

THQ Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations^(a)
Three Months Ended September 30, 2011
(in thousands, except per share data)

	GAAP		Adjustments to reconcile GAAP and Non-GAAP amounts				Non-GAAP	
	Amount	% of net sales	Impact of deferred revenue	Business realignment expenses	Stock-based compensation and related costs	Capitalization of interest	Amount	% of net sales
Net sales	\$ 146,004	100.0 %	\$ (26,394)	\$ —	\$ —	\$ —	\$ 119,610	100.0 %
Cost of sales:								
Product costs	57,986	39.7	(6,143)	—	—	—	51,843	43.3
Software amortization and royalties	77,893	53.3	(13,885)	(17,530)	(374)	(1,538)	44,566	37.3
License amortization and royalties	23,156	15.9	1,271	(16,000)	—	—	8,427	7.0
Total cost of sales	<u>159,035</u>	<u>108.9</u>	<u>(18,757)</u>	<u>(33,530)</u>	<u>(374)</u>	<u>(1,538)</u>	<u>104,836</u>	<u>87.6</u>
Gross profit	(13,031)	(8.9)	(7,637)	33,530	374	1,538	14,774	12.4
Operating expenses:								
Product development	27,954	19.1	—	(4,484)	(322)	—	23,148	19.3
Selling and marketing	37,765	25.9	—	(19)	(227)	—	37,519	31.4
General and administrative	12,037	8.2	—	(58)	(785)	—	11,194	9.4
Restructuring	6,082	4.2	—	(6,082)	—	—	—	—
Total operating expenses	<u>83,838</u>	<u>57.4</u>	<u>—</u>	<u>(10,643)</u>	<u>(1,334)</u>	<u>—</u>	<u>71,861</u>	<u>60.1</u>
Operating income (loss)	(96,869)	(66.4)	(7,637)	44,173	1,708	1,538	(57,087)	(47.7)
Interest and other income (expense), net	2,467	1.7	—	913	—	(1,421)	1,959	1.6
Income (loss) before income taxes	<u>(94,402)</u>	<u>(64.7)</u>	<u>(7,637)</u>	<u>45,086</u>	<u>1,708</u>	<u>117</u>	<u>(55,128)</u>	<u>(46.1)</u>
Income tax expense (benefit)	<u>(2,017)</u>	<u>(1.4)</u>					<u>(8,269)</u>	<u>(6.9)</u>
Net income (loss)	<u>\$ (92,385)</u>	<u>(63.3)%</u>					<u>\$ (46,859)</u>	<u>(39.2)%</u>
Diluted earnings (loss) per share:								
Before "if-converted" method	\$ (1.35)						\$ (0.69)	
Share count used	68,340						68,340	
After "if-converted" method	n/a						n/a	
Share count used	n/a						n/a	

^(a) See explanation in the earnings press release regarding the company's practice on reporting non-GAAP financial measures.