FINAL TRANSCRIPT

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AES - AES Corporation Investor Day

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CORPORATE PARTICIPANTS

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AES Corp. - Chairman

Paul Hanrahan
AES Corp. - President, CEO

Andres Gluski
AES Corp. - EVP, Chief Operating Officer

Victoria Harker
AES Corp. - EVP, CFO

Ned Hall
AES Corp. - EVP, President - North America

Brian Miller
AES Corporation - EVP, General Counsel, Corporate Secretary, Acting Chief Compliance Office

PRESENTATION

Ahmed Pasha - *AES Corp. - VP - IR*

Good morning. My name is Ahmed Pasha, and I am Head of Investor Relations here at AES. I want to welcome you to our 2009 Investor Day in which we will talk about our business performance, our long-term guidance and our value proposition. Before we begin, I would like to draw your attention to the Safe Harbor disclosure listed on this slide.

And now, I would like to introduce you to our senior management that will be presenting today. We will start with Paul Hanrahan, our CEO, who will talk about our strategy going forward. We will hear from Andres Gluski, who's our Chief Operating Officer. He will talk about our operations as well as our construction program.

Then, Victoria Harker, our Chief Financial Officer, will talk about our (technical difficulty) and our debt profile. And Ned Hall, who is Head of our North America and also leading our global renewables initiatives, will talk about our business development initiatives. And at the end, Paul Hanrahan will talk about our long-term guidance and our value proposition.

I would also point out that we have two other senior executives here -- Brian Miller, who is our Legal Counsel sitting here, and Chip Hoagland, who's our Treasurer as well. And at the end, we will have a Q&A after Paul's final remarks.

But first, I would also like to introduce you to our Chairman, Phil Odeen, who is a Retired Chairman and CEO of TRW. He also served as Non-Executive Chairman of IR, [Henros and Verons] and Convergys. He has extensive board experience and has been on our Board since 2003 and as a Chairman since 2008. Phil will give us some perspective as an independent Board Director and also give us some composition of our board. Phil?

Phil Odeen - *AES Corp. - Chairman*

Thank you. Thank you, Ahmed. Thank you very much, and let me add to the -- I think I better put this back on. Let me add to the welcome that Ahmed gave you. We're delighted to have you here for our 2009 Investor Conference. I think you're going to have a very interesting, productive day, and we really appreciate the opportunity to meet with a large number of you and talk about the exiting things that are going on.

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We'll take you through our -- the strong growth in earnings and cash flow for the next three years, providing a fair amount of detail about the projects we have underway. We'll take you through in more detail about our economic -- or, our financial situation with -- courtesy of Victoria.

Andres Gluski will talk about operations, and I think you'll see we've made real progress in the operations of this company. We're really a first-class operator of large power plants, and the progress we've made there adds to the bottom line and makes us more competitive. In fact, you may have noted, I think in your folder you have a copy of the recent Business Week publication about top 50 operating companies in the United States, and they included AES in that rundown.

We'll then -- Ned will then give you a good discussion about our longer-term development pipeline, a lot of opportunities for the longer term as the capital markets recover and the economies recover and we're ready to move out, I think, selectively but aggressively to build our business. And he'll put a special attention on wind and solar and some of the renewable technologies, which we're actively going into because we see great opportunities in those areas.

Before I pass it on to Paul, let me just take a minute and talk about our Board. We have a, I believe, a very strong Board, a very active Board. We're deeply involved in strategic issues, asset allocation issues, investments, so the Board is really supporting Paul and his team, I think, but asking a lot of tough questions and helping make sure we move in the right direction and make smart, smart decisions.

Our Board has deep business experience. A number of us also have deep government experience, which is useful, especially useful I think in the era we're in right now, and that combination will serve the Company well.

We have three new members I'll mention briefly, Sam Bodman who just joined, Sam just stepped down as Secretary of Energy for the past four years. Before that, he was Deputy Secretary of Treasury and Commerce. He had a very strong business background, was President of Fidelity and also was the Chairman CEO of Cabot Corporation, which you may recall was a very well -- a strong-performing company during the 1990s.

Tarun Khanna is a senior professor, has a chair at the Harvard Business School, and his real expertise is the developing countries -- India, China, Africa, Latin America, and is extremely well both known and connected and involved in those areas, and I think that'll be a big help to us as well.

Then finally Jay Morse, who was just retired as the CFO of the Washington Post companies. He's a very well recognized CFO and has -- serves on the Advisory Committee to FASB and is a frequent speaker at major conferences on accounting and other pensive developments, three very strong additions to our Board.

The other members, John Koskinen, again strong business background, a strong business -- government experience, Deputy OMB Director, handled Y2K for the government and now has the enviable -- unenviable job of being brought in by Treasury to be the Chairman initially and now the Chairman Acting CEO of Freddie Mac. So, John has his hands full but is a very able executive with lots of good business and government experience.

Phil Lader, again a business man by background, had senior positions in the Clinton White House as Ambassador of the UK and now is a senior advisor to Morgan Stanley, a special -- with a special focus on east Europe, the Stans and Russia and is again very connected in that part of the world.

Sandy Moose was a senior executive with BCG, ran their east coast operations, very bright individual, asked lots of really good questions, very strategic in her thinking and brings, I think, that element to the Board. She's now on a number of other boards, including Verizon, and I believe was the lead director at Rohm and Haas until they were sold to Dow.

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Charles Rossotti, again, built a strong information technology business, was the head of the Internal Revenue Service for five years and now is with The Carlyle Group, and finally Sven Sandstrom, a very senior World Bank executive, who now is involved -- deeply involved in business in Africa and other less-developed world -- a part of the less-developed world.

So a very strong Board, a very active Board, and we ask I think all the right questions, we push Paul and his team to make sure they make the right decisions, and I believe we add a lot of value. So, let me stop at that point and turn it over to Paul, who will lead off our presentation. And again, welcome to the Investor Conference. We're very happy to have you here, and we'll have some time for Q&A at the end and be responsive to your interests. Paul?

Paul Hanrahan - *AES Corp. - President, CEO*

Okay. Thanks, Phil. I'd like to again welcome all of you, and for those of you joining us by webcast, also welcome to you. Today, we'll be handing out the presentations at the end, so you'll be able to get the presentations we're giving today plus some appendices that go along with that.

What I'd like to right now is just lay out for you how we're thinking about the day, the agenda for the day, and I think I really have two simple objectives. The first is to -- I think for those of you who don't know us that well, give you a little bit of a background about the Company, the simplistic business model, what we're thinking about with respect to strategy.

But the second part and maybe more importantly is to talk about the value proposition, and I think as we look at our company and look a the value that we see in the Company, I think compared to the current stock price, it doesn't make sense to us. And we're going to talk a lot about that.

As we go through today, we're going to talk about our diverse portfolio of businesses and how that portfolio generates free cash flow. When I talk about diversity, it's really -- it's the combination of a generation business and the utility business. It's diversity with respect to markets that we're in, geographic markets, also the currencies that our revenues are coming in.

It's also diversity with respect to the technologies we use and the fuel types. We have a very diverse platform for generating free cash flows, so we're not exposed to any one particular geography, any particular fuel type, and we think that gives us the strength both in terms of having a strong base of cash flows but also in terms of growth, having the broad experience, when we go into a new market we can use that to our advantage.

Andres is going to talk about that. Then, Victoria is going to talk about our liquidity position, sound liquidity position. We've got plenty of cash. We've got -- she's going to talk about the near-term maturities, and you'll see nothing of concern looking out in the future. But, we also have liquidity to take care of our existing construction obligations and to make some discretionary investments, pay down debt, and we'll talk a little bit more about that.

Probably most importantly what I think is being -- is not being recognized by the market is the built-in organic growth, and predominantly it's our construction program. We have 3,500 megawatts. It's in construction, coming on line between now and the end of 2011, and we'll talk a great deal about what that means, what kind of cash flows come from that, what kind of earnings, and why you see a little bit of a disconnect with the value.

We're then going to talk about the option value of growth, and Ned Hall's going to talk about our development pipeline, but we see a lot of opportunities to grow. We think our company is positioned in the right sectors.

We think we're looking at the right kinds of markets. We've got the right opportunities. We've got the right platforms to grow, and these are all options to grow. We have no commitments to grow at this point, but they -- we think they'll give us options over the next several years to continue to add high-quality projects to our portfolio.

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When I talk about the disconnect in value, let me just show you this one slide because I think it represents the conundrum we see here in the market. If you look at this slide, what you -- the top three lines there are our subsidiaries. It's our Tiete, it's a hydro subsidiary in Brazil; Gener, which is a generation subsidiary in Chile; and Electropaulo, which is the distribution company in Sao Paulo. Those are three publicly traded subsidiaries.

And as you can see, we tend to track with those. But, what's happened in the recent market is we've been tracking with a companies like Mirant, which is a US IPP merchant generator, really trades based on gas price, coal price spread. And that's the part that just doesn't seem to make sense to us and one of the things we're going to try and just walk through today and give you some of the tools you might need to come to your own conclusions. But we think this is what creates the opportunity for investors.

This is the punch line. I'm going to give it to you up front. We're going to walk through in a lot more detail how we get there, but essentially we went through and found three different ways to value companies. Usually when we look at a company, these are the ways we value the companies.

First we use P/E ratios, looking at our forward-looking earnings. We then use some of the parts, which was a combination of looking at market values, looking at P/E ratios for the construction pipeline, and then EBITDA multiples, which are shown there. So, let me walk you through the one on the left, the P/E multiples.

What we did is we took our 2011 projected earnings, which we'll give you the guidance on that as we get through here, but we said the current market multiples for companies like us earn about 8.6 times the 2011 earnings.

And if you took that and apply it to our projection for 2011 earnings with an 8.6 times multiple, that would say we should be trading at $10.78 today. Again, that's not our view of value. That's just one of the ways you could get to a value that's higher than what we have today.

If you look at historical market multiples and average it over ten years, what you'll find is that number would be more like 12.2 times. That would give you a price today of $15.25. And if you look at our current price as of Friday, $8.62, that would be a 6.9 times multiple. So as you can see, there's some room for value accretion, based on what's going to be happening in 2011.

And again, I'll walk you through how we get to the 2011 numbers as we get further into the presentation. Looking at some of the parts, the key variable that we've played with here was what do you use for EBITDA multiple for the 2009 earnings. We looked at our peers and said most are trading at about a seven times number.

That seven times number, if you applied that to the unlisted subsidiaries, the things that aren't in construction, that would get you to $13.21. If you use more of a historical average, 8.2 times, that gets you to a number that's closer to $17, and if you look at the $8.62, again our closing price on Friday, I would say we're trading -- our unlisted subs are trading at about 5.5 times.

The other thing we look at, and this is I think what is most important to us, is we value companies, we look a lot at the free cash flow that's generated by the Company. We think that's a big driver of underlying value. We looked out to what our free cash flow will be in 2011 and then applied a 10% to 12% free cash flow yield, at 10% you'd come up with about an $18 share. Again, that would be in 2011, so that's not today. But in 2011, that's the kind of value you might expect.

And if you used 12%, you'd come up with $15. Today, at $8.62 looking out to 2011, if we traded $8.62 in 2011 that would be a 21% free cash flow yield. So, I think what you're seeing here is the construction pipeline is going to be bringing a lot of cash flow, organic growth. All that combined gives you nice free cash flow in 2010, 2011, which should yield higher values.

Let's talk about our company. I talked about the breadth that we have, the diversity. If you look at the breadth of our product lines, we're -- primarily today, it's generation utilities. Those are the two big items. And generation, we're not just tied to any

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one fuel. It's coal, gas, but also petroleum, coke, some diesel, and we have 14 utilities. And I'll talk about those in more detail, as will Andres.

Also in the renewables sector, this is something that we started to get into more aggressively about two or three years ago. We have a lot of hydro projects in the renewables sector, and we see a lot of growth in small, medium-sized hydros going forward. Wind has been an area of growth for us in the past four years. We've been aggressively pursuing growth in the wind projects, not just here in the United States and Europe, but also in other countries where we have platforms.

Solar is something we started just a little over a year ago with Riverstone. We formed a joint venture, looking at photo voltaic solar projects. We think that has a lot of potential. It's a small business right now but is growing. And then great efficiency, this is using batteries to stabilize the grid. It's really another way to get a grid stability that is typically provided by spinning reserve or other means. We think they're using battery technologies today. That's a very interesting way to do it. We have a small effort there, kind of R&D, but Ned's going to talk about that in more detail.

And then finally carbon offsets, this is something that actually AES got involved in in 1992. We started developing carbon offsets for our US power projects. We offset the emissions for nine of our power projects, coal-fired power projects in the US. As it became more of a business, we started doing more of it. It's still in the R&D phase, but we think it's very important with the climate change legislation coming through. We think this could be an important strategic part of our portfolio as we look into the future.

