
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 26, 2008**

TAKE-TWO INTERACTIVE SOFTWARE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-29230
(Commission
File Number)

51-0350842
(IRS Employer
Identification No.)

622 Broadway, New York, New York
(Address of principal executive offices)

10012
(Zip Code)

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

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure

On and after March 26, 2008, senior management of the Company will participate in various investor presentations. In addition, the Company has prepared a question and answer script for use in response to questions at such presentations and otherwise, which script is posted on www.taketwovalue.com. The investor presentation and investor/media Q&A script are being furnished with this Form 8-K and are attached hereto as Exhibits 99.1 and 99.2, respectively. Exhibits 99.1 and 99.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits:

- 99.1 Investor presentation entitled "Take-Two Interactive Software, Inc. Recommendation of the Board of Directors to Reject Electronic Arts Inc.'s Tender Offer March 2008"
- 99.2 Investor/Media Q&A Script

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)

By: /s/Daniel P. Emerson
Daniel P. Emerson
Vice President, Associate General Counsel and Secretary

Date: March 26, 2008

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EXHIBIT INDEX

Exhibit

- | | |
|------|--|
| 99.1 | Investor presentation entitled "Take-Two Interactive Software, Inc. Recommendation of the Board of Directors to Reject Electronic Arts Inc.'s Tender Offer March 2008" |
| 99.2 | Investor/Media Q&A Script |

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**Take-Two Interactive Software, Inc.
Recommendation of the Board of Directors
to Reject Electronic Arts Inc.'s Tender Offer
March 2008**

T2 Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

The statements made in this document that are not historical facts are considered forward-looking statements under federal securities laws. These forward-looking statements are based on the beliefs of and assumptions made by our management, and information currently available to us at this time. Actual operating results may vary significantly from these forward-looking statements based on a variety of factors, including the risks related to Electronic Arts' tender offer to acquire the Company's outstanding shares. Important risk factors are described in our filings with the SEC, including our Form 10-K for the fiscal year ended October 31, 2007, and our Form 10-Q for the first quarter ended January 31, 2008 in the section entitled "Risk Factors." These filings may be obtained from our website at www.take2games.com or by contacting the SEC.

TAKE-TWO'S STOCKHOLDERS SHOULD READ THE COMPANY'S SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9, WHICH WAS FILED WITH THE SEC ON MARCH 26, 2008, AND ANY AMENDMENTS OR SUPPLEMENTS THERETO, THE COMPANY'S SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 SETS FORTH THE REASONS FOR THE RECOMMENDATION OF THE TAKE-TWO BOARD AND RELATED INFORMATION. THE SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 AND DOCUMENTS FILED FROM TIME TO TIME BY THE COMPANY WITH THE SEC ARE AVAILABLE WITHOUT CHARGE FROM THE SEC'S WEBSITE AT WWW.SEC.GOV, AT TAKE-TWO'S WEBSITE AT WWW.TAKE2GAMES.COM OR FROM TAKE-TWO'S INFORMATION AGENTS, INNISFREE M&A AT (888) 750-5834 OR MACKENZIE PARTNERS AT (800) 322-2885.

T2 Introduction

- On March 13, 2008, Electronic Arts Inc. (EA) commenced an unsolicited conditional tender offer to acquire all of the outstanding shares of common stock of Take-Two
- Take-Two's Board of Directors has carefully reviewed and considered the EA offer with its financial and legal advisors
- The Board has voted unanimously to recommend that Take-Two stockholders **REJECT** the EA offer as it comes at the wrong time and at the wrong price

T2

Board's Rationale for EA Offer Rejection

- EA's offer is **inadequate and substantially undervalues the Company** and its assets, particularly its unique IP, proprietary and licensed brands, and creative talent
- EA's offer is **opportunistically timed** to capture the value of the upcoming *Grand Theft Auto IV* launch **at the expense of Take-Two stockholders**
- EA's offer does not reflect the **value of the revitalization** efforts completed and underway at the Company
- The transaction **multiples implied by EA's offer are materially below** comparable company trading multiples and transaction multiples in precedent transactions
- EA's offer does not compensate stockholders for the value of the **significant synergies** EA would realize from the potential transaction

TAKE-TWO IS WORTH SIGNIFICANTLY MORE THAN \$26 PER SHARE

T2

The Board Will Explore All Alternatives to Maximize Value for Stockholders

- Board and management have always been and remain keenly focused on **maximizing value for stockholders**
 - Current Board and management team installed **by stockholders for stockholders** in March 2007
- Board is committed to **exploring fully all alternatives** to maximize stockholder value, which may result in a business combination of the Company with third parties or EA, remaining independent, or other strategic or financial alternatives
- Formal process will commence on April 30, following launch of *GTA IV*
 - Began assembly of materials necessary for interested parties' due diligence
 - Willingness to enter confidentiality agreements immediately
- Approach provides the right balance between ensuring the full value of *GTA IV* is accounted for once any negotiations begin, keeping employees focused, and ensuring the strategic review process moves ahead quickly and appropriately post-launch
- Management remains focused on achieving business objectives, implementing restructuring initiatives and ensuring successful, on-time launch of *Grand Theft Auto IV* and all other key releases

