AES CORPORATION

AES Investor Presentation



April 4, 2006

Safe Harbor Disclosure

Certain statements in the following presentation regarding AES's business operations may constitute "forward looking statements." Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES's current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to continued normal or better levels of operating performance and electricity demand at our distribution companies and operational performance at our contract generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. For additional assumptions see the Appendix to this presentation. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES's filings with the Securities and Exchange Commission including but not limited to the risks discussed under Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2005 as well as our other SEC filings. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

AES is Among the Largest Global Power Companies



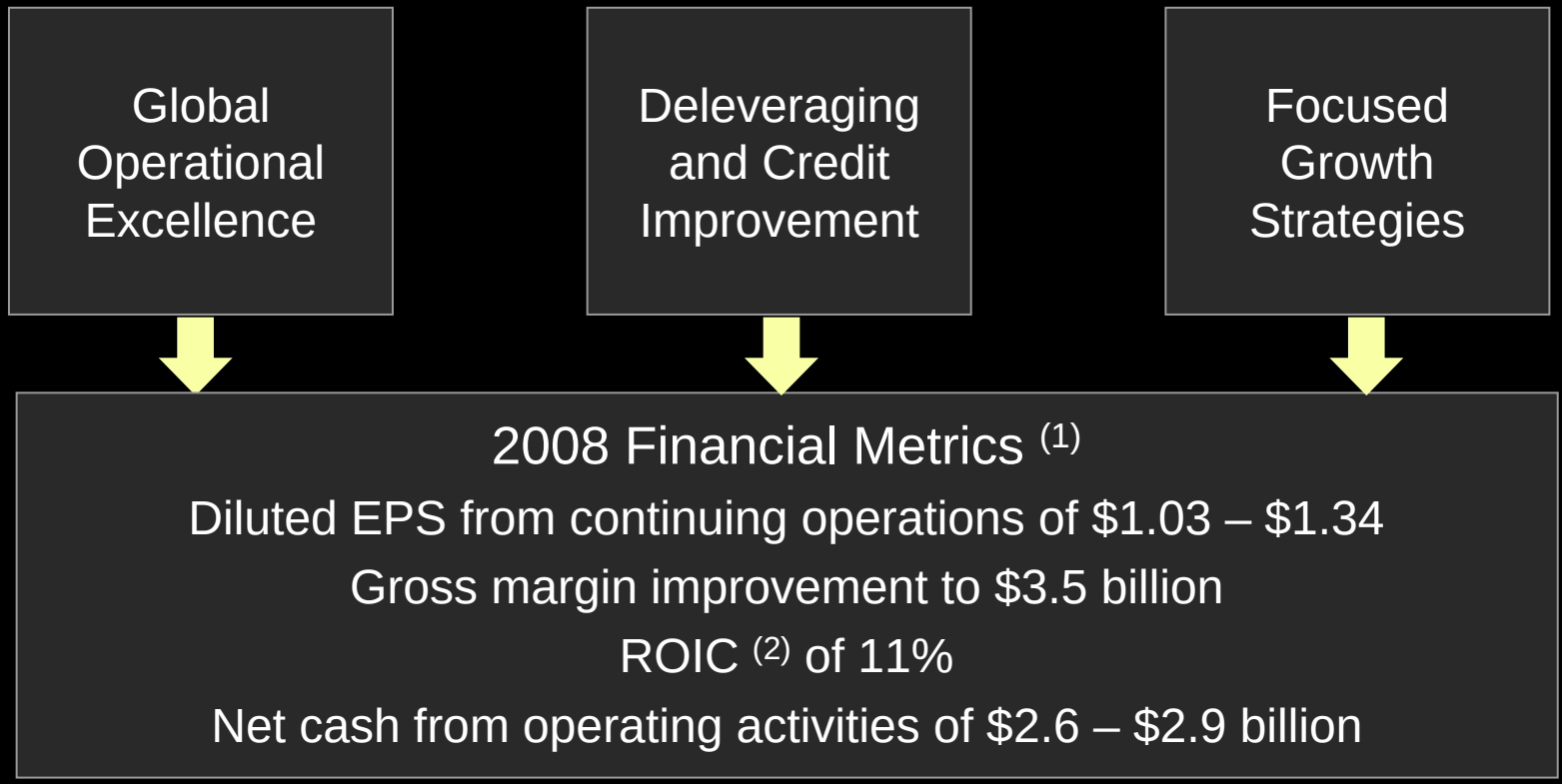
$11.1 billion revenue power generation and distribution business
$2.2 billion net cash provide by operating activities
Capacity to serve 100 million people in 25 countries

Note: 2005 financial data.

Clear Strategic Focus

Contains Forward Looking Statements

Key Strategy Elements

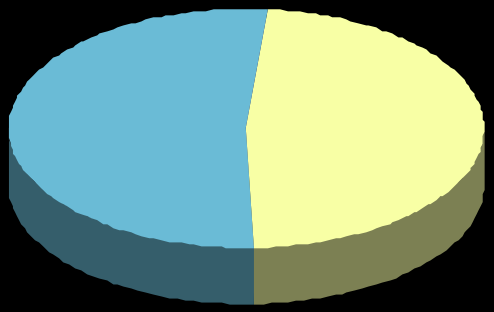


(1) Guidance includes growth projects committed to in 2004 and prior years. See Appendix.

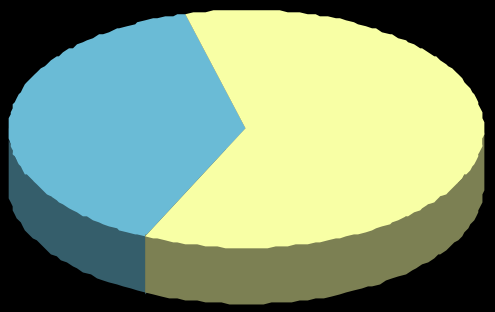
(2) Non-GAAP financial measure. See Appendix.

