

## Take-Two Interactive Software, Inc. Reports Fourth Quarter Fiscal 2009 Financial Results

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NEW YORK, Dec 17, 2009 (BUSINESS WIRE) -- Take-Two Interactive Software, Inc. (NASDAQ:TTWO) today announced financial results for its fourth quarter and fiscal year ended October 31, 2009.

Net revenue for the fourth fiscal quarter was \$343.4 million, compared to \$323.4 million for the same quarter of fiscal 2008. Fourth quarter fiscal 2009 sales were led by *Borderlands(TM)*, *NBA(R)2K10*, *Grand Theft Auto: Episodes from Liberty City*, *Grand Theft Auto: The Ballad of Gay Tony*, and *Grand Theft Auto IV*.

Net loss for the fourth quarter was \$22.0 million or \$0.28 per share, compared to net loss of \$15.0 million or \$0.20 per share in the fourth quarter of fiscal 2008.

The fourth quarter 2009 results included \$14.8 million in non-cash goodwill and intangible impairment charges on its distribution segment in connection with the Company's annual assessment of goodwill (\$0.19 per share); \$9.8 million in stock-based compensation expense (\$0.13 per share); and \$4.3 million in non-cash tax expense for the cumulative impact of deferred tax liabilities associated with tax deductible amortization of goodwill (\$0.06 per share). Results for the fourth quarter of 2008 included \$9.3 million in stock-based compensation expense (\$0.12 per share); and \$7.2 million in professional fees and expenses related to unusual matters, as well as business reorganization costs (\$0.09 per share).

Non-GAAP net income was \$7.0 million or \$0.09 per share in the fourth quarter of fiscal 2009, compared to non-GAAP net income of \$1.6 million or \$0.02 per share in the fourth quarter of 2008. (Please refer to Non-GAAP Financial Measures and reconciliation tables included later in this release for additional information and details on non-GAAP items).

For the fiscal year ended October 31, 2009, net revenue was \$968.5 million, compared to \$1,537.5 million for fiscal 2008, which included the release and strong post-launch performance of *Grand Theft Auto IV*. Net loss for fiscal 2009 was \$137.9 million or \$1.80 per share, compared to net income of \$97.1 million or \$1.28 for fiscal 2008. Results for fiscal 2009 included \$25.9 million in stock-based compensation expense (\$0.34 per share); \$14.8 million in non-cash goodwill and intangible impairment charges on its distribution segment in connection with the Company's annual assessment of goodwill (\$0.19 per share); \$7.2 million in professional fees and expenses related to unusual matters (\$0.09 per share); and \$4.3 million in non-cash tax expense for the cumulative impact of deferred tax liabilities associated with tax deductible amortization of goodwill (\$0.06 per share). Results for fiscal 2008 included \$40.4 million in stock-based compensation expense (\$0.53 per share); and \$20.7 million in professional fees and expenses related to unusual matters, as well as business reorganization costs (\$0.27 per share).

Non-GAAP net loss was \$85.7 million or \$1.12 per share for fiscal 2009, compared to a record non-GAAP net income of \$158.2 million or \$2.08 per share for fiscal 2008. (Please refer to Non-GAAP Financial Measures and reconciliation tables included later in this release for additional information and details on non-GAAP items).

### Recent Product Highlights

- Rockstar Games won the following awards at the 2009 Spike TV Video Game Awards on December 12<sup>th</sup>:
  - Best Handheld Game: *Grand Theft Auto: Chinatown Wars*
  - Best DLC: *Grand Theft Auto: The Ballad of Gay Tony*
- *Borderlands* from 2K Games has now sold over 2 million units worldwide and has established itself as a key franchise for Take-Two, for which the Company has long-term publishing rights.
- *NBA 2K10* from 2K Sports was the #1 selling and #1 rated basketball game for the Xbox 360(R) video game and entertainment system from Microsoft and the PlayStation(R)3 computer entertainment system through November 2009, according to The NPD Group's estimates of U.S. retail video game sales and Metacritic.com.
- The Company's internally owned and developed *Carnival Games(TM)* franchise from 2K Play's Cat Daddy Games studio sold over 5 million units worldwide on the Wii(TM) and DS(TM).
- 2K Games announced that *Spec Ops(R): The Line(TM)*, a third-person modern military shooter, is currently in development for the Xbox 360, PlayStation and Windows PC. The title debuted at the 2009 Spike TV Video Game Awards and is planned for release in Take-Two's fiscal year ending October 31, 2011.

