

Take-Two Interactive Software, Inc. Announces Record First Quarter Fiscal 2002 Financial Results

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NEW YORK--(BUSINESS WIRE)--March 14, 2002--

Company Raises Guidance For Fiscal 2002;

Company's Publishing Market Share Continues To Expand Globally

Take-Two Interactive Software, Inc. (NASDAQ: TTWO) today announced record financial results for its first quarter ended January 31, 2002.

Net sales for the quarter were \$283 million, a 79% increase over net sales of \$158 million (inclusive of \$27 million in net sales attributable to the adoption of SAB 101) for the same period a year ago. Net income was \$34.8 million, or \$0.92 per diluted share (inclusive of \$0.02 per diluted share attributable to the early adoption of SFAS 142), as compared to net income of \$8.2 million, or \$0.25 per diluted share, and income before cumulative effect of change in accounting principle, net of taxes, of \$13.6 million, or \$0.41 per diluted share, in the first quarter of 2001. During the first quarter of 2002 the Company recorded a \$127,000 (\$76,000 net of taxes) gain on sale of securities. The inclusion of this gain in net income did not result in an increase in diluted earnings per share.

Guidance

The Company expects that during the remainder of fiscal 2002 it will continue to benefit from strong industry fundamentals and increased sales of its published products.

The Company is increasing its financial guidance for fiscal 2002 to \$683 million in net sales and \$1.67 of diluted earnings per share, including the effect of the early adoption of SFAS 142 "Amortization of Goodwill and Other Intangibles," which no longer requires amortization of goodwill (approximately \$0.09 per share for fiscal 2002).

The Company is also increasing its guidance for the second quarter ending April 30, 2002 to \$145 million in net sales and \$0.25 of diluted earnings per share.

Liquidity & Selected Balance Sheet Items

The Company operated on a cash flow positive basis for the quarter, generating approximately \$76 million in cash flow from operations, compared to \$21 million for the first quarter of fiscal 2001. DSO's at January 31, 2002 were 39 days, compared with 69 days at October 31, 2001. Working capital was \$128 million at the end of the first quarter as compared with \$68 million at the same time a year ago.

The Company had \$31 million in cash and no borrowings under its lines of credit as of January 31, 2002, as compared to \$14 million in cash and outstanding borrowings of approximately \$95 million at January 31, 2001. The Company's credit facilities in North America and Europe allow for borrowings scaling up to \$70 million based on accounts receivable and inventory levels. The Company recently extended its European line of credit for two years; the line now expires in March 2004. On a going forward basis, the Company expects to operate with substantially reduced borrowings as it continues to focus on improved capital efficiency, and it anticipates significant operating cash flow for fiscal 2002.

Karl Winters, Chief Financial Officer, commented, "Take-Two has worked diligently over the past year to improve its working capital and cash flow positions. The success of these efforts coupled with the ongoing strong performance of our published products, is clearly visible in our current balance sheet and financial condition. Looking ahead, we will continue to focus on enhancing Take-Two's liquidity and strengthening its balance sheet."

Published Products

The first quarter of fiscal 2002 represented a breakthrough period for the Company's published products, and in particular, the

Company's Rockstar Games publishing label. Take-Two was the #2 publisher of PlayStation(R)2 software in the United States during that period, according to NPDFunworld(SM) TRSTS Video Games Monthly Service for the three months ended January 31, 2002, garnering a 16% dollar share of this market. During the period, Take-Two was also the #2 publisher across all console software platforms, with an 8.9% dollar share. The Company has experienced similar results in major European territories.

Grand Theft Auto 3 for Sony's PlayStation(R)2 sustained its position as a global blockbuster during the first quarter of fiscal 2002. Grand Theft Auto 3 was the #1 selling video game across all platforms in the United States for the quarter, according to NPDFunworld, and the product held the same position in the United Kingdom, according to the ELSPA reports compiled by Chart-Track. Most significantly, Grand Theft Auto 3 has been the #1 selling PlayStation(R)2 title since the launch of this platform in October 2000.

During its first fiscal quarter, the Company shipped Max Payne for the PlayStation(R)2 and Xbox in North America. Max Payne has also been a top-selling title on these next-generation platforms and on the PC.

Additionally, the Company's line of PlayStation(R) value priced software products continues to perform well, with both Grand Theft Auto 2 and Motocross Mania ranking in the top twenty best selling PlayStation(R) titles in the United States for the three months ended January 31, according to NPDFunworld. The Company was the #5 third-party publisher of PlayStation(R) software for the quarter, with a 6.4% unit share of the market.

