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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2017

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission file number 001-34003

TAKE-TWO INTERACTIVE SOFTWARE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**51-0350842**
(State or Other Jurisdiction of Incorporation or Organization)	(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**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2017, there were 114,053,077 shares of the Registrant's Common Stock outstanding, net of treasury stock.

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(All other items in this report are inapplicable)

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

	September 30, 2017	March 31, 2017
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 749,626**	$ 943,396
Short-term investments	**513,516**	448,932
Restricted cash	**469,101**	337,818
Accounts receivable, net of allowances of $50,109 and $66,483 at September 30, 2017 and March 31, 2017, respectively	**429,019**	219,558
Inventory	**36,431**	16,323
Software development costs and licenses	**41,983**	41,721
Deferred cost of goods sold	**115,135**	127,901
Prepaid expenses and other	**100,704**	59,593
Total current assets	**2,455,515**	2,195,242
Fixed assets, net	**86,689**	67,300
Software development costs and licenses, net of current portion	**595,076**	381,910
Deferred cost of goods sold, net of current portion	**10,820**	—
Goodwill	**381,359**	359,115
Other intangibles, net	**116,527**	110,262
Other assets	**50,394**	35,325
Total assets	**$ 3,696,380**	$ 3,149,154
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 75,810**	$ 31,892
Accrued expenses and other current liabilities	**952,568**	750,875
Deferred revenue	**822,126**	903,125
Total current liabilities	**1,850,504**	1,685,892
Long-term debt	**52,369**	251,929
Non-current deferred revenue	**167,070**	10,406
Other long-term liabilities	**153,991**	197,199
Total liabilities	**$ 2,223,934**	$ 2,145,426
Commitments and Contingencies (See Note 12)		
Stockholders' equity:		
Preferred stock, $.01 par value, 5,000 shares authorized; no shares issued and outstanding at September 30, 2017 and March 31, 2017	**—**	—
Common stock, $.01 par value, 200,000 shares authorized; 130,723 and 119,813 shares issued and 113,531 and 102,621 outstanding at September 30, 2017 and March 31, 2017, respectively	**1,307**	1,198
Additional paid-in capital	**1,845,450**	1,452,754
Treasury stock, at cost; 17,192 common shares at September 30, 2017 and March 31, 2017	**(303,388)**	(303,388)
Accumulated deficit	**(42,451)**	(99,694)
Accumulated other comprehensive loss	**(28,472)**	(47,142)
Total stockholders' equity	**1,472,446**	1,003,728
Total liabilities and stockholders' equity	**$ 3,696,380**	$ 3,149,154

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in thousands, except per share amounts)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Net revenue	**$ 443,562**	$ 420,167	**$ 861,778**	$ 731,719
Cost of goods sold	**246,548**	205,605	**441,117**	396,985
Gross profit	**197,014**	214,562	**420,661**	334,734
Selling and marketing	**76,914**	80,187	**129,128**	151,321
General and administrative	**60,824**	49,685	**121,427**	96,428
Research and development	**49,999**	30,005	**92,268**	63,905
Depreciation and amortization	**18,883**	7,491	**26,626**	14,869
Business reorganization	**1,713**	—	**12,312**	—
Total operating expenses	**208,333**	167,368	**381,761**	326,523
Income (loss) from operations	**(11,319)**	47,194	**38,900**	8,211
Interest and other, net	**(2,969)**	(7,078)	**(5,777)**	(11,584)
Gain on long-term investments, net	**—**	—	**—**	1,350
Income (loss) before income taxes	**(14,288)**	40,116	**33,123**	(2,023)
(Benefit from) provision for income taxes	**(11,552)**	3,684	**(24,417)**	112
Net income (loss)	**$ (2,736)**	$ 36,432	**$ 57,540**	$ (2,135)
Earnings (loss) per share:				
Basic earnings (loss) per share	**$ (0.03)**	$ 0.42	**$ 0.54**	$ (0.03)
Diluted earnings (loss) per share	**$ (0.03)**	$ 0.39	**$ 0.53**	$ (0.03)

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

(in thousands)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Net income (loss)	**$ (2,736)**	$ 36,432	**$ 57,540**	$ (2,135)
Other comprehensive income (loss):				
Foreign currency translation adjustment	**14,297**	(1,394)	**23,776**	(5,027)
Cash flow hedges:				
Change in fair value of effective cash flow hedge	**(5,217)**	—	**(5,217)**	—
Available-for-sale securities:				
Unrealized gain (loss), net on available-for-sale securities, net of taxes	**27**	(163)	**111**	43
Reclassification to earnings for realized (gains) losses, net on available for sale securities, net of taxes	—	5	—	9
Change in fair value of available for sale securities	**27**	(158)	**111**	52
Other comprehensive income (loss)	**9,107**	(1,552)	**18,670**	(4,975)
Comprehensive income (loss)	**$ 6,371**	$ 34,880	**$ 76,210**	$ (7,110)

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)

	Six Months Ended September 30,	
	2017	**2016**
Operating activities:		
Net income (loss)	**$ 57,540**	$ (2,135)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization and impairment of software development costs and licenses	**38,862**	63,459
Depreciation	**15,369**	14,869
Amortization and impairment of intellectual property	**17,286**	—
Impairment of in-process research and development	**11,257**	—
Stock-based compensation	**83,083**	33,333
Amortization of discount on Convertible Notes	**13,915**	12,981
Gain on conversions of Convertible Notes	**(4,141)**	—
Amortization of debt issuance costs	**482**	779
Other, net	**1,194**	(2,912)
Changes in assets and liabilities:		
Restricted cash	**(131,283)**	(106,940)
Accounts receivable	**(209,198)**	(212,032)
Inventory	**(18,721)**	(62,555)
Software development costs and licenses	**(146,009)**	(148,512)
Prepaid expenses and other assets	**(45,089)**	(8,560)
Deferred revenue	**65,671**	80,913
Deferred cost of goods sold	**4,379**	(17,287)
Accounts payable, accrued expenses and other liabilities	**246,472**	303,790
Net cash provided by (used in) operating activities	**1,069**	(50,809)
Investing activities:		
Change in bank time deposits	**(40,000)**	66,841
Proceeds from available-for-sale securities	**111,480**	72,387
Purchases of available-for-sale securities	**(134,273)**	(74,552)
Purchases of fixed assets	**(32,717)**	(8,283)
Asset acquisition	**(25,965)**	—
Proceeds from sale of long-term investment	**—**	1,350
Purchase of long-term investments	—	(1,885)
Net cash (used in) provided by investing activities	**(121,475)**	55,858
Financing activities:		
Excess tax benefit from stock-based compensation	**—**	1,143
Tax payment related to net share settlements on restricted stock awards	**(86,125)**	(30,621)
Net cash used in financing activities	**(86,125)**	(29,478)
Effects of foreign currency exchange rates on cash and cash equivalents	**12,761**	(4,310)
Net change in cash and cash equivalents	**(193,770)**	(28,739)
Cash and cash equivalents, beginning of year	**943,396**	798,742
Cash and cash equivalents, end of period	**$ 749,626**	$ 770,003

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

(Dollars in thousands, except share and per share amounts)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Take-Two Interactive Software, Inc. (the "Company," "we," "us," or similar pronouns) was incorporated in the state of Delaware in 1993. We are a leading developer, publisher and marketer of interactive entertainment for consumers around the globe. We develop and publish products principally through our two wholly-owned labels Rockstar Games and 2K. Our products are designed for console systems and personal computers, including smart phones and tablets, and are delivered through physical retail, digital download, online platforms and cloud streaming services.

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements are unaudited and include the accounts of the Company and its wholly-owned subsidiaries and, in the opinion of management, reflect all normal and recurring adjustments necessary for the fair presentation of our financial position, results of operations and cash flows. Interim results may not be indicative of the results that may be expected for the full fiscal year. All inter-company accounts and transactions have been eliminated in consolidation. The preparation of these Condensed Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in these Condensed Consolidated Financial Statements and accompanying notes. As permitted under generally accepted accounting principles in the United States, interim accounting for certain expenses, including income taxes, are based on full year assumptions when appropriate. Actual results could differ materially from those estimates.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although we believe that the disclosures are adequate to make the information presented not misleading. These Condensed Consolidated Financial Statements and accompanying notes should be read in conjunction with our annual consolidated financial statements and the notes thereto, included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017.

Certain immaterial reclassifications have been made to prior period amounts to conform to the current period presentation.

Revenue Recognition

As part of our on-going assessment of estimated service periods, in June 2017, we extended *Grand Theft Auto V's* estimated service period from 41 through 50 months, or through December 2018. We expect this change in estimated service period to have a material impact on our Consolidated Financial Statements for fiscal 2018. The impact of this change is shown in the table below.

	Three Months Ended September 30,	Six Months Ended September 30,
	2017	2017
Change in net revenue	**$ (78,761)**	**$ (104,445)**
Change in income from operations	**(72,633)**	**(96,364)**
Change in net income	**(66,245)**	**(88,154)**
Change in earnings per share, basic	**$ (0.61)**	**$ (0.82)**
Change in earnings per share, diluted	**$ (0.59)**	**$ (0.81)**

Impairment of In-process Research & Development ("IPR&D")

During the three months ended September 30, 2017, as a result of our decision not to proceed with further development of certain IPR&D from the Social Point, S.L. ("Social Point") acquisition, we recognized an impairment charge of $11,257 in Depreciation and amortization expense in our Condensed Consolidated Statements of Operations.

Recently Adopted Accounting Pronouncements

Accounting for Stock Compensation

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, *Compensation—Stock Compensation*. This new guidance identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows.

We adopted this update effective April 1, 2017. Upon adoption, using the modified retrospective transition method, we recognized previously unrecognized excess tax benefits as a deferred tax asset, which was fully offset by a valuation allowance, resulting in no net impact to retained earnings. Without the valuation allowance, our deferred tax asset would have increased by $24,594. We elected to apply the change in presentation of excess tax benefits as an operating activity in the statement of cash flows prospectively and thus no prior periods were adjusted. We also elected to account for forfeitures as they occur using the modified retrospective transition method, which resulted in a cumulative effect adjustment of $323 to retained earnings (an increase in the accumulated deficit). The other aspects of the new guidance did not have a material effect on the Company's consolidated financial statements.

Accounting for Acquisitions or Disposals

In January 2017, the FASB issued ASU 2017-01, *Clarifying the Definition of a Business*, with the objective of providing additional guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments in this update provide new guidance to determine when an integrated set of assets and activities (collectively referred to as a "set") is not a business. The new guidance requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. The new guidance is expected to reduce the number of transactions that need to be further evaluated. The new standard, as amended, will be effective prospectively for interim and annual reporting periods beginning on January 1, 2018 (April 1, 2018 for the Company), with early adoption permitted. We adopted this update as of April 1, 2017.

Recently Issued Accounting Pronouncements

Accounting for Goodwill

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350)*. This ASU eliminates Step 2 from the goodwill impairment test. Under the new guidance, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Additionally, this ASU eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019 (April 1, 2020 for the Company), including interim periods within those fiscal years, and is applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. While we are currently evaluating the impact of the adoption of this ASU, we do not believe that the adoption of this guidance will have a material impact on our consolidated financial statements.

Accounting for Restricted Cash

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash within the statement of cash flows. The new guidance requires that changes in restricted cash and cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts on the statement of cash flows. This standard will be effective for fiscal years beginning after December 15, 2017 (April 1, 2018 for the Company), including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of the adoption of this ASU.

Accounting for Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*. This new guidance requires lessees to recognize a right-of-use asset and a lease liability for virtually all leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied in current lease accounting. This update is effective for annual periods, and interim periods within

those years, beginning after December 15, 2018 (April 1, 2019 for the Company). This new guidance must be adopted using a modified retrospective approach whereby lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Early adoption is permitted. We are currently evaluating the impact of adopting this update on our Consolidated Financial Statements, which will consist primarily of a balance sheet gross up of our operating leases, mostly for office space.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB recently issued several amendments to the standard, including clarifications on disclosure of prior-period performance obligations and remaining performance obligations.

The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method).

The new standard is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2017 (April 1, 2018 for the Company), with early adoption permitted for annual reporting periods beginning after December 15, 2016 (April 1, 2017 for the Company). The Company will adopt the new standard effective April 1, 2018 using the cumulative catch-up transition method.

We anticipate this standard will have a material impact on our Consolidated Financial Statements. While we are continuing to assess all potential impacts of the standard, we currently believe the most significant impact relates to our accounting for on-line enabled games that benefit from meaningful post-contract customer support ("PCS") such as unspecified content updates for which we do not have vendor-specific objective evidence of fair value ("VSOE").

Under the current accounting standards, for titles that do not have VSOE, we recognize the entire sales price ratably over the title's estimated service period. The VSOE requirement will be eliminated under the new standard. Accordingly, we may be required to recognize as revenue a portion of the sales price upon delivery of the software, as compared to the current requirement of recognizing the entire sales price ratably over an estimated offering period.

It is possible that our evaluation of the expected impact of the new standard on certain transactions could change if there are additional interpretations of the new revenue guidance that are different from our preliminary conclusions.

2. MANAGEMENT AGREEMENT

In May 2011, we entered into an amended management services agreement, (the "2011 Management Agreement") with ZelnickMedia Corporation ("ZelnickMedia") pursuant to which ZelnickMedia provided us with certain management, consulting and executive level services. In March 2014, we entered into a new management agreement, (the "2014 Management Agreement"), with ZelnickMedia pursuant to which ZelnickMedia continues to provide financial and management consulting services to the Company through March 31, 2019. The 2014 Management Agreement became effective April 1, 2014 and supersedes and replaces the 2011 Management Agreement, except as otherwise contemplated by the 2014 Management Agreement. As part of the 2014 Management Agreement, Strauss Zelnick, the President of ZelnickMedia, continues to serve as Executive Chairman and Chief Executive Officer, and Karl Slatoff, a partner of ZelnickMedia, continues to serve as President of the Company. The 2014 Management Agreement provides for an annual management fee of $2,970 over the term of the agreement and a maximum annual bonus opportunity of $4,752 over the term of the agreement, based on the Company achieving certain performance thresholds. In consideration for ZelnickMedia's services, we recorded consulting expense (a component of general and administrative expenses) of $2,524 and $1,336 during the three months ended September 30, 2017 and 2016, respectively, and $3,861 and $2,673 during the six months ended September 30, 2017 and 2016, respectively. We recorded stock-based compensation expense for non-employee restricted stock units granted to ZelnickMedia, which is included in general and administrative expenses of $13,863 and $6,907 during the three months ended September 30, 2017 and 2016, respectively, and 19,877 and $10,796 during the six months ended September 30, 2017 and 2016, respectively.

In connection with the 2014 Management Agreement, we granted restricted stock units as follows:

	Six Months Ended September 30,	
	2017	**2016**
Time-based	**66,122**	107,551
Market-based(1)	**122,370**	199,038
Performance-based(1)		
New IP	**20,396**	33,174
Major IP	**20,394**	33,172
Total—Performance-based	**40,790**	66,346
Total Restricted Stock Units	**229,282**	372,935

(1) Represents the maximum number of shares eligible to vest.

Time-based restricted stock units granted in 2017 will vest on April 4, 2019, and those granted in 2016 will vest on April 1, 2018, in each case provided that the 2014 Management Agreement has not been terminated prior to such vesting date.

Market-based restricted stock units granted in 2017 are eligible to vest on April 4, 2019, and those granted in 2016 are eligible to vest on April 1, 2018, in each case provided that the 2014 Management Agreement has not been terminated prior to such vesting date. Market-based restricted stock units are eligible to vest based on the Company's Total Shareholder Return (as defined in the relevant grant agreement) relative to the Total Shareholder Return (as defined in the relevant grant agreement) of the companies that constitute the NASDAQ Composite Index as of the grant date measured over a two-year period. To earn the target number of market-based restricted stock units (which represents 50% of the number of the market-based restricted stock units set forth in the table above), the Company must perform at the 50th percentile, with the maximum number of market-based restricted stock units earned if the Company performs at the 75th percentile. Each reporting period we re-measure the fair value of the unvested shares of market-based restricted stock units granted to ZelnickMedia.

Performance-based restricted stock units granted in 2017 are eligible to vest on April 4, 2019, and those granted in 2016 are eligible to vest on April 1, 2018, in each case provided that the 2014 Management Agreement has not been terminated prior to such vesting date. Performance-based restricted stock units, of which 50% are tied to "New IP" and 50% to "Major IP" (as defined in the relevant grant agreement), are eligible to vest based on the Company's achievement of certain performance metrics (as defined in the relevant grant agreement) of individual product releases of "New IP" or "Major IP" measured over a two-year period. The target number of performance-based restricted stock units that may be earned pursuant to these grants is equal to 50% of the grant amounts set forth in the above table (the numbers in the table represent the maximum number of performance-based restricted stock units that may be earned). Each reporting period we assess the performance metric and upon achievement of certain thresholds record an expense for the unvested portion of the shares of performance-based restricted stock units. Certain performance metrics, based on unit sales, have been achieved as of September 30, 2017 for the "Major IP" performance-based restricted stock units granted in 2017 and 2016.

The unvested portion of time-based, market-based and performance-based restricted stock units held by ZelnickMedia were 602,217 and 898,526 as of September 30, 2017 and March 31, 2017, respectively. In addition to the restricted stock units granted to ZelnickMedia, 478,839 restricted stock units vested and 46,752 restricted stock units were forfeited during the six months ended September 30, 2017.

3. FAIR VALUE MEASUREMENTS

The carrying amounts of our financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses and other current liabilities, approximate fair value because of their short maturities.

We follow a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of "observable inputs" and minimize the use of "unobservable inputs." The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for markets that are not active or other inputs that are observable or can be corroborated by observable market data.

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The table below segregates all assets and liabilities that are measured at fair value on a recurring basis (which is measured at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

	September 30, 2017	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	Balance Sheet Classification
Money market funds	$ 408,621	$ 408,621	$ —	$ —	Cash and cash equivalents
Bank-time deposits	36,889	36,889	—	—	Cash and cash equivalents
Commercial paper	6,156	—	6,156	—	Cash and cash equivalents
Corporate bonds	6,311	—	6,311	—	Cash and cash equivalents
Bank-time deposits	216,545	216,545	—	—	Short-term investments
Corporate bonds	277,559	—	277,559	—	Short-term investments
Commercial paper	14,774	—	14,774	—	Short-term investments
Mutual funds	4,638	—	4,638	—	Short-term investments
Foreign currency forward contracts	5	—	5	—	Prepaid expenses and other
Foreign currency forward contracts	(50)	—	(50)	—	Accrued expense and other current liabilities
Cross-currency swap	(5,781)	—	(5,781)	—	Accrued expense and other current liabilities
Private equity	890	—	—	890	Other assets
Contingent consideration	(135)	—	—	(135)	Other long-term liabilities
Total recurring fair value measurements, net	$ 966,422	$ 662,055	$ 303,612	$ 755	

	March 31, 2017	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	Balance Sheet Classification
Money market funds	$ 646,386	$ 646,386	$ —	$ —	Cash and cash equivalents
Bank-time deposits	46,605	46,605	—	—	Cash and cash equivalents
Commercial paper	38,268	—	38,268	—	Cash and cash equivalents
Corporate bonds	243,019	—	243,019	—	Short-term investments
Bank-time deposits	175,745	175,745	—	—	Short-term investments
Commercial paper	25,936	—	25,936	—	Short-term investments
Mutual funds	4,232	—	4,232	—	Short-term investments
Foreign currency forward contracts	2	—	2	—	Prepaid expenses and other
Foreign currency forward contracts	(352)	—	(352)	—	Accrued and other current liabilities
Private equity	570	—	—	570	Other assets
Contingent consideration	(6,465)	—	—	(6,465)	Other long-term liabilities
Total recurring fair value measurements, net	$ 1,173,946	$ 868,736	$ 311,105	$ (5,895)	

The fair value of contingent consideration was estimated using a Monte-Carlo simulation model, which included significant unobservable Level 3 inputs, such as projected financial performance over the earn-out period along with estimates for market volatility and the discount rate applicable to potential cash payouts. During the three months ended September 30,

2017, we recognized a reduction to general and administrative expense of $7,012 for the decrease in fair value of the contingent consideration liability associated with the Social Point acquisition, which reduced the fair value of the contingent consideration liability to $135 after the impact of foreign exchange. The reduction resulted from the lower probability of Social Point achieving certain performance measures in the 12 and 24-month periods following the acquisition.

We did not have any transfers between Level 1 and Level 2 fair value measurements, nor did we have any transfers into or out of Level 3 during the six months ended September 30, 2017.

Debt

As of September 30, 2017, the estimated fair value of our 1.00% Convertible Notes due 2018 (the "1.00% Convertible Notes") was $257,627. The fair value was determined using Level 2 inputs, observable market data, for the 1.00% Convertible Notes and their embedded option feature. See Note 9 for additional information regarding our 1.00% Convertible Notes.

4. SHORT-TERM INVESTMENTS

Our short-term investments consisted of the following:

	September 30, 2017			
		Gross Unrealized		
	Cost or Amortized Cost	Gains	Losses	Fair Value
Short-term investments				
Bank time deposits	$ 216,545	$ —	$ —	$ 216,545
Available-for-sale securities:				
Corporate bonds	277,598	112	(151)	277,559
Commercial paper	14,774	—	—	14,774
Mutual funds	4,489	162	(13)	4,638
Total short-term investments	$ 513,406	$ 274	$ (164)	$ 513,516

	March 31, 2017			
		Gross Unrealized		
	Cost or Amortized Cost	Gains	Losses	Fair Value
Short-term investments				
Bank time deposits	$ 175,745	$ —	$ —	$ 175,745
Available-for-sale securities:				
Corporate bonds	243,140	98	(219)	243,019
Commercial paper	25,938	5	(7)	25,936
Mutual funds	4,118	123	(9)	4,232
Total short-term investments	$ 448,941	$ 226	$ (235)	$ 448,932

We consider various factors in the review of investments with an unrealized loss, including the credit quality of the issuer, the duration that the fair value has been less than the adjusted cost basis, the severity of the impairment, the reason for the decline in value and our intent to sell and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value. Based on our review, we did not consider these investments to be other-than-temporarily impaired as of September 30, 2017 or March 31, 2017.

