



# Year 2005 Relevant Results

Santo Domingo, Dominican Republic  
April 2006

**Contact:**  
Yandery Teran  
Investor Relations Director  
(1) (809) 955-2223  
[inversoraesdom@aes.com](mailto:inversoraesdom@aes.com)

## AES Andres B.V. and Subsidiary and Dominican Power Partners and Subsidiary Pro-forma Combined Financial Results (In USGAAP)

### Quarterly Comparison

### For the years ended

1Q 05	2Q 05	3Q 05	4Q 05		Dec. 31, 2004	Dec. 31, 2005
(Millions of US\$)						
42.9	49.9	57.9	77.4	<b>Revenues</b>	167.0	228.0
33.7	38.8	49.3	54.5	<b>Operating costs and expenses</b>	139.6	176.4
9.2	11.1	8.6	22.9	<b>Operating income</b>	27.4	51.7
21.4%	22.2%	14.9%	29.7%	<b>Operating income margin</b>	16.4%	22.7%
(17.7)	(2.0)	(5.3)	(2.7)	<b>Net Losses (*)</b>	(68.7)	(27.7)

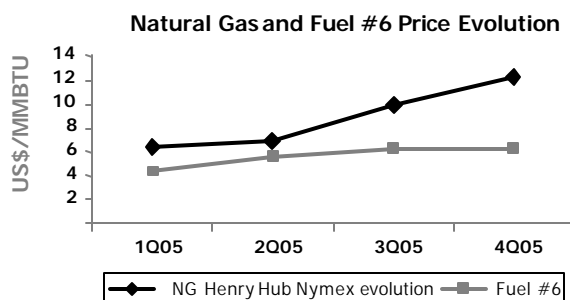
(\*) Net Losses include interest expenses of US\$ 32.0 million and US\$ 29.4 in 2005 and 2004, respectively, related to accrued and unpaid interest under a subordinated intercompany loan under which AES made its capital injections to finance the development and construction of Andres. AES views this loan as an equity investment and the respective interests are a restricted payment under the indenture.

## Highlights

- Combined operating income for the year 2005 stood at US\$51.7 million.
- The total electricity demand for 2005 reached 9,823 Gwh, a 10.8% increase from 2004.
- Signature of a ten-year Gas Sale Contract with Lineaclave, a domestic retail gas company.
- No take-or-pay expense under the long-term fuel contract in 2005.
- New unregulated customers: Zona Franca La Romana S.A. (3 years), effective since May 1, 2005, and Grupo Ramos S.A. (2 years) effective since September 2005.
- In December 2005, AES Dominicana Energia Finance S.A. placed ten-year senior notes for US\$160 millions in the international markets.
- In March 2006, AES Dominicana Energia Finance S.A. listed its 11% Senior Notes in the Luxembourg Stock Exchange and Dominican Power Partners became a full guarantor of the Notes, jointly and severally with Andres.

## External Factors (\*)

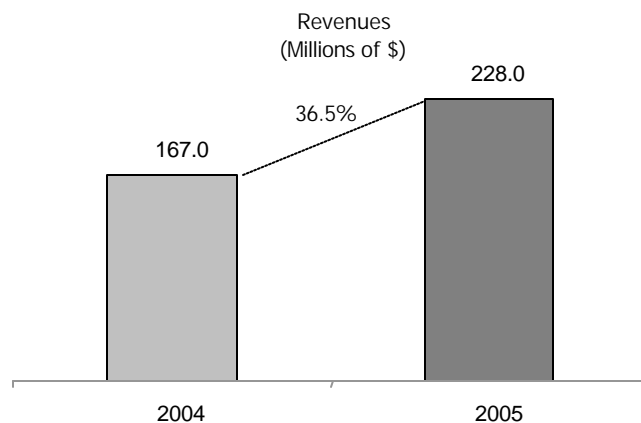
- The GDP grew 9.0% in 2005.
- Accrued inflation by year-end stood at 7.45%.
- The local CD interest rate was 12.8% by year end.
- Exchange Rate closed at RD\$34.37 per US dollar as of December 31, 2005.
- Average Nymex Henry Hub natural gas prices were US\$8.9 per MMBtu in 2005, with a peak of US\$13.6 per MMBtu in October and a low of US\$6.11 per MMBtu in February.



