

MAJESCO ENTERTAINMENT CO
Form DEF 14A
May 09, 2005

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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Under Rule 14a-12

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

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):

No fee required.

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

Fee paid previously with preliminary materials.

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:

May 9, 2005

Dear Stockholder,

You are cordially invited to attend the 2005 Annual Meeting of Stockholders of Majesco Entertainment Company to be held at 10 a.m. (local time) on June 8, 2005, at the Sheraton Edison Hotel Raritan Center, 125 Raritan Center Parkway, Edison, New Jersey 08837.

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,

Carl Yankowski
Chairman and Chief Executive Officer

YOUR VOTE IS IMPORTANT.
PLEASE RETURN YOUR PROXY PROMPTLY.

MAJESCO ENTERTAINMENT COMPANY

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be Held Wednesday, June 8, 2005

To the Stockholders of Majesco Entertainment Company:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Majesco Entertainment Company, a Delaware corporation, will be held at 10 a.m. (local time) on June 8, 2005, at the Sheraton Edison Hotel Raritan Center, 125 Raritan Center Parkway, Edison, New Jersey 08837, for the purpose of considering and taking action on the following proposals:

1. To elect nine members to the Board of Directors. If stockholders approve Proposal Three, the directors will serve staggered terms of one, two or three years. If our stockholders do not approve Proposal Three, each director will be elected for a one-year term; until their successors are duly elected and qualified.
2. To approve a proposed amendment and restatement of our 2004 Employee, Director and Consultant Stock Plan.
3. To approve a proposed restatement of our Amended and Restated Certificate of Incorporation.
4. To ratify the appointment of Goldstein Golub Kessler LLP as our independent public accountants for the fiscal year ending October 31, 2005.
5. 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 April 20, 2005. The Board of Directors has fixed the close of business on April 20, 2005 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/ Lester Greenman
Lester Greenman
Secretary
May 9, 2005

TABLE OF CONTENTS

Proxy Statement	1
Questions And Answers About The Meeting And Voting	1
Security Ownership of Certain Beneficial Owners and Management	5
Management and Corporate Governance	7
Executive Compensation	11
Report of Compensation Committee on Executive Compensation	17
Report of Audit Committee	19
Section 16(a) Beneficial Ownership Reporting Compliance	20
Certain Relationships and Related Transactions	20
Election of Directors	22
Amendment and Restatement of the 2004 Employee, Director and Consultant Stock Plan	23
Restatement of Our Current Certificate of Incorporation	27
Ratification of Appointment of Independent Public Accountants	29
Corporate Code of Conduct and Ethics	30
Other Matters	30
Stockholder Proposals and Director Nominations	30

MAJESCO ENTERTAINMENT COMPANY

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

PROXY STATEMENT FOR MAJESCO ENTERTAINMENT COMPANY 2005 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 8, 2005

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 10 a.m. (local time) on June 8, 2005, at the Sheraton Edison Hotel Raritan Center, 125 Raritan Center Parkway, 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.

This proxy statement, the accompanying proxy and, though not part of this proxy statement, our 2004 annual report, which includes our financial statements for the fiscal year ended October 31, 2004, are being mailed on or about May 9, 2005 to all stockholders entitled to notice of and to vote at the meeting. You can also find a copy of our 2004 Annual Report on Form 10-K, as amended, on the Internet through the SEC's electronic data system called EDGAR at www.sec.gov or through the "Investor Info" section of our website at www.majescogames.com.

Who Can Vote?

Only stockholders who owned Majesco common stock at the close of business on April 20, 2005, are entitled to vote at the annual meeting. On this record date, there were 22,204,802 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 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.

1

- **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 vote at the 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 the nominees for director;

- **"FOR"** the amendment and restatement of our 2004 Employee, Director and Consultant Stock Plan;
- **"FOR"** the complete restatement of our Amended and Restated Certificate of Incorporation; and
- **"FOR"** ratification of the selection of Goldstein Golub Kessler LLP as our independent auditors for our fiscal year ending 2005.

