AES CORPORATION

Bank of America 2006 Energy Conference

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Executive Vice President



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Safe Harbor Disclosure

Certain statements in the following presentation regarding AES's business operations may constitute "forward looking statements." Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES's current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to continued normal 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 billion revenue power generation and distribution business
$2.2 billion net cash provided by operating activities

Note: 2005 results exclude businesses placed in discontinued operations as of June 30, 2006. Countries and locations include projects under construction.

AES Value Proposition

Contains Forward Looking Statements

Focus on global growth

- Alternative energy markets (LNG, renewables, global climate change) complement traditional growth strategies
- Portfolio management opportunities given current high asset values

Strong operating model supports growth programs

- Diverse generation portfolio largely contracted with limited fuel cost risk
- Utility portfolio offers exposure to emerging market demand growth
- Regional accountability supported by global process improvement

Key financial metrics: EPS, free cash flow and ROIC [(1)]

Incentives aligned with shareholder interests

[(1)] Free cash flow and ROIC are non-GAAP financial measures. See Appendix for definition.

Meeting Our Commitments

$ billions except per share amounts

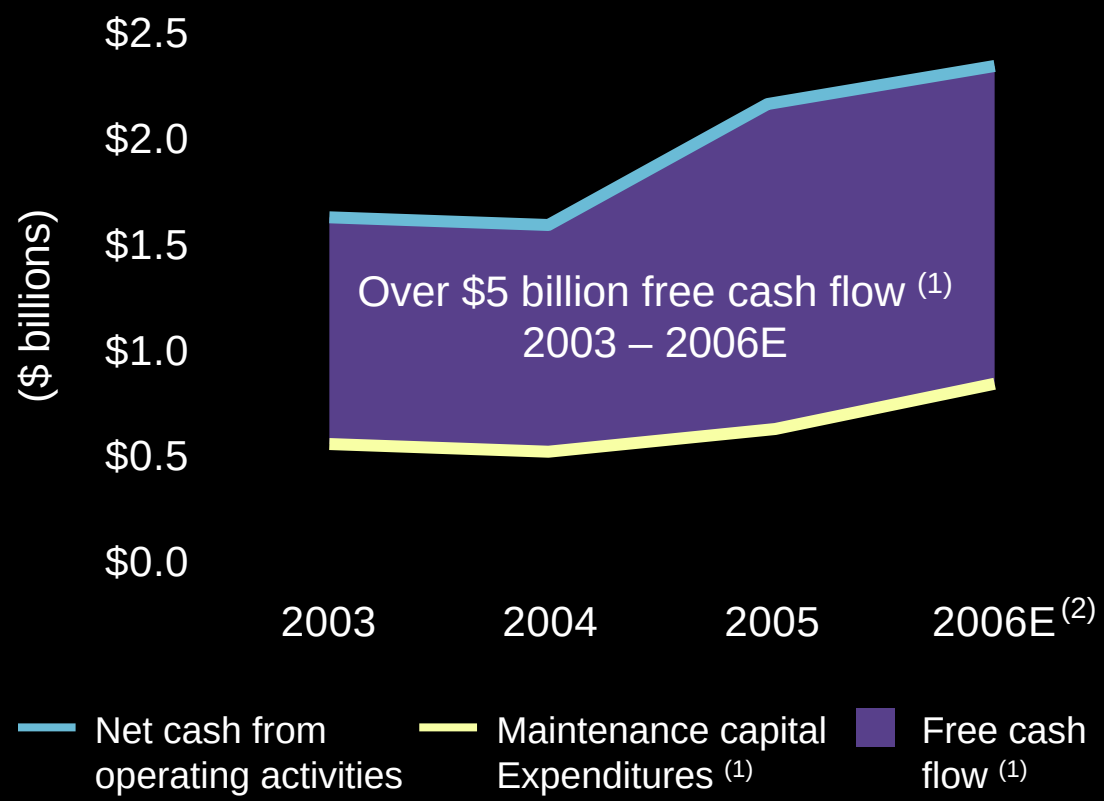
Contains Forward Looking Statements

Guidance Element	2003 Actual	Original 2008 Guidance From 2003 Analyst Meeting	2005 Actual	Updated 2008 Guidance
Gross Margin	$2.5	$2.9	$3.2	$3.5
Diluted EPS From Continuing Operations	$0.49	$1.03 - 1.34	$0.96	$1.18 - 1.34
Net Cash From Operating Activities	$1.6	$2.1	$2.2	$2.6 - 2.9

Note: 2003 results and 2005 EPS include businesses placed in discontinued operations effective June 30, 2006.

