

Non-GAAP Financial Measures

In addition to reporting financial results in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses Non-GAAP measures of financial performance. The Company believes that these Non-GAAP financial measures, when taken into consideration with the corresponding GAAP financial measures, are important in gaining an understanding of the Company's ongoing business. These Non-GAAP financial measures also provide for comparative results from period to period. Therefore, the Company believes it is appropriate to exclude the following Non-GAAP items, net of applicable taxes, as discussed below:

- *Net effect from deferral in net revenues and related cost of goods sold* - the Company defers revenue and related costs from the sale of certain titles when our post-contract customer support obligations are determined to be significant and we cannot establish fair value for that deliverable. The Company also defers revenue from the sale of virtual currency. These amounts are deferred over the estimated remaining life of the game to which they pertain. As there is no impact to the Company's operating cash flow, management excludes the impact of deferred net revenue and related costs from its Non-GAAP financial measures when evaluating the Company's operating performance, when planning, forecasting and analyzing future periods, and when assessing the performance of its management team. In addition, we believe that these Non-GAAP financial measures provide a more timely indication of trends in our business, provide comparability with the way our business is measured by analysts, and provide consistency with industry data sources.
- *Stock-based compensation* – the Company does not consider stock-based compensation charges when evaluating business performance and management does not contemplate stock-based compensation expense in its short- and long-term operating plans. As a result, the Company has excluded such expenses from its Non-GAAP financial measures.
- *Business reorganization* – although the Company has incurred business reorganization expenses in the past, each charge relates to a discrete event based on a unique set of business objectives. Management does not believe these charges reflect the Company's primary business, ongoing operating results or future outlook. As such, the Company believes it is appropriate to exclude these expenses and related charges from its Non-GAAP financial measures.
- *Non-cash amortization of discount on convertible notes* – the Company records non-cash amortization of discount on convertible notes as interest expense in addition to the interest expense already recorded for coupon payments. The Company excludes the non-cash portion of the interest expense from its Non-GAAP financial measures because these amounts are unrelated to its ongoing business operations.
- *Non-cash tax expense for the impact of deferred tax liabilities associated with tax deductible amortization of goodwill* – due to the nature of the adjustment as well as the expectation that it will not have any cash impact in the foreseeable future, the Company believes it is appropriate to exclude this expense from its Non-GAAP financial measures.
- *Gain on long-term investment, net* – from time to time, the Company makes strategic investments. The Company excludes the impact of any gains and losses on such investments from its Non-GAAP financial measures.

These Non-GAAP financial measures are not intended to be considered in isolation from, as a substitute for, or superior to, GAAP results. These Non-GAAP financial measures may be different from similarly titled measures used by other companies.

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

The financial results discussed herein are presented on a preliminary basis; final data will be included in Take-Two's Annual Report on Form 10-K for the fiscal year ended March 31, 2016.

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

	Three Months Ended March 31, 2016		Three Months Ended March 31, 2015	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Geographic Region				
United States	\$ 196,037	52%	\$ 164,657	55%
International	181,169	48%	135,432	45%
Total GAAP net revenues	<u>377,206</u>	<u>100%</u>	<u>300,089</u>	<u>100%</u>
Change in Deferred Net Revenues				
United States	\$ (4,159)		\$ 61,941	
International	(30,535)		65,706	
Total changes in deferred net revenues	<u>(34,694)</u>		<u>127,647</u>	
Non-GAAP Net Revenues by Geographic Region				
United States	\$ 191,878	56%	\$ 226,598	53%
International	150,634	44%	201,138	47%
Total non-GAAP net revenues	<u>\$ 342,512</u>	<u>100%</u>	<u>\$ 427,736</u>	<u>100%</u>

	Three Months Ended March 31, 2016		Three Months Ended March 31, 2015	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Distribution Channel				
Physical retail and other	\$ 182,408	48%	\$ 155,477	52%
Digital online	194,798	52%	144,612	48%
Total GAAP net revenues	<u>377,206</u>	<u>100%</u>	<u>300,089</u>	<u>100%</u>
Change in Deferred Net Revenues				
Physical retail and other	\$ (66,523)		\$ 69,727	
Digital online	31,829		57,920	
Total changes in deferred net revenues	<u>(34,694)</u>		<u>127,647</u>	
Non-GAAP Net Revenues by Distribution Channel				
Physical retail and other	\$ 115,885	34%	\$ 225,204	53%
Digital online	226,627	66%	202,532	47%
Total non-GAAP net revenues	<u>\$ 342,512</u>	<u>100%</u>	<u>\$ 427,736</u>	<u>100%</u>

