EGE Haina Reports First Quarter 2011 Net Income of US$17.2 million; Revenues of US$124.5 million

Special points of interest:

- EGE Haina reported a Consolidated Net Debt to Consolidated EBITDA Ratio and a Consolidated Interest Coverage Ratio of 1.38:1.0 and 9.6:1.0, respectively, as of March 31st, 2011.
- On March 8, 2011 the Company issued its audited financial statements for 2010.
- In March 2011, EGE Haina signed a new 5-year amortizing loan agreement with BHD of US$5.0MM.
- In April 2011, the Superintendence of Securities of the Dominican Republic authorized a US$50.0MM bond issuance.
- In April 2011, the Company declared a dividend of US$10.0MM, net of taxes.
- In May 2011, the Company entered into a 5-year amortizing loan agreement with BHD International Bank (Panama), S.A. of US$10.0MM.

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Santo Domingo, Dominican Republic, May 10th, 2011 – EGE Haina announced today first quarter 2011 net income of US$17.2 million, compared to a net income of US$10.4 million in the first quarter 2010, driven by an increase in energy sales price and higher demand. First quarter 2011 revenues were US$124.5 million, showing a 32% increase when compared to the same period of the previous year.

Financial and Operational Summary

(US$ Thousands, except for Operational data)

Description	1Q'11	1Q'10	Var %
Revenues	124,548	94,101	32%
Operating Costs	102,149	78,586	30%
Variable Margin	42,407	35,766	19%
EBITDA[1]	26,474	19,490	36%
Operating Income	22,399	15,514	44%
Net Income	17,156	10,425	65%
Operating cash, net	(35,795)	66,786	-154%
Availability, %	99	81	21%
Sales, GWh	566	483	17%
Generation, GWh	387	430	-10%
Spot Purchases, GWh	178	53	236%

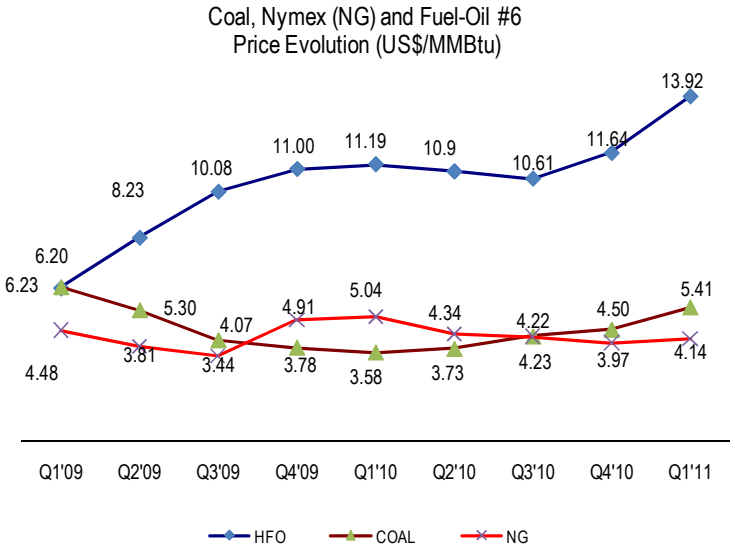
[1] *EBITDA is a non-GAAP financial measure, which is calculated by adding depreciation and amortization expenses to the Operating income.*

Quarter Highlights and Recent Developments

- EGE Haina reported a Consolidated Net Debt to Consolidated EBITDA Ratio and a Consolidated Interest Coverage Ratio of 1.38:1.0 and 9.6:1.0, respectively, as of March 31st, 2010.
- On March 8, 2011, the Company issued its audited financial statements for 2010.
- In March 2011, EGE Haina signed a 5-year amortizing loan agreement with Banco BHD, S.A.
- In April 2011, the Superintendence of Securities (Superintendencia de Valores), the Dominican securities authority, approved the issuance of local corporate bonds up to the amount of US$50MM.
- In April 2011, the Company declared a dividend in the amount of US$10.0MM, net of taxes.
- In May 2011, the Company entered into a variable rate 5-year amortizing loan agreement with BHD International Bank (Panama), S.A. of US$10.0MM. US$5.0MM out of the proceeds of this loan will be used to refinance the loan with Banco BHD, S.A. which matures in June 2011.

