» AES Corporation
Deutsche Bank Annual Energy and Utilities Conference 2007

May 30, 2007








» 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 or better levels of operating performance and electricity demand at our distribution companies and operational performance at our 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 Annual Report on Form 10-K for the year ended December 31, 2006, 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



AES operations

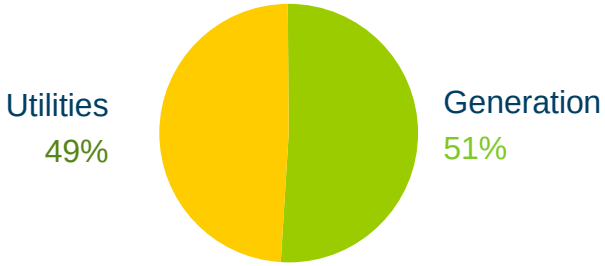
$12.3 billion revenue power generation and distribution business

$2.4 billion net cash provided by operating activities

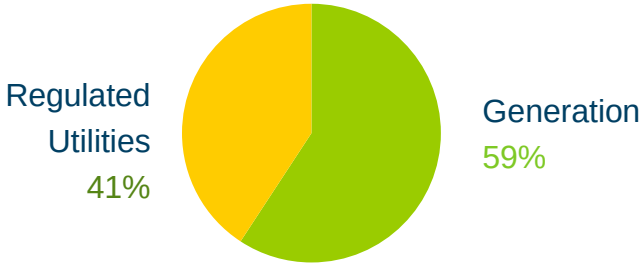
Note: Countries and locations include projects under construction.

» Diversified Utilities and Generation Portfolio

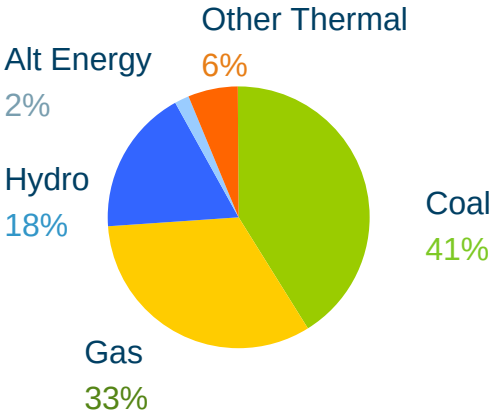
2006 Revenue
$12.3 billion



2006 Gross Margin
$3.6 billion



2006 Gross Megawatts
42 GW



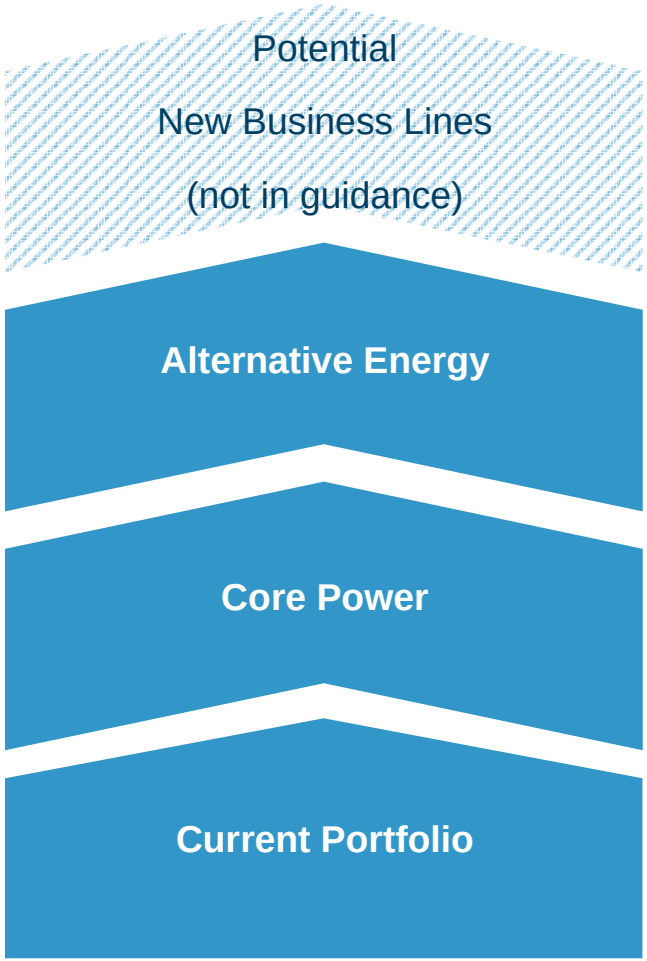
» Characteristics of Our Core Businesses