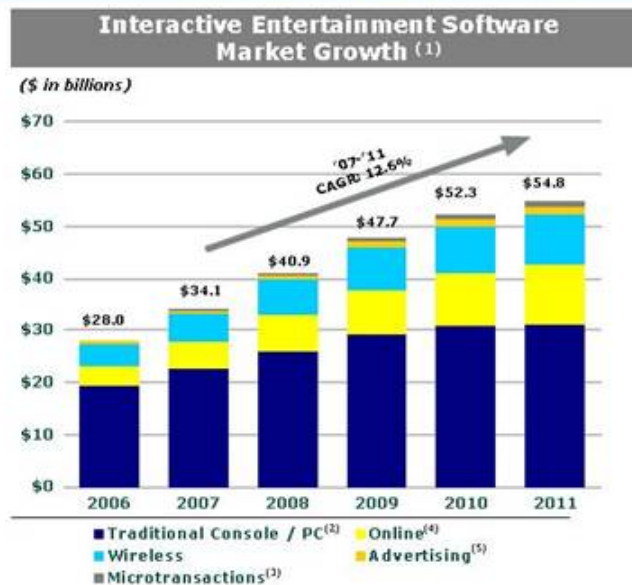


EA's Offer Undervalues Take-Two and its Unique Owned IP

- **Unique owned IP**
 - *Grand Theft Auto* is the industry's #1 franchise
 - Proven track record of creating new IP: *Midnight Club*, *BioShock*, *Bully*, *Rockstar Games presents Table Tennis*, *Carnival*, *Manhunt* and others
- **Industry-leading publishing program**
 - Rockstar, 2K Games, 2K Sports and 2K Play labels
 - 1,300 in-house developers in 16 studios
 - 30 distinct titles selling one million units or more
- **Solid product pipeline**
 - *Grand Theft Auto IV*, *Midnight Club: Los Angeles*, *Civilization Revolution*, *Carnival Games: Mini-Golf*, *Top Spin 3*, *Mafia II*, *Borderlands*, *BioShock 2*, *Don King Presents: Prizefighter*, *NBA 2K8*, *NHL 2K8*, *Major League Baseball 2K9*
- **Partnerships with leading third-party developers**
- **Growing sports business with industry's top-rated titles**
- **Strong licensor relationships**



Leading Publisher Well-Positioned to Benefit from Attractive Industry Dynamics



1. Per Wall Street research, DFC and PWC.

2. Category includes console, PC and handheld software sales in retail.

3. Includes revenue from subscriptions and digital distribution.



4. Includes revenue from in-game advertising and advergames.

5. Assumes that U.S. revenue represents 50% of worldwide total.



Industry-Leading IP Portfolio: 15 Million Unit Plus Owned Franchises

Franchise Properties with Near-Term Sequel Releases Provide Significant Revenue Visibility

	Franchise'	# of Releases	Units Sold Life to Date (mil)	Next Release Date
	Grand Theft Auto	5	70	April 29, 2008
	Midnight Club	3	12	Fall 2008
	Civilization	4	8	Summer 2008
	Mafia	1	2	2009

1. Franchises with sequels announced for release in 2008 - 2009.



Consistent Product Diversification Strategy





Rockstar

- Primarily internally owned and developed titles
- 6 internal studios / 600 developers
- Growing successful proprietary brand franchises through sequels and extensions
- Selectively developing new brands



2K Games

- Original and licensed brands
- 6 internal studios / 470 developers
- Partnerships with top third-party developers



2K Sports

- Licensed and original sports brands
- Expanding portfolio by entering new Sports (Boxing in '08)
- 3 internal studios / 235 developers



2K Play

- Focus on rapidly growing family / casual market
- Licensed and owned mass market brands and titles
- 1 internal studio / 20 developers



Grew the PS2 installed base and pioneered the open world action genre to become the best independent seller of all-time with over 70 million units sold worldwide ¹



	2001	2002	2004	2005	2006	2008
Avg. Review Score (2):	97%	94%	95%	82%	81%	*
Units Sold (millions):	14.5	17.5	21.5	8	4.5	*

1. 70 million unit number includes all versions of Grand Theft Auto

2. Metacritic review scores

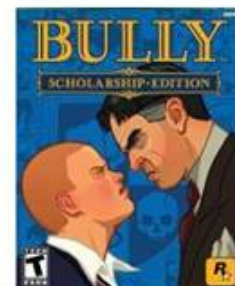
* Shipping in Q2 2008



- **One of the most valuable and durable industry brands**
- **GTA IV expected to be a top-selling game during sweet spot of console cycle**
 - Retail pre-orders ahead of expectations
- **Future high-margin monetization opportunities from episodic content**
- **Take-Two stockholders deserve to capture full value of the *Grand Theft Auto IV* launch**



- **Midnight Club “street racing” series**
 - Last release sold more than 7 million units
 - Franchise has sold over 12 million units
 - Next release scheduled for Fall 2008
- **Bully was one of the best received games of 2006**
 - IGN award for “Best PlayStation 2 Action Game”
 - First title sold 1.5 million units on single platform
 - Xbox 360 and Wii port release in March 2008; 82 Metacritic rating



