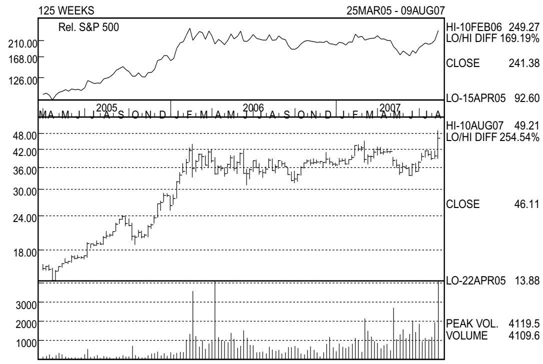
PRICE TARGET REVISION | COMMENT

AUGUST 10, 2007

Ormat Technologies, Inc. (NYSE: ORA)

Back in the Saddle, Ormat continues on the growth trail



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FY Dec	2006A	2007E	2008E	
EPS (Op) - FD	1.01	0.62	1.26	
Prev.			1.25	
P/E	45.7x	74.4x	36.6x	
CFPS - FD	2.50	1.91	2.87	
Prev.		1.73	2.55	
P/CFPS	18.4x	24.1x	16.1x	
FCFPS	(3.03)	(2.83)	(1.29)	
Prev.		(3.02)	(2.37)	
P/FCF	NM	NM	NM	
EBITDA/Share	3.10	2.84	4.56	
Prev.		3.09	4.76	
EPS (Op) - FD	**Q1**	**Q2**	**Q3**	**Q4**
2006	0.25A	0.24A	0.39A	0.14A
2007	(0.13)A	0.22A	0.35E	0.20E
Prev.		0.23E	0.39E	0.14E
CFPS - FD				
2006	0.61A	0.34A	0.98A	0.56A
2007	0.07A	0.64A	0.71E	0.51E
Prev.		0.47E	0.75E	0.47E
FCFPS				
2006	(0.02)A	(0.60)A	0.09A	0.05A
2007	0.89A	(1.22)A	(1.30)E	(1.27)E
Prev.	0.95A	(0.84)E	(1.60)E	(1.66)E

All values in USD unless otherwise noted.

Outperform
Above Average Risk

Price:	46.11	**Price Target:**	53.00 ↑ 42.00
		Implied All-In Return:	15.5%
Shares O/S (MM):	35.1	**Market Cap (MM):**	1,618
Dividend:	0.28	**Yield:**	0.6%
Float (MM):	7.2	**Tr. 12 ROE:**	132.56%
Debt to Cap:	62.0%	**Avg. Daily Volume (MM):**	65.00
Institutional Ownership:	25%	**3-Yr. Est. EPS Growth:**	14.00%

ORA reports 2Q07 results in-line with expectations

Increasing calculated NAV to $53 from $45, increasing target to $53 from $42 and maintaining our Outperform rating.

Operational issues during 1Q07 are a distant memory as Ormat continues to expand with new plant agreements and product orders. Although ORA experienced cost escalation in 2Q07 and predicts the same for the remainder of the year, ORA reaffirmed guidance of $214MM for Electricity and $70-72MM for Products revenue. The regulatory environment continues to favor renewable resources and we believe Ormat continues to fit the bill.

Key Drivers for 2007:

+Regulatory environment continues to be supportive in the context of global warming and renewable portfolio standards

+Monetization of production tax credits

+Limited risk profile promotes stability

+Strategic growth looks to continue

-Margins compression from rising costs of raw materials & labor

Other - Company denied being a target of an acquirer, at present

2Q07 Summary: ORA reported $0.22 adjusted-EPS versus our $0.23 estimate and $0.21 consensus. The company realized significant growth in product revenue, but this was offset by lower gross margins for the segment. ORA added 24MW to its generation portfolio in 2Q07.

Conclusion: ORA remains well positioned to benefit from geothermal and renewable energy markets growth. By continuing to expand geothermal projects, adapt REG technology to LNG facilities, expand product applications and by monetizing PTC, ORA should provide longer-term shareholder value.

Financial Metrics: On our one-year forward 2008E EPS, ORA currently trades at 35.0x earnings, 15.8x times OCF and, on an EV basis, 12.4x times EBITDA.

- + Increasing CNAV to $53 from $45 and increasing target to $53 from $42
- = Maintaining Outperform rating and 2007 adjusted-EPS of $0.62

Risks include: Drilling difficulties for new projects, thermal reservoir problems and execution risk, economy, permitting, land management, and regulatory risk.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Disclosures, please see Page 8.

