
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14D-9

**SOLICITATION/RECOMMENDATION STATEMENT UNDER SECTION 14(d)(4)
OF THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No. 2)**

TAKE-TWO INTERACTIVE SOFTWARE, INC.

(Name of Subject Company)

TAKE-TWO INTERACTIVE SOFTWARE, INC.

(Name of Person Filing Statement)

COMMON STOCK, PAR VALUE \$0.01 PER SHARE

(Title of Class of Securities)

874054109

(CUSIP Number of Class of Securities)

Ben Feder
Chief Executive Officer
Take-Two Interactive Software, Inc.
622 Broadway
New York, NY 10012
(646) 536-2842

(Name, address and telephone number of person authorized to receive
notices and communications on behalf of the person filing statement)

Copies to:

Seth D. Krauss, Esq.
Executive Vice President and
General Counsel
Take-Two Interactive Software, Inc.
622 Broadway
New York, NY 10012
(646) 536-2842

Ori Solomon, Esq.
Proskauer Rose, LLP
1585 Broadway
New York, NY 10036-8299
(212) 969-3000

**Check the box if the filing relates to preliminary communications made before the
commencement date of a tender offer.**

This Amendment No. 2 to Schedule 14D-9 amends and supplements the Schedule 14D-9, as amended by Amendment No. 1 thereto (the "Schedule 14D-9"), previously filed by Take-Two Interactive Software, Inc., a Delaware corporation (the "Company"), with the Securities and Exchange Commission (the "SEC") on March 26, 2008, relating to the tender offer commenced by EA08 Acquisition Corp. ("Purchaser"), a Delaware corporation and wholly owned subsidiary of Electronic Arts Inc., a Delaware corporation, to acquire all of the issued and outstanding shares of common stock, par value \$0.01 per share, of the Company (the "Shares") at a purchase price of \$26.00 net per Share in cash without interest, upon the terms and conditions set forth in the Offer to Purchase dated March 13, 2008 and in the related Letter of Transmittal contained in the Schedule TO filed by Purchaser with the SEC on March 13, 2008. Capitalized terms used but not defined herein have the meanings ascribed to them in the Schedule 14D-9.

ITEM 9. EXHIBITS

Item 9 is hereby amended and supplemented by adding the following thereto:

<u>Exhibit No.</u>	<u>Description</u>
(a)(7)	Email to Take-Two Interactive Software, Inc. employees dated March 26, 2008
(a)(8)	Transcript of Take-Two Interactive Software, Inc.'s presentation at Bank of America 2008 Smid Cap Conference, March 26, 2008

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

By /s/ Daniel P. Emerson
Daniel P. Emerson
Vice President, Associate General Counsel and Secretary

Dated: March 27, 2008

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
(a)(7)	Email to Take-Two Interactive Software, Inc. employees dated March 26, 2008
(a)(8)	Transcript of Take-Two Interactive Software, Inc.'s presentation at Bank of America 2008 Smid Cap Conference, March 26, 2008

March 26, 2008

Dear Team:

Today we announced the results of the Board's thorough review of EA's unsolicited \$26 per share cash offer to acquire Take-Two. The Board determined that the offer is inadequate and is recommending that stockholders not tender, or sell, any of their shares to EA.

The Board indicated that we will begin a review of our strategic alternatives to maximize value for stockholders following the launch of *Grand Theft Auto IV* on April 29. Of course, we can't predict the outcome of this process. We'll consider all appropriate options, including remaining independent, a merger of Take-Two with third parties or EA, or other strategic or financial alternatives as yet undetermined. Please be assured that an acquisition by EA or any other party is by no means a certainty.

The Board continues to believe that EA's offer substantially undervalues the Company, our exceptional creative and business talent, and our remarkable portfolio of hit franchises. This opinion is shared by our financial advisors and executive officers. The Board also believes that the EA offer is opportunistic and has been timed to take advantage of the upcoming release of *Grand Theft Auto IV*, and does not reflect the great strides we have made in revitalizing Take-Two. For a complete summary of the Board's conclusions, we encourage you to read today's press release, which is included at the end of this email. A copy of our SEC filing related to the EA offer, known as a Schedule 14D-9, is available on our investor relations webpage at: <http://ir.take2games.com/Edgar.cfm>.

The Board also announced the adoption of a Stockholders Rights Agreement, also known as a "poison pill". We did so to guard against a takeover by EA at an inadequate price. We believe the short-term Rights Agreement will ensure that the Board has sufficient time to consider all strategic alternatives to maximize the value of Take-Two for stockholders. This Rights Agreement will not, nor is it intended to, prevent a merger or other transaction on terms that are fair to and in the best interests of all stockholders.

At this time, it's not possible to say how this process will be resolved or how long it will take. We remain committed to open communication with all of you, and will continue to update you when and as we can.

In the meantime, we ask again that you not let these events distract you from our important goals. If the last few months have proven anything, it's the great value in Take-Two. The best thing we can do during this time is stay focused on continuing to build the value of our business.

Sincerely,

Strauss and Ben

This communication does not constitute an offer to sell or invitation to purchase any securities or the solicitation of an offer to buy any securities, pursuant to Electronic Arts' tender offer or otherwise, nor does this communication constitute a solicitation of any vote or approval.