T2 Rockstar Take-Two Franchises – Beyond GTA



- **Max Payne**
 - Franchise has sold over 7 million units
- **Manhunt**
 - Franchise has sold 1.7 million units
- **Red Dead Revolver**
 - First title sold 1.5 million units



Take-Two Interactive Software

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T2 2K Take-Two Franchises – Beyond GTA



- **Internally owned and developed IP**
- **BioShock has earned some of the highest ratings in history of video game industry**
 - Highest rated title for Xbox 360 with rating of 96 by MetaCritic
 - PC title rated 95
 - Received BAFTA Best Game of the Year Award
 - Received numerous awards at 2007 E3
 - "Best Xbox 360 Game"
 - "Best PC Game"
 - "Game of the Show"
 - Shipped over 2 million units worldwide since its release
 - *BioShock 2* slated for 2009 release
- **Civilization - one of world's top PC franchises**
 - Civilization IV sold 3 million units, and received 2005 IGN awards including:
 - "PC Game of the Year"
 - "Best Strategy Game"
 - "Best Online Game"
 - Franchise has sold over 8 million units



Take-Two Interactive Software

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High-quality sports games

- Generally receive higher quality ratings than competing games
- “There's no question that *NBA 2K8* is the No. 1 basketball game on store shelves.” – 1UP.com/EGM
- Proprietary brands in tennis, boxing, football

Average Review Scores (1)



1. Average Metacritic scores for competitive titles on all platforms – March 2008.

T2 2K Sports Provides Significant Revenue Visibility

Strong Licenses and Expanding Portfolio

Franchise ¹	# of Releases	Total Units Sold Life to Date (mil)
NBA 2K	4	6.0
MLB 2K	6	5.5
NHL 2K	4	2.5

- Recurring annual revenue streams
- Profit opportunity in FY 2008

1. Franchises with sequels planned for release in 2008 - 2009.

New Product Launches



T2 Value of 2K Sports



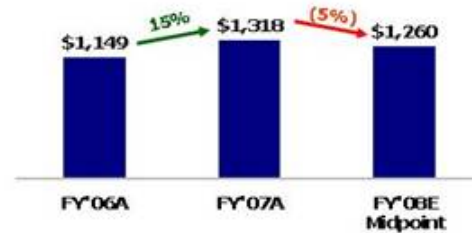
- **Combination with 2K Sports would enhance EA's market position in Sports**
 - Add strong development teams
 - Enhance licensing relationships
- **Opportunity to realize significant synergies and reignite growth for EA Sports**

Take-Two 2K Sports Revenue

(\$ in millions)



EA Sports Revenue



Source: 2K Sports revenue from Take-Two, for fiscal years ending October 31, 2005-2007;
EA Sports revenue from 2008 EA Analyst Day presentation, for fiscal years ending March 31, 2006-2008.

T2 2K Play



- New label leverages growing casual game market
- *Carnival Games*: internally owned and developed – sold over 1.2 million units on Wii only
- Brand being extended to DS this summer; *Carnival Games: Mini-Golf* coming to Wii this fall
- Licensing agreement with Nickelodeon for top rated Nick Jr. titles



T2 Focused Revitalization Plan

Cost Saving Initiatives

- ✓ **Implemented restructuring to reduce costs by \$25 million annually**
 - Savings will be derived 60% from OpEx and 40% from COGS
 - Savings expected to be fully realized by FYE 2008

Portfolio Optimization

- ✓ **Continue to focus on core publishing labels – Rockstar, 2K Games, 2K Sports and 2K Play**
- ✓ **Implemented disciplined product investment process**
- ✓ **Maximize value of non-core distribution business**
- ✓ **Sold non-core accessories business**

Legal / Regulatory Resolution

- ✓ **Proactively working to resolve all outstanding litigation and regulatory issues**
- ✓ **Preliminary settlement of consumer class action lawsuits**

T2 Robust Release Schedule

	Title	Platform	Release	Studio
	<i>Bully: Scholarship Edition</i>	Xbox 360 and Wii	Released	Rockstar Toronto
	<i>Grand Theft Auto: IV</i>	Xbox 360 and PS3	Q2 2008	Rockstar North
	<i>GTA IV Episodic Content</i>	Xbox 360	Q4 2008	Rockstar North
	<i>Midnight Club: Los Angeles</i>	Xbox 360 and PS3	Q4 2008	Rockstar San Diego
	<i>Sid Meier's Civilization Revolution</i>	Xbox 360, PS3, DS	Q3 2008	Firaxis Games
	<i>Mafia II</i>	TBA	FY 2009	2K Czech
	<i>BioShock 2</i>	TBA	FY 2009	2K Marin
	<i>Borderlands</i>	Xbox 360, PS3, PC	FY 2009	External
	<i>Major League Baseball 2K9</i>	multiple platforms	FY 2009	Visual Concepts
	<i>Don King Presents: Prize Fighter</i>	multiple platforms	Q3 2008	Venom
	<i>Top Spin 3</i>	multiple platforms	Q4 2008	PAM Development
	<i>NBA 2K9</i>	multiple platforms	Q4 2008	Visual Concepts
	<i>NHL 2K9</i>	multiple platforms	Q4 2008	Visual Concepts
	<i>Dora the Explorer</i>	DS and consoles	FY 2008	External
	<i>Go, Diego, Go!</i>	DS and consoles	FY 2008	External
	<i>Carnival Games</i>	DS	Q3 2008	Cat Daddy Games
	<i>Carnival Games: Mini-Golf</i>	Wii	Q4 2008	Cat Daddy Games

Note: Above list includes announced titles only.