## Financial Guidance

The Company is reiterating its guidance for the first quarter ending January 31, 2010 and for the fiscal year ending October 31, 2010 as provided below. The Company's fiscal year 2010 guidance includes a non-GAAP net loss from the Company's *Major League Baseball*(R) business in the range of \$30 million to \$35 million, or \$0.38 to \$0.44 per share.

	<b>First quarter ending 1/31/2010</b>	<b>Fiscal year ending 10/31/2010</b>
<b>Revenue</b>	\$210 to \$260 million	\$1.0 to \$1.2 billion
<b>Non-GAAP EPS</b>	\$(0.40) to \$(0.50)	\$(0.40) to \$(0.60)
<b>Stock-based compensation expense per share (a)</b>	\$0.11	\$0.46
<b>Non-cash interest expense related to convertible debt (b)</b>	\$0.03	\$0.11

(a) The Company's stock-based compensation expense for the first quarter and fiscal year 2010 includes the cost of approximately 2 million stock options and 1.5 million shares previously issued to ZelnickMedia that are subject to variable accounting. Actual expense to be recorded in connection with these options and shares is dependent upon several factors, including future changes in Take-Two's stock price.

(b) The Company will adopt a new accounting standard in the first quarter of fiscal 2010 that requires convertible debt to be bifurcated into debt and equity components. As a result of the new standard, the Company will also begin recording non-cash interest expense on its convertible notes, in addition to the interest expense already recorded for coupon payments. The Company will report the non-cash portion of the interest expense as a non-GAAP financial measure.

Key assumptions and dependencies underlying the Company's guidance include continued consumer acceptance of the Xbox 360 video game and entertainment system from Microsoft, PLAYSTATION 3 computer entertainment system and Wii(TM) home video game system from Nintendo; the ability to develop and publish products that capture market share for these current generation systems while continuing to leverage opportunities on certain prior generation platforms; as well as the timely delivery of the titles detailed in this release.

## Product Releases

The following titles shipped to date during the first quarter of fiscal 2010:

<b>Title</b>	<b>Platform</b>
<i>Borderlands: The Zombie Island of Dr. Ned (DLC)</i>	Xbox 360, PS3, PC
<i>Dora the Explorer: Dora Saves the Crystal Kingdom</i>	Wii, PS2
<i>Dora the Explorer: Dora Puppy</i>	DS
<i>NBA(R) 2K10</i>	Wii
<i>Ni Hao, Kai-Lan: New Year's Celebration</i>	DS
<i>Ringling Bros. and Barnum &amp; Bailey(TM)</i>	Wii, DS

Take-Two's lineup of key titles announced to date for the remainder of fiscal 2010 includes:

<b>Title</b>	<b>Platform</b>
<i>BioShock(R) 2</i>	Xbox 360, PS3, PC
<i>Borderlands: Mad Moxxi's Underdome Riot (DLC)</i>	Xbox 360, PS3, PC
<i>Mafia(R) II</i>	Xbox 360, PS3, PC
<i>Major League Baseball(R) 2K10</i>	Xbox 360, PS3, PS2, PSP, Wii, DS, PC
<i>Max Payne 3</i>	Xbox 360, PS3, PC
<i>NBA(R) 2K11</i>	TBA
<i>Red Dead Redemption</i>	Xbox 360, PS3

## Management Comment

Strauss Zelnick, Chairman of Take-Two, stated, "Our company and industry experienced a very difficult economic environment in 2009. We believe that 2010 will continue to be challenging and our outlook, while disappointing, reflects a prudent approach to managing our business. The fact remains that Take-Two is in a fundamentally strong position to build long term value. We have an outstanding portfolio of hit franchises based largely on internally developed and owned intellectual property, a team of extraordinarily creative and talented people, opportunities to extend our business to new media and markets, and the financial resources to support our strategies."

