

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) September 9, 2004

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

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 September 9, 2004 Take-Two Interactive Software, Inc. (the "Company") issued a news release reporting the earnings results of the Company for its fiscal quarter ended July 31, 2004. 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 September 9, 2004 relating to Take-Two Interactive Software, Inc.'s financial results for the third fiscal quarter ended July 31, 2004.

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: September 10, 2004

By: /s/ Karl H. Winters

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Karl H. Winters  
Chief Financial Officer

INDEX TO EXHIBITS  
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Exhibit No.	Description
99.1	Press Release dated September 9, 2004 relating to Take-Two Interactive Software, Inc.'s financial results for the third fiscal quarter ended July 31, 2004.

## Take-Two Interactive Software, Inc. Reports Third Quarter Fiscal 2004 Financial Results

NEW YORK--(BUSINESS WIRE)--Sept. 9, 2004--Take-Two Interactive Software, Inc. (NASDAQ:TTWO) today announced financial results for its third quarter and nine months ended July 31, 2004.

Net sales for the third quarter ended July 31, 2004 were \$160.9 million, compared to \$152.1 million for last year's third quarter. Net loss for the quarter was \$14.4 million, compared to net income of \$5.7 million last year, with a net loss of \$0.32 per share compared to net income per share of \$0.13 last year.

Net sales for the nine months ended July 31, 2004 were \$689.7 million, compared to \$756.1 million for the same period a year ago, a period which included significant sales of the blockbuster title Grand Theft Auto: Vice City for PlayStation(R)2 and the then newly released titles Midnight Club 2 for PlayStation 2 and Grand Theft Auto: Vice City for PC. Net income of \$2.7 million compared to \$71.9 million in the comparable period last year, with diluted net income per share of \$0.06 compared to \$1.68.

### Guidance

Take-Two is updating its guidance for fiscal 2004 as follows:

- For the fiscal year ending October 31, 2004, Take-Two's guidance is \$1.145 to \$1.160 billion in net sales and \$1.60 to \$1.62 in diluted net income per share.

Take-Two is issuing initial guidance for fiscal 2005 as follows:

- For the fiscal year ending October 31, 2005, \$1.2 to \$1.3 billion in net sales and \$2.00 to \$2.20 in diluted net income per share.
- For the first quarter ending January 31, 2005, \$420 to \$460 million in net sales and \$1.00 to \$1.10 in diluted net income per share.

### Liquidity and Selected Balance Sheet Items

Take-Two used approximately \$60 million in cash for operating activities in the quarter. Working capital was approximately \$351 million at July 31, 2004, as compared with approximately \$296 million at the same time a year ago. The Company had approximately \$198 million in cash as of July 31, 2004, as compared to \$226 million in cash at July 31, 2003.

### Publishing Highlights - Third Quarter

Rockstar's new title Red Dead Revolver, released in late April for PlayStation 2 and Xbox, was a significant contributor to third quarter results. Designed by Rockstar San Diego, the developers of Rockstar Games' successful Midnight Club and Smuggler's Run franchises, Red Dead Revolver was the top-performing product in Take-Two's publishing business this quarter and was a top ten title in the United States in May, June and July according to NPDFunworld(SM). Rockstar's Grand Theft Auto: Vice City was released in Japan for the PlayStation 2 and PC in late May, under a license agreement with Capcom Co., Ltd. According to Media Create Co., Ltd., a leading market research firm covering the Japanese console gaming market, the PlayStation 2 title has sold over 400,000 copies as of the week ended August 29, 2004, making it one of the most successful debuts of a Western video game in Japan.

Rockstar also launched the PlayStation 2 Greatest Hits versions of Midnight Club 2 and Grand Theft Auto: Vice City, bringing Take-Two's catalog of Greatest Hits products for PlayStation 2 to eight titles.

Global Star launched ESPN NFL 2K5 for both the PlayStation 2 and Xbox in North America at the end of July, the first title released under the co-publishing and exclusive distribution agreement with Sega Corporation for the ESPN Videogames sports titles. Global Star also shipped Army Men: Sarge's War and Dragon Tales.

To streamline Take-Two's publishing operations, the Company is reorganizing its publishing business into two labels: Rockstar Games and Global Star Software. Rockstar will continue to focus on premium priced, groundbreaking entertainment, while Global Star's portfolio will be significantly broadened. In addition to publishing the ESPN Videogames sports line and all value priced titles, Global Star will publish both premium and value priced licensed properties, as well as the products that were formerly under the Company's Gathering label.

## Publishing Highlights - Fourth Quarter

Take-Two has an extensive product lineup planned this holiday season, beginning in the fourth quarter. Rockstar will introduce Grand Theft Auto: San Andreas, the next iteration in the globally successful franchise which has sold over 32 million units. Developed by world-class designers Rockstar North, Grand Theft Auto: San Andreas will be available exclusively for the PlayStation 2 and is expected to be in stores in North America on October 26, 2004 and in Europe on October 29, 2004. The title's launch date was moved to allow additional time for final testing of the game, which exceeds the size, depth and scope of traditional videogames. Rockstar has been extensively previewing the game to the trade press, and the title has appeared on the cover of several key trade publications since it was revealed to the public at this year's E3 industry tradeshow. Rockstar also plans to release an extension of the Grand Theft Auto franchise for the Game Boy Advance in late October.

