

THQ Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations^(a)
Twelve 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	\$ 830,841	100.0 %	\$ 5,055	\$ —	\$ —	\$ —	\$ 835,896	100.0 %
Cost of sales:								
Product costs	353,597	42.6	1,746	—	—	—	355,343	42.5
Software amortization and royalties	308,051	37.1	320	(74,650)	(1,408)	(8,022)	224,291	26.8
License amortization and royalties	74,632	9.0	4,252	(18,353)	—	—	60,531	7.2
Total cost of sales	<u>736,280</u>	<u>88.6</u>	<u>6,318</u>	<u>(93,003)</u>	<u>(1,408)</u>	<u>(8,022)</u>	<u>640,165</u>	<u>76.6</u>
Gross profit	94,561	11.4	(1,263)	93,003	1,408	8,022	195,731	23.4
Operating expenses:								
Product development	89,526	10.8	—	(12,292)	(932)	—	76,302	9.1
Selling and marketing	191,669	23.1	—	(3,163)	(688)	—	187,818	22.5
General and administrative	48,712	5.9	—	(2,305)	(2,734)	—	43,673	5.2
Restructuring	6,803	0.8	—	(6,803)	—	—	—	—
Total operating expenses	<u>336,710</u>	<u>40.5</u>	<u>—</u>	<u>(24,563)</u>	<u>(4,354)</u>	<u>—</u>	<u>307,793</u>	<u>36.8</u>
Operating income (loss)	(242,149)	(29.1)	(1,263)	117,566	5,762	8,022	(112,062)	(13.4)
Interest and other income (expense), net	5,143	0.6	—	(1,462)	—	(6,231)	(2,550)	(0.3)
Income (loss) before income taxes	<u>(237,006)</u>	<u>(28.5)</u>	<u>(1,263)</u>	<u>116,104</u>	<u>5,762</u>	<u>1,791</u>	<u>(114,612)</u>	<u>(13.7)</u>
Income tax expense (benefit)	5,500	0.7					(17,191)	(2.1)
Net income (loss)	<u><u>\$(242,506)</u></u>	<u><u>(29.2)%</u></u>					<u><u>\$ (97,421)</u></u>	<u><u>(11.7)%</u></u>
Diluted earnings (loss) per share:								
Before "if-converted" method	\$ (3.55)						\$ (1.42)	
Share count used	68,369						68,369	
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.