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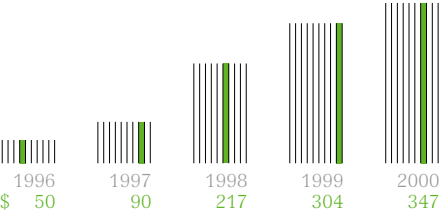
POWERFUL POSITION



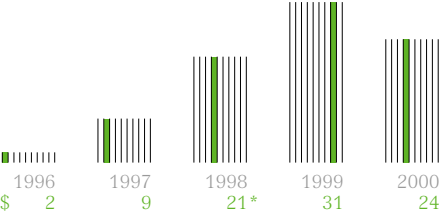
Interactive video games are big business.
And soon to be bigger than ever,
thanks to a spate of new platforms that promise
to drive explosive growth.

In the next cycle of fast-paced expansion,
who will get ahead?
THQ is positioned to make
the most of what's to come.
With high-profile brands.
High-powered technology.
Well-established distribution channels.
Far-sighted management.
And the kind of consistent profits that give
us the power to reach the next level.

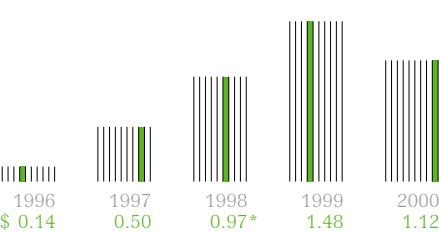
NET SALES
(millions)



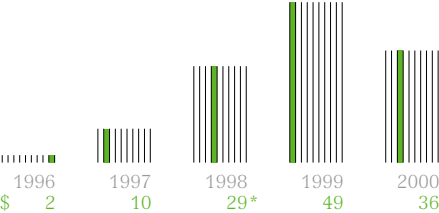
NET INCOME
(millions)



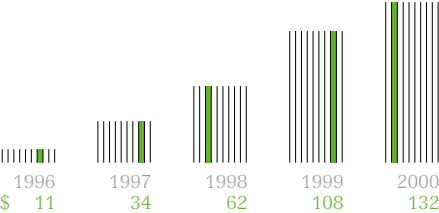
EARNINGS PER DILUTED SHARE



OPERATING INCOME
(millions)



SHAREHOLDER'S EQUITY
(millions)



See Notes to Consolidated Financial Statements
* Before a one-time charge of \$7.2 million related to the acquisition of GameFx Inc. on May 1, 1998.
** Before the May 24, 2000 non-cash charge of \$5.9 million net of tax benefit.

(In thousands, except per share data)

	1996	1997	1998	1999	2000
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OPERATING RESULTS					
Net sales	\$50,255	\$90,227	\$216,716	\$303,483	\$347,003
Net income	\$ 1,712	\$ 8,587	\$ 20,685*	\$ 31,326	\$ 24,089**
Earnings per diluted share	\$ 0.14	\$ 0.50	\$ 0.97*	\$ 1.48	\$ 1.12**
Diluted shares	12,000	17,179	21,229	21,197	21,568
FINANCIAL POSITION AT DECEMBER 31,					
Working capital	\$ 9,561	\$31,614	\$ 48,342	\$ 91,860	\$110,269
Total assets	\$22,904	\$56,545	\$128,218	\$184,057	\$229,942
Total liabilities	\$11,945	\$22,703	\$ 66,153	\$ 75,751	\$ 97,817
Shareholders' equity	\$10,959	\$33,842	\$ 62,065	\$108,306	\$132,125

See Notes to Consolidated Financial Statements
* Before a one-time charge of \$7.2 million related to the acquisition of GameFx, Inc. on May 1, 1998.
** Before the May 24, 2000 non-cash charge of \$5.9 million net of tax benefit.

EXCELLENT EXECUTION. PERFECT POSITION.

Tactical and strategic successes in 2000 heightened THQ’s stature as a premiere game publisher. We have positioned our company to capture the spectacular potential we see for the next generation of gaming technology.

