

Third Quarter 2008

Relevant Results

Santo Domingo, Dominican Republic
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Itabo reports Net Income of US\$13.0 million for the third quarter 2008

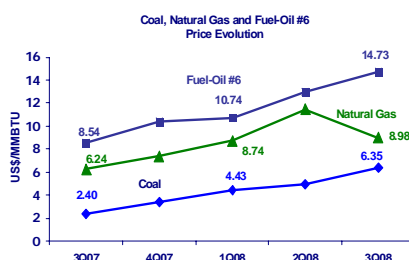
Santo Domingo, Dominican Republic, November 14, 2008 – Itabo announced today results for the third quarter 2008. All operating and financial information, except where otherwise specified, is expressed in US dollars in conformity with Generally Accepted Accounting Principles applicable in the United States (USGAAP).

Revenues increased 39.3% in the third quarter 2008 compared to the same period of 2007 and the accrued results as of September 2008 increased 25.9% compared to the same period of the previous year. Net Results was a Net Income of US\$13.0 million in the third quarter of 2008 as compared with a Net Loss of US\$0.6 million in the same period of 2007 and the accrued results as of September 2008 increased to US\$25.0 million.

3Q08	3Q07	(Millions of US\$)	9M08	9M07
71.3	51.2	Revenues	184.3	146.4
59.8	51.0	Operating costs and expenses	154.3	127.7
11.5	0.2	Operating income (loss)	30.0	18.7
16.1%	0.4%	Operating income margin	16.3%	12.8%
13.0	(0.6)	Net Income (loss)	25.0	11.1
Net Cash Provided by (Used in)				
(10.7)	1.5	Operating Activities	4.0	0.8

External Factors¹

- GDP grew 7.5% as of June, 2008.
- Inflation stood at 10.76% at the end of September.
- Exchange Rate as of September 30th, 2008 closed at RD\$34.41 per US dollar (Bid) and RD\$35.13 per US dollar (Ask).
- Average coal price was US\$6.35 per MMBtu for the quarter.
- Total electricity demand for the third quarter 2008 reached 2,901 GWh, a 1% decrease over the third quarter 2007.



Analysis of Consolidated² Financial Results (In USGAAP)

Revenues increased 39.3% to US\$71.3 million in the third quarter 2008 compared to the same period of 2007. The factors that led to these results were: (i) US\$20.0 million of higher sales to the distribution companies due to increment in the coal prices that are used to escalate PPA sales and higher demand; and, (ii) higher other revenues for US\$0.1 million, basically due to higher fuel sales to third parties (coal and petcoke).

For the first nine months of 2008, Revenues totaled US\$184.3 million, an increase of 25.9% compared to the same period of 2007. This increase was mainly caused by the net effect of: (i) higher demand from distribution companies by US\$41.3 million, including

Highlights

- In August 2008, Fitch Ratings affirmed Itabo's 'B-' and revised its rating outlook to Stable from Positive.
- During the quarter, four TG Turbines were sold and the new installed capacity for Itabo is 294.5 MW.
- The major programmed maintenances of Itabo I & II were completed successfully.

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

² The accompanying consolidated financial results include the accounts of Itabo, and its subsidiary Itabo Finance, S. A. Intercompany balances and transactions have been eliminated in these consolidated financial statements.

higher contracted prices due to the increment in the coal's indexation factor; (ii) lower spot sales by US\$3.8 million due to higher contracted demand and lower generation since Itabo I & II were placed out of service –programmed maintenances- for 45 days and 22 days against a programmed maintenance for 30 days in 2007; and, (iii) higher other revenues by US\$0.4 million, basically due to higher fuel sales to third parties (coal and petcoke).

Revenues consist of the following:

3Q08	3Q07	Var%	(Millions of US\$)	9M08	9M07	Var%
70.9	50.9	39.3	Electricity sales	182.9	145.4	25.8
0.4	0.3	33.3	Other revenues	1.4	1.0	40.0
71.3	51.2	39.3	Total Revenues	184.3	146.4	25.9

Operating Costs and Expenses increased 17.3%, in the third quarter 2008, to US\$59.8 million compared to the same period of 2007. This variance was principally a net result of: (i) higher electricity purchase by US\$4.8 million due to higher demand and lower generation; (ii) US\$3.6 million of higher fuel cost; (iii) US\$0.6 million of higher operating and maintenance expenses; (iv) lower depreciation expenses by US\$0.4 million; and, (v) higher selling, general and administrative expenses by US\$0.2 million.

