

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. 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 following Non-GAAP items, net of applicable taxes, as discussed below:

- *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. The Company also defers revenue and related costs for certain sales generated from certain titles for which we have or expect to provide certain additional add-on content. These amounts are deferred over the estimated remaining life of the game to which they pertain. 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.
- *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.

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.

In the future, Take-Two may also consider whether other items should also be excluded in calculating the Non-GAAP financial measures used by the Company. Management believes that the presentation of these Non-GAAP financial measures provides investors with additional useful information to measure Take-Two's financial and operating performance. In particular the measures facilitate comparison of operating performance between periods and help investors to better understand the operating results of Take-Two by excluding certain items that may not be indicative of the Company's core business, operating results or future outlook. Internally, management may use these Non-GAAP financial measures in assessing the company's operating results and in planning and forecasting.

The financial results discussed herein are presented on a preliminary basis; final data will be included in Take-Two's Quarterly Report on Form 10-Q for the period ended September 30, 2015.

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
RECONCILIATION OF GAAP TO Non-GAAP MEASURES (Unaudited)
(in thousands, except per share amounts)

	Three months ended September 30,		Six months ended September 30,	
	2015	2014	2015	2014
Net Revenues				
GAAP Net Revenues	\$ 346,974	\$ 126,277	\$ 622,271	\$ 251,702
Net effect from deferral in net revenues	17,956	9,165	109,051	35,351
Non-GAAP Net Revenues	<u>\$ 364,930</u>	<u>\$ 135,442</u>	<u>\$ 731,322</u>	<u>\$ 287,053</u>
Digital Online Revenues (included in Net Revenues above)				
GAAP Digital Online Revenues	\$ 202,426	\$ 80,646	\$ 356,411	\$ 160,847
Net effect from deferral in digital online revenues	(61,414)	9,165	38,564	35,351
Non-GAAP Digital Online Revenues	<u>\$ 141,012</u>	<u>\$ 89,811</u>	<u>\$ 394,975</u>	<u>\$ 196,198</u>
Gross Profit				
GAAP Gross Profit	\$ 203,034	\$ 74,261	\$ 275,716	\$ 145,530
Net effect from deferral in net revenues and related cost of goods sold	(31,075)	3,831	59,890	19,149
Stock-based compensation	4,110	1,268	8,804	2,739
Non-GAAP Gross Profit	<u>\$ 176,069</u>	<u>\$ 79,360</u>	<u>\$ 344,410</u>	<u>\$ 167,418</u>
Income (Loss) from Operations				
GAAP Income (Loss) from Operations	\$ 66,431	\$ (48,513)	\$ 3,794	\$ (81,722)
Net effect from deferral in net revenues and related cost of goods sold	(31,075)	3,831	59,890	19,149
Stock-based compensation	16,321	13,867	35,406	23,846
Business reorganization, restructuring and related expenses	-	-	1,228	195
Non-GAAP Income (Loss) from Operations	<u>\$ 51,677</u>	<u>\$ (30,815)</u>	<u>\$ 100,318</u>	<u>\$ (38,532)</u>
Net Income (Loss)				
GAAP Net Income (Loss)	\$ 54,735	\$ (41,369)	\$ (12,288)	\$ (76,772)
Net effect from deferral in net revenues and related cost of goods sold	(37,258)	2,408	47,906	14,165
Stock-based compensation	11,237	10,082	22,564	17,741
Gain on long-term investments, net	-	(10,940)	-	(10,940)
Business reorganization, restructuring and related expenses	-	-	773	156
Non-cash amortization of discount on Convertible Notes	3,660	3,938	7,263	8,065
Non-cash tax expense	326	472	690	945
Non-GAAP Net Income (Loss)	<u>\$ 32,700</u>	<u>\$ (35,409)</u>	<u>\$ 66,908</u>	<u>\$ (46,640)</u>
Diluted Earnings (Loss) Per Share				
GAAP earnings (loss) per share	\$ 0.55	\$ (0.51)	\$ (0.15)	\$ (0.96)
Non-GAAP earnings (loss) per share	\$ 0.30	\$ (0.44)	\$ 0.61	\$ (0.58)
Number of diluted shares used in computation				
GAAP	114,015	80,355	83,280	79,862
Non-GAAP	114,015	80,355	114,157	79,862
Computation of Diluted GAAP EPS:				
Net income (loss)	\$ 54,735	\$ (41,369)	\$ (12,288)	\$ (76,772)
Less: net income allocated to participating securities	(1,782)	-	-	-
Add: interest expense, net of tax, on Convertible Notes	7,994	-	-	-
Net income (loss) for diluted EPS calculation	<u>\$ 60,947</u>	<u>\$ (41,369)</u>	<u>\$ (12,288)</u>	<u>\$ (76,772)</u>
Weighted average shares outstanding - basic	83,849	80,355	83,280	79,862
Add: dilutive effect of common stock equivalents	30,166	-	-	-
Total weighted average shares outstanding - diluted	<u>114,015</u>	<u>80,355</u>	<u>83,280</u>	<u>79,862</u>
Less: weighted average participating shares outstanding	(3,711)	-	-	-
Weighted average common shares outstanding - diluted	<u>110,304</u>	<u>80,355</u>	<u>83,280</u>	<u>79,862</u>
Diluted earnings (loss) per share	<u>\$ 0.55</u>	<u>\$ (0.51)</u>	<u>\$ (0.15)</u>	<u>\$ (0.96)</u>
Computation of Diluted Non-GAAP EPS:				
Non-GAAP net income (loss)	\$ 32,700	\$ (35,409)	\$ 66,908	\$ (46,640)
Less: net income (loss) allocated to participating securities	(1,064)	-	(2,592)	-
Add: interest expense, net of tax, on Convertible Notes	1,371	-	2,742	-
Net income (loss) for diluted earnings per share calculation	<u>\$ 33,007</u>	<u>\$ (35,409)</u>	<u>\$ 67,058</u>	<u>\$ (46,640)</u>
Weighted average shares outstanding - basic	83,849	80,355	83,280	79,862
Add: dilutive effect of common stock equivalents	30,166	-	30,877	-
Total weighted average shares outstanding - diluted	<u>114,015</u>	<u>80,355</u>	<u>114,157</u>	<u>79,862</u>
Less: weighted average participating shares outstanding	(3,711)	-	(4,422)	-
Weighted average common shares outstanding - diluted	<u>110,304</u>	<u>80,355</u>	<u>109,735</u>	<u>79,862</u>
Diluted earnings (loss) per share	<u>\$ 0.30</u>	<u>\$ (0.44)</u>	<u>\$ 0.61</u>	<u>\$ (0.58)</u>