This just gives you an idea of our geographic diversity also. These are our operating businesses. We're in 29 countries. You can see, we've also got plants that are in construction in other countries and then plants that are in development. Looking at an overview of the Company in terms of the line of business and our geography, a simple way to think about is it we're about two-thirds generation and one-third utility business.

So as we look at our proportional gross margin from 2008, and proportional gross margin's really taking into account our share of the business, so if only own 16% for example of Electropaulo, that -- we only include that piece there. And then if you look at the subsidiary distributions, you can see we have a pretty nice geographic spread of those distributions also, both of them coming from North America.

Okay. Then, we look at the -- again, the -- for the proportional gross margin what that breakdown is geographically, where that's coming from. You can see a nice mix here, not really tied to any one market. We have a pretty good mix coming in from all over the world and a lot of non-US-dollar revenues coming in -- or our proportional gross margin.

If we look at it by fuel type, again you see a pretty nice mix here. It's a combination of coal-fired, gas-fired renewables, kind of evenly mixed in there. And renewables is probably the area that we're going to see the greatest growth in going forward.

I think the other thing -- I talked about how the fact that if -- we really shouldn't be trading with merchant generators. And if you look at the Company, more than two-thirds of our company has got long-term contracts. These are long-term contracts with more than 100 off-takers, so we're not really tied to any one particular off-taker.

It gives us a nice credit diversity. And about 30% is coming from merchant generation. And with merchant generation we tend to over time contract that out. So we look ahead over the next three-year period of time, we see attractive times to hedge, we go ahead and lock up the gas prices, coal prices, and -- where it applies, but we lock up also -- the prices also.

Looking at our utility business, we have 14 utilities, as I talked about, serving 11 million customers, but if you look at the proportional gross margin, where that's coming from, the bulk of it's really coming from three utilities, two of them in Brazil and one in Indiana.

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IPALCO is our Indiana Utility, 32% of our proportional gross margin. Electropaulo is the Sao Paulo-based utility. That's got 31% of proportional gross margin, and then Sul is a business in the southern part of Brazil, a state called Rio Grande de Sul, a lot of industrial growth there, that's another area where we have one of our bigger utilities. The others really account for just 9% of the proportional gross margin.

Looking at the global trends and -- which is really how we think about what's driving our business in terms of growth, first in terms of global electricity demand, that's clearly increasing and it's particularly increasing in the non-OECD countries. And that's where we have some good platforms and we have the experience, and it's an advantage we can take -- it's something we can take advantage of and as we go forward in terms of expanding our platforms in that area and taking advantage of our experience. Lack of infrastructure investment, this is also going to be driving a great deal of investment in the power sector, both transmission and generation. That's going to create opportunities for us.

Environmental concerns, I'd say those are predominantly now geared towards climate change, greenhouse gases. That's been driving more interest in countries towards renewables and carbon offsets, and that's really been something that has benefited us, not just in the United States and Europe but also in places like China where there's growing concerns there.

And tied to that also are energy security concerns where I think we're seeing countries wanting to develop projects that use indigenous fuels, where they have those indigenous fuels, and in many cases are turning to renewables as a way to get some protection against having to import fuels.

I think this is a really interesting slide, because it shows -- when I talk about there's a growing demand for electricity in the world, and what you can see is that demand is predominantly going to be in the non-OECD countries. Many of these places we already have platforms. We've got the reputation. We've got the experience, and you can see that even as you look out through 2030, this is where the growth is going to be in our business. This is where we've been setting up the platforms that we can expand over time.

I think the only thing if you look at -- and this comes from an International Energy Agency Report, what kind of -- what's the fuel mix going to look like in the future. And as you can see, starting with 19,000 terawatt hours total going to 33,000 terawatt hours, coal will continue to play a significant role in the generation mix of the world's electricity demand.

So, you're going to see a lot of growth in coal. You're going to see a lot of growth in gas, but you're also going to see growth in renewables. And even though these are small today, there's a lot of built -- high rates of growth in wind, in solar, but also hydro. I think that's one that people overlook.

We think in many of the countries we're in there are still opportunities to develop hydros. You can still get hydro plants permitted, particularly the small and medium-sized ones that don't have major environmental impacts. That's an area that we've developed some expertise and we want to continue to take advantage of as we go forward.

So just in summary, I think before I turn this over to Andres, we've got a diversified mix of businesses. We've got both generation and utility operations. We've got a nice geographic spread, geographic diversity, as well as a diversity with respect to fuel types and technologies.

And then in terms of significant opportunities going forward, we've got the 3,500 megawatts under construction, which is going to be almost built-in growth in our earnings and cash flows in addition to a nice portfolio of -- in our development pipeline, which will give us options for up-growth beyond that. At this point, I'd like to turn it to Andres Gluski. Andres is our Chief Operating Officer. He'll tell you a little bit about our operating businesses. Andres?

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Andres Gluski - *AES Corp. - EVP, Chief Operating Officer*

Great. Thank you, Paul. Good morning, everyone. What I'd like to talk about is that AES is today recognized as a first-class operator of generation plants and of utilities. We manage the Company through 12 key performance indicators, six for generation and six for distribution.

The two really most important in terms of our bottom line would be for generation its equivalent forced outage rates, or EFOR. And as you can see on this slide, we have decreased our EFOR from the same fleet since 2005 to this year from 5.65% to 3.8%, and that's a huge difference. That means that the plants have less forced outages and are more available to run when they need to run.

From utilities, the single, most important indicator is utility losses, and this is really energy losses. There's a component, which is technical, but there's a component, which is non-technical. And here we see that we've decreased total losses from about 12.3% to about 11.8%. Now of that, all of that has been in non-technical losses, and this goes straight to our bottom line because this is energy that we have purchased but we haven't billed and collected for. So, this is really about a 10% decrease in our non-technical losses, and so this is quite an achievement.

And in terms of being recognized for our improved performance, in 2007 we received the Edison Award. This is a award for sort of the improvement and innovation of international operations. Previous winners were DuPont Electric, Korean Electric Power, Scottish Power, so we are very proud of this sort of recognition of our improved performance.

Two other cases I'd like to point out and sort of turnaround stories, and the first is TEG-TEP, which is in Mexico. And this is a coal-fired plant that previously had been managed and operated by Alstom and Exelon, so we have taken over this place. It -- its off-takers are [Semi Con] Grupo Mexico, and we increased capacity 5% and we improved availability from 77% to 88%. And I think this is a very impressive performance, taking into account that it was previously managed by the companies.

In the Philippines, a similar story where we acquired a large coal plant, Masinloc, this was a privatization. We've improved plant capacity 40% and improved availability from 85% to 95%. Now, these improved operating results, as Phil mentioned, in production, have led to improved financial results. So if you look at our adjusted earnings per share, these have increased from $0.94 to $1.12 last year.

Now currently, we are facing obviously headwinds in terms of foreign exchange and commodity prices, or basically the -- say oil prices and gas prices have fallen more than coal prices, and we are fighting these headwinds.

However, if you look at 2008, one of the drivers of these results was a $100 million cost-cutting exercise that we did in Brazil. Currently, we have a $150 million cost-cutting exercise that's well underway. So today, we have reduced 500 people worldwide. We've started a solid fuel project, which is really global purchasing for coal, pet coke and also fleets, and we expect to make -- to save $20 million this year alone on that project.

This also means global sourcing with -- for equipment using our presence in China, our Beijing office. This is also moving financial operations to hubs, so we have been able over the past two years to make significant cost reductions in our operating structure, and we're well underway this -- for this year's $150 million target.

Now, risk management is a key component for a company such as ours, which operates in many geographies and many technologies, so our basic modeling is a project finance model. So, our resource -- we rely on non-recourse financing at the business level and at the projects, of course this insulates the parent and the other businesses if one business is having trouble.

We concentrate on three key risks. The first is currency risk, and we'll see how in terms of our debt and some hedging operations we off lay currency risk. Commodity risk, this is mostly a fuel input and how we -- our long-term contracts of our regulated

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businesses pass through most of that risk. And finally there is political risk, and in the case of political risk we basically have two ways that we mitigate this.

First is we have very strong local presence. If you go to our operating businesses, 99% of the personnel will be from that country, but we also use advisory boards. And in this case, what are our advisory boards? They act as a Board of Director for that country, look at our business, and we invite independent member who in the past had, let's say, very good knowledge, a very good experience about the country, people such as retired ex-presidents of central banks, ex-ministers of finance, ex-presidents of the Chambers of Commerce. So by this, I think we've been -- really been able to successfully understand the countries, understand new legislation, and quicker to be a participant in solving the energy needs of the countries.

So, we look at one of the -- the currency component. As of today, 94% of the non-recourse debt of the operating company is in the functional currency of that business. So that means if they have a dollar contract, it could be in dollars. But in places like Brazil, basically all of our debt is in reals, so we don't have movement in our profitability as a result of movements of exchange rates. And across country, that last $1.2 billion is specifically in cases where we're in not long-term markets for these assets. So of course, we're also looking at term risk as well.

Now here we look at sort of commodity risk, and I think here the key point is that 70% of our gross margin is attributable to long-term contract and utilities, so they're much less commodity-sensitive. And then you look at this ratio, it's decreased over time and will continue to decrease because our new projects are under long-term contracts. So the proportion, which is susceptible to commodity risk, will decrease over time.

Now here we look at political risk and we took three examples. We have Masinloc in the Philippines. It was financed through the IFC and the Asian Development Bank. We have a very strong local advisory board, the Dean of the School of Economics, the ex-CEO and Chairman of Mirant assets in country, and an ex-Minister of Finance.

If you look at Gener in Chile, 30% of those shares are listed on the local stock exchange. Now, key holders of that -- of those -- equity are the AFPs, or the pension funds in Chile, so this also gives us significant local presence. And we have a very strong local Board of Directors. In fact, the AFPs now have a member on our Board.

If we look at Maritza East in Bulgaria, this is a large coal plant in a waste disposal facility. It's a long-term contract with NEK. It has multilateral support from the EBRD, MIGA, the German and French ECA, and it's -- also uses local fuels, as Paul was saying, in terms of energy security. And this is an interesting case of a coal project, which is green, because first of all we will be able -- we are replacing existing facilities, which are far less efficient in terms of heat rate, the coal that they use.

And second, we have a waste disposal facility, which is state-of-the-art and really the best in all of eastern Europe. It's going to take what was a flag heaps from a mine and turn it into farmland at the end of the process.

Now here's our construction program, which Paul had mentioned, 3,500 megawatts. 96% of it is under long-term contracts, and here's the schedule of additions for 2009, 2010 and 2011. So, there's 1,100 megawatts coming online this year. 200 have already been commissioned. Next year is an important year with about 1,400 megawatts and the final year 2011.

Now if we look at the breakout, about a third is in Europe, about half is in Latin America. That's all concentrated up -- very concentrated in Chile. The other case would be -- we have a construction project in Panama. North America is wind as well as -- and Asia and the Middle East we have wind, but we also have a gas project in Jordan.

But, one of the questions is in this environment, have you been able to, let's say, access financing for these projects. Since October when the crisis really started, to date we've financed $1.6 billion worth of non-recourse financing.

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So, I think this shows well structured projects with first-class off-takers in investment-grade countries can get financing, and it's one of our advantages. We connect niche financing in countries like Brazil and like Chile where there are, for example, pension funds that like to or need to invest in the country.

So if we look at the project, there was $1 billion done with Chile. This particular financing won four awards last year. North Rhins in Scotland and Nikola at Kavarna in Bulgaria, these were two wind projects, solar in Spain, and Gener did a corporate bond in Chile. It was a dollar-denominated bond, ten-year bullet. So if we look at our construction projects going forward, and I think something very important for AES is if you look at the increase in our revenues and our free cash flow, it's specific concrete projects.

So if we look at the non-recourse financing that's already secured, of course not fully dispersed there's about $2 billion, Gener has cash on hand partly from the $200 million corporate bond, so AES' contribution to the project is $300 million. Minority partners put in the other $100 million, so that's the full $2.75 billion. As you can see, it's a small amount for AES of incremental liquidity needed to complete all of these projects.

Now here, let's look at some specific projects and since a picture's worth a thousand words we have a few pictures of these projects, and you can see the advanced state of development they're in. But, this is Nueva Ventanas in Chile. This is an add-on to an existing facility, 270 megawatts. It's owned by Gener, and its commissioning date is next year, 2010.

You see Guacolda 3, and actually on the right you see Guacolda 4. If you look you see three smoke stacks, so one and two is the -- on the left. Three is in the middle. Four is on the right. Commissioning date is this year, and actually Guacolda 3 is already, let's say, fired up and connected to the grid. We're doing the first tests using fuel oil.

Here's Bulgaria. This will be commissioned in the second half of 2010. What you see here is the cooling tower is already built, main structures are built, and if you look in the middle of the slide you'll see the train -- that's where the ash is going to be transported to the waste disposal facility.

