



### Itabo reports a Net Loss of US\$ 0.9 million in the fourth quarter 2007

Santo Domingo, Dominican Republic, March 17, 2008 – Itabo announced today results for the fourth quarter, 2007 and the accrued results for the year ended on December 31st, 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 (USGAAP).

Operating Results for the fourth quarter of 2007 decreased to a loss of US\$3.8 million from an income of US\$0.4 million in the fourth quarter of 2006 and the accrued results as of December 2007 decreased 42.0% to an income of US\$14.9 million. The Net loss decreased to US\$0.9 million from a Net loss of US\$9.9 million in the fourth quarter of 2006 and the accrued results as of December 2007 decreased 66.0% to US\$10.3 million.

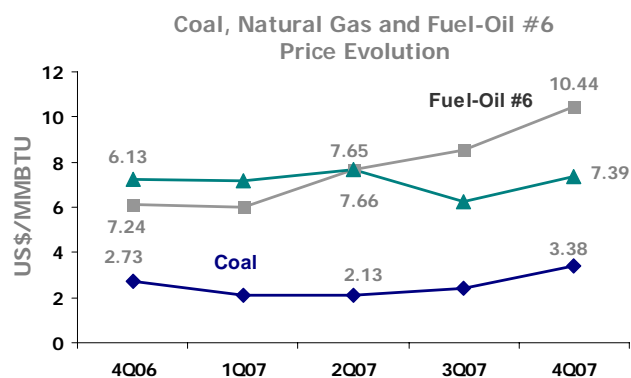
1Q07	2Q07	3Q07	4Q07	4Q06	(Millions of US\$)	12M07	12M06
46.0	49.2	51.2	54.1	46.6	Revenues	200.5	185.3
34.5	42.1	51.0	57.9	46.2	Operating costs and expenses	185.6	159.6
11.5	7.1	0.2	(3.8)	0.4	Operating income (loss)	14.9	25.7
25.0%	14.4%	0.4%	-7.0%	0.9%	Operating income margin	7.4%	13.9%
7.3	4.4	(0.6)	(0.9)	(9.9)	Net Income (loss)	10.3	30.3
					Net Cash Provided by (used in)		
12.7	(13.4)	1.5	(5.8)	(9.9)	Operating Activities	(5.0)	25.6

### Highlights

- On October 1st, Itabo's Unit I was placed out of service in order to perform a 7 day programmed maintenance.
- On October 2nd, Itabo paid the second interest coupon of the Senior Notes for an aggregate amount of US\$6.7 million.
- On October 29th, the Itabo's Units I and II had a forced outage, due to a high frequency in the system caused by several trips of 138kv transmission lines, due to Tropical Storm Noel.
- During 2006, Itabo made dividend payments in advance to its shareholders by approximately US\$12 million.
- Itabo registered a record of Net Generation of 1,574 GWh in 2007.

### External Factors<sup>1</sup>

- GDP grew 8.0% as of December, 2007.
- Inflation stood at 8.9% at the end of December.
- Exchange Rate as of December 31st, 2007 closed at RD\$33.52 per US dollar (Bid) and RD\$34.42 (Ask) per US dollar.
- Average coal prices were US\$3.38 per MMBtu for the quarter.
- Total electricity demand for the year 2007 reached 10,708 GWh, a 3.5% increase over the year 2006.



<sup>1</sup> Source: Dominican Central Bank and FOB, 6300 kcal/kg Puerto Bolivar, Platts International Coal Report.

## Analysis of Financial Results (In USGAAP)

**Revenues** increase by 16.1% to US\$54.1 million in the fourth quarter 2007 compared to US\$46.6 million in the same period of 2006. This variance was principally a net result of: (i) US\$7.5 million of higher sales to distribution companies basically due to higher demand (32 GWh) and higher contracted prices derived from the increment in the coal's indexation factor.

For the year ended December 31st, 2007, **Revenues** were US\$200.5 million, an increase of 8.2% compared to the same period of 2006. This increase was mainly caused by the net effect of: (i) higher electricity sales by US\$18.0 million, basically due to higher contracted demand from distribution companies (89 GWh) and higher contracted prices due to the increment of the coal's indexation factor; (ii) a lower connection right true up adjustment by US\$3.2 million since in 2006 it was booked for the first time and included 2004 and 2005 adjustment; and, (iv) higher other revenues by US\$0.4 million basically due to the increment of coal and ash sales.