External Factors

- Average price of fuel for the month of March was US$95.52 Bbl for Platt's US Gulf Coast HFO #6, 3% Sulfur (fuel used to index the energy price under our PPAs).
- Exchange rate as of March 31st, 2011, closed at RD$37.92/USD.
- Accumulated inflation in DR, as of March 31st, 2011 was 3.64%.[2]
- According to the IMF, the DR GDP is estimated to grow from 5.5% to 6% in 2011.[3]



[2] http://www.bancentral.gov.do
[3] http://www.bancentral.gov.do/noticias/avisos/aviso2011-03-28_fmi.pdf

Consolidated Financial Results[4]

Revenues
(US$ Thousands)

Description	1Q'11	1Q'10	Var %
Contracted Energy	111,672	82,931	35%
Contracted Capacity	12,060	11,080	9%
Others	816	90	809%
Total Revenues	124,548	94,101	32%

1Q'11 revenues increased by 32% when compared with the same period of previous year (US$ 124.5 MM Vs. US$ 94.1 MM). This positive variance is essentially driven by a 6.0% increment in the average energy sales price for the period (1Q'11 US$204.1/MWh vs 1Q'10 US$179.0/MWh) as a result of the increase in Fuel Oil #6 prices, which is the main escalator of our PPAs' pricing formula, and higher demand by 17.2% (1Q'11 565.6 GWh vs 1Q'10 482.5 GWh), mainly driven by the re-implementation of the EDE Este PPA.

Operating Expenses
(US$ Thousands)

Description	1Q'11	1Q'10	Var %
Fuel Expense	46,086	45,426	1%
Transmission Tolls	2,368	2,129	11%
Purchased Power	32,121	9,563	236%
Frequency Regulation	1,565	1,216	29%
Operation & Maintenance	7,114	8,177	-13%
General & Administrative	8,820	8,099	9%
Depreciation	4,075	3,976	2%
Total Operating Expenses	102,149	78,586	30%

During 1Q'11 operating expenses were higher than 1Q'10 comparative figures by 30% or 23.6 MM (US$102.1 MM Vs. US$78.6 MM). This increase is mainly explained by:

- Purchased power: 236% or US$22.6 MM increase is the result of higher spot energy purchases (1Q'11 180.6 GWh vs 1Q'10 54.8 GWh), partially offset by a decrease in the average purchase price for the period (1Q'11 US$174.3MWh vs 1Q'10 US$196.8/MWh).
- General and administrative expenses: 9% or US$0.7 MM increase when compared to 1Q'10 mainly due to: i) US$1.1 MM higher technical advisory fee expense as a result of the increase in sales during 1Q'11; ii) US$0.2 MM higher regulatory payment; partially offset by: iii) US$0.4 MM lower office operation costs; iv) US$0.1 lower insurance expenses; and v) US$0.1MM lower allowance for doubtful accounts.
- Fuel costs: 1% or US$0.7 million increase in fuel cost, essentially as a consequence of: a) higher LFO consumption in 61.2 thousand of BBLS at a higher price (1Q'11 62.6 thousand of BBLS at US$111.5/BBLS vs 1Q'10 1.4 thousand of BBLS at US$95.1/BBLS); b) higher Coal price (1Q'11 US$127.9/MT vs 1Q'10 US$84.1/MT); and c) US$12.4/BBLS increase in HFO price (1Q'11 US$88.1/BBLS vs 1Q'10 US$75.6/BBLS). The aforementioned are partially offset by a lower consumption of HFO in 166.2 thousand of BBLS.
- Transmission Tolls: 11% or US$0.2 million higher than 1Q'10.
- Operation & Maintenance: 13% or US$1.1 million lower than 1Q'10; due to the major maintenance performed to Sultana's engines #2 in February 2010, and #8 in March 2010; partially offset by the major maintenance performed to the Sultana's engine #7 during February 2011.

