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 December 31, 2012

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 0-29230

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** (Address of principal executive offices)	**10012** (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 ☐

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 February 1, 2013, there were 91,642,586 shares of the Registrant's Common Stock outstanding.

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(All other items in this report are inapplicable)

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

	December 31, 2012 (Unaudited)	March 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 448,723**	$ 420,279
Accounts receivable, net of allowances of $62,746 and $51,002 at December 31, 2012 and March 31, 2012, respectively	**94,241**	45,035
Inventory	**29,687**	22,477
Software development costs and licenses	**199,813**	211,224
Prepaid expenses and other	**45,426**	44,602
Total current assets	**817,890**	743,617
Fixed assets, net	**23,701**	18,949
Software development costs and licenses, net of current portion	**74,327**	104,755
Goodwill	**228,786**	228,169
Other intangibles, net	**9,301**	16,266
Other assets	**35,776**	37,671
Total assets	**$ 1,189,781**	$ 1,149,427
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 42,263**	$ 46,681
Accrued expenses and other current liabilities	**211,425**	156,768
Deferred revenue	**26,348**	13,864
Liabilities of discontinued operations	**1,181**	1,412
Total current liabilities	**281,217**	218,725
Long-term debt	**330,311**	316,340
Other long-term liabilities	**12,480**	16,316
Liabilities of discontinued operations, net of current portion	**959**	2,319
Total liabilities	**624,967**	553,700
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value, 5,000 shares authorized	**—**	—
Common stock, $.01 par value, 200,000 and 150,000 shares authorized at December 31, 2012 and March 31, 2012, respectively; 93,659 and 90,215 shares issued and outstanding at December 31, 2012 and March 31, 2012, respectively	**937**	902
Additional paid-in capital	**819,871**	799,431
Accumulated deficit	**(263,303)**	(211,339)
Accumulated other comprehensive income	**7,309**	6,733

Total stockholders' equity	**564,814**	595,727
Total liabilities and stockholders' equity	**$ 1,189,781**	$ 1,149,427

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in thousands, except per share amounts)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	**2011**	**2012**	**2011**
Net revenue	**$ 415,773**	$ 236,325	**$ 914,996**	$ 677,739
Cost of goods sold	**216,299**	126,467	**561,517**	412,389
Gross profit	**199,474**	109,858	**353,479**	265,350
Selling and marketing	**60,724**	40,228	**205,582**	143,684
General and administrative	**32,880**	29,705	**106,891**	86,067
Research and development	**22,369**	16,823	**57,001**	49,340
Depreciation and amortization	**2,509**	2,854	**7,828**	9,383
Total operating expenses	**118,482**	89,610	**377,302**	288,474
Income (loss) from operations	**80,992**	20,248	**(23,823)**	(23,124)
Interest and other, net	**(8,094)**	(6,190)	**(23,562)**	(14,203)
Income (loss) from continuing operations before income taxes	**72,898**	14,058	**(47,385)**	(37,327)
Provision (benefit) for income taxes	**2,021**	(127)	**4,947**	4,368
Income (loss) from continuing operations	**70,877**	14,185	**(52,332)**	(41,695)
Income (loss) from discontinued operations, net of taxes	**488**	(81)	**368**	(285)
Net income (loss)	**$ 71,365**	$ 14,104	**$ (51,964)**	$ (41,980)
Earnings (loss) per share:				
Continuing operations	**$ 0.76**	$ 0.16	**$ (0.61)**	$ (0.50)
Discontinued operations	**$ —**	—	**—**	(0.01)
Basic earnings (loss) per share	**$ 0.76**	$ 0.16	**$ (0.61)**	$ (0.51)
Continuing operations	**$ 0.66**	$ 0.16	**$ (0.61)**	$ (0.50)
Discontinued operations	**—**	—	**—**	(0.01)
Diluted earnings (loss) per share	**$ 0.66**	$ 0.16	**$ (0.61)**	$ (0.51)

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

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

(in thousands)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	**2011**	**2012**	**2011**
Net income (loss)	**$ 71,365**	$ 14,104	**$ (51,964)**	$ (41,980)
Other comprehensive income (loss):				
Foreign currency translation adjustment	**(360)**	(2,783)	**(42)**	(12,023)
Change in unrealized gains on derivative instruments, net	**449**	—	**618**	—
Other comprehensive income (loss)	**$ 89**	$ (2,783)	**$ 576**	$ (12,023)
Comprehensive income (loss)	**$ 71,454**	$ 11,321	**$ (51,388)**	$ (54,003)

See accompanying Notes.

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TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)

	Nine Months Ended December 31,	
	2012	**2011**
Operating activities:		
Net loss	**$ (51,964)**	$ (41,980)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization and impairment of software development costs and licenses	**189,319**	117,158
Depreciation and amortization	**7,828**	9,383
(Income) loss from discontinued operations	**(368)**	285
Amortization and impairment of intellectual property	**6,678**	979
Stock-based compensation	**22,778**	23,463
Amortization of discount on Convertible Notes	**13,971**	7,294
Amortization of debt issuance costs	**1,521**	1,014
Other, net	**735**	778
Changes in assets and liabilities, net of effect from purchases of businesses:		
Accounts receivable	**(49,206)**	30,943
Inventory	**(7,210)**	2,062
Software development costs and licenses	**(150,479)**	(147,315)
Prepaid expenses, other current and other non-current assets	**(474)**	4,125
Deferred revenue	**12,484**	(1,640)
Accounts payable, accrued expenses and other liabilities	**47,072**	(59,574)
Net cash used in discontinued operations	**(1,223)**	(1,580)
Net cash provided by (used in) operating activities	**41,462**	(54,605)
Investing activities:		
Purchase of fixed assets	**(12,317)**	(7,984)
Net cash used in discontinued operations	**—**	(1,475)
Net cash used in investing activities	**(12,317)**	(9,459)
Financing activities:		
Proceeds from exercise of employee stock options	**—**	238
Proceeds from issuance of Convertible Notes	**—**	250,000
Payment of debt issuance costs	**—**	(6,875)
Net cash provided by financing activities	**—**	243,363
Effects of foreign currency exchange rates on cash and cash equivalents	**(701)**	(6,342)
Net increase in cash and cash equivalents	**28,444**	172,957
Cash and cash equivalents, beginning of period	**420,279**	280,359
Cash and cash equivalents, end of period	**$ 448,723**	$ 453,316

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

(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, marketer and publisher of interactive entertainment for consumers around the globe. The Company develops and publishes products through its two wholly-owned labels Rockstar Games and 2K, which publishes its titles under the 2K Games, 2K Sports and 2K Play brands. Our products are designed for console systems, handheld gaming 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 Unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries and reflect all normal and recurring adjustments necessary for the fair presentation of our financial position, results of operations and cash flows. All material inter-company accounts and transactions have been eliminated in consolidation. The preparation of these Unaudited Condensed Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in these Unaudited Condensed Consolidated Financial Statements and accompanying notes. As permitted under U.S. generally accepted accounting principles, 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 U.S. generally accepted accounting principles have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), although we believe that the disclosures are adequate to make the information presented not misleading. These Unaudited 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 year ended March 31, 2012.

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

Discontinued Operations

In February 2010, we completed the sale to SYNNEX Corporation ("Synnex") of our Jack of All Games third party distribution business, which primarily distributed third party interactive entertainment software, hardware and accessories in North America. The financial information of our distribution business has been classified as discontinued operations in these Unaudited Condensed Consolidated Financial Statements for all of the periods presented. See Note 2 for additional information regarding discontinued operations. Unless otherwise noted, amounts and disclosures throughout the Notes to Unaudited Condensed Consolidated Financial Statements relate to the Company's continuing operations.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

The carrying amounts of our financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value because of their short maturities. We consider all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. At December 31, 2012 and March 31, 2012 we had $8,291 and $16,464, respectively, of cash on deposit reported as a component of prepaid expenses and other in the accompanying Condensed Consolidated Balance Sheets because its use was restricted.

As of December 31, 2012, the estimated fair value of the Company's 4.375% Convertible Notes due 2014 and the Company's 1.75% Convertible Notes due 2016 was $168,746 and $238,125,respectively. See Note 8 for additional information regarding our Convertible Notes. The fair value was determined using observable market data for the Convertible Notes and its embedded option feature.

We transact business in various foreign currencies and have significant sales and purchase transactions denominated in foreign currencies, subjecting us to foreign currency exchange rate risk. From time to time, we use hedging programs in an effort to mitigate the effect of foreign currency exchange rate movements.

Cash Flow Hedging Activities

We use foreign currency forward contracts to mitigate foreign currency exchange rate risk associated with forecasted transactions involving non-functional currency denominated expenditures. These contracts, which are designated and qualify as cash flow hedges, 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. The effective portion of gains or losses resulting from changes in the fair value of these hedges is initially reported, net of tax, as a component of accumulated other comprehensive income (loss) in stockholders' equity. The gross amount of the effective portion of gains or losses resulting from changes in the fair value of these hedges is subsequently reclassified into cost of goods sold or research and development expenses, as appropriate, in the period when the forecasted transaction is recognized in our Condensed Consolidated Statements of Operations. In the event that the gains or losses in accumulated other comprehensive income (loss) are deemed to be ineffective, the ineffective portion of gains or losses resulting from changes in fair value, if any, is reclassified to interest and other, net, in our Condensed Consolidated Statements of Operations. In the event that the underlying forecasted transactions do not occur, or it becomes probable that they will not occur, within the defined hedge period, the gains or losses on the related cash flow hedges are reclassified from accumulated other comprehensive income (loss) to interest and other, net, in our Condensed Consolidated Statements of Operations. During the reporting periods, all forecasted transactions occurred, and therefore, there were no such gains or losses reclassified into interest and other, net. We do not enter into derivative financial contracts for speculative or trading purposes. At December 31, 2012, we had $7,843 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, 2012, we had $10,192 of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars all of which have maturities of less than one year. As of December 31, 2012, the fair value of these outstanding forward contracts was $552 and is included in prepaid expenses and other. As of March 31, 2012, the fair value

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

of these outstanding forward contracts was immaterial and is included in accrued expenses and other current liabilities.

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 December 31, 2012, we had $24,975 of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars all of which have maturities of less than one year. At March 31, 2012, we had $4,005 of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars and $28,304 of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars all of which have maturities of less than one year. For the three months ended December 31, 2012 and 2011, we recorded gains of $1,016 and $360, respectively, related to foreign currency forward contracts in interest and other, net on the Condensed Consolidated Statements of Operations. For the nine months ended December 31, 2012 and 2011, we recorded gains of $1,260 and $597, respectively, related to foreign currency forward contracts in interest and other, net on the Condensed Consolidated Statements of Operations. As of December 31, 2012 and March 31, 2012, the fair value of these outstanding forward contracts was immaterial and is included in accrued expenses and other current liabilities.

Recently Issued Accounting Pronouncements

Comprehensive Income

On April 1, 2012, the Company adopted new guidance related to the presentation of comprehensive income. The main provisions of the new guidance provide that an entity that reports items of other comprehensive income has the option to present comprehensive income as (i) a single statement that presents the components of net income and total net income, the components of other comprehensive income and total other comprehensive income and a total for comprehensive income or (ii) in two separate but consecutive statements, whereby an entity must present the components of net income and total net income in the first statement and that statement is immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income and a total for comprehensive income. The new rules eliminate the option to present the components of other comprehensive income as part of the statement of stockholders' equity. These new rules are to be applied retrospectively and become effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2011 (April 1, 2012 for the Company), with early adoption permitted. The adoption of this new guidance did not have a material impact on our Unaudited Condensed Consolidated Financial Statements.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

2. DISCONTINUED OPERATIONS

In February 2010, we completed the sale of our Jack of All Games third party distribution business, which primarily distributed third party interactive entertainment software, hardware and accessories in North America, for approximately $44,000, including $37,250 in cash, subject to purchase price adjustments, and up to an additional $6,750 subject to the achievement of certain items, which were not met. In April 2011, we settled on the purchase adjustments and as a result the purchase price was lowered by $1,475. Consequently, the net purchase price after the settlement was $35,775. The sale has allowed us to focus our resources on our publishing operations. The financial information of our distribution business has been classified as discontinued operations in the Unaudited Condensed Consolidated Financial Statements for all of the periods presented. The following is a summary of the liabilities of discontinued operations primarily related to a liability for a lease assumption without economic benefit less estimates of sublease income. The lease matures on September 30, 2014.

	December 31, 2012	March 31, 2012
Liabilities of discontinued operations:		
Current:		
Accrued expenses and other current liabilities	**$ 1,181**	$ 1,412
Total current liabilities	**1,181**	1,412
Other non-current liabilities	**959**	2,319
Total liabilities of discontinued operations	**$ 2,140**	$ 3,731

3. MANAGEMENT AGREEMENT

In March 2007, we entered into a management services agreement (as amended, the "Management Agreement") with ZelnickMedia Corporation ("ZelnickMedia"), whereby ZelnickMedia provides us with certain management, consulting and executive level services. Strauss Zelnick, the President of ZelnickMedia, serves as our Executive Chairman and Chief Executive Officer and Karl Slatoff, a partner of ZelnickMedia, serves as our Chief Operating Officer. In May 2011, we entered into a new management agreement (the "New Management Agreement") with ZelnickMedia pursuant to which ZelnickMedia continues and will continue to provide management, consulting and executive level services to the Company through May 2015. As part of the New Management Agreement, Mr. Zelnick serves as Executive Chairman and Chief Executive Officer and Mr. Slatoff serves as Chief Operating Officer. In September 2011, the New Management Agreement, which upon effectiveness, superseded and replaced the Management Agreement was approved by the Company's stockholders at the Company's 2011 Annual Meeting. The New Management Agreement provides for the annual management fee to remain at $2,500, subject to annual increases in the amount of 3% over the term of the agreement, and the maximum annual bonus was increased to $3,500 from $2,500, subject to annual increases in the amount of 3% over the term of the agreement, based on the Company achieving certain performance thresholds. For the three months ended December 31, 2012 and 2011, we recorded an expense of $2,446 and a benefit of $250, respectively, and for the nine months ended December 31, 2012 and 2011, we recorded an expense of $4,635 and $1,875, respectively, of consulting expense (a component of general and administrative expenses) in consideration for ZelnickMedia's services.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

3. MANAGEMENT AGREEMENT (Continued)

Pursuant to the Management Agreement, in August 2007, we issued stock options to ZelnickMedia to acquire 2,009,075 shares of our common stock at an exercise price of $14.74 per share, which vested over 36 months and expire 10 years from the date of grant. In June 2008, pursuant to the Management Agreement, we granted 600,000 shares of restricted stock to ZelnickMedia that vested annually over a three year period and 900,000 shares of market-based restricted stock that could have vested over a four year period through June 2012, provided that the Company's Total Shareholder Return (as defined in the relevant grant agreements) was at or higher than the 75 th percentile of the NASDAQ Industrial Index measured annually on a cumulative basis. Because the price of our common stock did not achieve its performance targets, the 900,000 shares of market-based restricted stock were forfeited in June 2012. For the three months and nine months ended December 31, 2011, we recorded an expense of $1 and $508, respectively, of stock-based compensation (a component of general and administrative expenses) related to the shares of restricted stock granted pursuant to the Management Agreement.

