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THQ F4Q09 (Qtr End 3/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Tony Gikas of Piper Jaffray.

Tony Gikas - Piper Jaffray

Thanks. Good afternoon, guys. A couple of questions -- and maybe we could just start with the restructuring -- in dollars, what is the expected non-GAAP decline to operating expenses in fiscal '10 relative to fiscal '09?

Second question, we've recently had some soft software and hardware trend data from NPD. Any concerns, Brian, in that regard, particularly on the hardware side? And have we seen those soft trends through April?

And then the last question, maybe you could just give us an update on your view of growth in the market for calendar '09? Thanks.

Brian Farrell

Let me start with the second two-thirds of your question, Tony. The way we are thinking about the year, yeah we had two good months according to NPD in January and February, growth months. March was down month over month. Our view on that was there weren't any -- as many compelling new releases, and as we get later in the year, the next several months, we have some pretty tough comps that get a little better later in the year. You know, net, net, net -- we are still in the flat to up mid-single-digits in our key markets which are North America and Europe. Obviously currency can swing those things just a little bit so we are still in that flat to mid-single-digits with respect to software.

On hardware, sort of a similar theme -- you know, nothing really happened with respect to hardware in the March month. We are pleased with Microsoft's momentum at their price point. We are seeing a little softness in the Wii which we kind of think of the glass as half full here, in that the Wii has been going for an unprecedented amount of time without a price reduction, so we just may be seeing some both economic and the fact that they've already got a pretty substantial installed base at their original price point.

The challenging platform obviously is the PS3. The right people to ask about price cuts there are Sony. We are not expecting a price cut at E3 but we do expect one later in the year but again, that's just our guess -- that's not based on any knowledge from Sony.

Paul J. Pucino

Total realignment for fiscal 2009, our total expense was about \$89 million, and for fiscal '10, we estimate we have about \$10 million left.

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