majescoentertainment.com](mailto:InvestorRelations@majescoentertainment.com) or by sending a letter to Majesco Entertainment Company's Board of Directors, c/o the Office of the Secretary, 160 Raritan Center Parkway, Suite 1, Edison, New Jersey 08837. The Office of the Secretary will receive the correspondence and forward it to the Chairman or to any individual director or directors to whom the communication is directed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to the Company or its business, or is similarly inappropriate. The Office of the Secretary has the authority to discard or disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

**Executive Officers**

The following sets forth certain information regarding our executive officers. We currently have employment agreements with Jesse Sutton, our Chief Executive Officer, John Gross, our Executive Vice President and Chief Financial Officer, and Gui Karyo, our Executive Vice President, Operations. All executives are at-will employees.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Jesse Sutton	40	Chief Executive Officer
John Gross	59	Executive Vice President and Chief Financial Officer
Gui Karyo	37	Executive Vice President, Operations

JESSE SUTTON. See Management and Corporate Governance starting on page 6.

JOHN GROSS. Mr. Gross has served as our Executive Vice President and Chief Financial Officer since July 12, 2005. From December 2000 through June 2005, Mr. Gross served as Vice President, Corporate Development, for FactSet Research Systems Inc. Prior to such time, Mr. Gross served as Chief Financial Officer of Rare Medium and FactSet and held senior financial positions at PepsiCo, Inc., Reader's Digest Association and Cadbury Schweppes North America.

GUI KARYO. Mr. Karyo has served as our Executive Vice President, Operations since January 31, 2007. From August 2000 to September 2004, Mr. Karyo worked at Marvel Entertainment, Inc., most recently serving as Marvel's President of Publishing, Executive Vice President of Operations and Chief Information Officer. Prior to Marvel, Mr. Karyo served as Chief Technology and Chief Operating Officer for Lyrrus, Inc., a technology start-up that produced electronic hardware and software products for computer-based music education. From September 2004 to January 2007, Mr. Karyo acted as a freelance consultant for various companies in the digital media, technology and entertainment industries.



**Table of Contents****EXECUTIVE COMPENSATION****Summary Compensation Table**

The following Summary Compensation Table sets forth summary information as to compensation paid or accrued during the last two fiscal years ended October 31, 2008 and 2009 to (i) our current Chief Executive Officer, and (ii) our two next most highly compensated executive officers who earned more than \$100,000 during the fiscal year ended October 31, 2009.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards<sup>(1)</sup> (\$)</b>	<b>Option Awards<sup>(2)</sup> (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Jesse Sutton, Chief Executive Officer	2009	363,000	45,375 <sup>(3)</sup>	261,032			669,407
	2008	356,073	349,300	186,308	52,166		943,847
John Gross, Executive Vice President, Chief Financial Officer	2009	294,204	18,375 <sup>(3)</sup>	182,385		11,713 <sup>(4)</sup>	506,677
	2008	290,089	141,900	131,717	160,724	13,257	737,687
Gui Karyo, Executive Vice President, Operations	2009	250,016	15,625 <sup>(3)</sup>	272,395			538,036
	2008	250,016	120,300	225,346			595,662

(1) Represents the compensation expense incurred by us in the fiscal year. See Note 3 to our Consolidated Financial Statements reported in our Form 10-K for our fiscal year ended October 31, 2008 and in our Form 10-K for our fiscal year ended October 31, 2009 for details as to the assumptions used to determine the fair value of the stock awards, and Note 14 in our Form 10-K for our fiscal year ended October 31, 2009, which describes all forfeitures during fiscal year 2009.

(2) Represents the compensation expense incurred by us in the fiscal year. See Note 3 to our Consolidated Financial Statements reported in our Form 10-K for our fiscal year ended October 31, 2008 and in our Form 10-K for our fiscal year ended October 31, 2009 for details as to the assumptions used to determine the fair value of the option awards, and Note 14 in our Form 10-K for our fiscal year ended October 31, 2009 which describes all forfeitures during fiscal year 2009.

(3) Pursuant to the Company's 2009 incentive bonus program. See Narrative Disclosure to Summary Compensation Table starting on page 11.

(4) Reimbursement of certain travel related expenses.

**Narrative Disclosure to Summary Compensation Table***Incentive Bonus Program*

On April 1, 2009, the Compensation Committee of our Board of Directors finalized and approved the terms of an incentive bonus plan for our 2009 fiscal year. Pursuant to the plan, each of our executive officers was eligible to receive an incentive bonus based upon a targeted percentage of his base salary. The percentage of base salary that each executive officer would receive if the Company achieved all of the objectives included in the plan was 100% for the Chief Executive Officer and 50% for each other executive officer.

