Take-Two Interactive Software, Inc. Announces Conclusion of ESRB Investigation

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NEW YORK, Jul 20, 2005 (BUSINESS WIRE) -- Take-Two Interactive Software, Inc. (NASDAQ: TTWO):

-- ESRB assigns "Adults Only 18+" (AO) rating for current version of Grand Theft Auto: San Andreas due to unauthorized third party "Hot Coffee" modification

-- Rockstar Games to cease manufacture of current version of title and offer a downloadable patch to prevent modification of Grand Theft Auto: San Andreas for PC

-- Company lowers third quarter and fiscal year guidance to reflect the expected negative impact on the title's retail performance

Take-Two Interactive Software, Inc. (NASDAQ: TTWO) announced today that the Entertainment Software Rating Board (ESRB) has changed the rating of Grand Theft Auto: San Andreas on all platforms from "Mature 17+" (M) to "Adults Only 18+" (AO) because of the so-called "hot coffee mod," an unauthorized third party modification that alters the retail version of the game. Take-Two cooperated fully with the ESRB's investigation.

Rockstar Games has ceased manufacturing of the current version of the title and will begin working on a version of the game with enhanced security to prevent the "hot coffee" modifications. This version will retain the original ESRB M-rating and is expected to be available during the Company's fourth fiscal quarter. Rockstar Games will be providing AO labels for retailers who wish to continue to sell the current version of the title.

As a result of the re-rating of the game, Take-Two is lowering guidance for the third fiscal quarter ending July 31, 2005 to $160 to $170 million in net sales and a net loss per share of $(0.40) to $(0.45) to provide reserves for the value of the title's current North American retail inventory. Accordingly, guidance for the fiscal year ending October 31, 2005 is also being lowered to $1.26 to $1.31 billion in net sales and $1.05 to $1.12 in diluted earnings per share.

"Take-Two and Rockstar Games have always worked to keep mature-themed video game content out of the hands of children and we will continue to work closely with the ESRB and community leaders to improve and better promote a reliable rating system to help consumers make informed choices about which video games are appropriate for each individual," said Paul Eibeler, Take-Two's President and Chief Executive Officer. "The ESRB's decision to re-rate a game based on an unauthorized third party modification presents a new challenge for parents, the interactive entertainment industry and anyone who distributes or consumes digital content. Rockstar Games is pleased that the investigation is now settled and they look forward to returning their focus to making innovative and groundbreaking video games for a mature audience."

The scenes depicted in the "hot coffee" modification are not playable in the retail version of the game unless the user downloads and/or installs unauthorized software that alters the content of the original retail version of the title, representing a violation of Take-Two and Rockstar's end user license agreement (EULA) and intellectual property rights. "We are deeply concerned that the publicity surrounding these unauthorized modifications has caused the game to be misrepresented to the public and has detracted from the creative merits of this award winning product," said Mr. Eibeler. Take-Two is exploring its legal options as it relates to companies that profited from creating and distributing tools for altering the content of Grand Theft Auto: San Andreas.

Rockstar Games will be making available shortly a downloadable software patch to render Grand Theft Auto: San Andreas for PC impervious to the "hot coffee" modification. Rockstar encourages parent groups and political leaders to assist with distribution of the patch to prevent the content of the modification from spreading further.

About Take-Two Interactive Software

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

Safe Harbor Statement under the Private Securities Reform Act of 1995: This press release contains forward-looking statements made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The statements contained herein which are not historical facts are considered forward-looking statements under federal securities laws. Such forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to them. The Company has no obligation to update such forward-looking statements. Actual results may vary significantly from these forward-looking statements based on a variety of factors. These important factors are described in the Company's Form 10-Q for the quarter ended April 30, 2005 in the section entitled "Cautionary Statement and Risk Factors".

SOURCE: Take-Two Interactive Software, Inc.

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