	Generation	Distribution
Business Model	Unregulated wholesale sales to intermediaries Long-term contracts - Limited exposure to commodity price risks Competitive markets - Primarily coal-fired and hydro - Typically hedged in short term	Direct sales to end users Monopolies Regulated tariffs/returns Three AES companies are vertically integrated
Financing	Non-recourse debt using traditional project finance Contracted assets use higher leverage	Non-recourse debt using corporate-style financing Leverage more dependent on location

» AES's Growth Strategy

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Growth from:



› Other renewable generation (geothermal, solar, biomass)
› Transmission
› Biofuels
› LNG Regasification Terminals

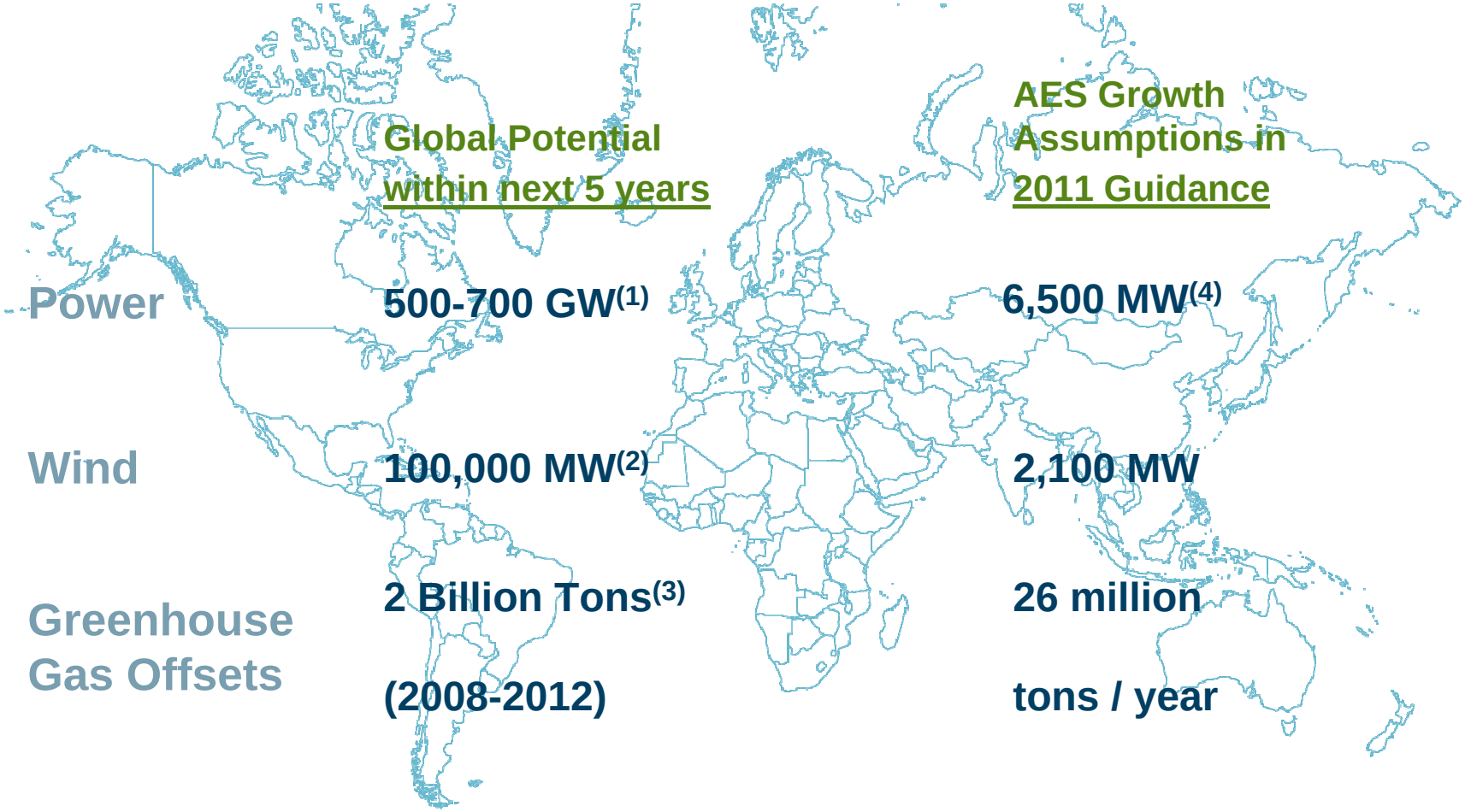
› Wind
› Greenhouse Gas offsets

› Greenfield generation
› Platform expansion
› Crossover countries

› Improved performance
› Organic growth

» A World of Opportunities

Contains Forward Looking Statements



	Global Potential within next 5 years	AES Growth Assumptions in 2011 Guidance
Power	500-700 GW[1]	6,500 MW[4]
Wind	100,000 MW[2]	2,100 MW
Greenhouse Gas Offsets	2 Billion Tons[3] (2008-2012)	26 million tons / year

[1] CERA and IEA forecasts (2006)

[2] Emerging Energy Research (March 2007)

[3] World Bank (2007)

[4] Includes Greenfield and M&A

» Development Pipeline

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› Current Development Pipeline has over 20 GW of specifically identified advanced stage opportunities representing over 40 projects in 20 countries

› Selected projects beyond early stage development:

Project	MW	Location
Mong Duong	1,200	Vietnam
Musi Rawas	1,200	Indonesia
Ras Laffan	2,600	Qatar