Diversified Utilities and Generation Portfolio

2005 Revenue
$11.1 billion



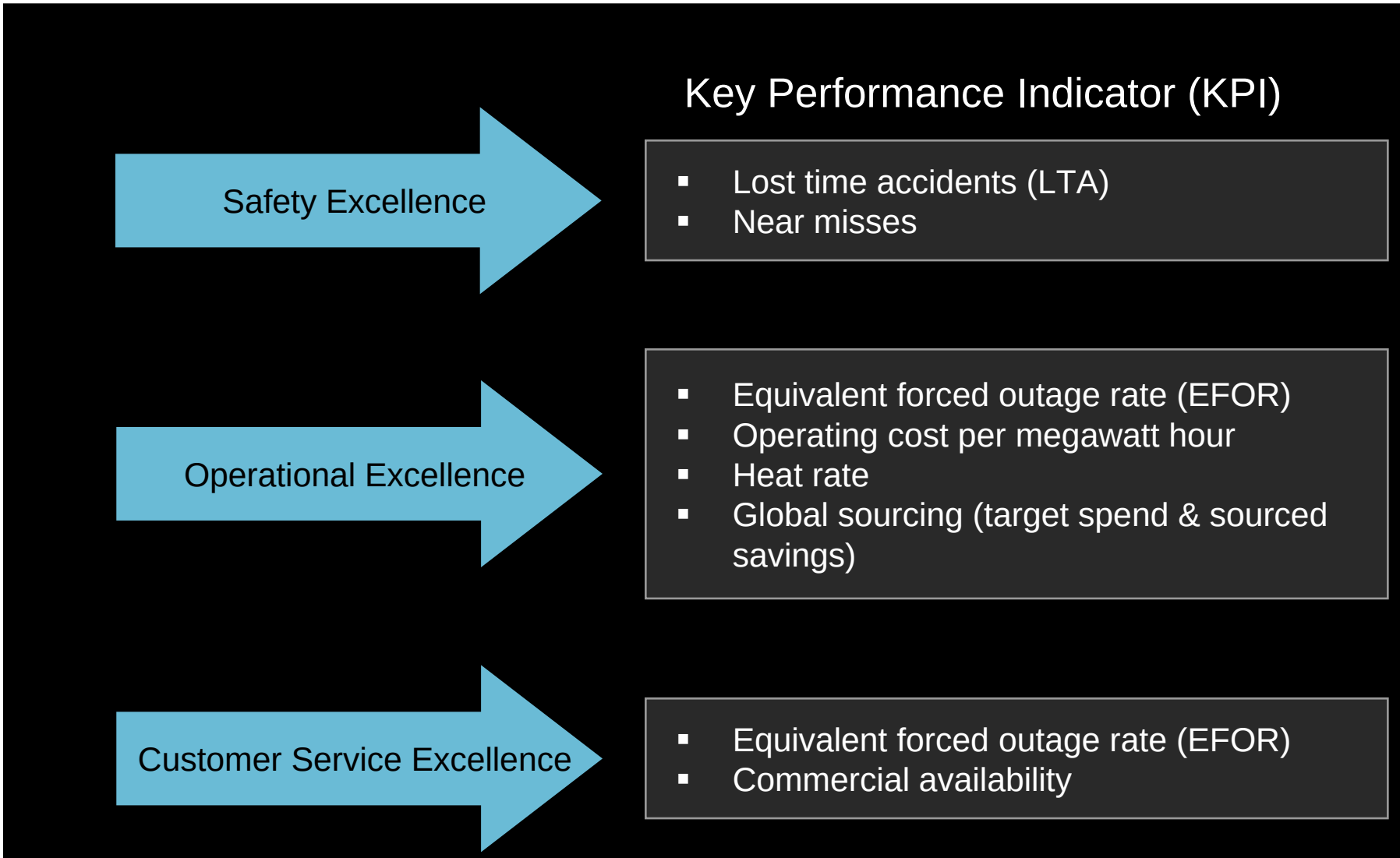
2005 Gross Margin
$3.2 billion



- Regulated Utilities in 7 countries
- Generation (1)
  - 77% Revenue from long-term contracts
  - 23% Revenue from short-term contracts and spot sales

(1) Generation comprises Contract Generation and Competitive Supply segments.

Generation KPIs



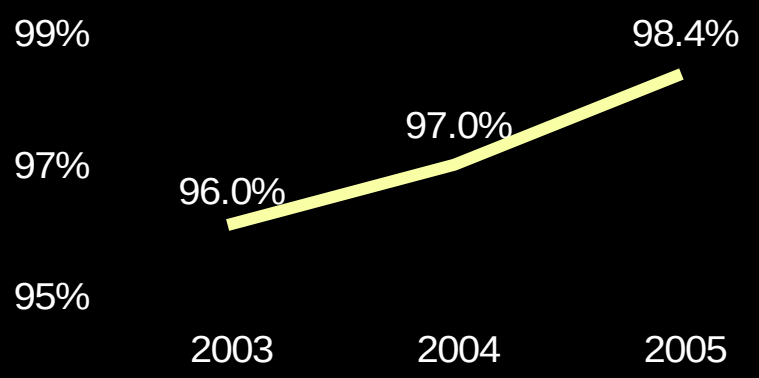
KPI Focus – Commercial Availability in North America

60% of the businesses that identify commercial availability as a key driver realized improvements in 2005

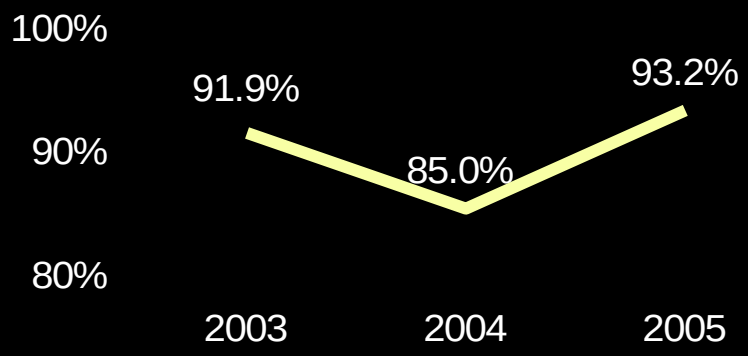
Red Oak, New Jersey
- Provided better training
- Applied problem solving tools
- Improved maintenance practices
- Invested in targeted capex
- Result: 2.4% point improvement since 2003

Cayuga, New York
- Optimized boiler outages
- Improved heat rate
- Increased preventive maintenance
- Result: 1.3% point improvement since 2003

Red Oak – Commercial Availability



Cayuga – Commercial Availability



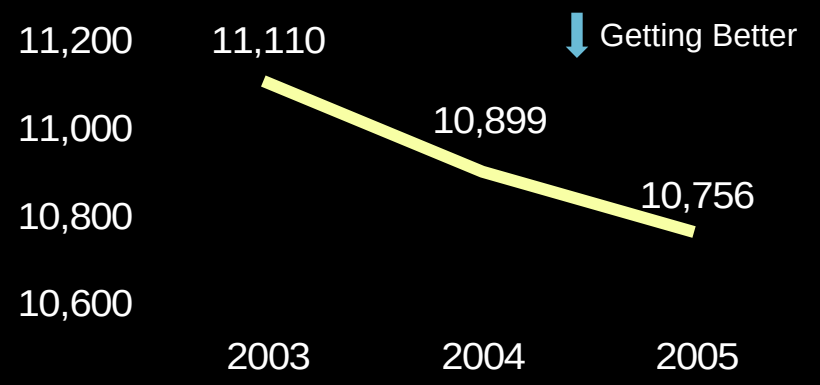
KPI Focus – Heat Rate in Asia

Heat rate improved in 2005 for over half of the AES plants that identify it as a key driver

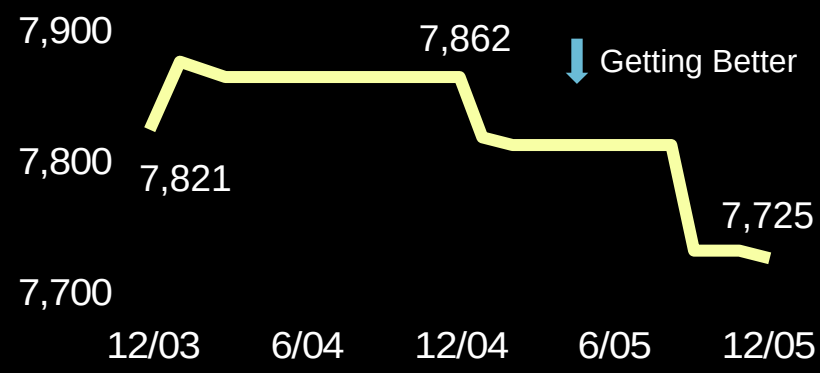
OPGC, India and
Kelanitissa, Sri Lanka

- Improved component operations through a series of targeted operating and capital investments
- Improved maintenance and work identification processes
- Increased rigor in monitoring and immediately addressing heat rate deviations
- Results: 3% and 1% improvement, respectively, since 2003

