



US\$ 300,000,000
Senior Secured Term Loan Facility and
R\$ 250,000,000
Debentures for AES Sul



February 2001





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I - Objective



Objective

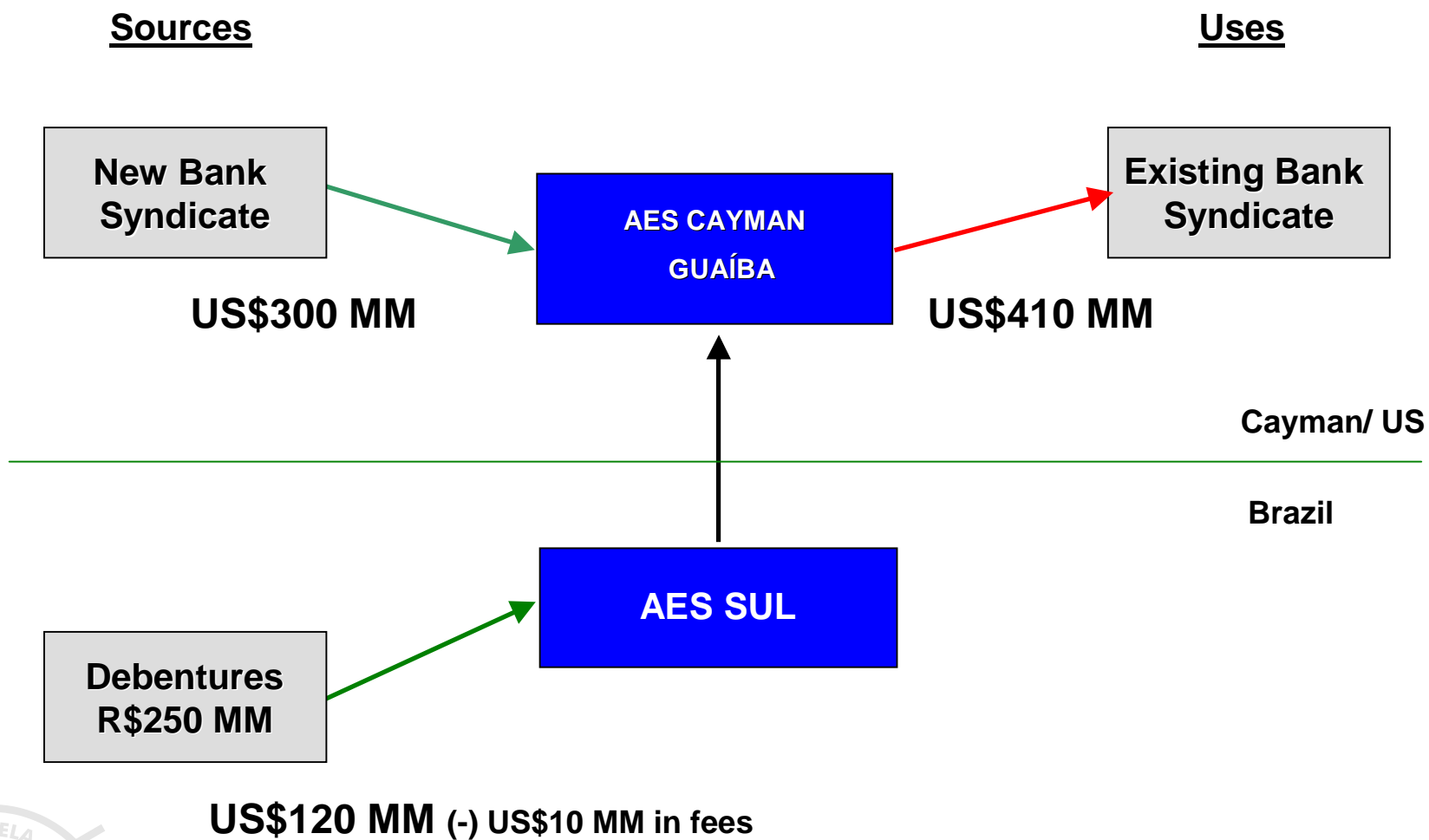
- Refinance AES Sul's existing US\$410 MM Credit Facility due in April of 2002 with:
 - **US\$300 MM Senior Secured Term Loan Facility to AES Cayman**
 - **R\$250 MM Debentures, approximately US\$120 MM, to AES Sul**

Condition Precedent :

Loan and Debentures to be closed simultaneously, on March 7, 2001



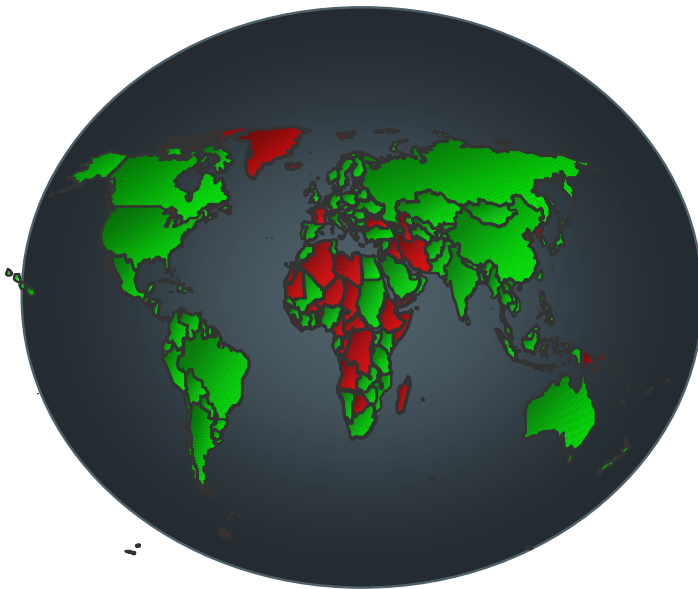
Refinancing Flow





II - AES Corporation

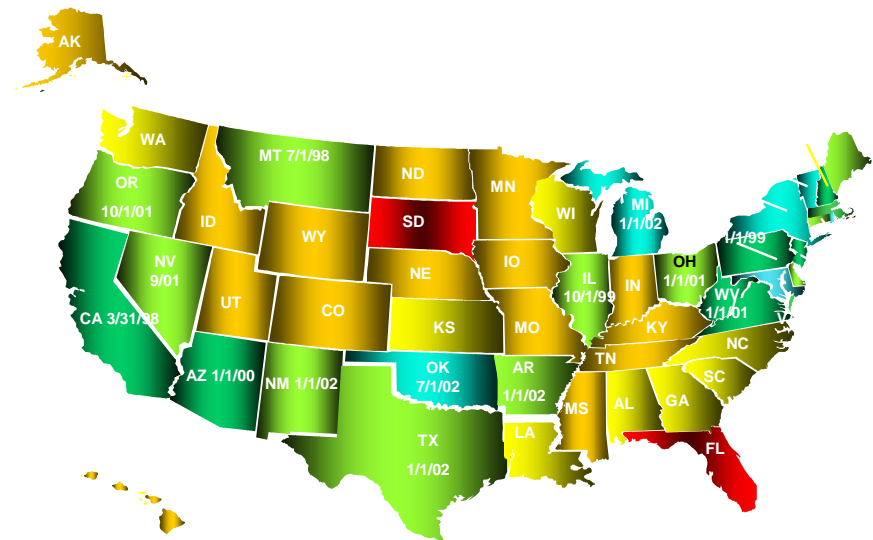
Countries Open to Investment



Market Size: US\$800 billion

Open to investment ■
Closed to investment ■

States Undergoing Restructuring

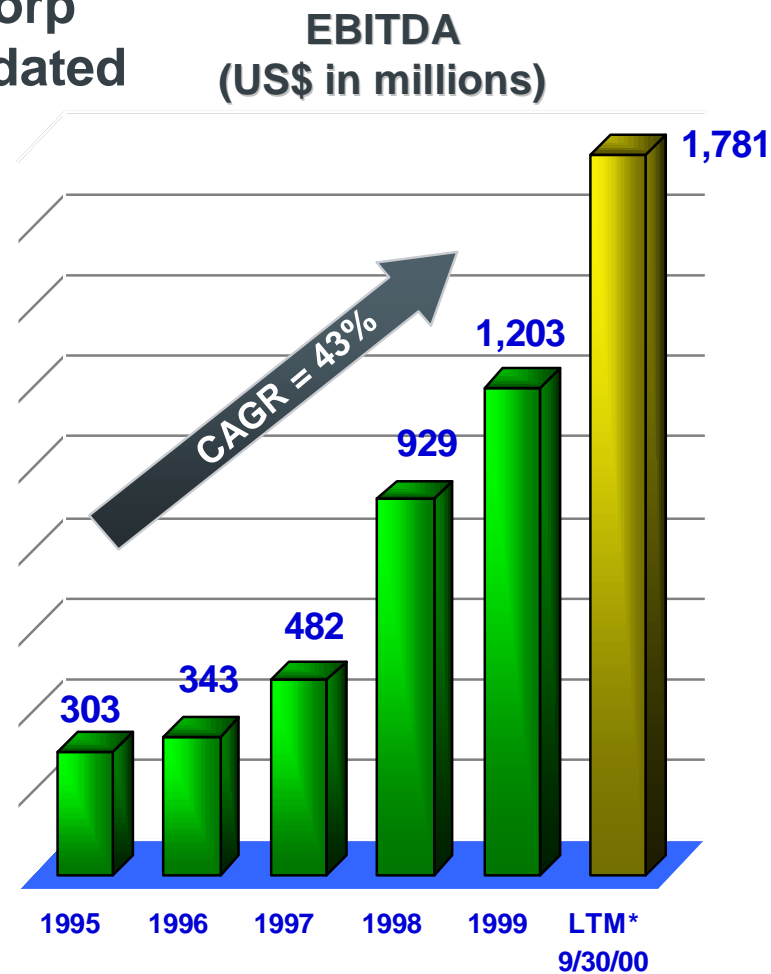
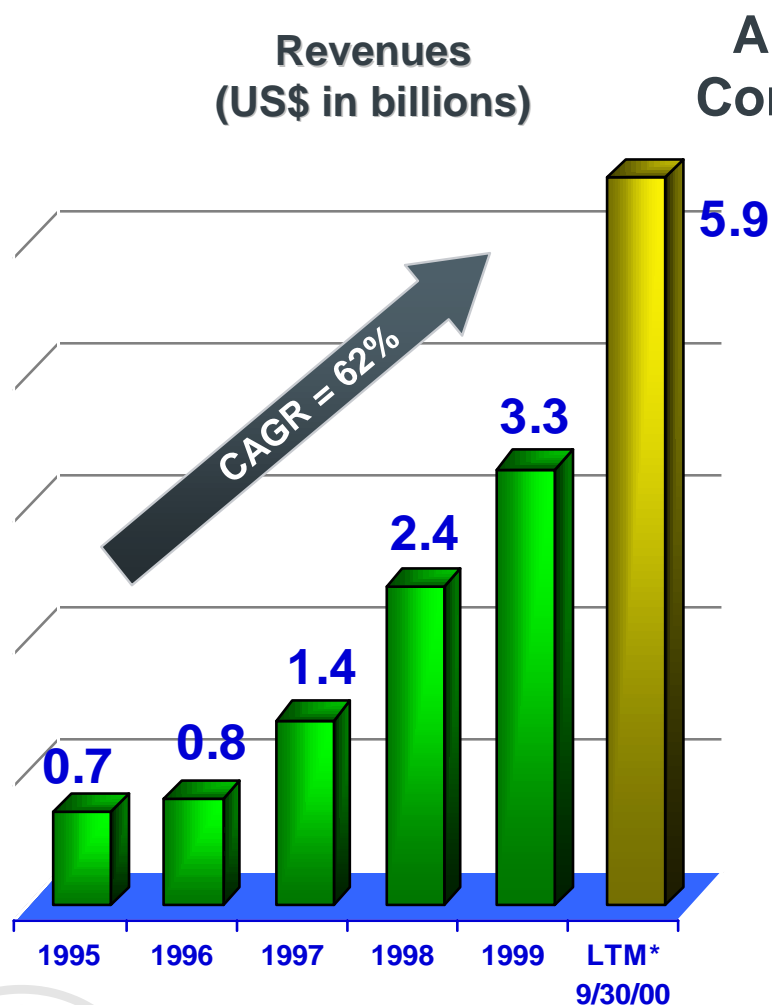