TO OUR SHAREHOLDERS, CUSTOMERS, PARTNERS & EMPLOYEES:

Our enthusiasm for the future of the video game industry has never been greater. Sony's PlayStation 2 launch late last year was the most successful new game console introduction ever. In the next year, we believe Sony will ship ten to twelve million new PlayStation 2 systems to catch up with demand. In addition, an unprecedented three new hardware platforms will launch in 2001: Nintendo’s Game Boy Advance will debut in the summer in the United States and Europe, followed by Microsoft’s Xbox and Nintendo’s Game Cube in the fall. These next-generation systems represent the dawn of what we believe will be a period of tremendous growth for both our industry and for THQ.

We do not base our optimism solely on how much we expect the installed base of the new systems to grow. We also base it on our belief that we have positioned THQ to take full advantage of the anticipated market growth.

POWER PLAY.

Let’s first review our significant accomplishments for 2000.

THQ ended 2000 in excellent financial condition. Revenues grew 14 percent in the year, a substantial accomplishment given the fact that the console market in the United States declined by roughly 5 percent last year. Net income per share was \$1.12 (before the non-cash charge of \$0.28 per share recorded in the second quarter of the year), and represented the second best year in our history in terms of operating income.

Our balance sheet is stronger than ever. We ended 2000 with cash of about \$28 million, which increased to more than \$80 million in the first quarter of 2001 following the collection of our receivables from the fourth quarter. Our accounts receivable remain well under control and we turned our inventories almost 30 times last year. We repaid our line of credit within the first week of the new year and continue to be debt free.

The year 2000 saw us strengthen our position as one of the truly elite companies in the industry. Despite relatively weak market conditions, we actually grew our share of the U.S. console market from 5.2 percent to 7 percent. We were the only publisher in the industry to have a top-ten title for the year on every major console platform. We maintained our position as the top independent publisher on Game Boy Color, we were number two on Nintendo 64, number four on PlayStation, and number eight on PlayStation 2. Overall, we were the number three independent publisher in the United States.

THE VIEW FROM THE FRONT OF THE CURVE.

While our core World Wrestling Federation and Rugrats brands continued to perform strongly during the year, we also launched four new brands in 2000. Each is doing very well. Our launch title for PlayStation 2, Summoner, has been a consistent top seller. We have already released a PC version and plan to sequel this innovative title in 2002. We successfully launched Scooby-Doo! on Nintendo 64 last fall and in early 2001 launched the Game Boy Color version. We’ve scheduled a PlayStation version for later this year and in 2002 next-generation versions are due. Our Power Rangers products continue to reside atop the kids’ ratings. In 2000, we launched three successful Power Rangers products on three different platforms and are working on follow up products for 2001. And finally, Evil Dead performed well on PlayStation and the PC product shipped early in 2001. Our next generation versions of Evil Dead are planned for 2003.

Following two groundbreaking new licensing deals, we intend to substantially grow our already dominant position as the number one provider of video games to the kids’ segment. Under a long-term deal with Mattel, we look forward to launching a series of products based on its Hot Wheels and Matchbox brands over the next five years. Hot Wheels is a true “AAA” brand with evergreen appeal, and we believe it provides tremendous content for great games during the next cycle. In addition, we solidified our excellent relationship with Nickelodeon this year by inking new deals for their SpongeBob SquarePants, The Wild Thornberrys, Rocket Power and Jimmy Neutron properties. In 2001, these properties will debut on multiple platforms.

We also secured the rights to Tetris, the best selling puzzle game of all time, and expect to release several new Tetris products this year, including one for Nintendo’s Game Boy Advance.



CONTENT RULES.

Historically, our goal has been to introduce two to four new brands each year. For 2001, we are preparing to add ten new brands to our product portfolio.