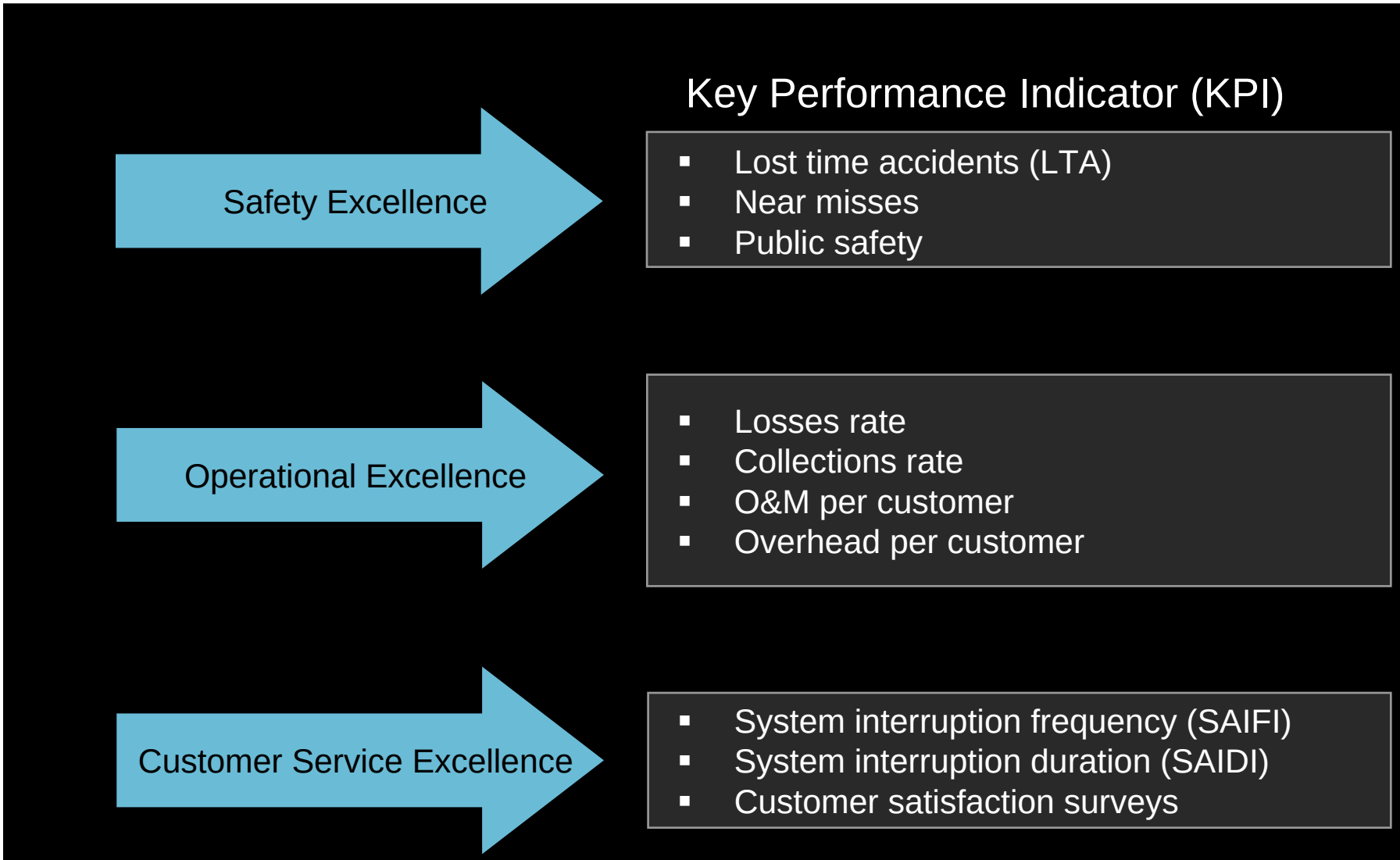
OPGC – Heat Rate (Btu/KWh)



Kelanitissa – Heat Rate (Btu/KWh)

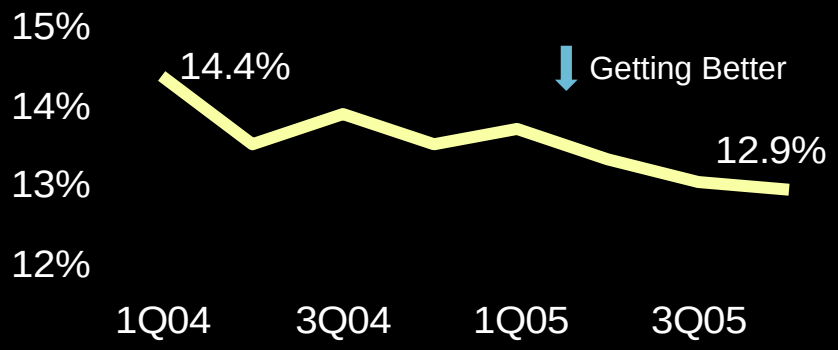


Utility KPIs

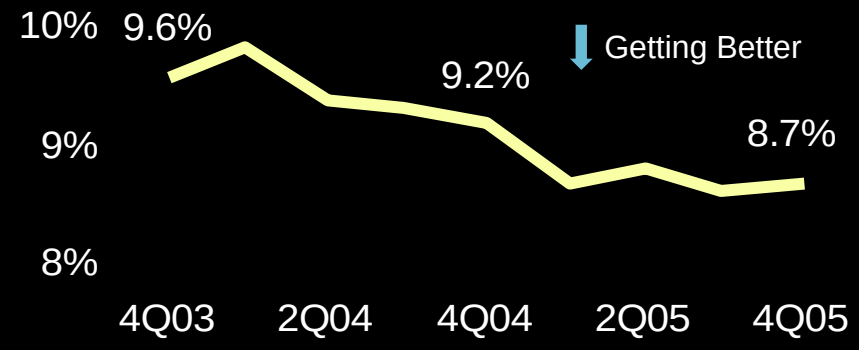


KPI Focus – Losses in Latin America

Eletropaulo – Total Losses (1)



AES El Salvador – Total Losses (2)



(1) Trailing 12 months, excludes rebilled energy.
(2) Trailing 12 months.