Market Size: US\$220 billion

No restructuring ■



Strong Financial Performance



(*) LTM - Last Twelve Months



Operational Highlights

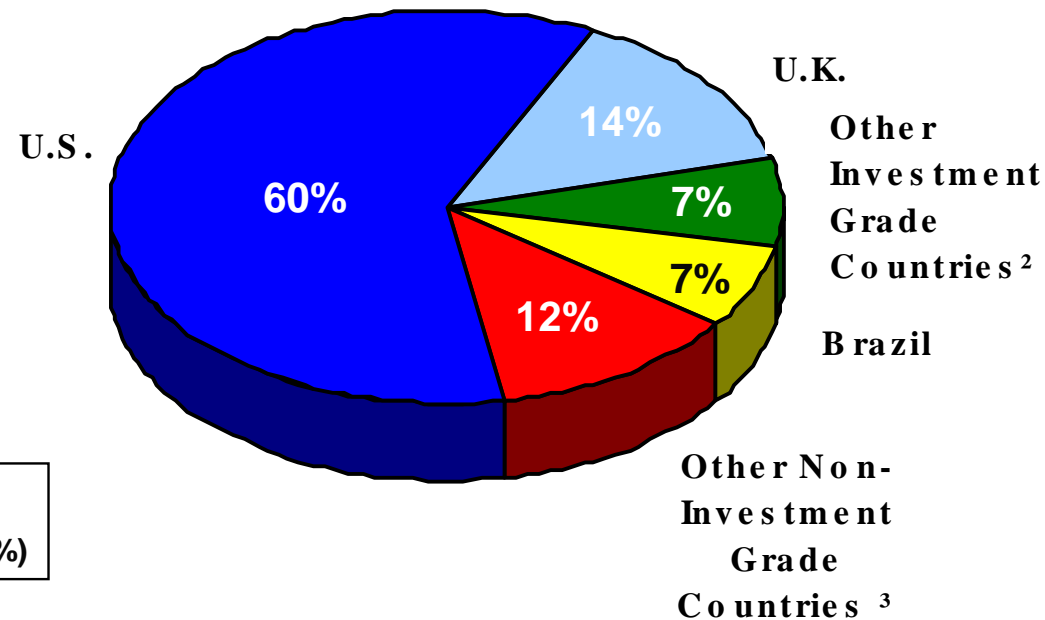
AES is the leading global power company

	1994	Nov 2000
Businesses	9	114
Countries	3	27
Plants/Gross MW	9 / 2,500	159 / 59,561
Total Customers	None	18 million
Telecom Network	0	28,500 km
Business People	1,400	15,000
Market Cap	US\$1.5 billion	US\$25 billion



Cash Flow Diversification

1999 AES Corp EBITDA ¹ by Country



Investment Grade Countries (81%)
Non-Investment Grade Countries (19%)

¹ Based on AES Corp EBITDA before corporate expenses

² Other Investment Grade Countries Include the Netherlands, Hungary, China, Australia and El Salvador

³ Other Non-Investment Grade Countries include Argentina, Dominican Republic, India, Pakistan, and Panama



AES Corp's Financials

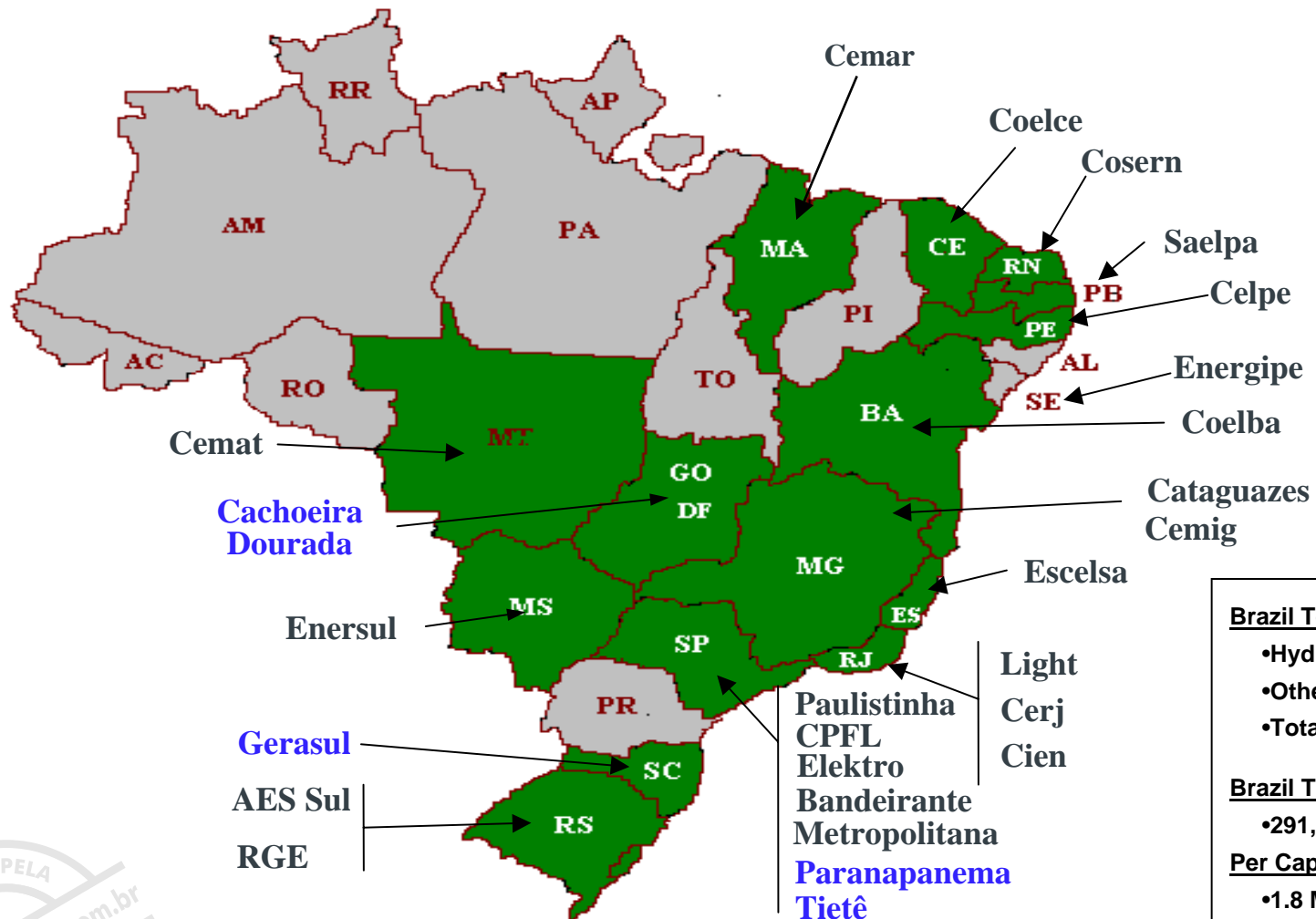
Consolidated Financial Information - US\$ MM	September LTM*-2000	December 1999	December 1998
Revenues	5,903	3,253	2,398
EBITDA	1,781	1,203	929
Net Income	531	377	311
Total Assets	29,463	20,880	10,781
Non-recourse Debt	13,271	9,532	5,002
Recourse Debt	3,294	2,502	1,652
Total Debt	16,565	12,034	6,654
Shareholders Equity	4,006	2,637	1,794

(*) LTM - Last Twelve Months

Sr. Unsecured Ratings: Moody's Ba1; S&P BB; Fitch BB+

III - The Brazilian Power Industry

Privatized Companies



Brazil Total Installed Capacity:

- Hydro 58,078 MW
- Others 5,888 MW
- Total 63,966 MW

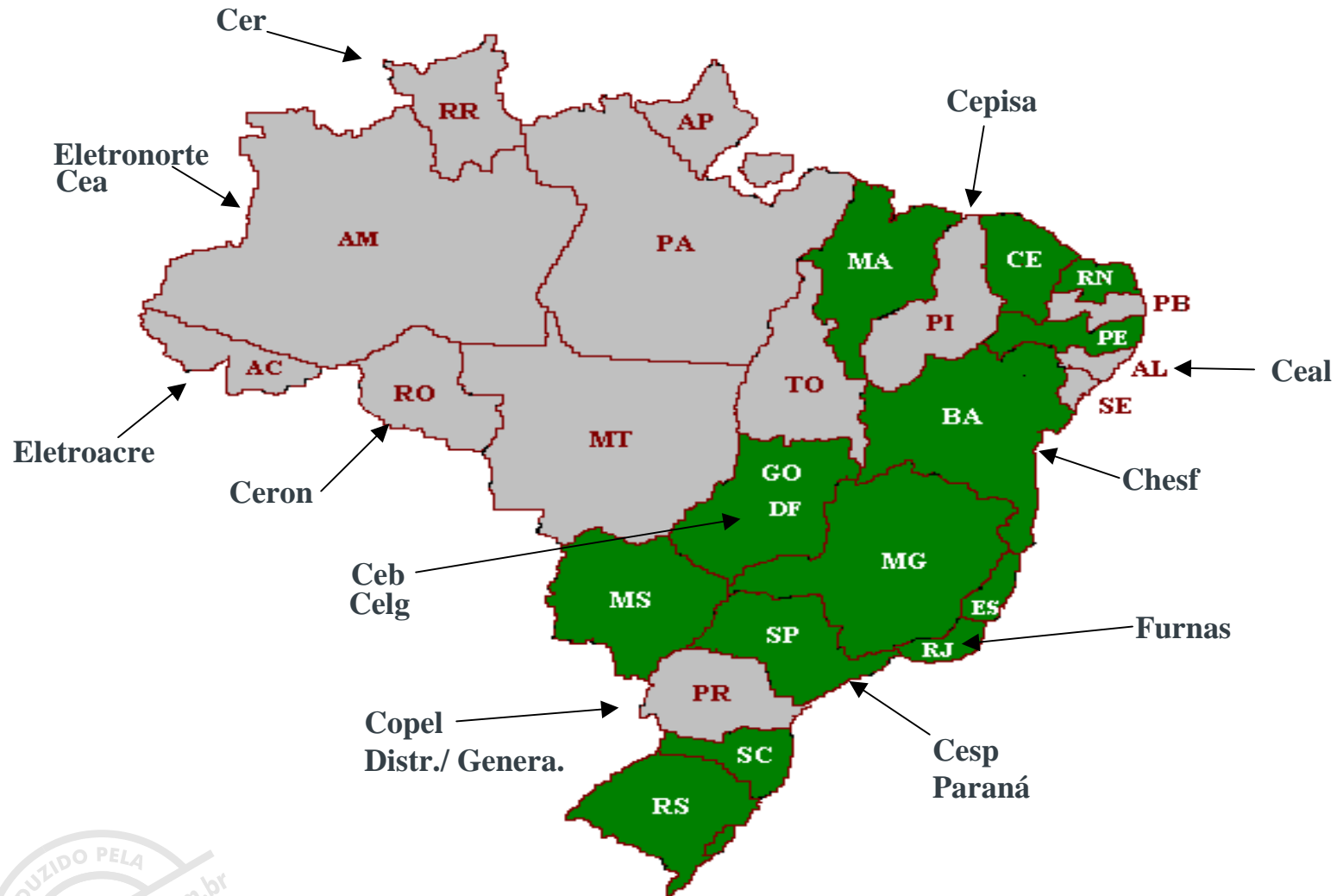
Brazil Total Energy Consumption:

- 291,858 GWh

Per Capita Consumption:

- 1.8 MWh

Yet to be Privatized

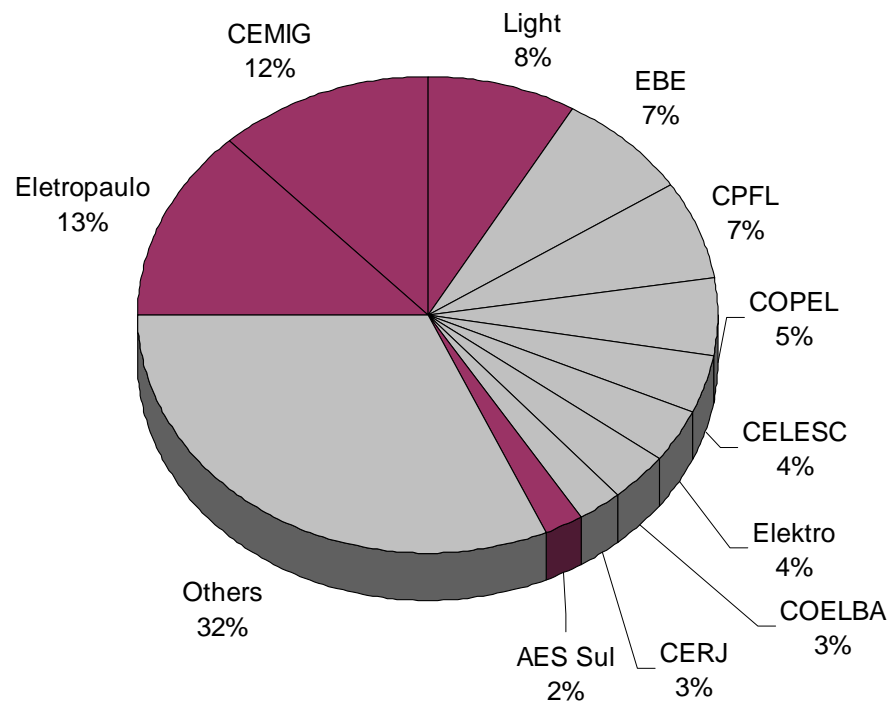




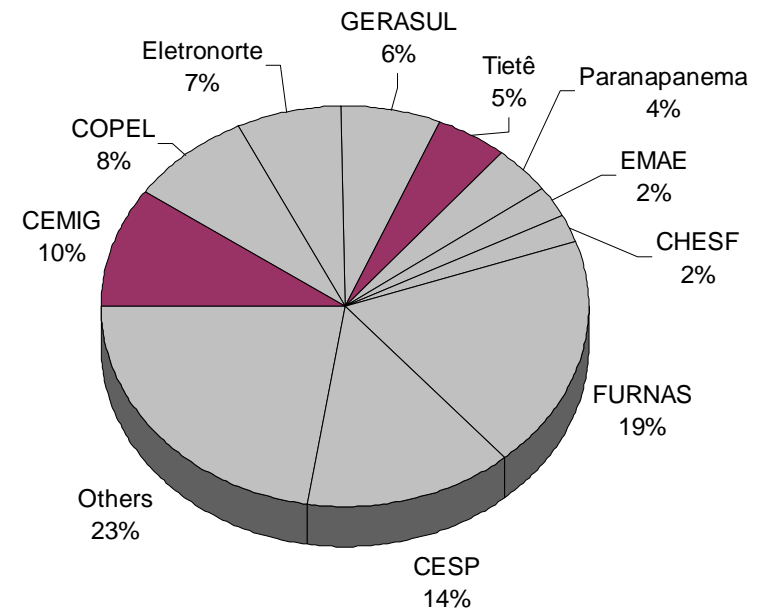
Energy Sector Breakdown

■ Companies with AES participation

Distribution



Generation



AES is the largest investor in the Brazilian Energy Sector



IV.a - AES Sul: Company Overview



AES Sul - History

**07/28/1997 - Incorporation Centro-Oeste Company
(CEEE Spin Off)**

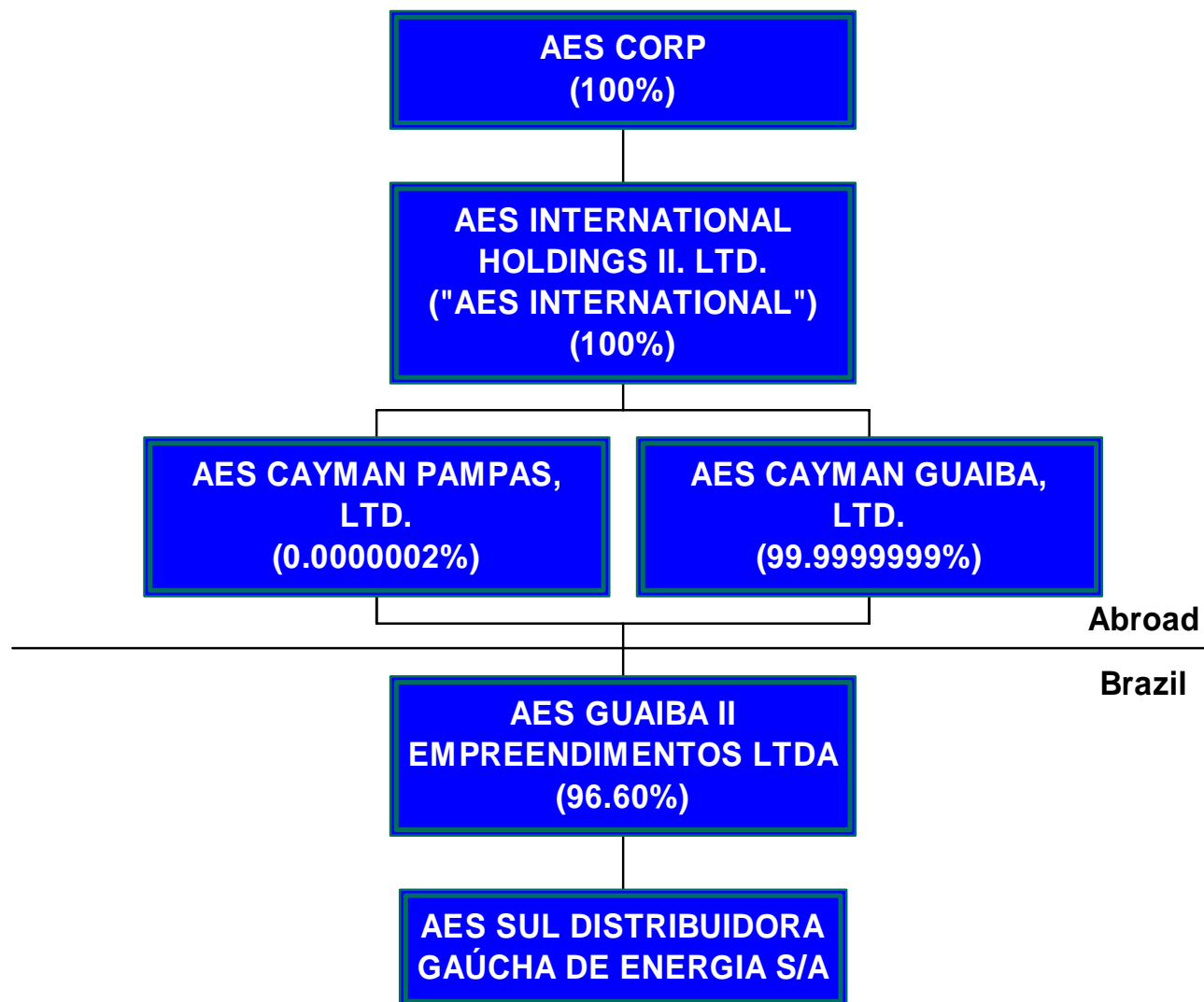
**10/21/1997 - Privatization Centro-Oeste Company
Acquired for US\$ 1.37 billion (52% debt, 48% Equity)**