In addition, pursuant to the New Management Agreement, we granted 1,100,000 shares of restricted stock to ZelnickMedia that will vest annually through April 1, 2015 and 1,650,000 shares of market-based restricted stock that will be eligible to vest through April 1, 2015, based on the Company's Total Shareholder Return (as defined in the relevant grant agreements) relative to the Total Shareholder Return of the companies that constitute the NASDAQ Composite Index measured annually on a cumulative basis. To earn all of the shares of market-based restricted stock, the Company must perform at the 75th percentile, or top quartile, of the NASDAQ Composite Index. Each reporting period, we remeasure the fair value of the unvested portion of the shares of market-based restricted stock granted to ZelnickMedia. The unvested portion of the shares of restricted stock granted pursuant to the New Management Agreement as of December 31, 2012 and March 31, 2012 was 2,169,750 and 2,750,000 shares, respectively. For the three months ended December 31, 2012 and 2011, we recorded an expense of $1,613 and $6,095, respectively, of stock-based compensation (a component of general and administrative expenses) related to the shares of restricted stock granted pursuant to the New Management Agreement. For the nine months ended December 31, 2012 and 2011, we recorded an expense of $2,354 and $6,427, respectively, of stock-based compensation (a component of general and administrative expenses) related to the shares of restricted stock granted pursuant to the New Management Agreement.

4. FAIR VALUE MEASUREMENTS

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,

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

4. FAIR VALUE MEASUREMENTS (Continued)

discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The table below segregates all assets 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.

	December 31, 2012	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Bank-time deposits	$ 212,103	$ 212,103	$ —	$ —
Money market funds	$ 84,009	$ 84,009	$ —	$ —

5. INVENTORY

Inventory balances by category are as follows:

	December 31, 2012	March 31, 2012
Finished products	**$ 26,088**	$ 20,076
Parts and supplies	**3,599**	2,401
Inventory	**$ 29,687**	$ 22,477

Estimated product returns included in inventory at December 31, 2012 and March 31, 2012 were $1,231 and $1,610, respectively.

6. SOFTWARE DEVELOPMENT COSTS AND LICENSES

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

	December 31, 2012		March 31, 2012	
	Current	Non-current	Current	Non-current
Software development costs, internally developed	**$ 192,237**	**$ 34,415**	$ 154,557	$ 84,315
Software development costs, externally developed	**3,858**	**36,912**	53,542	14,440
Licenses	**3,718**	**3,000**	3,125	6,000
Software development costs and licenses	**$ 199,813**	**$ 74,327**	$ 211,224	$ 104,755

Software development costs and licenses as of December 31, 2012 and March 31, 2012 included $253,712 and $313,090, respectively, related to titles that have not been released.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	December 31, 2012	March 31, 2012
Software development royalties	**$ 57,077**	$ 31,689
Income tax payable and deferred tax liability	**46,382**	38,490
Licenses	**28,137**	32,706
Compensation and benefits	**25,132**	15,435
Marketing and promotions	**21,626**	9,771
Rent and deferred rent obligations	**6,451**	5,511
Professional fees	**6,324**	4,387
Deferred consideration for acquisitions	**2,498**	1,399
Other	**17,798**	17,380
Accrued expenses and other current liabilities	**$ 211,425**	$ 156,768

8. LONG-TERM DEBT

Credit Agreement

In October 2011, we entered into a Second Amended and Restated Credit Agreement (the "Credit Agreement") which amended and restated our July 2007 Credit Agreement. The Credit Agreement provides for borrowings of up to $100,000, which may be increased by up to $40,000 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 October 17, 2016. Revolving loans under the Credit Agreement bear interest at our election of (a) 1.50% to 2.00% above a certain base rate (4.75% at December 31, 2012), or (b) 2.50% to 3.00% above the LIBOR Rate (approximately 2.71% at December 31, 2012), with themargin 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 0.375% to 0.50% based on availability. We had no outstanding borrowings at December 31, 2012 and March 31, 2012.

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 $25,000.

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

	December 31, 2012	March 31, 2012
Available borrowings	**$ 98,336**	$ 79,069
Outstanding letters of credit	**1,664**	1,664

We recorded interest expense and fees related to the Credit Agreement of $160 and $215 for the three months ended December 31, 2012 and 2011, respectively, and $479 and $1,090 forthe nine months ended December 31, 2012 and 2011, respectively.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

8. LONG-TERM DEBT (Continued)

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 the Company's 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. As of December 31, 2012, we were in compliance with all covenants and requirements outlined in the Credit Agreement.

4.375% Convertible Notes Due 2014

In June 2009, we issued $138,000 aggregate principal amount of 4.375% Convertible Notes due 2014 (the "4.375% Convertible Notes"). The issuance of the 4.375% Convertible Notes included $18,000 related to the exercise of an over-allotment option by the underwriters. Interest on the 4.375% Convertible Notes is payable semi-annually in arrears on June 1st and December 1st of each year, and commenced on December 1, 2009. The 4.375% Convertible Notes mature on June 1, 2014, unless earlier redeemed or repurchased by the Company or converted.

The 4.375% Convertible Notes are convertible at an initial conversion rate of 93.6768 shares of our common stock per $1 principal amount of 4.375% Convertible Notes (representing an initial conversion price of approximately $10.675 per share of common stock for a total of approximately 12,927,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders may convert the 4.375% Convertible Notes at their option prior to the close of business on the business day immediately preceding December 1, 2013 only under the following circumstances: (1) during any fiscal quarter commencing after July 31, 2009, 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 4.375% 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; (3) if we call the 4.375% Convertible Notes for redemption, at any time prior to the close of business on the third scheduled trading day prior to the redemption date; or (4) upon the occurrence of specified corporate events. On and after December 1, 2013 until the close of business on the third scheduled trading day immediately preceding the maturity date, holders may convert their 4.375% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 4.375% Convertible Notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of the Company's common stock.

8. LONG-TERM DEBT (Continued)

At any time on or after June 5, 2012, the Company may redeem all of the outstanding 4.375% Convertible Notes for cash, but only if the last reported sale of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date we provide notice of redemption to holders of the 4.375% Convertible Notes exceeds 150% of the conversion price in effect on each such trading day. The redemption price will equal 100% of the principal amount of the 4.375% Convertible Notes to be redeemed, plus all accrued and unpaid interest (including additional interest, if any) to, but excluding, the redemption date.

Upon the occurrence of certain fundamental changes involving the Company, holders of the 4.375% Convertible Notes may require us to purchase all or a portion of their 4.375% 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 4.375% 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 4.375% 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 4.375% 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 4.375% Convertible Notes will automatically become due and payable immediately. As of December 31, 2012, we were in compliance with all covenants and requirements outlined in the indenture governing the 4.375% Convertible Notes.

The 4.375% Convertible Notes are senior unsecured obligations and rank senior in right of payment to our existing and future indebtedness that may be expressly subordinated in right of payment to the 4.375% Convertible Notes; equal in right of payment to our existing and future indebtedness that is not so subordinated; 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.

In connection with the offering of the 4.375% Convertible Notes, we entered into convertible note hedge transactions which are expected to reduce the potential dilution to our common stock upon conversion of the 4.375% Convertible Notes. The convertible note hedge transactions allow the Company to receive shares of its common stock related to the excess conversion value that it would convey to the holders of the 4.375% Convertible Notes upon conversion. The transactions include options to purchase approximately 12,927,000 shares of common stock at $10.675 per share, expiring on June 1, 2014, for a total cost of approximately $43,600, which was charged to additional paid-in capital.

Separately, the Company entered into a warrant transaction with a strike price of $14.945 per share. The warrants will be net share settled and will cover approximately 12,927,000 shares of the Company's common stock and expire on August 30, 2014, for total proceeds of approximately $26,300, which was credited to additional paid-in capital.

A portion of the net proceeds from the 4.375% Convertible Notes offering was used to pay the net cost of the convertible note hedge transactions (after such cost was partially offset by proceeds from

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

8. LONG-TERM DEBT (Continued)

the sale of the warrants). We recorded approximately $3,410 of banking, legal and accounting fees related to the issuance of the 4.375% Convertible Notes which were capitalized as debt issuance costs and will be amortized to interest and other, net over the term of the 4.375% Convertible Notes.

The following table provides additional information related to our 4.375% Convertible Notes:

	December 31, 2012	March 31, 2012
Additional paid-in capital	**$ 42,018**	$ 42,018
Principal amount of 4.375% Convertible Notes	**$ 138,000**	$ 138,000
Unamortized discount of the liability component	**15,324**	22,369
Net carrying amount of 4.375% Convertible Notes	**$ 122,676**	$ 115,631
Carrying amount of debt issuance costs	**$ 967**	$ 1,479

The following table provides the components of interest expense related to our 4.375% Convertible Notes:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	2011	2012	2011
Cash interest expense (coupon interest expense)	**$ 1,509**	$ 1,509	**$ 4,527**	$ 4,527
Non-cash amortization of discount on 4.375% Convertible Notes	**2,425**	2,131	**7,045**	6,191
Amortization of debt issuance costs	**171**	171	**512**	512
Total interest expense related to 4.375% Convertible Notes	**$ 4,105**	$ 3,811	**$ 12,084**	$ 11,230

1.75% Convertible Notes Due 2016

On November 16, 2011, we issued $250,000 aggregate principal amount of 1.75% Convertible Notes due 2016 (the "1.75% ConvertibleNotes" and together with the 4.375% Convertible Notes, the "Convertible Notes"). Interest on the 1.75% Convertible Notes is payable semi-annually in arrears on June 1st and December 1st of each year, commencing on June 1, 2012. The 1.75% Convertible Notes mature on December 1, 2016, unlessearlier repurchased by the Company or converted. The Company does not have the right to redeem the 1.75% Convertible Notes prior to maturity.

The 1.75% Convertible Notes are convertible at an initial conversion rate of 52.3745 shares of our common stock per $1 principal amount of 1.75% Convertible Notes (representing an initial conversion price of approximately $19.093 per share of common stock for a total of approximately 13,094,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders may convert the 1.75% Convertible Notes at their option prior to the close of business on the business day immediately preceding June 1, 2016 only under the following circumstances: (1) during any fiscal quarter commencing after March 31, 2012, 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

8. LONG-TERM DEBT (Continued)

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 1.75% 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 June 1, 2016 until the close of business on the business day immediately preceding the maturity date, holders may convert their 1.75% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 1.75% Convertible Notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of the Company's common stock.

Upon the occurrence of certain fundamental changes involving the Company, holders of the 1.75% Convertible Notes may require us to purchase all or a portion of their 1.75% 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 1.75% 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 1.75% 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 1.75% 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 1.75% Convertible Notes will automatically become due and payable immediately. As of December 31, 2012, we were in compliance with all covenants and requirements outlined in the indenture governing the 1.75% Convertible Notes.

The 1.75% 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 1.75% 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.

In accounting for the $6,875 of banking, legal and accounting fees related to the issuance of the 1.75% Convertible Notes, we allocated $5,428 to the liability component and $1,447 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 1.75% Convertible Notes, and issuance costs attributable to the equity component were netted with the equity component in additional paid-in capital.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

8. LONG-TERM DEBT (Continued)

The following table provides additional information related to our 1.75% Convertible Notes:

	December 31, 2012	March 31, 2012
Additional paid-in capital	**$ 51,180**	$ 51,180
Principal amount of 1.75% Convertible Notes	**$ 250,000**	$ 250,000
Unamortized discount of the liability component	**42,365**	49,291
Net carrying amount of 1.75% Convertible Notes	**$ 207,635**	$ 200,709
Carrying amount of debt issuance costs	**$ 4,105**	$ 4,979

The following table provides the components of interest expense related to our 1.75% Convertible Notes:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	2011	2012	2011
Cash interest expense (coupon interest expense)	**$ 1,094**	$ 547	**$ 3,282**	$ 547
Non-cash amortization of discount on 1.75% Convertible Notes	**2,347**	1,103	**6,926**	1,103
Amortization of debt issuance costs	**288**	151	**874**	151
Total interest expense related to 1.75% Convertible Notes	**$ 3,729**	$ 1,801	**$ 11,082**	$ 1,801

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

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

The following table sets forth the computation of basic and diluted EPS (shares in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	**2011**	**2012**	**2011**
Computation of Basic EPS:				
Net income (loss)	**$ 71,365**	$ 14,104	**$ (51,964)**	$ (41,980)
Less: net income allocated to participating securities	**(5,808)**	(939)	**—**	—
Net income (loss) for basic EPS calculation	**$ 65,557**	$ 13,165	**$ (51,964)**	$ (41,980)
Total weighted average shares outstanding—basic	**93,338**	89,523	**85,382**	83,003
Less: weighted average participating shares outstanding	**(7,596)**	(5,958)	**—**	—
Weighted average common shares outstanding—basic	**85,742**	83,565	**85,382**	83,003
Basic EPS	**$ 0.76**	$ 0.16	**$ (0.61)**	$ (0.51)
Computation of Diluted EPS:				
Net income (loss)	**$ 71,365**	$ 14,104	**$ (51,964)**	$ (41,980)
Less: net income allocated to participating securities	**(5,808)**	(939)	**—**	—
Add: interest expense, net of tax, on Convertible Notes	**7,834**	—	**—**	—
Net income (loss) for diluted EPS calculation	**$ 73,391**	$ 13,165	**$ (51,964)**	$ (41,980)
Weighted average common shares outstanding—basic	**85,742**	83,565	**85,382**	83,003
Add: dilutive effect of common stock equivalents	**26,021**	—	**—**	—
Weighted average common shares outstanding—diluted	**111,763**	83,565	**85,382**	83,003
Diluted EPS	**$ 0.66**	$ 0.16	**$ (0.61)**	$ (0.51)

The Company incurred a net loss for the nine months ended December 31, 2012 and 2011; therefore, the basic and diluted weighted average shares outstanding exclude the impact of unvested share-based awards that are considered participating restricted stock and all common stock equivalents because their impact would be antidilutive.