During the first nine months of 2008, Operating Costs and Expenses increased 20.8% to US\$154.3 million compared to same period of 2007. This variation was mainly caused by the net effect of: (i) higher energy purchase by US\$15.0 million basically due to higher demand and lower generation caused for the programmed maintenances; (ii) higher fuel cost by US\$7.0 million basically due to higher coal prices; (iii) US\$3.5 million of higher operating and maintenance expenses; (iv) higher selling, general and administrative expenses by US\$0.7 million; and, (v) higher depreciation expense by US\$0.4 million.

Operating costs and expenses consist of the following:

3Q08	3Q07	Var%	(Millions of US\$)	9M08	9M07	Var%
46.0	37.6	22.3	Cost of electricity sales	116.2	94.2	23.4
5.3	4.7	12.8	Operating and maintenance expenses	13.8	10.3	34.0
3.6	3.4	5.9	Selling, general and administrative expenses	9.6	8.9	7.9
4.8	5.2	(7.7)	Depreciation	14.4	14.0	2.9
0.1	0.1	0.0	Amortization of contracts	0.3	0.3	0.0
59.8	51.0	17.3	Total Operating Cost and Expenses	154.3	127.7	20.8

Total **Other Income** were US\$6.1 million in the third quarter 2008 compared to a total other expenses of US\$1.9 million in the same period of 2007. This variation was mainly caused by the net effect of: (i) higher other income by US\$7.0 million due to the four gas turbine sale was booked with an effect in sale of assets; (ii) higher commercial interest income by US\$0.6 million; (iii) US\$0.5 million of higher exchange gain; (iv) lower financial interest income by US\$0.3 million; and, (v) lower interest expense by US\$0.2 million.

For the first nine months of 2008, **Net Income** increased to US\$1.4 million, as compared to the Net Expenses of US\$5.8 million recorded in the same period of 2007. This variance was the net result of: (i) higher other income by US\$7.0 million due to the four gas turbine sale; (ii) lower financial interest income by US\$1.8 million; (iii) higher commercial interest income by US\$1.0 million; (iv) lower financial interest expenses by US\$1.1 million; (v) lower deferred financing cost by US\$0.2 million; and, (vi) higher commercial interest expense by US\$0.2 million.

Other (Expenses) consists of the following:

3Q08	3Q07	Var%	(Millions of US\$)	9M08	9M07	Var%
(8.7)	2.0	n/a	Interest income (expenses)- financial- net	(10.9)	(10.2)	6.9
7.0	(4.2)	n/a	Interest income (expenses)- commercial- net	4.8	4.0	20.0
(0.1)	(0.1)	0.0	Amortization of deferred financing cost	(0.3)	(0.5)	(40.0)
7.6	0.6	n/a	Other income- net	7.6	0.6	n/a
0.3	(0.2)	n/a	Exchange gain	0.2	0.3	(33.3)
6.1	(1.9)	n/a	Total Other Income (Expenses)	1.4	(5.8)	n/a

- The programmed maintenances of Itabo I & II were completed successfully. These events involved higher spare parts purchases and higher electricity purchases through backup contract during 2008.

- During the third quarter of 2008, the company sold four of the gas turbines and the new installed capacity is 294.5 MW.

Net Cash Used in Operating Activities was US\$10.7 million for the third quarter 2008 compared to a Net Cash Provided by Operating Activities of US\$1.5 million in the same period of 2007. This variation was mainly a net result of the following causes: (i) accounts receivable increased US\$27.0 million basically due to higher sales to Distribution Companies and lower collections; (ii) higher net income by US\$13.6 million; (iii) higher accounts payable by US\$7.7 million; and, (iv) US\$6.5 million of higher negative reconciling adjustments, reconciling net income to net cash used in operations.

For the first nine months of 2008, the **Net Cash Provided by Operating Activities** was US\$4.0 million against a Net Cash Provided by Operating Activities of US\$0.8 million in the same period of 2007. This variation was primarily the net result of: (i) accounts receivables increased US\$67.2 million due to higher sales to Distribution Companies and lower collections; (ii) US\$36.9 million of higher accounts payable; (iii) higher net income by US\$13.9 million; (iv) lower prepaid taxes by US\$13.0 million due to in 2007 the company paid dividends; (v) lower inventory by US\$8.4 million; and, (vi) US\$1.8 million of higher negative reconciling adjustments, reconciling net income to net cash provided by operating activities.