In 2005 every AES regulated utility improved year-over-year total loss rates

Eletropaulo, Brazil
- Refocused loss reduction efforts
- Increased number and efficiency of theft inspections
- Results: 10% improvement since beginning of 2004 and normalized 188 MWh in 2005

AES El Salvador
- Improved meter inspections and follow up (replacement and recalibration)
- Improved meter reading practices
- Changed 73,000 obsolete meters in 2004-2005
- Result: 10% improvement since 2003

Financial Strategy Elements

Contains Forward Looking Statements

Target Capital Structure

- Achieve BB credit statistics
- Optimize return on invested capital

Robust Risk Management

- Global interest rate, currency, energy cost risk management strategies
- Limited recourse project finance structures

Transparent Disclosure

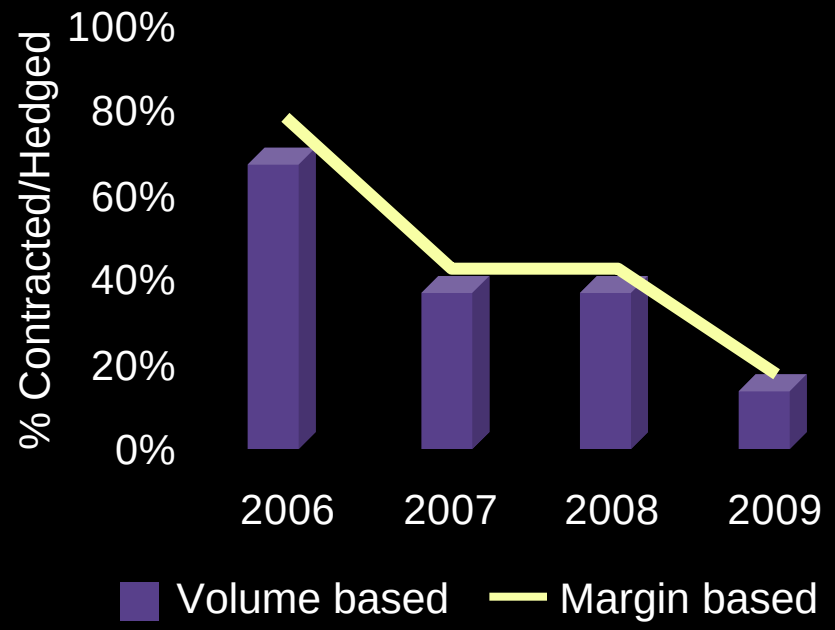
- Financial analysis and reporting
- Sarbanes/Oxley compliance
- Proactive investor communications
- Corporate values and rigorous code of business conduct and compliance program

Limited US Merchant Exposure Hedged With Creditworthy Customers

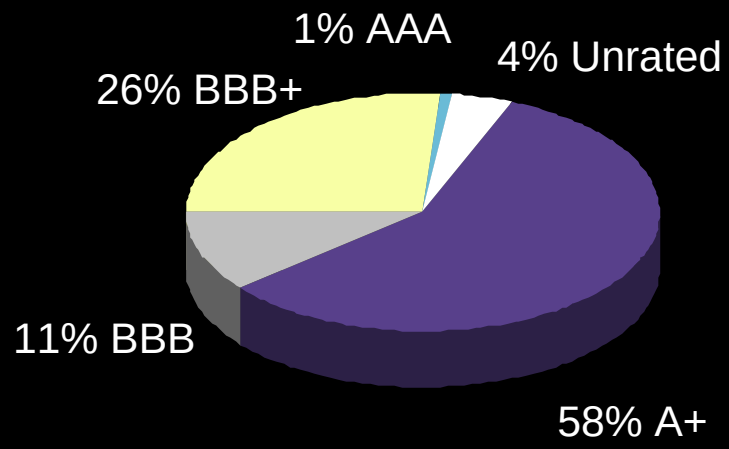
Contains Forward Looking Statements

AES Eastern Energy Contracting Strategy

Hedge Metrics (1)



Hedge % by Counterparty Credit (2006) (1)



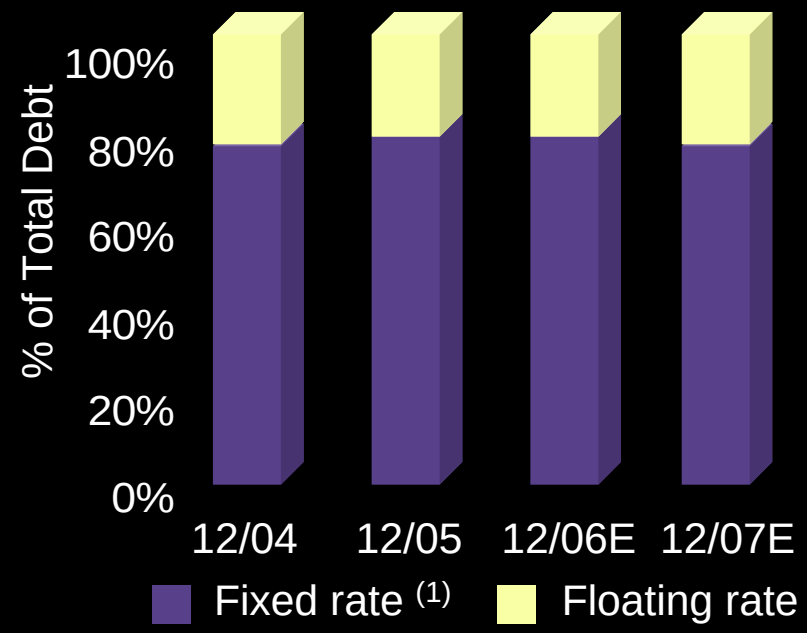
(1) Data as of December 31, 2005.

