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EchoStar Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). Your first question comes from the line of Veronica Silverberg [ph].

Veronica Silverberg

Hi, how are you?

Charlie Ergen

Good.

Veronica Silverberg

Thanks for taking my question. Looking at the cash balance from September 30 to end of December, it looks like about a \$300 million reduction in cash and investments. Is that correct?

Charlie Ergen

Are you saying for quarter-over-quarter?

Veronica Silverberg

Yes quarter end-to-quarter end.

Charlie Ergen

Yes, I don't have first quarter right in front of me. But I'm sure in all parts?

Veronica Silverberg

Just wanted to get a sense for in terms of the cash balance sheet we got a little over 900 million in terms of the running rate of reduction, how long you think the cash flow last?

Charlie Ergen

I think the cash balance went down about a \$140 million.

Veronica Silverberg

Okay. I was actually looking at cash and investments.

Charlie Ergen

That probably, as we write some stuff down?

Bernie Han

Right.

Charlie Ergen

Yes, so maybe let's walk through that. Bernie will take in the investment portion that was written down so she's looking at cash investments, she would be correct.

Bernie Han

Correct. During the fourth quarter, we listed it out in our earnings release that we wrote down \$216 million during the fourth quarter related to investments. A piece of that was related to certain investments that we account for on a fair value basis. And every single quarter, we either mark up or mark down based on what those assets are worth. And then a piece of that are other assets that we review for impairment from time-to-time. But in total that was \$216 million related to investments in the fourth quarter.

Charlie Ergen

And then how long will the cash balance that we have, you know last us? Hopefully, the cash balance will last us. Hopefully, we can grow the business into a positive cash flow business and the cash that we have will last us forever, right. Certainly, until credit conditions were to change but we don't believe we could adequately get it go into the debt markets today, so at least at rates that we would want to pay. So we, obviously, look at our cash and feel like we have enough cash to grow our business. We are a bit capital intensive in this side of our business, but we think we've adequate cash.

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