

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-34003

TAKE-TWO INTERACTIVE SOFTWARE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

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**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a
smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 28, 2013, there were 97,101,554 shares of the Registrant's Common Stock outstanding.

INDEX

<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>	<u>2</u>
<u>Item 1.</u>	<u>Financial Statements</u>	<u>2</u>
	<u>Condensed Consolidated Balance Sheets</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Operations</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Comprehensive Loss</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>	<u>5</u>
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>25</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>44</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>45</u>
<u>PART II.</u>	<u>OTHER INFORMATION</u>	<u>46</u>
<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>46</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>46</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>47</u>
	<u>Signatures</u>	<u>48</u>

(All other items in this report are inapplicable)

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TAKE-TWO INTERACTIVE SOFTWARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	September 30, 2013	March 31, 2013
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 661,923	\$ 402,502
Accounts receivable, net of allowances of \$78,081 and \$64,081 at September 30, 2013 and March 31, 2013, respectively	1,011,391	189,596
Inventory	84,033	30,218
Software development costs and licenses	119,534	198,955
Deferred cost of goods sold	302,253	3,694
Prepaid expenses and other	72,133	41,187
Total current assets	<u>2,251,267</u>	<u>866,152</u>
Fixed assets, net	34,271	25,362
Software development costs and licenses, net of current portion	113,505	95,241
Goodwill	228,006	225,992
Other intangibles, net	5,743	8,827
Other assets	68,522	56,265
Total assets	<u>\$ 2,701,314</u>	<u>\$ 1,277,839</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 287,672	\$ 79,932
Accrued expenses and other current liabilities	294,992	228,916
Deferred revenue	1,154,419	26,919
Liabilities of discontinued operations	1,123	1,232
Total current liabilities	<u>1,738,206</u>	<u>336,999</u>
Long-term debt	443,526	335,202
Other long-term liabilities	20,720	17,087
Liabilities of discontinued operations, net of current portion	—	556
Total liabilities	<u>2,202,452</u>	<u>689,844</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 5,000 shares authorized	—	—
Common stock, \$.01 par value, 200,000 shares authorized; 104,611 and 93,743 shares issued and outstanding at September 30, 2013 and March 31, 2013, respectively	1,046	937
Additional paid-in capital	922,058	832,460
Accumulated deficit	(426,864)	(240,830)
Accumulated other comprehensive income (loss)	2,622	(4,572)
Total stockholders' equity	<u>498,862</u>	<u>587,995</u>
Total liabilities and stockholders' equity	<u>\$ 2,701,314</u>	<u>\$ 1,277,839</u>

See accompanying Notes.

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

	Three months ended September 30,		Six months ended September 30,	
	2013	2012	2013	2012
Net revenue	\$ 148,824	\$ 273,084	\$ 291,491	\$ 499,223
Cost of goods sold	92,463	158,487	186,305	345,218
Gross profit	56,361	114,597	105,186	154,005
Selling and marketing	101,342	65,851	142,943	144,858
General and administrative	43,023	30,809	75,883	74,011
Research and development	26,520	19,320	47,391	34,632
Depreciation and amortization	3,367	2,550	6,424	5,319
Total operating expenses	174,252	118,530	272,641	258,820
Loss from operations	(117,891)	(3,933)	(167,455)	(104,815)
Interest and other, net	(10,747)	(7,419)	(20,069)	(15,468)
Loss on extinguishment of debt	(9,014)	—	(9,014)	—
Gain on convertible note hedge and warrants, net	5,372	—	3,461	—
Loss from continuing operations before income taxes	(132,280)	(11,352)	(193,077)	(120,283)
(Benefit) provision for income taxes	(8,185)	1,085	(7,098)	2,926
Loss from continuing operations	(124,095)	(12,437)	(185,979)	(123,209)
Loss from discontinued operations, net of taxes	(25)	(54)	(55)	(120)
Net loss	\$ (124,120)	\$ (12,491)	\$ (186,034)	\$ (123,329)
Earnings (loss) per share:				
Continuing operations	\$ (1.40)	\$ (0.15)	\$ (2.12)	\$ (1.45)
Discontinued operations	—	—	—	—
Basic earnings (loss) per share	\$ (1.40)	\$ (0.15)	\$ (2.12)	\$ (1.45)
Continuing operations	\$ (1.40)	\$ (0.15)	\$ (2.12)	\$ (1.45)
Discontinued operations	—	—	—	—
Diluted earnings (loss) per share	\$ (1.40)	\$ (0.15)	\$ (2.12)	\$ (1.45)

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)

(in thousands)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Net loss	\$ (124,120)	\$ (12,491)	\$ (186,034)	\$ (123,329)
Other comprehensive income:				
Foreign currency translation adjustment	7,827	11,654	6,992	318
Change in unrealized gains on cash flow hedges, net	355	272	202	169
Other comprehensive income	8,182	11,926	7,194	487
Comprehensive loss	\$ (115,938)	\$ (565)	\$ (178,840)	\$ (122,842)

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)

	Six Months Ended September 30,	
	2013	2012
Operating activities:		
Net loss	\$ (186,034)	\$ (123,329)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization and impairment of software development costs and licenses	84,161	142,286
Depreciation and amortization	6,424	5,319
Loss from discontinued operations	55	120
Amortization and impairment of intellectual property	3,042	4,944
Stock-based compensation	21,266	14,097
Deferred income taxes	(6,105)	(9)
Amortization of discount on Convertible Notes	12,296	9,199
Amortization of debt issuance costs	1,070	1,017
Loss on extinguishment of debt	9,014	—
Gain on convertible note hedge and warrants, net	(3,461)	—
Other, net	1,165	362
Changes in assets and liabilities, net of effect from purchases of businesses:		
Accounts receivable	(821,795)	(109,916)
Inventory	(53,815)	(38,091)
Software development costs and licenses	(7,866)	(111,317)
Prepaid expenses, other current and other non-current assets	(35,835)	8,236
Deferred revenue	1,127,500	24,420
Deferred cost of goods sold	(298,559)	(4,917)
Accounts payable, accrued expenses and other liabilities	283,318	96,075
Net cash used in discontinued operations	(720)	(814)
Net cash provided by (used in) operating activities	<u>135,121</u>	<u>(82,318)</u>
Investing activities:		
Purchase of fixed assets	(15,452)	(8,021)
Net cash used in investing activities	<u>(15,452)</u>	<u>(8,021)</u>
Financing activities:		
Proceeds from issuance of 1.00% Convertible Notes	283,188	—
Payment for extinguishment of 4.375% Convertible Notes	(165,999)	—
Proceeds from termination of convertible note hedge transactions	84,429	—
Payment for termination of convertible note warrant transactions	(55,651)	—
Payment of debt issuance costs for the issuance of 1.00% Convertible Notes	(2,815)	—
Net cash provided by financing activities	<u>143,152</u>	<u>—</u>
Effects of foreign currency exchange rates on cash and cash equivalents	(3,400)	(1,656)
Net increase (decrease) in cash and cash equivalents	<u>259,421</u>	<u>(91,995)</u>
Cash and cash equivalents, beginning of year	402,502	420,279
Cash and cash equivalents, end of period	<u>\$ 661,923</u>	<u>\$ 328,284</u>

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

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

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Take-Two Interactive Software, Inc. (the "Company," "we," "us," or similar pronouns) was incorporated in the state of Delaware in 1993. We are a leading developer, publisher and marketer of interactive entertainment for consumers around the globe. The Company develops and publishes products through its two wholly-owned labels Rockstar Games and 2K. Our products are designed for console systems, handheld gaming systems and personal computers, including smart phones and tablets, and are delivered through physical retail, digital download, online platforms and cloud streaming services.

Basis of Presentation

The accompanying Unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries and reflect all normal and recurring adjustments necessary for the fair presentation of our financial position, results of operations and cash flows. All material inter-company accounts and transactions have been eliminated in consolidation. The preparation of these Unaudited Condensed Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in these Unaudited Condensed Consolidated Financial Statements and accompanying notes. As permitted under U.S. generally accepted accounting principles, interim accounting for certain expenses, including income taxes, are based on full year assumptions when appropriate. Actual results could differ materially from those estimates.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), although we believe that the disclosures are adequate to make the information presented not misleading. These Unaudited Condensed Consolidated Financial Statements and accompanying notes should be read in conjunction with our annual consolidated financial statements and the notes thereto, included in our Annual Report on Form 10-K for the year ended March 31, 2013.

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

Discontinued Operations

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

TAKE-TWO INTERACTIVE SOFTWARE, INC.**Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Dollars in thousands, except share and per share amounts)****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial Instruments**

The carrying amounts of our financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value because of their short maturities. We consider all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. At September 30, 2013 and March 31, 2013 we had \$26,387 and \$7,489, respectively, of cash on deposit reported as a component of prepaid expenses and other in the accompanying Condensed Consolidated Balance Sheets because its use was restricted.

As of September 30, 2013, the estimated fair value of the Company's 1.75% Convertible Notes due 2016 and the Company's 1.00% Convertible Notes due 2018 was \$298,475 and \$318,579, respectively. See Note 8 for additional information regarding our Convertible Notes. The fair value was determined using observable market data for the Convertible Notes and its embedded option feature.

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

Cash Flow Hedging Activities

We use foreign currency forward contracts to mitigate foreign currency exchange rate risk associated with forecasted transactions involving non-functional currency denominated expenditures. These contracts, which are designated and qualify as cash flow hedges, are accounted for as derivatives whereby the fair value of the contracts is reported as either assets or liabilities on our Condensed Consolidated Balance Sheets. The effective portion of gains or losses resulting from changes in the fair value of these hedges is initially reported, net of tax, as a component of accumulated other comprehensive income (loss) in stockholders' equity. The gross amount of the effective portion of gains or losses resulting from changes in the fair value of these hedges is subsequently reclassified into cost of goods sold or research and development expenses, as appropriate, in the period when the forecasted transaction is recognized in our Condensed Consolidated Statements of Operations. In the event that the gains or losses in accumulated other comprehensive income (loss) are deemed to be ineffective, the ineffective portion of gains or losses resulting from changes in fair value, if any, is reclassified to interest and other, net, in our Condensed Consolidated Statements of Operations. In the event that the underlying forecasted transactions do not occur, or it becomes probable that they will not occur, within the defined hedge period, the gains or losses on the related cash flow hedges are reclassified from accumulated other comprehensive income (loss) to interest and other, net, in our Condensed Consolidated Statements of Operations. During the reporting periods presented, all forecasted transactions occurred, and therefore, there were no such gains or losses reclassified into interest and other, net. We do not enter into derivative financial contracts for speculative or trading purposes. At September 30, 2013 and March 31, 2013, we had \$5,544 and \$7,906, respectively, of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars all of which have maturities of less than one year. As of September 30, 2013 and March 31, 2013, the fair value of these outstanding forward contracts was immaterial and is included in prepaid expenses and other. The fair value of these outstanding forward contracts is estimated based on the prevailing exchange rates of the various hedged currencies as of the end of the period.

TAKE-TWO INTERACTIVE SOFTWARE, INC.**Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Dollars in thousands, except share and per share amounts)****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Balance Sheet Hedging Activities***

We use foreign currency forward contracts to mitigate foreign currency exchange rate risk associated with non-functional currency denominated cash balances and inter-company funding loans, non-functional currency denominated accounts receivable and non-functional currency denominated accounts payable. These transactions are not designated as hedging instruments and are accounted for as derivatives whereby the fair value of the contracts is reported as either assets or liabilities on our Condensed Consolidated Balance Sheets, and gains and losses resulting from changes in the fair value are reported in interest and other, net, in our Condensed Consolidated Statements of Operations. We do not enter into derivative financial contracts for speculative or trading purposes. At September 30, 2013, we had \$52,576 of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars and \$540,623 of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars, all of which have maturities of less than one year, and relate primarily to receivables from the release of *Grand Theft Auto V* in September 2013. At March 31, 2013, we had \$55,397 of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars all of which have maturities of less than one year. For the three months ended September 30, 2013 and 2012, we recorded losses of \$10,809 and \$1,415, respectively, related to foreign currency forward contracts in interest and other, net on the Condensed Consolidated Statements of Operations. For the six months ended September 30, 2013 and 2012, we recorded a loss of \$10,267 and a gain of \$244, respectively, related to foreign currency forward contracts in interest and other, net on the Condensed Consolidated Statements of Operations. As of September 30, 2013, the fair value of these outstanding forward contracts was \$1,935 and is included in prepaid expenses and other. As of March 31, 2013, the fair value of these outstanding forward contracts was immaterial and is included in accrued expenses and other current liabilities. The fair value of these outstanding forward contracts is estimated based on the prevailing exchange rates of the various hedged currencies as of the end of the period.

Revenue Recognition***Revenue Arrangements with Multiple Deliverables***

We enter into multiple element revenue arrangements in which we may provide a combination of game software, additional content, maintenance or support. Assuming all other recognition criteria are met, for our software and software-related multiple element arrangements, we determine the fair value of each delivered and undelivered element using vendor-specific objective evidence ("VSOE") and allocate the total price among the various elements. Absent VSOE, revenue is deferred until the earlier of the point at which VSOE of fair value exists for any undelivered element or until all elements of the arrangement have been delivered. However, if the only undelivered element is maintenance and support, the entire arrangement fee is recognized ratably over the performance period. For arrangements which require that revenue recognition is deferred, the cost of goods sold is deferred and recognized as the related net revenue is recognized. Deferred cost of goods sold includes product costs, software development costs and royalties, internal royalties and license amortization and royalties. Changes in assumptions or judgments or changes to the elements in a software arrangement could cause a material increase or decrease in the amount of revenue that we report in a particular period. We determine VSOE for each element based on historical stand-alone sales to third parties. In

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

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

determining VSOE, we require that a substantial majority of the selling prices for a product or service fall within a reasonably narrow pricing range.

The deferred revenue and deferred cost of goods sold balances at September 30, 2013 consist primarily of unrecognized revenue and cost of goods sold from the release of *Grand Theft Auto V*, which released in September 2013, for which we do not have VSOE of fair value for the undelivered elements being delivered at a later date. *Grand Theft Auto V* includes access to *Grand Theft Auto Online* which launched in October 2013.

Recently Issued Accounting Pronouncements

Reclassification of Accumulated Other Comprehensive Income

In February 2013, new guidance was issued requiring new disclosures about reclassifications from accumulated other comprehensive income to net income. This new guidance requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The new guidance is effective prospectively for annual and interim periods beginning after December 15, 2012 (April 1, 2013 for the Company). The adoption of this new guidance did not have a material impact on our Condensed Consolidated Financial Statements and the required disclosures are provided in Note 10.

Presentation of Unrecognized Tax Benefits

In July 2013, new guidance was issued requiring that entities that have an unrecognized tax benefit and a net operating loss carryforward or similar tax loss or tax credit carryforward in the same jurisdiction as the uncertain tax position present the unrecognized tax benefit as a reduction of the deferred tax asset for the loss or tax credit carryforward rather than as a liability when the uncertain tax position would reduce the loss or tax credit carryforward under the tax law. The disclosure requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2013 (June 30, 2014 for the Company), and will require prospective application. Early adoption is permitted. We are currently evaluating the impact on our Condensed Consolidated Financial Statements from the adoption of this guidance.

2. DISCONTINUED OPERATIONS

In February 2010, we completed the sale of our Jack of All Games third party distribution business, which primarily distributed third party interactive entertainment software, hardware and accessories in North America, for approximately \$44,000, including \$37,250 in cash, subject to purchase price adjustments, and up to an additional \$6,750 subject to the achievement of certain items, which were not met. In April 2011, we settled on the purchase adjustments and as a result the purchase price

TAKE-TWO INTERACTIVE SOFTWARE, INC.**Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Dollars in thousands, except share and per share amounts)****2. DISCONTINUED OPERATIONS (Continued)**

was lowered by \$1,475. Consequently, the net purchase price after the settlement was \$35,775. The sale has allowed us to focus our resources on our publishing operations. The financial information of our distribution business has been classified as discontinued operations in the Unaudited Condensed Consolidated Financial Statements for all of the periods presented. The following is a summary of the liabilities of discontinued operations primarily related to a liability for a lease assumption without economic benefit less estimates of sublease income. The lease matures on September 30, 2014.

	<u>September 30,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
Liabilities of discontinued operations:		
Current:		
Accrued expenses and other current liabilities	\$ 1,123	\$ 1,232
Total current liabilities	1,123	1,232
Other non-current liabilities	—	556
Total liabilities of discontinued operations	<u>\$ 1,123</u>	<u>\$ 1,788</u>

3. MANAGEMENT AGREEMENT

In March 2007, we entered into a management services agreement (as amended, the "Management Agreement") with ZelnickMedia Corporation ("ZelnickMedia"), whereby ZelnickMedia provides us with certain management, consulting and executive level services. In May 2011, we entered into a new management agreement (the "New Management Agreement") with ZelnickMedia, which upon effectiveness, superseded and replaced the Management Agreement pursuant to which ZelnickMedia will continue to provide management, consulting and executive level services to the Company through May 2015. As part of the New Management Agreement, Strauss Zelnick, the President of ZelnickMedia, continues to serve as Executive Chairman and Chief Executive Officer and Karl Slatoff, a partner of ZelnickMedia, serves as President. The New Management Agreement provides for the annual management fee to remain at \$2,500, subject to annual increases in the amount of 3% over the term of the agreement, and the maximum annual bonus was increased to \$3,500 from \$2,500, subject to annual increases in the amount of 3% over the term of the agreement, based on the Company achieving certain performance thresholds. In consideration for ZelnickMedia's services, we recorded consulting expense (a component of general and administrative expenses) of \$2,056 and \$1,095 for the three months ended September 30, 2013 and 2012, respectively, and \$3,183 and \$2,189 for the six months ended September 30, 2013 and 2012, respectively.

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

TAKE-TWO INTERACTIVE SOFTWARE, INC.**Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Dollars in thousands, except share and per share amounts)****3. MANAGEMENT AGREEMENT (Continued)**

achieve its performance targets, the 900,000 shares of market-based restricted stock were forfeited in June 2012.

In addition, pursuant to the New Management Agreement, we granted 1,100,000 shares of restricted stock to ZelnickMedia that will vest annually through April 1, 2015 and 1,650,000 shares of market-based restricted stock that will be eligible to vest through April 1, 2015, based on the Company's Total Shareholder Return (as defined in the relevant grant agreements) relative to the Total Shareholder Return of the companies that constitute the NASDAQ Composite Index measured annually on a cumulative basis. To earn all of the shares of market-based restricted stock, the Company must perform at the 75th percentile, or top quartile, of the NASDAQ Composite Index. Each reporting period, we remeasure the fair value of the unvested portion of the shares of market-based restricted stock granted to ZelnickMedia. The unvested portion of the shares of restricted stock granted pursuant to the New Management Agreement as of September 30, 2013 and March 31, 2013 was 1,894,750 and 2,169,750 shares, respectively. For the three months ended September 30, 2013 and 2012, we recorded an expense of \$5,633 and \$1,524, respectively, of stock-based compensation (a component of general and administrative expenses) related to the shares of restricted stock granted pursuant to the New Management Agreement. For the six months ended September 30, 2013 and 2012, we recorded an expense of \$6,120 and \$741, respectively, of stock-based compensation (a component of general and administrative expenses) related to the shares of restricted stock granted pursuant to the New Management Agreement.

4. FAIR VALUE MEASUREMENTS

We follow a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of "observable inputs" and minimize the use of "unobservable inputs." The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The table below segregates all assets that are measured at fair value on a recurring basis (which is measured at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

	September 30, 2013	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	Balance Sheet Classification
Money market funds	\$ 281,232	\$ 281,232	\$ —	\$ —	Cash and cash equivalents
Bank-time deposits	\$ 92,767	\$ 92,767	\$ —	\$ —	Cash and cash equivalents

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

5. INVENTORY

Inventory balances by category are as follows:

	September 30, 2013	March 31, 2013
Finished products	\$ 77,085	\$ 28,026
Parts and supplies	6,948	2,192
Inventory	<u>\$ 84,033</u>	<u>\$ 30,218</u>

Estimated product returns included in inventory at September 30, 2013 and March 31, 2013 were \$1,696 and \$1,505, respectively.

6. SOFTWARE DEVELOPMENT COSTS AND LICENSES

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

	September 30, 2013		March 31, 2013	
	Current	Non-current	Current	Non-current
Software development costs, internally developed	\$ 93,257	\$ 43,378	\$ 178,297	\$ 38,592
Software development costs, externally developed	17,222	67,126	10,469	53,649
Licenses	9,055	3,001	10,189	3,000
Software development costs and licenses	<u>\$ 119,534</u>	<u>\$ 113,505</u>	<u>\$ 198,955</u>	<u>\$ 95,241</u>

Software development costs and licenses as of September 30, 2013 and March 31, 2013 included \$189,801 and \$270,488, respectively, related to titles that have not been released. During the six months ended September 30, 2013, we recorded \$29,636 of software development impairment charges (a component of cost of goods sold).

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	September 30, 2013	March 31, 2013
Sales tax liability	\$ 78,159	\$ 3,950
Software development royalties	59,109	64,840
Income tax payable and deferred tax liability	46,060	53,261
Marketing and promotions	34,519	21,601
Compensation and benefits	29,372	33,564
Rent and deferred rent obligations	8,774	8,456
Professional fees	6,024	7,733
Licenses	4,009	12,268
Deferred consideration for acquisitions	2,498	2,498
Other	26,468	20,745
Accrued expenses and other current liabilities	<u>\$ 294,992</u>	<u>\$ 228,916</u>

TAKE-TWO INTERACTIVE SOFTWARE, INC.**Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Dollars in thousands, except share and per share amounts)****8. DEBT*****Credit Agreement***

In October 2011, we entered into a Second Amended and Restated Credit Agreement (the "Credit Agreement") which amended and restated our July 2007 Credit Agreement. The Credit Agreement provides for borrowings of up to \$100,000 which may be increased by up to \$40,000 pursuant to the terms of the Credit Agreement, and is secured by substantially all of our assets and the equity of our subsidiaries. The Credit Agreement expires on October 17, 2016. Revolving loans under the Credit Agreement bear interest at our election of (a) 1.50% to 2.00% above a certain base rate (4.75% at September 30, 2013), or (b) 2.50% to 3.00% above the LIBOR Rate (approximately 2.68% at September 30, 2013), with the margin rate subject to the achievement of certain average liquidity levels. We are also required to pay a monthly fee on the unused available balance, ranging from 0.375% to 0.50% based on availability. We had no outstanding borrowings at September 30, 2013 and March 31, 2013.

Availability under the Credit Agreement is restricted by our United States and United Kingdom based accounts receivable and inventory balances. The Credit Agreement also allows for the issuance of letters of credit in an aggregate amount of up to \$25,000.

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

	September 30, 2013	March 31, 2013
Available borrowings	\$ 70,736	\$ 73,565
Outstanding letters of credit	1,664	1,664

We recorded interest expense and fees related to the Credit Agreement of \$160 for the three months ended September 30, 2013 and 2012 and \$319 for the six months ended September 30, 2013 and 2012.

The Credit Agreement contains covenants that substantially limit us and our subsidiaries' ability to: create, incur, assume or be liable for indebtedness; dispose of assets outside the ordinary course of business; acquire, merge or consolidate with or into another person or entity; create, incur or allow any lien on any of their respective properties; make investments; or pay dividends or make distributions (each subject to certain limitations); or optionally prepay any indebtedness (subject to certain exceptions, including an exception permitting the redemption of the Company's unsecured convertible senior notes upon the meeting of certain minimum liquidity requirements). In addition, the Credit Agreement provides for certain events of default such as nonpayment of principal and interest, breaches of representations and warranties, noncompliance with covenants, acts of insolvency, default on indebtedness held by third parties and default on certain material contracts (subject to certain limitations and cure periods). The Credit Agreement also contains a requirement that we maintain an interest coverage ratio of more than one to one for the trailing twelve month period, if certain average liquidity levels fall below \$30,000. As of September 30, 2013, we were in compliance with all covenants and requirements outlined in the Credit Agreement.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

8. DEBT (Continued)

4.375% Convertible Notes Due 2014

In June 2009, we issued \$138,000 aggregate principal amount of 4.375% Convertible Notes due 2014 (the "4.375% Convertible Notes"). The issuance of the 4.375% Convertible Notes included \$18,000 related to the exercise of an over-allotment option by the underwriters. Interest on the 4.375% Convertible Notes was paid semi-annually in arrears on June 1st and December 1st of each year, and commenced on December 1, 2009. The 4.375% Convertible Notes were scheduled to mature on June 1, 2014, unless earlier redeemed or repurchased by the Company or converted. As further described below, on June 12, 2013, we issued a notice of redemption calling all of our outstanding 4.375% Convertible Notes for redemption on August 29, 2013.

The 4.375% Convertible Notes were convertible at an initial conversion rate of 93.6768 shares of our common stock per \$1 principal amount of 4.375% Convertible Notes (representing an initial conversion price of approximately \$10.675 per share of common stock for a total of approximately 12,927,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders could have converted the 4.375% Convertible Notes at their option prior to the close of business on the business day immediately preceding December 1, 2013 only under the following circumstances: (1) during any fiscal quarter commencing after July 31, 2009, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter was greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per \$1 principal amount of 4.375% Convertible Notes for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day; (3) if we called the 4.375% Convertible Notes for redemption, at any time prior to the close of business on the third scheduled trading day prior to the redemption date; or (4) upon the occurrence of specified corporate events. Upon conversion, the 4.375% Convertible Notes could have been settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of the Company's common stock.