Consistent and Strong Cash Flow Trends Continue

Contains Forward Looking Statements



2005 highlights

- Net cash from operating activities $2.2 billion
- Free cash flow (1) $1.5 billion

2006 guidance reflects:

- Higher maintenance capital expenditures
- U.S. environmental projects that are expected to generate positive returns

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

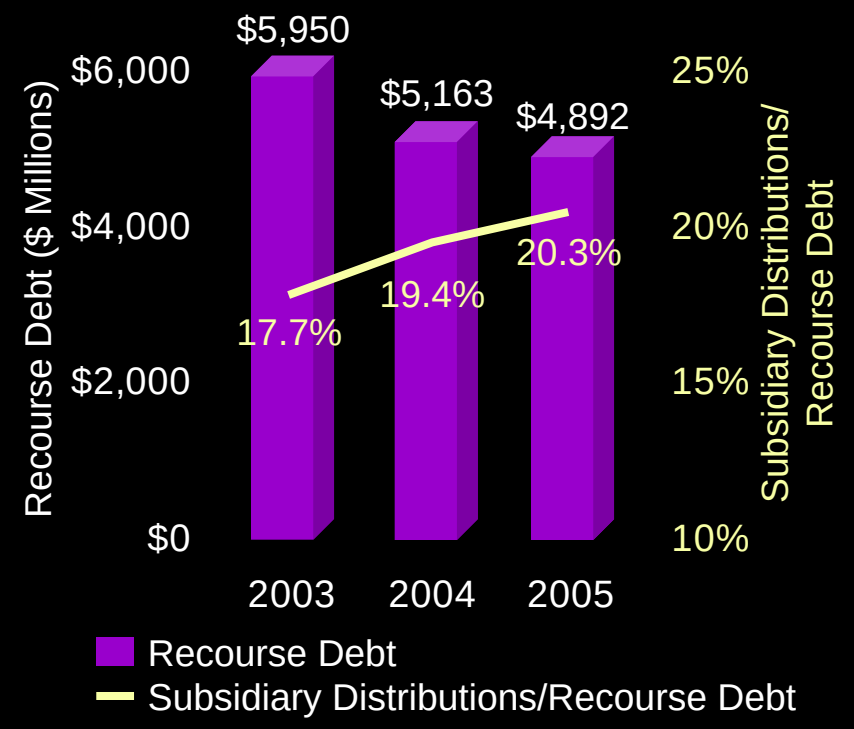
(2) Based on midpoints of 2006 guidance (as of November 6, 2006) of $2.3 to $2.4 billion net cash provided by operating activities, maintenance capital expenditures of $800 to $900 million, and free cash flow of $1.4 to $1.6 billion.

Note: Results exclude businesses placed in discontinued operations as of June 30, 2006 .

