

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 recorded for coupon payments. The Company believes the non-cash portion of the interest expense, which represents the accretion of the bifurcated equity component of the conversion option of our convertible notes, is not core to our operations given our intent and ability to settle the notes in shares of our common stock. The convertible notes are accounted for under the assumption that they will be settled in shares, and the Company includes the related underlying shares when calculating if-converted net income per diluted share. Therefore, the exclusion of the non-cash amortization from the Company's non-GAAP financial measures provides management with a consistent measure for assessing financial results.
- *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.

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

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

The financial results discussed herein are presented on a preliminary basis; final data will be included in Take-Two's Quarterly Report on Form 10-Q for the period ended September 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 September 30,		Six months ended September 30,	
	2016	2015	2016	2015
Cost of Goods Sold				
GAAP Cost of Goods Sold	\$ 205,605	\$ 143,940	\$ 396,985	\$ 346,555
Stock-based compensation	(5,566)	(4,110)	(9,952)	(8,804)
Non-GAAP Cost of Goods Sold	<u>200,039</u>	<u>\$ 139,830</u>	<u>387,033</u>	<u>\$ 337,751</u>
Gross Profit				
GAAP Gross Profit	\$ 214,562	\$ 203,034	\$ 334,734	\$ 275,716
Stock-based compensation	5,566	4,110	9,952	8,804
Non-GAAP Gross Profit	<u>220,128</u>	<u>\$ 207,144</u>	<u>344,686</u>	<u>\$ 284,520</u>
Income (Loss) from Operations				
GAAP Income from Operations	\$ 47,194	\$ 66,431	\$ 8,211	\$ 3,794
Stock-based compensation	18,233	16,320	33,333	35,406
Business reorganization, restructuring and related expenses	-	-	-	1,228
Non-GAAP Income from Operations	<u>\$ 65,427</u>	<u>\$ 82,751</u>	<u>\$ 41,544</u>	<u>\$ 40,428</u>
Net Income (Loss)				
GAAP Net Income (Loss)	\$ 36,432	\$ 54,735	\$ (2,135)	\$ (12,288)
Stock-based compensation	18,233	16,320	33,333	35,406
Business reorganization, restructuring and related expenses	-	-	-	1,228
Non-cash amortization of discount on Convertible Notes	6,882	5,817	12,981	11,544
Gain on long-term investment	-	-	(1,350)	-
Income tax adjustment	(10,826)	(20,704)	(9,693)	(12,895)
Non-GAAP Net Income	<u>\$ 50,721</u>	<u>\$ 56,168</u>	<u>\$ 33,136</u>	<u>\$ 22,995</u>
Diluted Earnings (Loss) Per Share				
GAAP earnings (loss) per share	\$ 0.39	\$ 0.55	\$ (0.03)	\$ (0.15)
Non-GAAP earnings per share	\$ 0.45	\$ 0.51	\$ 0.31	\$ 0.23
Number of diluted shares used in computation				
GAAP	115,202	114,015	84,990	83,280
Non-GAAP	115,202	114,015	115,105	114,157
Computation of Diluted GAAP EPS:				
Net income (loss)	\$ 36,432	\$ 54,735	\$ (2,135)	\$ (12,288)
Less: net income allocated to participating securities	(564)	(1,782)	-	-
Add: interest expense, net of tax, on Convertible Notes	8,669	7,994	-	-
Net income (loss) for diluted EPS calculation	<u>\$ 44,537</u>	<u>\$ 60,947</u>	<u>\$ (2,135)</u>	<u>\$ (12,288)</u>
Weighted average shares outstanding - diluted	85,393	83,849	84,990	82,833
Add: dilutive effect of common stock equivalents	29,809	30,166	-	-
Total weighted average shares outstanding - diluted	<u>115,202</u>	<u>114,015</u>	<u>84,990</u>	<u>82,833</u>
Less: weighted average participating shares outstanding	(1,783)	(3,711)	-	-
Weighted average common shares outstanding - diluted	<u>113,419</u>	<u>110,304</u>	<u>84,990</u>	<u>82,833</u>
Diluted earnings (loss) per share	<u>\$ 0.39</u>	<u>\$ 0.55</u>	<u>\$ (0.03)</u>	<u>\$ (0.15)</u>
Computation of Diluted Non-GAAP EPS:				
Non-GAAP net income	\$ 50,721	\$ 56,168	\$ 33,136	\$ 22,995
Less: net income allocated to participating securities	(785)	(1,828)	(570)	(891)
Add: interest expense, net of tax, on Convertible Notes	1,518	1,370	3,031	2,742
Net income for diluted earnings per share calculation	<u>\$ 51,454</u>	<u>\$ 55,710</u>	<u>\$ 35,597</u>	<u>\$ 24,846</u>
Weighted average shares outstanding - diluted	85,393	83,849	88,650	83,280
Add: dilutive effect of common stock equivalents	29,809	30,166	26,455	30,877
Total weighted average shares outstanding - diluted	<u>115,202</u>	<u>114,015</u>	<u>115,105</u>	<u>114,157</u>
Less: weighted average participating shares outstanding	(1,783)	(3,711)	(1,979)	(4,422)
Weighted average common shares outstanding - diluted	<u>113,419</u>	<u>110,304</u>	<u>113,126</u>	<u>109,735</u>
Diluted earnings per share	<u>\$ 0.45</u>	<u>\$ 0.51</u>	<u>\$ 0.31</u>	<u>\$ 0.23</u>

