AES CORPORATION

RBC Capital Markets
2005 North American Energy Conference



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Executive Vice President

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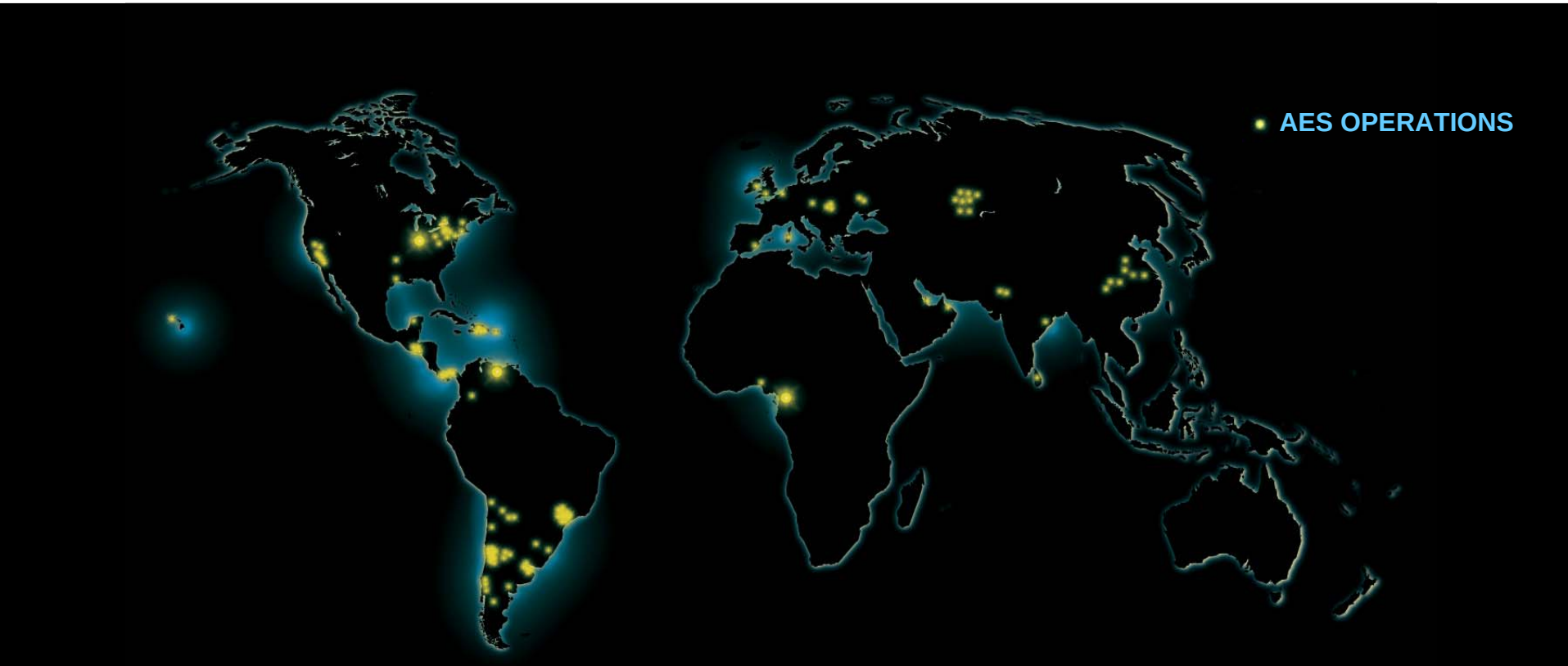
Safe Harbor Disclosure

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 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. 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 the caption "Cautionary Statements and Risk Factors" in the Company's Annual Report on Form 10K for the year ended December 31, 2004 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.