Here we have one of the newer projects, Angamos in Chile. This is in the north -- in the sea. The off-taker is BHP Billiton, and this is one of the more newer project in the earlier stages of construction. One of the things that we have done in Chile is we have an agreement with POSCO of Korea to be a strategic supplier for these building projects. We're very pleased with POSCO's results, and this has quite frankly given us an edge in terms of getting all of these projects completed.

So in summary, we are leveraging our operational experience to improve profitability, and this is something that we've done and continue to do and we will deepen this year. We have, I think, a very unique (inaudible) in terms of risk management by our local presence, use of local advisory boards, of local partners and multilateral financing.

You've seen our commodity risk is very much offset. As Paul said, 70% is long-term contract. Also, we're in regulated utilities, and in terms of currencies we've matched our debt with our functional currency. The construction program is progressing very well. I can say, for example, in the case of Chile if you looked at our construction record compared to any of our competitors, we are quite frankly by far the Company that's most on time and on budget.

Debt financing for the construction is already in place. Only $300 million of additional equity is required from AES through 2011, and just completing these projects will give us $0.25 of EPS in 2011 and $300 million to $400 million of proportional free cash flow. So, these are very concrete projects, which are in advanced stages of development. Okay. With that, I'd like to leave it with Victoria Harker, our Chief Financial Officer.

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Victoria Harker - *AES Corp. - EVP, CFO*

Thank you, and good morning. I'm going to give you a brief overview of where we stand from a liquidity and a debt structure standpoint, a little bit of compare/contrast to where we were, some of you who followed us a couple of years ago. And some of this you've probably seen with our last earnings analysis, but I will give you some more recent stuff as well.

In terms of parent company, and let's address that first and then I'll talk about subsidiaries, we have solid liquidity, about $1.5 billion as of mid-May, and about $695 million in cash on hand, and we have $766 million available under our newly-extended revolver.

In addition, we've improved the quality of our liquidity relative to prior periods. At this point, about 60% of it is in cash, as I said, versus about 10% in December of 2008, so we've made a very concerted push to increase the quality of liquidity and the cash available on hand, should it be needed.

Since the beginning of the year, we also reduced and extended about $1.3 billion of our near-term debt maturities. You may have read about the $750 million secured revolver, and the $600 million Merrill Lynch facility is now all but expired.

Just again to give you sort of a compare/contrast, this slide shows where we were in December -- December 31st of 2002 in terms of our total debt, again at the parent level, about $7 billion, $7.1 billion, and you can see the 2003 to 2006 maturities of about $2.1 billion at that point in time. At that -- we had -- on average the bulk was maturing within about three to nine years. And you can see current as of May 2009 we now have total debt at the parent at about $5.6 billion, almost $5.7 billion.

And 2009 to 2011 maturities, by contrast to the prior slide, is only about $800 million. So you can see, we've made a concerted effort over the last several years not only to improve our cash position but also to retire debt aggressively in the process and to extend and smooth the maturities over the future period, reducing it by about $1.5 billion in total. Most of the debt now matures four to 11 years out and is well sized to the cash flows that are coming in.

Needless to say, in this marketplace we are much more comfortable with that given the fact that we have a better matching to the cash influence and we're less reliant on the market cycle, relative to external financing. This gives you a birds-eye view at the subsidiary level as compared to the previous slides, which were at the parent level. We have a similar profile.

As a reminder, our subsidiaries are structured largely using non-recourse debt as standalone financing, which Andres touched upon earlier. What that means is that we have no cross default to AES at the parent or at the other subsidiaries. They are funding their project-level financings at the business specifically. Their debt payments are serviced through project-level cash flows within the business, and anything excess to that is distributed to the parent after the scheduled principal payments are made.

Now, you can see up on the slides here in terms of the debt maturities on the left and the consolidated operating cash flows on the right, the subsidiary debt maturities are well covered by the operating cash flows in those businesses. We anticipate about $7 billion of cash flows to service, about $3 billion worth of debt maturities over the next three years, so a good ratio from a risk analysis standpoint.

Just to drill down a little bit further to give you an example, of 2009 $893 million of scheduled debt maturity as you can see on the slide all the way to the left. 2009's $720 million pertains to more than 35 different subsidiaries, the specifics of the project financing and the cash flows coming out of those individual businesses. On a per-sub-basis, that's fairly small.

About $162 million incremental to that relates to Brazil, which has very low leverage, about two times, and very large cash on hand balances. And all of these factors, from our standpoint, help minimize any risk of refinancing. They need to go out to market in conditions which may not be optimal.

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This next slide talks to the reductions from 2005 we've made on non-recourse debt, again at the subsidiaries relative to the existing businesses, by about $1.6 billion from that point in time. What that means is that we've essentially built equity in those businesses by retiring $1.6 billion worth of debt repayments in largely the generation businesses. That's the way their structure works and that the project finance debt structure requires us to pay down as the project advances, building our equity at the same time.

You can see on the other portion of the slide, over the same period of time, utilities have maintained a fairly flat or level debt structure, which is very matched to their annuity-like cash flows. So, we manage both parts of the portfolio specific to the debt structure in which they are set up.

In summary just to focus on liquidity and debt profile, again at the high level we have a very solid liquidity position at this point. The quality has increased dramatically by intent, and we have a very manageable debt profile, both at the parent as well as at the subsidiaries.

We has -- have, as Andres mentioned, demonstrated access to the capital markets, even today in spite of some of the recessionary cycles, particularly at investment-grade types of projects. And we have continued to have good access to the non-recourse market. We have a strong track record in the businesses themselves and a high quality of businesses in the portfolio that continue to attract capital as well as facilitate their ability to refinance. So with that, I'm going to hand off to Ned Hall, who is our Executive Vice President of North America and who will also be speaking to renewables, wind, solar. Okay?

Ned Hall - *AES Corp. - EVP, President - North America*

Thank you, Victoria. Good morning. As Paul mentioned, I'm going to stress and emphasize right up front this is really about creating options for us right now. We've applied the discipline that's -- that we needed to given the current circumstances. We've had significant cuts in our development efforts. What we've tried to do is slow down and continue to preserve pipeline and projects so that when financial markets do reopen we're well positioned.

We're positioning ourselves across several dimensions. One is our global platform. It creates a real opportunity for us, and the other is across technologies so that we are positioned to take advantage of different potential outcomes, either legislative, regulatory and where financial markets open up, and we are seeing them open up differentially in different places.

The story is growth continuing. As Paul put a slide up to talk about terawatt hours, this is the similar slide from the International Energy Agency on gigawatts, and it's interesting. It mirrors our global platform in a very similar way, so we think we are well positioned to build and take advantage of some of this growth when it -- again when the financing does reopen. And I would also point out that this is a doubling of current installed generation in the world, so this is a significant opportunity.

We have a 38-gigawatt platform globally. Every one of those projects lends itself either to repowering or extension over time. That's another significant advantage. And we are, as we've pointed out a couple of times, flexible on technology, and I'll get into some of the different technologies that we're pursuing.

First, I'll touch on our core power. A little more than 80% of that 4,523 gigawatts will be in core power, so this is still an important growth opportunity looking out over the future, and it's very consistent obviously with AES' core competencies. And we've been developing coal, gas, oil plants, hydro plants since the early '80s.

A couple of examples of our platform expansion projects, in India our OPGC project, today we operate a 420-megawatt coal plant, which is pictured in the lower left, and we have a 1,200-megawatt platform expansion under development right now. We have the coal allocations to do that.

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Similarly in Hungary, we have a 330-megawatt CFB plant. It's an extension of our existing 56-megawatt facility that's operating today. And both of those projects are working hard to get PPAs and other project agreements in place so that when financings do become available we can move those forward.

Similarly in India, we have another project that -- it's not a platform expansion, but we do have a coal allocation so it creates a comparative or competitive advantage for us if we can put the rest of the deal together. And if -- we will maintain the discipline to not put those into construction or start them until we can secure a financing.

Another example of a project where we're negotiating is in Vietnam, a 1,200-megawatt coal plant, and we've been in Vietnam since the early 90s trying to move projects forward. So, we have a relationship there that we're trying to utilize to get this project going.

Talking about renewables, and as Paul pointed out in his slide, it really -- there's something for everybody in renewables right now, whether it's concerns about energy security, concerns about the environment, there are a lot governments putting incentives in place to motivate investments, and we've taken steps to position ourselves to be able to move projects forward. Again, an attractive aspect of this is that it does lend itself to project finance -- our project finance model to reduce risk.

There are lots of opportunities in countries where AES has a presence, so it's consistent with that theme that we want to be global, and it very much plays on our core competencies in development, construction, management and operations.

We have a long history in hydro. Pictured here are two of our facilities, the Iznalloz plant in Spain, a 3-megawatt solar PV plant that we just started up, and the Mountain View I & II project in Palm Springs, California.

Talking about hydro, today we operate 7,460 megawatts of hydro generation, and we have 285 megawatts under construction. The details on the construction will be provided in the appendixes, but the -- it's two projects that are under construction, one in Panama and the other in Turkey, and those are growth markets going forward. We have an 850-megawatt development pipeline that includes additional projects in both Panama and Turkey as well as new projects in Colombia, the US, China, Brazil and Chile.

Just to touch on the Chilean project because that is the biggest of the 850, it's a 530-megawatt project, Alto Maipo, which is 40 miles from Santiago, 40 miles from the load center. It has two real advantages. One, we don't have to relocate anybody, which obviously is a difficult issue and a -- and one that brings opposition out.

And more importantly, we've already achieved the environmental impact assessment for the project, so that's ready to go again as soon as we can secure financing and are sure ourselves we're ready to put the equity in, that that returns are there.

Wind has been another big growth area for us in -- globally. It's a -- it's typically the lowest-cost renewable, so any place it has incentives or programs in place wind tends to grow most quickly. It's global today. It's high-growth today, and it looks to be long term.

Another advantage that wind brings is its short construction cycle. It's six to 12 months to build a wind plant, which is an attractive opportunity -- from an investor's perspective. The US installed -- I'll start on the left and work my way to the right. The US installed 8.3 gigawatts of wind last year making it number one in the world in terms of megawatts installed, and it got us to a total of 25 gigawatts out of the total 122 in the world so also number one now in terms of installed megawatts.

You'll note when we talk about our growth in the US, we slowed our efforts and focused more internationally because we were concerned about where the legislation was headed. Well in February this year, the American Resource and Recovery Act was passed, and I'll touch on that in the next slide, but the real motivation to date has been the 28 states that have renewable portfolio standards and DC. Renewable portfolio standards require an increasing percentage of electricity come from renewable resources and typically grows with time.

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Finally, in the US, we're all looking to a potential for a federal renewable energy standard. There's provisions for that included in the Waxman-Markey bill that just came out of Committee. The industry -- the wind industry and other renewable industries are lobbying for it hard, and that's really what we would look forward to to motivate long-term opportunity in the US.

The on-again/off-again nature of the production tax credit has really not allowed wind to be everything it could be, or renewables in -- more generally be everything it could be in the US. Moving on to Europe, the Europeans late last year got together and passed in parliament an agreement to go to 20% renewable generation by 2020. They further have divided up and have specific targets for every member of the EU, so that's a huge motivator for people to grow.

They have a combination of incentives in each country, they're not all the same, and we participate in both types, again renewable portfolio standard markets, quota markets, where a percentage of renewable generation is required if you participate in the industry, and a vehicle of that would be the UK, and feed-in tariffs, which are essentially fixed costs, fixed prices for a period of time to motivate investment. That's been extremely successful in Europe in motivating investment.

Moving on to China, the Chinese are very aggressive on wind. They have stated targets of 10% by 2010 and 15% by 2020, but they say publicly, that translates into 100 gigawatts of wind. That'd be up from 12 today, so that is a substantial growth opportunity. China was actually second to the US in installing wind generation last year at 6.3 gigawatts, and China and the US combined last year installed over 50% of the world's 27 gigawatts.

The -- Brazil is the final market I'll touch on. They've had a government program referred to as PROINFA that has motivated investment, essentially a feed-in tariff regime, or feed-in light-tariff regime, that's changing. So Brazil could be a market for the future, and AES' presence and footprint there is obviously something we're leveraging.

They're talking about renewable-only RFPs coming out, and we've positioned ourselves, you can see on the bottom right, we've put a convertible loan in place for the project that has 210 -- or, a company that has 210 megawatts under construction. And if -- it also has a development pipeline behind that, so we'll be deciding later this year whether we think Brazil is going to make sense and we should continue in that market or we think there are better places to focus.

And another point to emphasize across all of these markets is it's really the AES presence in all of these places that have really helped us jump-start our business and get things going quickly, and we have a picture of St. Nikola under Europe, which a 156-megawatt project in Bulgaria.

