

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported) June 8, 2006

TAKE-TWO INTERACTIVE SOFTWARE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware

0-29230

51-0350842

(State or other jurisdiction
of incorporation)

(Commission
File Number)

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

622 Broadway, New York, New York

10012

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (646) 536-2842

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act
(17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act
(17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange
Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange
Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On June 8, 2006 Take-Two Interactive Software, Inc. (the "Company")
issued a news release reporting the financial results of the Company for its
fiscal quarter ended April 30, 2006. A copy of the news release is attached to
this Current Report as Exhibit 99.1.

The information in this Current Report on Form 8-K, including the
exhibit included herewith, is furnished pursuant to Item 2.02 and shall not be
deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act
of 1934, as amended, or otherwise subject to the liabilities of that section.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press Release dated June 8, 2006 relating to Take-Two Interactive
Software, Inc.'s financial results for its second quarter ended
April 30, 2006.

SIGNATURES

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

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Date: June 8, 2006

By: /s/ Karl H. Winters

Karl H. Winters
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Press Release dated June 8, 2006 relating to Take-Two Interactive Software, Inc.'s financial results for its second quarter ended April 30, 2006.

Take-Two Interactive Software, Inc. Reports Second Quarter Fiscal 2006 Financial Results; Results Include \$26.3 Million Charge for Asset Write-Offs and Studio Closures; Federal Trade Commission Concludes Inquiry

NEW YORK--(BUSINESS WIRE)--June 8, 2006--Take-Two Interactive Software, Inc. (NASDAQ:TTWO) today announced financial results for its second quarter ended April 30, 2006.

Net revenues for the second quarter were \$265.1 million compared to \$222.1 million for the second quarter of fiscal 2005. Net loss for the quarter was \$50.4 million or \$0.71 per share compared to a net loss of \$8.2 million or \$0.12 per share in the prior year's second quarter. The fiscal 2006 second quarter results include a charge of \$26.3 million, or \$0.24 per share on a tax effected basis, for asset write-offs and studio closures related to the Company's cost saving initiatives as described below.

Net revenues for the six months ended April 30, 2006 were \$530.1 million compared to \$724.5 million for the same period a year ago. Net loss for the first six months was \$79.5 million compared to net income of \$47.1 million in the comparable period last year. Net loss per share was \$1.12 for the first six months compared to net income per diluted share of \$0.67 in the prior year's first six months. In addition to the charge discussed above for the Company's asset write-offs and studio closures, Take-Two's loss per share for the three and six months ended April 30, 2006 includes the impact of adopting SFAS 123(R), requiring the expensing of employee stock options beginning on November 1, 2005.

In addition to the challenging comparison to the strong sales of Grand Theft Auto: San Andreas in the comparable period last year, Take-Two attributed the lower year to date results to continued retail weakness for video game software and lower retail pricing during the holiday selling season in both North America and Europe, as the industry began to transition to new hardware platforms. While revenues for the second quarter of fiscal 2006 exceeded levels in the prior year second quarter, the Company's profitability in the recent quarter was impacted by a variety of factors, including the significant percentage of publishing revenues from co-published and licensed titles which generally have lower margins than internally owned, internally developed titles.

Responding to the current difficult business environment and market conditions, the Company has taken steps to reduce costs, resulting in asset write-offs and studio closings. Take-Two realized non-cash charges in the second quarter of \$24.3 million related to the write-off of several titles in development and certain trademarks and acquired intangibles, and incurred severance and other costs of \$2 million from the closure of two development studios. The Company expects to incur additional costs of approximately \$3 million in the third quarter related to the closure of a third development studio, and approximately \$3 million in the aggregate during the third and fourth quarters for the relocation of the Company's international publishing headquarters to Geneva, Switzerland. The Company continues to expect to return to profitability in its fourth quarter of fiscal 2006.

Conclusion of FTC Inquiry

Take-Two also announced that the Federal Trade Commission (FTC) has concluded its previously announced inquiry regarding the advertising claims for Grand Theft Auto: San Andreas following the re-rating of the title by the Entertainment Software Rating Board. In June, Take-Two and its wholly-owned publishing label Rockstar Games, entered into an Agreement with the FTC containing a Consent Order under which the Company agreed to settle all outstanding matters pending before the FTC. No penalties or fines have been assessed under the Consent Order. Among other things, the Consent Order provides that the Company shall not misrepresent a video game's ratings or content descriptors and that the Company shall implement a system to ensure that all game content is reviewed in connection with submissions to ratings authorities. The Consent Order and an accompanying Complaint are subject to a 30-day period for public comment ending July 10, 2006 and final approval by the FTC.

Second Quarter Highlights

Take-Two's second quarter results were led by sales of The Elder Scrolls(R) IV: Oblivion(TM) for PC and the Xbox 360(TM) video game and entertainment system from Microsoft, a title co-published by 2K and Bethesda Softworks. Other leading 2K titles in the quarter included Major League Baseball(R) 2K6, Top Spin 2 and 24: The Game. Rockstar Games' largest contributors to the quarter's results included Grand

Theft Auto: Liberty City Stories for the PSP(TM) (PlayStation(R)Portable) system, Grand Theft Auto: San Andreas for the PlayStation(R)2 computer entertainment system, a Greatest Hits title, and Midnight Club 3: DUB Edition REMIX for the PlayStation 2, also a Greatest Hits title.