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

At any time on or after June 5, 2012, the Company could have redeemed all of the outstanding 4.375% Convertible Notes for cash, but only if the last reported sale of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date we provided notice of redemption to holders of the 4.375% Convertible Notes exceeded 150% of the conversion price in effect on each such trading day. This condition was met on June 12, 2013. The redemption price equaled 100% of the principal amount of the 4.375% Convertible Notes to be redeemed, plus all accrued and unpaid interest (including additional interest, if any) to, but excluding, the redemption date.

On June 12, 2013, we issued a notice of redemption calling all of our outstanding 4.375% Convertible Notes, in the aggregate principal amount of \$138,000, for redemption on August 29, 2013 at a redemption price of \$1 per \$1 principal amount, plus accrued and unpaid interest up to, but not

TAKE-TWO INTERACTIVE SOFTWARE, INC.**Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Dollars in thousands, except share and per share amounts)****8. DEBT (Continued)**

including, the redemption date. Holders who elected to convert following receipt of the notice of redemption were entitled to make-whole shares in addition to such shares they would otherwise be entitled to receive upon conversion. The notice of redemption specified that we would settle any 4.375% Convertible Notes surrendered for conversion in connection with the redemption on a combination settlement basis by paying cash up to a cash amount equal to \$166,000 in the aggregate of converted notes and delivering shares of our common stock in respect of the amount, if any, by which our conversion obligation exceeded such cash amount. During the three and six months ended September 30, 2013, at the option of the holders, \$137,993 of 4.375% Convertible Notes were converted for \$165,992 in cash and 3,217,000 shares of our common stock. On August 29, 2013, we redeemed \$7 of 4.375% Convertible Notes and we paid \$7 in cash. During the three and six months ended September 30, 2013, we recorded a loss on extinguishment, net of capitalized debt issuance costs, totaling \$9,014 related to these transactions.

In connection with the offering of the 4.375% Convertible Notes, we entered into convertible note hedge transactions which were expected to reduce the potential dilution to our common stock upon conversion of the 4.375% Convertible Notes. The transactions included options to purchase approximately 12,927,000 shares of common stock at \$10.675 per share, expiring on June 1, 2014, for a total cost of approximately \$43,600, which was charged to additional paid-in capital.

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

On June 12, 2013, the Company entered into Unwind Agreements with respect to the convertible note hedge transactions and Unwind Agreements with respect to the warrant transactions with each of the hedge counterparties (collectively, the "Unwind Agreements"). Pursuant to the terms of the Unwind Agreements, and in connection with the Company's issuance of a notice of redemption for all the 4.375% Convertible Notes, the Company had the right to deliver a notice to the hedge counterparties, prior to the redemption date set forth in such redemption notice, designating an early termination date for the convertible note hedge transactions and warrant transactions. The hedge counterparties owed a cash payment to the Company as a result of the early termination of the convertible note hedge transactions that was calculated based on its current fair market value. The Company owed a cash payment to the hedge counterparties, as applicable, as a result of the early termination of the warrant transactions that was calculated based on its current fair market value. As a result of the Unwind Agreements, the convertible note hedge transactions and warrant transactions were accounted for as derivatives whereby the fair values of these transactions were reported as a convertible note hedge receivable and as a convertible note warrant liability with an offsetting impact to additional paid-in capital. Gains and losses resulting from changes in the fair value were reported in gain on convertible note hedge and warrants, net, in our Condensed Consolidated Statements of Operations. In August 2013, the payment received from unwinding the associated convertible note hedge transactions resulted in proceeds to us of \$84,429, offset by \$55,651 we paid the warrants holders.

During the three months ended September 30, 2013, we recorded a gain of approximately \$21,670 resulting from the change in the fair value of the convertible note hedge transactions and a loss of

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

8. DEBT (Continued)

approximately \$16,298 resulting from the change in the fair value of the convertible note warrant liability to gain on convertible note hedge and warrants, net, in our Condensed Consolidated Statements of Operations. During the six months ended September 30, 2013, we recorded a gain of approximately \$17,259 resulting from the change in the fair value of the convertible note hedge transactions and a loss of approximately \$13,798 resulting from the change in the fair value of the convertible note warrant liability to gain on convertible note hedge and warrants, net, in our Condensed Consolidated Statements of Operations.

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

	March 31, 2013
Additional paid-in capital	\$ 42,018
Principal amount of 4.375% Convertible Notes	\$ 138,000
Unamortized discount of the liability component	12,819
Net carrying amount of 4.375% Convertible Notes	\$ 125,181
Carrying amount of debt issuance costs	\$ 797

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Cash interest expense (coupon interest expense)	\$ 1,007	\$ 1,509	\$ 2,516	\$ 3,018
Non-cash amortization of discount on 4.375% Convertible Notes	1,771	2,347	4,358	4,620
Amortization of debt issuance costs	113	170	284	341
Total interest expense related to 4.375% Convertible Notes	<u>\$ 2,891</u>	<u>\$ 4,026</u>	<u>\$ 7,158</u>	<u>\$ 7,979</u>

1.75% Convertible Notes Due 2016

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

The 1.75% Convertible Notes are convertible at an initial conversion rate of 52.3745 shares of our common stock per \$1 principal amount of 1.75% Convertible Notes (representing an initial conversion price of approximately \$19.093 per share of common stock for a total of approximately 13,094,000

TAKE-TWO INTERACTIVE SOFTWARE, INC.**Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Dollars in thousands, except share and per share amounts)****8. DEBT (Continued)**

underlying conversion shares) subject to adjustment in certain circumstances. Holders may convert the 1.75% Convertible Notes at their option prior to the close of business on the business day immediately preceding June 1, 2016 only under the following circumstances: (1) during any fiscal quarter commencing after March 31, 2012, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per \$1 principal amount of 1.75% Convertible Notes for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day; or (3) upon the occurrence of specified corporate events. On and after June 1, 2016 until the close of business on the business day immediately preceding the maturity date, holders may convert their 1.75% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 1.75% Convertible Notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of the Company's common stock.

Upon the occurrence of certain fundamental changes involving the Company, holders of the 1.75% Convertible Notes may require us to purchase all or a portion of their 1.75% Convertible Notes for cash at a price equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest (including additional interest, if any) to, but excluding, the fundamental change purchase date.

The indenture governing the 1.75% Convertible Notes contains customary terms and covenants and events of default. If an event of default (as defined therein) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in aggregate principal amount of the 1.75% Convertible Notes then outstanding by notice to the Company and the Trustee, may, and the Trustee at the request of such holders shall, declare 100% of the principal of and accrued and unpaid interest (including additional interest, if any) on all the 1.75% Convertible Notes to be due and payable. In the case of an event of default arising out of certain bankruptcy events, 100% of the principal of and accrued and unpaid interest (including additional interest, if any), on the 1.75% Convertible Notes will automatically become due and payable immediately. As of September 30, 2013, we were in compliance with all covenants and requirements outlined in the indenture governing the 1.75% Convertible Notes.

The 1.75% Convertible Notes are senior unsecured obligations and rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the 1.75% Convertible Notes; equal in right of payment to our existing and future indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness incurred by our subsidiaries.

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

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

8. DEBT (Continued)

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

	September 30, 2013	March 31, 2013
Additional paid-in capital	\$ 51,180	\$ 51,180
Principal amount of 1.75% Convertible Notes	\$ 250,000	\$ 250,000
Unamortized discount of the liability component	35,085	39,979
Net carrying amount of 1.75% Convertible Notes	\$ 214,915	\$ 210,021
Carrying amount of debt issuance costs	\$ 3,262	\$ 3,821

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Cash interest expense (coupon interest expense)	\$ 1,094	\$ 1,094	\$ 2,188	\$ 2,188
Non-cash amortization of discount on 1.75% Convertible Notes	2,467	2,309	4,894	4,579
Amortization of debt issuance costs	278	291	559	586
Total interest expense related to 1.75% Convertible Notes	\$ 3,839	\$ 3,694	\$ 7,641	\$ 7,353

1.00% Convertible Notes Due 2018

On June 18, 2013, we issued \$250,000 aggregate principal amount of 1.00% Convertible Notes due 2018 (the "1.00% Convertible Notes" and together with the 4.375% Convertible Notes and the 1.75% Convertible Notes, the "Convertible Notes"). The 1.00% Convertible Notes were issued at 98.5% of par value for proceeds of \$246,250. Interest on the 1.00% Convertible Notes is payable semi-annually in arrears on July 1st and January 1st of each year, commencing on January 1, 2014. The 1.00% Convertible Notes mature on July 1, 2018, unless earlier repurchased by the Company or converted. The Company does not have the right to redeem the 1.00% Convertible Notes prior to maturity. The Company also granted the underwriters a 30-day option to purchase up to an additional \$37,500 principal amount of 1.00% Convertible Notes to cover overallocments, if any. On July 17, 2013, the Company closed its public offering of \$37,500 principal amount of the Company's 1.00% Convertible Notes as a result of the underwriters exercising their overallocation option in full on July 12, 2013, bringing the proceeds to \$283,188.

The 1.00% Convertible Notes are convertible at an initial conversion rate of 46.4727 shares of our common stock per \$1 principal amount of 1.00% Convertible Notes (representing an initial conversion price of approximately \$21.52 per share of common stock for a total of approximately 13,361,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders may convert the 1.00% Convertible Notes at their option prior to the close of business on the business day immediately

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

8. DEBT (Continued)

preceding January 1, 2018 only under the following circumstances: (1) during any fiscal quarter commencing after September 30, 2013, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per \$1 principal amount of 1.00% Convertible Notes for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day; or (3) upon the occurrence of specified corporate events. On and after January 1, 2018 until the close of business on the business day immediately preceding the maturity date, holders may convert their 1.00% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 1.00% Convertible Notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of the Company's common stock.

Upon the occurrence of certain fundamental changes involving the Company, holders of the 1.00% Convertible Notes may require us to purchase all or a portion of their 1.00% Convertible Notes for cash at a price equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest (including additional interest, if any) to, but excluding, the fundamental change purchase date.

The indenture governing the 1.00% Convertible Notes contains customary terms and covenants and events of default. If an event of default (as defined therein) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in aggregate principal amount of the 1.00% Convertible Notes then outstanding by notice to the Company and the Trustee, may, and the Trustee at the request of such holders shall, declare 100% of the principal of and accrued and unpaid interest (including additional interest, if any) on all the 1.00% Convertible Notes to be due and payable. In the case of an event of default arising out of certain bankruptcy events, 100% of the principal of and accrued and unpaid interest (including additional interest, if any), on the 1.00% Convertible Notes will automatically become due and payable immediately. As of September 30, 2013, we were in compliance with all covenants and requirements outlined in the indenture governing the 1.00% Convertible Notes.

The 1.00% Convertible Notes are senior unsecured obligations and rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the 1.00% Convertible Notes; equal in right of payment to our existing and future indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness incurred by our subsidiaries.

We separately account for the liability and equity components of the 1.00% Convertible Notes in a manner that reflects the Company's nonconvertible debt borrowing rate. We estimated the fair value of the 1.00% Convertible Notes to be \$225,567, upon issuance of our 1.00% Convertible Notes, assuming a 6.15% non-convertible borrowing rate. The carrying amount of the equity component was determined to be approximately \$57,621 by deducting the fair value of the liability component from the net proceeds of the 1.00% Convertible Notes. The excess of the principal amount of the liability component over its carrying amount is amortized to interest and other, net over the term of the 1.00% Convertible Notes using the effective interest method. The equity component is not remeasured as long

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

8. DEBT (Continued)

as it continues to meet the conditions for equity classification. In accounting for the \$2,815 of banking, legal and accounting fees related to the issuance of the 1.00% Convertible Notes, we allocated \$2,209 to the liability component and \$606 to the equity component. Debt issuance costs attributable to the liability component are being amortized to interest and other, net over the term of the 1.00% Convertible Notes, and issuance costs attributable to the equity component were netted with the equity component in additional paid-in capital.

The following table provides additional information related to our 1.00% Convertible Notes:

	September 30, 2013
Additional paid-in capital	\$ 57,621
Principal amount of 1.00% Convertible Notes	\$ 287,500
Unamortized discount of the liability component	58,889
Net carrying amount of 1.00% Convertible Notes	\$ 228,611
Carrying amount of debt issuance costs	\$ 2,072

The following table provides the components of interest expense related to our 1.00% Convertible Notes:

	Three Months Ended September 30, 2013	Six Months Ended September 30, 2013
Cash interest expense (coupon interest expense)	\$ 732	\$ 823
Non-cash amortization of discount on 1.00% Convertible Notes	2,712	3,044
Amortization of debt issuance costs	125	137
Total interest expense related to 1.00% Convertible Notes	\$ 3,569	\$ 4,004

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

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Computation of Basic EPS:				
Net loss	\$ (124,120)	\$ (12,491)	\$ (186,034)	\$ (123,329)
Weighted average shares outstanding—basic and diluted	88,822	85,396	87,907	85,197
Basic and Diluted EPS	\$ (1.40)	\$ (0.15)	\$ (2.12)	\$ (1.45)

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

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

The Company incurred a net loss for the three and six months ended September 30, 2013 and 2012; therefore, the basic and diluted weighted average shares outstanding exclude the impact of unvested share-based awards that are considered participating restricted stock and all common stock equivalents because their impact would be antidilutive.

Our unvested restricted stock rights (including restricted stock units, time-based and market-based restricted stock awards) are considered participating restricted stock since these securities have non-forfeitable rights to dividends or dividend equivalents during the contractual period of the award, and thus require the two-class method of computing EPS. The calculation of EPS for common stock shown above excludes the income attributable to the unvested restricted stock rights from the numerator and excludes the dilutive impact of those awards from the denominator. For the three and six months ended September 30, 2013 and 2012, we had approximately 13,488,000 and 6,821,000, respectively, of unvested share-based awards that are considered participating restricted stock which are excluded due to the net loss for those periods.

The Company defines common stock equivalents as unexercised stock options, common stock equivalents underlying the Convertible Notes (see Note 8) and warrants outstanding during the period. Common stock equivalents are measured using the treasury stock method, except for the Convertible Notes, which are assessed for their impact on diluted EPS using the more dilutive of the treasury stock method or the if-converted method. Under the provisions of the if-converted method, the Convertible Notes are assumed to be converted and the underlying conversion shares included in the denominator of the EPS calculation and the interest expense, net of tax, recorded in connection with the Convertible Notes is added back to the numerator.

In connection with the issuance of our 4.375% Convertible Notes in June 2009, the Company purchased convertible note hedges (see Note 8) which were excluded from the calculation of diluted EPS because their impact was always considered antidilutive since the call option would be exercised by the Company when the exercise price was lower than the market price. Also in connection with the issuance of our 4.375% Convertible Notes, the Company entered into warrant transactions (see Note 8). On June 12, 2013, the Company entered into Unwind Agreements with respect to the convertible note hedge transactions and Unwind Agreements with respect to the warrant transactions with each of the hedge counterparties (see Note 8).

Other common stock equivalents excluded from the diluted EPS calculation were unexercised stock option awards of approximately 2,009,000 for the three and six months ended September 30, 2013 and 2012 due to the net loss for those periods.

For the three and six months ended September 30, 2013, we issued approximately 6,758,000 and 7,772,000 shares, respectively, of common stock in connection with restricted stock awards and we canceled approximately 84,000 and 103,000 shares, respectively, of unvested restricted stock awards.

TAKE-TWO INTERACTIVE SOFTWARE, INC.**Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Dollars in thousands, except share and per share amounts)****10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

The following table provides the components of accumulated other comprehensive income (loss):

	<u>Six Months Ended September 30, 2013</u>		
	<u>Foreign currency translation adjustments</u>	<u>Unrealized gain on derivative instruments</u>	<u>Total</u>
Balance at March 31, 2013	\$ (4,916)	\$ 344	\$ (4,572)
Other comprehensive income before reclassifications	6,992	202	7,194
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—
Balance at September 30, 2013	<u>\$ 2,076</u>	<u>\$ 546</u>	<u>\$ 2,622</u>

	<u>Six Months Ended September 30, 2012</u>		
	<u>Foreign currency translation adjustments</u>	<u>Unrealized gain on derivative instruments</u>	<u>Total</u>
Balance at March 31, 2012	\$ 6,674	\$ 59	\$ 6,733
Other comprehensive income before reclassifications	318	169	487
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—
Balance at September 30, 2012	<u>\$ 6,992</u>	<u>\$ 228</u>	<u>\$ 7,220</u>

11. SEGMENT AND GEOGRAPHIC INFORMATION

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

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Unaudited Condensed Consolidated Financial Statements (Continued)

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

11. SEGMENT AND GEOGRAPHIC INFORMATION (Continued)

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

Net revenue by geographic region:	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
United States	\$ 78,099	\$ 153,187	\$ 163,258	\$ 259,087
Europe	52,274	73,318	92,831	155,812
Asia Pacific	9,237	23,445	20,095	39,464
Canada and Latin America	9,214	23,134	15,307	44,860
Total net revenue	\$ 148,824	\$ 273,084	\$ 291,491	\$ 499,223

Net revenue by product platform was as follows:

Net revenue by product platform:	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Console	\$ 88,465	\$ 213,966	\$ 192,071	\$ 404,072
PC and other	58,133	54,673	93,605	86,586
Handheld	2,226	4,445	5,815	8,565
Total net revenue	\$ 148,824	\$ 273,084	\$ 291,491	\$ 499,223

Our products are delivered through physical retail and digital online services (digital download, online platforms and cloud streaming). Net revenue by distribution channel was as follows:

Net revenue by distribution channel:	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Digital online	\$ 89,454	\$ 55,498	\$ 162,309	\$ 88,157
Physical retail and other	59,370	217,586	129,182	411,066
Total net revenue	\$ 148,824	\$ 273,084	\$ 291,491	\$ 499,223

12. COMMITMENTS AND CONTINGENCIES

At September 30, 2013, we did not have any significant changes to our commitments since March 31, 2013 other than (i) in June 2013, the Company issued \$250,000 principal amount of 1.00% Convertible Notes, (ii) in July 2013, the Company closed its public offering of \$37,500 principal amount of the Company's 1.00% Convertible Notes as a result of the underwriters exercising their over-allotment option in full on July 12, 2013, (iii) in August 2013, our 4.375% Convertible Notes were settled and (iv) \$393,723 of expenditures which will become due upon deferred revenue expected to be recognized during the three months ended December 31, 2013. See Note 8 for additional information regarding our Convertible Notes. See Note 12 of the Notes to the Consolidated Financial Statements

TAKE-TWO INTERACTIVE SOFTWARE, INC.**Notes to Unaudited Condensed Consolidated Financial Statements (Continued)****(Dollars in thousands, except share and per share amounts)****12. COMMITMENTS AND CONTINGENCIES (Continued)**

included in our Annual Report on Form 10-K for the year ended March 31, 2013 for more information regarding our commitments.

Below is a summary of the annual commitments as of September 30, 2013 related to our 1.00% Convertible Notes:

<u>Fiscal year ending March 31,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2014 (remaining six months)	\$ 1,541	\$ —	\$ 1,541
2015	2,875	—	2,875
2016	2,875	—	2,875
2017	2,875	—	2,875
2018	2,875	—	2,875
Thereafter	1,438	287,500	288,938
Total	\$ 14,479	\$ 287,500	\$ 301,979

Legal and Other Proceedings

We are, or may become, subject to demands and claims (including intellectual property claims) and are involved in routine litigation in the ordinary course of business which we do not believe to be material to our business or financial statements. We have appropriately accrued amounts related to certain of these claims and legal and other proceedings. While it is reasonably possible that a loss may be incurred in excess of the amounts accrued in our financial statements, we believe that such losses, unless otherwise disclosed, would not be material.

13. SHARE REPURCHASE PROGRAM

In January 2013, our Board of Directors authorized the repurchase of up to 7,500,000 shares of our common stock. The authorization permits the Company to purchase shares from time to time through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. It does not obligate the Company to make any purchases at any specific time or situation. Repurchases are subject to the availability of stock, prevailing market conditions, the trading price of the stock, the Company's financial performance and other conditions. The program may be suspended or discontinued at any time for any reason. Through September 30, 2013, the Company has not repurchased any shares of our common stock as part of the program.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

The statements contained herein which are not historical facts are considered forward-looking statements under federal securities laws and may be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "potential," "predicts," "projects," "seeks," "will," or words of similar meaning and include, but are not limited to, statements regarding the outlook for the Company's future business and financial performance. Such forward-looking statements are based on the current beliefs of our management as well as assumptions made by and information currently available to them, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may vary materially from these forward-looking statements based on a variety of risks and uncertainties including those contained herein, in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2013, in the section entitled "Risk Factors," and the Company's other periodic filings with the SEC. All forward-looking statements are qualified by these cautionary statements and speak only as of the date they are made. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided in addition to the accompanying Unaudited Condensed Consolidated Financial Statements and notes to assist readers in understanding our results of operations, financial condition and cash flows. The following discussion should be read in conjunction with the MD&A and our annual consolidated financial statements and the notes thereto, included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2013.

Overview

Our Business

We are a leading developer, publisher and marketer of interactive entertainment for consumers around the globe. We develop and publish products through our two wholly-owned labels Rockstar Games and 2K. Our products are currently designed for console gaming systems such as Sony's PlayStation®3 ("PS3"), Microsoft's Xbox 360® ("Xbox 360") and Nintendo's Wii™ ("Wii") and Wii U ("Wii U"); handheld gaming systems such as Nintendo's DS ("DS") and Sony's PlayStation Portable ("PSP"); and personal computers including smartphones and tablets. In addition, we have products in development for next-generation console gaming platforms, including Sony's PlayStation®4 and Xbox One®, the all-in-one games and entertainment system from Microsoft. We deliver our products through physical retail, digital download, online platforms and cloud streaming services.

We endeavor to be the most creative, innovative and efficient company in our industry. Our core strategy is to capitalize on the popularity of video games by developing and publishing high-quality interactive entertainment experiences across a range of genres. We focus on building compelling entertainment franchises by publishing a select number of titles for which we can create sequels and add-on content. Most of our intellectual property is internally owned and developed, which we believe best positions us financially and competitively. We have established a portfolio of proprietary software content for the major hardware platforms in a wide range of genres, including action, adventure, family/casual, racing, role-playing, shooter, sports and strategy, which we distribute worldwide. We believe that our commitment to creativity and innovation is a distinguishing strength, enabling us to differentiate our products in the marketplace by combining advanced technology with compelling storylines and characters that provide unique gameplay experiences for consumers. We have created, acquired or licensed a group of highly recognizable brands to match the broad consumer demographics we serve, ranging from adults to children and game enthusiasts to casual gamers. Another cornerstone of our strategy is to support the success of our products in the marketplace through innovative

marketing programs and global distribution on all platforms and through all channels that are relevant to our target audience.

Our revenue is primarily derived from the sale of internally developed software titles and software titles developed by third-parties for our benefit. Operating margins are dependent in part upon our ability to release new, commercially successful software products and to manage effectively their development costs. We have internal development studios located in Australia, Canada, China, Czech Republic, the United Kingdom, and the United States.

Software titles published by our Rockstar Games label are primarily internally developed. We expect Rockstar Games, our wholly-owned publisher of the *Grand Theft Auto*, *Max Payne*, *Midnight Club*, *Red Dead* and other popular franchises, to continue to be a leader in the action / adventure product category and create groundbreaking entertainment by leveraging our existing titles as well as developing new brands. We believe that Rockstar has established a uniquely original, popular cultural phenomenon with its *Grand Theft Auto* series with *Grand Theft Auto V*, the latest installment released in September 2013, which is the interactive entertainment industry's most iconic and critically acclaimed brand and has sold-in over 150 million units. *Grand Theft Auto V* includes access to *Grand Theft Auto Online* which launched in October 2013. Rockstar continues to expand on our established franchises by developing sequels, offering downloadable episodes and content, and releasing titles for smartphones and tablets. Rockstar is also well known for developing brands in other genres, including the *L.A. Noire*, *Bully* and *Manhunt* franchises.

Our 2K label has published a variety of popular entertainment properties across all key platforms and across a range of genres including shooter, action, role-playing, strategy, sports and family/casual entertainment. We expect 2K to continue to develop new and successful franchises in the future.

2K's internally owned and developed franchises include the critically acclaimed, multi-million unit selling *BioShock*, *Mafia*, and *Sid Meier's Civilization* series. 2K also publishes highly successful externally developed franchises, such as *Borderlands*. 2K successfully launched *Borderlands 2* in September 2012 and is supporting the title with a robust add-on content campaign. In addition, in October 2012, 2K released *XCOM: Enemy Unknown*, which, along with *Borderlands 2* and *NBA 2K13*, was among the ten highest-rated console video game releases of 2012 based on average review score on Metacritic.com. *XCOM: Enemy Unknown* is being supported with add-on content and has also been released as a mobile game, *XCOM: Enemy Unknown for iOS*. In March 2013, 2K released *BioShock Infinite* and is being supported with add-on content. Also in August 2013, 2K released *The Bureau: XCOM Declassified*.

2K publishes a range of realistic sports simulation titles, including our flagship *NBA 2K* series, which has been the top-ranked NBA basketball video game for 13 years running, the *Major League Baseball 2K* series, our *Top Spin* tennis series and the *WWE 2K* series. We develop most of our sports simulations software titles through our internal development studios. 2K has secured long-term licensing agreements with the National Basketball Association ("NBA"). Our current licenses with Major League Baseball Properties, the Major League Baseball Players Association and Major League Baseball Advanced Media expire in December 2013. In addition, in February 2013, 2K entered into an exclusive multi-year agreement with WWE to publish the *WWE* video game franchise worldwide.

