Certain statements in the following presentation regarding AES’s business operations may constitute “forward looking statements.” Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES’s current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to continued normal or better levels of operating performance and electricity demand at our distribution companies and operational performance at our contract generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. For additional assumptions see the Appendix to this presentation. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES’s filings with the Securities and Exchange Commission including but not limited to the risks discussed under Item 1A “Risk Factors” in the Company’s 2005 Annual Report on Form 10-K as well as our other SEC filings. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
Strategy Implementation in Latin America

- **Deleveraging and Credit Improvement**
  - Debt reduction, debt repurposing, and improved performance

- **Portfolio Management**
  - Secondary offerings, debt repurchases, business restructuring

- **Growth Strategies**
  - Rebuilding focused development pipeline, support organic growth

**Recent Results**

- **Credit Rating Upgrades**
  - Gener to BBB- (S&P)
  - Chivor to Ba3 (Moody’s)
  - Eletropaulo to B+ (Fitch, S&P)
  - El Salvador to Baa3 (Moody’s)

- **Secondary offerings unlocked portfolio value at Tietê (2005) and Gener (2006)**
- **Repurchased Argentina debt at discount**
- **Plans to broaden shareholder base at Eletropaulo and EDC**
- **Investment strategies emphasize Chile, El Salvador, and Panama**
- **Smaller opportunities at good returns in other regions (Itabo)**
### Improved Latin America Financial Profile

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tenor</strong></td>
<td>23%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Currency</strong></td>
<td>77%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Rate</strong></td>
<td>43%</td>
<td>42%</td>
</tr>
<tr>
<td><strong>Local Currency</strong></td>
<td>57%</td>
<td>58%</td>
</tr>
<tr>
<td><strong>Currency USD &amp; Foreign</strong></td>
<td>57%</td>
<td>51%</td>
</tr>
<tr>
<td><strong>Fixed</strong></td>
<td>43%</td>
<td>49%</td>
</tr>
<tr>
<td><strong>Floating</strong></td>
<td>57%</td>
<td>51%</td>
</tr>
</tbody>
</table>

#### Contains Forward Looking Statements

**2005-2006YTD Latin America Debt $1.2 Billion Refinanced**

- Gener $130 MM
- DR $160 MM
- Eletropaulo $482 MM

- El Salvador $300 MM
- Eletropaulo $150 MM

(1) Local currency financing; all others in USD. Excludes intercompany transactions.

---

Source: www.aes.com
Continued Strengthening of Latin America Debt Portfolio

- Total Debt ($ Billions)
  - 2003: $6.11
  - 2004: $6.07
  - 2005: $5.59

- Local Currency
  - 2003: $2.9
  - 2004: $4.0
  - 2005: $4.4

- USD and Other
  - 2003: $3.21
  - 2004: $2.07
  - 2005: $1.19

- Average Life (Years)
  - 2003: 2.9
  - 2004: 4.0
  - 2005: 4.4
# El Salvador Strategic Overview

<table>
<thead>
<tr>
<th>AES Goals</th>
<th>AES 2008 Target</th>
<th>AES El Salvador Role</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Goals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue Growth</td>
<td>--</td>
<td>Below Average</td>
</tr>
<tr>
<td>Gross Margin Growth</td>
<td>$3.5 Billion</td>
<td>Below Average</td>
</tr>
<tr>
<td>Earnings Per Share Growth</td>
<td>13-19% per Year</td>
<td>Below Average</td>
</tr>
<tr>
<td>ROIC Improvement (1)</td>
<td>11%</td>
<td>Below Average</td>
</tr>
<tr>
<td>Cash Flow Growth</td>
<td>$2.6-2.9 Billion</td>
<td>Below Average</td>
</tr>
<tr>
<td>Subsidiary Distributions (1)</td>
<td>--</td>
<td>Stable</td>
</tr>
<tr>
<td>Refinancing Opportunities</td>
<td>--</td>
<td>Largely Completed in 2006</td>
</tr>
<tr>
<td><strong>Growth Goals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Platform Expansion</td>
<td>--</td>
<td>Focused Opportunities</td>
</tr>
<tr>
<td>Greenfield Investment</td>
<td>--</td>
<td>Regional Synergies</td>
</tr>
<tr>
<td>Privatization/M&amp;A</td>
<td>--</td>
<td>Limited Opportunities</td>
</tr>
</tbody>
</table>

---

(1) Non-GAAP financial measure. See Appendix.

www.aes.com

Contains Forward Looking Statements
El Salvador Highlights

- **Population (2005 est.):** 6,756,800
- **Capital:** San Salvador
- **Largest City:** San Salvador
- **Per Capita GDP (2005):** US $1,220
- **Inflation Rate (2005 est.):** 4.3%
- **Economic Drivers:** Family remittances, manufacturing, agriculture
- **Currency:** U.S. Dollar

www.aes.com
EL Salvador Electricity Demand Growth

Contains Forward Looking Statements

Sources: Unidad de Transacciones (Market Administrator), BCR (National Central Bank).