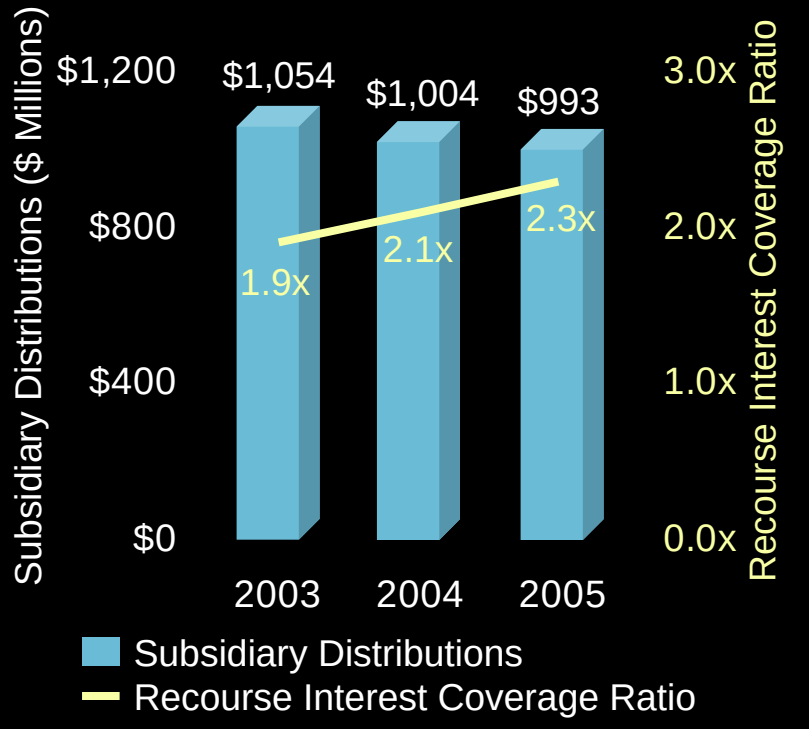
Improving Credit Statistics

Credit Statistics Support Strong BB/Ba2 Rating Goals

Target Subsidiary Distributions[1]/ Recourse Debt of 20% - 22% [2]



Target Recourse Interest Coverage Ratio of 2.0 to 2.5x [1]



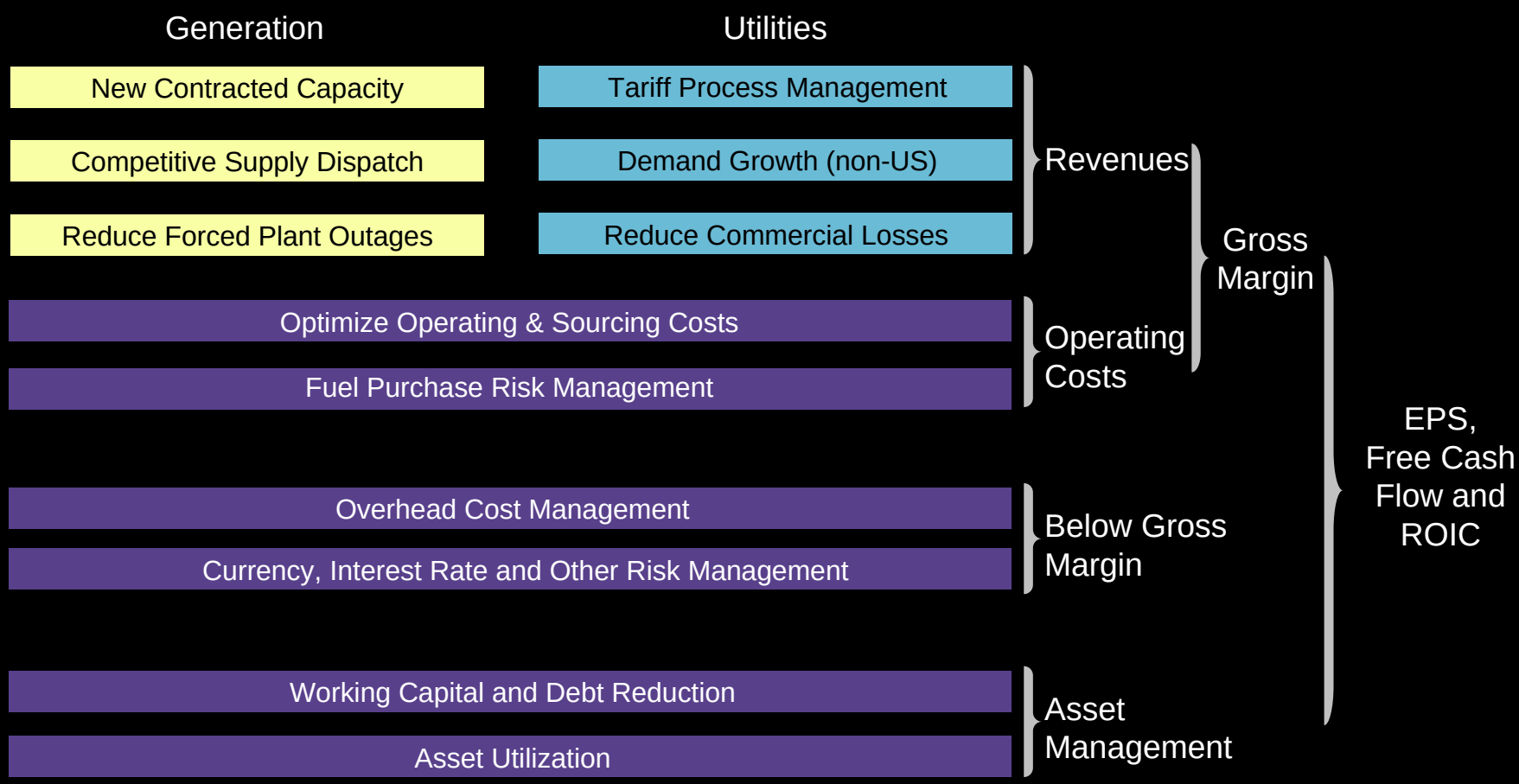
(1) Non-GAAP financial measure. See Appendix.