Our unvested restricted stock rights (including restricted stock units, time-based and market-based restricted stock awards) are considered participating restricted stock 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 shown above excludes the income attributable to the unvested restricted stock rights from the numerator and excludes the dilutive impact of those awards from the denominator. For the nine months ended December 31, 2012 and 2011, we had approximately 7,754,000 and 6,225,000, respectively, of unvested share-based awards that are considered participating restricted stock which are excluded due to the net loss for those periods.

The Company defines common stock equivalents as unexercised stock options, common stock equivalents underlying the Convertible Notes (see Note 8) and warrants outstanding during the period. Common stock equivalents are measured using the treasury stock method, except for the Convertible

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

9. EARNINGS (LOSS) PER SHARE ("EPS") (Continued)

Notes, which are assessed for their impact 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.

In connection with the issuance of our 4.375% Convertible Notes in June 2009, the Company purchased convertible note hedges (see Note 8) which were excluded from the calculation of diluted EPS because their impact is always considered antidilutive since the call option would be exercised by the Company when the exercise price is lower than the market price. Also in connection with the issuance of our 4.375% Convertible Notes, the Company entered into warrant transactions (see Note 8).

Other common stock equivalents excluded from the diluted EPS calculation were unexercised stock option awards of approximately 2,009,000 and 2,293,000 for the nine months ended December 31, 2012 and 2011, respectively, because their effect would be antidilutive. For the three months ended December 31, 2012 and 2011, the Company excluded from its diluted EPScalculation approximately 2,009,000 and 2,293,000, respectively, of common stock equivalents which were antidilutive because the common stock equivalents' exercise prices exceeded the average fair market value of the Company's common stock.

For the three and nine months ended December 31, 2012, we issued approximately 1,652,000 and 4,490,000 shares, respectively, of common stock in connection with restricted stock awards. During the three and nine months ended December 31, 2012, we canceled approximately 78,000 and 1,076,000 shares, respectively, of unvested restricted stock awards.

10. SEGMENT AND GEOGRAPHIC INFORMATION

We operate in one reportable segment in which we are a publisher of interactive software games designed for console systems, handheld gaming systems and personal computers, including smart phones and tablets, and are delivered through physical retail, digital download, online platforms and cloud streaming services. Our reporting segment is based upon our internal organizational structure, the manner in which our operations are managed and the criteria used by our Chief Executive Officer, our chief operating decision maker ("CODM") to evaluate performance. The Company's operations involve similar products and customers worldwide. We are centrally managed and the CODM primarily uses consolidated financial information supplemented by sales information by product category, major product title and platform to make operational decisions and assess financial performance. Our business consists of our Rockstar Games and 2K labels which have been aggregated into a single reportable segment (the "publishing segment") based upon their similar economic characteristics, products and distribution methods. Revenue earned from our publishing segment is primarily derived from the sale of internally developed software titles and software titles developed on our behalf by third-parties.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

10. SEGMENT AND GEOGRAPHIC INFORMATION (Continued)

We attribute net revenue to geographic regions based on product destination. Net revenue by geographic region was as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
Net revenue by geographic region:	**2012**	**2011**	**2012**	**2011**
United States	**$ 271,555**	$ 153,768	**$ 530,642**	$ 354,547
Europe	**87,788**	50,391	**243,600**	212,114
Canada and Latin America	**26,018**	13,985	**70,878**	53,880
Asia Pacific	**30,412**	18,181	**69,876**	57,198
Total net revenue	**$ 415,773**	$ 236,325	**$ 914,996**	$ 677,739

Net revenue by product platform was as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
Net revenue by product platform:	**2012**	**2011**	**2012**	**2011**
Microsoft Xbox 360	**$ 178,527**	$ 91,190	**$ 402,031**	$ 296,519
Sony PlayStation 3	**140,377**	91,147	**315,315**	259,787
PC and other	**73,559**	26,773	**160,145**	69,010
Nintendo Wii	**8,769**	10,167	**11,394**	15,729
Sony PSP	**4,560**	6,555	**9,967**	13,528
Nintendo DS	**5,263**	6,459	**8,421**	13,187
Sony PlayStation 2	**4,718**	4,034	**7,723**	9,979
Total net revenue	**$ 415,773**	$ 236,325	**$ 914,996**	$ 677,739

11. COMMITMENTS AND CONTINGENCIES

At December 31, 2012, we did not have any significant changes to our commitments since March 31, 2012. See Note 13 of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended March 31, 2012 for more information regarding our commitments.

Income Taxes

Based on the progress and possible settlement of certain audits, we believe it is reasonably possible that our liability for gross unrecognized tax benefits will decrease by approximately $5,330 during the next 12 months. See Note 13 of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended March 31, 2012 for more information regarding our gross unrecognized tax benefits.

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

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

11. COMMITMENTS AND CONTINGENCIES (Continued)

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.

12. SUBSEQUENT EVENT

In January 2013, our board of directors authorized the repurchase of up to 7,500,000 shares of our common stock. The authorization permits the Company 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. It does not obligate the Company to make any purchases at any specific time or situation. Repurchases are subject to the availability of stock, prevailing market conditions, the trading price of the stock, the Company's financial performance and other conditions. The program may be suspended or discontinued at any time for any reason.

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," "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, 2012, in the section entitled "Risk Factors," and the Company's other periodic filings with the SEC. 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 Unaudited 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, 2012.

Overview

Our Business

We are a leading developer, marketer and publisher of interactive entertainment for consumers around the globe. We develop and publish products through our two wholly-owned labels Rockstar Games and 2K, which publishes its titles under the 2K Games, 2K Sports and 2K Play brands. Our products are designed for console gaming systems such as Sony's PlayStation®3 ("PS3") and PlayStation®2 ("PS2"), Microsoft's Xbox 360® ("Xbox 360") and Nintendo's Wii ("Wii") and Wii U ("Wii U"); handheld gaming systems such as Nintendo's DS ("DS"), Nintendo's 3DS ("3DS") and Sony's PlayStation Portable ("PSP"); and personal computers, 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 add-on content. 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, racing, role-playing, 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 all platforms and through all 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 for our benefit. Operating margins are dependent in part upon our ability to continually release new, commercially successful software products and to effectively manage their development costs. We have internal development studios located in Australia, Canada, China, Czech Republic, 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 create groundbreaking entertainment by leveraging our existing titles as well as 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 125 million units. Rockstar continues to expand on our established franchises by developing sequels, offering downloadable episodes and content, and releasing titles for smartphones and tablets such as *Grand Theft Auto III — 10th Anniversary Edition*, *Max Payne Mobile*, and *Grand Theft Auto: Vice City 10th Anniversary Edition*. In May 2011, Rockstar released the commercially successful and critically acclaimed *L.A. Noire*, which became the first video game ever chosen as an official selection of the Tribeca Film Festival and has become another key franchise for the Company. Rockstar is also well known for developing brands in other genres, including the *Bully* and *Manhunt* franchises.

2K Games has published a variety of popular entertainment properties across multiple genres and platforms and we expect 2K Games to continue to develop new and successful franchises in the future. 2K Games' internally owned and developed franchises include the critically acclaimed, multi-million unit selling *BioShock*, *Mafia*, and *Sid Meier's Civilization* series. 2K Games has also published titles that were externally developed, such as *Borderlands*, which has become a key franchise for 2K Games since its release in October 2009. 2K Games successfully launched *Borderlands 2* in September 2012 and is supporting the title with four add-on content campaigns.

2K Sports publishes realistic sports simulation titles, including our flagship *NBA 2K* series, which has been the top-ranked NBA basketball video game for 12 years running, the *Major League Baseball 2K* series, and our *Top Spin* tennis series. We develop most of our 2K Sports software titles through our internal development studios. 2K Sports has secured long-term licensing agreements with the National Basketball Association ("NBA"). On January 9, 2013, 2K Sports announced that it had reached an agreement with Major League Baseball, the Major League Baseball Players Association, and Major League Baseball Advanced Media to release *Major League Baseball 2K13*, the next iteration of the popular *MLB 2K* franchise.

2K Play focuses on developing and publishing titles for the casual and family-friendly games market. 2K Play titles are developed by both internal development studios and third-party developers. Internally developed titles include *Carnival Games* and *Let's Cheer!*. 2K Play also has an agreement with Nickelodeon to publish video games based on its top rated Nick Jr. titles such as *Dora the Explorer*; *Go, Diego, Go!*; *Ni Hao, Kai-lan* and *The Backyardigans.* Throughout the summer and fall of 2012, 2K Play released a new slate of mobile games, including *Comedy Central's Indecision Game*—our first mobile social game; *House Pest Starring Fiasco the Cat*, *Gridblock* and *Herd, Herd, Herd.* We expect family-oriented gaming to continue to be a component of our business in the future.

We also have expansion initiatives in the rapidly growing Asia markets, where our strategy is to broaden the distribution of our existing products, expand our business in Japan, and establish an online gaming presence, especially in China and Korea. 2K Sports 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. On October 24, 2012, *NBA 2K Online*, the free-to-play NBA simulation game co-developed by 2K Sports and Tencent, launched commercially on the Tencent Games portal in China.

In addition, during the summer of 2012, 2K Games released our first mobile social game for Japan, *NBA 2K All Stars* on GREE.

Discontinued operations

In February 2010, we completed the sale to SYNNEX Corporation ("Synnex") of our Jack of All Games third-party distribution business, which primarily distributed third-party interactive entertainment software, hardware and accessories in North America for approximately $44.0 million, including $37.3 million in cash, subject to purchase price adjustments, and up to an additional $6.7 million, subject to the achievement of certain items, which were not met. In April 2011, we settled on the purchase price adjustments and as a result the purchase price was lowered by $1.5 million. Consequently, the net purchase price after the settlement was $35.8 million. The financial information of our distribution business has been classified as discontinued operations in the Unaudited Condensed Consolidated Financial Statements for all of the periods presented. See Note 2 to our Unaudited Condensed Consolidated Financial Statements for additional information regarding discontinued operations.

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 substantial portion of our revenue. Sales of *Grand Theft Auto* products generated approximately 10.9% of the Company's net revenue for the nine months ended December 31, 2012. The timing of our *Grand Theft Auto* releases varies significantly, which in turn may impact 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 who account for a significant portion of our revenue. Our five largest customers accounted for approximately 51.0% and 40.3% of net revenue for the nine months ended December 31, 2012 and 2011, respectively. As of December 31, 2012 and March 31, 2012, amounts due from our five largest customers comprised approximately 57.8% and 61.3% of our gross accounts receivable balance, respectively, with our significant customers (those that individually comprised more than 10% of our gross accounts receivable balance) accounting for approximately 32.3% and 40.6% of such balance at December 31, 2012 and March 31, 2012, respectively. 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. The majority of our products are made for the hardware platforms developed by three companies—Sony, Microsoft and Nintendo. Note 10 to our Unaudited Condensed Consolidated Financial Statements, "Segment and Geographic Information," discloses that Sony, Microsoft and Nintendo hardware platforms comprised approximately 82.5% of the Company's net revenue by product platform for the nine months ended December 31, 2012. The success of our business is dependent upon the consumer acceptance of these platforms and the continued growth in the installed base of these platforms. When new hardware platforms are introduced, demand for software based on older platforms declines, which may negatively affect our business. Additionally, our development costs are generally higher for titles based on new platforms, and we have limited ability to predict the consumer acceptance of new platforms, which may affect our sales and profitability. As a result, 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 mobile 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 services. A number of our titles that are available through retailers as packaged goods products are also available through direct digital download on the Internet (from websites we own and others owned by third-parties). We also offer downloadable add-on content for our packaged goods titles. In addition, we are publishing an expanding variety of titles for tablets and smartphones, which are delivered to consumers through digital download through the Internet. We expect online delivery of games and game services to become an increasing part of our business over the long-term.

Product Releases

We released the following key titles during the nine months ended December 31, 2012:

Title	Publishing Label	Internal or External Development	Platform(s)	Date Released
Max Payne 3	Rockstar Games	Internal	PS3, Xbox 360	May 15, 2012
Max Payne 3	Rockstar Games	Internal	PC	June 1, 2012
Spec Ops: The Line	2K Games	External	PS3, Xbox 360, PC	June 26, 2012
Borderlands™ 2	2K Games	External	PS3, Xbox 360, PC	September 18, 2012
NBA® 2K13	2K Sports	Internal	PS3, PSP, Xbox 360, Wii, PC	October 2, 2012
XCOM: Enemy Unknown	2K Games	Internal	PS3, Xbox 360, PC	October 9, 2012
NBA® 2K13	2K Sports	Internal	Wii U	November 19, 2012

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
Major League Baseball 2K13	2K Sports	Internal	PS3, Xbox 360	March 5, 2013
BioShock® Infinite	2K Games	Internal	PS3, Xbox 360, PC	March 26, 2013
Grand Theft Auto V	Rockstar Games	Internal	PS3, Xbox 360	September 17, 2013
XCOM®	2K Games	Internal	PS3, Xbox 360, PC	Fiscal year 2014

Critical Accounting Policies and Estimates

Our most critical accounting policies, which are those that require significant judgment, include: revenue recognition; allowances for returns, price concessions and other allowances; capitalization and recognition of software development costs and licenses; fair value estimates including inventory obsolescence, 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, 2012.