www.aes.com
### AES History in El Salvador

**1994-1997**
- 1994: Restructured industry to create competitive electricity market
- 1996: Implemented new electricity law
- 1997: Approved regulatory framework and agency (SIGET)
- Began privatization of the five distribution companies

**1998-2000**
- EDC won privatization of CAESS (75%), and EEO (89%) and subsequently sells a half-interest to Reliant Energy
- AES acquired 80% of CLESA, and subsequently sold 20% stake to a third party, retaining a 64% interest
- CAESS acquired 98% of DEUSEM
- 2000: AES acquired 87% of EDC, including interests in CAESS, EEO, and DEUSEM and subsequently reacquired Reliant Energy’s interest

**2001-2006**
- 2003–2005: Implemented restructuring plan; centralized operations, finance, and support services; eliminated 145 positions
- Launched new image campaign as AES El Salvador
- 2006: Completed new collective bargaining agreement
- Completed debt restructuring and refinancing, forming new AES El Salvador holding company
## El Salvador Electricity Market Characteristics

### Generation
- 12 generators
- 52% private sector (capacity)
- Four self and cogenerators
- 1,104 MW installed capacity
  - 54% geothermal and hydroelectric
  - 46% thermal
- 6% imported energy
- Freedom to access/leave market
- Energy sales include contract and spot business models

### Transmission
- One transmission company (ETESAL)
- 99% public sector
- High voltage transmission
  - (115/230 kV)
  - 1,109 km of lines
- 23 substations
- Regulated public service with open access
- Responsible for five year expansion plan
- Tariffs updated every five years

### Distribution
- Five distribution companies with 1.28 million customers
- Distribute 94% of electric consumption; 6% direct connect large customer/energy traders
- 34,577 km network
- 1,247 people employed
- Regulated public service with open access
- Responsible for five year expansion plan
- Tariffs updated every five years

### Energy Trader
- Eight energy traders (includes El Paso, CEL, and other smaller companies)
- All customers can purchase energy directly from a generator or trader
- Unregulated prices and conditions

---

www.aes.com
Strong Utility Position in El Salvador

- **CLESA**
  - 4,633 km² service territory
  - 272,000 customers
  - 64% AES-owned

- **CAESS**
  - 4,284 km² service territory
  - 487,000 customers
  - 75% AES-owned

- **EEO**
  - 6,212 km² service territory
  - 200,000 customers
  - 89% AES-owned

- **DEUSEM**
  - 1,129 km² service territory
  - 53,000 customers
  - 74% AES-owned

Note: Data as of December 31, 2005

www.aes.com
AES El Salvador Customer Base

2005 Consumption by Sector (GWh)

- Residential: 38%
- Industrial: 33%
- Government: 13%
- Commercial: 16%
- Trader: 1%

2005 Revenues by Sector

- Residential: 44%
- Industrial: 26%
- Government: 11%
- Commercial: 18%
- Trader: 1%

Electricity Sales Trend (GWh)

- 2003: 2,754 GWh
- 2004: 2,924 GWh
- 2005: 3,047 GWh

- Residential
- Industrial
- Government
- Commercial
- Trader
El Salvador Electricity Market
Operation Model

END USERS
Regulated and non-regulated
Some with subsidies

DISTRIBUTION
Initial geographic zones (no concession)
Unrestricted network access
Distribution charges regulated

TRANSMISSION
Monopoly service - unrestricted access
Charges regulated by SIGET

GENERATION
Competitive
Negotiated prices (contracts)
Competitive short-term market

SIGET (regulator)

System Regulator Market (MRS)

Wholesale Electric Market

Contract Market

www.aes.com
AES El Salvador has demonstrated considerable operational improvements.
## AES El Salvador Financial Overview

(US$ Million)

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$345</td>
<td>$356</td>
<td>$377</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>$71</td>
<td>$73</td>
<td>$76</td>
</tr>
<tr>
<td><strong>Income Before Tax &amp; Minority Interest</strong></td>
<td>$47</td>
<td>$48</td>
<td>$53</td>
</tr>
<tr>
<td><strong>Distributions to AES Corporation</strong></td>
<td>$15</td>
<td>$21</td>
<td>$13</td>
</tr>
</tbody>
</table>

Note: Information is presented on an AES basis and is unaudited. Certain intercompany transactions may not be eliminated.

