

THQ Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Unaudited Condensed Consolidated Statement of Operations^(a)
Three Months Ended September 30, 2012
(in thousands, except per share data)

	GAAP		Adjustments to reconcile GAAP and Non-GAAP amounts					Non-GAAP	
	Amount	% of net sales ^(c)	Impact of deferred revenue	Business realignment and related expenses	Stock-based compensation and related costs	Capitalization of interest	Other	Amount	% of net sales ^(c)
Net sales	\$ 107,357	100.0 %	\$ (15,559)	\$ —	\$ —	\$ —	\$ —	\$ 91,798	100.0 %
Cost of sales:									
Product costs	36,379	33.9	(6,841)	—	—	—	—	29,538	32.2
Software amortization and royalties	37,788	35.2	(9,404)	—	(94)	(1,194)	—	27,096	29.5
License amortization and royalties	4,179	3.9	(3,517)	—	—	—	—	662	0.7
Total cost of sales	<u>78,346</u>	<u>73.0</u>	<u>(19,762)</u>	<u>—</u>	<u>(94)</u>	<u>(1,194)</u>	<u>—</u>	<u>57,296</u>	<u>62.4</u>
Gross margin	29,011	27.0	4,203	—	94	1,194	—	34,502	37.6
Operating expenses:									
Product development	11,583	10.8	—	(514)	(100)	—	625	11,594	12.6
Selling and marketing	27,324	25.5	—	(708)	(99)	—	—	26,517	28.9
General and administrative	9,809	9.1	—	(627)	(520)	—	—	8,662	9.4
Restructuring	(297)	(0.3)	—	297	—	—	—	—	—
Total operating expenses	<u>48,419</u>	<u>45.1</u>	<u>—</u>	<u>(1,552)</u>	<u>(719)</u>	<u>—</u>	<u>625</u>	<u>46,773</u>	<u>51.0</u>
Operating loss	(19,408)	(18.1)	4,203	1,552	813	1,194	(625)	(12,271)	(13.4)
Interest and other income (expense), net	700	0.7	—	(955)	—	(1,670)	—	(1,925)	(2.1)
Loss before income taxes	<u>(18,708)</u>	<u>(17.4)</u>	<u>4,203</u>	<u>597</u>	<u>813</u>	<u>(476)</u>	<u>(625)</u>	<u>(14,196)</u>	<u>(15.5)</u>
Income tax expense (benefit)	<u>2,272</u>	<u>2.1</u>						<u>(2,131)</u>	<u>(2.3)</u>
Net loss	<u>\$ (20,980)</u>	<u>(19.5)%</u>						<u>\$ (12,065)</u>	<u>(13.1)%</u>
Diluted loss per share ^(b) :									
Before "if-converted" method	\$ (3.06)							\$ (1.76)	
Share count used	6,854							6,854	
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) Presentation gives effect to the Reverse Stock Split, which occurred on July 5, 2012.

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