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 net cash used of US\$12.0 million for the third quarter 2008. During this period, there were additions to property, plant and equipment by US\$1.3 million.

For the first nine months of 2008, the Free Cash Flow was zero. In addition to the net cash provided by operating activities of US\$4.0 million, there were additions to property, plant and equipment by US\$4.0 million.

Financial Debt Summary

- In August 2008, Fitch Ratings affirmed Itabo's 'B-' international foreign and local currency Issuer Default Ratings (IDRs) and revised its rating outlook to Stable from Positive. The rating action applies to US\$125 million of Senior Notes due 2013 issued by Itabo Finance S.A.

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

Financial Debt	Sep-08	Dec-07
Local Currency	0	0
Foreign Currency	125	125
Total Debt	125	125
Short Term	0%	0%
Long Term	100%	100%
Fixed Rate	100%	100%
Variable Rate	0%	0%
Financing Cost (*)	11.3%	11.2%
Average Life (years)	5	6

Dividends

On July 21st, 2007, the Board of Director declared dividends by RD\$1,224 million (around US\$35 million) less the amount given in advance in 2007 by RD\$400 million (around US\$12 million). The dividends will be pay according to the cash availability.

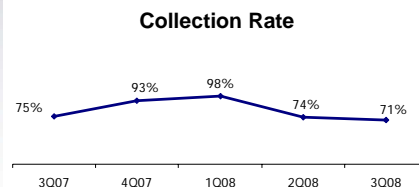
Liquidity

Collections

During the third quarter 2008 the collection rate was 71% against 75% in the same period of 2007.

In September, the following renegotiations of the overdue receivables as of December 2004 were signed:

- Itabo, EDE Sur and CDEEE, for a total amount of US\$10.4 million, wich includes partial payments starting on September 2008 until May 2010.
- Itabo and EDE ESTE, for a total amount of \$41.7 million, with partial payments starting on April 2009 until March 2015. This agreement included a compensation done in September 2008 by US\$1.9 million.



Besides, in September 2008, Itabo, CDEEE, EDE Norte entered into an offsetting transaction, by means of which Itabo assigned approximately US\$6.5 million of its account receivables from EDE Norte in payment of its accounts payable to CDEEE.

For the first nine months of 2008, the average collections rate was 81% compared with 103% registered in the same period of 2007. This reduction was basically due to the fact that the DR Distribution Companies registered an additional deficit because of the constant increment of fuels prices, mainly petroleum derivatives. However, during the first nine months of 2008 the total amount offset with the distribution companies was US\$18 million.

Operational Results

For the third quarter 2008, the **Net Generation** was 371 GWh, a decrease of 1.1% with respect to the same period of the previous year. The Energy Sold increased 5.3% when compared to the same period of the previous year mainly due to higher contract sales. The Itabo's **firm capacity** has increased 7.9% as a consequence of its historical plant availability improvement.

For the nine months of 2008, the **Net Generation** was 1,134 GWh a decrease of 5.4% against the same period 2007 and **Plant Availability** decreased 3.6% to 80% basically due to Itabo I and II programmed maintenances, successfully completed during the first and the third quarters 2008. The Itabo's **firm capacity** has increased 16.3% as a consequence of its historical plant availability improvement.

The following table presents selected operational information for each of the periods indicated:

3Q08	3Q07*	Var.%			9M08	9M07*	Var.%
410	413	(0.7)	Gross generation	GWh	1,252	1,314	(4.7)
(39)	(38)	2.6	Internal consumption	GWh	(118)	(115)	2.6
371	375	(1.1)	Net Generation	GWh	1,134	1,199	(5.4)
536	509	5.3	Total Energy Sold	GWh	1,460	1,491	(2.1)
233	216	7.9	Firm Capacity	MW	242	208	16.3
11,351	11,238	1.0	Heat Rate	Btu/KWh	11,112	11,337	(2.0)
81	78	3.8	Plant Availability	%	80	83	(3.6)
8	7	14.3	EFOR	%	7	7	0.0

* Revised data

Operational Developments

- On July 21st, Itabo II programmed major maintenance for a period of 22 days was successfully completed.
- During the third quarter 2008, five coal vessels were received containing 209,017 MT.
- During the quarter, four TG Turbines were declared commercial unavailable, since these were sold.