(\*) Source: Dominican Central Bank and Bloomberg.

## Analysis of Combined Financial Results (In USGAAP)

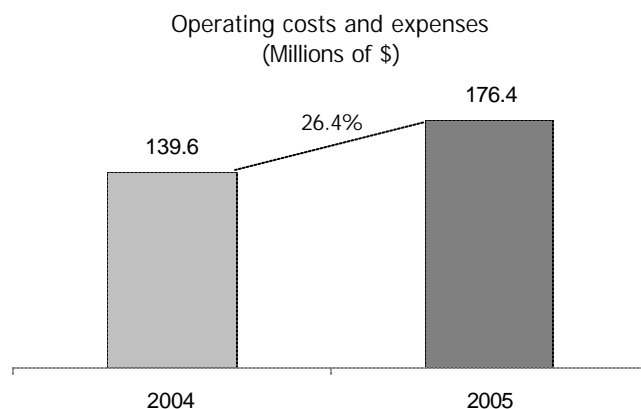
**Revenues** for the year 2005 were US\$228.0 million, representing an increase of US\$61.0 million, or 36.5%, as compared to US\$167.0 million in 2004. This increase is essentially driven by US\$59.1 million of additional contract electricity sales caused by: (i) the indexation in PPA's price resulting from an increase in contract electricity prices as a consequence of a 50% increment in the average NYMEX gas price and a 3.5% growth in the U.S. CPI; (ii) EDE-Este's demand for electricity was higher in 2005 (9%) than 2004; (iii) Andres entered into a two-month PPA with EGE-Itabo, which became effective on September 1, 2005; and (iv) Andres entered into two PPAs with unregulated users (Zona Franca La Romana S.A., effective since May 2005, and Grupo Ramos S.A. effective since September 2005). Spot sales increase is basically due to ancillary services (e.g., frequency regulation).



### Revenues consist of the following:

(Millions of US\$)	For the years ended		
	Dec. 31, 2004	Dec. 31, 2005	Var%
Electricity sales – long term PPA	158.6	217.6	37.2
Electricity sales – spot market	8.4	10.4	24.3
<b>Total revenues</b>	<b>167.0</b>	<b>228.0</b>	<b>36.5</b>

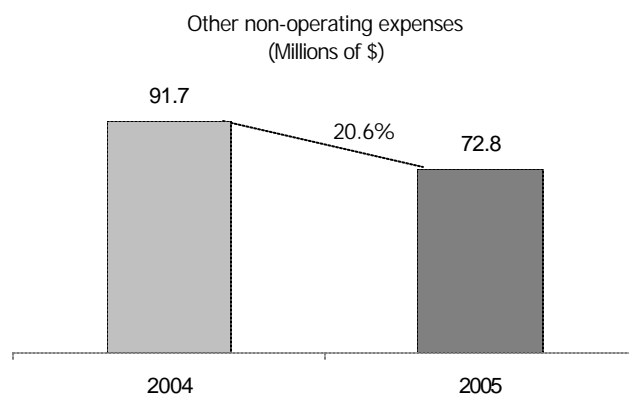
**Operating costs and expenses** amounted to US\$176.4 million in 2005, representing an increase of US\$36.8 million, or 26.4%, from US\$139.6 million in 2004. This increase was principally a result of: (i) a 30% increment in liquefied natural gas (LNG) unitary variable cost; (ii) a greater amount of natural gas consumed as Andres' power generating unit was dispatched more often in 2005 than in 2004; (iii) a greater volume of capacity purchases; (iv) US\$3.5 million of higher fixed operating, maintenance and general expenses; and (v) US\$0.4 million higher depreciation. The aforementioned factors were partially offset due to Andres having no take-or-pay obligation expense under the LNG Contract in 2005 as result of the amendment executed at beginning of the year after the successful renegotiation of its contractual minimum requirement.