Chattisgath	1,200	India
OPGC	1,200	India
ICTAS Energy	400	Turkey
Kilroot	400	N Ireland
Kazakhstan	1,500	Kazakhstan
Shady Pt 2	600	US
Puerto Rico 2	500	Puerto Rico
Alto Maipo	520	Chile
Fonseca	200	El Salvador
Changuinola 2	213	Panama
Angamos	532	Chile

› AES core strength in project development is bringing pipeline cycle to completion

› Under construction projects:

– Maritza East	670 MW coal fired plant in Bulgaria
– Guacolda III	152 MW coal fired plant at Gener (Chile)
– Ventanas III	267 MW coal fired plant at Gener (Chile)
– Changuinola	223 MW hydro plant in Panama
– Buffalo Gap II	233 MW wind farm in Texas
– Amman East [(1)]	370 MW gas-fired plant in Jordan

› In 2006 commercial operations commenced at:

– Cartagena	1,200 MW gas fired plant in Spain
– Buffalo Gap 1	121 MW wind farm in Texas
– Los Vientos	125 MW diesel/gas peaker in Chile (January 2007)

[(1)] Amman East commenced construction in April 2007

» Greenfield Investment Example: Bulgaria

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670MW lignite-fired power plant

$1.4 billion project cost

Strong commercial and financing terms

› 15 year contract with national utility

› 15 year lignite supply agreement minimizes energy supply risks

› Letter of government support

› €790 million non-recourse financing closed in December 2005 with commercial and multilateral banks

› $600 million unsecured corporate credit facility for letter of credit support

In service 2009-2010

$300 million+ expected annual revenues

Additional example: 1,200MW Cartagena, Spain power plant



Proposed AES Maritza Plant, Bulgaria

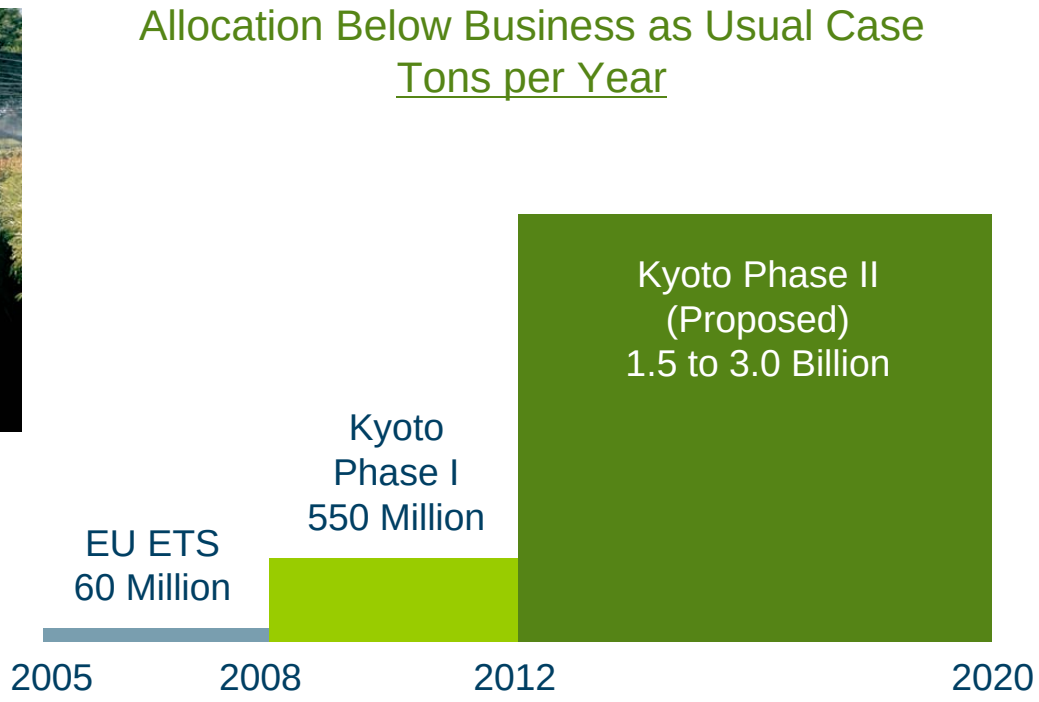
» Alternative Energy Example: Greenhouse Gas Offsets