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 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;
- notifying Majesco's Secretary in writing before the annual meeting that you have revoked your proxy; or
- attending the meeting in person and voting in person. Attending the 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. Please vote in the manner described under "How Do I Vote?" 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 meeting as described above under "How

2

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 to vote your unvoted shares for Proposals 1 and 4, respectively, the election of the nominees to the Board of Directors and the ratification of the independent auditors, even if it does not receive instructions from you. We encourage you to provide voting instructions. This ensures your shares will be voted at the 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 Directors

The affirmative vote of a majority of the votes present or represented by proxy and entitled to vote at the annual meeting is required to elect our nominees for director. Abstentions are not counted for purposes of electing directors. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of directors.

Brokerage firms have authority to vote customers' unvoted shares held by the firms in street name for the election of directors. If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote.

Proposal 2: Approve a proposed amendment and restatement to our 2004 Employee, Director and Consultant Stock Plan.

The affirmative vote of a majority of the votes present or represented by proxy and entitled to vote at the annual meeting is required to approve the amendment and restatement of our 2004 Employee, Director and Consultant Stock Plan.

Abstentions will be treated as votes against this proposal.

Brokerage firms do not have authority to vote customers' unvoted shares held by the firms in street name on this proposal, therefore, any shares not voted by a customer will be treated as a broker non-vote, such broker non-votes will have no effect on the results of this vote.

Proposal 3: Approve a proposed restatement of our Amended and Restated Certificate of Incorporation.

The affirmative vote of a majority of our outstanding shares of common stock is required to approve the restatement of our Amended and Restated Certificate of Incorporation.

Abstentions and broker non-votes will be treated as votes against this proposal.

3

Proposal 4: Ratify Our Selection of Goldstein Golub Kessler LLP as our Independent Auditors for 2005

The affirmative vote of a majority of the votes present or represented by proxy and entitled to vote at the annual meeting is required to ratify the selection of independent auditors. Abstentions will be treated as votes against this proposal. 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 accountants. However, if our stockholders do not ratify the selection of Goldstein Golub Kessler LLP as our independent public accountants for the fiscal year ending October 31, 2005, our Audit Committee of our Board of Directors will reconsider its selection.

What Are the Costs of Soliciting these Proxies?

We will pay all of the costs of soliciting these proxies. Our directors and employees may solicit proxies in person or by telephone, fax or email. We will pay these employees and directors no additional compensation for these services. 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 have engaged The Altman Group to solicit proxies for this annual meeting. We are paying The Altman Group \$5,500 at the start of the solicitation and we may pay additional fees after the solicitation depending on the services we use, plus certain of their out-of-pocket expenses.

What Constitutes a Quorum for the 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 meeting. Votes of stockholders of record who are present at the 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 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 your 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 "household," 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.

Stockholders who do not wish to participate in "householding" and would like to receive their own sets of our annual disclosure documents in future years should follow the instructions described below. Stockholders 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 these instructions:

- 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, New York, New York 10038.
- Stockholders whose shares are held by a broker or other nominee should contact the 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.

4

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of April 20, 2005, 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 certain other highly compensated officers, (iii) all of our 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.

	Number of Shares Beneficially Owned	Voting Power
Common Stock		
Directors and Executive Officers		
Carl Yankowski	521,247(1)	2.1%
Jesse Sutton	2,232,888(2)(3)	10.1%
Jesse M. Sutton Foundation (4)	217,142	1.3%
Joseph Sutton	2,232,888(2)(3)	10.1%
Morris Sutton (5)	805,363(3)	3.6%
Louis Lipschitz	4,762(1)	*
Marc Weisman	0(6)	*
James Halpin	0(7)	*
F. Peter Cuneo	0(8)	*
Laurence Aronson	0(9)	*
Jan E. Chason	28,570(1)	*
Lester Greenman	24,205(1)	*
Executive officers and directors as a group	6,035,163	26.8%
Five Percent Stockholders		
Adam Sutton (10)	2,088,571(3)	9.5%
JMP Asset Management LLC	1,221,998	5.5%