**TAKE-TWO INTERACTIVE SOFTWARE BOARD REJECTS ELECTRONIC ARTS'
OFFER AS INADEQUATE**

Recommends Stockholders Not Tender Shares at \$26 a Share

*Company to Begin a Review of Strategic Alternatives After Release of
Grand Theft Auto IV*

*Company's Presentation at Bank of America Conference on March 26th at 2:40 pm
ET to be Webcast*

New York, NY— March 26, 2008—The Board of Directors of Take-Two Interactive Software, Inc. (NASDAQ:TTWO) today announced that it has thoroughly reviewed Electronic Arts Inc.'s (NASDAQ: ERTS; "EA") unsolicited conditional tender offer with the assistance of its financial and legal advisors and unanimously determined that the \$26.00 per share cash offer is inadequate in multiple respects and contrary to the best interests of Take-Two's stockholders. Accordingly, the Board recommends that stockholders not tender any of their shares to EA. The basis for the Board's unanimous decision is set forth in Take-Two's Schedule 14D-9 filed today with the Securities and Exchange Commission.

Take-Two also announced today the following actions:

- Filed a Solicitation / Recommendation Statement on Schedule 14D-9 with the SEC containing the Board's unanimous recommendation that stockholders reject Electronic Arts Inc.'s offer of \$26.00 net per share in cash as being inadequate and not in the best interests of stockholders
- Filed a supplement to the proxy statement with the SEC to moot any claims alleged in a class action lawsuit that the proxy statement was misleading and incomplete
- Adopted a stockholders rights agreement and a Certificate of Designation for a new class of Series B Preferred Stock. The rights agreement will be outstanding for 180 days
- Changed the date and time of the 2008 Annual Meeting to Thursday, April 17, 2008 at 6:30 p.m. (New York City time)

- Amended Bylaws to provide for a new extended period of time for stockholders to nominate persons for election to the Board and propose business to be considered at the 2008 Annual Meeting
- Amended employment agreements with Lainie Goldstein (CFO), Seth Krauss (EVP and General Counsel) and Gary Dale (EVP)
- Participation in investor presentations, including the Bank of America 2008 Smid Cap Conference
- Suspended the acceleration of outstanding restricted stock awards under the Company's Incentive Stock Plan until such time that, among other things, payment is accepted for more than 50% of the Company's then outstanding shares in a tender offer

The Board also confirmed that it will explore alternatives to maximize value for stockholders, which may include a business combination with third parties or with EA, remaining independent, or other strategic or financial alternatives that could deliver higher stockholder value than the current EA offer. The Board has commenced a process for considering strategic alternatives in order to be prepared to engage in discussions with any parties, including EA, interested in a strategic business combination following Take-Two's release of *Grand Theft Auto IV*, scheduled for April 29, 2008. The Board continues to believe that the Company will be best positioned, from the perspective of both value and timing, to conduct such a review at that time. The Company has received indications of interest from third parties with respect to possible business combination transactions involving the Company since EA's announcement, but no substantive discussions have yet occurred. To facilitate its efforts to explore alternatives to maximize stockholder value, the Company has begun to assemble the materials necessary for interested parties to conduct due diligence. Prior to the release of *Grand Theft Auto IV*, the Company is willing to enter into confidentiality agreements on customary terms and to engage in preliminary conversations with interested parties, including EA.

Strauss Zelnick, Chairman of the Board of Take-Two, commented, "Take-Two's Board of Directors and senior management team were put in place less than one year ago with one mandate: maximize stockholder value. We have maintained a single-minded focus on that goal ever since and it remains the guiding principle in every decision we make with regard to Take-Two. Our Board, after careful review, has unanimously determined that Electronic Arts' offer continues to provide insufficient value and remains opportunistically timed to capture the value of the upcoming *Grand Theft Auto IV* launch at the expense of our stockholders."

"With one of the strongest portfolios of intellectual property in our business, a superb creative and business team, and a revitalization plan that is beginning to deliver results, Take-Two is uniquely positioned to create stockholder value in an industry that is enjoying the highest growth rates of any entertainment medium. We are effectively working toward a process to review all available options to maximize this value, either as an independent company or in combination with a third party, and are open to beginning informal discussions starting now. Our stockholders' interests would hardly be served by accepting an offer from EA at the wrong price and the wrong time. As a result, the Board recommends that stockholders not tender any of their shares to EA."

Mr. Zelnick will be presenting at the Bank of America 2008 Smid Cap Conference on March 26, 2008 at 2:40 pm Eastern Time. To listen to the audio portion of the presentation live, log onto <http://ir.take2games.com>. A replay of the presentation will be archived and available following the presentation at the same location.

Reasons for the Board's Recommendation

In arriving at its decision, the Board of Directors considered numerous factors, including but not limited to the following:

- **EA's Offer price is inadequate and substantially undervalues the Company.** The Board of Directors has determined that the EA Offer price is inadequate and substantially undervalues the Company's established

position in the interactive entertainment software market, robust and enviable stable of game franchises, extensive portfolio of owned intellectual property, creative talent, strong consumer loyalty and a growing sports business. In particular, the EA Offer does not adequately compensate stockholders for the Company's valuable franchises, which include more than 20 brands (in addition to *Grand Theft Auto*) that have sold one million or more units each, of which more than half are internally owned and developed and therefore deliver higher profit margins than licensed products.

