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RealNetworks Inc., Q1 2009 Earnings Call Transcript.

Question-and-Answer Session

Operator

Thank you. Ladies and gentlemen, we will begin the question-and-answer session. Please limit your questions to one. (Operator Instructions) The first question comes from Tavis McCourt with Morgan, Keegan. You may ask your question.

Justin Patterson - Morgan, Keegan & Company, Inc.

Thanks, guys, this is Justin Patterson on behalf of Tavis. First, thanks for the additional disclosures this quarter. I think we all appreciate that it provides a lot more granularity. But just looking at OpEx, it's like it is about \$95 million kind of exadvertising this quarter. Assuming this marks at the end of the litigation phase here. As we expect that it kind of stay within that range for the year or perhaps coming down a little bit as the progresses?

Michael Eggers

Hey, Jeff, I go ahead and take that. As I said the answer we aren't giving specific guidance around things but I think I can give you some qualitative aspects around that. So, as we mentioned, the effect in the first quarter was for \$6 million associated with RealDVD of which a majority of that litigation. Obviously the expense associated with that in the future is a little bit out of our hands there determining how to win the litigation and rolls out.

But also as Rob said, we're consistently and continuing looking at ways to pay back cost and reduced costs and that's going to be a continued focus of ours going forward. So, with giving any specific guidance just know that how we're thinking about running the company and trying to maintain a very discipline view towards our OpEx. Next question, operator.

Operator

The next question comes from Vasily Karasyov with JP Morgan. Please go ahead.

Vasily Karasyov - JP Morgan

Good afternoon. Thank you for taking my question. Can you please remind us how much flexibility you have with regards to advertising on MTV networks? Do you have to spend money is there a minimum amount or can you stop and come up with a new arrangement with Viacom? Thank you.

Michael Eggers

Hey Vasily, this is Michael. So, we do have as part of the contract with Viacom when we signed a venture our commitment to spend. I believe the aggregate number was about \$213 million, and we do some flexibility with when we can spend those dollars in terms of what quarters and what year. There are some minimums associated with it. But at this point it is requirement where the funding for the venture is then used for the advertising with MTV. So at this point that is contractual commitment. It has some flexibility within the quarter so that's we are today.

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