Ben Feder, Chief Executive Officer of Take-Two, commented, "We are excited about our product lineup for 2010, which includes *BioShock 2*, *Mafia II*, *Max Payne 3* and *Red Dead Redemption*. We also have just announced *Spec Ops: The Line*, an intense military third-person shooter, for fiscal 2011. Our broad portfolio reflects the fantastic creative assets that will be the source of our long term success. Moving forward, we plan to build our company by continuing to focus on select high-potential titles, leveraging our successful franchises and applying our creative abilities to emerging opportunities. We also intend to strengthen our business through increased cost management, improved operational efficiencies, and the timely delivery of our titles."

## Conference Call

Take-Two will host a conference call today at 4:30 p.m. Eastern Time to review these results and discuss other topics. The call can be accessed by dialing (877) 407-0984 or (201) 689-8577. A live listen-only webcast of the call will be available by visiting <http://ir.take2games.com> and a replay will be available following the call at the same location.

## Non-GAAP Financial Measures

In addition to reporting financial results in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses non-GAAP measures of financial performance that exclude certain non-recurring or non-cash items. Non-GAAP gross profit, income (loss) from operations, net income (loss) and earnings (loss) per share are measures that exclude certain non-recurring or non-cash items and should be considered in addition to results prepared in accordance with GAAP. They are not intended to be considered in isolation from, as a substitute for, or superior to, GAAP results. These non-GAAP financial measures may be different from similarly titled measures used by other companies.

The non-GAAP measures exclude the following items from the Company's statements of operations:

- Business reorganization, restructuring and related expenses
- Stock-based compensation
- Professional fees and expenses associated with unusual legal and other matters, including the Company's concluded process to evaluate its strategic alternatives
- Impairment of goodwill and long-lived assets
- Non-cash tax expense for the cumulative impact of deferred tax liabilities associated with tax deductible amortization of goodwill

In addition, the Company may consider whether other significant non-recurring items that arise in the future should also be excluded from the non-GAAP financial measures it uses.

The Company believes that these non-GAAP financial measures, when taken into consideration with the corresponding GAAP financial measures, are important in gaining an understanding of the Company's ongoing business. These non-GAAP financial measures also provide for comparative results from period to period. Therefore, the Company believes it is appropriate to exclude certain items as follows:

### *Business reorganization, restructuring and related expenses*

In March 2007, the Company's stockholders elected a new slate of members to Take-Two's Board of Directors, who immediately removed the Company's former President and Chief Executive Officer. Subsequently, the Company's former Chief Financial Officer resigned. As a result of these actions and the implementation of a business reorganization plan, the Company incurred significant costs in the fiscal years ended October 31, 2007 and October 31, 2008 to reduce headcount, relocate

employees and consolidate sales and operational functions. These costs were related to severance, asset write-offs and associated professional fees. As of October 31, 2008, the Company had substantially concluded the reorganization plan.

The Company does not engage in reorganization activities on a regular basis and therefore believes it is appropriate to exclude business reorganization expenses from its non-GAAP financial measures.

#### *Stock-based compensation*

The Company does not consider stock-based compensation charges when evaluating business performance and management does not contemplate stock-based compensation expense in its short and long-term operating plans. The Company places greater emphasis on stockholder dilution than accounting charges when assessing the impact of stock-based equity awards.

#### *Professional fees and expenses associated with unusual legal and other matters, including the Company's concluded strategic review process*

The Company incurred significant legal, consulting and investment banking expenses in the fiscal year ended October 31, 2008 related to the tender offer by Electronic Arts Inc. to acquire all of the Company's outstanding shares, which was launched in March 2008 and expired in August 2008, and the Company's related strategic review process which was completed in October 2008.

Additionally, the Company has realized significant legal and other professional fees associated with both the investigation of its historical stock option granting process and the Company's responses to related governmental inquiries and civil lawsuits. The Company has also incurred legal expenses related to the tender offer by Electronic Arts. One of management's primary objectives is to bring conclusion to its outstanding legal matters. The Company continues to incur expenses for professional fees and has accrued for legal settlements that are outside its ordinary course of business. As a result, the Company has excluded such expenses from its non-GAAP financial measures.

#### *Impairment of goodwill and long-lived assets*

The Company is required under generally accepted accounting principles to review its goodwill for impairment annually or more frequently when events or changes in circumstances indicate the carrying value may not be recoverable.