**Revenues consist of the following:**

4Q07	4Q06	Var%	(Millions of US\$)	12M07	12M06	Var%
53.7	46.2	16.2	Electricity sales	199.1	184.3	8.0
0.4	0.4	0.0	Other revenues	1.4	1.0	40.0
<b>54.1</b>	<b>46.6</b>	<b>16.1</b>	<b>Total Revenues</b>	<b>200.5</b>	<b>185.3</b>	<b>8.2</b>

**Operating Costs and Expenses** increased 25.3% in the fourth quarter 2007, to US\$57.9 million compared to the same period of 2006. This variance was principally a net result of: (i) higher energy purchase by US\$6.0 million due to the increment on international fuel prices affecting spot purchases (4Q'07 US\$121/MWh Vs 4Q'06 US\$95/MWh); (ii) higher fuel consumption by approximately US\$3.0 million related to the increment on international coal prices and higher consumption of liquid fuels due to humidity in coal caused by tropical storms during Oct'07 and Nov'07; (iii) higher operating and maintenance expenses by US\$2.2 million, basically due to the fact that, according to the Dominican tax law, the Company is subject to a property tax of 1% if the income tax calculation is lower than this and its effect is considered as part of the operating cost; (iv) higher depreciation expense by US\$0.8 million due to the reclassification to fixed assets of the turbines that were previously classified as held for sale in 2006; and, (v) lower selling, general and administrative expenses by US\$0.3 million.

During the year ended December 31st, 2007, **Operating Costs and Expenses** increased 16.3% to US\$185.6 million compared to same period of 2006. This variance was mainly caused by the net effect of: (i) higher fuel consumption by US\$11.9 million driven by an increase in Itabo's generation and higher international coal prices; (ii) higher energy purchase by US\$7.6 million due to higher contracted demand and due to higher spot prices as result of the increment of international fuel prices (2007 US\$3.38 MMBTu Vs 2006 US\$2.73 MMBTu); (iii) higher depreciation expense by US\$5.2 million due to the Unloading Dock capitalization since October 2006 and due to the reclassification to fixed assets of the turbines that were classified as held for sale in 2005; (iv) higher operating and maintenance expenses by US\$2.2 million basically due to the fact that the Company was subject to a property tax of 1% and due to Itabo's unit II programmed maintenance performed in July; and, (v) lower selling, general and administrative expenses by US\$0.9 million.

**Operating costs and expenses consist of the following:**

4Q07	4Q06	Var%	(Millions of US\$)	12M07	12M06	Var%
43.6	34.6	26.0	Cost of electricity sales	137.8	118.3	16.5
6.3	4.1	53.7	Operating and maintenance expenses	16.5	14.3	15.4
3.4	3.7	(8.1)	Selling, general and administrative expenses	12.3	13.2	(6.8)
4.5	3.7	21.6	Depreciation	18.5	13.3	39.1
0.1	0.1	0.0	Amortization of contracts	0.5	0.5	0.0
<b>57.9</b>	<b>46.2</b>	<b>25.3</b>	<b>Total Operating Cost and Expenses</b>	<b>185.6</b>	<b>159.6</b>	<b>16.3</b>

**Total Other Income** amounted to a US\$1.4 million in the fourth quarter 2007, compared to an expense of US\$2.4 million in the same period of 2006. This variation was mainly caused by: (i) higher other income by US\$5.0 million mainly due to the sale of four buildings and a land portion to Transcontinental Capital Corporation (Seaboard); (ii) lower interest income by US\$0.8 million as a result of lower interests on short term investments; (iii) US\$0.5 million of higher foreign currency expense due to local currency depreciation against the dollar (3%), affecting the net assets exposure causing an FX loss; and, (iv) lower amortization of deferred financing cost by US\$0.1 million.