And Andres had a picture of Maritza that he put up earlier, and this is really an extension of that development effort and the relationships that AES started with the government and other people in Bulgaria, let us very quickly leverage ourselves into an existing pipeline of projects with a developer there bringing our global credibility, our ability in our core competencies, in development, construction, management, financing and ultimately operations, to have what is one of the largest wind projects in Europe at this point, onshore.

Same story in China, we've been in China since the early 90s. With the relationships that we'd formed through multiple years of working there, it gave us credibility with our Chinese partners to jump-start that project. We've got about 200 megawatts in construction in China right now and see that as a growth platform. The real issue, and I'm sure we'll get to this, is are the returns going to be satisfactory for us to continue to grow there. And that's something that we're obviously going to be disciplined about and watch very carefully, and I mentioned Brazil.

Focusing on the US, as I said, the US is a place that we haven't put as much time and effort to because we weren't sure where the legislation was heading. Well, the American Recovery and Reinvestment Act of 2009 has reinvigorated our focus, and we're very optimistic that in the near term we're going to have some success.

It laid -- the slide lays out our presence across all of our generation, and this is obviously a core and important market for us. Basically what the Recovery Act is is it extended the Production Tax Credits until the end of 2012, and historically in recent

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history the real use of Production Tax Credits for a lot of companies was to allow them to find a partner that could utilize the tax attributes, then fund roughly two-thirds of a project. That's been our model on all of our wind projects to date.

Well what's happened recently, there aren't as many people with tax appetites, so that market has dried up fairly significantly. As a motivator to try and reinvigorate both the economy and through the industry, the Recovery Act has the ability to turn the Product Tax Credit into an investment tax credit, 30% of CapEx.

There's a further opportunity for '09 and '010 projects to go to the Treasury and monetize that and turn that into cash 60 days after COD. That has a couple of effects. One, it is a great source of capital for us in terms of trying to get our projects going. But two, it's going to put more leverage into projects and get our returns up, so we think we're going to be able to get turns that would have been in the low to mid-teens up into the mid to high-teens as a result of this.

The final program that was included in the Recovery Act was an extension, or an -- excuse me, an additional loan guarantee program by the DoD. I said extension, because they already have a program called Innovative Technology, and this program is actually different than that. It's a new program targeting renewables, transmission, biofuels, and it's -- the challenge with it is it is new and there's not clarity on how to -- how that process will work.

But, the DoD is working on that. They -- they're working directly with banks right now trying to come up with a program. They expect to put the rules out in July where essentially the banks would act as the front for the government in establishing projects' credit worthiness, acting as agents on behalf of the government to report back. And there are some challenges in that obviously that everybody's trying to work through.

This is probably not an '09/'010 opportunity unless something happens in July, but I think over the '11 and '12 periods of time, this will be an opportunity for us to do even more wind projects in the US. So again, our presence in the US, the -- and I'll talk a little bit more about our specific pipeline, really positions us to respond if and when these programs have some clarity and if they make sense and provide the project financing we need to move our projects forward.

The chart for wind growth we got from Emerging Energy, and again I put this up to stress our -- how it dovetails with our global perspective. It's not just a US business. It's not just a Europe business, and I think the rest of the world at this point looks small to me on this.

So I pointed out, because we actually being in Latin America see a lot more going on. Chile now has a 10% renewable portfolio standard requirement on generators, so we will need to comply. Brazil, as we mentioned earlier, is heading in the direction of renewable-only RFPs, so I actually expect that wedge to grow and I think the fact that we're there will make a big difference.

Five hundred and sixty-seven gigawatts would be up from 122 gigawatts today, so the industry's going to get five times bigger. So it's high growth, long-term, global markets.

Talking a little bit more about what we -- where we are specifically, today we operate 1,274 megawatts in China, France and the US. Two hundred megawatts of that is third-party O&M, and our strategy has really been M&A and greenfield-development focused.

We in 2005 bought a company called SeaWest that had a -- roughly 100 megawatts of operating assets, and just as importantly, a pipeline of development and people and experiences. AES' core competencies in development, construction and operations covered 90% of -- at least in my view, of what you needed to be a successful wind company, and we picked up 10% and probably then some when bought SeaWest in terms of having the specific understanding and expertise to do with meteorology in terms of having some of the tricks of the trade, if you will, on how to assess developments, how to manage construction and how to operate, because it is a little different.

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And I think that's really helped us jump-start our growth globally as we've taken that expertise and expanded our opportunity set, and we really will continue to have a combined M&A/greenfield development. We're about 50/50 right now. It's tough to budget for M&A, but I think like everyone else we're studying the market to see if we can pick up some good deals.

We did start in the OECD markets, because they had the attractive incentives. We are definitely using the non-recourse financing model for this, and we are expanding globally. And that's been a lesson learned. That's happened a lot faster, I think, than we had anticipated. Across the globe, almost every market that we're in has some level of renewable generation effort that's ongoing.

We're also leveraging AES' relationships. I think something that differentiates us to our peer group or other people that we compete with in the wind business is the fact that AES is global and large. When we go to suppliers to buy equipment, we go to GE. The fact that we're one of GEs top customers helps us get the turbines we want. We believe at better terms than our competitors. But that's been tough with the short supply market. Obviously that's turned a little bit to our favor.

We also leverage AES relationships, as I mentioned, in countries, in Bulgaria, China, Brazil, to get new projects and to get into pipelines. We bring a lot of credibility when we show up and we can work with a local developer to try and take their project from where they have it, through to its success.

Going forward, we put a very healthy pipeline of projects out in front of us, 6,406 megawatts, and again, focusing on that geographic diversity. We do have 3,504 megawatts in our pipeline in the US. In order to get on our pipeline, we have to have two things. We have to have sites and we have to have meteorology data being collected.

In order to move over to the right to advanced development, the 1,427 megawatts, that means we're actually pursuing permits, PPAs, other project agreements, in order to be able to progress to financing. We've slowed that a bit in response to what's going on. But with what's going on, for example, in North America right, we're very happy to have that 600 megawatts poised and potentially ready to go, if we can access the financial market in a way to get the equity returns that we target.

The projects in Brazil, I mentioned, in Europe it's across the three markets we're focused on, really extensions of relationships we've already started in the UK, in Scotland, in France and in Bulgaria. Moving to Solar PV, as I progress, I'm actually going from the more advanced and more core competencies we have, into new areas. We went into Solar PV in 2008. And it's been really amazing what the teams accomplished to date in a 1-year period.

What attracted us was the fact that France, Greece, Spain and Italy all have high tariffs with long tenures. So this lends itself obviously very well to our project finance model. But it wasn't yet global. We think it will be. What we've -- how we set this up is when we went into it, we did recognize that there would be significant capital needs. And that we might want to find a partner that could help us identify opportunities and identifying capital.

We partnered with Riverstone. Together we've committed to about $1 billion, in $500 million each. AES is about $148 million in to date. And this has slowed down as well, like all of our projects. We are applying more discipline to this.

We did go to Europe because the tariffs were there. We have a non-recourse financing, as Andres pointed out, $91 million in December. And we do have an expectation that this will expand to the rest of the world. It will become a global business. As prices come down, and as incentives expand.

We did put a forecast of potential demand in there, 22 gigawatts by 2013 from the European photovoltaic industry. Those are probably pretty rough estimates at this point. But we think this is a business that we're up and running in.

We have 32 megawatts. It's producing revenues. And we think it's going to ultimately be a technology that'll allow us to grow globally for the long term.

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Continuing down the option categories, Climate Solutions is a business that we made a big effort into about three years ago and had very bright hopes for. Currently, we own and operate landfill gas and animal waste projects. We have 92 projects registered with the UN that produce 1.8 million Certified Emission Reductions.

Just to touch on that briefly, the target audience for that are people that have signed up with the Kyoto Treaty and have commitments to comply with. And we sell them the CERs in order to help with that compliance.

This business has really faced three challenges. First, the UN process has been bureaucratic and slow. So it's been tough to get your project certified and get them out. Second the actual cost of producers has come in higher, I think, than we anticipated and others anticipated in the market. And third, the way the CDM market was rolled out, there are excess credits. So the prices have come off.

We have adjusted to that. We're still very interested in this business. We still have some optimism, especially if the US passes legislation that creates a market that you can use international offsets. And that is how it's written in Waxman-Markey right now, which came out of committee last week.

So that really could jump start that. Again, the theme of preserving us and keeping things going and trying to be prepared and position ourselves when clarity comes. As a result of our business there, we also did start, in the United States what we call, Greenhouse Gas Services with GE Energy and Mission Point as partners. And that is really doing the same types of projects, but focused in the US market.

Initially on the voluntary market, which again had enough headroom in it so we could produce voluntary emissions reductions and sell them in the US, and ultimately, working towards the compliance market, if and when there's legislation. This is even more R&D at this point than our global business. But we have invested in a few projects. Methane to power, again litho gas, mine methane and ag projects.

We have five projects yielding a total of 1.5 million offsets. Just to point out, the 1.8 was every year, this is over the four or five-year life of the agreements we have. So this is a minor investment. But we're really positioning ourselves, that if legislation passes, we'll be able to move quickly.

So one of the things we're trying to do is work with the government and others who are in the industry, to understand what are the types of offsets available in the US? We signed an agreement with the USDA to work on intelligent nitrogen application. It's really a harming process.

We continue to look at ventilation air methane, that's both international and in the US. We're looking at ozone depleting substances as potential credits, forestry like a lot of people and industrial gases.

Switching to a new area, a new growth area that Paul touched on. We're calling Grid Stability and efficiency. We were calling it energy storage as it really is a battery business. But energy storage doesn't really explain what we're trying to do today.

Overall, we're trying to improve grid services. We're using advanced lithium ion batteries to provide a higher quality grid service. Today that's ancillary services. Having big coal plants, big thermal plants provide ancillary services requires response time in minutes.

Batteries respond in microseconds. It's a much higher quality product. And it gives a system a lot more flexibility. Now today, it doesn't compete in all markets. So that's why we don't call it energy storage at the moment, because energy storage to people connotes that you might be trying to do arbitrage or energy arbitrage. That's not economic today.

But if manufacturing volumes come and prices come down, hopefully driven by regulations that we're trying to get put into the markets, that could come and we could have batteries trying to do arbitrage. Other people are working on that.

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Another important thing that we see happening with time is it supports renewable integration. Today, renewable integration is not a problem with the penetration rates that we have. It is a variable resource. So you do need to have a resource available to help manage that variability.

That penetration rate's below 10%. The existing markets can do that today. But as you get above that, and people have experience like places like Denmark, that have received penetration rates higher than that, you do have to think about how to support the integration of renewables.

And then ultimately if costs do come down enough, we see this as a potential alternative to transmission, especially in areas where you have high concentrations of renewable power, because of the variable nature of it. West Texas would be a great place right now to have a lot of these batteries set up. And we're doing some work on that.

What we are doing is we're trying to work with the ISOs across North America to demonstrate the technology. We have 1 and 2 megawatt systems that are installed in PJM, MISO and CAISO. What we really want to do is convince them to write tariff rules to motivate investment in this, because it is a better product and they like the product.

Interestingly, Chile moved more quickly than some of the North American markets. And we have rules that have put us in a place that enabled us to build a 12 megawatt project at one of our substations in Chile.

To summarize, we're really focused on global power demand. And from the charts we've shown, I think we all would agree, it does drive future growth opportunity. And we're approaching this with a low cost option approach. Trying to position ourselves across technologies and across our geography to be able to benefit regardless of what legislative, regulatory or financial developments occur.

We have a global platform. We have a development pipeline and we have core competencies that we believe position us to be a long-term high growth investment for our shareholders. That's the conclusion of my presentation. And I think we were going to take a ten-minute break at this point. Paul, was that the plan?

Paul Hanrahan - *AES Corp. - President, CEO*

(inaudible - microphone inaccessible) chance to just get some refreshments. We'll also have presentations outside. The only thing I'd ask is if people could just limit themselves to 1 presentation right now. We'll get some more brought in, so as you leave you could grab a few more copies.

When we come back, I'll do a wrap-up, talk about the long-term guidance and some implications for valuation. And then we'll have the Q&A period. And we should be done a little bit early this morning. But if you come back here in about ten minutes, that would be great. Thank you.

(BREAK)

PRESENTATION

Paul Hanrahan - *AES Corp. - President, CEO*

Okay, why don't we go ahead? And if everybody could take their seats, we'll reconvene. So on the screen, I realize I'm getting my e-mails coming up here on the left-hand side in addition to the presentation.

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During the break, I had a chance to talk with some of you. And I think I was asked to be sure to cover -- there were at least 20 items that I have to be sure to cover in the next slide and a half. So we'll see how that goes. What I don't cover though, I'm sure you'll ask in the Q&A.

What I'd like to do now is try to wrap this up and provide some conclusion to what you've seen. Let me talk about some of the key drivers that we have with respect to our guidance that we're giving, our growth projections.

