

THQ Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations^(a)
Three Months Ended December 31, 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	\$ 305,449	100.0 %	\$ 98,906	\$ —	\$ —	\$ —	\$ 404,355	100.0%
Cost of sales:								
Product costs	154,893	50.7	18,649	—	—	—	173,542	42.9
Software amortization and royalties	74,706	24.5	5,170	(3,141)	(560)	(1,995)	74,180	18.4
License amortization and royalties	27,606	9.0	(1,552)	—	—	—	26,054	6.4
Total cost of sales	<u>257,205</u>	<u>84.2</u>	<u>22,267</u>	<u>(3,141)</u>	<u>(560)</u>	<u>(1,995)</u>	<u>273,776</u>	<u>67.7</u>
Gross profit	48,244	15.8	76,639	3,141	560	1,995	130,579	32.3
Operating expenses:								
Product development	16,702	5.5	—	(782)	34	—	15,954	3.9
Selling and marketing	75,596	24.7	—	(526)	(128)	—	74,942	18.5
General and administrative	11,057	3.6	—	(39)	(660)	—	10,358	2.6
Restructuring	(480)	(0.1)	—	480	—	—	—	—
Total operating expenses	<u>102,875</u>	<u>33.7</u>	<u>—</u>	<u>(867)</u>	<u>(754)</u>	<u>—</u>	<u>101,254</u>	<u>25.0</u>
Operating income (loss)	(54,631)	(17.9)	76,639	4,008	1,314	1,995	29,325	7.3
Interest and other income (expense), net	1,234	0.4	—	(478)	—	(1,890)	(1,134)	(0.3)
Income (loss) before income taxes	(53,397)	(17.5)	76,639	3,530	1,314	105	28,191	7.0
Income tax expense (benefit)	2,482	0.8					4,228	1.1
Net income (loss)	<u>\$ (55,879)</u>	<u>(18.3)%</u>					<u>\$ 23,963</u>	<u>5.9%</u>
Diluted earnings (loss) per share:								
Before "if-converted" method	\$ (0.82)						\$ 0.35	
Share count used	68,381						68,644	
After "if-converted" method	n/a							
Share count used	n/a							

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