AES is Among the Largest Global Power Companies



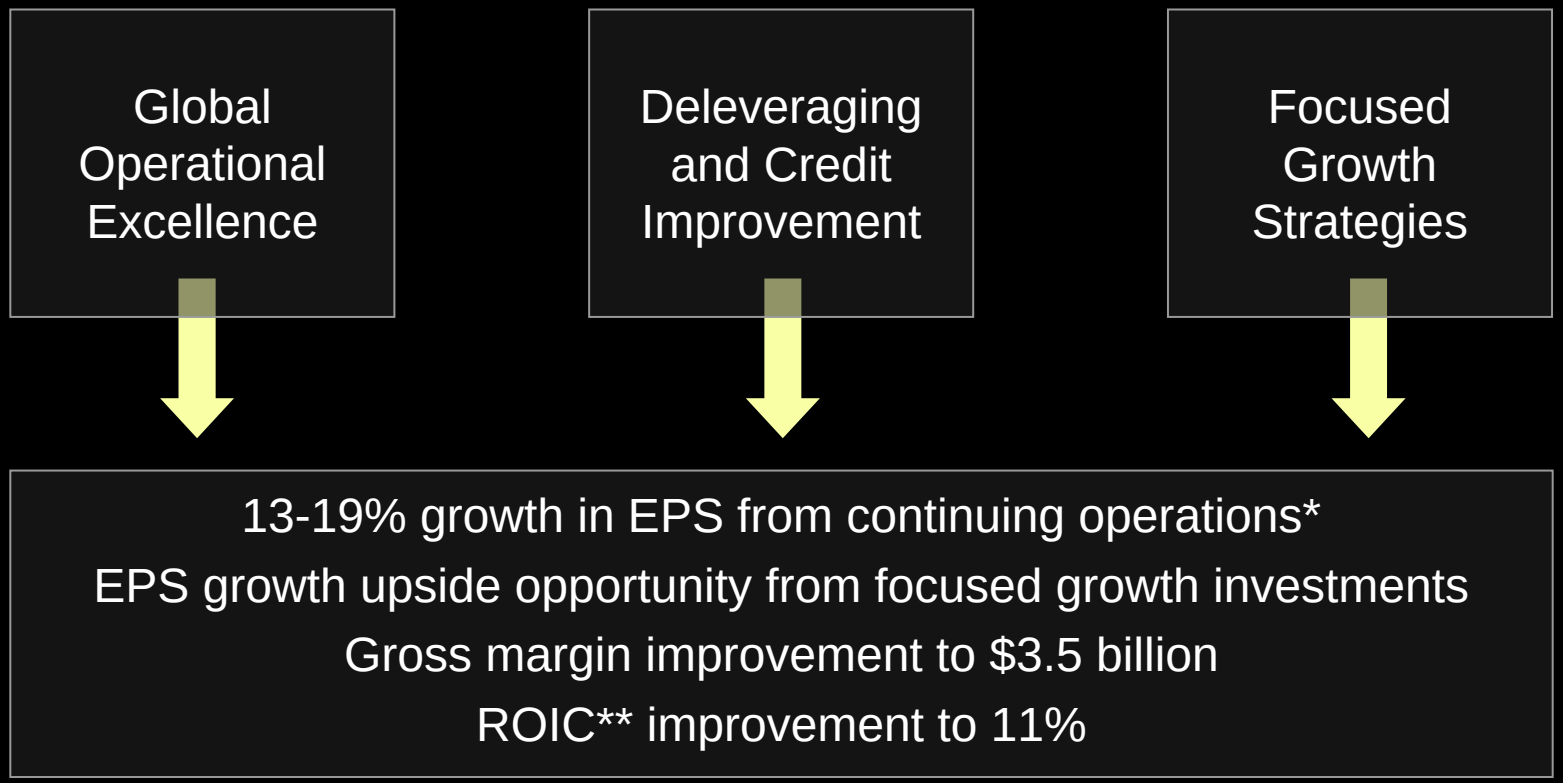
$9.5 billion revenue power generation and distribution business
$1.6 billion net cash from operating activities
Capacity to serve 100 million people in 27 countries

Note: 2004 data.

Clear Strategic Focus

Contains Forward Looking Statements

Key Strategy Elements and Projected Financial Metrics through 2008

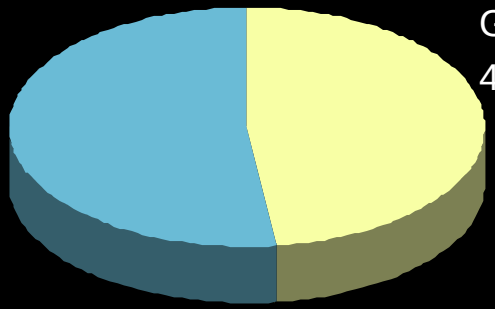


* Growth in diluted EPS from continuing operations from 2003 base of $0.56 per share. See Appendix.

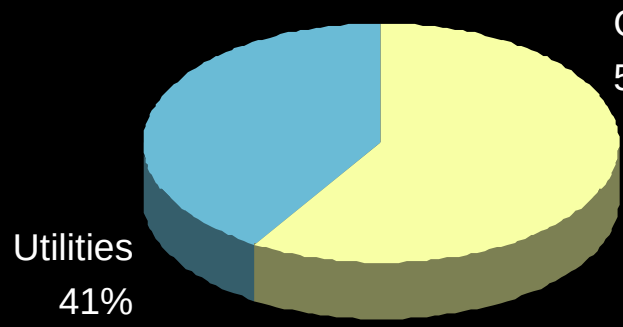
** Non-GAAP financial measure. See Appendix.

Diversified Utilities and Generation Portfolio

2004 Revenue
$9.5 billion



2004 Income Before Tax, Minority Interest And Corporate Costs
$1.6 billion*



Utilities**

75% Revenue from IPL (US), Eletropaulo (Brazil), EDC (Venezuela)