Details

Ormat back on track with strong 2Q07 results and growth prospects

Overcoming the operational setbacks that plagued 1Q07 for Ormat, the company presented solid results and appealing growth prospects in the 2Q07 earnings call. By capitalizing on the company's unique expertise, the favorable trends towards renewable energy and the vast geothermal landscape, ORA will continue to create upside for investors. In 2Q07 alone, the company added 24MW of new generation to its asset base and signed contracts totaling nearly 134MW. Aside from the generation base, ORA agreed to sell an Ormat Energy Converter (OEC) to an Italian firm for the REG at one of its 62 cement plants. Needless to say, if this project is successful the product segment could thrive by fulfilling similar contracts down the road. Ormat did experience cost escalation in 2Q07, particularly in the Products segment, and expects similarly low margins for the remainder of this year before recovering in 2008. Moving forward, however, the company has established a policy to incorporate such escalations into new contracts. The new projects, strong operations and monetization of production tax credits should propel ORA in the near-, medium- and long-term.

A full discussion of 2007 Guidance, Notable Events, Near and Long-term Strategies and Catalysts and an Expanded Review of 2007 2nd Quarter Results follows.

2Q07 results: Revenues soar, but costs follow

Electricity revenues up 13.5%, costs up 14.2%

- $55.4MM vs. $48.8MM in 2Q07 revenues, quarter-over-quarter
- + Addition of 24MW, higher rates in CA
- - Cost escalation for labor and materials, outage at Momotombo (Nicaragua)

Products revenues nearly double, costs triple

- $28.7MM vs. $15.3MM in 2Q07 revenues, quarter-over-quarter
- + Timing of revenue recognition for projects underway
- - Cost escalation for labor and materials

Near-term Strategy and Catalysts

I) The regulatory environment favors Ormat in the context of global warming, especially in California and west of the Mississippi in general.

As global warming continues as a growing concern to the population, geothermal energy provides a meaningful way to increase renewable energy production without CO_2 emissions. In 2006 there was a heightened level of activity on the regulatory front in the state of California where the company owns about 150MW of generation capacity. Also, we believe that the majority of the western states will follow suit, e.g., Nevada. In addition to the renewable portfolio standards, there have been recent discussions in the Senate pertaining to an extension of production tax credits beyond the December 2008 expiration. Although the talks are preliminary, any extensions to these credits would benefit Ormat if the company can continue to monetize these credits.

II) Expertise along the whole value chain and long track record of successful project development make ORA an advantaged player

We believe that ORA will continue building a geographically balanced portfolio of geothermal and recovered energy assets, most likely developing and building additional geothermal and other renewable projects. We believe, primarily, that ORA will commit a very limited amount of resources to small size projects, targeting large and scalable geothermal reservoirs. In the case of limited size opportunities, ORA is more likely to provide the technology and the development expertise to a third party, such as in the case of the recent agreements signed with US Geothermal in Idaho. We believe this to be an adequate strategy for cost efficiencies reasons as ORA still makes meaningful margins on sales of its technology. Moreover, we believe that the geothermal industry is not mature enough to be strongly consolidated. However, when the time comes, due to its end to end expertise, we believe ORA will be well positioned to lead the industry.

III) Continued investment and technological development is a competitive advantage

We still consider the extensive track record of successful development of geothermal projects as well as its expertise along the whole value chain of geothermal generation to be a significant advantage for Ormat. We also view favorably Ormat's sustained involvement in technology and R&D, exemplified by the cooperative work carried out with the University of Northern Nevada and the Desert Research Institute to develop a world-class renewable energy center. Lastly, by having technological ownership and by mastering the entire value chain, ORA has limited the bargaining power of providers for technology.

IV) ORA exhibits a limited risk profile

We believe that Ormat has a limited risk profile. On the negative side, the company is exposed to all the risk inherent to any industry that is into deep drilling activity for fluid recovery. Also, the concentration of ORA's PPA counterparties suggests the existence of credit risk. Lastly, despite a strong commitment to renewable energies, we also recognize that the power sector in California can suffer from a contentious and sometimes unfavorable business environment. However, despite ORA's limited size and the factors just mentioned, the large proportion of contracted output at fixed prices allows for relatively guaranteed cash flows and non-recourse project financing. Additionally, by using the production tax credits the company has mitigated construction expenses for the assets involved. Last but not least, we view the track record of management and the technical expertise and experience of ORA as an operational and strategic risk-mitigating factor. While the limited size of the geothermal industry can be a constraint for the renewal of the technical talent pool, we still believe that ORA has internal resources that will allow for a smooth succession of current senior management.