The following table summarizes the contracted maturities of our short-term investments at September 30, 2017:

	September 30, 2017	
	Amortized Cost	Fair Value
Short-term investments		
Due in 1 year or less	$ 363,960	$ 364,085
Due in 1 - 2 years	149,446	149,431
Total short-term investments	$ 513,406	$ 513,516

5. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Our risk management strategy includes the use of derivative financial instruments to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates. We do not enter into derivative financial contracts for speculative or trading purposes. We recognize derivative instruments as either assets or liabilities on our Condensed Consolidated Balance Sheets, and we measure those instruments at fair value. We classify cash flows from derivative transactions as cash flows from operating activities in our Condensed Consolidated Statements of Cash Flows.

Foreign currency forward contracts

The following table shows the gross notional amounts of foreign currency forward contracts:

	September 30, 2017	March 31, 2017
Forward contracts to sell foreign currencies	**$ 113,762**	$ 177,549
Forward contracts to purchase foreign currencies	**3,319**	9,170

For the three months ended September 30, 2017 and 2016, we recorded a loss of $6,102 and $225, respectively, and for the six months ended September 30, 2017 and 2016, we recorded a loss of $14,705 and a gain $573, respectively, related to foreign currency forward contracts in Interest and other, net in our Condensed Consolidated Statements of Operations. Our foreign currency exchange forward contracts are not designated as hedging instruments under hedge accounting and are used to reduce the impact of foreign currency on certain balance sheet exposures and certain revenue and expense. These instruments are generally short term in nature, with typical maturities of less than one year, and are subject to fluctuations in foreign exchange rates.

Cross-currency swaps

We entered into a cross-currency swap agreement during the three months ended September 30, 2017 related to an intercompany loan that has been designated and accounted for as a cash flow hedge of foreign currency exchange risk. The intercompany loan is related to the acquisition of Social Point. As of September 30, 2017, the notional amount of the cross-currency swap is $129 million. This cross-currency swap mitigates the exposure to fluctuations in the U.S. dollar-euro exchange rate related to the intercompany loan. The critical terms of the cross-currency swap agreement correspond to the intercompany loan and both mature at the same time in 2027; as such there was no ineffectiveness during the period.

Changes in the fair value of this cross-currency swap are recorded in Accumulated other comprehensive income (loss) and offset the change in value of interest and principal payment as a result of changes in foreign exchange rates. Resulting gains or losses from the cross-currency swap are reclassified from Accumulated other comprehensive income (loss) to earnings to completely offset foreign currency transaction gains and losses recognized on the intercompany loan. We recognize the difference between the U.S. dollar interest payments received from the swap counterparty and the U.S. dollar equivalent of the euro interest payments made to the swap counterparty in interest and other, net on our Condensed Consolidated Statement of Operations. There are no credit-risk related contingent features associated with these swaps.

6. INVENTORY

Inventory balances by category are as follows:

	September 30, 2017	March 31, 2017
Finished products	**$ 27,647**	$ 15,530
Parts and supplies	**8,784**	793
Inventory	**$ 36,431**	$ 16,323

Estimated product returns included in inventory at September 30, 2017 and March 31, 2017 were $234 and $529, respectively.

7. SOFTWARE DEVELOPMENT COSTS AND LICENSES

Details of our capitalized software development costs and licenses are as follows:

	September 30, 2017		March 31, 2017	
	Current	Non-current	Current	Non-current
Software development costs, internally developed	**$ 33,017**	**$ 491,057**	$ 28,959	$ 310,229
Software development costs, externally developed	**2,614**	**103,499**	5,455	71,407
Licenses	**6,352**	**520**	7,307	274
Software development costs and licenses	**$ 41,983**	**$ 595,076**	$ 41,721	$ 381,910

During the three months ended September 30, 2017 and 2016, we recorded $276 and $2,526, respectively, and during the six months ended September 30, 2017 and 2016, we recorded $960 and $11,594, respectively, of software development impairment charges (a component of cost of goods sold).

Liability Awards

During the three months ended September 30, 2017, we reclassified 5,550,000 time and performance based restricted stock units as equity awards. These awards were granted in prior periods and historically accounted for as liability awards as they previously could be settled only in cash and based on a contractually stipulated cash settlement value. However, in September 2017 at our Annual Meeting of Stockholders, we received stockholder approval to increase the number of shares of Common Stock for which awards may be granted and therefore now have the ability and intent to settle these awards in stock. As a result, we reclassified $74,707 from Other long-term liabilities to Additional paid-in capital within Stockholders' equity. Additionally, we recognized incremental cost of $112,789 to reflect the difference between the share price at the time of the modification and the contractually stipulated cash settlement value. Of these incremental costs, $84,176 was capitalized within Software development costs and licenses, net of current portion; $23,251 was recorded within Software development costs and royalties (a component of cost of goods sold); and $5,361 was recorded within Research and development costs. These awards are expected to vest between fiscal 2019 and fiscal 2022. As of September 30, 2017, the unrecognized compensation cost for these awards is $364,993.

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	September 30, 2017	March 31, 2017
Software development royalties	**$ 660,453**	$ 492,133
Business reorganization	**70,937**	65,935
Licenses	**57,241**	37,019
Compensation and benefits	**44,668**	44,843
Deferred acquisition payments	**25,000**	25,000
Marketing and promotions	**20,124**	21,030
Other	**74,145**	64,915
Accrued expenses and other current liabilities	**$ 952,568**	$ 750,875

9. DEBT

Credit Agreement

In April 2016, we entered into a Sixth Amendment to our Second Amended and Restated Credit Agreement (as amended, the "Credit Agreement"). The Credit Agreement provides for borrowings of up to $100,000 which may be increased by up to $100,000 pursuant to the terms of the Credit Agreement and which is secured by substantially all of our assets and the equity of our subsidiaries. The Credit Agreement expires on August 18, 2019. Revolving loans under the Credit Agreement bear interest at our election of (a) 0.25% to 0.75% above a certain base rate (4.25% at September 30, 2017) or (b) 1.25% to 1.75% above the LIBOR Rate (approximately 1.24% at September 30, 2017), with the margin rate subject to the achievement of certain average liquidity levels. We are also required to pay a monthly fee on the unused available balance, ranging from 0.25% to 0.375% based on availability. We had no outstanding borrowings at September 30, 2017 and March 31, 2017.

Availability under the Credit Agreement is unrestricted when liquidity, as defined in the Credit Agreement, is at least $300,000. When liquidity is below $300,000 availability under the Credit Agreement is restricted by our United States and United Kingdom based accounts receivable and inventory balances. The Credit Agreement also allows for the issuance of letters of credit in an aggregate amount of up to $5,000.

Information related to availability on our Credit Agreement is as follows:

	September 30, 2017	March 31, 2017
Available borrowings	**$ 98,306**	$ 98,320
Outstanding letters of credit	**1,664**	1,664

We recorded interest expense and fees related to the Credit Agreement of $111 and $111, respectively for the three months ended September 30, 2017 and 2016 and $221 and $221 for the six months ended September 30, 2017 and 2016, respectively. The Credit Agreement contains covenants that substantially limit us and our subsidiaries' ability to create, incur, assume or be liable for indebtedness; dispose of assets outside the ordinary course of business; acquire, merge or consolidate with or into another person or entity; create, incur or allow any lien on any of their respective properties; make investments; or pay dividends or make distributions (each subject to certain limitations); or optionally prepay any indebtedness (subject to certain exceptions, including an exception permitting the redemption of our unsecured convertible senior notes upon the meeting of certain minimum liquidity requirements). In addition, the Credit Agreement provides for certain events of default such as nonpayment of principal and interest, breaches of representations and warranties, noncompliance with covenants, acts of insolvency, default on indebtedness held by third parties and default on certain material contracts (subject to certain limitations and cure periods). The Credit Agreement also contains a requirement that we maintain an interest coverage ratio of more than one to one for the trailing twelve-month period, if certain average liquidity levels fall below $30,000.

1.00% Convertible Notes Due 2018

On June 18, 2013, we issued $250,000 aggregate principal amount of 1.00% Convertible Notes due 2018. The 1.00% Convertible Notes were issued at 98.5% of par value for proceeds of $246,250. Interest on the 1.00% Convertible Notes is payable semi-annually in arrears on July 1st and January 1st of each year, commencing on January 1, 2014. The 1.00% Convertible Notes mature on July 1, 2018, unless earlier repurchased by the Company or converted. We do not have the right to redeem the 1.00% Convertible Notes prior to maturity. We also granted the underwriters a 30-day option to purchase up to an additional $37,500 principal amount of 1.00% Convertible Notes to cover overallotments, if any. On July 17, 2013, we closed our public offering of $37,500 principal amount of our 1.00% Convertible Notes as a result of the underwriters exercising their overallotment option in full on July 12, 2013, bringing the total proceeds to $283,188.

The 1.00% Convertible Notes are convertible at an initial conversion rate of 46.4727 shares of our common stock per $1 principal amount of 1.00% Convertible Notes (representing an initial conversion price of approximately $21.52 per share of common stock for a total of approximately 13,361,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders may convert the 1.00% Convertible Notes at their option prior to the close of business on the business day immediately preceding January 1, 2018 only under the following circumstances: (1) during any fiscal quarter commencing after September 30, 2013, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per $1 principal amount of 1.00% Convertible Notes for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day; or (3) upon the occurrence of specified corporate events. On and after January 1, 2018 until the close of business on the business day immediately preceding the maturity date, holders may convert their 1.00% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 1.00% Convertible Notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of our common stock. Our common stock price exceeded 130% of the applicable conversion price per share for at least 20 trading days during the 30 consecutive trading days ended September 30, 2017. Accordingly, as of October 1, 2017, the 1.00% Convertible Notes may be converted at the holder's option through December 31, 2017. During the three and six months ended September 30, 2017, 1.00% Convertible Notes with an aggregate principal amount of $169,436 and $213,898 were settled, and an additional $2,104 were tendered for conversion with October 2017 settlement dates. We elected to settle in shares of our common stock. Our intent and ability, given our option, would be to settle future conversions in shares of our common stock. As such, we have continued to classify these 1.00% Convertible Notes as long-term debt.

Upon the occurrence of certain fundamental changes involving the Company, holders of the 1.00% Convertible Notes may require us to purchase all or a portion of their 1.00% Convertible Notes for cash at a price equal to 100% of the principal amount

of the notes to be purchased, plus accrued and unpaid interest (including additional interest, if any) to, but excluding, the fundamental change purchase date.

The indenture governing the 1.00% Convertible Notes contains customary terms and covenants and events of default. If an event of default (as defined therein) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in aggregate principal amount of the 1.00% Convertible Notes then outstanding by notice to the Company and the Trustee, may, and the Trustee at the request of such holders shall, declare 100% of the principal of and accrued and unpaid interest (including additional interest, if any) on all the 1.00% Convertible Notes to be due and payable. In the case of an event of default arising out of certain bankruptcy events, 100% of the principal of and accrued and unpaid interest (including additional interest, if any), on the 1.00% Convertible Notes will automatically become due and payable immediately.

The 1.00% Convertible Notes are senior unsecured obligations and rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the 1.00% Convertible Notes; equal in right of payment to our existing and future indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness incurred by our subsidiaries.

We separately account for the liability and equity components of the 1.00% Convertible Notes in a manner that reflects our nonconvertible debt borrowing rate. We estimated the fair value of the 1.00% Convertible Notes to be $225,567 upon issuance of our 1.00% Convertible Notes, assuming a 6.15% non-convertible borrowing rate. The carrying amount of the equity component was determined to be approximately $57,621 by deducting the fair value of the liability component from the net proceeds of the 1.00% Convertible Notes. The excess of the principal amount of the liability component over its carrying amount is amortized to interest and other, net over the term of the 1.00% Convertible Notes using the effective interest method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. In accounting for the $2,815 of banking, legal and accounting fees related to the issuance of the 1.00% Convertible Notes, we allocated $2,209 to the liability component and $606 to the equity component. Debt issuance costs attributable to the liability component are being amortized to interest and other, net over the term of the 1.00% Convertible Notes, and issuance costs attributable to the equity component were netted with the equity component in additional paid-in capital.

As of September 30, 2017 and March 31, 2017, the if-converted value of our 1.00% Convertible Notes exceeded the principal amount of $54,252 and $268,149, respectively by $203,376 and $470,456, respectively.

The following table provides additional information related to our 1.00% Convertible Notes:

	September 30, 2017	March 31, 2017
Additional paid-in capital	**$ 35,784**	$ 35,784
Principal amount of 1.00% Convertible Notes	**$ 54,252**	$ 268,149
Unamortized discount of the liability component	**1,837**	15,751
Carrying amount of debt issuance costs	**46**	469
Net carrying amount of 1.00% Convertible Notes	**$ 52,369**	$ 251,929

The following table provides the components of interest expense related to our 1.00% Convertible Notes:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Cash interest expense (coupon interest expense)	**$ 130**	$ 698	**$ 579**	$ 1,417
Non-cash amortization of discount on 1.00% Convertible Notes	**8,678**	3,869	**13,915**	7,004
Amortization of debt issuance costs	**263**	127	**423**	234
Total interest expense related to 1.00% Convertible Notes	**$ 9,071**	$ 4,694	**$ 14,917**	$ 8,655

10. EARNINGS (LOSS) PER SHARE ("EPS")

The following table sets forth the computation of basic and diluted earnings (loss) per share (shares in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2016	2017	2016
Computation of Basic earnings (loss) per share:				
Net income (loss)	**$ (2,736)**	$ 36,432	**$ 57,540**	$ (2,135)
Less: net income allocated to participating securities	**—**	(745)	**(487)**	—
Net income (loss) for basic earnings (loss) per share calculation	**$ (2,736)**	$ 35,687	**$ 57,053**	$ (2,135)
Total weighted average shares outstanding—basic	**109,430**	87,176	**107,232**	84,990
Less: weighted average participating shares outstanding	**—**	(1,783)	**(908)**	—
Weighted average common shares outstanding—basic	**109,430**	85,393	**106,324**	84,990
Basic earnings (loss) per share	**$ (0.03)**	$ 0.42	**$ 0.54**	$ (0.03)
Computation of Diluted earnings (loss) per share:				
Net income (loss)	**$ (2,736)**	$ 36,432	**$ 57,540**	$ (2,135)
Less: net income allocated to participating securities	**—**	(564)	**(478)**	—
Add: interest expense, net of tax, on Convertible Notes	**—**	8,669	**—**	—
Net income (loss) for diluted earnings (loss) per share calculation	**$ (2,736)**	$ 44,537	**$ 57,062**	$ (2,135)
Weighted average common shares outstanding—basic	**109,430**	85,393	**106,324**	84,990
Add: dilutive effect of common stock equivalents	**—**	29,809	**3,032**	—
Weighted average common shares outstanding—diluted	**109,430**	115,202	**109,356**	84,990
Less: weighted average participating shares outstanding	**—**	(1,783)	**(908)**	—
Weighted average common shares outstanding- diluted	**109,430**	113,419	**108,448**	$ 84,990
Diluted earnings (loss) per share	**$ (0.03)**	$ 0.39	**$ 0.53**	$ (0.03)

Certain of our unvested restricted stock awards (including restricted stock units and time-based and market-based restricted stock awards) are considered participating securities since these securities have non-forfeitable rights to dividends or dividend equivalents during the contractual period of the award, and thus require the two-class method of computing EPS.

The calculation of EPS for common stock under the two-class method shown above for the six months ended September 30, 2017 excludes income attributable to the participating securities from the numerator and excludes the dilutive effect of those awards from the denominator.

We incurred a net loss for the three months ended September 30, 2017 and the six months ended September 30, 2016; therefore, the basic and diluted weighted average shares outstanding for those periods exclude the effect of the unvested share-based awards that are considered participating securities and all common stock equivalents because their effect would be antidilutive. For the three months ended September 30, 2017 and the six months ended September 30, 2016, we had 2,145,000 and 5,172,000, respectively, of unvested share-based awards that are excluded from the EPS calculation due to the net loss for those periods.

We define common stock equivalents as restricted stock awards and common stock related to the Convertible Notes (see Note 9) outstanding during the period. Common stock equivalents are measured using the treasury stock method, except for the Convertible Notes, which are assessed for their effect on diluted EPS using the more dilutive of the treasury stock method or the if-converted method. Under the provisions of the if-converted method, the Convertible Notes are assumed to be converted and included in the denominator of the EPS calculation and the interest expense, net of tax, recorded in connection with the Convertible Notes is added back to the numerator.

During the six months ended September 30, 2017, 2,700,000 restricted stock awards vested, we granted 600,000 unvested restricted stock awards, and 14,000 unvested restricted stock awards were forfeited.

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table provides the components of accumulated other comprehensive loss:

	Six Months Ended September 30, 2017				
	Foreign currency translation adjustments	Unrealized gain (loss) on forward contracts	Unrealized gain (loss) on cross-currency swap	Unrealized gain (loss) on available-for-sales securities(1)	Total
Balance at March 31, 2017	$ (47,666)	$ 600	$ —	$ (76)	$ (47,142)
Other comprehensive income before reclassifications	23,776	—	(5,781)	111	18,106
Amounts reclassified from accumulated other comprehensive loss	—	—	564	—	564
Balance at September 30, 2017	$ (23,890)	$ 600	$ (5,217)	$ 35	$ (28,472)

	Six Months Ended September 30, 2016			
	Foreign currency translation adjustments	Unrealized gain (loss) on derivative instruments	Unrealized gain (loss) on available-for-sales securities	Total
Balance at March 31, 2016	$ (38,580)	$ 600	$ 84	$ (37,896)
Other comprehensive income (loss) before reclassifications	(5,027)	—	43	(4,984)
Amounts reclassified from accumulated other comprehensive loss	—	—	9	9
Balance at September 30, 2016	$ (43,607)	$ 600	$ 136	$ (42,871)

12. COMMITMENTS AND CONTINGENCIES

We have entered into various agreements in the ordinary course of business that require substantial cash commitments over the next several years. Other than agreements entered into in the ordinary course of business and in addition to the agreements requiring known cash commitments as reported in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, we did not have any significant changes to our commitments since March 31, 2017.

Legal and Other Proceedings

We are, or may become, subject to demands and claims (including intellectual property claims) and are involved in routine litigation in the ordinary course of business, which we do not believe to be material to our business or financial statements. We have appropriately accrued amounts related to certain of these claims and legal and other proceedings. While it is reasonably possible that a loss may be incurred in excess of the amounts accrued in our financial statements, we believe that such losses, unless otherwise disclosed, would not be material.

On April 11, 2016, we filed a declaratory judgment action in the United States District Court for the Southern District of New York seeking, among other things, a judicial declaration that Leslie Benzies, the former president of one of our subsidiaries with whom we had been in ongoing discussions regarding his separation of employment, is not entitled to any minimum allocation or financial parity with any other person under the applicable royalty plan. We believe we will prevail in this matter, although there can be no assurance of the outcome. On April 12, 2016, Mr. Benzies filed a complaint in the Supreme Court of the State of New York, New York County against us, and certain of our subsidiaries and employees. We removed this case to the United States District Court for the Southern District of New York, but the case was subsequently remanded to state court. The complaint claims damages of at least $150,000 and contains allegations of breach of fiduciary duty; fraudulent inducement and fraudulent concealment; aiding and abetting breach of fiduciary duty; breach of various contracts; breach of implied duty of good faith and fair dealing; tortious interference with contract; unjust enrichment; reformation; constructive trust; declaration of rights; constructive discharge; defamation and fraud. Motion practice in both the federal and state actions is ongoing. While we believe that we have meritorious defenses to these claims, and we intend to vigorously defend against them and to pursue any counterclaims, we have accrued what we believe to be an adequate amount for this matter, which amounts are classified as Business reorganization within Accrued expenses and other current liabilities in our Condensed Consolidated Balance Sheet (see Note 8). We do not believe

that the ultimate outcome of such litigation, even if in excess of our current accrual, will have a material adverse effect on our business, financial condition or results of operations.

13. BUSINESS REORGANIZATION

In the first quarter of fiscal 2018, we announced and initiated actions to implement a strategic reorganization at one of our labels (the "2018 Plan"). In connection with this initiative, we incurred business reorganization expenses of $1,713 during the three months ended September 30, 2017 due to true-up of estimates for employee separation costs and $12,312 during the six months ended September 30, 2017 due primarily to employee separation costs. Through September 30, 2017, we paid $2,547 related to these reorganization activities. As of September 30, 2017, $5,002 remained accrued for in Accrued expenses and other current liabilities and $4,763 in Other non-current liabilities. Although we may record additional expense or benefit in future periods to true-up estimates, we do not expect to incur additional reorganization costs in connection with the 2018 Plan.

14. INCOME TAXES

The benefit from income taxes for the three months ended September 30, 2017 is based on our projected annual effective tax rate for fiscal year 2018, adjusted for specific items that are required to be recognized in the period in which they are incurred. The benefit from income taxes was $11.6 million for the three months ended September 30, 2017 as compared to a provision of $3.7 million for the prior year period.

When compared to the statutory rate of 35%, the effective tax rate of 80.9% for the three months ended September 30, 2017, was primarily due to the adoption of ASU 2016-09, *Compensation - Stock Compensation,* as of April 1, 2017, which required us to recognize $8.0 million of excess tax benefits from employee stock compensation as a component of the benefit from income taxes (previously excess tax benefit and tax deficiencies were recognized in additional paid-in-capital), as well as $2.5 million of tax benefits related to the reduction in a contingent consideration liability associated with the Social Point acquisition, partially offset by a $5.0 million decrease in the projected benefit related to tax credits.

The benefit from income taxes reported for the six months ended September 30, 2017 is based on our projected annual effective tax rate for fiscal year 2018, adjusted for specific items that are required to be recognized in the period in which they are incurred. The benefit from income taxes was $24.4 million for the six months ended September 30, 2017, as compared to a provision of $0.1 million for the prior year period.