T2 Further Growth From Emerging Businesses

Episodic Content



Networked Gameplay

Take-Two Intellectual Property

Micro-Transactions



Sports Example

- Updated player and game stats
- Customizable characters, clothing, equipment

In-Game Ads



T2 Potential Untapped Opportunities

MMOG / Online Gaming

Size of Opportunity

- ~\$2.5 bn global MMOG market, 15% CAGR '07-'12⁽¹⁾
- *World of Warcraft*: ~\$1.1bn revenue/ ~\$517mm EBIT in '07⁽²⁾

Potential Take-Two Opportunities

- *Civilization*
- *BioShock*

Mobile Gaming

- ~\$4.3bn global mobile gaming market, 22% CAGR '07-'11⁽³⁾
- Top seller⁽⁴⁾: Tetris (EA) grossed ~\$158mm in '07⁽⁴⁾

- *BioShock*
- *Carnival Games*

Traditional Media (Film, DVD)

- ~\$21.2bn global B.O. market⁽⁵⁾
- *Tomb Raider* grossed ~\$431mm in global B.O.⁽⁵⁾
- *Final Fantasy VII* direct-to-DVD release sold > 1mm units

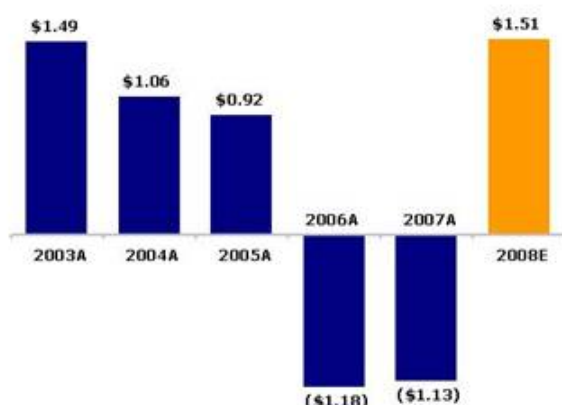
- *BioShock*

1. Per DFC Intelligence, May 2007.
 2. Per Lehman Brothers Equity Research, 12/17/07.
 3. Per Goldman Sachs Equity Research, 5/1/07.
 4. Per Telephia and ELSPA.
 5. Per www.boxoffice Mojo.com.



Significant Earnings Upside Potential

Historical & Projected Adj. EPS



Margin Drivers

- \$25 million of annual cost savings
- Additional scale for sports business
- Lower legal expenses
- Major launches of high-margin, owned IP (e.g., *GTA IV*, *Midnight Club: Los Angeles*, *Carnival Games: Mini-Golf*)

FY 2008 estimate represents Wall Street consensus estimates, excluding stock-based compensation.



Strong Balance Sheet and Significant Access to Capital

Total Assets

	Jan-06	Jan-07	Jan-08
Cash	\$142.9	\$138.2	\$64.4
Accounts receivable	84.1	79.1	83.3
Inventory	107.4	82.2	82.5
Software development costs	84.2	97.8	157.2
Prepaid taxes and taxes receivable	61.0	39.5	23.5
Prepaid expenses and other	33.9	23.2	34.8
Fixed Assets	\$49.2	\$49.7	\$41.5
Software development costs & licenses	44.8	39.6	35.2
Goodwill	190.9	188.2	233.0
Intangibles	60.5	41.4	30.2
Other assets	13.1	14.5	17.5
Total assets	\$871.0	\$793.5	\$773.1

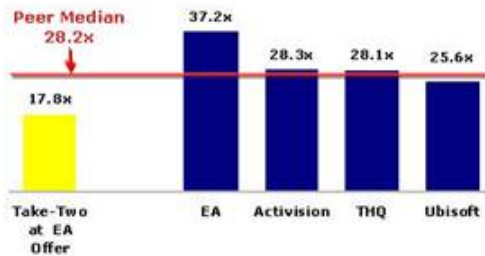
Total Liabilities and stockholders Equity

	Jan-06	Jan-07	Jan-08
Accounts payable	\$79.9	\$61.8	\$68.1
Accrued expenses & other current liabilities	106.3	140.4	115.6
Deferred revenue	-	-	32.5
Deferred revenue	-	50.0	25.0
Line of credit	-	-	36.0
Income taxes payable	6.7	-	28.4
Other long-term liabilities	1.1	5.9	5.3
Total liabilities	\$194.0	\$258.1	\$311.0
Common and APIC	\$459.4	\$488.2	\$550.3
Retained earnings	216.4	39.1	(116.8)
Accumulated other comprehensive income	1.2	8.0	28.6
Total stockholders' equity	\$677.0	\$535.4	\$462.1
Total liabilities and stockholders' equity	\$871.0	\$793.5	\$773.1