25% Revenue from smaller utilities

Generation**

78% Revenue from long-term contracts

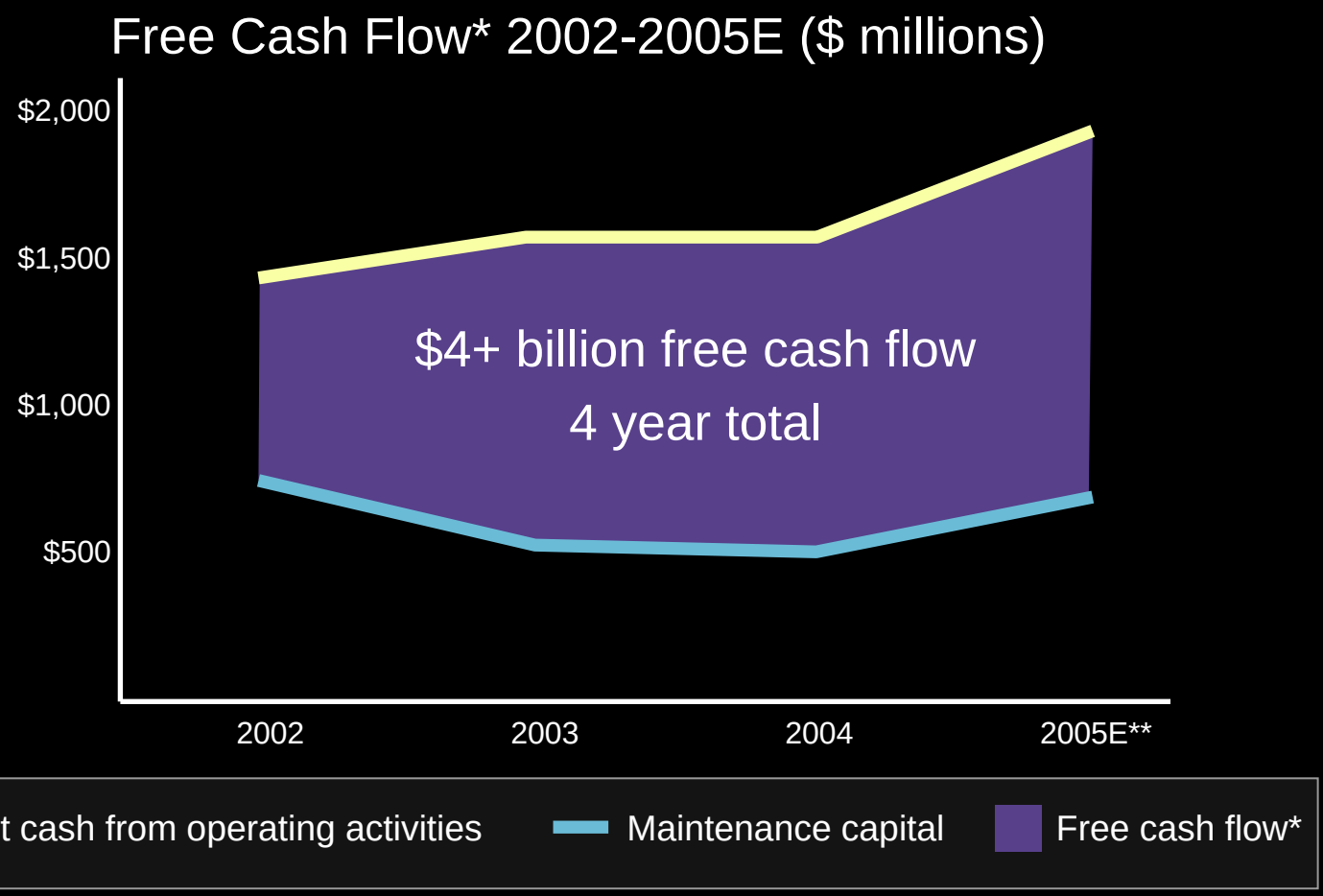
22% Revenue from short-term contracts

* Non-GAAP financial measure, defined as income before tax & minority interest of $884 million plus corporate costs and interest of $695 million (rounded)

** Generation Comprises Contract Generation and Competitive Supply Segments; Utilities Comprises Large Utilities and Growth Distribution Segments

