

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported) March 4, 2005

TAKE-TWO INTERACTIVE SOFTWARE, INC.  
(Exact Name of Registrant as Specified in its Charter)

Delaware

0-29230

51-0350842

-----  
(State or other jurisdiction  
of incorporation)

-----  
(Commission  
File Number)

-----  
(I.R.S. Employer  
Identification No.)

622 Broadway, New York, New York

10012

-----  
(Address of principal executive offices)

-----  
(Zip code)

Registrant's telephone number, including area code: (646) 536-2842  
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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

Item 2.02 Results of Operations and Financial Condition.

On March 3, 2005 Take-Two Interactive Software, Inc. (the "Company") issued a news release reporting the earnings results of the Company for its fiscal quarter ended January 31, 2005. A copy of the news release is attached to this Current Report as Exhibit 99.1.

The information in this Current Report on Form 8-K, including the exhibit included herewith, is furnished pursuant to Item 2.02 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated March 3, 2005 relating to Take-Two Interactive Software, Inc.'s financial results for the first fiscal quarter ended January 31, 2005.

SIGNATURES

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

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Date: March 4, 2005

By: /s/ Karl H. Winters

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Karl H. Winters  
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No. Description

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99.1 Press Release dated March 3, 2005 relating to Take-Two Interactive Software, Inc.'s financial results for the first fiscal quarter ended January 31, 2005.

Take-Two Interactive Software, Inc. Reports First Quarter Fiscal 2005 Financial Results; Company Reports Record Quarterly Revenue of \$502.5 Million; Grand Theft Auto: San Andreas Sales Exceed 12 Million Units since Launch

NEW YORK--(BUSINESS WIRE)--March 3, 2005--Take-Two Interactive Software, Inc. (NASDAQ:TTWO) today announced financial results for its first quarter ended January 31, 2005.

Net sales for the first quarter were \$502.5 million compared to \$375.5 million for the first quarter of fiscal 2004, an increase of 34%. Net income for the quarter rose to \$55.2 million, a 74% increase from net income of \$31.8 million during the same period last year. Diluted earnings per share of \$1.19 increased 70% from \$0.70 per diluted share in the prior year's first quarter.

Take-Two generated approximately \$185 million in cash flow from operations in the quarter, bringing the Company's cash position to approximately \$303 million as of January 31, 2005.

Take-Two attributed the sharply higher first quarter results primarily to continued strong consumer demand for its Grand Theft Auto: San Andreas title, as well as robust sales of the 2K Sports line of products and improved performance of the Company's Jack of All Games distribution business.

#### Guidance

Take-Two is updating its guidance for fiscal 2005 as follows:

- For the fiscal year ending October 31, 2005, \$1.3 to \$1.35 billion in net sales and \$2.10 to \$2.20 in diluted earnings per share.
- For the second quarter ending April 30, 2005, \$200 to \$210 million in net sales and a net loss per share of \$(0.20).

Take-Two is issuing initial guidance for its third quarter of fiscal 2005 as follows:

- For the third quarter ending July 31, 2005, \$220 to \$240 million in net sales and \$0.05 to \$0.15 in diluted earnings per share.

The Company's diluted earnings/(loss) per share for all periods above do not include the impact of adopting FASB 123(R), which requires the expensing of employee stock options.

#### Rockstar Games

Rockstar's Grand Theft Auto: San Andreas, released in late October for the PlayStation(R)2 computer entertainment system, was a significant contributor to the first quarter results. Created by the world-class developers Rockstar North, Grand Theft Auto: San Andreas was the top performing product in Take-Two's publishing business in the quarter. According to NPDFunworld(SM), Grand Theft Auto: San Andreas was the top selling PlayStation 2 title in the United States in each of the four months since its release. The Company's life to date sales of Grand Theft Auto: San Andreas through the end of the first quarter have exceeded 12 million units.

Rockstar has a strong product lineup planned for the balance of fiscal 2005, beginning with Midnight Club 3: DUB Edition, the third installment in the multi-million unit selling, genre-defining Midnight Club street racing franchise developed by Rockstar San Diego. The title is slated for release in April for PlayStation 2, Xbox(R) and the PSP(TM) handheld entertainment system.