When compared to the statutory rate of 35%, the effective tax rate of (73.7)% for the six months ended September 30, 2017 was primarily due to the adoption of ASU 2016-09, *Compensation - Stock Compensation*, as of April 1, 2017, which required us to recognize $24.5 million of excess tax benefits from employee stock compensation as a component of the benefit from income taxes (previously excess tax benefit and tax deficiencies were recognized in additional paid-in-capital), $5.5 million of tax benefits from tax credits, and $5.4 million of tax benefits due to changes in our valuation allowance, as well as the mix of projected pre-tax income.

We are regularly examined by domestic and foreign taxing authorities. Examinations may result in tax assessments in excess of amounts claimed and the payment of additional taxes. We believe our tax positions comply with applicable tax law, and that we have adequately provided for reasonably foreseeable tax assessments. It is possible that settlement of audits or the expiration of the statute of limitations may impact our effective tax rate in future periods.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

The statements contained herein which are not historical facts are considered forward-looking statements under federal securities laws and may be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "potential," "predicts," "projects," "seeks," "should" "will," or words of similar meaning and include, but are not limited to, statements regarding the outlook for the Company's future business and financial performance. Such forward-looking statements are based on the current beliefs of our management as well as assumptions made by and information currently available to them, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may vary materially from these forward-looking statements based on a variety of risks and uncertainties including those contained herein, in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017, in the section entitled "Risk Factors," and the Company's other periodic filings with the Securities and Exchange Commission. All forward-looking statements are qualified by these cautionary statements and speak only as of the date they are made. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided in addition to the accompanying Condensed Consolidated Financial Statements and notes to assist readers in understanding our results of operations, financial condition and cash flows. The following discussion should be read in conjunction with the MD&A and our annual consolidated financial statements and the notes thereto, included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017.

Overview

Our Business

We are a leading developer, publisher and marketer of interactive entertainment for consumers around the globe. We develop and publish products principally through our two wholly-owned labels Rockstar Games and 2K. Our products are currently designed for console gaming systems such as Sony's PlayStation®4 ("PS4") and PlayStation®3 ("PS3"), Microsoft's Xbox One® ("Xbox One") and Xbox 360® ("Xbox 360"), Nintendo's Switch, and personal computers ("PC"), including smartphones and tablets. We deliver our products through physical retail, digital download, online platforms and cloud streaming services.

We endeavor to be the most creative, innovative and efficient company in our industry. Our core strategy is to capitalize on the popularity of video games by developing and publishing high-quality interactive entertainment experiences across a range of genres. We focus on building compelling entertainment franchises by publishing a select number of titles for which we can create sequels and incremental revenue opportunities through add-on content, microtransactions and online play. Most of our intellectual property is internally owned and developed, which we believe best positions us financially and competitively. We have established a portfolio of proprietary software content for the major hardware platforms in a wide range of genres, including action, adventure, family/casual, racing, role-playing, shooter, sports and strategy, which we distribute worldwide. We believe that our commitment to creativity and innovation is a distinguishing strength, enabling us to differentiate our products in the marketplace by combining advanced technology with compelling storylines and characters that provide unique gameplay experiences for consumers. We have created, acquired or licensed a group of highly recognizable brands to match the broad consumer demographics we serve, ranging from adults to children and game enthusiasts to casual gamers. Another cornerstone of our strategy is to support the success of our products in the marketplace through innovative marketing programs and global distribution on platforms and through channels that are relevant to our target audience.

Our revenue is primarily derived from the sale of internally developed software titles and software titles developed by third parties. Operating margins are dependent in part upon our ability to release new, commercially successful software products and to manage effectively their development costs. We have internal development studios located in Canada, China, Czech Republic, Spain, the United Kingdom and the United States.

Software titles published by our Rockstar Games label are primarily internally developed. We expect Rockstar Games, our wholly-owned publisher of the *Grand Theft Auto*, *Max Payne*, *Midnight Club*, *Red Dead* and other popular franchises, to continue to be a leader in the action/adventure product category and to create groundbreaking entertainment by leveraging our existing titles as well as by developing new brands. We believe that Rockstar has established a uniquely original, popular cultural phenomenon with its *Grand Theft Auto* series, which is the interactive entertainment industry's most iconic and critically acclaimed brand and has sold-in over 270 million units. The latest installment, *Grand Theft Auto V*, was released on Sony's PS3 and Microsoft's Xbox 360 in September 2013, on Sony's PS4 and Microsoft's Xbox One in November 2014, and on PC in April 2015. *Grand Theft Auto V* includes access to *Grand Theft Auto Online*, which initially launched in October 2013. Rockstar Games is also well known for developing brands in other genres, including the *L.A. Noire*, *Bully* and *Manhunt* franchises. Rockstar Games continues to

expand on our established franchises by developing sequels, offering downloadable episodes, content and virtual currency, and releasing titles for smartphones and tablets.

Our 2K label has published a variety of popular entertainment properties across all key platforms and across a range of genres including shooter, action, role-playing, strategy, sports and family/casual entertainment. We expect 2K to continue to develop new, successful franchises in the future. 2K's internally owned and developed franchises include the critically acclaimed, multi-million unit selling *BioShock*, *Mafia*, *Sid Meier's Civilization* and *XCOM* series. 2K also publishes externally developed brands, such as *Battleborn*, *Borderlands* and *Evolve*. 2K's realistic sports simulation titles include our flagship *NBA 2K* series, which continues to be the top-ranked NBA basketball video game, and the *WWE 2K* professional wrestling series.

On January 31, 2017, we acquired privately-held Social Point S.L. ("Social Point") for $175 million in cash and the issuance of 1,480,168 shares of our common stock, plus potential earn-out consideration of up to an aggregate of $25.9 million in cash and shares of our common stock. Founded in 2008 and headquartered in Barcelona, Spain, Social Point is a developer of popular free-to-play mobile games that focuses on delivering high-quality, deeply-engaging entertainment experiences. Social Point currently has multiple profitable titles in the market, including its two most successful games, *Dragon City* and *Monster Legends*. In addition, Social Point has a robust development pipeline with a number of exciting games planned for launch over the next two years.

We are continuing to execute on our growth initiatives in Asia, where our strategy is to broaden the distribution of our existing products and expand our online gaming presence, especially in China and South Korea. 2K has secured a multi-year license from the NBA to develop an online version of the NBA simulation game in China, Taiwan, South Korea and Southeast Asia. In October 2012, *NBA 2K Online*, our free-to-play NBA simulation game, which was co-developed by 2K and Tencent, launched commercially on the Tencent Games portal in China.

Trends and Factors Affecting our Business

Product Release Schedule. Our financial results are affected by the timing of our product releases and the commercial success of those titles. Our *Grand Theft Auto* products in particular have historically accounted for a significant portion of our revenue. Sales of *Grand Theft Auto* products generated 37.4% of our net revenue for the six months ended September 30, 2017. The timing of our *Grand Theft Auto* product releases may affect our financial performance on a quarterly and annual basis.

Economic Environment and Retailer Performance. We continue to monitor economic conditions that may unfavorably affect our businesses, such as deteriorating consumer demand, pricing pressure on our products, credit quality of our receivables, and foreign currency exchange rates. Our business is dependent upon a limited number of customers that account for a significant portion of our revenue. Our five largest customers accounted for 71.7% and 69.4% of net revenue during the six months ended September 30, 2017 and 2016, respectively. As of September 30, 2017 and March 31, 2017, our five largest customers comprised 70.2% and 69.9% of our gross accounts receivable, respectively, with our significant customers (those that individually comprised more than 10% of our gross accounts receivable balance) accounting for 63.5% and 57.6% of such balance at September 30, 2017 and March 31, 2017, respectively. We had three customers who accounted for 29.9%, 17.2%, and 16.4% of our gross accounts receivable as of September 30, 2017 and two customers who accounted for 40.2% and 17.4% of our gross accounts receivable as of March 31, 2017. The economic environment has affected our customers in the past, and may do so in the future. Bankruptcies or consolidations of our large retail customers could seriously hurt our business, due to uncollectible accounts receivables and the concentration of purchasing power among the remaining large retailers. Certain of our large customers sell used copies of our games, which may negatively affect our business by reducing demand for new copies of our games. While the downloadable content that we now offer for certain of our titles may serve to reduce used game sales, we expect used game sales to continue to adversely affect our business.

Hardware Platforms. We derive most of our revenue from the sale of products made for video game consoles manufactured by third parties, such as Sony's PS4 and PS3 and Microsoft's Xbox One and Xbox 360, which comprised 81.9% of our net revenue by product platform for the six months ended September 30, 2017. The success of our business is dependent upon the consumer acceptance of these consoles and continued growth in the installed base of these platforms. When new hardware platforms are introduced, demand for software used on older platforms typically declines, which may negatively affect our business during the market transition to the new consoles. We continually monitor console hardware sales. We manage our product delivery on each current and future platform in a manner we believe to be most effective to maximize our revenue opportunities and achieve the desired return on our investments in product development. Accordingly, our strategy is to focus our development efforts on a select number of the highest quality titles for these platforms, while also expanding our offerings for emerging platforms such as tablets, smartphones and online games.

Online Content and Digital Distribution. The interactive entertainment software industry is delivering a growing amount of content through digital online delivery methods. We provide a variety of online delivered products and offerings. Most of our titles that are available through retailers as packaged goods products are also available through direct digital download (from websites we own and others owned by third parties). In addition, we aim to drive ongoing engagement and incremental revenue

from recurrent consumer spending on our titles through virtual currency, add-on content, and microtransactions. We also publish an expanding variety of titles for tablets and smartphones, which are delivered to consumers through digital download via the Internet. Our "Results of Operations" discloses that net revenue from digital online channels comprised 66.3% of our net revenue by distribution channel for the six months ended September 30, 2017. We expect online delivery of games and game offerings to continue to grow and to become an increasing part of our business over the long-term.

Product Releases

We released the following key titles during the six months ended September 30, 2017:

Title	Publishing Label	Internal or External Development	Platform(s)	Date Released
NBA 2K18	2K	Internal	Xbox 360, Xbox One, PS3, PS4, PC, Switch (digital)	September 19, 2017

Product Pipeline

We have announced the following future key titles to date (this list does not represent all titles currently in development):

Title	Publishing Label	Internal or External Development	Platform(s)	Expected Release Date
WWE 2K18	2K	Internal/External	PS4, Xbox One	October 13, 2017 (released)
NBA 2K18	2K	Internal	Switch (physical)	October 17, 2017 (released)
L.A. Noire	Rockstar Games	Internal	PS4, Xbox One, Switch	November 14, 2017
L.A. Noire: The VR Case Files	Rockstar Games	Internal	HTC Vive	December 2017
WWE 2K18	2K	Internal/External	Switch	Fall 2017
Red Dead Redemption 2	Rockstar Games	Internal	PS4, Xbox One	Spring 2018

Critical Accounting Policies and Estimates

Our most critical accounting policies, which are those that require significant judgment, include: revenue recognition; price protection and allowances for returns; capitalization and recognition of software development costs and licenses; fair value estimates including inventory obsolescence, and valuation of goodwill, intangible assets and long-lived assets; valuation and recognition of stock-based compensation; and income taxes. In-depth descriptions of these can be found in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017.

Revenue Recognition

As part of our on-going assessment of estimated service periods, during the three months ended June 30, 2017, we extended *Grand Theft Auto V's* estimated service period from 41 to 50 months, or through December 2018. We expect this change in estimated service period to have a material impact on our Consolidated Financial Statements for fiscal 2018. The impact of this change in estimate is further discussed in Note 1 - Basis of Presentation and Significant Accounting Policies in the Notes to our Condensed Consolidated Financial Statements.

Recently Adopted and Recently Issued Accounting Pronouncements

See Note 1 - Basis of Presentation and Significant Accounting Policies in the Notes to our Condensed Consolidated Financial Statements for further discussion.

Results of Operations

The following table sets forth, for the periods indicated, our Condensed Consolidated Statements of Operations, net revenue by geographic region, net revenue by product platform and net revenue by distribution channel:

	Three Months Ended September 30,				Six Months Ended September 30,			
(thousands of dollars)	**2017**		**2016**		**2017**		**2016**	
Net revenue	**$ 443,562**	**100.0 %**	$ 420,167	100.0 %	**$ 861,778**	**100.0 %**	$ 731,719	100.0 %
Cost of goods sold	**246,548**	**55.6 %**	205,605	48.9 %	**441,117**	**51.2 %**	396,985	54.3 %
Gross profit	**197,014**	**44.4 %**	214,562	51.1 %	**420,661**	**48.8 %**	334,734	45.7 %
Selling and marketing	**76,914**	**17.3 %**	80,187	19.1 %	**129,128**	**15.0 %**	151,321	20.7 %
General and administrative	**60,824**	**13.7 %**	49,685	11.8 %	**121,427**	**14.1 %**	96,428	13.2 %
Research and development	**49,999**	**11.3 %**	30,005	7.2 %	**92,268**	**10.7 %**	63,905	8.7 %
Depreciation and amortization	**18,883**	**4.3 %**	7,491	1.8 %	**26,626**	**3.1 %**	14,869	2.0 %
Business reorganization	**1,713**	**0.4 %**	—	— %	**12,312**	**1.4 %**	—	— %
Total operating expenses	**208,333**	**47.0 %**	167,368	39.9 %	**381,761**	**44.3 %**	326,523	44.6 %
Income (loss) from operations	**(11,319)**	**(2.6)%**	47,194	11.2 %	**38,900**	**4.5 %**	8,211	1.1 %
Interest and other, net	**(2,969)**	**(0.7)%**	(7,078)	(1.7)%	**(5,777)**	**(0.7)%**	(11,584)	(1.6)%
Gain on long-term investments, net	**—**	**—**	—	— %	**—**	**— %**	1,350	0.2 %
Income (loss) before income taxes	**(14,288)**	**(3.2)%**	40,116	9.5 %	**33,123**	**3.8 %**	(2,023)	(0.3)%
(Benefit from) provision for income taxes	**(11,552)**	**(2.6)%**	3,684	0.8 %	**(24,417)**	**(2.8)%**	112	— %
Net income (loss)	**$ (2,736)**	**(0.6)%**	$ 36,432	8.7 %	**$ 57,540**	**6.7 %**	$ (2,135)	(0.3)%

	Three Months Ended September 30,				Six Months Ended September 30,			
	2017		**2016**		**2017**		**2016**	
Net revenue by geographic region:								
United States	**$ 276,005**	**62.2%**	$ 252,483	60.1%	**$ 534,265**	**62.0%**	$ 445,584	60.9%
International	**167,557**	**37.8%**	167,684	39.9%	**327,513**	**38.0%**	286,135	39.1%
Net revenue by product platform:								
Console	**$ 360,465**	**81.3%**	$ 353,038	84.0%	**$ 705,382**	**81.9%**	$ 607,064	83.0%
PC and other	**83,097**	**18.7%**	67,129	16.0%	**156,396**	**18.1%**	124,655	17.0%
Net revenue by distribution channel:								
Digital online	**$ 302,886**	**68.3%**	$ 230,759	54.9%	**$ 571,122**	**66.3%**	$ 402,837	55.1%
Physical retail and other	**140,676**	**31.7%**	189,408	45.1%	**290,656**	**33.7%**	328,882	44.9%

Three Months Ended September 30, 2017 Compared to September 30, 2016

(thousands of dollars)	**2017**	**%**	**2016**	**%**	**Increase/ (decrease)**	**% Increase/ (decrease)**
Net revenue	**$ 443,562**	**100.0%**	$ 420,167	100.0%	$ 23,395	5.6 %
Internal royalties	**104,049**	**23.5%**	77,425	18.4%	26,624	34.4 %
Product costs	**42,563**	**9.6%**	55,059	13.1%	(12,496)	(22.7)%
Software development costs and royalties(1)	**66,782**	**15.1%**	45,194	10.8%	21,588	47.8 %
Licenses	**33,154**	**7.5%**	27,927	6.6%	5,227	18.7 %
Cost of goods sold	**246,548**	**55.6%**	205,605	48.9%	40,943	19.9 %
Gross profit	**$ 197,014**	**44.4%**	$ 214,562	51.1%	$ (17,548)	(8.2)%

(1) Includes $28,065 and $5,566 of stock-based compensation expense in 2017 and 2016, respectively, in software development costs and royalties.

For the three months ended September 30, 2017, net revenue increased by $23.4 million as compared to the prior year period. This increase was due primarily to an aggregate increase of $47.0 million from our *NBA 2K* franchise and an increase of $9.1 million from Social Point titles with no comparable revenues in prior year period as it was acquired in January 2017, partially offset by a

decrease of $25.4 million from our *BioShock* franchise due to *BioShock: The Collection* releasing in September 2016 and a decrease of $7.2 million from *Battleborn,* which released in May 2016.

Net revenue from console games was relatively flat as compared to the prior year period and increased by $7.4 million, accounting for 81.3% of our total net revenue for the three months ended September 30, 2017, as compared to 84.0% for the prior year period. The increase in net revenue from console games was due primarily to higher net revenues from our *NBA 2K* franchise, and to a lesser extent higher net revenues from *Grand Theft Auto Online* and *Grand Theft Auto V* and revenues from *Mafia III,* which released in October 2016. These increases were offset by lower net revenues from our *BioShock* and *XCOM* franchises and a number of our other titles, none of which was individually significant. Net revenue from PC and other increased by $16.0 million and accounted for 18.7% of our total net revenue for the three months ended September 30, 2017, as compared to 16.0% for the prior year period. The increase in net revenue from PC and other was due primarily to higher net revenues from Social Point titles with no comparable revenues in the prior year period as it was acquired in January 2017, *XCOM 2* driven by the release of an expansion pack in August 2017, and *WWE SuperCard*. These increases were partially offset by lower net revenues from *Grand Theft Auto V*.

Net revenue from digital online channels increased by $72.1 million and accounted for 68.3% of our total net revenue for the three months ended September 30, 2017, as compared to 54.9% for the prior year period. The increase in net revenue from digital online channels was due to higher net revenue from our *NBA 2K* franchise, *Grand Theft Auto V* and *Grand Theft Auto Online,* our *XCOM* and *WWE 2K* franchises, partially offset by lower net revenues from our *BioShock* franchise. Net revenue from physical retail and other channels decreased by $48.7 million and accounted for 31.7% of our total net revenues for the three months ended September 30, 2017, as compared to 45.1% for the same period in the prior year period. The decrease in net revenue from physical retail and other channels was due primarily to our *BioShock* franchise and *Grand Theft Auto V*.

Revenues from recurrent consumer spending on our titles through virtual currency, add-on content, and microtransactions increased by $85.5 million and accounted for 48.3% of net revenue for the three months ended September 30, 2017, as compared to 30.7% of net revenue for the prior year period. The increase in revenues from recurrent consumer spending was primarily due to higher net revenues from our *NBA 2K* franchise, *Grand Theft Auto Online, XCOM,* and *WWE SuperCard*.

Gross profit as a percentage of net revenue for the three months ended September 30, 2017 was 44.4% as compared to 51.1% for the prior year period. The decrease was due primarily to higher internal royalties as a percentage of net revenue due to the timing of when royalties are earned. Additionally, we recognized incremental stock compensation costs of $23.3 million within cost of goods sold. The incremental costs resulted from previously issued share based awards, which were historically classified as liability awards, being modified to equity awards during the period. This modification reflects the impact of differences between the share price at the time of the modification and contractually stipulated cash settlement values of the awards prior to the modification.

Net revenue earned outside of the United States was relatively flat compared to the prior year period and decreased by $0.1 million, accounting for 37.8% of our total net revenue for the three months ended September 30, 2017, as compared to 39.9% in the prior year period. Changes in foreign currency exchange rates increased net revenue by $1.2 million and increased gross profit by $0.4 million for the three months ended September 30, 2017 as compared to the prior year period.

Operating Expenses

(thousands of dollars)	2017	% of net revenue	2016	% of net revenue	Increase/ (decrease)	% Increase/ (decrease)
Selling and marketing	**$ 76,914**	**17.3%**	$ 80,187	19.1%	$ (3,273)	(4.1)%
General and administrative	**60,824**	**13.7%**	49,685	11.8%	11,139	22.4 %
Research and development	**49,999**	**11.3%**	30,005	7.2%	19,994	66.6 %
Depreciation and amortization	**18,883**	**4.3%**	7,491	1.8%	11,392	152.1 %
Business reorganization	**1,713**	**0.4%**	—	—%	1,713	100.0 %
Total operating expenses(1)	**$ 208,333**	**47.0%**	$ 167,368	39.9%	$ 40,965	24.5 %

(1) Includes stock-based compensation expense, which was allocated as follows (in thousands):

	2017	2016
Selling and marketing	**$ 3,187**	$ 2,279
General and administrative	**$ 19,458**	$ 9,774
Research and development	**$ 8,301**	$ 614

Changes in foreign currency exchange rates increased total operating expenses by $1.5 million for the three months ended September 30, 2017, as compared to the prior year period.

Selling and marketing

Selling and marketing expenses decreased by $3.3 million for the three months ended September 30, 2017, as compared to the prior year period, due primarily to $8.5 million in lower advertising expenses. Advertising expenses were lower in the current year period due primarily to decreased spend for the releases of *Mafia III* and *Civilization VI* in October 2016 with no corresponding spend in the current year, partially offset by higher advertising expenses for *Grand Theft Auto Online* and *Red Dead Redemption 2*. The overall decrease was partially offset by higher personnel costs due primarily to higher headcount, including our acquisition of Social Point, and increased stock and incentive compensation.

General and administrative

General and administrative expenses increased by $11.1 million for the three months ended September 30, 2017, as compared to the prior year period, due primarily to increases in professional fees, including stock and incentive compensation expense related primarily to our management agreement with ZelnickMedia due to the increase in our share price and increases in personnel expenses, due to additional headcount, including our acquisition of Social Point. The overall increase was partially offset primarily by a $7.0 million reduction of expense related to the fair value as of September 30, 2017 of contingent consideration included in the Social Point acquisition.

General and administrative expenses for the three months ended September 30, 2017 and 2016 included occupancy expense (primarily rent, utilities and office expenses) of $4.4 million and $3.9 million, respectively, related to our development studios.