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

- (1) Represents shares of common stock underlying outstanding options but does not include outstanding options which have not vested and are not vesting within 60 days.
- (2) Includes 71,428 shares of common stock which may be acquired upon exercise of warrants to purchase shares of common stock.
- (3) Of the amounts identified, 35,714 shares of common stock are subject to an escrow agreement.
- (4) Morris Sutton, Jesse Sutton and Joseph Sutton act as officers of the Jesse M. Sutton Foundation, and each has the power to vote and dispose of the shares held by the Foundation. Since the power to vote and dispose of the shares is shared among the three individuals, the number of shares disclosed under each of Jesse, Joseph and Morris Sutton does not include the number of shares held by the Foundation.
- (5) Pursuant to a voting agreement, Morris Sutton has the power to vote the shares held in the name of his daughter, Sarah Sutton. The voting agreement does not restrict Sarah from exercising all other rights of beneficial ownership, including disposition and the right to receive payments of dividends or other distributions from Majesco with respect to the shares. 2,500 shares represented herein are exclusively Mr. Sutton's and were purchased in the open market in an ordinary brokerage transaction.
- (6) Does not include shares of common stock underlying outstanding options which options vest 1/3 annually commencing on June 8, 2005.
- (7) Does not include shares of common stock underlying outstanding options which options vest 1/3 annually commencing on September 9, 2005.

5

-
- (8) Does not include shares of common stock underlying outstanding options which options vest 1/3 annually commencing on October 18, 2005.

(9) Does not include shares of common stock underlying options which options vest 1/3 annually commencing on November 4, 2005.

(10) Adam Sutton is the adult son of Morris Sutton and brother of Jesse and Joseph Sutton. Adam is not an executive officer or director of the company.

6

MANAGEMENT AND CORPORATE GOVERNANCE

The Board of Directors

Our Amended and Restated Certificate of Incorporation and Second Amended and Restated By-Laws provide that our business is to be managed by or under the direction of our Board of Directors. On April 14, our Board of Directors voted to nominate the individuals listed below for election at the annual meeting to serve until the 2006 annual meeting of stockholders. Each director is elected until the next annual meeting, or until his earlier resignation or removal. However, if stockholders approve Proposal Three of this proxy statement, the directors will serve staggered terms of one, two or three years.

Set forth below are the names of the persons nominated as directors, their ages, their offices in the Company, if any, their principal occupations or employment for the past five years, the length of their tenure as directors and the names of other public companies in which such persons hold directorships. Jesse Sutton and Joseph Sutton are the sons of Morris Sutton. Otherwise, there is no family relationship between any of our directors or executive officers.

Name	Age	Position
Carl Yankowski	56	Chairman of the Board and Chief Executive Officer
Jesse Sutton	36	President and Director
Joseph Sutton	32	Executive Vice President of Research and Development and Director
Morris Sutton	66	Chairman Emeritus
Laurence Aronson	48	Director
F. Peter Cuneo	61	Director
James Halpin	54	Director
Louis Lipschitz	60	Director
Marc Weisman	52	Director

CARL YANKOWSKI. Mr. Yankowski has been our Chairman and Chief Executive Officer since August 24, 2004. From November 2001 to August 2004, Mr. Yankowski was an active Principal of the Westerham Group LLC, a management and consulting firm. From March 2002 to the present, he has served as the Chairman of CRF, Inc., an electronic patient diaries company. From November 1999 to November 2001, he served as Chief Executive Officer of Palm, Inc., a handheld devices and solutions company. Prior to that, he was Chief Executive Officer of Reebok Brand at Reebok International Ltd., a sports footwear and apparel company. He was also President of Sony Electronics. Mr. Yankowski serves on the board of directors of Chase Corporation and Informatica. Mr. Yankowski holds a Bachelor of Science in Electrical Engineering and a Bachelor of Science in Management from the Massachusetts Institute of Technology, where he is on the board of the Sloan School of Management.