V) Creation of a JV to monetize production tax credits adds value

The company has sold an economic interest in Desert Peak 2, Steamboat Hills and Galena 2 in Nevada to Morgan Stanley and Lehman Brothers (together the Financial Investors) for total consideration of $71.8 MM. Once construction of Galena 3 is completed and operational, Ormat will sell an economic interest in Galena 3 for $46.6 MM. This closing is expected to take place in April 2008. Essentially, this structure allows Ormat to sell PTCs generated by the assets to the financial partner through the new entity. For tax purposes, the assets will be sold to the JV in exchange for cash of approximately $118MM. We view this deal favorably as the PTCs are worthless to Ormat otherwise for many years to come, if not decades to come.

VI) Solid project pipeline that continues to expand

As outlined Table 1, Ormat has steadily added newly contracted projects to its generation base. With power demand on the rise and with renewable portfolio standards spreading throughout the globe, there is no end in sight for the company's project pipeline. In addition to generation, new applications of existing products are pushing production into high gear. As exemplified by the REG contract with ENAGAS, S.A. for an LNG facility in Madrid, by adapting the REG technology to LNG facilities, ORA should be well positioned to reap the rewards of the aggressive LNG terminal build-up. Additionally, the new contract with the Italcementi Group for an OEC for a REG unit at a cement plant in West Virginia may mark new territory for project growth. The Italcementi Group alone has 62 cement plants. The OEC will be supplied within 14 months and we believe the results will likely dictate future opportunities.

Table 1. Recently Added Projects in the Pipeline

Project	MW	Location	Company	Operations Begin	Contract terms
North Brawley 1	50	CA	Southern Cal Edison	2008	20yr, ORA option to expand to 100MW total
Grass Valley	18-30	NV	Nevada Power Company	2010	20 yr
REGs	21		Basin Electric	2008-2009	4 new 5.5MW REG facilities; option excerised by ORA; REGs along Northern Border Pipeline
KGRA	50	CA	None	2009	1,270-acre lease in North Brawley Known Geothermal Resources Area (KGRA); drilling underway, 1st 50MW operational by 2009
OREG2	27.5		Basin Electric		25-yr PPA for 2 plants of 5, may extend to all 5; Northern border pipeline source
Ngawha		New Zealand	Top Energy	2008	Equipment and construction contract for $20MM
Olkaria-II	35	Kenya	Kenya Power and Light	2008	Addition to existing 12MW in operation; total annual revenue for both units expected at $32MM
Products		WV	Italcementi Group	2007	One Ormat Energy Converter (OEC) for a new REG plant at a cement plant in WV for $5.7MM
REG	4	CO	Highline Electric	2009	20yr PPA; uses Kinder Morgan Energy Partners Pipeline Waste Heat
Herber South					Construction has begun

Source: RBC Capital Markets and Company Data

I) The price of growth: Margin compression likely to continue through 2007

Due to an increase in costs associated with labor and raw materials, we believe growth will come at a higher price than previously forecasted. A certain degree of cost escalation is factored into the bidding process for Ormat, but not all costs can be predicted accurately. Under the existing contracts, Ormat is solely responsible for cost overruns. Although the shrinking margins may hinder the short-term revenues of Ormat, we believe that the rising costs will be offset in the long run by the benefits of the growth projects. Additionally, past 2007 Ormat has established a policy to incorporate cost escalation into future contracts.

Significant Events & Operational Updates

Generation brought online in 2Q07:

- ***11MW declared operational at Desert Peak 2***
- ***10MW online at Galena 2***
- ***10MW online at Ormesa***
- ***4MW for Steamboat Hills OEC installation***

New Contracts

- $5.7MM contract with the Italcementi Group for an OEC. The product will be used in conjunction with the company's REG at a cement plant in West Virginia.
- The 17 MW supply from Galena 3 expected to come on line was contracted for 20 years with Sierra Pacific Company.
- The 18-30MW supply from Carson Lake and Buffalo Valley power plants was contracted for 20 years with Nevada Power.

- In addition, in January 2007, the PPA for the phase II of the Olkaria III project that will take total capacity from 35 to 48MW was successfully renegotiated with Kenya Power and Lighting Co. with respect to Phase II of the Olkaria III project.

Guidance and 2007 Estimates

ORA reaffirmed guidance of $214MM for Electricity and $70-72MM for Products. The company expects a contribution from equity interests of $18MM for 2007. We are likewise maintaining our 2007 adjusted-EPS estimate of $0.62. We are increasing our 2008 estimate slightly to $1.26 from $1.25 based on the solid 2Q07 results and project pipeline.