Our investment in internal development and new technologies is beginning to reap substantial rewards. Volition Inc., an award-winning studio we acquired in August 2000, developed Summoner, a PlayStation 2 launch title last fall, and our next PlayStation 2 title, Red Faction. Red Faction’s highly anticipated and revolutionary technology allows the player to modify the game environment in real time as part of the game play. Pacific Coast Power and Light Company, which we acquired in May 1999, is scheduled to complete MX2002 featuring Ricky Carmichael, our PlayStation 2 motocross game for a June 2001 shipment. In addition, we launched our first on-line game, WWF With Authority!, through our wholly owned studio, Genetic Anomalies, Inc. WWF With Authority! is currently available on WWF.com, and we intend to continue to build this community throughout 2001.

Our global publishing network also expanded in 2000 as we opened new sales and marketing offices in France and Australia. As a result, THQ sells directly to retailers covering about 70 percent of the world console market.

TO THE NEXT LEVEL.

The next generation game consoles will herald a round of unprecedented growth for our industry. By carefully executing our business plan, THQ has amassed the brands, technology, distribution system, financial strength and management prowess to play a significant leadership role in that growth.

As we look toward this new generation of game platforms, we believe that the installed base of these systems in the United States could reach 60 to 65 million units and 175 to 200 million units worldwide. Early indications show the PlayStation 2 enjoying the most rapid adoption rate of any video game console ever. Sony, Microsoft and Nintendo all claim a broadening of their demographic as interactive gaming has become truly mainstream. We’re often asked the question “Who will ultimately win the next round of video game console wars?” The answer, quite simply, is companies like THQ that are well positioned to provide compelling software for all of these systems.

It is our sad duty to report to you the passing of our director and friend, Bruce Jagid. Bruce made many important contributions to THQ during his tenure, and we will miss him in many ways.

We thank our customers and shareholders for their trust and our employees for their extraordinary work and creativity. We look forward to taking THQ to the next level of success.

A handwritten signature in black ink, reading "B J Farrell". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Brian J. Farrell
President and Chief Executive Officer

Our industry is poised for a new era of fantastic growth. And THQ is prepared to usher it in. We have amassed a portfolio of high-performance brands for every viable gaming platform. Built a team of superior game developers with cutting-edge technologies. Optimized our efficiency and expanded our global reach. And ensured that our financial foundation remains strong.

MANAGEMENT HAS TAKEN THE STEPS
TO POSITION THQ AS AN INDUSTRY LEADER.

IN 2000, ONLY THQ DELIVERED A TOP 10 TITLE ON
EVERY MAJOR CONSOLE PLATFORM.



SpongeBob SquarePants
is one of Nickelodeon's
brightest new stars.



INDUSTRY LEADER

While growing our roster of blockbuster titles with stellar additions such as Scooby-Doo!, Tetris, Hot Wheels and an expanded publishing relationship with Nickelodeon, we have diversified our product line with our own intellectual properties, including the critically acclaimed Summoner, New Legends, Red Faction, and Dark Summit. In short, we're striking the sought-after balance between internally and externally developed brands.

New Legends is in development for the launch of Microsoft's Xbox.