JESSE SUTTON. Mr. Sutton has served as one of our directors since December 5, 2003. Mr. Sutton is currently our President and has served in such capacity since December 5, 2003 and, until August 24, 2004, served as our Chief Executive Officer. From 1997, Mr. Sutton served as the President of Majesco Sales Inc., our wholly owned subsidiary, and from December 2003 to August 24, 2004, as its Chief Executive Officer. Jesse Sutton is Morris Sutton's son and Joseph Sutton's brother. From 1998 to 2001, Mr. Sutton was the President of Majesco Biologicals, Inc., a biotechnology development company, which ceased all operations in 2001 pursuant to an assignment for the benefit of creditors.

JOSEPH SUTTON. Mr. Sutton has served as one of our directors since December 5, 2003. Mr. Sutton is currently our Executive Vice President of Research and Development and has served in such capacity since December 2003. From 1997 to October 2000, Mr. Sutton was a Vice-President of Majesco Sales Inc., our wholly owned subsidiary, and from October 2000 through September 2003 he was Vice President-Game Development. Joseph Sutton is Morris Sutton's son and Jesse Sutton's brother.

7

MORRIS SUTTON. Mr. Sutton has served as one of our directors since December 5, 2003 and, since August 24, 2004, as our Chairman Emeritus. Mr. Sutton was the founder of Majesco Sales Inc., our wholly owned subsidiary, and was Majesco Sales Inc.'s, Chief Executive Officer from 1986 to December 2003. Morris Sutton is the father of Jesse Sutton and Joseph Sutton. From 1998 to 2001, Mr. Sutton was the Chairman of Majesco Biologicals, Inc., a biotechnology development company, which ceased all operations in 2001 pursuant to an assignment for the benefit of creditors.

LAURENCE ARONSON. Mr. Aronson has served as one of our directors since November 4, 2004. From 2003 to the present, Mr. Aronson has 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 North America. Prior to that he held senior leadership positions at Procter & Gamble and Warner Lambert/Adams USA.

F. PETER CUNEO. Mr. Cuneo has been one of our directors since October 18, 2004. Mr. Cuneo served as the President and Chief Executive Officer of Marvel Enterprises, Inc. from July 1999 through January 2003. From September 1998 to July 1999, Mr. Cuneo served as Managing Director of Cortec Group Inc., a private equity fund. From February 1997 to September 1998, he was Chairman of Cuneo & Co., L.L.C., a private investment firm. From May 1996 to February 1997, Mr. Cuneo was President, Chief Executive Officer and a Director of Remington Products Company, L.L.C., a manufacturer and marketer of personal care appliances. From May 1993 to May 1996, he was President and Chief Operating Officer at Remington. He is also a director of Waterpik Technologies, Inc. and a director and Vice Chairman of Marvel Enterprises.

JAMES HALPIN. Mr. Halpin has been one of our directors since September 9, 2004. Mr. Halpin retired in March 2000 as President and Chief Executive Officer and a director of CompUSA Inc., a retailer of computer hardware, software, accessories and related products, which he had been with since October 1992. He is also a director of Lifetime Fitness, Inc. and Marvel Enterprises.

LOUIS LIPSCHITZ. Mr. Lipschitz has served as one of our directors since April 20, 2004. From February 1, 1996 to March 2004, Mr. Lipschitz served as Executive Vice President and Chief Financial Officer of Toys "R" Us, Inc.

MARC WEISMAN. Mr. Weisman has served as one of our directors since June 3, 2004. Since October 1996, he has been a managing partner of Sagaponack Partners, L.P., a private equity concern. In January 1995, he joined Credit

Suisse First Boston as a Director in the Principal Transactions Group. From 1988 to January 1995, Mr. Weisman served as Chief Financial Officer of The Adco Group, a privately held real estate and financial services company.