2K also develops and publishes titles for the casual and family-friendly games market. Internally developed titles include *Carnival Games* and *Let's Cheer!*. 2K also has an agreement with Nickelodeon to publish video games based on its top rated Nick Jr. titles such as *Dora the Explorer*, *Go, Diego, Go!*, *Ni Hao, Kai-lan* and *The Backyardigans*. Our current agreement with Nickelodeon expires in December 2013. Throughout the current fiscal year, 2K has released a slate of new titles designed exclusively for smartphones and tablets, including *Haunted Hollow*, *Sid Meier's Ace Patrol for iOS*, *Beejumbled*, *Turd Birds* and *2K Drive*.

We also have expansion initiatives in the rapidly growing Asia markets, where our strategy is to broaden the distribution of our existing products, expand our business in Japan, and establish an online gaming presence, especially in China and Korea. 2K has secured a multi-year license from the NBA to develop an online version of the NBA simulation game in China, Taiwan, South Korea and Southeast Asia. In October 2012, *NBA 2K Online*, our free-to-play NBA simulation game co-developed by 2K and Tencent, launched commercially on the Tencent Games portal in China. In May 2013, *Pro Baseball 2K*, our online baseball simulation game co-developed by 2K and Nexon Corporation, launched commercially in Korea.

Discontinued operations

In February 2010, we completed the sale to SYNnex Corporation ("Synnex") of our Jack of All Games third-party distribution business, which primarily distributed third-party interactive entertainment software, hardware and accessories in North America. The financial information of our distribution business has been classified as discontinued operations in the Unaudited Condensed Consolidated Financial Statements for all of the periods presented. See Note 2 to our Unaudited Condensed Consolidated Financial Statements for additional information regarding discontinued operations.

Trends and Factors Affecting our Business

Product Release Schedule. Our financial results are affected by the timing of our product releases and the commercial success of those titles. Our *Grand Theft Auto* products in particular have historically accounted for a substantial portion of our revenue. Sales of *Grand Theft Auto* products generated approximately 22.0% of the Company's net revenue for the six months ended September 30, 2013. The timing of our *Grand Theft Auto* releases varies significantly, which in turn may impact our financial performance on a quarterly and annual basis. In September 2013, the Company released *Grand Theft Auto V*, for which we did not have vendor-specific objective evidence ("VSOE") of fair value for the undelivered elements being delivered at a later date, therefore all revenue from *Grand Theft Auto V* was deferred at September 30, 2013 along with the related cost of goods sold.

Economic Environment and Retailer Performance. We continue to monitor economic conditions that may unfavorably affect our businesses, such as deteriorating consumer demand, pricing pressure on our products, credit quality of our receivables, and foreign currency exchange rates. Our business is dependent upon a limited number of customers who account for a significant portion of our revenue. Our five largest customers accounted for 57.7% and 57.3% of net revenue during the six months ended September 30, 2013 and 2012, respectively. As of September 30, 2013 and March 31, 2013, our five largest customers comprised approximately 56.8% and 57.2% of our gross accounts receivable, respectively, with our significant customers (those that individually comprised more than 10% of our gross accounts receivable balance) accounting for approximately 39.6% and 30.5% of such balance at September 30, 2013 and March 31, 2013, respectively. The economic environment has affected our customers in the past, and may do so in the future. Bankruptcies or consolidations of our large retail customers could seriously hurt our business, due to uncollectible accounts receivables and the concentration of purchasing power among the remaining large retailers. Certain of our large customers sell used copies of our games, which may negatively affect our business by reducing demand for new copies of our games. While the downloadable content that we now offer for certain of our titles may serve to reduce used game sales, we expect used game sales to continue to adversely affect our business.

Hardware Platforms. We derive most of our revenue from the sale of products made for video game platforms manufactured by third-parties, such as Sony's PS3, Microsoft's Xbox 360 and Nintendo's Wii and Wii U, which comprised approximately 65.3% of the Company's net revenue by product platform for the six months ended September 30, 2013. The success of our business is

dependent upon the consumer acceptance of these platforms and the continued growth in the installed base of these platforms. When new hardware platforms are introduced, demand for software based on older platforms declines, which may negatively affect our business during the market transition to the new consoles. Sony has announced its planned launch of its new console system PlayStation®4 on November 15, 2013 and Microsoft has announced its planned launch of its new console system Xbox One® on November 22, 2013. We continually monitor console hardware sales, as well as the development of "next-generation" consoles. We manage our product delivery on each current and future platform in a manner we believe to be most effective to maximize our revenue opportunities and achieve the desired return on our investments in product development. Additionally, our development costs are generally higher for titles during platforms transition periods, and we have limited ability to predict the consumer acceptance of the new platforms, which may affect our sales and profitability. Accordingly, our strategy is to focus our development efforts on a select number of the highest quality titles for these platforms, while also expanding our offerings for emerging platforms such as mobile and online games.

Online Content and Digital Distribution. The interactive entertainment software industry is delivering a growing amount of content through digital online delivery methods. We provide a variety of online delivered products and offerings. A number of our titles that are available through retailers as packaged goods products are also available through direct digital download through the Internet (from websites we own and others owned by third-parties) to the consumers' console systems or PC. We also offer downloadable add-on content to our packaged goods titles. In addition, we are publishing an expanding variety of titles for tablets and smartphones, which are delivered to consumers through digital download through the Internet. Note 11 to our Unaudited Condensed Consolidated Financial Statements, "Segment and Geographic Information," discloses that net revenue from digital online channels comprised approximately 55.7% of the Company's net revenue by distribution channel for the six months ended September 30, 2013. We expect online delivery of games and game offerings to become an increasing part of our business over the long-term.

Product Releases

We released the following key titles during the six months ended September 30, 2013:

<u>Title</u>	<u>Publishing Label</u>	<u>Internal or External Development</u>	<u>Platform(s)</u>	<u>Date Released</u>
<i>Sid Meier's Civilization V: Brave New World</i>	2K	Internal	PC, Mac	July 9, 2013
<i>The Bureau: XCOM Declassified</i>	2K	Internal	PS3, Xbox 360, PC	August 20, 2013
<i>Grand Theft Auto V</i>	Rockstar Games	Internal	PS3, Xbox 360	September 17, 2013

Product Pipeline

We have announced the following future key titles to date (this list does not represent all titles currently in development):

<u>Title</u>	<u>Publishing Label</u>	<u>Internal or External Development</u>	<u>Platform(s)</u>	<u>Expected Release Date</u>
<i>NBA 2K14</i>	2K	Internal	PS3, Xbox 360, PC	October 1, 2013 (released)
<i>WWE 2K14</i>	2K	External	PS3, Xbox 360	October 29, 2013 (released)
<i>NBA 2K14</i>	2K	Internal	PS4	November 15, 2013
<i>NBA 2K14</i>	2K	Internal	Xbox One	November 22, 2013

Critical Accounting Policies and Estimates

Our most critical accounting policies, which are those that require significant judgment, include: revenue recognition; allowances for returns, price concessions and other allowances; capitalization and recognition of software development costs and licenses; fair value estimates including inventory obsolescence, valuation of goodwill, intangible assets and long-lived assets; valuation and recognition of stock-based compensation; and income taxes. In-depth descriptions of these can be found in our Annual Report on Form 10-K for the fiscal year ended March 31, 2013.

Recently Issued Accounting Pronouncements

Reclassification of Accumulated Other Comprehensive Income

In February 2013, new guidance was issued requiring new disclosures about reclassifications from accumulated other comprehensive income to net income. This new guidance requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The new guidance is effective prospectively for annual and interim periods beginning after December 15, 2012 (April 1, 2013 for the Company). The adoption of this new guidance did not have a material impact on our Condensed Consolidated Financial Statements and the required disclosures are provided in Note 10.

Presentation of Unrecognized Tax Benefits

In July 2013, new guidance was issued requiring that entities that have an unrecognized tax benefit and a net operating loss carryforward or similar tax loss or tax credit carryforward in the same jurisdiction as the uncertain tax position present the unrecognized tax benefit as a reduction of the deferred tax asset for the loss or tax credit carryforward rather than as a liability when the uncertain tax position would reduce the loss or tax credit carryforward under the tax law. The disclosure requirements will be effective for annual periods (and interim periods within those annual periods) beginning after December 15, 2013 (June 30, 2014 for the Company), and will require prospective application. Early adoption is permitted. We are currently evaluating the impact on our Condensed Consolidated Financial Statements from the adoption of this guidance.

Results of Operations

The following table sets forth, for the periods indicated, the percentage of net revenue represented by certain line items in our condensed consolidated statements of operations, net revenue by geographic region, net revenue by platform and net revenue by distribution channel:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
Net revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	62.1%	58.0%	63.9%	69.2%
Gross profit	37.9%	42.0%	36.1%	30.8%
Selling and marketing	68.1%	24.1%	49.0%	29.0%
General and administrative	28.9%	11.3%	26.0%	14.8%
Research and development	17.8%	7.1%	16.3%	6.9%
Depreciation and amortization	2.3%	0.9%	2.2%	1.1%
Total operating expenses	117.1%	43.4%	93.5%	51.8%
Loss from operations	(79.2)%	(1.4)%	(57.4)%	(21.0)%
Interest and other, net	(7.2)%	(2.8)%	(6.9)%	(3.1)%
Loss on extinguishment of debt	(6.1)%	0.0%	(3.1)%	0.0%
Gain on convertible note hedge and warrants, net	3.6%	0.0%	1.2%	0.0%
Loss from continuing operations before income taxes	(88.9)%	(4.2)%	(66.2)%	(24.1)%
(Benefit) provision for income taxes	(5.5)%	0.4%	(2.4)%	0.6%
Loss from continuing operations	(83.4)%	(4.6)%	(63.8)%	(24.7)%
Loss from discontinued operations, net of taxes	0.0%	0.0%	0.0%	0.0%
Net loss	(83.4)%	(4.6)%	(63.8)%	(24.7)%
Net revenue by geographic region:				
United States	52.5%	56.1%	56.0%	51.9%
International	47.5%	43.9%	44.0%	48.1%
Net revenue by platform:				
Console	59.4%	78.4%	65.9%	80.9%
PC and other	39.1%	20.0%	32.1%	17.3%
Handheld	1.5%	1.6%	2.0%	1.8%
Net revenue by distribution channel:				
Digital online	60.1%	20.3%	55.7%	17.7%
Physical retail and other	39.9%	79.7%	44.3%	82.3%

Three Months Ended September 30, 2013 Compared to September 30, 2012

<u>(thousands of dollars)</u>	<u>2013</u>	<u>%</u>	<u>2012</u>	<u>%</u>	<u>Increase/ (decrease)</u>	<u>% Increase/ (decrease)</u>
Net revenue	\$ 148,824	100.0%	\$ 273,084	100.0%	\$ (124,260)	(45.5)%
Software development costs and royalties(1)	51,090	34.3%	77,535	28.4%	(26,445)	(34.1)%
Product costs	33,142	22.3%	73,314	26.8%	(40,172)	(54.8)%
Internal royalties	5,262	3.5%	410	0.2%	4,852	1183.4%
Licenses	2,969	2.0%	7,228	2.6%	(4,259)	(58.9)%
Cost of goods sold	92,463	62.1%	158,487	58.0%	(66,024)	(41.7)%
Gross profit	\$ 56,361	37.9%	\$ 114,597	42.0%	\$ (58,236)	(50.8)%

(1) Includes \$858 and \$1,296 of stock-based compensation expense in 2013 and 2012, respectively.

The deferred revenue and deferred cost of goods sold balances at September 30, 2013 consist primarily of unrecognized revenue and cost of goods sold from the release of *Grand Theft Auto V*, which released in September 2013, for which we do not have VSOE of fair value for the undelivered elements being delivered at a later date. *Grand Theft Auto V* includes access to *Grand Theft Auto Online* which launched in October 2013.

For the three months ended September 30, 2013, net revenue decreased \$124.3 million as compared to the prior year. This decrease is primarily due to \$155.1 million in lower sales of *Borderlands 2* and *Spec Ops: The Line*, which released in September 2012 and June 2012, respectively. These decreases were partially offset by \$30.3 million in higher sales from the releases of *Sid Meier's Civilization V: Brave New World* in July 2013 and *The Bureau: XCOM Declassified* in August 2013, and our *NBA 2K* franchise, as well as an increase of approximately \$6.5 million in sales from our *Grand Theft Auto* franchise, which excludes sales of *Grand Theft Auto V*.

Net revenue on consoles decreased to 59.4% of our total net revenue for the three months ended September 30, 2013 as compared to 78.4% for the same period in the prior year primarily due to the increased percentage of total net revenue on PC and other platforms. PC and other sales increased to 39.1% of our total net revenue for the three months ended September 30, 2013 as compared to 20.0% for the prior year primarily due to an increase in net revenue from the PC and Mac release of *Sid Meier's Civilization V: Brave New World* in July 2013, the PC releases of *BioShock Infinite* in March 2013, *The Bureau: XCOM Declassified* in August 2013, and *XCOM: Enemy Unknown* in October 2012 and the iOS release of *Grand Theft Auto: Vice City 10th Anniversary Edition* in December 2012, partially offset by a decrease in net revenue from the PC version of *Borderlands 2*, which was released in September 2012. Handheld sales accounted for 1.5% of our total net revenue for the three months ended September 30, 2013 which is in line with 1.6% for the prior year.

Net revenue from digital online channels increased to 60.1% of our total net revenue for the three months ended September 30, 2013 as compared to 20.3% for the prior year primarily driven by the releases of *Sid Meier's Civilization V: Brave New World* in July 2013, *BioShock Infinite* in March 2013 and *Borderlands 2* in September 2012, as well as higher sales from our *NBA 2K* and *Grand Theft Auto* franchises. Net revenue from physical retail and other channels decreased to 39.9% of our total net revenue for the three months ended September 30, 2013 as compared to 79.7% for the same period in the prior year primarily due to the increased proportion of total net revenue from digital online channels.

Gross profit as a percentage of net revenue for the three months ended September 30, 2013 was 37.9% as compared to 42.0% for the prior year. The decrease was primarily due to (i) higher software

development costs and royalties as a percentage of net revenue for the three months ended September 30, 2013 associated with the August 2013 release of *The Bureau: XCOM Declassified* and a greater share of net revenue in the current year being generated from a product mix with lower selling price points and (ii) higher internal royalties primarily due to the *NBA 2K* franchise, partially offset by lower product costs in the current year as a percentage of net revenue as a result of a greater proportion of net revenue from digital online channels.

Net revenue earned outside of the United States accounted for 47.5% of our total net revenue for the three months ended September 30, 2013, as compared to 43.9% in the prior year. The year-over-year percentage increase was primarily due to the September 2012 release of *Borderlands 2*, which had proportionally higher net revenue earned in the United States during the three months ended September 30, 2012. Foreign currency exchange rates decreased net revenue and increased gross profit by \$0.4 million and \$1.2 million, respectively, for the three months ended September 30, 2013 as compared to the prior year.

Operating Expenses

(thousands of dollars)	2013	% of net revenue	2012	% of net revenue	Increase/ (decrease)	% Increase/ (decrease)
Selling and marketing	\$ 101,342	68.1%	\$ 65,851	24.1%	\$ 35,491	53.9%
General and administrative	43,023	28.9%	30,809	11.3%	12,214	39.6%
Research and development	26,520	17.8%	19,320	7.1%	7,200	37.3%
Depreciation and amortization	3,367	2.3%	2,550	0.9%	817	32.0%
Total operating expenses(1)	\$ 174,252	117.1%	\$ 118,530	43.4%	\$ 55,722	47.0%

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

	2013	2012
Selling and marketing	\$ 3,029	\$ 1,456
General and administrative	\$ 9,113	\$ 3,701
Research and development	\$ 2,319	\$ 638

Foreign currency exchange rates decreased total operating expenses by \$0.3 million for the three months ended September 30, 2013 as compared to the prior year.

Selling and marketing

Selling and marketing expenses increased \$35.5 million for the three months ended September 30, 2013, as compared to the prior year primarily due to advertising expenses incurred in the current year for the September 2013 release of *Grand Theft Auto V* and the August 2013 release of *The Bureau: XCOM Declassified*, partially offset by advertising expenses incurred in the prior year for the release of *Borderlands 2* in September 2012.

General and administrative

General and administrative expenses increased \$12.2 million for the three months ended September 30, 2013, as compared to the prior year primarily due to an increase of \$5.4 million in stock-based compensation expense in the current year primarily due to the previously granted stock-based awards to ZelnickMedia, an increase of \$3.0 million for personnel costs and \$1.0 million for consulting expense, primarily due to higher performance-based incentive compensation as a result of the Company's expected performance for the year.

General and administrative expenses for the three months ended September 30, 2013 and 2012 include occupancy expense (primarily rent, utilities and office expenses) of \$4.3 million and \$3.9 million, respectively, related to our development studios.

Research and development

Research and development expenses increased \$7.2 million for the three months ended September 30, 2013 as compared to the prior year primarily due to lower payroll capitalization rates at our development studios due mainly to resources being transitioned to new projects following the March 2013 release of *BioShock Infinite*.

Interest and other, net

Interest and other, net was an expense of \$10.7 million for the three months ended September 30, 2013, as compared to an expense of \$7.4 million for the three months ended September 30, 2012. The increase of \$3.3 million was primarily due to interest expense associated with our June 2013 issuance of the 1.00% Convertible Notes.

Gain on convertible note hedge and warrants, net

Gain on convertible note hedge and warrants, net was \$5.4 million for the three months ended September 30, 2013 due to the increase in the Company's share price during the period from June 2013 to the net settlement of the hedge and warrants in August 2013. See Liquidity and Capital Resources for additional information regarding settlement and related net gain on the convertible note hedge and warrant transactions.

Loss on extinguishment of debt

Loss on extinguishment of debt was \$9.0 million for the three months ended September 30, 2013 due to the conversion and redemption of our 4.375% Convertible Notes. See Liquidity and Capital Resources for additional information regarding loss on extinguishment of debt.

(Benefit) provision for income taxes

Income tax benefit was \$8.2 million for the three months ended September 30, 2013 as compared to income tax expense of \$1.1 million for the three months ended September 30, 2012. The decrease in income tax expense was primarily attributable to benefits provided during the current year with respect to losses incurred in interim periods in which full year profits are forecasted.

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

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

Net loss and net loss per share

For the three months ended September 30, 2013, our net loss was \$124.1 million, as compared to a net loss of \$12.5 million in the prior year. Net loss per share for the three months ended September 30, 2013 was \$1.40 as compared to a net loss per share of \$0.15 for the three months ended September 30, 2012. Basic and diluted weighted average shares outstanding increased compared to the prior year period primarily due to the vesting of restricted stock awards over the last twelve months and the issuance of shares of our common stock for the 4.375% Convertible Notes which were converted. See

Note 9 to our unaudited condensed consolidated financial statements for additional information regarding net loss per share.

Six Months Ended September 30, 2013 Compared to September 30, 2012

(thousands of dollars)	2013	%	2012	%	Increase/ (decrease)	% Increase/ (decrease)
Net revenue	\$ 291,491	100.0%	\$ 499,223	100.0%	\$ (207,732)	(41.6)%
Software development costs and royalties(1)	104,818	36.0%	182,539	36.6%	(77,721)	(42.6)%
Product costs	64,129	22.0%	145,573	29.2%	(81,444)	(55.9)%
Licenses	9,156	3.1%	15,748	3.2%	(6,592)	(41.9)%
Internal royalties	8,202	2.8%	1,358	0.2%	6,844	504.0%
Cost of goods sold	186,305	63.9%	345,218	69.2%	(158,913)	(46.0)%
Gross profit	\$ 105,186	36.1%	\$ 154,005	30.8%	\$ (48,819)	(31.7)%

(1) Includes \$1,956 and \$6,244 of stock-based compensation expense in 2013 and 2012, respectively.

The deferred revenue and deferred cost of goods sold balances at September 30, 2013 consist primarily of unrecognized revenue and cost of goods sold from the release of *Grand Theft Auto V*, which released in September 2013, for which we do not have VSOE of fair value for the undelivered elements being delivered at a later date. *Grand Theft Auto V* includes access to *Grand Theft Auto Online* which launched in October 2013.

For the six months ended September 30, 2013, net revenue decreased \$207.7 million as compared to the prior year. This decrease is primarily due to \$265.7 million in lower sales of *Borderlands 2*, which released in September 2012, *Max Payne 3*, which released in May 2012, and *Spec Ops: The Line*, which released in June 2012. These decreases were partially offset by \$61.0 million in net revenue from the releases of *BioShock Infinite* in March 2013, *Sid Meier's Civilization V: Brave New World* in July 2013 and *The Bureau: XCOM Declassified* in August 2013 as well as higher sales from our *NBA 2K* franchise and approximately \$8.8 million in higher sales from our *Grand Theft Auto* franchise, which excludes sales of *Grand Theft Auto V*.

Net revenue on consoles decreased to 65.9% of our total net revenue for the six months ended September 30, 2013 as compared to 80.9% for the same period in the prior year, primarily due to the increased percentage of total net revenue on PC and other platforms. PC and other sales increased to 32.1% of our total net revenue for the six months ended September 30, 2013 as compared to 17.3% for the prior year, primarily due to an increase in net revenue from the PC and Mac release of *Sid Meier's Civilization V: Brave New World* in July 2013, the PC releases of *BioShock Infinite* in March 2013, *XCOM: Enemy Unknown* in October 2012 and *The Bureau: XCOM Declassified* in August 2013 and the iOS release of *Grand Theft Auto: Vice City 10th Anniversary Edition* in December 2012, partially offset by the decrease in net revenue from the PC releases of *Borderlands 2* in September 2012 and *Max Payne 3* in June 2012. Handheld sales accounted for 2.0% of our total net revenue for the six months ended September 30, 2013 which is in line with 1.8% for the prior year.

Net revenue from digital online channels increased to 55.7% of our total net revenue for the six months ended September 30, 2013 as compared to 17.7% for the prior year, primarily driven by the releases of *Borderlands 2* in September 2012, *BioShock Infinite* in March 2013 and *Sid Meier's Civilization V: Brave New World* in July 2013, as well as higher sales from our *NBA 2K* and *Grand Theft Auto* franchises. Net revenue from physical retail and other channels decreased to 44.3% of our total net revenue for the six months ended September 30, 2013 as compared to 82.3% for the same period

in the prior year primarily due to the increased proportion of total net revenue from digital online channels.

Gross profit as a percentage of net revenue for the six months ended September 30, 2013 was 36.1% as compared to 30.8% for the prior year. The increase was primarily due to (i) lower product costs in the current year as a percentage of net revenue as a result of a greater proportion of net revenue from digital online channels, partially offset by a greater share of net revenue in the current year being generated from a product mix with lower selling price points and (ii) higher software development costs and royalties during the six months ended September 30, 2012 associated with the September 2012 release of *Borderlands 2*, the May 2012 release of *Max Payne 3* and the June 2012 release of *Spec Ops: The Line*, partially offset by software development costs and royalties in the current year related to the August 2013 release of *The Bureau: XCOM Declassified*.

Net revenue earned outside of the United States accounted for 44.0% of our total net revenue for the six months ended September 30, 2013, as compared to 48.1% in the prior year. The year-over-year percentage decrease was primarily due to the September 2012 release of *Borderlands 2*, which had proportionally higher net revenue in the United States. Foreign currency exchange rates decreased net revenue and increased gross profit by \$1.1 million and \$0.7 million, respectively, for the six months ended September 30, 2013 as compared to the prior year.

Operating Expenses

(thousands of dollars)	2013	% of net revenue	2012	% of net revenue	Increase/ (decrease)	% Increase/ (decrease)
Selling and marketing	\$ 142,943	49.0%	\$ 144,858	29.0%	\$ (1,915)	(1.3)%
General and administrative	75,883	26.0%	74,011	14.8%	1,872	2.5%
Research and development	47,391	16.3%	34,632	6.9%	12,759	36.8%
Depreciation and amortization	6,424	2.2%	5,319	1.1%	1,105	20.8%
Total operating expenses(1)	\$ 272,641	93.5%	\$ 258,820	51.8%	\$ 13,821	5.3%

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

	2013	2012
Selling and marketing	\$ 4,606	\$ 2,533
General and administrative	\$ 12,148	\$ 4,399
Research and development	\$ 2,556	\$ 921

Foreign currency exchange rates decreased total operating expenses by \$0.8 million for the six months ended September 30, 2013 as compared to the prior year.

Selling and marketing

Selling and marketing expenses were in line for the six months ended September 30, 2013 compared to the prior year as we released a similar number of key titles during both periods.

General and administrative

General and administrative expenses were in line for the six months ended September 30, 2013 compared to the prior year resulting from an increase of \$7.7 million in stock-based compensation expense in the current year primarily due to the previously granted stock-based awards to ZelnickMedia, an increase of \$5.1 million for personnel costs, an increase of \$2.9 million for IT-related costs and \$1.0 million for consulting expense, primarily due to higher performance-based incentive

compensation as a result of the Company's expected performance for the year, partially offset by the absence of a \$15.0 million contractual provision that was triggered in June 2012.