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

(Millions of US\$)	For the years ended		
	Dec. 31, 2004	Dec. 31, 2005	Var%
Cost of sales – electricity purchases	70.3	80.8	14.9
Cost of sales – fuel costs used for generation	41.4	63.8	54.1
Operating, maintenance and general expenses	15.1	18.6	23.0
Depreciation and amortization of intangible assets	12.8	13.2	3.5
<b>Total operating costs and expenses</b>	<b>139.6</b>	<b>176.4</b>	<b>26.4</b>

**Other non-operating expenses** amounted to US\$72.8 million in 2005, representing a US\$18.9 million, or 20.6% reduction from US\$91.7 million in 2004. This net decrease is the result of the following facts: (i) In 2005 foreign exchange gains were US\$0.2 million, while in 2004 it resulted in a US\$25.5 million loss due to a lower liability exposure denominated in local currency and less volatile exchange rates during 2005 than in 2004, combined with a Dominican Peso appreciation against the U.S. dollar in 2004, and a Dominican Peso depreciation in 2005. (ii) Higher Deferred Financing Costs amortization and Financial Interests Expenses mainly due to the debt refinancing. (iii) Higher Subordinated Loan Interest Expense. (iv) Lower commercial interest expenses essentially as a result of the offsetting arrangement executed in February 2005 with the Dominican Government, EDE Este and CDEEE by means of which commercial interest expenses were significantly reduced for the remaining of 2005.

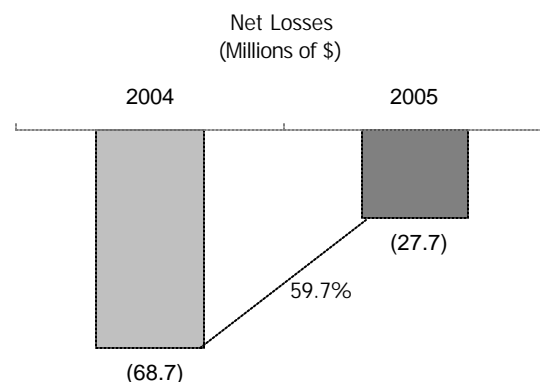


**Other non-operating expenses consist of the following:**

(Millions of US\$)	For the years ended		
	Dec. 31, 2004	Dec. 31, 2005	Var%
Subordinated intercompany loan interest expense	29.4	32.0	9.0
Interest expense - financial	18.0	25.8	42.8
Interest expense - commercial and others	21.5	16.4	(23.6)
Interest income - financial	(0.1)	0.0	N/A
Interest income - commercial	(3.8)	(5.7)	48.4
Deferred financing costs amortization	2.4	4.6	92.4
Other income	(1.2)	(0.1)	(91.3)
Foreign currency loss (income)	25.5	(0.2)	N/A
<b>Total other non-operating expenses – net</b>	<b>91.7</b>	<b>72.8</b>	<b>(20.6)</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 losses (\*)** for the year 2005 were \$27.7 million, while in 2004 they were \$68.7 million, presenting a reduction of \$41 million or 59.7%, as result of the net of \$24.3 million higher operating income, \$18.9 million lower non-operating expenses and \$2.2 million higher income tax expense.



(\* ) Net Losses include interest expenses of US\$ 32.0 million and US\$ 29.4 in 2005 and 2004 respectively, related to accrued and unpaid 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.

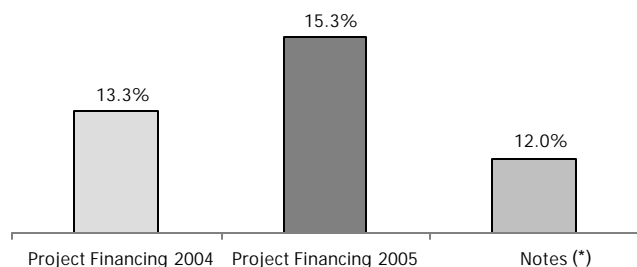
## Financial Debt Summary

In December 2005, AES Dominicana Energia Finance S.A., wholly owned subsidiary of Andres, placed US\$160 million senior notes in the international capital markets, led by ABN Amro. The 10-year notes, with final payment in December 2015 were priced to yield 11% and rated B (stable) by Fitch and Standard & Poor's.

The resources obtained by placing ABN Notes were used to repay the outstanding debt (US\$135.6 million) and use the remainder as working capital.

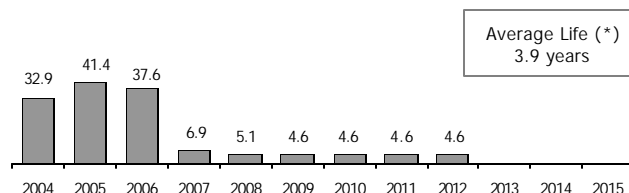
By means of the Notes issuance, the average financing cost after tax of Andres was reduced to 12.0%, from 15.3% in 2005 and 13.3% in 2004. The average life of debt was extended to 10 years.