Conclusion

In general, we continue to believe that the company still benefits from a competitive position as a low-cost producer, with favorable baseload dispatch position generation and an extensive experience with geothermal projects and technologies. Considering the solid 2Q07 results, continuous additions to the project pipeline, new possibilities in the products segment and the financially savvy PTC monetization structure we maintain our opinion that ORA is poised to create shareholder value for years to come. Additionally, the adaptation of REG technology into ENGAS S.A.'s LNG terminal in Madrid could pave the way for an entirely new sector of growth.

Recommendation, Calculated Net Asset Value (CNAV) and Target Price

- + Increasing CNAV to $53 from $45 and increasing target price to $53 from $42
- - Maintaining Outperform rating and 2007 adjusted-EPS of $0.62

Valuation

We are increasing our CNAV to $53 per share from $45, and increasing our target price to $53 from $42. We maintain our Outperform rating.

Our model only includes a visible pipeline of projects with a reasonably high likelihood to come on line, given the experience of the company in geothermal project development, the expertise in operations on both the geothermal reservoir and the energy conversion generators, and its experience in PPA negotiation.

Our modeling of the products segments follows the same pattern and we maintain its revenue participation in the neighborhood of 20% yearly average revenues. We derive our calculated NAV per share based on a full discounted cash flow calculation.

Consequently, we continue to rate ORA as an Outperform with a $53 CNAV and target price.

On our one-year forward 2008 estimates, ORA currently trades at 35.0x times earnings, 15.8x times OCF and, on an EV basis, 12.4x times EBITDA.

Price Target Impediment

General operational risks, drilling difficulties for new projects, thermal reservoir problems and execution risk with respect to expansion plans, including permitting, construction and start-up potential problems in terms of both timing and costs, regulatory environment are potential impediments to potential positive developments for the stock price.

Company Description

Ormat Technology is currently the only vertically integrated geothermal power plant operator and pure-play provider of products and services to the geothermal power industry. The company is currently the third largest owner of geothermal power plants in the United States, operating about 380MW of generating capacity. It also, designs, manufactures and sell geothermal power equipment, as well as Heat Waste Energy Recovery Devices and Remote Power Units.

Ticker Symbol	ORA
Assumptions	**Rate**
DCF Start Year	2007
DCF Start Month	7
Current Beta of Company	1.00
Static or Variable Beta (S/V)	V
Normalized Long-Term Risk-free Rate	5.00%
Market Return	12.00%
Current Equity Discount Rate	**12.00%**
Current Cost of Preferred Stock	0.00%
Current Cost of Debt Capital	7.28%
Current WACC	**8.07%**
Basic Shares Outstanding (MM)	35.6
Diluted Shares Outstanding (MM)	35.7
Assumed Tax Rate	39%
Assumed Inflation Rate	3.50%
Minimum Cash Balance Required	$20
Revolver Overflow Alert	
Current Stock Price of ORA ($/Sh.)	**$46.11**
Current Book Value per Share	**$12.33**
Current Price-to-Book Ratio	**3.7 x**
Current Market Cap ($MM)	**$1,641.0**
Current Market Ent. Value ($MM)	**$2,117.1**
Current Market Ent. Value Per Sh.	**$59.49**
Current Book Ent. Value ($MM)	**$916.7**
Current Book Ent. Value Per Sh.	**$25.76**

Names of Regions	Name
Region 1	Energy&OEC
Region 2	Region2
Region 3	Region3
Region 4	Region4
Region 5	Region5
Region 6	Region6
Region 7	Region7
Region 8	Region8
Region 9	Region9
Region 10	Region10

		Per Share Estimates				
Year	Quarter	EPS	Oper. CF	EBITDA	FCF	EFCF
2006	1	$0.25	$0.61	$0.81	$0.32	($0.22)
2006	2	$0.24	$0.34	$0.74	($2.80)	$0.20
2006	3	$0.39	$0.98	$1.03	$0.16	($0.10)
2006	4	$0.14	$0.34	$0.52	($1.59)	($2.51)
Total		**$1.01**	**$2.27**	**$3.10**	**($4.06)**	**($2.71)**
2007	1	($0.13)	$0.07	$0.30	$0.89	$0.08
2007	2	$0.22	$0.64	$0.75	($1.22)	$0.16
2007	3	$0.35	$0.71	$0.99	($1.30)	($0.11)
2007	4	$0.20	$0.51	$0.84	($1.27)	$0.03
Total		**$0.62**	**$1.91**	**$2.84**	**($2.83)**	**$0.17**
2008						
Total		**$1.26**	**$2.87**	**$4.56**	**($1.29)**	**$0.12**