**12/18/1997 – Company name changed to AES
Sul Distribuidora Gaúcha de Energia S/A**

**05/29/1998 – Downstream Merger of AES Guaíba
Empreendimentos Ltda.**



Ownership Structure





Concession Area

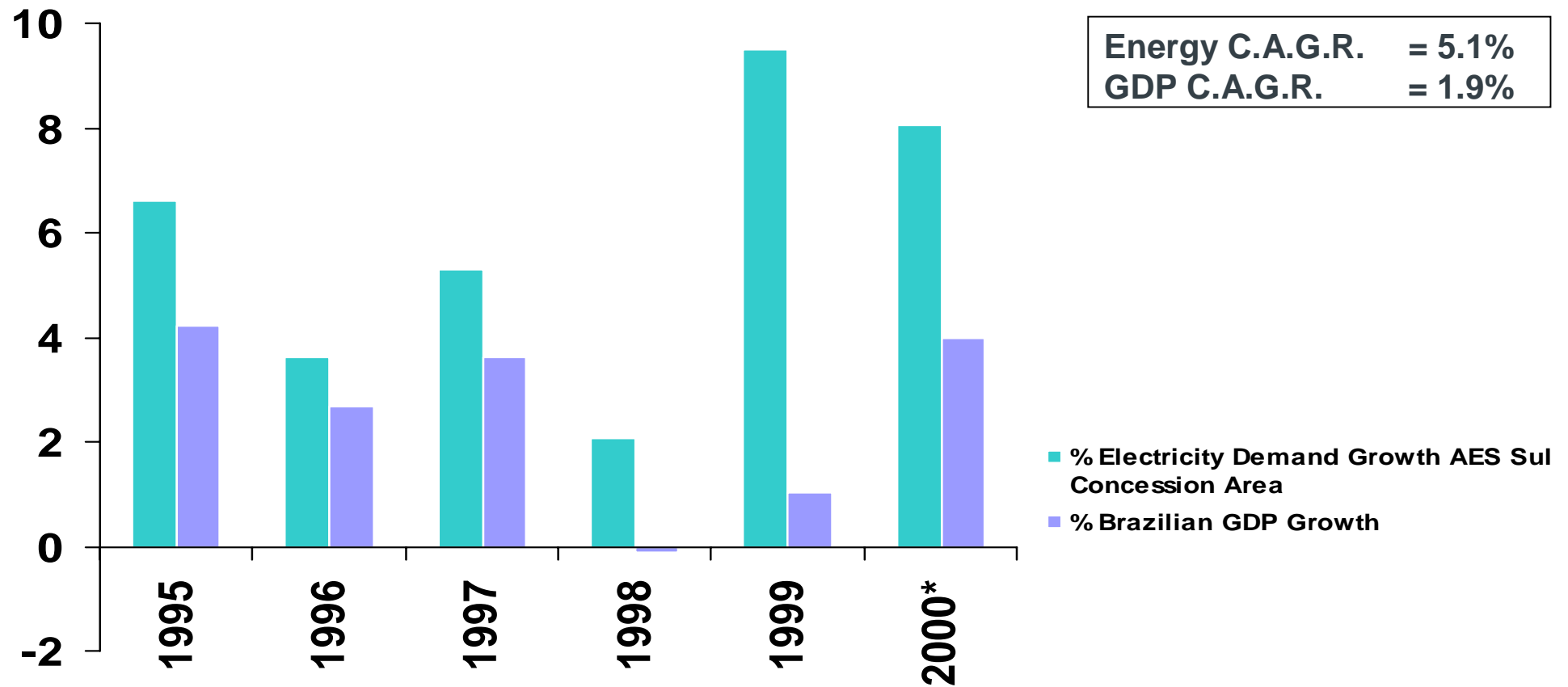


Population (millions):3.3
Area (Km²):99,512
Density (inhabit/Km²):33
AES Employee (09/2000):795
Energy Supply (09/2000) (GWh):.....5,636
Total Customers (09/2000):919,112
Customers/AES Employee:1,156
(MWh)/ AES Employee:10,377

Rio Grande do Sul state is the 4th largest
GDP and the 3rd largest exporter in the
country



Strong Energy Demand Characteristics

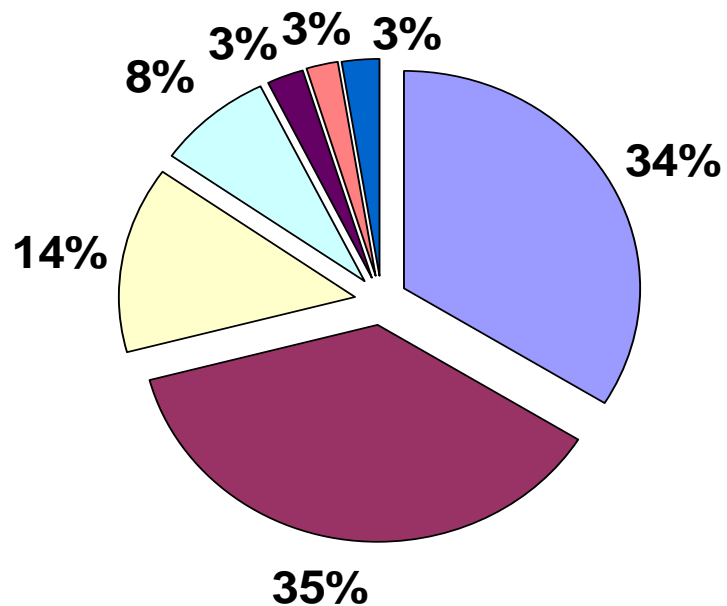


* Estimate

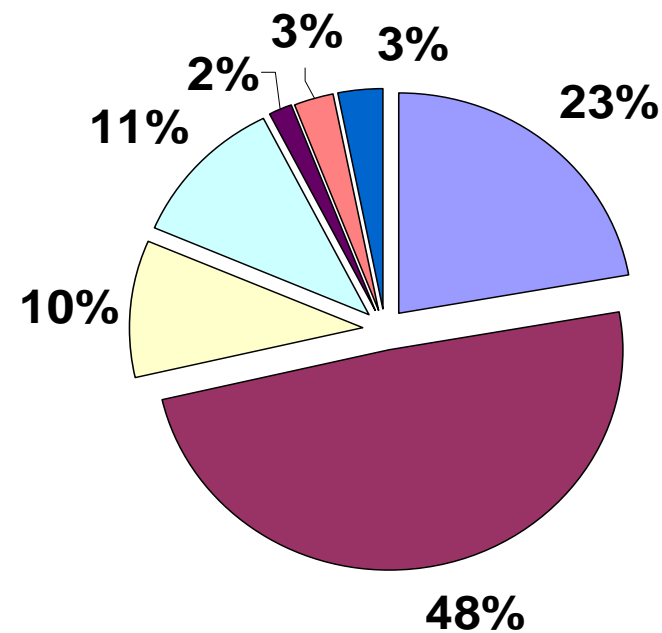


Customer Diversification

Energy Sales Sept. 2000 (in R\$)

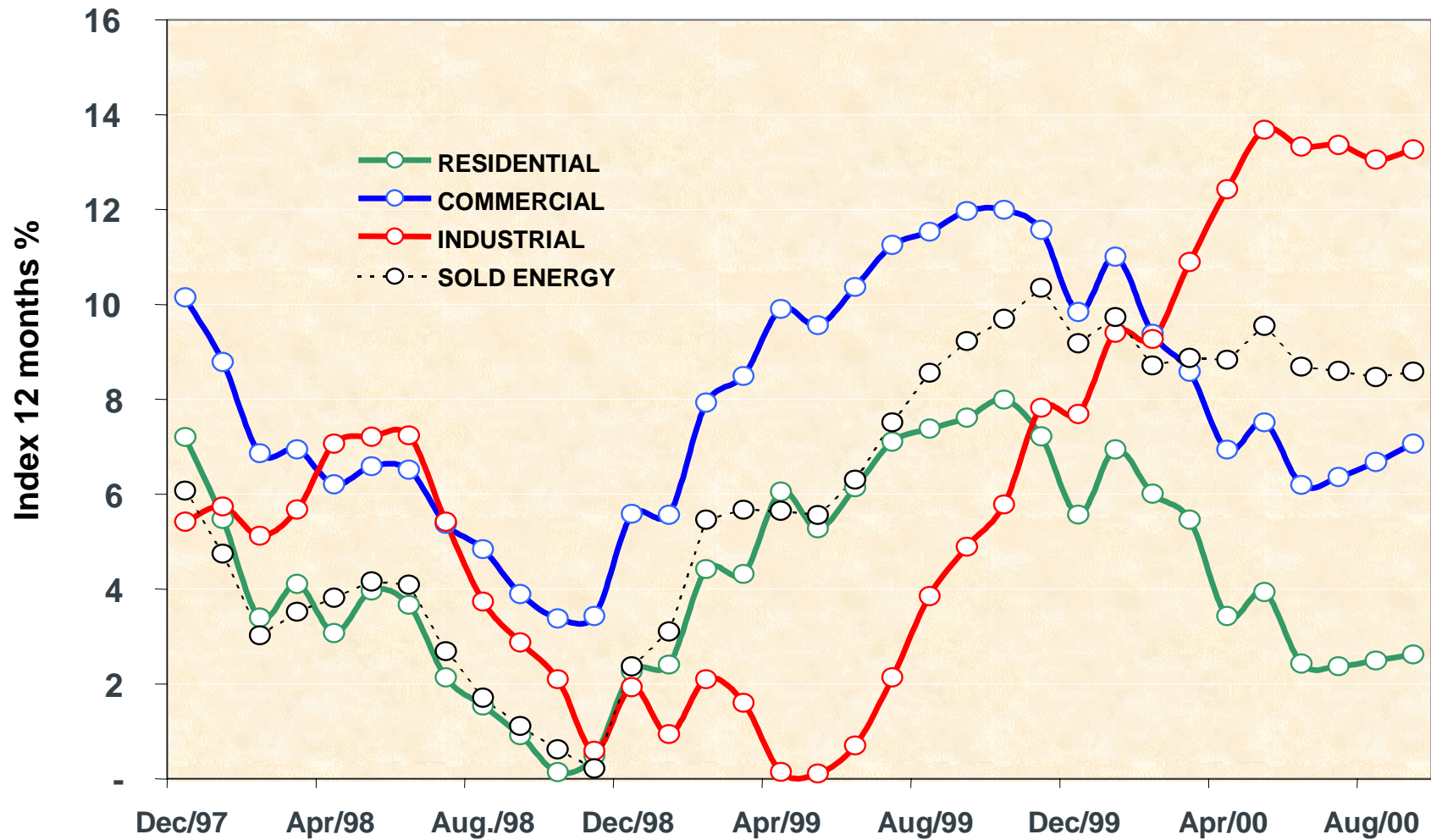


Energy Sales Sept. 2000 (in MWh)