Average financing costs



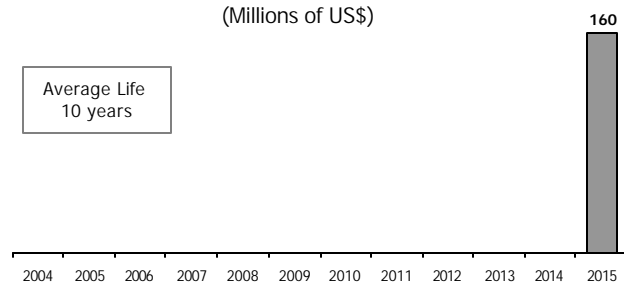
(\*) After tax rates. The Notes includes the interest income accrued by the interest debt reserve

Andres and DPP's Debt Profile before The Notes  
(Millions of US\$)



(\*) Average life of debt is calculated based on the original maturities.

Andres and DPP's Debt Profile after The Notes  
(Millions of US\$)



## Recent Financial Developments

### The Notes:

In March 2006, AES Dominicana Energia Finance S.A. listed its Notes on the Official List of the Luxembourg Stock Exchange and the Notes commenced to be traded in the Euro MTF Market. In addition, DPP became a full guarantor of the Notes, jointly and severally with Andres.

## Regulation and Sector Developments

- In January 2005, The Dominican Government and the IMF entered into a letter of intent, including the reform of the electricity sector, in the context of its request for financial support.
- In February 2005, Andres and DPP executed an offsetting arrangement with the Dominican Government, EDE Este and CDEEE for approximately US\$60.0 million, by which accounts receivable from EDE Este and payables to CDEEE were offset. This resulted in significantly reduced interest expenses for the remaining of 2005.
- In March 2005, all the participants in the electricity market in the Dominican Republic executed an agreement granting an one-year grace period to the accrued payables as of December 2004, and the government committed to stay current on new payables and cover the potential cash deficit of the distributors. Finally, the total Government contribution reached approximately 500M US\$ for 2005.
- In March 2005, coal and natural gas were added as part of the fuel basket considered in the tariff indexation formula.

## Recent Regulation and Sector Developments

- In February 2006, Andres and DPP executed a second round of setoff transactions with CDEEE and distribution companies for approximately US\$35.4 million, reducing the outstanding accounts receivables and canceling completely accounts payable to CDEEE.
- In March 2006, most of the generators and distributors entered into a new sector agreement with the Dominican Government whereby the latter renewed its commitment to stay current with its electricity bills and cover the cash deficit of the distributors during 2006, with a total government budget of over US\$500 million. The Agreement recognizes the accounts payables and receivables among the different agents and established an one-year grace period and payment of interest on the due balances as of December 31, 2005.

## Operational Results

Andres' and DPP's power generation units represent, in the aggregate, approximately 17.7% of the current total installed capacity and 18.4% of the current total effective capacity in the Dominican Republic, making them together the second largest thermal generating plants in the country based on current total installed and effective capacity.

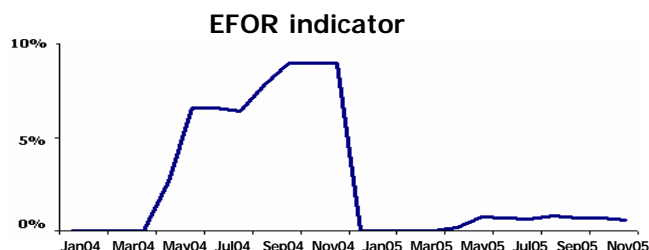
	Year 2005		
	Andres	DPP	Aggregate
Installed capacity (MW)	319	236	555
Power Generation Units	1	2	3
Effective capacity (MW)	304	236	540
Contracted capacity (MW) <sup>(1)</sup>	53	210	263

<sup>(1)</sup> Capacity contracted through long-term PPAs.

In 2005, Andres received four shipments of LNG, totaling 444,251m<sup>3</sup> purchased, while during 2004 Andres' ability to purchase LNG was significantly restricted due to lack of payment from the Dominican Government. This, in turn, affected the availability of fuel to run Andres' power generation unit, thus affecting its ability to be available for dispatch, and therefore its firm capacity assigned. Thus gross generation increased 308GWh, or 42.1% in 2005 when compared to 2004.