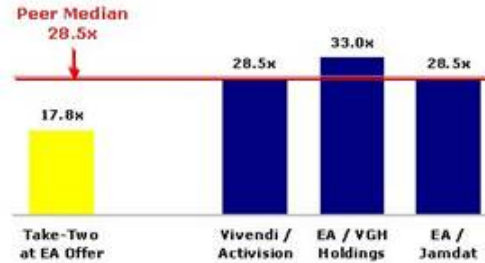
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EA's Offer Undervalues Take-Two Relative to its Peers & Recent M&A Transactions

Current Trading Multiples Adj. Price / CY'08 Earnings ⁽¹⁾



Recent M&A Transaction Multiples Price / Forward Earnings



Source: Wall Street research consensus and estimates.

1. Based on share price data as of March 24, 2008. Earnings estimates per Wall Street research. Adjusted multiples calculated as $(\text{share price} - \text{cash per share}) / (\text{earnings per share} - \text{after-tax interest income per share})$.

T2

EA's Offer Does Not Compensate Stockholders for Significant Synergy Value

- **Research analysts estimate significant potential synergies for EA, ranging from \$50-\$210 million**
- **Comparable transactions support these synergy estimates:**
 - Reported synergies in ATVI/Vivendi Games of up to \$100 million per year, with less overlap in business lines
- **EA publicly stated its ability to realize significant synergies:**
 - ✓ Realizing sales uplift given broader reach of distribution infrastructure
 - ✓ Leveraging investments in online, wireless and other growth platforms
 - ✓ Optimizing sports offerings
 - ✓ Duplicative corporate and publishing infrastructure
- **Synergy value not limited to EA – significant synergy potential for any strategic partner**

T2 EA's Offer Does Not Compensate for Significant Synergy Value

Illustrative Synergy Value Per Take-Two Share

Wall Street Research Estimated Synergy Range (in \$ million)

Illustrative Multiple	\$50.0	\$100.0	\$150.0	\$210.0
9.0x	\$6	\$11	\$17	\$24
10.0x	\$6	\$13	\$19	\$26
11.0x	\$7	\$14	\$21	\$29

T2 Conclusion: Board Recommends Stockholders REJECT EA Offer

- EA's offer is **inadequate and substantially undervalues the Company** and its assets, particularly its unique IP, proprietary and licensed brands, and creative talent
- EA's offer is **opportunistically timed** to capture the value of the upcoming *Grand Theft Auto IV* launch **at the expense of Take-Two stockholders**
- EA's offer does not reflect the **value of the revitalization** efforts completed and underway at the Company
- The transaction **multiples implied by EA's offer are materially below** the comparable company trading multiples and transaction multiples in precedent transactions
- EA's offer does not adequately compensate stockholders for the value of the **significant synergies** EA would realize from the potential transaction

TAKE-TWO IS WORTH SIGNIFICANTLY MORE THAN \$26 PER SHARE



Questions and Answers

INVESTOR / MEDIA KEY Q&A FOR 14D9 FILING

1. Why did the Board recommend rejecting the EA Offer?

- Our Board, after careful review, has unanimously determined that Electronic Arts' Offer continues to provide insufficient value to our stockholders and remains opportunistically timed to capture the value of the upcoming *GTA IV* launch at the expense of our stockholders. It remains the wrong price, wrong time.
- With one of the strongest portfolios of intellectual property in our business, a superb creative team, and a revitalization program that is beginning to deliver results, Take-Two is uniquely positioned to create stockholder value in an industry that is enjoying the highest growth rates of any entertainment medium.
- Our Board is committed to maximizing stockholder value either as an independent company or in combination with a third party.
- In arriving at its decision, the Board of Directors considered numerous factors, including but not limited to the following:
 - **EA's Offer price is inadequate and substantially undervalues the Company.** The Board of Directors has determined that the EA Offer price is inadequate and substantially undervalues the Company's established position in the interactive entertainment software market, robust and enviable stable of game franchises, extensive portfolio of owned intellectual property, creative talent, strong consumer loyalty and a growing sports business. In particular, the EA Offer does not adequately compensate stockholders for the Company's valuable franchises, which include more than 20 brands (in addition to *Grand Theft Auto*) that have sold one million or more units each, of which more than half are internally owned and developed and therefore deliver higher profit margins than licensed products.
 - **The Company's financial advisors, Bear Stearns and Lehman Brothers, have each delivered an opinion stating that, as of the date of such opinion, the EA Offer price was inadequate, from a financial point of view, to the stockholders of the Company.**
 - **The Company's directors and executive officers believe that the EA Offer price is inadequate and do not intend to tender their Shares.**
 - **The Board of Directors is committed to exploring strategic alternatives to maximize stockholder value and may be able to find a better alternative to the EA Offer.** After the Company's release of *Grand Theft Auto IV*, scheduled for April 29, 2008, the Board of Directors is committed to exploring alternatives to maximize stockholder value, which may include a business combination of the Company with third parties or with EA, remaining independent, or other strategic or financial alternatives, that could deliver higher stockholder value than the EA Offer. The Board continues to believe that the Company will be best positioned, from the perspective of both value and timing, to conduct such a review at that time. The Company has received indications of interest from third parties with respect to possible business combination transactions involving the Company since EA's announcement, but no substantive discussions with respect thereto