The 2009 incentive bonus program was comprised of two components, a funding component and an allocation component. The funding component is the basis on which the dollar amount of the bonus pool to be allocated among all participants was calculated and was based on the achievement by the Company of financial and operational goals (the *Goals* ). The allocation component is the basis on which the actual bonus amount was to be paid to each participant.

If the Company met all of the financial and operational goals set forth below, the bonus pool for executive officers would be \$635,000 (the *Bonus Target* ).

The financial goal (the *Financial Goal* ) accounted for 75% of the *Bonus Target*, and was determined by a measure of net income.

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The four operational goals each accounted for 6.25% of the Bonus Target, and were as follows (the Operational Goals ):

Successful implementation of a plan to convert the business in the United Kingdom to a direct sales model;

Successful completion by Majesco Studios Santa Monica of certain video game products;

Release of a certain number of products in fiscal 2009; and

Confirmation of a certain number and type of product for the 2010 product pipeline to be measured in October 2009.

In January 2010, our Compensation Committee awarded bonuses of 12.5% of their targeted bonus amounts to each of our executive officers based upon the achievement of two of the four Operational Goals.

*Restricted Stock Grants*

On August 3, 2009, our Compensation Committee made restricted stock grants to our executive officers. The shares of restricted stock vest in equal installments over a three-year period beginning on the first anniversary of the grant date.

*Employment Agreements*

We currently have employment agreements with Jesse Sutton, our Chief Executive Officer, John Gross, our Executive Vice President and Chief Financial Officer, and Gui Karyo, our Executive Vice President, Operations.

Mr. Sutton's employment agreement, entered into in January 2009, provides for an annual base salary of \$363,000 and a discretionary bonus of up to 100% of his base salary.

Mr. Gross' employment agreement, entered into in 2005, provided for an annual base salary of \$250,000 and a discretionary bonus of up to 50% of his base salary. Under the agreement, Mr. Gross also received an automobile allowance of \$1,495 per month and reimbursement of certain travel related expenses. In fiscal 2008, the amount of the automobile allowance was made part of Mr. Gross' salary, thereby increasing his salary to \$267,462. Effective January 1, 2008, he received a 10% increase in his salary to \$294,000.

Mr. Karyo's employment agreement, entered into in January 2007, provides for an annual base salary of \$250,000 and a discretionary bonus of up to 50% of his base salary.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table shows grants of stock options and grants of unvested stock awards outstanding on the last day of the fiscal year ended October 31, 2009, to each of the executive officers named in the Summary Compensation Table.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying	Number of Securities Underlying	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested
	Unexercised Options Exercisable (#)	Unexercised Options Unexercisable (#)	(\$)		(#)	(\$) <sup>(1)</sup>
Jesse Sutton	90,000		\$ 3.20	8/2/2012	398,107 <sup>(2)</sup>	\$ 406,069
John Gross	100,000		\$ 7.23	6/27/2012		
	21,000		\$ 3.20	8/2/2012		
Gui Karyo	100,000		\$ 1.43	9/26/2012	276,499 <sup>(3)</sup>	\$ 282,009
					301,735 <sup>(4)</sup>	\$ 307,770

(1) The market value of the shares is determined by multiplying the number of shares times \$1.02, the closing price of our common stock on the Nasdaq Capital Market on October 31, 2009, the last day of our fiscal year.

(2) Shares vest as follows: 187,617 shares on August 3, 2010; 153,710 shares on August 3, 2011; and 56,780 shares on August 3, 2012.

(3) Shares vest as follows: 8,250 shares on February 10, 2010; 122,779 shares on August 3, 2010; 8,500 shares on February 10, 2011; 99,890 shares on August 3, 2011; and 37,060 shares on August 3, 2012.

(4) Shares vest as follows: 102,000 shares on January 31, 2010; 95,165 shares on August 3, 2010; 76,350 shares on August 3, 2011; and 28,220 shares on August 3, 2012.

**Potential Payments Upon Termination or Change-In-Control**

We have entered into agreements that require us to make payments and/or provide benefits to certain of our executive officers in the event of a termination of employment or a change of control. The following summarizes the potential payments to each named executive officer for which we have entered into such an agreement assuming that one of the events identified below occurs.