(2) This is the inverse of the previously stated target of recourse debt/subsidiary distributions coverage ratio of 4.5 to 5x.

Note: Results exclude businesses placed in discontinued operations as of June 30, 2006

Operating Model Drives Core Business Performance

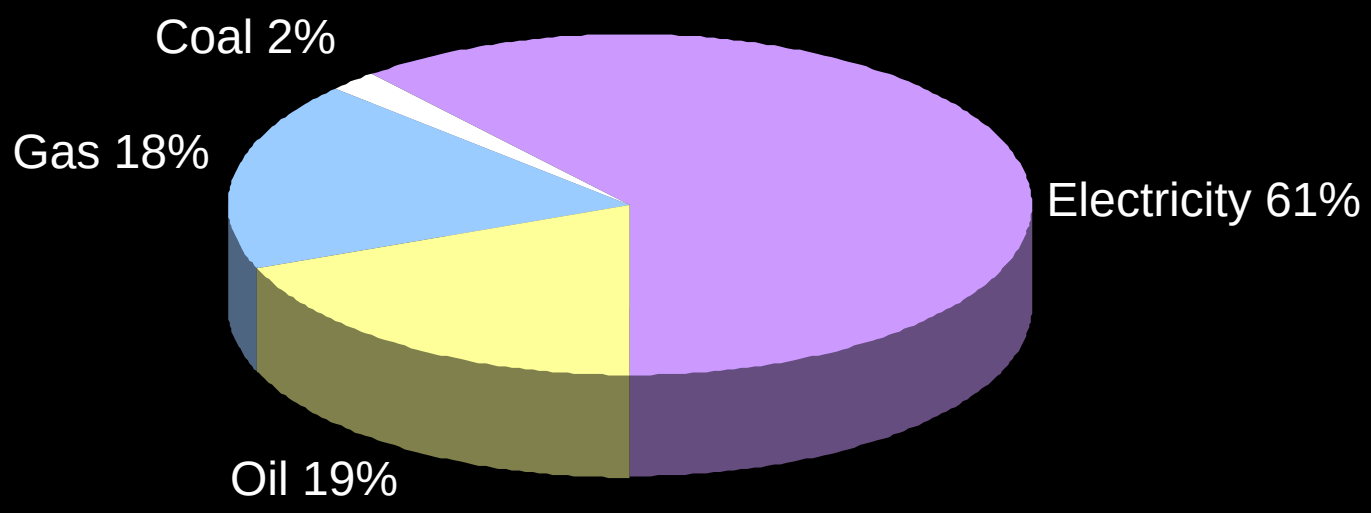
Performance Drivers Implemented Regionally With Global Process Support