Rockstar is introducing Grand Theft Auto: San Andreas for Xbox and PC in the third quarter of fiscal 2005. Also planned for release in the third quarter is an all new Grand Theft Auto title, set in Liberty City, for the highly anticipated PSP handheld entertainment system.

The Warriors(TM), a new Rockstar title based on the Paramount Pictures feature film, is now planned for release on both PlayStation 2 and Xbox in the fourth quarter. Rockstar also expects to publish a new console title from their internal studios in the fourth quarter, as well as introduce Grand Theft Auto: San Andreas for the PlayStation 2 in Japan.

#### 2K Games

During the quarter, Take-Two established the 2K Games publishing label and its sports division, 2K Sports, following the Company's acquisition of Visual Concepts and Kush Games, developers of the highly successful and critically acclaimed 2K series of simulation

team sports games. Since the launch of the label in January, 2K Games has announced the following:

- Acquisition of rights to the multi-million unit selling Civilization PC strategy franchise and a long-term partnership with Civilization creator Sid Meier and his development studio FIRAXIS Games(R) beginning with the publishing rights to Civilization IV;
- A co-publishing agreement with Bethesda Softworks for The Elder Scrolls(R) IV: Oblivion, the fourth title in the best-selling Elder Scroll series, along with Call of Cthulhu: Dark Corners of the Earth(TM);
- An agreement with SCi Games for North American publishing rights to Conflict: Global Terror, Carmageddon and Reservoir Dogs;
- A licensing agreement with WPT Enterprises for games based on their hit television show World Poker Tour(R); and
- The exclusive third-party publishing rights for officially licensed Major League Baseball games.

2K Sports released College Hoops in the first quarter, followed by the second quarter release of Major League Baseball 2K5, both for PlayStation 2 and Xbox. Other titles planned for second quarter release from 2K Games include Close Combat: First to Fight for Xbox and PC; Stronghold 2 for PC; and Ford Racing 3 for PlayStation 2, Xbox and PC. Third quarter releases include Charlie and the Chocolate Factory on multiple platforms.

#### Jack of All Games

Jack of All Games' distribution business benefited in the quarter from holiday demand for value priced software products and newly released frontline software titles, although console hardware availability continued to be constrained.

#### Management Comments

Paul Eibeler, President and Chief Executive Officer, stated, "Fiscal 2005 is off to a great start. We are extremely pleased with the continued success of Grand Theft Auto: San Andreas and Rockstar's plans to extend the reach of this blockbuster title to multiple platforms and the Asian market later this year. Additionally, we have made significant progress in diversifying our business, building our product pipeline and adding to our sports game development capabilities. We will continue to leverage our internal resources and invest in new opportunities, including extending our content to new hardware platforms. With our strong performance in the first quarter and our rapidly expanding portfolio of proven franchises, new brands and licensed properties, Take-Two is positioned for significant annual growth."

#### Conference Call

Take-Two will host a conference call today at 4:30 pm Eastern Time to review its first quarter results and to discuss its outlook. A live webcast of the call is available by visiting <http://ir.take2games.com> and a replay will be available following the call at the same location.

#### About Take-Two Interactive Software

Headquartered in New York City, Take-Two Interactive Software, Inc. is an integrated global developer, marketer, distributor and publisher of interactive entertainment software games and accessories for the PC, PlayStation(R) game console, PlayStation(R)2 computer entertainment system, PSP(TM) handheld entertainment system, Xbox(R), Nintendo GameCube(TM) and Game Boy(R) Advance. The Company publishes and develops products through its wholly owned labels Rockstar Games, 2K Games and Global Star Software; and distributes products in North America through its Jack of All Games subsidiary. Take-Two also manufactures and markets video game accessories in Europe, North America and the Asia Pacific region through its Joytech subsidiary. The Company maintains sales and marketing offices in Cincinnati, New York, Toronto, London, Paris, Munich, Madrid, Vienna, Milan, Sydney, Breda (Netherlands) and Auckland. Take-Two's common stock is publicly traded on NASDAQ under the symbol TTWO. For more corporate and product information please visit our website at [www.take2games.com](http://www.take2games.com).

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Safe Harbor Statement under the Private Securities Reform Act of 1995: This press release contains forward-looking statements made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The statements contained herein which are not historical facts are considered forward-looking statements under federal securities laws. Such forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to them. The Company has no obligation to update such forward-looking statements. Actual results may vary significantly from these forward-looking statements based on a variety of factors. These important factors are described in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2004 in the section entitled "Risk Factors".

