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. These Non-GAAP financial measures are not intended to be considered in isolation from, as a substitute for, or superior to, the corresponding GAAP financial measures, and may be different from similarly titled measures used by other companies. Management believes that the presentation of these Non-GAAP financial measures facilitates comparison of the Company's operating performance between periods and helps 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, such as stock-based compensation and non-cash amortization of discount on convertible notes; charges relating to business reorganizations; and gains on strategic non-core business investments. Internally, management makes Non-GAAP adjustments to the Company's financial measures as set forth below to assess the company's operating results and in planning and forecasting. The Non-GAAP adjustments to the Company's financial measures are as follows:

- *Stock-based compensation* – stock-based compensation is a non-cash expense that is subject to stock price volatility. 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. In addition, when considering the impact of equity award grants, the Company places a greater emphasis on overall shareholder dilution rather than the accounting charges associates with such grants. 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 and circumstances. 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.
- *Gain on long-term investment, net* – from time to time, the Company makes strategic non-core business investments. Because the Company does not exercise significant control over these investments, it excludes the impact of any gains and losses on such investments from its Non-GAAP financial measures.
- *Income tax adjustment* – the Company calculates a provision/benefit for income taxes on a standalone, Non-GAAP basis inclusive of the adjustments noted above. The income tax adjustment reflects the difference between our GAAP and Non-GAAP provision/benefit for income taxes.

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.

The financial results discussed herein are presented on a preliminary basis; final data will be included in Take-Two's Quarterly Report on Form 10−Q for the period ended June 30, 2016.

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

	Three months ended June 30,	
	2016	**2015**
Gross Profit		
GAAP Gross Profit	**$ 120,172**	$ 72,682
Stock-based compensation	**4,386**	4,694
Non-GAAP Gross Profit	**124,558**	$ 77,376
Income (Loss) from Operations		
GAAP Loss from Operations	**$ (38,983)**	$ (62,637)
Stock-based compensation	**15,100**	19,086
Business reorganization, restructuring and related expenses	**-**	1,228
Non-GAAP Loss from Operations	**$ (23,883)**	$ (42,323)
Net Income (Loss)		
GAAP Net Loss	**$ (38,567)**	$ (67,023)
Stock-based compensation	**15,100**	19,086
Business reorganization, restructuring and related expenses	**-**	1,228
Non-cash amortization of discount on Convertible Notes	**6,099**	5,727
Gain on long-term investment	**(1,350)**	-
Income tax adjustment	**1,133**	7,810
Non-GAAP Net Loss	**$ (17,585)**	$ (33,172)
Diluted Loss Per Share		
GAAP loss per share	**$ (0.46)**	$ (0.81)
Non-GAAP earnings loss per share	**$ (0.21)**	$ (0.40)
Number of diluted shares used in computation		
GAAP	**84,588**	82,833
Non-GAAP	**84,588**	82,833
Computation of Diluted GAAP EPS:		
Net loss for diluted EPS calculation	**$ (38,567)**	$ (67,023)
Weighted average common shares outstanding - diluted	**84,588**	82,833
Diluted loss per share	**$ (0.46)**	$ (0.81)
Computation of Diluted Non-GAAP EPS:		
Net loss for diluted earnings per share calculation	**$ (17,585)**	$ (33,172)
Weighted average common shares outstanding - diluted	**84,588**	82,833
Diluted loss per share	**$ (0.21)**	$ (0.40)

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

	Three Months Ended June 30,	
	2016	**2015**
GAAP Net Revenues	$ 311,552	$ 275,297
Change in deferred net revenues	(38,996)	91,095
Non-GAAP (As Previously Defined) Net Revenues	272,556	366,392
GAAP Digital Online Revenues	$ 172,078	$ 153,985
Net effect from deferral in digital online revenues	19,086	99,978
Non-GAAP (As Previously Defined) Digital Online Revenues	$ 191,164	$ 253,963
Non- GAAP Gross Profit	$ 124,558	$ 77,376
Change in deferred net revenues	(38,996)	91,095
Change in deferred cost of goods sold	24,623	(130)
Non-GAAP (As Previously Defined) Gross Profit	$ 110,185	$ 168,341
Non-GAAP Loss from Operations	$ (23,883)	$ (42,323)
Change in deferred net revenues	(38,996)	91,095
Change in deferred cost of goods sold	24,623	(130)
Non-GAAP (As Previously Defined) (Loss) Income from Operations	$ (38,256)	$ 48,642
Non-GAAP Net Loss	$ (17,585)	$ (33,172)
Net effect from deferral of net revenue and related cost of goods sold, net of taxes (1)	(11,310)	67,380
Non-GAAP (As Previously Defined) Net (Loss) Income	$ (28,895)	$ 34,208

1) Includes a tax benefit of $3,063 and tax expense of $23,585 for June 30, 2016 and June 30, 2015, respectively