- **The Company's financial advisors, Bear Stearns and Lehman Brothers, have each delivered an opinion stating that, as of the date of such opinion, the EA Offer price was inadequate, from a financial point of view, to the stockholders of the Company.**
- **The Company's directors and executive officers believe that the EA Offer price is inadequate and do not intend to tender their Shares.**
- **The Board of Directors is committed to exploring strategic alternatives to maximize stockholder value and may be able to find a better alternative to the EA Offer.** After the Company's release of *Grand Theft Auto IV*, scheduled for April 29, 2008, the Board of Directors is committed to exploring alternatives to maximize stockholder value, which may include a business combination of the Company with third parties or with EA, remaining independent, or other strategic or financial alternatives, that could deliver higher stockholder value than the EA Offer. The Board continues to believe that the Company will be best positioned, from the perspective of both value and timing, to conduct such a review at that time. The Company has received indications of interest from third parties with respect to possible business combination transactions involving the Company since EA's announcement, but no substantive discussions with respect thereto have yet occurred. To facilitate its efforts to explore alternatives to maximize stockholder value, the Company has begun to assemble the materials necessary for interested parties to conduct due diligence. Prior to the release of *Grand Theft Auto IV*, the Company is willing to enter into confidentiality agreements on customary terms and to engage in preliminary conversations (not in the Company's view amounting to negotiations) with interested parties, including EA. The Board of Directors believes that tendering Shares into the EA Offer before the Board of Directors and its advisors have had the opportunity fully to explore alternatives to the EA Offer could preclude its ability to effect an alternative transaction that could provide superior value to the Company's stockholders.

- **The timing of the EA Offer is opportunistic.** The EA Offer is opportunistic and has been timed to take advantage of the upcoming release of *Grand Theft Auto IV*, one of the most valuable and durable franchises in the interactive entertainment software industry and the Company's biggest selling and most profitable franchise. EA launched an unsolicited bid for the Company even though the Company had extended an offer to negotiate with EA immediately following the release of *Grand Theft Auto IV* and, subject to the fiduciary duties of the Board of Directors, offered not to negotiate with any other third parties in the interim without first contacting EA. The Board of Directors believes the full commercial potential of the game will not be
-

evident until after its release, and that the EA Offer was timed to capture the value of that anticipated commercial success at the expense of the Company's stockholders.

- **The EA Offer does not reflect progress in the Company's revitalization efforts.** The Offer price does not reflect the significant progress the Company has made in its revitalization efforts since June 2007, including the implementation of a more streamlined and efficient operating structure, a cost cutting initiative that is expected to achieve annualized savings of at least \$25 million and a more disciplined product investment review process. Benefits of the revitalization plan have yet to be recognized fully in either the current stock price or in the Offer price.
 - **The EA Offer does not reflect the Company's potential synergy value that a proposed combination with EA would create.** The EA Offer does not compensate the Company for the significant potential synergy value that the proposed combination would create. EA has been unwilling to estimate publicly the synergy potential but has acknowledged that there is significant synergy potential. Potential synergies related to a proposed combination include: realizing a sales uplift as a result of a broader reach of distribution infrastructure; leveraging investments in online, wireless and other evolving platforms; optimizing sports offerings; and reducing sales, general and administrative costs significantly. Certain equity research analysts concur with this point of view and have estimated that EA would realize approximately \$50 million to \$210 million in synergies per year following completion of a transaction.
 - **The EA Offer does not properly reflect the Company's business, financial condition, current business strategy and future prospects.** The Board of Directors believes that management's and the Board of Directors' understanding of and familiarity with the Company's business, financial condition, current business strategy and future prospects has not been fully reflected in the Company's results of operations or Share price. The Company's management and Board of Directors remain entirely focused on generating the maximum value for stockholders. Stockholders elected new senior management and members of the Board of Directors less than one year ago because of this team's commitment to, and track record of, creating stockholder value, and industry experience. The Board of Directors believes that the Company's senior management will be able to create stockholder value meaningfully in excess of the EA Offer price through the continued execution of the Company's current revitalization plan and business strategy.
 - **The consideration offered by EA is taxable.** The consideration offered by EA would in general be taxable to the Company's stockholders.
 - **The Offer is highly conditional, which results in significant uncertainty that the Offer will be consummated.**
-

Stockholders Rights Agreement

Take-Two also announced today that its Board of Directors has adopted a Stockholders Rights Agreement to protect stockholders against, among other things, unsolicited attempts to acquire control of the Company at an inadequate price for all stockholders or are otherwise not in the best interests of Take-Two and its stockholders. The Stockholders Rights Agreement has been adopted in response to EA's unsolicited tender offer to acquire all of Take-Two's outstanding shares of common stock for \$26.00 per share in cash. The Board of Directors has committed to redeem the Rights distributed pursuant to the Rights Agreement 180 days after adoption of the Agreement.