[www.aes.com](http://www.aes.com)
Platform Expansion: El Salvador Coal-Fired Generation

250MW greenfield coal-fired power plant
- Location on leased land adjacent to multi-purpose terminal being built at the Port of La Union
- AES Fonseca would enter into long-term PPAs with El Salvador distribution companies for base load power
- Project is currently in advanced development stage pending final government approval of contract process
- EPC contract in final stages of negotiations
- Targeting completion in 2009-2010
- Estimated capital cost $450 million
- Estimated revenues $120 million at current coal prices

Contains Forward Looking Statements

Proposed AES Fonseca Coal-Fired Power Plant
Regional Opportunity: SIEPAC\(^{(1)}\)

**Framework**

Created in 1999 to establish a regional competitive market with free interconnection access

Provides regional transaction clearing mechanism

Promotes the economic development of the region in a free market without barriers

CRIE is the regulatory agency for the regional transmission network

Vertical integration permitted

\(^{(1)}\) Sistema de Interconexión Eléctrica de los Paises de Centroamérica

**Transmission**

The Central American governments via ERP will own the network

Concession for the construction and administration of the network to be done by ERP

Begins operation in 2008

Represents US$330MM investment (1,830 km)

Primary line 230 KV

Rights to private investment in the transmission network

**Generation**

Comercialization of energy at a regional level

Regional private investment participation and expansion of energy sector

Allows for AES coal and hydro plants to export to other regional markets

**Market Administrator**

EOR will be the administrator of the regional network

Prices will be established on an hourly basis

Will provide the market with short, medium, and long term contracts

Integrated regional transmission costs (more equitable)
### AES Dominicana Strategic Overview

**AES Goals**

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<thead>
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</tr>
<tr>
<td>Subsidiary Distributions (1)</td>
<td>--</td>
<td>Not Significant Near-Term</td>
</tr>
<tr>
<td>Refinancing Opportunities</td>
<td>--</td>
<td>Largely Completed in 2005</td>
</tr>
</tbody>
</table>

**Growth Goals**

| Platform Expansion            | --              | Focused Opportunities        |
| Greenfield Investment         | --              | Not Significant              |
| Privatization/M&A             | --              | Not Significant              |

(1) Non-GAAP financial measure. See Appendix.

Contains Forward Looking Statements

[www.aes.com](http://www.aes.com)
Dominican Republic Highlights

- **Population (2005 est.):** 9,300,000
- **Largest City:** Santo Domingo
- **Capital:** Santo Domingo
- **Per Capita GDP (2005 est.):** US $3,250
- **Inflation Rate (2005 est.):** 7.4%
- **Currency:** Dominican Pesos (RD$)
  - 1 (RD$) = 32.76 (US $)
- **Tourism, free trade zones, family remittances**

**Dominican Republic at a Glance**
AES History in the Dominican Republic

1997
AES acquired Destec International assets; Dominican Power Partner (DPP) or Los Mina, 236MW power plant located in Santo Domingo, was part of this transaction.

Los Mina PPA type IPP (BOT) contract for 15 year signed with the Dominican government

Dominican Republic privatization strategy developed

Public Enterprise Reform Act, Law 141-97 approved

1999
Dominican Republic’s electricity sector privatized through capitalization model (50% private and 50% Government)

AES acquired 50% and the full administration of EDE Este - distribution company covering 11,500 km² and serving nearly 600,000 customers in the east side of the country

2000
AES began the construction of Andres 304MW combined cycle gas fired plant, LNG port and terminal for 160,000 m³; it also included 15 km of 138Kv transmission line and 34 km of a gas pipeline to Los Mina

2001
AES acquisition of Gener in Chile included 25% share of Itabo, which was privatized in 1999 (other owners were El Paso 25% and Government 50%)

2003
Commercial operation began at Andres and Los Mina, burning natural gas

2004
AES transferred EDE Este ownership to bank group, retaining administration of the company

2006
AES increased ownership in Itabo to effective 48% by acquiring El Paso’s 25% share

www.aes.com
### Dominican Republic Electricity Market Characteristics

#### Generation
- 12 companies
- 92% private sector
- 33% AES share (capacity)
- 67 generators
- 3,506 MW installed capacity
  - 85% thermal
  - 15% hydroelectric
- Freedom to access and leave the market
- Energy sales include contract and spot business models

#### Transmission
- One transmission system which is 100% government owned (CDEEE)
- High voltage transmission (69/138 kV)
  - 3,260 km of lines
- Regulated public service with open access
- Responsible for expansion

#### Distribution
- Three companies
- 928,936 customers (2005)
- Distribute 85% of the electric consumption of the country (5% UNR and 10% self generation)
- 30,000 km network
- 9,000 people employed
- Regulated public service
- Exclusive geographic area
- Responsible for maintenance and investment
- Energy price partially pass-through
- Tariffs updated

#### Commercial Base
- 7,000 Large users
- Above 30 kW:
  - Industrial (41%)
  - Residential (32%)
  - Commercial (17%)
  - Services (10%)
- Large customers can purchase energy directly from a generator or trader
- Unregulated prices and conditions

