

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **July 7, 2014**

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

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-34003**  
(Commission File Number)

**51-0350842**  
(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**

Registrant's Former Name or Address, if changed since last report: **N/A**

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

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

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**Item 8.01 Other Events**

Effective July 7, 2014, senior management and certain members of the Board of Directors of Take-Two Interactive Software, Inc. (the "Company") will begin using the materials included in Exhibit 99.1 to this report (the "Investor Presentation") in connection with presentations to existing shareholders of the Company. The Investor Presentation is incorporated into this Item 8.01 by reference and will be available on the Company's website at [www.take2games.com](http://www.take2games.com).

**Cautionary Note Regarding Forward-Looking Statements**

*The statements contained in the Investor Presentation in Exhibit 99.1 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, but not limited to, those discussed in "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended March 31, 2014. 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.*

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

Exhibit Number	Description of Exhibit
99.1	Investor presentation materials to be used beginning July 7, 2014

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: /s/ Linda Zabriskie  
Name: Linda Zabriskie  
Title: Vice President, Associate General Counsel and Secretary

Date: July 7, 2014

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**EXHIBIT INDEX**

<u>Exhibits</u>	<u>Description</u>
99.1	Investor presentation materials to be used beginning July 7, 2014

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## **Shareholder Outreach**

**July 2014**



# TTWO: Industry Leader

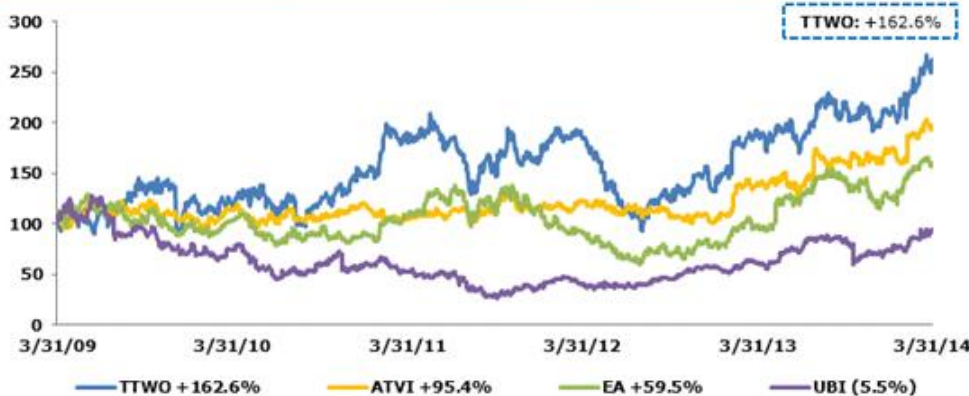
## Take-Two Interactive is a leading developer, marketer and publisher of interactive entertainment

- ❖ We seek to be the most creative, most innovative and most efficient company in our business
  - Our commitment to creativity and innovation enables us to consistently differentiate our products
  - We combine leading technology with deep creative content to provide unique gameplay experiences
- ❖ We build compelling franchises by publishing a select number of titles for which we can create sequels and incremental revenue opportunities
- ❖ The talent at our wholly-owned labels, Rockstar Games and 2K, is the essential ingredient to building what we believe is the strongest portfolio of intellectual property in the business
- ❖ We have assembled a diversified portfolio of proprietary interactive entertainment that spans all major hardware platforms and broad consumer demographics
- ❖ Our intellectual property is primarily internally owned and developed, which we believe best positions us financially and competitively



# Track Record of Strong Shareholder Returns

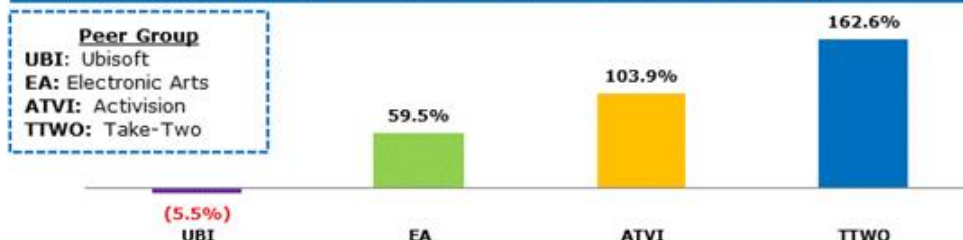
Strong Share Price Growth: 5-Year Performance vs. Peers