THQ IS BUILDING A
SUPERIOR PORTFOLIO
OF ORIGINAL PROPERTIES AND
LICENSED BRANDS



Joseph/Summoner™



Parker/Red Faction™



Topo/New Legends™

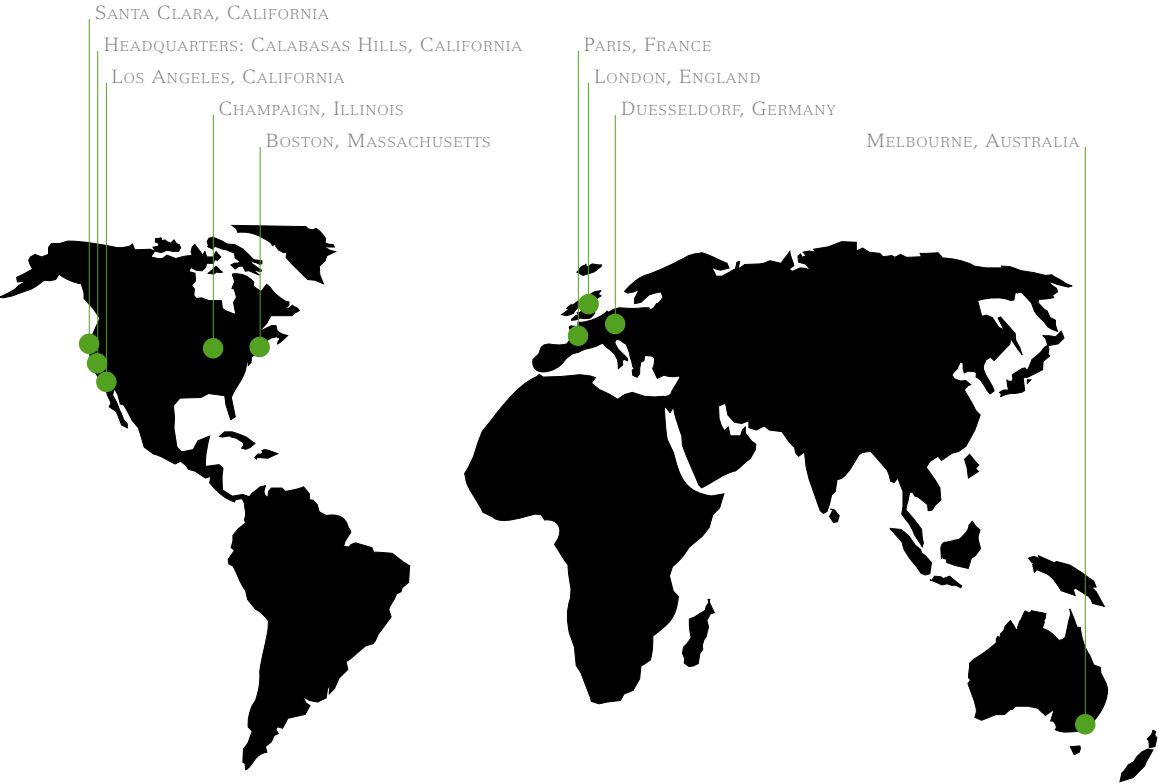


Naya/Dark Summit™



ORIGINAL PROPERTIES

THQ has built close relationships with the world’s biggest retailers, including Toys”R”Us, Wal-Mart, Electronics Boutique and Best Buy. Globally, THQ sells its products direct to retailers in approximately 70 percent of the world console market. International expansion represents a tremendous growth opportunity for THQ. Currently, about 25 percent of our revenues come from foreign markets. We’ve set our sights on 40 percent.



THQ IS A WORLDWIDE
PUBLISHING POWERHOUSE.

World Wrestling Federation® products
have sold millions of copies in the US and
have topped the charts in Europe as well.



GLOBAL POWERHOUSE

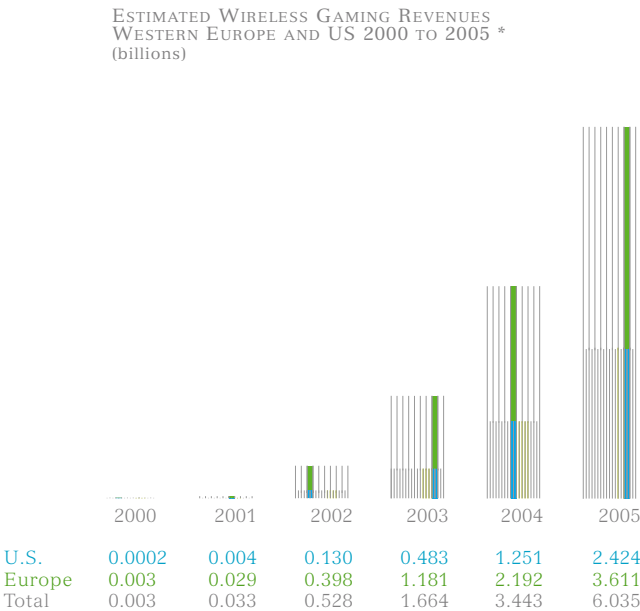
In the last two years, THQ has invested heavily in its own studio system. Now, with close to 150 staff members creating and producing games at five different studios, some of the most closely-watched products for the new platform cycle will carry the THQ imprint. Our externally produced games are being developed by some of the best developers in the industry.