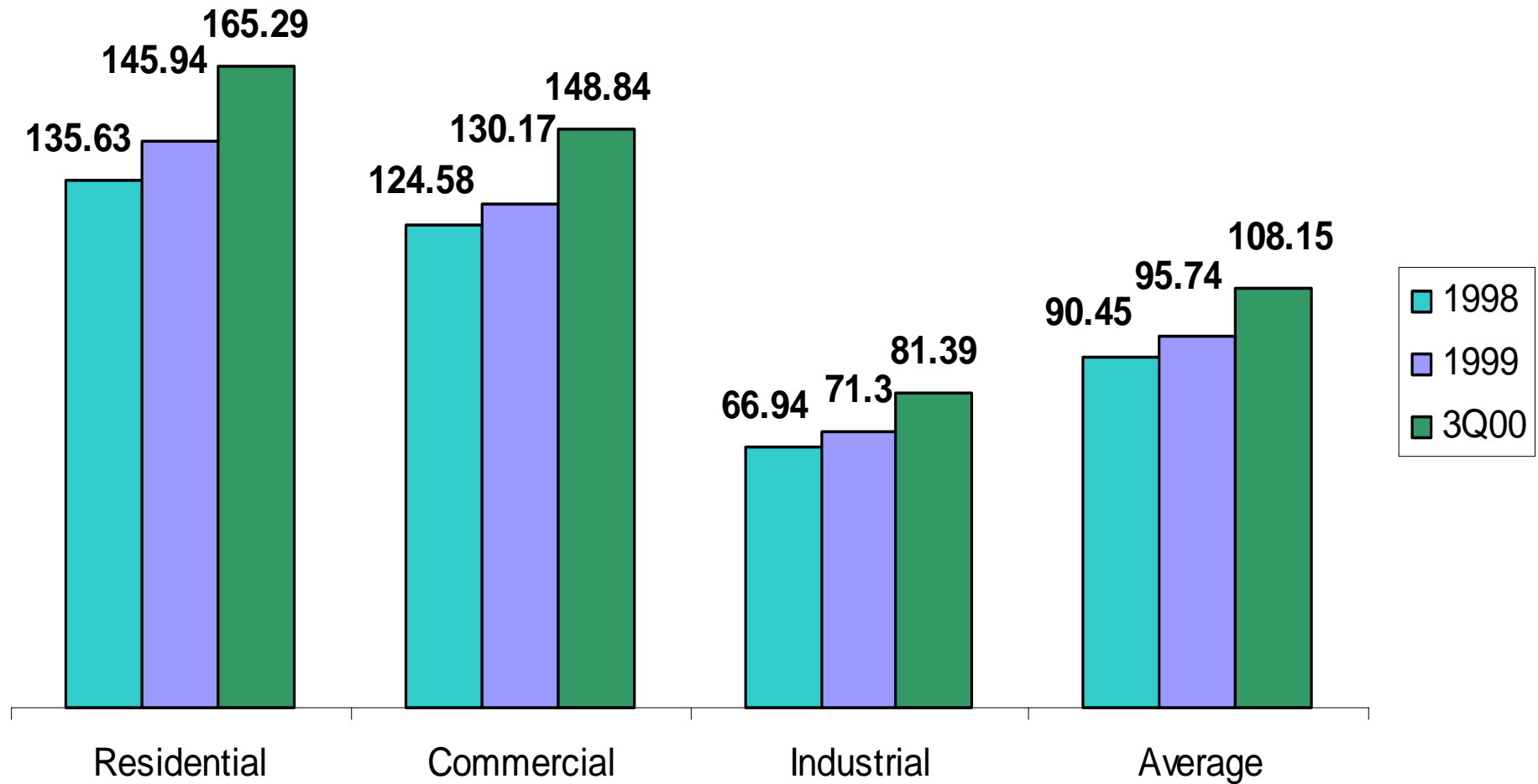


■ Residential ■ Industrial ■ Commercial ■ Rural
■ Public Sector ■ Illumination ■ Others