Revenues at the Company's Jack of All Games distribution business decreased year over year in the second quarter due primarily to reduced sales of current generation hardware and software products and a decrease in average selling prices of interactive entertainment products as the industry transitions to next-generation platforms. However, hardware and accessory revenues increased year over year due to the introduction and increased availability of Xbox 360 hardware.

Upcoming Products

Fiscal 2006 third quarter releases that have already shipped include Rockstar Games presents Table Tennis for Xbox 360. Rockstar also released Grand Theft Auto: Liberty City Stories for PlayStation 2 in North America; the title will be in European stores on June 23rd. 2K shipped The Da Vinci Code for current generation console systems and PC in conjunction with the release of the Columbia Pictures feature film in May. 2K's third quarter lineup also includes Prey for PC and Xbox 360, along with Sid Meier's Civilization IV: Warlords, the first expansion pack for the critically acclaimed Sid Meier's Civilization IV, and CivCity: Rome, both for PC.

Additional products planned for 2006 from Rockstar Games include Grand Theft Auto: Vice City Stories for the PSP, scheduled for October release, an additional PSP title based on another premier brand, and Bully.

2K's fall/winter releases include Sid Meier's Railroads!, Stronghold Legends and Dungeon Siege II: Broken World, all for PC; Dungeon Siege: Throne of Agony for the PSP; and Family Guy for current generation console systems, based on the hit Twentieth Century Fox television series. 2K Sports has various titles planned including NBA 2K7, NHL 2K7, College Hoops 2K7, and additional products based on the Major League Baseball license. Global Star is planning Family Feud for multiple platforms, among other titles.

For 2007 and 2008, the Company anticipates a strong next generation lineup from Rockstar Games including the simultaneous launch of Grand Theft Auto IV on PlayStation(R)3 computer entertainment system and Xbox 360 in October 2007, along with sequels to several of Rockstar's other successful franchises. Additionally, Rockstar will provide exclusive episodic content for Xbox Live(R). 2K's 2007 releases will include the PC and next generation console title BioShock from 2K's Irrational Games development studio; The Darkness for next generation platforms based on the popular Top Cow Productions' comic book franchise; and Ghost Rider for current generation systems, based on the Marvel Super Hero and upcoming feature film scheduled for release in spring 2007. For 2007 and 2008, 2K Sports anticipates a solid lineup of sports titles based on licenses with Major League Baseball, the National Basketball Association, the National Hockey League and the National Collegiate Athletic Association, as well as proprietary unlicensed sports brands including tennis and boxing games.

Management Comments

Paul Eibeler, President and Chief Executive Officer, stated, "While near-term financial results continue to be impacted by the console transition, we are confident that we have positioned Take-Two for the long-term by streamlining our organization while maintaining an extremely talented global development team. We will continue to focus on creating compelling content, operating in a cost-efficient manner as we navigate the console transition, and aligning our resources to drive improved financial performance in 2007 and beyond."

Conference Call

Take-Two will host a conference call today at 4:30 pm Eastern Time to review fiscal 2006 second quarter results. The call can be accessed by dialing (877) 407-0984 or (201) 689-8577. A live listen-only webcast of the call is available by visiting <http://ir.take2games.com> and a replay will be available following the call at the same location.

About Take-Two Interactive Software, Inc.

Headquartered in New York City, Take-Two Interactive Software, Inc. is an integrated global developer, marketer, distributor and publisher of interactive entertainment software games and accessories for the PC, PlayStation(R) game console, PlayStation(R)2 computer

entertainment system, PSP(TM) (PlayStation(R)Portable) system, Xbox(R) and Xbox 360(TM) video game and entertainment systems from Microsoft, Nintendo GameCube(TM), Nintendo DS(TM) and Game Boy(R) Advance. The Company publishes and develops products through its wholly owned labels Rockstar Games, 2K and 2K Sports, and Global Star Software; and distributes products in North America through its Jack of All Games subsidiary. Take-Two also manufactures and markets video game accessories in Europe, North America and the Asia Pacific region through its Joytech subsidiary. The Company maintains sales and marketing offices in Cincinnati, New York, Toronto, London, Paris, Munich, Madrid, Milan, Sydney, Breda (Netherlands), Auckland, Shanghai and Tokyo. Take-Two's common stock is publicly traded on NASDAQ under the symbol TTWO. For more corporate and product information please visit our website at www.take2games.com.

All trademarks and copyrights contained herein are the property of their respective holders.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The statements contained herein which are not historical facts are considered forward-looking statements under federal securities laws. Such forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to them. The Company has no obligation to update such forward-looking statements. Actual results may vary significantly from these forward-looking statements based on a variety of factors. These important factors are described in the Company's Form 10-Q for the quarter ended January 31, 2006 in the section entitled "Cautionary Statement and Risk Factors".