[4] *The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (USGAAP). These consolidated financial statements include the accounts of EGE Haina, and those of its wholly owned subsidiary EGE Haina Finance Company. Intercompany balances and transactions have been eliminated in consolidation.*

Net Income

Net income was US$17.2 MM in 1Q'11, compared to a net income of US$10.4 MM in the same period of the prior year. The positive variance of US$6.7 MM is explained by:

- Higher EBITDA by US$7.0 MM as explained in the above paragraphs.
- US$1.5 MM lower interest expense, net.
- US$1.5 MM higher other income mainly due to US$0.7 million insurance reimbursement of 48 the MVA transformer received during 2011, and the Euro forward loss recorded in 2010.

Partially offset by :

- US$3.2 MM higher income tax.

Cash Flow

Cash (used in) provided by operating activities

Net cash used by operating activities was US$35.8 MM during the 1Q'11, compared to US$66.8 MM provided by operating activities in the same period of 2010. The US$102.6MM variance is explained by: a) US$121.9MM increase in accounts receivable; b) US$4.6MM decrease in other liabilities; c) US$2.4MM higher inventories; d) US$2.1MM of higher negative adjustments reconciling net income to the net cash used in operating activities; e) US$1.2MM higher prepaid expenses and other assets. The aforementioned is partially offset by: i) US$22.8MM higher accounts payable; and ii) US$6.8MM higher net income.

Cash used in investing activities

Net cash used in investing activities was US$6.4MM during 1Q'11, compared to US$1.0 MM used in the same period of the prior year. The US$5.5MM variance is mainly due to higher additions to property, plant and equipment during 1Q'11.

Cash provided by (used in) financing activities

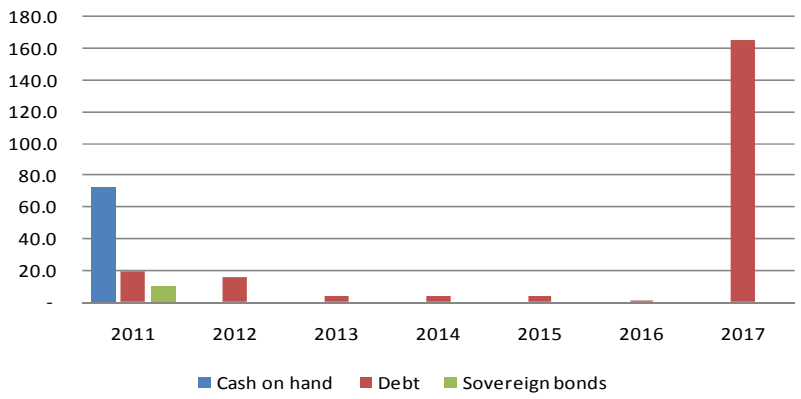
The positive variance of US$4.4 MM in financing activities during 1Q'11, when compared to the same period of the prior year, is due to a net result of US$5.0MM higher proceeds from long term debt; partially offset by US$0.6 MM higher repayment of current portion of long term debt during 1Q'11.

Financial Debt

FINANCIAL DEBT GENERAL CONDITIONS AND RELEVANT STATISTICS				
Instrument	Balance	Interest type	Interest Rate	Repayment schedule
144 A Bond	164.9	fixed	9.50%	Balloon payment April 2017
Local Bond-T2	6.0	fixed	8.50%	Balloon payment May 2011
Local Bond-T3	6.0	fixed	8.50%	Balloon payment July 2011
Local Bond-T4	6.0	fixed	8.75%	Balloon payment April 2012
Local Bond-T5	6.0	fixed	7.75%	Balloon payment December 2012
BHD	5.0	fixed	5.00%	Balloon payment June 2011
Popular 1	4.6	Variable (DR US$)	5.75%	Monthly - ending December 2015
Popular 2	7.5	Variable (DR US$)	5.75%	Monthly - ending November 2015
BHD	5.0	Variable (DR US$)	5.50%	Monthly - ending March 2016

Weighted av. Interest rate	8.96%
Weighted av. Life (years)	5.06
Total financial debt	210.9