Strong Free Cash Flow

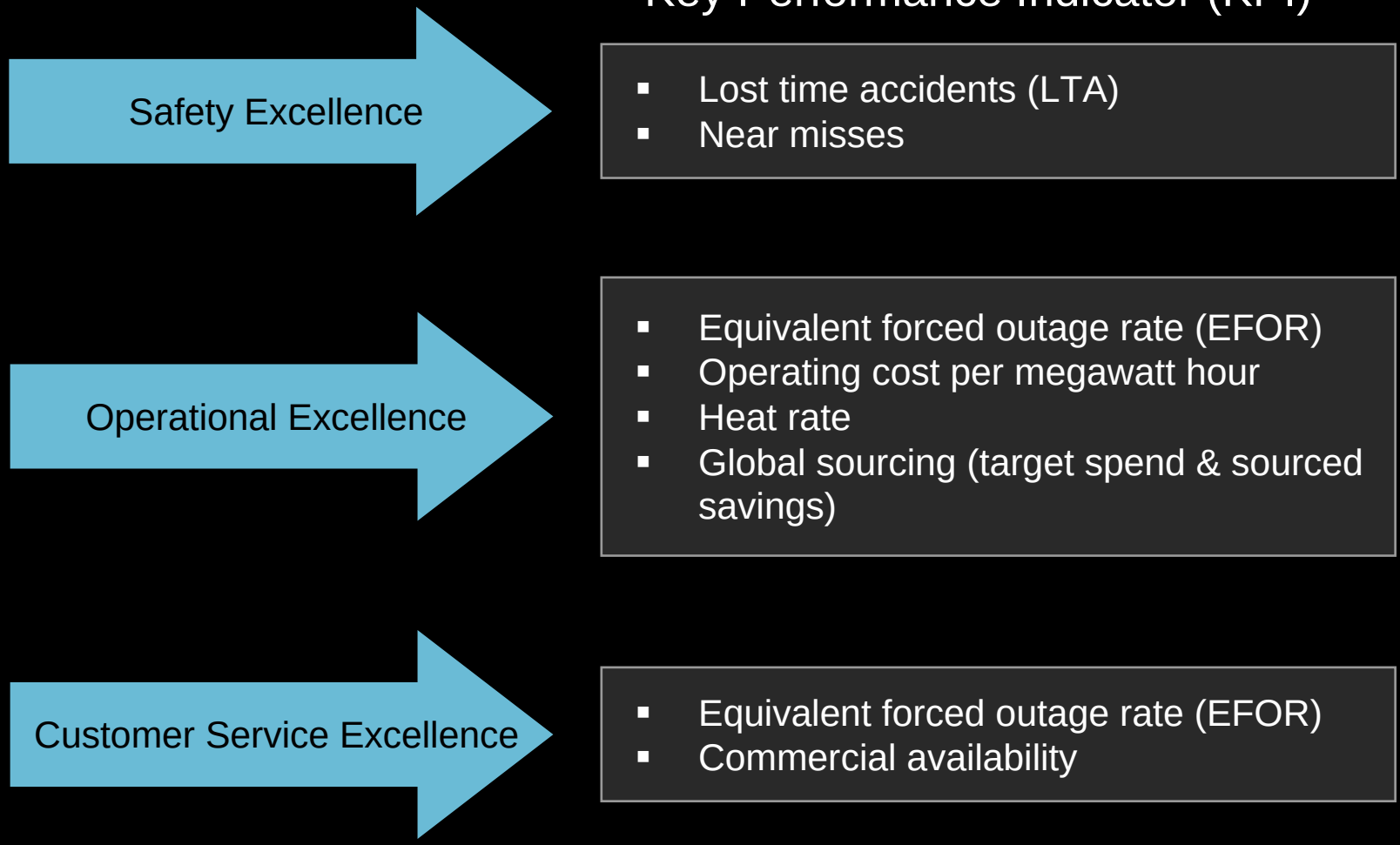
Contains Forward Looking Statements



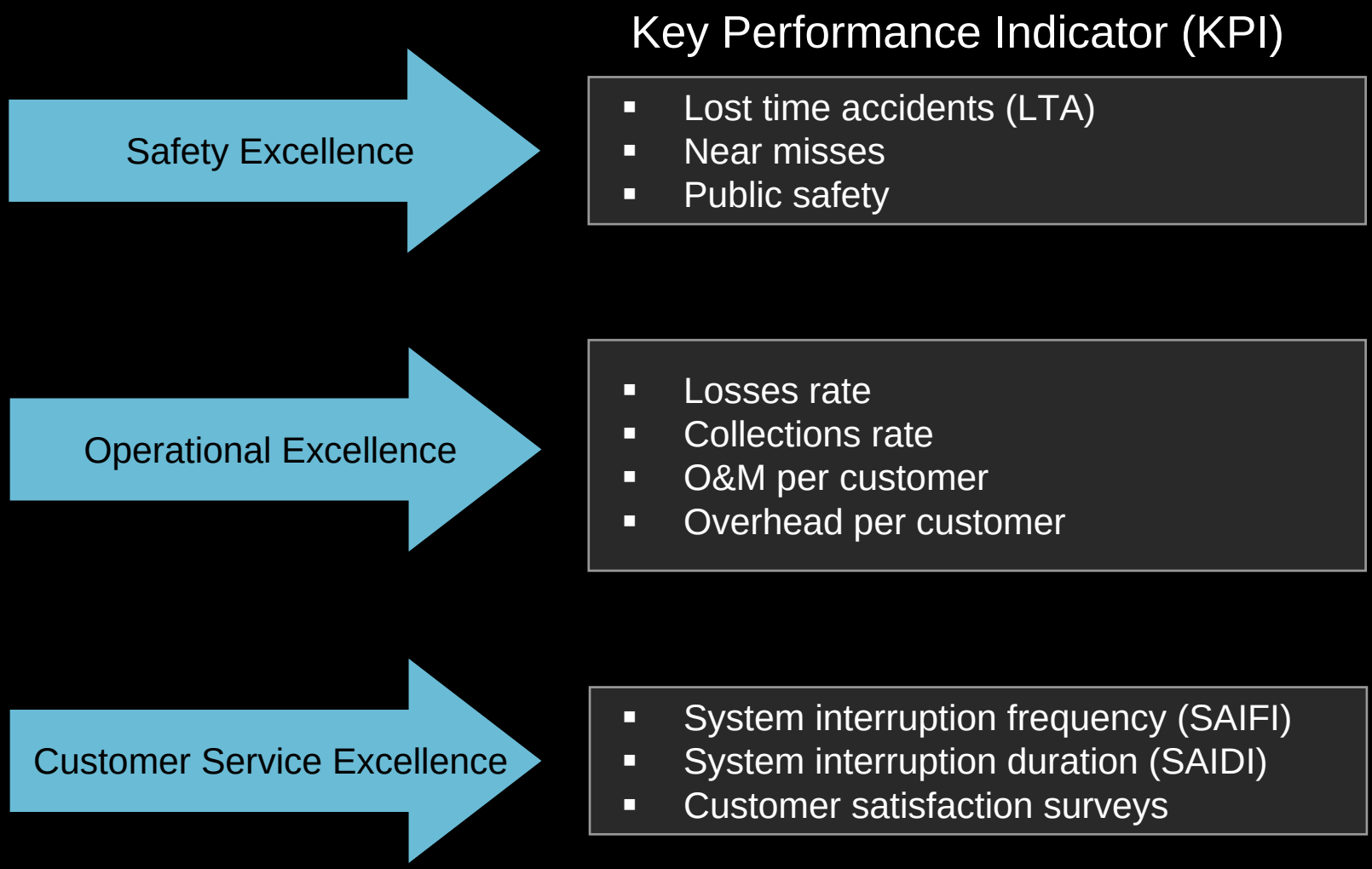
* Non-GAAP measure, defined as net cash from operating activities less maintenance capital expenditures. See Appendix.