Committees of the Board of Directors and Meetings

Meeting Attendance. The Board has a policy that directors make all reasonable efforts to attend our company's annual stockholder meetings. None of the current directors attended last year's annual stockholders' meeting, as there was no meeting due to the reverse merger on December 5, 2003. In 2004, there were a total of five meetings of the Board of Directors, which all of our directors attended.

Audit Committee. The Board has a standing Audit Committee, consisting of Messrs. Lipschitz (Chair), Halpin, Weisman and Cuneo. The Board has determined that Louis Lipschitz is a "financial expert" serving on its Audit Committee, and he is independent, as that term is used in Rule 10A-3 under the Securities Exchange Act of 1934. Please see the biographical information for Mr. Lipschitz contained in our description of The Board of Directors. The Audit Committee Charter is attached hereto as Appendix A.

Compensation Committee. On July 15, 2004, the Board designated and appointed the Compensation Committee, which consisted of Louis Lipschitz and Marc Weisman. The Committee is responsible for establishing and administering our executive compensation policies. This report addresses the compensation policies for the fiscal year ended October 31, 2004 as they affected Jesse Sutton and Carl Yankowski, each in his capacity as our Chief Executive Officer, and our other executive officers. The current members of the committee are Messrs. Halpin (Chair), Lipschitz and Aronson.

8

Nominating and Governance Committee. The Nominating and Governance Committee consists of Messrs. Weisman (Chair), Cuneo and Aronson and may employ a variety of methods for identifying and evaluating nominees for director. All members of the Nominating Committee qualify as independent under the definition promulgated by the Nasdaq Stock Market. 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.

The Nominating and Governance Committee will consider candidates recommended by stockholders, when the nominations are properly submitted. The deadlines and procedures for stockholder submissions of director nominees are described below under "Stockholder Proposals and Director Nominations." 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 Interlocks and Insider Participation. Our Board as a whole made decisions relating to the compensation of our executive officers prior to the establishment of the Compensation Committee on July 15, 2004.

Our committee has no interlocks with other companies.

Communications with the Board

Stockholders may communicate with the Board of Directors by sending an email to InvestorRelations@majescoentertainment.com or by sending a letter to Majesco Entertainment Company Board of Directors, c/o the Office of the Secretary, 160 Raritan Center Parkway, Edison, New Jersey 08837. The Office of the Secretary will receive the correspondence and forward it to the Chairman of the Audit Committee 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 Majesco 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.

Compensation of Directors

In connection with their appointment to our Board, Louis Lipschitz, Marc Weisman, James Halpin, F. Peter Cuneo and Laurence Aronson were each granted options to purchase 14,285 shares of our common stock at an exercise price of \$25.41, \$21.00, \$21.49, \$14.00 and \$14.00 per share, respectively, which options expire ten years from the grant date. In addition, we pay each of our non-employee directors \$15,000 annually for serving on our Board and a fee of \$1,000 for in-person attendance (\$1,500 for the Chair), and a fee of \$500 for telephone attendance (\$1,000 for the Chair), at board or committee meetings. Further, we have adopted a policy of compensating the Chair of the Audit Committee an additional \$15,000 per year. Other than Messrs. Lipschitz, Weisman, Halpin, Cuneo and Aronson, we do not pay directors any compensation for serving as a director.

9

Executive Officers

The following table sets forth certain information regarding our executive officers who are not also directors. We have employment agreements with Carl Yankowski, our CEO, and Lester Greenman, our Executive Vice President and Chief Legal Officer. All executives are at-will employees.

Name	Age	Position
Carl Yankowski	56	Chairman of the Board and Chief Executive Officer
Jan E. Chason	59	Chief Financial Officer
Jesse Sutton	36	President and Director
Joseph Sutton	32	Executive Vice President of Research and Development and Director
Lester Greenman	50	Executive Vice President and Chief Legal Officer

CARL YANKOWSKI. Please see above under **The Board of Directors**.