During the annual test for its fiscal year ended October 31, 2009, the Company determined that goodwill and other intangible assets attributed to its distribution segment were impaired due to the Company's outlook for this segment. As a result, the Company recorded non-cash impairment charges related to its distribution segment. The impairment charges represented all of the Company's distribution segment goodwill and net intangible assets and were recorded in the impairment of goodwill and long-lived assets line in the Company's consolidated statements of operations.

The Company does not routinely record impairment charges to its goodwill and long-lived assets and therefore believes it is appropriate to exclude these non-cash charges from its non-GAAP financial measures.

#### *Non-cash tax expense for the cumulative impact of deferred tax liabilities associated with tax deductible amortization of goodwill*

The Company recorded non-cash tax expense for the cumulative impact of deferred tax liabilities associated with tax deductible amortization of goodwill in the fourth quarter of the fiscal year ended October 31, 2009. Due to the cumulative nature of the adjustment as well as the expectation that it will not have any cash impact in the foreseeable future, the Company believes it is appropriate to exclude this expense from its non-GAAP financial measures.

#### *EBITDA and Adjusted EBITDA*

Earnings (loss) before interest, taxes, depreciation and amortization ("EBITDA") is a financial measure not calculated and presented in accordance with U.S. GAAP. Management uses EBITDA adjusted for business reorganization and related expenses ("Adjusted EBITDA"), among other measures, in evaluating the performance of the Company's business units. Adjusted EBITDA is also a significant component of the Company's incentive compensation plans. Adjusted EBITDA should not be considered in isolation from, or as a substitute for, net income/(loss) prepared in accordance with GAAP.

## Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

### About Take-Two Interactive Software, Inc.

Headquartered in New York City, Take-Two Interactive Software, Inc. is a global developer, marketer, distributor and publisher of interactive entertainment software games for the PC, PlayStation(R)3 and PlayStation(R)2 computer entertainment systems, PSP(R) (PlayStation(R)Portable) system, Xbox 360(R) video game and entertainment system from Microsoft, Wii(TM), Nintendo DS(TM), iPhone(TM) and iPod(R) touch. The Company publishes and develops products through its wholly owned labels Rockstar Games and 2K, which publishes its titles under 2K Games, 2K Sports and 2K Play. Take-Two also distributes software, hardware and accessories in North America through its Jack of All Games subsidiary. The Company'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](http://www.take2games.com).

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### Cautionary Note Regarding 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: our dependence on key management and product development personnel, our dependence on our Grand Theft Auto products and our ability to develop other hit titles for current generation platforms, the timely release and significant market acceptance of our games, the ability to maintain acceptable pricing levels on our games, our reliance on a primary distribution service provider for a significant portion of our products, our ability to raise capital if needed, risks associated with international operations, and the matters relating to the investigation by a special committee of our board of directors of the Company's stock option grants and the claims and proceedings relating thereto (including stockholder and derivative litigation and negative tax or other implications for the Company resulting from any accounting adjustments or other factors). Other important factors and information are contained in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2008, in the section entitled "Risk Factors," as updated in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2009, and the Company's other periodic filings with the SEC, which can be accessed at [www.take2games.com](http://www.take2games.com). All forward-looking statements are qualified by these cautionary statements and apply 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.

### TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

	Three months ended October 31, Year ended October 31,			
	2009	2008	2009	2008
Net revenue	\$ 343,392	\$ 323,442	\$ 968,488	\$ 1,537,530
Cost of goods sold:				
Product costs	147,271	146,422	486,762	633,979
Software development costs and royalties	47,490	43,276	115,960	169,398
Internal royalties	27,725	18,003	58,224	128,772
Licenses	17,927	17,071	56,880	56,546
Total cost of goods sold	240,413	224,772	717,826	988,695
Gross profit	102,979	98,670	250,662	548,835
Selling and marketing	51,471	44,846	148,624	167,380