AES Sul - Evolution of Energy Consumption



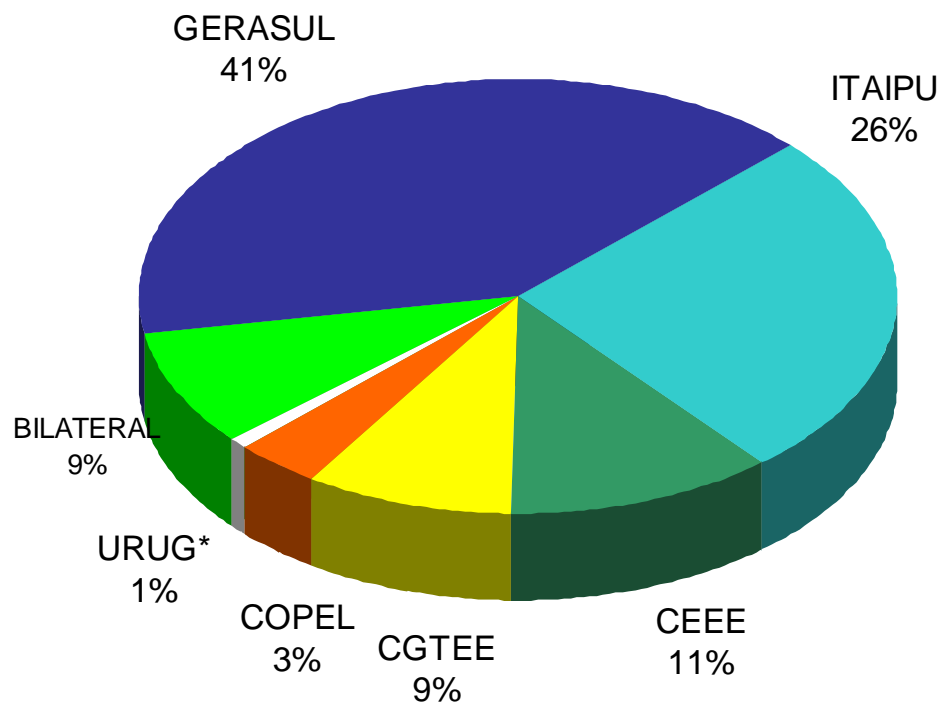
Energy Tariffs R\$/ MWh



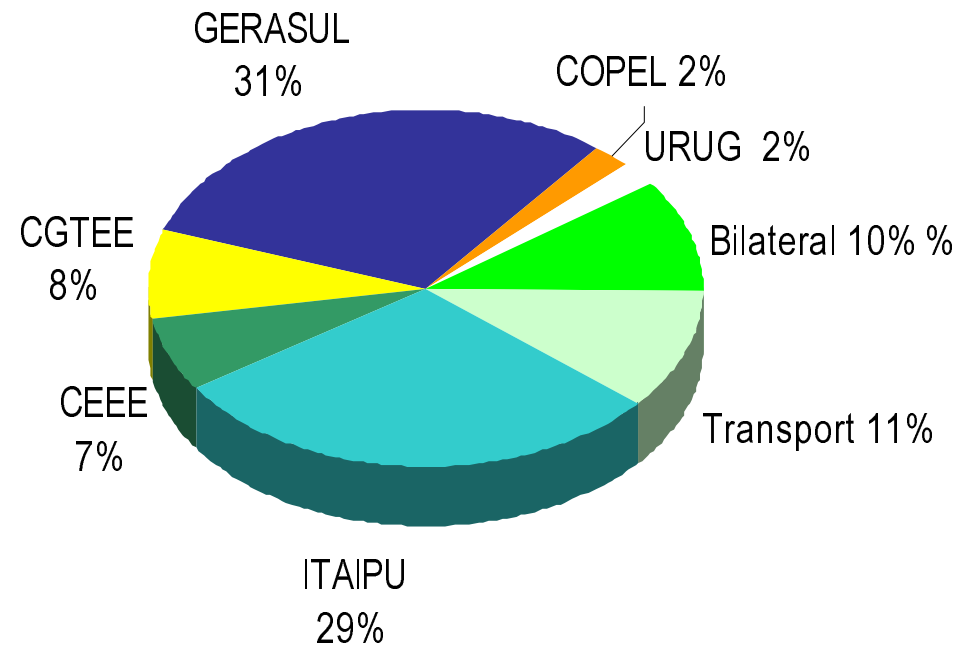


Estimated Energy Purchases for 2000

In GWh

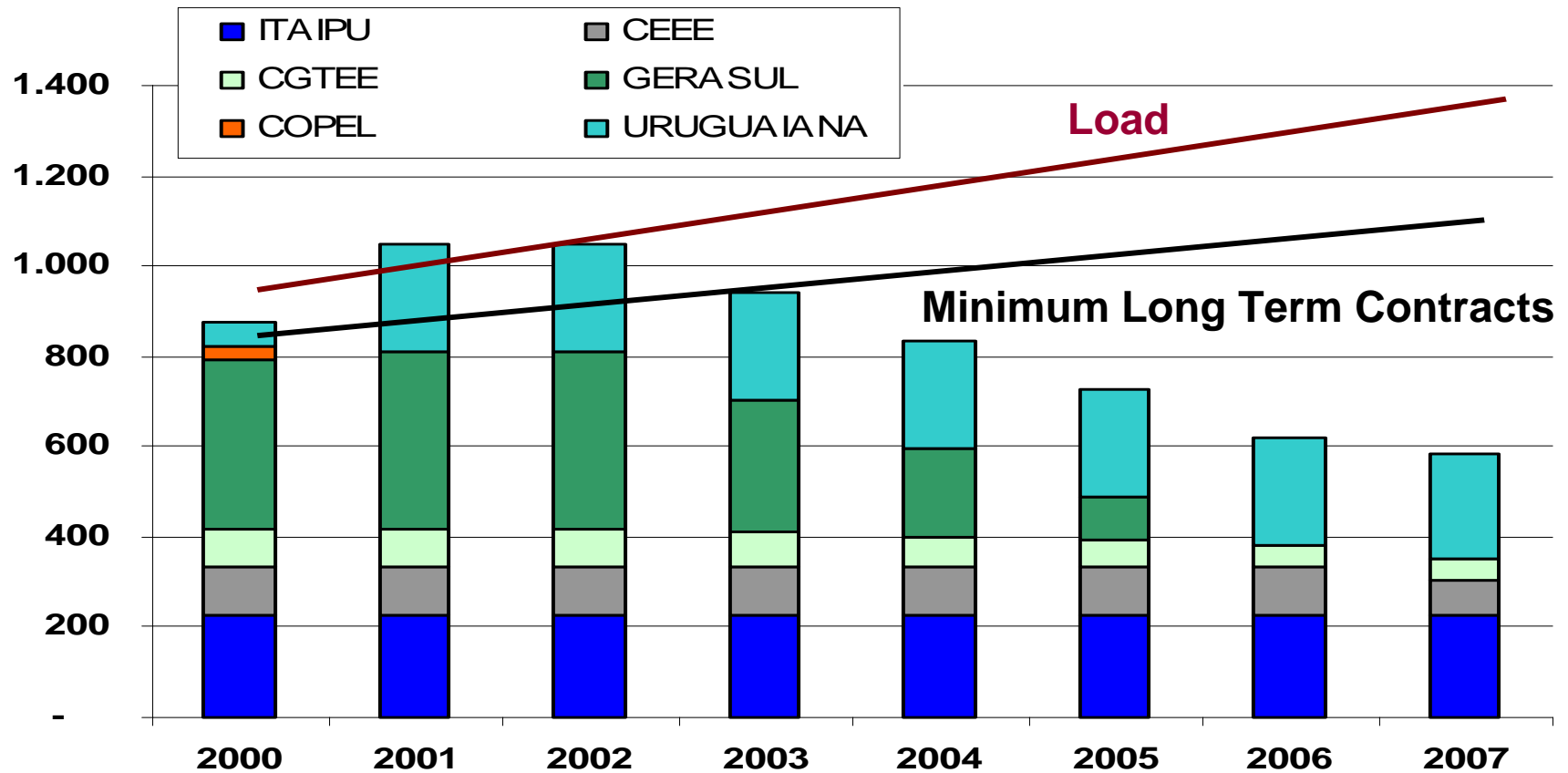


In R\$



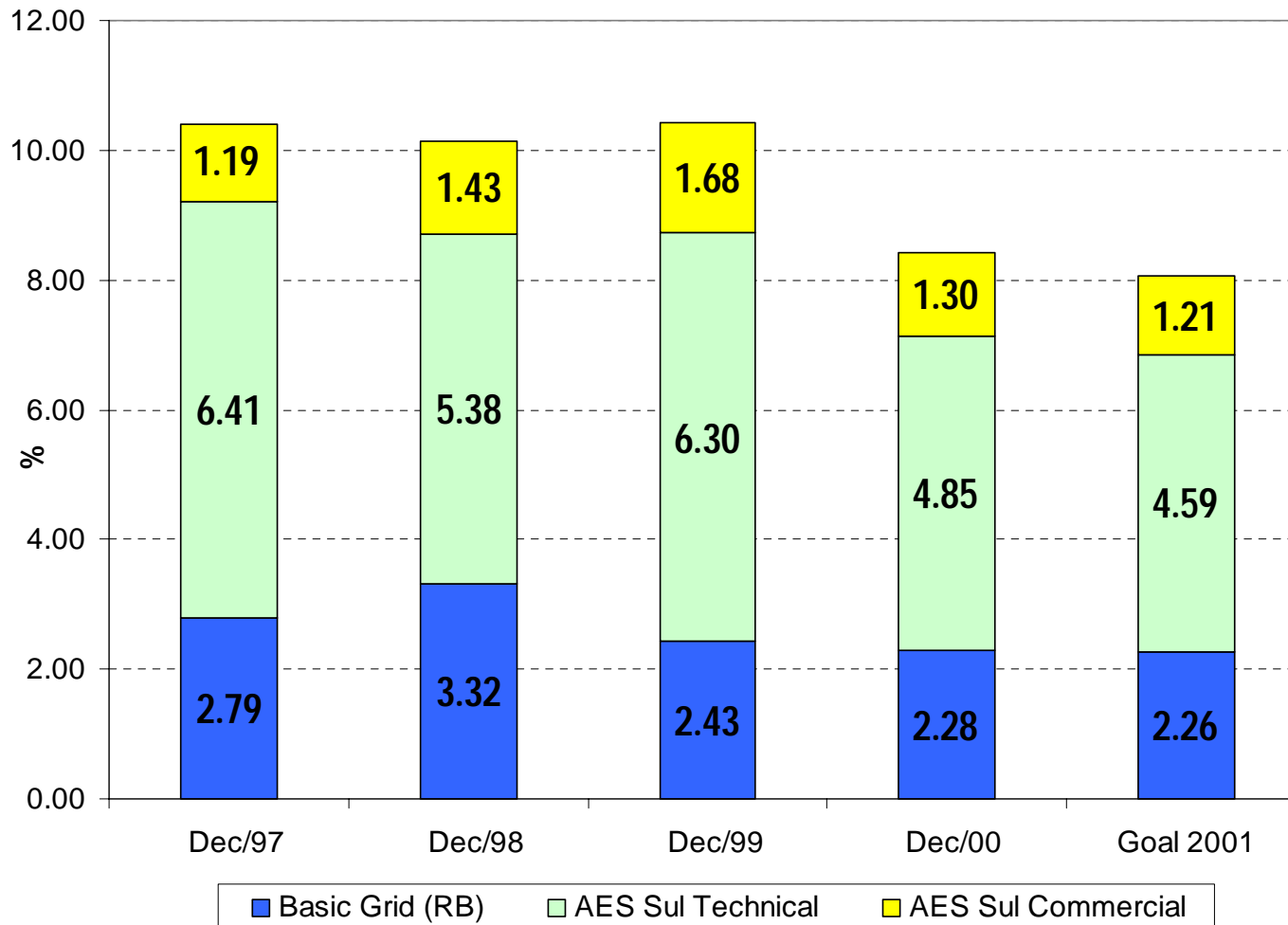
*** Uruguaiana will represent 12% of power purchases in 2001**

Supply Contracts (MW average)





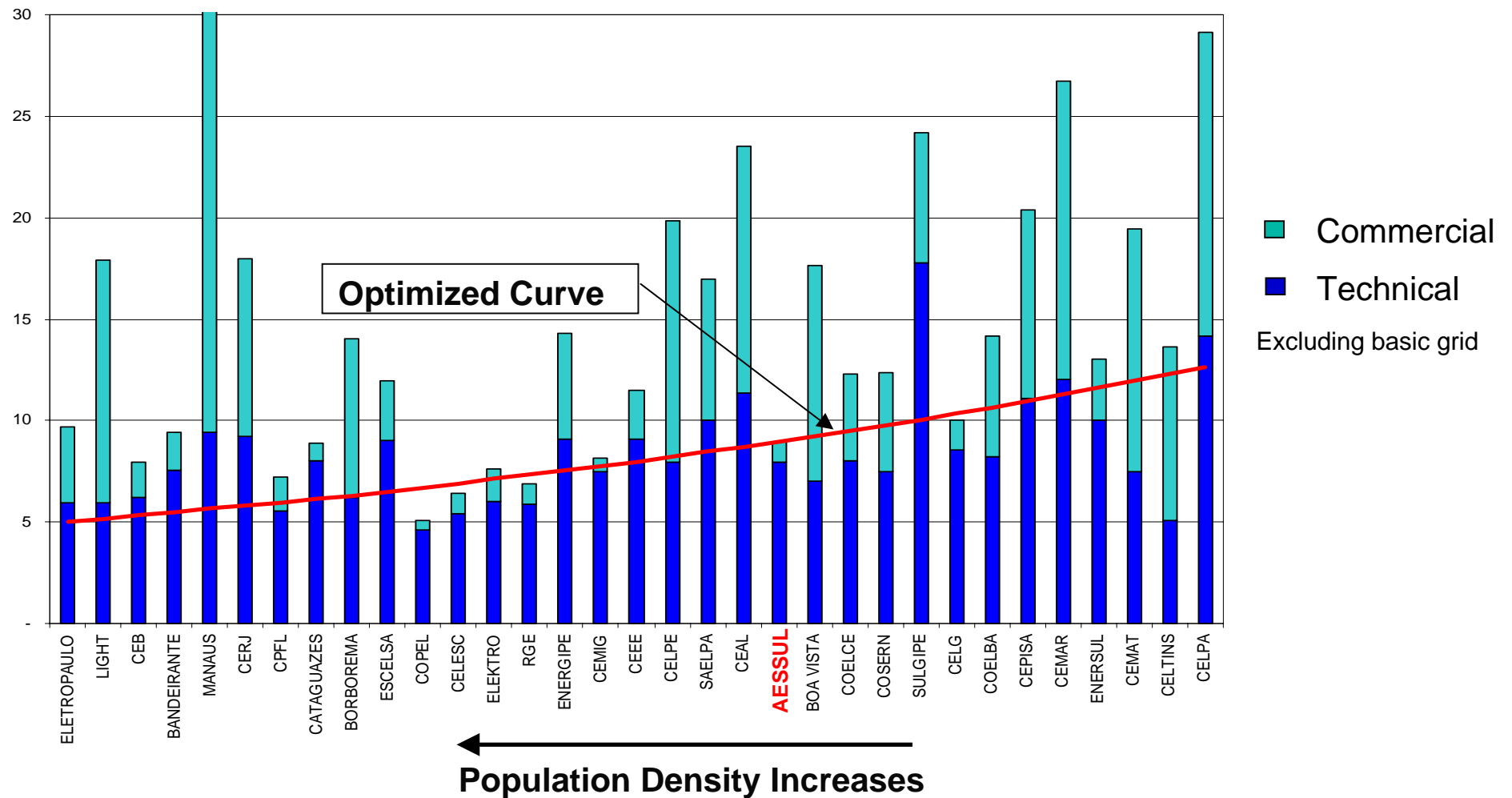
Energy Losses



AES SUL's operating excellence leads to low controllable losses (commercial and technical)