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
Consolidated Condensed Statements of Operations
For the three months and six months ended April 30, 2006 and 2005
(unaudited)
(In thousands, except per share data)

	Three months ended April 30,		Six months ended April 30,	
	2006	2005	2006	2005
Net revenues	\$265,122	\$222,068	\$ 530,103	\$724,542
Cost of goods sold				
Product costs	130,940	123,504	291,793	360,989
Royalties	82,282	21,938	115,149	102,147
Software development costs	34,128	4,780	49,722	8,985
Total cost of goods sold	247,350	150,222	456,664	472,121
Gross profit	17,772	71,846	73,439	252,421
Operating expenses				
Selling and marketing	32,194	36,275	73,838	87,206
General and administrative	33,705	28,705	72,158	57,392
Research and development	16,097	13,785	33,806	37,202
Depreciation and amortization	12,944	5,102	19,595	9,888
Total operating expenses	94,940	83,867	199,397	191,688
Income (loss) from operations	(77,168)	(12,021)	(125,958)	60,733
Interest income, net	4	1,164	257	1,704
Income (loss) before income taxes	(77,164)	(10,857)	(125,701)	62,437

Provision (benefit) for

income taxes	(26,791)	(2,671)	(46,206)	15,374
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Net income (loss)	<u>\$ (50,373)</u>	<u>\$ (8,186)</u>	<u>\$ (79,495)</u>	<u>\$ 47,063</u>

Per share data:

Basic:

Weighted average common shares outstanding	<u>70,979</u>	<u>70,112</u>	<u>70,890</u>	<u>69,365</u>
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Net income (loss) per share - Basic	<u>\$ (0.71)</u>	<u>\$ (0.12)</u>	<u>\$ (1.12)</u>	<u>\$ 0.68</u>

Diluted:

Weighted average common shares outstanding	<u>70,979</u>	<u>70,112</u>	<u>70,890</u>	<u>70,678</u>
	-----	-----	-----	-----
Net income (loss) per share - Diluted	<u>\$ (0.71)</u>	<u>\$ (0.12)</u>	<u>\$ (1.12)</u>	<u>\$ 0.67</u>

OTHER INFORMATION	Three months ended April 30,		Six months ended April 30,	
- - - - -	2006	2005	2006	2005
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Total revenue mix				
Publishing	75%	66%	68%	69%
Distribution	25%	34%	32%	31%
Geographic revenue mix				
North America	72%	70%	72%	67%
International	28%	30%	28%	33%
Publishing platform revenue mix				
Microsoft Xbox 360	39%	0%	26%	0%
PC	21%	11%	17%	5%
Sony PlayStation 2	20%	58%	24%	80%
Sony PSP	8%	0%	19%	0%
Microsoft Xbox	6%	27%	6%	12%
Nintendo Handhelds	3%	1%	2%	1%
Accessories and other	3%	3%	6%	2%

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
Consolidated Condensed Balance Sheets
As of April 30, 2006 (unaudited) and October 31, 2005
(In thousands, except share data)

ASSETS	April 30, 2006	October 31, 2005
	-----	-----
Current assets		
Cash and cash equivalents	\$ 141,068	\$ 107,195
Accounts receivable, net of allowances of \$87,820 and \$69,904 at April 30, 2006 and October 31, 2005, respectively	130,328	198,068
Inventories	91,820	136,227
Software development costs	69,431	88,826
Licenses	4,253	7,651
Prepaid taxes and taxes receivable	69,854	40,307

Prepaid expenses and other current assets	27,772	24,025
Deferred tax assets	38,319	10,943
	-----	-----
Total current assets	572,845	613,242
Fixed assets, net	49,796	48,617
Software development costs, net of current portion	27,183	19,602
Licenses, net of current portion	4,984	2,330
Goodwill	190,491	179,893
Intangibles, net	48,916	58,666
Deferred tax assets	7,784	5,506
Other assets	4,018	5,020
	-----	-----
Total assets	\$ 906,017	\$ 932,876
	=====	=====
LIABILITIES and STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 108,216	\$ 133,353
Accrued expenses and other current liabilities	135,508	90,702
Income taxes payable	14,361	10,220
	-----	-----
Total current liabilities	258,085	234,275
Other long-term liabilities	403	2,467
	-----	-----
Total liabilities	258,488	236,742
	-----	-----
Stockholders' equity		
Common stock, par value \$.01 per share; 100,000,000 shares authorized; 72,515,165 and 70,667,421 shares issued and outstanding at April 30, 2006 and October 31, 2005, respectively	725	707
Additional paid-in capital	433,381	418,053
Deferred compensation	-	(11,189)
Retained earnings	208,382	287,877
Accumulated other comprehensive income	5,041	686
	-----	-----
Total stockholders' equity	647,529	696,134
	-----	-----
Total liabilities and stockholders' equity	\$ 906,017	\$ 932,876
	=====	=====

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