In its first quarter, published products accounted for approximately 68% of Take-Two's total sales, while Jack of All Games' distribution sales accounted for 32%, compared to 49% and 51% respectively, for the same period a year ago.

Future Published Products

In its second fiscal quarter, the Company released State of Emergency for the PlayStation(R)2 under its Rockstar Games publishing label. State of Emergency debuted in its launch week as the #1 selling video game on any platform in both the United States and the United Kingdom, according to NPDFunworld and the ELSPA reports compiled by Chart-Track, respectively. The Company's Gathering of Developers label also released new additions to its top-selling Serious Sam and Tropico PC franchises.

The Company also expects to ship The Italian Job for the PlayStation(R) in its second fiscal quarter. In addition, Max Payne for Xbox will be released in Europe concurrent with the Xbox launch in that region.

In its third fiscal quarter, the Company expects to ship Grand Theft Auto 3, Age of Wonders 2, Mafia, Serious Sam Gold and Tropico Gold for the PC, Spec Ops: Airborne Assault and Austin Powers Pinball for the PlayStation(R), Smuggler's Run 2 for the GameCube, and Duke Nukem' for the Game Boy Advance. The Company also plans to release Midnight Club and Smuggler's Run for Sony's recently announced PlayStation(R)2 Greatest Hits program.

Fall/Winter product releases are expected to include new titles for the Company's Grand Theft Auto and Midnight Club brands, State of Emergency for the Xbox, Stronghold Crusader and Hidden & Dangerous 2 for the PC, several additional releases for the PlayStation(R)2 Greatest Hits program, Grand Theft Auto 3 for the Game Boy Advance, as well as the launch of MTV's Celebrity Deathmatch on a variety of platforms.

Looking forward, the Company plans to launch new brands, and continue to aggressively develop brand extensions for Max Payne, Duke Nukem', Smuggler's Run, Serious Sam, Railroad Tycoon, Tropico, Austin Powers and Oni, as well as additional extensions for Grand Theft Auto and Midnight Club.

Kelly Sumner, Chief Executive Officer, said, "We are very pleased with the significant market share gains our publishing labels experienced during the first quarter of fiscal 2002. We have clearly established Rockstar Games as a leading industry brand focused on delivering innovative gameplay to consumers. We look forward to extending our existing brands and the development of new brands in the balance of 2002 and continuing into 2003."

Management / Additional Comments

As part of an ongoing effort to enhance its management team and Board of Directors, the Company recently announced the appointment of Mr. Don Leeds, former Director and Audit Committee Chairman, to the senior management position of Executive Vice President Special Projects. Take-Two also appointed a new independent director, Mr. Todd Emmel. Mr. Emmel will chair

the Company's Audit Committee. Messrs. Leeds and Emmel bring extensive additional experience and talent to the Company, and are expected to play a critical role in the further advancement of Take-Two.

Paul Eibeler, President, stated, "The first quarter of fiscal 2002 was a significant period for Take-Two. We established ourselves as a leading publisher and grew our overall business substantially from both a top and bottom line perspective, while meeting or exceeding all of our balance sheet, working capital and cash flow objectives. We look forward to the continued growth of our business in fiscal 2002 and beyond, the further strengthening of our management team and a consistent focus on maximizing shareholder value."

About Take-Two Interactive Software

Headquartered in New York City, Take-Two Interactive Software, Inc. is an integrated global developer, marketer, distributor, and publisher of interactive entertainment software games and accessories for the PC, PlayStation(R), PlayStation(R)2, Nintendo Game Boy Color, Nintendo GameCube, Nintendo Game Boy Advance and the Xbox(TM). The Company publishes and develops products through various wholly owned subsidiaries including: Rockstar Games, Gathering of Developers, TalonSoft, Joytech, DMA Design, PopTop, Global Star and under the Take-Two brand name. The Company maintains sales and marketing offices in Cincinnati, New York, Toronto, London, Paris, Munich, Vienna, Copenhagen, Milan, Sydney and Auckland. Take-Two's common stock is publicly traded on NASDAQ under the symbol TTWO. For more corporate and product information please visit our website at www.take2games.com.