	Estimated Ratios				
Year	P/E	P/Oper. CF	EV/EBITDA	EV/FCF	P/EFCF
2006	45.6 x	20.3 x	19.2 x	N/M	N/M
2007	74.0 x	24.1 x	20.9 x	N/M	N/M
2008	36.7 x	16.0 x	13.0 x	N/M	N/M

	Capital Structure	
Capital Type	Amount	%
06/2007	($MM)	
Equity Capital	$440.5	48%
Preferred Stock	$0.0	0%
Total Debt	$476.2	52%
Total	**$916.7**	**100%**

Cost of Capital	
Type	% of Total
Equity	5.77%
Preferred	0.00%
Debt	2.31%
WACC	**8.07%**

Net Asset Value Cash Flow Valuation

Terminal Value	Multiple		Terminal Value	Multiple
Multiple of FCF	**10.8 x**		Multiple of EFCF	**10.8 x**
Term. Val. in Months	**294**		Term. Val. in Months	**294**

Category	Valuation		Category	Valuation
06/2007				
Calc. Ent. Value	**$2,323.3**		**Equity FCF Value**	**$1,844.3**
Preferred Stock	$0.0		**Cash Balance @ Start of Valuation**	**$73.0**
Total Debt	($476.2)			
Equity Value	**$1,847.2**		**Equity Value**	**$1,917.3**

Shares	NAV	Average	Shares	NAV
Basic	**$51.90**	**$52.89**	Basic	**$53.87**
Diluted	**$51.71**	**$52.69**	Diluted	**$53.67**

Ratios	P/NAV	P/NAV	Ratios	P/NAV
Basic	0.9 x	0.9 x	Basic	0.9 x
Diluted	0.9 x	0.9 x	Diluted	0.9 x

Ratios	P/Book
Basic	3.7 x

Criteria	Multiple	2008E	Multiple Analysis
Net Debt per Share	N/A	$15.74	N/A
Basic Shares Out	N/A	35.6	N/A
P/E	42.1 x	$1.26	$53.00
P/CF	18.4 x	$2.87	$53.00
EV/EBITDA	15.1 x	$4.56	$53.00
Average			**$53.00**

Sources: Company reports; RBC Capital Markets estimates. Lasan Johong - (212) 428-6462; lasan.johong@rbccm.com

