

First Quarter 2010

Relevant Results

Santo Domingo, Dominican Republic
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Itabo reports Net Loss of US\$5.9 million for the first quarter 2010

Santo Domingo, Dominican Republic, May 17th, 2010 – Itabo announced today results for the first quarter 2010. 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 decreased 10.6% in the first quarter 2010 compared to the same period of 2009. Net Loss was US\$5.9 million for the first quarter of 2010 as compared with a Net Income of US\$15.0 million in the same period of 2009.

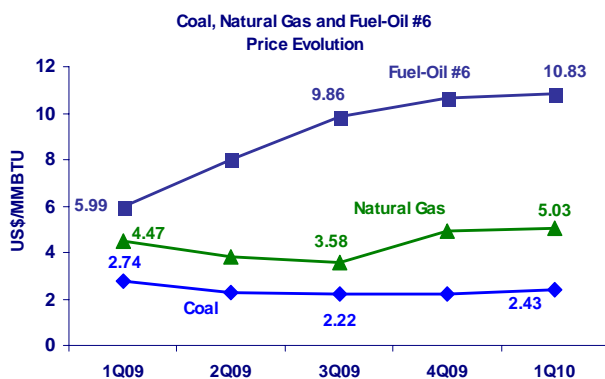
(Millions of US\$)	1 Q10	1 Q09
Revenues	52.5	58.7
Operating costs and expenses	49.6	37.6
Operating income	2.9	21.1
Operating income margin	5.5%	35.9%
Net (loss) Income	(5.9)	15.0
Net Cash Provided by Operating Activities	24.3	9.3

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External Factors¹

- Dominican Republic's GDP grew 7.5% during 1Q10.
- Inflation stood at 2.3% at the end of March 2010.
- Exchange Rate as of March 31st, 2010 was RD\$36.34 per US dollar (Bid) and RD\$36.43 per US dollar (Ask).
- Average Coal prices were US\$2.43 per MMBtu for the quarter, with a peak of US\$2.76 per MMBtu and a low of US\$2.32 per MMBtu.
- Total electricity demand as of March 31st, 2010 reached 2,701 GWh, an increase of 8.3% versus 2009.



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

Analysis of Consolidated² Financial Results (In USGAAP)

Revenues decreased 10.6% to US\$52.5 million in the first quarter 2010 compared to the same period of 2009. The main factors that led to these results were: (i) US\$6.1 million of lower electricity sales, due to lower prices (mainly due to the decrease in coal prices, used on the escalator of the contracts); and, (ii) lower other revenues for US\$0.1 million.

Revenues consist of the following:

(Millions of US\$)	1Q10	1Q09	Var%
Electricity sales	52.2	58.3	(10.5)
Other revenues	0.3	0.4	(25.0)
Total Revenues	52.5	58.7	(10.6)

Operating Costs and Expenses increased 31.9%, in the first quarter of 2010, to US\$49.6 million compared to the same period of 2009. This variance was principally a net result of: (i) higher energy purchases by US\$7.4 million basically due to higher spot prices; (ii) Higher coal used for generation by US\$5.8 million due to higher generation and higher coal purchase prices; (iii) lower operating and maintenance expenses by US\$0.9 million; and, (iii) lower selling, general and administrative expenses by US\$0.3 million.

Operating costs and expenses consist of the following:

(Millions of US\$)	1Q10	1Q09	Var%
Cost of electricity sales	38.0	24.8	53.2
Operating and maintenance expenses	3.8	4.7	(19.1)
Selling, general and administrative expenses	2.8	3.1	(9.7)
Depreciation	4.9	4.9	0.0
Amortization of contracts	0.1	0.1	0.0
Total Operating Cost and Expenses	49.6	37.6	31.9

Total **Other Expenses** were US\$1.9 million in the first quarter 2010 compared to a total other expenses of US\$2.3 million in the same period of 2009. This variation was primarily attributable to the net effect of: (i) lower other expenses by US\$2.0 million due to in 2009 the company wrote off an account receivable to a coal supplier; (ii) US\$1.1 million lower net commercial interest income; (iii) higher net financial expenses by US\$0.4 million; (iv) Lower exchange income by US\$0.3 million; and, (v) Lower commercial interest expenses by US\$0.2 million.

Other (Expenses) Income consists of the following:

(Millions of US\$)	1Q10	1Q09	Var%
Interest (expenses)- financial- net	(4.6)	(3.3)	39.4
Interest income- commercial- net	2.9	2.9	0.0
Amortization of deferred financing cost	(0.1)	(0.1)	0.0
Other (expenses)- net	(0.1)	(2.1)	(95.2)
Exchange Income	0.0	0.3	(100.0)
Total Other (Expenses)	(1.9)	(2.3)	(17.4)

Net Cash Provided by Operating Activities was US\$24.3 million for the first quarter 2010 compared to a Net Cash Provided by Operating Activities of US\$9.3 million in the same period of 2009, resulting in a positive variation of US\$15.0 million, mainly a result of the following: (i) positive variation in accounts receivables by US\$42.7 million (mainly a result of extraordinary collections in March 2010 that covered accounts receivables up to January 2010 and it was done according to the Stand-By Agreement with the IMF); (ii) higher net loss by US\$20.9 million; (iii) US\$18.9 million of lower accrued liabilities basically due to a coal shipment payment during the period; (iv) higher inventory by US\$7.9 million; and, (v) positive impact of US\$4.1 million positive adjustments, reconciling net loss to net cash provided by operations.