General and administrative expenses for the six months ended September 30, 2013 and 2012 include occupancy expense (primarily rent, utilities and office expenses) of \$8.5 million and \$7.8 million, respectively, related to our development studios.

Research and development

Research and development expenses increased \$12.8 million for the six months ended September 30, 2013 as compared to the prior year primarily due to lower payroll capitalization rates at our development studios due mainly to resources being transitioned to new projects following the March 2013 release of *BioShock Infinite*.

Interest and other, net

Interest and other, net was an expense of \$20.1 million for the six months ended September 30, 2013, as compared to an expense of \$15.5 million for the six months ended September 30, 2012. The increase of \$4.6 million was primarily due to \$4.0 million in interest expense associated with our June 2013 issuance of the 1.00% Convertible Notes.

Gain on convertible note hedge and warrants, net

Gain on convertible note hedge and warrants, net was \$3.5 million for the six months ended September 30, 2013 due to the increase in the Company's share price during the period from June 2013 to the net settlement of the hedge and warrants in August 2013. See Liquidity and Capital Resources for additional information regarding settlement and related net gain on the convertible note hedge and warrant transactions.

Loss on extinguishment of debt

Loss on extinguishment of debt was \$9.0 million for the six months ended September 30, 2013 due to the conversion and redemption of our 4.375% Convertible Notes. See Liquidity and Capital Resources for additional information regarding loss on extinguishment of debt.

(Benefit) provision for income taxes

Income tax benefit was \$7.1 million for the six months ended September 30, 2013 as compared to income tax expense of \$2.9 million for the six months ended September 30, 2012. The decrease in income tax expense was primarily attributable to benefits provided during the current year with respect to losses incurred in interim periods in which full year profits are forecasted.

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

We are generally no longer subject to audit for the U.S. federal income tax returns for the periods prior to our fiscal year ended October 31, 2010 and state income tax returns for periods prior to fiscal year ended October 31, 2007. With a few exceptions, we are no longer subject to income tax examinations in non-US jurisdictions for years prior to fiscal year ended October 31, 2010. The determination as to further adjustments to our gross unrecognized tax benefits during the next 12 months is not practicable.

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

Net loss and net loss per share

For the six months ended September 30, 2013, our net loss was \$186.0 million, as compared to a net loss of \$123.3 million in the prior year. Net loss per share for the six months ended September 30, 2013 was \$2.12 as compared to a net loss per share of \$1.45 for the six months ended September 30, 2012. Basic and diluted weighted average shares outstanding increased compared to the prior year period primarily due to the vesting of restricted stock awards over the last twelve months. See Note 9 to our unaudited condensed consolidated financial statements for additional information regarding net loss per share.

Liquidity and Capital Resources

Our primary cash requirements have been to fund (i) the development, manufacturing and marketing of our published products, (ii) working capital, (iii) acquisitions and (iv) capital expenditures. We expect to rely on funds provided by our operating activities, our Credit Agreement and our Convertible Notes to satisfy our working capital needs.

Credit Agreement

In October 2011, we entered into a Second Amended and Restated Credit Agreement (the "Credit Agreement") which amended and restated our July 2007 Credit Agreement. The Credit Agreement provides for borrowings of up to \$100.0 million, which may be increased by up to \$40.0 million pursuant to the terms of the Credit Agreement, and is secured by substantially all of our assets and the equity of our subsidiaries. The Credit Agreement expires on October 17, 2016. Revolving loans under the Credit Agreement bear interest at our election of (a) 1.50% to 2.00% above a certain base rate (4.75% at September 30, 2013), or (b) 2.50% to 3.00% above the LIBOR Rate (approximately 2.68% at September 30, 2013), with the margin rate subject to the achievement of certain average liquidity levels. We are also required to pay a monthly fee on the unused available balance, ranging from 0.375% to 0.50% based on availability.

Availability under the Credit Agreement is restricted by our United States and United Kingdom based accounts receivable and inventory balances. The Credit Agreement also allows for the issuance of letters of credit in an aggregate amount of up to \$25.0 million.

As of September 30, 2013, there was \$70.7 million available to borrow under the Credit Agreement. At September 30, 2013, we had no outstanding borrowings under the Credit Agreement and \$1.7 million of letters of credit outstanding.

The Credit Agreement contains covenants that substantially limit us and our subsidiaries' ability to: create, incur, assume or be liable for indebtedness; dispose of assets outside the ordinary course of business; acquire, merge or consolidate with or into another person or entity; create, incur or allow any lien on any of their respective properties; make investments; or pay dividends or make distributions (each subject to certain limitations); or optionally prepay any indebtedness (subject to certain exceptions, including an exception permitting the redemption of the Company's unsecured convertible senior notes upon the meeting of certain minimum liquidity requirements). In addition, the Credit Agreement provides for certain events of default such as nonpayment of principal and interest, breaches of representations and warranties, noncompliance with covenants, acts of insolvency, default on indebtedness held by third parties and default on certain material contracts (subject to certain limitations and cure periods). The Credit Agreement also contains a requirement that we maintain an interest coverage ratio of more than one to one for the trailing twelve month period, if certain average liquidity levels fall below \$30.0 million. As of September 30, 2013, we were in compliance with all covenants and requirements outlined in the Credit Agreement.

4.375% Convertible Notes Due 2014

In June 2009, we issued \$138.0 million aggregate principal amount of 4.375% Convertible Notes due 2014 (the "4.375% Convertible Notes"). The issuance of the 4.375% Convertible Notes included \$18.0 million related to the exercise of an over-allotment option by the underwriters. Interest on the 4.375% Convertible Notes was paid semi-annually in arrears on June 1st and December 1st of each year, and commenced on December 1, 2009. The 4.375% Convertible Notes were scheduled to mature on June 1, 2014, unless earlier redeemed or repurchased by the Company or converted. As further described below, on June 12, 2013, we issued a notice of redemption calling all of our outstanding 4.375% Convertible Notes for redemption on August 29, 2013.

The 4.375% Convertible Notes were convertible at an initial conversion rate of 93.6768 shares of our common stock per \$1,000 principal amount of 4.375% Convertible Notes (representing an initial conversion price of approximately \$10.675 per share of common stock for a total of approximately 12,927,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders could have converted the 4.375% Convertible Notes at their option prior to the close of business on the business day immediately preceding December 1, 2013 only under the following circumstances: (1) during any fiscal quarter commencing after July 31, 2009, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter was greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of 4.375% Convertible Notes for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day; (3) if we called the 4.375% Convertible Notes for redemption, at any time prior to the close of business on the third scheduled trading day prior to the redemption date; or (4) upon the occurrence of specified corporate events. Upon conversion, the 4.375% Convertible Notes could have been settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of the Company's common stock.

At any time on or after June 5, 2012, the Company could have redeemed all of the outstanding 4.375% Convertible Notes for cash, but only if the last reported sale of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date we provided notice of redemption to holders of the 4.375% Convertible Notes exceeded 150% of the conversion price in effect on each such trading day. This condition was met on June 12, 2013. The redemption price equaled 100% of the principal amount of the 4.375% Convertible Notes to be redeemed, plus all accrued and unpaid interest (including additional interest, if any) to, but excluding, the redemption date.

On June 12, 2013, we issued a notice of redemption calling all of our outstanding 4.375% Convertible Notes, in aggregate principal amount of \$138.0 million, for redemption on August 29, 2013 at a redemption price of \$1,000 per \$1,000 principal amount, plus accrued and unpaid interest up to, but not including, the redemption date. Holders who elected to convert following receipt of the notice of redemption were entitled to make-whole shares in addition to such shares they would otherwise be entitled to receive upon conversion. The notice of redemption specified that we would settle any 4.375% Convertible Notes surrendered for conversion in connection with the redemption on a combination settlement basis by paying cash up to a cash amount equal to \$166.0 million in the aggregate of converted notes and delivering shares of our common stock in respect of the amount, if any, by which our conversion obligation exceeded such cash amount. During the three and six months ended September 30, 2013, at the option of the holders, approximately \$138.0 million of 4.375% Convertible Notes were converted for approximately \$166.0 million in cash and 3,217,000 shares of our common stock. On August 29, 2013, we redeemed \$7,000 of 4.375% Convertible Notes and we paid

\$7,000 in cash. During the three and six months ended September 30, 2013, we recorded a loss on extinguishment, net of capitalized debt issuance costs, totaling \$9.0 million related to these transactions.

On June 12, 2013, the Company entered into Unwind Agreements with respect to the convertible note hedge transactions and Unwind Agreements with respect to the warrant transactions with each of the hedge counterparties (collectively, the "Unwind Agreements"). Pursuant to the terms of the Unwind Agreements, and in connection with the Company's issuance of a notice of redemption for all the 4.375% Convertible Notes, the Company had the right to deliver a notice to the hedge counterparties, prior to the redemption date set forth in such redemption notice, designating an early termination date for the convertible note hedge transactions and warrant transactions. The hedge counterparties owed a cash payment to the Company as a result of the early termination of the convertible note hedge transactions that was calculated based on its current fair market value. The Company owed a cash payment to the hedge counterparties, as applicable, as a result of the early termination of the warrant transactions that was calculated based on its current fair market value. As a result of the Unwind Agreements, the convertible note hedge transactions and warrant transactions were accounted for as derivatives whereby the fair values of these transactions were reported as a convertible note hedge receivable and as a convertible note warrant liability with an offsetting impact to additional paid-in capital. Gains and losses resulting from changes in the fair value were reported in interest and other, net, in our Condensed Consolidated Statements of Operations. In August 2013, the payment received from unwinding the associated convertible note hedge transactions resulted in proceeds to us of approximately \$84.4 million, offset by \$55.7 million we paid for the warrants.

During the three months ended September 30, 2013, we recorded a gain of approximately \$21.7 million resulting from the change in the fair value of the convertible note hedge transactions and a loss of approximately \$16.3 million resulting from the change in the fair value of the convertible note warrant liability to gain on convertible note hedge and warrants, net, in our Condensed Consolidated Statements of Operations. During the six months ended September 30, 2013, we recorded a gain of approximately \$17.3 million resulting from the change in the fair value of the convertible note hedge transactions and a loss of approximately \$13.8 million resulting from the change in the fair value of the convertible note warrant liability to gain on convertible note hedge and warrants, net, in our Condensed Consolidated Statements of Operations.

1.75% Convertible Notes Due 2016

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

The 1.75% Convertible Notes are convertible at an initial conversion rate of 52.3745 shares of our common stock per \$1,000 principal amount of 1.75% Convertible Notes (representing an initial conversion price of approximately \$19.093 per share of common stock for a total of approximately 13,094,000 underlying conversion shares) subject to adjustment in certain circumstances. Holders may convert the 1.75% Convertible Notes at their option prior to the close of business on the business day immediately preceding June 1, 2016 only under the following circumstances: (1) during any fiscal quarter commencing after March 31, 2012, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of 1.75% Convertible Notes for each day of that measurement period was less

than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day; or (3) upon the occurrence of specified corporate events. On and after June 1, 2016 until the close of business on the business day immediately preceding the maturity date, holders may convert their 1.75% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 1.75% Convertible Notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of the Company's common stock.

The indenture governing the 1.75% Convertible Notes contains customary terms and covenants and events of default. As of September 30, 2013, we were in compliance with all covenants and requirements outlined in the indenture governing the 1.75% Convertible Notes.

1.00% Convertible Notes Due 2018

On June 18, 2013, we issued \$250.0 million aggregate principal amount of 1.00% Convertible Notes due 2018 (the "1.00% Convertible Notes" and together with the 4.375% Convertible Notes and the 1.75% Convertible Notes, the "Convertible Notes"). The 1.00% Convertible Notes were issued at 98.5% of par value for proceeds of \$246.3 million. Interest on the 1.00% Convertible Notes is payable semi-annually in arrears on July 1st and January 1st of each year, commencing on January 1, 2014. The 1.00% Convertible Notes mature on July 1, 2018, unless earlier repurchased by the Company or converted. The Company does not have the right to redeem the 1.00% Convertible Notes prior to maturity. The Company also granted the underwriters a 30-day option to purchase up to an additional \$37.5 million principal amount of 1.00% Convertible Notes to cover overallocments, if any. On July 17, 2013, the Company closed its public offering of \$37.5 million principal amount of the Company's 1.00% Convertible Notes as a result of the underwriters exercising their overallocation option in full on July 12, 2013, bringing the proceeds to \$283.2 million.

The 1.00% Convertible Notes are convertible at an initial conversion rate of 46.4727 shares of our common stock per \$1,000 principal amount of 1.00% Convertible Notes (representing an initial conversion price of approximately \$21.52 per share of common stock for a total of approximately 13,361,000 underwriting conversion shares) subject to adjustment in certain circumstances. Holders may convert the 1.00% Convertible Notes at their option prior to the close of business on the business day immediately preceding January 1, 2018 only under the following circumstances: (1) during any fiscal quarter commencing after September 30, 2013, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of 1.00% Convertible Notes for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day; or (3) upon the occurrence of specified corporate events. On and after January 1, 2018 until the close of business on the business day immediately preceding the maturity date, holders may convert their 1.00% Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the 1.00% Convertible Notes may be settled, at our election, in cash, shares of our common stock, or a combination of cash and shares of the Company's common stock.

The indenture governing the 1.00% Convertible Notes contains customary terms and covenants and events of default. As of September 30, 2013, we were in compliance with all covenants and requirements outlined in the indenture governing the 1.00% Convertible Notes.

Financial Condition

We are subject to credit risks, particularly if any of our receivables represent a limited number of customers or are concentrated in foreign markets. If we are unable to collect our accounts receivable as they become due, it could adversely affect our liquidity and working capital position.

Generally, we have been able to collect our accounts receivable in the ordinary course of business. We do not hold any collateral to secure payment from customers. We have trade credit insurance on the majority of our customers to mitigate accounts receivable risk.

A majority of our trade receivables are derived from sales to major retailers and distributors. Our five largest customers accounted for approximately 57.7% and 57.3% of net revenue for the six months ended September 30, 2013 and 2012, respectively. As of September 30, 2013 and March 31, 2013, amounts due from our five largest customers comprised approximately 56.8% and 57.2% of our gross accounts receivable balance, respectively, with our significant customers (those that individually comprised more than 10% of our gross accounts receivable balance) accounting for approximately 39.6% and 30.5% of such balance at September 30, 2013 and March 31, 2013, respectively. Based upon performing ongoing credit evaluations, maintaining trade credit insurance on a majority of our customers and our past collection experience, we believe that the receivable balances from these largest customers do not represent a significant credit risk, although we actively monitor each customer's credit worthiness and economic conditions that may affect our customers' business and access to capital. We are monitoring the current global economic conditions, including credit markets and other factors as it relates to our customers in order to manage the risk of uncollectible accounts receivable.

We believe our current cash and cash equivalents and projected cash flow from operations, along with availability under our Credit Agreement will provide us with sufficient liquidity to satisfy our cash requirements for working capital, capital expenditures and commitments through at least the next 12 months.

As of September 30, 2013, the amount of cash and cash equivalents held outside of the U.S. by our foreign subsidiaries was approximately \$277.6 million. These balances are dispersed across various locations around the world. We believe that such dispersion meets the business and liquidity needs of our foreign affiliates. In addition, the Company expects in the foreseeable future to have the ability to generate sufficient cash domestically to support ongoing operations. Consequently, it is the Company's intention to indefinitely reinvest undistributed earnings of its foreign subsidiaries. In the event the Company needed to repatriate funds outside of the U.S., such repatriation may be subject to local laws and tax consequences including foreign withholding taxes or U.S. income taxes. It is not practicable to estimate the tax liability and the Company would try to minimize the tax impact to the extent possible. However, any repatriation may not result in actual cash payments as the taxable event would likely be offset by the utilization of the then available net operating losses and tax credits.

In January 2013, our board of directors authorized the repurchase of up to 7,500,000 shares of our common stock. The authorization permits the Company to purchase shares from time to time through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. It does not obligate the Company to make any purchases at any specific time or situation. Repurchases are subject to the availability of stock, prevailing market conditions, the trading price of the stock, the Company's financial performance and other conditions. The program may be suspended or discontinued at any time for any reason. Through September 30, 2013, the Company has not repurchased any shares of our common stock as part of the program.

Our changes in cash flows were as follows:

(thousands of dollars)	Six Months Ended September 30,	
	2013	2012
Net cash provided by (used in) operating activities	\$ 135,121	\$ (82,318)
Net cash used in investing activities	(15,452)	(8,021)
Net cash provided by financing activities	143,152	—
Effects of foreign currency exchange rates on cash and cash equivalents	(3,400)	(1,656)
Net increase (decrease) in cash and cash equivalents	<u>\$ 259,421</u>	<u>\$ (91,995)</u>

At September 30, 2013 we had \$661.9 million of cash and cash equivalents, compared to \$402.5 million at March 31, 2013. The increase in cash and cash equivalents from March 31, 2013 was primarily a result of cash provided by financing and operating activities. Net cash provided by financing activities includes proceeds of \$283.2 million from the issuance of \$287.5 million aggregate principal amount of 1.00% Convertible Notes and \$84.4 million from the termination of our convertible note hedge transactions, partially offset by payments of \$166.0 million for the extinguishment of the 4.375% Convertible Notes and \$55.7 million for the termination of our convertible note warrant transactions. Net cash provided by operating activities was primarily due to cash generated from the collection of accounts receivable balances primarily attributable to the release of *BioShock Infinite* near the end of the previous fiscal year and sales of *Grand Theft Auto V*, from which revenue has been deferred at September 30, 2013 as we did not have VSOE of fair value for the undelivered elements being delivered at a later date. *Grand Theft Auto V* includes access to *Grand Theft Auto Online* which launched in October 2013.

Contractual Obligations and Commitments

We have entered into various agreements in the ordinary course of business that require substantial cash commitments over the next several years. Other than agreements entered into in the ordinary course of business and in addition to the agreements requiring known cash commitments as reported in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2013, the Company (i) in June 2013, issued \$250.0 million principal amount of 1.00% Convertible Notes, (ii) in July 2013, closed its public offering of \$37.5 million principal amount of the Company's 1.00% Convertible Notes as a result of the underwriters exercising their overallotment option in full on July 12, 2013, (iii) in August 2013, our 4.375% Convertible Notes were settled and (iv) \$393.7 million of expenditures which will become due upon deferred revenue expected to be recognized during the three months ended December 31, 2013. Interest on the 1.00% Convertible Notes is payable semi-annually in arrears on July 1st and January 1st of each year, commencing on January 1, 2014. The 1.00% Convertible Notes mature on July 1, 2018, unless earlier repurchased by the Company or converted. For additional details on our Convertible Notes see Note 8 to our Unaudited Condensed Consolidated Financial Statements.

Below is a summary of the annual commitments as of September 30, 2013 related to our 1.00% Convertible Notes (in thousands of dollars):

<u>Fiscal year ending March 31,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2014 (remaining six months)	\$ 1,541	\$ —	\$ 1,541
2015	2,875	—	2,875
2016	2,875	—	2,875
2017	2,875	—	2,875
2018	2,875	—	2,875
Thereafter	1,438	287,500	288,938
Total	\$ 14,479	\$ 287,500	\$ 301,979

Off-Balance Sheet Arrangements

As of September 30, 2013 and March 31, 2013, we did not have any material relationships with unconsolidated entities or financial parties, such as entities often referred to as structured finance or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

International Operations

Net revenue earned outside of the United States is principally generated by our operations in Europe, Canada, Latin America, Asia and Australia. For the three months ended September 30, 2013 and 2012, approximately 47.5% and 43.9%, respectively, of our net revenue was earned outside of the United States. For the six months ended September 30, 2013 and 2012, approximately 44.0% and 48.1%, respectively, of our net revenue was earned outside of the United States. We are subject to risks inherent in foreign trade, including increased credit risks, tariffs and duties, fluctuations in foreign currency exchange rates, shipping delays and international political, regulatory and economic developments, all of which can have a significant effect on our operating results.

Fluctuations in Quarterly Operating Results and Seasonality

We have experienced fluctuations in quarterly operating results as a result of the timing of the introduction of new titles; variations in sales of titles developed for particular platforms; market acceptance of our titles; development and promotional expenses relating to the introduction of new titles; sequels or enhancements of existing titles; projected and actual changes in platforms; the timing and success of title introductions by our competitors; product returns; changes in pricing policies by us and our competitors; the accuracy of retailers' forecasts of consumer demand; the size and timing of acquisitions; the timing of orders from major customers; and order cancellations and delays in product shipment. Sales of our titles are also seasonal, with higher shipments typically occurring in the fourth calendar quarter as a result of increased demand for titles during the holiday season. Quarterly comparisons of operating results are not necessarily indicative of future operating results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Historically, fluctuations in interest rates have not had a significant impact on our operating results. Under our Credit Agreement, outstanding balances bear interest at our election of (a) 1.50% to 2.00% above a certain base rate (4.75% at September 30, 2013), or (b) 2.50% to 3.00% above the LIBOR rate (approximately 2.68% at September 30, 2013), with the margin rate subject to the achievement of certain average liquidity levels. Changes in market rates may impact our future interest expense if there is an outstanding balance on our line of credit. The 1.00% Convertible Notes and 1.75% Convertible Notes pay interest semi-annually at a fixed rate of 1.00% and 1.75%, respectively, per annum and we expect that there will be no fluctuation in rates related to the Convertible Notes impacting our cash component of interest expense. For additional details on our Convertible Notes see Note 8 to our Unaudited Condensed Consolidated Financial Statements.

Foreign Currency Exchange Rate Risk

We transact business in foreign currencies and are exposed to risks resulting from fluctuations in foreign currency exchange rates. Accounts relating to foreign operations are translated into United States dollars using prevailing exchange rates at the relevant period end. Translation adjustments are included as a separate component of stockholders' equity. For the six months ended September 30, 2013, our foreign currency translation gain adjustment was approximately \$7.0 million. We recognized a foreign currency exchange transaction loss for the six months ended September 30, 2013 and 2012 of \$1.2 million and \$0.4 million, respectively, in interest and other, net in our Condensed Consolidated Statements of Operations.

Cash Flow Hedging Activities

We use foreign currency forward contracts to mitigate foreign currency exchange rate risk associated with forecasted transactions involving non-functional currency denominated expenditures. These contracts, which are designated and qualify as cash flow hedges, are accounted for as derivatives whereby the fair value of the contracts is reported as either assets or liabilities on our Condensed Consolidated Balance Sheets. The effective portion of gains or losses resulting from changes in the fair value of these hedges is initially reported, net of tax, as a component of accumulated other comprehensive income (loss) in stockholders' equity. The gross amount of the effective portion of gains or losses resulting from changes in the fair value of these hedges is subsequently reclassified into cost of goods sold or research and development expenses, as appropriate, in the period when the forecasted transaction is recognized in our Condensed Consolidated Statements of Operations. In the event that the gains or losses in accumulated other comprehensive income (loss) are deemed to be ineffective, the ineffective portion of gains or losses resulting from changes in fair value, if any, is reclassified to interest and other, net, in our Condensed Consolidated Statements of Operations. In the event that the underlying forecasted transactions do not occur, or it becomes probable that they will not occur, within the defined hedge period, the gains or losses on the related cash flow hedges are reclassified from accumulated other comprehensive income (loss) to interest and other, net, in our Condensed Consolidated Statements of Operations. During the reporting periods presented, all forecasted transactions occurred, and therefore, there were no such gains or losses reclassified into interest and other, net. We do not enter into derivative financial contracts for speculative or trading purposes. At September 30, 2013 and March 31, 2013, we had \$5.5 million and \$7.9 million, respectively, of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars all of which have maturities of less than one year. As of September 30, 2013 and March 31, 2013, the fair value of these outstanding forward contracts was immaterial and is included in prepaid expenses and other. The fair value of these outstanding forward contracts is estimated based on the prevailing exchange rates of the various hedged currencies as of the end of the period.

Balance Sheet Hedging Activities

We use foreign currency forward contracts to mitigate foreign currency exchange rate risk associated with non-functional currency denominated cash balances and inter-company funding loans, non-functional currency denominated accounts receivable and non-functional currency denominated accounts payable. These transactions are not designated as hedging instruments and are accounted for as derivatives whereby the fair value of the contracts is reported as either assets or liabilities on our Condensed Consolidated Balance Sheets, and gains and losses resulting from changes in the fair value are reported in interest and other, net, in our Condensed Consolidated Statements of Operations. We do not enter into derivative financial contracts for speculative or trading purposes. At September 30, 2013, we had \$52.6 million of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars and \$540.6 million of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars, all of which have maturities of less than one year, and relate primarily to receivables from the release of *Grand Theft Auto V* in September 2013. At March 31, 2013, we had \$55.4 million of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars all of which have maturities of less than one year. For the three months ended September 30, 2013 and 2012, we recorded losses of \$10.8 million and \$1.4 million, respectively, related to foreign currency forward contracts in interest and other, net on the Condensed Consolidated Statements of Operations. For the six months ended September 30, 2013 and 2012, we recorded a loss of \$10.3 million and a gain of \$0.2 million, respectively, related to foreign currency forward contracts in interest and other, net on the Condensed Consolidated Statements of Operations. As of September 30, 2013, the fair value of these outstanding forward contracts was \$1.9 million and is included in prepaid expenses and other. As of March 31, 2013, the fair value of these outstanding forward contracts was immaterial and is included in accrued expenses and other current liabilities. The fair value of these outstanding forward contracts is estimated based on the prevailing exchange rates of the various hedged currencies as of the end of the period.