SUMMARY FINANCIALS ($ Millions)	2005	2006					2007					2008
	2005	Q1A	Q2A	Q3A	Q4A	2006	Q1A	Q2E	Q3E	Q4E	2007	2008
GENERATION (MWh)	**2,681.4**	**692.0**	**721.9**	**747.6**	**738.8**	**2,900.3**	**822.1**	**911.1**	**870.6**	**932.6**	**3,536.4**	**4,387.3**
INCOME STATEMENT												
TOTAL NET REVENUE	**$238.0**	**$60.3**	**$64.1**	**$77.8**	**$66.7**	**$268.9**	**$61.7**	**$84.1**	**$84.3**	**$81.5**	**$311.6**	**$420.3**
DOC (Incl. Cost of Fuel and Plant O&M)	$55.2	$13.5	$16.0	$18.4	$22.0	$69.9	$18.5	$16.3	$19.9	$21.7	$76.4	$97.5
Other Direct Operating Costs	$57.7	$14.3	$14.3	$16.4	$18.9	$63.9	$25.1	$30.7	$21.1	$20.1	$97.0	$111.6
General & Administrative Expenses	$25.2	$8.2	$8.1	$7.5	$7.7	$31.4	$8.4	$10.0	$7.8	$9.9	$36.2	$48.2
DIRECT OPERATING COSTS	**$138.1**	**$36.0**	**$38.4**	**$42.2**	**$48.5**	**$165.2**	**$52.1**	**$57.1**	**$48.9**	**$51.7**	**$209.7**	**$257.3**
GROSS PROFIT	**$99.9**	**$24.3**	**$25.7**	**$35.6**	**$18.1**	**$103.7**	**$9.7**	**$27.0**	**$35.5**	**$29.9**	**$102.0**	**$162.9**
Depreciation, Amortization and Expl. Exp.	$36.0	$9.6	$10.2	$10.7	$11.3	$41.8	$12.0	$12.5	$9.0	$9.5	$43.1	$51.0
Other Operating Costs	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
TOTAL OPERATING COSTS	**$174.1**	**$45.6**	**$48.6**	**$53.0**	**$59.8**	**$207.0**	**$64.1**	**$69.6**	**$57.9**	**$61.2**	**$252.7**	**$308.3**
OPERATING INCOME	**$63.9**	**$14.8**	**$15.4**	**$24.9**	**$6.8**	**$61.9**	**($2.3)**	**$14.5**	**$26.4**	**$20.4**	**$58.9**	**$112.0**
Non-Operating Expenses	($2.6)	($1.4)	($0.6)	($1.3)	($0.6)	($3.8)	($1.6)	($1.5)	$0.0	$0.0	($3.1)	$0.0
EARNINGS BEFORE INTEREST & TAXES	**$66.5**	**$16.2**	**$16.0**	**$26.1**	**$7.5**	**$65.8**	**($0.8)**	**$16.0**	**$26.4**	**$20.4**	**$62.0**	**$112.0**
Net Interest Expense, Incl. TCP Dividend	$51.0	$6.3	$5.5	$7.8	$5.8	$25.4	$6.4	$5.4	$8.4	$9.9	$30.1	$46.5
PRE-TAX INCOME	**$15.5**	**$9.8**	**$10.6**	**$18.3**	**$1.7**	**$40.4**	**($7.1)**	**$10.5**	**$18.0**	**$10.5**	**$31.9**	**$65.5**
Income Tax Expense	$4.7	$1.9	$2.2	$4.4	($2.0)	$6.5	($2.0)	$2.0	$5.4	$3.4	$8.8	$20.6
Minority Interest, Pref. Dividend & Other	($10.2)	$0.1	$0.0	$0.0	($0.5)	($0.4)	$0.7	$0.2	$0.0	($0.0)	$0.9	($0.0)
NET INCOME PRE-X-ITEMS	**$24.2**	**$7.9**	**$8.4**	**$13.9**	**$4.9**	**$35.0**	**($5.1)**	**$8.4**	**$12.6**	**$7.1**	**$23.0**	**$44.9**
Extraordinary Items & Other	$3.3	$0.1	$0.0	$0.0	$0.7	$0.7	$0.7	$0.0	$0.0	$0.0	$0.7	$0.0
NET INCOME	**$21.0**	**$7.8**	**$8.4**	**$13.9**	**$4.2**	**$34.3**	**($5.8)**	**$8.4**	**$12.6**	**$7.1**	**$22.3**	**$44.9**
NET INCOME PRE-X-ITEMS PER SHARE	**$0.77**	**$0.25**	**$0.24**	**$0.39**	**$0.14**	**$1.01**	**($0.13)**	**$0.22**	**$0.35**	**$0.20**	**$0.62**	**$1.26**
Extraordinary Items & Other	$0.10	$0.00	$0.00	$0.00	$0.02	$0.02	$0.02	$0.00	$0.00	$0.00	$0.02	$0.00
NET INCOME PER SHARE	**$0.66**	**$0.25**	**$0.24**	**$0.39**	**$0.12**	**$0.99**	**($0.15)**	**$0.22**	**$0.35**	**$0.20**	**$0.60**	**$1.26**
CASH FLOW STATEMENT												
Adjustments to Revenue and Income	$5.9	($0.1)	($0.0)	($0.5)	$1.1	$0.4	($0.3)	$2.0	$0.0	$0.0	$1.7	$0.0
Depreciation, Amortization and Expl. Exp.	$36.0	$10.2	$10.6	$11.1	$8.9	$40.8	$11.3	$11.9	$9.0	$9.5	$41.7	$51.0
Deferred Income Taxes	($2.2)	$1.8	($2.4)	$3.3	($4.3)	($1.5)	$3.2	($5.8)	$3.6	$1.7	$2.7	$6.8
Other Operating Cash Flow Items	($8.5)	($0.3)	($4.4)	$7.2	$2.3	$4.9	($5.7)	$7.9	$0.0	($0.0)	$2.2	($0.0)
Changes in Working Capital	$82.7	$4.4	($7.0)	($8.7)	$5.6	($5.7)	$5.8	($18.3)	$0.0	$0.0	($12.5)	$0.0
OPERATING CASH FLOW	**$134.9**	**$23.9**	**$5.1**	**$26.3**	**$17.8**	**$73.0**	**$8.4**	**$6.1**	**$25.3**	**$18.3**	**$58.1**	**$102.6**
Cap. Ex., Acquisitions, Investments	($83.4)	($19.8)	($110.0)	($27.8)	($91.6)	($249.1)	$19.7	($58.6)	($3.0)	($3.0)	($44.9)	($12.4)
Proceeds from Sales	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Investing Cash Flow Items	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($74.6)	($67.7)	($142.3)	($169.3)