Research and development

Research and development expenses increased by $20.0 million for the three months ended September 30, 2017, as compared to the prior year period. The increase was primarily due to increases in personnel expenses, due to additional headcount, including our acquisition of Social Point and due to a $5.4 million stock compensation charge due to a share-based award modification. This was partially offset by lower development costs for titles that have not yet reached technological feasibility.

Depreciation and Amortization

Depreciation and amortization expenses increased by $11.4 million for the three months ended September 30, 2017, as compared to the prior year period, due primarily to the recognition of an $11.3 million impairment charge as a result of our decision not to proceed with further development of certain IPR&D from our acquisition of Social Point.

Business reorganization

During the three months ended September 30, 2017, we recognized $1.7 million of business reorganization expense related to the true-up of an estimate relating to employee separation costs in connection with the implementation of a strategic reorganization at one of our labels, with no corresponding costs in the prior year period.

Interest and other, net

Interest and other, net was an expense of $3.0 million for the three months ended September 30, 2017, as compared to $7.1 million for the prior year period. The decrease was due primarily to lower interest expense as a result of the settlement of our 1.75% Convertible Notes due 2016 (the "1.75% Convertible Notes") in December 2016 and higher gains on early conversions of our 1.00% Convertible Notes.

Benefit from Income Taxes

The benefit from income taxes for the three months ended September 30, 2017 is based on our projected annual effective tax rate for fiscal year 2018, adjusted for specific items that are required to be recognized in the period in which they are incurred. The benefit from income taxes was $11.6 million for the three months ended September 30, 2017 as compared to a provision of $3.7 million for the prior year period.

When compared to the statutory rate of 35%, the effective tax rate of 80.9% for the three months ended September 30, 2017, was primarily due to the adoption of ASU 2016-09, *Compensation - Stock Compensation,* as of April 1, 2017, which required us to recognize $8.0 million of excess tax benefits from employee stock-based compensation as a component of the benefit from income taxes (previously excess tax benefit and tax deficiencies were recognized in additional paid-in-capital), as well as $2.5 million of tax benefits related to a reduction in a contingent consideration liability associated with the Social Point acquisition, partially offset by a $5.0 million decrease in the projected benefit related to tax credits. We anticipate that additional excess tax benefits and tax credits may arise in future periods both of which could have a significant impact on our effective tax rate.

In the prior year period, when compared to the statutory rate of 35%, the effective tax rate of 9.2% was primarily due to tax benefits of $5.0 million due to changes in valuation allowance and to a lesser extent tax credits and mix of earnings.

The change in effective tax rate, when compared to the prior year period is primarily due to the adoption of ASU 2016-09, *Compensation - Stock Compensation,* as of April 1, 2017.

We are regularly examined by domestic and foreign taxing authorities. Examinations may result in tax assessments in excess of amounts claimed and the payment of additional taxes. We believe our tax positions comply with applicable tax law, and that we have adequately provided for reasonably foreseeable tax assessments. It is possible that settlement of audits and/or the expiration of the statute of limitations may impact our effective tax rate in future periods.

Net (loss) income and (loss) earnings per share

For the three months ended September 30, 2017, our net loss was $2.7 million, as compared to net income of $36.4 million in the prior year period. For the three months ended September 30, 2017, basic and diluted loss per share was $0.03 compared to basic earnings per share of $0.42 and diluted earnings per share of $0.39 in the prior year period. Basic weighted average shares of 109.4 million were 24.0 million shares higher as compared to the prior year period, due primarily to the vesting of restricted stock awards as well as the settlement of our 1.75% Convertible Notes by converting those notes to shares of our common stock using the stated conversion rate. See Note 10 to our Condensed Consolidated Financial Statements for additional information regarding earnings per share.

Six Months Ended September 30, 2017 Compared to September 30, 2016

(thousands of dollars)	2017	%	2016	%	Increase/ (decrease)	% Increase/ (decrease)
Net revenue	**$ 861,778**	**100.0%**	$ 731,719	100.0%	$ 130,059	17.8 %
Internal royalties	**181,753**	**21.1%**	137,098	18.7%	44,655	32.6 %
Software development costs and royalties(1)	**110,411**	**12.8%**	108,853	14.9%	1,558	1.4 %
Product costs	**86,632**	**10.1%**	100,038	13.7%	(13,406)	(13.4)%
Licenses	**62,321**	**7.2%**	50,996	7.0%	11,325	22.2 %
Cost of goods sold	**441,117**	**51.2%**	396,985	54.3%	44,132	11.1 %
Gross profit	**$ 420,661**	**48.8%**	$ 334,734	45.7%	85,927	25.7 %

(1) Includes $31,546 and $9,952 of stock-based compensation expense in 2017 and 2016, respectively, in software development costs and royalties.

For the six months ended September 30, 2017, net revenue increased by $130.1 million as compared to the prior year period. This increase was due primarily to (i) an aggregate increase of $96.6 million from our *NBA 2K* franchise, (ii) an increase of $40.9 million from *Grand Theft Auto Online* and *Grand Theft Auto V,* and (iii) an increase of $15.6 million from Social Point titles with no comparable revenues in prior year period as it was acquired in January 2017. These increases were partially offset by a decrease in *BioShock: The Collection,* which released in September 2016.

Net revenue from console games increased by $98.3 million and accounted for 81.9% of our total net revenue for the six months ended September 30, 2017, as compared to 83.0% for the prior year period. The increase in net revenue from console games was due primarily to our *NBA 2K* franchise, *Grand Theft Auto Online* and *Grand Theft Auto V*. These increases were offset by a decrease in our *BioShock* franchise. Net revenue from PC and other increased by $31.7 million and accounted for 18.1% of our total net revenue for the six months ended September 30, 2017, as compared to 17.0% for the prior year period. The increase in net revenue from PC and other was due primarily to higher in-game advertising revenues from our Social Point titles with no comparable revenues in the prior year period, our *NBA 2K* franchise, our *WWE 2K* franchise, and our *Civilization* franchise. These increases were partially offset by lower net revenues from *Grand Theft Auto V* and *Grand Theft Auto Online*.

Net revenue from digital online channels increased by $168.3 million and accounted for 66.3% of our total net revenue for the six months ended September 30, 2017, as compared to 55.1% for the prior year period. The increase in net revenue from digital online channels was due to our *NBA 2K* franchise, *Grand Theft Auto V* and *Grand Theft Auto Online*. Net revenue from physical retail and other channels decreased by $38.2 million and accounted for 33.7% of our total net revenues for the six months ended September 30, 2017, as compared to 44.9% for the same period in the prior year period. The decrease in net revenue from physical retail and other channels was due primarily to our *BioShock* franchise, *Grand Theft Auto V,* and our *XCOM* franchise. These decreases were partially offset from higher revenues from in-game advertising relating to Social Point titles with no comparable revenues in the prior year period.

Revenues from recurrent consumer spending on our titles through virtual currency, add-on content, and microtransactions increased by $160.3 million and accounted for 44.9% of net revenue for the six months ended September 30, 2017, as compared to 30.9% of net revenue for the prior year period. The increase in revenues from recurrent consumer spending was primarily due to our *NBA 2K* franchise and *Grand Theft Auto Online*.

Gross profit as a percentage of net revenue for the six months ended September 30, 2017 was 48.8% as compared to 45.7% for the prior year period. The increase was due primarily to lower software development costs and royalties as a percentage of net revenue as well as lower product costs due to the decrease in net revenue from physical and retail sales. Offsetting these decreases in costs as a percentage of net revenue were $23.3 million of incremental stock compensation costs within cost of goods sold. These incremental costs resulted from previously issued share based awards, which were historically classified as liability awards, being modified to equity awards during the period. This modification reflects the impact of differences between the share price at the time of the modification and contractually stipulated cash settlement values of the awards prior to the modification.

Net revenue earned outside of the United States increased by $41.4 million, and accounted for 38.0% of our total net revenue for the six months ended September 30, 2017, as compared to 39.1% in the prior year period. The increase in net revenue outside of the United States was due primarily to *Grand Theft Auto V* and *Grand Theft Auto Online,* our *NBA* franchise, our Social Point titles with no comparable revenues in the prior year period, and *Mafia III*. These increases were offset by decreases in our *BioShock* franchise and *Battleborn*. Changes in foreign currency exchange rates decreased net revenue by $1.7 million and decreased gross profit by $0.9 million for the six months ended September 30, 2017 as compared to the prior year period.

Operating Expenses

(thousands of dollars)	2017	% of net revenue	2016	% of net revenue	Increase/ (decrease)	% Increase/ (decrease)
Selling and marketing	**$129,128**	**15.0%**	$ 151,321	20.7%	$ (22,193)	(14.7)%
General and administrative	**121,427**	**14.1%**	96,428	13.2%	24,999	25.9 %
Research and development	**92,268**	**10.7%**	63,905	8.7%	28,363	44.4 %
Depreciation and amortization	**26,626**	**3.1%**	14,869	2.0%	11,757	79.1 %
Business reorganization	**12,312**	**1.4%**	—	—%	12,312	100.0 %
Total operating expenses (1)	**$ 381,761**	**44.3%**	$ 326,523	44.6%	$ 55,238	16.9 %

(1) Includes stock-based compensation expense, which was allocated as follows (in thousands):

	2017	2016
Selling and marketing	**$ 5,772**	$ 4,828
General and administrative	**$ 32,578**	$ 16,479
Research and development	**$ 10,766**	$ 2,074
Business reorganization	**$ 2,421**	$ —

Changes in foreign currency exchange rates decreased total operating expenses by $1.4 million for the six months ended September 30, 2017, as compared to the prior year period.

Selling and marketing

Selling and marketing expenses decreased by $22.2 million for the six months ended September 30, 2017, as compared to the prior year period, due primarily to $31.4 million in lower advertising expenses. Advertising expenses were lower in the current year period due primarily to the releases of *Mafia III* and *Civilization VI* in October 2016 and *Battleborn* in May 2016, partially offset by higher marketing for *Grand Theft Auto Online* and *Read Dead Redemption 2*. These decreases were partially offset by higher personnel expenses, primarily due to higher incentive compensation expense.

General and administrative

General and administrative expenses increased by $25.0 million for the six months ended September 30, 2017, as compared to the prior year period, due primarily to increases in personnel expenses, including stock and incentive compensation expense, due to additional headcount, including our acquisition of Social Point, and increases in professional fees, related primarily to our management agreement with ZelnickMedia. The overall increase was partially offset primarily by a $7.0 million reduction of expense related to the fair value as of September 30, 2017 of contingent consideration included in the Social Point acquisition.

General and administrative expenses for the six months ended September 30, 2017 and 2016 included occupancy expense (primarily rent, utilities and office expenses) of $8.7 million and $7.6 million, respectively, related to our development studios.

Research and development

Research and development expenses increased by $28.4 million for the six months ended September 30, 2017, as compared to the prior year period, due primarily to increased personnel expense due to increased headcount, including our acquisition of Social Point, and due to a $5.4 million stock compensation charge due to a share-based award modification. These increases were partially offset by lower production expenses for titles that have not reached technological feasibility.

Depreciation and Amortization

Depreciation and amortization expenses for the six months ended September 30, 2017 increased by $11.8 million, as compared to the prior year period, due primarily to the recognition of an $11.3 million impairment charge as a result of our decision not to proceed with further development of certain IPR&D from our acquisition of Social Point.

Business reorganization

During the six months ended September 30, 2017, we announced and initiated actions to implement a strategic reorganization at one of our labels. In connection with this initiative, we incurred business reorganization expenses of $12.3 million for the six months ended September 30, 2017 due primarily to employee separation costs in connection with a strategic reorganization at one of our labels, with no corresponding costs in the prior year period.

Interest and other, net

Interest and other, net was an expense of $5.8 million for the six months ended September 30, 2017, as compared to $11.6 million for the prior year period. The decrease was due primarily to lower interest expense as a result of the settlement of our 1.75% Convertible Notes in December 2016 and higher gains on early conversions of our 1.00% Convertible Notes, partially offset by foreign exchange transaction losses in the six months ended September 30, 2017 as compared to foreign exchange transaction gains in the prior year period.

Benefit from Income Taxes

The benefit from income taxes for the six months ended September 30, 2017 is based on our projected annual effective tax rate for fiscal year 2018, adjusted for specific items that are required to be recognized in the period in which they are incurred. The benefit from income taxes was $24.4 million for the six months ended September 30, 2017, as compared to a provision of $0.1 million for the prior year period.

When compared to the statutory rate of 35%, the effective tax rate of (73.7)% for the six months ended September 30, 2017 was primarily due to the adoption of ASU 2016-09, *Compensation - Stock Compensation*, as of April 1, 2017, which required us to recognize $24.5 million of excess tax benefits from employee stock-based compensation as a component of the benefit from income taxes (previously excess tax benefit and tax deficiencies were recognized in additional paid-in-capital), $5.5 million of tax benefits from tax credits, and $5.4 million of tax benefits due to changes in our valuation allowance, as well as the mix of projected pre-tax income. We anticipate that additional excess tax benefits and tax credits may arise in future periods both of which could have a significant impact on our effective tax rate.

In the prior year period, when compared to the statutory rate of 35%, the effective tax rate of (5.6)% was primarily due to the impact of tax credits of $0.3 million and to a lesser extent changes in valuation allowance and mix of earnings.

The change in effective tax rate, when compared to the prior year period is primarily due to the adoption of ASU 2016-09, *Compensation - Stock Compensation*, as of April 1, 2017.

We are regularly examined by domestic and foreign taxing authorities. Examinations may result in tax assessments in excess of amounts claimed and the payment of additional taxes. We believe our tax positions comply with applicable tax law, and that we have adequately provided for reasonably foreseeable tax assessments. It is possible that settlement of audits or the expiration of the statute of limitations may impact our effective tax rate in future periods.

Net income (loss) and earnings (loss) per share

For the six months ended September 30, 2017, our net income was $57.5 million, as compared to a net loss of $2.1 million in the prior year period. For the six months ended September 30, 2017, basic earnings per share was $0.54 compared to loss per share of $0.03 and diluted earnings per share was $0.53 as compared to loss per share of $0.03 in the prior year period. Basic weighted average shares of 106.3 million were 21.3 million shares higher as compared to the prior year period, due primarily to the vesting of restricted stock awards as well as the settlement of our 1.75% Convertible Notes by converting those notes to shares

of our common stock using the stated conversion rate. See Note 10 to our Condensed Consolidated Financial Statements for additional information regarding earnings per share.

Liquidity and Capital Resources

Our primary cash requirements have been to fund (i) the development, manufacturing and marketing of our published products, (ii) working capital, (iii) acquisitions and (iv) capital expenditures. We expect to rely on cash and cash equivalents as well as on short-term investments, funds provided by our operating activities and our Credit Agreement to satisfy our working capital needs.

Short-term Investments

As of September 30, 2017, we had $513.5 million of short-term investments, which are highly liquid in nature and represent an investment of cash that is available for current operations. From time to time, we may purchase additional short-term investments depending on future market conditions and liquidity needs.

Credit Agreement

In April 2016, we entered into a Sixth Amendment to our Second Amended and Restated Credit Agreement (as amended, the "Credit Agreement"). The Credit Agreement provides for borrowings of up to $100.0 million, which may be increased by up to $100.0 million pursuant to the terms of the Credit Agreement, and is secured by substantially all of our assets and the equity of our subsidiaries. The Credit Agreement expires on August 18, 2019. Revolving loans under the Credit Agreement bear interest at our election of (a) 0.25% to 0.75% above a certain base rate (4.25% at September 30, 2017), or (b) 1.25% to 1.75% above the LIBOR Rate (approximately 1.24% at September 30, 2017), with the margin rate subject to the achievement of certain average liquidity levels. We are also required to pay a monthly fee on the unused available balance, ranging from 0.25% to 0.375% based on availability.

Availability under the Credit Agreement is unrestricted when liquidity is at least $300.0 million. When liquidity is below $300.0 million, availability under the Credit Agreement is restricted by our United States and United Kingdom based accounts receivable and inventory balances. The Credit Agreement also allows for the issuance of letters of credit in an aggregate amount of up to $5.0 million.

As of September 30, 2017, there was $98.3 million available to borrow under the Credit Agreement and we had $1.7 million of letters of credit outstanding. At September 30, 2017, we had no outstanding borrowings under the Credit Agreement.

The Credit Agreement contains covenants that substantially limit us and our subsidiaries' ability to: create, incur, assume or be liable for indebtedness; dispose of assets outside the ordinary course of business; acquire, merge or consolidate with or into another person or entity; create, incur or allow any lien on any of their respective properties; make investments; or pay dividends or make distributions (each subject to certain limitations); or optionally prepay any indebtedness (subject to certain exceptions, including an exception permitting the redemption of our unsecured convertible senior notes upon the meeting of certain minimum liquidity requirements). In addition, the Credit Agreement provides for certain events of default such as nonpayment of principal and interest, breaches of representations and warranties, noncompliance with covenants, acts of insolvency, default on indebtedness held by third parties and default on certain material contracts (subject to certain limitations and cure periods). The Credit Agreement also contains a requirement that we maintain an interest coverage ratio of more than one to one for the trailing twelve-month period, if certain average liquidity levels fall below $30.0 million.

1.00% Convertible Notes Due 2018

On June 18, 2013, we issued $250.0 million aggregate principal amount of 1.00% Convertible Notes due 2018. The 1.00% Convertible Notes were issued at 98.5% of par value for proceeds of $246.3 million. Interest on the 1.00% Convertible Notes is payable semi-annually in arrears on July 1st and January 1st of each year, commencing on January 1, 2014. The 1.00% Convertible Notes mature on July 1, 2018, unless earlier repurchased by the Company or converted. We do not have the right to redeem the 1.00% Convertible Notes prior to maturity. We also granted the underwriters a 30-day option to purchase up to an additional $37.5 million principal amount of 1.00% Convertible Notes to cover overallotments, if any. On July 17, 2013, we closed our public offering of $37.5 million principal amount of our 1.00% Convertible Notes as a result of the underwriters exercising their overallotment option in full on July 12, 2013, bringing the total proceeds to $283.2 million.

The 1.00% Convertible Notes are convertible at an initial conversion rate of 46.4727 shares of our common stock per $1,000 principal amount of 1.00% Convertible Notes (representing an initial conversion price of approximately $21.52 per share of common stock for a total of approximately 13,361,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders may convert the 1.00% Convertible Notes at their option prior to the close of business on the business day immediately

preceding January 1, 2018 only under the following circumstances: (1) during any fiscal quarter commencing after September 30, 2013, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per $1 principal amount of 1.00% Convertible Notes for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day; or (3) upon the occurrence of specified corporate events. On and after January 1, 2018 until the close of business on the business day immediately preceding the maturity date, holders may convert their 1.00% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 1.00% Convertible Notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of our common stock. Our common stock price exceeded 130% of the applicable conversion price per share for at least 20 trading days during the 30 consecutive trading days ended September 30, 2017. Accordingly, as of October 1, 2017, the 1.00% Convertible Notes may be converted at the holder's option through December 31, 2017. During the three months ended September 30, 2017, 1.00% Convertible Notes with an aggregate principal amount of $169.4 million were tendered for conversion, which we elected to settle in shares of our common stock. Our intent and ability, given our option, would be to settle future conversions in shares of our common stock. As such, we have continued to classify these 1.00% Convertible Notes as long-term debt.

The indenture governing the 1.00% Convertible Notes contains customary terms and covenants and events of default.

Financial Condition

We are subject to credit risks, particularly if any of our receivables represent a limited number of customers or are concentrated in foreign markets. If we are unable to collect our accounts receivable as they become due, it could adversely affect our liquidity and working capital position.

Generally, we have been able to collect our accounts receivable in the ordinary course of business. We do not hold any collateral to secure payment from customers. We have trade credit insurance on the majority of our customers to mitigate accounts receivable risk.

A majority of our trade receivables are derived from sales to major retailers and distributors. Our five largest customers accounted for 71.7% and 69.4% of net revenue during the three months ended September 30, 2017 and 2016, respectively. As of September 30, 2017 and March 31, 2017, five customers accounted for 70.2% and 69.9% of our gross accounts receivable, respectively. Customers that individually accounted for more than 10% of our gross accounts receivable balance comprised 63.5% and 57.6% of such balances at September 30, 2017 and March 31, 2017, respectively. We had three customers who accounted for 29.9%, 17.2%, and 16.4% of our gross accounts receivable as of September 30, 2017, respectively, and two customers who accounted for 40.2% and 17.4% of our gross accounts receivable as of March 31, 2017, respectively. Based upon performing ongoing credit evaluations, maintaining trade credit insurance on a majority of our customers and our past collection experience, we believe that the receivable balances from these largest customers do not represent a significant credit risk, although we actively monitor each customer's credit worthiness and economic conditions that may affect our customers' business and access to capital. We are monitoring the current global economic conditions, including credit markets and other factors as it relates to our customers in order to manage the risk of uncollectible accounts receivable.

We believe our current cash and cash equivalents, short-term investments and projected cash flows from operations, along with availability under our Credit Agreement will provide us with sufficient liquidity to satisfy our cash requirements for working capital, capital expenditures and commitments on both a short-term and long-term basis.

As of September 30, 2017, the amount of cash and cash equivalents held outside of the U.S. by our foreign subsidiaries was $310 million. These balances are dispersed across various locations around the world. We believe that such dispersion meets the business and liquidity needs of our foreign affiliates. In addition, we expect for the foreseeable future to have the ability to generate sufficient cash domestically to support ongoing operations. Consequently, it is our intention to indefinitely reinvest undistributed earnings of our foreign subsidiaries. In the event we needed to repatriate funds from outside of the U.S., such repatriation may be subject to local laws and tax consequences including foreign withholding taxes or U.S. income taxes. It is not practicable to estimate the tax liability and we would try to minimize the tax effect to the extent possible. However, any repatriation may not result in significant cash payments, as the taxable event would likely be offset by the utilization of the then available tax credits.