** Based on midpoint of 2005 free cash flow financial guidance ($1,250 million) reaffirmed May 5, 2005.

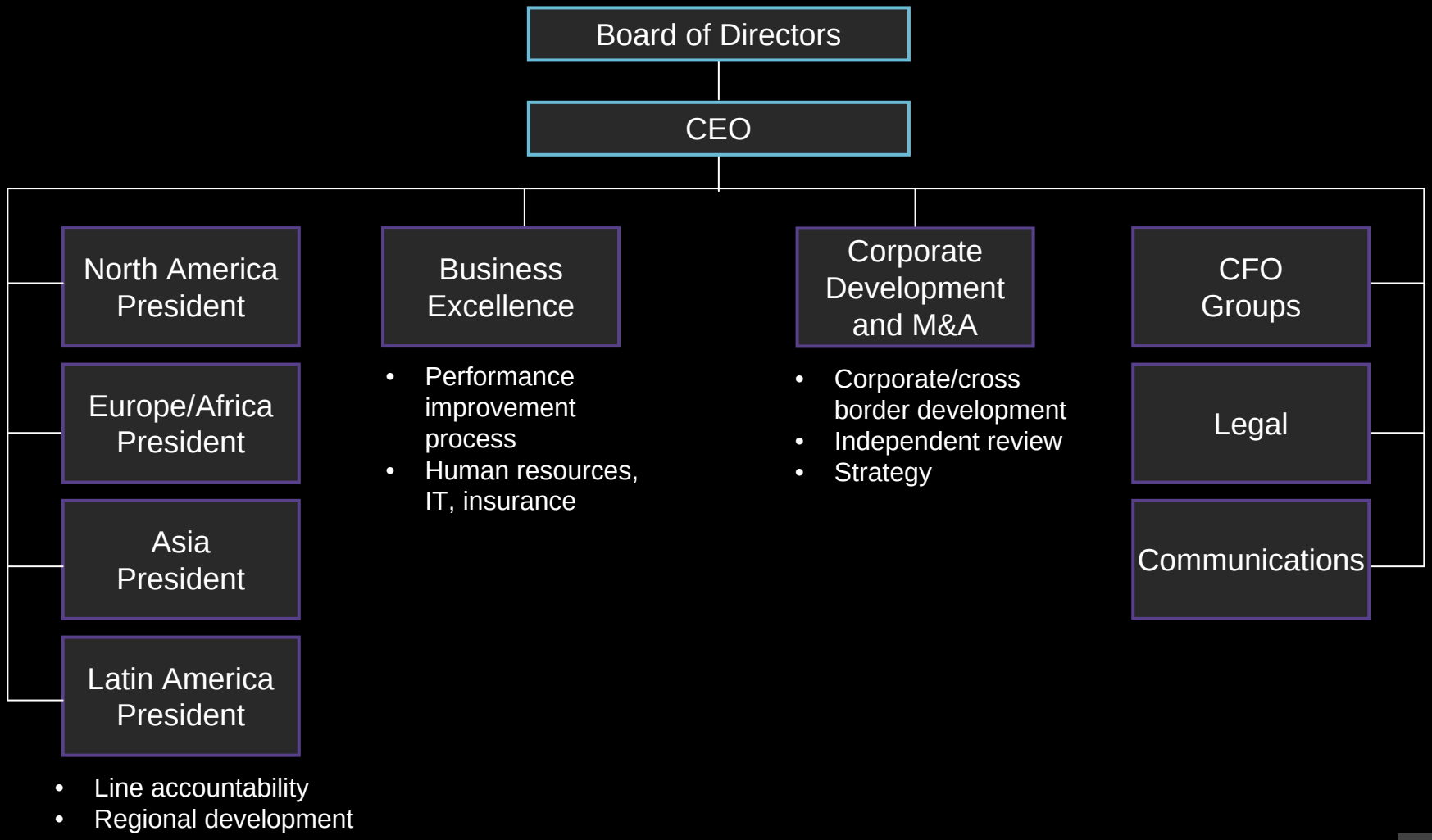
Generation KPI’s



Utility KPI’s



Leadership Refocused on Operational Excellence and Growth



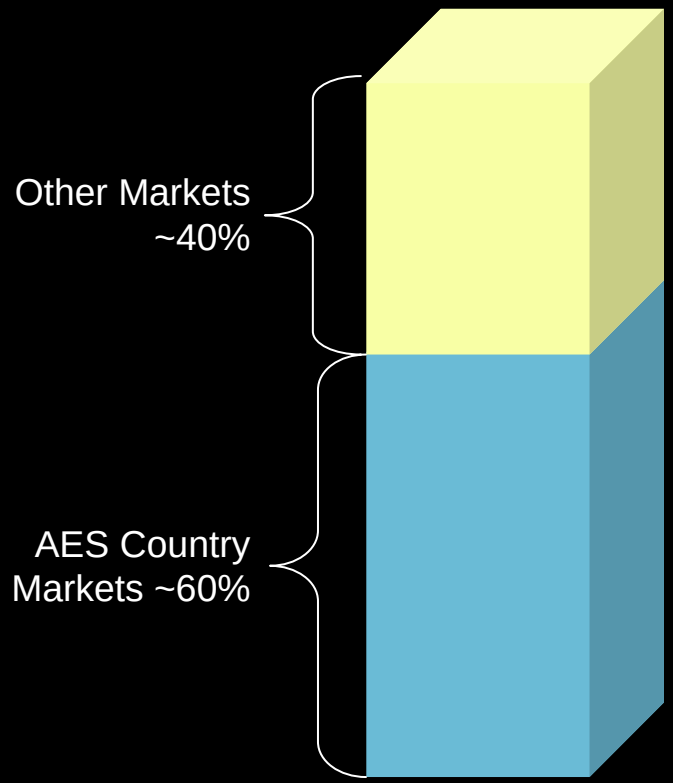
Significant Global Growth Opportunity

Contains Forward Looking Statements

Global Power Industry Scale

- 3,700 GW installed capacity
- 550 GW greenfield investment over next five years
- $430 billion sector investment by non-utilities since 2000
  - New construction
  - M&A
  - Privatization