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
Net Revenue by Geographic Region, Distribution Channel, and Platform Mix
(in thousands)

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2014	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Geographic Region				
United States	\$ 185,102	53%	\$ 59,322	47%
International	161,872	47%	66,955	53%
Total GAAP net revenues	<u>346,974</u>	<u>100%</u>	<u>126,277</u>	<u>100%</u>
Change in Deferred Net Revenues				
United States	\$ 33,740		\$ 3,436	
International	(15,784)		5,729	
Total changes in deferred net revenues	<u>17,956</u>		<u>9,165</u>	
Non-GAAP Net Revenues by Geographic Region				
United States	\$ 218,842	60%	\$ 62,758	46%
International	146,088	40%	72,684	54%
Total non-GAAP net revenues	<u>\$ 364,930</u>	<u>100%</u>	<u>\$ 135,442</u>	<u>100%</u>

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2014	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Distribution Channel				
Digital online	\$ 202,426	58%	\$ 80,646	64%
Physical retail and other	144,548	42%	45,631	36%
Total GAAP net revenues	<u>346,974</u>	<u>100%</u>	<u>126,277</u>	<u>100%</u>
Change in Deferred Net Revenues				
Digital online	\$ (61,414)		\$ 9,165	
Physical retail and other	79,370		-	
Total changes in deferred net revenues	<u>17,956</u>		<u>9,165</u>	
Non-GAAP Net Revenues by Distribution Channel				
Digital online	\$ 141,012	39%	\$ 89,811	66%
Physical retail and other	223,918	61%	45,631	34%
Total non-GAAP net revenues	<u>\$ 364,930</u>	<u>100%</u>	<u>135,442</u>	<u>100%</u>

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2014	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Platform Mix				
Console	\$ 301,029	87%	\$ 93,684	74%
PC and other	45,945	13%	32,593	26%
Total GAAP net revenues	<u>346,974</u>	<u>100%</u>	<u>126,277</u>	<u>100%</u>
Change in Deferred Net Revenues				
Console	\$ 15,621		\$ 6,901	
PC and other	2,335		2,264	
Total changes in deferred net revenues	<u>17,956</u>		<u>9,165</u>	
Non-GAAP Net Revenues by Platform Mix				
Console	\$ 316,650	87%	\$ 100,585	74%
PC and other	48,280	13%	34,857	26%
Total non-GAAP net revenues	<u>\$ 364,930</u>	<u>100%</u>	<u>135,442</u>	<u>100%</u>