Operating Data		2004	2005	Var. %
Gross generation	GWh	731	1,039	42.1
Internal consumption	GWh	(23)	(41)	78.3
<b>Net Generation</b>	<b>GWh</b>	<b>708</b>	<b>998</b>	<b>40.9</b>
Total Energy Sold	GWh	1,480	1,682	13.6
DPP's Firm Capacity	MW	66	45	(32.0)
Andres' Firm Capacity	MW	52	64	23.1
Andres Heat Rate	Btu/KWh	7,949	7,776	(2.2)
Andres Plant Availability	%	95.9%	88.9%	
Andres EFOR	%	9.0%	0.6%	

The Andres' EFOR improved from 9.0% in 2004, to 0.6% by means of: (i) operators training and certification, (ii) qualification of distributed control system engineers, (iii) design modification and replacement of the gas turbine exhaust expansion joint, and installation of grounding devices for the 138KV transmission line.



### Recent Operational Developments

- In March 2006, Andres received the PBIP (Protection of Ports and Harbor Facilities) certification given by the Dominican Port Authority (APD) to the ports that satisfactorily meet all the International Maritime Organization's regulations.
  - Los Mina Unit VI was repaired and brought on line for testing in March 2006. The unit was put out of service in December 2004 due to problems with the turbine rotor.
  - In March 2006, The cargo vessel 'British Merchant' docked at AES Andres pier carrying 136,000 m3 of natural gas, which will be used to generate continuously for approximately two months (about 20% of the system average demand). This is the first gas shipment in 2006.
- 

### Natural Gas Operations

In 2005, Andres entered into a ten-year supply contract with Lineaclave International S.A., a domestic retail gas company, to sell it natural gas at Andres' LNG terminal for further distribution to commercial and industrial users within the Dominican Republic, if and at such times as the natural gas market develops. The contract with Lineaclave is a non-exclusive agreement under which Lineaclave has no take-or-pay obligations. Andres is also pursuing opportunities to sell natural gas to other large industrials and generation facilities.

---

### Environmental Matters

Andres has the only LNG shipment receiving terminal in the Dominican Republic, a regasification facility and a storage facility, and a natural gas pipeline to Santo Domingo.

As fuel, natural gas is cleaner than coal and petroleum byproducts (gasoline, fueloil, diesel, etc.), because its combustion produces 40-45% less carbon dioxide than coal and 20-30% less carbon dioxide than petroleum byproducts. Another environmentally-beneficial feature of natural gas is that it doesn't emit solid particles or ash during combustion. Also, nitrogen oxide emissions are lower than the ones produced by coal and petroleum byproducts. Finally, sulfur dioxide emissions are practically inexistent.

At present, Natural Gas is the best option among all fossil fuels and AES Dominicana demonstrates its commitment to protecting the environment by using it in its power generation plants.

---

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

**UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Expressed in US\$)**

	2005	2004
<b>REVENUES</b>		
Electricity sales – contracts	217,619,800	158,557,661
Electricity sales – spot market	10,435,366	8,392,832
Total revenues	228,055,166	166,950,493
<b>OPERATING COSTS AND EXPENSES</b>		
Cost of sales – electricity purchases and fuel costs used for generation	144,584,509	111,751,516
Operating, maintenance and general expenses	18,564,693	15,093,076
Depreciation and amortization of intangible assets	13,227,802	12,776,402
Total operating costs and expenses	176,377,004	139,620,994
<b>OPERATING INCOME</b>	51,678,162	27,329,499
<b>OTHER INCOME (EXPENSES)</b>		
Interest expense – net	(36,435,954)	(35,605,576)
Subordinated intercompany loan interest expense (*)	(32,024,112)	(29,385,713)
Deferred financing costs amortization	(4,645,544)	(2,414,115)
Other income	105,137	1,214,765
Foreign currency gain (loss)	157,051	(25,523,879)
<b>LOSS BEFORE TAXES</b>	(21,165,260)	(64,385,019)
Income tax expense	(6,532,426)	(4,332,330)
<b>NET LOSSES (**)</b>	(27,697,686)	(68,717,349)

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

(\*\*) Net Losses include interest expenses of US\$ 32.0 million and US\$ 29.4 in 2005 and 2004 respectively, related to accrued and unpaid 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.