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES
SELECTED DATA
(in thousands)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Net Revenues	\$ 420,167	\$ 346,974	\$ 731,719	\$ 622,271
Change in deferred net revenues	59,274	17,956	20,277	109,051
Cost of Goods Sold	\$ 205,605	\$ 143,940	\$ 396,985	\$ 346,555
Non-GAAP Cost of Goods Sold	\$ 200,039	\$ 139,830	\$ 387,033	\$ 337,751
Change in deferred cost of goods sold ⁽¹⁾	28,779	49,031	4,155	49,161
Net Income (Loss)	\$ 36,432	\$ 54,735	\$ (2,135)	\$ (12,288)
Non-GAAP Net Income	50,721	56,168	33,136	22,995
Net effect from deferral of net revenue and related cost of goods sold, net of taxes ⁽²⁾	23,407	(23,468)	12,099	43,913
(1) Changes in deferred cost of goods sold				
Change in deferred software development costs	\$ 4,796	\$ 8,992	\$ 2,069	\$ 10,229
Change in deferred product costs	11,689	18,210	2,799	16,114
Change in deferred licenses	12,294	21,829	(713)	22,818
Total change in deferred cost of goods sold	28,779	49,031	4,155	49,161
(2) Net effect from deferral of net revenue and related cost of goods sold, net of taxes				
Change in deferred net revenues	\$ 59,274	\$ 17,956	\$ 20,277	\$ 109,051
Change in deferred cost of goods sold	(28,779)	(49,031)	(4,155)	(49,161)
Tax (benefit)/expense	7,088	(7,607)	4,023	15,977
Net effect from deferral of net revenue and related cost of goods sold, net of taxes	23,407	(23,468)	12,099	43,913
Bookings				
Total Bookings	\$ 452,835	\$ 353,013	\$ 706,336	\$ 706,844
Digital Bookings	\$ 210,806	\$ 132,369	\$ 383,506	\$ 377,576

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

	Three Months Ended September 30, 2016		Three Months Ended September 30, 2015	
	Amount	% of Total	Amount	% of Total
Net Revenues by Geographic Region				
United States	\$ 252,483	60%	\$ 185,102	53%
International	167,684	40%	161,872	47%
Total net revenues	<u>420,167</u>	<u>100%</u>	<u>346,974</u>	<u>100%</u>

Change in Deferred Net Revenues				
United States	\$ 45,486		\$ 33,740	
International	13,788		(15,784)	
Total changes in deferred net revenues	<u>59,274</u>		<u>17,956</u>	

	Three Months Ended September 30, 2016		Three Months Ended September 30, 2015	
	Amount	% of Total	Amount	% of Total
Net Revenues by Distribution Channel				
Digital online	\$ 230,759	55%	\$ 202,426	58%
Physical retail and other	189,408	45%	144,548	42%
Total net revenues	<u>420,167</u>	<u>100%</u>	<u>346,974</u>	<u>100%</u>

Change in Deferred Net Revenues				
Digital online	\$ 3,419		\$ (61,414)	
Physical retail and other	55,855		79,370	
Total changes in deferred net revenues	<u>59,274</u>		<u>17,956</u>	

	Three Months Ended September 30, 2016		Three Months Ended September 30, 2015	
	Amount	% of Total	Amount	% of Total
Net Revenues by Platform Mix				
Console	\$ 230,759	55%	\$ 301,029	87%
PC and other	189,408	45%	45,945	13%
Total net revenues	<u>420,167</u>	<u>100%</u>	<u>346,974</u>	<u>100%</u>

Change in Deferred Net Revenues				
Console	\$ 190,625		\$ 15,621	
PC and other	(131,351)		2,335	
Total changes in deferred net revenues	<u>59,274</u>		<u>17,956</u>	

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

	Six Months Ended September 30, 2016		Six Months Ended September 30, 2015	
	Amount	% of Total	Amount	% of Total
Net Revenues by Geographic Region				
United States	\$ 445,584	61%	\$ 328,540	53%
International	286,135	39%	293,731	47%
Total net revenues	<u>731,719</u>	<u>100%</u>	<u>622,271</u>	<u>100%</u>