Under the Stockholders Rights Agreement, the rights will become exercisable if a person becomes an "acquiring person" by acquiring 20% or more of the common stock of Take-Two or if a person commences a tender offer that could result in that person owning 20% or more of the common stock of Take-Two. The Stockholders Rights Agreement will not apply to existing stockholders who own 20% or more of Take-Two's existing common stock, unless and until they acquire an additional 2% of Take-Two's outstanding common stock.

Mr. Zelnick commented, "We have adopted this short-term Stockholders Rights Agreement in order to guard against a takeover by EA at the current, inadequate price. We believe the Rights Agreement will ensure that the Take-Two Board has adequate time to consider all strategic alternatives for maximizing value for Take-Two stockholders. The Agreement will not, and is not intended to, prevent a takeover of the Company on terms that are fair to and in the best interests of all stockholders."

Amendment to the Amended and Restated By-Laws of the Company

Take-Two also filed with the SEC on a Form 8-K dated March 26, 2008 an amendment to the by-laws of the Company. Specifically, the Board of Directors amended the by-laws of the Company to provide for a new period of time for stockholders to be able to nominate persons for election to the Board of Directors or to propose any business to be considered at the upcoming Annual Meeting. The period of time begins with the public announcement of the amendment to the by-laws and ends on April 15, 2008. To extend the period of time, the date of the Annual Meeting has been postponed from April 10, 2008 to April 17, 2008.

Further, in addition to stockholders of record on the record date (who currently are entitled to put forth a nomination or proposal), the Company will accept nominations and proposals from any person who was a stockholder of record or beneficial owner of Shares at any time between the record date and April 15, 2008. Finally, if a stockholder of the Company provides notice that it requires additional time to nominate persons for election to the Board of Directors or to

propose business to be considered at the Annual Meeting, the Board of Directors will consider in good faith a request to adjourn the Annual Meeting for a reasonable period of time, not to exceed 30 days. The by-law amendment became effective immediately upon its approval by the Board of Directors.

Bear Stearns and Lehman Brothers are acting as financial advisors to Take-Two and Proskauer Rose LLP is acting as legal advisor.

For more information, please visit www.taketwovalue.com.

About Take-Two Interactive Software

Headquartered in New York City, Take-Two Interactive Software, Inc. is a global developer, marketer, distributor and publisher of interactive entertainment software games for the PC, PLAYSTATION®3 and PlayStation®2 computer entertainment systems, PSP® (PlayStation®Portable) system, Xbox 360® and Xbox® video game and entertainment systems from Microsoft, Wii™, Nintendo GameCube™, Nintendo DS™ and Game Boy® Advance. The Company publishes and develops products through its wholly owned labels Rockstar Games, 2K Games, 2K Sports and 2K Play, and distributes software, hardware and accessories in North America through its Jack of All Games subsidiary. 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.

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

Important Legal Information

In connection with the tender offer commenced by Electronic Arts Inc. ("EA"), the Company has filed with the Securities Exchange Commission a Solicitation/Recommendation Statement on Schedule 14D-9. The Company's stockholders should read carefully the Solicitation/Recommendation Statement on Schedule 14D-9 (including any amendments or supplements thereto) prior to making any decisions with respect to EA's tender offer because it contains important information. Free copies of the Solicitation/Recommendation Statement on Schedule 14D-9 and the related amendments or supplements thereto that the Company has filed with the SEC are available at the SEC's website at www.sec.gov.

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 risks and uncertainties include the matters relating to the Special Committee's investigation of the Company's stock option grants and the restatement of our consolidated financial statements. The investigation and conclusions of the Special Committee may result in claims and proceedings relating to such matters, including previously disclosed shareholder and derivative litigation and actions by the Securities and Exchange Commission and/or other governmental agencies and negative tax or other implications for the Company resulting from any accounting adjustments or other factors. Further risks and uncertainties associated with Electronic Arts' tender offer to acquire the Company's outstanding shares: the risk that key employees may pursue other employment opportunities due to concerns as to their employment security with the Company; the risk that the acquisition proposal will make it more difficult for the Company to execute its strategic plan and pursue other strategic opportunities; the risk that the future trading price of our common stock is likely to be volatile and could be subject to wide price fluctuations; and the risk that stockholder litigation in connection

with Electronic Arts' tender offer, or otherwise, may result in significant costs of defense, indemnification and liability. Other important factors are described in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007, in the section entitled "Risk Factors" as updated in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2008, in the section entitled "Risk Factors." All forward-looking statements are qualified by these cautionary statements and are made only as of the date they are made.

###

**Take-Two Interactive Software,
Inc.**

Company ^

TTWO

Ticker ^

Bank of America Smid Cap
Conference
Event Type ^

Mar. 26, 2008

Date ^

MANAGEMENT DISCUSSION SECTION

Company Representative

And today, we are thrilled to have presenting Take-Two Interactive Software. Before we get started, I just need to read some disclosure statements.

As you are aware, we are required to make a number of conflict of interest and related disclosures in connection with our participation in this conference and the companies that we may discuss. If you would like to review these important disclosures, please pick up a packet at the back of the room. For those of you listening by webcast, PDF copies can be accessed on the web.