Our hedging programs are designed to reduce, but do not entirely eliminate, the effect of currency exchange rate movements. We believe the counterparties to these foreign currency forward contracts are creditworthy multinational commercial banks and that the risk of counterparty nonperformance is not material. Notwithstanding our efforts to mitigate some foreign currency exchange rate risks, there can be no assurance that our hedging activities will adequately protect us against the risks associated with foreign currency fluctuations. For the six months ended September 30, 2013, 44.0% of the Company's revenue was generated outside the United States. Using sensitivity analysis, a hypothetical 10% increase in the value of the U.S. dollar against all currencies would decrease revenues by 4.4%, while a hypothetical 10% decrease in the value of the U.S. dollar against all currencies would increase revenues by 4.4%. In the opinion of management, a substantial portion of this fluctuation would be offset by cost of goods sold and operating expenses incurred in local currency.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of management, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as defined in rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") were effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2013, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are, or may become, subject to demands and claims (including intellectual property claims) and are involved in routine litigation in the ordinary course of business which we do not believe to be material to our business or financial statements. We have appropriately accrued amounts related to certain of these claims and legal and other proceedings. While it is reasonably possible that a loss may be incurred in excess of the amounts accrued in our financial statements, we believe that such losses, unless otherwise disclosed, would not be material.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2013 other than the following.

We expect to implement a new enterprise resource planning (ERP) system next year, and we may encounter technical or operational difficulties during the transition that could disrupt our operations.

We expect to implement a new enterprise resource planning (ERP) system next year, and we may encounter technical and operating difficulties during the transition to that new system. We may experience problems in implementing the new system as our employees learn the new system, transfer data from our existing system to the new system and operate with the new system. The transition may not be completed promptly or at all, or could require us to revert to the currently existing system. Any difficulties that we encounter in implementing the new system may disrupt our ability to deal effectively with our employees, vendors, customers and other companies with which we have commercial relationships and also may prevent us from effectively closing a quarterly period and reporting our financial results in a timely manner. If we are unable to produce accurate and timely financial statements, our stock price may be adversely affected and we may be unable to maintain compliance with the listing requirements of the Nasdaq Global Market.

Item 6. Exhibits

Exhibits:

- 10.1 Form of Employee Restricted Unit Agreement+
- 10.2 Form of Employee Restricted Unit Agreement+
- 10.3 Form of Employee Restricted Unit Agreement+
- 10.4 Form of Employee Restricted Unit Agreement+
- 10.5 Form of Employee Restricted Unit Agreement+
- 10.6 Amended and Restated Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan (incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on July 29, 2013).
- 31.1 Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS XBRL Instance Document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Calculation Linkbase Document.
- 101.LAB XBRL Taxonomy Label Linkbase Document.
- 101.PRE XBRL Taxonomy Presentation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Document.

+ Represents a management contract or compensatory plan or arrangement.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2013 and March 31, 2013, (ii) Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2013 and 2012, (iii) Condensed Consolidated Statements of Comprehensive Loss for the three and six months ended September 30, 2013 and 2012, (iv) Condensed Consolidated Statements of Cash Flows for the six months ended September 30, 2013 and 2012; and (v) Notes to Unaudited Condensed Consolidated Financial Statements.

RESTRICTED UNIT AGREEMENT

THIS AGREEMENT (the “**Agreement**”), made as of the day of 201 (the “**Grant Date**”), by and between Take-Two Interactive Software, Inc. (the “**Company**”), and (the “**Participant**”).

W I T N E S S E T H:

WHEREAS, the Company desires to grant to the Participant restricted units (“**Restricted Units**”), each representing the right to receive, upon vesting, an amount equal to the Fair Market Value (as defined below) of one (1) share of common stock of the Company (a “**Share**”).

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Grant of Restricted Units.** Subject to the restrictions, terms and conditions of this Agreement, the Company hereby awards to the Participant Restricted Units. The Restricted Units constitute an unfunded and unsecured promise of the Company to deliver (or cause to be delivered) to the Participant, subject to the terms of this Agreement, cash on the applicable vesting date for such Restricted Units as provided herein. Until such delivery, the Participant shall have only the rights of a general unsecured creditor; provided, that if prior to the settlement of any Restricted Unit, (a) the Company pays a cash dividend (whether regular or extraordinary) or otherwise makes a cash distribution to a shareholder in respect of a Share, then the Company shall pay currently to the Participant (on or as soon as practicable (but in no event later than 30 days) following the date on which the underlying dividend or other distribution is made to a shareholder), in respect of each then-outstanding Restricted Unit held by him, an amount equal to any such cash dividend or distribution, and (b) the Company pays a non-cash dividend (whether regular or extraordinary) or otherwise makes a non-cash distribution in Shares or other property to a shareholder in respect of a Share, then the Company shall provide the Participant, in respect of each then-outstanding Restricted Unit held by him, an amount equal to the Fair Market Value (as defined in the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan (the “**Plan**”)) of such Shares or an amount equal to the fair market value of such other property as reasonably determined by the Company in good faith, as applicable, at the same time as such Restricted Unit vests and is settled under Section 2 below (and the Participant shall forfeit any such right to such amount if such Restricted Unit is forfeited prior to vesting).

2. **Vesting and Settlement.**

(a) The Restricted Units shall become vested and settled as to [one twelfth (1/12th) OR one twentieth (1/20th)] of the Restricted Units commencing on September 30, 2013 and on each of the first [12 OR 20] consecutive quarterly anniversaries thereafter; provided that, subject to Section 3, the Participant has not had a Termination at any time prior to the applicable vesting date. As used herein, the term “**Termination**” shall have the meaning ascribed to it in the Plan. On each vesting date, the Company shall issue or transfer to the Participant, or cause to be issued or transferred to the Participant, an amount in cash having a value equal to the aggregate value of a number of Shares equal to the number of Restricted Units subject to vesting

on such date, based on the closing price of the Shares on such settlement date on the principal national securities exchange on which the Shares are traded on such date (or if the Shares are not traded on such date, the immediately preceding trading date). Notwithstanding anything herein to the contrary, in the discretion of the Company, each Restricted Unit (including any amount provided for pursuant to Section 1(a)) may be settled in Shares issued pursuant to the Plan (subject to any required delay in issuance as required under the Plan, but only to the same extent any such delay is imposed on the issuance of Shares in respect of awards of restricted stock or restricted units granted under the Plan to other employees of Rockstar Games, Inc. on or about the date hereof) or under any other plan or program of the Company approved by the Company’s stockholders, or subject to compliance with applicable law and regulations, on a standalone basis, or in a combination of cash and Shares, if and only to the extent that there are sufficient Shares available for such purpose under the Plan or such other plan or program; provided that in all events such Shares shall be listed for trading on the principal national securities exchange on which the Shares are traded on such date. To the extent that any portion of the Restricted Units is vested as of the Grant Date, such portion of the Restricted Units shall be settled immediately upon grant in the manner set forth in this Section 2. To the extent that a Share is delivered to the Participant upon settlement of a Restricted Unit, the Participant shall be deemed the beneficial owner of the Share at the close of business on the settlement date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is after the close of business on such settlement date.

(b) There shall be no proportionate or partial vesting in the periods prior to each vesting date and all vesting shall occur only on the appropriate vesting date, provided that no Termination has occurred prior to such date.

(c) Following the consummation of a Change in Control (as defined below), the Restricted Units shall continue to vest and settle in accordance with the schedule set forth in Section 2(a) above, provided that all Restricted Units remaining unvested as of the twelve (12) month anniversary of the consummation of such Change in Control shall become fully vested and settled as of such date, provided that no Termination has occurred prior to such date. Notwithstanding the immediately preceding sentence, if such Change in Control involves the conversion of Shares in whole into cash or in part into cash and in part into securities of the purchaser or acquirer (“**Purchaser Securities**”), then with respect to each Restricted Unit settled following such Change in Control, the Participant shall receive an amount in cash equal to the cash that the Participant would have received had he been the holder of one (1) Share upon the Change in Control, plus, to the extent that the Company’s shareholders received part cash and part Purchaser Securities in respect of their Shares, an amount in cash or Purchaser Securities, or a combination of cash and Purchaser Securities, in the discretion of the Company (or the purchaser, as applicable), having an aggregate value equal to the fair market value of the number of Purchaser Securities that the Participant would have received had he been the holder of one (1) Share upon the Change in Control. For purposes of this Agreement, a “**Change in Control**” shall be deemed to occur upon any of (i) the election of directors constituting a change during the course of any 12 month period in a majority of the board of directors of the Company (the “**Board**”), which directors were not nominated by the Board immediately in place prior to any such change; (ii) the election of directors constituting a majority of the board of directors (the “**Rockstar Board**”) of Rockstar Games, Inc. (“**Rockstar**”), a wholly-owned subsidiary of the Company, who are not full-time employees of either the Company or Rockstar and who were not

nominated by the Rockstar Board immediately in place prior to any such change; (iii) the acquisition (whether by merger, consolidation, purchase or other transaction) by any person, entity or group of beneficial ownership of 50 percent or more of either the outstanding shares of common stock of the Company or Rockstar or the combined voting power of the then outstanding voting securities of the Company or Rockstar entitled to vote generally in the election of directors of the Board or the Rockstar Board, as applicable; (iv) a merger, consolidation or other transaction involving the Company or any of its subsidiaries which results in the stockholders of the Company or Rockstar prior thereto continuing to represent less than 50 percent of the outstanding shares of common stock or the combined voting power of the voting securities of the Company or Rockstar, as applicable, or the surviving entity after such transaction; or (v) the sale or other disposition of assets of the Company or Rockstar representing 50 percent or more of the consolidated assets, revenues, earnings or fair market value of either of them.

(d) If any Shares become deliverable to the Participant hereunder, the Company shall promptly issue and deliver, unless the Company is using a book entry or similar method pursuant to Section 7 of this Agreement (in which case the Company shall upon request promptly issue and deliver upon the Participant's request), to the Participant a new stock certificate registered in the name of the Participant for such Shares and deliver to the Participant such Shares, in each case free of all liens, claims and other encumbrances (other than those created by the Participant), subject to applicable withholding taxes.

3. **Termination.** Unless otherwise provided in an employment agreement or other similar agreement between the Participant and the Company or any of its Affiliates (as defined in the Plan) in effect on the date hereof, in the event of a Termination, the Participant shall forfeit to the Company, without compensation, any and all Restricted Units (but no Shares or cash delivered to the Participant prior to such Termination upon settlement of a vested Restricted Unit).

4. **Withholding.** The Participant shall pay, or make arrangements to pay, in a manner reasonably satisfactory to the Company, an amount equal to the amount of all applicable federal, state and local or foreign taxes that the Company is required to withhold at any time. In the absence of such arrangements, the Company or one of its Affiliates shall have the right to withhold such taxes from the Participant's normal pay or other amounts payable to the Participant, including, but not limited to, the right to withhold cash or Shares otherwise deliverable to the Participant hereunder. In addition, in the event that on any vesting date (i) the Participant is prohibited from trading in securities of the Company pursuant to applicable law or regulations or the Company's written policies then applicable, then any statutorily required withholding obligation shall be satisfied by delivery of Shares to the Company (including Shares issuable under this Agreement), or (ii) the Shares are not traded on a principal securities exchange in the United States, then any statutorily required withholding obligation may be satisfied by delivery of Shares to the Company (including Shares issuable under this Agreement), in either case, except as may be provided in a 10b5-1 trading plan entered into by the Participant with respect to the grant of the Restricted Units.

5. **Obligation to Maintain Registration Statement with Reoffer Prospectus.** To the extent that the Company settles any Restricted Units in Shares, such Shares shall be issued

3

pursuant to a Registration Statement on Form S-8 including a "re-offer prospectus" to enable the Participant to freely sell Shares that have been delivered to him, and shall maintain the current status of such Registration Statement (and the applicable prospectuses) for so long as any Shares remain owned by the Participant.

6. **No Obligation to Continue Employment.** This Agreement is not an agreement of employment. This Agreement does not guarantee that Rockstar, nor the Company or its Affiliates, will employ or retain, or continue to employ or retain, the Participant during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which the Restricted Units are outstanding, nor does it modify in any respect the Company's or an Affiliate's right to terminate or modify the Participant's employment or compensation.

7. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable law, the Company may issue the Shares in the form of uncertificated shares. Such uncertificated Shares shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated shares, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.

8. **Adjustments.** The Company shall make any adjustments to the Restricted Units upon any changes in capital structure of the Company, as determined by the Company's board of directors in good faith and in a manner consistent with adjustments made to awards granted under the Plan. The Company hereby agrees that in the event that the Company takes any action with respect to outstanding awards under the Plan (including restricted stock) pursuant to Section 4.2 of the Plan, the Restricted Units shall receive the same treatment as applied to all other Shares or awards in respect of Shares.

9. **Notices.** Any notice or communication given hereunder (each a "Notice") shall be in writing and shall be sent by personal delivery, by courier or by United States mail (registered or certified mail, postage prepaid and return receipt requested), to the appropriate party at the address set forth below:

If to the Company, to:

Take-Two Interactive Software, Inc.
622 Broadway
New York, New York 10012
Attention: General Counsel
Facsimile: 646-536-2923

If to the Participant, to the address for the Participant on file with the Company,

or such other address or to the attention of such other person as a party shall have specified by prior Notice to the other party. Each Notice will be deemed given and effective upon actual receipt (or refusal of receipt).

4

10. **Acceptance.** The Participant shall forfeit the Restricted Units if the Participant does not execute this Agreement within a period of 60 days from the date the Participant receives this Agreement.

11. **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by, and construed in accordance with, the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

12. **Consent to Jurisdiction.** In the event of any dispute, controversy or claim between the Company or any Affiliate and the Participant in any way concerning, arising out of or relating to the Plan or this Agreement (a “**Dispute**”), including without limitation any Dispute concerning, arising out of or relating to the interpretation, application or enforcement of the Plan or this Agreement, the parties hereby (a) agree and consent to the personal jurisdiction of the courts of the State of New York located in New York County and/or the Federal courts of the United States of America located in the Southern District of New York (collectively, the “**Agreed Venue**”) for resolution of any such Dispute, (b) agree that those courts in the Agreed Venue, and only those courts, shall have exclusive jurisdiction to determine any Dispute, including any appeal, and (c) agree that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York. The parties also hereby irrevocably (i) submit to the jurisdiction of any competent court in the Agreed Venue (and of the appropriate appellate courts therefrom), (ii) to the fullest extent permitted by law, waive any and all defenses the parties may have on the grounds of lack of jurisdiction of any such court and any other objection that such parties may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court (including without limitation any defense that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum), and (iii) consent to service of process in any such suit, action or proceeding, anywhere in the world, whether within or without the jurisdiction of any such court, in any manner provided by applicable law. Without limiting the foregoing, each party agrees that service of process on such party pursuant to a Notice as provided in Section 9 hereof shall be deemed effective service of process on such party. Any action for enforcement or recognition of any judgment obtained in connection with a Dispute may be enforced in any competent court in the Agreed Venue or in any other court of competent jurisdiction.

13. **Counterparts.** This Agreement may be executed (including by facsimile transmission) with counterpart signature pages or in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

14. **Miscellaneous.**

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(b) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of

this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(c) This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

[Remainder of page intentionally left blank — signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: _____

Title: _____

PARTICIPANT

[Name]

GLOBAL RESTRICTED UNIT AGREEMENT

THIS AGREEMENT (the “**Agreement**”), made as of the day of 201 (the “**Grant Date**”), by and between Take-Two Interactive Software, Inc. (the “**Company**”), and (the “**Participant**”).

W I T N E S S E T H:

WHEREAS, the Company desires to grant to the Participant restricted units (“**Restricted Units**”), each representing the right to receive, upon vesting, an amount equal to the Fair Market Value (as defined below) of one (1) share of common stock of the Company (a “**Share**”).

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Grant of Restricted Units.** Subject to the restrictions, terms and conditions of this Agreement, the Company hereby awards to the Participant Restricted Units. The Restricted Units constitute an unfunded and unsecured promise of the Company to deliver (or cause to be delivered) to the Participant, subject to the terms of this Agreement, cash on the applicable vesting date for such Restricted Units as provided herein. Until such delivery, the Participant shall have only the rights of a general unsecured creditor; provided, that if prior to the settlement of any Restricted Unit, (a) the Company pays a cash dividend (whether regular or extraordinary) or otherwise makes a cash distribution to a shareholder in respect of a Share, then the Company shall pay currently to the Participant (on or as soon as practicable (but in no event later than 30 days) following the date on which the underlying dividend or other distribution is made to a shareholder), in respect of each then-outstanding Restricted Unit held by him, an amount equal to any such cash dividend or distribution, and (b) the Company pays a non-cash dividend (whether regular or extraordinary) or otherwise makes a non-cash distribution in Shares or other property to a shareholder in respect of a Share, then the Company shall provide the Participant, in respect of each then-outstanding Restricted Unit held by him, an amount equal to the Fair Market Value (as defined in the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan (the “**Plan**”)) of such Shares or an amount equal to the fair market value of such other property as reasonably determined by the Company in good faith, as applicable, at the same time as such Restricted Unit vests and is settled under Section 2 below (and the Participant shall forfeit any such right to such amount if such Restricted Unit is forfeited prior to vesting).

2. **Vesting and Settlement.**

(a) The Restricted Units shall become vested and settled on **[November 11, 2013 OR December 16, 2013]**; provided that, subject to Section 3, the Participant has not had a Termination at any time prior to the applicable vesting date. As used herein, the term “**Termination**” shall have the meaning ascribed to it in the Plan. On the vesting date, the Company shall issue or transfer to the Participant, or cause to be issued or transferred to the Participant, an amount in cash having a value equal to the aggregate value of a number of Shares equal to the number of Restricted Units subject to vesting on such date, based on the closing price of the Shares on such settlement date on the principal national securities exchange on

which the Shares are traded on such date (or if the Shares are not traded on such date, the immediately preceding trading date). Notwithstanding anything herein to the contrary, in the discretion of the Company, each Restricted Unit (including any amount provided for pursuant to Section 1(a)) may be settled in Shares issued pursuant to the Plan (subject to any required delay in issuance as required under the Plan, but only to the same extent any such delay is imposed on the issuance of Shares in respect of awards of restricted stock or restricted units granted under the Plan to other employees of Rockstar Games, Inc. or its affiliates (“**Rockstar**”) on or about the date hereof) or under any other plan or program of the Company approved by the Company’s stockholders, or subject to compliance with applicable law and regulations, on a standalone basis, or in a combination of cash and Shares, if and only to the extent that there are sufficient Shares available for such purpose under the Plan or such other plan or program; provided that in all events such Shares shall be listed for trading on the principal national securities exchange on which the Shares are traded on such date. To the extent that a Share is delivered to the Participant upon settlement of a Restricted Unit, the Participant shall be deemed the beneficial owner of the Share at the close of business on the settlement date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is after the close of business on such settlement date.

(b) There shall be no proportionate or partial vesting in the periods prior to the vesting date and all vesting shall occur only on the vesting date, provided that no Termination has occurred prior to such date.

(c) Following the consummation of a Change in Control (as defined below), the Restricted Units shall continue to vest and settle in accordance with the schedule set forth in Section 2(a) above, provided that all Restricted Units remaining unvested as of the twelve (12) month anniversary of the consummation of such Change in Control shall become fully vested and settled as of such date, provided that no Termination has occurred prior to such date. Notwithstanding the immediately preceding sentence, if such Change in Control involves the conversion of Shares in whole into cash or in part into cash and in part into securities of the purchaser or acquirer (“**Purchaser Securities**”), then with respect to each Restricted Unit settled following such Change in Control, the Participant shall receive an amount in cash equal to the cash that the Participant would have received had he been the holder of one (1) Share upon the Change in Control, plus, to the extent that the Company’s shareholders received part cash and part Purchaser Securities in respect of their Shares, an amount in cash or Purchaser Securities, or a combination of cash and Purchaser Securities, in the discretion of the Company (or the purchaser, as applicable), having an aggregate value equal to the fair market value of the number of Purchaser Securities that the Participant would have received had he been the holder of one (1) Share upon the Change in Control. For purposes of this Agreement, a “**Change in Control**” shall be deemed to occur upon any of (i) the election of directors constituting a change during the course of any 12 month period in a majority of the board of directors of the Company (the “**Board**”), which directors were not nominated by the Board immediately in place prior to any such change; (ii) the election of directors constituting a majority of the board of directors (the “**Rockstar Board**”) of Rockstar Games, Inc., a wholly owned subsidiary of the Company, who are not full-time employees of either the Company or Rockstar and who were not nominated by the Rockstar Board immediately in place prior to any such change; (iii) the acquisition (whether by merger, consolidation, purchase or other transaction) by any person, entity or group of beneficial ownership of 50 percent or more of either the outstanding shares of

common stock of the Company or Rockstar or the combined voting power of the then outstanding voting securities of the Company or Rockstar entitled to vote generally in the election of directors of the Board or the Rockstar Board, as applicable; (iv) a merger, consolidation or other transaction involving the Company or any of its subsidiaries which results in the stockholders of the Company or Rockstar prior thereto continuing to represent less than 50 percent of the outstanding shares of common stock or the combined voting power of the voting securities of the Company or Rockstar, as applicable, or the surviving entity after such transaction; or (v) the sale or other disposition of assets of the Company or Rockstar representing 50 percent or more of the consolidated assets, revenues, earnings or fair market value of either of them.

(d) If any Shares become deliverable to the Participant hereunder, the Company shall promptly issue and deliver, unless the Company is using a book entry or similar method pursuant to Section 6 of this Agreement (in which case the Company shall upon request promptly issue and deliver upon the Participant's request), to the Participant a new stock certificate registered in the name of the Participant for such Shares and deliver to the Participant such Shares, in each case free of all liens, claims and other encumbrances (other than those created by the Participant), subject to applicable withholding taxes.

3. **Termination.** Unless otherwise provided in an employment agreement or other similar agreement between the Participant and the Company or any of its Affiliates (as defined in the Plan) in effect on the date hereof, in the event of a Termination, the Participant shall forfeit to the Company, without compensation, any and all unvested Restricted Units (but not Shares or cash delivered to the Participant upon settlement of a Restricted Unit prior to such Termination). For purposes of this Agreement, the date of the Participant's Termination for all aspects of the Restricted Units shall be the earlier of (i) the date the Company or Rockstar tenders a notice of termination to the Participant or the Participant tenders a notice of resignation to the Company or Rockstar, or (ii) the date the Participant ceases to render actual services for the Company or Rockstar, without regard to any statutory or common law notice of termination period.

4. **Tax Withholding.** Regardless of any action the Company or Rockstar takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding applicable to the Restricted Units ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility and that the Company and Rockstar (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Units, including the grant of the Restricted Units, the vesting of the Restricted Units, settlement of the Restricted Units, the subsequent sale of any Shares acquired pursuant to the Restricted Units and the receipt of any dividend equivalents; and (b) does not commit to structure the terms of the grant or any aspect of the Restricted Units to reduce or eliminate the Participant's liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Company and Rockstar may be required to withhold or account for Tax-Related Items in more than one country.

If the Participant's country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a portion of any cash proceeds (where the Restricted Units are settled in cash) or a portion of the Shares (where the Restricted Units are settled in Shares) otherwise issuable upon vesting that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld. For purposes of the foregoing, no fractional Shares will be withheld or issued pursuant to the grant of the Restricted Units. If the obligation for Tax-Related Items is satisfied by withholding a portion of any cash proceeds (where the Restricted Units are settled in cash) or by withholding Shares (where the Restricted Units are settled in Shares), for tax purposes, the Participant shall be deemed to have been issued the gross amount of the cash payment or the full number of Shares, notwithstanding that a portion of any cash proceeds or a number of the Shares are withheld solely for the purpose of satisfying any withholding obligations for the Tax-Related Items due. In addition, the Company and/or Rockstar may, on behalf of the Participant, sell a sufficient number of whole Shares issued upon vesting of the Restricted Units having an aggregate Fair Market Value that would satisfy the withholding amount (where the Restricted Units are settled in Shares). Alternatively, the Company and/or Rockstar may, in their discretion, withhold any amount necessary to pay the Tax-Related Items from the Participant's regular salary or other amounts payable to the Participant, or may require the Participant to submit payment equivalent to the minimum Tax-Related Items required to be withheld by means of certified check, cashier's check or wire transfer.

Notwithstanding the above, if the Participant has entered into in a 10b5-1 trading plan, withholding of the Tax-Related Items may be satisfied as provided for under such 10b5-1 trading plan.

In the event the withholding requirements are not satisfied, no cash payment will be made (where the Restricted Units are settled in cash) or no Shares will be released (where the Restricted Units are settled in Shares) to the Participant (or the Participant's estate) upon vesting of the Restricted Units unless and until satisfactory arrangements (as determined by the Company in its sole discretion) have been made by the Participant with respect to the payment of any such Tax-Related Items. By accepting the Restricted Units, the Participant expressly consents to the methods of withholding as provided hereunder and/or any other methods of withholding that the Company and/or Rockstar may decide to use and are permitted under the Agreement to meet the withholding and/or other requirements as provided under applicable laws, rules and regulations. All other Tax-Related Items related to the Restricted Units shall be the sole responsibility of the Participant.

To the extent the Company and/or Rockstar pay any Tax-Related Items that are the Participant's responsibility ("Advanced Tax Payments"), the Company and/or Rockstar shall be entitled to recover such Advanced Tax Payments from the Participant in any and all manner that the Company and/or Rockstar determine appropriate in their sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Participant by the Company and/or Rockstar (including regular salary/wages, bonuses, incentive payments and Shares acquired by the Participant pursuant to any equity compensation plan that are otherwise held by the Company for the Participant's benefit).

