

# First Quarter 2010

## Relevant Results

Santo Domingo, Dominican Republic  
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### AES Andres B.V. and Subsidiary and Dominican Power Partners and Subsidiary announced a combined Net Income of US\$14.7 million in the first quarter 2010.

Santo Domingo, Dominican Republic, May 17<sup>th</sup>, 2010 – Today AES Andres and Dominican Power Partners (DPP) announced combined results for the first quarter 2010. All operating and financial information, except where otherwise specified, is based on the combined figures of AES Andres and Dominican Power Partners, and their subsidiaries, and expressed in US dollars in conformity with Generally Accepted Accounting Principles Applicable in the United States (USGAAP).

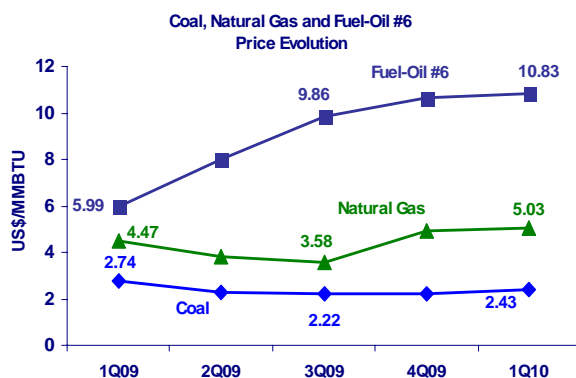
Revenues increased 76.2% to US\$89.5 million in the first quarter 2010 compared to the same period of 2009. Net Income for the first quarter 2010 was US\$14.7 million compared to a Net Loss of US\$4.7 million in the same period of 2009.

(Millions of US\$)	1Q10	1Q09
Revenues	89.5	50.8
Operating costs and expenses	56.1	44.7
Operating income	33.4	6.1
Operating income margin	37.3%	12.0%
Net Income (loss) (*)	14.7	(4.7)
Net Cash Provided by Operating Activities	57.7	0.1

(\*) Net Income includes interest expense of US\$9.4 million and US\$9.5 million in 1Q10 and 1Q09, related to interest under a subordinated intercompany loan under which AES made its capital injections to finance the development and construction of Andres. AES views this loan as an equity investment and the respective interests are a restricted payment under the indenture.

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

- 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 Nymex Henry Hub natural gas prices were US\$5.03 per MMBtu for the first quarter, with a peak of US\$6.01 per MMBtu and a low of US\$3.84 per MMBtu.<sup>2</sup>
- Total electricity demand as of March 31<sup>st</sup>, 2010 reached 2,701 GWh, a increase of 8.3% versus the same period 2009.



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<sup>1</sup> Source: Dominican Central Bank, Coordinating Body and Platts.

<sup>2</sup> Pricing under the BP Contract is at a premium to the Henry Hub natural gas price per MMBtu on the NYMEX Index.

### Analysis of Combined Financial Results (In USGAAP)

**Revenues** increased 76.2% to US\$89.5 million in the first quarter 2010 compared to the same period of 2009. The main factors that led to these results were the net effect of: (i) higher contracted sales by US\$21.2 million, primarily due to a higher quantity of energy sales and higher prices which are indexed monthly to the NYMEX natural gas prices; (ii) higher spot sales by US\$17.2 million, largely a result of an increase in spot prices and volume sold (1Q10-95GWh vs. 1Q09-54GWh); and, (iii) an increase of US\$0.3 million in natural gas & other sales.

**Revenues consist of the following:**

(Millions of US\$)	1Q10	1Q09	Var%
Electricity sales – Contracts	68.2	47.0	45.1
Electricity sales – spot market	20.2	3.0	573.3
Natural Gas Sales & Other Sales	1.1	0.8	37.5
<b>Total Revenues</b>	<b>89.5</b>	<b>50.8</b>	<b>76.2</b>

**Operating Costs and Expenses** increased 25.5%, in the first quarter 2010, to US\$56.1 million compared to the same period of 2009. This variance was principally a net result of: (i) higher fuel costs by US\$6.1 million due to higher fuel prices and higher generation; and, (ii) higher electricity purchases by US\$5.3 million due to higher spot prices.