I'd like to now introduce the management team of Take-Two Interactive Software. With us today we have Cindi Buckwalter, the Executive Vice President; Ben Feder, Chief Executive Officer; and Strauss Zelnick who is the Chairman.

With that, I'm going to turn it over to Cindi.

Cindi Buckwalter, Executive Vice President

Good afternoon. Thank you all for joining us today. Before I began our presentation, I'd like to draw your attention to our Safe Harbor statement.

During the course of our presentation today, we'll be making forward-looking statements. The statements made in this document that are not historical facts are considered forward-looking statements under Federal Securities laws. These forward-looking statements are based on the beliefs and assumptions made by our management and information currently available to us at this time. Actual operating results may vary significantly from these forward-looking statements based on a variety of factors, including the risks related to Electronic Arts' tender offer to acquire the company's outstanding shares. Important risk factors are described in our filings with the SEC including our Form 10-K for the fiscal year ended October 31, 2007 and our Form 10-Q for the first quarter ended January 31, 2008 in the section entitled risk factors. These filings may be obtained from our website at www.take2games.com or by contacting the SEC. Take-Two's stockholders should also read the company's solicitation recommendation statement on Schedule 14D-9, which has been filed today and it's also available on our website.

Before Strauss begins his remarks, we'd like to first show you a brief video, which showcases the talent and breadth of our team and our portfolio.

[Video Commercial]

Now I'll turn it over to Strauss Zelnick, Chairman of Take-Two.

Strauss Zelnick, Executive Chairman

Thanks. Well, that's about as entertaining as we're going to get today. So thanks for joining us. I think you can see from the excitement in the reel that just reflects our excitement at the opportunity that lies ahead for the interactive entertainment business and for our company.

Typically, what one does in an investor presentation like this is to talk about value of an enterprise. I'm going to do that today and I'm going to do so in the context of the tender offer from Electronic

www.CallStreet.com

• 212-849-4070

• Copyright © 2001 - 2008 CallStreet

**Take-Two Interactive Software,
Inc.**

Company ^

TTWO

Ticker ^

Bank of America Smid Cap
Conference
Event Type ^

Mar. 26, 2008

Date ^

Arts, which our board has unanimously rejected, and I assume many of you've seen our filings. I'm going to recap the events briefly.

On February 24th, EA made an unsolicited proposal to acquire Take-Two for \$26 a share in cash, our board rejected that as the wrong price and given the upcoming launch of Grand Theft Auto IV among other things — many other things you have seen the wrong time.

We offered at that time, we've since reiterated that offer to enter into a good faith dialog with EA beginning the day after GTA IV's release, April 30th. EA didn't agree that process, so March 13th, they launched an unsolicited highly conditional tender offer at the

same price \$26 a share. So what did we do? We reviewed the offer carefully with our financial and legal advisors; had plenty of internal board discussions, and our board has unanimously voted to recommend that stockholders reject this offer and not tender their shares. We filed our 14D-9 today and we outlined our recommendations and the board's rationale and the advice that was given.

So one of the goals of the presentation today is to help you all understand the value of Take-Two from our perspective and the context of where we sit in the industry, the strength of our business, the benefits of our turnaround and revitalization efforts so far and our projected growth going forward.

We'll also touch on what our business could be worth to a potential strategic partner and demonstrate why we think EA's offer undervalues us in that context, as well as in the context of how others in the industry are valued, and then we'll try to take some questions and the CEO of our company Ben Feder is here with me today and he will join me for the Q&A.

So let me just summarize the rationale for the board's rejection of the offer. It's inadequate in multiple respects. We have one of the strongest portfolios of intellectual property in our business. We have a superb creative and business team. We have a revitalization plan that's beginning to deliver results. And we're uniquely positioned to deliver stockholder value in an industry that's enjoying the highest growth rate of any entertainment business.

We believe the timing of the bid in that context is inappropriate, unfortunate and opportunistic. First of all, we need to keep our team focused on the job at-hand, bringing GTA IV to our customers whom we hope to delight, as well as the rest of our robust release schedule. We need to realize and we want our stockholders to benefit from the full commercial potential of the game and we don't think that's going to be evident until after the release. That release in order for it to be first class also requires a lot of focus and effort not just from our creative team, also from our marketing team, also from our business team, also from Ben and from me.

We think that EA's unwillingness to wait what amounted actually to several weeks to negotiate with us and instead pursue a hostile course is evident that they see the same value we see, that we don't think the market actually sees yet, value that we think they are trying to lock-in at the expense of stockholders and that's not something that we can countenance.

We also think the bid doesn't reflect the positive results of our turnaround effort so far, in fact the legacy issues that troubled the company are now well behind us. So we think the timing again of the bid was set up to capture the value before the value became evident and reflected in our market price. We also think it's clear that EA's offer doesn't reflect or compensate stockholders for the significant potential synergy value that a combination with another company will almost certainly create, and specifically for EA there's unique synergy value we think in the sports business. We think also incidentally that both the Street and EA have underestimated the value of our sports business.