Actively Managed Floating Rate Debt Exposure

Contains Forward Looking Statements

AES Debt Profile

AES Fixed vs. Floating Rate Debt

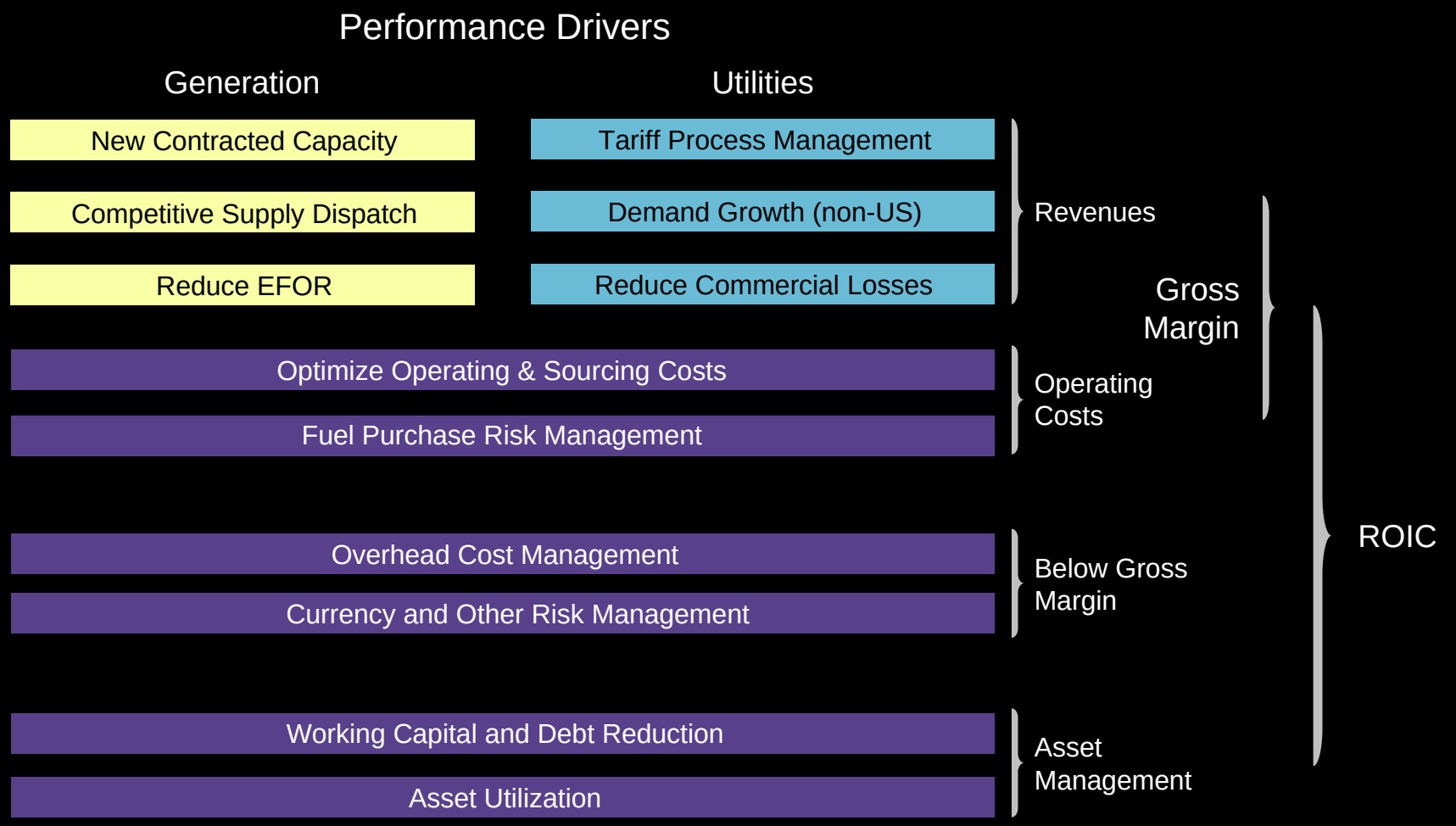


Floating Rate Debt by Currency (2)	Consolidated	Minority Interest Adjusted
US Dollar	51%	66%
Brazil Real	38%	18%
Colombia Peso	3%	5%
Venezuela Bolivar	2%	3%
Euro	2%	3%
Other currencies	4%	4%
	100%	100%
Floating rate debt	$ 3.9 billion	$ 2.4 billion

(1) Including interest rate swaps.

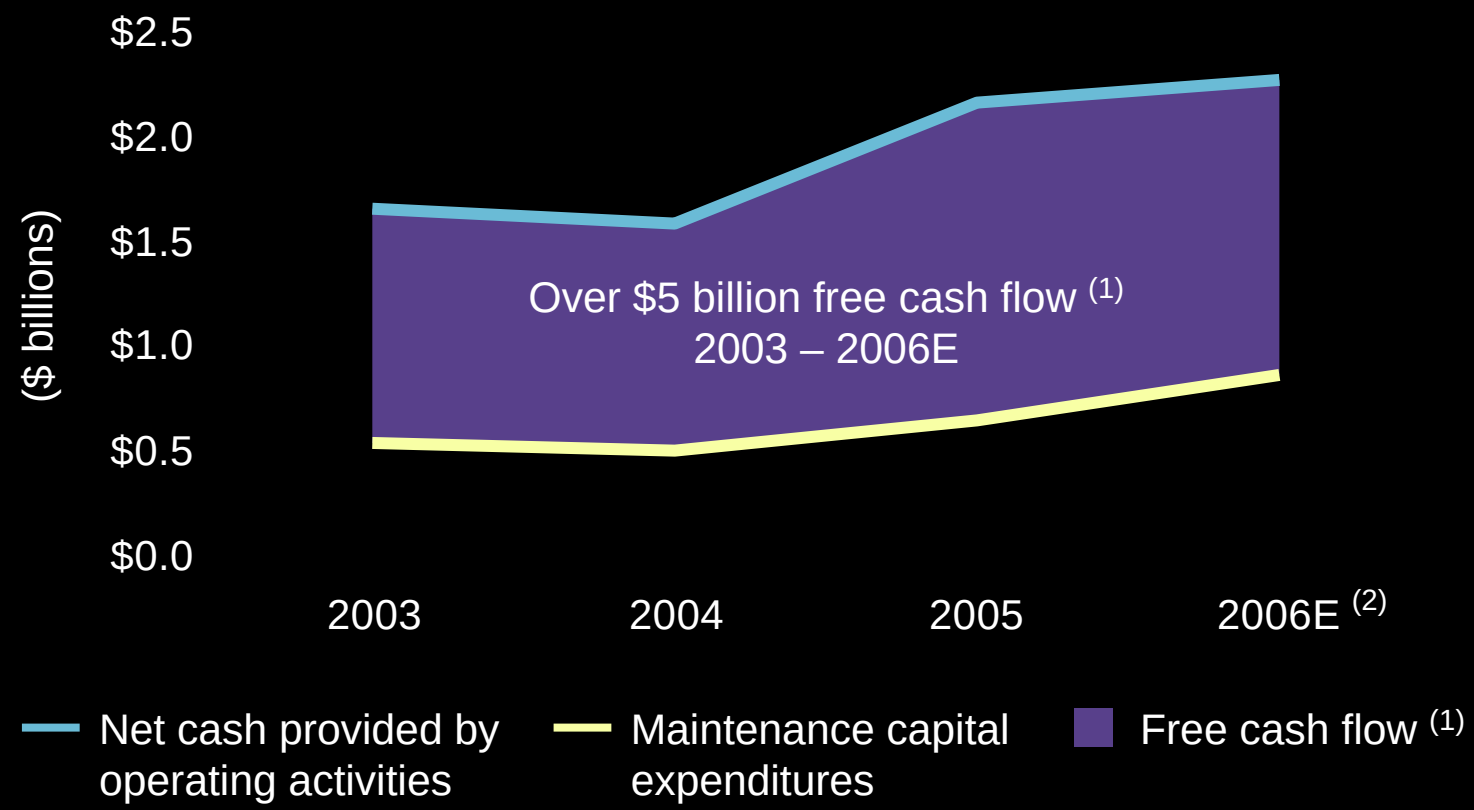
(2) Data as of December 31, 2005.

