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BearingPoint, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Adam Frisch - UBS.

Jason Kupferberg – UBS

The first question I have is regarding the strategic alternatives. If you can first of all, give a little bit of color in terms of why you seem to be a lot more open to those alternatives than maybe six months ago and as a follow-up to that, if nothing comes of those alternatives which you did mention is a possibility, if that ends up being the case, how concerned should we be about the \$200 million net obligation that can come back to you next April?

F. Edwin Harbach

I think the reason that the question comes up, I remember my first call with each of you, I remember I said I was calling off a transaction and I wanted to focus on the business. I think in the beginning that was the most important thing. Said another way, if we fix the business, everything is possible. If the business deteriorates and we have another year like we had last year, where we are losing \$300 million over nothing, then we can turn this thing around. So we did go back and focus on the business. I think as we start to stabilize that, you can decide whether Q2 is the stabilization.

We started to look around a little bit at what some of the alternatives are because we obviously have a balance sheet issue that we have to deal with and we've started to look at those alternatives to do that. We believe a fix in business helps us do that. I know there's lots of discussion taking place. We've had some discussions with third parties and I'm not sure how well a kept secret that is but we at least wanted to disclose those discussions. If nothing happens, we always have the default of running the business. We can talk about the cash if you want, but the cash is there and it's a little tight. That's where we are.

Jason Kupferberg – UBS

In terms of the free cash flow outlook for the year, if my math is right, you would need about plus \$100 million or so in the second half of the year to get to the midpoint of your full year '08 guidance.

F. Edwin Harbach

That's right, Jason. We are at \$350 million or so now and I always use round numbers. You can look at the disclosures for exact numbers and we're saying to get to \$450 million, we need plus \$100 million.

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