Electricity Sector Leads $5.5 Trillion Global Energy Investment through 2015

Contains Forward Looking Statements

Expected Global Energy Investment by Sector Through 2015

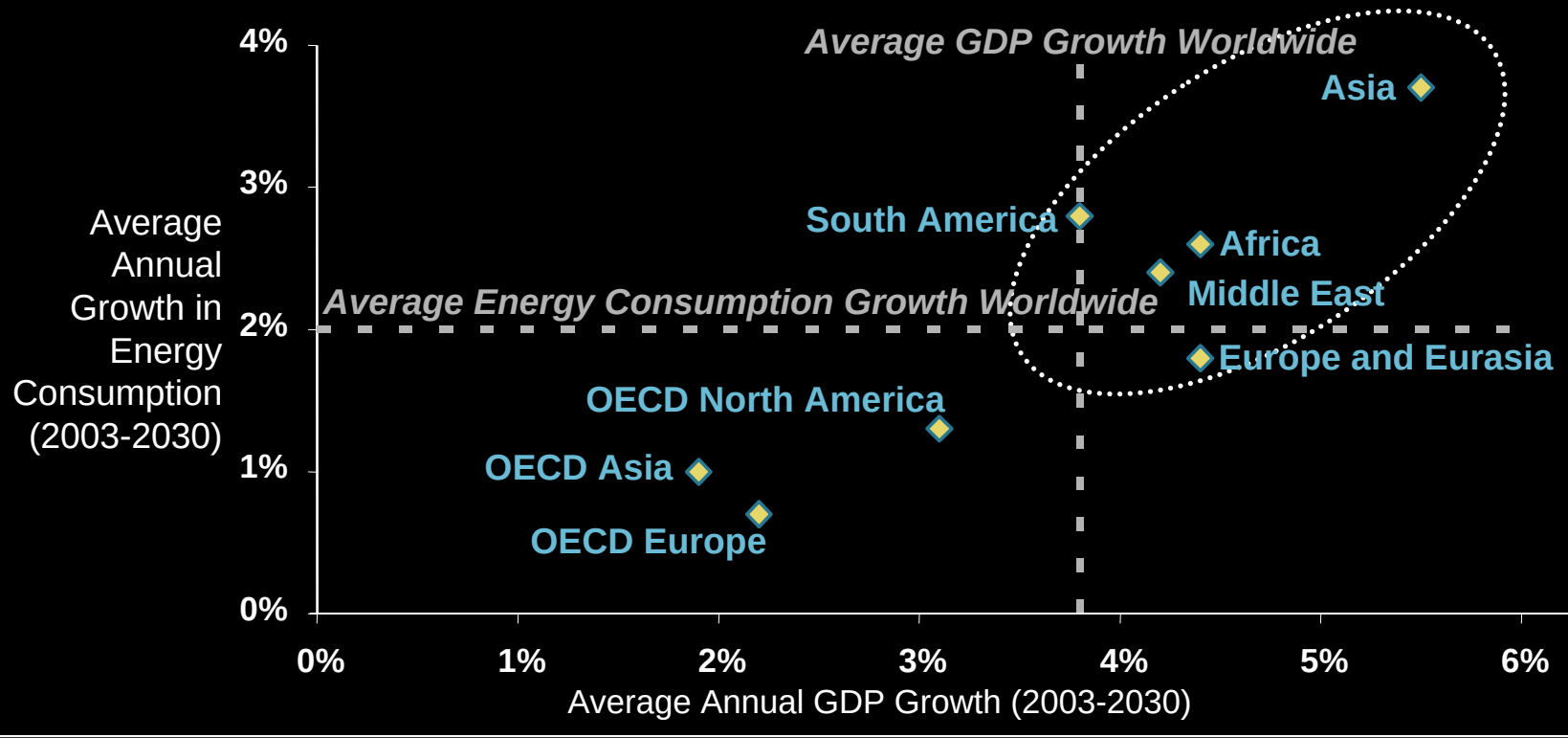


Breadth of experience across regions, technologies and fuel sources positions AES to participate in over $3 trillion of global electricity capacity investment needed by 2015 as well as adjacent markets.