The key one we've talked about, 3,500 megawatts in construction now, coming on line before the end of 2011. It's going to add $0.25 to EPS. It's going to add $300 million to $400 million to free cash flow in 2011. It also assumes that we have $800 million of corporate debt pay down. That would lower parent interest expense by $50 million.

But also, a lot of people ask, but where does -- if you look at the free cash flow when we go through this, we'll talk about it. But where does that free cash flow go? You've got $800 million of corporate debt pay down. What about the other money? And I'll talk about that.

Then for commodities and currencies, what we do is we use the forward curves as of 3/31. That's the date that we gave guidance for our earnings for 2009. So to keep it all consistent, we've used that same date. We'll give sensitivities as we go through this so you can then look at the forward curves. How they move around, and then you can see what the sensitivities are to those projections.

Let me start with proportional free cash flow. Again, this is what we think is probably one of our most important drivers of value, at least as we think about it. 2009, we've given guidance of $650 million to $850 million. That's growing in 2010, anywhere from $900 million to $1.1 billion. By 2011, it's going to $1.1 billion to $1.3 billion.

And again, if you look at what that free cash flow is in 2011, what you see is the free cash flow yield base with an $8.62 stock price last Friday, would be, using that range, anywhere from 19% to 23% free cash flow yield, so again, a lot of room, we think, for value accretion.

Let me walk you through the bridges to how we get to that number. Starting off with the midpoint of where we were for 2009, you've got $750 million; take out $80 million for the fact that we sold Kazakhstan. We don't have that deferred sale payment coming in beyond this year.

Contributions from projects under construction adds $350 million, $50 million for lower parent interest, and $130 million is coming from organic growth, operations improvements, working capital improvements to get you to [$1.2 million], which is the midpoint for 2011.

Looking at our adjusted EPS, adjusted EPS $0.97 to $1.07. It goes up in 2010 to $1.05 to $1.15. And then goes to $1.20 to $1.30 in 2011. And again, if you look at what that would imply for 2011, that PE multiple 6.9 times is the Friday's closing price.

The bridge to get you from where we are today to 2011, again the deduct for Kazakhstan, that's now been sold. $0.25 coming from our projects under construction, $0.05 due to lower parent interest, $0.07 due to organic growth, operational improvements.

That's growth in improvements beyond the currency headwinds that we face, because we've assumed some modest currency devaluation in there, consistent with the forward curves. And then we have an increase in shares, so an increase in share count for us by $0.02. And that's just from, I believe, that comes from option exercises and things like that. It gets us to $1.25, 2011.

This is a sum of the parts valuation. I'm going to spend a little bit more time walking through this because it's a little complicated. But his really is how we value other companies, and how we would value ourselves. Again, I'm not trying to tell you what the right value is; I'm trying to give you the tools you and others can use to come up with your own views of value.

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What we did is, the key variable here as we looked at it was, what's really going to drive the values, your expectation on the right EBITDA multiple to use for our unlisted subsidiaries, and then how we come up with EBITDA. We have a reconciliation to do that because we don't report EBITDA.

But essentially, starting out at the top there, we took the market value of our listed subsidiaries, Tiete, Eletropaulo and Gener. That's $3.7 billion. We came up with an enterprise value of Wind. What we did there is we looked at a ten times multiple for proportional EBITDA for our Wind business, based on 2009. And so that's what Europeans concentrate at. It wouldn't be a bad way to think about our Wind business.

The numbers seem reasonable. It gets you close to $700 million. We think that's actually probably conservative given the development pipeline we have. But that seemed like a good ballpark number. Solar joint venture, we said we don't have a lot of EBITDA coming out. But if we just took our book value, which again we think is conservative, that gives you roughly $150 million, $148 million.

Equity earnings of affiliates, we took the -- we just took our share of that and gave it a nine times multiple, came up with $571 million. And then we looked at the proportional EBITDA numbers. If you remember back to the slide I showed up front, and I'll show it again, we said the current peers or trade are about 7 times EBITDA. Historically you've seen numbers more in the range of 8.2. Now I would say our listed subsidiaries would have a value of anywhere from $13.9 billion to $16.3 billion.

For the projects under construction, the ones that aren't included in our listed subs. I don't think the listed subs are really getting full credit for the construction pipeline. But to keep it straight, we just said, well let's just take those out and only use the EPS coming from the non-Gener construction. And that was $0.16. We took the nine times multiple for that construction. That gets you close to $1 billion. So that's $960 million.

The value of the PV or present value of our NOLs is $379 million. We added that up, and that says we've got an implied enterprise value of anywhere from $20.4 billion, if you use seven times multiple to $22.7 billion. If you use a 5.5 multiple, that gets you $17.4 billion. And that would equate to our stock price of trading as of Friday.

We then subtract out the net proportional debt excluding the listed subs to come up with the implied equity values. And again, at a 5.5 times multiple, that would give you $8.62, seven times multiple it's $13.21, and to the 8.2 multiple $16.77. So that again, you and others are going to use the math that you think is appropriate.

What we wanted to do is give you as many tools as we could to give you transparency into how we think about the value. That just allows you to go in there and play with some numbers and see what you think the right value is. But we think this is a useful exercise to go through.

This again gives us -- I showed you this before, but it's worth going through again. Using PE multiples, you get a range of valuations using current market comps for our peers of $10.78. By using historical, you're up to $15.25. Sum of the parts, you get using current market comps for peers, $13.21 up to $16.77. And today we're trading at $8 -- or not today, but as of Friday, $8.62.

Using the free cash flow yield, again, 10% or 12% depending what you're right number is. Using the free cash flow in 2011, this would apply a value in 2011 of anywhere from $15 to $18. And $8.62, 21% free cash flow yield.

Now I think a lot of people talk about free cash flow and say, well the problem is we can't count on that money coming up. And how do you ever get that money? But I'd just get you to think back to our Kazakhstan sale. This is a business that wasn't generating a lot of distributions to the parent. But it was something that we could monetize.

And I think we're always going to have the ability to do it. Something we and the Board talk a lot about is, are there businesses out there that would make sense, that strategically aren't critical where you can monetize them. And being able to sell Kazakhstan

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for something in the order of $1.3 billion, I think, is a good example of how you can actually bring that value forward when the market conditions are right.

This is a sensitivity chart. I'm not going to go through it in detail, but it gives you an idea what kind of sensitivities we have. I think I'd summarize it by saying a weaker US dollar tends to help us as a Company. As the dollar weakens, we tend to do better just because we have a lot of foreign exchange coming in.

Higher gas prices work in our favor. Higher oil prices work in our favor. Coal is a negative correlation. So really what we're looking at is the coal -- the gas coal price spread. But generally we have a pretty -- we feel comfortable with the fact that our exposure is high gas prices, and low coal prices.

Because we think, over time, environmental concerns are going to be driving to more gas plants, more renewables and that's going to put more pressure on gas prices. So we think we like that position in terms of where we are.

So let me go back to the slide I gave you at the very beginning. And that is, what is the value proposition for AES? And we think it is compelling. We think there's real value here. We've laid out some of the reasons why there might be more value than the current market price would provide. The diverse portfolio in terms of generation, utilities, distribution, you've got the different fuel types, different technologies and the different markets.

The solid liquidity position, I think Victoria talked about where we are. It's a much higher quality liquidity position. We've got that existing liquidity. We're generating about $3 billion of free cash flow over the next three years. And one question I got was, where does that money go? Well very simply, you've got $800 million going to debt pay down. We've got $900 million going to pay down subsidiary debt.

And Ahmed, if I get this a little bit wrong, please raise your hand. We've got $600 million -- $500 million to $600 million which is going to grow CapEx of our subsidiaries. We've got $300 million that is going into the construction projects which we talked about.

So as you can see, we've got -- that's where the free cash flow goes. And we've got some discretionary cash flow on top of that with our current liquidity position and the cash flow we generate over the next couple of years.

And that's important because we talk about -- Ned talked about the various opportunities. We have a lot of good opportunities. It gives us the opportunity to look at all the different places where we could be investing capital.

One of the things I was asked to talk about also is, how we think about capital allocation. And it's something we spend a lot of time at our Board meetings talking about, is how we think about allocating capital.

But I think in the past several months, it's really been focused on accreting capital and building up a strong liquidity position. We've been very successful with that. We've focused on moving out some maturities giving us a clear runway for the next couple of years. Looking beyond that, I think it gets a little bit more complicated. It's hard to say today what our hurdle rate is for new investments. What we do know is those hurdle rates have gone up over the past several months.

We used to look at -- back last year, at ranges, returns that might be mid or low to mid teens in terms of types of returns we'd be looking for. We've clearly increased those expectations. I think today we're looking for things that are more mid to high teens type of returns for equity returns for our projects.

But it's not just that. We're looking at strategically, where are we going to be investing that we can build a business that's going to give us longer term payoffs? What are the kinds of things that are going to help us build a platform that we can take advantage of later?

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We know we've got limited capital. We've got it allocated very carefully. And we've got to compete, investing in new opportunities with investing in our own debt -- excuse me, our own equity. We've got, under our covenants, we can buy back another $350 million worth of stock. We've reserved some dry powder to do that. But we have to compare anything we do to buying back our own stock.

And as I showed you, if we take a view of valuation that AES would, we see there's an opportunity of buying back stock. But we've got to compare that against the opportunities we have to grow the platform and see, what's the best use of capital.

But that's the thing we really wrestle with as a management team and at the Board level, is to what's the right thing to do. But for the past several months, it's really been focused on, let's build up that liquidity and give us the option to decide, what's the best use of capital, as we go forward.

We talk about the built-in organic growth, the 3,500 megawatts of construction. And if you walk away with anything today, that's the key thing I want you to think about. Is that's built-in and it's funded. We've got the money to do that. It'll be coming on line. And it's going to be generating cash flow and earnings.

Then the option value of the growth pipeline, all the valuations that I showed really didn't incorporate anything in there for the value of that growth pipeline. But we think there's an incredible amount of value in terms of how we would source the capital to do that, many different options to do it.

But we think there's a value there. It could be bringing on partners. It could be selling down projects that are in development that we decide not to go forward with, a whole host of options. Selling assets, where we think we can get good prices. Redeploying that capital into new projects where we could get higher returns. We think those all give us opportunities.

But in summary, we think there is a strong case that we've got a really compelling valuation proposition. We believe it. It's something we really want to convince you and all of you joining us on the webcast, to say that there's a good opportunity to invest in AES.

So thank you very much for your time and attention. And at this point, we'll open up for questions and answers. Thanks. What I'd like to do now is invite up our management team. They'll come up here. We'll be available to answer any questions you have.

QUESTIONS AND ANSWERS

Paul Hanrahan - *AES Corp. - President, CEO*

Okay, why don't we open up for any questions any of you might have. Yes.

Unidentified Audience Member

Do you have microphones?

Paul Hanrahan - *AES Corp. - President, CEO*

Yes we do.

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Unidentified Company Representative

There's a mic right there.

Unidentified Audience Member

You made an interesting comment just a moment ago about the currency and that the declining dollar is advantageous. I'm not quite sure how to take that. I think everyone realizes that the dollar is probably going to decline pretty significantly over the next few years due to the size of the deficit, and quantitative easing.

But are you just talking absolute terms or relative terms? Because if there are going to be some countries that we will decline against significantly, and other countries that have equally large stimulus plans, and are going to have significant debt to GDP ratio, maybe in excess of ours. So how do you guys look at the various currencies? And how the dollar is going to perform against them? And how that's going to affect the business?

Paul Hanrahan - *AES Corp. - President, CEO*

Well, I think you're right. If you look where we benefit with much of our gross margin, our cash flow coming from overseas, to the extent any of those particular currencies strengthen against the dollar, or don't devalue as much as our projected at current forward curves, or the ones as of 3/31, that's upside for us.

So you really have to go through and look at the various currencies around the world and say, where do you think they're going to turnout? I think we like the bet that says, we've got some exposure to some of these other currencies because we think there's probably some more upside for those currencies relative to the dollar over the medium term.

The short term, not quite sure, but we think there is some potential there. Or to really look at that as upside to our revenue stream and our cash flows coming in from other countries. But you really would have to look at it, country-by-country. Because I agree, not every currency will appreciate relative to the dollar. Some may depreciate -- that's one of the things we look at all the time.

What we try to do is, where we see opportunities -- why don't we step back. I think Andres mentioned, in terms of our capital structure to the subsidiaries, where we can, we try to be sure we put the capital structure and something that matches the functional currency, or really the currency that's most relevant to that business.

So it means we're taking on local currency debt in order to give us some protection, just in the event that -- just to make sure that we've got the right balance between debt and revenues. Beyond that, I think we look at hedging our cash flows that will be coming out of those businesses, where we see opportunities to do that. But generally, we might do that for -- because the debts of the market are probably no more than six months to a year. Yes.