### FY2014 Achievements

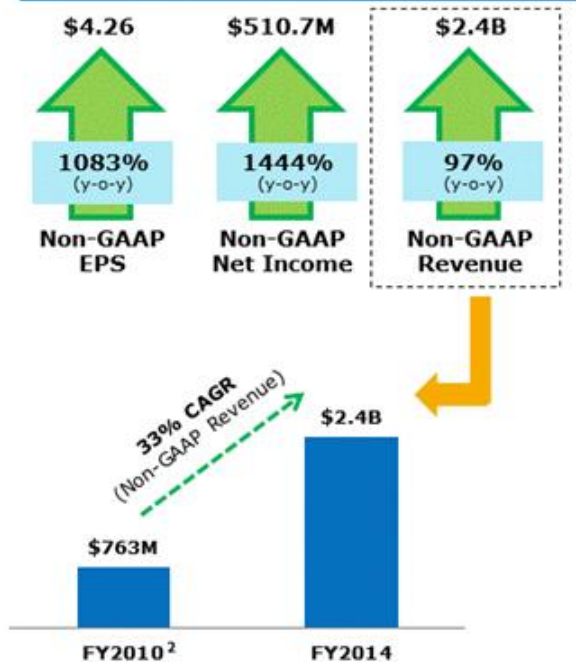
- ❖ Share price increased 38% in FY2014
- ❖ Repurchased \$277 million in shares in FY2014

Leader in Shareholder Returns: 5-Year TSR vs. Peers



# T2 Record Results in a Growing Industry

## Record Financial Results in FY2014<sup>1</sup>



## Strong Outlook for Continued Growth



<sup>1</sup> See the Appendix for a discussion of Non-GAAP financial measures and cautionary statement, and a reconciliation of Non-GAAP metrics to GAAP metrics  
<sup>2</sup> FY2010 represents an unaudited pro forma 12 month period ended 31-Mar-10  
<sup>3</sup> Source: International Development Group, April 2014. Excludes hardware.

# T2 Well-Positioned For Continued Growth

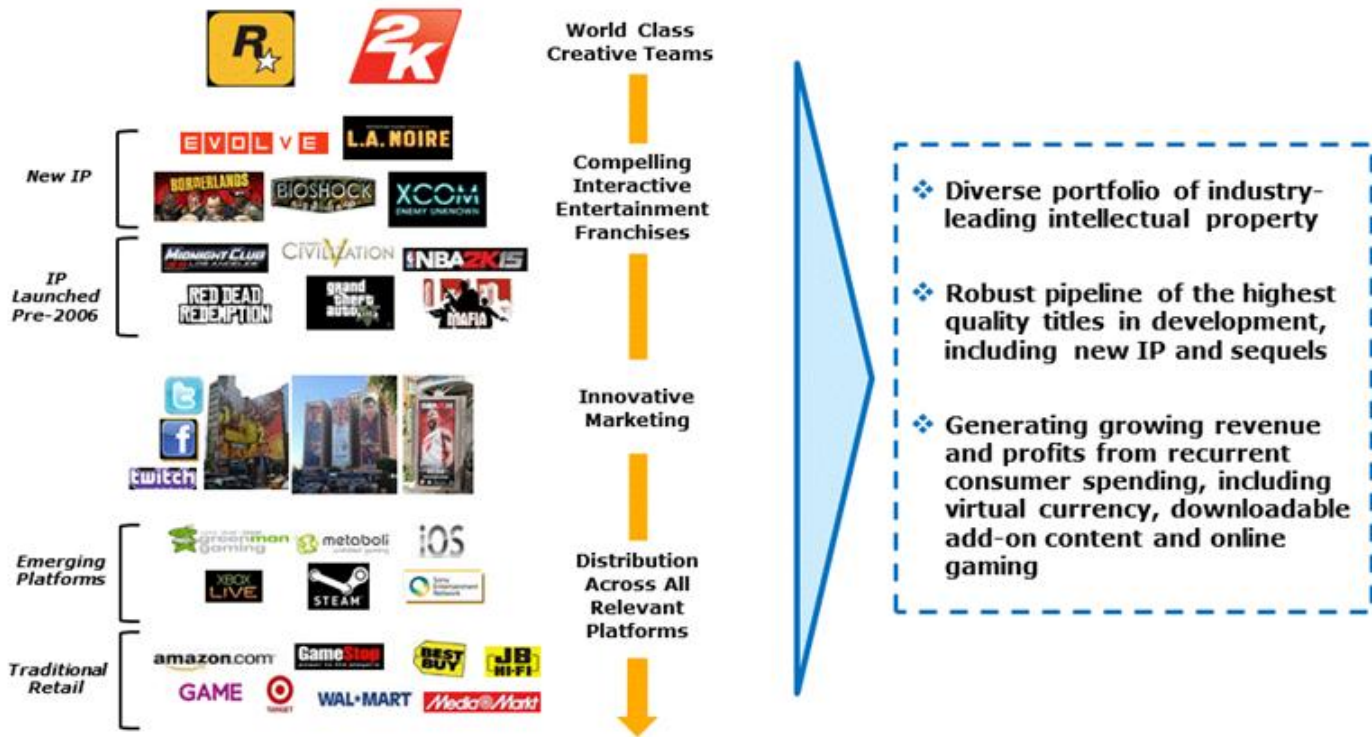
The Company has been transformed from single franchise dependency into a diverse, financially strong global interactive entertainment enterprise