	Three Months Ended March 31, 2016		Three Months Ended March 31, 2015	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Platform Mix				
Console	\$ 288,785	77%	\$ 260,969	87%
PC and other	88,421	23%	39,120	13%
Total GAAP net revenues	<u>377,206</u>	<u>100%</u>	<u>300,089</u>	<u>100%</u>
Change in Deferred Net Revenues				
Console	\$ (30,253)		\$ 114,171	
PC and other	(4,441)		13,476	
Total changes in deferred net revenues	<u>(34,694)</u>		<u>127,647</u>	
Non-GAAP Net Revenues by Platform Mix				
Console	\$ 258,532	75%	\$ 375,140	88%
PC and other	83,980	25%	52,596	12%
Total non-GAAP net revenues	<u>\$ 342,512</u>	<u>100%</u>	<u>\$ 427,736</u>	<u>100%</u>

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

	Twelve Months Ended March 31, 2016		Twelve Months Ended March 31, 2015	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Geographic Region				
United States	\$ 742,963	53%	\$ 623,080	58%
International	670,735	47%	459,858	42%
Total GAAP net revenues	<u>1,413,698</u>	<u>100%</u>	<u>1,082,938</u>	<u>100%</u>
Change in Deferred Net Revenues				
United States	\$ 97,770		\$ 269,349	
International	49,158		316,478	
Total changes in deferred net revenues	<u>146,928</u>		<u>585,827</u>	
Non-GAAP Net Revenues by Geographic Region				
United States	\$ 840,733	54%	\$ 892,429	53%
International	719,893	46%	776,336	47%
Total non-GAAP net revenues	<u>\$ 1,560,626</u>	<u>100%</u>	<u>\$ 1,668,765</u>	<u>100%</u>

	Twelve Months Ended March 31, 2016		Twelve Months Ended March 31, 2015	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Distribution Channel				
Physical retail and other	\$ 716,040	51%	\$ 627,639	58%
Digital online	697,658	49%	455,299	42%
Total GAAP net revenues	<u>1,413,698</u>	<u>100%</u>	<u>1,082,938</u>	<u>100%</u>
Change in Deferred Net Revenues				
Physical retail and other	\$ 9,365		\$ 425,152	
Digital online	137,563		160,675	
Total changes in deferred net revenues	<u>146,928</u>		<u>585,827</u>	
Non-GAAP Net Revenues by Distribution Channel				
Physical retail and other	\$ 725,405	46%	\$ 1,052,791	63%
Digital online	835,221	54%	615,974	37%
Total non-GAAP net revenues	<u>\$ 1,560,626</u>	<u>100%</u>	<u>\$ 1,668,765</u>	<u>100%</u>

	Twelve Months Ended March 31, 2016		Twelve Months Ended March 31, 2015	
	Amount	% of Total	Amount	% of Total
GAAP Net Revenues by Platform Mix				
Console	\$ 1,167,623	83%	\$ 881,516	81%
PC and other	246,075	17%	201,422	19%
Total GAAP net revenues	<u>1,413,698</u>	<u>100%</u>	<u>1,082,938</u>	<u>100%</u>
Change in Deferred Net Revenues				
Console	\$ 12,687		\$ 564,794	
PC and other	134,241		21,033	
Total changes in deferred net revenues	<u>146,928</u>		<u>585,827</u>	
Non-GAAP Net Revenues by Platform Mix				
Console	\$ 1,180,310	76%	\$ 1,446,310	87%
PC and other	380,316	24%	222,455	13%
Total non-GAAP net revenues	<u>\$ 1,560,626</u>	<u>100%</u>	<u>\$ 1,668,765</u>	<u>100%</u>

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

Three Months Ended March 31, 2016	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit
GAAP Measurement	\$ 377,206	\$ 72,552	\$ 71,352	\$ 46,554	\$ 18,999	\$ 167,749
Net effect from deferral in net revenues and related cost of sales	(34,694)	-	(9,601)	(10,680)	(3,370)	(11,043)
Stock-based compensation	-	-	(2,388)	-	-	2,388
Non-GAAP Measurement	\$ 342,512	\$ 72,552	\$ 59,363	\$ 35,874	\$ 15,629	\$ 159,094

Three Months Ended March 31, 2016	Selling and Marketing	General and Administrative	Research and Development	Business Reorganization	Depreciation and Amortization	Income (Loss) from Operations	Net Income (Loss)
GAAP Measurement	\$ 38,020	\$ 44,395	\$ 33,308	\$ 113	\$ 7,338	\$ 44,575	\$ 46,399
Net effect from deferral in net revenues and related cost of sales	-	-	-	-	-	(11,043)	(9,529)
Stock-based compensation	(2,566)	(8,998)	(1,900)	-	-	15,852	13,109
Gain on long-term investments, net	-	-	-	-	-	-	(2,683)
Impact of business reorganization	-	-	-	(113)	-	113	113
Non-cash amortization of discount on Convertible Notes	-	-	-	-	-	-	4,061
Non-cash tax expense	-	-	-	-	-	-	245
Non-GAAP Measurement	\$ 35,454	\$ 35,397	\$ 31,408	\$ -	\$ 7,338	\$ 49,497	\$ 51,715

