



First Quarter 2007

Relevant Results

Santo Domingo, Dominican Republic
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Itabo reports Net Income of US\$ 7.3 million for the first quarter of 2007

Santo Domingo, Dominican Republic, May 21, 2007 – Itabo announced today results for the first quarter 2007. All operating and financial information, except where otherwise specified, is expressed in US dollars in conformity with generally accepted accounting principles applicable in the United States.

Operating income for the first quarter of 2007 increased to US\$11.5 million, which represents an increase of 18.6% when compared to the previous year. Net Income decreased 20.7% to US\$7.3 million in the first quarter of 2007 as compared with the same period of 2006.

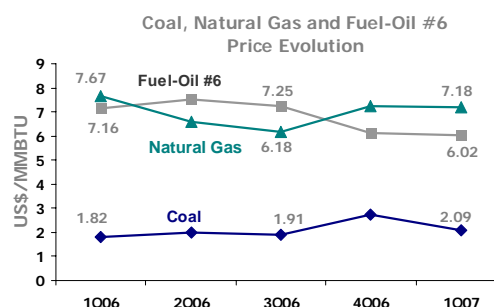
(Millions of US\$)	1Q07	1Q06	Var %
Revenues	46.0	40.8	12.7
Operating costs and expenses	34.5	31.1	10.9
Operating income	11.5	9.7	18.6
Operating income margin	25.0%	23.8%	
Net Income	7.3	9.2	(20.7)
Net Cash Provided by (used in) Operating Activities	12.7	7.5	69.3

Highlights

- In January 2007 Itabo, CDEE and the Distribution Companies entered into another offsetting transaction for approximately US\$16.8 million.
- Itabo prepaid a US\$10.0 million term loan with Citibank NY in January 2007.
- In March 2007, DPP sent a formal answer to the Electricity Sector Contracts Renegotiation Committee in relation to their proposal for the renegotiation of its PPA.
- In March 2007, S&P affirmed the “B” rating of Senior Unsecured Notes due to 2013 and revised its outlook from positive to stable.
- In April 2007, the Sector Agreement was renewed between the Dominican Government and most of the generators and distributors for one-year period.
- In May 2007, the Shareholders approved a dividend distribution of retained earnings as of December 06, of approximately RD\$1.5 billion equivalent approximately to US\$46 million.

External Factors¹

- GDP grew 9.1% in the first quarter 2007.
- Inflation for the quarter stood at 2.0%.
- Exchange Rate as of March 31st, 2007 closed at RD\$32.29 per US dollar for purchase and RD\$32.48 per US dollar for the sale.
- Total electricity demand for the first quarter 2007 reached 2,426 GWh, an increase of 4% over the first quarter 2006.
- Average coal prices were US\$2.09 per MMBtu for the quarter.
- The US and Dominican governments announced the implementation of Dominican Republic and Central America Free Trade Agreement (DR- CAFTA) effective March 01, 2007 which makes , the country a more attractive investment destination for foreign and domestic investors and provides better protection against contract violation and more effective means of dispute settlement for established investments.



- In May 2007, the Government promulgated a law that gives incentives for the development of renewable energy sources.

¹Source: Dominican Central Bank, Coordinating Body and FOB, 6300 kcal/kg Puerto Bolívar, Platts International Coal Report.

Analysis of Financial Results (In USGAAP)

Revenues increased 12.7% to US\$46.0 million in the first quarter of 2007 as compared to the same period of 2006. The main reasons for the increase were: (i) higher spot sales for US\$4.4 million, due to a higher generation; (ii) US\$0.6 million of higher demand from the distribution companies (21 GWh) in the first quarter of 2007 as compared to the same period of 2006; and, (iii) higher electricity prices due to the increment of 14.9% in the coal's indexation factor (2006-US\$/Ton 48.05 vs 2007-US\$/Ton55.19). Electricity sales mainly consist of contract electricity sales through PPAs with EDE-Este, EDE-Norte and EDE-Sur.