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› New environmental regulations expected to create a $10 billion a year market for emission offset credits

› $300+ million in investments expected to generate over 50 million tons of carbon reduction through 2012

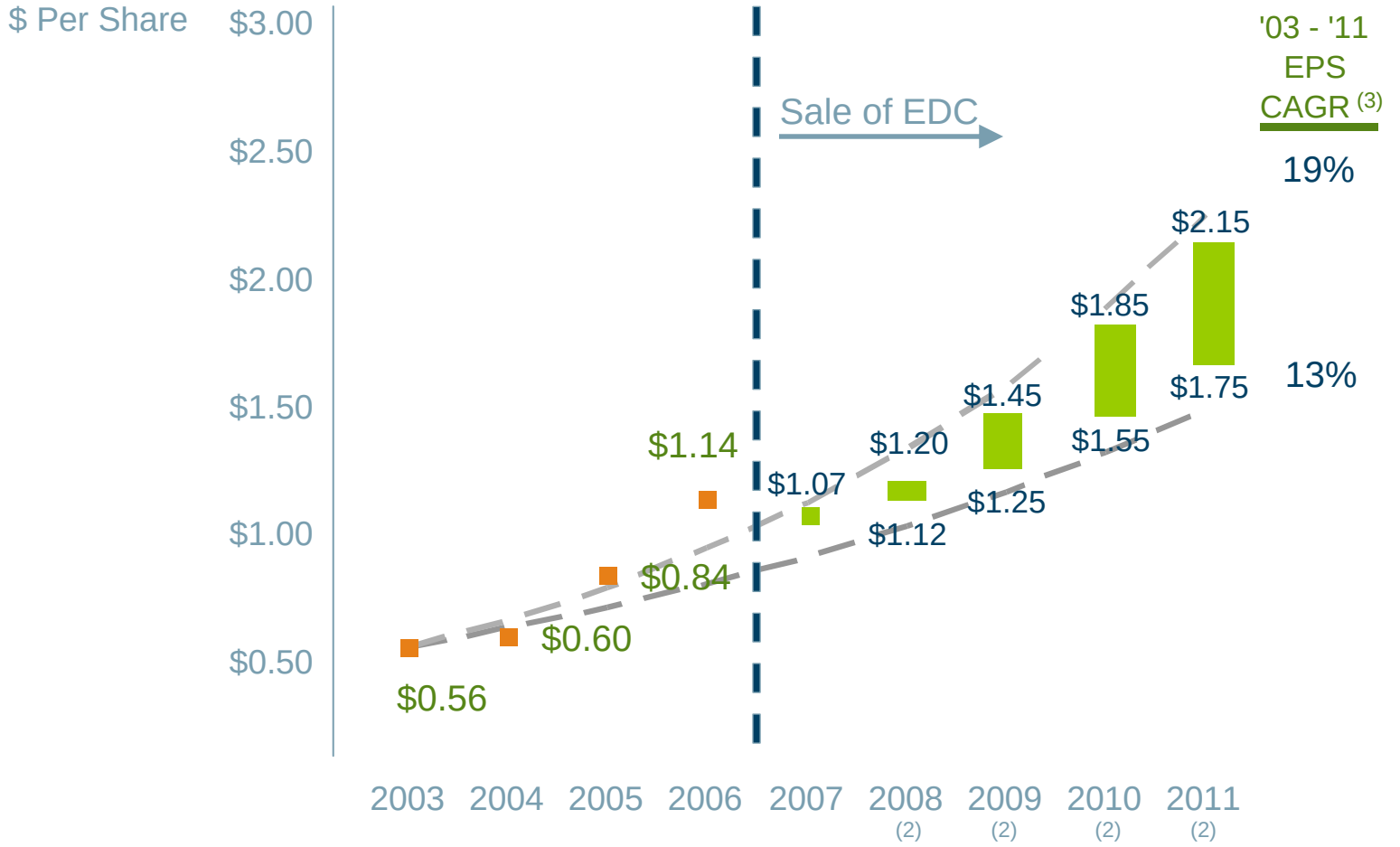