Expected Global 5 Year Greenfield Additions ~ 550 GW



Source: CERA

Breadth of AES Capabilities



Distribution



Coal-Fired



Hydroelectric



Wind Power



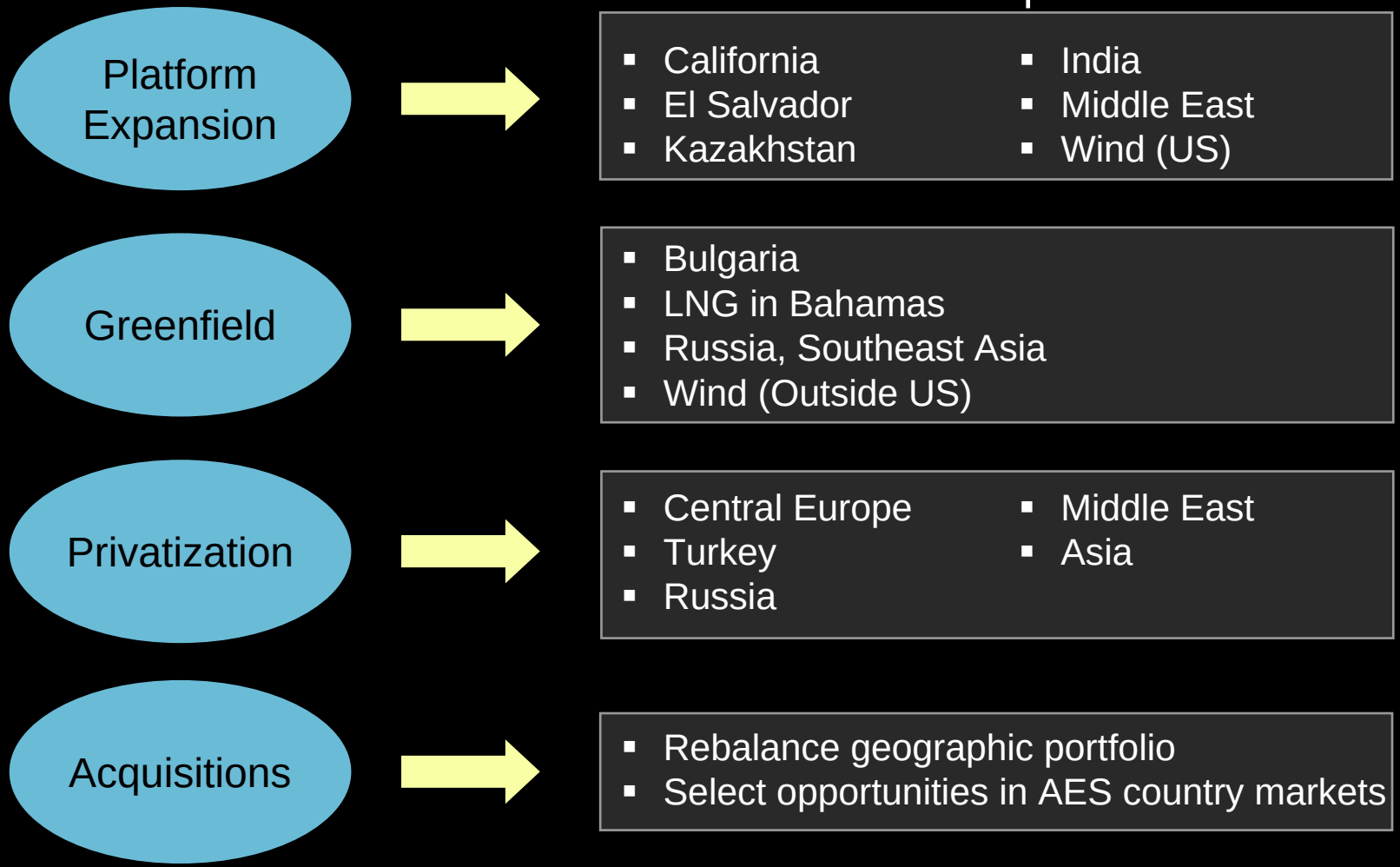
LNG



Gas-Fired

Four Elements Frame AES Growth Strategy

Contains Forward Looking Statements



Successful 2003-2004 Growth Program

Project	MW	Fuel	Location
Ras Laffan	756	Gas	Qatar
Barka	427	Gas	Oman
Andres	304	Gas	Dominican Republic
Huntington Beach 3/4	225	Gas	US
Kelanitissa	168	Diesel	Sri Lanka
Esti	120	Hydro	Panama
Bayano	24	Hydro	Panama
Limbe	85	Thermal	Cameroon

8 projects representing over 2,100 MW capacity
90%+ long term contract with $640 MM incremental revenue

Rebuilding Development Pipeline

Contains Forward Looking Statements

Deep Development Pipeline Supports Sustained Growth

4-6 Years for Greenfield Projects
3-4 Years for Wind Projects

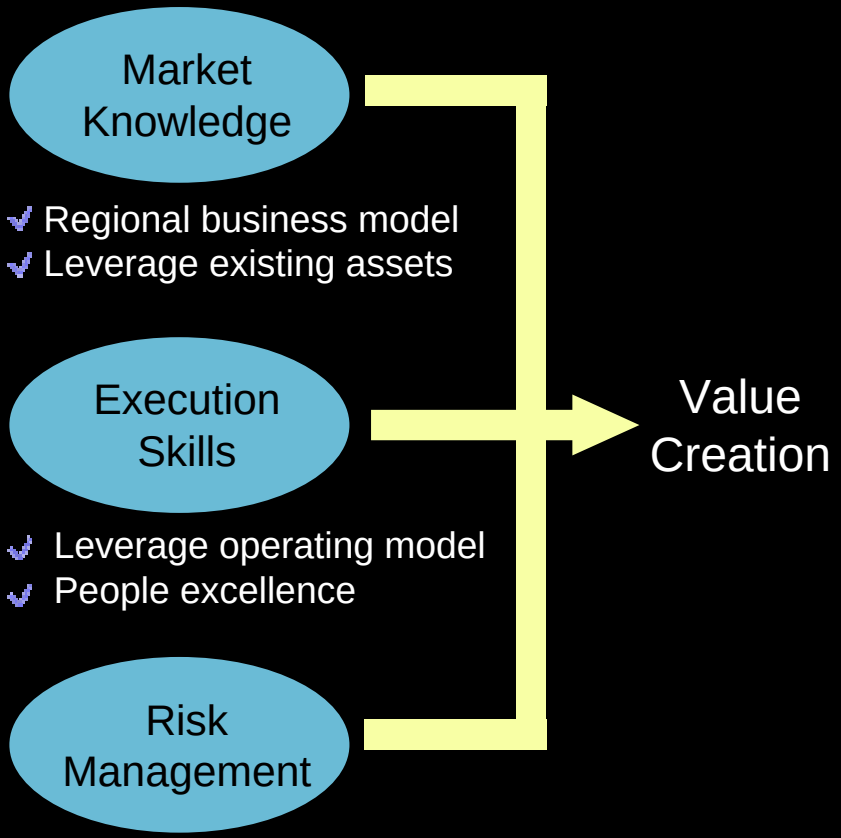


Current Activity	38 Countries	5 Countries	1 Country	1 Country	2 Countries
Examples of Current Portfolio Development Activity	Central Europe Chile China India Middle East Pakistan Russia Turkey	Bahamas El Salvador Middle East Russia US	Chile	Bulgaria	Spain US