Recently Issued Accounting Pronouncements

Comprehensive Income

On April 1, 2012, the Company adopted new guidance related to the presentation of comprehensive income. The main provisions of the new guidance provide that an entity that reports items of other comprehensive income has the option to present comprehensive income as (i) a single statement that presents the components of net income and total net income, the components of other comprehensive income and total other comprehensive income and a total for comprehensive income or (ii) in two separate but consecutive statements, whereby an entity must present the components of net income and total net income in the first statement and that statement is immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income and a total for comprehensive income. The new rules eliminate the option to present the components of other comprehensive income as part of the statement of stockholders' equity. These new rules are to be applied retrospectively and become effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2011 (April 1, 2012 for the Company), with early adoption permitted. The adoption of this new guidance did not have a material impact on our Unaudited Condensed Consolidated Financial Statements.

Results of Operations

Consolidated operating results, net revenue by geographic region and net revenue by platform as a percentage of net revenue are as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	**2011**	**2012**	**2011**
Net revenue	**100.0%**	100.0%	**100.0%**	100.0%
Cost of goods sold	**52.0%**	53.5%	**61.4%**	60.8%
Gross profit	**48.0%**	46.5%	**38.6%**	39.2%
Selling and marketing	**14.6%**	17.0%	**22.5%**	21.2%
General and administrative	**7.9%**	12.6%	**11.7%**	12.7%
Research and development	**5.4%**	7.1%	**6.2%**	7.3%
Depreciation and amortization	**0.6%**	1.2%	**0.8%**	1.4%
Total operating expenses	**28.5%**	37.9%	**41.2%**	42.6%
Income (loss) from operations	**19.5%**	8.6%	**(2.6)%**	(3.4)%
Interest and other, net	**(2.0)%**	(2.7)%	**(2.6)%**	(2.1)%
Income (loss) from continuing operations before income taxes	**17.5%**	5.9%	**(5.2)%**	(5.5)%
Provision (benefit) for income taxes	**0.5%**	(0.1)%	**0.5%**	0.7%
Income (loss) from continuing operations	**17.0%**	6.0%	**(5.7)%**	(6.2)%
Income (loss) from discontinued operations, net of taxes	**0.2%**	0.0%	**0.0%**	0.0%
Net income (loss)	**17.2%**	6.0%	**(5.7)%**	(6.2)%
Net revenue by geographic region:				
United States	**65.3%**	65.1%	**58.0%**	52.3%
International	**34.7%**	34.9%	**42.0%**	47.7%
Net revenue by platform:				
Console	**79.9%**	83.2%	**80.5%**	85.9%
PC and other	**17.7%**	11.3%	**17.5%**	10.2%
Handheld	**2.4%**	5.5%	**2.0%**	3.9%

Three Months Ended December 31, 2012 Compared to December 31, 2011

(thousands of dollars)	2012	%	2011	%	Increase/ (decrease)	% Increase/ (decrease)
Net revenue	**$415,773**	**100.0%**	$236,325	100.0%	$179,448	75.9%
Product costs	**99,020**	**23.8%**	68,803	29.1%	30,217	43.9%
Software development costs and royalties(1)	**77,641**	**18.7%**	27,236	11.5%	50,405	185.1%
Licenses	**31,735**	**7.6%**	20,521	8.7%	11,214	54.6%
Internal royalties	**7,903**	**1.9%**	9,907	4.2%	(2,004)	(20.2)%
Cost of goods sold	**216,299**	**52.0%**	126,467	53.5%	89,832	71.0%
Gross profit	**$199,474**	**48.0%**	$109,858	46.5%	$ 89,616	81.6%

(1) Includes $1,790 and $794 of stock-based compensation expense in 2012 and 2011, respectively.

Net revenue increased $179.4 million for the three months ended December 31, 2012 as compared to the prior year. This increase is primarily driven by $163.4 million in net revenue from the current fiscal year's releases mainly *Borderlands 2* in September 2012 and *XCOM: Enemy Unknown* in October 2012 and higher sales of our *NBA 2K* franchise, as well as approximately $12.7 million in higher sales of our *Grand Theft Auto* franchise.

Net revenue on consoles accounted for 79.9% of our total net revenue for the three months ended December 31, 2012 as compared to 83.2% for the prior year primarily due to the increased proportion of total net revenue on PC and other platforms. PC and other sales increased to 17.7% of our total net revenue for the three months ended December 31, 2012 as compared to 11.3% for the prior year primarily due to an increase in net revenue resulting from the October 2012 release of *XCOM: Enemy Unknown* with proportionally higher PC sales and the September 2012 PC release of *Borderlands 2*, partially offset by a decrease in net revenue from the November 2011 PC release of *L.A. Noire: The Complete Edition*. Handheld sales accounted for 2.4% of our total net revenue for the three months ended December 31, 2012 as compared to 5.5% for the prior year primarily due to the increased proportion of total net revenue on PC and other platforms.

Gross profit as a percentage of net revenue for the three months ended December 31, 2012 was 48.0% as compared to 46.5% for the prior year. The increase was primarily due to improved pricing mix from the releases of *Borderlands 2* in September 2012 and *XCOM: Enemy Unknown* in October 2012 as well as from our *NBA 2K* franchise, partially offset by higher software development costs and royalties primarily associated with the September 2012 release of *Borderlands 2*, the October 2012 release of *XCOM: Enemy Unknown* and the May 2012 release of *Max Payne 3*.

Net revenue earned outside of the United States accounted for 34.7% of our total net revenue for the three months ended December 31, 2012 which was in line with 34.9% in the prior year. Foreign currency exchange rates decreased net revenue and gross profit by $0.8 million for the three months ended December 31, 2012 as compared to the prior year.

Operating Expenses

(thousands of dollars)	2012	% of net revenue	2011	% of net revenue	Increase/ (decrease)	% Increase/ (decrease)
Selling and marketing	**$ 60,724**	**14.6%**	$40,228	17.0%	$ 20,496	50.9%
General and administrative	**32,880**	**7.9%**	29,705	12.6%	3,175	10.7%
Research and development	**22,369**	**5.4%**	16,823	7.1%	5,546	33.0%
Depreciation and amortization	**2,509**	**0.6%**	2,854	1.2%	(345)	(12.1)%
Total operating expenses(1)	**$118,482**	**28.5%**	$89,610	37.9%	$ 28,872	32.2%

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

	2012	2011
Selling and marketing	**$ 1,701**	$ 1,336
General and administrative	**$ 4,324**	$ 7,828
Research and development	**$ 866**	$ 845

Foreign currency exchange rates decreased total operating expenses by $0.2 million for the three months ended December 31, 2012 as compared to the prior year.

Selling and marketing

Selling and marketing expenses increased $20.5 million for the three months ended December 31, 2012, as compared to the prior year primarily due to a $14.9 million increase in advertising expenses incurred primarily for the upcoming releases of *Grand Theft Auto V* and *BioShock Infinite,* the October 2012 release of *XCOM: Enemy Unknown, Borderlands 2* and for our *NBA 2K* franchise, as compared to advertising expenses incurred in the prior year primarily for *Max Payne 3* and *Spec Ops: The Line*. Also contributing to the increase in selling and marketing expenses is a $4.0 million increase in personnel costs primarily due to higher performance-based incentive compensation as a result of the Company's performance.

General and administrative

General and administrative expenses increased $3.2 million for the three months ended December 31, 2012, as compared to the prior year primarily due to an increase of $5.0 million for personnel costs and an increase of $2.7 million for consulting expenses, primarily due to higher performance-based incentive compensation as a result of the Company's performance. Partially offsetting the increase in general and administrative expenses is a decrease of $4.5 million in stock-based compensation expense for stock-based awards granted to ZelnickMedia, primarily reflecting the Company's relative stock price performance (see Note 3 to our Unaudited Condensed Consolidated Financial Statements for additional information).

General and administrative expenses for the three months ended December 31, 2012 and 2011 include occupancy expense (primarily rent, utilities and office expenses) of $4.0 million and $3.6 million, respectively, related to our development studios.

Research and development

Research and development expenses increased $5.5 million for the three months ended December 31, 2012 as compared to the prior year primarily due to a $5.0 million increase in personnel-related costs primarily due to increased headcount and higher performance-based incentive compensation as a result of the Company's performance.

Interest and other, net

Interest and other, net was an expense of $8.1 million for the three months ended December 31, 2012, as compared to an expense of $6.2 million for the three months ended December 31, 2011, primarily due to interest expense associated with the November 2011 issuance of the 1.75% Convertible Notes.

Provision (Benefit) for income taxes

For the three months ended December 31, 2012, income tax expense was $2.0 million, as compared to income tax benefit of $0.1 million for the three months ended December 31, 2011. The increase was primarily attributable to discrete tax benefits related to the resolution of certain foreign tax examinations during the three months ended December 31, 2011 as well as higher earnings subject to tax in foreign jurisdictions during the three months ended December 31, 2012.

Our effective tax rate differed from the federal statutory rate primarily due to changes in valuation allowances and changes in gross unrecognized tax benefits during the periods.

We are regularly audited by domestic and foreign taxing authorities. Audits may result in tax assessments in excess of amounts claimed and the payment of additional taxes. We believe that our tax positions comply with applicable tax law, and that we have adequately provided for reasonably foreseeable tax assessments.

Net income and earnings per share

For the three months ended December 31, 2012, our net income was $71.4 million, as compared to net income of $14.1 million in the prior year. Earnings per share for the three months ended December 31, 2012 was $0.76 for basic and $0.66 for diluted earnings as compared to earnings per share of $0.16 for basic and diluted earnings for the three months ended December 31, 2011. Basic weighted average shares outstanding increased compared to the prior year period primarily due to the vesting of restricted stock awards over the last twelve months. Diluted weighted average shares outstanding increased compared to the prior year period primarily due to the inclusion of common stock equivalents underlying the 4.375% Convertible Notes and the 1.75% Convertible Notes. See Note 9 to our Unaudited Condensed Consolidated Financial Statements for additional information regarding earnings per share.

Nine Months Ended December 31, 2012 Compared to December 31, 2011

(thousands of dollars)	2012	%	2011	%	Increase/ (decrease)	% Increase/ (decrease)
Net revenue	**$914,996**	**100.0%**	$ 677,739	100.0%	$ 237,257	35.0%
Software development costs and royalties(1)	**260,180**	**28.4%**	129,086	19.0%	131,094	101.6%
Product costs	**244,593**	**26.7%**	207,391	30.6%	37,202	17.9%
Licenses	**47,483**	**5.2%**	42,914	6.3%	4,569	10.6%
Internal royalties	**9,261**	**1.1%**	32,998	4.9%	(23,737)	(71.9)%
Cost of goods sold	**561,517**	**61.4%**	412,389	60.8%	149,128	36.2%
Gross profit	**$353,479**	**38.6%**	$ 265,350	39.2%	$ 88,129	33.2%

(1) Includes $8,034 and $4,379 of stock-based compensation expense in 2012 and 2011, respectively.

Net revenue increased $237.3 million for the nine months ended December 31, 2012 as compared to the prior year. This increase is primarily driven by $497.9 million in net revenue from the current fiscal year's releases mainly *Borderlands 2* in September 2012, *Max Payne 3* in May 2012, *XCOM: Enemy Unknown* in October 2012 and *Spec Ops: The Line* in June 2012 and higher sales of our *NBA 2K* franchise, as well as approximately $15.6 million in higher sales of our *Grand Theft Auto* franchise. These increases were partially offset by $248.2 million in lower sales of the previous fiscal year's releases mainly *L.A. Noire*, which released in May 2011, and *Duke Nukem Forever*, which released in June 2011.

Net revenue on consoles decreased to 80.5% of our total net revenue for the nine months ended December 31, 2012 as compared to 85.9% for the same period in the prior year primarily due to the increased proportion of total net revenue on PC and other platforms. PC and other sales increased to 17.5% of our total net revenue for the nine months ended December 31, 2012 as compared to 10.2% for the prior year primarily due to an increase in net revenue resulting from the September 2012 PC release of *Borderlands 2,* the October 2012 release of *XCOM: Enemy Unknown* with proportionally higher PC sales and the June 2012 PC releases of *Max Payne 3* and *Sid Meier's Civilization® V: Gods & Kings*, partially offset by the decrease in net revenue from the June 2011 release of *Duke Nukem Forever* on the PC. Handheld sales accounted for 2.0% of our total net revenue for the nine months ended December 31, 2012 as compared to 3.9% for the prior year primarily due to the increased proportion of total net revenue on PC and other platforms.

Gross profit as a percentage of net revenue for the nine months ended December 31, 2012 was 38.6% as compared to 39.2% for the prior year. The decrease was primarily due to higher software development costs and royalties primarily associated with the September 2012 release of *Borderlands 2*, the May 2012 release of *Max Payne 3*, the October 2012 release of *XCOM: Enemy Unknown* and the June 2012 release of *Spec Ops: The Line*. Partially offsetting the decrease in gross profit was improved pricing mix from the releases of *Borderlands 2* in September 2012 and *XCOM: Enemy Unknown* in October 2012 and lower internal royalty expense, which was primarily due to higher income generated in the prior year from the May 2011 release of *L.A. Noire*.

Net revenue earned outside of the United States accounted for 42.0% of our total net revenue for the nine months ended December 31, 2012 as compared to 47.7% in the prior year. The year-over-year decrease as a percentage of net revenue earned outside of the United States was primarily due to the September 2012 global release of *Borderlands 2* which had proportionally higher net revenue in the United States. Foreign currency exchange rates decreased net revenue and gross profit by $9.6 million and $4.8 million, respectively, for the nine months ended December 31, 2012 as compared to the prior year.