Revenues consist of the following:

(Millions of US\$)	1Q07	1Q06	Var%
Electricity sales	45.6	40.6	12.3
Other revenues	0.4	0.2	100.0
Total Revenues	46.0	40.8	12.7

Operating Costs and Expenses increased 10.9% to US\$34.5 million, in the first quarter 2007, compared to the same period of 2006. This variation was principally a net result of: (i) US\$2.7 million of higher coal consumption due to a higher generation (2007- 441GWh vs 2006-374 GWh); (ii) higher other fuel cost by US\$1.1 million due to an increase of 93.2% in the petcoke unitary cost since each shipment is indexed to the Pace Petroleum Coke; (iii) higher depreciation expense by US\$1.2 million due to the Port Project capitalization since October 2006 and due to the reclassification to fixed assets of the turbines that were classified as held for sale; and, (iv) US\$ 1.6 million of lower electricity purchases due to Itabo increased generation.

Operating costs and expenses consist of the following:

(Millions of US\$)	1Q07	1Q06	Var%
Cost of electricity sales	24.5	22.3	9.9
Operating and maintenance expenses	2.5	2.9	(13.8)
Selling, general and administrative expenses	3.0	2.6	15.4
Depreciation	4.4	3.2	37.5
Amortization of contracts	0.1	0.1	0.0
Total Operating Cost and Expenses	34.5	31.1	10.9

Total Other Expenses was US\$2.1 million in the first quarter of 2007 compared to a total other income of US\$1.3 million in 2006. This variation was mainly caused by the net effect of the following events: (i) US\$4.1 million of higher interest expenses as a result of the Senior Notes, the local bonds and the capitalization during 2006 of all financial interests incurred during the construction of the Unloading Dock Project; (ii) higher interest income by US\$0.6 million basically due to time deposits and debt reserve account; and, (iii) US\$ 0.3 million of deferred financing cost of the local and international bonds.

Other Income (Expenses) consists of the following:

(Millions of US\$)	1Q07	1Q06	Var%
Interest income	2.4	1.8	33.3
Interest expense	(4.4)	(0.3)	n/a
Amortization of deferred financing cost	(0.3)	-	n/a
Other income (expense) - net	-	0.5	(100.0)
Foreign currency (loss) gain	0.2	(0.7)	n/a
Total Other Income (Expenses)	(2.1)	1.3	n/a

Net Income decreased 20.7% to US\$7.3 million in the first quarter 2007, as compared to the Net Income recorded in the same period of 2006 of US\$9.2 million. This variance was mainly the net result of: (i) higher revenues by US\$5.2 million since the demand from distribution companies increased and the company sold more in the spot market due to an increase in generation; (ii) an increase of US\$3.4 million in the operating cost and expenses as a result of higher fuel consumption in connection with the generation growth; and (iii) an increase of US\$3.4 million in other expenses due to an increment of interest expenses in connection with the local and international bond issuances and due to the fact that during 2006 interest expenses were capitalized as part of the Unloading Dock Project .

Net Cash Provided by Operating Activities increased 69.3% to US\$12.7 million for the first quarter 2007, compared to the same period of 2006. This variation was mainly a net result of the following causes: (i) accounts receivables decreased US\$9.6 million; (ii) inventory increased US\$7.2 million; (iii) US\$1.2 million of higher positive reconciling adjustment from depreciation expenses and, (vi) US\$1.6 million of higher positive reconciling adjustments, reconciling net income to net cash provided by operations.

Free Cash Flow (a non-GAAP financial measure defined as net cash from operating activities less capital expenditures defined in the accompanying financial statement as Additions to Property, Plant and Equipment) was US\$12.0 million for the first quarter 2007. In addition to the net cash provided by operating activities of US\$12.7 million, there were additions to property, plant and equipment of US\$0.7 million (corresponding mostly to civil projects) during first quarter 2007.

Financial Debt Summary

- In January 2007 a term loan with Citibank N.Y for an amount of US\$10 million was prepaid.
- On April 05 2007, Itabo made the first scheduled interest payment on the Senior Notes for an aggregate amount of US\$6.8 million.
- On March 19, 2007 Standard & Poor's affirmed the "B" rating to the Itabo's US\$125 million bonds and revised its outlook from "Positive" to "Stable".