Global Star's fourth quarter line-up leads with ESPN NHL 2K5 for both the PlayStation 2 and Xbox, which is in North American retail stores now. Later this quarter Global Star will release ESPN NBA 2K5, also for PlayStation 2 and Xbox. Other fourth quarter releases include Conflict: Vietnam, the next game in the successful Conflict series, to be distributed in North America on the PlayStation 2, Xbox and PC; Kohan II: Kings of War for PC; Robotech: Invasion and Outlaw Golf 2 for PlayStation 2 and Xbox; and a Game Boy Advance title based on Cartoon Network's hit series Codename: Kids Next Door. Gathering's product lineup for the fourth quarter includes Wings of War for the Xbox and PC; and The Guy Game for PlayStation 2 and Xbox, which are all in retail stores now; and Vietcong: Purple Haze for PlayStation 2 and Xbox.

## Future Publishing Highlights

Midnight Club 3: DUB Edition, the third installment in the multi-million unit selling, genre-defining Midnight Club racing franchise developed by Rockstar San Diego, is planned for release on PlayStation 2 and Xbox in January 2005. The Warriors(TM), a new title based on the Paramount Pictures feature film, is scheduled for launch on PlayStation 2 in April 2005. Additional products planned for fiscal 2005 from Rockstar Games include Grand Theft Auto: San Andreas for PC in the third quarter, as well as two new console titles based on proven brands from Rockstar's internal studios, in the third and fourth quarters. Rockstar also plans to release Grand Theft Auto: San Andreas in Japan in fiscal 2005.

Global Star's fiscal 2005 lineup includes the full line of ESPN Videogames sports titles, beginning with ESPN College Hoops in the first quarter, followed by ESPN Major League Baseball in the second quarter.

As recently announced, Global Star will be introducing videogame and PC titles based on the Warner Bros. Pictures film, Charlie and the Chocolate Factory, directed by Tim Burton and starring Oscar nominated actor Johnny Depp as Willy Wonka. The launch of the videogames is scheduled to coincide with the Summer 2005 release of the feature film.

Other products planned for fiscal 2005 release by Global Star include Close Combat: First to Fight for Xbox and PC; Dora The Explorer: Super Star Adventures for Game Boy Advance; Stronghold 2 for PC; Ford Mustang: 40th Anniversary Edition for PlayStation 2 and Xbox; a deluxe version of Outlaw Volleyball for the PlayStation 2 featuring new content and enhancements to the franchise; and console versions of Codename: Kids Next Door, Spy vs. Spy, Motocross Mania 3 and Outlaw Tennis.

## Distribution Highlights

The Company's Jack of All Games subsidiary, the leading North American distributor of videogame software, continues to capitalize on the growing installed base of hardware and proliferation of software titles and outlets to purchase software. Jack emphasizes sales of both exclusive and non-exclusive mid- and budget-priced software and serves as the exclusive distributor for all of Global Star's value-priced products.

## Management

During the quarter, Take-Two added two new executives to its management team and appointed a new member to its Board of Directors. Sam Judd joined as Senior Vice President, Planning and Administration, where he oversees business planning, strategy development and information technology. Mr. Judd spent the past 11 years at Viacom

Inc., most recently leading the finance, customer service, warehouse, manufacturing and supply chain functions for the Simon & Schuster division, a global publishing business. Mr. Judd's prior experience includes finance and strategy consulting for a variety of clients, several years at PepsiCo Inc. in corporate and divisional financial positions and finance roles with IBM.

David Messenger joined as Senior Vice President, Human Resources. Prior to joining Take-Two, Mr. Messenger was leading Towers Perrin's change management practice. He has extensive experience in human resources strategy and operations, compensation and performance management, mergers and acquisitions, organization design and leadership development. Mr. Messenger's clients included Universal Studios, Universal Music, Sony Corporation and Sony Music.

As previously announced, Barbara A. Kaczynski was appointed as a director of the Company in July. Ms. Kaczynski chairs Take-Two's Audit Committee and is considered a financial expert as defined by the Securities and Exchange Commission. Ms. Kaczynski was most recently Chief Financial Officer of the National Football League (NFL), where she directed the operations of the finance, treasury, budgeting, planning, internal audit and information technology organizations of the NFL. Prior to the NFL, Ms. Kaczynski held several senior financial positions at various companies, including the position of Vice President of Finance and Controller for Time, Inc., where she spent almost 10 years.

#### Management Comments

Richard W. Roedel, Chairman and Chief Executive Officer, commented, "We are pleased with the progress we have made in building and diversifying our product portfolio through the introduction of several new Rockstar brands and the launch of the ESPN sports titles. Our product pipeline going into 2005, which includes titles based on proven franchises, new brands and licensed properties, is one of the strongest in the Company's history. Combined with the expansion of our management team and the strengthening of our internal operations, we believe we are building the foundation for long term, sustained growth. As a result, we are confident that the continued execution of our business strategy will enable Take-Two to maintain a leadership position in the interactive entertainment industry and lead to an even stronger financial position going forward."