- ❖ **Invested to grow and diversify the Company's portfolio of hit video game franchises**
  - 7 new hit franchises launched since 2007
  - 10 franchises with individual titles that have sold-in to retail more than 5 million units
  - More than 40 multi-million unit selling titles
- ❖ **Invested in opportunities to expand the Company's operating platform**
  - Geographic expansion (e.g., Asia, Latin American and eastern Europe)
  - Digital delivery (e.g., full game downloads, mobile, online gaming)
  - New business models (e.g., virtual currency, downloadable add-on content)
- ❖ **Optimized the Company's cost structure, cutting over \$40 million in annual legacy costs**
- ❖ **Significantly strengthened the Company's balance sheet**
  - Ended FY2014 with \$935 million in cash
  - \$100 million undrawn credit line
- ❖ **Positioned Company to be profitable on a Non-GAAP basis every year for the foreseeable future**
  - Significant organic revenue growth without a new release of Grand Theft Auto (\$1.2 billion in fiscal 2013 vs \$701 million in fiscal 2009)
  - Achieved milestone of annual profitability without a new release of Grand Theft Auto (fiscal 2011)
  - Profitable on a Non-GAAP basis in three of the past four years, including record results in fiscal 2014<sup>1</sup>

<sup>1</sup> See the Appendix for a discussion of Non-GAAP financial measures and cautionary statement, and a reconciliation of Non-GAAP metrics to GAAP metrics



# T2 Proven Strategy Focused On Franchise Management



# T2 World Class Creative Teams Fundamental to Success

- ❖ The foundation of our success is the creative talent at our labels – Rockstar Games and 2K
- ❖ From 2010-2013, we achieved industry's highest average Metacritic score, which is highly correlated to revenue in the industry<sup>1</sup>
- ❖ We have developed 4 of the 10 highest-rated titles for Xbox 360 and PS3<sup>2</sup>

 <ul style="list-style-type: none"> <li>Released in 2013, was the fastest-selling entertainment product in history</li> <li>Generated retail sales of \$1 billion in its first three days</li> </ul>	 <ul style="list-style-type: none"> <li>One of the world's top strategy titles for the PC</li> <li>Franchise has sold-in to retail more than 24 million units</li> </ul>	 <ul style="list-style-type: none"> <li>Critically acclaimed, role-playing shooter</li> <li>Borderlands 2 is 2K's highest-selling title with over 9 million units sold-in to retail to date</li> </ul>
 <ul style="list-style-type: none"> <li>Top-selling and top-rated NBA simulation game for 13 consecutive years</li> <li>NBA 2K14 is the highest-selling sports title in TTWO's history with over 6.5 million units sold-in to retail to date</li> </ul>	 <ul style="list-style-type: none"> <li>Sold-in to retail more than 13 million units</li> <li>Rejuvenated the western entertainment genre</li> </ul>	 <ul style="list-style-type: none"> <li>Unique, artistic, narrative-driven shooter</li> <li>Bioshock is the highest-rated first-person shooter of all time</li> </ul>

<sup>1</sup> Company analysis based on annual Metacritic rankings of major and mid-size publishers from 2010 through 2013. Includes only publishers listed in at least 3-years of Metacritic rankings during this period.  
<sup>2</sup> Metacritic.com as of 23-May14