**Mr. John Gross, Executive Vice President and Chief Financial Officer**

Pursuant to his employment agreement, if the Company terminates Mr. Gross' employment without cause or the agreement is terminated by Mr. Gross for good reason, he will receive severance benefits from the Company, including:

continued payment of his base salary for a period of 12 months;

a cash lump sum payment, paid at the time the Company's annual bonus is generally paid, equal to his target bonus (50% of his base salary);

for any such termination occurring within 90 days after the end of the Company's fiscal year, but prior to the payment of any annual bonus for such period, an annual bonus with respect to such period, provided that he would have otherwise received an annual bonus if he had remained employed as of the date of the payment of such bonus;

reimbursement for any applicable premiums he would pay to continue coverage for himself and his eligible dependents under the Company's group health benefit plans under COBRA for a period of eighteen months, or, if earlier, until he is eligible for similar benefits from another employer; and

if such termination of employment occurs within 12 months after a change in control of the Company, then in addition to the payments above: (a) any unvested stock options and

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restricted stock held by Mr. Gross shall all be immediately and fully vested and exercisable; (b) the payment of his base salary would be in a single cash lump sum payment instead of over a 12-month period; and (c) a 280G Gross-Up payment to the extent any payment to him is characterized as a parachute payment within the meaning of the Internal Revenue Code of 1986.

The agreement contains customary confidentiality, non-competition, non-solicitation, and indemnification terms and is terminable at-will by either party, subject to the conditions set forth above.

Mr. Gross employment agreement defines Cause as follows:

an act of dishonesty or fraud in connection with his responsibilities with the intent that such action would result in his substantial personal enrichment;

a conviction or entry of nolo contendere for a felony;

his willful failure to follow lawful, reasonable instructions of the chief executive officer or president of the Company;

his willful misconduct, provided such conduct is injurious to the Company; or

his violation or breach of any fiduciary or contractual duty to the Company that results in material damage to the Company; provided that if any of the reasons for cause are curable, then they may be cured within 20 days of receipt of notice from the Company.

Mr. Gross employment agreement defines Good Reason as follows:

reassignment or reduction of his duties resulting in material change with respect to his position, authority or responsibilities;

reduction in base salary or annual incentive opportunity except for a reduction that is applied to substantially all of the other senior executives;

reduction of benefits except for a reduction that is applied to substantially all of the other senior executives;

change of his office location by more than 30 miles from his residence; or

a material breach of a material provision of his employment agreement by the Company, which, if curable, has not been cured within 20 days of notice to the Company.

**Mr. Gui Karyo, Executive Vice President, Operations**

Pursuant to his employment agreement, if the Company terminates Mr. Karyo's employment without cause or due to disability, or the agreement is terminated by Mr. Karyo for good reason, he will receive severance benefits from the Company, including:

continued payment of his base salary for a period of 12 months;

continued contributions towards his health care and dental benefits on the same basis as immediately prior to the date of termination for 12 months or, if earlier, until he is eligible for similar benefits from another

employer;

if such event occurs within 12 months after a change in control of the Company, then the payment of his base salary would be paid in a single cash lump sum payment instead of over a 12-month period; and

any unvested portion of the restricted stock grant of 300,000 shares made to him upon his appointment to the Company would fully vest.

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The agreement contains customary confidentiality, non-competition, non-solicitation, and indemnification terms and is terminable at-will by either party, subject to the conditions set forth above.

Mr. Karyo's employment agreement defines "Cause" as follows:

- a good faith finding of dishonesty, misconduct or negligence that is materially injurious to the Company, which, if curable, has not been cured within 10 days of notice from the Company;
- a conviction or entry of nolo contendere to any crime involving fraud, embezzlement, or moral turpitude; or
- a material breach of the terms of his employment agreement or employee non-disclosure agreement, which, if curable, has not been cured within 10 days of notice from the Company.

Mr. Karyo's employment agreement defines "Good Reason" as follows:

- assignment to him of duties inconsistent in any material aspect with his position, authority or responsibilities as outlined in his employment agreement;
- reassignment or reduction of his duties resulting in a material change with respect to his position, authority or responsibilities;
- change of his office location by more than 65 miles from his residence;
- material reduction in base salary or annual incentive opportunity;
- an organizational or procedural change that would result in him not substantively reporting to the chief executive officer or regularly presenting operational reports to the Board; or
- any act that interferes with his ability to evaluate, discipline or terminate any individual directly reporting to him (except those employment actions advised by Company counsel); provided that if any event constituting Good Reason is curable then the Company shall have 30 days from receipt of notice to correct such event.