Measuring Improvement through Gross Margin and Return on Invested Capital



Strong Free Cash Flow

Contains Forward Looking Statements

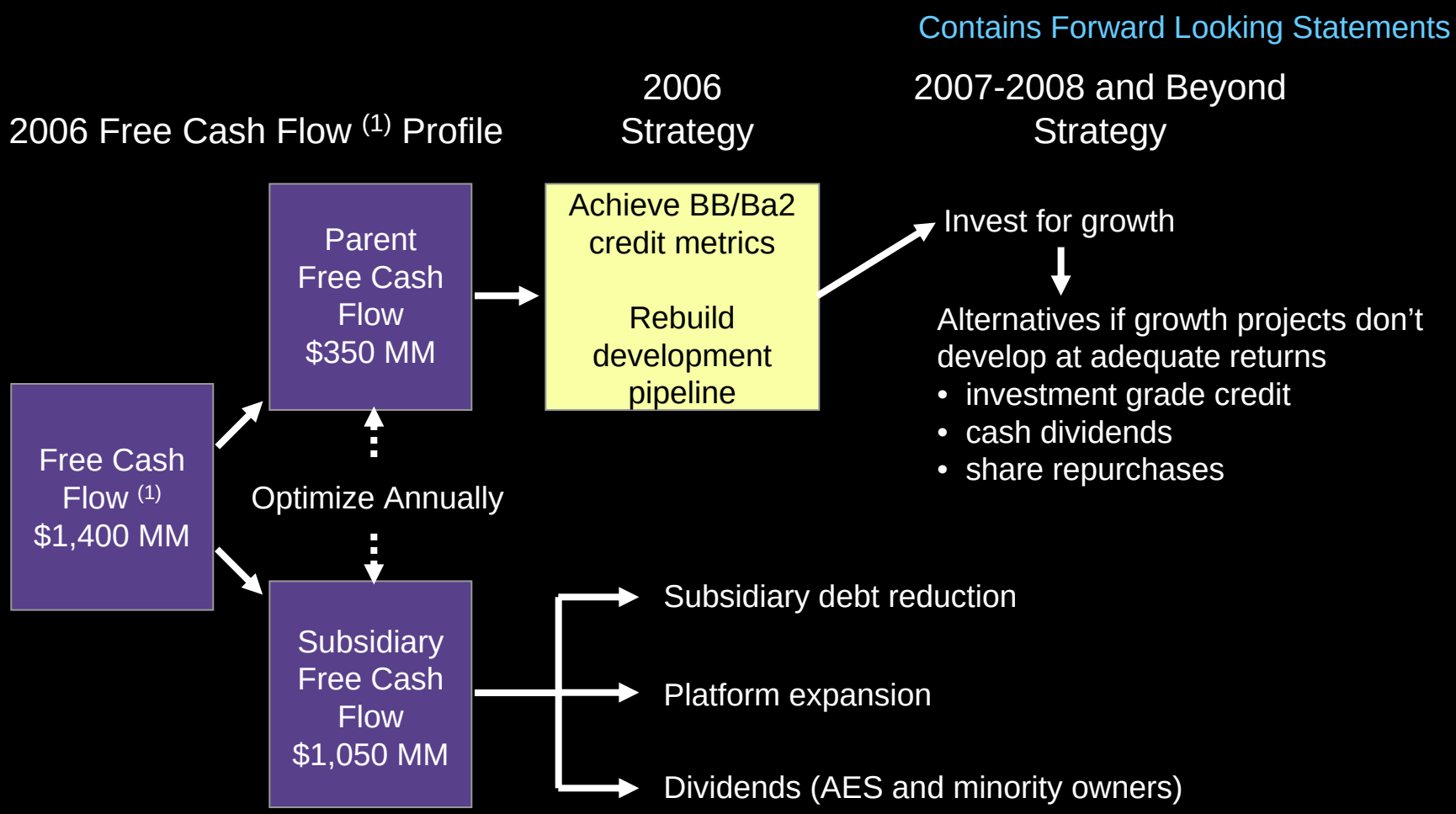


(1) Non-GAAP financial measure. See Appendix.

(2) Based on midpoints of 2006 guidance of $2.2 to $2.3 billion net cash provided by operating activities, maintenance capital expenditures of $800 to $900 million, and free cash flow of $1.3 to $1.5 billion. Free cash flow is a non-GAAP financial measure equal to net cash provided by operating activities less maintenance capital expenditures.

Disciplined Use of Growing Free Cash Flow

Contains Forward Looking Statements



(1) Non-GAAP financial measure based on midpoint of 2006 guidance of $1.3 to $1.5 billion and is reconciled from 2006 guidance for net cash from operating activities of $2.2 to $2.3 billion less maintenance capital expenditures of $800 – $900 million. Estimated allocation of this midpoint 2006 free cash flow guidance is approximately $350 million at the parent company and $1,050 million at subsidiaries.

Breadth of AES Capabilities



Distribution



Coal-Fired



Hydroelectric



Wind Power



LNG



Gas-Fired

Rebuilding Development Pipeline

Contains Forward Looking Statements

Deep Development Pipeline Supports Sustained Growth

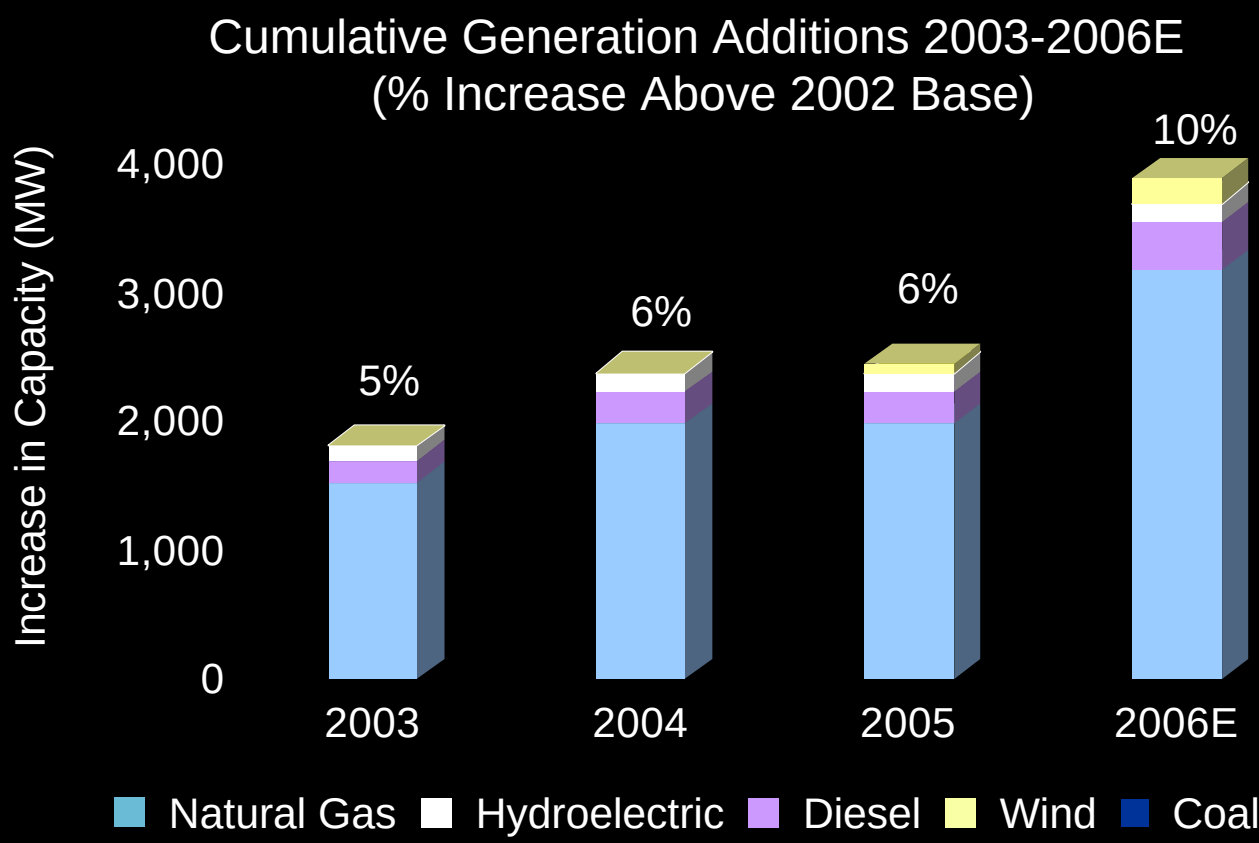
4-6 Years for Greenfield Projects
3-4 Years for Wind Projects