Unidentified Audience Member

If you look at the pipeline from '09 through 2011, you're averaging roughly a gigawatt per year of new generation you're putting on. When we look at past 2011 and 2012 and beyond, do you think that's a reasonable run rate that your various pipeline options could do going forward? Or do you think it's something lower, something higher than that? What do you think is a reasonable long term growth in megawatts run rate to think about?

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Paul Hanrahan - *AES Corp. - President, CEO*

I think that's probably at the high end, the gigawatt per year. I don't think we look at that as being the norm. And it's probably the higher end of what we've been able to do as a Company. And it's probably more in the -- I'd say it's between 500 megawatts to a gigawatt, is probably the range we'd look at as a good steady state growth rate for the Company. Yes, sir.

Unidentified Audience Member

A couple of capital allocation questions. I understand you're not really highlighting the development pipeline as much right now. But I was wondering within that development pipeline now, are there any projects that even come close in terms of return on equity versus buying your own stock at the current price?

Paul Hanrahan - *AES Corp. - President, CEO*

No, I think if you look at the projects, we're seeing projects with returns in the high teens. I think that's definitely achievable in today's market. You might see some of the small ones that could have returns that are maybe even the low 20s. But that doesn't match the opportunity we have to buy back on stock.

I think what we're looking at though is where we want to build up a strategic position. How do you balance that to make sure you can get percentage in Solar Photovoltaic tech? We think the returns are good with Solar PV projects. They're probably high teen returns. We're not looking at ones that don't give us those kinds of returns. But it's building up a position and a platform to grow those.

The other thing we don't do is, when we look at a project, we don't build in an expectation we're going to sell the project in four years, five years. We don't build in the expectation we'll do an IPO. To me those are all upsides that we might have.

Where we have partners, it's very possible we would take some of these and IPO them down the road. But we look at the fundamental returns. So we -- as we look at that, we say there's some real upside to returns if you do something like that, if you sell them.

Again, take a look at our Kazakh investment. The kind of returns we got with the sale of the asset. That's pretty big. But we look at a long term, 20, 30-year type return. And you get a long term 20-year return of 17%, 18% is actually not bad. We also have limitations to how much stock we can buy back. So that's the think we try to balance against each other.

Unidentified Audience Member

As a follow-up to that, I understand you've also been in a mode of enhancing and preserving your current liquidity, that's understandable. Are there sign posts that we may look to, to where that mode of thinking may be changing? That you may be focusing your capital allocation in a different direction?

Paul Hanrahan - *AES Corp. - President, CEO*

Victoria, you want to --

Victoria Harker - *AES Corp. - EVP, CFO*

I think the sign post will be more external (inaudible) then they are internal at this point. I don't think we can crystal ball what the rate of recovery will be.

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I think certainly the project financing structure allows us a little bit more flexibility in terms of getting work done in areas, particularly outside the US, as Andres walked through. But I don't know that we can prognosticate what the rate of US recovery will be.

Paul Hanrahan - *AES Corp. - President, CEO*

One thing we do, and Chip Hoagland is here. And he spends a lot of time with Victoria going through it. But the way we think about our liquidity is -- and capital allocation, to the point you mentioned, is we look at crash cases.

What's the worst that could happen? And we need to look out two years and say, if everything went bad, we want to make sure that we don't do anything with respect to debt covenants that would cause rating downgrades. So we're really focused on how do we maintain a good stable set of -- a good stable liquidity situation and coverage situation in all cases?

So we really look at that. And I think because there's a lot of uncertainty out there, we're having to widen that band as to what might happen, pretty wide. But I think as the uncertainty reduces, and that's something I'm sure all of you think about, when is that going to happen?

But as the uncertainty starts to decrease, I think that gives us more room to reduce the amount of liquidity we're keeping, almost as insurance, but also keeping it on hand to look for better opportunities that might come three months, six months down the road. Okay, down at the far corner.

Unidentified Audience Member

On the subject of uncertainty, better than 100% of your earnings bridge between 2009, 2011 is coming from projects that are currently under construction. What is it that you can tell us, given the volatility in raw material price increases, et cetera, et cetera over the last couple of years, that would give us a sense of confidence that, yes, that $0.25 is achievable? Maybe even conservative. And it is reflected in your compensation going forward, considering how important this is to the growth rate over the next two years?

Paul Hanrahan - *AES Corp. - President, CEO*

Well the answer to the last part of your question. Yes, it's in my -- it's factored into my compensation, and Andres Gluski's. I'll let Andres talk about it, because it's a great question. We feel very comfortable talking about it. And we ought to walk you through why we feel good about the construction, the cost and the schedule. And it's the schedule because we have had some hiccups in schedule, particularly in our Bulgaria project. But if Andres, you could walk through where we are in the kinds of things we've done to mitigate that?

Andres Gluski - *AES Corp. - EVP, Chief Operating Officer*

Yes, I think for the big picture, is that 96% of the new construction projects are under long term contracts with some form of fuel passive. So that is about as secure as you can get in today's market. The second one, you look at the projections going forward. Those projections are based on the forward curves for the fuels and also for the currencies. And I think there's ground for thinking that probably in terms of a snapshot, this is a conservative snapshot. And in terms of where we're at today in terms of the relative prices, for example, of coal, natural gas and oil.

So we can go project by project, but they're all in advanced stages of construction. They all have long term contracts. They all have very good off takers. In some cases, such as Bulgaria, it's the national network in cases such as Chile, the projects in the north, these are the BHP Billiton. It's an existing mine. It's an expansion of the existing mine. It's well underway.

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If you look at the Chilean projects themselves, these are backed by long term projects with the distribution companies, which are also investment grade. So I think one thing, if you look at our pipeline of construction projects, with the exception for example of Dibamba in Cameroon, which is a relatively small. Perhaps Maritza in Bulgaria, the rest are investment grade countries.

So all put together, I think the risk profile is really exceptional, certainly for AES, having the projects where we have them, the off takers that we have and the then the contracts that we have. These are very solid projects.

I think perhaps additional to this is organic growth, what we've seen to date, as Paul had mentioned, a decrease on industrial consumption for example in the large utilities, that's been partially made up for residential and commercial. But the decreases have been very small.

But I think again, snapshot of today, there's not a lot of built-in recovery in those numbers in demand. And there are markets -- Brazil came out today with the latest numbers for a system-wide or country-wide numbers. And they're starting to see a recovery in terms of electricity and of consumption. And it only dropped 1% nationally in total. But we feel, I think, very solid about these projects.

Phil Odeen - *AES Corp. - Chairman*

Paul, could I make just a brief comment on --?

Paul Hanrahan - *AES Corp. - President, CEO*

Yes, please.

Phil Odeen - *AES Corp. - Chairman*

The question about, in the compensation, one of the things, I'm also Chairman of the comp committee. About a year ago, we brought Mercer on to be independent advisors to the comp committee. And the senior partner on the job told me after their first analysis, we were probably the most performance-based compensation system, she'd ever seen.

Virtually every element, other than base comp, is performance based. So the performance of this Company is very much directly impacts their earnings. So you can rest assured that they see it as being important to making things happen.

Paul Hanrahan - *AES Corp. - President, CEO*

Yes, the other part of your question, I just want to follow-up on, is can we get these things built on time and on schedule? Which I think is also important. (inaudible) we talk about our business model is to set up non-recourse project financing. Typically that involves having an EPC contractor, which is a lump sum turnkey contract, so the bulk of the risk you pass on to the contractor. And so that, in terms of commodity prices, that may move during construction. We don't bear that risk. Some of our contractors have taken a little bit of a hit because of that.

The main issue for us is it's caused schedule delays. I think as they get behind, that was a problem in Bulgaria. We've had to go back and redo the schedule. Go back and renegotiate the deal with the contractor. So I think Bulgaria's probably where we've seen the biggest impact there. But we've been able to overcome that with the contractor to get things back on track. And the numbers we've got here really reflect all those adjustments.

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Unidentified Audience Member

Could I just ask one quickie?

Paul Hanrahan - *AES Corp. - President, CEO*

Sure.

Unidentified Audience Member

Unrelated. So in the last couple of weeks anyway, we've seen the ABS market in the US explode. And so it seems as though the credit markets are really cracking wide open. Are you seeing or feeling that financing for some of these projects, that have been put off a little bit, are starting to loosen up a little bit and maybe start to pull some of that into the backlog?

Paul Hanrahan - *AES Corp. - President, CEO*

You want to comment on that, Victoria:

Victoria Harker - *AES Corp. - EVP, CFO*

Well I think Andres presented it in the slide he had. We really hadn't seen in many of the markets we had been doing work on for the last six to nine months. We saw them proceed on schedule in terms of the financing. And in fact some of them were oversubscribed.

So I don't think that the US dynamic is really related to that. And I haven't really seen that we've got any US projects that are on hold because of financing limitations. That may not be the case after some of this legislation occurs relative to when, et cetera. But at least outside the US, that's not the limiting factor.

Paul Hanrahan - *AES Corp. - President, CEO*

Okay, we'll move over hear then to you. Go ahead.

Unidentified Audience Member

Can you hear me?

Paul Hanrahan - *AES Corp. - President, CEO*

No.

Unidentified Audience Member

We'll try it again, hello?

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Paul Hanrahan - *AES Corp. - President, CEO*

Yes.

Unidentified Audience Member

Okay, just a few quick ones. I didn't see anything on carbon. And is that because you guys have passed with respect to that? Or just not exposed to it?

But is there -- I didn't see any real sensitivity on that. And I was just wondering is that something that doesn't affect you guys maybe that much? The second question I have is the cost savings that you guys mentioned earlier in the presentation, I'm wondering if you could elaborate a little bit on it. Because I look at organic growth, it doesn't seem to be as much.

I think you had mentioned $150 million that you were aiming at with just one program. Are you guys thinking conservative there? Or is there some offsetting cost growth that we should think about? And the third question has to do with the stock buy-back potential. I guess to just sort of cut through all the potential scenarios, when could we think realistically of a stock buy-back potentially taking place at the earliest?

Paul Hanrahan - *AES Corp. - President, CEO*

Okay, well I think what we'll do is, we could have Brian Miller talk about what's going on with carbon. Because I think that he's closest to it. He heads up our regulatory affairs. I'll talk a little bit about the stock buy-back. And I'm sorry, the second part of your question was?

Unidentified Audience Member

Cost savings. How much is actually in there and is there anything else setting that. It looks like there might be some more -- maybe you guys are being a little conservative?

Paul Hanrahan - *AES Corp. - President, CEO*

What I'll probably do is maybe mention about how we're thinking about carbon.

Brian Miller - *AES Corporation - EVP, General Counsel, Corporate Secretary, Acting Chief Compliance Office*

Sure, it's kind of two questions. I mean, somewhere in our K, our 10-K, we projected right now for '09, approximately $30 million for carbon costs for North America. But that's under RGGI. That's under some existing State or regional programs, and based on a $3.38 RGGI ton price.

Our main focus now in North America has been on the Clean Energy Security Act. In general, the provisions in that act, [at least] the draft provisions, we support. And contain a number of provisions we actually advocated with Congress and with others on the Hill, in particular with the nation-wide cap and trade system.

It does, as Ned noted, allow for a generous use of offsets which may help us grow our offset business. We will be required to retire one allowance for every metric ton that we emit in carbon. It also has a provision in percentages of allocation of allowances to certain businesses as opposed auction. There will be some auction, but that's the key to how this act will affect AES.

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So if you breakdown AES' North America business into three business segments, as we've talked about, first would be long term contract generation. Under the draft provisions, our long term contracted plants would receive a sufficient number of allowances to allow them to operate under their contract. The only exception there would be if we could pass through the costs, we will not receive allowances. In other words, we won't make a windfall out of this.

Our utilities, which is IPALCO, they will not receive -- we don't expect they will receive 100% of the allowances. But it is our expectation, our belief that to the extent there's a shortfall in what they're allocated that through our acting prudently and purchasing additional allowances, it's our expectation that the State Regulatory Commission will allow us to pass any additional costs on to the rate payer.

And third is the merchant, our merchant coal generation. They will receive 50% of allocation. Allocation's equal to 50% of their annual emissions. And the reason it's 50% is the general theory is that they will be able to recapture the additional 50% through the market pricing. The amount of allowances over time, for merchant, will gradually decrease. And that's the draft legislation. Obviously it could change. And we think there's a lot of debate and work left to be done. But currently, that's how we'd be affected.

Andres Gluski - *AES Corp. - EVP, Chief Operating Officer*

Okay, I'll take the second question regarding the cost savings and in terms of the operational plus organic growth chart that was put up. We realize, that's a blended average. So that includes things like FX depreciation going forward. So that's distracting from that growth. Also includes the forward prices of the commodities.