Source: International Energy Agency World Energy Outlook

The Case for Global Investment

Contains Forward Looking Statements

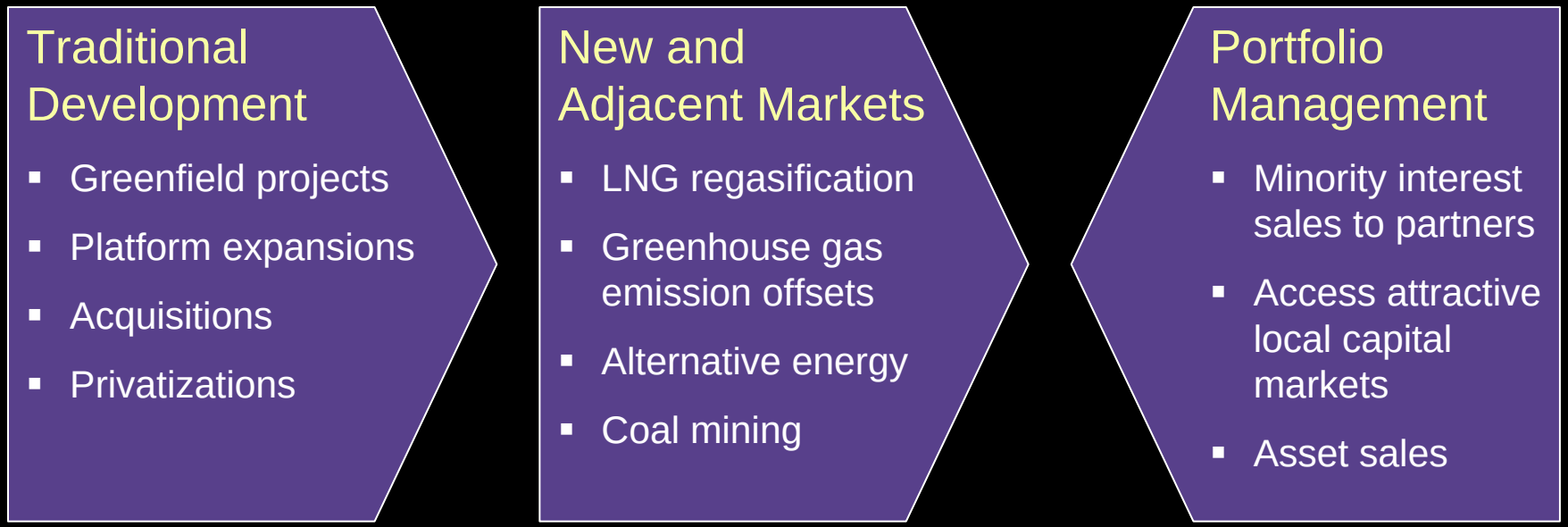


AES has the presence, experience and expertise in markets with the greatest potential GDP and energy demand growth.

Source: U.S. Energy Information Administration International Energy Outlook 2006

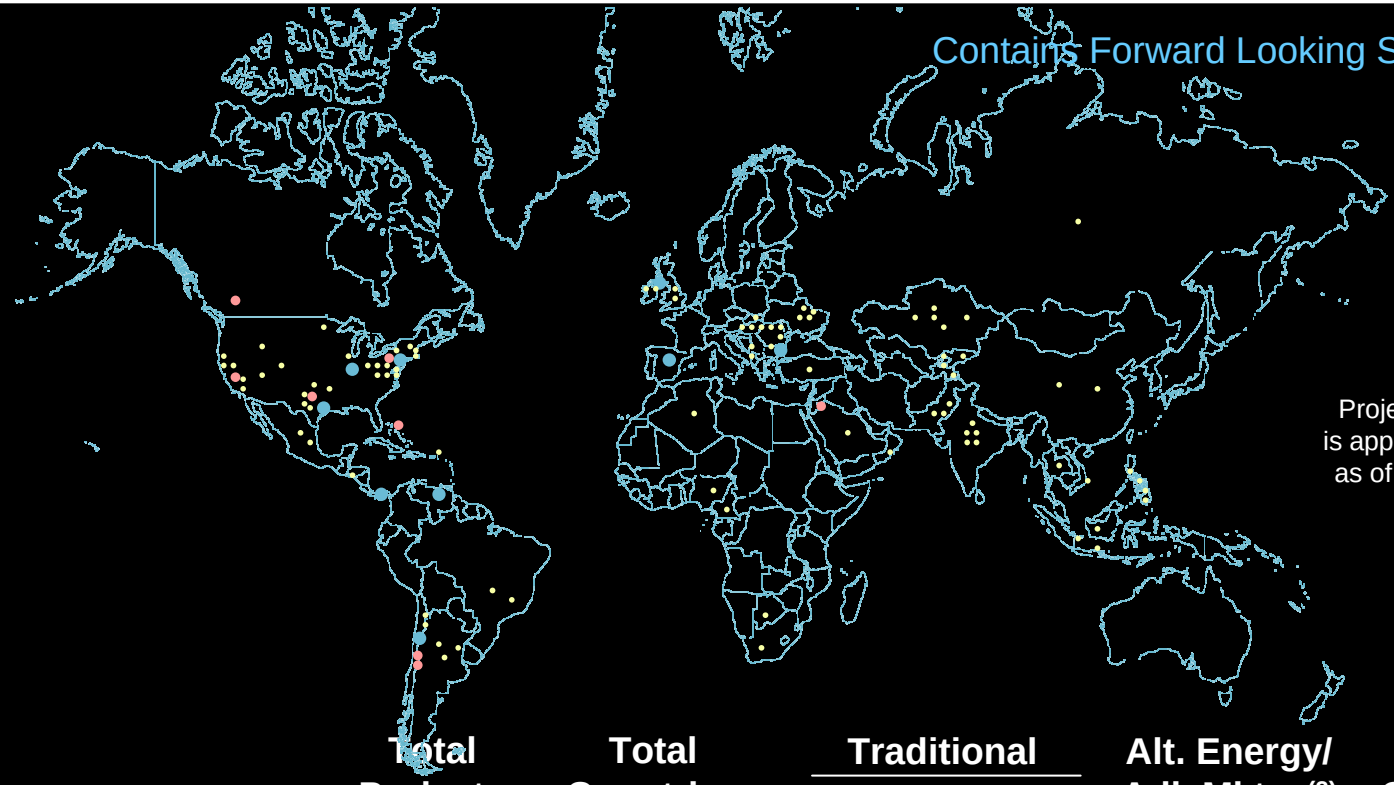
Growth Investment and Portfolio Management Strategy