INVESTING CASH FLOW	**($83.4)**	**($19.8)**	**($110.0)**	**($27.8)**	**($91.6)**	**($249.1)**	**$19.7**	**($58.6)**	**($77.6)**	**($70.7)**	**($187.2)**	**($181.8)**
Net Equity Financing	$0.0	$0.0	$135.1	$0.0	$92.6	$227.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Debt Capital & Other Financing	($29.6)	($4.7)	($12.0)	($2.0)	($55.4)	($74.1)	($16.8)	($3.1)	$48.5	$53.4	$82.1	$83.3
Financing Costs	($14.5)	($0.2)	($0.5)	$0.0	$0.0	($0.7)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Common and Preferred Dividends	$0.0	($1.1)	($1.3)	($1.4)	($1.4)	($5.2)	($1.1)	($3.5)	($1.1)	($1.1)	($6.7)	($4.2)
Other Financing Cash Flow Items	($17.3)	($5.9)	($10.7)	$0.0	$38.3	$21.7	($8.3)	$61.6	$0.0	$0.0	$53.3	$0.0
FINANCING CASH FLOW	**($61.3)**	**($11.9)**	**$110.6**	**($3.4)**	**$74.2**	**$169.4**	**($26.2)**	**$55.0**	**$47.5**	**$52.4**	**$128.7**	**$79.1**
CHANGE IN CASH	**($9.8)**	**($7.9)**	**$5.6**	**($4.9)**	**$0.4**	**($6.7)**	**$2.0**	**$2.7**	**($4.9)**	**$0.0**	**($0.3)**	**($0.0)**
OP. CF BEFORE W/C PER SHARE	**$1.65**	**$0.61**	**$0.34**	**$0.98**	**$0.34**	**$2.27**	**$0.07**	**$0.64**	**$0.71**	**$0.51**	**$1.91**	**$2.87**
BALANCE SHEET												
Cash and Equivalents	$139.9	$67.7	$144.7	$125.3	$173.2	$173.2	$71.5	$147.2	$94.2	$94.2	$94.2	$94.2
Accounts Receivables	$38.4	$40.5	$41.1	$47.4	$44.1	$44.1	$42.1	$56.1	$56.1	$56.1	$56.1	$56.1
Inventory, Fuels and Materials	$9.1	$6.2	$5.1	$5.9	$7.4	$7.4	$8.6	$9.7	$9.7	$9.7	$9.7	$9.7
Other Current Assets	$6.8	$8.5	$12.1	$17.2	$17.9	$17.9	$74.4	$15.9	$15.9	$15.9	$15.9	$15.9
TOTAL CURRENT ASSETS	**$194.2**	**$122.9**	**$203.1**	**$195.8**	**$242.6**	**$242.6**	**$196.6**	**$228.8**	**$175.8**	**$175.8**	**$175.8**	**$175.8**
TOTAL PP&E	**$560.0**	**$696.8**	**$727.2**	**$758.9**	**$793.2**	**$793.2**	**$818.6**	**$848.4**	**$917.0**	**$978.2**	**$978.2**	**$1,109.0**
Other Long-term Assets	$140.4	$123.1	$123.1	$122.5	$124.3	$124.3	$123.3	$120.4	$120.4	$120.4	$120.4	$120.4
TOTAL ASSETS	**$894.6**	**$942.9**	**$1,053.3**	**$1,077.2**	**$1,160.1**	**$1,160.1**	**$1,138.5**	**$1,197.6**	**$1,213.2**	**$1,274.4**	**$1,274.4**	**$1,405.2**
Accounts Payables	$49.8	$58.4	$44.0	$60.9	$70.4	$70.4	$79.4	$77.5	$77.5	$77.5	$77.5	$77.5
Short-term Debt & Current Portions	$55.4	$65.9	$64.8	$66.8	$131.9	$131.9	$117.8	$129.4	$51.0	$50.7	$50.7	$86.7
Other Current Liabilities	$10.8	$5.2	$9.8	$7.7	$5.8	$5.8	$9.5	$8.0	$8.0	$8.0	$8.0	$8.0
TOTAL CURRENT LIABILITIES	**$116.1**	**$129.4**	**$118.6**	**$135.4**	**$208.2**	**$208.2**	**$206.8**	**$214.9**	**$136.5**	**$136.2**	**$136.2**	**$172.1**
Long-term Debt and Other Obligations	$490.7	$488.8	$466.4	$465.1	$380.3	$380.3	$371.1	$346.7	$631.2	$684.9	$684.9	$732.3
Deferred Income Taxes	$19.9	$25.4	$106.0	$106.6	$100.6	$100.6	$93.5	$93.5	$97.1	$98.8	$98.8	$105.6
Other Long-term Liabilities	$94.3	$105.1	$25.2	$26.2	$30.2	$30.2	$34.3	$32.9	($172.0)	($171.3)	($171.3)	($168.4)
TOTAL LONG-TERM LIABILITIES	**$604.9**	**$619.3**	**$597.6**	**$597.9**	**$511.1**	**$511.1**	**$498.9**	**$473.1**	**$556.3**	**$612.4**	**$612.4**	**$669.5**
Long-term Financings	$0.1	$4.8	$5.4	$0.1	$0.1	$0.1	$0.1	$69.1	$69.1	$69.1	$69.1	$69.0
TOTAL LIABILITIES	**$721.1**	**$753.5**	**$721.6**	**$733.4**	**$719.3**	**$719.3**	**$705.8**	**$757.1**	**$761.9**	**$817.7**	**$817.7**	**$910.7**
Equity and Additional Paid-in Capital	$124.0	$124.1	$259.6	$259.2	$353.4	$353.4	$354.3	$355.6	$355.6	$355.6	$355.6	$355.6
Retained Earnings	$50.7	$62.7	$69.7	$82.3	$85.1	$85.1	$76.2	$82.9	$93.7	$99.0	$99.0	$136.8
Other Stockholders' Equity	($1.2)	$2.6	$2.4	$2.4	$2.3	$2.3	$2.3	$2.1	$2.1	$2.1	$2.1	$2.1
TOTAL STOCKHOLDERS' EQUITY	**$173.5**	**$189.3**	**$331.7**	**$343.8**	**$440.8**	**$440.8**	**$432.8**	**$440.5**	**$451.3**	**$456.7**	**$456.7**	**$494.5**
TOTAL LIABILITIES & EQUITY	**$894.6**	**$942.9**	**$1,053.3**	**$1,077.2**	**$1,160.1**	**$1,160.1**	**$1,138.5**	**$1,197.6**	**$1,213.2**	**$1,274.4**	**$1,274.4**	**$1,405.2**