have yet occurred. To facilitate its efforts to explore alternatives to maximize stockholder value, the Company has begun to assemble the materials necessary for interested parties to conduct due diligence. Prior to the release of *Grand Theft Auto IV*, the Company is willing to enter into confidentiality agreements on customary terms and to engage in preliminary conversations (not in the Company's view amounting to negotiations) with interested parties, including EA. The Board of Directors believes that tendering Shares into the EA Offer before the Board of Directors and its advisors have had the opportunity fully to explore alternatives to the EA Offer could preclude its ability to effect an alternative transaction that could provide superior value to the Company's stockholders.

- **The timing of the EA Offer is opportunistic.** The EA Offer is opportunistic and has been timed to take advantage of the upcoming release of *Grand Theft Auto IV*, one of the most valuable and durable franchises in the interactive entertainment software industry and the Company's biggest selling and most profitable franchise. EA launched an unsolicited bid for the Company even though the Company had extended an Offer to negotiate with EA immediately following the release of *Grand Theft Auto IV* and, subject to the fiduciary duties of the Board of Directors, Offered not to negotiate with any other third parties in the interim without first contacting EA. The Board of Directors believes the full commercial potential of the game will not be evident until after its release, and that the EA Offer was timed to capture the value of that anticipated commercial success at the expense of the Company's stockholders.
- **The EA Offer does not reflect progress in the Company's revitalization efforts.** The Offer price does not reflect the significant progress the Company has made in its revitalization efforts since June 2007, including the implementation of a more streamlined and efficient operating structure, a cost cutting initiative that is expected to achieve annualized savings of at least \$25 million and a more disciplined product investment review process. Benefits of the revitalization plan have yet to be recognized fully in either the current stock price or in the Offer price.
- **The EA Offer does not reflect the Company's potential synergy value that a proposed combination with EA would create.** The EA Offer does not compensate the Company for the significant potential synergy value that the proposed combination would create. EA has been unwilling to estimate publicly the synergy potential but has acknowledged that there is significant synergy potential. Potential synergies related to a proposed combination include: realizing a sales uplift as a result of a broader reach of distribution infrastructure; leveraging investments in online, wireless and other evolving platforms; optimizing sports Offerings; and reducing sales, general and administrative costs significantly. Certain equity research analysts concur with this point of view and have estimated that EA would realize approximately \$50 million to \$210 million in synergies per year following completion of a transaction.
- **The EA Offer does not properly reflect the Company's business, financial condition, current business strategy and future prospects.** The Board of Directors believes that management's and the Board of Directors' understanding of and familiarity with the Company's business, financial condition, current business strategy and future prospects has not been fully reflected in the

Company's results of operations or Share price. The Company's management and Board of Directors remain entirely focused on generating the maximum value for stockholders. Stockholders elected new senior management and members of the Board of Directors less than one year ago because of this team's commitment to, and track record of, creating stockholder value, and industry experience. The Board of Directors believes that the Company's senior management will be able to create stockholder value meaningfully in excess of the EA Offer price through the continued execution of the Company's current revitalization plan and business strategy.

- **The consideration offered by EA is taxable.** The consideration offered by EA would in general be taxable to the Company's stockholders.
- **The Offer is highly conditional, which results in significant uncertainty that the Offer will be consummated.**

2. Are you putting the company up for sale?

- We have announced that the Board has commenced a process to consider all strategic alternatives to maximize the value of Take-Two, which may include a business combination with third parties or with EA, remaining independent, or other strategic or financial alternatives that could deliver higher stockholder value than the current EA Offer.
- We will begin formal discussions on April 30th, as this will put us in the best position from a timing and value perspective. We are preparing for this process immediately and are open to beginning informal discussions starting now (e.g. entering into confidentiality agreements, assembling due diligence materials).
- We have received indications of interest from third parties since EA's announcement and have continued to receive additional expressions of serious interest since our last filing.
- The Board believes that tendering shares into the EA Offer before the Board and its advisors have had the opportunity fully to explore all alternatives could interfere with its ability to effect a financially superior alternative to the EA Offer.

3. Why will you only begin a formal strategic review process after April 29th?

- The Board of Take-Two is absolutely, 100 percent, committed to doing the right thing by stockholders.
- Stockholders installed this new Board and management team about one year ago because of our commitment to, and track record of, creating stockholder value.
- To that end, we have announced that the Board has commenced a process to consider all strategic alternatives to maximize the value of Take-Two.
- We will begin formal discussions on April 30th, as this will put us in the best position from a timing and value perspective.
- We continue to believe that the Company will be in the best possible position to negotiate a higher value from a third party once GTA IV has launched and the market has more fully recognized the significant value of this game and the franchise.
- We are preparing for this process immediately and are open to beginning informal discussions starting now (e.g. entering into confidentiality agreements, assembling due diligence materials).