So included in there is an organic, a relatively low organic growth of around 2% to 3%, and includes this $150 million of cost savings versus 2008 going forward. And let me give you some more detail what that is. I think what's important, that's recurring for the most part. Actually almost all of it will be recurring. It actually includes increase over time. What are the key components?

Well, one is we've reduced personnel globally by about 500 people. That's already occurred. A big component is what we call the solid fuel initiative. And that is petcoke and that is also coal. And this is purchasing globally.

And now that the coal market has softened, we're really seeing the advantages of aggregated purchases. We've also changed our contracting to allow us to redirect shipments from one plant to the other. Some just sort of stand alone, they sort of broad contract standard contracts that allow redirecting coal.

We also, over the past three years, have made a big effort in terms of blending to be able to take advantage of differentials in Btus between different types of coal. So for example, last year it was PRB, the Powder River Basin coal. It was the cheapest. And we were seeing how much we could blend with other coals, because it was cheaper.

This year, quite frankly, our petcoke is the new PRB. And so what we're doing is seeing how much petcoke can we burn in our plants. We've also had created this option in many places by going out and getting environmental approvals that allowed the use of petcoke at those plants. Additionally, we went out and got a global fleet for transporting the solid fuels. And we, quite frankly, were able to lock in very low cost at the bottom of the market.

So these are things that we'll continue into the future. And even, to some extent, are affecting with the new construction projects. Because we're going to make sure that we have blending facilities at those plants. Because the volatility, the last couple of years, has shown us the great advantage is being able to, in solid fuel, have flexible purchases.

Then you had the reorganization of the Company itself. We now have three regions instead of four. We have less Vice Presidents. We've consolidated in a lot of operations. That's again, part of the headcount reduction. And that's going to, of course, continue.

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We also are purchasing equipment on a global basis. This has involved setting up standards across, in some cases, getting our engineers together and having a standard across the different companies. We have started to source from China. We've seen some very important savings on equipment. And it's important to get acceptance of Chinese equipment all over the globe.

Not included in this number, for example, is the use of POSCO for many of these construction projects. Bringing them into new markets, I think, has been a very good strategic alliance. We've also invested in new computer and IT platforms that we're going to see the benefits going forward.

One is the CRP, similar to SAP but really is going to help us on the finance side, to reduce headcount, reduce a lot of expenses, have more real-time data, in conjunction with [Huby], which means pulling out, getting more specialized resources inn a few locations, rather than having people present in all those businesses.

We've also had the billing system, CCS. We had the biggest -- this is the customer care system. We had the biggest rollout ever in Sao Paolo with 6 million customers, 6 million bills. So these benefits that we've incurred the cost, trained our people, this will benefit us going forward. So all of these things put together are a more aggressive approach to cost management going forward.

Paul Hanrahan - *AES Corp. - President, CEO*

I just said, the top part of your question is when might you expect to see a stock buy-back? I think the thing to look for there is when can we do some asset sales of prices we think are reasonable. We can then take that as asset sales proceeds. We'd have to pay down some debt. But that I think would have some flexibility to buy back some stock.

I think that's more likely in terms of the source of capital that we would use to do a stock buy-back. I think until then, in the current environment, I just feel like I wouldn't want to take the cash that we have and redeploy it to just buy back stock.

That may change. But right now I'd be looking for that kind of a swap where we -- to me that's what makes the most sense is take an asset that's yielding a return that someone will pay -- or take a pretty low yield and swap that for buying back some stock. That could make a lot of sense for us. Okay, yes, you?

Unidentified Audience Member

Just on that subject of asset sales, can you just elaborate on any particular regions of the world that you see a better market as a seller. And just some color around that. Maybe India, Latin America? Yes, Ned, you want to comment on that, you've had some experience?

Ned Hall - *AES Corp. - EVP, President - North America*

Sure, I'd be happy to. Yes, is my mic on?

At this point, we don't have anything that's going to be sold in the near term. I think is the short answer. But we've, as I mentioned, have also been out looking at M&A opportunities as well to see where the market is.

And I think that the myth of distressed sale, or continued purchase, really seems to have been bogged down. As to North America, the long term contracts people had some appeal and, I think, our view is the discount rates they're applying to, aren't attractive from our perspective today.

The other parts of the world that remain active with cash would be places like the Middle East and Asia, where people have a lot of money. But we haven't had any public announcements on planned sales for any assets.

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Paul Hanrahan - *AES Corp. - President, CEO*

I think what I've seen is that we've been very close on two asset sales, one in North America and one in Europe. Returns were fairly reasonable from our perspective as a seller. And it looked like it was progressing.

What was interesting was, as we got close to the final approvals for the boards of the companies we were dealing with, and these are both strategics. They pulled back at the last minute because they got concerns about their own liquidity, and their capital allocation programs.

So I think what's going on a little bit is, the uncertainty has caused people to become nervous and no ones quite sure what their real cost to capital is. And your seeing just a fairly fickle -- on the buying side, I think, people are sort of like the real estate market. Buyers want to pay really low prices. The sellers aren't ready yet to lower prices.

What's different about the power market is you don't have people that have to sell. There's no reason to go sell unless you can trade into a better asset. But we have seen in a few cases where people went down the path, seemed to be ready to transact, and then at the board level, they pulled back because they got concerns about their own corporate resources. And should they be deploying or hold back?

So I think it's going to be a difficult market to predict. But I think that it's right. The indications we're getting are that there are some -- there continues to be some aggressive buyers, Middle East and Asia. And you may see some opportunities to do some things there.

The win for us would be trading out of those markets, but rather a way to raise some capital and then redeploy that capital to be back in those regions some day. It could be to do something else like buying back stock.

Unidentified Audience Member

Okay, and then any update you can give us on the BNDES, Brazilian stake. And are you still interested in acquiring that or bringing in a partner?

Paul Hanrahan - *AES Corp. - President, CEO*

Not as enthusiastic at this very moment as we might have been six months ago. Andres, if you might just give an update on that.

Andres Gluski - *AES Corp. - EVP, Chief Operating Officer*

I'm always asked this question. Regarding BNDES, they had us stop the auction process. In terms of -- really just said postponed, and they had set minimum prices based on third-party evaluation. So with the contraction of equity markets across the world, this makes it difficult for them to move forward. But this is in BNDES' decision, what they're going to do going forward.

From our perspective, we have line of credit at our Brazilian operation. And we also have spoken to potential partners. So the position we want to be in, if this is reactivated in any form, to have an option of participating to whatever degree we decide that we want to participate.

Unidentified Audience Member

Thank you.

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Paul Hanrahan - *AES Corp. - President, CEO*

Yes, question on this side?

Unidentified Audience Member

(Inaudible question- microphone inaccessible).

Paul Hanrahan - *AES Corp. - President, CEO*

Okay, any more questions, just -- yes.

Unidentified Audience Member

Two questions, the first is that when I think about the Kazakh plant that you had, if I remember correctly, you bought if for a few million. You invested a couple of hundred million, and you sold it for over $1 billion. Was that a really unusual opportunity?

Or do you think you're likely to see those types of opportunities again? And I imagine there's -- if you look in the portfolios, there's some US merchant generators. They have distressed plants right now. And if they could unload them, they probably would. And I imagine there's some of those opportunities abroad, and if you could comment on that?

The other question is with respect to the renewable opportunities, with everything we're seeing with the loan guarantees with -- and everything that's sort of being implemented to support these; will the margins get competed away?

I mean, you see lots of people trying to go into US renewable merchant generation. And therefore the project returns may not be as strong going forward as they were in the past. And what are your thoughts on that?

Paul Hanrahan - *AES Corp. - President, CEO*

Okay, well maybe Ned could answer the second part or that question. The first part, I think, are there any more Kazakhstan-like opportunities out there? To me, we talked a lot about it, and Ned mentioned and I think Andres see POSCO expansion opportunities. And that is when you have an existing asset and an exciting footprint, there's a lot you can do with it.

With Kazakhstan we bought it. It really only had a few hundred megawatts of operating capacity. But we saw the potential, because the infrastructure there to really expand that. And when we sold it, we were selling not just the -- we'd taken the operating assets capacity up to maybe 1,200, 1,300 megawatts. But there was the potential to go up to as much as 4,000 megawatts.

I think by creating that option -- that's why when Ned talks about creating options for development, those have real value. I think the buyer came in and said we like this market. We need the capacity. There's a cheap way to build that capacity here in this site. And that's really what they've bought. So they got good value for that.

Anything we do, we're looking at how do we build options off this facility? Our Masinloc facility in the Philippines, the infrastructures already built for a second unit to go there, a second 600 megawatt coal plant. The coal handling is in place. The water treatment is in place. The dock unloading is in place.

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Those are the kinds of things we look at where you can really spend a little bit of money and create some real value. I think any place where you've got a large scale greenfield unit, you can do that. Wind turbines, to the extent you've got a site, you can -- we've got some turbines that could be repowered down the road. So I think that's part of what we do is increasing the value.

And that's why I think you really get the superior returns. You get above the mid to high tends returns. You can do much better. It's really being creative in how you look at -- almost redeveloping your portfolio. In our business, we bought that -- the things we've been able to add on to that, as Andres mentioned, the expansion of the [VinTardis] plant, the expansion Guacolda. We now have it on [Domos] facility. There may be a potential to extend that. So the answer is, there are some others out there. I think Kazakhstan was a strong performance. I don't know if we can replicate that every time. But I think that's the kind of thing we look to do.

Ned Hall - *AES Corp. - EVP, President - North America*

Just to expand on the Wind in the US, competition was definitely starting to work. When we got into the business, the first few projects we did were high teen returns, levered. And there was competition in a lot of places that started bringing that down

So we tried to position ourselves early in some markets, to have comparative or competitive advantages. Having the windy site does make a difference. The energy varies as the velocity on a cubic basis, so in staking out those sites early and getting them going.

And the other key attribute is interconnection, transmission interconnection. The US has broad ambition if we set a high res it could go to 300 gigawatts of wind from 25 today, but we'll be constrained in all markets by transmission at some point.

AES is 3,000 megawatts of sites in the US. All have interconnection applications identified. And for the 1,400 moving forward globally, or specifically, it's with 600 in the US. They're advanced. And that, at least for the few years, creates that opportunity for us to differentiate ourselves.

And that's another reason that we are making this a global business. And trying to get into markets and secure sites and interconnections ahead of markets. We're successful of that in the UK. We were successful on that model in France, in Bulgaria. So it really -- having the right site and an interconnection point makes a big difference. So I think that's what'll carry us for a few years. But other over time competition will work like it has in all of our other markets.

Paul Hanrahan - *AES Corp. - President, CEO*

But one thing we've learned in solar is that you've got a situation where there's a lot more to the construction operation of these than we had originally that ought. I think you're seeing others jump in without the experience. We've got the team that's in there really trying to standardize the construction. To figure out how to get the same type of inverters -- everywhere we can, standardize these to get into bulk purchasing contracts.

For example, we've entered into long term contracts with [per solar], with others, but we've done it in a way to get bulk purchasing power that I think gives us some advantages over others. So we think by moving quickly, as Ned said, and also by moving at scale, because there's some real advantages that would allow us to continue to get better returns than others might. Yes.

Unidentified Audience Member

At the risk of beating a dead horse a little bit, I just -- maybe a comment as much as a question. I'm just going to go through a little summary here of what I think you guys are trying to say today. And Paul, I'll ask you a question.

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But number one, my takeaway from the meeting is that you're fairly optimistic of the demand growth for power generation over the next couple of decades. You've said today, that you've got some pretty promising growth plans that you've tied directly to your compensation plans going forward.

You've talked about the fact that not one of your projects in your pipeline have you not been able to secure financing for. You talked about -- Victoria has talked about the fact that your broader debt offerings have been broadly oversubscribed in the last several months. Which, in the last year, we've seen what some people say is the worst economic situation since 1929. Probably not going to get a whole lot worse, and it looks as though things are starting to improve.

You pretty much said that there's no project within your own pipeline that represents as good of an opportunity on an equity return basis as buying back your own shares. And I can sort of go on, but it's hard to reconcile how, and I know we come to the meeting and the idea is to get people to buy the shares and to be encouraged to buy the shares, but it seems to me -- how do you reconcile trying to convince investors to buy the shares, when it appears like you guys are scared to buy the shares?

Paul Hanrahan - *AES Corp. - President, CEO*

You have more money in this for one.

Unidentified Audience Member

But something changed, because a year ago, you were extremely enthusiastic. I mean, I recall a conference call, I don't remember which quarter, but you were extremely enthusiastic about the prospects for a significant share repurchase. Stock went to five and you guys didn't buy any.

Paul Hanrahan - *AES Corp. - President, CEO*

I know, but we did buy it at $12 and $11 and then we stopped, because we said this was -- we're getting into uncharted territory. And we needed to just see how this plays out. I think that's really where we are today. I think we still see a good opportunity to buy back stock. And the only question is, we also see the advantages of having liquidity. And not knowing exactly where things will go in the future.