Operating Expenses

(thousands of dollars)	2012	% of net revenue	2011	% of net revenue	Increase/ (decrease)	% Increase/ (decrease)
Selling and marketing	**$205,582**	**22.5%**	$143,684	21.2%	$61,898	43.1%
General and administrative	**106,891**	**11.7%**	86,067	12.7%	20,824	24.2%
Research and development	**57,001**	**6.2%**	49,340	7.3%	7,661	15.5%
Depreciation and amortization	**7,828**	**0.8%**	9,383	1.4%	(1,555)	(16.6)%
Total operating expenses(1)	**$377,302**	**41.2%**	$288,474	42.6%	$88,828	30.8%

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

	2012	2011
Selling and marketing	**$ 4,234**	$ 4,016
General and administrative	**$ 8,723**	$ 12,099
Research and development	**$ 1,787**	$ 2,969

Foreign currency exchange rates decreased total operating expenses by $3.8 million for the nine months ended December 31, 2012 as compared to the prior year.

Selling and marketing

Selling and marketing expenses increased $61.9 million for the nine months ended December 31, 2012, as compared to the prior year primarily due to a $54.0 million increase in advertising expenses primarily incurred for the releases of *Borderlands 2* in September 2012, *Max Payne 3* in May 2012, *Spec Ops: The Line* in June 2012 and *XCOM: Enemy Unknown* in October 2012, as compared to advertising expenses incurred in the prior year for the releases of *L.A. Noire* in May 2011 and *Duke Nukem Forever* in June 2011. Also contributing to the increase in selling and marketing expenses is a $5.7 million increase in personnel costs primarily due to higher performance-based incentive compensation as a result of the Company's performance.

General and administrative

General and administrative expenses increased $20.8 million for the nine months ended December 31, 2012, as compared to the prior year primarily due to a $15.0 million contractual provision that was triggered in June 2012, an increase of $6.2 million for personnel costs and an increase of $2.8 million for consulting expenses, primarily due to higher performance-based incentive compensation as a result of the Company's performance. Partially offsetting the increase in general and administrative expenses is a decrease of $4.1 million in stock-based compensation expense for stock-based awards granted to ZelnickMedia, primarily reflecting the Company's relative stock price performance (see Note 3 to our Unaudited Condensed Consolidated Financial Statements for additional information).

General and administrative expenses for the nine months ended December 31, 2012 and 2011 include occupancy expense (primarily rent, utilities and office expenses) of $11.8 million and $11.3 million, respectively, related to our development studios.

Research and development

Research and development expenses increased $7.7 million for the nine months ended December 31, 2012 as compared to the prior year primarily due to an $7.9 million increase in personnel-related costs primarily due to increased headcount and higher performance-based incentive compensation as a result of the Company's performance.

Interest and other, net

Interest and other, net was an expense of $23.6 million for the nine months ended December 31, 2012, as compared to an expense of $14.2 million for the nine months ended December 31, 2011, primarily due to interest expense associated with the November 2011 issuance of the 1.75% Convertible Notes.

Provision for income taxes

For the nine months ended December 31, 2012, income tax expense was $4.9 million, as compared to income tax expense of $4.4 million for the nine months ended December 31, 2011. The increase was primarily attributable to discrete tax benefits related to the resolution of certain foreign tax examinations during the nine months ended December 31, 2011 and an increase in state taxes during the nine months ended December 31, 2012, partially offset by lower income and tax rates in foreign jurisdictions during the nine months ended December 31, 2012.

Our effective tax rate differed from the federal statutory rate primarily due to changes in valuation allowances and changes in gross unrecognized tax benefits during the periods.

We are generally no longer subject to audit for U.S. federal income tax returns for periods prior to our fiscal year ended October 31, 2010 and state income tax returns for periods prior to fiscal year ended October 31, 2004. With few exceptions, we are no longer subject to income tax examinations in non-U.S. jurisdictions for years prior to fiscal year ended October 31, 2005. U.S. federal taxing authorities have completed their audit of fiscal years ending October 31, 2008 and 2009. Certain U.S. state taxing authorities are currently examining our income tax returns from fiscal years ended October 31, 2004 through October 31, 2009. In addition, tax authorities in certain non-U.S. jurisdictions are currently examining our income tax returns. Based on the progress and possible settlement of certain audits, we believe it is reasonably possible that our liability for gross unrecognized tax benefits will decrease by approximately $5.3 million during the next 12 months.

We are regularly audited by domestic and foreign taxing authorities. Audits may result in tax assessments in excess of amounts claimed and the payment of additional taxes. We believe that our tax positions comply with applicable tax law, and that we have adequately provided for reasonably foreseeable tax assessments.

Net loss and net loss per share

For the nine months ended December 31, 2012, our net loss was $52.0 million, as compared to a net loss of $42.0 million in the prior year. Net loss per share for the nine months ended December 31, 2012 was $0.61 as compared to a net loss per share of $0.51 for the nine months ended December 31, 2011. Basic and diluted weighted average shares outstanding increased compared to the prior year period primarily due to the vesting of restricted stock awards over the last twelve months. See Note 9 to our Unaudited Condensed Consolidated Financial Statements for additional information regarding net loss 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 funds provided by our operating activities, our Credit Agreement and our Convertible Notes to satisfy our working capital needs.

Credit Agreement

In October 2011, we entered into a Second Amended and Restated Credit Agreement (the "Credit Agreement") which amended and restated our July 2007 Credit Agreement. The Credit Agreement provides for borrowings of up to $100.0 million, which may be increased by up to $40.0 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 October 17, 2016. Revolving loans under the Credit Agreement bear interest at our election of (a) 1.50% to 2.00% above a certain base rate (4.75% at December 31, 2012), or (b) 2.50% to 3.00% above the LIBOR Rate (approximately 2.71% at December 31, 2012), 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 0.375% to 0.50% based on availability.

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 $25.0 million.

As of December 31, 2012, there was $98.3 million available to borrow under the Credit Agreement. At December 31, 2012, we had no outstanding borrowings under the Credit Agreement and $1.7 million of letters of credit outstanding.

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 the Company's 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. As of December 31, 2012, we were in compliance with all covenants and requirements outlined in the Credit Agreement.

4.375% Convertible Notes Due 2014

In June 2009, we issued $138.0 million aggregate principal amount of 4.375% Convertible Notes due 2014 (the "4.375% Convertible Notes"). Interest on the 4.375% Convertible Notes is payable semi-annually in arrears on June 1st and December 1st of each year, and commenced on December 1, 2009. The 4.375% Convertible Notes mature on June 1, 2014, unless earlier redeemed or repurchased by the Company or converted.

The 4.375% Convertible Notes are convertible at an initial conversion rate of 93.6768 shares of our common stock per $1,000 principal amount of 4.375% Convertible Notes (representing an initial conversion price of approximately $10.675 per share of common stock for a total of approximately 12,927,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders may convert the 4.375% Convertible Notes at their option prior to the close of business on the business day immediately preceding December 1, 2013 only under the following circumstances: (1) during any fiscal quarter commencing after July 31, 2009, 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 $1,000 principal amount of 4.375% 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; (3) if we call the 4.375% Convertible Notes for redemption, at any time prior to the close of business on the third scheduled trading day prior to the redemption date; or (4) upon the occurrence of specified corporate events. On and after December 1, 2013 until the close of business on the third scheduled trading day immediately preceding the maturity date, holders may convert their 4.375% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 4.375% 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.

At any time on or after June 5, 2012, the Company may redeem all of the outstanding 4.375% Convertible Notes for cash, but only if the last reported sale of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date we provide notice of redemption to holders of the 4.375% Convertible Notes exceeds 150% of the conversion price in effect on each such trading day. The redemption price will equal 100% of the principal amount of the 4.375% Convertible Notes to be redeemed, plus all accrued and unpaid interest (including additional interest, if any) to, but excluding, the redemption date.

The indenture governing the 4.375% Convertible Notes contains customary terms and covenants and events of default. As of December 31, 2012, we were in compliance with all covenants and requirements outlined in the indenture governing the 4.375% Convertible Notes.

1.75% Convertible Notes Due 2016

On November 16, 2011, we issued $250.0 million aggregate principal amount of 1.75% Convertible Notes due 2016 (the "1.75%Convertible Notes" and together with the 4.375% Convertible Notes, the "Convertible Notes"). Interest on the 1.75% Convertible Notes is payable semi-annually in arrears on June 1st and December 1st of each year, commencing on June 1, 2012. The 1.75% Convertible Notes mature on December 1, 2016, unless earlier repurchased by the Company or converted. The Company does not have the right to redeem the 1.75% Convertible Notes prior to maturity.

The 1.75% Convertible Notes are convertible at an initial conversion rate of 52.3745 shares of our common stock per $1,000 principal amount of 1.75% Convertible Notes (representing an initial conversion price of approximately $19.093 per share of common stock for a total of approximately 13,094,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders may convert the 1.75% Convertible Notes at their option prior to the close of business on the business day immediately preceding June 1, 2016 only under the following circumstances: (1) during any fiscal quarter commencing after March 31, 2012, 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 $1,000 principal amount of 1.75% 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 June 1, 2016 until the close of business on the business day immediately preceding the maturity date, holders may convert their 1.75% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 1.75% Convertible Notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of the Company's common stock.

The indenture governing the 1.75% Convertible Notes contains customary terms and covenants and events of default. As of December 31, 2012, we were in compliance with all covenants and requirements outlined in the indenture governing the 1.75% Convertible Notes.

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 approximately 51.0% and 40.3% of net revenue for the nine months ended December 31, 2012 and 2011, respectively. As of December 31, 2012 and March 31, 2012, amounts due from our five largest customers comprised approximately 57.8% and 61.3% of our gross accounts receivable balance, respectively, with our significant customers (those that individually comprised more than 10% of our gross accounts receivable balance) accounting for approximately 32.3% and 40.6% of such balance at December 31, 2012 and March 31, 2012, respectively. We believe that the receivable balances from these largest customers do not represent a significant credit risk based on past collection experience, although we actively monitor each customer's credit worthiness and economic conditions that may impact 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 and projected cash flow 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 through at least the next 12 months.

As of December 31, 2012, the amount of cash and cash equivalents held outside of the U.S. by our foreign subsidiaries was approximately $143.0 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, the Company expects in the foreseeable future to have the ability to generate sufficient cash domestically to support ongoing operations. Consequently, it is the Company's intention to indefinitely reinvest undistributed earnings of its foreign subsidiaries. In the event the Company needed to repatriate funds 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 the Company would try to minimize the tax impact to the extent possible. However, any repatriation may not result in actual cash payments as the taxable event would likely be offset by the utilization of the then available net operating losses and tax credits.

In January 2013, our board of directors authorized the repurchase of up to 7,500,000 shares of our common stock. The authorization permits the Company 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. It does not obligate the Company to make any purchases at any specific time or situation. Repurchases are subject to the availability of stock, prevailing market conditions, the trading price of the stock, the Company's 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:

	Nine Months Ended December 31,	
(thousands of dollars)	**2012**	**2011**
Net cash provided by (used in) operating activities	**$ 41,462**	$ (54,605)
Net cash used in investing activities	**(12,317)**	(9,459)
Net cash provided by financing activities	**—**	243,363
Effects of foreign currency exchange rates on cash and cash equivalents	**(701)**	(6,342)
Net increase in cash and cash equivalents	**$ 28,444**	$ 172,957

At December 31, 2012 we had $448.7 million of cash and cash equivalents, compared to $420.3 million at March 31, 2012. Our increase in cash and cash equivalents from March 31, 2012 was primarily a result of net cash provided by operating activities primarily due to cash generated from our strong triple-A titles this year, partially offset by net cash used in investing activities due to purchases of fixed assets.

Off-Balance Sheet Arrangements

As of December 31, 2012 and March 31, 2012, we did not have any 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 do not have any off-balance sheet arrangements and 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, Canada, Latin America, Asia and Australia. For the three months ended December 31, 2012 and 2011, approximately 34.7% and 34.9%, respectively, of our net revenue was earned outside of the United States. For the nine months ended December 31, 2012 and 2011, approximately 42.0% and 47.7%, 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 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 titles are also seasonal, with higher shipments typically occurring in the fourth calendar quarter as a result of increased demand for titles during the holiday season. Quarterly comparisons of operating results are not necessarily indicative of future operating results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Historically, fluctuations in interest rates have not had a significant impact on our operating results. Under our Credit Agreement, outstanding balances bear interest at our election of (a) 1.50% to 2.00% above a certain base rate (4.75% at December 31, 2012), or (b) 2.50% to 3.00% above the LIBOR rate (approximately 2.71% at December 31, 2012), with the margin rate subject to the achievement of certain average liquidity levels. Changes in market rates may impact our future interest expense if there is an outstanding balance on our line of credit. The 1.75% Convertible Notes and the 4.375% Convertible Notes pay interest semi-annually at a fixed rate of 1.75% and 4.375%, respectively, per annum and we expect that there will be no fluctuation related to the Convertible Notes impacting our cash component of interest expense. For additional details on our Convertible Notes see Note 8 to our Unaudited 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 nine months ended December 31, 2012, our foreign currency translation loss adjustment was immaterial. We recognized a foreign currency exchange transaction loss for the nine months ended December 31, 2012 and 2011 of$0.7 million and $0.9 million, respectively, in interest and other, net in our Condensed Consolidated Statements of Operations.