Source: AES estimates

» Adjusted EPS [1] Guidance for the Next Five Years

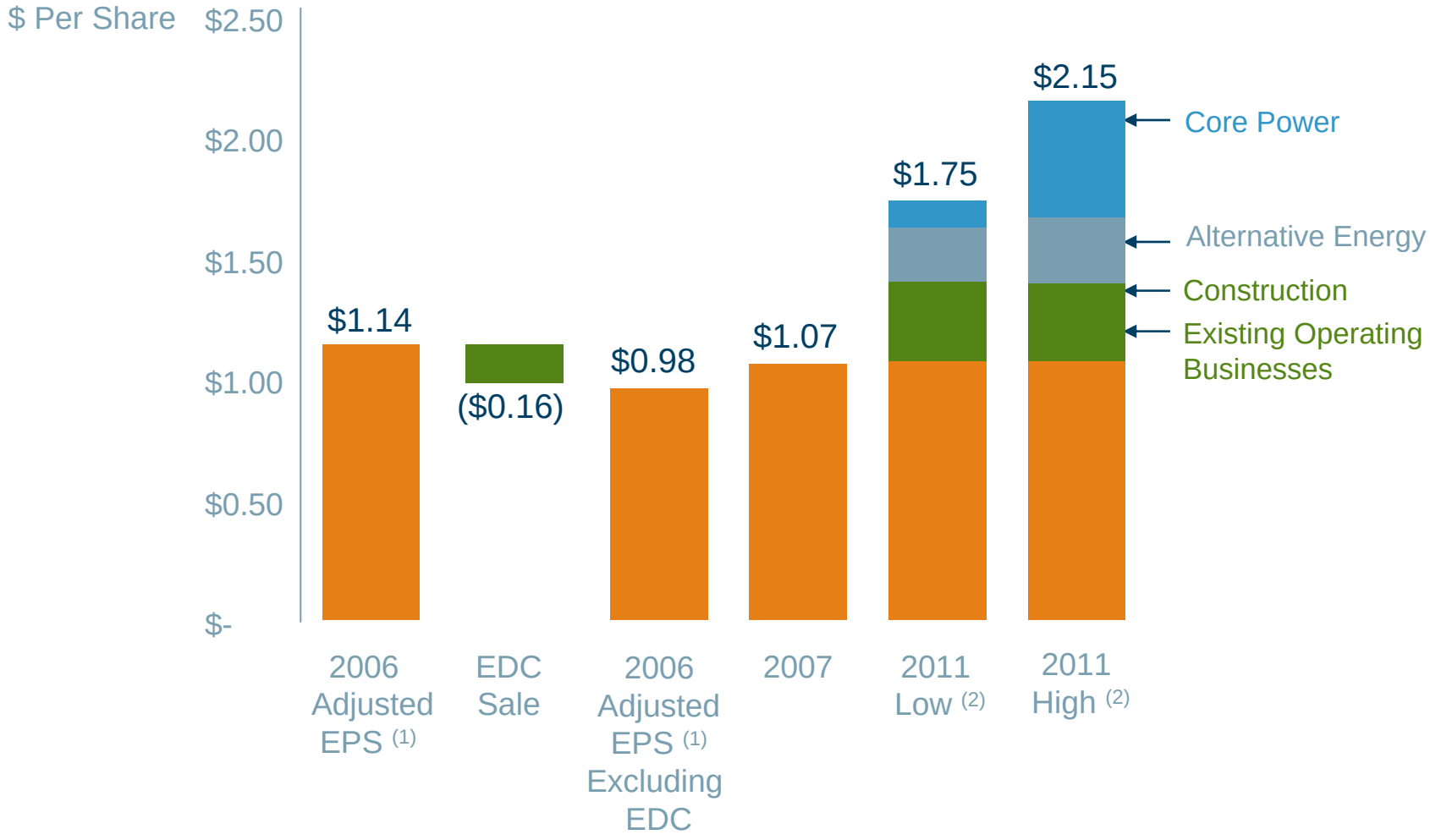
Contains Forward Looking Statements



(1) A non-GAAP financial measure. See Appendix.
(2) For 2008 through 2011, Diluted EPS from continuing operations and Adjusted EPS for the