Contains Forward Looking Statements



Strong Development Pipeline

Contains Forward Looking Statements



Project placement is approximate. Data as of August 2006.

Development Stage	Total Projects	Total Countries	Traditional #	Traditional Gross MW	Alt. Energy/ Adj. Mkts. (2)	Envir./ Other (3)
• Early	93	32	55	*	36	2
• Advanced (1)	7	5	4	1,000	2	1
• Engineering/construction	10	7	4	2,140	1	5

(1) Includes projects with signed PPAs or significant permitting completed. AES may not yet have announced some projects at this stage.
(2) Includes alternative energy projects (e.g., wind, LNG, climate change), as well as projects in new and adjacent markets.
(3) Includes environmental and other projects for existing portfolio with return on investment.

Greenfield Example: Cartagena

Contains Forward Looking Statements

1,200MW gas-fired CCGT power plant

- $917 million project cost
- 21 year contract with Gaz de France International (GDFi) for fuel and the purchase of power
- Fuel and electricity off-take contracts insulate AES from market risks
- GDFi to provide fuel through LNG terminal 1.5 km away
- Non-recourse commercial financing closed and construction began in November 2003
- Construction contractor delays have pushed back start-up date
- Full operations are expected in 4Q 2006
- $140 million revenues expected annually beginning late 2006

AES Cartagena Power Plant
Cartagena, Spain



New and Adjacent Markets Example: Wind

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Global installed capacity expected to increase by 100% over the next five years

Operating 600MW of wind projects

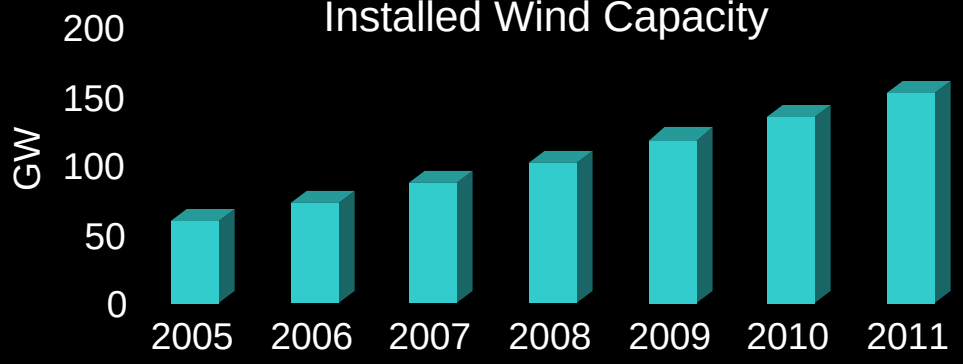
- 121MW Buffalo Gap wind farm in Texas recently completed; 233MW expansion underway
- Acquired 54MW wind farm in California
- Acquired 600MW development pipeline in Scotland
- Acquired 600 MW of wind greenfield projects in France
- Acquired 120 MW wind project in Bulgaria