JAN E. CHASON. Mr. Chason has served as our Chief Financial Officer since January 2, 2003. Prior to joining us, Mr. Chason provided interim Chief Financial Officer services through JEC Consulting Associates from June 2001 through December 2002. From June 1996 through June 2001, he served on the executive team of SFX Broadcasting

and SFX Entertainment as the Chief Financial Officer of Triathlon Broadcasting Company, The Marquee Group, Inc. and Artist Group International LLC. He later served as Corporate Vice President — Finance of SFX Entertainment. After the acquisition of SFX Entertainment by Clear Channel Communications Inc., he served as the Chief Financial Officer of Clear Channel Entertainment's Marketing and Media Divisions. Mr. Chason was a partner at Ernst & Young LLP from October 1982 through September 1994. Mr. Chason is a Certified Public Accountant and has a Bachelor of Business Administration from City College of New York.

JESSE SUTTON. Please see above under **The Board of Directors**.

JOSEPH SUTTON. Please see above under **The Board of Directors**.

LESTER GREENMAN. Mr. Greenman joined us on February 3, 2005. From August 2004 through January 2005, Mr. Greenman was Counsel to the law firm of Wollmuth, Maher & Deutsch, LLP. From 2001 to 2004, Mr. Greenman worked in consulting. From November 1998 to December 2000, Mr. Greenman was a partner at the Israel Infinity Venture Capital Fund. Prior to that, he was Senior Vice President of Software Publishing at Marvel Entertainment and Vice President of Legal and Business Affairs for Sony Interactive Entertainment. Mr. Greenman has a B.A. from Brandeis University and a J.D. from New York University Law School.

10

EXECUTIVE COMPENSATION

Summary Compensation Table

The following Summary Compensation Table sets forth summary information as to compensation received by our current Chief Executive Officer, our former Chief Executive Officer, and each of the most highly compensated executive officers who were employed by us at the end of the fiscal year ended October 31, 2004, the most recent fiscal period for which information is available, for services rendered to us in all capacities during the three prior fiscal years ended October 31, 2004 and who earned in excess of \$100,000 for services rendered to us during the fiscal year ended October 31, 2004.

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation Awards	
		Salary(\$)	Bonus(\$)	Securities Underlying Options/ SARS(#)	All Other Compensation(\$)
Carl Yankowski, Chief Executive Officer (1)	2004	72,000	—	992,857	14,500(2)
	2003	—	—	—	—
	2002	—	—	—	—
Jesse Sutton, President and Former Chief Executive Officer (3)	2004	274,500	—	—	—
	2003	350,000	—	—	17,000(4)

Edgar Filing: MAJESCO ENTERTAINMENT CO - Form DEF 14A

	2002	340,000	—	—	17,000(4)
Joseph Sutton, Executive Vice President of Research and Development	2004	274,500	—	—	—
	2003	350,000	—	—	17,000(4)
	2002	328,000	—	—	15,600(4)
Jan E. Chason, Chief Financial Officer(5)	2004	200,000	50,000	42,857	—
	2003	159,000	—	—	—
	2002	—	—	—	—
Joseph B. Tuchinsky, General Counsel and Senior Vice President Business and Legal Affairs	2004	204,000	50,000	28,571	—
	2003	18,000	—	—	—
	2002	—	—	—	—

(1) Carl Yankowski, our Chief Executive Officer, joined the company on August 24, 2004 and has an employment agreement. For information regarding his compensation under the terms of this agreement, see the text under "Management—Employment Agreements" above.

(2) This amount represents payment of certain perquisites, including a "gross up" payment for all applicable taxes.

(3) Jesse Sutton was named Chief Executive Officer on December 5, 2003 and served in such capacity until August 24, 2004. Jesse Sutton currently serves as our President.

(4) These amounts represent contributions to our Profit Sharing Plan on behalf of Jesse and Joseph Sutton.

(5) Mr. Chason began his employment on January 2, 2003.

(6) Mr. Tuchinsky began his employment on October 1, 2003.

11

Option Grants in Last Fiscal Year

The following table shows grants of stock options that we made during the year ended October 31, 2004 to each of the executive officers named in the Summary Compensation Table above.