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.

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 and advances to suppliers in purchases of PP&E) was a net cash provided of US\$22.6 million for the first quarter 2010. During this period, in addition to the net cash provided of US\$24.3 million, there were additions to property, plant and equipment by US\$1.7 million.

Financial Debt Summary

- On January 18th, Itabo issued a Letter of Credit with BHD for coal purchase. The LC is for a total amount of US\$3,707,000 and due date on March 30th, 2010.
- In April 6th, the International bonds interests of Itabo Finance, S.A were paid by US\$6.8 million.

Financial Debt	Mar-10	Dic-09
<i>(expressed in millions of US\$)</i>		
Local Currency	0	0
Foreign Currency	125	125
Total Debt	125	125
Fixed Rate	100%	100%
Variable Rate	0%	0%
Short Term	0%	0%
Long Term	100%	100%
Financing Cost (*)	12.1%	12.1%
Average Life (years)	4	4

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

Rating Agency		Rating	Outlook
Fitch Ratings	Senior Notes 2015	B-	Stable
Standard & Poor's	Senior Notes 2015	B	Stable

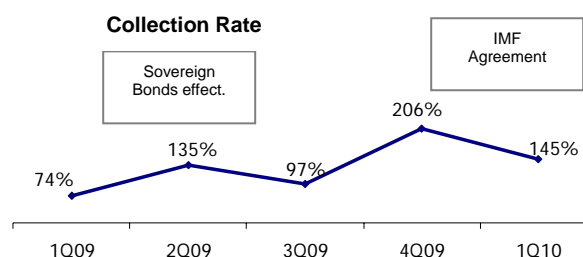
Dividends

- On April 28th, 2010, Itabo paid 2009 dividends by US\$20.0 million.

Liquidity

Collections

- During the first quarter 2010 the average collection rate was 145% against 74% in the same period of 2009. This was largely a function of extraordinary collections that resulted from the Government's signature of a Stand-By Agreement with the IMF, which established that all current debt of the year 2009 in the electrical sector had to be paid. In March 2010, the DR Government took a loan in order to pay the pending amounts to the generation companies, allocating US\$54 million to Itabo, reducing the account receivables to 60 days.



Regulation

- The Dominican Government has fulfilled with the commitments established in the Stand-By agreement with the International Monetary Fund (IMF) regarding the 2009 current accounts payment to the Generation Companies and it has assigned resources to improve the Distribution Companies Performance.
- The Dominican Government budgeted US\$350 million for the electricity sector during 2010.
- On May 5th, the Dominican and Venezuelan Government signed an agreement for the purchase of the 49% of the Dominican Refinery's stocks.

Operational Results

For the first quarter 2010, the **Net Generation** was 384 GWh, an increase of 19.6% with respect to the same period of 2009, basically due to an outage for Major maintenance of 27 days occurred in first quarter 2009 for Itabo I Unit. The **Energy Sold** increased 18.9% compared to the same period of the previous year. Itabo's **EAF** increased 16.9% to 90.0% for the same reason described above.

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

As of March 31st, 2010	
Installed capacity (MW)	260
Power Generation Units	2
Effective capacity (MW)	260

		1Q10	1Q09*	Var.%
Gross generation	GWh	424	357	18.8
Internal consumption	GWh	(40)	(36)	11.1
Net Generation	GWh	384	321	19.6
Total Energy Sold	GWh	446	375	18.9
Firm Capacity	MW	226	226	-
Heat Rate	Btu/KWh	10,825	11,433	(5.3)
EAF	%	90	77	16.9
EFOR	%	1	4	(75.0)

*Data revised: The 1Q09 EAF was revised.

Operational Developments

- During the first quarter 2010, fourth coal vessels were received containing 155,043 MT.

Safety Indicators

- During the first quarter 2010, AES Itabo had one Lost Time Incident. (LTI)
- During the first quarter 2010, the first steps for the Proactive Safety Culture where implemented. These steps include a Monthly Message from the leaders of the corporation shared with 100% of the employees. The messages from this quarter included the Incident Report, Safety Walks and Safety Inspections. Conferences were dictated for Emergency Preparedness for Earthquakes, Safe Driving (use of phone and texting while driving) and Hazard and Risk Management.

Environmental Matters

- During first quarter 2010, environmental audits where completed according to Corporate Standards. Effluents monitoring were also made.
- In February the Environmental Compliance report #17 was fulfilled in order to present to the Environmental Dominican Secretary.
- In March 2010, the Environmental Secretary was informed of a Coal Spill in the Itabo Port during the shipment unload. The entire spilled load was recovered and remedied.

EMPRESA GENERADORA DE ELECTRICIDAD ITABO, S. A AND SUBSIDIARY.