	2016	2015
Diluted Loss Per Share		
Non-GAAP diluted loss per share	$ (0.21)	$ (0.40)
Non-GAAP, as previously defined diluted (loss) earnings per share	$ (0.34)	$ 0.31
Number of diluted shares used in computation		
Non-GAAP	84,588	82,833
Non-GAAP, as previously defined	84,588	114,442
Computation of Diluted Non-GAAP EPS:		
Net loss for diluted EPS calculation	$ (17,585)	$ (33,172)
Weighted average shares outstanding - basic and diluted	84,588	82,833
Diluted loss per share	$ (0.21)	$ (0.40)
Computation of Diluted Non-GAAP, as previously defined EPS:		
Non-GAAP net (loss) income	$ (28,895)	$ 34,208
Less: net income (loss) allocated to participating securities	-	(1,541)
Add: interest expense, net of tax, on Convertible Notes	-	1,372
Net (loss) income for diluted earnings per share calculation	$ (28,895)	$ 34,039
Weighted average shares outstanding - basic and diluted	84,588	82,833
Add: dilutive effect of common stock equivalents	-	31,609
Total weighted average shares outstanding - diluted	84,588	114,442
Less: weighted average participating shares outstanding	-	(5,154)
Weighted average common shares outstanding - diluted	84,588	109,288
Diluted (loss) earnings per share	$ (0.34)	$ 0.31

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

	Three Months Ended June 30, 2016		Three Months Ended June 30, 2015	
	Amount	**% of Total**	**Amount**	**% of Total**
Net Revenues by Geographic Region				
United States	**$ 193,101**	**62%**	$ 143,438	52%
International	**118,451**	**38%**	131,859	48%
Total net revenues	**311,552**	**100%**	275,297	100%
Change in Deferred Net Revenues				
United States	**$ (49,861)**		$ 7,457	
International	**10,865**		83,638	
Total changes in deferred net revenues	**(38,996)**		91,095	

	Three Months Ended June 30, 2016		Three Months Ended June 30, 2015	
	Amount	**% of Total**	**Amount**	**% of Total**
Net Revenues by Distribution Channel				
Digital online	**$ 172,078**	**55%**	$ 153,985	56%
Physical retail and other	**139,474**	**45%**	121,312	44%
Total net revenues	**311,552**	**100%**	275,297	100%
Change in Deferred Net Revenues				
Digital online	**$ 19,086**		$ 99,978	
Physical retail and other	**(58,082)**		(8,883)	
Total changes in deferred net revenues	**(38,996)**		91,095	

	Three Months Ended June 30, 2016		Three Months Ended June 30, 2015	
	Amount	**% of Total**	**Amount**	**% of Total**
Net Revenues by Platform Mix				
Console	**$ 254,026**	**82%**	$ 222,574	81%
PC and other	**57,526**	**18%**	52,723	19%
Total net revenues	**311,552**	**100%**	275,297	100%
Change in Deferred Net Revenues				
Console	**$ (40,181)**		$ (37,211)	
PC and other	**1,185**		128,306	
Total changes in deferred net revenues	**(38,996)**		91,095	

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

Three Months Ended June 30, 2016	Net Revenues	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit
GAAP Measurement	$ 311,552	$ 63,659	$ 59,673	$ 44,979	$ 23,069	$ 120,172
Stock-based compensation		(4,386)				4,386
Non-GAAP Measurement	**$ 311,552**	**$ 59,273**	**$ 59,673**	**$ 44,979**	**$ 23,069**	**$ 124,558**

Three Months Ended June 30, 2016	Selling and Marketing	General and Administrative	Research and Development	Depreciation and Amortization	Income (Loss) from Operations	Interest and Other, net	Income Tax (Benefit) Expense	Net Income (Loss)
GAAP Measurement	$ 71,134	$ 46,743	$ 33,900	$ 7,378	$ (38,983)	$ (4,506)	$ (3,572)	$ (38,567)
Stock-based compensation	(2,549)	(6,705)	(1,460)		15,100			15,100
Non-cash amortization of discount on Convertible Notes						6,099		6,099
Gain on long-term investment								(1,350)
Income tax adjustment							(1,133)	1,133
Non-GAAP Measurement	**$ 68,585**	**$ 40,038**	**$ 32,440**	**$ 7,378**	**$ (23,883)**	**$ 1,593**	**$ (4,705)**	**$ (17,585)**

Three Months Ended June 30, 2015	Net Revenues	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit
GAAP Measurement	$ 275,297	$ 50,493	$ 105,829	$ 39,941	$ 6,352	$ 72,682
Stock-based compensation		(4,694)				4,694
Non-GAAP Measurement	**$ 275,297**	**$ 45,799**	**$ 105,829**	**$ 39,941**	**$ 6,352**	**$ 77,376**