**Mr. Jesse Sutton, Chief Executive Officer**

Pursuant to his employment agreement, if the Company terminates Mr. Sutton's employment without cause or the agreement is terminated by Mr. Sutton for good reason, he will receive severance benefits from the Company, including:

- continued payment of his base salary on a monthly payroll basis for a period of 12 months;
- within 30 days:
  - a payment equal to the average of the percentages used to calculate Mr. Sutton's Annual Incentive Cash Bonus (as such term is defined in the employment agreement) in each of the previous three (3) fiscal years times Mr. Sutton's then current base salary (the "Severance Bonus"); and
  - a payment for accrued but untaken vacation days.



acceleration and full vesting as of the date of termination of all unvested restricted stock, stock options and other equity awards held by Mr. Sutton at the time of such termination.

continued Company contributions toward Mr. Sutton's health care, dental, disability and life insurance benefits on the same basis as immediately prior to the date of termination for twelve (12) months following the date of termination. Notwithstanding the foregoing, the Company is not required to provide any health care, dental, disability or life insurance benefit otherwise receivable by Mr. Sutton if he is actually covered or becomes covered by an equivalent benefit (at the same cost to him, if any) from another source.

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If the Company terminates Mr. Sutton's employment without cause or the agreement is terminated by Mr. Sutton for good reason within twenty-four (24) months of a change of control of the Company, he will receive severance benefits (in lieu of all other severance programs/amounts) from the Company, including:

payment within 30 days of his termination in an amount equal to:

two (2) years base salary;

the Severance Bonus; and

accrued but untaken vacation days.

acceleration and full vesting as of the date of termination of all unvested restricted stock, stock options and other equity awards held by Mr. Sutton at the time of such termination.

continued Company contributions toward Mr. Sutton's health care, dental, disability and life insurance benefits on the same basis as immediately prior to the date of termination for twelve (12) months following the date of termination. Notwithstanding the foregoing, the Company is not required to provide any health care, dental, disability or life insurance benefit otherwise receivable by Mr. Sutton if he is actually covered or becomes covered by an equivalent benefit (at the same cost to him, if any) from another source.

Mr. Sutton's employment agreement defines "Cause" as follows:

a good faith finding of dishonesty, gross negligence or misconduct that is injurious to the Company which, if curable, has not been cured within 10 business days of notice from the Company;

a good faith finding by the Company that Mr. Sutton has willfully failed to perform his duties thereunder that, if curable, has not been cured within 10 business days after notice from the Company;

Mr. Sutton's failure to follow a specific written directive of the Company's Board that is business justified and issued in good faith;

a conviction or entry of nolo contendere to any felony or crime involving moral turpitude, fraud, theft or embezzlement of Company property;

a material breach of his employment agreement that, if curable, has not been cured by Mr. Sutton within 10 business days after he shall have received written notice from the Company; or

Mr. Sutton's willful disclosure of confidential information or trade secrets and/or his breach of any confidentiality and non-disclosure agreements he may have executed and/or does execute during the term of his employment with the Company.

Mr. Sutton's employment agreement defines "Good Reason" as follows:

a material diminution in the his base compensation;

the material diminution in the his authority, duties or responsibilities, including no longer directly reporting to the Board; provided that such shall not constitute Good Reason if Mr. Sutton continues to be employed in one

of the top three positions in the Company;

a change in geographic location at which Mr. Sutton must regularly perform services of more than fifty (50) miles;

the Company's decision not to renew Mr. Sutton's employment agreement at the conclusion of the Initial Term (as defined in Section 1.3 of such agreement) and/or at the conclusion of an Extended Term (as defined in Section 1.3 of such agreement); or

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any other action or inaction that constitutes a material breach by the Company under Mr. Sutton's employment agreement.

None of the foregoing events shall constitute Good Reason unless (i) Mr. Sutton gives notice to the Company of the occurrence or existence of one of the events and the Company has not cured the condition within thirty (30) days following receipt of such written notice and (ii) Mr. Sutton terminates employment within one hundred and twenty (120) days following the occurrence of such event.

Mr. Sutton's employment agreement defines "Change of Control" as the occurrence of the following events:

any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the voting power of the surviving entity immediately after such consolidation, merger or reorganization;

any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred;

a sale, lease or other disposition of all or substantially all of the assets of the Company in accordance with Delaware Law; or

a change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" is defined in Mr. Sutton's employment agreement to mean directors who either (i) are directors of the Company as of January 8, 2009, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

Notwithstanding any provision to the contrary, a Change of Control shall not include (1) any consolidation or merger effected exclusively to change the domicile of the Company, (2) the event of any "Person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becoming the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities (excluding for this purpose any such voting securities held by the Company or its affiliates or by any employee benefit plan of the Company) pursuant to a transaction or a series of related transactions which the Board of Directors does not approve; or (3) any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or indebtedness of the Company is cancelled or converted or a combination thereof.