Safety Indicators

During the third quarter of 2008, Itabo had no lost time accidents (LTAs).

In the first nine months of 2008, an important aspect to mention is that during the programmed maintenances of Itabo I & II did not occurred any incidents. According to the safety program, training sessions took place at Itabo: Safety Walks, Safety meetings, Contractors Inspections.

- In the third quarter 2008, the Net capacity was 233 MW, representing an increase of 7.9% compared to the same period of 2007; as a consequence of its historical plant availability improvement.

As of Sept. 30, 2008	
Installed capacity (MW)	294.5
Power Generation Units	3
Effective capacity (MW)	294.5

- During the quarter, four TG Turbines were sold and the new installed capacity for Itabo is 294.5 MW.

- No LTAs occurred as of September 2008.

Environmental Matters

- During this period, water discharges environmental monitoring was performed, and the characterization of the underground waters of the ash land fill.
- Environmental accidents did not occur during this quarter.

Corporate Social Responsibility

During the third quarter the AES Dominicana Foundation continued giving support to the communities surrounding the power plants, through sport and educational equipment donations.

During the first nine month 2008, the AES Dominicana Foundation made a Cooperation Agreement with the Instituto Tecnológico de Santo Domingo ("INTEC"), a Dominican university, to sponsor five scholarships to outstanding students and established a temporary work program in Itabo Power Plant with the students of the Technical School of Haina.

EMPRESA GENERADORA DE ELECTRICIDAD ITABO, S.A and Subsidiary
(An indirectly subsidiary of The AES Corporation)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in thousands of US\$)

3Q08	3Q07		9M08	9M07
REVENUES				
70,865	50,844	Electricity sales	182,908	145,324
468	315	Other revenues	1,436	1,074
71,333	51,159	Total revenues	184,344	146,398
OPERATING COSTS AND EXPENSES				
45,980	37,564	Cost of electricity sales	116,176	94,187
5,312	4,693	Operating, maintenance and general expenses	13,817	10,252
3,624	3,412	Selling, general and administrative expenses	9,546	8,935
4,831	5,216	Depreciation	14,474	13,933
118	118	Amortization of contracts	353	353
59,865	51,003	Total operating costs and expenses	154,366	127,660
11,468	156	Operating income	29,978	18,738
2,292	1,975	Interest income	5,928	6,709
(4,022)	(4,192)	Interest expense	(12,064)	(12,988)
(128)	(134)	Amortization of deferred financing costs	(383)	(556)
7,641	633	Other income - net	7,663	656
279	(160)	Remeasurement gain	249	352
6,061	(1,878)	Total non operational	1,392	(5,827)
17,529	(1,722)	Income before taxes	31,370	12,911
(4,526)	1,160	Income tax expense	(6,353)	(1,764)
13,003	(562)	Net income	25,017	11,147

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 and Subsidiary
(An indirectly subsidiary of The AES Corporation)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of US\$)

	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	20,955	4,368
Restricted cash and cash equivalents	285	291
Accounts receivable	580	5,609
Accounts receivable – related parties, net	107,697	102,228
Other receivable	1,052	834
Fuel inventory	9,374	13,782
Materials and supplies inventory - current	10,573	9,061
Prepaid taxes	36,463	39,362
Prepaid expenses and other assets	1,111	744
Deferred tax asset	-	4,437
Total current assets	<u>188,090</u>	<u>180,716</u>
Property, plant and equipment		
Property, plant and equipment	327,947	335,930
Accumulated depreciation and amortization	(98,697)	(90,403)
Construction in progress	3,044	3,402
Land	6,850	6,170
Net property, plant and equipment	<u>239,144</u>	<u>255,099</u>
Long term assets		
Long term receivables from customers	44,769	-
Debt service reserves	6,797	6,797
Materials and supplies inventory - long term	5,838	6,640
Deferred financing costs	2,598	2,981
Intangible - contracts	3,687	4,040
Other assets	3,991	3,358
Total long term assets	<u>67,680</u>	<u>23,816</u>
Total assets	<u>494,914</u>	<u>459,631</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	27,560	12,999
Accounts payable - related parties	12,889	13,065
Accrued liabilities	20,174	7,309
Deferred income tax liability	785	-
Total current liabilities	<u>61,408</u>	<u>33,373</u>
Notes payable - long term	125,000	125,000
Deferred income tax liability	14,512	14,492
Other long - term liabilities	157	110
Total long term liabilities	<u>139,669</u>	<u>139,602</u>
Stockholders' equity		
Common stock (56,355,556 shares authorized and outstanding)	355,556	355,556
Additional paid-in-capital	126	96
Accumulated losses	(61,845)	(68,996)
Total stockholders' equity	<u>293,837</u>	<u>286,656</u>
Total liabilities and stockholders' equity	<u>494,914</u>	<u>459,631</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 and Subsidiary
(An indirectly subsidiary of The AES Corporation)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of US\$)