For the year ended as of December 31st, 2007, **Net Expenses** increased to US\$4.5 million, as compared to the Net Income recorded in the same period of 2006 of US\$10.7 million. This variance was mainly attributed to: (i) an increase of US\$12.1 million of interest expense as a result of the Senior Notes, the local bonds and the capitalization of financial interests of the Unloading Dock Project in 2006; (ii) lower other income by US\$1.4 million since last year the sale of two generation units (Itabo Los Mina and Timbeque) were booked and the insurance recovery, while in 2007 the sale of four buildings and a land portion to Transcontinental Capital Corporation (Seaboard) was booked; (iii) US\$1.4 million of higher foreign currency loss due to in Dec'07 FX rate has depreciated affecting the net assets exposure causing an FX loss; (iv) higher amortization of deferred financing cost by US\$0.4 million corresponding to the Senior Notes and the local bonds paid in August 2007; and (v) higher interest income by US\$0.1 million as a result of time deposits and debt reserve deposit.

**Other Income (Expenses) consists of the following:**

4Q07	4Q06	Var%	(Millions of US\$)	12M07	12M06	Var%
2.1	2.9	(27.6)	Interest income	8.8	8.7	1.1
(4.4)	(4.4)	0.0	Interest expense	(17.4)	(5.3)	n/a
(0.1)	(0.2)	(50.0)	Amortization of deferred financing cost	(0.6)	(0.2)	n/a
4.2	(0.8)	n/a	Other income- net	4.8	6.2	(22.6)
(0.4)	0.1	n/a	Exchange gain (loss)	(0.1)	1.3	n/a
<b>1.4</b>	<b>(2.4)</b>	<b>n/a</b>	<b>Total Other (Expenses) Income</b>	<b>(4.5)</b>	<b>10.7</b>	<b>n/a</b>

For the fourth quarter of 2007, the **Net Loss** decreased to US\$0.9 million from US\$9.9 million recorded in the same period of 2006. This variance was mainly the net result of: (i) an increase of operating cost and expenses by US\$11.7 million due to the increase of electricity purchases, fuel expenses, property tax and depreciation; (ii) higher revenues by US\$7.5 million; and, (iii) higher other income by US\$3.8 million basically due to higher interest expenses partially offset for higher other income due to the land portion and buildings sale to Seaboard.

For the year ended December 31st, 2007, **Net Income** decreased to US\$10.3 million, as compared to the Net Income recorded in the same period of 2006 of US\$30.3 million. This variance was mainly attributed to: (i) an increase of US\$26.0 million in the operating income as a result of higher electricity purchases, higher fuel expenses, higher depreciation expense during 2007 and the property tax of 1% over net assets; (ii) an increase in other expenses by US\$15.2 million, basically due to higher interest expenses in connection with international and local bonds; and (iii) higher revenues by US\$15.2 due to higher contracted demand.

**Net Cash Used by Operating Activities** was US\$5.8 million for the fourth quarter 2007 compared to a Net Cash Used by Operating Activities of US\$9.9 million in the same period of 2006. This variation was mainly a net result of the following causes: (i) lower net loss by US\$8.9 million; (ii) increase in accounts receivable by US\$10.9 million; (iii) higher accounts payable by US\$11.4 million; (iv) an increment of fuel inventory by US\$5.2 million since a LNG vessel was received on December 18; and, (v) US\$0.1 million higher negative reconciling adjustments, reconciling net income to net cash provided by operations.

For year ended December 31st, 2007, the Net Cash Used by Operating Activities was US\$5.0 million against a Net Cash Provided by operating activities of US\$25.6 million in the same period of 2006. This variation was primarily the net result of: (i) lower net income by US\$20.0 million; (ii) US\$14.6 million higher negative

reconciling adjustments, reconciling net income to net cash used in operations; (iii) an increment of fuel inventory by US\$11.7 million since a LNG vessel was received on December 18; (iv) accounts payable increase by US\$8.3 million; (v) higher depreciation expense by US\$5.1 million and, (vi) lower accounts receivable by US\$2.3 million.

**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 a net cash used of US\$9.4 million for the fourth quarter 2007. During this period, there were additions to property, plant and equipment by US\$3.6 million, corresponding to spare parts and buildings.