Sources: Company reports; RBC Capital Markets estimates. Lasan Johong - (212) 428-6462; lasan.johong@rbccm.com

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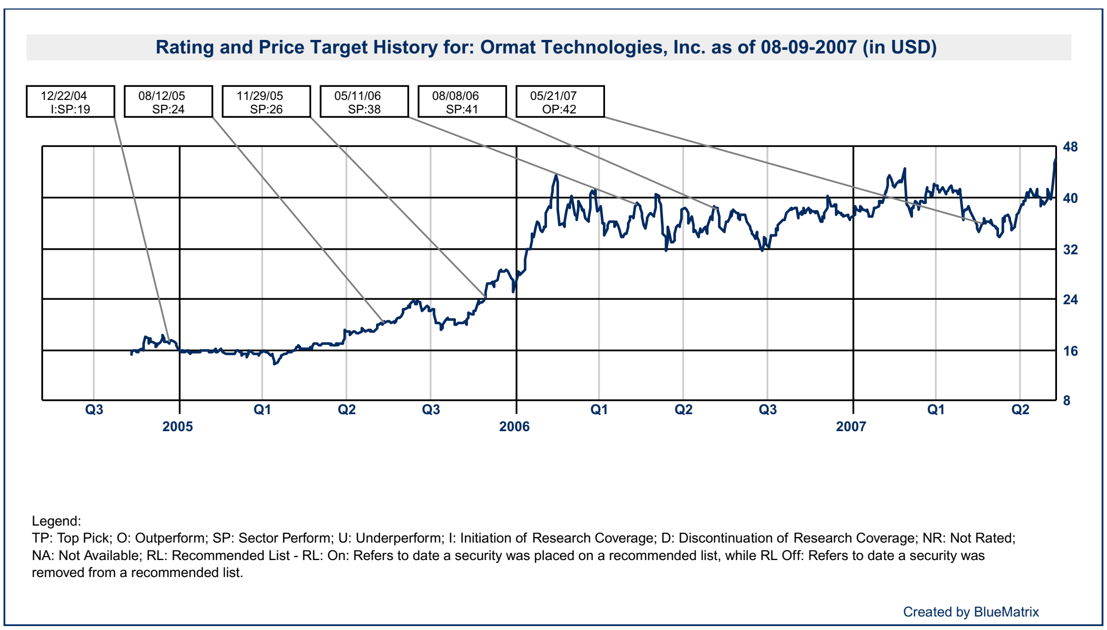

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