- We believe our approach to this process mitigates the risk, while maximizing the opportunity for value creation. We feel it will allow us to keep employees, including management, focused on the successful execution of key initiatives at the Company, while we lay the groundwork to explore alternatives that may bring higher value for stockholders.

4. Doesn't GTA / Take-Two lose its value to a potential acquirer once GTA IV launches?

- Take-Two is much more than just GTA IV. We have numerous valuable franchises, which include more than 20 brands (in addition to *Grand Theft Auto*) that have sold one million or more units each, of which more than half are internally owned.
- Furthermore, we believe the value of the GTA IV launch belongs to our stockholders and has not been fully reflected in the EA Offer.
- We believe EA is trying to purchase this franchise at a discount and is fully aware that its value will become increasingly apparent following the launch, rendering its \$26.00 Offer even more demonstrably inadequate.
- We believe the value of GTA IV will be more evident once we are past the launch date, and see the commercial performance of the title, the impact of episodic content, etc.
- GTA is the industry's top-selling franchise and we expect that the successful launch of GTA IV will only further demonstrate the unique value of this IP and the creative talent behind it.
- We think EA's unwillingness to wait two months to negotiate with us and instead pursue a hostile process is strong evidence of the value they see in GTA IV – value they wanted to try to lock in at the expense of stockholders.

5. Wouldn't negotiating directly with EA be the best way to get a higher price?

- The Board continues to believe that the Company will be best positioned, from the perspective of both value and timing, to wait until April 30th to engage in negotiations.
- Further, we continue to believe the Company will be best served by keeping management and employees fully focused on the game during this time by limiting the amount of distraction from a strategic review process, while taking the necessary steps to ensure such a process moves quickly post-launch.
- We believe our approach to this process mitigates the risk, while maximizing the opportunity for value creation.
- We are preparing for this process immediately and are open to beginning informal discussions starting now (e.g. entering into confidentiality agreements, assembling due diligence materials).

6. If EA were to approach you with a higher price, would you consider negotiations before April 30th?

- The Board will take all necessary steps to maximize stockholder value.
- The Board would review any higher Offer from EA or another party in accordance with its fiduciary duties

7. What other indications of interest has the company received? How serious have these indications been? Will you disclose other offers?

- We believe Take-Two is a unique and highly attractive asset.

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- The Company has received indications of interest from third parties with respect to possible transactions since EA's announcement and has continued to receive additional expressions of serious [are we going with "serious" – I don't know the facts, but saw that serious was bracketed elsewhere] interest since our last filing.
- While no substantive discussions have yet occurred, we intend to actively pursue all strategic alternatives after April 29th that may result in a better alternative to the EA Offer.

8. What price would Take-Two consider a fair starting point for discussions with EA or other parties?

- We will not comment on specific values, but believe EA's Offer to be inadequate and not reflective of Take-Two's existing value, the value of the turnaround initiatives underway or the impending launch of GTA IV. The Offer values the Company at a significant discount to its public peers and does not compensate Take-Two for its value and the substantial synergies that the proposed combination would create.

9. Is GTA IV still on track for April 29th?

- Yes, the game is on track for an April 29th launch.

10. Isn't the value of the GTA IV launch already priced into the stock?

- We continue to believe that both the market and the EA Offer undervalue the Company and the potential of this game.
- Higher than expected retail pre-orders, and new features such as episodic content, suggest that GTA IV could be game-changing for the company.
- We believe the value of this game will be readily apparent following the launch.

11. What if GTA IV doesn't live up to your expectations?

- We have full confidence in the potential of this game.

12. Can you provide additional color on your expectations for GTA IV given the importance of this game to your rationale for rejecting the bid?

- Higher than expected retail pre-orders, and new features such as episodic content, suggest that GTA IV could be game-changing for the company
- We provide guidance on our expected revenue and EPS. While we don't provide guidance on a title by title basis, we have said that we expect our Rockstar label to represent approximately 60% of our publishing revenue in fiscal 2008. GTA IV is expected to represent a significant percentage of that business.

13. Is remaining independent a viable option for Take-Two?

- Absolutely.
- With one of the strongest portfolios of intellectual property in our business, a superb creative and business team, a sound balance sheet and a first-class worldwide distribution structure, and a revitalization program that is gaining traction. Given that interactive entertainment is the fastest growing entertainment medium, Take-Two is

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uniquely positioned to create stockholder value as an independent company – or in combination with a third party.

- While the Board is committed to considering all avenues to maximize stockholder value including a possible sale, we believe in the significant growth potential of the company and its ability to succeed independently.

14. Why should stockholders risk Take-Two's share price returning to pre-bid levels rather than locking in \$26 per share?