General and administrative	<b>34,381</b>	44,524	<b>135,127</b>	171,440
Research and development	<b>14,159</b>	16,052	<b>63,748</b>	63,929
Business reorganization and related	-	1,601	-	4,478
Impairment of goodwill and long-lived assets	<b>14,754</b>	-	<b>14,754</b>	-
Depreciation and amortization	<b>4,282</b>	5,629	<b>18,623</b>	25,755
Total operating expenses	<b>119,047</b>	112,652	<b>380,876</b>	432,982
Income (loss) from operations	<b>(16,068)</b>	(13,982)	<b>(130,214)</b>	115,853
Interest and other expense, net	<b>(885)</b>	(2,845)	<b>(3,195)</b>	(3,710)
Income (loss) before income taxes	<b>(16,953)</b>	(16,827)	<b>(133,409)</b>	112,143
Provision (benefit) for income taxes	<b>5,036</b>	(1,873)	<b>4,521</b>	15,046
Net income (loss)	<b>\$ (21,989)</b>	\$ (14,954)	<b>\$(137,930)</b>	\$97,097
Earnings (loss) per share:				
Basic	<b>\$ (0.28)</b>	\$ (0.20)	<b>\$(1.80)</b>	\$1.29
Diluted	<b>\$ (0.28)</b>	\$ (0.20)	<b>\$(1.80)</b>	\$1.28
Weighted average shares outstanding:				
Basic	<b>77,569</b>	76,046	<b>76,815</b>	75,039
Diluted	<b>77,569</b>	76,046	<b>76,815</b>	75,943

**Three months ended October 31, Year ended October 31,**

<b>OTHER INFORMATION</b>	<b>2009</b>		<b>2008</b>		<b>2009</b>		<b>2008</b>
Total revenue mix							
Publishing	82	%	75	%	72	%	80
Distribution	18	%	25	%	28	%	20
Geographic revenue mix							
North America	69	%	65	%	73	%	65
International	31	%	35	%	27	%	35
Publishing revenue platform mix							
Microsoft Xbox 360	53	%	28	%	41	%	39
Sony PlayStation 3	21	%	35	%	16	%	34
Sony PSP	7	%	7	%	7	%	5
PC	7	%	5	%	11	%	3
Nintendo Wii	5	%	13	%	11	%	9
Sony PlayStation 2	4	%	8	%	7	%	8
Nintendo DS	3	%	4	%	7	%	2

**TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

(in thousands, except per share amounts)

	<b>October 31,</b>	<b>October 31,</b>
	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	<b>\$ 102,083</b>	\$ 280,277
Accounts receivable, net of allowances of \$47,265 and \$68,448 at October 31, 2009 and October 31, 2008, respectively	<b>199,395</b>	157,458
Inventory	<b>93,996</b>	104,235
Software development costs and licenses	<b>167,341</b>	113,436
Prepaid taxes and taxes receivable	<b>8,814</b>	23,763
Prepaid expenses and other	<b>56,595</b>	44,605
Total current assets	<b>628,224</b>	723,774
Fixed assets, net	<b>27,392</b>	32,361
Software development costs and licenses, net of current portion	<b>75,521</b>	61,991

Goodwill	<b>220,881</b>	230,809
Other intangibles, net	<b>23,224</b>	26,123
Other assets	<b>33,329</b>	8,294
Total assets	<b>\$1,008,571</b>	\$1,083,352

#### **LIABILITIES AND STOCKHOLDERS' EQUITY**

##### Current liabilities:

Accounts payable	<b>\$172,976</b>	\$156,167
Accrued expenses and other current liabilities	<b>174,983</b>	153,089
Deferred revenue	<b>6,334</b>	56,163
Total current liabilities	<b>354,293</b>	365,419
Long-term debt	<b>138,000</b>	70,000
Income taxes payable	<b>10,146</b>	26,399
Other long-term liabilities	-	6,416
Total liabilities	<b>502,439</b>	468,234

##### Commitments and contingencies

##### Stockholders' equity:

Preferred stock, \$.01 par value, 5,000 shares authorized	-	-
Common stock, \$.01 par value, 150,000 shares authorized; 81,925 and 77,694 shares issued and outstanding at October 31, 2009 and October 31, 2008, respectively	<b>819</b>	777
Additional paid-in capital	<b>616,776</b>	603,579
Retained earnings (accumulated deficit)	<b>(119,655 )</b>	18,275
Accumulated other comprehensive income (loss)	<b>8,192</b>	(7,513 )
Total stockholders' equity	<b>506,132</b>	615,118
Total liabilities and stockholders' equity	<b>\$1,008,571</b>	\$1,083,352

