

THQ Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations^(a)
Three Months Ended March 31, 2012
(in thousands, except per share data)

	GAAP		Adjustments to reconcile GAAP and Non-GAAP amounts				Non-GAAP	
	Amount	% of net sales ^(b)	Impact of deferred revenue	Business realignment and related expenses	Stock-based compensation and related costs	Capitalization of interest	Amount	% of net sales ^(b)
Net sales	\$ 184,235	100.0 %	\$ (13,543)	\$ —	\$ —	\$ —	\$ 170,692	100.0 %
Cost of sales:								
Product costs	73,655	40.0	(1,624)	—	—	—	72,031	42.2
Software amortization and royalties	90,532	49.1	7,130	(52,575)	(244)	(3,293)	41,550	24.3
License amortization and royalties	15,731	8.5	6,700	(2,353)	—	—	20,078	11.8
Total cost of sales	<u>179,918</u>	<u>97.7</u>	<u>12,206</u>	<u>(54,928)</u>	<u>(244)</u>	<u>(3,293)</u>	<u>133,659</u>	<u>78.3</u>
Gross profit	4,317	2.3	(25,749)	54,928	244	3,293	37,033	21.7
Operating expenses:								
Product development	14,681	8.0	—	(3,612)	(215)	—	10,854	6.4
Selling and marketing	27,632	15.0	—	(2,635)	(111)	—	24,886	14.6
General and administrative	13,569	7.4	—	(2,178)	(539)	—	10,852	6.4
Restructuring	1,341	0.7	—	(1,341)	—	—	—	—
Total operating expenses	<u>57,223</u>	<u>31.1</u>	<u>—</u>	<u>(9,766)</u>	<u>(865)</u>	<u>—</u>	<u>46,592</u>	<u>27.3</u>
Operating income (loss)	(52,906)	(28.7)	(25,749)	64,694	1,109	3,293	(9,559)	(5.6)
Interest and other income (expense), net	999	0.5	—	(1,897)	—	(1,511)	(2,409)	(1.4)
Income (loss) before income taxes	<u>(51,907)</u>	<u>(28.2)</u>	<u>(25,749)</u>	<u>62,797</u>	<u>1,109</u>	<u>1,782</u>	<u>(11,968)</u>	<u>(7.0)</u>
Income tax expense (benefit)	3,890	2.1	—	—	—	—	(1,794)	(1.1)
Net income (loss)	<u>\$ (55,797)</u>	<u>(30.3)%</u>					<u>\$ (10,174)</u>	<u>(6.0)%</u>
Diluted earnings (loss) per share:								
Before "if-converted" method	\$ (0.82)						\$ (0.15)	
Share count used	68,437						68,437	
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.

^(b) The sum of these percentages, as presented, may differ due to the impact of rounding.