purposes of this slide are assumed to be the same.
(3) Prior long-term guidance growth range as disclosed in September 2003.

» Adjusted EPS (1) Growth Driven by Four Factors

Contains Forward Looking Statements



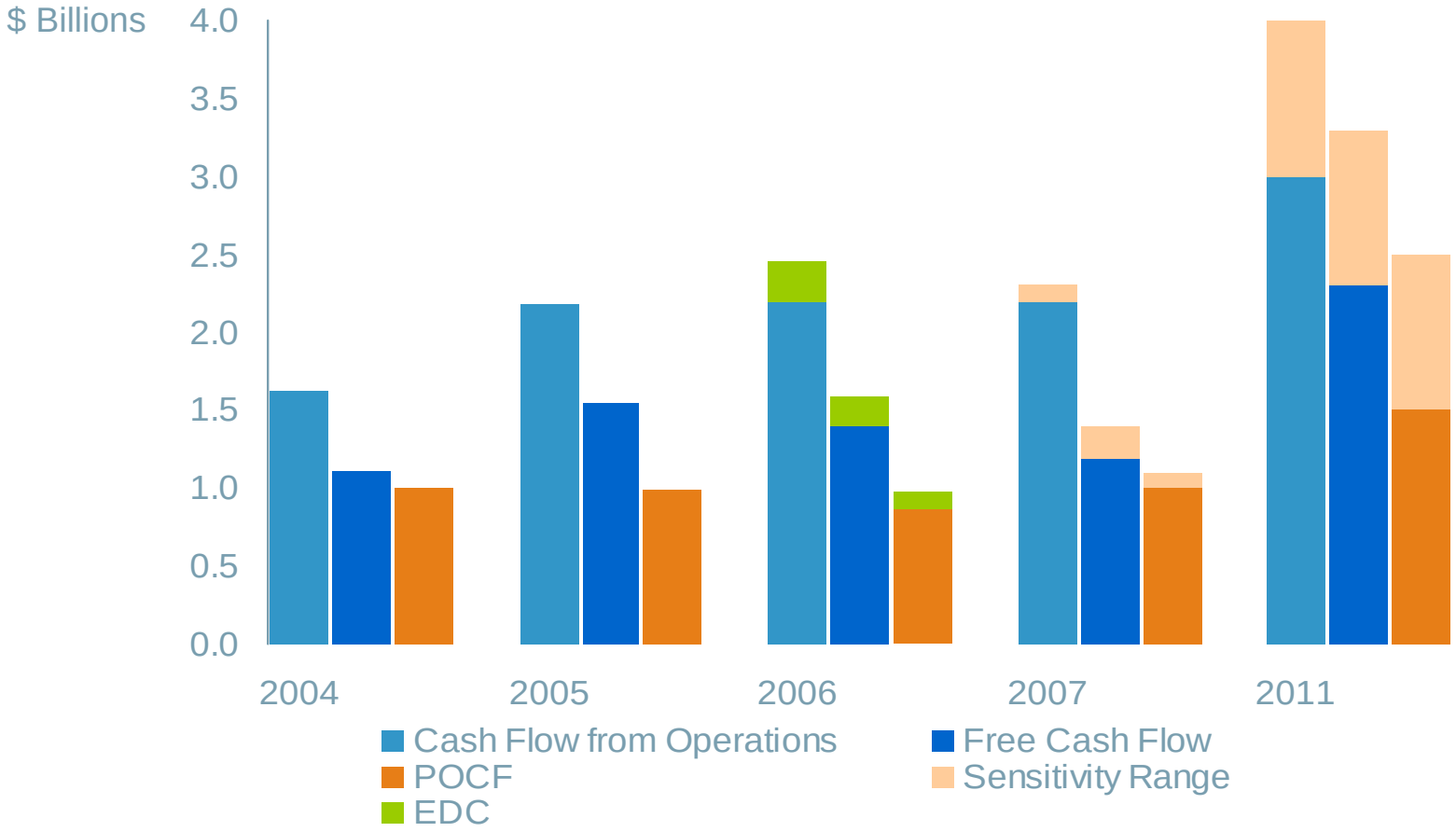
(1) A non-GAAP financial measure. See Appendix.