#### Conference Call

Take-Two will host a conference call today at 4:30 pm Eastern Time to review its results for the third quarter and to discuss its outlook. A live webcast of the call is available by visiting <http://ir.take2games.com> and a replay of the call will be archived through the close of business on Friday, September 17, 2004.

#### 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, Xbox(R), Nintendo GameCube(TM) and Game Boy(R) Advance. The Company publishes and develops products through its wholly owned labels Rockstar 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).

All trademarks and copyrights contained herein are the property of their respective holders.

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, 2003 and on Form 10-Q for the quarter ended April 30, 2004 in the section entitled "Cautionary Statement and Risk Factors".

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES  
Consolidated Condensed Statements of Operations  
For the three and nine months ended  
July 31, 2004 and 2003 (unaudited)  
(In thousands, except per share data)

	Three months ended July 31,		Nine months ended July 31,	
	2004	2003 - Restated	2004	2003 - Restated
	(Unaudited)		(Unaudited)	
Net sales	\$160,858	\$152,055	\$689,738	\$756,086
Cost of sales				
Product costs	101,156	81,642	430,107	384,984
Royalties	14,600	10,052	47,614	66,595
Software development costs	2,242	1,842	7,797	8,558
Total cost of sales	117,998	93,536	485,518	460,137
Gross profit	42,860	58,519	204,220	295,949
Operating expenses				
Selling and marketing	24,677	20,013	82,850	76,928
General and administrative	24,685	19,372	72,775	67,701
Research and development	10,529	7,043	32,186	17,419
Depreciation and amortization	4,327	2,930	11,982	13,689
Total operating expenses	64,218	49,358	199,793	175,737
Income (loss) from operations	(21,358)	9,161	4,427	120,212
Interest income, net	530	625	1,604	1,713
Gain on Internet investments	-	-	-	39
Total non-operating income	530	625	1,604	1,752
Income (loss) before income taxes	(20,828)	9,786	6,031	121,964
Provision (benefit) for income taxes	(6,393)	4,090	3,284	50,110
Net income (loss)	\$(14,435)	\$5,696	\$2,747	\$71,854

Per share data:

Basic:

Weighted average common shares outstanding	44,840	42,266	44,615	41,424
Net income (loss) per share - Basic	\$(0.32)	\$0.13	\$0.06	\$1.73

Diluted:

Weighted average common shares outstanding	44,840	43,548	45,554	42,701
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Net income (loss) per share - Diluted	\$ (0.32)	\$ 0.13	\$ 0.06	\$ 1.68
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OTHER INFORMATION	Three months ended July 31,		Nine months ended July 31,	
	2004	2003 - Restated	2004	2003 - Restated
Total revenue mix				
Publishing	61%	59%	61%	69%
Distribution	39%	41%	39%	31%
Geographic revenue mix				
North America	75%	75%	76%	72%
International	25%	25%	24%	28%
Publishing platform revenue mix				
Sony PlayStation 2	61%	39%	55%	80%
Sony PlayStation	2%	4%	2%	4%
Microsoft Xbox	26%	15%	34%	4%
GameCube	1%	-	1%	-
PC	6%	41%	3%	11%
Handheld	2%	-	3%	-
Accessories	2%	1%	2%	1%

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES  
Consolidated Condensed Balance Sheets  
As of July 31, 2004 (unaudited) and  
October 31, 2003  
(In thousands, except share data)

ASSETS	July 31, 2004	October 31, 2003
Current assets		
Cash and cash equivalents	\$197,951	\$183,477
Accounts receivable, net of allowances of \$51,970 and \$62,817 at July 31, 2004 and October 31, 2003, respectively	79,486	166,536
Inventories, net	96,882	101,748
Prepaid royalties	40,602	12,196
Prepaid expenses and other current assets	56,909	41,112
Deferred tax asset	8,333	8,333
Total current assets	480,163	513,402
Fixed assets, net	30,589	22,260
Prepaid royalties	3,333	8,439
Capitalized software development costs, net	25,792	16,336
Goodwill, net	123,703	101,498
Intangibles, net	33,586	44,836
Other assets, net	413	527
Total assets	\$697,579	\$707,298

LIABILITIES and STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$63,275	\$106,172
Accrued expenses and other current liabilities	65,857	56,883



Income taxes payable	167	2,265
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Total current liabilities	129,299	165,320
Deferred tax liability	8,486	8,486
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Total liabilities	137,785	173,806
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Stockholders' equity		
Common stock, par value \$.01 per share; 100,000,000 shares authorized; 45,048,528 and 44,227,215 shares issued and outstanding at July 31, 2004 and October 31, 2003, respectively	450	442
Additional paid-in capital	372,034	350,852
Deferred compensation	(2,644)	(1,890)
Retained earnings	187,771	185,024
Accumulated other comprehensive income (loss)	2,183	(936)
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Total stockholders' equity	559,794	533,492
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Total liabilities and stockholders' equity	\$697,579	\$707,298
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