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
Net Revenue by Geographic Region, Distribution Channel, and Platform Mix
(in thousands)

	Six Months Ended September 30, 2015		Six Months Ended September 30, 2014	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Geographic Region				
United States	\$ 328,540	53%	\$ 124,166	49%
International	293,731	47%	127,536	51%
Total GAAP net revenues	<u>622,271</u>	<u>100%</u>	<u>251,702</u>	<u>100%</u>
Change in Deferred Net Revenues				
United States	\$ 41,658		\$ 19,170	
International	67,393		16,181	
Total changes in deferred net revenues	<u>109,051</u>		<u>35,351</u>	
Non-GAAP Net Revenues by Geographic Region				
United States	\$ 370,198	51%	\$ 143,336	50%
International	361,124	49%	143,717	50%
Total non-GAAP net revenues	<u>\$ 731,322</u>	<u>100%</u>	<u>\$ 287,053</u>	<u>100%</u>

	Six Months Ended September 30, 2015		Six Months Ended September 30, 2014	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Distribution Channel				
Digital online	\$ 356,411	57%	\$ 160,847	64%
Physical retail and other	265,860	43%	90,855	36%
Total GAAP net revenues	<u>622,271</u>	<u>100%</u>	<u>251,702</u>	<u>100%</u>
Change in Deferred Net Revenues				
Digital online	\$ 38,564		\$ 35,351	
Physical retail and other	70,487		-	
Total changes in deferred net revenues	<u>109,051</u>		<u>35,351</u>	
Non-GAAP Net Revenues by Distribution Channel				
Digital online	\$ 394,975	54%	\$ 196,198	68%
Physical retail and other	336,347	46%	90,855	32%
Total non-GAAP net revenues	<u>\$ 731,322</u>	<u>100%</u>	<u>\$ 287,053</u>	<u>100%</u>

	Six Months Ended September 30, 2015		Six Months Ended September 30, 2014	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Platform Mix				
Console	\$ 523,603	84%	\$ 177,454	71%
PC and other	98,668	16%	74,248	29%
Total GAAP net revenues	<u>622,271</u>	<u>100%</u>	<u>251,702</u>	<u>100%</u>
Change in Deferred Net Revenues				
Console	\$ (21,684)		\$ 31,317	
PC and other	130,735		4,034	
Total changes in deferred net revenues	<u>109,051</u>		<u>35,351</u>	
Non-GAAP Net Revenues by Platform Mix				
Console	\$ 501,919	69%	\$ 208,771	73%
PC and other	229,403	31%	78,282	27%
Total non-GAAP net revenues	<u>\$ 731,322</u>	<u>100%</u>	<u>287,053</u>	<u>100%</u>

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
 ADDITIONAL RECONCILIATION OF GAAP TO Non-GAAP MEASURES (Unaudited)
 (in thousands)

Three Months Ended September 30, 2015							
	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Licenses	Cost of Goods Sold- Product Costs	Gross Profit	
GAAP Measurement	\$ 346,974	\$ 54,918	\$ 40,014	\$ 10,231	\$ 38,777	\$ 203,034	
Net effect from deferral in net revenues and related cost of sales	17,956	-	8,993	21,829	18,210	(31,075)	
Stock-based compensation	-	-	(4,110)	-	-	4,110	
Non-GAAP Measurement	\$ 364,930	\$ 54,918	\$ 44,897	\$ 32,060	\$ 56,987	\$ 176,069	

Three Months Ended September 30, 2015							
	General and Administrative	Selling and Marketing	Research and Development	Depreciation and Amortization	Income (Loss) from Operations	Net Income (Loss)	
GAAP Measurement	\$ 49,961	\$ 54,876	\$ 24,413	\$ 7,353	\$ 66,431	\$ 54,735	
Net effect from deferral in net revenues and related cost of sales	-	-	-	-	(31,075)	(37,258)	
Stock-based compensation	(9,070)	(2,113)	(1,028)	-	16,321	11,237	
Non-cash amortization of discount on Convertible Notes	-	-	-	-	-	3,660	
Non-cash tax expense	-	-	-	-	-	326	
Non-GAAP Measurement	\$ 40,891	\$ 52,763	\$ 23,385	\$ 7,353	\$ 51,677	\$ 32,700	