Financial Debt	Mar-07	Dec-06
(expressed in millions of US\$)		
Local Currency	11	11
Foreign Currency	125	135
Total Debt	136	146
Financing Cost (*)	11.5%	11.5%
Average Life (years)	7	6

Debt Profile	Mar-07	Dec-06
Local Currency (RD\$)	8%	7%
Foreign Currency (US\$)	92%	93%
Fixed Rate	100%	93%
Variable Rate	0%	7%
Short Term	8%	7%
Long Term	92%	93%

Rating Agency	Senior Notes 2013	Local Bonds 2007	Rating	Outlook
Fitch Ratings	Senior Notes 2013		B-	Positive
Standard & Poor's	Senior Notes 2013		B	Stable
Feller Rate	Local Bonds 2007		A	Stable

(*) (1) After tax rates. (2) In 2007 and 2006, the Notes effective rate includes the interest income accrued by the interest debt reserve.

Dividends

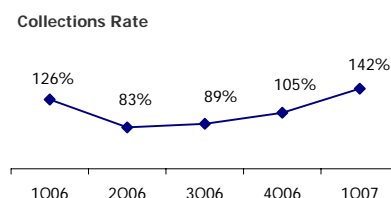
- On May 2nd, 2007, the Shareholders approved a dividend distribution of retained earnings as of December 31, 2006, of approximately RD\$1.5 billion equivalent to approximately US\$46 million. The total payment will be effective in May 16th, 2007.

Liquidity

Collections

In January 2007, Itabo entered into another offsetting transaction with EDE Norte, EDE Sur, EDE Este and CDEEE. By means of this arrangement Itabo offset part of its accounts receivable from EDE Norte, EDE Sur and EDE Este with accounts payable to CDEEE for an aggregate amount of US\$16.8 million.

In the first quarter 2007, the collections rate stood at 142% compared with 126% registered in the same period of 2006.



Regulation and Sector Developments

- In March 2007, Itabo sent a formal answer to the Electricity Sector Contracts Renegotiation Committee in relation to the Government intention to renegotiate its Purchase Power Agreements (PPA). Itabo is waiting for the Government response.
- In April 2007, the Electric Sector General Agreement was renewed. The Dominican Republic Government committed to stay current with its electricity bills in 2007 and cover the potential deficit of the distributors during one- year period up to an aggregate amount of US\$400.0 million.

Operational Results

The following tables present selected operating information for each of the periods indicated:

As of Mar 31, 2007	
Installed capacity (MW)	472
Power Generation Units	7
Effective capacity (MW)	433
Contracted capacity (MW) ⁽¹⁾	302

⁽¹⁾ Capacity contracted through long-term PPAs.

Operating Data		1Q07	1Q06	Var.
Gross generation	GWh	487	414	17.6%
Internal consumption	GWh	(39)	(36)	8.3%
Net Generation	GWh	448	378	18.5%
Total Energy Sold	GWh	441	398	10.8%
Firm Capacity	MW	209	201	4.0%
Heat Rate	Btu/KWh	11,309	10,792	4.8%
Plant Availability	%	89	75	18.7%
EFOR	%	6	23	-73.9%

Net Generation for the first quarter of 2007 was 448 GWh, an increase of 18.5% with respect to the same period of the previous year. This improvement was mainly due to an increase by 18.7% of the plant availability as compared to the first quarter 2006.

Equivalent forced outage rate (EFOR) was 6%, an improvement of 73.9% as compared to the same period of 2006. This rate was a result of a new corrective and preventive maintenance program.

Operational Developments

During first quarter 2007 three shipments were received at Itabo International Unloading Dock totaling 133 thousand metric tons of solid fuel.

Safety Indicators

During the first quarter of 2007, Itabo continued training its employees in: Ladders and scaffoldings, Root Cause Analysis investigations, Electrical safety and Safe handling and use of extinguishers.

Seven Safety Walking Inspections have been carried out, as part of the accident prevention strategy. The list of unsafe conditions is being corrected through routine maintenance and training.

During the first quarter of 2007, Itabo had no lost time accidents (LTAs).

Environmental Matters

Several environmental projects are in progress: Green Areas, planting trees for live barriers as dust mitigation; Construction of a sedimentation pond for the runoff water from the coal yard; construction of dust mitigation walls around transfer towers of the port coal conveyors; and drainage modifications to the bottom ash collectors for sedimentation.

An Environmental Audit was carried out on March 2007, by the AES' LATAM Environmental Group. From the total findings just one was considered as high priority and it is expected to be corrected it during May.

