

THQ Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations^(a)
Three Months Ended September 30, 2010
(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	Other	Amount	% of net sales
Net sales	\$ 77,053	100.0 %	\$ (6,658)	\$ —	\$ —	\$ —	\$ 70,395	100.0 %
Cost of sales:								
Product costs	35,003	45.4	(119)	—	—	—	34,884	49.5
Software amortization and royalties	21,162	27.5	—	—	(548)	—	20,614	29.3
License amortization and royalties	9,583	12.4	(956)	—	—	—	8,627	12.3
Total cost of sales	<u>65,748</u>	<u>85.3</u>	<u>(1,075)</u>	<u>—</u>	<u>(548)</u>	<u>—</u>	<u>64,125</u>	<u>91.1</u>
Gross profit	11,305	14.7	(5,583)	—	548	—	6,270	8.9
Operating expenses:								
Product development	17,900	23.2	—	—	118	—	18,018	25.6
Selling and marketing	24,023	31.2	—	—	(318)	—	23,705	33.7
General and administrative	11,878	15.4	—	—	(1,081)	—	10,797	15.3
Restructuring	(161)	(0.2)	—	161	—	—	—	—
Total operating expenses	<u>53,640</u>	<u>69.6</u>	<u>—</u>	<u>161</u>	<u>(1,281)</u>	<u>—</u>	<u>52,520</u>	<u>74.6</u>
Operating income (loss)	(42,335)	(54.9)	(5,583)	(161)	1,829	—	(46,250)	(65.7)
Interest and other income (expense), net	(3,991)	(5.2)	—	—	—	2,524	(1,467)	(2.1)
Income (loss) before income taxes	<u>(46,326)</u>	<u>(60.1)</u>	<u>(5,583)</u>	<u>(161)</u>	<u>1,829</u>	<u>2,524</u>	<u>(47,717)</u>	<u>(67.8)</u>
Income tax expense (benefit)	659	0.9	—	—	—	—	(7,158)	(10.2)
Net income (loss)	<u>\$ (46,985)</u>	<u>(61.0)%</u>					<u>\$ (40,559)</u>	<u>(57.6)%</u>
Diluted earnings (loss) per share:								
Before "if-converted" method	\$ (0.69)						\$ (0.60)	
Share count used	67,813						67,813	
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.