Cash Flow Hedging Activities

We use foreign currency forward contracts to mitigate foreign currency exchange rate risk associated with forecasted transactions involving non-functional currency denominated expenditures. These contracts, which are designated and qualify as cash flow hedges, 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. The effective portion of gains or losses resulting from changes in the fair value of these hedges is initially reported, net of tax, as a component of accumulated other comprehensive income (loss) in stockholders' equity. The gross amount of the effective portion of gains or losses resulting from changes in the fair value of these hedges is subsequently reclassified into cost of goods sold or research and development expenses, as appropriate, in the period when the forecasted transaction is recognized in our Condensed Consolidated Statements of Operations. In the event that the gains or losses in accumulated other comprehensive income (loss) are deemed to be ineffective, the ineffective portion of gains or losses resulting from changes in fair value, if any, is reclassified to interest and other, net, in our Condensed Consolidated Statements of Operations. In the event that the underlying forecasted transactions do not occur, or it becomes probable that they will not occur, within the defined hedge period, the gains or losses on the related cash flow hedges are reclassified from accumulated other comprehensive income (loss) to interest and other, net, in our Condensed Consolidated Statements of Operations. During the reporting periods, all forecasted transactions occurred, and therefore, there were no such gains or losses reclassified into interest and other, net. We do not enter into derivative financial contracts for speculative or trading purposes. At December 31, 2012, we had $7.8 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, 2012, we had $10.2 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. As of December 31, 2012, the fair value of these outstanding forward contracts was $0.6 million and is included in prepaid expenses and other. As of March 31, 2012, the fair value of these outstanding forward contracts was immaterial and is included in accrued expenses and other current liabilities.

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 December 31, 2012, we had $25.0 million of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars all of which have maturities of less than one year. At March 31, 2012, we had $4.0 million of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars and $28.3 million of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars all of which have maturities of less than one year. For the three months ended December 31, 2012 and 2011, we recorded gains of $1.0 million and $0.4 million, respectively, related to foreign currency forward contracts in interest and other, net on the Condensed Consolidated Statements of Operations. For the nine months ended December 31, 2012 and 2011, we recorded gains of $1.3 million and

$0.6 million, respectively, related to foreign currency forward contracts in interest and other, net on the Condensed Consolidated Statements of Operations. As of December 31, 2012 and March 31, 2012, the fair value of these outstanding forward contracts was immaterial and is included in accrued expenses and other current liabilities.

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 nine months ended December 31, 2012, 42.0% of the Company's 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 4.2%, while a hypothetical 10% decrease in the value of the U.S. dollar against all currencies would increase revenues by 4.2%. 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 December 31, 2012, 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.

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, 2012.

Item 6. Exhibits

Exhibits:	
10.1	Amendment No. 1 to the Amended and Restated Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan, dated October 29, 2012.+
10.2	Amendment to the Xbox 360 Publisher License Agreement, dated December 11, 2012, between the Company and Microsoft Licensing, GP.*
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.

\+ Represents a management contract or compensatory plan or arrangement.

* Portions hereof have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment in accordance with Exchange Act Rule 24b-2.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at December 31, 2012 and March 31, 2012, (ii) Condensed Consolidated Statements of Operations for the three and nine months ended December 31, 2012 and December 31, 2011, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended December 31, 2012 and December 31, 2011, (iv) CondensedConsolidated Statements of Cash Flows for the nine months ended December 31, 2012 and December 31, 2011; and (v) Notes to Unaudited Condensed Consolidated Financial Statements.

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: February 5, 2013

By: /s/ STRAUSS ZELNICK

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

Date: February 5, 2013

By: /s/ LAINIE GOLDSTEIN

Lainie Goldstein
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

AMENDMENT NO. 1
TO THE
TAKE-TWO INTERACTIVE SOFTWARE, INC.
2009 STOCK INCENTIVE PLAN

WHEREAS, Take-Two Interactive Software, Inc. (the "Company"), a Delaware corporation, maintains the 2009 Stock Incentive Plan (the " Plan"), which was originally adopted on April 23, 2009, amended on February 18, 2010 and July 12, 2011, and amended and restated on July 11, 2012;

WHEREAS, Section 12.1 of the Plan permits the Board of Directors of the Company (the " Board") to amend the Plan at any time; and

WHEREAS, the Board desires to amend Section 10.1(b) of the Plan to clarify the rules applicable to Restricted Stock and Other Stock-Based Awards upon termination of employment of a Participant who is an Eligible Employees (each capitalized term not otherwise defined herein, as defined in the Plan).

NOW, THEREFORE, pursuant to Section 12.1 of the Plan, the Plan is hereby amended as follows:

1. **Capitalized Terms.** Capitalized terms that are not defined in this Amendment No. 1 shall have the meanings ascribed thereto in the Plan.

2. **Plan Amendment.** Section 10.1(b) of the Plan is amended in its entirety to read as follows:

> "(b) Rules Applicable to Restricted Stock and Other Stock-Based Awards. Unless otherwise determined by the Committee at grant as set forth in an Award agreement or otherwise provided in any written employment agreement or other similar written agreement between the Company or any of its Affiliates and a Participant in effect on the date of grant (or, in either case, if no rights of the Participant are reduced, thereafter) upon a Participant's Termination for any reason: (i) during the relevant Restriction Period, all Restricted Stock still subject to restriction shall be forfeited; and (ii) any unvested Other Stock-Based Awards shall be forfeited; *provided, however*, that if a Participant who is an Eligible Employee experiences a Termination by reason of death or Disability, the Committee may, in its discretion, within sixty (60) days of such Termination, accelerate the vesting of all or a portion of such Restricted Stock or Other Stock-Based Awards as of the date of such Termination, and no forfeiture shall be deemed to have occurred with respect thereto. For the avoidance of doubt, any Restricted Stock or Other Stock-Based Awards that vest prior to a Participant's Termination (including pursuant to Section 8.3(a)(ii)) shall not be forfeited."(1)

3. **Ratification and Confirmation.** Except as specifically amended hereby, the Plan is hereby ratified and confirmed in all respects and remains in full force and effect.

4. **Governing Law**. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws.

5. **Headings**. Section headings are for convenience only and shall not be considered a part of this Amendment No. 1.

IN WITNESS WHEREOF, the Company has caused this Amendment No. 1 to be executed, effective as of October 29, 2012.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

/s/ Daniel P. Emerson
Name: Daniel P. Emerson
Title: SVP, Deputy General Counsel and Secretary

Exhibit 10.2

[XXXX] INDICATES MATERIAL THAT WAS OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT WAS REQUESTED. ALL SUCH OMITTED MATERIAL WAS FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO THE RULES APPLICABLE TO SUCH CONFIDENTIAL TREATMENT REQUEST.

AMENDMENT TO THE
XBOX 360 PUBLISHER LICENSE AGREEMENT
(SmartGlass, Hits [xxxx], Russian Manufacturing Incentive Program, Xbox 360 LIVE and PDLC Incentive Program)

This Amendment to the Xbox 360 Publisher License Agreement (this "Amendment") is entered into and effective as of the later of the signature dates below (the "Amendment Effective Date") by and between Microsoft Licensing, GP, a Nevada general partnership ("Microsoft"), and Take-Two Interactive Software, Inc. ("Publisher"), and supplements that certain Xbox 360 Publisher License Agreement between the parties dated as of November 17, 2005, as amended (the "Xbox 360 PLA"). Microsoft Corporation, a Washington corporation, is a party to this Amendment only with respect to its acknowledgement of Section 6.2 and Exhibit 1, Section 6 of the Xbox 360 PLA.

RECITALS

A. Microsoft and Publisher entered into the Xbox 360 PLA to establish the terms under which Publisher may publish video games for Microsoft's Xbox 360 video game system.

B. The parties now wish to amend certain terms of the Xbox 360 PLA as set forth below.

Accordingly, for and in consideration of the mutual covenants and conditions contained herein, and for other good and valuable consideration, receipt of which each party hereby acknowledges, Microsoft and Publisher agree as follows:

1. Definitions. Except as expressly provided otherwise in this Amendment, capitalized terms shall have the same meanings as those ascribed to them in the Xbox 360 PLA.

The definition of "Xbox Live" in Section 2.36 of the Xbox 360 PLA is hereby amended and restated in its entirety as follows:

"2.36 "Xbox LIVE", or such other name that Microsoft designates, means the proprietary online service offered by Microsoft to Xbox LIVE Users."

The following new definitions shall be added to Section 2 of the Xbox 360 PLA:

"2.39 "Primary Device" means the main device that the Xbox SmartGlass technology interacts with. The Primary Device is currently the Xbox 360 console and may be updated from time-to-time in the Xbox SmartGlass Business Policy set forth in the Xbox 360 Publisher Guide.

2.40 "Secondary Device(s)" means auxiliary devices equipped with the Xbox SmartGlass Application and services, which include Windows 8 personal computers, Windows Phones, Apple iPhones, Apple iPads, and Android phones. The list of supported Secondary Devices may be updated from time-to-time in the Xbox SmartGlass Business Policy.

2.41 "Xbox SmartGlass Application" means an application developed by Microsoft that can be installed by a consumer on a Secondary Device in order to allow a user to discover content, play and interact with, control, and deepen experiences on a Primary Device.

2.42 "Xbox SmartGlass Experiences" means HTML/Javascript applications, either static or interactive, that are available to consumers from within the Xbox SmartGlass Application and that are linked to a Software Title on a Primary Device. Standalone Software Titles do not qualify as Xbox SmartGlass Experiences."

2. SmartGlass.

A new Section 10.9 shall be added to the Xbox 360 PLA as follows:

"10.9 **SmartGlass.** Publisher may create, host, stream, and distribute Xbox SmartGlass Experiences subject to the Xbox SmartGlass Business Policy and the following terms:

10.9.1 All of the warranties made by Publisher pursuant to Section 15.1 with respect to Publisher Content, Software Titles, Marketing Materials, and Online Content shall apply to its Xbox SmartGlass Experiences, and Publisher shall indemnify Microsoft therefore in accordance with Sections 16.1 and 16.2.

10.9.2 [xxxx]

3. Survival.

Section 17.5 of the Xbox 360 PLA is hereby amended and restated in its entirety **:**

> "17.5 **Survival**. The following provisions shall survive expiration or termination of this Agreement: Sections 2, 6.2.2 (as to the redistribution of Online Content), 6.2.3, 8, 9.1-9.3, 10.3, 10.4, 10.6, 10.9.1, 11, 13.1, 14, 15, 16, 17.3, 17.5, 18 and Sections 1, 2, and 3 of Exhibit 1."

4. Exhibits.

Exhibits 1, 2, 6, 7, and 8 of the Xbox 360 PLA are hereby amended and restated in their entirety as attached hereto.

5. Except and to the extent expressly modified by this Amendment, the Xbox 360 PLA shall remain in full force and effect and is hereby ratified and confirmed. In the event of any conflict between this Amendment and the Xbox 360 PLA the terms of this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the Amendment Effective Date.

MICROSOFT LICENSING, GP	**Take-Two Interactive Software, Inc.**
/s/ Astrid Ford	/s/ Daniel P. Emerson
By (sign)	By (sign)
Astrid Ford	Daniel P. Emerson
Name (Print)	Name (Print)
Sr. Program Mgr	SVP & Deputy GC
Title	Title
December 11, 2012	December 10, 2012
Date (Print mm/dd/yy)	Date (Print mm/dd/yy)

MICROSOFT CORPORATION

/s/ Astrid Ford
By (sign)
Astrid Ford
Name (Print)
Sr. Program Mgr
Title
December 11, 2012
Date (Print mm/dd/yy)

EXHIBIT 1

PAYMENTS

1. Platform Royalty

a. For each FPU manufactured during the term of this Agreement, Publisher shall pay Microsoft nonrefundable royalties in accordance with the royalty tables set forth below (Tables 1 and 2) and the "Unit Discount" table set forth in Section 1.e of this Exhibit 1 (Table 3).

b. To determine the applicable royalty rate for a particular Software Title to be sold in a particular Sales Territory, the applicable Threshold Price from Table 1 below for the category of Software Title (Standard Software Title, Hits Software Title and Expansion Pack) will determine the correct royalty "Tier" (except with respect to the first Commercial Release of Hits Software Titles as described further in (ii) below). The royalty rate is then as set forth in Table 2 based on such Tier and the Sales Territory in which the FPUs will be sold. For example, assume the Wholesale Price of a Standard Software Title to be sold in the European Sales Territory is [xxxx]. According to Table 1, [xxxx] royalty rates will apply to that Software Title and the royalty rate for each FPU as set forth in Table 2 is [xxxx].

[xxxx]

	[xxxx]	**[xxxx]**	**[xxxx]**	**[xxxx]**
[xxxx]				
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]				
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]				
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]

[xxxx]
[xxxx]

[xxxx]

	[xxxx]	**[xxxx]**	**[xxxx]**	**[xxxx]**
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]

[xxxx]

c. [xxxx]

(i) Standard Software Titles and Expansion Packs. Publisher shall submit to Microsoft, at least [xxxx] for a Standard Software Title or an Expansion Pack, a completed and signed “Xbox 360 Royalty Tier Selection Form” in the form attached to this Agreement as Exhibit 2 (as may be updated via the Xbox 360 Publisher Guide) for each Sales Territory. The selection indicated in the Xbox 360 Royalty Tier Selection Form (or designated electronic form method) will only be effective once it has been approved by Microsoft. If a Standard Software Title or Expansion Pack does not have an approved Xbox 360 Royalty Tier Selection Form as required hereunder (e.g., as a result of the Publisher not providing an Xbox 360 Royalty Tier Selection Form or because Microsoft has not approved the Xbox 360 Royalty Tier Selection Form), the royalty rate for such Standard Software Title will default to [xxxx] or for such Expansion Pack will default to Packs [xxxx], regardless of the actual Threshold Price (i.e., if Microsoft does not approve an Xbox 360 Royalty Tier Selection Form because it is filled out incorrectly, the royalty rate will default to [xxxx]). Except as set forth in Section 2 (Hits Programs), the selection of a royalty Tier for a Standard Software Title or Expansion Pack in a Sales Territory is binding for the life of that Software Title or Expansion Pack even if the Threshold Price is reduced following the Software Title’s Commercial Release.

(ii) Hits Software Title. Publisher shall submit to Microsoft, at least [xxxx] of the Hits Software Title, a completed and signed Xbox 360 Hits Programs Election Form in the form attached to this Agreement as Exhibit 6 (as may be updated via the Xbox 360 Publisher Guide) for each Sales Territory. The Xbox 360 Hits Programs Election Form will be effective once it has been approved by Microsoft. If a Hits Software Title does not have an approved Xbox 360 Hits Programs Election Form as required hereunder (e.g., as a result of the Publisher not providing an Xbox 360 Hits Programs Election Form or because Microsoft has not approved the Xbox 360 Hits Programs Election Form), the royalty rate for such Hits Software Title will default to [xxxx] (i.e., if Microsoft does not approve an Xbox 360 Hits Programs Election Form because it is filled out incorrectly, the royalty rate will default to [xxxx]).