(An indirectly subsidiary of The AES Corporation)

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts expressed in thousands of US\$ dollars)

	3M10	3M09
REVENUES		
Electricity sales	52,231	58,271
Other revenues	322	405
Total revenues	52,553	58,676
OPERATING COSTS AND EXPENSES		
Cost of electricity sales	(37,981)	(24,753)
Operating, maintenance and general expenses	(3,760)	(4,734)
Selling, general and administrative expenses	(2,775)	(3,070)
Depreciation	(4,920)	(4,894)
Amortization of contracts	(118)	(118)
Total operating costs and expenses	(49,554)	(37,569)
Operating income	2,999	21,107
Interest income	2,925	4,030
Interest expense	(4,617)	(4,416)
Amortization of deferred financing costs	(128)	(128)
Other income - net	(42)	(2,045)
Remeasurement gain	(41)	297
Total non operational	(1,903)	(2,262)
Income before taxes	1,096	18,845
Income tax expense	(6,997)	(3,882)
Net (loss) income	(5,901)	14,963

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)
CONSOLIDATED BALANCE SHEETS
(Amounts expressed in thousands of US\$ dollars)

	March 31st, 2010	Dec. 31st, 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	87,606	78,874
Restricted cash and cash equivalents	274	276
Accounts receivable	7,846	1,727
Accounts receivable – related parties, net	60,997	88,758
Other receivable	2,642	1,567
Other receivable – related parties	1,542	1,737
Fuel inventory	8,970	14,812
Materials and supplies inventory - current	12,148	12,170
Income tax receivable	21,230	19,471
Prepaid expenses and other assets	28	667
Deferred tax asset	1,123	862
Total current assets	<u>204,406</u>	<u>220,921</u>
Property, plant and equipment		
Property, plant and equipment	345,544	344,276
Accumulated depreciation and amortization	(126,478)	(121,558)
Construction in progress	1,994	1,280
Land	8,038	8,030
Net property, plant and equipment	<u>229,098</u>	<u>232,028</u>
Long term assets		
Long term receivables from customers	35,662	36,652
Debt service reserves	6,797	6,797
Deferred financing costs	1,947	1,959
Intangible - contracts	2,981	3,099
Other assets	2,487	2,254
Total long term assets	<u>49,874</u>	<u>50,761</u>
Total assets	<u>483,378</u>	<u>503,710</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	10,306	8,873
Accounts payable - related parties	22,352	28,789
Accrued liabilities	10,730	21,631
Total current liabilities	<u>43,388</u>	<u>59,293</u>
Notes payable - long term	125,000	125,000
Deferred income tax liability	21,125	13,987
Other long - term liabilities	47	41
Total long term liabilities	<u>146,172</u>	<u>139,028</u>
Stockholders' equity		
Common stock (56,355,556 shares authorized and outstanding)	355,556	355,556
Additional paid-in-capital	188	177
Accumulated losses	(61,926)	(50,344)
Total stockholders' equity	<u>293,818</u>	<u>305,389</u>
Total liabilities and stockholders' equity	<u>483,378</u>	<u>503,710</u>

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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
(Amounts expressed in thousands of US\$ dollars)

	3M10	3M09
Cash flows from operating activities		
Net (loss) income	(5,901)	14,963
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,920	4,894
Amortization of contracts	118	118
Amortization of deferred financing costs	128	128
Provision for deferred tax	6,994	3,882
Long term compensation	20	27
Remeasurement gain (loss)	(117)	(297)
Changes in assets and liabilities:		
Accounts receivable - trade	(5,128)	995
Accounts receivable – related companies	27,761	(20,814)
Other receivable	(1,075)	(1,147)
Other receivable – related parties	195	
Fuel inventory	5,842	(2,144)
Materials and supplies	22	(576)
Prepaid taxes	(1,759)	341
Prepaid expense and other assets	406	2,406
Accounts payable	1,108	1,359
Accounts payable - related parties	7,338	2,813
Accrued liabilities and other	(16,584)	2,352
Net cash provided by operating activities	<u>24,288</u>	<u>9,300</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(1,652)	151
Advances to suppliers in purchase of PP&E	-	(3,462)
Change in restricted cash and cash equivalents	2	3
Net cash (used in) investing activities	<u>(1,650)</u>	<u>(3,309)</u>
Cash flows from financing activities:		
Dividends payment	(13,775)	-
Payments of deferred financing costs	(116)	-
Net cash used in financing activities	<u>(13,891)</u>	<u>-</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(16)	-
NET INCREASE IN CASH	8,732	5,991
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>78,874</u>	<u>20,511</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>87,606</u>	<u>26,502</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. Itabo operates power generation units that in the aggregate have 260 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.

The AES Corporation (NYSE: AES) is a Fortune 500 global power company with generation and distribution businesses. Through our diverse portfolio of thermal and renewable fuel sources, we provide affordable and sustainable energy to 29 countries. Our workforce of 27,000 people is committed to operational excellence and meeting the world's changing power needs. Our 2009 revenues were \$14 billion and we own and manage \$40 billion in total assets. To learn more, please visit www.aes.com.

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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. 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.
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.