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

(Millions of US\$)	1Q10	1Q09	Var%
Cost of sales - electricity purchases and fuel costs for generation & resale	44.8	33.4	34.1
Operating, maintenance and general expenses	7.5	7.3	2.7
Derivatives Instruments	(0.2)	0.0	n/a
Depreciation and amortization of intangible assets	4.0	4.0	0.0
<b>Total Operating Cost and Expenses</b>	<b>56.1</b>	<b>44.7</b>	<b>25.5</b>

Total **Other Expenses** were US\$11.5 million in the first quarter 2010, an increase of 7.5% when compared to US\$10.7 million in the same period of 2009. This was the result of a negative impact from: (i) lower commercial interest income by US\$1.0 million; (ii) Higher other expenses by US\$0.5 million; (iii) US\$0.4 million of lower financial cost; and, (iv) US\$0.3 million of lower deferred financing costs amortization.

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

(Millions of US\$)	1Q10	1Q09	Var%
Interest (expense) – financial - net	(4.1)	(4.5)	(8.9)
Interest income – commercial and others-net	2.3	3.4	(32.4)
Subordinated intercompany loan interest expense (*)	(9.4)	(9.5)	(1.1)
Deferred financing costs amortization	(0.4)	(0.7)	(42.9)
Other Income (expenses)	(0.1)	0.4	n/a
Foreign currency gain	0.2	0.2	0.0
<b>Total Other (Expenses)</b>	<b>(11.5)</b>	<b>(10.7)</b>	<b>7.5</b>

(\*)Interest expenses are those generated by the subordinated intercompany loan under which AES made its capital injections to finance the development and construction of Andres.

**Net Cash Provided by Operating Activities** was US\$57.7 million for the first quarter 2010 compared to a Net Cash Provided by Operating Activities of US\$0.1 million in the same period of 2009, resulting a net increase of US\$57.6 million, mainly due to the following causes: (i) positive impact due to higher accounts payables by US\$19.7 million; (ii) Higher net income by US\$19.4 million; (iii) positive impact of lower accounts receivables by US\$15.2 million mainly a result of extraordinary collections in March 2010 that resulted from Government Stand-By Agreement terms with the IMF; (ii) positive reconciling adjustment by US\$3.3 million reconciling net income to net cash provided by operations.

**Free Cash Flow** (a non-GAAP financial measure defined as net cash from operating activities less capital expenditures defined in the accompanying financial statement as Additions to Property, Plant and Equipment and advances to suppliers in purchases of PP&E) was net cash provided by US\$56.0 million for the first quarter 2010. In addition to the net cash provided by Operating Activities of US\$57.7 million, during this period, there were additions to property, plant and equipment of US\$1.7 million.

## Financial Debt Summary

- The total debt during 1Q10 decreased 3% due to in January was paid the Working Capital Line of Credit with the BHD by US\$5 million.
- The financial debt is comprised by the International Bonds 144A with a due date in December 2015.

Financial Debt	Mar-10	Dic-09
<b>(expressed in millions of US\$)</b>		
Local Currency	-	-
Foreign Currency	156	161
<b>Total Debt</b>	<b>156</b>	<b>161</b>
Fixed Rate	100%	100%
Variable Rate	0%	0%
Financing Cost (*)	12.22%	11.86%
Average Life (years)	6	6

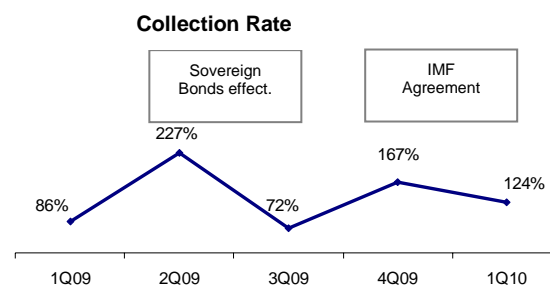
(\*) (1) After tax rates. (2) The Notes effective rate includes the interest income accrued by the interest debt reserve.

Rating Agency		Rating	Outlook
Fitch Ratings	Senior Notes 2015	B-	Stable
Standard & Poor's	Senior Notes 2015	B-	Stable
Feller Rate	Guaranteed Ordinary Bonds	BBB (dom)	
Fitch Dominicana	Guaranteed Ordinary Bonds	BBB (dom)	

## Liquidity

### Collections

- In the first quarter of 2010, the average collections rate stood at 124% compared with 86% registered in the same quarter 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\$52 million to Andres & DPP, reducing the accounts receivable to 60 days.



## Regulation

- The Dominican Government has fulfilled with the commitments established in the Stand-By agreement with the 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.

## Operational Results

In the first quarter 2010, the **Combined Net Generation** was 715 GWh, representing an increase of 43.3% compared to the same period of 2009. This increase was mainly a net result of two factors: (i) Los Mina VI was generating as base load power plant; and, (ii) results for 1Q09 were affected by transformer failure which occurred in December 2008.