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Safe Harbor Statement under the Private Securities Reform Act of 1995: The statements contained herein which are not historical facts are considered forward-looking statements under federal securities laws. Such forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to them. The words "expect," "anticipate," "believe," "may," "estimate," "intend" and similar expressions are intended to identify such forward-looking statements. Forward-looking statements involve risks, uncertainties and assumptions including, but not limited to: risks associated with our future growth and operating results; our ability to continue to successfully manage growth and integrate the operations of acquired businesses; the availability of adequate financing to fund periodic cash flow shortages; credit risks; seasonal factors; inventory obsolescence; technological change; competitive factors; product returns; failure of retailers to sell-through our products; the timing of the introduction and availability of the Company's new software products and third-party hardware platforms; market and industry factors adversely affecting the carrying value of our assets; unfavorable general economic conditions (including the current economic downturn); and acts of war and terrorism, any or all of which could have a material adverse effect on our business, operating results and financial condition. These important factors and other factors that could affect the Company are described in the Company's Annual Report on Form 10-K, as amended, for the fiscal year ended October 31, 2001. Actual operating results may vary significantly from such forward-looking statements. The Company has no obligation to update such forward-looking statements.

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
 Consolidated Condensed Statements of Operations
 For the three months ended January 31, 2002 and 2001 (unaudited)
 (In thousands, except per share data)

	Three months ended January 31,	
	2002	2001
	-----	-----
Net sales	\$ 282,926	\$ 157,591
Cost of sales	179,465	104,260
	-----	-----
Gross profit	103,461	53,331
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Operating expenses		
Selling and marketing	21,995	12,552
General and administrative	18,997	10,511
Research and development costs	1,954	1,400
Depreciation and amortization	2,271	2,422

Total operating expenses	45,217	26,885
Income from operations	58,244	26,446
Interest expense	974	2,930
Gain from sales of marketable securities	(127)	-
Total non-operating expenses	847	2,930
Income before income taxes	57,397	23,516
Provision for income taxes	22,568	9,947
Income before cumulative effect of change in accounting principle	34,829	13,569
Cumulative effect of change in accounting principle, net of taxes of \$3,558	-	5,337
Net income	\$ 34,829	\$ 8,232

Per share data:

Diluted:

Weighted average common shares outstanding	37,896	32,959
Income before cumulative effect of change in accounting principle per share	\$ 0.92	\$ 0.41
Cumulative effect of change in accounting principle per share	-	(0.16)
Net income - Diluted	\$ 0.92	\$ 0.25

OTHER INFORMATION

	January 31 2002	January 31 2001
Total revenue mix		
Publishing	68%	49%
Distribution	32%	51%
Geographic revenue mix		
North America	79%	82%
International	21%	18%
Publishing platform revenue mix		
Video Game Consoles	95%	56%
PC	3%	34%
Accessories	2%	6%
Nintendo Game Boy Color & Game Boy Advance	-	4%

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
Consolidated Condensed Balance Sheets
As of January 31, 2002 and October 31, 2001 (unaudited)
(In thousands, except share data)

ASSETS	January 31, 2002	October 31, 2001
	-----	-----
Current assets		
Cash and cash equivalents	\$ 30,972	\$ 6,056
Accounts receivable, net of provision for doubtful accounts and sales allowances of \$35,778 and \$26,106 at January 31, 2002 and October 31, 2001, respectively	122,701	94,950
Inventories, net	51,804	61,937
Prepaid royalties	19,259	21,892
Prepaid expenses and other current assets	18,816	17,925
Investments	769	6,241
Deferred tax asset	13,873	13,873
	-----	-----
Total current assets	258,194	222,874
Fixed assets, net		
Prepaid royalties	12,992	11,033
Capitalized software development costs, net	10,562	11,097
Investments	8,930	11,934
Intangibles, net	55	75
Deferred tax asset	86,703	88,175
Other assets, net	7,892	7,892
	381	1,917
	-----	-----
Total assets	\$ 385,709	\$ 354,997
	=====	=====
LIABILITIES and STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	73,220	60,223
Accrued expenses and other current liabilities	35,140	20,250
Income taxes payable	21,341	-
Lines of credit, current portion	-	54,073
Current portion of capital lease obligation	92	99
	-----	-----
Total current liabilities	129,793	134,645
Capital lease obligation, net of current portion		
	275	291
	-----	-----
Total liabilities	\$ 130,068	\$ 134,936
	-----	-----
Stockholders' equity		
Common stock, par value \$.01 per share; 50,000,000 shares authorized; 36,821,257 and 36,640,972 shares issued and outstanding	368	366
Additional paid-in capital	216,080	213,908
Retained earnings	51,068	16,239

Accumulated other comprehensive loss	(11,875)	(10,452)
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Total stockholders' equity	255,641	220,061
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Total liabilities and stockholders' equity	\$ 385,709	\$ 354,997
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