If we knew for certain things were getting better. Things were on the uptick. There wouldn't be any more hiccups in the economy. I think it would be a fairly clear -- that would give us more, I think, confidence to go out and spend -- you know we do have more liquidity. We have a fair amount.

But I'm not sure I want to go out and spend it all today to get the stuck back today. That's the only thing that's the hesitation. We will always have the ability to buy back the stock by building up liquidity. So we keep that option there. But I think by building up liquidity gives us many options. And six months from now, who knows, the world may be looking very different, maybe a better time to buy something.

So I think I really look at, if we can complete some asset sales, generate some additional liquidity, that allows us to go out and -- we have more money to play with. That's clearly on the top of the list focus things we'd like to go do.

But as Ned went through, we have a lot of really good strategic opportunities that we also don't want to pass up. Because that growth part of our pipeline, which starts to -- that's the growth that goes on beyond 2011, becomes important to us.

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So that's the other piece we don't want to just give up all that. Or do anything that might bring us anywhere close to being in a financially distressed situation. So we go through all the modeling to make sure no matter what happens, we're not going to get into trouble.

We're just at point where we're going to say go dedicate the remaining capital and go buy back all the stock. Which is not yet, we may be there. I think what would really help, as I've said, is getting some asset sales proceeds, paying down a little bit of debt and buying back some equity. But everything else you said, I agree with you. Why don't we go over here? Yes. All right, yes.

Unidentified Audience Member

The department of administrations been talking about cost equalization across the global for US companies. Could you talk about how that would impact you? And then second, when you discuss strategic opportunities, you talked about the exciting opportunities within renewables in the United States.

You've cited the advantageous rules and laws that have been passed. You talked about carbon. You've talked about your exciting backlog of projects within Wind. I'm not sure I understand, besides the liquidity issues, which apparently the renewables act has improved. And the returns have improved. Why you haven't raised your targets for renewables? And then second, how much can you do in any particular year within the renewable space? And what's the constraint there?

Paul Hanrahan - *AES Corp. - President, CEO*

Okay, well I think Victoria, maybe Ned; you talk about the tax question. And Ned, you can talk about the renewables, because he thinks about that quite a bit.

Victoria Harker - *AES Corp. - EVP, CFO*

I think the -- well it's early days to predict where exactly the tax legislation will come out. I think it is the fair bet that we will get something. Something that will probably be progressive over the next several years, and will directly affect deferred tax. And how much we actually will get taxed at the local and then during repatriation.

We have a somewhat enviable position in that we've got obviously a very large NOL position which in the near term, next couple of years, provides some buffering of whatever that turns out to be. But in the short term, we're looking at some optionality in terms of where are debt is placed, for example.

I don't really want to project that too much farther than that in terms of some of the structural things we're looking at, but we are looking at a variety of different alternatives, depending on what happens with the legislation itself.

I think the best feedback we've had so far is that it may be a latter part of '09 into '10 before we start to see it really get the level specificity in models relative to those long term forecasts that you saw. But we are in the heavy throes in terms of the what if scenario planning.

Ned Hall - *AES Corp. - EVP, President - North America*

I agree, we do have lots of opportunity. It does compete for capital with the other alternatives including buying back stock. And specifically to your question in the US, we have a lot of optimism about the programs that have been put in place. But they haven't really been shown to work quite yet. The Treasury grant is a lot further along. And the projects that we have in construction -- our meeting out in Pennsylvania will likely available itself to that opportunity. So that will be our first project.

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And I think that as a result of getting additional leverage to get additional return, but we -- that was a project in construction when we bought turbines. So I think the incremental return on a sum cost basis, if we all go back to business school, was pretty dramatic. It did compete with stock.

We don't have very many of those. I think that's probably good news. So going forward, what we need to go out and buy new turbines and secure new project equity, we still will have to put some equity in, we'll have to come back to the process that we have for allocating equity and make a decision on whether that incremental investment is strategic enough relative to where our share would be or not. That's the slow down right now.

Paul Hanrahan - *AES Corp. - President, CEO*

Okay, maybe we'll just take a couple of more questions here, back of the room.

Unidentified Audience Member

I had a couple of questions. The first is you're thinking about supporting free cash flow. I was wondering if you had any estimates on the bank level of cash flow -- how much you are going to be preparing?

And the second one is with regard to your utility, IPALCO. Do you have any -- people have been talking about industrial sales going down all across the US. But mainly I suppose supposed to be about 20% or so. And I was wondering if you've seen that? And how it's going to impact your margins?

Paul Hanrahan - *AES Corp. - President, CEO*

Do you want to take the first one?

Victoria Harker - *AES Corp. - EVP, CFO*

Well at this point, we haven't -- we're not giving projections for POCF. But we're working through that from a long term forecast. We could imply the same relationship that you've seen previously in terms of POCF versus free cash flow, but we haven't provided that externally yet.

Andres Gluski - *AES Corp. - EVP, Chief Operating Officer*

The second question, regarding some of the utilities demand. It's very interesting. Across the global, we've seen a very consistent pattern of teen, low teen fall in demand on industrial. And this is true in Brazil, Ukraine, Argentina. But at the same time, we're seeing an increase in commercial and residential. So across the globe, we haven't seen -- worst case example, you see maybe a 4% decrease in demand, much more sort of in the 1% to 2% range.

In the specific case of IPL, they're not for example, heavily affected by the automotive industry. So there's only been one large client which has, let's say, gone bankrupt. And they've lost that demand. But its like 1%, 2% of total demand.

So we're not -- we haven't seen that. And the average -- all the sort of range is between 1% and 4%. But it has been consistent in terms of falling industrial demand, and increase in commercial and residential.

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Paul Hanrahan - *AES Corp. - President, CEO*

Okay, why don't we do one more question. Lee?

Unidentified Audience Member

Is it on?

Paul Hanrahan - *AES Corp. - President, CEO*

Yes.

Unidentified Audience Member

I'm trying to figure out; I own both the equity and the debt. And I've owned both the equity and the debt for a long time. I've done a hell of a lot better in the debt than I've done in the equity. I've owned the equity debt for a very long time. I've done a hell of a lot better in the debt that in the equity.

And I'm just wondering, you obviously thought your stock was cheap and you made a mistake, but welcome to corporate America. 99.9% of them all made a mistake because I think you launched a buy back of 13 or 14. You sort of quickly trade to 6 and you lost the courage, coupled with the deterioration in the environment. And I'm not being critical by the way.

But are there other things you should be doing? I mean if you've been a shareholder in AES for a decade or longer, you haven't gotten a dime in return. I'm having trouble figuring out the true free cash flow. We'll talk later when we have a one on one, but the other guys were dividend? You know, if you earn $1 a share, why don't you give $0.40 to shareholders and keep $0.60 to reinvest in the business and run the business?

That $0.60 -- $0.40 dividend goes out slowly over time, which we could always suspend if you run into a problem. But there's been no return to the equity shareholders for a decade or two. And on the other hand, you're selling bonds the other day at 9.25 at 93 or 4 or 5. And now you're at par.

So the debt holders are doing really well and the equity holders are getting nothing. So I would suggest either resort to a dividend in this environment of uncertainty to pay your shareholders while they wait for clarity. Or alternatively, investigate the advisability of spinning off some of your alternative assets into a separate company, which is a growth vehicle, it's non-taxable.

Or alternatively, look at possibly doing something with IPALCO, which is a very valuable asset. But I think that we should start thinking of ways of creating value for the equity holders that we've not thought about to date. Because I think you're a very honest management. You're a very capable management. But we've got to find a way of rewarding the shareholders. And I think we have again.

And it's amazing to me how well I'm doing in debt. Go back to when your stock was 2 and your debt was trading at $0.40 on the $1. My favorite day was -- and my colleague behind me, bought a (expletive) of these $3 preferreds, for the $3 preferreds trading at $6, and matured in May of '08 at $50.

We've got to find ways of creating some value. I think you have a lot of assets within the Company that are not properly valued. I'm led to believe we have about $2 billion here of free cash flow and 700 million shares. And so I think we should try to be creative.

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And I think maybe the best thing to do is 100% of the Dow Jones pay the dividend, 82% of the S&P 500 pays a dividend. The last 100 years the stock market turned 10%, 40% of which gave them dividends. There's nothing wrong with paying a dividend in this environment of uncertainty. And your shareholders are suffering from coupon shock.

Go back to the founders, they're earning 18 basis points in their cash and they're earning nothing on their stock. Maybe if we gave them $0.40 a share, $0.40 on 8 is -- help me out, about 5.5% return or something like that, a 5% return -- 5% return, sorry, I'm smarter than I appear. But basically, I think that gives people something they can tangibly get a hold of. It gives them something to think about. We're mature enough Company that a dividend would have been on the agenda.

Paul Hanrahan - *AES Corp. - President, CEO*

You have a good point. Look at when the debt -- we recognized like you did the debt didn't make sense, as far as where it was. And we went to work ion that. And we think we've got that in pretty good shape right now.

Next step is the equity. We don't think the equity price makes sense. And that's really part of what we're doing now is trying to say this value -- the price to value doesn't make sense. We're trying to correct that discrepancy. We think that's an opportunity to do that.

I think in terms of dividend, I'd be buying back stock, at least for 350 million, I'd probably use -- if I had spare money and saw that as something we'd like to go do, I'd probably buy back the stock before I do a dividend.

Once we get up to limits of the stock buy-back -- I mean dividend is always something we're going to look at. And I think it's one of the things, as Phil knows, at the Board level we've had a number of discussions about, should we be thinking about a dividend?

That's something we'll continue to talk about. But your ideas about our -- the things we can do structurally to maybe unlock some value, Victoria's working on that. And I think we've got a lot of good ideas. And those are things that are moving. We're not far enough advanced that we can really talk about them. But we do think there's got to be some way to unlock more value, right?

I think most of you have probably looked at the numbers that we put up here and said, there's an opportunity here. We've got to figure out how to somehow make that accrue to the benefit of the shareholders. So I agree with you 100%.

Unidentified Audience Member

Again, not argumentative, as you know, I'm very fond of you guys. And I'm happy with my investment. But you had that chance. You announced a buy back. Stock went down by 50% and you stopped the buy back.

So in theory, once you buy back more at low price and high prices, you suspended the buy back as you saw a very uncertain environment. And I respect -- I mean the brightest of the bright made a serious mistake. I'm a former (inaudible), they were buying back stock over $2 a share and they sell stock to Warren Buffett 115, but with Warren's they were 50% coverage of what he'd invested.

And the banks would kill to get the money back they pissed away in the last decade on buy backs at 5 times and ten times and 20 times the price. But it just seems to be that you're supposed to buy at low price, and then high prices. And I respect the idea that we're in a certain environment.

So what would you rather do? Take the $350 million, spend it in one shot or basically send a dime a share to your shareholders of $70 million a quarter, where you'll always be suspending the buy back? But you see, my view is if a rationale dividend policy

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turns out to be a mistake. This is where most companies have made a serious mistake the last five years. They said, well dividends are forever, stock repurchase programs can always be turned off.

My answer is if a rationale dividend policy turns out to be a mistake, we have to eliminate your dividend, you're going to be so unhappy that you bought back stock, you won't understand. So my view is, spend 2 -- 350 where you're reluctant to spend it in a certain environment, we'll spend $70 million a quarter, we always could suspend it.

And I'll give you another example; I'm an ancient in the business. I collect social security, so it's unusual for a hedge fund manager to collect social security, but in 1985, Linton Industries was paying a big dividend. And they came out one morning and they said they're recapitalizing the Company.

They may tender off or retire 35% of the stock by giving debt in return for stock. But they said, going forward, we're going to eliminate the dividend because of the interest expense on the debt they put out. The stock went up 10% the day they announced the dividend issue, because the pro forma affect on earnings per share from cap shrink was dramatic and the market liked it. So I'm saying, until you figure things out, maybe a dividend after 20 or -- how many years are you public?

Paul Hanrahan - *AES Corp. - President, CEO*

Must be about 20 years.

Unidentified Audience Member

20, so for 20 years you've not given the shareholder a dime. We're no longer the growth curve like this; we're a gradually growing company theoretically creating free cash flow. I just suggest it to the Board as a consideration. Most people kind of look --

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Paul Hanrahan - *AES Corp. - President, CEO*

Yes, what's interesting is though, in the history of the Company, we started out being a dividend paying company. I don't know if any of you remember AES actually started --

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Unidentified Audience Member

I didn't know that.

Paul Hanrahan - *AES Corp. - President, CEO*

But we got a little bit of criticism because we were paying dividends and raising equity at the same time. And people said, wait a minute, what are you doing? That doesn't make sense. Well, we've tied you all up here for the better part of the morning, and I want to thank all of you here for your time and effort and for your sage advice and the questions through here. Thank you very much and we look forward to seeing you again.

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