Brazilian Distribution System Energy Losses - 1999

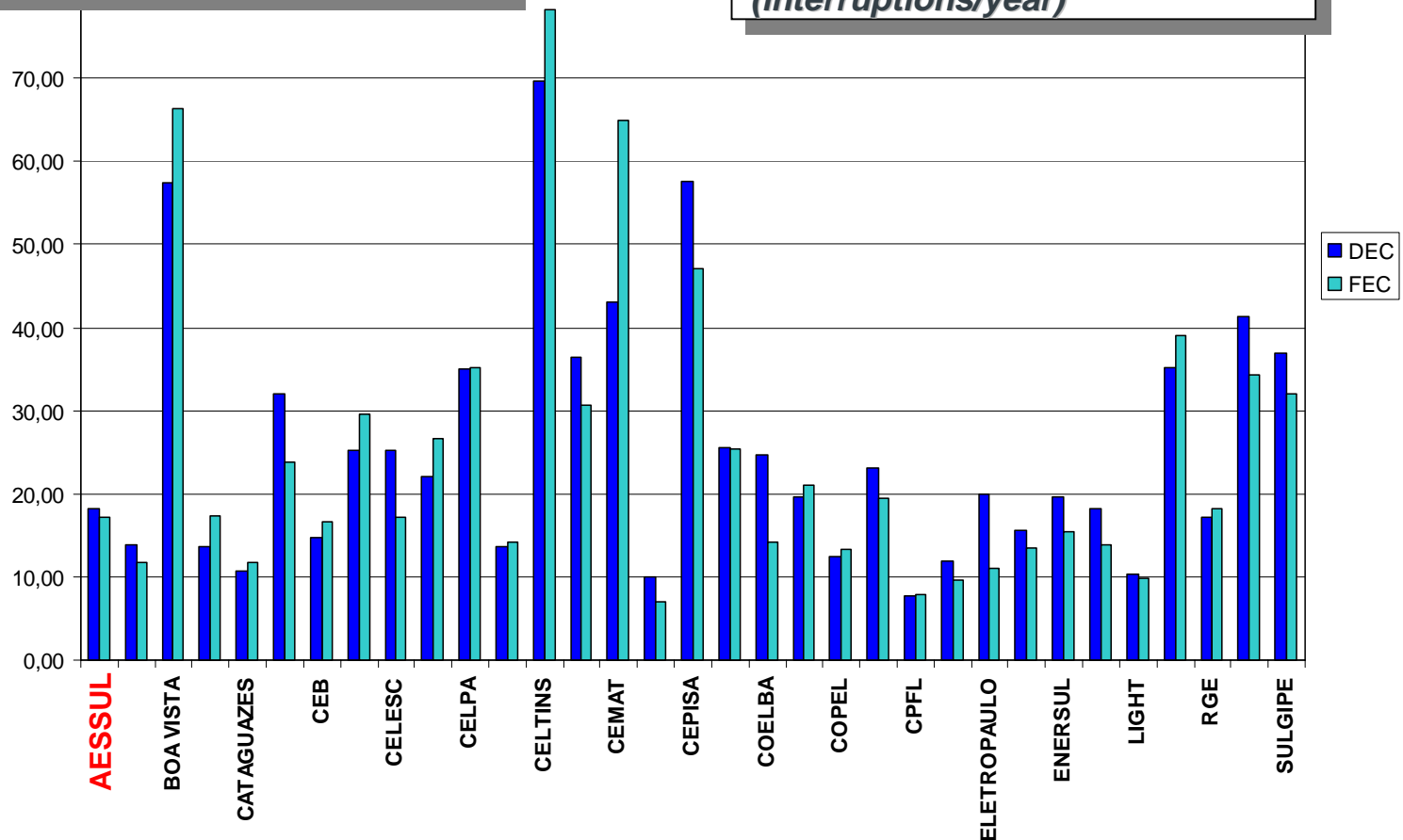


AES SUL is one of the most efficient companies in the industry

Brazilian DEC/FEC

DEC - Equivalent Duration of Interruptions per Customer (hours/year)

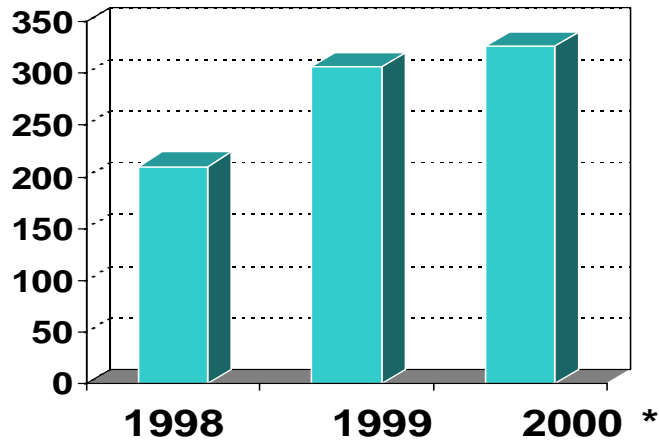
FEC - Equivalent Frequency of Interruptions per Customer (interruptions/year)



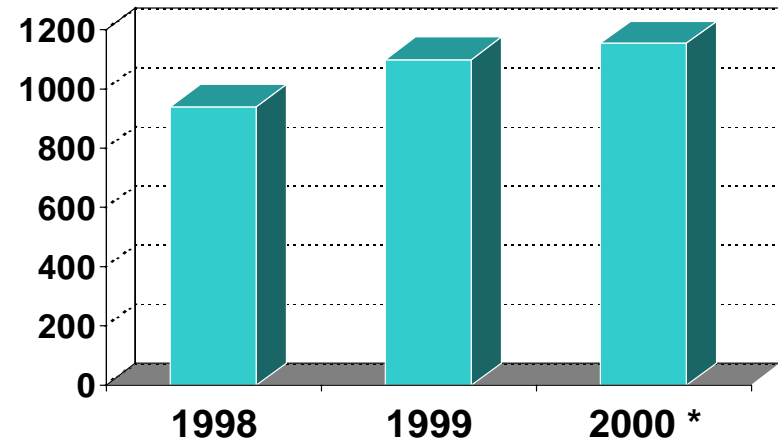
AES SUL's DEC and FEC are within industry standards

Tangible Achievements Since Privatization

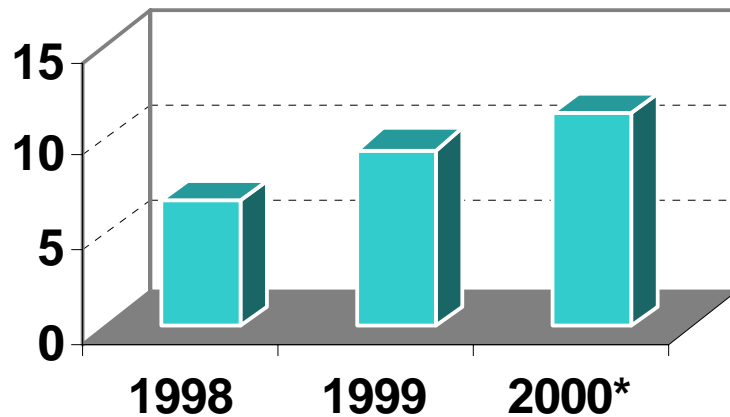
EBITDA per Employee (in R\$ 000)



Customer per Employee



MWh per Employee



- ◆ November 1997 - 938 employees
- ◆ December 2000 - 792 employees

* FYE estimates

IV.b - AES Sul: Financial Overview



Current Capital Structure

AES CAYMAN GUAÍBA LTD.
(99.9999999%)



The Creditor of FRN's (US\$730 MM)
- Borrower of US\$410 MM Credit Facility
- Has received US\$320 MM in equity from AES Corp

Abroad

AES SUL DISTRIBUIDORA
GAÚCHA DE ENERGIA S/A



The issuer of FRN's (US\$730 MM)
- US\$410 MM Senior Secured Debt
- US\$320 MM "Subordinated Debt"

Brazil



New Capital Structure

AES CAYMAN GUAÍBA LTD.
(99.9999999%)



The Creditor of FRN's (US\$730 MM)

- **Borrower of US\$300 MM Credit Facility**
- Has received US\$320 MM in equity from AES Corp