Current Activity	38 Countries	6 Countries	1 Country	2 Countries	3 Countries
Examples of Current Portfolio Development Activity	Central America China Eastern Europe India Pakistan South Africa US	Bahamas El Salvador Middle East US Vietnam India	Chile	Bulgaria Panama	Chile Spain US

Demonstrated Success With Generation Growth Program

Contains Forward Looking Statements

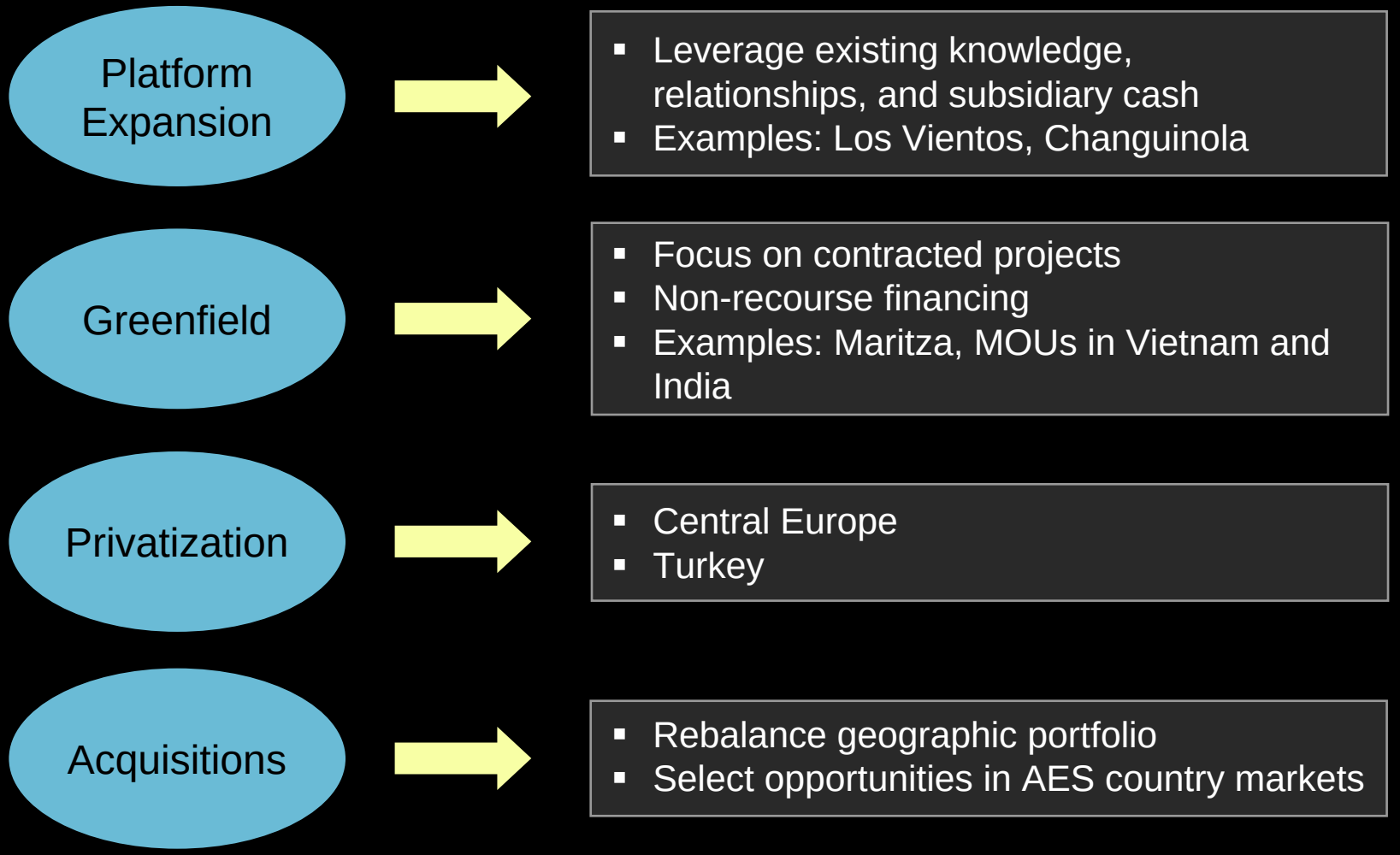


12 projects in 9 countries representing over 3,800 MW capacity
94% long-term contracts

Note: Includes projects under construction.