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 and  
Dominican Power Partners and Subsidiary  
(Indirect Wholly Owned Subsidiaries of the AES Corporation)**

**UNAUDITED PRO FORMA COMBINED BALANCE SHEET  
AS OF DECEMBER 31, 2005 AND 2004  
(Expressed in US\$)**

	2005	2004
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	896,673	6,753,163
Restricted cash	-	1,300,000
Accounts receivable	54,277,453	88,963,069
Other receivable	1,207,148	3,895,136
Other receivable – related parties	1,115,428	1,205,233
Inventories	21,930,515	3,526,878
Income tax receivable	2,248,070	479,644
Prepaid expenses	1,251,415	1,284,597
Total current assets	82,926,702	107,407,720
PROPERTY, PLANT AND EQUIPMENT		
Land	6,593,858	6,593,858
Plant and electricity generating equipment	549,868,638	543,620,524
Less accumulated depreciation	(72,053,273)	(58,851,276)
Property, plant and equipment	484,409,223	491,363,106
OTHER ASSETS		
Intangible assets – net	87,624	81,552
Deferred financing costs – net	5,468,752	4,613,136
Long term accounts receivable	55,138,291	53,367,440
Debt service reserves	8,800,000	-
Other assets	434,352	457,901
Total other assets	69,929,019	58,520,029
TOTAL	637,264,944	657,290,855
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	60,957,450	116,364,439
Accounts payable and accrued liabilities – related parties	7,492,911	8,238,680
Project financing debt	-	135,594,003
Total current liabilities	68,450,361	260,197,122
LONG TERM LIABILITIES		
Deferred income tax	13,830,980	9,068,055
Intercompany loan	378,165,755	346,141,643
Notes payable	160,000,000	-
Other liabilities	2,776,821	315,731
Total long term liabilities	554,773,556	355,525,429
SHAREHOLDER'S EQUITY		
Common stock	15,019,462	15,019,462
Contributed capital	108,420,212	108,420,212
Additional paid-in capital	488,657	322,316
Accumulated losses	(44,012,060)	(16,314,373)
Dividends	(65,844,574)	(65,844,574)
Accumulated other comprehensive loss	(30,670)	(34,739)
Total shareholder's equity	14,041,027	41,568,304
TOTAL	637,264,944	657,290,855

*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 audited consolidated financial statements of Andres and the audited 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 audited consolidated financial statements as of and for the years ended on December 31, 2004 and December 31, 2005, 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.

AES Dominicana references to AES Andres B.V. ("Andres") and Dominican Power Partners ("DPP"), both are affiliate of The AES Corporation (AES). Andres and DPP own and operate power generation units that in the aggregate have 540 MW of effective capacity and 555 MW of installed capacity which represents approximately 18.4% of the current total effective capacity and 17.7% of the current total installed capacity, respectively, in the Dominican Republic. Andres also has the only liquefied natural gas, or LNG, shipment receiving terminal in the Dominican Republic, a regasification facility and a storage facility, or LNG facility, and a natural gas pipeline to Santo Domingo.

AES is one of the world's largest global power companies, with 2005 revenues of US\$11.1 billion. With operations in 25 countries on five continents, AES's generation and distribution facilities have the capacity to serve 100 million people worldwide. Our 14 regulated utilities amass annual sales of over 82,000 MWh and our 128 generation facilities have the capacity to generate over 44,000 megawatts. Our global workforce of 30,000 people is committed to operational excellence and meeting the world's growing power needs. To learn more about AES, please visit [www.aes.com](http://www.aes.com) or contact AES media relations at [media@aes.com](mailto:media@aes.com).

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

## Glossary of key terms

Btu	British thermal units.
CD	Certificates of deposit.
CDEEE	Corporación Dominicana de Empresas Eléctricas Estatales.
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.
Firm capacity	The amount of capacity that the Coordinating Body recognizes and remunerates to each power generation unit for being available to cover the demand in peak hours.
Henry Hub	The specific pricing point for natural gas future contracts on the New York Mercantil Exchange, or NYMEX.
Installed capacity	The amount of MW a turbine is designed to produce upon installment (name-plate capacity).
PPA	Power Purchase Agreement.