Three Months Ended June 30, 2015	Selling and Marketing	General and Administrative	Research and Development	Depreciation and Amortization	Income (Loss) from Operations	Interest and Other, net	Income Tax (Benefit) Expense	Net Income (Loss)
GAAP Measurement	$ 45,567	$ 49,035	$ 34,142	$ 6,575	$ (62,637)	$ (7,534)	$ (3,148)	$ (67,023)
Stock-based compensation	(2,383)	(10,494)	(1,515)		19,086			19,086
Business reorganization		(1,228)			1,228			1,228
Non-cash amortization of discount on Convertible Notes						$ 5,727		5,727
Income tax adjustment							(7,810)	7,810
Non-GAAP Measurement	**$ 43,184**	**$ 37,313**	**$ 32,627**	**$ 6,575**	**$ (42,323)**	**($ 1,807)**	**$ (10,958)**	**$ (33,172)**

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
FINANCIAL OUTLOOK INFORMATION

	Second Quarter Ending 9/30/2016 (1)	Fiscal Year Ending 3/31/2017 (1)
Net revenue	**$375 to $425 million**	**$1.75 to $1.85 billion**
Cost of goods sold	**$163 to $182 million**	**$850 to $880 million**
Stock-based compensation expense (2)	$1 million	$8 million
Non-GAAP costs of goods sold	**$162 to $181 million**	**$842 to $868 million**
Operating expenses	**$170 to $185 million**	**$648 to $678 million**
Stock-based compensation expense (2)	$10 million	$42 million
Non-GAAP operating expenses	**$160 to $175 million**	**$606 to $636 million**
Interest and other, net	$8 million	$21 million
Gain on long-term investment, net	-	$1 million
Non-cash amortization of discount on convertible notes	$6 million	$19 million
Non-GAAP interest and other, net	$2 million	$1 million
Effective tax rate	10%	10%
Non-GAAP effective tax rate	24%	24%
Net income (loss)	**$31 to $45 million**	**$208 to $244 million**
Stock-based compensation expense (2)	$11 million	$50 million
Non-cash amortization of discount on convertible notes	$6 million	$19 million
Gain on long-term investment, net	-	$1 million
Income tax adjustment	($9) to ($11) million	($49) to ($56) million
Non-GAAP net income (loss)	**$39 to $51 million**	**$229 to $258 million**
Net income (loss) per diluted share (3)	**$0.32 to $0.44**	**$1.98 to $2.29**
Non-GAAP net income (loss) per diluted share (4)	**$0.35 to $0.45**	**$2.00 to $2.25**
Other Metrics (4)		
Change in deferred net revenue	**($8) million**	**($200) million**
Change in deferred cost of goods sold	**$15 million**	**($45.0) million**
Net effect from deferral of net revenue and related cost of goods sold	**($17) million (5)**	**($118) million (6)**
Operational Metric		
Bookings	**$350 to $400 million**	**$1.5 to $1.6 billion**

1) The individual components of the financial outlook may not foot to the totals as we do not expect actual results for every component to be at the low end or high end of the outlook range simultaneously.

2) The Company's stock-based compensation expense for the periods above includes the cost of approximately 0.9 million restricted stock units previously granted to ZelnickMedia that are subject to variable accounting. Actual expense to be recorded in connection with these shares is dependent upon several factors, including future changes in Take-Two's stock price.

3) For the fiscal second quarter ending September 30, 2017 and fiscal year ending March 31, 2017, our GAAP net income per diluted share outlook is calculated using the “if-converted” method as a result of the issuances of our 1.75% Convertible Notes in November 2011 and 1.00% Convertible Notes in June 2013, and GAAP diluted net income for the fiscal second quarter and fiscal year is adjusted by adding-back $6.7 million and $22.2 million, respectively, related to coupon interest and debt issuance costs, net of tax. Shares used to calculate our GAAP net income per diluted share outlook are as follows:

Weighted average basic shares	88.5 million	103.0 million
Add: Weighted average participating shares	1.5 million	0.5 million
Add: Potential dilution from convertible notes	26.5 million	13.5 million
Total weighted average diluted shares	116.5 million	117.0 million

4) For the fiscal second quarter ending September 30, 2016 and fiscal year ending March 31, 2017, our Non-GAAP net income per diluted share outlook is calculated using the “if-converted” method as a result of the issuances of our 1.75% Convertible Notes in November 2011 and 1.00% Convertible Notes in June 2013, and Non-GAAP diluted net income for the fiscal second quarter and fiscal year is adjusted by adding-back $1.4 million and $4.4 million, respectively, related to coupon interest and debt issuance costs, net of tax. Shares used to calculate our Non-GAAP net income per diluted share outlook are as follows:

Weighted average basic shares	88.5 million	103.0 million
Add: Weighted average participating shares	1.5 million	0.5 million
Add: Potential dilution from convertible notes	26.5 million	13.5 million
Total weighted average diluted shares	116.5 million	117.0 million

5) Includes tax impact of $6 million

6) Includes tax impact of $37 million