[www.aes.com](http://www.aes.com)
AES Has Important Low-Cost Position in Dominican Republic Generation System


www.aes.com
**Dominican Republic Generation Position**

- **AES DPP (Los Mina)**
  - 236MW gas-fired
  - 100% AES

- **Itabo**
  - 432MW coal/oil
  - 48% AES (25% direct, 23% through Gener)

- **Andres**
  - 319MW gas-fired
  - 100% AES

**Map Diagram**
- AES DPP (Los Mina)
- Itabo
- Andres
- Santo Domingo

Legend:
- **Coal/Oil**
- **Natural Gas**
- **LNG Terminal**
Dominican Republic Power Market

- **Spot Transactions**
  - Genco_{coal}
  - Economic Dispatch Center
  - Genco_{gas}
  - Genco_{diesel}
  - Genco_{hydro}
  - Dispatch based on lowest variable cost of production (marginal cost)
  - Spot price = marginal cost of the system
  - Includes energy and capacity payments

- **Transmission and Distribution**
  - Substation_1
  - Substation_2
  - Substation_3
  - Open access transmission
  - Concessions granted for distribution and tariffs based on model company structure

- **Customers**
  - Regulated
    - Contracts node price + value added cost
    - Contracts awarded in open bid processes
  - Unregulated
    - Minimum demand requirement > 0.2 MW
    - Unregulated freely negotiated price

- **Toll Payment**
  - Includes energy and capacity payments

- **Gencogas**
  - Gencodiesel
  - Gencohydro
  - Gencocoal

- www.aes.com
Contract Risk Management Strategies

Gas Clients

UNRs

Ede Este

Ede Sur

Ede Norte

Andres

Los Mina

Itabo

Third Parties

BP (Gas Supplier)

Glencore/ CDC/CMC (Coal Suppliers)

www.aes.com
## AES Fuel Sourcing Strategy

<table>
<thead>
<tr>
<th>Sourced From</th>
<th>Coal</th>
<th>Natural Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia</td>
<td>Colombia</td>
<td>Trinidad &amp; Tobago</td>
</tr>
<tr>
<td>Transportation Method</td>
<td>Ocean going ships</td>
<td>LNG</td>
</tr>
<tr>
<td>Distance</td>
<td>586 nautical miles</td>
<td>679 nautical miles</td>
</tr>
<tr>
<td>Key Suppliers</td>
<td>Glencore/CDC/CMC</td>
<td>BP</td>
</tr>
<tr>
<td>Fuel Flexibility</td>
<td>&lt;1.0% Sulfur (dry) 11,600 BTU/lb heating value</td>
<td>Methane &gt; 84 % molecular</td>
</tr>
</tbody>
</table>

Note: Fuel Flexibility represents company-wide maximums or minimums.

www.aes.com
AES Dominicana Generation KPI Focus

Equivalent Forced Outage Rate

- 2003: 2.1%
- 2004: 9.0%
- 2005: 1.0%

Getting Better

Equivalent Availability Factor

- 2003: 99%
- 2004: 96%
- 2005: 89%
<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$141</td>
<td>$168</td>
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<tr>
<td>Gross Margin</td>
<td>$23</td>
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<td>Income Before Tax &amp;</td>
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<tr>
<td>Minority Interest</td>
<td>$15</td>
<td>($38)</td>
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<td>Distributions</td>
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<tr>
<td>to AES Corporation</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

Note: Information is presented on an AES basis and is unaudited. Certain intercompany transactions may not be eliminated. Results exclude equity in earnings from Itabo, another generation company in the Dominican Republic, in which Gener has a 25% equity interest. In 2006, AES purchased an additional 25% interest in Itabo.
## AES Dominicana Expansion Opportunities

<table>
<thead>
<tr>
<th>Areas</th>
<th>Description of Selected Projects</th>
</tr>
</thead>
</table>
| Natural Gas Market Development | • Retail distribution of compressed natural gas  
• Conversion of existing diesel units (Cogentrix)  
• Convert AES Andres into an energy hub for the region |
| Generation                    | • Diversify customer base (large users and self generators)                                     |
| Power Transmission            | • Connect existing self generators to the national grid  
• Interconnect Haiti to the national grid  
• Improve quality and service |
| Non-Power But Related         | • Port and storage services  
• Water sales                                                                                     |
Platform Expansion: AES Dominicana LNG

Contains Forward Looking Statements

Compressed gas market
- Retail compressed gas market – sales potential of 2.5 TBtu/year

Third party gas conversion
- San Pedro de Macoris conversion opportunity – sales potential of up to 15 TBtu/year for 300MW diesel-fired power plant
- Benefit from cleaner combustion, less expensive fuel and lower maintenance costs
- Requires investment in gas pipeline and the conversion of the units into natural gas

www.aes.com