(2) For 2011, Diluted EPS from continuing operations and Adjusted EPS for the purposes of this slide are assumed to be the same.

» Strong Cash Flow Growth Expected to Continue

Contains Forward Looking Statements

› High free cash flow generation positions AES to take advantage of continued delevering, opportunistic acquisitions and platform expansion opportunities



» Key Investment Considerations

› Global demand for power continues to grow

› AES is well positioned to leverage market opportunities and industry dynamics

  – Global reach, local insights
  – Portfolio diversity, financial flexibility

› Focused on long-term value creation with sustained growth in EPS and cash flow.









» Appendix

» Assumptions

Forecasted financial information is based on certain material assumptions. Such assumptions include, but are not limited to: (a) no unforeseen external events such as wars, depressions, or economic or political disruptions occur; (b) 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; (c) new business opportunities are available to AES in sufficient quantity to achieve its growth objectives; (d) no material disruptions or discontinuities occur in GDP, foreign exchange rates, inflation or interest rates during the forecast period; and (e) material business-specific risks as described in the Company's SEC filings do not occur individually or cumulatively. 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. Also, improvement in certain KPIs such as equivalent forced outage rate and commercial availability may not improve financial performance at all facilities based on commercial terms and conditions. These benefits will not be fully reflected in the Company's consolidated financial results.

The cash held at qualifying holding companies (QHCs) represents cash sent to subsidiaries of the Company domiciled outside of the U.S. Such subsidiaries had no contractual restrictions on their ability to send cash to AES, the Parent Company. Cash at those subsidiaries was used for investment and related activities outside of the U.S. These investments included equity investments and loans to other foreign subsidiaries as well as development and general costs and expenses incurred outside the U.S. Since the cash held by these QHCs is available to the Parent, AES uses the combined measure of subsidiary distributions to Parent and QHCs as a useful measure of cash available to the Parent to meet its international liquidity needs. AES believes that unconsolidated parent company liquidity is important to the liquidity position of AES as a parent company because of the non-recourse nature of most of AES's indebtedness.