Our Board of Directors has authorized the repurchase of up to 14,217,683 shares of our common stock. We did not repurchase any shares under this program during the three months ended September 30, 2017. As of September 30, 2017, we have repurchased a total of 5,171,330 shares of our common stock and have remaining availability of 9,046,353 shares under our share repurchase authorization. We are authorized to purchase shares from time to time through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. Repurchases are subject to the

availability of stock, prevailing market conditions, the trading price of the stock, our financial performance and other conditions. The program may be suspended or discontinued at any time for any reason.

Our changes in cash flows were as follows:

	Six Months Ended September 30,	
(thousands of dollars)	**2017**	**2016**
Net cash provided by (used in) operating activities	**1,069**	(50,809)
Net cash (used in) provided by investing activities	**(121,475)**	55,858
Net cash used in financing activities	**(86,125)**	(29,478)
Effects of foreign currency exchange rates on cash and cash equivalents	**12,761**	(4,310)
Net change in cash and cash equivalents	**$ (193,770)**	$ (28,739)

At September 30, 2017, we had $749.6 million of cash and cash equivalents, compared to $943.4 million at March 31, 2017. The decrease in cash and cash equivalents was due primarily to cash used in financing and investing activities. Net cash used in financing activities was primarily related to net share settlements of our stock-based awards. Net cash used in investing activities was primarily related to bank time deposits, purchases of fixed assets, and an asset acquisition. Net cash provided by operating activities was due primarily to sales and the timing of payments.

Contractual Obligations and Commitments

We have entered into various agreements in the ordinary course of business that require substantial cash commitments over the next several years. Other than agreements entered into in the ordinary course of business and in addition to the agreements requiring known cash commitments as reported in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2017. We did not have any significant changes to our commitments since March 31, 2017.

Legal and Other Proceedings: We are, or may become, subject to demands and claims (including intellectual property claims) and are involved in routine litigation in the ordinary course of business which we do not believe to be material to our business or financial statements. We have appropriately accrued amounts related to certain of these claims and legal and other proceedings. While it is reasonably possible that a loss may be incurred in excess of the amounts accrued in our financial statements, we believe that such losses, unless otherwise disclosed, would not be material.

On April 11, 2016, we filed a declaratory judgment action in the United States District Court for the Southern District of New York seeking, among other things, a judicial declaration that Leslie Benzies, the former president of one of our subsidiaries with whom we had been in ongoing discussions regarding his separation of employment, is not entitled to any minimum allocation or financial parity with any other person under the applicable royalty plan. We believe we will prevail in this matter, although there can be no assurance of the outcome. On April 12, 2016, Mr. Benzies filed a complaint in the Supreme Court of the State of New York, New York County against us, and certain of our subsidiaries and employees. We removed this case to the United States District Court for the Southern District of New York, but the case was subsequently remanded to state court. The complaint claims damages of at least $150 million and contains allegations of breach of fiduciary duty; fraudulent inducement and fraudulent concealment; aiding and abetting breach of fiduciary duty; breach of various contracts; breach of implied duty of good faith and fair dealing; tortious interference with contract; unjust enrichment; reformation; constructive trust; declaration of rights; constructive discharge; defamation and fraud. Motion practice in both the federal and state actions is ongoing. We believe that we have meritorious defenses to these claims, and we intend to vigorously defend against them and to pursue any counterclaims.

Off-Balance Sheet Arrangements

As of September 30, 2017 and March 31, 2017, we did not have any material relationships with unconsolidated entities or financial parties, such as entities often referred to as structured finance or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

International Operations

Net revenue earned outside of the United States is principally generated by our operations in Europe, Asia, Australia, Canada and Latin America. For the three months ended September 30, 2017 and 2016, 37.8% and 39.9%, respectively, and for the six months ended September 30, 2017 and 2016, 38.0% and 39.1%, respectively, of our net revenue was earned outside of the United States. We are subject to risks inherent in foreign trade, including increased credit risks, tariffs and duties, fluctuations in foreign currency exchange rates, shipping delays and international political, regulatory and economic developments, all of which can have a significant effect on our operating results.

Fluctuations in Quarterly Operating Results and Seasonality

We have experienced fluctuations in quarterly and annual operating results as a result of the timing of the introduction of new titles; variations in sales of titles developed for particular platforms; market acceptance of our titles; development and promotional expenses relating to the introduction of new titles; sequels or enhancements of existing titles; projected and actual changes in platforms; the timing and success of title introductions by our competitors; product returns; changes in pricing policies by us and our competitors; the accuracy of retailers' forecasts of consumer demand; the size and timing of acquisitions; the timing of orders from major customers; and order cancellations and delays in product shipment. Sales of our products are also seasonal, with peak shipments typically occurring in the fourth calendar quarter as a result of increased demand for products during the holiday season. For certain of our software products with multiple element revenue arrangements where we do not have vendor-specific objective evidence ("VSOE") for each element and the deliverables are deemed more-than-inconsequential, we defer the recognition of our net revenues over an estimated service period, which generally ranges from 12 to 50 months. We regularly assess estimated service periods and update them when necessary. As a result, the quarter in which we generate the highest net sales volume may be different from the quarter in which we recognize the highest amount of net revenues. Quarterly comparisons of operating results are not necessarily indicative of future operating results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from fluctuations in market rates and prices. Our market risk exposures primarily include fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

Our exposure to fluctuations in interest rates relates primarily to our short-term investment portfolio and variable rate debt under the Credit Agreement.

We seek to manage our interest rate risk by maintaining a short-term investment portfolio that includes corporate bonds with high credit quality and maturities less than two years. Since short-term investments mature relatively quickly and can be reinvested at the then-current market rates, interest income on a portfolio consisting of short-term securities is more subject to market fluctuations than a portfolio of longer term maturities. However, the fair value of a short-term portfolio is less sensitive to market fluctuations than a portfolio of longer term securities. We do not currently use derivative financial instruments in our short-term investment portfolio. Our investments are held for purposes other than trading.

As of September 30, 2017, we had $513.5 million of short-term investments, which included $297.0 million of available-for-sale securities. The available-for-sale securities were recorded at fair market value with unrealized gains or losses resulting from changes in fair value reported as a separate component of accumulated other comprehensive income (loss), net of tax, in stockholders' equity. We also had $749.6 million of cash and cash equivalents that are comprised primarily of money market funds and bank-time deposits. We determined that, based on the composition of our investment portfolio, there was no material interest rate risk exposure to our Condensed Consolidated Financial Statements or liquidity as of September 30, 2017.

Historically, fluctuations in interest rates have not had a significant effect on our operating results. Under our Credit Agreement, outstanding balances bear interest at our election of (a) 0.25% to 0.75% above a certain base rate (4.25% at September 30, 2017), or (b) 1.25% to 1.75% above the LIBOR rate (approximately 1.24% at September 30, 2017), with the margin rate subject to the achievement of certain average liquidity levels. Changes in market rates may affect our future interest expense if there is an outstanding balance on our line of credit. At September 30, 2017, there were no outstanding borrowings under our Credit Agreement. The 1.00% Convertible Notes pay interest semi-annually at a fixed rate of 1.00% per annum, and we expect that there will be no fluctuation related to the 1.00% Convertible Notes affecting our cash component of interest expense. For additional details on our Convertible Notes, see Note 9 to our Condensed Consolidated Financial Statements.

Foreign Currency Exchange Rate Risk

We transact business in foreign currencies and are exposed to risks resulting from fluctuations in foreign currency exchange rates. Accounts relating to foreign operations are translated into United States dollars using prevailing exchange rates at the relevant period end. Translation adjustments are included as a separate component of stockholders' equity. For the three months ended September 30, 2017 and 2016, our foreign currency translation adjustment was a gain of $14.3 million and a loss of $1.4 million, respectively, and for the six months ended September 30, 2017 and 2016, we recognized a foreign currency translation adjustment gain of $23.8 million and a loss of $5.0 million, respectively. For the three months ended September 30, 2017 and 2016, we recognized a foreign currency exchange transaction loss of $0.6 million and a gain of $0.2 million respectively, and for the six months ended September 30, 2017 and 2016, we recognized a foreign currency exchange transaction loss of $1.7 million and a gain of $2.5 million, respectively, included in interest and other, net in our Condensed Consolidated Statements of Operations.

Balance Sheet Hedging Activities

We use foreign currency forward contracts to mitigate foreign currency exchange rate risk associated with non-functional currency denominated cash balances and inter-company funding loans, non-functional currency denominated accounts receivable and non-functional currency denominated accounts payable. These transactions are not designated as hedging instruments and are accounted for as derivatives whereby the fair value of the contracts is reported as either assets or liabilities on our Condensed Consolidated Balance Sheets, and gains and losses resulting from changes in the fair value are reported in interest and other, net, in our Condensed Consolidated Statements of Operations. We do not enter into derivative financial contracts for speculative or trading purposes. At September 30, 2017, we had $113.8 million of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars and $3.3 million of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars, all of which have maturities of less than one year. At March 31, 2017, we had $177.5 million of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars and $9.2 million of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars, all of which have maturities of less than one year. For the three months ended September 30, 2017 and 2016, we recorded a loss of $6.1 million and a loss of $0.2 million, respectively, and for the six months ended September 30, 2017, we recorded a loss of $14.7 million and a gain of $0.6 million, respectively. As of September 30, 2017 the fair value of these contracts was a loss of $0.1 million and as of March 31, 2017 the fair value of these outstanding forward contracts was a loss $0.4 million and was included in accrued and other current liabilities. The fair value of these outstanding forward contracts is estimated based on the prevailing exchange rates of the various hedged currencies as of the end of the period.

Our hedging programs are designed to reduce, but do not entirely eliminate, the effect of currency exchange rate movements. We believe the counterparties to these foreign currency forward contracts are creditworthy multinational commercial banks and that the risk of counterparty nonperformance is not material. Notwithstanding our efforts to mitigate some foreign currency exchange rate risks, there can be no assurance that our hedging activities will adequately protect us against the risks associated with foreign currency fluctuations. For the three months ended September 30, 2017, 37.8% of our revenue was generated outside the United States. Using sensitivity analysis, a hypothetical 10% increase in the value of the U.S. dollar against all currencies would decrease revenues by 3.8%, while a hypothetical 10% decrease in the value of the U.S. dollar against all currencies would increase revenues by 3.8% In the opinion of management, a substantial portion of this fluctuation would be offset by cost of goods sold and operating expenses incurred in local currency.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of management, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as defined in rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") were effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2017, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are, or may become, subject to demands and claims (including intellectual property claims) and are involved in routine litigation in the ordinary course of business, which we do not believe to be material to our business or financial statements. We have appropriately accrued amounts related to certain of these claims and legal and other proceedings. While it is reasonably possible that a loss may be incurred in excess of the amounts accrued in our financial statements, we believe that such losses, unless otherwise disclosed, would not be material.

On April 11, 2016, we filed a declaratory judgment action in the United States District Court for the Southern District of New York seeking, among other things, a judicial declaration that Leslie Benzies, the former president of one of our subsidiaries with whom we had been in ongoing discussions regarding his separation of employment, is not entitled to any minimum allocation or financial parity with any other person under the applicable royalty plan. We believe we will prevail in this matter, although there can be no assurance of the outcome. On April 12, 2016, Mr. Benzies filed a complaint in the Supreme Court of the State of New York, New York County against us, and certain of our subsidiaries and employees. We removed this case to the United States District Court for the Southern District of New York, but the case was subsequently remanded to state court. The complaint claims damages of at least $150 million and contains allegations of breach of fiduciary duty; fraudulent inducement and fraudulent concealment; aiding and abetting breach of fiduciary duty; breach of various contracts; breach of implied duty of good faith and fair dealing; tortious interference with contract; unjust enrichment; reformation; constructive trust; declaration of rights; constructive discharge; defamation and fraud. Motion practice in both the federal and state actions is ongoing. We believe that we have meritorious defenses to these claims, and we intend to vigorously defend against them and to pursue any counterclaims.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Share Repurchase Program—In January 2013, our Board of Directors authorized the repurchase of up to 7,500,000 shares of our common stock. On May 13, 2015, our Board of Directors approved an increase of 6,717,683 shares to our share repurchase program, increasing the total number of shares that we are permitted to repurchase to 14,217,683 shares of our common stock. The authorizations permit us to purchase shares from time to time through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. Repurchases are subject to the availability of stock, prevailing market conditions, the trading price of the stock, our financial performance and other conditions. The program may be suspended or discontinued at any time for any reason. As of September 30, 2017, we have repurchased a total of 5,171,330 shares of our common stock under this program and 9,046,353 shares of common stock remain available for repurchase under the Company's share repurchase program. We did not repurchase any shares of our common stock under this program during the three months ended September 30, 2017. The table below details that no share repurchases were made by us during the three months ended September 30, 2017:

Period	Shares purchased	Average price per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the repurchase program
July 1-31, 2017	—	$ —	—	9,046
August 1-31, 2017	—	$ —	—	9,046
September 1-30, 2017	—	$ —	—	9,046

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Item 6. Exhibits

Exhibits:	
3.1	Amended And Restated Bylaws of Take-Two Interactive Software, Inc., effective as of September 15, 2017 (incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 18, 2017)
10.1	Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan (incorporated by reference to Annex B of the Company's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on July 27, 2017)
10.2	Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan Qualified RSU Sub-Plan for France (incorporated by reference to Annex C of the Company's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on July 27, 2017)
10.3	Take-Two Interactive Software, Inc. 2017 Global Employee Stock Purchase Plan (incorporated by reference to Annex D of the Company's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on July 27, 2017)
10.4	Form of Global Restricted Stock Unit Agreement Pursuant to the Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan
10.5	Form of Global Restricted Stock Performance Unit Agreement Pursuant to the Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan
10.6	Form of Non-Employee Director Restricted Stock Agreement Pursuant to the Take-Two Interactive Software Inc. 2017 Stock Incentive Plan
10.7	Form of Non-Employee Director Stock Grant Agreement Pursuant to the Take-Two Interactive Software Inc. 2017 Stock Incentive Plan
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Label Linkbase Document.
101.PRE	XBRL Taxonomy Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Document.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2017 and March 31, 2017, (ii) Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2017 and 2016, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended September 30, 2017 and 2016, (iv) Condensed Consolidated Statements of Cash Flows for the six months ended September 30, 2017 and 2016; and (v) Notes to Condensed Consolidated Financial Statements (Unaudited).

SIGNATURES

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

TAKE-TWO INTERACTIVE SOFTWARE, INC.
(Registrant)

Date: November 7, 2017 By: /s/ STRAUSS ZELNICK

Strauss Zelnick
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: November 7, 2017 By: /s/ LAINIE GOLDSTEIN

Lainie Goldstein
Chief Financial Officer
(Principal Financial Officer)

GLOBAL RESTRICTED STOCK UNIT AGREEMENT
PURSUANT TO THE
TAKE-TWO INTERACTIVE SOFTWARE, INC.
2017 STOCK INCENTIVE PLAN

THIS AGREEMENT (the "Agreement") is made effective as of the Grant Date (as defined below) by and between Take-Two Interactive Software, Inc. (the "Company") and *«Participant name»* (the "Participant").

W I T N E S S E T H:

WHEREAS, the Company has adopted the Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan (as amended from time to time, the "Plan"), a copy of which has been delivered to the Participant, which is administered by a committee appointed by the Company's Board of Directors (the "Committee");

WHEREAS, pursuant to Section 7 of the Plan, the Committee may grant Restricted Stock Units to Eligible Persons under the Plan in respect of Stock (also referred to herein as the "Shares"); and

WHEREAS, the Participant is an Eligible Persons under the Plan.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. Grant of Restricted Stock Units. Subject to the restrictions and other conditions set forth herein, the Committee has authorized this grant of Restricted Stock Units to the Participant on *<<grant date>>* (the "Grant Date"), each representing the right to receive, upon vesting, an amount equal to one (1) share of Stock.

2. Vesting and Payment.

(a) *<<Number of awards granted>>* Restricted Stock Units shall be subject to time-based vesting (the "Time-Based RSUs") in accordance with the schedule set forth at the appendix to this Agreement (the "Appendix"), subject to the Plan and provided that, in accordance with Section 3, the Participant has not incurred a Termination any time prior to any vesting date ("Vesting Date") applicable to the Time-Based RSUs.

(b) Notwithstanding anything herein to the contrary, the Restricted Stock Units shall become vested at such earlier times, if any, as provided in the Plan, any written equity award side letter between the Company and the Participant, or Participant Agreement that is in effect on the Grant Date and that is applicable to the Restricted Stock Units granted herein.

(c) Upon the vesting of each Restricted Stock Unit (but no later than 60 days following the Vesting Date), the Participant shall receive one share of Stock. Notwithstanding anything in this Agreement to the contrary, the Company may, in its sole discretion, settle all or a portion of the Restricted Stock Units in an amount in cash equal to (x) the number of Restricted Stock Units subject to vesting multiplied by (y) the closing price of the Stock on such Vesting Date on the principal national securities exchange on which the Stock is traded (or, if such Vesting Date is not a trading

date, the immediately preceding trading date). Alternatively, the Company may, in its sole discretion, settle all or a portion of the Restricted Stock Units in the form of Shares but require an immediate sale of such Shares (in which case, this Agreement shall give the Company the authority to issue sales instructions on the Participant's behalf).

3. Termination. Unless otherwise provided in a written equity award side letter between the Participant and the Company or Participant Agreement in effect on the Grant Date, in the event of a Termination, the Participant shall forfeit to the Company, without compensation, any and all Restricted Stock Units (but no Shares or cash delivered to the Participant prior to such Termination upon settlement of a vested Restricted Stock Unit) and dividends credited to such Restricted Stock Units in accordance with Section 4. Notwithstanding anything to the contrary in the Plan and unless otherwise determined by the Company in its sole discretion, the Participant's date of Termination shall be the date on which the Participant's active employment with the Service Recipient ceases and shall not be extended by any statutory or common law notice of termination period unless otherwise required by applicable law. Notwithstanding anything to the contrary in this Agreement, in the event of the Participant's Termination by reason of the Participant's death or Disability prior to any Vesting Date, any then-unvested Restricted Stock Units shall vest in full as of the date of such Termination.

4. Dividend Equivalents. Cash dividends shall be credited to a dividend book entry account on behalf of each Participant with respect to each Restricted Stock Unit granted to a Participant as if shares of Stock had been issued, provided that such cash dividends shall not be deemed to be reinvested in shares of Stock and will be held un-invested and without interest and paid in cash if and when the Restricted Stock Unit vests and settles. Stock dividends shall be credited to a dividend book entry account on behalf of each Participant with respect to each Restricted Stock Unit granted to a Participant as if shares of Stock had been issued, provided that the Participant shall not be entitled to such dividend unless and until the Restricted Stock Unit vests and settles.

5. Rights as a Stockholder. The Participant shall have no rights as a stockholder with respect to any Shares covered by any Restricted Stock Unit unless and until the Participant has become the holder of record of the Shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such Shares, except as otherwise specifically provided for in this Agreement or the Plan.

6. Withholding of Tax-Related Items. Regardless of any action the Company or the Service Recipient takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility, and the Company and the Service Recipient (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units and the release of such Shares to the Participant or the payment of cash underlying the Restricted Stock Units to the Participant, the subsequent sale of any Shares and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges

that the Company or the Service Recipient may be required to withhold or account for Tax-Related Items in more than one country.

If the Participant's country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold any Shares otherwise issuable upon vesting that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld (or an equivalent cash amount, where the Restricted Stock Units are settled in cash). For purposes of the foregoing, no fractional Shares will be withheld or issued pursuant to the grant of the Restricted Stock Units. If the obligation for Tax-Related Items is satisfied by withholding Shares or a portion of the cash proceeds (where the Restricted Stock Units are settled in cash), for tax purposes, the Participant shall be deemed to have been issued the full number of Shares (or the gross amount of the cash payment), notwithstanding that a number of Shares (or a portion of cash proceeds) are withheld solely for the purpose of satisfying any withholding obligations for the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan. In addition, where the Restricted Stock Units are settled in Shares, the Company may, on behalf of the Participant, sell a sufficient number of whole Shares issued upon vesting of the Restricted Stock Units having an aggregate Fair Market Value that would satisfy the withholding amount. Alternatively, the Company or the Service Recipient may, in its discretion and subject to applicable law, withhold any amount necessary to pay the Tax-Related Items from the Participant's regular salary/wages or other amounts payable to the Participant, with no withholding of Shares or cash proceeds payable upon vesting, or may require the Participant to submit payment equivalent to the minimum Tax-Related Items required to be withheld by means of certified check, cashier's check or wire transfer. In the event the withholding requirements for Tax-Related Items are not satisfied through one of the foregoing methods, no Shares will be released to the Participant (or the Participant's estate) upon vesting of the Restricted Stock Units (or no cash payment will be made where the Restricted Stock Units are settled in cash) unless and until satisfactory arrangements (as determined by the Company in its sole discretion) have been made by the Participant with respect to the payment of any such Tax-Related Items. By accepting the Restricted Stock Units, the Participant expressly consents to the withholding methods for Tax-Related Items as provided hereunder and/or any other methods of withholding that the Company or the Service Recipient may take and are permitted under the Plan to meet the withholding and/or other requirements as provided under applicable laws, rules and regulations. All other Tax-Related Items related to the Restricted Stock Units shall be the sole responsibility of the Participant.

Notwithstanding the above, if the Participant has entered into in a 10b5-1 trading plan, withholding of the Tax-Related Items may be satisfied as provided for under such 10b5-1 trading plan.

To the extent the Company or the Service Recipient pays any Tax-Related Items that are the Participant's responsibility ("Advanced Tax Payments"), the Company or the Service Recipient, as applicable, shall be entitled to recover such Advanced Tax Payments from the Participant in any and all manner that the Company or the Service Recipient determines appropriate in its sole discretion, subject to applicable law. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Participant by the Company or the Service Recipient (including regular salary/wages, bonuses, incentive payments and Shares acquired by the Participant

pursuant to any equity compensation plan that are otherwise held by the Company for the Participant's benefit).

7. Provisions of Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and agrees to comply with it, this Agreement and all applicable laws and regulations. Capitalized terms in this Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

8. Amendment. To the extent applicable, the Board or the Committee may at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement to comply with applicable law and may also amend, suspend or terminate this Agreement subject to the terms of the Plan. Except as otherwise provided in the Plan, no modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

9. Notices. Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by regular mail, first class and prepaid, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify):

If to the Company, to:

Take-Two Interactive Software, Inc.
622 Broadway
New York, New York 10012
Attention: General Counsel

If to the Participant, to the address on file with the Company.