3Q08	3Q07		9M08	9M07
Cash flows from operating activities				
13,003	(562)	Net income (loss)	25,017	11,147
Adjustments to reconcile net income to net cash provided by operating activities:				
4,831	5,216	Depreciation	14,474	13,933
118	118	Amortization of contracts	353	353
128	134	Amortization of deferred financing costs	383	556
4,526	(1,160)	Income tax expense	6,353	1,764
47	55	Long term compensation	75	116
(279)	160	Remeasurement gain (loss)	(249)	(352)
(7,584)	(38)	Gain on asset disposal	(7,584)	(640)
-	(592)	Allowance for doubtful accounts	-	(592)
-	(499)	Other non-cash items	-	(574)
Changes in assets and liabilities:				
(14,097)	700	Accounts receivable - trade	(10,402)	329
(22,326)	(8,936)	Accounts receivable – related companies	(46,729)	3,452
1,509	300	Other receivable	(218)	113
-	-	Other receivable – related parties	-	6,000
(4,120)	(4,470)	Fuel inventory	4,408	(7,136)
(865)	2,276	Materials and supplies	(6,977)	(3,811)
-	(10)	Prepaid taxes	-	(13,000)
(1,313)	676	Prepaid expense and other assets	(1,835)	(919)
12,701	(2,873)	Accounts payable	14,958	(3,031)
(507)	6,988	Accounts payable - related parties	6,517	(4,251)
3,613	3,982	Accrued liabilities and other	5,424	(2,669)
(25,405)	(1,367)	Sub-total for changes in assets and liabilities	(34,854)	(24,923)
(10,690)	1,465	Net cash provided (used in) by operating activities	3,969	788
Cash flows from investing activities:				
(1,274)	(2,668)	Additions to property, plant and equipment	(4,048)	(3,969)
-	(3,820)	Advances to suppliers in purchase of PP&E	0	(3,820)
16,705	349	Proceeds from sales of property, plant and equipment	16705	351
6	-	Change in restricted cash and cash equivalents	6	-
15,437	(6,139)	Net cash provided by (used in) investing activities	12,663	(7,438)
Cash flows from financing activities:				
-	(10,524)	Notes payable - net	-	(20,576)
-	-	Dividends payment	-	(32,284)
-	(10,524)	Net cash used in financing activities	-	(52,860)
(55)	(13)	EFFECT OF EXCHANGE RATE CHANGES ON CASH	(45)	(145)
4,692	(15,211)	NET INCREASE (DECREASE) IN CASH	16,587	(59,655)
16,262	37,829	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,368	82,273
20,955	22,618	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	20,955	22,618

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 294.5 MW of effective and installed capacity. 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 29 countries on five continents, AES's generation and distribution facilities have the capacity to serve 100 million people worldwide. Our 15 regulated utilities amass annual sales of over 78,000 GWh and our 123 generation facilities have the capacity to generate approximately 43,000 MW. Our global workforce of 28,000 people is committed to operational excellence and meeting the world's growing power. 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

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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. Previously known as CDE.
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.
DPP:	Dominican Power Partners.
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.
GDP:	The gross domestic product (GDP) is one of the measures of national income and output for a given country's economy. GDP is defined as the total market value of all final goods and services produced within the country in a given period of time (usually a calendar year).
Installed capacity:	The amount of MW a turbine is designed to produce upon installment (name-plate capacity).
Platts:	Is a provider of energy information around the world that has been in business in various forms for more than a century and is now a division of The McGraw-Hill Companies. Products include Platts Energy Economist, industry news and price benchmarks for the oil, natural gas, electricity, nuclear power, coal, petrochemical and metals markets.
PPA:	Power Purchase Agreement.
SENI:	Sistema Eléctrico Nacional Interconectado or the National Interconnected Electrical System.