# T2 Retaining Creative Talent Through The Use of Equity Grants

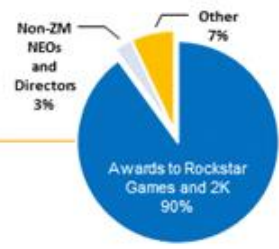
**Retaining Key Talent is Core to Our Business**

**We Use Equity Incentives Throughout TTWO to Motivate and Retain Key Talent**

- Our creative employees at our wholly-owned labels drive our business, are critical to our continued success, and help us build shareholder value
- Almost two-thirds of our employees work in our development studios and have technical capabilities to develop software titles for multiple platforms and in multiple languages

- Equity is an essential tool to attract and retain highly-skilled creative talent, and it aligns the interests of our creative talent with our shareholders

Equity used in FY2014 to retain key creative talent<sup>1</sup>

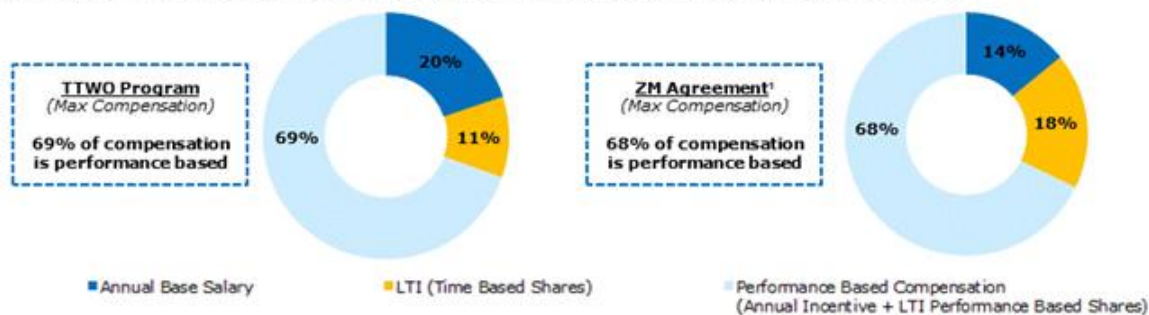


<sup>1</sup> Based on number of shares granted; no equity grants to ZelnickMedia in FY2014



# T2 Alignment of Executive Pay and Performance

- ❖ **Equity is a major component to our compensation program**
  - Our Compensation Committee considers this a critical compensation element that motivates our executives and creative talent and aligns them with our shareholders
- ❖ **The performance based nature of our compensation plan, coupled with challenging targets set by our Compensation Committee, creates a strong link between our executives' compensation and the Company's performance**
  - The annual bonus opportunity is fully performance based for all TTWO NEOs and under the ZM management agreement
  - Two-thirds of equity grants for TTWO NEOs and more than half of equity grants to ZM are performance based
- ❖ **The majority of the pay opportunity for TTWO's NEOs is performance based**



<sup>1</sup> 2014 ZelnickMedia Management Agreement, based on incentive awards granted at effective date.

# T2 Management of Equity To Create Shareholder Value

- ❖ **In 2011, our Board made a burn rate commitment related to our equity granting practices**
- ❖ **When presented with the opportunity to lock up key creative talent, our Board determined it was in shareholders' best interests to execute those agreements**
  - In connection with these agreements, we made equity grants that resulted in a three-year burn rate that exceeded the commitment made in 2011
- ❖ **If the Board had not reached those agreements, the associated equity grants would not have been made and we would not have violated our commitment**
- ❖ **Even with the equity grants in FY2014, we more than offset the dilution created with these awards through our share repurchase action in FY2014**
  - Our y-o-y fully diluted share count was reduced by more than 4.2 million shares in FY2014
- ❖ **Our Board and Compensation Committee believe these decisions are in the best interests of our shareholders**
  - We reduced our overall share count through buybacks, fostered by strong cash generation resulting from successful development and marketing by our creative and marketing employees
- ❖ **We anticipate returning to shareholders with a request for additional shares at the 2014 annual meeting**

**Our Board is committed to retaining key creative talent while acting in the best interests of TTWO and its shareholders**



# T2 Responsiveness to Shareholder Feedback

- ❖ **During 2013 and 2014, we engaged with our shareholders to better understand their perspectives, particularly with respect to key elements of both our ZM management agreement and our executive compensation program**
- ❖ **In response to shareholder feedback, we made significant positive changes to our overall approach to incentivizing management to drive our strategy**
  - Eliminated the EBITDA "catch-up" metric in the performance based restricted share awards
  - Adopted a relative TSR metric in the long-term incentive program
- ❖ **We entered into a new management agreement with ZM on terms that were more favorable to TTWO and its shareholders**
  - Introduced individual caps on the compensation payable to Zelnick ( $\leq 60\%$  of total compensation of ZM) and Slatoff ( $\leq 40\%$  of total compensation of ZM)
  - Eliminated automatic annual fee increases
  - Increased share ownership requirement to 5x annual fee
  - Limited up-front equity
  - Extended the performance measurement period for long term incentives