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES  
 Consolidated Condensed Statements of Operations  
 For the three months ended January 31, 2005 and 2004 (unaudited)  
 (In thousands, except per share data)

	Three months ended January 31,	
	2005	2004
	----- (Unaudited)	
Net sales	\$ 502,474	\$ 375,512
Cost of sales		
Product costs	237,485	224,378
Royalties	80,209	19,998
Software development costs	4,205	3,982
	-----	-----
Total cost of sales	321,899	248,358
	-----	-----
Gross profit	180,575	127,154
Operating expenses		
Selling and marketing	50,931	35,902
General and administrative	28,687	24,040
Research and development	23,417	13,429
Depreciation and amortization	4,786	3,745
	-----	-----
Total operating expenses	107,821	77,116
Income from operations	72,754	50,038
Interest income, net	540	426
	-----	-----
Income before income taxes	73,294	50,464
Provision for income taxes	18,045	18,706
	-----	-----
Net income	\$ 55,249	\$ 31,758
	=====	=====
Per share data:		
Basic:		
Weighted average common shares outstanding	45,686	44,386
	=====	=====
Net income per share - Basic	\$ 1.21	\$ 0.72
	=====	=====

Diluted:			
	Weighted average common shares outstanding	46,516	45,421
		=====	=====
	Net income per share - Diluted	\$ 1.19	\$ 0.70
		=====	=====

OTHER INFORMATION		Three months ended	
-----		January 31,	
		2005	2004
		-----	-----
Total revenue mix			
-----			
	Publishing	71%	62%
	Distribution	29%	38%
Geographic revenue mix			
-----			
	North America	66%	80%
	International	34%	20%
Publishing platform revenue mix			
-----			
	Sony PlayStation 2	90%	57%
	Sony PlayStation	-	2%
	Microsoft Xbox	6%	35%
	PC	2%	2%
	Handheld	1%	2%
	Accessories	1%	2%

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES  
Consolidated Condensed Balance Sheets  
As of January 31, 2005 (unaudited) and October 31, 2004  
(In thousands, except share data)

ASSETS		January 31,	October 31,
		2005	2004
		-----	-----
Current assets			
	Cash and cash equivalents	\$ 303,070	\$ 155,095
	Accounts receivable, net of allowances of \$79,796 and \$72,215 at January 31, 2005 and October 31, 2004 respectively	136,515	285,709
	Inventories, net	134,103	154,345
	Software development costs	34,827	33,980
	Licenses	6,689	4,240
	Prepaid expenses and other current assets	49,535	60,018
	Deferred tax asset	11,699	11,554
		-----	-----
	Total current assets	676,438	704,941
Fixed assets, net			
	Software development costs, net of current portion	57,731	30,342
	Licenses, net of current portion	1,800	1,425
	Goodwill, net	159,081	135,477
	Intangibles, net	57,375	36,104
	Long-term deferred tax asset	6,219	6,219
	Other assets, net	2,316	1,714
		-----	-----
	Total assets	\$ 998,912	\$ 950,513
		=====	=====

LIABILITIES and STOCKHOLDERS' EQUITY

Current liabilities			
	Accounts payable	\$ 87,409	\$ 163,961
	Accrued expenses and other current liabilities	174,659	125,567
	Income taxes payable	14,934	17,319
		-----	-----
	Total current liabilities	277,002	306,847

Other long-term liabilities	2,741	2,963
Deferred tax liability	9,937	5,233
	-----	-----
Total liabilities	289,680	315,043
	-----	-----
Stockholders' equity		
Common stock, par value \$.01 per share; 100,000,000 shares authorized; 46,393,738 and 45,439,651 shares issued and outstanding at January 31, 2005 and October 31, 2004 respectively	464	454
Additional paid-in capital	410,227	382,156
Deferred compensation	(14,905)	(3,896)
Retained earnings	305,651	250,402
Accumulated other comprehensive income	7,795	6,354
	-----	-----
Total stockholders' equity	709,232	635,470
	-----	-----
Total liabilities and stockholders' equity	\$ 998,912	\$ 950,513
	=====	=====

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