During the first quarter 2010, Andres' **Firm Capacity** increased 15.8% to 249MW, the **EAFF** increased 59.4% and Andres **EFOR** decreased to 0%.

As of March 31<sup>st</sup> 2010, DPP **EFOR** decreased to 1.0%.

As of Mar 31, 2010	Andres	DPP	Aggregate
Installed capacity (MW)	319	236	555
Power Generation Units	1	2	3
Effective capacity (MW)	304	236	540
Contracted capacity (MW) <sup>(1)</sup>	103	210	313

Operating Data		1Q10	1Q09*	Var. %
Gross generation	GWh	727	507	43.4
Internal consumption	GWh	(12)	(8)	50.0
Net Generation	GWh	<b>715</b>	<b>499</b>	43.3
Total Energy Sold	GWh	724	504	43.7
Andres' Firm Capacity	MW	249	215	15.8
Andres Heat Rate	Btu/KWh	7,650	8,205	(6.8)
Andres EAF	%	91	57	59.4
Andres EFOR	%	0	40	(100.0)
DPP's Firm Capacity	MW	20	20	-
DPP EAF	%	62	94	(34.0)
DPP EFOR	%	1	7	(85.7)

\* Data revised.

## Operational Developments

- On January 18<sup>th</sup>, 2010, Andres started commercial operations of the Liquefied Natural Gas Truck Terminal that will allow for the development of alternatives for natural gas supply around the Dominican Republic. This terminal is the first in Latin America.
- EDENorte and EDESUR signed wholesale electricity contracts with Andres, since February 2010 to December 2010. Andres will sell its available energy that otherwise will be sold on the spot market.
- During the first quarter 2010, Andres signed one contract with Non Regulated Users of the market for around 0.59MW. As of March 31<sup>st</sup>, Andres had 31 UNRs contracts, totaling 53MW.
- During the first quarter 2010, two vessels docked at Andres LNG Terminal carrying a total of 6 TBtu of natural gas.
- Andres had performed its 2010 major maintenance for 8 days (March 16 to March 24, 2010) and Los Mina V had performed one from January 1<sup>st</sup> to March 09, 2010.

## Safety Indicator

- During the first quarter 2010, Andres and DPP accomplished the goal of zero Lost Time Incidents (LTI) and no fatalities.
- During the first quarter 2010, the first steps for the Proactive Safety Culture were implemented. These steps include a Monthly Message from the leaders to 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.
- Also in March, the Occupational Safety Program was concluded.

### Environmental Matters

- In February 2010, AES Dominicana received their ISO9001:2008 and ISO14000 certificates after the Management System Review made at the end of 2009.
- In March 2010, gas emissions and oily waters separator samples were completed with satisfactory results according to Corporate and Local Regulations.
- In May 2010, AES Andres was recognized “National Prize of Environmental Management” and it had a special mention “Industrial Quality”.

**AES Andres B. V. and Subsidiary &  
Dominican Power Partners and Subsidiary  
(Indirect Wholly-Owned Subsidiaries of The AES Corporation)**

**UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS  
(Expressed in US\$)**

	<b>3M10</b>	<b>3M09</b>
<b>REVENUES</b>		
Electricity sales – contracts	68,166,413	47,026,137
Electricity sales – spot market	20,222,025	3,032,085
Natural gas sales	1,069,424	753,448
Other sales	13,903	14,315
Total revenues	<u>89,471,765</u>	<u>50,825,985</u>
<b>OPERATING COSTS AND EXPENSES</b>		
Cost of sales – electricity purchases and fuel costs used for generation	44,070,500	32,800,434
Cost of sales – fuel and fuel related costs purchased for resale	683,036	679,204
Operating, maintenance and general expenses	7,491,213	7,253,954
Derivatives instruments	(144,154)	-
Depreciation and amortization of intangible assets	4,025,437	3,988,762
Total operating costs and expenses	<u>56,126,031</u>	<u>44,722,354</u>
<b>OPERATING INCOME</b>	33,345,734	6,103,631
<b>OTHER INCOME (EXPENSES)</b>		
Interest expense – net	(1,814,048)	(1,088,806)
Subordinated intercompany loan interest expense (*)	(9,425,045)	(9,529,768)
Deferred financing costs amortization	(378,224)	(661,447)
Other (expenses) income	(38,662)	371,251
Foreign currency gain	157,710	221,494
<b>INCOME (EXPENSES) BEFORE TAXES</b>	21,847,464	(4,583,646)
Income tax expense	(7,128,030)	(72,978)
<b>NET INCOME (LOSS) (**)</b>	<u>14,719,434</u>	<u>(4,656,624)</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."