1. Publisher may elect either Hits [xxxx] or Hits [xxxx] at initial Commercial Release as a Hits Software Title provided that the Software Title meets the Threshold Price requirements set forth in Table 1 above. Publisher may change the Hits Tier for a Hits Software Title in a specific Sales Territory a maximum of [xxxx] times.

2. After [xxxx] from the Commercial Release of a Hits Software Title, Publisher may elect to change the previously elected Hits Tier royalty rate for such Hits Software Title to the [xxxx] Hits Tier royalty rate in a specific Sales Territory provided that the Hits Software Title has a Threshold Price that meets the requirements for the newly elected Hits Tier royalty rate in Table 1 above. A minimum of [xxxx] must elapse before Publisher can make an additional [xxxx] Hits Tier change, subject to the maximum permitted Hits Tier changes per Sales Territory set forth in Section 1 above.

3. Provided that at least [xxxx] have elapsed since the prior Hits Tier selection and subject to the maximum permitted Hits Tier changes per Sales Territory set forth in Section 1 above, Publisher may elect to change the previously elected Hits Tier royalty rate for such Hits Software Title to a [xxxx] Hits Tier royalty rate in a specific Sales Territory, provided that the Hits Software Title has a Threshold Price that meets the requirements for the newly elected Hits Tier royalty rate in Table 1 above.

4. Effective [xxxx], Publisher may elect to change the previously elected Hits Tier to Hits [xxxx] for Hits Software Titles manufactured on or after [xxxx], if (i) such Hits Software Titles have a Threshold Price that meets the requirements for Hits [xxxx] in Table 1 above; and (ii) at least [xxxx] have elapsed since the last Hits Tier selection for [xxxx] Hits Tier changes and at least [xxxx] have elapsed since the last Hits Tier selection for [xxxx] Hits Tier changes. For Hits FPUs manufactured for the Japan and Asian Sales Territories, Publisher may elect Hits [xxxx], Hits [xxxx] or Hits [xxxx] at initial Commercial Release as a Hits Software Title provided that the Software Title meets the applicable Threshold Price requirements set forth in Table 1 above.

5. Publisher must submit to Microsoft, at least [xxxx] for the applicable Hits Software Title, a completed Xbox 360 Royalty Tier Migration Form (a “Tier Migration Form”) set forth in Exhibit 8 for each Sales Territory. The change in royalty rate will only apply to manufacturing orders for such Hits Software Title placed after the relevant Tier Migration Form has been approved by Microsoft.

(iii) Cross Territory Sales. Except for FPUs manufactured pursuant to Section 5 below (Asia Simship Program), Publisher may not sell FPUs in a certain Sales Territory that were manufactured for a different Sales Territory. For example, if Publisher were to manufacture and pay royalties on FPUs designated for sale in the Asian Sales Territory, Publisher could not sell those FPUs in the European Sales Territory.

d. Russian Manufacturing Incentive Program. Effective [xxxx], for Software Titles releasing in Russia that meet all the requirements set forth below, up to [xxxx] of each such Software Title may qualify for the [xxxx] royalty rate, even if the Software Title qualifies for a different Tier in the rest of the European Sales Territory:

(i) The Xbox 360 version of the Software Title must Commercially Release no later than [xxxx];

(ii) The Software Title must include the Russian language (other languages in addition to Russian are also permitted). At a minimum, the text and subtitles of the Software Title must be localized into the Russian language (full Russian localization is preferred);

(iii) The Software Title must have localization parity with other console and PC versions;

(iv) The Packaging Materials must be in the Russian language only (no other language can be present); and

(v) The Software Title disc must be replicated and packaged by the Authorized Replicator(s) in Russia.

Units manufactured that qualify for the [xxxx] royalty rate under this program will not qualify for the Unit Discount calculation set forth in Section 1.e below, but such units will be included in the Hits Program Manufacturing Requirements set forth in Section 2.b (Table 1). With respect to any single Software Title, all units manufactured in addition to [xxxx] will be charged the same royalty Tier applicable in the rest of the European Sales Territory.

e. Unit Discounts. Publisher is eligible for a discount on Standard Software Title FPUs manufactured for a particular Sales Territory (a "Unit Discount") based on the number of such FPUs that have been manufactured for sale in that Sales Territory as described in Table 3 below. Hits and standalone Expansion Pack FPUs shall not be included in the FPU manufacturing quantity calculation for purposes of determining the Unit Discount. Except as provided in Section 5 below, units manufactured for sale in a Sales Territory are aggregated only towards a discount on FPUs manufactured for that Sales Territory; there is no worldwide or cross-territorial aggregation of units for a particular Software Title. The discount will be rounded up to the nearest Cent, Yen or hundredth of a Euro.

		[xxxx]		
[xxxx]	**[xxxx]**	**[xxxx]**	**[xxxx]**	**[xxxx]**
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]

f. Japan Re-Ordering Program. Subject to Microsoft's approval, certain FPUs of Software Titles released in the Japan Sales Territory may qualify for a [xxxx] royalty rate.

(i) The following requirements must be met in order to qualify:

1. The Software Title must have been commercially available in the Japan Sales Territory between [xxxx].

2. The Software Title must have been commercially available as a Standard FPU in the Japan Sales Territory for at least [xxxx].

3. A minimum of [xxxx] must have been manufactured for sale in the Japan Sales Territory.

(ii) If Microsoft approves a Software Title for the Japan Re-Ordering Program, the royalty rate for FPUs of the Software Title will be [xxxx] and the following program requirements apply:

1. Publisher must manufacture new FPUs of the Software Title (existing FPUs may not be re-packaged and re-used under this program).

2. The Software Title must have packaging that differentiates it from Standard FPUs and Xbox 360 Platinum Hits Programs packaging. The Software Title must also continue to comply with all packaging requirements set forth in this Agreement and Xbox 360 Publisher Guide.

3. The Suggested Retail Price of the Software Title must be no more than [xxxx].

4. Within [xxxx] under this Japan Re-Ordering Program, Publisher must meet a MOQ of [xxxx] FPUs.

5. These units will not accumulate towards Unit Discounts or Platinum Hits manufacturing requirements.

2. Hits Programs

a. If a Software Title meets the criteria set forth below and the applicable participation criteria in a particular Sales Territory at the time of the targeted Commercial Release date of the Hits FPU and Microsoft receives the Hits Programs Election Form within the time period set forth in Section 2.a.iii below, Publisher is authorized to manufacture and distribute Hits FPUs in such Sales Territory and at the royalty rate in Table 2 of Section 1 above applicable to Hits FPUs. In order for a Software Title to qualify as a Hits FPU in a Sales Territory, the following conditions, as applicable per Hits Program, must be satisfied:

(i) The Software Title must have been commercially available as a Standard FPU in the applicable Sales Territory for at least [xxxx] at the time of Commercial Release of the Hits FPU.

(ii) [xxxx]

(iii) Publisher must provide Microsoft with a completed Hits Program Election Form at least [xxxx] the targeted Commercial Release of the Software Title.

b. As of the date Publisher wishes to Commercially Release the Software Title as a Hits FPU, Publisher must have manufactured the following minimum FPUs of the Software Title as a Standard Software Title for the applicable time period, Sales Territory and Hits Program.

	[xxxx]			
	[xxxx]	**[xxxx]**	**[xxxx]**	**[xxxx]**
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]
[xxxx]	[xxxx]	[xxxx]	[xxxx]	[xxxx]

*These Kinect Hits qualifications apply solely to Hits FPUs that (i) [xxxx]; (ii) use Kinect as the primary control mechanism ("Better with Kinect" Software Titles are not eligible); and (iii) have achieved at least one of the following review scores: [xxxx]) provided that any of the foregoing must have at least [xxxx] to qualify.

c. All Marketing Materials for a Hits Software Title must comply with all Microsoft branding requirements as may be required in each Sales Territory as provided by Microsoft or as set forth in the Xbox 360 Publisher Guide, and Publisher shall submit all such Marketing Materials to Microsoft for its approval in accordance with this Agreement.

d. Packaging for a Hits Software Title must comply with all Microsoft packaging and branding requirements set forth in the Xbox 360 Publisher Guide.

e. The Hits FPU version must be the same or substantially equivalent to the Standard FPU version of the Software Title. Publisher may modify or add additional content or features to the Hits FPU version of the Software Title (e.g., demos or game play changes) subject to Microsoft's review and approval, and Publisher acknowledges that any such modifications or additions may require the Software Title to be re-Certified at Publisher's expense.

f. Publisher acknowledges that Microsoft may change any of the qualifications for participation in a Hits Program upon [xxxx] advanced written notice to Publisher.

3. Payment Process

[xxxx] Authorized Replicators are authorized by Microsoft to begin production once Microsoft has provided them with written confirmation that [xxxx] with respect to such manufacturing order. Upon the Authorized Replicator's receipt of such confirmation, the Authorized Replicator will determine the timing of production. Depending upon Publisher's credit worthiness, Microsoft may, but is not obligated to, offer Publisher credit terms upon execution of a separate line of credit agreement for the payment of royalties due under this Agreement within [xxxx] from invoice creation. Publisher has [xxxx] after invoice billing date to dispute the information presented in the invoice, provided, however, that all invoices must be paid in full by the invoice due date regardless of dispute status. All payments will be made by wire transfer only in accordance with the payment instructions set forth in the Xbox 360 Publisher Guide. Any payments not paid when due or according to this Section 3 will bear interest at the rate of [xxxx], or the highest rate permitted by applicable usury law, whichever is less. The rate will be calculated on a [xxxx] from the date due until the date received by Microsoft. This Section 3 does not authorize late payments. Interest paid will not be in lieu of or prejudice any other right or remedy that Microsoft may have due to Publisher's failure to make any payment according to this Section 3. Upon written notice to Publisher, Microsoft shall have the right to offset amounts due to Publisher pursuant to Section 6 of this Exhibit 1 in the event Publisher fails to pay Microsoft any amounts due under the Agreement.

4. Billing Address

a. Publisher may have two "bill to" addresses for the payment of royalties under this Agreement. Each "bill to" address will be for FPUs manufactured by Authorized Replicators located in a specific Sales Territory. If Publisher includes a "bill-to" address in a European country, Publisher (or a Publisher Affiliate) must execute an Xbox 360 Publisher Enrollment Form with MIOL within [xxxx] prior to establishing a billing address in a European country in the form attached to this Agreement as Exhibit 3.

Publisher's billing address(es) is as follows:

North American Sales Territory:

Name: Take-Two Interactive Software, Inc.

Address: 622 Broadway

New York, NY 10012

____

Attention: Accounts Payable

Email address: ____________________

Fax: ____________________

Phone: 646-536-2842

Japan and Asian Sales Territory (if different than the North American billing address):

Name: ____________________

Address: ____________________

____

____

Attention: ____________________

Email address: ____________________

Fax: ____________________

Phone: ____________________

5. Asia Simship Program

The purpose of this program is to encourage Publisher to release Japanese, North American or European FPUs that have been multi-region signed to run on NTSC-J boxes (hereinafter collectively referred to as “Simship Titles”), in Hong Kong, Singapore, Korea and Taiwan (referred to as “Simship Territory”) at the same time as Publisher releases the Software Title in the Japan, European and/or North American Sales Territories. In order for a Software Title to qualify as a Simship Title, Publisher must Commercially Release the Software Title in the Simship Territory on the same date as the Commercial Release date of such Software Title in the Japan, European and/or North American Sales Territories, wherever the Software Title is to be simshipped from (referred to as “Original Territory”). To the extent that a Software Title qualifies as a Simship Title, the applicable royalty Tier (under Section 1.b of this Exhibit 1 above) and Unit Discount (under Section 1.e of this Exhibit 1 above) is determined as if all FPUs of such Software Title manufactured for distribution in both the Original Territory and the Simship Territory were manufactured for distribution in the Original Territory. For example, if a Publisher initially manufactures [xxxx] FPUs of a Software Title for the Japan Sales Territory and simships [xxxx] of those units to the Simship Territory, the royalty rate for all of the FPUs is determined by [xxxx]. In this example, Publisher would also receive a [xxxx] Unit Discount on [xxxx] units for having exceeded the Unit Discount level specified in Section 1.e of this Exhibit 1 above applicable to the Japan Sales Territory. Consequently, all releases of the Software Title in the Simship Territory will adhere to the original Simship royalty Tier irrespective of whether the Software Title qualifies for a [xxxx] royalty Tier at any point in time. Publisher must provide Microsoft with the Asia Simship Form (located in the Xbox 360 Publisher Guide) with respect to a particular Software Title at least [xxxx] prior to manufacturing any FPUs it intends to qualify for the program. Publisher remains responsible for complying with all relevant import, distribution and packaging requirements as well as any other applicable requirements set forth in the Xbox 360 Publisher Guide.

6. Online Content. This section applies to Microsoft Corporation and Publisher.

a. For the purpose of this Section 6, the following capitalized terms have the following meanings:

[xxxx]

[xxxx]

b. Publisher may, from time to time, submit Online Content to Microsoft for Microsoft to distribute via Xbox LIVE and Xbox LIVE distribution channels. [xxxx]

c. [xxxx]

d. [xxxx]

e. [xxxx]

f. [xxxx]

g. Within [xxxx] after the end of [xxxx], or more frequently [xxxx] as updated by the Xbox 360 Publisher Guide, with respect to which Microsoft owes Publisher any Royalty Fees, Microsoft shall provide Publisher with access to a statement and release payment for any amount shown thereby to be due to Publisher. The statement will contain information sufficient to discern how the Royalty Fees were computed. Publisher has [xxxx] after the statement date to dispute the information presented on the statement.

