

AES CORP  
Form 8-K  
May 05, 2005

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20349

## FORM 8-K

### CURRENT REPORT

#### PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported) : **May 5, 2005**

### THE AES CORPORATION

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State of Incorporation)

**001-12291**  
(Commission File No.)

**54-1163725**  
(IRS Employer Identification No.)

**4300 Wilson Boulevard, Suite 1100  
Arlington, Virginia 22203**

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code:  
**(703) 522-1315**

**NOT APPLICABLE**  
(Former Name or Former Address, if changed since last report)



**Item 2.02. Results of Operations and Financial Condition**

On May 5, 2005, the AES Corporation issued a press release setting forth its first quarter financial results. A copy of the release is furnished as Exhibit 99.1 to this report.

## Item 8.01: Other Events

## AES CORPORATION

## CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(\$ in millions, except per share amounts)	Quarter Ended	
	2005	March 31, 2004
Revenues	\$ 2,645	\$ 2,257
Cost of sales	(1,863)	(1,577)
<b>GROSS MARGIN</b>	<b>782</b>	<b>680</b>
General and administrative expenses	(49)	(48)
<b>OPERATING INCOME</b>	<b>733</b>	<b>632</b>
Interest expense	(467)	(493)
Interest income	86	69
Other nonoperating expense, net	(15)	(14)
Foreign currency transaction losses	(12)	(8)
Loss on sale of investments		(1)
Equity in earnings of affiliates	25	16
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTEREST</b>	<b>350</b>	<b>201</b>
Income tax expense	(126)	(64)
Minority interest expense, net	(91)	(63)
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>133</b>	<b>74</b>
Loss from operations of discontinued components (net of income tax expense of \$0 and \$2, respectively)		(26)
<b>INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE</b>	<b>133</b>	<b>48</b>
Cumulative effect of accounting change		
<b>NET INCOME</b>	<b>\$ 133</b>	<b>\$ 48</b>
<b>DILUTED EARNINGS PER SHARE</b>		
Income from continuing operations	\$ 0.20	\$ 0.12
Discontinued operations		(0.04)
Cumulative effect of accounting change		
<b>Total</b>	<b>\$ 0.20</b>	<b>\$ 0.08</b>
Diluted weighted average shares outstanding (in millions)	660	633



## AES CORPORATION

## SEGMENT INFORMATION (unaudited)

(\$ in millions)	Quarter Ended March 31,	
	2005	2004
<b>BUSINESS SEGMENTS</b>		
<b>REVENUES</b>		
Large Utilities	\$ 1,007	\$ 818
Growth Distribution	374	328
Contract Generation	985	868
Competitive Supply	279	243
Total revenues	\$ 2,645	\$ 2,257
<b>GROSS MARGIN</b>		
Large Utilities	\$ 252	\$ 194
Growth Distribution	73	63
Contract Generation	393	359
Competitive Supply	64	64
Total gross margin	\$ 782	\$ 680
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTEREST</b>		
Large Utilities	\$ 153	\$ 117
Growth Distribution	45	31
Contract Generation	252	190
Competitive Supply	53	55
Corporate	(153)	(192)
Total income before income taxes and minority interest	\$ 350	\$ 201
<b>GEOGRAPHIC SEGMENTS</b>		
<b>REVENUES</b>		
North America	\$ 540	\$ 546
Caribbean	403	391
South America	1,192	879
Europe/Africa	309	274
Asia	201	167
Total revenues	\$ 2,645	\$ 2,257
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTEREST</b>		
North America	\$ 114	\$ 118
Caribbean	55	61
South America	190	92
Europe/Africa	79	57
Asia	65	65
Corporate	(153)	(192)