#### **TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES**

#### **CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

	<b>Year ended October 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating activities:</b>		
Net income (loss)	<b>\$ (137,930 )</b>	\$97,097
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Amortization and impairment of software development costs and licenses	<b>105,521</b>	146,102
Depreciation and amortization of long-lived assets	<b>18,623</b>	25,755
Impairment of goodwill and long-lived assets	<b>14,754</b>	-
Amortization and impairment of intellectual property	<b>478</b>	2,350
Stock-based compensation	<b>25,933</b>	40,387
Deferred income taxes	<b>3,432</b>	(391 )
Foreign currency transaction (gain) loss and other	<b>(3,448 )</b>	6,688
Changes in assets and liabilities, net of effect from purchases of businesses:		
Accounts receivable	<b>(41,937 )</b>	(52,421 )
Inventory	<b>10,239</b>	(4,904 )
Software development costs and licenses	<b>(164,828 )</b>	(157,076 )
Prepaid expenses, other current and other non-current assets	<b>(519 )</b>	16,831
Deferred revenue	<b>(49,829 )</b>	(5,381 )
Accounts payable, accrued expenses, income taxes payable and other liabilities	<b>9,307</b>	36,389
Total adjustments	<b>(72,274 )</b>	54,329
Net cash provided by (used for) operating activities	<b>(210,204 )</b>	151,426
<b>Investing activities:</b>		
Purchase of fixed assets	<b>(11,176 )</b>	(12,277 )

Cash received from sale of business	-	3,000
Payments in connection with business combinations, net of cash acquired	(5,813 )	(7,503 )
Net cash used for investing activities	(16,989 )	(16,780 )
<b>Financing activities:</b>		
Proceeds from exercise of employee stock options	22	25,962
Net borrowings (payments) on line of credit	(70,000 )	52,000
Proceeds from issuance of Convertible Notes	138,000	-
Purchase of convertible note hedges	(43,592 )	-
Issuance of warrants to purchase common stock	26,342	-
Payment of debt issuance costs	(4,984 )	(962 )
Net cash provided by financing activities	45,788	77,000
Effects of exchange rates on cash and cash equivalents	3,211	(9,126 )
Net increase (decrease) in cash and cash equivalents	(178,194 )	202,520
Cash and cash equivalents, beginning of year	280,277	77,757
Cash and cash equivalents, end of period	\$ 102,083	\$ 280,277

**TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

	Three months ended October 31, 2009	Non-GAAP Reconciling Items				Non-GAAP three months ended October 31, 2009
		Impairment of goodwill and long-lived assets	Professional fees and legal matters	Stock-based compensation	Non-cash income taxes	
Net revenue	\$ 343,392	\$ -	\$ -	\$ -	\$ -	\$ 343,392
Cost of goods sold:						
Product costs	147,271	-	-	-	-	147,271
Software development costs and royalties	47,490	-	-	(2,415 )	-	45,075
Internal royalties	27,725	-	-	-	-	27,725
Licenses	17,927	-	-	-	-	17,927
Total cost of goods sold	240,413	-	-	(2,415 )	-	237,998
Gross profit	102,979	-	-	2,415	-	105,394
Selling and marketing	51,471	-	-	(1,135 )	-	50,336
General and administrative	34,381	-	(98 )	(5,118 )	-	29,165
Research and development	14,159	-	-	(1,151 )	-	13,008
Business reorganization and related	-	-	-	-	-	-
Impairment of goodwill and long-lived assets	14,754	(14,754 )	-	-	-	-
Depreciation and amortization	4,282	-	-	-	-	4,282
Total operating expenses	119,047	(14,754 )	(98 )	(7,404 )	-	96,791
Income (loss) from operations	(16,068 )	14,754	98	9,819	-	8,603
Interest and other expense, net	(885 )	-	-	-	-	(885 )
Income (loss) before income taxes	(16,953 )	14,754	98	9,819	-	7,718
Provision (benefit) for income taxes	5,036	-	-	-	(4,319 )	717
Net income (loss)	\$ (21,989 )	\$ 14,754	\$ 98	\$ 9,819	\$ 4,319	\$ 7,001
Earnings (loss) per share:*						



Basic	\$ (0.28	) \$ 0.19	\$ 0.00	\$ 0.13	\$ 0.06	\$ 0.09
Diluted	\$ (0.28	) \$ 0.19	\$ 0.00	\$ 0.13	\$ 0.06	\$ 0.09
Weighted average shares outstanding						
Basic	77,569	77,569	77,569	77,569	77,569	77,569
Diluted	77,569	77,569	77,569	77,569	77,569	78,344