Change in Deferred Net Revenues				
United States	\$ (4,375)		\$ 41,658	
International	24,652		67,393	
Total changes in deferred net revenues	<u>20,277</u>		<u>109,051</u>	

	Six Months Ended September 30, 2016		Six Months Ended September 30, 2015	
	Amount	% of Total	Amount	% of Total
Net Revenues by Distribution Channel				
Digital online	\$ 402,837	55%	\$ 356,411	57%
Physical retail and other	328,882	45%	265,860	43%
Total net revenues	<u>731,719</u>	<u>100%</u>	<u>622,271</u>	<u>100%</u>

Change in Deferred Net Revenues				
Digital online	\$ 22,504		\$ 38,564	
Physical retail and other	(2,227)		70,487	
Total changes in deferred net revenues	<u>20,277</u>		<u>109,051</u>	

	Six Months Ended September 30, 2016		Six Months Ended September 30, 2015	
	Amount	% of Total	Amount	% of Total
Net Revenues by Platform Mix				
Console	\$ 607,064	83%	\$ 523,603	84%
PC and other	124,655	17%	98,668	16%
Total net revenues	<u>731,719</u>	<u>100%</u>	<u>622,271</u>	<u>100%</u>

Change in Deferred Net Revenues				
Console	\$ 28,165		\$ (21,684)	
PC and other	(7,887)		130,735	
Total changes in deferred net revenues	<u>20,277</u>		<u>109,051</u>	

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

Three Months Ended September 30, 2016	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit
GAAP Measurement	\$ 420,167	\$ 77,425	\$ 45,194	\$ 55,059	\$ 27,927	\$ 214,562
Stock-based compensation			(\$ 5,566)			5,566
Non-GAAP Measurement	<u>\$ 420,167</u>	<u>\$ 77,425</u>	<u>\$ 39,628</u>	<u>\$ 55,059</u>	<u>\$ 27,927</u>	<u>\$ 220,128</u>

Three Months Ended September 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	\$ 80,187	\$ 49,685	\$ 30,005	\$ 7,491	\$ 47,194	\$ (7,078)	\$ 3,684	\$ 36,432
Stock-based compensation	(2,279)	(9,774)	(614)		18,233			18,233
Non-cash amortization of discount on Convertible Notes						6,882		6,882
Income tax adjustment							10,839	(10,826)
Non-GAAP Measurement	<u>\$ 77,908</u>	<u>\$ 39,911</u>	<u>\$ 29,391</u>	<u>\$ 7,491</u>	<u>\$ 65,427</u>	<u>(\$ 196)</u>	<u>\$ 14,523</u>	<u>\$ 50,721</u>

Three Months Ended September 30, 2015	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit
GAAP Measurement	\$ 346,974	\$ 40,014	\$ 54,918	\$ 38,777	\$ 10,231	\$ 203,034
Stock-based compensation			(4,110)			4,110
Non-GAAP Measurement	<u>\$ 346,974</u>	<u>\$ 40,014</u>	<u>\$ 50,808</u>	<u>\$ 38,777</u>	<u>\$ 10,231</u>	<u>\$ 207,144</u>

Three Months Ended September 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	\$ 54,876	\$ 49,961	\$ 24,413	\$ 7,353	\$ 66,431	\$ (8,396)	\$ 3,300	\$ 54,735
Stock-based compensation	(2,113)	(9,069)	(1,028)		16,320			16,320
Non-cash amortization of discount on Convertible Notes						\$ 5,817		5,817
Income tax adjustment							20,704	(20,704)
Non-GAAP Measurement	<u>\$ 52,763</u>	<u>\$ 40,892</u>	<u>\$ 23,385</u>	<u>\$ 7,353</u>	<u>\$ 82,751</u>	<u>(\$ 2,579)</u>	<u>\$ 24,004</u>	<u>\$ 56,168</u>

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

Six Months Ended September 30, 2016	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit
GAAP Measurement	\$ 731,719	\$ 137,098	\$ 108,853	\$ 100,038	\$ 50,996	\$ 334,734
Stock-based compensation			(9,952)			9,952
Non-GAAP Measurement	\$ 731,719	\$ 137,098	\$ 98,901	\$ 100,038	\$ 50,996	\$ 344,686

Six Months Ended September 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	\$ 151,321	\$ 96,428	\$ 63,905	\$ 14,869	\$ 8,211	(\$ 11,584)	\$ 112	\$ (2,135)
Stock-based compensation	(4,828)	(16,479)	(2,074)		33,333			33,333
Non-cash amortization of discount on Convertible Notes						12,981		12,981
Gain on long-term investment								(1,350)
Income tax adjustment							\$ 9,693	(9,693)
Non-GAAP Measurement	\$ 146,493	\$ 79,949	\$ 61,831	\$ 14,869	\$ 41,544	\$ 1,397	\$ 9,805	\$ 33,136