**Take-Two Interactive Software,
Inc.**

Company ^

TTWO

Ticker ^

Bank of America Smid Cap
Conference
Event Type ^

Mar. 26, 2008

Date ^

And finally, when you look at this in terms of comps, it just doesn't stack up. Our financial advisors, Lehman Brothers and Bear Stearns have looked at the company and looked at comps, looked at the industry, they submitted written opinions to our board and they've taken the position that the offer price was inadequate from a financial point of view.

In summary, our board, our management, our advisors, we all believe Take-Two is worth more than \$26 a share and I am hopeful that you'll arrive at the same conclusion after the presentation.

Now that said, the board of Take-Two, the management team of Take-Two are absolutely 100% committed to doing the right thing by stockholders. Stockholders installed this new board and management team less than a year ago. And they did so because of our commitment to and our track record of creating shareholder value. So to that end we've announced that we're commencing a process to consider all strategic alternatives to maximize the value of Take-Two.

How we're going to do that? We're going to commence formal discussions on April 30th and if appropriate negotiations because we think this puts us in the best position from a timing perspective and a value creation perspective. And in order to do that, we're preparing immediately, how, we are getting our diligence materials together. We're putting MDAs in place with interested parties and we've disclosed that we've had expressions of interest from numerous parties and we're willing to have informal discussions starting now.

Why this approach? We think this approach is the best way not only to maximize value by looking at all the alternatives, but also mitigating risk by allowing the company to focus on our key release and creating all the value we can in that key release between now and April 29.

So what I'd like to do now is just turn a bit to our story since that's kind of the most important thing that we should talk about here. For those of you who are unfamiliar, if anyone is unfamiliar, let me provide a quick snapshot of who the company is. We are a leading developer, publisher, and distributor of interactive entertainment. We have one of the strongest portfolios of internally developed and owned intellectual property. We think we have the best proprietary brands in the business. We have what we believe is a superb unmatched creative team in the business; our game ratings reflect that. And we have a management team with experience not only in interactive entertainment but all forms of the broader entertainment business and a strong track record of value creation for stockholders.

We have 16 best in-class development studios. We have 13,000 people in development worldwide and our labels have launched 30 titles, 30 titles with sales of 1 million units or better. We're proud of our licensor relationships with hardware companies, sports leagues and other partners and our products reflect that. We have a terrific pipeline not just for 2008, not just GTA IV, but 2009 and beyond and that gives us significant revenue and profit visibility.

We also have a sound balance sheet that allows us to take advantage of all the opportunities that are available to us and a worldwide distribution system. Most importantly, the wind is at our back. This is a terrific industry. Every analyst in the industry believes it's growing for the next 5 to 7 years without interruption. Pick your growth rate, analysts think it's between 12 and 17%.

So take a look at this chart. It tells you what that growth rate looks like. We think it's pretty exciting. What's it being driven by? The absorption and take up rate of the next generation of hardware. We're already through the transition, but still at the beginning of penetration, expanding audiences because people consume the same entertainment as they are adults — as they grow to be adults, as they did as teenagers, so the audience is expanding. The average game player today is 33 years old, not a kid in the basement anymore. And the growing opportunity for new revenue streams, whether that's mobile or massive multiplayer, network gaming, micropayments,

Take-Two Interactive Software, Inc.

Company ^

TTWO

Ticker ^

Bank of America Smid Cap

Conference

Event Type ^

Mar. 26, 2008

Date ^

advertising and subscription. We think this is poised to be the fastest growing segment for entertainment in the coming years and we're pretty excited about that.

Turning to our company within that context, we've 15 franchises that we own — we own the underlining intellectual property, we don't license it from anyone — that are one million unit plus selling franchises. This gives us one of the highest percentages of owned intellectual property in the business, over 50%. And that allow us to deliver higher profit margins because we make more money on owned intellectual property. More to the point, it means someone can't take the property away from you. It means you own it; you can do what you want with it. You can exploit it in other media. It means you are not subject to a license or changing their mind about your intellectual property.

I know there are people who think that Take-Two is a one trick pony; that it's all about Grand Theft Auto and certainly our interest in Grand Theft Auto is well placed. This is the standard bearer in the industry but we have plenty of other products as well. And in fact every year since 2004, we've seen the launch of at least one new successful million unit selling franchise.

I talked a bit about our labels. We have a label group that includes Rockstar Games, 2K Games, 2K Sports and 2K Play. We cover every genre in the business and as the business diversifies and grows and attracts a broader audience where they are, whether it's mature rated product or family oriented products, whether they are for all the demographics for all the platforms.

Turning to each of the individual labels, obviously within Rockstar, Grand Theft Auto is the number one selling franchise in that business. It's highly valuable. It's highly durable. It keeps selling more and more and we think that it's — well let's just say our expectations are very high. That supported by our retail pre-orders, they are running ahead of our expectations. As some of you know, we changed our guidance recently, partially to reflect that. We think GTA IV is going to be a game changer for the industry.

There are other franchises at Rockstar too. Midnight Club and Bully both internally owned and developed. We also have a broad portfolio of million unit plus franchises included Max Payne, Manhunt, Red Dead Revolver and The Warriors and Rockstar is focused on coming up with new franchises every year starting now.