Abroad

AES SUL DISTRIBUIDORA
GAÚCHA DE ENERGIA S/A



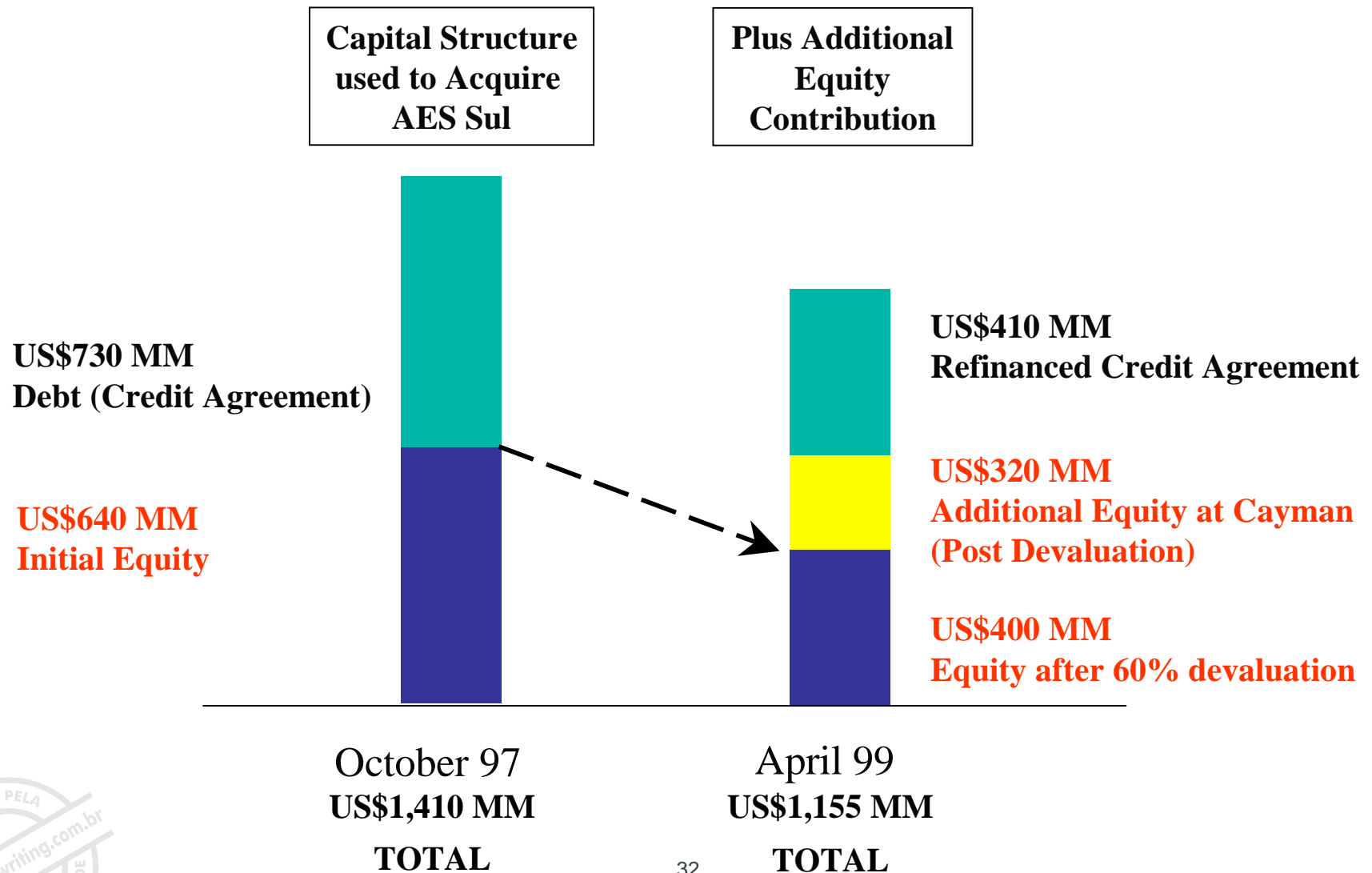
The issuer of FRN's (US\$730 MM)

- **US\$300 MM Senior Secured Debt**
- **US\$120 MM Debenture - Senior Debt**
- **US\$430 MM "Subordinated Debt"**

Brazil



Equity Contribution





AES Sul - Balance Sheet

BRAZILIAN GAAP - (R\$ millions)	December, 1998	December, 1999	September, 1999	September, 2000
ASSETS	1,861	2,019	2,049	2,083
Current Assets:				
Customers	89	99	114	116
Other assets	65	31	44	46
Long Term Assets				
Taxes Credit	69	242	256	292
Other Assets	27	61	49	63
Permanent Assets				
Investments	5	6	6	5
Property, Plant and Equipments	1,606	1,580	1,580	1,561
LIABILITIES	1,861	2,019	2,049	2,083
Current Liabilities:				
Senior Short Term Debt	5	25	10	35
Other Current Liabilities	130	203	189	311
Long-term Liabilities:				
Senior Debt (FRN)	881	733	787	755
Subordinated Debt (FRN)	-	572	614	589
Senior Debt Others	33	55	31	24
Other Long Term liabilities	204	179	202	220
Net Worth	607	252	215	150



AES Sul - Income Statement

BRAZILIAN GAAP - (R\$ millions)	December, 1998	December, 1999	September, 1999	September, 2000
Gross Revenues	746	866	647	772
Taxes (ICMS, CCC, RGR...)	184	227	157	189
Net Revenues	562	638	490	582
Cost of revenues				
Purchased electricity and transport	305	361	258	349
Operating and maintenance costs	134	120	88	86
Technical operator	16	19	15	17
EBITDA	107	138	129	130
Depreciation and amortization	31	57	62	66
Operating income	76	81	68	64
MARGIN %	13.5%	12.7%	13.8%	11.0%
Other income and (expense)				
Interest Income	7	6	5	0.3
Senior Interest	(53)	(87)	(47)	(91)
Subordinated Interest	-	(107)	(86)	(83)
Other income (expense)	0.4	(3)	8	1
F/X Losses	(44)	(417)	(524)	(43)
<i>Total other expenses - net</i>	<i>(89)</i>	<i>(609)</i>	<i>(645)</i>	<i>(216)</i>
(Loss) before taxes	(14)	(528)	(577)	(152)



AES Sul Debt Profile: Pre & Post Refinancing

*Considering September 2000 Balance Sheet
(in R\$ million)*

	<u>Currency</u>	<u>Current Profile</u>	<u>New Profile</u>
Local Currency Debt	R\$	57	57
DEBENTURES	R\$	-	250
Total Local Currency		57	307
Floating Rates Notes (US \$ 730 million)	US\$	1.344	1.344
-Existing Senior Debt (US \$ 410 million)	US\$	755	-
-New Senior Debt (US \$ 300 million)	US\$	-	553
-Subordinated Debt	US\$	589	792
Leasing	US\$	1	1
Total Foreign Currency (Sr + Sub)		1.346	1.346
Senior Debt - Local Currency		57	307
Senior Debt - Foreign Currency		757	553
Total Debt		1.403	1.653



Projection Highlights

PROJECTION HIGHLIGHTS

(in R\$ million)

	2000	2001	2002	2003	2004	2005	2006
Net Revenues	737	853	910	1.003	1.070	1.155	1.243
EBITDA	169	226	245	282	296	310	348
CAPEX	(47)	(74)	(51)	(51)	(49)	(53)	(56)
Free Cash Flow	131	170	194	209	241	231	273
Senior Interest	(117)	(115)	(98)	(83)	(50)	(39)	(12)
Debt Amortization	(3)	(3)	(69)	(251)	(342)	(221)	(219)
Refinancing requirements	-	-	-	20	130	-	-
Ratios							
EBITDA/Senior Interest		1.96x	2.50x	3.38x	5.87x	8.01x	28.20x
Senior Debt/EBITDA		3.85x	3.42x	2.20x	1.45x	0.70x	0.01x
Financial Covenants							
EBITDA/Senior Interest 4Q		2.00x	2.25x	2.50x	2.50x	2.50x	2.50x
Senior Debt/EBITDA 4Q		4.00x	3.75x	3.50x	3.50x	3.50x	3.50x
Maximum Capex (US\$ million)		40	35	35	35	35	35

V - Refinancing Strategy



Refinancing Strategy

Refinancing Benefits for AES Sul

- *Extend Maturity*
- *Reduce Interest Expenses*
- *Mitigate Devaluation and Foreign Exchange Risk*
- *Optimize Capital Structure*
- *Diversify Funding Sources*

VI - Summary of Terms and Conditions Senior Secured Term Loan Facility



Summary of Terms and Conditions Senior Secured Term Loan Facility

	Tranche A	Tranche B
Borrower	AES Cayman	AES Cayman
Size	US\$150 MM	US\$150 MM
Tenor	3-yrs amortizing	5-yrs amortizing
Structural Enhancement	PRI coverage paid by Borrower	PRI coverage paid by Borrower
Interest Rate	Libor + 287.5 bps p.a., quarterly	Libor + 325 bps p.a., quarterly
PRI Providers	Citi / Gulf (AA), Sovereign (A+/AA)*, Unistrat (AA-), Zurich (AA+)	

(*) Parent Companies' Credit Ratings



Summary of Terms and Conditions

Senior Secured Term Loan Facility

	Tranche A	Tranche B
Financial Covenants	Senior Debt / EBITDA measured quarterly EBITDA / Senior Interest measured quarterly Maximum annual CAPEX	
Restricted Payments to AES Corp	<u>Subject to:</u> <ul style="list-style-type: none"> • Tranche A and the local Debentures fully paid. • Senior Debt/EBITDA 3.50x and EBITDA/Senior Interest 2.50x. • Distributions to be shared equally among the lenders and AES. • New financing to mature after Tranche B fully paid. • New financing in 2004 shall provide for 1st principal payment of Tranche B. 	



Summary of Terms and Conditions

Senior Secured Term Loan Facility

	Tranche A	Tranche B
Collateral	Shares of AES Sul, AES Guaiba II and AES Cayman AES Sul and AES Guaiba II Guarantee Conditional US\$ 50MM guarantee from AES Corp Pledge of US\$730 MM FRN	
Up Front Fees	Based on initial <u>pro-rata</u> commitment and paid on final allocation	
Invitations	Co-Arranger Lead Manager Manager	US\$25 MM US\$15 MM US\$10 MM 100bps 75bps 50bps

VII - Summary of Terms and Conditions Debentures



Summary of Terms and Conditions Debentures

Issuer	AES SUL Distribuidora Gaúcha de Energia S.A.
Coordinators	BankBoston, Bank of America, Unibanco, WestLB Group
Instrument	Non-convertible Debentures
Collateral	30% Pledge of Receivables.
Size	Tranche A: R\$150 MM Tranche B: R\$100 MM
Issue date	December 01, 2000
Final Maturity	December 01, 2003
Amortization Schedule	25% 18m; 25% 24m; 25% 30m; 25% 36m
Maximum Coupon	Tranche A: CDI + 1% p.a., semi-annual Tranche B: IGP-M + 13% p.a., annual
Timetable	Book Building: February 19, 2001 Funding: March 7, 2001 (same funding date US\$300MM Loan)
Covenants	Cross Default

Debentures have been granted “br A1” by Moody’s and “br A” by Standard & Poor’s.

VIII - Investment Considerations



Investment Considerations

- Strong sponsor commitment
- Concession area with strong economic fundamentals
- Experienced operator, tangible improvements after privatization
- Improving business trend
- Conservative covenants, measured quarterly
- Devaluation and foreign exchange mitigation
- Country risk mitigation
- Reduced refinancing risk
- Strong collateral package
- Restricted payments to shareholders

IX - Timetable



Timetable

Date	Activity
Feb. 20	Delivery of documents to Banks presenting strong interest in the Transaction
Feb. 28	Documentation Comments
Mar. 01	Final Commitments Final Allocations
Mar. 02	Signing and Closing
Mar. 05	Libor Settlement + Confirmation of Funding
Mar. 07	Funding US\$300MM Loan and R\$250MM Debentures



US\$ 300,000,000
Senior Secured Term Loan Facility and
R\$ 250,000,000
Debentures to AES Sul



February 2001