10. Legend. The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing Shares issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section.

11. Securities Representations. The grant of the Restricted Stock Units and issuance of Shares upon vesting of the Restricted Stock Units shall be subject to, and in compliance with, all applicable requirements of U.S. federal, state or local securities laws, rules, and regulations. No Shares may be issued hereunder if the issuance of such Shares would constitute a violation of any applicable U.S. federal, state or local securities laws or other laws, rules, or regulations of any stock exchange or market system upon which the Shares may then be listed. As a condition to the settlement

of the Restricted Stock Units, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation.

The Shares are being issued to the Participant and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

(a) He or she has been advised that he or she may be an "affiliate" within the meaning of Rule 144 under the Securities Act, currently or at the time he or she desires to sell the Shares following the vesting of the Restricted Stock, and in this connection the Company is relying in part on his or her representations set forth in this section.

(b) If he or she is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Shares must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to such Shares and the Company is under no obligation to register the Shares (or to file a "re-offer prospectus").

(c) If he or she is deemed an affiliate within the meaning of Rule 144 of the Securities Act, he or she understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Stock of the Company, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.

12. Termination Indemnities. The value of the Restricted Stock Units is an extraordinary item of compensation outside the scope of Participant's basic employment compensation. As such, the Restricted Stock Units are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments to which the Participant may be otherwise entitled.

13. Discretionary Nature of Plan; No Vested Rights. The Participant acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Restricted Stock Units under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Restricted Stock Units or other award or benefits in lieu of the Restricted Stock Units in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award, the number of Shares subject to an award and the vesting provisions.

14. Commercial Relationship. The Participant expressly recognizes that participation in the Plan and the Company's grant of the Restricted Stock Units does not create an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Stock Units as a consequence of the commercial relationship between the Company and the Service Recipient, and the Service Recipient is the Participant's sole employer. Based on the foregoing, the Participant expressly recognizes (a) the Plan and the benefits derived from participation in the Plan do not establish any rights between the Participant and the Service Recipient, (b) the Plan and the benefits derived from participation in the Plan are not part of the employment conditions and/or benefits provided by the Service Recipient, (c) any modifications or amendments of the Plan by the

Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Service Recipient, and (d) the grant of the Restricted Stock Units and this Agreement do not give the Participant the right to continue in employment with the Service Recipient and shall not adversely affect the rights of the Service Recipient to terminate the Participant's employment with the Service Recipient, with or without cause, at any time.

15. Compliance With Age Discrimination Rules. For purposes of this Agreement, if the Participant is a local national of and employed in a country that is a member of the European Union, the grant of the Restricted Stock Units and the terms and conditions governing the Restricted Stock Units are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent a court or tribunal of competent jurisdiction determines that any provision of the Restricted Stock Units is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

16. Private Placement. The grant of the Restricted Stock Units is not intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Stock Units is not subject to the supervision of the local securities authorities.

17. Repatriation and Legal/Tax Compliance Requirements. If the Participant is a resident of or employed in a country other than the United States, the Participant agrees, as a condition of the Restricted Stock Units, to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the Shares acquired pursuant to the Restricted Stock Units) in accordance with local foreign exchange rules and regulations in the Participant's country of residence (and country of employment, if different). In addition, the Participant agrees to take any and all actions, and consent to any and all actions taken by the Company, as may be required to allow the Company to comply with local laws, rules and regulations in the Participant's country of residence (and country of employment, if different). Finally, the Participant agrees to take any and all actions that may be required to comply with the Participant's personal legal and tax obligations under local laws, rules and regulations in the Participant's country of residence (and country of employment, if different).

18. Consent to Collection, Processing and Transfer of Personal Data. Pursuant to applicable personal data protection laws, the Company and the Service Recipient hereby notify the Participant of the following in relation to the Participant's personal data and the collection, processing and transfer of such data in relation to the Company's grant of the Restricted Stock Units and the Participant's participation in the Plan. The collection, processing and transfer of the Participant's personal data are necessary for the Company's administration of the Plan and the Participant's participation in the Plan. The Participant's denial and/or objection to the collection, processing and transfer of personal data may affect the Participant's participation in the Plan. As such, the Participant voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and the Service Recipient hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in Participants' favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Participant or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Participant's participation in the Plan.

The Company and the Service Recipient will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and the Service Recipient may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired pursuant to the Plan.

19. Miscellaneous. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(a) This Agreement shall be governed and construed in accordance with the laws of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

(b) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

(c) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

20. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units granted to the Participant under the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees

to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. English Language. The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units be drawn up in English. If the Participant has received this Agreement, the Plan or any other documents related to the Restricted Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version shall control.

22. Addendum. Notwithstanding any provision of this Agreement to the contrary, the Restricted Stock Units shall be subject to any special terms and conditions for the Participant's country of residence (and country of employment, if different) as are forth in the applicable addendum to the Agreement (the "Addendum"). Further, if the Participant transfers residency and/or employment to another country reflected in an Addendum to the Agreement, the special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum shall constitute part of this Agreement.

23. Additional Requirements. The Company reserves the right to impose other requirements on the Restricted Stock Units, any Shares acquired pursuant to the Restricted Stock Units, and the Participant's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

24. Section 409A. It is the intention of the parties that the provisions of this Agreement shall comply with the requirements of the short-term deferral exception to section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulations Section 1.409A-1(b)(4). Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the requirements or limitations of section 409A of the Code applicable to such short-term deferral exception, then those provisions shall be interpreted and applied in a manner that does not result in a violation of the requirements or limitations of section 409A of the Code and the Treasury Regulations thereunder that apply to such exception. If, and only to the extent that, (i) the Restricted Stock Units constitute "deferred compensation" within the meaning of section 409A of the Code and (ii) the Participant is deemed to be a "specified employee" (as such term is defined in section 409A of the Code and as determined by the Company), the payment of Restricted Stock Units on the Participant's Termination shall not be made until the first business day of the seventh month following the Participant's Termination or, if earlier, the date of the Participant's death. For purposes of section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under section 409A of the Code, to the extent applicable. With respect to any payments that are subject to section 409A of the

Code, in no event shall the Participant, directly or indirectly, designate the calendar year of payment. The Participant will be solely responsible for any tax imposed under section 409A of the Code and in no event will the Company or the Service Recipient have any liability with respect to any tax, interest or other penalty imposed under section 409A of the Code.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: __
Name:
Title:
Date:

(*Participant*)

Date: __

TAKE-TWO INTERACTIVE SOFTWARE, INC.
2017 STOCK INCENTIVE PLAN

ADDENDUM TO
GLOBAL RESTRICTED STOCK UNIT AGREEMENT

In addition to the terms of the Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan (as amended from time to time, the "Plan") and the Global Restricted Stock Unit Agreement (the "Agreement"), the Restricted Stock Units are subject to the following additional terms and conditions as set forth in this addendum to the extent the Participant resides and/or is employed in one of the countries addressed herein (the "Addendum"). All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement. To the extent the Participant transfers residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

Australia

1. Restricted Stock Units Conditioned on Satisfaction of Regulatory Obligations. If the Participant is (a) a director of an Affiliate incorporated in Australia, or (b) a person who is a management-level executive of an Affiliate incorporated in Australia and who also is a director of an Affiliate incorporated outside of Australia, the grant of the Restricted Stock Units are conditioned upon satisfaction of the shareholder approval provisions of section 200B of the Corporations Act 2001 (Cth) in Australia.

Canada

1. Settlement in Shares Only. Notwithstanding anything to the contrary in the Agreement, Addendum or the Plan, the Restricted Stock Units shall be settled only in Shares (and may not be settled via a cash payment).

2. Language**.** The following provisions shall apply if the Participant is a resident of Quebec:

The parties acknowledge that it is their express wish that the Agreement, including this Addendum, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

France

1. English Language. The Participant acknowledges and agrees that it is the Participant's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units, be drawn up in English. If the Participant has received the Agreement, the Plan or any other documents related to the Restricted Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue anglaise. Le Support reconnaît et consent que c'est l'intention de Support expresse que le Grant Accord, le Projet et tous les autres documents, les notifications et l'événement légal est entré dans, compte tenu de ou institué conformément à l'Restricted Stock Units, est formulé dans l'anglais. Si le Support a reçu le Grant Accord, le Projet ou aucuns autres documents liés à l'Units a traduit dans une langue autrement que l'anglais, et si le sens de la version traduite est différent de la version anglaise, la version anglaise contrôlera.

Netherlands

1. Waiver of Termination Rights. In consideration of the grant of the Restricted Stock Units, the Participant waives any and all rights to compensation or damages as a result of any Termination for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the Restricted Stock Units, or (b) the Participant ceases to have rights under, or ceasing to be entitled to Restricted Stock Units as a result of such termination.

Russia

1. No Offering of Securities in Russia. The grant of the Restricted Stock Units is not intended to be an offering of securities within the territory of the Russian Federation, and the Participant acknowledges and understands that the Participant will be unable to sell any Shares acquired pursuant to the Restricted Stock Units within the Russian Federation.

Singapore

1. Qualifying Person Exemption. The grant of Restricted Stock Units under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289) ("SFA"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Participant should note that, as a result, the Restricted Stock Units are subject to section 257 of the SFA and the Participant will be unable to make (a) any subsequent sale of the Shares acquired pursuant to the Restricted Stock Units in Singapore or (b) any offer for sale of the Shares acquired pursuant to the Restricted Stock Units in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289).

Spain

1. Severance for Cause. Notwithstanding anything to the contrary in the Plan or the Agreement, "Cause" shall be defined in the Plan, irrespective of whether the Termination is or is not considered a fair termination (i.e., "despido procedente") under Spanish legislation.

2. Acknowledgement of Discretionary Nature of the Restricted Stock Units; No Vested Rights. In accepting the Restricted Stock Units, the Participant acknowledges that the Participant consents to participate in the Plan and has received a copy of the Plan. The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted the Restricted Stock Units under the Plan to individuals who may be employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Affiliates on an ongoing basis. Consequently, the Participant understands that the Restricted Stock Units are granted on the assumption and condition that the Restricted Stock Units and the Shares acquired upon vesting of the Restricted Stock Units shall not become a part of any employment contract (either with the Company or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above. Thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the grant of the Restricted Stock Units under the Agreement shall be null and void.

The Participant understands and agrees that, as a condition of the grant of the Restricted Stock Units and unless otherwise provided in the Agreement, the unvested portion of the Restricted Stock Units as of the date of the Participant's Termination will be forfeited

without entitlement to the underlying Shares or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, (i) material modification of the terms of employment under Article 41 of the Workers' Statute or (ii) relocation under Article 40 of the Workers' Statute. The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination on the Participant's Restricted Stock Units.

United Kingdom

1 . Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 6 of the Agreement:

Withholding of Tax-Related Items. Regardless of any action the Company or the Service Recipient takes with respect to any or all income tax, primary and secondary Class 1 National Insurance Contributions, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility, and the Company and the Service Recipient (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units and the release of such Shares to the Participant or the payment of cash underlying the Restricted Stock Units to the Participant, the subsequent sale of any Shares and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date of grant and the date of any relevant taxable or tax withholding event, as applicable (a "Chargeable Event"), the Participant acknowledges that the Company or the Service Recipient may be required to withhold or account for Tax-Related Items in more than one country. The Participant also agrees that the Company and the Service Recipient may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which the Participant may have to recover any overpayment from the relevant tax authorities.

As a condition of the issuance of Shares or the payment of cash upon vesting of the Restricted Stock Units, the Company and the Service Recipient shall be entitled to withhold and the Participant agrees to pay, or make adequate arrangements satisfactory to the Company or the Service Recipient to satisfy, all obligations of the Company or the Service Recipient to account to HM Revenue & Customs ("HMRC") for any Tax-Related Items. For purposes of the foregoing, the Company may withhold a whole number of the Shares otherwise issuable upon vesting or a portion of cash proceeds (where the Restricted Stock Units are settled in cash) that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. If the obligation for Tax-Related Items is satisfied by withholding Shares (or a portion of the cash proceeds where the Restricted Stock Units are settled in cash), for tax purposes, the Participant shall be deemed to have been issued the full number of Shares (or the gross amount of the cash payment), notwithstanding that a number of Shares (or a portion of the cash proceeds) are withheld solely for the purpose of satisfying any withholding obligations for the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan. In addition, where the Restricted Stock Units are settled in Shares, the Company may, on behalf of the Participant, sell a sufficient number of whole Shares issued upon vesting of the Restricted Stock Units having an aggregate Fair Market Value that would satisfy the withholding amount. Alternatively, the Company or the Service Recipient may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Participant's regular salary/wages or other amounts payable to the Participant, with no withholding of Shares or cash proceeds payable upon vesting, or may require the Participant to submit payment equivalent to the minimum Tax-Related Items required to be withheld by means of certified check, cashier's check or wire transfer. In the event the withholding requirements for Tax-Related Items are not satisfied through one of the foregoing methods, no Shares will be released to the Participant (or the Participant's estate) upon vesting of the Restricted Stock Units (or no cash payment will be made where the Restricted Stock Units are settled in cash) unless and until satisfactory arrangements (as determined by the Company in its sole discretion) have been made by the Participant with respect to the payment of any such Tax-Related Items. By accepting the Restricted Stock Units, the Participant expressly consents to the withholding methods for Tax-Related Items as provided hereunder and/or any other methods of withholding that the Company or the Service Recipient may take and are permitted under the Plan to meet the withholding and/or other requirements as provided under applicable laws, rules and regulations. All other Tax-Related Items related to the Restricted Stock Units shall be the sole responsibility of the Participant.

Notwithstanding the above, if the Participant has entered into in a 10b5-1 trading plan, withholding of the Tax-Related Items may be satisfied as provided for under such 10b5-1 trading plan.

To the extent the Company or the Service Recipient pays any Tax-Related Items that are the Participant's responsibility ("Advanced Tax Payments"), the Company or the Service Recipient, as applicable, shall be entitled to recover such Advanced Tax Payments from the Participant in any and all manner that the Company or the Service Recipient determines appropriate in its sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Participant by the Company or the Service Recipient (including regular salary/wages, bonuses, incentive payments and Shares acquired by the Participant pursuant to

any equity compensation plan that are otherwise held by the Company for the Participant's benefit). If the Restricted Stock Units are settled in Shares and payment or withholding is not made within 90 days of the Chargeable Event or such other period as required under U.K. law (the "Due Date"), the Participant agrees that the amount of any uncollected income tax shall (assuming the Participant is not a director or executive officer of the Company within the meaning of Section 13(k) of the Exchange Act), constitute a loan owed by the Participant to the Service Recipient, effective on the Due Date. The Participant agrees that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Service Recipient may recover it at any time thereafter by any of the means referred to above.

2. Exclusion of Claim. The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages in consequence of the Participant's Termination for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from the Participant's ceasing to have rights under or to be entitled to vesting in the Restricted Stock Units as a result of such Termination, or from the loss or diminution in value of the Restricted Stock Units. Upon the grant of the Restricted Stock Units, the Participant shall be deemed irrevocably to have waived any such entitlement.

United States

1. Section 16 of the Agreement is inapplicable.

2. All disputes and claims of any nature that the Participant (or the Participant's transferee or estate) may have against the Company arising out of or in any way related to the Plan or this Agreement must be submitted solely and exclusively to binding arbitration in accordance with the then-current employment arbitration rules and procedures of the American Arbitration Association (AAA) to be held in New York, New York. All information regarding the dispute or claim and arbitration proceedings, including any settlement, shall not be disclosed by the Participant or any arbitrator to any third party without the written consent of the Company, except with respect to judicial enforcement of any arbitration award. Any arbitration claim must be brought solely in the Participant's (or the Participant's transferee's or estate's) individual capacity and not as a claimant or class member (or similar capacity) in any purported multiple-claimant, class, collective, representative or similar proceeding, and the arbitrator may not permit joinder of any multiple claimants and their claims without the express written consent of the Company. Any arbitrator selected to adjudicate the claim must be knowledgeable in the industry standards and practices, and, by signing this Agreement, the Participant will be deemed to agree that any claims pursuant to the Plan or this Agreement is inherently a matter involving interstate commerce and thus, notwithstanding the choice of law provision included herein, the Federal Arbitration Act shall govern the interpretation and enforcement of this arbitration provision. The arbitrator shall not be permitted to award any punitive or similar damages, but may award attorney's fees and expenses to the prevailing party in any arbitration. Any decision by the arbitrator shall be binding on all parties to the arbitration.

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GLOBAL RESTRICTED STOCK PERFORMANCE UNIT AGREEMENT
PURSUANT TO THE
TAKE-TWO INTERACTIVE SOFTWARE, INC.
2017 STOCK INCENTIVE PLAN

THIS AGREEMENT (the "Agreement") is made effective as of the Grant Date (as defined below) by and between Take-Two Interactive Software, Inc. (the "Company") and *«Participant Name»* (the "Participant").

W I T N E S S E T H:

WHEREAS, the Company has adopted the Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan (as amended from time to time, the "Plan"), a copy of which has been delivered to the Participant, which is administered by a committee appointed by the Company's Board of Directors (the "Committee");

WHEREAS, pursuant to Section 7 of the Plan, the Committee may grant Restricted Stock Units to Eligible Persons under the Plan in respect of Stock (also referred to herein as the "Shares"); and

WHEREAS, the Participant is an Eligible Persons under the Plan.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. Grant of Restricted Stock Units. Subject to the restrictions and other conditions set forth herein, the Committee has authorized this grant of Restricted Stock Units to the Participant on *<<grant date>>* (the "Grant Date"), each representing the right to receive, upon vesting, an amount equal to one (1) share of Stock.

2. Vesting and Payment.

(a) A target number of*<<Number of awards granted>>* Restricted Stock Units shall be subject to performance-based vesting in accordance with this Section 2(a) (the "Performance-Based RSUs"). The actual number of Performance-Based RSUs earned (the "Earned Performance-Based RSUs"), if any, shall be determined by multiplying (x) the target number of Performance-Based RSUs eligible to vest pursuant to this Section 2(a), by (y) the TSR Vesting Percentage, calculated as of March 31, 20[__] rounded down to the nearest whole Performance-Based RSU. Fifty percent (50%) of any Earned Performance-Based RSUs shall vest on June 1, 20[__], and fifty percent (50%) of any Earned Performance-Based RSUs shall vest on June 1, 20[__] (each of June 1, 20[__] and June 1, 20[__], a "Vesting Date"), provided that the Participant has not had a Termination at any time prior to the applicable Vesting Date. Any Performance-Based RSUs that do not become Earned Performance-Based RSUs shall not be eligible to vest pursuant to this Agreement and shall be forfeited to the Company for no consideration.

For purposes of this Agreement:

"Measurement Price" as of a given date means the average of the closing prices of the Stock or the common stock of a Peer Group company (each without adjustment for dividends), as applicable, for each of the 30 trading days ending on (and including) such date (or for each of the trading days ending on (and including) such date if the Stock or the common stock of a Peer Group company has traded for less than 30 trading days prior to such date).

The "Peer Group" shall consist of the companies that comprise The NASDAQ Composite Index on April 1, 20[__]; provided, that the Company shall have sole discretion to make adjustments to account for changes in the Peer Group that occur on or after April 1, 20[__] and to determine the manner in which such adjustments are incorporated into the TSR Vesting Percentage calculation.

The "Percentile Rank" of the Company's Total Shareholder Return is defined as the percentage of the Peer Group companies' returns falling at or below the Company's Total Shareholder Return. The formula for calculating the Percentile Rank is as follows:

Percentile Rank = (N - R + 1) ÷ N × 100

Where:

N = total number of companies in the Peer Group

R = the numeric rank of the Company's Total Shareholder Return relative to the Peer Group, where the highest Total Shareholder Return in the Peer Group is ranked number 1

The Percentile Rank shall be rounded to the nearest whole percentage, with (0.5) rounded up.

To illustrate, if the Company's Total Shareholder Return is the 25th highest in a Peer Group comprised of 100 companies, its Percentile Rank would be 76. The calculation is (100 - 25 + 1) ÷ 100 × 100 = 76.

"Reference Price" means the average of the closing prices of the Stock or the common stock of a Peer Group company, as applicable, for each of the 30 trading days ending on (and including) April 1, 20[__] (or for each of the trading days ending on (and including) April 1, 20[__] if the Stock or the common stock of a Peer Group company has traded for less than 30 trading days prior to April 1, 20[__]).

"Total Shareholder Return" as of a given date means the percentage change in the value of the Stock or the common stock of a Peer Group company, as applicable, from the Reference Price to the Measurement Price on such date.

"TSR Vesting Percentage" as of a given date is a function of the Company's Percentile Rank among the Peer Group calculated as of such date, determined by reference to the following table:

Percentile Rank	TSR Vesting Percentage
Less than 40th Percentile	0%
40th Percentile	50%
50th Percentile	100%
75th Percentile or greater	200%

In the event that the Percentile Rank is less than 40th Percentile, the TSR Vesting Percentage shall be zero percent (0%). In the event that the Percentile Rank falls between any of the values listed in the table above, the TSR Vesting Percentage shall be based on a straight line interpolation between such two values. In no event shall the TSR Vesting Percentage exceed a maximum of 200%.

(b) Notwithstanding anything herein to the contrary, the Restricted Stock Units shall become vested at such earlier times, if any, as provided in the Plan, any written equity award side letter between the Company and the Participant, or Participant Agreement that is in effect on the Grant Date and that is applicable to the Restricted Stock Units granted herein.

(c) Upon the vesting of each Restricted Stock Unit (but no later than 60 days following the Vesting Date), the Participant shall receive one share of Stock. Notwithstanding anything in this Agreement to the contrary, the Company may, in its sole discretion, settle all or a portion of the Restricted Stock Units in an amount in cash equal to (x) the number of Restricted Stock Units subject to vesting multiplied by (y) the closing price of the Stock on such Vesting Date on the principal national securities exchange on which the Stock is traded (or, if such Vesting Date is not a trading date, the immediately preceding trading date). Alternatively, the Company may, in its sole discretion, settle all or a portion of the Restricted Stock Units in the form of Shares but require an immediate sale of such Shares (in which case, this Agreement shall give the Company the authority to issue sales instructions on the Participant's behalf).