THQ'S INVESTMENTS IN ITS INTERNAL STUDIOS
AND TECHNOLOGICAL CAPABILITIES HAS
RESULTED IN PROPRIETARY, CUTTING-EDGE
GAMES. AS A RESULT, FOR THE FIRST TIME, THQ
IS AT THE FORE OF THE INNOVATION CURVE.



THQ Wireless Entertainment

In 2001, THQ is seeking to leverage its leadership position in handheld game development in the emerging wireless games market via the establishment of THQ Wireless, a new division dedicated to the development of content for mobile devices. THQ has also established a strategic relationship with Siemens, a leading mobile phone manufacturer and wireless infrastructure provider. We are also looking to develop other key partnerships within the wireless industry, marketing our products and services to wireless network operators (carriers), mobile portal operators and other handset manufacturers.

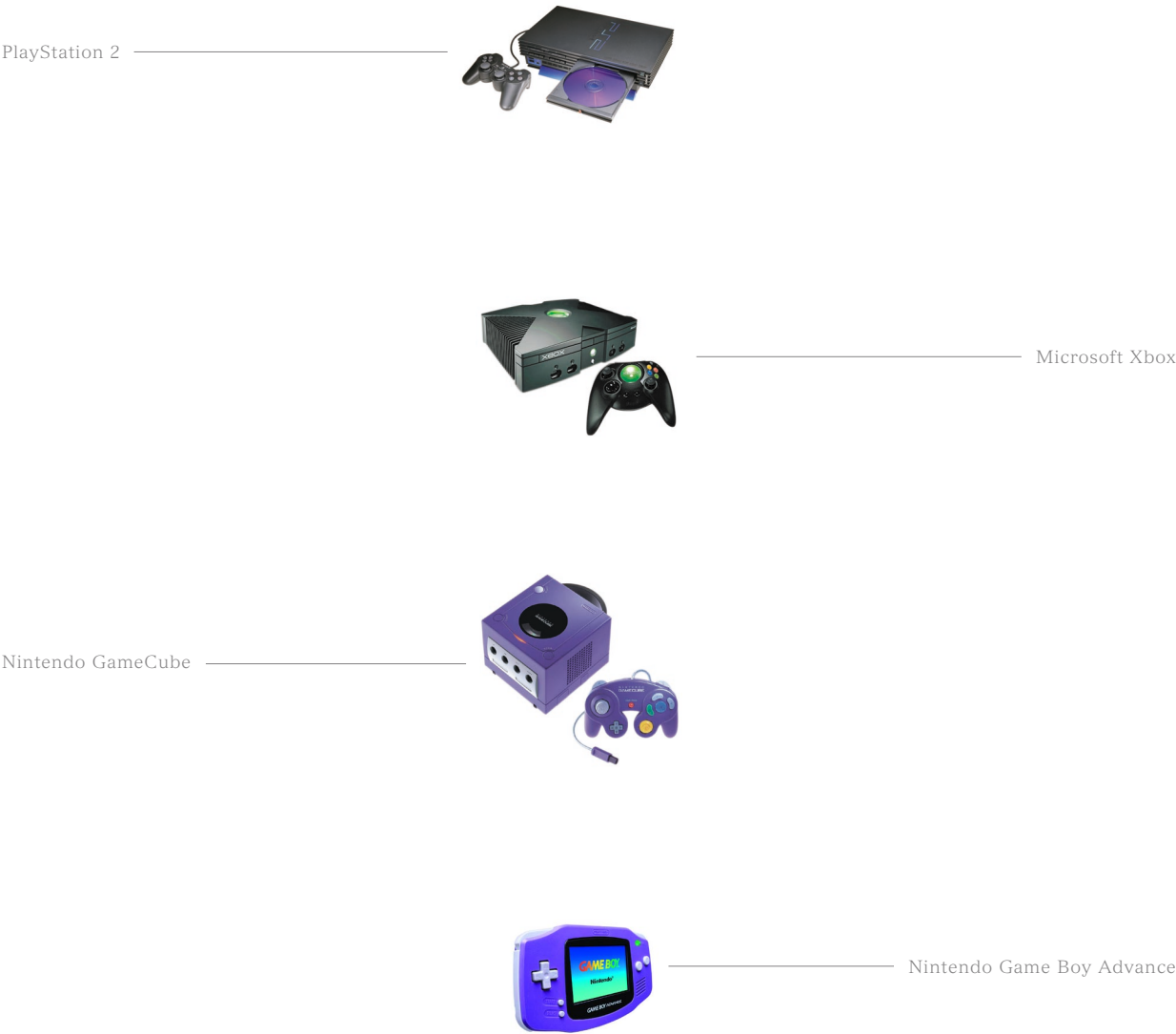


* Wireless gaming © Datamonitor (Published 9/2000)

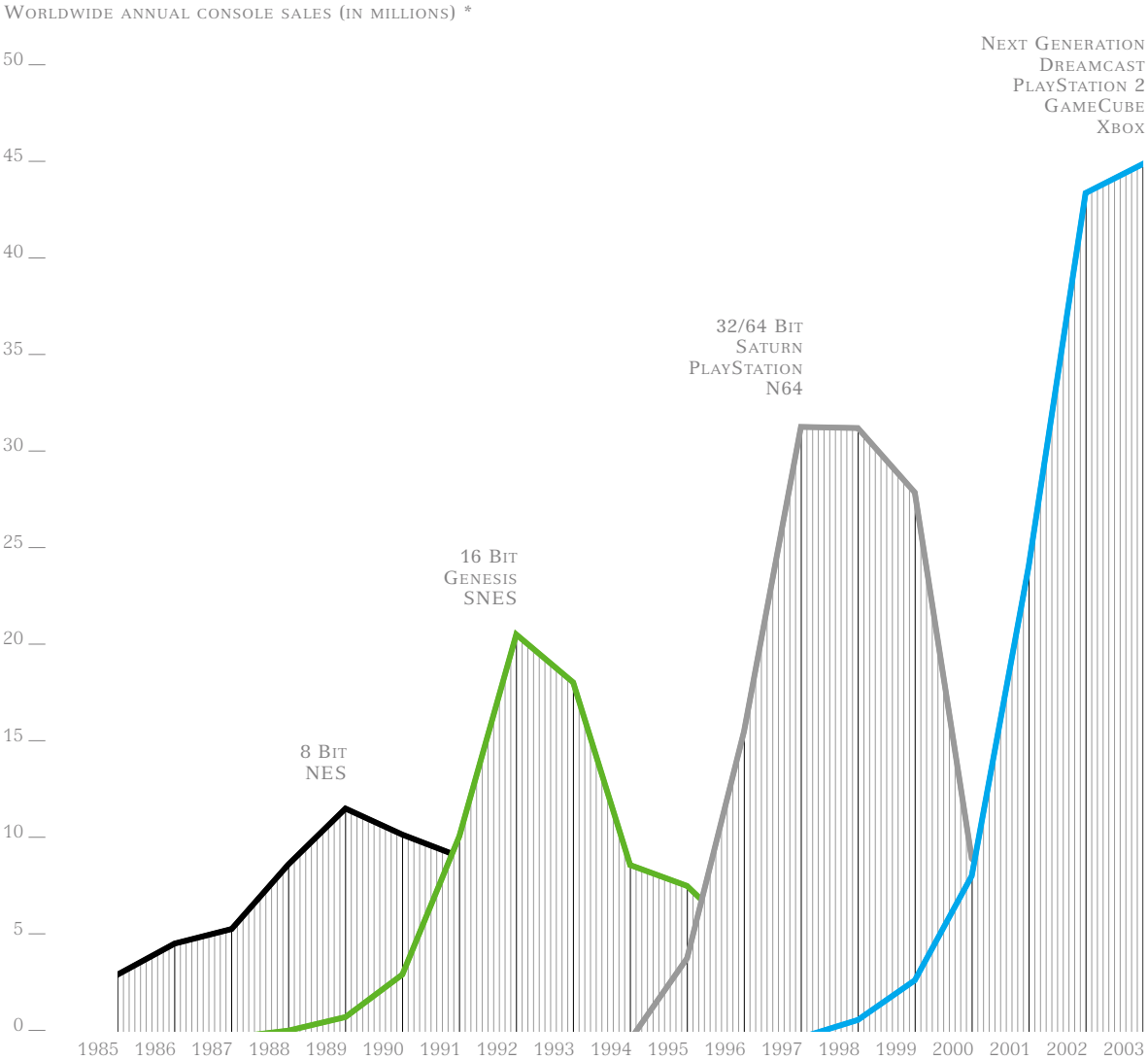
The technology powering Red Faction has been heralded as a revolutionary leap forward in the action genre.