5. **Obligation to Maintain Registration Statement with Reoffer Prospectus.** To the extent that the Company settles any Restricted Units in Shares, such Shares shall be issued pursuant to a Registration Statement on Form S-8 including a "re-offer prospectus" to enable the Participant to freely sell Shares that have been delivered to him, and shall maintain the current status of such Registration Statement (and the applicable prospectuses) for so long as any Shares remain owned by the Participant.

6. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable law and if the Company decides to settle the Restricted Units in Shares, the Company may issue the Shares in the form of uncertificated shares. Such uncertificated Shares shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated shares, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.

7. **Adjustments.** The Company shall make any adjustments to the Restricted Units upon any changes in capital structure of the Company, as determined by the Company's board of directors in good faith and in a manner consistent with adjustments made to awards granted under the Plan. The Company hereby agrees that in the event that the Company takes any action with respect to outstanding awards under the Plan (including restricted stock) pursuant to Section 4.2 of the Plan, the Restricted Units shall receive the same treatment as applied to all other Shares or awards in respect of Shares.

8. **No Obligation to Continue Employment/Extraordinary Compensation.** This Agreement is not an agreement of employment. This Agreement does not guarantee that Rockstar, nor the Company or its Affiliates, will employ or retain, or continue to employ or retain, the Participant during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which the Restricted Units are outstanding, nor does it modify in any respect Rockstar's, the Company's or an Affiliate's right to terminate or modify the Participant's employment or compensation.

9. **Termination Indemnities.** The value of the Restricted Units is an extraordinary item of compensation. As such, the Restricted Units are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments to which the Participant may be otherwise entitled.

10. **Discretionary Nature of Award; No Vested Rights.** The Participant acknowledges and agrees that the grant of the Restricted Units is discretionary in nature and limited in duration, and that the Plan may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Restricted Units is a one-time benefit and does not create any contractual or other right to receive a grant of Restricted Units or other award or benefits in lieu of the Restricted Units in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award, the number of Shares subject to an award and the vesting provisions.

11. **Commercial Relationship.** The Participant expressly recognizes that the Company's grant of the Restricted Units does not create an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Units as a consequence of the commercial relationship between the Company and Rockstar, and the Participant expressly recognizes that the grant of the Restricted Units does not establish any rights between the Participant and Rockstar.

12. **Compliance With Age Discrimination Rules.** For purposes of this Agreement, if the Participant is a local national of and employed in a country that is a member of the European Union, the grant of the Restricted Units and the terms and conditions governing the Restricted Units are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent a court or tribunal of competent jurisdiction determines that any provision of the Restricted Units is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

13. **Private Placement.** The grant of the Restricted Units is not intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Units is not subject to the supervision of the local securities authorities.

14. **Repatriation and Legal/Tax Compliance Requirements.** If the Participant is a resident of or employed in a country other than the United States, the Participant agrees, as a condition of the Restricted Units, to repatriate all payments attributable to the Restricted Units in accordance with local foreign exchange rules and regulations in the Participant's country of residence (and country of employment, if different). In addition, the Participant agrees to take any and all actions, and consents to any and all actions taken by the Company and Rockstar, as may be required to allow the Company and Rockstar to comply with local laws, rules and regulations in the Participant's country of residence (and country of employment, if different). Finally, the Participant agrees to take any and all actions that may be required to comply with the Participant's personal legal and tax obligations under local laws, rules and regulations in the Participant's country of residence (and country of employment, if different).

15. **Notices.** Any notice or communication given hereunder (each a "Notice") shall be in writing and shall be sent by personal delivery, by courier or by United States mail (registered or certified mail, postage prepaid and return receipt requested), to the appropriate party at the address set forth below:

If to the Company, to:

Take-Two Interactive Software, Inc.
622 Broadway
New York, New York 10012
Attention: General Counsel
Facsimile: 646-536-2923

If to the Participant, to the address for the Participant on file with the Company,

or such other address or to the attention of such other person as a party shall have specified by prior Notice to the other party. Each Notice will be deemed given and effective upon actual receipt (or refusal of receipt).

16. **Acceptance.** The Participant shall forfeit the Restricted Units if the Participant does not execute this Agreement within a period of 60 days from the date the Participant receives this Agreement.

17. **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by, and construed in accordance with, the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

18. **Consent to Jurisdiction.** In the event of any dispute, controversy or claim between the Company or any Affiliate and the Participant in any way concerning, arising out of or relating to the Plan or this Agreement (a “**Dispute**”), including without limitation any Dispute concerning, arising out of or relating to the interpretation, application or enforcement of the Plan or this Agreement, the parties hereby (a) agree and consent to the personal jurisdiction of the courts of the State of New York located in New York County and/or the Federal courts of the United States of America located in the Southern District of New York (collectively, the “**Agreed Venue**”) for resolution of any such Dispute, (b) agree that those courts in the Agreed Venue, and only those courts, shall have exclusive jurisdiction to determine any Dispute, including any appeal, and (c) agree that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York. The parties also hereby irrevocably (i) submit to the jurisdiction of any competent court in the Agreed Venue (and of the appropriate appellate courts therefrom), (ii) to the fullest extent permitted by law, waive any and all defenses the parties may have on the grounds of lack of jurisdiction of any such court and any other objection that such parties may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court (including without limitation any defense that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum), and (iii) consent to service of process in any such suit, action or proceeding, anywhere in the world, whether within or without the jurisdiction of any such court, in any manner provided by applicable law. Without limiting the foregoing, each party agrees that service of process on such party pursuant to a Notice as provided in Section 15 hereof shall be deemed effective service of process on such party. Any action for enforcement or recognition of any judgment obtained in connection with a Dispute may be enforced in any competent court in the Agreed Venue or in any other court of competent jurisdiction.

19. **Consent to Collection, Processing and Transfer of Personal Data.** Pursuant to applicable personal data protection laws, the Company and Rockstar hereby notify the Participant of the following in relation to the Participant’s personal data and the collection, processing and transfer of such data in relation to the Company’s grant of the Restricted Units. The collection, processing and transfer of the Participant’s personal data are necessary for the Company’s administration of the Restricted Units. The Participant’s denial and/or objection to the collection, processing and transfer of personal data may affect the Participant’s ability to receive the Restricted Units. As such, the Participant voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and Rockstar hold certain personal information about the Participant, including the Participant’s name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in Participants’ favor, for the purpose of managing and administering the Plan (“**Data**”). The Data may be provided by the Participant or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing the Participant’s award of Restricted Units. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Participant’s country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company’s organization only by those persons requiring access for purposes of administering the Participant’s Restricted Units.

The Company and Rockstar will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant’s Restricted Units, and the Company and Rockstar may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Restricted Units. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Participant’s Restricted Units.

The Participant may, at any time, exercise the Participant’s rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the administration of the Restricted Units. The Participant may seek to exercise these rights by contacting the Participant’s local HR manager or the Company’s Stock Plan Administration Department.

20. **Counterparts.** This Agreement may be executed (including by facsimile transmission) with counterpart signature pages or in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

21. **Miscellaneous.**

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(b) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(c) This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

22. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Units by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to have the Restricted Units administered through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. **English Language.** The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Units be drawn up in English. If the Participant has received this Agreement or any other documents related to the Restricted Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version shall control.

24. **Addendum.** Notwithstanding any provision of this Agreement to the contrary, the Restricted Units shall be subject to any special terms and conditions for the Participant's country of residence (and country of employment, if different) as are set forth in the applicable addendum to the Agreement (the "Addendum"). Further, if the Participant transfers residency and/or employment to another country reflected in an Addendum to the Agreement, the special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the Restricted Units (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum shall constitute part of this Agreement.

25. **Additional Requirements.** The Company reserves the right to impose other requirements on the Restricted Units and any amounts issued in settlement of the Restricted Units to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations,

or to facilitate the operation and administration of the Restricted Units. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

[Remainder of page intentionally left blank — signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: _____

Title: _____

PARTICIPANT

[Name]

**ADDENDUM TO
GLOBAL RESTRICTED UNIT AGREEMENT**

In addition to the terms of the Global Restricted Unit Agreement (the "Agreement"), the Restricted Units are subject to the following additional terms and conditions as set forth in this addendum to the extent the Participant resides and/or is employed in one of the countries addressed herein (the "Addendum"). All defined terms as contained in this Addendum shall have the same meaning as set forth in the Agreement. To the extent the Participant transfers residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Restricted Units (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

Canada

1. **Language.** The following provisions will apply if the Participant is a resident of Quebec:

The parties acknowledge that it is their express wish that the Agreement, including this Addendum, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

France

1. **English Language.** The Participant acknowledges and agrees that it is the Participant's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Units, be drawn up in English. If the Participant has received the Agreement, the Plan or any other documents related to the Restricted Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue anglaise. Le Support reconnaît et consent que c'est l'intention de Support expresse que le Grant Accord, le Projet et tous les autres documents, les notifications et l'événement légal est entré dans, compte tenu de ou institué conformément à l'Restricted Units, est formulé dans l'anglais. Si le Support a reçu le Grant Accord, le Projet ou aucuns autres documents liés à l'Units a traduit dans une langue autrement que l'anglais, et si le sens de la version traduite est différent de la version anglaise, la version anglaise contrôlera.

Netherlands

1. **Waiver of Termination Rights.** In consideration of the grant of the Restricted Units, the Participant waives any and all rights to compensation or damages as a result of any termination of employment for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the Restricted Units, or (b) the Participant ceases to have rights under, or ceasing to be entitled to Restricted Units as a result of such termination.

Spain

1. **Severance for Cause.** Notwithstanding anything to the contrary in the Plan or the Agreement, "Cause" shall be defined in the Plan, irrespective of whether the termination is or is not considered a fair termination (i.e., "despido procedente") under Spanish legislation.

2. **Acknowledgement of Discretionary Nature of the Restricted Units; No Vested Rights.** In accepting the Restricted Units, the Participant acknowledges that the Participant has received a copy of the Agreement and Addendum. The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted the Restricted Units to individuals who may be employees of the Company or its Subsidiaries and Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries or Affiliates on an ongoing basis. Consequently, the Participant understands that the Restricted Units are granted on the assumption and condition that the Restricted Units and any amounts paid in settlement of the Restricted Units shall not become a part of any employment contract (either with the Company or any of its Subsidiaries or Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above. Thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the Restricted Units shall be null and void.

The Participant understands and agrees that, as a condition of the grant of the Restricted Units and unless otherwise provided in the Agreement, the unvested portion of the Restricted Units as of the date of the Participant's Termination will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, (i) material modification of the terms of employment under Article 41 of the Workers' Statute or (ii) relocation under Article 40 of the Workers' Statute. The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination on the Participant's Restricted Units.

United Kingdom

1. **Income Tax and Social Insurance Contribution Withholding.** The following provision shall replace Section 4 of the Agreement:

Regardless of any action the Company or Rockstar takes with respect to any or all income tax, primary and secondary Class 1 National Insurance contributions, payroll tax or other tax-related withholding attributable to or payable in connection with or pursuant to the grant or vesting of the Restricted Units, the payment of cash or the acquisition of Shares, or the release or assignment of the Restricted Units for consideration, or the receipt of any other benefit in connection with the Restricted Units ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility. Furthermore, the Company and/or Rockstar: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Units, including the grant of the Restricted Units, the vesting of the Restricted Units, settlement of the Restricted Units, the subsequent sale of any Shares acquired pursuant to the Restricted Units and the receipt of any dividend equivalents; and (b) does not commit to structure the terms of the grant or any aspect of the Restricted Units to reduce or eliminate the Participant's liability for Tax-Related Items.

As a condition of the payment of cash or the issuance of Shares upon vesting of the Restricted Units, the Company and Rockstar shall be entitled to withhold and the Participant agrees to pay, or make adequate arrangements satisfactory to the Company and/or Rockstar to satisfy, all obligations of the Company and/or Rockstar to account to HM Revenue & Customs ("HMRC") for any Tax-Related Items. In this regard, the Participant authorizes the Company and Rockstar to withhold all applicable Tax-Related Items legally payable by the Participant from any salary/wages or other cash compensation paid to the Participant by the Company and Rockstar. Alternatively, or in addition, if permissible under local law, the Participant authorizes the Company and/or Rockstar, each at its discretion and pursuant to such procedures as it may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items legally payable by the Participant by one of the following: (a) by withholding a portion of any cash payment made in settlement the Restricted Units (where the Restricted Units are settled in cash); (b) by electing to have the Company withhold from the Shares to be issued upon vesting of the Restricted Units a sufficient number of whole Shares having an aggregate Fair Market Value that would satisfy the withholding amount (where the Restricted Units are settled in Shares); or (c) by selling on behalf of the Participant a sufficient number of whole Shares issued upon vesting of the Restricted Units having an aggregate Fair Market Value that would satisfy the withholding amount (where the Restricted Units are settled in Shares); provided, however, that in no event may the whole number of Shares withheld or sold in the case of clause (b) or (c) exceed the applicable statutory minimum withholding rates (if any). If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, the Participant shall be deemed to have been issued the full number of Shares subject to the Restricted Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Restricted Units.

If, by the date on which the event giving rise to the Tax-Related Items occurs (the "Chargeable Event"), the Participant has relocated to a jurisdiction other than the jurisdiction in which the Participant was living in at the Grant Date, the Participant acknowledges that the Company and Rockstar may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Participant also agrees that the Company and Rockstar may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which the Participant may have to recover any overpayment from the relevant tax authorities.

The Participant shall pay to the Company or Rockstar any amount of Tax-Related Items that the Company or the Participant may be required to account to HMRC with respect to the Chargeable Event that cannot be satisfied by the means previously described. If the Restricted Units are settled in Shares and payment or withholding is not made within 90 days of the Chargeable Event or such other period as required under U.K. law (the "Due Date"), the Participant agrees that the amount of any uncollected income tax shall (assuming the Participant is not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), constitute a loan owed by the Participant to Rockstar, effective on the Due Date. The Participant agrees that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or Rockstar may recover it at any time thereafter by any of the means referred to above. If any of the foregoing methods of collection are not allowed under applicable laws or if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items as described in this Section, the Company may refuse to deliver the Shares acquired under the Plan.

2. **Exclusion of Claim.** The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages in consequence of the Participant's Termination for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from the Participant's ceasing to have rights under or to be entitled to vesting in the Restricted Units as a result of such Termination, or from the loss or diminution in value of the Restricted Units. Upon the grant of the Restricted Units, the Participant shall be deemed irrevocably to have waived any such entitlement.

RESTRICTED UNIT AGREEMENT

THIS AGREEMENT (the "**Agreement**"), made as of the day of 201 (the "**Grant Date**"), by and between Take-Two Interactive Software, Inc. (the "**Company**"), and (the "**Participant**").

WITNESSETH:

WHEREAS, the Company desires to grant to the Participant restricted units ("**Restricted Units**"), each representing the right to receive, upon vesting, an amount equal to the Fair Market Value (as defined below) of one (1) share of common stock of the Company (a "**Share**").

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Grant of Restricted Units.** Subject to the restrictions, terms and conditions of this Agreement, the Company hereby awards to the Participant Restricted Units. The Restricted Units constitute an unfunded and unsecured promise of the Company to deliver (or cause to be delivered) to the Participant, subject to the terms of this Agreement, cash on the applicable vesting date for such Restricted Units as provided herein. Until such delivery, the Participant shall have only the rights of a general unsecured creditor; provided, that if prior to the settlement of any Restricted Unit, (a) the Company pays a cash dividend (whether regular or extraordinary) or otherwise makes a cash distribution to a shareholder in respect of a Share, then the Company shall pay currently to the Participant (on or as soon as practicable (but in no event later than 30 days) following the date on which the underlying dividend or other distribution is made to a shareholder), in respect of each then-outstanding Restricted Unit held by him, an amount equal to any such cash dividend or distribution, and (b) the Company pays a non-cash dividend (whether regular or extraordinary) or otherwise makes a non-cash distribution in Shares or other property to a shareholder in respect of a Share, then the Company shall provide the Participant, in respect of each then-outstanding Restricted Unit held by him, an amount equal to the Fair Market Value (as defined in the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan (the "**Plan**")) of such Shares or an amount equal to the fair market value of such other property as reasonably determined by the Company in good faith, as applicable, at the same time as such Restricted Unit vests and is settled under Section 2 below (and the Participant shall forfeit any such right to such amount if such Restricted Unit is forfeited prior to vesting).

2. **Vesting and Settlement.**

(a) The Restricted Units shall become vested and settled on [**November 11, 2013 OR December 16, 2013**]; provided that, subject to Section 3, the Participant has not had a Termination at any time prior to the applicable vesting date. As used herein, the term "**Termination**" shall have the meaning ascribed to it in the Plan. On the vesting date, the Company shall issue or transfer to the Participant, or cause to be issued or transferred to the Participant, an amount in cash having a value equal to the aggregate value of a number of Shares equal to the number of Restricted Units subject to vesting on such date, based on the closing price of the Shares on such settlement date on the principal national securities exchange on

which the Shares are traded on such date (or if the Shares are not traded on such date, the immediately preceding trading date). Notwithstanding anything herein to the contrary, in the discretion of the Company, each Restricted Unit (including any amount provided for pursuant to Section 1(a)) may be settled in Shares issued pursuant to the Plan (subject to any required delay in issuance as required under the Plan, but only to the same extent any such delay is imposed on the issuance of Shares in respect of awards of restricted stock or restricted units granted under the Plan to other employees of Rockstar Games, Inc. on or about the date hereof) or under any other plan or program of the Company approved by the Company's stockholders, or subject to compliance with applicable law and regulations, on a standalone basis, or in a combination of cash and Shares, if and only to the extent that there are sufficient Shares available for such purpose under the Plan or such other plan or program; provided that in all events such Shares shall be listed for trading on the principal national securities exchange on which the Shares are traded on such date. To the extent that a Share is delivered to the Participant upon settlement of a Restricted Unit, the Participant shall be deemed the beneficial owner of the Share at the close of business on the settlement date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is after the close of business on such settlement date.

(b) There shall be no proportionate or partial vesting in the periods prior to the vesting date and all vesting shall occur only on the vesting date, provided that no Termination has occurred prior to such date.

(c) Following the consummation of a Change in Control (as defined below), the Restricted Units shall continue to vest and settle in accordance with the schedule set forth in Section 2(a) above, provided that all Restricted Units remaining unvested as of the twelve (12) month anniversary of the consummation of such Change in Control shall become fully vested and settled as of such date, provided that no Termination has occurred prior to such date. Notwithstanding the immediately preceding sentence, if such Change in Control involves the conversion of Shares in whole into cash or in part into cash and in part into securities of the purchaser or acquirer ("**Purchaser Securities**"), then with respect to each Restricted Unit settled following such Change in Control, the Participant shall receive an amount in cash equal to the cash that the Participant would have received had he been the holder of one (1) Share upon the Change in Control, plus, to the extent that the Company's shareholders received part cash and part Purchaser Securities in respect of their Shares, an amount in cash or Purchaser Securities, or a combination of cash and Purchaser Securities, in the discretion of the Company (or the purchaser, as applicable), having an aggregate value equal to the fair market value of the number of Purchaser Securities that the Participant would have received had he been the holder of one (1) Share upon the Change in Control. For purposes of this Agreement, a "**Change in Control**" shall be deemed to occur upon any of (i) the election of directors constituting a change during the course of any 12 month period in a majority of the board of directors of the Company (the "**Board**"), which directors were not nominated by the Board immediately in place prior to any such change; (ii) the election of directors constituting a majority of the board of directors (the "**Rockstar Board**") of Rockstar Games, Inc. ("**Rockstar**"), a wholly-owned subsidiary of the Company, who are not full-time employees of either the Company or Rockstar and who were not nominated by the Rockstar Board immediately in place prior to any such change; (iii) the acquisition (whether by merger, consolidation, purchase or other transaction) by any person, entity or group of beneficial ownership of 50 percent or more of either the outstanding shares of

common stock of the Company or Rockstar or the combined voting power of the then outstanding voting securities of the Company or Rockstar entitled to vote generally in the election of directors of the Board or the Rockstar Board, as applicable; (iv) a merger, consolidation or other transaction involving the Company or any of its subsidiaries which results in the stockholders of the Company or Rockstar prior thereto continuing to represent less than 50 percent of the outstanding shares of common stock or the combined voting power of the voting securities of the Company or Rockstar, as applicable, or the surviving entity after such transaction; or (v) the sale or other disposition of assets of the Company or Rockstar representing 50 percent or more of the consolidated assets, revenues, earnings or fair market value of either of them.

(d) If any Shares become deliverable to the Participant hereunder, the Company shall promptly issue and deliver, unless the Company is using a book entry or similar method pursuant to Section 7 of this Agreement (in which case the Company shall upon request promptly issue and deliver upon the Participant's request), to the Participant a new stock certificate registered in the name of the Participant for such Shares and deliver to the Participant such Shares, in each case free of all liens, claims and other encumbrances (other than those created by the Participant), subject to applicable withholding taxes.

3. **Termination.** Unless otherwise provided in an employment agreement or other similar agreement between the Participant and the Company or any of its Affiliates (as defined in the Plan) in effect on the date hereof, in the event of a Termination, the Participant shall forfeit to the Company, without compensation, any and all Restricted Units (but no Shares or cash delivered to the Participant prior to such Termination upon settlement of a vested Restricted Unit).

4. **Withholding.** The Participant shall pay, or make arrangements to pay, in a manner reasonably satisfactory to the Company, an amount equal to the amount of all applicable federal, state and local or foreign taxes that the Company is required to withhold at any time. In the absence of such arrangements, the Company or one of its Affiliates shall have the right to withhold such taxes from the Participant's normal pay or other amounts payable to the Participant, including, but not limited to, the right to withhold cash or Shares otherwise deliverable to the Participant hereunder. In addition, in the event that on any vesting date (i) the Participant is prohibited from trading in securities of the Company pursuant to applicable law or regulations or the Company's written policies then applicable, then any statutorily required withholding obligation shall be satisfied by delivery of Shares to the Company (including Shares issuable under this Agreement), or (ii) the Shares are not traded on a principal securities exchange in the United States, then any statutorily required withholding obligation may be satisfied by delivery of Shares to the Company (including Shares issuable under this Agreement), in either case, except as may be provided in a 10b5-1 trading plan entered into by the Participant with respect to the grant of the Restricted Units.

5. **Obligation to Maintain Registration Statement with Reoffer Prospectus.** To the extent that the Company settles any Restricted Units in Shares, such Shares shall be issued pursuant to a Registration Statement on Form S-8 including a "re-offer prospectus" to enable the Participant to freely sell Shares that have been delivered to him, and shall maintain the current

3

status of such Registration Statement (and the applicable prospectuses) for so long as any Shares remain owned by the Participant.

6. **No Obligation to Continue Employment.** This Agreement is not an agreement of employment. This Agreement does not guarantee that Rockstar, nor the Company or its Affiliates, will employ or retain, or continue to employ or retain, the Participant during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which the Restricted Units are outstanding, nor does it modify in any respect the Company's or an Affiliate's right to terminate or modify the Participant's employment or compensation.

7. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable law, the Company may issue the Shares in the form of uncertificated shares. Such uncertificated Shares shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated shares, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.

8. **Adjustments.** The Company shall make any adjustments to the Restricted Units upon any changes in capital structure of the Company, as determined by the Company's board of directors in good faith and in a manner consistent with adjustments made to awards granted under the Plan. The Company hereby agrees that in the event that the Company takes any action with respect to outstanding awards under the Plan (including restricted stock) pursuant to Section 4.2 of the Plan, the Restricted Units shall receive the same treatment as applied to all other Shares or awards in respect of Shares.

9. **Notices.** Any notice or communication given hereunder (each a "Notice") shall be in writing and shall be sent by personal delivery, by courier or by United States mail (registered or certified mail, postage prepaid and return receipt requested), to the appropriate party at the address set forth below:

If to the Company, to:

Take-Two Interactive Software, Inc.
622 Broadway
New York, New York 10012
Attention: General Counsel
Facsimile: 646-536-2923

If to the Participant, to the address for the Participant on file with the Company,

or such other address or to the attention of such other person as a party shall have specified by prior Notice to the other party. Each Notice will be deemed given and effective upon actual receipt (or refusal of receipt).

10. **Acceptance.** The Participant shall forfeit the Restricted Units if the Participant does not execute this Agreement within a period of 60 days from the date the Participant receives this Agreement.

4

11. **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by, and construed in accordance with, the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

12. **Consent to Jurisdiction.** In the event of any dispute, controversy or claim between the Company or any Affiliate and the Participant in any way concerning, arising out of or relating to the Plan or this Agreement (a “**Dispute**”), including without limitation any Dispute concerning, arising out of or relating to the interpretation, application or enforcement of the Plan or this Agreement, the parties hereby (a) agree and consent to the personal jurisdiction of the courts of the State of New York located in New York County and/or the Federal courts of the United States of America located in the Southern District of New York (collectively, the “**Agreed Venue**”) for resolution of any such Dispute, (b) agree that those courts in the Agreed Venue, and only those courts, shall have exclusive jurisdiction to determine any Dispute, including any appeal, and (c) agree that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York. The parties also hereby irrevocably (i) submit to the jurisdiction of any competent court in the Agreed Venue (and of the appropriate appellate courts therefrom), (ii) to the fullest extent permitted by law, waive any and all defenses the parties may have on the grounds of lack of jurisdiction of any such court and any other objection that such parties may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court (including without limitation any defense that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum), and (iii) consent to service of process in any such suit, action or proceeding, anywhere in the world, whether within or without the jurisdiction of any such court, in any manner provided by applicable law. Without limiting the foregoing, each party agrees that service of process on such party pursuant to a Notice as provided in Section 9 hereof shall be deemed effective service of process on such party. Any action for enforcement or recognition of any judgment obtained in connection with a Dispute may be enforced in any competent court in the Agreed Venue or in any other court of competent jurisdiction.