3. Termination. Unless otherwise provided in a written equity award side letter between the Participant and the Company or Participant Agreement in effect on the Grant Date, in the event of a Termination, the Participant shall forfeit to the Company, without compensation, any and all Restricted Stock Units (but no Shares or cash delivered to the Participant prior to such Termination upon settlement of a vested Restricted Stock Unit) and dividends credited to such Restricted Stock Units in accordance with Section 4. Notwithstanding anything to the contrary in the Plan and unless otherwise determined by the Company in its sole discretion, the Participant's date of Termination shall be the date on which the Participant's active employment with the Service Recipient ceases and shall not be extended by any statutory or common law notice of termination period unless otherwise required by applicable law. Notwithstanding anything to the contrary in this Agreement, in the event of the Participant's Termination by reason of the Participant's death or Disability (i) prior to March 31, 20[__], the target number of Performance-based RSUs eligible to vest pursuant to Section 2(b) shall vest in full as of the date of such Termination, without regard to or application of the TSR Vesting Percentage, or (ii) after March 31, 20[__], but prior to any Vesting Date, any then-unvested Earned Performance-Based RSUs shall vest in full as of the date of such Termination.

4. Dividend Equivalents. Cash dividends shall be credited to a dividend book entry account on behalf of each Participant with respect to each Restricted Stock Unit granted to a Participant as if shares of Stock had been issued, provided that such cash dividends shall not be deemed to be reinvested in shares of Stock and will be held un-invested and without interest and paid in cash if and when the Restricted Stock Unit vests and settles. Stock dividends shall be credited to a dividend book entry account on behalf of each Participant with respect to each Restricted Stock Unit granted to a Participant as if shares of Stock had been issued, provided that the Participant shall not be entitled to such dividend unless and until the Restricted Stock Unit vests and settles.

5. Rights as a Stockholder. The Participant shall have no rights as a stockholder with respect to any Shares covered by any Restricted Stock Unit unless and until the Participant has become the holder of record of the Shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such Shares, except as otherwise specifically provided for in this Agreement or the Plan.

6. Withholding of Tax-Related Items. Regardless of any action the Company or the Service Recipient takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-

Related Items legally due by the Participant is and remains the Participant's responsibility, and the Company and the Service Recipient (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units and the release of such Shares to the Participant or the payment of cash underlying the Restricted Stock Units to the Participant, the subsequent sale of any Shares and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Company or the Service Recipient may be required to withhold or account for Tax-Related Items in more than one country.

If the Participant's country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold any Shares otherwise issuable upon vesting that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld (or an equivalent cash amount, where the Restricted Stock Units are settled in cash). For purposes of the foregoing, no fractional Shares will be withheld or issued pursuant to the grant of the Restricted Stock Units. If the obligation for Tax-Related Items is satisfied by withholding Shares or a portion of the cash proceeds (where the Restricted Stock Units are settled in cash), for tax purposes, the Participant shall be deemed to have been issued the full number of Shares (or the gross amount of the cash payment), notwithstanding that a number of Shares (or a portion of cash proceeds) are withheld solely for the purpose of satisfying any withholding obligations for the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan. In addition, where the Restricted Stock Units are settled in Shares, the Company may, on behalf of the Participant, sell a sufficient number of whole Shares issued upon vesting of the Restricted Stock Units having an aggregate Fair Market Value that would satisfy the withholding amount. Alternatively, the Company or the Service Recipient may, in its discretion and subject to applicable law, withhold any amount necessary to pay the Tax-Related Items from the Participant's regular salary/wages or other amounts payable to the Participant, with no withholding of Shares or cash proceeds payable upon vesting, or may require the Participant to submit payment equivalent to the minimum Tax-Related Items required to be withheld by means of certified check, cashier's check or wire transfer. In the event the withholding requirements for Tax-Related Items are not satisfied through one of the foregoing methods, no Shares will be released to the Participant (or the Participant's estate) upon vesting of the Restricted Stock Units (or no cash payment will be made where the Restricted Stock Units are settled in cash) unless and until satisfactory arrangements (as determined by the Company in its sole discretion) have been made by the Participant with respect to the payment of any such Tax-Related Items. By accepting the Restricted Stock Units, the Participant expressly consents to the withholding methods for Tax-Related Items as provided hereunder and/or any other methods of withholding that the Company or the Service Recipient may take and are permitted under the Plan to meet the withholding and/or other requirements as provided under applicable laws, rules and regulations. All other Tax-Related Items related to the Restricted Stock Units shall be the sole responsibility of the Participant.

Notwithstanding the above, if the Participant has entered into in a 10b5-1 trading plan, withholding of the Tax-Related Items may be satisfied as provided for under such 10b5-1 trading plan.

To the extent the Company or the Service Recipient pays any Tax-Related Items that are the Participant's responsibility ("Advanced Tax Payments"), the Company or the Service Recipient, as applicable, shall be entitled to recover such Advanced Tax Payments from the Participant in any and all manner that the Company or the Service Recipient determines appropriate in its sole discretion, subject to applicable law. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Participant by the Company or the Service Recipient (including regular salary/wages, bonuses, incentive payments and Shares acquired by the Participant pursuant to any equity compensation plan that are otherwise held by the Company for the Participant's benefit).

7. Provisions of Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and agrees to comply with it, this Agreement and all applicable laws and regulations. Capitalized terms in this Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

8. Amendment. To the extent applicable, the Board or the Committee may at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement to comply with applicable law and may also amend, suspend or terminate this Agreement subject to the terms of the Plan. Except as otherwise provided in the Plan, no modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

9. Notices. Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by regular mail, first class and prepaid, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify):

If to the Company, to:

Take-Two Interactive Software, Inc.
622 Broadway
New York, New York 10012
Attention: General Counsel

If to the Participant, to the address on file with the Company.

10. Legend. The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing Shares issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section.

11. Securities Representations. The grant of the Restricted Stock Units and issuance of Shares upon vesting of the Restricted Stock Units shall be subject to, and in compliance with, all applicable requirements of U.S. federal, state or local securities laws, rules, and regulations. No Shares may be issued hereunder if the issuance of such Shares would constitute a violation of any applicable U.S. federal, state or local securities laws or other laws, rules, or regulations of any stock exchange or market system upon which the Shares may then be listed. As a condition to the settlement of the Restricted Stock Units, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation.

The Shares are being issued to the Participant and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

(a) He or she has been advised that he or she may be an "affiliate" within the meaning of Rule 144 under the Securities Act, currently or at the time he or she desires to sell the Shares following the vesting of the Restricted Stock, and in this connection the Company is relying in part on his or her representations set forth in this section.

(b) If he or she is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Shares must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to such Shares and the Company is under no obligation to register the Shares (or to file a "re-offer prospectus").

(c) If he or she is deemed an affiliate within the meaning of Rule 144 of the Securities Act, he or she understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Stock of the Company, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.

12. Termination Indemnities. The value of the Restricted Stock Units is an extraordinary item of compensation outside the scope of Participant's basic employment compensation. As such, the Restricted Stock Units are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments to which the Participant may be otherwise entitled.

13. Discretionary Nature of Plan; No Vested Rights. The Participant acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Restricted Stock Units under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Restricted Stock Units or other award or benefits in lieu of the Restricted Stock Units in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award, the number of Shares subject to an award and the vesting provisions.

14. Commercial Relationship. The Participant expressly recognizes that participation in the Plan and the Company's grant of the Restricted Stock Units does not create an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Stock Units as a consequence of the commercial relationship between the Company and the Service Recipient, and the Service Recipient is the Participant's sole employer. Based on the foregoing, the Participant expressly recognizes (a) the Plan and the benefits derived from participation in the Plan do not establish any rights between the Participant and the Service Recipient, (b) the Plan and the benefits derived from participation in the Plan are not part of the employment conditions and/or benefits provided by the Service Recipient, (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Service Recipient, and (d) the grant of the Restricted Stock Units and this Agreement do not give the Participant the right to continue in employment with the Service Recipient and shall not adversely affect the rights of the Service Recipient to terminate the Participant's employment with the Service Recipient, with or without cause, at any time.

15. Compliance With Age Discrimination Rules. For purposes of this Agreement, if the Participant is a local national of and employed in a country that is a member of the European Union, the grant of the Restricted Stock Units and the terms and conditions

governing the Restricted Stock Units are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent a court or tribunal of competent jurisdiction determines that any provision of the Restricted Stock Units is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

16. Private Placement. The grant of the Restricted Stock Units is not intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Stock Units is not subject to the supervision of the local securities authorities.

17. Repatriation and Legal/Tax Compliance Requirements. If the Participant is a resident of or employed in a country other than the United States, the Participant agrees, as a condition of the Restricted Stock Units, to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the Shares acquired pursuant to the Restricted Stock Units) in accordance with local foreign exchange rules and regulations in the Participant's country of residence (and country of employment, if different). In addition, the Participant agrees to take any and all actions, and consent to any and all actions taken by the Company, as may be required to allow the Company to comply with local laws, rules and regulations in the Participant's country of residence (and country of employment, if different). Finally, the Participant agrees to take any and all actions that may be required to comply with the Participant's personal legal and tax obligations under local laws, rules and regulations in the Participant's country of residence (and country of employment, if different).

18. Consent to Collection, Processing and Transfer of Personal Data. Pursuant to applicable personal data protection laws, the Company and the Service Recipient hereby notify the Participant of the following in relation to the Participant's personal data and the collection, processing and transfer of such data in relation to the Company's grant of the Restricted Stock Units and the Participant's participation in the Plan. The collection, processing and transfer of the Participant's personal data are necessary for the Company's administration of the Plan and the Participant's participation in the Plan. The Participant's denial and/or objection to the collection, processing and transfer of personal data may affect the Participant's participation in the Plan. As such, the Participant voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and the Service Recipient hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in Participants' favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Participant or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Participant's participation in the Plan.

The Company and the Service Recipient will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and the Service Recipient may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired pursuant to the Plan.

19. Miscellaneous. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(a) This Agreement shall be governed and construed in accordance with the laws of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

(b) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

(c) The failure of any party hereto at any time to require performance by another party of any provision of this

Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

20. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units granted to the Participant under the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. English Language. The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units be drawn up in English. If the Participant has received this Agreement, the Plan or any other documents related to the Restricted Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version shall control.

22. Addendum. Notwithstanding any provision of this Agreement to the contrary, the Restricted Stock Units shall be subject to any special terms and conditions for the Participant's country of residence (and country of employment, if different) as are forth in the applicable addendum to the Agreement (the "Addendum"). Further, if the Participant transfers residency and/or employment to another country reflected in an Addendum to the Agreement, the special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum shall constitute part of this Agreement.

23. Additional Requirements. The Company reserves the right to impose other requirements on the Restricted Stock Units, any Shares acquired pursuant to the Restricted Stock Units, and the Participant's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

24. Section 409A. It is the intention of the parties that the provisions of this Agreement shall comply with the requirements of the short-term deferral exception to section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulations Section 1.409A-1(b)(4). Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the requirements or limitations of section 409A of the Code applicable to such short-term deferral exception, then those provisions shall be interpreted and applied in a manner that does not result in a violation of the requirements or limitations of section 409A of the Code and the Treasury Regulations thereunder that apply to such exception. If, and only to the extent that, (i) the Restricted Stock Units constitute "deferred compensation" within the meaning of section 409A of the Code and (ii) the Participant is deemed to be a "specified employee" (as such term is defined in section 409A of the Code and as determined by the Company), the payment of Restricted Stock Units on the Participant's Termination shall not be made until the first business day of the seventh month following the Participant's Termination or, if earlier, the date of the Participant's death. For purposes of section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under section 409A of the Code, to the extent applicable. With respect to any payments that are subject to section 409A of the Code, in no event shall the Participant, directly or indirectly, designate the calendar year of payment. The Participant will be solely responsible for any tax imposed under section 409A of the Code and in no event will the Company or the Service Recipient have any liability with respect to any tax, interest or other penalty imposed under section 409A of the Code.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: __
Name:
Title:
Date:

(*Participant*)

Date: __

TAKE-TWO INTERACTIVE SOFTWARE, INC.
2017 STOCK INCENTIVE PLAN

ADDENDUM TO
GLOBAL RESTRICTED STOCK PERFORMANCE UNIT AGREEMENT

In addition to the terms of the Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan (as amended from time to time, the "Plan") and the Global Restricted Stock Unit Agreement (the "Agreement"), the Restricted Stock Units are subject to the following additional terms and conditions as set forth in this addendum to the extent the Participant resides and/or is employed in one of the countries addressed herein (the "Addendum"). All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement. To the extent the Participant transfers residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

Australia

1. Restricted Stock Units Conditioned on Satisfaction of Regulatory Obligations. If the Participant is (a) a director of an Affiliate incorporated in Australia, or (b) a person who is a management-level executive of an Affiliate incorporated in Australia and who also is a director of an Affiliate incorporated outside of Australia, the grant of the Restricted Stock Units are conditioned upon satisfaction of the shareholder approval provisions of section 200B of the Corporations Act 2001 (Cth) in Australia.

Canada

1. Settlement in Shares Only. Notwithstanding anything to the contrary in the Agreement, Addendum or the Plan, the Restricted Stock Units shall be settled only in Shares (and may not be settled via a cash payment).

2. Language**.** The following provisions shall apply if the Participant is a resident of Quebec:

The parties acknowledge that it is their express wish that the Agreement, including this Addendum, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

France

1. English Language. The Participant acknowledges and agrees that it is the Participant's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units, be drawn up in English. If the Participant has received the Agreement, the Plan or any other documents related to the Restricted Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue anglaise. Le Support reconnaît et consent que c'est l'intention de Support expresse que le Grant Accord, le Projet et tous les autres documents, les notifications et l'événement légal est entré dans, compte tenu de ou institué conformément à l'Restricted Stock Units, est formulé dans l'anglais. Si le Support a reçu le Grant Accord, le Projet ou aucuns autres documents liés à l'Units a traduit dans une langue autrement que l'anglais, et si le sens de la version traduite est différent de la version anglaise, la version anglaise contrôlera.

Netherlands

1. Waiver of Termination Rights. In consideration of the grant of the Restricted Stock Units, the Participant waives any and all rights to compensation or damages as a result of any Termination for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the Restricted Stock Units, or (b) the Participant

ceases to have rights under, or ceasing to be entitled to Restricted Stock Units as a result of such termination.

Russia

1. No Offering of Securities in Russia. The grant of the Restricted Stock Units is not intended to be an offering of securities within the territory of the Russian Federation, and the Participant acknowledges and understands that the Participant will be unable to sell any Shares acquired pursuant to the Restricted Stock Units within the Russian Federation.

Singapore

1. Qualifying Person Exemption. The grant of Restricted Stock Units under the Plan is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the Securities and Futures Act (Chapter 289) ("SFA"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Participant should note that, as a result, the Restricted Stock Units are subject to section 257 of the SFA and the Participant will be unable to make (a) any subsequent sale of the Shares acquired pursuant to the Restricted Stock Units in Singapore or (b) any offer for sale of the Shares acquired pursuant to the Restricted Stock Units in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289).

Spain

1. Severance for Cause. Notwithstanding anything to the contrary in the Plan or the Agreement, "Cause" shall be defined in the Plan, irrespective of whether the Termination is or is not considered a fair termination (i.e., "despido procedente") under Spanish legislation.

2. Acknowledgement of Discretionary Nature of the Restricted Stock Units; No Vested Rights. In accepting the Restricted Stock Units, the Participant acknowledges that the Participant consents to participate in the Plan and has received a copy of the Plan. The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted the Restricted Stock Units under the Plan to individuals who may be employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Affiliates on an ongoing basis. Consequently, the Participant understands that the Restricted Stock Units are granted on the assumption and condition that the Restricted Stock Units and the Shares acquired upon vesting of the Restricted Stock Units shall not become a part of any employment contract (either with the Company or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above. Thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the grant of the Restricted Stock Units under the Agreement shall be null and void.

The Participant understands and agrees that, as a condition of the grant of the Restricted Stock Units and unless otherwise provided in the Agreement, the unvested portion of the Restricted Stock Units as of the date of the Participant's Termination will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, (i) material modification of the terms of employment under Article 41 of the Workers' Statute or (ii) relocation under Article 40 of the Workers' Statute. The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination on the Participant's Restricted Stock Units.

United Kingdom

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 6 of the Agreement:

Withholding of Tax-Related Items. Regardless of any action the Company or the Service Recipient takes with respect to any or all income tax, primary and secondary Class 1 National Insurance Contributions, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility, and the Company and the Service Recipient (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units and the release of such Shares to the Participant or the payment of cash underlying the Restricted Stock Units to the Participant, the subsequent sale of any Shares and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date of grant and the date of any relevant taxable or tax withholding event, as applicable (a "Chargeable

Event"), the Participant acknowledges that the Company or the Service Recipient may be required to withhold or account for Tax-Related Items in more than one country. The Participant also agrees that the Company and the Service Recipient may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which the Participant may have to recover any overpayment from the relevant tax authorities.

As a condition of the issuance of Shares or the payment of cash upon vesting of the Restricted Stock Units, the Company and the Service Recipient shall be entitled to withhold and the Participant agrees to pay, or make adequate arrangements satisfactory to the Company or the Service Recipient to satisfy, all obligations of the Company or the Service Recipient to account to HM Revenue & Customs ("HMRC") for any Tax-Related Items. For purposes of the foregoing, the Company may withhold a whole number of the Shares otherwise issuable upon vesting or a portion of cash proceeds (where the Restricted Stock Units are settled in cash) that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. If the obligation for Tax-Related Items is satisfied by withholding Shares (or a portion of the cash proceeds where the Restricted Stock Units are settled in cash), for tax purposes, the Participant shall be deemed to have been issued the full number of Shares (or the gross amount of the cash payment), notwithstanding that a number of Shares (or a portion of the cash proceeds) are withheld solely for the purpose of satisfying any withholding obligations for the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan. In addition, where the Restricted Stock Units are settled in Shares, the Company may, on behalf of the Participant, sell a sufficient number of whole Shares issued upon vesting of the Restricted Stock Units having an aggregate Fair Market Value that would satisfy the withholding amount. Alternatively, the Company or the Service Recipient may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Participant's regular salary/wages or other amounts payable to the Participant, with no withholding of Shares or cash proceeds payable upon vesting, or may require the Participant to submit payment equivalent to the minimum Tax-Related Items required to be withheld by means of certified check, cashier's check or wire transfer. In the event the withholding requirements for Tax-Related Items are not satisfied through one of the foregoing methods, no Shares will be released to the Participant (or the Participant's estate) upon vesting of the Restricted Stock Units (or no cash payment will be made where the Restricted Stock Units are settled in cash) unless and until satisfactory arrangements (as determined by the Company in its sole discretion) have been made by the Participant with respect to the payment of any such Tax-Related Items. By accepting the Restricted Stock Units, the Participant expressly consents to the withholding methods for Tax-Related Items as provided hereunder and/or any other methods of withholding that the Company or the Service Recipient may take and are permitted under the Plan to meet the withholding and/or other requirements as provided under applicable laws, rules and regulations. All other Tax-Related Items related to the Restricted Stock Units shall be the sole responsibility of the Participant.

Notwithstanding the above, if the Participant has entered into in a 10b5-1 trading plan, withholding of the Tax-Related Items may be satisfied as provided for under such 10b5-1 trading plan.

To the extent the Company or the Service Recipient pays any Tax-Related Items that are the Participant's responsibility ("Advanced Tax Payments"), the Company or the Service Recipient, as applicable, shall be entitled to recover such Advanced Tax Payments from the Participant in any and all manner that the Company or the Service Recipient determines appropriate in its sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Participant by the Company or the Service Recipient (including regular salary/wages, bonuses, incentive payments and Shares acquired by the Participant pursuant to any equity compensation plan that are otherwise held by the Company for the Participant's benefit). If the Restricted Stock Units are settled in Shares and payment or withholding is not made within 90 days of the Chargeable Event or such other period as required under U.K. law (the "Due Date"), the Participant agrees that the amount of any uncollected income tax shall (assuming the Participant is not a director or executive officer of the Company within the meaning of Section 13(k) of the Exchange Act), constitute a loan owed by the Participant to the Service Recipient, effective on the Due Date. The Participant agrees that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Service Recipient may recover it at any time thereafter by any of the means referred to above.

2. Exclusion of Claim. The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages in consequence of the Participant's Termination for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from the Participant's ceasing to have rights under or to be entitled to vesting in the Restricted Stock Units as a result of such Termination, or from the loss or diminution in value of the Restricted Stock Units. Upon the grant of the Restricted Stock Units, the Participant shall be deemed irrevocably to have waived any such entitlement.

United States

1. Section 16 of the Agreement is inapplicable.

2. All disputes and claims of any nature that the Participant (or the Participant's transferee or estate) may have against the Company arising out of or in any way related to the Plan or this Agreement must be submitted solely and exclusively to binding arbitration in accordance with the then-current employment arbitration rules and procedures of the American Arbitration Association

(AAA) to be held in New York, New York. All information regarding the dispute or claim and arbitration proceedings, including any settlement, shall not be disclosed by the Participant or any arbitrator to any third party without the written consent of the Company, except with respect to judicial enforcement of any arbitration award. Any arbitration claim must be brought solely in the Participant's (or the Participant's transferee's or estate's) individual capacity and not as a claimant or class member (or similar capacity) in any purported multiple-claimant, class, collective, representative or similar proceeding, and the arbitrator may not permit joinder of any multiple claimants and their claims without the express written consent of the Company. Any arbitrator selected to adjudicate the claim must be knowledgeable in the industry standards and practices, and, by signing this Agreement, the Participant will be deemed to agree that any claims pursuant to the Plan or this Agreement is inherently a matter involving interstate commerce and thus, notwithstanding the choice of law provision included herein, the Federal Arbitration Act shall govern the interpretation and enforcement of this arbitration provision. The arbitrator shall not be permitted to award any punitive or similar damages, but may award attorney's fees and expenses to the prevailing party in any arbitration. Any decision by the arbitrator shall be binding on all parties to the arbitration.