EMPRESA GENERADORA DE ELECTRICIDAD ITABO, S. A.
(An indirectly subsidiary of The AES Corporation)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2007 AND 2006
(Expressed in thousands of US\$)

	1Q 07	1Q 06
REVENUES		
Electricity sales	45,570	40,610
Other revenues	441	205
Total revenues	<u>\$ 46,011</u>	<u>\$ 40,815</u>
OPERATING COSTS AND EXPENSES		
Cost of electricity sales	24,512	22,329
Operating, maintenance and general expenses	2,477	2,876
Selling, general and administrative expenses	3,040	2,618
Depreciation	4,354	3,195
Amortization of contracts	118	118
Total operating costs and expenses	<u>34,501</u>	<u>31,136</u>
Operating income	<u>11,510</u>	<u>9,679</u>
Interest income	2,440	1,771
Interest expense	(4,404)	(312)
Amortization of deferred financing costs	(274)	-
Other expenses - net	-	503
Exchange gain	197	(656)
Total non operational	<u>(2,041)</u>	<u>1,306</u>
Income before taxes	<u>9,469</u>	<u>10,985</u>
Income tax benefit (expense)	<u>(2,158)</u>	<u>(1,742)</u>
Net income	<u>\$ 7,311</u>	<u>\$ 9,243</u>

The company's Financial Results were prepared in Dollars in conformity with generally accepted accounting principles in the United States, as of any date of determination, or "GAAP."

EMPRESA GENERADORA DE ELECTRICIDAD ITABO, S. A.
(An indirectly subsidiary of The AES Corporation)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2007 AND DECEMBER 31, 2006
(Expressed in thousands of US\$)

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	US\$ 84,215	US\$ 82,273
Restricted cash	310	299
Accounts receivable	637	852
Accounts receivable – related parties	87,305	101,824
Other receivable	621	549
Other receivable – related parties	3,000	6,000
Fuel inventory	10,753	5,199
Materials and supplies inventory - current	8,641	6,157
Assets held for sale	-	18,071
Prepaid taxes	270	1,946
Prepaid expenses and other assets	41	553
Deferred tax asset	20,660	16,247
Total Current assets	216,453	239,970
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	336,267	317,815
Accumulated depreciation and amortization	(81,472)	(77,155)
Construction in progress	728	441
Land	6,439	6,439
Net property, plant and equipment	261,962	247,540
Long term assets		
Debt service reserves	6,797	6,797
Materials and supplies inventory - long term	5,152	5,152
Deferred financing costs	3,391	3,665
Intangible - contracts	4,393	4,511
Other assets	53	65
Total long term assets	US\$ 19,786	US\$ 20,190
Total assets	\$ 498,201	\$ 507,700
Liabilities and stockholders' equity		
Current liabilities		
Notes payable - short term	\$ 10,833	\$ 13,800
Accounts payable	14,470	8,796
Total Accounts payable - related parties	3,401	17,873
Accrued liabilities	8,526	11,446
Deferred revenues - current	636	636
Total Current liabilities	37,866	52,551
Notes payable - long term	125,000	131,667
Deferred revenue - long term	159	318
Deferred income tax liability	14,942	10,251
Other long - term liabilities	55	50
Total long term liabilities	140,156	142,286
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity		
Common stock	355,556	355,556
Additional paid-in-capital	81	76
Accumulated losses	(35,458)	(42,769)
Total stockholders' equity	320,179	312,863
Total liabilities and stockholders' equity	498,201	507,700

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EMPRESA GENERADORA DE ELECTRICIDAD ITABO, S. A.
(An indirectly subsidiary of The AES Corporation)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2007 AND 2006
(Expressed in thousands of US\$)