For year ended December 31st, 2007, the **Free Cash Flow** was a net cash used of US\$16.4 million. In addition to the net cash used by operating activities of US\$5.0 million, there were additions to property, plant and equipment by US\$11.4 million, corresponding mostly to new facilities in Unloading Dock Project, improvements in the new administration office, buildings and spare parts.

### Financial Debt Summary

- On October 2nd, Itabo's international bonds interests were paid by US\$6.7 million.
- Decrease in total debt due to in January 2007 a term loan with Citibank N.Y for an amount of US\$10 million was prepaid and on August 7, 2007 the local bonds was paid by an aggregate amount of RD\$350 million (equivalent to US\$10.7 million).

Financial Debt	Dec-07	Dec-06
<b>(expressed in millions of US\$)</b>		
Local Currency	0	11
Foreign Currency	125	135
<b>Total Debt</b>	<b>125</b>	<b>146</b>
Financing Cost (*)	11.2%	11.5%
Average Life (years)	6	5

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

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

Rating Agency		Rating	Outlook
Fitch Ratings	Senior Notes 2013	B-	Positive
Standard & Poor's	Senior Notes 2013	B	Stable

### Dividends

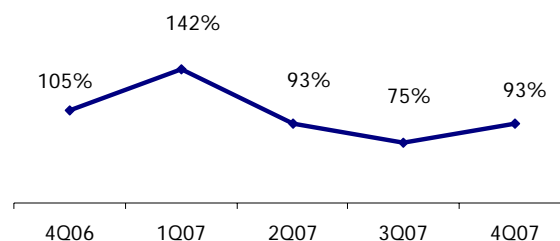
In November 2007, Itabo declared a RD\$400 million dividend in advance (equivalent to approximately US\$12 million) over 2007 gain. The portion that corresponds to the government was paid in November, and in December was paid the portion to AES Gener and AES Grand Itabo.

During 2007, Itabo paid the dividends approved in May 2007 for an amount of RD\$1.5 billion (approximately US\$46 million) over 2006 gain and paid dividends in advance over 2007 gain for approximately US\$12 million to its shareholders.

## Liquidity

### Collections

During the fourth quarter the collection rate was 93% against 105% in the same period of 2006, basically due to the fact that the DR Distribution Companies did not reach the CRI (Cash Recovery Index) established in their budget and due to an additional deficit that rose up because of the constant increment of fuels prices, mainly petroleum derivatives.



During 2007, the total amount offset with the distribution companies was \$21.7 million and the collections rate was 101%, similar to registered in the same period of 2006.

## Regulation and Sector Developments

- For 2008 the Dominican Government budgeted approximately US\$ 800 million for the subsidy to the electrical sector, this clearly shows intends to continue with the policy of support the sector.
- In July, the DR Congress approved the Electricity Law reform that will help the sector to reach financial sustainability by: i. criminalization and enforcement of electrical fraud, ii. set new limits to no-regulated users in order to protect Distros market, iii. allow service cutoff after only one bill due, iv. Classify as a national security breach the intentional damage or interruption of national electricity grid. Although the bylaw regulation was approved, the reform is not in full application waiting for development of an educational campaign to be implemented by the government.

## Operational Results

For the fourth quarter 2007 the **Net Generation** was 375 GWh, an increase of 1.1% respect to the same period of the previous year. During this quarter was successfully completed Itabo's Unit I maintenance.

For the 2007 the **Net Generation** was 1,574 GWh an increase of 2.3% against the same period 2006, basically due to the increase of plant availability factor (2007-82% Vs 2006-75%) and the reduction of the EFOR (2007-7% Vs 2006-19%) as a consequence of the implementation of corrective and preventive maintenance programs.

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

As of Dec 31, 2007	
Installed capacity (MW)	433
Power Generation Units	7
Effective capacity (MW)	433
Contracted capacity (MW) <sup>(1)</sup>	302

<sup>(1)</sup> Capacity contracted through long-term PPAs.