**EBITDA:**

Income (loss) before income taxes	\$ (16,953	)				\$ 7,718
Interest	2,188					2,188
Depreciation and amortization	4,282					4,282
<b>EBITDA</b>	\$ (10,483	)				\$ 14,188
Add: Impairment of goodwill and long-lived assets	14,754					-
<b>Adjusted EBITDA</b>	\$ 4,271					\$ 14,188

\*Basic and diluted earnings (loss) per share may not add due to rounding

**TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

	Three months ended October 31, 2008	Non-GAAP Reconciling Items			Non-GAAP three months ended October 31, 2008	
		Business reorganization and related	Professional fees and legal matters	Stock-based compensation		
Net revenue	\$ 323,442	\$ -	\$ -	\$ -	\$ 323,442	
Cost of goods sold:						
Product costs	146,422	-	-	-	146,422	
Software development costs and royalties	43,276	-	-	(2,863 )	40,413	
Internal royalties	18,003	-	-	-	18,003	
Licenses	17,071	-	-	-	17,071	
Total cost of goods sold	224,772	-	-	(2,863 )	221,909	
Gross profit	98,670	-	-	2,863	101,533	
Selling and marketing	44,846	-	-	(444 )	44,402	
General and administrative	44,524	-	(5,589 )	(4,804 )	34,131	
Research and development	16,052	-	-	(1,214 )	14,838	
Business reorganization and related	1,601	(1,601 )	-	-	-	
Impairment of goodwill and long-lived assets	-	-	-	-	-	
Depreciation and amortization	5,629	-	-	-	5,629	
Total operating expenses	112,652	(1,601 )	(5,589 )	(6,462 )	99,000	
Income (loss) from operations	(13,982 )	1,601	5,589	9,325	2,533	
Interest and other expense, net	(2,845 )	-	-	-	(2,845 )	
Income (loss) before income taxes	(16,827 )	1,601	5,589	9,325	(312 )	
Provision (benefit) for income taxes	(1,873 )	-	-	-	(1,873 )	
Net income (loss)	\$ (14,954 )	\$ 1,601	\$ 5,589	\$ 9,325	\$ 1,561	
Earnings (loss) per share:*						
Basic	\$ (0.20	) \$ 0.02	\$ 0.07	\$ 0.12	\$ 0.02	
Diluted	\$ (0.20	) \$ 0.02	\$ 0.07	\$ 0.12	\$ 0.02	
Weighted average shares outstanding						

Basic	76,046	76,046	76,046	76,046	76,046
Diluted	76,046	76,046	76,046	76,046	76,903

**EBITDA:**

Income (loss) before income taxes	\$ (16,827 )				\$ (312 )
Interest	(1,159 )				(1,159 )
Depreciation and amortization	5,629				5,629
<b>EBITDA</b>	\$ (12,357 )				\$ 4,158
Add: Business reorganization and related	1,601				-
<b>Adjusted EBITDA</b>	\$ (10,756 )				\$ 4,158