The agreement contains customary confidentiality, non-competition, non-solicitation, and indemnification terms and is terminable at-will by either party, subject to the conditions set forth above.

**Table of Contents****Director Compensation**

The following table shows the total compensation paid or accrued during the fiscal year ended October 31, 2009 to each of our directors.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)<sup>(1)</sup></b>	<b>Option Awards (\$)<sup>(2)</sup></b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Jesse Sutton					
Laurence Aronson	40,000	40,000	20,000		100,000
Allan Grafman	90,000	80,000	40,000	18,000 <sup>(3)</sup>	228,000
Louis Lipschitz	50,000	40,000	20,000		110,000
Mark Stewart <sup>(4)</sup>	40,000	26,665	13,350		80,015
Keith McCurdy <sup>(5)</sup>	30,000	12,220	2,995		45,215
Stephen Wilson	40,000	33,333	16,667		90,000

(1) Represents the compensation expense incurred by us in fiscal year 2009. See Note 3 to our Condensed Consolidated Financial Statements reported in our Form 10-K for our fiscal year ended October 31, 2009 for details as to the assumptions used to determine the fair value of the stock awards, and Note 14 which describes all forfeitures during fiscal year 2009.

(2) Represents the compensation expense incurred by us in fiscal year 2009. See Note 3 to our Condensed Consolidated Financial Statements reported in our Form 10-K for our fiscal year ended October 31, 2009 for details as to the assumptions used to determine the fair value of the option awards, and Note 14 which describes all forfeitures during fiscal year 2009.

(3) Represents a stipend for medical insurance.

(4) Mr. Stewart passed away on September 21, 2009.

(5) Mr. McCurdy was appointed to the Board on March 9, 2009.

<b>Name</b>	<b>Number of Stock Options Held at Fiscal Year-End</b>	<b>Number of Shares of Restricted Stock Held at Fiscal Year-End</b>
Laurence Aronson	115,037	11,680
Allan Grafman	165,605	23,362
Louis Lipschitz	120,136	11,680
Stephen Wilson	75,487	9,734

Keith McCurdy

16,008

7,786

**Director Compensation Program**

Each non-employee director receives an annual cash retainer of \$40,000, other than the Chair of the Company's Audit Committee who receives \$50,000. In addition, the Chairman of the Board receives an additional annual cash retainer of \$50,000.

Each non-employee director also receives annual equity grants valued at \$40,000, other than the Chair of the Nominating and Governance Committee, who receives grants valued at \$50,000, and the Chairs of the Compensation and Audit Committees, who receive grants valued at \$60,000. The Chairman receives additional equity grants valued at \$80,000.

The equity portion of the compensation is a mix of 2/3 restricted stock and 1/3 stock options and is granted under the Incentive Plan. The restricted stock is awarded quarterly with the number of shares determined by dividing the applicable dollar amount by the fair market value of the Company's common stock on the day prior to the grant date. The stock options are awarded annually with the number of shares determined using a Black-Scholes formula. The options vest over two years, with half vesting on each of the first and second anniversaries of the grant date.

**Table of Contents****Equity Compensation Plan Information (as of October 31, 2009)**

<b>Plan category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b>
Equity compensation plans approved by security holders	1,483,929	\$ 5.24	3,123,141
Equity compensation plans not approved by security holders	40,000 <sup>(1)</sup>	\$ 1.55	
<b>Total</b>	<b>1,483,929</b>	<b>\$ 5.20</b>	<b>3,123,141</b>

(1) Represents warrants to purchase 40,000 shares of common stock at a purchase price per share of \$1.55 granted to a consultant in 2006.

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**REPORT OF AUDIT COMMITTEE**

The current members of the Audit Committee are Messrs. Louis Lipschitz (Chair), Laurence Aronson, Allan Grafman, and Stephen Wilson.

The Audit Committee of the Board of Directors, which consists entirely of directors who meet the required independence and experience requirements of Rule 10A-3 promulgated under the Securities Exchange Act of 1934 and the rules of the Nasdaq Stock Market, has furnished the following report:

The Committee assists the Board in overseeing and monitoring the integrity of the Company's financial reporting process, its compliance with legal and regulatory requirements and the quality of its internal and external audit processes. The role and responsibilities of the Committee are set forth in a written charter adopted by the Board, which is available on our website at [www.majescoentertainment.com](http://www.majescoentertainment.com). The Committee is responsible for selecting, retaining and determining the compensation of our independent public accountant, approving the services they will perform, and reviewing the performance of the independent public accountant. The Committee reviews with management and our independent public accountant our annual financial statements on Forms 10-K and our quarterly financial statements on Forms 10-Q. The Committee reviews and reassesses the charter annually and recommends any changes to the Board for approval. The Committee is responsible for overseeing our overall financial reporting process. In fulfilling its responsibilities for the financial statements for fiscal year 2009, the Audit Committee took the following actions:

reviewed and discussed the audited financial statements for the fiscal year ended October 31, 2009 with management and Amper, Politziner & Mattia, LLP, our independent public accountant ( Amper );

discussed with Amper the matters required to be discussed in accordance with the rules set forth by the Public Company Accounting Oversight Board ( PCAOB ), relating to the conduct of the audit; and

received written disclosures and the letter from Amper regarding its independence as required by applicable requirements of the PCAOB regarding Amper's communications with the Committee and the Committee further discussed with Amper their independence. The Committee also considered the status of pending litigation, taxation matters and other areas of oversight relating to the financial reporting and audit process that the Committee determined appropriate.

Based on the Audit Committee's review of the audited financial statements and discussions with management and Amper, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2009 for filing with the Securities and Exchange Commission.

**THE AUDIT COMMITTEE:**

Louis Lipschitz (Chair)  
Laurence Aronson  
Allan I. Grafman  
Stephen Wilson



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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. These persons are required by regulation to furnish us with copies of all Section 16(a) reports that they file. Based on our review of the copies of these reports received by us, or written representations from the reporting persons that no other reports were required, we believe that, during fiscal 2009, all filing requirements applicable to our current officers, directors and greater than ten percent beneficial owners were complied with.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Morris Sutton, the former chief executive officer of the Company, resigned effective January 1, 2007 and became a consultant. The Company paid approximately \$461,000 to Mr. Sutton under a consulting agreement during the year ended October 31, 2008 and \$402,000 during the year ended October 31, 2009. Morris Sutton is Jesse Sutton's father.

Our Audit Committee reviews in advance all related person transactions. The Audit Committee shall approve only those related person transactions that are determined to be in, or not inconsistent with, the best interests of the Company and its stockholders, taking into account all available facts and circumstances as the Audit Committee determines in good faith to be necessary. These facts and circumstances will typically include, but not be limited to, the benefits of the transaction to the Company; the availability of other sources for comparable products or services; the terms of the transaction; the terms of comparable transactions that would be available to unrelated third parties or to employees generally; and the impact on a director's independence in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer.

In reviewing and approving such transactions, the Audit Committee shall obtain, or shall direct management to obtain on its behalf, all information that the Audit Committee believes to be relevant and important to a review of the transaction prior to its approval.

The Audit Committee may adopt any further policies and procedures relating to the approval of related person transactions that it deems necessary or advisable from time to time.

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**ELECTION OF DIRECTORS**

**(Notice Item 1)**

On January 13, 2010, the Board of Directors nominated Laurence Aronson and Keith McCurdy for election as Class II directors at the Annual Meeting. All nominees identified below are expected to serve if elected, and each of them has consented to being named in this proxy statement and to serve if elected. All the nominees are currently directors of the Company.

Unless authority to vote for any of the nominees named above is withheld, the shares represented by the enclosed proxy will be voted FOR the election as directors of such nominees. In the event that any nominee shall become unable or unwilling to serve, the shares represented by the enclosed proxy will be voted for the election of such other person as the Board of Directors may recommend in that nominee's place. The Board of Directors has no reason to believe that any nominee will be unable or unwilling to serve.

A plurality of the shares voted affirmatively or negatively at the Annual Meeting is required to elect each of our nominees for Class II director. Our Restated Certificate of Incorporation and Restated Bylaws currently provide for a classified Board of Directors. All nominees will be Class II Directors and will have a term that expires at the annual meeting in 2013.

**THE BOARD OF DIRECTORS RECOMMENDS THE ELECTION OF LAURENCE ARONSON AND KEITH MCCURDY AS DIRECTORS, AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.**

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**RATIFICATION OF APPOINTMENT  
OF INDEPENDENT PUBLIC ACCOUNTANT**

**(Notice Item 2)**

The Audit Committee has appointed Amper, Politziner & Mattia, LLP ( Amper ), independent public accountant, to audit our financial statements for the fiscal year ending October 31, 2010. The Board proposes that the stockholders ratify this appointment. We expect that representatives of Amper will be present at the meeting, will be able to make a statement if they so desire, and will be available to respond to appropriate questions.