Six Months Ended September 30, 2015	Net Revenues	Cost of Goods Sold- Internal Royalties	Cost of Goods Sold- Software Development Costs and Royalties	Cost of Goods Sold- Product Costs	Cost of Goods Sold- Licenses	Gross Profit
GAAP Measurement	\$ 622,271	\$ 160,747	\$ 90,507	\$ 78,718	\$ 16,583	\$ 275,716
Stock-based compensation			(8,804)			8,804
Non-GAAP Measurement	\$ 622,271	\$ 160,747	\$ 81,703	\$ 78,718	\$ 16,583	\$ 284,520

Six Months Ended September 30, 2015	Selling and Marketing	General and Administrative	Research and Development	Depreciation and Amortization	Income (Loss) from Operations	Interest and Other	Income Tax (Benefit) Expense	Net Income (Loss)
GAAP Measurement	\$ 100,443	\$ 98,996	\$ 58,555	\$ 13,928	\$ 3,794	(\$ 15,930)	(\$ 15,930)	\$ (12,288)
Stock-based compensation	(4,496)	(19,562)	(2,544)		35,406			35,406
Non-cash amortization of discount on Convertible Notes						\$ 11,544		11,544
Business reorganization, restructuring and related expenses					1,228			1,228
Non-cash tax expense							\$ 12,895	(12,895)
Non-GAAP Measurement	\$ 95,947	\$ 79,434	\$ 56,011	\$ 13,928	\$ 40,428	\$ (4,386)	\$ (3,035)	\$ 22,995

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

	Third Quarter Ending 12/31/2016 ⁽¹⁾	Fiscal Year Ending 3/31/2017 ⁽¹⁾
Net revenue	\$475 to \$525 million	\$1.75 to \$1.85 billion
Cost of goods sold	\$260 to \$275 million	\$892 to \$925 million
<i>Stock-based compensation expense</i> ⁽²⁾	\$3 million	\$14 million
Non-GAAP costs of goods sold	\$257 to \$272 million	\$878 to \$911 million
Operating expenses	\$192 to \$212 million	\$642 to \$672 million
<i>Stock-based compensation expense</i> ⁽²⁾	\$17 million	\$57 million
Non-GAAP operating expenses	\$175 to \$195 million	\$585 to \$615 million
Interest and other, net	\$5 million	\$18 million
<i>Gain on long-term investment, net</i>	-	\$1 million
<i>Non-cash amortization of discount on convertible notes</i>	\$5 million	\$22 million
Non-GAAP interest and other, net	-	(\$3) million
Effective tax rate	9%	9%
Non-GAAP effective tax rate	22%	22%
Net income (loss)	\$17 to \$30 million	\$180 to \$213 million
<i>Stock-based compensation expense</i> ⁽²⁾	\$20 million	\$71 million
<i>Non-cash amortization of discount on convertible notes</i>	\$5 million	\$22 million
<i>Gain on long-term investment, net</i>	-	\$1 million
<i>Income tax adjustment</i>	(\$8) to (\$10) million	(\$48) to (\$52) million
Non-GAAP net income (loss)	\$34 to \$45 million	\$226 to \$255 million
Net income (loss) per diluted share ⁽³⁾	\$0.18 to \$0.32	\$1.80 to \$2.09
Non-GAAP net income (loss) per diluted share ⁽⁴⁾	\$0.30 to \$0.40	\$2.00 to \$2.25
Net cash provided by operating activities		\$300 million
Capital expenditures		\$50 million
<u>Other Metrics</u>		
Change in deferred net revenue	\$200 million	(\$80) million
Change in deferred cost of goods sold	\$120 million	(\$17) million
Net effect from deferral of net revenue and related cost of goods sold	\$62 million ⁽⁵⁾	(\$49) million ⁽⁶⁾
<u>Operational Metric</u>		
Bookings	\$650 to \$700 million	\$1.6 to \$1.7 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 third quarter ending December 31, 2016 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 \$27.2 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	92.6 million	92.3 million
Add: Weighted average participating shares	1.6 million	1.3 million
Add: Potential dilution from convertible notes	21.8 million	21.8 million
Total weighted average diluted shares	116.0 million	115.4 million

4) For the fiscal third quarter ending December 31, 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 \$1.2 million and \$4.8 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	92.6 million	92.3 million
Add: Weighted average participating shares	1.6 million	1.3 million
Add: Potential dilution from convertible notes	21.8 million	21.8 million
Total weighted average diluted shares	116.0 million	115.4 million

5) Includes tax impact of \$18 million

6) Includes tax impact of (\$14) million