13. **Counterparts.** This Agreement may be executed (including by facsimile transmission) with counterpart signature pages or in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

14. **Miscellaneous.**

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(b) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(c) This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

[Remainder of page intentionally left blank — signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: _____

Title: _____

PARTICIPANT

[Name]

GLOBAL RESTRICTED UNIT AGREEMENT

THIS AGREEMENT (the “**Agreement**”), made as of the day of 201 (the “**Grant Date**”), by and between Take-Two Interactive Software, Inc. (the “**Company**”), and (the “**Participant**”).

W I T N E S S E T H:

WHEREAS, the Company desires to grant to the Participant restricted units (“**Restricted Units**”), each representing the right to receive, upon vesting, an amount equal to the Fair Market Value (as defined below) of one (1) share of common stock of the Company (a “**Share**”).

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Grant of Restricted Units.** Subject to the restrictions, terms and conditions of this Agreement, the Company hereby awards to the Participant Restricted Units. The Restricted Units constitute an unfunded and unsecured promise of the Company to deliver (or cause to be delivered) to the Participant, subject to the terms of this Agreement, cash on the applicable vesting date for such Restricted Units as provided herein. Until such delivery, the Participant shall have only the rights of a general unsecured creditor; provided, that if prior to the settlement of any Restricted Unit, (a) the Company pays a cash dividend (whether regular or extraordinary) or otherwise makes a cash distribution to a shareholder in respect of a Share, then the Company shall pay currently to the Participant (on or as soon as practicable (but in no event later than 30 days) following the date on which the underlying dividend or other distribution is made to a shareholder), in respect of each then-outstanding Restricted Unit held by him, an amount equal to any such cash dividend or distribution, and (b) the Company pays a non-cash dividend (whether regular or extraordinary) or otherwise makes a non-cash distribution in Shares or other property to a shareholder in respect of a Share, then the Company shall provide the Participant, in respect of each then-outstanding Restricted Unit held by him, an amount equal to the Fair Market Value (as defined in the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan (the “**Plan**”)) of such Shares or an amount equal to the fair market value of such other property as reasonably determined by the Company in good faith, as applicable, at the same time as such Restricted Unit vests and is settled under Section 2 below (and the Participant shall forfeit any such right to such amount if such Restricted Unit is forfeited prior to vesting).

2. **Vesting and Settlement.**

(a) The Restricted Units shall become vested and settled as to [one twelfth (1/12th) OR one twentieth (1/20th)] of the Restricted Units commencing on September 30, 2013 and on each of the first [12 OR 20] consecutive quarterly anniversaries thereafter; provided that, subject to Section 3, the Participant has not had a Termination at any time prior to the applicable vesting date. As used herein, the term “**Termination**” shall have the meaning ascribed to it in the Plan. On each vesting date, the Company shall issue or transfer to the Participant, or cause to be issued or transferred to the Participant, an amount in cash having a value equal to the aggregate value of a number of Shares equal to the number of Restricted Units subject to vesting

on such date, based on the closing price of the Shares on such settlement date on the principal national securities exchange on which the Shares are traded on such date (or if the Shares are not traded on such date, the immediately preceding trading date). Notwithstanding anything herein to the contrary, in the discretion of the Company, each Restricted Unit (including any amount provided for pursuant to Section 1(a)) may be settled in Shares issued pursuant to the Plan (subject to any required delay in issuance as required under the Plan, but only to the same extent any such delay is imposed on the issuance of Shares in respect of awards of restricted stock or restricted units granted under the Plan to other employees of Rockstar Games, Inc. or its affiliates (“**Rockstar**”) on or about the date hereof) or under any other plan or program of the Company approved by the Company’s stockholders, or subject to compliance with applicable law and regulations, on a standalone basis, or in a combination of cash and Shares, if and only to the extent that there are sufficient Shares available for such purpose under the Plan or such other plan or program; provided that in all events such Shares shall be listed for trading on the principal national securities exchange on which the Shares are traded on such date. To the extent that any portion of the Restricted Units is vested as of the Grant Date, such portion of the Restricted Units shall be settled immediately upon grant in the manner set forth in this Section 2. To the extent that a Share is delivered to the Participant upon settlement of a Restricted Unit, the Participant shall be deemed the beneficial owner of the Share at the close of business on the settlement date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is after the close of business on such settlement date.

(b) There shall be no proportionate or partial vesting in the periods prior to each vesting date and all vesting shall occur only on the appropriate vesting date, provided that no Termination has occurred prior to such date.

(c) Following the consummation of a Change in Control (as defined below), the Restricted Units shall continue to vest and settle in accordance with the schedule set forth in Section 2(a) above, provided that all Restricted Units remaining unvested as of the twelve (12) month anniversary of the consummation of such Change in Control shall become fully vested and settled as of such date, provided that no Termination has occurred prior to such date. Notwithstanding the immediately preceding sentence, if such Change in Control involves the conversion of Shares in whole into cash or in part into cash and in part into securities of the purchaser or acquirer (“**Purchaser Securities**”), then with respect to each Restricted Unit settled following such Change in Control, the Participant shall receive an amount in cash equal to the cash that the Participant would have received had he been the holder of one (1) Share upon the Change in Control, plus, to the extent that the Company’s shareholders received part cash and part Purchaser Securities in respect of their Shares, an amount in cash or Purchaser Securities, or a combination of cash and Purchaser Securities, in the discretion of the Company (or the purchaser, as applicable), having an aggregate value equal to the fair market value of the number of Purchaser Securities that the Participant would have received had he been the holder of one (1) Share upon the Change in Control. For purposes of this Agreement, a “**Change in Control**” shall be deemed to occur upon any of (i) the election of directors constituting a change during the course of any 12 month period in a majority of the board of directors of the Company (the “**Board**”), which directors were not nominated by the Board immediately in place prior to any such change; (ii) the election of directors constituting a majority of the board of directors (the “**Rockstar Board**”) of Rockstar Games, Inc., a wholly owned subsidiary of the Company,

who are not full-time employees of either the Company or Rockstar and who were not nominated by the Rockstar Board immediately in place prior to any such change; (iii) the acquisition (whether by merger, consolidation, purchase or other transaction) by any person, entity or group of beneficial ownership of 50 percent or more of either the outstanding shares of common stock of the Company or Rockstar or the combined voting power of the then outstanding voting securities of the Company or Rockstar entitled to vote generally in the election of directors of the Board or the Rockstar Board, as applicable; (iv) a merger, consolidation or other transaction involving the Company or any of its subsidiaries which results in the stockholders of the Company or Rockstar prior thereto continuing to represent less than 50 percent of the outstanding shares of common stock or the combined voting power of the voting securities of the Company or Rockstar, as applicable, or the surviving entity after such transaction; or (v) the sale or other disposition of assets of the Company or Rockstar representing 50 percent or more of the consolidated assets, revenues, earnings or fair market value of either of them.

(d) If any Shares become deliverable to the Participant hereunder, the Company shall promptly issue and deliver, unless the Company is using a book entry or similar method pursuant to Section 6 of this Agreement (in which case the Company shall upon request promptly issue and deliver upon the Participant's request), to the Participant a new stock certificate registered in the name of the Participant for such Shares and deliver to the Participant such Shares, in each case free of all liens, claims and other encumbrances (other than those created by the Participant), subject to applicable withholding taxes.

3. **Termination.** Unless otherwise provided in an employment agreement or other similar agreement between the Participant and the Company or any of its Affiliates (as defined in the Plan) in effect on the date hereof, in the event of a Termination, the Participant shall forfeit to the Company, without compensation, any and all unvested Restricted Units (but not Shares or cash delivered to the Participant upon settlement of a Restricted Unit prior to such Termination). For purposes of this Agreement, the date of the Participant's Termination for all aspects of the Restricted Units shall be the earlier of (i) the date the Company or Rockstar tenders a notice of termination to the Participant or the Participant tenders a notice of resignation to the Company or Rockstar, or (ii) the date the Participant ceases to render actual services for the Company or Rockstar, without regard to any statutory or common law notice of termination period.

4. **Tax Withholding.** Regardless of any action the Company or Rockstar takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding applicable to the Restricted Units ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility and that the Company and Rockstar (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Units, including the grant of the Restricted Units, the vesting of the Restricted Units, settlement of the Restricted Units, the subsequent sale of any Shares acquired pursuant to the Restricted Units and the receipt of any dividend equivalents; and (b) does not commit to structure the terms of the grant or any aspect of the Restricted Units to reduce or eliminate the Participant's liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date of grant and the date of any relevant taxable

or tax withholding event, as applicable, the Participant acknowledges that the Company and Rockstar may be required to withhold or account for Tax-Related Items in more than one country.

If the Participant's country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a portion of any cash proceeds (where the Restricted Units are settled in cash) or a portion of the Shares (where the Restricted Units are settled in Shares) otherwise issuable upon vesting that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld. For purposes of the foregoing, no fractional Shares will be withheld or issued pursuant to the grant of the Restricted Units. If the obligation for Tax-Related Items is satisfied by withholding a portion of any cash proceeds (where the Restricted Units are settled in cash) or by withholding Shares (where the Restricted Units are settled in Shares), for tax purposes, the Participant shall be deemed to have been issued the gross amount of the cash payment or the full number of Shares, notwithstanding that a portion of any cash proceeds or a number of the Shares are withheld solely for the purpose of satisfying any withholding obligations for the Tax-Related Items due. In addition, the Company and/or Rockstar may, on behalf of the Participant, sell a sufficient number of whole Shares issued upon vesting of the Restricted Units having an aggregate Fair Market Value that would satisfy the withholding amount (where the Restricted Units are settled in Shares). Alternatively, the Company and/or Rockstar may, in their discretion, withhold any amount necessary to pay the Tax-Related Items from the Participant's regular salary or other amounts payable to the Participant, or may require the Participant to submit payment equivalent to the minimum Tax-Related Items required to be withheld by means of certified check, cashier's check or wire transfer.

Notwithstanding the above, if the Participant has entered into in a 10b5-1 trading plan, withholding of the Tax-Related Items may be satisfied as provided for under such 10b5-1 trading plan.

In the event the withholding requirements are not satisfied, no cash payment will be made (where the Restricted Units are settled in cash) or no Shares will be released (where the Restricted Units are settled in Shares) to the Participant (or the Participant's estate) upon vesting of the Restricted Units unless and until satisfactory arrangements (as determined by the Company in its sole discretion) have been made by the Participant with respect to the payment of any such Tax-Related Items. By accepting the Restricted Units, the Participant expressly consents to the methods of withholding as provided hereunder and/or any other methods of withholding that the Company and/or Rockstar may decide to use and are permitted under the Agreement to meet the withholding and/or other requirements as provided under applicable laws, rules and regulations. All other Tax-Related Items related to the Restricted Units shall be the sole responsibility of the Participant.

To the extent the Company and/or Rockstar pay any Tax-Related Items that are the Participant's responsibility ("Advanced Tax Payments"), the Company and/or Rockstar shall be entitled to recover such Advanced Tax Payments from the Participant in any and all manner that the Company and/or Rockstar determine appropriate in their sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be

otherwise owed to the Participant by the Company and/or Rockstar (including regular salary/wages, bonuses, incentive payments and Shares acquired by the Participant pursuant to any equity compensation plan that are otherwise held by the Company for the Participant's benefit).

5. **Obligation to Maintain Registration Statement with Reoffer Prospectus.** To the extent that the Company settles any Restricted Units in Shares, such Shares shall be issued pursuant to a Registration Statement on Form S-8 including a "re-offer prospectus" to enable the Participant to freely sell

Shares that have been delivered to him, and shall maintain the current status of such Registration Statement (and the applicable prospectuses) for so long as any Shares remain owned by the Participant.

6. **Uncertificated Shares.** Notwithstanding anything else herein, to the extent permitted under applicable law and if the Company decides to settle the Restricted Units in Shares, the Company may issue the Shares in the form of uncertificated shares. Such uncertificated Shares shall be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant. If thereafter certificates are issued with respect to the uncertificated shares, such issuance and delivery of certificates shall be in accordance with the applicable terms of this Agreement.

7. **Adjustments.** The Company shall make any adjustments to the Restricted Units upon any changes in capital structure of the Company, as determined by the Company's board of directors in good faith and in a manner consistent with adjustments made to awards granted under the Plan. The Company hereby agrees that in the event that the Company takes any action with respect to outstanding awards under the Plan (including restricted stock) pursuant to Section 4.2 of the Plan, the Restricted Units shall receive the same treatment as applied to all other Shares or awards in respect of Shares.

8. **No Obligation to Continue Employment/Extraordinary Compensation.** This Agreement is not an agreement of employment. This Agreement does not guarantee that Rockstar, nor the Company or its Affiliates, will employ or retain, or continue to employ or retain, the Participant during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which the Restricted Units are outstanding, nor does it modify in any respect Rockstar's, the Company's or an Affiliate's right to terminate or modify the Participant's employment or compensation.

9. **Termination Indemnities.** The value of the Restricted Units is an extraordinary item of compensation. As such, the Restricted Units are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments to which the Participant may be otherwise entitled.

10. **Discretionary Nature of Award; No Vested Rights.** The Participant acknowledges and agrees that the grant of the Restricted Units is discretionary in nature and limited in duration, and that the Plan may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Restricted Units is a one-time benefit and

does not create any contractual or other right to receive a grant of Restricted Units or other award or benefits in lieu of the Restricted Units in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award, the number of Shares subject to an award and the vesting provisions.

11. **Commercial Relationship.** The Participant expressly recognizes that the Company's grant of the Restricted Units does not create an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Units as a consequence of the commercial relationship between the Company and Rockstar, and the Participant expressly recognizes that the grant of the Restricted Units does not establish any rights between the Participant and Rockstar.

12. **Compliance With Age Discrimination Rules.** For purposes of this Agreement, if the Participant is a local national of and employed in a country that is a member of the European Union, the grant of the Restricted Units and the terms and conditions governing the Restricted Units are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent a court or tribunal of competent jurisdiction determines that any provision of the Restricted Units is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

13. **Private Placement.** The grant of the Restricted Units is not intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Units is not subject to the supervision of the local securities authorities.

14. **Repatriation and Legal/Tax Compliance Requirements.** If the Participant is a resident of or employed in a country other than the United States, the Participant agrees, as a condition of the Restricted Units, to repatriate all payments attributable to the Restricted Units in accordance with local foreign exchange rules and regulations in the Participant's country of residence (and country of employment, if different). In addition, the Participant agrees to take any and all actions, and consents to any and all actions taken by the Company and Rockstar, as may be required to allow the Company and Rockstar to comply with local laws, rules and regulations in the Participant's country of residence (and country of employment, if different). Finally, the Participant agrees to take any and all actions that may be required to comply with the Participant's personal legal and tax obligations under local laws, rules and regulations in the Participant's country of residence (and country of employment, if different).

15. **Notices.** Any notice or communication given hereunder (each a "Notice") shall be in writing and shall be sent by personal delivery, by courier or by United States mail (registered or certified mail, postage prepaid and return receipt requested), to the appropriate party at the address set forth below:

If to the Company, to:

Take-Two Interactive Software, Inc.
622 Broadway
New York, New York 10012
Attention: General Counsel
Facsimile: 646-536-2923

If to the Participant, to the address for the Participant on file with the Company,

or such other address or to the attention of such other person as a party shall have specified by prior Notice to the other party. Each Notice will be deemed given and effective upon actual receipt (or refusal of receipt).

16. **Acceptance.** The Participant shall forfeit the Restricted Units if the Participant does not execute this Agreement within a period of 60 days from the date the Participant receives this Agreement.

17. **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by, and construed in accordance with, the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

18. **Consent to Jurisdiction.** In the event of any dispute, controversy or claim between the Company or any Affiliate and the Participant in any way concerning, arising out of or relating to the Plan or this Agreement (a “**Dispute**”), including without limitation any Dispute concerning, arising out of or relating to the interpretation, application or enforcement of the Plan or this Agreement, the parties hereby (a) agree and consent to the personal jurisdiction of the courts of the State of New York located in New York County and/or the Federal courts of the United States of America located in the Southern District of New York (collectively, the “**Agreed Venue**”) for resolution of any such Dispute, (b) agree that those courts in the Agreed Venue, and only those courts, shall have exclusive jurisdiction to determine any Dispute, including any appeal, and (c) agree that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York. The parties also hereby irrevocably (i) submit to the jurisdiction of any competent court in the Agreed Venue (and of the appropriate appellate courts therefrom), (ii) to the fullest extent permitted by law, waive any and all defenses the parties may have on the grounds of lack of jurisdiction of any such court and any other objection that such parties may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court (including without limitation any defense that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum), and (iii) consent to service of process in any such suit, action or

proceeding, anywhere in the world, whether within or without the jurisdiction of any such court, in any manner provided by applicable law. Without limiting the foregoing, each party agrees that service of process on such party pursuant to a Notice as provided in Section 15 hereof shall be deemed effective service of process on such party. Any action for enforcement or recognition of any judgment obtained in connection with a Dispute may be enforced in any competent court in the Agreed Venue or in any other court of competent jurisdiction.

19. **Consent to Collection, Processing and Transfer of Personal Data.** Pursuant to applicable personal data protection laws, the Company and Rockstar hereby notify the Participant of the following in relation to the Participant’s personal data and the collection, processing and transfer of such data in relation to the Company’s grant of the Restricted Units. The collection, processing and transfer of the Participant’s personal data are necessary for the Company’s administration of the Restricted Units. The Participant’s denial and/or objection to the collection, processing and transfer of personal data may affect the Participant’s ability to receive the Restricted Units. As such, the Participant voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and Rockstar hold certain personal information about the Participant, including the Participant’s name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in Participants’ favor, for the purpose of managing and administering the Plan (“**Data**”). The Data may be provided by the Participant or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing the Participant’s award of Restricted Units. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in the Participant’s country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company’s organization only by those persons requiring access for purposes of administering the Participant’s Restricted Units.

The Company and Rockstar will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant’s Restricted Units, and the Company and Rockstar may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Restricted Units. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Participant’s Restricted Units.

The Participant may, at any time, exercise the Participant’s rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request

the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) to oppose, for legal reasons, the collection, processing or transfer of the Data which is not necessary or required for the administration of the Restricted Units. The Participant may seek to exercise these rights by contacting the Participant’s local HR manager or the Company’s Stock Plan Administration Department.

20. **Counterparts.** This Agreement may be executed (including by facsimile transmission) with counterpart signature pages or in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

21. **Miscellaneous.**

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(b) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

(c) This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

22. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Units by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to have the Restricted Units administered through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

23. **English Language.** The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Units be drawn up in English. If the Participant has received this Agreement or any other documents related to the Restricted Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version shall control.

24. **Addendum.** Notwithstanding any provision of this Agreement to the contrary, the Restricted Units shall be subject to any special terms and conditions for the Participant's country of residence (and country of employment, if different) as are set forth in the applicable addendum to the Agreement (the "Addendum"). Further, if the Participant transfers residency and/or employment to another country reflected in an Addendum to the Agreement, the special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the Restricted Units (or the Company may establish alternative terms and

conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum shall constitute part of this Agreement.

25. **Additional Requirements.** The Company reserves the right to impose other requirements on the Restricted Units and any amounts issued in settlement of the Restricted Units to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Restricted Units. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

[Remainder of page intentionally left blank — signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: _____

Title: _____

PARTICIPANT

[Name]

**ADDENDUM TO
GLOBAL RESTRICTED UNIT AGREEMENT**

In addition to the terms of the Global Restricted Unit Agreement (the "Agreement"), the Restricted Units are subject to the following additional terms and conditions as set forth in this addendum to the extent the Participant resides and/or is employed in one of the countries addressed herein (the "Addendum"). All defined terms as contained in this Addendum shall have the same meaning as set forth in the Agreement. To the extent the Participant transfers residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Restricted Units (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

Canada

1. **Language.** The following provisions will apply if the Participant is a resident of Quebec:

The parties acknowledge that it is their express wish that the Agreement, including this Addendum, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

United Kingdom

1. **Income Tax and Social Insurance Contribution Withholding.** The following provision shall replace Section 4 of the Agreement:

Regardless of any action the Company or Rockstar takes with respect to any or all income tax, primary and secondary Class 1 National Insurance contributions, payroll tax or other tax-related withholding attributable to or payable in connection with or pursuant to the grant or vesting of the Restricted Units, the payment of cash or the acquisition of Shares, or the release or assignment of the Restricted Units for consideration, or the receipt of any other benefit in connection with the Restricted Units (“Tax-Related Items”), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant’s responsibility. Furthermore, the Company and/or Rockstar: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Units, including the grant of the Restricted Units, the vesting of the Restricted Units, settlement of the Restricted Units, the subsequent sale of any Shares

acquired pursuant to the Restricted Units and the receipt of any dividend equivalents; and (b) does not commit to structure the terms of the grant or any aspect of the Restricted Units to reduce or eliminate the Participant’s liability for Tax-Related Items.

As a condition of the payment of cash or the issuance of Shares upon vesting of the Restricted Units, the Company and Rockstar shall be entitled to withhold and the Participant agrees to pay, or make adequate arrangements satisfactory to the Company and/or Rockstar to satisfy, all obligations of the Company and/or Rockstar to account to HM Revenue & Customs (“HMRC”) for any Tax-Related Items. In this regard, the Participant authorizes the Company and Rockstar to withhold all applicable Tax-Related Items legally payable by the Participant from any salary/wages or other cash compensation paid to the Participant by the Company and Rockstar. Alternatively, or in addition, if permissible under local law, the Participant authorizes the Company and/or Rockstar, each at its discretion and pursuant to such procedures as it may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items legally payable by the Participant by one of the following: (a) by withholding a portion of any cash payment made in settlement of the Restricted Units (where the Restricted Units are settled in cash); (b) by electing to have the Company withhold from the Shares to be issued upon vesting of the Restricted Units a sufficient number of whole Shares having an aggregate Fair Market Value that would satisfy the withholding amount (where the Restricted Units are settled in Shares); or (c) by selling on behalf of the Participant a sufficient number of whole Shares issued upon vesting of the Restricted Units having an aggregate Fair Market Value that would satisfy the withholding amount (where the Restricted Units are settled in Shares); provided, however, that in no event may the whole number of Shares withheld or sold in the case of clause (b) or (c) exceed the applicable statutory minimum withholding rates (if any). If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, the Participant shall be deemed to have been issued the full number of Shares subject to the Restricted Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Restricted Units.

If, by the date on which the event giving rise to the Tax-Related Items occurs (the “Chargeable Event”), the Participant has relocated to a jurisdiction other than the jurisdiction in which the Participant was living in at the Grant Date, the Participant acknowledges that the Company and Rockstar may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Participant also agrees that the Company and Rockstar may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which the Participant may have to recover any overpayment from the relevant tax authorities.

The Participant shall pay to the Company or Rockstar any amount of Tax-Related Items that the Company or the Participant may be required to account to HMRC with respect to the Chargeable Event that cannot be satisfied by the means previously described. If the Restricted Units are settled in Shares and payment or withholding is not made within 90 days of the Chargeable Event or such other period as required under U.K. law (the “Due Date”), the Participant agrees that the amount of any uncollected income tax shall (assuming the Participant is not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and

Exchange Act of 1934, as amended), constitute a loan owed by the Participant to Rockstar, effective on the Due Date. The Participant agrees that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or Rockstar may recover it at any time thereafter by any of the means referred to above. If any of the foregoing methods of collection are not allowed under applicable laws or if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items as described in this Section, the Company may refuse to deliver the Shares acquired under the Plan.

2. **Exclusion of Claim.** The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages in consequence of the Participant’s Termination for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from the Participant’s ceasing to have rights under or to be entitled to vesting in the Restricted Units as a result of such Termination, or from the loss or diminution in value of the Restricted Units. Upon the grant of the Restricted Units, the Participant shall be deemed irrevocably to have waived any such entitlement.

**GLOBAL RESTRICTED STOCK UNIT AGREEMENT
PURSUANT TO THE
TAKE-TWO INTERACTIVE SOFTWARE, INC.
2009 STOCK INCENTIVE PLAN**

THIS AGREEMENT (the "Agreement") made as of the _____ day of _____, 20____, by and between Take-Two Interactive Software, Inc. (the "Company") and _____ (the "Participant").

W I T N E S S E T H:

WHEREAS, the Company has adopted the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan (the "Plan"), a copy of which has been delivered to the Participant, which is administered by a committee appointed by the Company's Board of Directors (the "Committee");

WHEREAS, pursuant to Section 9.1 of the Plan, the Committee may grant Restricted Stock Units to Eligible Employees under the Plan as an "Other Stock-Based Award" (as defined in the Plan) in respect of shares of common stock of the Company, par value \$0.01 per share ("Common Stock" or the "Shares"); and

WHEREAS, the Participant is an Eligible Employee under the Plan.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows. For purposes of this Agreement, "Employer" shall mean the Affiliate (as defined in the Plan) that employs the Participant.