1Q07	2Q07	3Q07	4Q07	4Q06	Var.		12M07	12M06	Var.	
487	421	413	416	406	2.5%	Gross generation	GWh	1,737	1,684	3.1%
(39)	(38)	(38)	(41)	(35)	17.1%	Internal consumption	GWh	(156)	(146)	6.8%
<b>448</b>	<b>383</b>	<b>375</b>	<b>375</b>	<b>371</b>	<b>1.1%</b>	<b>Net Generation</b>	<b>GWh</b>	<b>1,574</b>	<b>1,538</b>	<b>2.3%</b>
441	494	477	485	499	-2.8%	Total Energy Sold	GWh	1,957	1,826	7.2%
200	208	216	222	198	12.1%	Firm Capacity	MW	211	203	3.9%
11,309	11,220	11,220	11,614	11,392	1.9%	Heat Rate	Btu/KWh	11,410	11,268	1.3%
89	81	78	82	72	13.9%	Plant Availability	%	82	75	9.3%
6	8	7	6	18	-66.7%	EFOR	%	7	19	-63.2%

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### **Operational Developments**

- On October 1st, Itabo's Unit I was placed out of service in order to perform a 7-day programmed maintenance. The main activities realized were: (i) pulverizer maintenance, (ii) calibration of safety valves, (iii) maintenance of burners, etc.
- During November Itabo's units experienced several forced outages, due to furnace low pressure caused by pulverizers trips because of excessive humidity on coal, problems caused by the garbage in seawater intake channel due to Noel storm and national system blackouts occurred as a consequence of the impact of such storm.
- During the fourth quarter 2007, five shipments were received with approximately 199 thousand metric tons of coal.
- During the fourth quarter some works of adjustment in the mills of Unit 2 forced a reduction in the weekend load; these works have given positive results improving its efficiency and increasing the power availability of the Unit.

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### **Safety Indicators**

During the fourth quarter of 2007, Itabo had its first lost time accidents (LTAs).

During the 2007, six hundred and seven Contractors were trained in safety induction, as part of the accident prevention strategy before planned outage of Itabo II and continued the training programs to the employees.

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### **Environmental Matters**

During the Fourth quarter of 2007, we continued the reforestation program and green areas development in Itabo facilities. A water treatment plant is under construction and its main purpose is to avoid that coal dusts that are carried away by rain waters from the coal yard reach seawater. This is a very important project showing the commitment of Itabo with the environment.

During the fourth quarter Itabo published its environmental manual and continued its programs of water discharges control, water treatment plant, and seawater cooling output.

During the 2007, the Environmental Compliance Report corresponding to the period December 2006-May 2007 was delivered to the Dominican environmental authorities, according to the requirements of the environmental license. As of December 31, 2007 Itabo has closed the 92% of the environmental audit findings.

Itabo continued training its employees in: environmental education, environmental legislation and regulations and AES Corp's environmental standards. Environmental accidents did not occur during the year.

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

1Q07	2Q07	3Q07	4Q07	4Q06		12M07	12M06
45,570	48,910	50,844	53,701	46,147	<b>REVENUES</b>		
441	318	315	366	430	Electricity sales	\$ 199,025	\$ 184,188
<b>46,011</b>	<b>49,228</b>	<b>51,159</b>	<b>54,067</b>	<b>46,577</b>	Other revenues	1,440	1,059
					<b>Total revenues</b>	<b>200,465</b>	<b>185,247</b>
					<b>OPERATING COSTS AND EXPENSES</b>		
24,512	32,111	37,564	43,640	34,636	Cost of electricity sales	137,827	118,365
2,477	3,082	4,693	6,211	4,077	Operating, maintenance and general expenses	16,463	14,289
3,040	2,483	3,412	3,409	3,668	Selling, general and administrative expenses	12,344	13,114
4,354	4,363	5,216	4,520	3,710	Depreciation	18,453	13,344
118	117	118	118	118	Amortization of contracts	471	471
<b>34,501</b>	<b>42,156</b>	<b>51,003</b>	<b>57,898</b>	<b>46,209</b>	<b>Total operating costs and expenses</b>	<b>185,558</b>	<b>159,583</b>
<b>11,510</b>	<b>7,072</b>	<b>156</b>	<b>(3,831)</b>	<b>368</b>	<b>Operating income</b>	<b>14,907</b>	<b>25,664</b>
2,440	2,294	1,975	2,165	2,868	Interest income	8,874	8,655
(4,404)	(4,392)	(4,192)	(4,435)	(4,404)	Interest expense	(17,423)	(5,286)
(274)	(148)	(134)	(128)	(177.00)	Amortization of deferred financing costs	(684)	(177)
-	23	633	4,209	(832)	Other income - net	4,865	6,138
197	315	(160)	(439)	169	Remeasurement (loss) gain	(87)	1,395
<b>(2,041)</b>	<b>(1,908)</b>	<b>(1,878)</b>	<b>1,372</b>	<b>(2,376)</b>	<b>Total non operational</b>	<b>(4,455)</b>	<b>10,725</b>
<b>9,469</b>	<b>5,164</b>	<b>(1,722)</b>	<b>(2,459)</b>	<b>(2,008)</b>	<b>Income before taxes</b>	<b>10,452</b>	<b>36,389</b>
(2,158)	(766)	1,160	1,573	(7,842)	Income tax expense	(191)	(6,079)
<b>7,311</b>	<b>4,398</b>	<b>(562)</b>	<b>(886)</b>	<b>(9,850)</b>	<b>Net income</b>	<b>\$ 10,261</b>	<b>\$ 30,310</b>