Four Elements Frame AES Growth Strategy

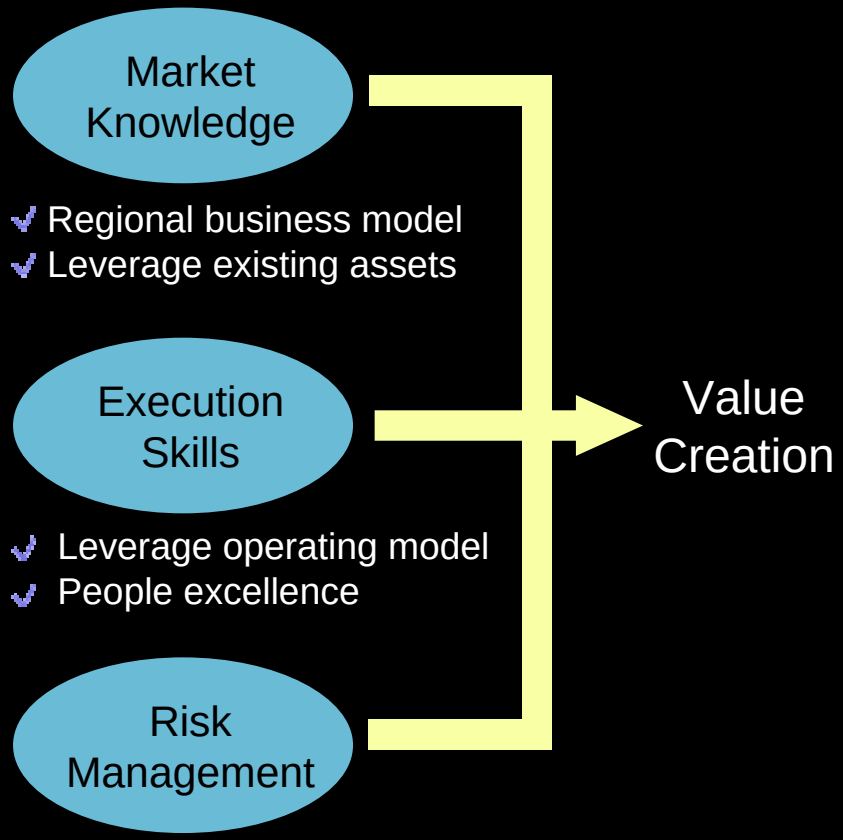
Contains Forward Looking Statements



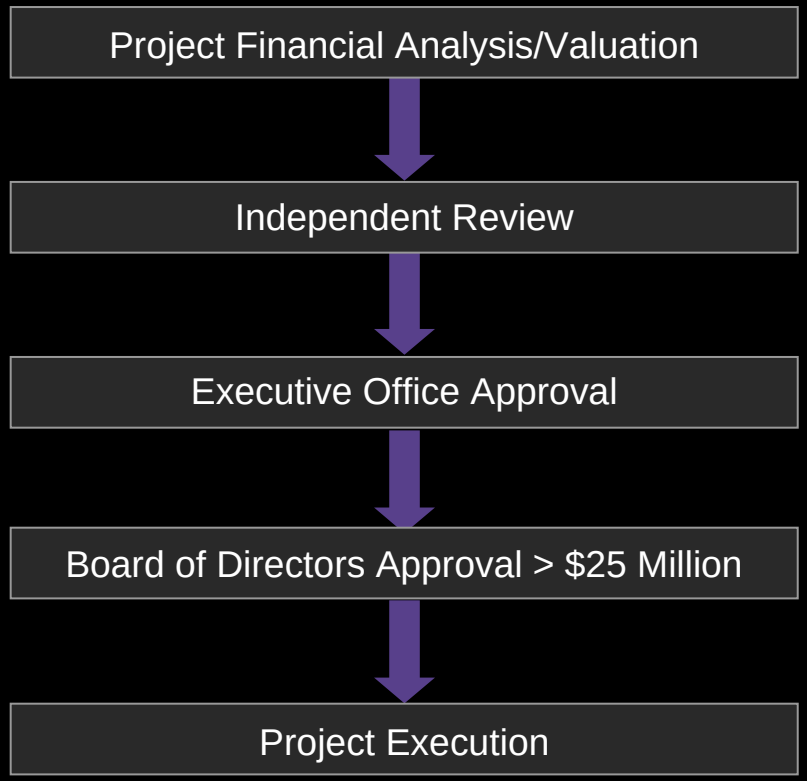
Rigorous Capital Discipline

Contains Forward Looking Statements

Strategic Objectives



Capital Allocation Process



Key Takeaways



Contains Forward Looking Statements

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

AES: The power of being global.



Thank you.

Appendix - Assumptions

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

In addition, benefits from global sourcing include avoided costs, reduction in capital project costs versus budgetary estimates, and projected savings based on assumed spend volume, which may or may not actually be achieved. Also, improvement in certain KPIs such as EFOR and commercial availability may not improve financial performance at all facilities based on commercial terms and conditions. These benefits will not be fully reflected in the Company's consolidated financial results.

Appendix - Definitions

- Free Cash Flow – Net cash from operating activities less maintenance capital expenditures. Maintenance capital expenditures reflect property additions less growth capital expenditures.
- Lost Time Accident (LTA) – An incident in which the injured person is kept away from work beyond the day of the incident.
- Near Miss – An incident that occurred but did not result in any injury. In AES, we have expanded this to include unsafe conditions that have been observed.
- O&M – Operation and maintenance.
- Reliability Centered Maintenance (RCM) – An integrated maintenance methodology that optimizes among reactive, interval-based, condition-based, and proactive maintenance practices to take advantage of their respective strengths in order to maximize facility and equipment reliability while minimizing life-cycle costs.
- Return on invested capital (ROIC) – Net operating profit after tax (NOPAT) divided by average capital. NOPAT is defined as income before tax and minority expense plus interest expense less income taxes less tax benefit on interest expense at effective tax rate. Average capital is defined as the average of beginning and ending total debt plus minority interest plus stockholders' equity less debt service reserves and other deposits.
- System Average Interruption Duration Index (SAIDI) – A measure of the cumulative duration of electric service forced and sustained interruptions experienced by customers each year, excluding "force majeure" events. SAIDI is calculated as the total number of customer minutes of sustained interruption divided by the number of customers served.
- System Average Interruption Frequency Index (SAIFI) – A measure of the number of outages per customer per year. SAIFI is calculated by dividing the total number of customer-sustained interruptions by the number of customers served.

Appendix – Summary Financial Information 2003 –2005

	2005	2004 (1)	2003 (1)
Revenues	$11,086	$9,463	$8,413
Gross margin	3,178	2,782	2,459
Income (loss) from continuing operations	632	264	294
Diluted earnings per share from continuing operations	$0.95	$0.41	$0.49
Net cash from operating activities	$2,165	$1,571	$1,642
Maintenance capital expenditures	(631)	(507)	(542)
Free cash flow (2)	$1,534	$1,064	$1,100

(1) Restated.
(2) Non-GAAP financial measure. See page 25 for definition.

Appendix – Reconciliation of Adjusted Earnings Per Share

	2005	2004 (1) (2)
Diluted EPS from Continuing Operations	$0.95	$0.41
FAS 133 Mark-to-Market (Gains)/Losses (2)	--	0.06
Currency Transaction (Gains)/Losses	(0.04)	0.06
Net Asset (Gains)/Losses and Impairments	--	0.05
Debt Retirement (Gains)/Losses	--	0.01
Total Adjustment Factors	(0.04)	0.18
Adjusted Earnings per Share (3)	$0.91	$0.59

(1) Restated.

(2) 2004 results include $0.03 related to Chile debt restructuring costs.

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

Appendix – Return on Invested Capital (ROIC)

Net Operating Profit After Tax [1]	**2005**	**2004**	**2003**
IBT&MI	$1,458	$822	$644
Reported Interest Expense	1,896	1,932	1,984
Income Tax Expense [2]	(1,070)	(1,203)	(861)
Net Operating Profit After Tax	**2,284**	**1,551**	**1,767**
Effective Tax Rate [3]	32%	44%	33%
ROIC [4]	**11.3%**	**7.7%**	**9.0%**

Total Capital [5]	**December 2005**	**December 2004**	**December 2003**	**December 2002**
Total Debt	$17,706	$18,588	$19,638	$20,047
Minority Interest	1,611	1,305	995	885
Stockholders' Equity	1,649	956	(101)	(855)
Debt Service Reserves and Other Deposits	(611)	(737)	(617)	(515)
Total Capital	$20,355	$20,112	$19,915	$19,562
Average Capital [6]	**$20,234**	**$20,014**	**$19,739**	

(1) Net operating profit after tax, a non-GAAP financial measure, is defined as income before tax and minority interest expense (IBT&MI) plus interest expense less income taxes less tax benefit on interest expense at the effective tax rate.
(2) Income tax expense calculated by multiplying the sum of IBT&MI and reported interest expense for the period by the effective tax rate for the period.
(3) Effective tax rate calculated by dividing reported income tax expense for the period by IBT&MI for the period.
(4) Return on invested capital (ROIC), a non-GAAP financial measure, is defined as net operating profit after tax divided by average capital calculated over rolling 12 month basis.
(5) Total capital, a non-GAAP financial measure, is defined as total debt plus minority interest plus shareholders equity less debt service reserves.
(6) Average capital is defined as the average of beginning and ending total capital over the last 12 months.