Turning to 2K, another great story, last year a big runaway success in the industry was BioShock, internally developed, owned by Take-Two at the 2K studio and BioShock was an off the chart success. It won 50 Game of the Year awards. It was the highest rated Xbox 360 title ever and I think at this point we have announced, we're coming out with another BioShock in 2009, right Ben? If we haven't, we just did.

Civilization is one of the world's top PC franchises within an extremely enthusiastic fan base that sold over eight million units to-date, and we have an upcoming release of Civilization for console. Sid Meier has said, this is the game I always wanted to make.

Turning to Sports, boy the company got a lot of criticism for entering this business and after some years of heartache we're really hitting our stride. This was built from the ground up over the past four years. It's one of the Take-Two's unheralded achievements. Our ratings are higher than the competition, brand X over there. We rate higher than brand X in a head-to-head competition over and over again.

Our NBA 2K title on next-gen platforms continues to outsell the competitive side of title and we think we can do much more of that. Also, because this is an annual business we have a lot of visibility into it. Its revenue and its profitability as we have said before,

**Take-Two Interactive Software,
Inc.***Company* ^

TTWO

Ticker ^Bank of America Smid Cap
Conference
Event Type ^

Mar. 26, 2008

Date ^

Just a moment on sports, obviously our sports business is uniquely valuable to a company like EA, because it would solidify their market position. And I think it's particularly attractive because we have top rank development teams, top quality titles, and terrific licensing relationships.

Let's turn to our family-oriented business, 2K Play. This business was founded in 2007 to capture the opportunity in the growing casual games market. If you are a student of Take-Two and I hope some people here are, one of the first things that Ben and I've said in our first conference call, was we're going to focus on the Wii platform and we're going to focus on casual gaming. And then to put the pedal to the medal on Carnival Games immediately and it's been a terrific success for the Wii, it shipped over 1.2 million units and it's continuing to sell very, very successfully.

We are expanding the brand, we're going to be on DS this summer, and we've already announced Carnival Games: Mini-Golf will be coming to Wii this fall. We also do have some license property in this area with some of Nickelodeon's top brands with Dora the Explorer and Go, Diego, Go! So, the Wii and other family-oriented entertainment platforms are big focus for us.

Turning to our operations, we spend a lot of time talking about how we're going to revitalize the company. We put in place 100-day plan; we achieved our goals in the 100-day plan and some of the things we outlined, worth just taking a moment to say there they've been achieved. We completed the \$25 million annualized cost reduction program that will be fully realized and hitting our numbers by the end of this fiscal year.

We implemented a robust and disciplined product review process, Ben runs those quarterly meetings. It's — they are not easy because they require all of our creative and business people to come together and be honest with each other. But what does it yield; a highly disciplined, highly economically sound product investment strategy. And we have, in fact, made plenty of decisions based on those meetings and they give us comfort that our investments are sound and when we have to make tough decisions we make them in a timely fashion.

We've consolidated the bulk of our 2K operations on the West Coast, cutting our cost, increasing our efficiency. We restructured our international operations, cutting our cost, increasing our efficiency. We sold our non-core accessories business, allowing us to focus on the business at hand. We've made significant progress on all of our outstanding legal issues and right now the ultimate actions are in the hands of the authorities. And we are focused on maximizing the performance of our distribution business, as well as all of our other businesses and we've had good results there as well.

Let's take a look at our robust release schedule. We are not just about GTA IV, although we're thrilled to have that in our line up. We have a terrific line-up for 2008, 2009 and beyond, and this list only shows you what's already been announced. We have other titles in the pipeline and hopefully some positive surprises.

I mentioned earlier, we have the wind at our back, what do we love about this business? Well, in addition to a solid business that we have now and a sound balance sheet, a terrific team and the fact that we're coming to the end of a strong revitalization process, we think there's going to be enormous growth in areas that are just beginning to be explored now. Episodic content, we're at the forefront of that exploration. Network game play, this business is turning into a multiplayer business. It's going to be a multiplayer business, not all of our games have been multiplayer games, going forward the bulk of them will be. There's going to be a micro transaction business, and they're already in game ads.

Now the biggest opportunity I just alluded to, episodic content — we're already getting into that business with two episodes that can be downloaded for GTA IV on Xbox LIVE. This is the first time

**Take-Two Interactive Software,
Inc.**
Company ^

TTWO
Ticker ^

Bank of America Smid Cap
Conference
Event Type ^

Mar. 26, 2008
Date ^

we've ever tried episodic content. We'll see how it goes. But suffice to say that both we and Microsoft are really focused on it and really excited about it.

We also think network game play is a way to lock in our consumers. It's also a way to make sure that our retail sales for packaged goods remain strong.

We're beginning to think about micro transactions. That's when you spend a very small amount of money to upgrade a player's uniform in a sports game or customize a car or a weapon or a character. And we think consumers will pay for it. We think it's a pretty interesting opportunity.

And what do we like about all these opportunities I just mentioned? They focus on transforming a business from a packaged goods business to a subscription business. Or taking you from a gift business to the gift that keeps on giving. And we feel pretty good about that happening.