*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 CONSOLIDATED BALANCE SHEET**  
**AS OF DECEMBER 31, 2007 AND 2006**  
(Expressed in thousands of US\$)

	December 31, 2007	December 31, 2006
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	4,368	82,273
Restricted cash and cash equivalents	291	299
Accounts receivable	5,609	852
Accounts receivable – related parties, net	102,228	101,824
Other receivable	834	549
Other receivable – related parties	-	6,000
Fuel inventory	15,207	5,199
Materials and supplies inventory - current	9,061	6,157
Assets held for sale	-	18,071
Prepaid taxes	39,362	1,946
Prepaid expenses and other assets	744	553
Deferred tax asset	4,437	22,495
Total current assets	<u>182,141</u>	<u>246,218</u>
Property, plant and equipment		
Property, plant and equipment	335,930	317,811
Accumulated depreciation and amortization	(90,403)	(77,154)
Construction in progress	3,402	444
Land	6,170	6,439
Net property, plant and equipment	<u>255,099</u>	<u>247,540</u>
Long term assets		
Debt service reserves	6,797	6,797
Materials and supplies inventory - long term	6,640	5,152
Deferred financing costs	2,981	3,665
Intangible - contracts	4,040	4,511
Other assets	3,358	65
Total long term assets	<u>23,816</u>	<u>20,190</u>
<b>Total assets</b>	<b><u>461,056</u></b>	<b><u>513,948</u></b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Notes payable and short-term portion of long term debt	0	13,800
Accounts payable	12,998	8,796
Accounts payable - related parties	13,065	17,873
Accrued liabilities	7,206	11,446
Deferred revenues - current	-	636
Total current liabilities	<u>33,269</u>	<u>52,551</u>
Notes payable - long term	125,000	131,667
Deferred revenue - long term	-	318
Deferred income tax liability	14,492	10,251
Other long - term liabilities	110	50
Total long term liabilities	<u>139,602</u>	<u>142,286</u>
Stockholders' equity		
Common stock (56,355,356 shares authorized and outstanding)	355,556	355,556
Additional paid-in-capital	97	76
Accumulated losses	(67,468)	(36,521)
Total stockholders' equity	<u>288,185</u>	<u>319,111</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>461,056</u></b>	<b><u>513,948</u></b>

*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 CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Expressed in thousands of US\$)