(\*) Interest expenses are those generated by the subordinated intercompany loan under which AES made its capital injections to finance the development and construction of Andres.

(\*\*) Net Income includes interest expenses of US\$9.4 million in 1Q10 and 1Q09, respectively, related to interest under a subordinated intercompany loan under which AES made its capital injections to finance the development and construction of Andres. AES views this loan as an equity investment and the respective interests are a restricted payment under the indenture.

**AES Andres B. V. and Subsidiary &  
Dominican Power Partners and Subsidiary  
(Indirect Wholly-Owned Subsidiaries of The AES Corporation)  
UNAUDITED PRO FORMA COMBINED BALANCE SHEETS  
(Expressed in US\$)**

	<u>31 de marzo 2010</u>	<u>31 de Dic. 2009</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	112,641,801	61,831,165
Restricted cash	1,209,172	1,209,230
Short term investment	1,170,644	1,170,644
Accounts receivable	102,732,245	111,580,405
Accounts receivable – related parties	12,953,756	6,507,939
Other receivable	2,685,992	2,179,973
Other receivable – related parties	3,922,275	2,848,445
Inventories	16,432,736	19,407,041
Prepaid expenses	237,411	1,483,402
Deferred tax asset	2,160,116	3,154,935
Total current assets	<u>256,146,148</u>	<u>211,373,179</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land	10,370,304	10,370,304
Plant and electricity generating equipment	575,689,362	573,918,518
Less accumulated depreciation	(125,701,925)	(121,644,536)
Property, plant and equipment	<u>460,357,741</u>	<u>462,644,286</u>
<b>OTHER ASSETS</b>		
Deferred financing costs – net	3,380,832	3,750,085
Long term accounts receivable	24,483,848	25,156,708
Debt service reserves	8,580,000	8,580,000
Other assets	1,681,315	1,589,790
Total other assets	<u>38,125,995</u>	<u>39,076,583</u>
<b>TOTAL</b>	<u><b>754,629,885</b></u>	<u><b>713,094,048</b></u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	33,463,751	16,667,113
Accounts payable and accrued liabilities – related parties	12,809,959	3,422,410
Notes payable - short term	-	5,000,000
Income tax payable	52,151,610	46,862,107
Total current liabilities	<u>98,425,320</u>	<u>71,951,630</u>
<b>LONG TERM LIABILITIES</b>		
Deferred income tax	26,507,353	26,099,826
Intercompany loan	413,152,653	413,152,930
Notes payable	156,000,000	156,000,000
Long term derivative	309,020	453,174
Other liabilities	299,897	253,338
Total long term liabilities	<u>596,268,922</u>	<u>595,959,268</u>
<b>SHAREHOLDER'S EQUITY</b>		
Common stock	15,019,462	15,019,462
Contributed capital	108,420,212	108,420,212
Additional paid-in capital	1,283,868	1,248,503
Accumulated losses	(64,750,613)	(79,470,047)
Accumulated other comprehensive loss	(37,286)	(34,981)
Total shareholder's equity	<u>59,935,643</u>	<u>45,183,150</u>
<b>TOTAL</b>	<u><b>754,629,885</b></u>	<u><b>713,094,048</b></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."*

**AES Andres B. V. and Subsidiary &  
Dominican Power Partners and Subsidiary  
(Indirect Wholly-Owned Subsidiaries of The AES Corporation)  
UNAUDITED PRO FORMA COMBINED STATEMENTS OF CASH FLOWS  
(Expressed in US\$)**