Other opportunities looking forward are massive multiplayer opportunities. We have all this great intellectual property. Some of it is really well positioned to become massive multiplayer, not just in the U.S., not just in Europe, but in China as well or Korea, other parts of Asia where massive multiplayer is a really big business. And we're focused a lot on building up our Asia business now.

We're also interested in the mobile market. We have no revenue coming from the mobile market now. What a terrific opportunity for a company with our intellectual property and hopefully, our intellectual bandwidth.

Turning to our financials. What does this all mean? Well first of all, what it means is in 2008, we are going to be turned around and we are going to be a profit making company, putting cash on the balance sheet.

You're also going to see significant margin improvement at the company. Where does it come from? Cost savings, as I've already talked about. We've already taken out the head count related costs. We've already taken out a lot of our structural costs. But we aim to be the most efficient company in this business and we've found in every enterprise that we've ever managed before — and Ben and I have managed several together and several separately — we've always been able to drive additional non-head count related efficiencies on an annual basis. If anything, we're investing in more people. We have terrific people. We're thrilled to be able to attract more. At the same time as we attract people, we can create efficiencies in our systems.

We have major launches coming up. That's going to increase our margins. We have scale in sport, that's going to enhance our margins. And some of our third-party expenses like legacy legal expenses are going down and that will help our margins.

Our balance sheet is already strong and sound. We have a \$140 million line of credit and our cash position will obviously be significantly enhanced by the release of GTA IV. 2008 is going to be a great year for our balance sheet.

So turning back to our friends on the West Coast. How do we think that the offer stacks up in terms of our peers? Well, you can take a look at this chart. You can see that in terms of our current trading multiples and recent M&A transactions, EA's offer significantly discounts our stock compared to other comparables in the business and other transactions.

And that's particularly interesting if you look at it in terms of potential synergies. We think synergies are available not just with a company like EA, but with other game companies and other major media companies. Those synergies in our view, if there is to be a transaction, ought to be shared among all the recipients of value in the transaction.

**Take-Two Interactive Software,
Inc.**
Company ^

TTWO
Ticker ^

Bank of America Smid Cap
Conference
Event Type ^

Mar. 26, 2008
Date ^

Just to give you a sense, analysts have said there's something like 50 to \$210 million of expected synergies if there were a business combination between EA and Take-Two. Based on these estimates alone, the value per share could be \$6 to \$29 a share for the synergies alone.

So in conclusion, and then we'll take your questions — who are we? We're a pure play in a great business. We think we're one of the most attractive assets in a limited field in a growth business. With one of the strongest portfolios of intellectual property in our business, a superb creative and business team and a revitalization plan that's already delivering results, and will deliver more, take-Two is uniquely positioned to create stockholder value.

We're already working towards a process to review all the options to maximize value. That includes remaining an independent company or a combination with a third party, we're open to beginning preliminary discussions right now. Our stockholders' interests in our view would hardly be served or would have been served by accepting an offer from EA or anyone else at the wrong price and at the wrong time.

I do think it bears repeating if you haven't gotten the point yet, that we're committed to doing the right thing by stockholders. This management team was installed by stockholders, for stockholders. Our board's recommendation is fully consistent with this mandate and it's aligned with the best interests of all stockholders in mind.

So thanks for listening, and now Ben will join me at the podium and we'll take your questions. Yes. We're going to wait for the microphone if we could, right here.

**Take-Two Interactive Software,
Inc.**
Company ^

TTWO
Ticker ^

Bank of America Smid Cap
Conference
Event Type ^

Mar. 26, 2008
Date ^

QUESTION AND ANSWER SECTION

<Q>: Is there absolutely anything that could derail the GTA launch, either going through the ratings process, production, legal, anything else?

<A — **Ben Feder**>: We're fully confident in the April 29 release date. There is a lot that's going on in the background to make sure it all releases on time. As Strauss mentioned, there's product development, there's marketing, there's production, there's ratings as you mentioned. All of it has come together. We're fully confident that it will come together on April 29.

<A — **Strauss Zelnick**>: Other questions? You know why there are no questions, there are no lawyers in the room.

<Q>: Could you please expand upon the synergies that would be available to a strategic buyer as you see them and how you come up with a value of 6 to \$29 per share?

<A — **Strauss Zelnick**>: Well to be clear if I may, we didn't come up with it, we're actually quoting the analysts, because we have to be really careful on this stuff. So I think analysts have talked about synergistic distribution systems, marketing systems, corporate overhead, occupancy. But basically I think most analysts — and again, I'm really not sharing my opinion or Ben's opinion — analysts' opinions are related to the back office part of the business as opposed to the studio part of the business.

<A — **Ben Feder**>: I actually think on that slide we underestimated the analysts' opinions. Not in the total number, but in the multiple you apply. We took kind of a 9, 10, 11 multiple on that table. A lot of analysts would just look at EA's multiple and put a value on that, and that would be a higher number, in fact materially higher.

Company Representative

Great. Thank you for joining us.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2008. CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.

www.CallStreet.com · **212-849-4070** · Copyright © 2001 - 2008 CallStreet