1Q07	2Q07	3Q07	4Q07	4Q06		12M07	12M06
7,311	4,398	(562)	(886)	(9,850)	<b>Cash flows from operating activities</b>		
					Net income	US\$ 10,261	US\$ 30,310
					Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
4,354	4,363	5,216	4,520	3,710	Depreciation	18,453	13,344
118	117	118	118	118	Amortization of contracts	471	471
274	148	134	128	177	Amortization of deferred financing costs	684	177
2,158	766	(1,160)	(1,573)	7,842	Income tax expense	191	6,079
-	-	-	(20,797)	(20,117)	Income tax payments	(20,797)	(20,117)
10	51	55	(32)	14	Long term compensation	84	52
(197)	(315)	160	439	(169)	Remeasurement gain	87	(1,395)
	(602)	(38)	(3,959)	-	Gain on asset disposal	(4,599)	-
592	-	(592)	-	-	Allowance for doubtful accounts	(592)	-
(159)	84	(499)	(514)	(159)	Other non-cash items	(1,088)	(636)
			0	0	Changes in assets and liabilities:		
215	(586)	700	(5,086)	425	Accounts receivable - trade	(4,757)	(520)
14,919	(2,531)	(8,936)	(3,562)	126	Accounts receivable - related companies	(110)	5,260
(72)	(115)	300	(109)	(292)	Other receivable	4	-
3,000	3,000	-	-	1,875	Other receivable - related parties	6,000	(6,000)
(5,554)	2,888	(4,470)	(2,872)	2,343	Fuel inventory	(10,008)	1,727
(2,484)	(3,603)	2,276	(478)	(668)	Materials and supplies	(4,289)	(1,401)
-	(12,990)	(10)	13,000	1,932	Prepaid taxes	-	-
524	(2,119)	676	736	722	Prepaid expense and other assets	(183)	(26)
			-	-	Deferred Tax Asset	-	-
5,565	(5,723)	(2,873)	6,984	(6,823)	Accounts payable	3,953	(7,566)
(14,472)	3,233	6,988	3,528	5,897	Accounts payable - related parties	(723)	2,473
(2,763)	(3,888)	3,982	4,675	2,987	Accrued liabilities and other	2,006	3,322
					Deferred Tax Liabilities	-	-
(1,714)	(22,434)	(1,367)	16,816	8,524	Sub-total for changes in assets and liabilities	(8,107)	(2,731)
12,747	(13,424)	1,465	(5,740)	(9,910)	Net cash (used in) provided by operating activities	(4,952)	25,554
					<b>Cash flows from investing activities:</b>		
(705)	(596)	(2,668)	(4,084)	(2,089)	Additions to property, plant and equipment	(8,053)	(11,870)
-	-	(3,820)	519	-	Advances to suppliers in purchase of PP&E	(3,301)	-
	2	349	14	-	Proceeds from sales of property, plant and equipment	365	729
(11)	11	-	(75)	(1)	Change in restricted cash and cash equivalents	(75)	(13)
(716)	(583)	(6,139)	(3,626)	(2,090)	Net cash used in investing activities	(11,064)	(11,154)
					<b>Cash flows from financing activities:</b>		
(10,000)	(52)	(10,524)	52	107,944	Notes payable - net	(20,524)	130,497
-	(32,284)	-	(1)	(17,566)	Dividends payment	(32,285)	(46,681)
-	-	-	(8,923)	(14,580)	Dividends advance	(8,923)	(14,580)
(10,000)	(32,336)	(10,524)	(8,872)	65,159	Net cash (used in) provided by financing activities	(61,732)	58,597
(89)	(43)	(13)	(12)	(56)	EFFECT OF EXCHANGE RATE CHANGES ON CASH	(157)	(95)
1,942	(46,386)	(15,211)	(18,250)	53,103	<b>NET (DECREASE) INCREASE IN CASH</b>	(77,905)	72,902
82,273	84,215	37,829	22,618	29,170	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	82,273	9,371
84,215	37,829	22,618	4,368	82,273	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	4,368	82,273

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 and installed capacity, which represent approximately 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 2007 revenues of \$13.6 billion. With operations in 28 countries on five continents, AES's generation and distribution facilities have the capacity to serve 100 million people worldwide. Our 15 utilities amass annual sales of over 73,000 GWh and our 121 generation facilities have the capacity to generate approximately 43,000 megawatts. We have 12 new Generation facilities under construction. Our global workforce of 28,000 people is committed to operational excellence and meeting the world's growing power needs. To learn more about AES, please visit [www.aes.com](http://www.aes.com) or contact AES media relations at [media@aes.com](mailto:media@aes.com).*

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