## Our compensation programs are strongly aligned with shareholder interests

- ✓ Annual incentives determined by performance against a pre-set, objective financial metric
- ✓ Performance metric for annual incentive plans is Non-GAAP EBITDA
- ✓ Caps on annual incentive awards
- ✓ Majority of compensation is delivered in equity
- ✓ Majority of long-term incentive compensation is performance based
- ✓ Vesting of performance equity is based on relative TSR performance and product performance

# T2 Independent Board with Deep Industry Experience

## Diverse Knowledge and Skills in the Boardroom and Strong Independent Leadership

- ❖ Extensive industry knowledge and strong global outlook
- ❖ Director backgrounds in internet, sports media, social media, music, television and cinema
- ❖ New director Susan Tolson brings key insight to financial, governance and entertainment industry issues
- ❖ Average board tenure of 5.8 years strikes a balance between fresh perspectives and institutional knowledge
- ❖ Regular reviews of leadership structure and board composition



## Effective Governance and Compensation Practices

- |  |   |
|--|---|
| ✓ Independent Board (except for Chairman/CEO)    | ✓ Significant Director Stock Ownership Requirement (3x annual cash retainer)                                |
| ✓ Annually Elected Directors                     | ✓ Executive Stock Ownership Requirements (ZM: 5x annual base fee; TTWO: 3x annual base salary) <sup>1</sup> |
| ✓ Strong Lead Independent Director Role          | ✓ No Tax Gross-Ups <sup>1</sup>   |
| ✓ No Supermajority Voting Requirements           | ✓ Clawback Policy <sup>1</sup>  |
| ✓ Shareholders Action By Written Consent         | ✓ Anti-Hedging Policy <sup>1</sup>  |
| ✓ Governance Committee Oversees Company Policies |   |

<sup>1</sup> For both TTWO and ZM compensation programs

# T2

## Appendix



# T2 Non-GAAP Financial Measures

In addition to reporting its financial results in accordance with U.S. generally accepted accounting principles (GAAP), Take-Two Interactive Software, Inc. (the "Company") uses Non-GAAP measures of financial performance. Included in this presentation are certain Non-GAAP financial measures: Non-GAAP EPS, Non-GAAP Net Income and Non-GAAP Revenue. 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 the impact of certain items as follows:

- *Net effect from deferral in net revenues and related cost of goods sold* - the Company defers revenue and related costs from the sale of certain titles that have undelivered elements upon the sale of the game and recognizes that revenue upon the delivery of the undelivered elements. As there is no impact to the Company's operating cash flow, management excludes the impact of deferred net revenue and related costs from its Non-GAAP financial measures when evaluating the Company's operating performance, when planning, forecasting and analyzing future periods, and when assessing the performance of its management team. In addition, we believe that these Non-GAAP financial measures provide a more timely indication of trends in our business, provide comparability with the way our business is measured by analysts, and provide consistency with industry data sources.
- *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. As a result, the Company has excluded such expenses from its Non-GAAP financial measures.
- *Business reorganization, restructuring and related expenses* - although the Company has incurred business reorganization expenses in the past, each charge relates to a discrete event based on a unique set of business objectives. Management does not believe these charges reflect the Company's primary business, ongoing operating results or future outlook. As such, the Company believes it is appropriate to exclude these expenses and related charges from its Non-GAAP financial measures.
- *Non-cash amortization of discount on convertible notes* - the Company records non-cash amortization of discount on convertible notes as interest expense in addition to the interest expense already recorded for coupon payments. The Company excludes the non-cash portion of the interest expense from its Non-GAAP financial measures because these amounts are unrelated to its ongoing business operations.