» Definitions of Non-GAAP Financial Measures

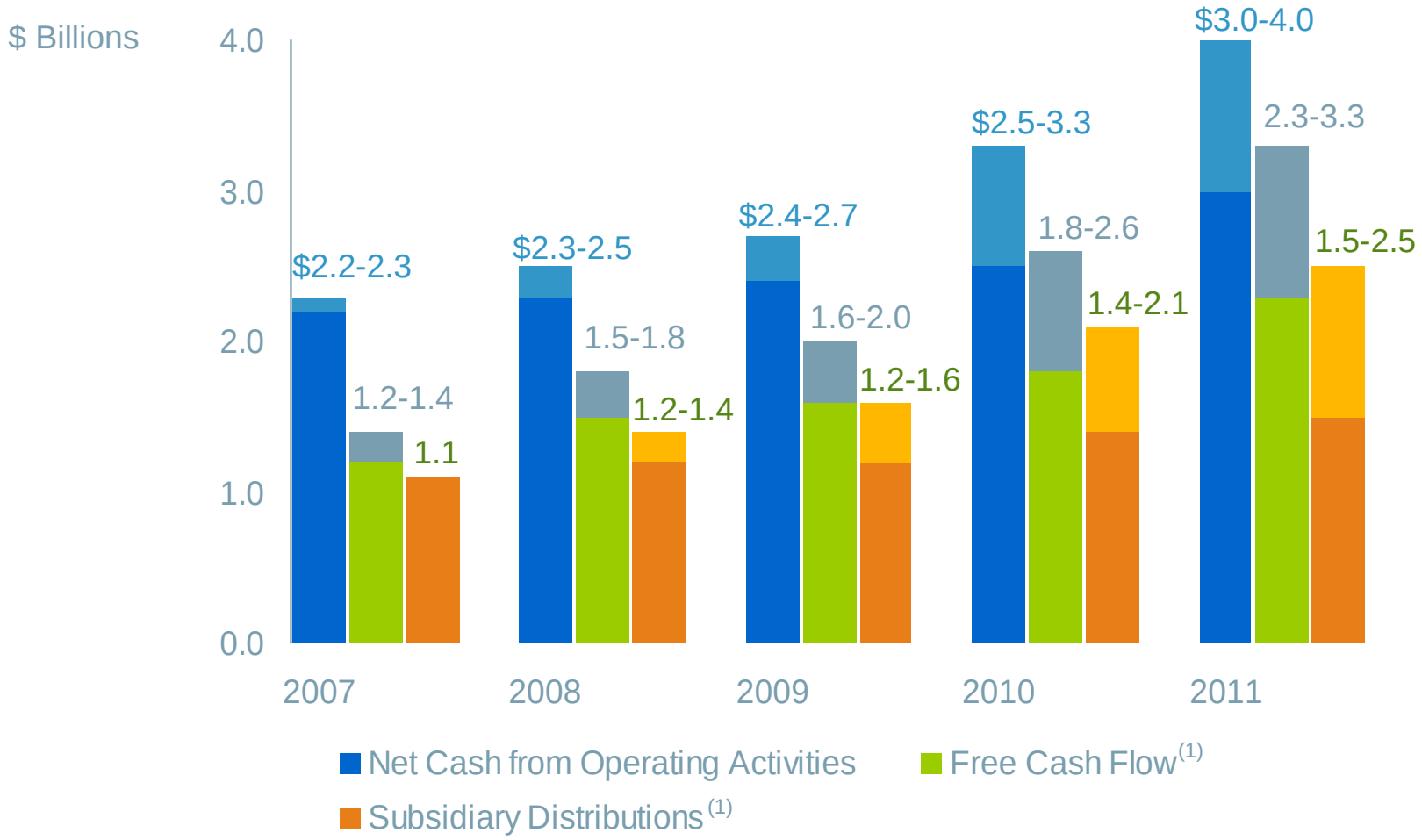
› Adjusted earnings per share – Defined as diluted earnings per share from continuing operations excluding gains or losses associated with (a) mark-to-market amounts related to FAS 133 derivative transactions, (b) foreign currency transaction impacts on the net monetary position related to Brazil, Venezuela, 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 is 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, currency gains and losses, periodic strategic decisions to dispose of certain assets which may influence results in a given period, and the early retirement of corporate debt.

› Free cash flow – Net cash flow from operating activities less maintenance capital expenditures. Maintenance capital expenditures reflect property additions less growth capital expenditures. AES believes that free cash flow is a useful measure for evaluating our financial condition because it represents the amount of cash provided by operations less maintenance capital expenditures as defined by our businesses, that may be available for investing or for repaying debt.

› Subsidiary distributions – Cash distributions (primarily dividends and interest income) from subsidiary companies to the parent company and qualified holding companies. These cash flows are the source of cash flow to the parent to meet corporate interest, overhead, cash taxes, and discretionary uses such as recourse debt reductions and corporate investments.

» Forecast Shows Strong Cash Flow Growth

Contains Forward Looking Statements



(1) A non-GAAP financial measure.

» Reconciliation of 2011 Guidance Elements

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Reconciliation of 2003 and 2004 Adjusted EPS	2003	2004	2005	2006	2007
Diluted Earnings Per Share From Continuing Operations	$0.56	$0.41	$0.87	$0.43	$1.04
FAS 133 Mark to Market (Gains)/Losses	(0.07)	0.01	-	-	0.02
Currency Transaction (Gains)/Losses	0.19	0.08	(0.03)	(0.01)	0.01
Net Asset (Gains)/Losses and Impairments	(0.24)	0.08	-	0.69	-
Debt Retirement (Gains)/Losses	0.12	0.02	-	0.03	-
Adjusted Earnings Per Share	$0.56	$0.60	$0.84	$1.14	$1.07

Reconciliation of Free Cash Flow	2007	2008	2009	2010	2011
Net Cash from Operating Activities	$2.2 to 2.3	$2.3 to 2.5	$2.4 to 2.7	$2.5 to 3.3	$3.0 to 4.0
Less: Maintenance Capital Expenditures	1.0 to 0.9	0.8 to 0.7	0.8 to 0.7	0.7	0.7
Free Cash Flow	$1.2 to 1.4	$1.5 to 1.8	$1.6 to 2.0	$1.8 to 2.6	$2.3 to 3.3