	1Q 07	1Q 06		
OPERATING ACTIVITIES:				
Net income	US\$ 7,311	US\$ 9,243		
Adjustments to reconcile net income to net cash provided by (used in) Operating activities:				
Depreciation	4,354	3,195		
Amortization of contracts	118	118		
Deferred financing costs amortization	274	-		
Income tax benefit (expense)	2,158	1,742		
Long term compensation	10	6		
Remeasurement gain	(197)	656		
Other non-cash items	(159)	(159)		
Changes in assets and liabilities:				
Accounts receivable	215	(515)		
Accounts receivable – related parties	14,919	9,323		
Other receivable	(72)	(327)		
Other receivable – related parties	3,000	-		
Fuel inventory	(5,554)	24		
Materials and supplies	(2,484)	(821)		
Prepaid taxes	-	(1,978)		
Prepaid expense and other assets	524	489		
Accounts payable	5,565	(1,605)		
Accounts payable - related parties	(14,472)	(10,164)		
Accrued liabilities and other	(2,763)	(1,690)		
Net cash provided by (used in) operating activities	<u>12,747</u>	<u>7,537</u>		
INVESTING ACTIVITIES:				
Additions to property, plant and equipment	(705)	(1,867)		
Change in restricted cash and cash equivalents	(11)	(20)		
Net cash used in investing activities	<u>(716)</u>	<u>(1,887)</u>		
FINANCING ACTIVITIES:				
Notes payable - net	(10,000)	(4,440)		
Dividends payment	-	-		
Debt service reserves	-	-		
Payments of deferred financing costs	-	-		
Net cash (used in) provided by financing activities	<u>(10,000)</u>	<u>(4,440)</u>		
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(89)	71		
NET INCREASE (DECREASE) IN CASH	1,942	1,281		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>82,273</u>	<u>9,371</u>		
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>US\$ 84,215</u>	<u>US\$ 10,652</u>		

The company's Financial Results were prepared in Dollars in conformity with generally accepted accounting principles in the United States, as of any date of determination, or "GAAP".

The results presented in this report have not been audited and were prepared in Dollars in conformity with generally accepted accounting principles in the United States, as of any date of determination, or "GAAP."

Itabo is controlled and managed by subsidiaries of AES. Itabo owns the lowest-cost thermal power generation units in the Dominican Republic and is the second largest thermal power generator in the country based on effective capacity and installed capacity. Itabo operates power generation units that in the aggregate have 433 MW of effective capacity and 472 MW of installed capacity, which represent approximately 15% of the current total effective capacity and 14% of the current total installed capacity in the Dominican Republic. Itabo also has the only loading dock with the capacity to service Panamax vessels and to unload to 60,000 tons of solid fuels in bulk.

AES is one of the world's largest global power companies, with 2005 revenues of US\$11.1 billion. With operations in 26 countries on five continents, AES's generation and distribution facilities have the capacity to serve 100 million people worldwide. Our 14 regulated utilities amass annual sales of over 83,000 MWh and our 125 generation facilities have the capacity to generate over 44,000 megawatts. Our global workforce of 30,000 people is committed to operational excellence and meeting the world's growing power needs. To learn more about AES, please visit www.aes.com or contact AES media relations at media@aes.com.

Please address any questions or comments related to this report to Investor Relations, email address: inversoraesdom@aes.com

This report may contain forward-looking statements speculative in nature based on the information, operational plans and forecasts currently available about future trends and facts. As such, they are subject to risks and uncertainties. A wide variety of factors may cause future real facts to differ significantly from the issues presented or anticipated in this report, including, among others, changes in general economic, political, government and business conditions. In the event of materializing any of these risks or uncertainties, or if underlying assumptions prove to be mistaken, future real facts may vary significantly. Itabo is not bound to update or correct the information contained in this report.

Glossary of key terms

- Btu:** British thermal units of measurement. It is a unit of heat in the English European System. Its equivalence in the International System (IS) is the Calorie. The prices of Natural Gas are usually expressed in US\$/MMBtu. 1 Btu is equivalent to 252 calories.
- CDEEE:** Corporación Dominicana de Empresas Eléctricas Estatales.
- Coordinating Body:** "OC" or Organismo Coordinador. Whose function is to plan and coordinate the economic operations of the power providers with those of the transmission, distribution and commercialization system that form the SENI.
- EAF:** Equivalent Availability Factor
- Effective Capacity:** The currently available capacity, as of any date of determination, for generation of a unit or the amount of MW that a power generation unit can reliably generate.
- EFOR:** Equivalent Forced Outage Rate
- Firm Capacity:** The amount of capacity assigned by the Coordinating Body to each power generation unit for being available to cover the demand in peak hours.
- FX:** Foreign exchange, a banking term for changing money from one currency into another.
- Installed capacity:** The amount of MW a turbine is designed to produce upon installment (name-plate capacity).
- PPA:** Power Purchase Agreement.
- SENI:** Sistema Eléctrico Nacional Interconectado or the National Interconnected Electrical System.