1. Grant of Restricted Stock Units. Subject to the restrictions and other conditions set forth herein, the Committee has authorized this grant of Restricted Stock Units to the Participant on _____, 20____ (the "Grant Date").

2. Vesting and Payment.

(a) Time Based Vesting. [·]% of the Restricted Stock Units (_____ Restricted Stock Units) shall be subject to time-based vesting in accordance with this Section 2(a) (the "Time-Based RSUs"). One-third (1/3) of the Time-Based RSUs shall vest on each of the first, second and third anniversaries of the Grant Date; provided that the Participant has not incurred a Termination any time prior to such vesting date.

<u>Vesting Date</u>	<u>Number of Shares</u>

(b) Time and Performance Based Vesting. [·]% of the Restricted Stock Units (_____ Restricted Stock Units) shall be subject to performance-based vesting in accordance with this Section 2(b) (the "Performance-Based RSUs"). The Performance-Based RSUs shall vest on the applicable vesting dates for the Tranches set forth below, which shall be cumulative, provided that (x) the Participant has not had a Termination at any time prior to the applicable

vesting date and (y) the Committee has determined and certified that the Common Stock attained the applicable Target Average Share Price set forth below based on the closing price of the Common Stock during any 10 consecutive trading days ending on or prior to the applicable vesting date of such Tranche:

<u>Tranche</u>	<u>Vesting Date</u>	<u>Number of Performance-Based RSUs</u>	<u>Target Average Share Price</u>
1			\$ _____
2			\$ _____
3			\$ _____

Notwithstanding the foregoing, if the applicable Target Average Share Price with respect to either Tranche 1 or Tranche 2 is not satisfied on or prior to the relevant vesting date, but the Target Average Share Price with respect to such Tranche is attained on or prior to the vesting date of a subsequent Tranche, the Number of Performance-Based RSUs in such Tranche shall vest on such subsequent vesting date. If the Number of Performance-Based RSUs in a Tranche does not vest on or prior to the vesting date of Tranche 3, then the Number of Performance-Based RSUs in such unvested Tranche(s) and any cash dividends credited to such Performance-Based RSUs in accordance with Section 4 shall be forfeited in its entirety to the Company, without compensation. Notwithstanding anything herein to the contrary, the Participant must be employed by the Company or a Subsidiary at the time the Target Average Share Price is attained. The Participant acknowledges and agrees that the Target Average Share Prices are confidential and shall not be disclosed or otherwise communicated to any other person.

(c) There shall be no proportionate or partial vesting in the periods prior to any vesting date and, subject to Sections 2(a) and 2(b), as applicable, all vesting pursuant to Sections 2(a) and 2(b) shall occur only on the appropriate vesting date, provided that no Termination has occurred prior to such date.

(d) Notwithstanding anything herein to the contrary, the Restricted Stock Units shall become vested at such earlier times, if any, as provided in the Plan, any written equity award side letter between the Company and the Participant, or employment agreement between the Employer and the Participant that is in effect on the Grant Date and that is applicable to the Restricted Stock Units granted herein.

(e) Upon the vesting of each Restricted Stock Unit, the Participant shall receive one share of Common Stock. Notwithstanding anything in this Agreement to the contrary, the Company may, in its sole discretion, settle all or a portion of the Restricted Stock Units in the form of a cash payment to the extent settlement in Shares is prohibited under local law, would require the Company, any Affiliate or the Participant to obtain the approval of any governmental and/or regulatory body in the Participant's country of residence (or country of employment, if different), or is administratively

burdensome. Alternatively, the Company may, in its sole discretion, settle all or a portion of the Restricted Stock Units in the form of Shares but require an immediate sale of such Shares (in which case, this Agreement shall give the Company the authority to issue sales instructions on the Participant's behalf).

3. Termination. Unless otherwise provided in a written equity award side letter between the Participant and the Company or employment agreement between the Employer and

Participant in effect on the Grant Date, in the event of a Termination, the Participant shall forfeit to the Company, without compensation, any and all Restricted Stock Units (but no Shares) and cash dividends credited to such Restricted Stock Units in accordance with Section 4. Notwithstanding anything to the contrary in the Plan and unless otherwise determined by the Company in its sole discretion, the Participant's date of Termination shall be the date on which the Participant's active employment with the Employer ceases and shall not be extended by any statutory or common law notice of termination period unless otherwise required by applicable law.

4. Dividend Equivalents. Cash dividends shall be credited to a dividend book entry account on behalf of each Participant with respect to each Restricted Stock Unit granted to a Participant as if shares of Common Stock had been issued, provided that such cash dividends shall not be deemed to be reinvested in shares of Common Stock and will be held un-invested and without interest and paid in cash if and when the Restricted Stock Unit vests. Stock dividends shall be credited to a dividend book entry account on behalf of each Participant with respect to each Restricted Stock Unit granted to a Participant as if shares of Common Stock had been issued, provided that the Participant shall not be entitled to such dividend unless and until the Restricted Stock Unit vests.

5. Rights as a Stockholder. The Participant shall have no rights as a stockholder with respect to any Shares covered by any Restricted Stock Unit unless and until the Participant has become the holder of record of the shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such Shares, except as otherwise specifically provided for in this Agreement or the Plan.

6. Withholding of Tax-Related Items. Regardless of any action the Company or the Employer takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant's responsibility, and the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units and the release of such Shares to the Participant or the payment of cash underlying the Restricted Stock Units to the Participant, the subsequent sale of any Shares and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, the Participant acknowledges that the Company or the Employer may be required to withhold or account for Tax-Related Items in more than one country.

If the Participant's country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a portion of the Shares otherwise issuable upon vesting or a portion of any cash proceeds (where the Restricted Stock Units are settled in cash) that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. For purposes of the foregoing, no fractional Shares will be withheld or issued pursuant to the grant of the Restricted Stock Units. If the obligation for Tax-Related Items is satisfied by withholding Shares or a portion

of any cash proceeds (where the Restricted Stock Units are settled in cash), for tax purposes, the Participant shall be deemed to have been issued the full number of Shares (or the gross amount of the cash payment), notwithstanding that a number of the Shares (or a portion of any cash proceeds) are withheld solely for the purpose of satisfying any withholding obligations for the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan. In addition, the Company may, on behalf of the Participant, sell a sufficient number of whole Shares issued upon vesting of the Restricted Stock Units having an aggregate Fair Market Value that would satisfy the withholding amount. Alternatively, the Company or the Employer may, in its discretion and subject to applicable law, withhold any amount necessary to pay the Tax-Related Items from the Participant's regular salary/wages or other amounts payable to the Participant, with no withholding of Shares, or may require the Participant to submit payment equivalent to the minimum Tax-Related Items required to be withheld with respect to the Shares by means of certified check, cashier's check or wire transfer. In the event the withholding requirements for Tax-Related Items are not satisfied through one of the foregoing methods, no Shares will be released to the Participant (or the Participant's estate) upon vesting of the Restricted Stock Units (or no cash payment will be made where the Restricted Stock Units are settled in cash) unless and until satisfactory arrangements (as determined by the Company in its sole discretion) have been made by the Participant with respect to the payment of any such Tax-Related Items. By accepting the Restricted Stock Units, the Participant expressly consents to the withholding methods for Tax-Related Items as provided hereunder and/or any other methods of withholding that the Company or the Employer may take and are permitted under the Plan to meet the withholding and/or other requirements as provided under applicable laws, rules and regulations. All other Tax-Related Items related to the Restricted Stock Units shall be the sole responsibility of the Participant.

Notwithstanding the above, if the Participant has entered into in a 10b5-1 trading plan, withholding of the Tax-Related Items may be satisfied as provided for under such 10b5-1 trading plan.

To the extent the Company or the Employer pays any Tax-Related Items that are the Participant's responsibility ("Advanced Tax Payments"), the Company or the Employer, as applicable, shall be entitled to recover such Advanced Tax Payments from the Participant in any and all manner that the Company or the Employer determines appropriate in its sole discretion, subject to applicable law. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Participant by the Company or the Employer (including regular salary/wages, bonuses, incentive payments and Shares acquired by the Participant pursuant to any equity compensation plan that are otherwise held by the Company for the Participant's benefit).

7. Provisions of Plan Control. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and agrees to comply with it, this Agreement and all applicable laws and regulations. Capitalized terms in this

Agreement that are not otherwise defined shall have the same meaning as set forth in the Plan. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this

Agreement shall be deemed to be modified accordingly. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

8. Amendment. To the extent applicable, the Board or the Committee may at any time and from time to time amend, in whole or in part, any or all of the provisions of this Agreement to comply with applicable law and may also amend, suspend or terminate this Agreement subject to the terms of the Plan. Except as otherwise provided in the Plan, no modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

9. Notices. Any notice or communication given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or by regular mail, first class and prepaid, to the appropriate party at the address set forth below (or such other address as the party shall from time to time specify):

If to the Company, to:

Take-Two Interactive Software, Inc.
622 Broadway
New York, New York 10012
Attention: General Counsel

If to the Participant, to the address on file with the Company.

10. Legend. The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing Shares issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing Shares acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section.

11. Securities Representations. The grant of the Restricted Stock Units and issuance of Shares upon vesting of the Restricted Stock Units shall be subject to, and in compliance with, all applicable requirements of U.S. federal, state or local securities laws, rules, and regulations. No Shares may be issued hereunder if the issuance of such Shares would constitute a violation of any applicable U.S. federal, state or local securities laws or other laws, rules, or regulations of any stock exchange or market system upon which the Shares may then be listed. As a condition to the settlement of the Restricted Stock Units, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation.

The Shares are being issued to the Participant and this Agreement is being made by the Company in reliance upon the following express representations and warranties of the Participant. The Participant acknowledges, represents and warrants that:

(a) He or she has been advised that he or she may be an “affiliate” within the meaning of Rule 144 under the U.S. Securities Act of 1933, as amended (the “Act”), currently or at the time he or she desires to sell the Shares following the vesting of the Restricted Stock, and in this connection the Company is relying in part on his or her representations set forth in this section.

(b) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, the Shares must be held indefinitely unless an exemption from any applicable resale

restrictions is available or the Company files an additional registration statement (or a “re-offer prospectus”) with regard to such Shares and the Company is under no obligation to register the Shares (or to file a “re-offer prospectus”).

(c) If he or she is deemed an affiliate within the meaning of Rule 144 of the Act, he or she understands that the exemption from registration under Rule 144 will not be available unless (i) a public trading market then exists for the Common Stock of the Company, (ii) adequate information concerning the Company is then available to the public, and (iii) other terms and conditions of Rule 144 or any exemption therefrom are complied with; and that any sale of the Shares may be made only in limited amounts in accordance with such terms and conditions.

12. Termination Indemnities. The value of the Restricted Stock Units is an extraordinary item of compensation outside the scope of Participant’s basic employment compensation. As such, the Restricted Stock Units are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments to which the Participant may be otherwise entitled.

13. Discretionary Nature of Plan; No Vested Rights. The Participant acknowledges and agrees that the Plan is discretionary in nature and limited in duration, and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Restricted Stock Units under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Restricted Stock Units or other award or benefits in lieu of the Restricted Stock Units in the future. Future awards, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of any grant, the form of award, the number of Shares subject to an award and the vesting provisions.

14. Commercial Relationship. The Participant expressly recognizes that participation in the Plan and the Company’s grant of the Restricted Stock Units does not create an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Stock Units as a consequence of the commercial relationship between the Company and the Employer, and the Employer is the Participant’s sole employer. Based on the foregoing, the Participant expressly recognizes (a) the Plan and the benefits derived from participation in the Plan do not establish any rights between the Participant and the Employer, (b) the Plan and the benefits derived from participation in the Plan are not part of the employment conditions and/or benefits

provided by the Employer, (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Employer, and (d) the grant of the Restricted Stock Units and this Agreement do not give the Participant the right to continue in employment with the Employer and shall not adversely affect the rights of the Employer to terminate the Participant's employment with the Employer, with or without cause, at any time.

15. Compliance With Age Discrimination Rules. For purposes of this Agreement, if the Participant is a local national of and employed in a country that is a member of the European Union, the grant of the Restricted Stock Units and the terms and conditions governing the Restricted Stock Units are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent a court or tribunal of competent jurisdiction determines that any provision

of the Restricted Stock Units is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

16. Private Placement. The grant of the Restricted Stock Units is not intended to be a public offering of securities in the Participant's country of residence (and country of employment, if different) but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Stock Units is not subject to the supervision of the local securities authorities.

17. Repatriation and Legal/Tax Compliance Requirements. If the Participant is a resident of or employed in a country other than the United States, the Participant agrees, as a condition of the Restricted Stock Units, to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the Shares acquired pursuant to the Restricted Stock Units) in accordance with local foreign exchange rules and regulations in the Participant's country of residence (and country of employment, if different). In addition, the Participant agrees to take any and all actions, and consent to any and all actions taken by the Company, as may be required to allow the Company to comply with local laws, rules and regulations in the Participant's country of residence (and country of employment, if different). Finally, the Participant agrees to take any and all actions that may be required to comply with the Participant's personal legal and tax obligations under local laws, rules and regulations in the Participant's country of residence (and country of employment, if different).

18. Consent to Collection, Processing and Transfer of Personal Data. Pursuant to applicable personal data protection laws, the Company and the Employer hereby notify the Participant of the following in relation to the Participant's personal data and the collection, processing and transfer of such data in relation to the Company's grant of the Restricted Stock Units and the Participant's participation in the Plan. The collection, processing and transfer of the Participant's personal data are necessary for the Company's administration of the Plan and the Participant's participation in the Plan. The Participant's denial and/or objection to the collection, processing and transfer of personal data may affect the Participant's participation in the Plan. As such, the Participant voluntarily acknowledges and consents (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and the Employer hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in Participants' favor, for the purpose of managing and administering the Plan ("Data"). The Data may be provided by the Participant or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations. Data processing operations will be performed minimizing the use of personal and

identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for the Participant's participation in the Plan.

The Company and the Employer will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Participant's participation in the Plan, and the Company and the Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. The Participant hereby authorizes (where required under applicable law) them to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of Shares on the Participant's behalf to a broker or other third party with whom the Participant may elect to deposit any Shares acquired pursuant to the Plan.

19. Miscellaneous. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(a) This Agreement shall be governed and construed in accordance with the laws of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

(b) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

(c) The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

20. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units granted to the Participant under the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. English Language. The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units be drawn up in English. If the Participant has received this Agreement, the Plan or any other documents related to the Restricted Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version shall control.

22. Addendum. Notwithstanding any provision of this Agreement to the contrary, the Restricted Stock Units shall be subject to any special terms and conditions for the Participant's country of residence (and country of employment, if different) as are forth in the applicable addendum to the Agreement (the "Addendum"). Further, if the Participant transfers residency

and/or employment to another country reflected in an Addendum to the Agreement, the special terms and conditions for such country will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum shall constitute part of this Agreement.

23. Additional Requirements. The Company reserves the right to impose other requirements on the Restricted Stock Units, any Shares acquired pursuant to the Restricted Stock Units, and the Participant's participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Award and the Plan. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

[Remainder of page intentionally left blank — signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By: _____
Name:
Title:

(Participant)

Date: _____

**TAKE-TWO INTERACTIVE SOFTWARE, INC.
2009 STOCK INCENTIVE PLAN**

**ADDENDUM TO
GLOBAL RESTRICTED STOCK UNIT AGREEMENT**

In addition to the terms of the Take-Two Interactive Software, Inc. 2009 Stock Incentive Plan (the "Plan") and the Global Restricted Stock Unit Agreement (the "Agreement"), the Restricted Stock Units are subject to the following additional terms and conditions as set forth in this addendum to the extent the Participant resides and/or is employed in one of the countries addressed herein (the "Addendum"). All defined terms as contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement. To the extent the Participant transfers residence and/or employment to another country, the special terms and conditions for such country as reflected in this Addendum (if any) will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations, or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

Australia

1. Restricted Stock Units Conditioned on Satisfaction of Regulatory Obligations. If the Participant is (a) a director of an Affiliate incorporated in Australia, or (b) a person who is a management-level executive of an Affiliate incorporated in Australia and who also is a director of an Affiliate incorporated outside of the Australia, the grant of the Restricted Stock Units are conditioned upon satisfaction of the shareholder approval provisions of section 200B of the Corporations Act 2001 (Cth) in Australia.

Canada

1. Settlement in Shares Only. Notwithstanding anything to the contrary in the Agreement, Addendum or the Plan, the Restricted Stock Units shall be settled only in Shares (and may not be settled via a cash payment).

2. Language. The following provisions shall apply if the Participant is a resident of Quebec:

The parties acknowledge that it is their express wish that the Agreement, including this Addendum, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

France

1. English Language. The Participant acknowledges and agrees that it is the Participant's express intent that the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units, be drawn up in English. If the Participant has received the Agreement, the Plan or any other documents related to the Restricted Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

Langue anglaise. Le Support reconnaît et consent que c'est l'intention de Support expresse que le Grant Accord, le Projet et tous les autres documents, les notifications et l'événement légal est entré dans, compte tenu de ou institué conformément à l'Restricted Stock Units, est formulé dans l'anglais. Si le Support a reçu le Grant Accord, le Projet ou aucuns autres documents liés à l'Units a traduit dans une langue autrement que l'anglais, et si le sens de la version traduite est différent de la version anglaise, la version anglaise contrôlera.

Netherlands

1. Waiver of Termination Rights. In consideration of the grant of the Restricted Stock Units, the Participant waives any and all rights to compensation or damages as a result of any Termination for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the Restricted Stock Units, or (b) the Participant ceases to have rights under, or ceasing to be entitled to Restricted Stock Units as a result of such termination.

Russia

1. No Offering of Securities in Russia. The grant of the Restricted Stock Units is not intended to be an offering of securities within the territory of the Russian Federation, and the Participant acknowledges and understands that the Participant will be unable to sell any Shares acquired pursuant to the Restricted Stock Units within the Russian Federation.

Singapore

1. Qualifying Person Exemption. The grant of Restricted Stock Units under the Plan is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the Securities and Futures Act (Chapter 289) ("SFA"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Participant should note that, as a result, the Restricted Stock Units are subject to section 257 of the SFA and the Participant will be unable to make (a) any subsequent sale of the Shares acquired pursuant to the Restricted Stock Units in Singapore or (b) any offer for sale of the Shares acquired pursuant to the Restricted Stock Units in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289).

Spain

1. Severance for Cause. Notwithstanding anything to the contrary in the Plan or the Agreement, "Cause" shall be defined in the Plan, irrespective of whether the Termination is or is not considered a fair termination (i.e., "despido procedente") under Spanish legislation.

2. Acknowledgement of Discretionary Nature of the Restricted Stock Units; No Vested Rights. In accepting the Restricted Stock Units, the Participant acknowledges that the Participant consents to participate in the Plan and has received a copy of the Plan. The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted the Restricted Stock Units under the Plan to individuals who may be employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Affiliates on an ongoing basis. Consequently, the Participant understands that the Restricted Stock Units are granted on the assumption and condition that the Restricted Stock Units and the Shares acquired upon vesting of the Restricted Stock Units shall not become a part of any employment contract (either with the Company or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above. Thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the grant of the Restricted Stock Units under the Agreement shall be null and void.

The Participant understands and agrees that, as a condition of the grant of the Restricted Stock Units and unless otherwise provided in the Agreement, the unvested portion of the Restricted Stock Units as of the date of the Participant's Termination will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, (i) material modification of the terms of employment under Article 41 of the Workers' Statute or (ii) relocation under Article 40 of the Workers' Statute. The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination on the Participant's Restricted Stock Units.

United Kingdom

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 6 of the Agreement:

Withholding of Tax-Related Items. Regardless of any action the Company or the Employer takes with respect to any or all income tax, primary and secondary Class 1 National Insurance Contributions, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains the Participant’s responsibility, and the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related

Items in connection with any aspect of the Restricted Stock Units, including the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units and the release of such Shares to the Participant or the payment of cash underlying the Restricted Stock Units to the Participant, the subsequent sale of any Shares and the receipt of any dividends or dividend equivalents; and (b) do not commit to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant’s liability for Tax-Related Items. Further, if the Participant becomes subject to taxation in more than one country between the date of grant and the date of any relevant taxable or tax withholding event, as applicable (a “Chargeable Event”), the Participant acknowledges that the Company or the Employer may be required to withhold or account for Tax-Related Items in more than one country. The Participant also agrees that the Company and the Employer may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which the Participant may have to recover any overpayment from the relevant tax authorities.

As a condition of the issuance of Shares or the payment of cash upon vesting of the Restricted Stock Units, the Company and the Employer shall be entitled to withhold and the Participant agrees to pay, or make adequate arrangements satisfactory to the Company or the Employer to satisfy, all obligations of the Company or the Employer to account to HM Revenue & Customs (“HMRC”) for any Tax-Related Items. For purposes of the foregoing, the Company may withhold a whole number of the Shares otherwise issuable upon vesting or a portion of any cash proceeds (where the Restricted Stock Units are settled in cash) that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. If the obligation for Tax-Related Items is satisfied by withholding Shares or a portion of any cash proceeds (where the Restricted Stock Units are settled in cash), for tax purposes, the Participant shall be deemed to have been issued the full number of Shares (or the gross amount of the cash payment), notwithstanding that a number of the Shares (or a portion of any cash proceeds) are withheld solely for the purpose of satisfying any withholding obligations for the Tax-Related Items due as a result of any aspect of the Participant’s participation in the Plan. In addition, the Company may, on behalf of the Participant, sell a sufficient number of whole Shares issued upon vesting of the Restricted Stock Units having an aggregate Fair Market Value that would satisfy the withholding amount. Alternatively, the Company or the Employer may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from the Participant’s regular salary/wages or other amounts payable to the Participant, with no withholding of Shares, or may require the Participant to submit payment equivalent to the minimum Tax-Related Items required to be withheld with respect to the Shares by means of certified check, cashier’s check or wire transfer. In the event the withholding requirements for Tax-Related Items are not satisfied through one of the foregoing methods, no Shares will be released to the Participant (or the Participant’s estate) upon vesting of the Restricted Stock Units (or no cash payment will be made where the Restricted Stock Units are settled in cash) unless and until satisfactory arrangements (as determined by the Company in its sole discretion) have been made by the Participant with respect to the payment of any such Tax-Related Items. By accepting the Restricted Stock Units, the Participant expressly consents to the withholding methods for Tax-Related Items as provided hereunder and/or any other methods of withholding that the Company or the Employer may take and are permitted under the Plan to meet the withholding and/or other requirements as provided under applicable laws, rules and regulations. All other Tax-Related Items related to the Restricted Stock Units shall be the sole responsibility of the Participant.

Notwithstanding the above, if the Participant has entered into in a 10b5-1 trading plan, withholding of the Tax-Related Items may be satisfied as provided for under such 10b5-1 trading plan.

To the extent the Company or the Employer pays any Tax-Related Items that are the Participant’s responsibility (“Advanced Tax Payments”), the Company or the Employer, as applicable, shall be entitled to recover such Advanced Tax Payments from the Participant in any and all manner that the Company or the Employer determines appropriate in its sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to the Participant by the Company or the Employer (including regular salary/wages, bonuses, incentive payments and Shares acquired by the Participant pursuant to any equity compensation plan that are otherwise held by the Company for the Participant’s benefit). If the Restricted Stock Units are settled in Shares and payment or withholding is not made within 90 days of the Chargeable Event or such other period as required under U.K. law (the “Due Date”), the Participant agrees that the amount of any uncollected income tax shall (assuming the Participant is not a director or executive officer of the Company within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), constitute a loan owed by the Participant to the Employer, effective on the Due Date. The Participant agrees that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above.

2. Exclusion of Claim. The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages in consequence of the Participant’s Termination for any reason whatsoever and whether or not in breach of contract, insofar as such entitlement arises or may arise from the Participant’s ceasing to have rights under or to be entitled to vesting in the Restricted Stock Units as a result of such Termination, or from the loss or diminution in value of the Restricted Stock Units. Upon the grant of the Restricted Stock Units, the Participant shall be deemed irrevocably to have waived any such entitlement.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Section 302 Certification

I, Strauss Zelnick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 of Take-Two Interactive Software, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 29, 2013

/s/ STRAUSS ZELNICK

Strauss Zelnick
Chairman and Chief Executive Officer

QuickLinks

[Exhibit 31.1](#)

[CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER Section 302 Certification](#)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, Lainie Goldstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 of Take-Two Interactive Software, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 29, 2013

/s/ LAINIE GOLDSTEIN

Lainie Goldstein
Chief Financial Officer

QuickLinks

[Exhibit 31.2](#)

[CERTIFICATION OF CHIEF FINANCIAL OFFICER Section 302 Certification](#)

**CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Take-Two Interactive Software, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Strauss Zelnick, as Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934: and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 29, 2013

/s/ STRAUSS ZELNICK

Strauss Zelnick
Chairman and Chief Executive Officer

QuickLinks

[Exhibit 32.1](#)

[CERTIFICATION PURSUANT TO 18 U. S. C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Take-Two Interactive Software, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lainie Goldstein, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934: and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 29, 2013

/s/ LAINIE GOLDSTEIN

Lainie Goldstein
Chief Financial Officer

QuickLinks

[Exhibit 32.2](#)

[CERTIFICATION PURSUANT TO 18 U. S. C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002](#)