Three Months Ended March 31, 2015	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit
GAAP Measurement	\$ 300,089	\$ 271,907	\$ 86,752	\$ 39,389	\$ 12,634	\$ (110,593)
Net effect from deferral in net revenues and related cost of sales	127,647	(201,853)	1,281	18,482	711	309,026
Stock-based compensation	-	-	(6,059)	-	-	6,059
Non-GAAP Measurement	\$ 427,736	\$ 70,054	\$ 81,974	\$ 57,871	\$ 13,345	\$ 204,492

Three Months Ended March 31, 2015	Selling and Marketing	General and Administrative	Research and Development	Depreciation and Amortization	Income (Loss) from Operations	Net Income (Loss)
GAAP Measurement	52,467	38,202	35,157	\$ 5,934	\$ (242,353)	\$ (242,791)
Net effect from deferral in net revenues and related cost of sales	-	-	-	-	309,026	279,554
Stock-based compensation	(2,138)	(3,144)	(1,431)	-	12,772	11,450
Non-cash amortization of discount on Convertible Notes	-	-	-	-	-	5,806
Non-cash tax expense	-	-	-	-	-	265
Non-GAAP Measurement	\$ 50,329	\$ 35,058	\$ 33,726	\$ 5,934	\$ 79,445	\$ 54,284

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

Twelve Months Ended March 31, 2016							
	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit	
GAAP Measurement	\$ 1,413,698	\$ 328,610	\$ 223,512	\$ 200,206	\$ 61,545	\$ 599,825	
Net effect from deferral in net revenues and related cost of sales	146,928	-	(1,237)	11,622	30,012	106,531	
Stock-based compensation	-	-	(15,323)	-	-	15,323	
Impact of business reorganization	-	-	-	-	-	-	
Non-GAAP Measurement	\$ 1,560,626	\$ 328,610	\$ 206,952	\$ 211,828	\$ 91,557	\$ 721,679	

Twelve Months Ended March 31, 2016								
	Selling and Marketing	General and Administrative	Research and Development	Business Reorganization	Depreciation and Amortization	Income (Loss) from Operations	Net Income (Loss)	
GAAP Measurement	\$ 198,309	\$ 192,452	\$ 119,807	\$ 71,285	\$ 28,800	\$ (10,828)	\$ (8,302)	
Net effect from deferral in net revenues and related cost of sales	-	-	-	-	-	106,531	92,370	
Stock-based compensation	(9,425)	(40,322)	(4,926)	-	-	69,996	48,061	
Gain on long-term investments, net	-	-	-	-	-	-	(2,683)	
Impact of business reorganization	-	(1,228)	-	(71,285)	-	72,513	72,513	
Non-cash amortization of discount on Convertible Notes	-	-	-	-	-	-	15,043	
Non-cash tax expense	-	-	-	-	-	-	1,296	
Non-GAAP Measurement	\$ 188,884	\$ 150,902	\$ 114,881	\$ -	\$ 28,800	\$ 238,212	\$ 218,298	

Twelve Months Ended March 31, 2015							
	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit	
GAAP Measurement	\$ 1,082,938	\$ 306,717	\$ 231,615	\$ 178,810	\$ 77,725	\$ 288,071	
Net effect from deferral in net revenues and related cost of sales	585,827	(21,766)	22,678	80,498	1,852	502,565	
Stock-based compensation	-	-	(17,121)	-	-	17,121	
Non-GAAP Measurement	\$ 1,668,765	\$ 284,951	\$ 237,172	\$ 259,308	\$ 79,577	\$ 807,757	

Twelve Months Ended March 31, 2015							
	Selling and Marketing	General and Administrative	Research and Development	Depreciation and Amortization	Income (Loss) from Operations	Net Income (Loss)	
GAAP Measurement	\$ 235,341	\$ 175,093	\$ 115,043	\$ 21,057	\$ (258,463)	\$ (279,470)	
Net effect from deferral in net revenues and related cost of sales	-	-	-	-	502,565	451,749	
Stock-based compensation	(8,798)	(33,636)	(5,691)	-	65,246	36,206	
Business reorganization	-	(195)	-	-	195	156	
Non-cash amortization of discount on Convertible Notes	-	-	-	-	-	18,933	
Gain on long-term investments, net	-	-	-	-	-	(9,999)	
Non-cash tax expense	-	-	-	-	-	1,669	
Non-GAAP Measurement	\$ 226,543	\$ 141,262	\$ 109,352	\$ 21,057	\$ 309,543	\$ 219,244	