Total Debt vs Financial Assets



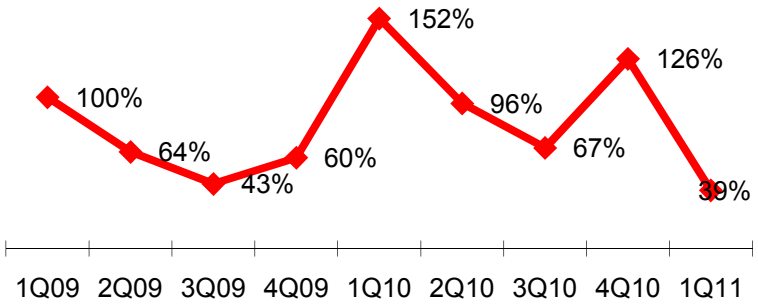
Financial Expenses
(US$ Thousands)

Description	1Q'11	1Q'10
Financial Expenses		
Interest on Senior Notes	(4,307)	(4,264)
Interest on Short-Term Debt	(124)	(184)
Interest on Long-Term Debt	(497)	(553)
Interest on Payables to Power Vendors	56	(493)
Amortization of Deferred Charges	(378)	(419)
Capitalized Interest	1,181	-
Other Financial Expenses	(189)	(15)
	(4,257)	**(5,928)**
Financial Income:		
Interest on Trade Accounts Receivable	1,763	1,907
Interest on Short-Term Investments	163	16
Interest on Long-Term Investments	250	444
Other Financial Income	12	11
	2,187	2,378
Total Financial Expenses, Net	**(2,069)**	**(3,550)**

Collections

Cash Collection rate for 1Q'11 was 39% as compared to the 152% level of last year's same quarter. The negative variance is due to higher cash collections during 2010 as a consequence of the payment received from the Distribution Companies during the month of March. The main variances were in cash collections from Edenorte (1Q'11 32% vs 1Q'10 187%) and Edesur (1Q'11 41% vs 1Q'10 145%). However, during April 2011, EGE Haina collected US$62.6MM from the Distros, increasing the collection rate to 71% on a year-to-date basis.

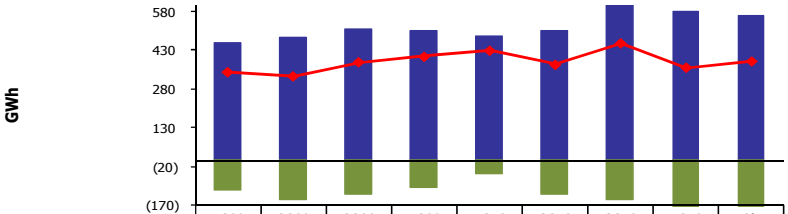
Cash Collections Vs Billings



Operational Statistics

Description	1Q'11	1Q'10	Var.%
Heat Rate, Btu/KWh	9,253	9,797	-5.6%
Availability, %	98.6	81.2	21.4%
Forced Outage Rate, %	0.5	2.4	-79.2%
Installed Capacity, MW	599	599	0.0%
Effective Capacity, MW	547	547	0.0%
Firm Capacity, MW	247	247	0.0%

Energy Balance



	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q'11
GWh - Spot Purchase	(112)	(149)	(130)	(100.89)	(53)	(131)	(151)	(218.93)	(178)
GWh - Sales	457	478	514	506.64	483	505	609	581.71	566
GWh - Generation	346	330	384	406	430	375	458	363	387

EMPRESA GENERADORA DE ELECTRICIDAD HAINA, S.A. AND SUBSIDIARY
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2011 AND DECEMBER 31, 2010
Amounts in thousands of US$

	Mar-11	Dec-10
Assets:		
Current Assets:		
Cash and cash equivalents	73,008	110,924
Short term investment	11,479	11,479
Accounts receivable	181,837	110,230
Inventory	35,943	31,643
Prepaid expenses and other	17,983	18,651
Deferred income tax	536	540
Total current assets	320,786	283,467
Deposits in banks, restricted	7,831	7,831
Property, plant and equipment	281,112	276,659
Intangible assets, net	7,159	7,512
Other assets	9,115	7,916
Total Assets	**626,003**	**583,385**
Liabilities and shareholders' equity:		
Current liabilities:		
Short-term debt	6,000	5,000
Current portion of long-term debt	14,600	14,600
Accounts payable	33,815	23,351
Accounts payable to related parties	1,407	1,150
Income tax payable	9,672	5,701
Other Liabilities	13,563	6,912
Total current liabilities	79,057	56,714
Long-term debt	190,317	186,967
Deferred income tax	15,315	15,504
Other non-current liabilities	19	19
	284,708	259,204
Shareholders' equity:		
Common stock	289,000	289,000
Legal reserve	13,464	13,464
Retained earnings	69,414	52,258
Accumulated other comprehensive loss:		
Currency translation adjustment	(31,032)	(31,032)
Investments revaluation reserve	449	491
Total shareholders' equity	341,295	324,181
Total liabilities and shareholders' equity	**626,003**	**583,385**