As previously disclosed, on April 30, 2009, we dismissed McGladrey & Pullen, LLP ( M&P ) as the Company s independent registered public accounting firm, who were our independent public accountant for the fiscal year ended October 31, 2008. On May 5, 2009, Amper was engaged as our new independent registered accounting firm and audited our financial statements for the fiscal year ending on October 31, 2009. The decision to engage Amper was approved by the Audit Committee of our Board of Directors.

During the period that M&P served as our independent public accountant, we did not consult with Amper on (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that may be rendered on our financial statements, and Amper did not provide either a written report or oral advice to us that they concluded was an important factor considered by us in reaching a decision as to any accounting, auditing, or financial reporting issue; or (ii) any of the matters set forth in Item 304(a)(2)(i) or (ii) of Regulation S-K.

None of M&P s reports on the Company s consolidated financial statements for the fiscal years ended October 31, 2008 or 2007, contained an adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the two most recent fiscal years and the subsequent interim period preceding M&P s dismissal, the Company had no disagreements with M&P on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of M&P, would have caused M&P to make reference to the subject matter of the disagreements in connection with its reports on the Company s financial statements during such periods. None of the events described in Item 304(a)(1)(iv) of Regulation S-K occurred during the two most recent fiscal years and any subsequent interim periods preceding the dismissal of M&P.

The following table sets forth the fees billed by our independent public accountants for each of our last two fiscal years for the categories of services indicated.

Category	Year Ended October 31,	
	2009	2008
Audit Fees M&P <sup>(1)</sup>	\$ 30,000	259,460
Audit Fees Amper <sup>(1)</sup>	\$ 130,000	
Audit Related Fees M&P <sup>(1)</sup>	\$ 22,201	
Audit Related Fees Amper <sup>(2)</sup>	\$ 2,030	
Tax Fees <sup>(3)</sup>	\$	\$ 73,655
Audit Other Fees M&P	\$ 20,180	
Audit Other Fees Amper	\$ 29,685	

- (1) Consists of fees billed for the audit of our annual financial statements, review of financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by the auditors in connection with statutory and regulatory filings or engagements.
- (2) Consists of assurance and related services that are reasonably related to the performance of the audit and reviews of our financial statements and are not included in audit fees in this table.
- (3) Consists of services for tax compliance and tax advice.

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**Audit Committee Pre-Approval Policy**

We understand the need for Amper to maintain objectivity and independence in its audit of our financial statements. To minimize relationships that could appear to impair the objectivity of Amper, our Audit Committee has restricted the non-audit services that Amper may provide to us primarily to tax services.

The Audit Committee also has adopted policies and procedures for pre-approving all non-audit work performed by Amper.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE TO APPROVE THE RATIFICATION OF THE APPOINTMENT OF AMPER, POLITZINER & MATTIA, LLP AS INDEPENDENT PUBLIC ACCOUNTANT, AND PROXIES SOLICITED BY THE BOARD WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.**

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**CORPORATE CODE OF CONDUCT AND ETHICS**

We have adopted a Corporate Code of Conduct and Ethics that applies to all employees, including our principal executive officer and principal financial and accounting officer, and directors. The code can be found on our website at [www.majescoentertainment.com](http://www.majescoentertainment.com). We will provide, without charge, a copy of our Corporate Code of Conduct and Ethics upon request to: Secretary, Majesco Entertainment Company, 160 Raritan Center Parkway, Suite 1, Edison, New Jersey 08837. Disclosure regarding any amendments to, or waivers from, provisions of the Corporate Code of Conduct and Ethics that apply to our directors, principal executive and financial officers will be included in a Current Report on Form 8-K within four business days following the date of the amendment or waiver.

**SOLICITATION OF PROXIES**

**Cost and Method**

We will pay all of the costs of soliciting these proxies. In addition to solicitation by mail, our employees, officers and directors may, without additional compensation, solicit proxies by mail, e-mail, facsimile, in person or by telephone or other forms of telecommunication. We will ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their principals and to obtain authority to execute proxies. We will then reimburse them for their expenses.

**Participants in the Proxy Solicitation**

Under applicable regulations of the SEC, each of our directors may be deemed to be a participant in our solicitation of proxies in connection with the Annual Meeting. Please refer to the sections of this proxy statement entitled Security Ownership of Certain Beneficial Owners and Management, and Management and Corporate Governance The Board of Directors for information about our directors who may be deemed participants in the solicitation. Except as described in this proxy statement, there are no agreements or understandings between us and any of our directors or executive officers relating to their employment with us or any future transactions.

**OTHER MATTERS**

As of the date of this proxy statement, the Board of Directors knows of no other business that will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, it is intended that proxies in the enclosed form will be voted in respect thereof in accordance with the best judgment and in the discretion of the persons voting the proxies.

**STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS**

Pursuant to Rule 14a-8 under the Exchange Act, stockholders may present proper proposals for inclusion in the Company's proxy statement for consideration at the 2011 annual meeting of stockholders by submitting their proposals to the Company in a timely manner. In order to be so included for the next annual meeting, stockholder proposals must be received by the Company no later than November 1, 2010 and must otherwise comply with the requirements of Rule 14a-8.

In addition, the Company's by-laws have an advance notice procedure with regard to nominations for the election of directors and business proposals to be brought before an annual meeting of stockholders by any stockholder. In general, any stockholder may nominate one or more persons for election as directors or propose business to be brought

before an annual meeting, or both, only if such stockholder has given timely notice in proper written form of such nomination or nominations or business proposal, setting forth certain specified information relating to such stockholder and his or her nominations or business proposal. To be timely, notice must be received by the Company's Secretary no earlier than December 16, 2010 and no later than January 15, 2011. Proposals that are not

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received in a timely manner will not be voted on at the 2011 annual meeting of stockholders. If a proposal is received on time, the proxies that management solicits for the meeting may still exercise discretionary voting authority on the proposal under circumstances consistent with the proxy rules of the SEC. Stockholder proposals or notices of intent to nominate candidates for election as directors should be submitted to Majesco Entertainment Company, Attention: Secretary, at 160 Raritan Center Parkway, Suite 1, Edison, New Jersey 08837.

Edison, New Jersey  
March 1, 2010



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Our Annual Report on Form 10-K for the fiscal year ended October 31, 2009, as filed with the Securities and Exchange Commission, (other than exhibits thereto) which provides additional information about Majesco, is available to beneficial owners of our common stock without charge upon written request to Adam Sultan, Corporate Secretary, Majesco Entertainment Company, 160 Raritan Center Parkway, Suite 1, Edison, New Jersey 08837. The information is also publicly available through the EDGAR system at [www.sec.gov](http://www.sec.gov) and is available on our website at [www.majescoentertainment.com](http://www.majescoentertainment.com) in the Investor Info section.

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**MAJESCO ENTERTAINMENT COMPANY**  
160 Raritan Center Parkway, Suite 1  
Edison, New Jersey 08837  
(732) 225-8910

**PROXY FOR ANNUAL MEETING OF STOCKHOLDERS**

**April 12, 2010**

**THE BOARD OF DIRECTORS OF MAJESCO ENTERTAINMENT COMPANY SOLICITS THIS PROXY**

The undersigned, revoking any previous proxies relating to these shares, hereby acknowledges receipt of the Notice and Proxy Statement in connection with the Annual Meeting of Stockholders to be held on April 12, 2010, at Majesco's offices, located at 160 Raritan Center Parkway, Suite 1, Edison, New Jersey 08837, and hereby appoints Jesse Sutton, our Chief Executive Officer, and John Gross, our Executive Vice President and Chief Financial Officer, with full power to act alone, and each of them (with full power to act alone), as attorneys and proxies of the undersigned, with power of substitution to each, to vote all shares of the common stock of Majesco Entertainment Company registered in the name provided in this Proxy which the undersigned is entitled to vote at the Annual Meeting of Stockholders, and at any adjournments of the meeting, with all the powers the undersigned would have if personally present at the meeting. Without limiting the general authorization given by this Proxy, the proxies are, and each of them is, instructed to vote or act as follows on the proposals set forth in the Proxy.

**This Proxy when executed will be voted in the manner directed herein. If no direction is made this Proxy will be voted FOR Proposals 1 and 2.**

**In their discretion the proxies are authorized to vote upon such other matters as may properly come before the meeting or any adjournments of the meeting.**

1. Election of Class II Directors (or if any nominee is not available for election, such substitute as the Board of Directors may designate):

Proposal to elect nominees:

<b>Laurence Aronson</b>	<input type="radio"/> FOR	<input type="radio"/> WITHHOLD VOTE
<b>Keith McCurdy</b>	<input type="radio"/> FOR	<input type="radio"/> WITHHOLD VOTE

2. To ratify the appointment of Amper, Politziner & Mattia, LLP as our independent public accountant for the fiscal year ending October 31, 2010.

<input type="radio"/> FOR	<input type="radio"/> AGAINST	<input type="radio"/> ABSTAIN
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**▶ Please mark votes as in this example.**

The Board of Directors recommends a vote FOR Proposals 1 and 2.

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature: ==

Date ==

Signature: ==

Date ==

**PLEASE CAST YOUR VOTE AS SOON AS POSSIBLE!**

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