

THQ Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations^(a)
Three Months Ended June 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	\$ 195,153	100.0 %	\$ (53,914)	\$ —	\$ —	\$ —	\$ 141,239	100.0 %
Cost of sales:								
Product costs	67,063	34.3	(9,136)	—	—	—	57,927	41.0
Software amortization and royalties	64,920	33.3	1,905	(1,404)	(230)	(1,196)	63,995	45.3
License amortization and royalties	8,139	4.2	(2,167)	—	—	—	5,972	4.2
Total cost of sales	<u>140,122</u>	<u>71.8</u>	<u>(9,398)</u>	<u>(1,404)</u>	<u>(230)</u>	<u>(1,196)</u>	<u>127,894</u>	<u>90.5</u>
Gross profit	55,031	28.2	(44,516)	1,404	230	1,196	13,345	9.5
Operating expenses:								
Product development	30,189	15.4	—	(3,414)	(429)	—	26,346	18.7
Selling and marketing	50,676	26.0	—	17	(222)	—	50,471	35.7
General and administrative	12,049	6.2	—	(30)	(750)	—	11,269	8.0
Restructuring	(140)	(0.1)	—	140	—	—	—	—
Total operating expenses	<u>92,774</u>	<u>47.5</u>	<u>—</u>	<u>(3,287)</u>	<u>(1,401)</u>	<u>—</u>	<u>88,086</u>	<u>62.4</u>
Operating income (loss)	(37,743)	(19.3)	(44,516)	4,691	1,631	1,196	(74,741)	(52.9)
Interest and other income (expense), net	443	0.2	—	—	—	(1,409)	(966)	(0.7)
Income (loss) before income taxes	<u>(37,300)</u>	<u>(19.1)</u>	<u>(44,516)</u>	<u>4,691</u>	<u>1,631</u>	<u>(213)</u>	<u>(75,707)</u>	<u>(53.6)</u>
Income tax expense (benefit)	1,145	0.6	—	—	—	—	(11,356)	(8.0)
Net income (loss)	<u>\$ (38,445)</u>	<u>(19.7)%</u>					<u>\$ (64,351)</u>	<u>(45.6)%</u>
Diluted earnings (loss) per share:								
Before "if-converted" method	\$ (0.56)						\$ (0.94)	
Share count used	68,318						68,318	
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.