Three Months Ended September 30, 2014							
	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Licenses	Cost of Goods Sold- Product Costs	Gross Profit	
GAAP Measurement	\$ 126,277	\$ 12,413	\$ 16,343	\$ 4,499	\$ 18,761	\$ 74,261	
Net effect from deferral in net revenues and related cost of sales	9,165	5,832	(48)	(624)	174	3,831	
Stock-based compensation	-	-	(1,268)	-	-	1,268	
Non-GAAP Measurement	\$ 135,442	\$ 18,245	\$ 15,027	\$ 3,875	\$ 18,935	\$ 79,360	

Three Months Ended September 30, 2014							
	General and Administrative	Selling and Marketing	Research and Development	Depreciation and Amortization	Income (Loss) from Operations	Net Income (Loss)	
GAAP Measurement	43,975	49,136	24,533	\$ 5,130	\$ (48,513)	\$ (41,369)	
Net effect from deferral in net revenues and related cost of sales	-	-	-	-	3,831	2,408	
Stock-based compensation	(9,094)	(2,249)	(1,256)	-	13,867	10,082	
Non-cash amortization of discount on Convertible Notes	-	-	-	-	-	3,938	
Gain on long-term investments, net	-	-	-	-	-	(10,940)	
Non-cash tax expense	-	-	-	-	-	472	
Non-GAAP Measurement	\$ 34,881	\$ 46,887	\$ 23,277	\$ 5,130	\$ (30,815)	\$ (35,409)	

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
ADDITIONAL RECONCILIATION OF GAAP TO Non-GAAP MEASURES (Unaudited)
(in thousands)

Six Months Ended September 30, 2015	Net Revenues	Cost of Goods Sold- Internal		Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Licenses	Cost of Goods Sold- Product Costs	Gross Profit
		Royalties	Royalties				
GAAP Measurement	\$ 622,271	\$ 160,747	\$ 90,507	\$ 16,583	\$ 78,718	\$ 275,716	
Net effect from deferral in net revenues and related cost of sales	109,051	-	10,229	22,818	16,114	59,890	
Stock-based compensation	-	-	(8,804)	-	-	8,804	
Non-GAAP Measurement	\$ 731,322	\$ 160,747	\$ 91,932	\$ 39,401	\$ 94,832	\$ 344,410	

Six Months Ended September 30, 2015	General and Administrative	Selling and Marketing	Research and Development	Depreciation and Amortization	Income (Loss) from Operations	Net Income (Loss)
Net effect from deferral in net revenues and related cost of sales	-	-	-	-	59,890	47,906
Stock-based compensation	(19,562)	(4,496)	(2,544)	-	35,406	22,564
Business reorganization, restructuring and related expenses	(1,228)	-	-	-	1,228	773
Non-cash amortization of discount on Convertible Notes	-	-	-	-	-	7,263
Non-cash tax expense	-	-	-	-	-	690
Non-GAAP Measurement	\$ 78,206	\$ 95,947	\$ 56,011	\$ 13,928	\$ 100,318	\$ 66,908

Six Months Ended September 30, 2014	Net Revenues	Cost of Goods Sold- Internal		Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Licenses	Cost of Goods Sold- Product Costs	Gross Profit
		Royalties	Royalties				
GAAP Measurement	\$ 251,702	\$ 20,711	\$ 36,649	\$ 11,459	\$ 37,353	\$ 145,530	
Net effect from deferral in net revenues and related cost of sales	35,351	15,372	(56)	75	811	19,149	
Stock-based compensation	-	-	(2,739)	-	-	2,739	
Non-GAAP Measurement	\$ 287,053	\$ 36,083	\$ 33,854	\$ 11,534	\$ 38,164	\$ 167,418	

Six Months Ended September 30, 2014	General and Administrative	Selling and Marketing	Research and Development	Depreciation and Amortization	Income (Loss) from Operations	Net Income (Loss)
Net effect from deferral in net revenues and related cost of sales	-	-	-	-	19,149	14,165
Stock-based compensation	(14,055)	(4,249)	(2,803)	-	23,846	17,741
Business reorganization, restructuring and related expenses	(195)	-	-	-	195	156
Non-cash amortization of discount on Convertible Notes	-	-	-	-	-	8,065
Gain on long-term investments, net	-	-	-	-	-	(10,940)
Non-cash tax expense	-	-	-	-	-	945
Non-GAAP Measurement	\$ 69,077	\$ 81,733	\$ 45,862	\$ 9,278	\$ (38,532)	\$ (46,640)