POWERFUL TECHNOLOGY



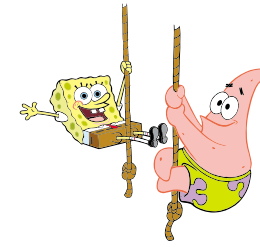
The launch of the PlayStation®2 computer entertainment system in the U.S. late last year signaled the start of an explosive new cycle of growth for the interactive entertainment industry. In 2001, an unprecedented three new hardware platforms will launch: Nintendo's Game Boy® Advance will debut in the summer in the United States and Europe, followed by Microsoft's Xbox™ and Nintendo's GameCube™ in the fall. These next-generation systems represent the dawn of what we believe will be a period of tremendous growth for both our industry and for THQ.



NEXT GENERATION

* UBS Warburg LLC

WE'RE JUST GETTING
WARMED UP...



SpongeBob SquarePants / Nickelodeon



Rugrats / Nickelodeon



Blues Clues / Nickelodeon



Rocket Power / Nickelodeon



Jimmy Neutron / Nickelodeon



The Wild Thornberrys / Nickelodeon



SCOOBY-DOO™ / Warner Brothers



World Wrestling Federation®



Bob the Builder™ / HIT Entertainment



Dark Summit™



Evil Dead™



Hot Wheels™ / Mattel



Power Rangers / Saban



The Ripping Friends / Hearst Entertainment



Summoner™



Red Faction™



Star Wars / LucasArts



Tetris / The Tetris Company



Matchbox™ / Mattel



MX 2002 featuring Ricky Carmichael



New Legends™

THQ MANAGEMENT



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President and
Chief Executive Officer



Jeffrey C. Lapin
Vice Chairman and
Chief Operating Officer



Alison Locke
Executive Vice President,
North American Publishing



Fred Gysi
Senior Vice President,
Finance and Administration
and Chief Financial Officer



Tim Walsh
Senior Vice President,
International Publishing

CORPORATE OFFICE



Leslie Brown
Vice President and
Chief Legal Counsel



Sharon Dannewitz
Vice President and
Controller



Peter Dille
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Marketing



Germaine Gioia
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Licensing



David Hoffman
Vice President,
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Michael Rubinelli
Vice President,
Product Development



Tiffany Ternan
Vice President,
Sales



Vivian Walker
Vice President,
Human Resources

DEVELOPMENT STUDIOS



Don Traeger
President
Pacific Coast Power
and Light Company



Mike Kulas
President
Volition, Inc.



Marcel Samek
Director
Heavy Iron Studios



Rafael Baptista
General Manager
Helixe



Shawn Broderick
President
Genetic Anomalies, Inc.

INTERNATIONAL



Ian Curran
Managing Director,
United Kingdom



Dietrich Meutsch
Managing Director,
Germany



Rory Donnelly
General Manager,
France



Martin Good
General Manager,
Asia Pacific

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President and Chief Executive Officer

Jeffery C. Lapin
Vice Chairman and Chief Operating Officer

Lawrence Burstein
President
Unity Venture Capital Associates Limited

James L. Whims
Managing Director
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L. Gregory Ballard
Chief Executive Officer
MyFamily.com

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COMMON STOCK

NASDAQ National Market System
Common Stock Symbol: THQI