- Take-Two's management and Board are focused on generating the maximum value for stockholders.
- Stockholders installed this new management and Board about one year ago because of the team's commitment to, and track record of, creating stockholder value.
- We believe that the \$26 Offer significantly undervalues Take-Two and believe we will have the opportunity to demonstrate this through the ongoing execution of our strategy, particularly the upcoming GTA IV launch.
- Further, our Board believes that it may be able to find a better alternative to the EA Offer and is committed to reviewing all alternatives.
- We also believe we have a very viable strategy as an independent company and that we would be able to build significant value for stockholders on a standalone basis if we are unable to reach an agreement with a third party at this time that adequately recognizes the intrinsic value of our business and its strong growth potential.

15. Take-Two has said numerous times that it is a "stockholder friendly" company; in that context, how can you justify the implementation of a stockholder rights plan or "poison pill"?

- We are fully committed to maximizing the value of Take-Two for all stockholders.

- We have adopted this short-term Stockholders Rights Agreement in order to guard against abusive takeover tactics by EA at the current, inadequate price.
- We believe the Rights Agreement will ensure that the Take-Two Board has adequate time to consider all strategic alternatives for the maximizing the value of Take-Two for stockholders.
- The Rights Agreement will not, and is not intended to, prevent a takeover of the Company on terms that are fair to and in the best interests of all stockholders.
- It is a short-term plan that is scheduled to expire 180 days after its adoption.

16. Why did the Company file supplemental information related to the management agreement? What new information was disclosed?

- The additional information was filed in response to a stockholder lawsuit.
- There is nothing new related to the terms of the management agreement.

17. Do you expect that stockholders will approve the Zelnick stock portion of the management agreement?

- We are confident that stockholders will approve it.
- The Board determined that an increase in compensation was justified, given that the role taken by ZelnickMedia executives is far more extensive than was originally contemplated by the original management agreement. Specifically, the Board named Strauss Zelnick as Executive Chairman, Ben Feder as CEO for a term through October 2012, and Karl

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Slatoff as EVP, reflecting the evolving needs of the Company in the year since ZelnickMedia's initial involvement.

- The Management Agreement was the result of a thorough process conducted by the independent members of the Board with input from an independent compensation consultant.

18. Do you expect EA to begin a consent solicitation given your rejection? What is your argument to stockholders not to give their consent?

- We cannot comment on what EA will or will not do.
- Stockholders have the right to conduct a consent solicitation under our bylaws.
- However, we do not believe it would be in stockholders' best interests to install a board beholden to EA to negotiate a transaction with EA. Having the bidder negotiate with itself will certainly not result in the highest price for stockholders.
- The Board of Directors believes that it may be able to find a better alternative to the EA Offer and is committed to reviewing all alternatives to maximize value for stockholders.
- The Board believes that tendering shares into the EA Offer or installing an EA-beholden board before the current Board and its advisors have had the opportunity fully to explore all alternatives could interfere with our ability to effect a financially superior alternative to the EA Offer.

19. We noted that you amended the employment agreements for 3 of your key Section 16 officers. Was this in response to the EA Offer?

- We have amended the employment agreements of three senior-level executives with important roles at the Company.
- We believe their annualized aggregate compensation arrangements are consistent with their responsibilities and approximately are at or below the median of market annualized aggregate compensation arrangements for executives with similar roles at peer companies.

20. Does your earnings guidance for 2008 justify a higher bid?

- First, we don't believe that the market has given us credit for our increased 2008 guidance and certainly does not recognize our growth potential for 2009, 2010 and beyond.
- Second, the EA Offer undervalues the Company on the basis of earnings multiples paid in other industry transactions.
- The EA Offer price does not reflect the earnings multiples of EA or other peer companies.

21. What is the record date of the annual meeting this year? Is there a chance you will need to change the record date?

- February 19, 2008.
- We do not intend to change the record date
- If you would like, you could also say something along the lines of "The record date was set in accordance with legal requirements. There is no need to change the record date." Of course, this answer may change if the judge rules against us on April 11.

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22. Why did you change the notice provision for nominating directors and change the date of your annual meeting?

- We believe the changes are a prudent response to litigation filed by a stockholder.
- The Board of Directors amended the by-laws of the Company to provide for a new period of time for stockholders to be able to nominate persons for election to the Board of Directors or to propose any business to be considered at the Annual Meeting.
- The period of time begins with the public announcement of the amendment to the by-laws and ends on April 15, 2008.
- Further, in addition to stockholders of record on the record date (who currently are entitled to put forth a nomination or proposal), the Company will accept nominations and proposals from any person who was a stockholder of record or beneficial owner of Shares at any time between the record date and April 15, 2008.
- To extend the period of time, the date of the Annual Meeting has been changed from April 10, 2008 to April 17, 2008.

23. Why has Take-Two suspended the acceleration of restricted stock?

- The existing Take-Two Incentive Stock Plan includes a provision which accelerates the vesting of restricted stock upon the commencement of a tender Offer (regardless of whether any shares are actually tendered).
- Given the Board's view that the EA Offer is inadequate and conditional, the Board has determined that the Offer does not represent a change of control.
- As a result, the Board has suspended this provision until either EA or another party has accepted for payment more than 50% of outstanding shares through a tender Offer or another event representing a change of control as specified in the plan occurs.
- We believe this was an appropriate step given our view of the EA Offer and the tax considerations employees would face in the event the shares did vest.