\*Basic and diluted earnings (loss) per share may not add due to rounding

**TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

	Year	Non-GAAP Reconciling Items				Non-GAAP year ended October 31, 2009
		Impairment of goodwill and long-lived assets	Professional fees and legal matters	Stock-based compensation	Non-cash income taxes	
	ended October 31, 2009					
Net revenue	\$ 968,488	\$ -	\$ -	\$ -	\$ -	\$ 968,488
Cost of goods sold:						
Product costs	486,762	-	-	-	-	486,762
Software development costs and royalties	115,960	-	-	(6,094 )	-	109,866
Internal royalties	58,224	-	-	-	-	58,224
Licenses	56,880	-	-	-	-	56,880
Total cost of goods sold	717,826	-	-	(6,094 )	-	711,732
Gross profit	250,662	-	-	6,094	-	256,756
Selling and marketing	148,624	-	-	(2,551 )	-	146,073
General and administrative	135,127	-	(7,225 )	(14,119 )	-	113,783
Research and development	63,748	-	-	(3,169 )	-	60,579
Business reorganization and related	-	-	-	-	-	-
Impairment of goodwill and long-lived assets	14,754	(14,754 )	-	-	-	-
Depreciation and amortization	18,623	-	-	-	-	18,623
Total operating expenses	380,876	(14,754 )	(7,225 )	(19,839 )	-	339,058
Income (loss) from operations	(130,214 )	14,754	7,225	25,933	-	(82,302 )
Interest and other expense, net	(3,195 )	-	-	-	-	(3,195 )
Income (loss) before income taxes	(133,409 )	14,754	7,225	25,933	-	(85,497 )
Provision (benefit) for income taxes	4,521	-	-	-	(4,319 )	202
Net income (loss)	\$ (137,930 )	\$ 14,754	\$ 7,225	\$ 25,933	\$ 4,319	\$ (85,699 )
Earnings (loss) per share:*						
Basic	\$ (1.80 )	\$ 0.19	\$ 0.09	\$ 0.34	\$ 0.06	\$ (1.12 )
Diluted	\$ (1.80 )	\$ 0.19	\$ 0.09	\$ 0.34	\$ 0.06	\$ (1.12 )
Weighted average shares outstanding						

Basic	76,815	76,815	76,815	76,815	76,815	76,815
Diluted	76,815	76,815	76,815	76,815	76,815	76,815

**EBITDA:**

Income (loss) before income taxes	\$ (133,409 )				\$ (85,497 )	
Interest	7,087				7,087	
Depreciation and amortization	18,623				18,623	
<b>EBITDA</b>	(107,699 )				(59,787 )	
Add: Impairment of goodwill and long-lived assets	14,754				-	
<b>Adjusted EBITDA</b>	\$ (92,945 )				\$ (59,787 )	

\*Basic and diluted earnings (loss) per share may not add due to rounding

**TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

	Year ended October 31, 2008	Non-GAAP Reconciling Items			Non-GAAP year ended October 31, 2008
		Business reorganization and related	Professional fees and legal matters	Stock-based compensation	
Net revenue	\$ 1,537,530	\$ -	\$ -	\$ -	\$ 1,537,530
Cost of goods sold:					
Product costs	633,979	-	-	-	633,979
Software development costs and royalties	169,398	-	-	(13,461 )	155,937
Internal royalties	128,772	-	-	-	128,772
Licenses	56,546	-	-	-	56,546
Total cost of goods sold	988,695	-	-	(13,461 )	975,234
Gross profit	548,835	-	-	13,461	562,296
Selling and marketing	167,380	-	-	(2,370 )	165,010
General and administrative	171,440	-	(16,243 )	(19,678 )	135,519
Research and development	63,929	-	-	(4,878 )	59,051
Business reorganization and related	4,478	(4,478 )	-	-	-
Impairment of goodwill and long-lived assets	-	-	-	-	-
Depreciation and amortization	25,755	-	-	-	25,755
Total operating expenses	432,982	(4,478 )	(16,243 )	(26,926 )	385,335
Income (loss) from operations	115,853	4,478	16,243	40,387	176,961
Interest and other expense, net	(3,710 )	-	-	-	(3,710 )
Income (loss) before income taxes	112,143	4,478	16,243	40,387	173,251
Provision (benefit) for income taxes	15,046	-	-	-	15,046
Net income (loss)	\$ 97,097	\$ 4,478	\$ 16,243	\$ 40,387	\$ 158,205
Earnings (loss) per share:*					
Basic	\$ 1.29	\$ 0.06	\$ 0.22	\$ 0.54	\$ 2.11
Diluted	\$ 1.28	\$ 0.06	\$ 0.21	\$ 0.53	\$ 2.08
Weighted average shares outstanding					
Basic	75,039	75,039	75,039	75,039	75,039
Diluted	75,943	75,943	75,943	75,943	75,943
<b>EBITDA:</b>					
Income (loss) before income taxes	\$ 112,143				\$ 173,251

Interest	(695	)	(695	)
Depreciation and amortization	25,755		25,755	
<b>EBITDA</b>	137,203		198,311	
Add: Business reorganization and related	4,478		-	
<b>Adjusted EBITDA</b>	\$ 141,681		\$ 198,311	

**\*Basic and diluted earnings (loss) per share may not add due to rounding**

SOURCE: Take-Two Interactive Software, Inc.

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