EMPRESA GENERADORA DE ELECTRICIDAD HAINA, S.A. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010
Amounts in thousands of US$

	Three month periods ended March 31,	
	2011	**2010**
Revenues		
Energy	111,672	82,931
Capacity	12,060	11,080
Others	816	90
	124,548	94,101
Operating costs		
Fuel	46,086	45,426
Transmission	2,368	2,129
Purchased power	32,121	9,563
Compensation for frequency regulation	1,565	1,216
Operating and maintenance	7,114	8,177
Administrative and general expenses	8,820	8,099
Depreciation and amortization	4,075	3,976
	102,149	78,586
Operating income	22,399	15,514
Financial expenses, net	(2,069)	(3,550)
Foreign exchange (loss) gain	25	(40)
Other income (expenses) , net	762	(747)
Income before income tax	21,117	11,177
Income tax		
Current	(4,031)	-
Deferred	70	(752)
Net income	17,156	10,425

EMPRESA GENERADORA DE ELECTRICIDAD HAINA, S.A. AND SUBSIDIARY
UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010
Amounts in thousands of US$

	Three month periods ended March 31,	
	2011	**2010**
Net income	17,156	10,425
Adjustments to reconcile net income to the net cash (used in) provided by operating activities:		
Gain on sale of fixed asset	(35)	-
Deferred income tax	(70)	753
Depreciation and amortization	4,075	3,976
Financial expenses	3,021	3,860
Forward contracts	-	507
Change in assets and liabilities:		
Accounts receivable	(73,017)	48,909
Inventories	(5,445)	(3,028)
Prepaid expenses	634	689
Other assets	(1,199)	(16)
Accounts payable	18,319	(4,448)
Payable to related parties	257	11
Other liabilities	509	5,148
Net cash (used in) provided by operating activities	(35,795)	66,786
Sale of property, plant and equipment	46	-
Additions to property, plant and equipment	(6,492)	(947)
Purchases of short-term investments	-	(4)
Net cash used in investing activities	(6,445)	(951)
Proceeds from long-term debt	5,000	-
Repayment of short-term debt	(650)	-
Debt issuance costs paid	(25)	(30)
Net cash provided by (used in) financing activities	4,325	(30)
Net (decrease) increase in cash and cash equivalents	(37,915)	65,805
Cash and cash equivalents at the beginning of the period	110,924	39,548
Cash and cash equivalents at the end of the period	**73,009**	**105,353**
Decrease in accounts receivable through offsets with accounts payable	1,621	18,648
Unpaid additions of property, plant and equipment	91,938	245

The consolidated financial statements presented herein have not been audited and were prepared in conformity with Generally Accepted Accounting Principles in the United States (USGAAP).

EGE Haina is the largest generator of electricity in the Dominican Republic, based on installed capacity, currently operating 11 electric power generation units at six plants, consisting of San Pedro, Sultana del Este - barge, Haina and Barahona in the southern part of the country, Puerto Plata in the northern and Pedernales in the western part of Santo Domingo. EGE Haina has contracted approximately 96% of its power generation to the three Dominican Republic distributors. For more information, visit the Company's Web site at www.egehaina.com.

Caution Concerning Forward-Looking Statements:

This report may contain "forward-looking statements"- that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expect," "anticipate," "intend," "plan," believe," "seek," or "will". Forward-looking statements involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of the Company may differ materially from those expressed or implied by such forward-looking statements and assumptions. For us, particular uncertainties that could adversely or positively affect our future results include, but are not limited to: changes in general economic, political, governmental and business conditions; the behavior of financial markets; changes in commercial market regulations. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. EGE Haina assumes no obligation and does not undertake to update forward-looking statements.

Investor Contact:

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