# T2 Non-GAAP Financial Measures

- *Loss on extinguishment of debt* - the Company recorded a loss on extinguishment of debt as a result of settling its 4.375% Convertible Notes in August 2013. The Company excludes the impact of such transactions when evaluating the Company's operating performance. Management does not believe this loss reflects the Company's primary business, ongoing operating results or future outlook. As such, the Company believes it is appropriate to exclude this loss from its Non-GAAP financial measures.
- *Gain on convertible note hedge and warrants, net* - the Company entered into unwind agreements with respect to its convertible note hedge and warrant transactions. As a result of the unwind agreements, these transactions were accounted for as derivatives whereby gains and losses resulting from changes in the fair value were reported in gain on convertible note hedge and warrants, net. The Company excludes the impact of such transactions when evaluating the Company's operating performance. Management does not believe these gains and losses reflect the Company's primary business, ongoing operating results or future outlook. As such, the Company believes it is appropriate to exclude these gains and losses from its Non-GAAP financial measures.
- *Non-cash tax expense for the impact of deferred tax liabilities associated with tax deductible amortization of goodwill* - due to the 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.
- *Discontinued operations* - the Company does not engage in sales of subsidiaries on a regular basis and therefore believes it is appropriate to exclude such gains (losses) from its Non-GAAP financial measures. As the Company is no longer active in its discontinued operations, it believes it is appropriate to exclude income (losses) thereon from its Non-GAAP financial measures.

These Non-GAAP financial measures 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.



# T2

## Reconciliation of GAAP to Non-GAAP Measures

	Fiscal Year Ended March 31, 2014	
<b>Net Revenues</b>		
GAAP Net Revenues	\$	2,350,568
Net effect from deferral in net revenues		63,152
<b>Non-GAAP Net Revenues</b>	<b>\$</b>	<b>2,413,720</b>
<b>Net Income</b>		
GAAP Net Income	\$	361,605
Net effect from deferral in net revenues and related cost of goods sold		36,179
Stock-based compensation		78,118
Business reorganization, restructuring and related		4,490
Non-cash amortization of discount on Convertible Notes		22,801
Loss on extinguishment of debt		9,014
Gain on convertible note hedge and warrants, net		(3,461)
Non-cash tax expense		1,890
Discontinued operations		86
<b>Non-GAAP Net Income</b>	<b>\$</b>	<b>510,722</b>
<b>Diluted Earnings Per Share</b>		
GAAP earnings per share	\$	3.20
Non-GAAP earnings per share	\$	4.26
<b>Computation of Diluted GAAP EPS:</b>		
Net income	\$	361,605
Less: net income allocated to participating securities		(31,397)
Add: interest expense, net of tax, on Convertible Notes		33,718
Net income for diluted EPS calculation	\$	363,926

# T2 Reconciliation of GAAP to Non-GAAP Measures

Total weighted average shares outstanding - basic		95,347
Add: dilutive effect of common stock equivalents		29,363
Total weighted average shares outstanding - diluted		124,710
Less: weighted average participating shares outstanding		(10,828)
Weighted average common shares outstanding - diluted		113,882
Diluted EPS	\$	3.20

## Computation of Diluted Non-GAAP EPS:

Net income	\$	510,722
Less: net income allocated to participating securities		(45,104)
Add: interest expense, net of tax, on Convertible Notes		10,917
Net income for diluted EPS calculation	\$	476,535
Total weighted average shares outstanding - basic		96,043
Add: dilutive effect of common stock equivalents		26,565
Total weighted average shares outstanding - diluted		122,608
Less: weighted average participating shares outstanding		(10,828)
Weighted average common shares outstanding - diluted		111,780
Diluted EPS	\$	4.26

# T2 Proxy Materials

Take-Two Interactive Software, Inc. (the "Take-Two") intends to file a definitive proxy statement with the Securities and Exchange Commission ("SEC") with respect to its 2014 Annual Meeting of Stockholders. Stockholders should read the definitive proxy statement carefully when it becomes available, before making any voting decision because it contains important information. Stockholders will be able to obtain that proxy statement, any amendments or supplements to that proxy statement and other documents filed by Take-Two with the SEC free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)) or at Take-Two's website at [www.take2games.com](http://www.take2games.com).

Take-Two and its directors, executive officers and other employees may be deemed to be participants in any solicitation of proxies from Take-Two stockholders in connection with the matters to be considered at the 2014 Annual Meeting. Information about Take-Two's directors and executive officers is available in Take-Two's proxy statement, dated July 29, 2013, for its 2013 Annual Meeting of Stockholders. To the extent holdings of Take-Two's securities have changed since the amounts printed in the 2013 proxy statement, such changes have been or will be reflected on Statements of Change in Ownership on Form 4 filed with the SEC.

T2