	3M10	3M09
<b>OPERATING ACTIVITIES:</b>		
Net income(Loss)	14,719,434	(4,656,624)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,025,437	3,988,762
Commodity derivative gain	(144,154)	
Income tax expense	5,579,645	50,832
Deferred financing costs amortization	378,224	661,447
Loss on asset disposal	-	1,775,975
Bad debt reserve	-	-
Currency translation adjustment	(2,306)	352
Subordinated intercompany note interest expense	9,387,272	9,529,767
Long term incentive compensation	65,008	70,392
Deferred income tax expense	1,548,385	22,146
Unrealized commodity gain		
Changes in assets and liabilities:		
Accounts receivable	12,041,361	(11,294,726)
Accounts receivable – related parties	(6,445,817)	-
Other receivable	(506,019)	81,837
Other receivable – related parties	(1,073,830)	16,119
Inventory	2,974,305	(6,319,527)
Income tax receivable	-	-
Prepaid expenses	(237,411)	1,092,432
Deferred tax asset	(676,714)	-
Other assets	3,154,935	-
Accounts payable and accrued liabilities	16,796,638	7,412,162
Accounts payable and accrued liabilities – related parties		(968,725)
Income tax payable	(2,810,484)	(1,268,108)
Intercompany interest payment		
Deferred tax liability	(1,140,858)	(333,110)
Long – term accounts payable		
Other long term		
Other liabilities	16,915	229,690
Net cash provided by operating activities	<u>57,649,966</u>	<u>91,093</u>
<b>INVESTING ACTIVITIES:</b>		
Additions to property, plant and equipment	(1,738,892)	(1,263,483)
Increase in restricted cash	58	5,498
Purchase of short term investments	-	1,180
Increase in other deposits	(91,525)	(1,630,827)
Net cash (used in) investing activities	<u>(1,830,359)</u>	<u>(2,887,632)</u>
<b>FINANCING ACTIVITIES:</b>		
New borrowings – Notes payable	(5,000,000)	(5,000,000)
Financing costs payments	(8,971)	-
Net cash (used in) financing activities	<u>(5,008,971)</u>	<u>(5,000,000)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>50,810,636</b>	<b>(7,796,539)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>61,831,165</b>	<b>40,435,400</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>112,641,801</u></b>	<b><u>32,638,861</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."

The pro forma combined balance sheet and statement of operations presented in this report have not been audited and were derived from the unaudited consolidated financial statements of Andres and the unaudited consolidated financial statements of DPP. The information provided by the consolidated financial statements of Andres and the consolidated financial statements of DPP has been prepared in accordance with USGAAP.

The unaudited pro forma combined financial information described above is being provided for illustrative purposes only. Andres and DPP may have performed differently if they had actually been combined during the periods presented. This unaudited pro forma combined financial information should be read in conjunction with the unaudited consolidated financial statements as of and for the periods ended on March 31<sup>st</sup>, 2010 and 2009 and December 31, 2009, and notes thereto, of each of Andres and DPP. You should not rely on the pro forma combined financial information as being indicative of the historical results that would have been achieved by Andres and DPP if they had always been combined.

Andres and DPP, affiliates of The AES Corporation (AES), own and operate power generation units that in the aggregate have 555 MW of installed capacity, which represent approximately 21% of the current total installed capacity, in the Dominican Republic. Andres also has the only liquefied natural gas, or LNG, shipment receiving terminal in the Dominican Republic, a degasification facility and a storage facility, or LNG facility, and a natural gas pipeline to Santo Domingo.

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](http://www.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. AES Dominicana is not bound to update or correct the information contained in this report.

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

## Glossary of key terms

<b>Btu:</b>	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.
<b>TBtu</b>	Trillion of Btu.
<b>CDEEE:</b>	Corporación Dominicana de Empresas Eléctricas Estatales.
<b>Coordinating Body:</b>	“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.
<b>Deregulated Users (UNR):</b>	The user of the electrical service which monthly demand exceeds the limits established by Superintendence in order to be classified as an unregulated user under the General Electricity Law.
<b>DPP:</b>	Dominican Power Partners.
<b>EAF:</b>	Equivalent Availability Factor
<b>Effective Capacity:</b>	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.
<b>EFOR:</b>	Equivalent Forced Outage Rate
<b>Firm Capacity:</b>	The amount of capacity assigned by the Coordinating Body to each power generation unit for being available to cover the demand in peak hours.
<b>FX:</b>	Foreign exchange, a banking term for changing money from one currency into another.
<b>GDP:</b>	The <b>gross domestic product</b> (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).
<b>Henry Hub:</b>	The specific pricing point for natural gas future contracts on the New York Mercantile Exchange, or NYMEX.
<b>Installed capacity:</b>	The amount of MW a turbine is designed to produce upon installment (name-plate capacity).
<b>Liquid Natural Gas (LNG):</b>	Natural Gas processed to be transported in liquid form. It is the best alternative for transporting and storage because when transformed into liquid at atmospheric pressure and -163° C, the liquefaction process reduces the volume of gas by 600 times.
<b>PPA:</b>	Power Purchase Agreement.
<b>SENI:</b>	Sistema Eléctrico Nacional Interconectado or the National Interconnected Electrical System.