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## AES Corporation Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

Thank you. The floor is now open for questions. If you do have a question, please press \* followed by 1 on your telephone keypad at this time. If at any point your question has been answered, you may remove yourself from the queue by pressing the pound key. Once again, that is \* followed by 1 for any questions at this time. One moment while we poll for questions.

Our first question is coming from Elizabeth Parrella with Merrill Lynch. Please go ahead.

#### **Elizabeth Parrella – Merrill Lynch**

Thank you. Just to clarify, wanted to follow up something you said Paul. With respect to your base case growth assumptions, the 2000 MW that is currently under construction on core power type projects doesn't count toward the 6500 MW, that's correct – what counts is in terms of what you announced recently – is the Philippines acquisition and potentially South Africa if that actually goes to closing?

#### **Paul Hanrahan**

That's correct.

#### **Elizabeth Parrella – Merrill Lynch**

Okay, and with respect to the billion dollars that'll be coming in from Kazakhstan – it sounds like what you're indicating is you are going to take a conservative view on holding on to cash. It sounds like it is not likely or that we shouldn't really be assuming that you go out and try to call the remaining senior secure debt that's callable this spring.

#### **Paul Hanrahan**

Probably not. I think what we're going to do though is we are just going to continually evaluate the projects we have in front of us and the near-term investment needs, and how much liquidity we want to keep on hand to meet those needs. I think if we see a great opportunity, it could make sense to call some or all of those, but I wouldn't put that in as our base case, but we're always going to maintain that flexibility to do that if it looks like it's the best use of funds at the time.

#### **Elizabeth Parrella – Merrill Lynch**

Okay, alright. I think that would be it for now. Thank you.

**Paul Hanrahan**

Sure.

**Operator**

Thank you. Our next question is coming from Lasan Johong with RBC Capital Markets. Please go ahead.

**Lasan Johong - RBC Capital Markets**

Good morning. Just following up on Elizabeth's question. You have over \$2 billion in cash at year end '07. You've got another billion at least coming in from Kazakhstan, and you've got probably something close to a billion and change, I believe, foreign free cash flow minimum. That's quite a chunk of change to have on your balance sheet. What exactly would you be spending it on over the next several years, if you didn't pay down debt? It doesn't seem like you could effectively or efficiently use all that cash.

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