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NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AGREEMENT
PURSUANT TO THE
TAKE-TWO INTERACTIVE SOFTWARE, INC.
2017 STOCK INCENTIVE PLAN

(Last Updated September 2017)

W I T N E S S E T H:

WHEREAS, Take-Two Interactive Software, Inc. (the "**Company**") has adopted the Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan (the "**Plan**"), a copy of which has been delivered to all Non-Employee Directors to whom an award has been granted pursuant to the Plan (each, a "**Participant**"), which is administered by the Compensation Committee (the "**Committee**") of the Company's Board of Directors (the "**Board**");

WHEREAS, pursuant to Section 6 of the Plan, the Committee may grant to Non-Employee Directors shares of Restricted Stock; and

WHEREAS, the Restricted Stock granted to the Participant hereunder are to be subject to certain restrictions prior to the vesting thereof.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Grant of Restricted Stock.** Subject to the restrictions, terms and conditions of this Agreement, and effective as of the date (the "**Grant Date**") set forth in a separate written communication from the Company to the Participant (the "**Notice of Equity Grant**"), the Company has granted to the Participant a certain number of Restricted Stock. The number of shares of Restricted Stock granted to the Participant is set forth on the Fidelity website identified in the Notice of Equity Grant. If the Participant is a new director, to the extent required by law, the Participant shall pay to the Company the par value ($0.01) for each share of Restricted Stock awarded to the Participant simultaneously with the execution of this Agreement. Pursuant to Sections 2, 3(c) and 3(d) hereof, the Restricted Stock are subject to certain transfer restrictions and possible risk of forfeiture.

2. **Restrictions on Transfer.** The Participant shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Restricted Stock, except as set forth in the Plan or this Agreement. Any attempted sale, transfer, pledge, hypothecation, assignment or other disposition of the Restricted Stock in violation of the Plan or this Agreement shall be void and of no effect and the Company shall have the right to disregard the same on its books and records and to issue "stop transfer" instructions to its transfer agent.

3. **Restricted Stock.**

(a) **Retention of Certificates.** Promptly after the date of this Agreement, the Company shall issue stock certificates representing the Restricted Stock unless it elects to recognize such ownership through book entry or another similar method pursuant to Section 8 herein. The stock certificates shall be registered in the Participant's name and shall bear any legend required under the Plan or Section 4(a) of this Agreement. Unless held in book entry form, such stock certificates shall be held in custody by the Company (or its designated agent) until the restrictions thereon shall have lapsed. Upon the Company's request, the Participant shall deliver to the Company a duly signed stock power, endorsed in blank, relating to the Restricted Stock. If the Participant receives a stock dividend or extraordinary cash dividend on the Restricted Stock or the shares of Restricted Stock are split or the Participant receives any other shares, securities, moneys or property representing a dividend on the Restricted Stock (other than regular cash dividends on and after the date of this Agreement) or representing a distribution or return of capital upon or in respect of the Restricted Stock or any part thereof, or resulting from a split-up, reclassification or other like changes of the Restricted Stock, or otherwise received in exchange therefor, and any warrants, rights or options issued to the Participant in respect of the Restricted Stock (collectively "**RS Property**"), the Participant will also immediately deposit with and deliver to the Company any of such RS Property, including any certificates representing shares duly endorsed in blank or accompanied by stock powers duly executed in blank, and such RS Property shall be subject to the same restrictions, including that of this Section 3(a), as the Restricted Stock with regard to which they are issued and shall herein be encompassed within the term "Restricted Stock."

(b) **Rights with Regard to Restricted Stock.** The Participant will have the right to vote the Restricted Stock, subject to Section 21(a) of the Plan, to receive and retain any dividends payable to holders of Stock (also referred to herein as the "**Shares**") of record on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by applicable law, as additional compensation for tax purposes if paid on Restricted Stock and stock dividends will be subject to the restrictions provided in Section 3(a)), and to exercise all other rights, powers and privileges of a holder of Stock with respect to the Restricted Stock set forth in the Plan, with the exceptions that: (i) the Participant will not be entitled to delivery of the stock certificate or

certificates representing the Restricted Stock until after the Vesting Date (as defined below); (ii) the Company (or its designated agent) will retain custody of the stock certificate or certificates representing the Restricted Stock and the other RS Property prior to the Vesting Date; (iii) no RS Property shall bear interest or be segregated in separate accounts prior to the Vesting Date; and (iv) the Participant may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock prior to the Vesting Date.

(c) **Vesting.**

(i) The Restricted Stock shall become vested and cease to be Restricted Stock, and accordingly, the restrictions contained in Sections 2, 3(a) and 3(b) shall no longer apply (but the Shares shall remain subject to Section 5) on the first anniversary of the Grant Date (the "**Vesting Date**"); provided that the Participant has not had a Termination at any time prior to the Vesting Date.

(ii) There shall be no proportionate or partial vesting in the periods prior to the Vesting Date and all vesting shall occur only on the Vesting Date; provided that no Termination has occurred prior to such date.

(iii) In the event (x) of a Change in Control; (y) the Participant ceases to be a member of the Board for any of the following reasons: (1) the Participant runs for re-election as a director at an annual meeting of the Company's stockholders and is not re-elected or (2) the Participant is willing to stand for re-election at an annual meeting of the Company's stockholders and is not nominated by the Board to run for re-election; or (z) of the Participant's death or Disability, in each case, prior to the Vesting Date, then all unvested shares of Restricted Stock shall immediately vest upon the happening of any such event.

(iv) When any shares of Restricted Stock become vested, the Company shall promptly issue and deliver, unless the Company is using a book entry or similar method pursuant to Section 8, in which case the Company shall, upon the Participant's request, promptly issue and deliver, to the Participant a new stock certificate registered in the name of the Participant for such Shares without the legend set forth in Section 4(a) hereof and deliver to the Participant such Shares and any related other RS Property (all of which is included in the term Restricted Stock), in each case, free of all liens, claims and other encumbrances (other than those created by the Participant), subject to applicable withholding taxes.

(d) **Termination.** Except as set forth in Section 3(c)(iii) or unless otherwise provided in a Participant Agreement in effect on the date hereof, upon a Termination for any reason the Participant shall forfeit to the Company, without compensation, other than repayment of any par value paid by the Participant for such Shares (if any), any and all Restricted Stock (but no vested Shares) and RS Property.

(e) **Withholding.** The Participant shall be solely responsible for all applicable foreign, federal, state, provincial and local taxes with respect to the Restricted Stock; provided, however, that at any time the Company is required to withhold any such taxes, the Participant shall pay, or make arrangements to pay, in a manner satisfactory to the Company, an amount equal to the amount of all applicable federal, state and local or foreign taxes that the Company is required to withhold at any time. In the absence of such arrangements, the Company or one of its Affiliates shall have the right to withhold such taxes from any amounts payable to the Participant, including, but not limited to, the right to withhold Shares otherwise deliverable to the Participant hereunder. In addition, any statutorily required withholding obligation may be satisfied, as determined in the Committee's sole discretion, in whole or in part, at the Participant's election, in the form and manner prescribed by the Committee, by delivery of Stock to the Company (including Shares issuable under this Agreement) equal to the statutorily required withholding obligation.

(f) **Section 83(b).** If the Participant properly elects (as permitted by Section 83(b) of the Code) within 30 days after the Grant Date of the Restricted Stock to include in gross income for federal income tax purposes in the year of issuance the fair market value of all or a portion of such Restricted Stock, the Participant shall pay to the Company or make arrangements satisfactory to the Company to pay to the Company upon such election, any federal, state or local taxes required to be withheld with respect to the applicable Restricted Stock. If the Participant shall fail to make such payment, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Participant any federal, state or local taxes of any kind required by law to be withheld with respect to the Restricted Stock, as well as the rights set forth in Section 3(e) hereof. The Participant acknowledges that it is the Participant's sole responsibility, and not the Company's, to file timely and properly the election under Section 83(b) of the Code and any corresponding provisions of state tax laws if the Participant elects to utilize such election.

(g) **Delivery Delay.** The delivery of any certificate representing the Shares or other RS Property may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal or state securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant or the Company of any provisions of any applicable foreign, federal or state law or of any regulations of any governmental authority or any national securities exchange.

4. **Legend.** All certificates representing the Restricted Stock shall have endorsed thereon the following legends:

(a) "The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Take-Two Interactive Software, Inc. (the "Company") 2017 Stock Incentive Plan (as the same may be amended or supplemented from time to time, the "Plan") and an agreement entered into between the registered owner and the Company evidencing the award under the Plan. Copies of such Plan and agreement are on file at the principal office of the Company."

(b) Any legend required to be placed thereon by applicable blue sky laws of any state.

Notwithstanding the foregoing, in no event shall the Company be obligated to issue a certificate representing the Restricted Stock prior to the Vesting Date.

5. **Securities Representations.** The Restricted Stock is being issued to the Participant and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant.

By accepting the Restricted Stock, the Participant will be deemed to have acknowledged, represent and warrant that:

(a) the Participant has been advised that the participant may be an "affiliate" within the meaning of Rule 144 under the Securities Act, currently or at the time the Participant desires to sell the Shares following the vesting of the Restricted Stock, and in this connection the Company is relying in part on the Participant's representations set forth in this section.

(b) if the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Shares must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to such Shares and the Company is under no obligation to register the Shares (or to file a "re-offer prospectus").

(c) if the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Participant understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.

6. **No Obligation to Continue Service.** This Agreement is not an agreement of employment or consulting services. This Agreement does not guarantee that the Company or its Affiliates will retain, or continue to retain the Participant as a director or in any other capacity during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which the Restricted Stock is outstanding, nor does it modify in any respect the Company or its Affiliate's right to terminate or modify the Participant's service or compensation.

7. **Power of Attorney.** The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for the Participant, may in the name and stead of the Participant, make and execute all conveyances, assignments and transfers of the Restricted Stock, Shares and property provided for herein, and the Participant hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for the purpose.

8. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable foreign, federal or state law, the Company may issue the Restricted Stock in the form of uncertificated shares. Such uncertificated shares of Restricted Stock shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated shares of Restricted Stock, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.

9. **Rights as a Stockholder**. The Participant shall have all rights of a stockholder with respect to the Restricted Stock, except with respect to the right to transfer any shares of Restricted Stock prior to the Vesting Date or except as otherwise specifically provided for in this Agreement or the Plan.

10. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. By accepting the Restricted Stock, the Participant will be deemed to have acknowledged receiving and reading a copy of the Plan and agreeing to comply with it, this Agreement and all applicable laws and regulations. Capitalized terms in this Agreement that are not otherwise defined shall have

the same meaning as set forth in the Plan. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement and the Plan contain the entire understanding of the parties with respect to the subject matter hereof and supersede any prior agreements between the Company and the Participant with respect to the subject matter hereof.

11. **Notices.** Any notice or communication given hereunder (each a "**Notice**") shall be in writing and shall be sent by personal delivery, by courier or by United States mail (registered or certified mail, postage prepaid and return receipt requested), to the appropriate party at the address set forth below:

If to the Company, to:

Take-Two Interactive Software, Inc.

622 Broadway

New York, New York 10012

Attention: General Counsel

Facsimile: 646-536-2923

If to the Participant, to the address for the Participant on file with the Company;

or such other address or to the attention of such other person as a party shall have specified by prior Notice to the other party. Each Notice will be deemed given and effective upon actual receipt (or refusal of receipt).

12. **Acceptance.** Unless the Participant renounces the Restricted Stock by completing and returning the form of renunciation attached hereto as Exhibit A within 60 days from the date the Participant receives this Agreement (or such other period as the Committee shall provide), the Participant will be deemed to have accepted the Restricted Stock on the sixtieth day from the date the Participant receives this Agreement (or such other period as the Committee shall provide). If the Participant renounces the Restricted Stock in accordance with the preceding sentence, this Agreement shall be null and void *ab initio* and this award of Restricted Stock shall not be valid.

13. **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by, and construed in accordance with, the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

14. **Arbitration.** All disputes and claims of any nature that the Participant (or the Participant's transferee or estate) may have against the Company arising out of or in any way related to the Plan or this Agreement must be submitted solely and exclusively to binding arbitration in accordance with the then-current employment arbitration rules and procedures of the American Arbitration Association (AAA) to be held in New York, New York. All information regarding the dispute or claim and arbitration proceedings, including any settlement, shall not be disclosed by the Participant or any arbitrator to any third party without the written consent of the Company, except with respect to judicial enforcement of any arbitration award. Any arbitration claim must be brought solely in the Participant's (or the Participant's transferee's or estate's) individual capacity and not as a claimant or class member (or similar capacity) in any purported multiple-claimant, class, collective, representative or similar proceeding, and the arbitrator may not permit joinder of any multiple claimants and their claims without the express written consent of the Company. Any arbitrator selected to adjudicate the claim must be knowledgeable in the industry standards and practices, and, by signing this Agreement, the Participant will be deemed to agree that any claims pursuant to the Plan or this Agreement is inherently a matter involving interstate commerce and thus, notwithstanding the choice of law provision included herein, the Federal Arbitration Act shall govern the interpretation and enforcement of this arbitration provision. The arbitrator shall not be permitted to award any punitive or similar damages, but may award attorney's fees and expenses to the prevailing party in any arbitration. Any decision by the arbitrator shall be binding on all parties to the arbitration.

15. **Amendment.** The Board or the Committee may, subject to the terms of the Plan, at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement and may also suspend or terminate this Agreement subject to the terms of the Plan. Except as otherwise provided in the Plan, no modification or waiver of any of the provisions of this Agreement shall be effective unless in writing by the party against whom it is sought to be enforced.

16. **Miscellaneous.**

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(b) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(c) Although the Company makes no guarantee with respect to the tax treatment of the Restricted Stock, the award of Restricted Stock pursuant to this Agreement is intended to be exempt from Section 409A of the Code. With respect to any dividends and other RS Property, however, this Agreement is intended to comply with the applicable requirements of Section 409A of the Code relating to "short-term deferrals" thereunder, and shall be limited, construed and interpreted in a manner so as to comply therewith.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: __

Name:

Title:

Date:

____

(*Participant*)

Date: __

(d)

EXHIBIT A

FORM OF RENUNCIATION

I, the undersigned, being the Participant mentioned in the Notice of Equity Grant, renounce the Restricted Stock granted to me by that notice and the Restricted Stock Agreement.

…….. …./…./…….
Signature (Participant) Date

Name .....……

Address .....….....……

.....….....……

NON-EMPLOYEE DIRECTOR STOCK GRANT AGREEMENT
PURSUANT TO THE
TAKE-TWO INTERACTIVE SOFTWARE, INC.
2017 STOCK INCENTIVE PLAN

(Last Updated September 2017)

W I T N E S S E T H:

WHEREAS, Take-Two Interactive Software, Inc. (the "**Company**") has adopted the Take-Two Interactive Software, Inc. 2017 Stock Incentive Plan (the "**Plan**"), a copy of which has been delivered to all Non-Employee Directors to whom an award has been granted pursuant to the Plan (each, a "**Participant**"), which is administered by the Compensation Committee (the "**Committee**") of the Company's Board of Directors (the "**Board**");

WHEREAS, the Participant has elected to receive fully vested shares of Stock (also referred to herein as the "**Shares**") in lieu of all or a portion of the cash portion of the Participant's quarterly Board compensation; and

WHEREAS, pursuant to Section 10 of the Plan, the Committee may grant to Non-Employee Directors Stock as an "Other Stock-Based Award."

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1.**Grant of Shares.** The Company granted to the Participant a certain number of Shares effective as of the date (the "**Grant Date**") set forth in a separate written communication from the Company to the Participant (the "**Notice of Equity Grant**"). The number of Shares granted to the Participant is set forth on the Fidelity website identified in the Notice of Equity Grant. If the Participant is a new director, to the extent required by law, the Participant shall pay to the Company the par value ($0.01) for each Share awarded to the Participant simultaneously with the execution of this Agreement. The Shares shall be fully vested as of the Grant Date.

2. **Taxes.** The Participant shall be solely responsible for all applicable foreign, federal, state, provincial and local taxes with respect to the Shares.

3. **Securities Representations.** The Shares are being issued to the Participant and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant.

By accepting the Shares, the Participant will be deemed to have acknowledged, represent and warrant that:

(a) the Participant has been advised that the participant may be an "affiliate" within the meaning of Rule 144 under the Securities Act, currently or at the time the Participant desires to sell the Shares, and in this connection the Company is relying in part on the Participant's representations set forth in this section.

(b) if the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Shares must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to such Shares and the Company is under no obligation to register the Shares (or to file a "re-offer prospectus").

(c) if the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Participant understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Stock, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.

4. **No Obligation to Continue Service.** This Agreement is not an agreement of employment or consulting services. This Agreement does not guarantee that the Company or its Affiliates will retain, or continue to retain the Participant as a director or in any other capacity, nor does it modify in any respect the Company or its Affiliate's right to terminate or modify the Participant's service or compensation.

5. **Power of Attorney.** The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as

attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for the Participant, may in the name and stead of the Participant, make and execute all conveyances, assignments and transfers of the Shares provided for herein, and the Participant hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for the purpose.

6. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable foreign, federal or state law, the Company may issue the Shares in the form of uncertificated shares. Such uncertificated Shares shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated Shares, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.

7. **Rights as a Stockholder.** The Participant shall have all rights of a stockholder with respect to the Shares.

8. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. Capitalized terms in this Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. By accepting the Stock, the Participant will be deemed to have acknowledged receiving and reading a copy of the Plan and agreeing to comply with it, this Agreement and all applicable laws and regulations. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement and the Plan contain the entire understanding of the parties with respect to the subject matter hereof and supersede any prior agreements between the Company and the Participant with respect to the subject matter hereof.

9. **Notices.** Any notice or communication given hereunder (each a "**Notice**") shall be in writing and shall be sent by personal delivery, by courier or by United States mail (registered or certified mail, postage prepaid and return receipt requested), to the appropriate party at the address set forth below:

If to the Company, to:

Take-Two Interactive Software, Inc.
622 Broadway
New York, New York 10012
Attention: General Counsel
Facsimile: 646-536-2923

If to the Participant, to the address for the Participant on file with the Company;

or such other address or to the attention of such other person as a party shall have specified by prior Notice to the other party. Each Notice will be deemed given and effective upon actual receipt (or refusal of receipt).

10. **Acceptance.** Unless the Participant renounces the Stock by completing and returning the form of renunciation attached hereto as Exhibit A within 10 days from the date the Participant receives this Agreement (or such other period as the Committee shall provide), the Participant will be deemed to have accepted the Stock on the tenth day from the date the Participant receives this Agreement (or such other period as the Committee shall provide). If the Participant renounces the Stock in accordance with the preceding sentence, this Agreement shall be null and void *ab initio*, this award of Stock shall not be valid, and the Participant will instead receive the Participant's quarterly Board compensation in cash.

11. **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by, and construed in accordance with, the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

12. **Arbitration.** All disputes and claims of any nature that the Participant (or the Participant's transferee or estate) may have against the Company arising out of or in any way related to the Plan or this Agreement must be submitted solely and exclusively to binding arbitration in accordance with the then-current employment arbitration rules and procedures of the American Arbitration Association (AAA) to be held in New York, New York. All information regarding the dispute or claim and arbitration proceedings, including any settlement, shall not be disclosed by the Participant or any arbitrator to any third party without the written consent of the Company, except with respect to judicial enforcement of any arbitration award. Any arbitration claim must be brought solely in the Participant's (or the Participant's transferee's or estate's) individual capacity and not as a claimant or class member (or similar capacity) in any purported multiple-claimant, class, collective, representative or similar proceeding, and the arbitrator may not permit joinder of any multiple claimants and their claims without the express written consent of the Company. Any arbitrator selected to adjudicate the claim

must be knowledgeable in the industry standards and practices, and, by signing this Agreement, the Participant will be deemed to agree that any claims pursuant to the Plan or this Agreement is inherently a matter involving interstate commerce and thus, notwithstanding the choice of law provision included herein, the Federal Arbitration Act shall govern the interpretation and enforcement of this arbitration provision. The arbitrator shall not be permitted to award any punitive or similar damages, but may award attorney's fees and expenses to the prevailing party in any arbitration. Any decision by the arbitrator shall be binding on all parties to the arbitration.

13. **Amendment.** The Board or the Committee may, subject to the terms of the Plan, at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement and may also suspend or terminate this Agreement subject to the terms of the Plan. Except as otherwise provided in the Plan, no modification or waiver of any of the provisions of this Agreement shall be effective unless in writing by the party against whom it is sought to be enforced.

14. **Miscellaneous.**

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(b) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: __

Name:

Title:

Date:

____

(*Participant*)

Date: __

EXHIBIT A

FORM OF RENUNCIATION

I, the undersigned, being the Participant mentioned in the Notice of Equity Grant, renounce the Stock granted to me by that notice and the Stock Grant Agreement.

..... / /.....

Signature (Participant) Date

Name .....

Address .....

.....

Exhibit 31.1

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Strauss Zelnick, certify that:

1. I have reviewed this Annual Report on Form 10-Q of Take-Two Interactive Software, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7, 2017

/s/ STRAUSS ZELNICK

Strauss Zelnick
Chairman and Chief Executive Officer

Exhibit 31.2

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, Lainie Goldstein, certify that:

1. I have reviewed this Annual Report on Form 10-Q of Take-Two Interactive Software, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7, 2017

/s/ LAINIE GOLDSTEIN

Lainie Goldstein
Chief Financial Officer

EXHIBIT 32.1

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES

CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Take-Two Interactive Software, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Strauss Zelnick, as Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 7, 2017

/s/ STRAUSS ZELNICK

Strauss Zelnick
Chairman and Chief Executive Officer

EXHIBIT 32.2

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES

CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Take-Two Interactive Software, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lainie Goldstein, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 7, 2017

/s/ LAINIE GOLDSTEIN

Lainie Goldstein
Chief Financial Officer