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Total income before income taxes and minority interest	\$	350	\$	201
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## AES CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(\$ in millions)	March 31, 2005	December 31, 2004
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,555	\$ 1,396
Restricted cash	334	395
Short term investments	57	153
Accounts receivable, net of reserves of \$322 and \$303, respectively	1,547	1,575
Inventory	413	418
Receivable from affiliates	7	8
Deferred income taxes - current	193	187
Prepaid expenses	116	93
Other current assets	674	713
Current assets of held for sale and discontinued businesses		
<b>Total current assets</b>	<b>4,896</b>	<b>4,938</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land	783	788
Electric generation and distribution assets	22,463	22,434
Accumulated depreciation and amortization	(5,530)	(5,353)
Construction in progress	1,107	919
Property, plant and equipment, net	18,823	18,788
<b>OTHER ASSETS</b>		
Deferred financing costs, net	496	513
Investment in and advances to affiliates	684	655
Debt service reserves and other deposits	678	737
Goodwill, net	1,422	1,378
Deferred income taxes - noncurrent	798	813
Long-term assets of held for sale and discontinued businesses		
Other assets	1,866	1,910
<b>Total other assets</b>	<b>5,944</b>	<b>6,006</b>
<b>TOTAL ASSETS</b>	<b>\$ 29,663</b>	<b>\$ 29,732</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,106	\$ 1,143
Accrued interest	409	336
Accrued and other liabilities	1,686	1,583
Current liabilities of held for sale and discontinued businesses		
Recourse debt-current portion	146	142
Non-recourse debt-current portion	1,748	1,618
<b>Total current liabilities</b>	<b>5,095</b>	<b>4,822</b>
<b>LONG-TERM LIABILITIES</b>		
Non-recourse debt	11,435	11,813
Recourse debt	5,016	5,010
Deferred income taxes	729	685



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Long-term liabilities of held for sale and discontinued businesses			
Pension liabilities		869	891
Other long-term liabilities		3,108	3,261
Total long-term liabilities		21,157	21,660
<b>Minority Interest</b>		1,663	1,605
<b>STOCKHOLDERS EQUITY</b>			
Common stock		7	7
Additional paid-in capital		6,368	6,341
Accumulated deficit		(680)	(813)
Accumulated other comprehensive loss		(3,947)	(3,890)
Total stockholders equity		1,748	1,645
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>		\$ 29,663	\$ 29,732

## AES CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(\$ in millions)	2005	March 31,	2004
<b>OPERATING ACTIVITIES</b>			
Net income	\$	133	\$ 48
Adjustments:			
Depreciation and amortization of intangible assets		224	200
Other non-cash charges		153	226
Increase in working capital		(84)	(78)
Changes in other assets and liabilities		94	6
Net cash provided by operating activities		520	402
<b>INVESTING ACTIVITIES</b>			
Property additions		(271)	(190)
Proceeds from the sale of assets		3	27
Sale of short-term investments		430	392
Purchase of short-term investments		(330)	(428)
Acquisitions, net of cash acquired		(85)	
Decrease (increase) in restricted cash		67	(435)
Decrease (increase) in debt service reserves and other assets		27	(4)
Other investing		(7)	7
Net cash used in investing activities		(166)	(631)
<b>FINANCING ACTIVITIES</b>			
Borrowings under the revolving credit facilities		10	
Issuance of non-recourse debt and other coupon bearing securities		416	1,133
Repayments of non-recourse debt and other coupon bearing securities		(586)	(1,473)
Payments for deferred financing costs		(1)	(40)
Dividends to minority interests, net		(21)	(8)
Issuance of common stock, net		8	2
Other financing		(2)	(1)
Net cash used in financing activities		(176)	(387)
Effect of exchange rate changes on cash		(19)	(15)
Total increase (decrease) in cash and cash equivalents		159	(631)
Decrease in cash and cash equivalents of discontinued operations and businesses held for sale			(1)
Cash and cash equivalents, beginning		1,396	1,727
Cash and cash equivalents, ending	\$	1,555	\$ 1,095

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE AES CORPORATION

Date: May 5, 2005

By: /s/ Vincent W. Mathis  
Name: Vincent W. Mathis  
Title: Assistant General Counsel

EXHIBIT INDEX

<b>No.</b>	<b>Description</b>
99.1	Press Release dated May 5, 2005