Rigorous Capital Discipline

Contains Forward Looking Statements

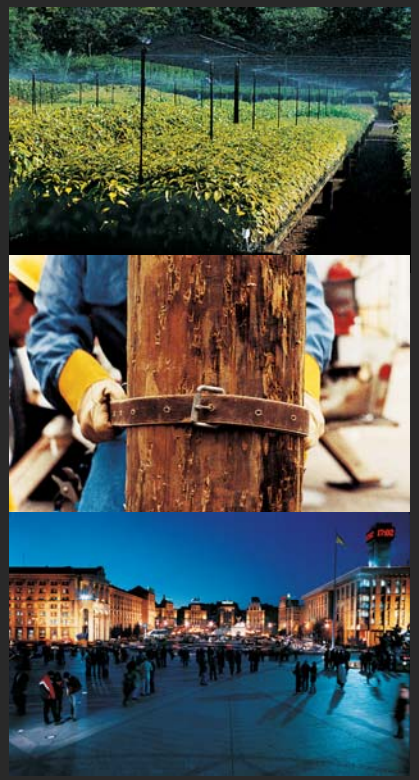
Strategic Objectives



Capital Allocation Process



Key Takeaways



Contains Forward Looking Statements

- Global power market offers sizeable growth opportunities
  - AES only major US company positioned to capitalize on these opportunities
  - Investment discipline firmly established
- Strong AES financial metrics
  - Margin expansion
  - ROIC improvement
  - Growing free cash flow
  - Improving credit quality
  - Double digit EPS growth
- Incentives aligned with investors
  - Stock performance (options)
  - Free cash flow growth (performance units)
  - Outperform S&P 500 total return (restricted stock)

Appendix – Reconciliation of Adjusted Earnings Per Share

- ($ Per Share)

	2004	2003
Adjusted Earnings Per Share*	$0.73	$0.56
FAS 133 Mark-to-Market Gains/(Losses)**	(0.06)	(0.07)
Currency Transaction Gains/(Losses)	(0.02)	0.19
Net Asset Gains/(Losses and Impairments)	(0.05)	(0.24)
Debt Retirement Gains/(Losses)	(0.03)	0.12
Diluted EPS from Continuing Operations	$0.57	$0.56

* Adjusted earnings per share (a non-GAAP financial measure) is defined as diluted earnings per share from continuing operations excluding gains or losses associated with (a) mark-to-market amounts related to FAS 133 derivative transactions, (b) foreign currency transaction impacts on the net monetary position related to Brazil, Venezuela, and Argentina, (c) significant asset gains or losses due to disposition transactions and impairments, and (d) early retirement of recourse debt. AES believes that adjusted earnings per share better reflects the underlying business performance of the Company, and are considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability associated with mark-to-market gains or losses related to certain derivative transactions, and periodic strategic decisions to dispose of certain assets which may influence results in a given period. Certain reclassifications have been made to prior-period amounts to conform to the 2004 presentation.

** The year ended December 31, 2004 includes $(0.03) related to Chile debt restructuring costs included in interest expense in the first quarter of 2004.

Appendix - Assumptions

Forecasted financial information is based on certain material assumptions. Such assumptions include, but are not limited to: 1) no unforeseen external events such as wars, depressions, or economic or political disruptions occur; 2)businesses continue to operate in a manner consistent with or better than prior operating performance, including achievement of planned productivity improvements including benefits of global sourcing, and in accordance with the provisions of their relevant contracts or concessions; 3) new business opportunities are available to AES in sufficient quantity so that AES can capture its historical market share; 4) no major disruptions or discontinuities occur in GDP, foreign exchange rates, inflation or interest rates during the forecast period; 5) negative factors do not combine to create highly negative low-probability business situations; 6) business-specific risks as described in the Company's 10-K and 8-Q filings do not occur.

In addition, benefits from global sourcing include avoided costs, reduction in capital project costs versus budgetary estimates, and projected savings based on assumed spend volume which may or may not actually be achieved. These benefits will not be fully reflected in the Company's consolidated financial results.

Appendix – Return on Capital

Net Operating Profit After Tax*	**2004**	**2003**
IBT&MI	$884	$646
Add: Interest Expense	1,910	1,986
Less: Income Tax Expense	249	204
Less: Tax Benefit on Interest Expense	538	627
Net Operating Profit After Tax*	$2,007	$1,801
Return on Invested Capital*	**9.6%**	**8.9%**
Effective Tax Rate	28%	32%

Invested Capital:	**December 2004**	**December 2003**	**December 2002**
Total Debt	$18,583	$19,638	$20,102
Minority Interest	1,605	1029	669
Shareholders Equity	1,645	545	(380)
Debt Service Reserves	(737)	(617)	(508)
Total Capital*	$21,096	$20,595	$19,883
Average Capital*	$20,846	$20,239	

* Non-GAAP financial measure

- Return on Invested Capital is defined as Net Operating Profit After Tax divided by Average Capital.
- Net Operating Profit After Tax is defined as Income Before Tax and Minority Expense plus Interest Expense less Income Taxes less Tax Benefit on interest expense at Effective Tax Rate.
- Total Capital is defined as Total Debt plus Minority Interest plus Shareholders Equity less Debt Service Reserves.
- Average Capital is defined as the average of beginning and ending capital.

Appendix – Reconciliation of Free Cash Flow

Reconciliation of Free Cash Flow ($ billions)

	2005E	2004	2003	2002
Free Cash Flow	$1,250*	$1,061	$1,034	$683
Maintenance Capital Expenditures	700	507	542	761
Net Cash Provided By Operating Activities	1,950*	1,568	1,576	1,444

* Based on midpoint of 2005 free cash flow financial guidance of $1,200 to $1,300 million and net cash from operating activities guidance of $1,900 to $2,000 million reaffirmed May 05, 2005