

THQ Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations^(a)
Three Months Ended June 30, 2012
(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 and related expenses	Stock-based compensation and related costs	Capitalization of interest	Amount	% of net sales
Net sales	\$ 133,687	100.0%	\$ (95,162)	\$ —	\$ —	\$ —	\$ 38,525	100.0 %
Cost of sales:								
Product costs	38,486	28.8	(22,397)	—	—	—	16,089	41.8
Software amortization and royalties	37,353	27.9	(19,653)	(4,341)	(69)	(840)	12,450	32.3
License amortization and royalties	5,749	4.3	(5,297)	2,000	—	—	2,452	6.4
Total cost of sales	<u>81,588</u>	<u>61.0</u>	<u>(47,347)</u>	<u>(2,341)</u>	<u>(69)</u>	<u>(840)</u>	<u>30,991</u>	<u>80.4</u>
Gross profit	52,099	39.0	(47,815)	2,341	69	840	7,534	19.6
Operating expenses:								
Product development	9,295	7.0	—	(444)	9	—	8,860	23.0
Selling and marketing	14,639	11.0	—	76	(98)	—	14,617	37.9
General and administrative	10,132	7.6	—	(299)	(457)	—	9,376	24.3
Restructuring	1,389	1.0	—	(1,389)	—	—	—	—
Total operating expenses	<u>35,455</u>	<u>26.5</u>	<u>—</u>	<u>(2,056)</u>	<u>(546)</u>	<u>—</u>	<u>32,853</u>	<u>85.3</u>
Operating income (loss)	16,644	12.4	(47,815)	4,397	615	840	(25,319)	(65.7)
Interest and other income (expense), net	(753)	(0.6)	—	121	—	(1,494)	(2,126)	(5.5)
Income (loss) before income taxes	<u>15,891</u>	<u>11.9</u>	<u>(47,815)</u>	<u>4,518</u>	<u>615</u>	<u>(654)</u>	<u>(27,445)</u>	<u>(71.2)</u>
Income tax expense (benefit)	<u>506</u>	<u>0.4</u>					<u>(4,116)</u>	<u>(10.7)</u>
Net income (loss)	<u>\$ 15,385</u>	<u>11.5%</u>					<u>\$ (23,329)</u>	<u>(60.6)%</u>
Diluted earnings (loss) per share ^(b) :								
Before "if-converted" method	\$ 2.22						\$ (3.41)	
Share count used	6,915						6,852	
After "if-converted" method	\$ 2.00							
Share count used	8,090							

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

^(b) Presentation gives effect to the Reverse Stock Split, which occurred on July 5, 2012.