7. Xbox LIVE Billing and Collection

Microsoft is responsible for billing and collecting all fees associated with Xbox LIVE, including fees for subscriptions and/or any Online Content for which an Xbox LIVE User may be charged. [xxxx]

8. [xxxx]

Publisher acknowledges and understands that under Section 15 of this Agreement, Publisher warrants and represents that Publisher has obtained and will maintain all third-party rights, consents and licenses necessary for the permitted exploitation of Software Title content and Online Content under this Agreement [xxxx].

9. Taxes

Publisher shall be responsible for the billing, collecting and remitting of sales, use, value added, and other comparable taxes due with respect to the exercise of the licenses granted in this Agreement and any other activities of Publisher and its subsidiaries under this Agreement (including, without limitation, the collection of revenues). Microsoft is not liable for any taxes (including, without limitation, any penalties or interest thereon) that Publisher or any of its subsidiaries is legally obligated to pay in connection with this Agreement, the exercise of any licenses granted in this Agreement or any other activities of Publisher and its subsidiaries under this Agreement. Publisher is not liable for any income taxes that Microsoft is legally obligated to pay with respect to any amounts paid to Microsoft by Publisher under this Agreement.

All royalties and fees exclude any taxes, duties, levies, fees, excises or tariffs imposed on any of Publisher's activities in connection with this Agreement. Publisher shall pay to Microsoft any applicable taxes that are owed by Publisher solely as a result of entering into this Agreement and which are permitted to be collected from Publisher by Microsoft under applicable law, except to the extent that Publisher provides to Microsoft a valid exemption certificate for such taxes. Publisher agrees to indemnify, defend and hold Microsoft harmless from any taxes (including, without limitation, sales or use taxes paid by Publisher to Microsoft) or claims, causes of action, costs (including, without limitation, reasonable attorneys' fees) and any other liabilities of any nature whatsoever related to such taxes.

If, after a determination by foreign tax authorities, any taxes are required to be withheld on payments made by Publisher to Microsoft, Publisher may deduct such taxes from the amount owed Microsoft and pay them to the appropriate taxing authority; provided, however, that Publisher shall promptly secure and deliver to Microsoft an official receipt for any such taxes withheld or other documents necessary to enable Microsoft to claim a U.S. Foreign Tax Credit. Publisher will make certain that any taxes withheld are minimized to the extent possible under applicable law.

This tax section shall govern the treatment of all taxes arising as a result of or in connection with this Agreement notwithstanding any other section of this Agreement.

10. Audit

Each party shall keep all usual and proper records related to its performance under this Agreement, including audited financial statements and support for all transactions related to the ordering, production, inventory, distribution and billing/invoicing information, for [xxxx]. Either party (the "Auditing Party") may, upon [xxxx] notice, cause a third party independent CPA or law firm to audit and/or inspect the other party's (the "Audited Party") records no more than [xxxx] in any [xxxx] period in order to verify compliance with the financial, royalty and payment terms of this Agreement. The Auditing Party shall have access to the previous [xxxx] of the Audited Party's records from the date that the notice of audit request was received by the Audited Party. The right of inspection and consultation shall expire with respect to all records related to any amounts payable under this Agreement on the [xxxx] to which such records relate. Any such audit will be conducted during regular business hours at the Audited Party's offices. Any such audit will be paid for by Auditing Party unless Material discrepancies are disclosed. As used in this section, "Material" means [xxxx]. If Material discrepancies are disclosed, the Audited Party agrees to pay the Auditing Party for [xxxx].

EXHIBIT 2

XBOX 360 ROYALTY TIER SELECTION FORM

Please complete the below information, sign the form, and submit via options below:

FAX: +1 (425) 708-2300 **TO ATTN OF:** MICROSOFT LICENSING GP AND YOUR ACCOUNT MANAGER

EMAIL: MSLIPUBX@MICROSOFT.COM W/ CC TO YOUR ACCOUNT MANAGER

A. **This Form Must Be Submitted At Least [xxxx]. If This Form Is Not Submitted On Time Or Is Rejected By Microsoft, The Royalty Rate Will Default To [xxxx] For The Applicable Sales Territory.** *If this form is not submitted on time or is rejected by Microsoft, orders will be held from manufacturing until such time Microsoft has approved and/or configured the request in their systems.*
B. **A Separate Form Must Be Submitted For Each Sales Territory.**
C. **A Different Form Must be Submitted for Non-Standard Editions (GOTY, Special Edition, Limited Edition or Compilation). This Form applies only to Standard Product.**

1. Publisher Name:

2. Xbox 360 Software Title Name:

3. XeMID(s) or *partial XeMID(s): *Partial/Incomplete XeMID(s) allowed for pre-RTM titles only, complete XeMID(s) is required for post RTM titles*

4. Date of First Commercial Release (mm/dd/yy):

5. Sales Territory (check one):
☐ North America ☐ Europe ☐ Japan ☐ Asia ☐ Russian Mfg Incentive Program (RMIP)

6. Final Certification Date(mm/dd/yy):

7. Select Royalty Tier: (check one):
[xxxx] [xxxx] [xxxx] [xxxx] [xxxx]

8.
Initial Order Quantity for the Sales Territory:

Authorized Replicator to be used to fulfill initial MOQ Qty (*check one)*
[xxxx]
[xxxx]
[xxxx]
[xxxx]
[xxxx]

The undersigned represents that he/she has authority to submit this form on behalf of the above Publisher, and that the information contained herein is true and accurate.

By (sign)

Name, Title (Print)

To avoid manufacturing delays at your Authorized Replicator, your disc manufacturing order must include the intended sales territory as indicated above.

E-Mail Address (for confirmation of receipt)

Date (Print mm/dd/yy)

EXHIBIT 6

XBOX 360 HITS PROGRAMS ELECTION FORM

Please complete the below information, sign the form, and submit via options below:

FAX: +1 (425) 708-2300 **TO ATTN OF:** MICROSOFT LICENSING GP AND YOUR ACCOUNT MANAGER

EMAIL: MSLIPUBX@MICROSOFT.COM W/ CC TO YOUR ACCOUNT MANAGER

A. **This Form Must Be Submitted By A Publisher At Least [xxxx].** *If this form is not submitted on time or is rejected by Microsoft, orders will be held from manufacturing until such time MS has approved and/or configured the request in their systems.*

B. **A Separate Form Must Be Submitted For Each Sales Territory And for Each Hits Program In Which The Publisher Wishes To Publish A Software Title As Part Of A Hits Program.**

1. Publisher Name:

2. Xbox 360 Software Title Name:

3. XeMID(s): C*omplete XeMID(s) is required*

4. Title qualified under the following Hits Program (check one)

☐ Platinum or Classics Hits
☐ Family Hits (ESRB E or E10+ / PEGI 3+ or PEGI 7+)
☐ Kinect Hits (Kinect is the Primary control mechanism)
☐ Kinect Hits (Kinect is the primary control mechanism and Hits [xxxx] election required)

5. Royalty Tier (check one):
[xxxx] [xxxx]

6. Sales Territory for which Publisher wants to publish the Software Title as a Hits FPU (check one):
☐ North America ☐ Europe ☐ Japan ☐ Asia ☐ Russia Mfg Incentive Program (RMIP)

7. Date of Commercial Release of Software Title in applicable Sales Territory (mm/dd/yy):

8. Number of Standard FPUs manufactured to date for the Software Title in the applicable Sales Territory:

9. Projected Commercial Release date of Software Title in the applicable Sales Territory as part of Hits Program mm/dd/yy):

The undersigned represents that he/she has authority to submit this form on behalf of the above Publisher, and that the information contained herein is true and accurate.

By (sign)

Name, Title (Print)

E-Mail Address (for confirmation of receipt)

Date (Print mm/dd/yy)

To avoid manufacturing delays at your Authorized Replicator, your disc manufacturing order must include:

- Sales Territory
- Hits Program: ([xxxx])
- Requested Case Color

EXHIBIT 7

XBOX 360 LIVE AND PDLC INCENTIVE PROGRAM

1. Xbox 360 LIVE and PDLC Incentive Program

In order to encourage Publisher to support Xbox LIVE functionality, to drive increased usage of Xbox LIVE via Xbox 360, and to increase support of Premium Online Content, Publisher may qualify for certain payments based on the amount of Xbox LIVE Share (defined in Section 2.l. below) created by Publisher's Multiplayer Software Titles (defined in Section 2.e. below). Each Accounting Period (defined in Section 2.a. below), Microsoft will calculate Publisher's Xbox LIVE Share.

If: (i) Publisher is [xxxx] in terms of Xbox LIVE Share in the applicable Accounting Period, (ii) the [xxxx] number of Paying Multiplayer Subscribers meets or exceeds [xxxx], and (iii) the subscription fee for real time multiplayer game play over Xbox LIVE is [xxxx], then Microsoft will pay Publisher the Incentive set forth in the table in Section 3 below.

Notwithstanding anything herein to the contrary, use of or revenue derived from online games for which an Xbox LIVE User pays a subscription separate from any account established for basic use of Xbox LIVE are excluded from this Xbox 360 LIVE and PDLC Incentive Program.

2. Definitions

a. **"Accounting Period"** means Microsoft's [xxxx] within the Term (defined in Section 6 below); provided that if the Effective Date of this Agreement or the expiration date of this program falls within such [xxxx], then the applicable payment calculation set forth below shall be made for a partial Accounting Period, as appropriate.

b. **"Competitive Platform"** means any video game platform other than Xbox 360, [xxxx], any successor versions of any of the foregoing, and any general use personal computers to the extent that they emulate any of the foregoing platforms.

c. **"[xxxx] Unique User Share"** means [xxxx].

d. **"[xxxx] Unique Users"** means [xxxx].

e. **"Multiplayer Software Titles"** means a Software Title for Xbox 360 that supports real-time multiplayer game play over Xbox LIVE.

f. **"New Multiplayer Subscriber"** means a Paying Multiplayer Subscriber who pays for an Xbox LIVE account for the first time. A New Multiplayer Subscriber is attributed to the first Multiplayer Software Title he or she plays, even if such play was during a free-trial period which was later converted into a paying subscription. [xxxx]

g. **"New Multiplayer Subscriber Share"** means [xxxx].

h. **"Paying Multiplayer Subscriber"** means [xxxx].

i. **"PDLC Revenue"** means [xxxx].

j. **"PDLC Revenue Share"** means [xxxx].

k. **"Subscription Revenue"** means [xxxx].

l. **"Xbox LIVE Share"** [xxxx]

3. [xxxx]

[xxxx]

[xxxx]	[xxxx]
[xxxx]	[xxxx]
[xxxx]	[xxxx]

[xxxx]	[xxxx]

4. Example

[xxxx]

5. Other Requirements

a. In the event that Microsoft changes the Xbox LIVE subscription model in a way that impacts the Subscription Revenue on a per Paying Multiplayer Subscriber basis by [xxxx], Microsoft may change or discontinue the Xbox LIVE and PDLC Incentive Program by providing Publisher with [xxxx]advance notice.

b. [xxxx]

6. Term

This Xbox 360 LIVE and PDLC Incentive Program will commence [xxxx], unless earlier terminated by Microsoft upon written notice to Publisher.

7. Payments

In the event Publisher qualifies for a payment under this program during an Accounting Period, Microsoft shall provide Publisher with access to a statement, together with payment for any amount shown thereby to be due to Publisher, [xxxx].

EXHIBIT 8

XBOX 360 HITS ROYALTY TIER MIGRATION FORM

Please complete the below information, sign the form, and submit via options below:

FAX: +1 (425) 708-2300 **TO ATTN OF:** MICROSOFT LICENSING GP AND YOUR ACCOUNT MANAGER

EMAIL: MSLIPUBX@MICROSOFT.COM W/ CC TO YOUR ACCOUNT MANAGER

A. **This form must be submitted at least [xxxx].** ***If this form is not submitted on time or is rejected by Microsoft, orders will be held from manufacturing until such time MS has approved and/or configured the request in their systems.***
B. **A Hits Software Title May Not Change Royalties Tiers Until It Has Been In The Hits Program For At Least [xxxx].**
C. **A Separate Form Must Be Submitted For Each Sales Territory In Which Publisher Desires To Change The Applicable Base Royalty .**

1. Publisher Name:

2. Xbox 360 Software Title Name:

3. XeMID(s): *Complete XeMID(s) is required*

4. Date of First Commercial Release (mm/dd/yy):

5. Sales Territory (check one):
☐ North America ☐ Europe ☐ Japan ☐ Asia ☐ Russia Mfg Incentive Program (RMIP)

6. Submission of form indicates intent to migrate from *Hits [xxxx]to Hits [xxxx]*

The undersigned represents that he/she has authority to submit this form on behalf of the above Publisher, and that the information contained herein is true and accurate.

To avoid manufacturing delays at your Authorized Replicator, your disc manufacturing order must include:

- Sales Territory
- Hits Program: (Hits [xxxx])
- Requested Case Color

By (sign)

Name, Title (Print)

E-Mail Address (for confirmation of receipt)

Date (Print mm/dd/yy)

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Section 302 Certification

I, Strauss Zelnick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2012 of Take-Two Interactive Software, Inc.;

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(s) 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(s) 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.

February 5, 2013	/s/ STRAUSS ZELNICK
	Strauss Zelnick *Chairman and Chief Executive Officer*

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Section 302 Certification

I, Lainie Goldstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2012 of Take-Two Interactive Software, Inc.;

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(s) 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(s) 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.

February 5, 2013	/s/ LAINIE GOLDSTEIN
	Lainie Goldstein *Chief Financial Officer*

QuickLinks

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER Section 302 Certification

Exhibit 32.1

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 Quarterly Report of Take-Two Interactive Software, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2012 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. §1350, as adopted pursuant to §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.

February 5, 2013

/s/ STRAUSS ZELNICK

Strauss Zelnick
Chairman and Chief Executive Officer

Exhibit 32.2

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 Quarterly Report of Take-Two Interactive Software, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2012 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. §1350, as adopted pursuant to §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.

February 5, 2013

/s/ LAINIE GOLDSTEIN

Lainie Goldstein
Chief Financial Officer