Pursuing over 2,600MW of new projects

- US, China, India, Europe, Central and South America



Forecasted Worldwide Installed Wind Capacity



Source: Emerging Energy Research

New and Adjacent Markets
Example: LNG Regasification

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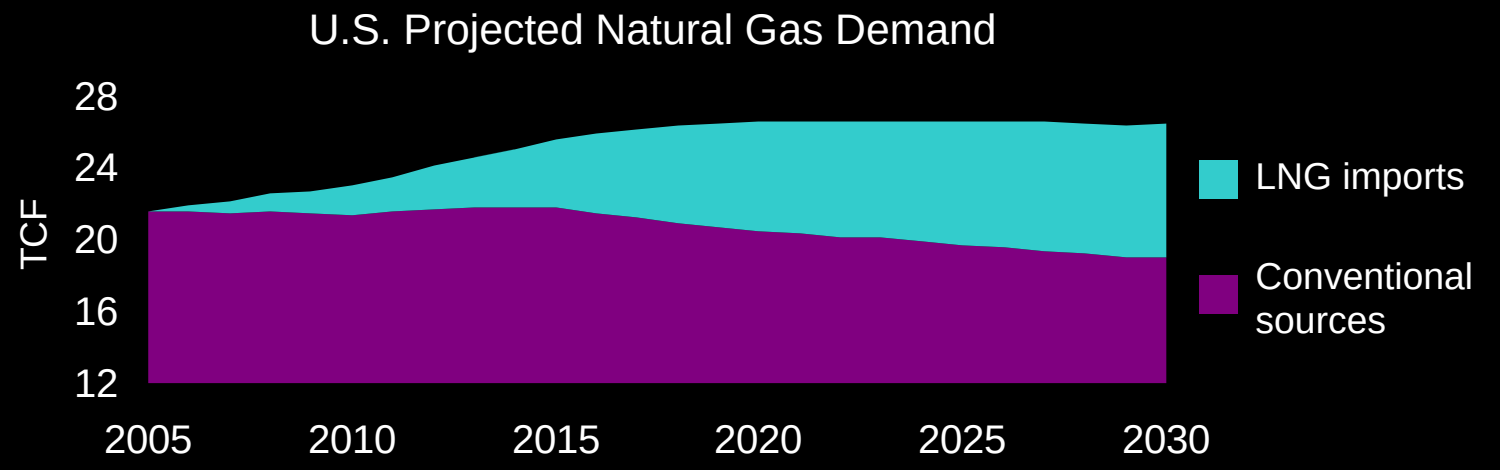
Supply to the U.S. to increase from 3% today to 20% in 2020

Developing LNG regasification terminals in:

- Bahamas
- Boston
- Baltimore





Source: U.S. Energy Information Administration Annual Energy Outlook.

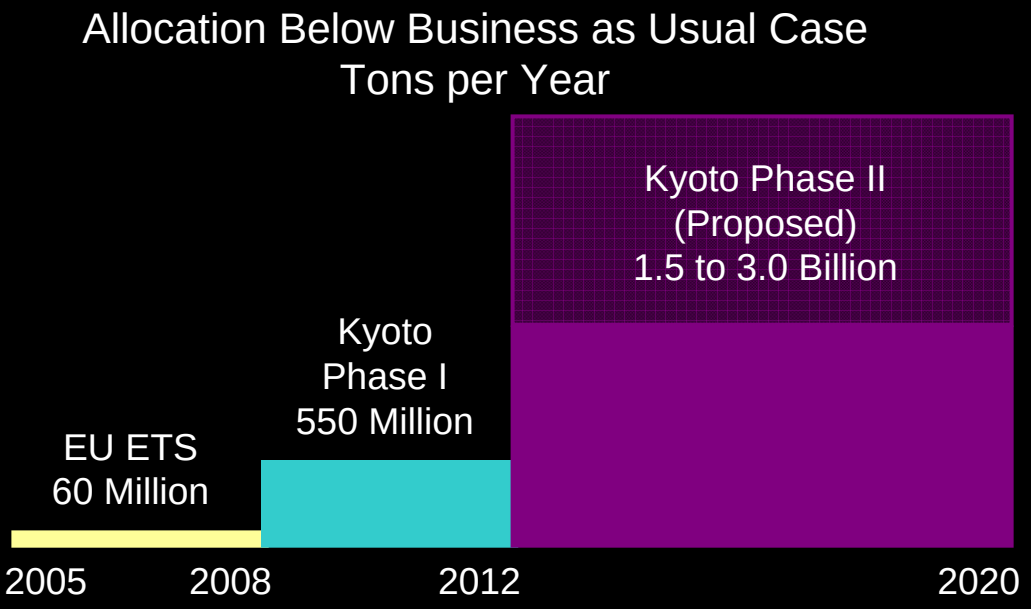
New and Adjacent Markets Investment Example: GHG Emissions Offsets

Contains Forward Looking Statements

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

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

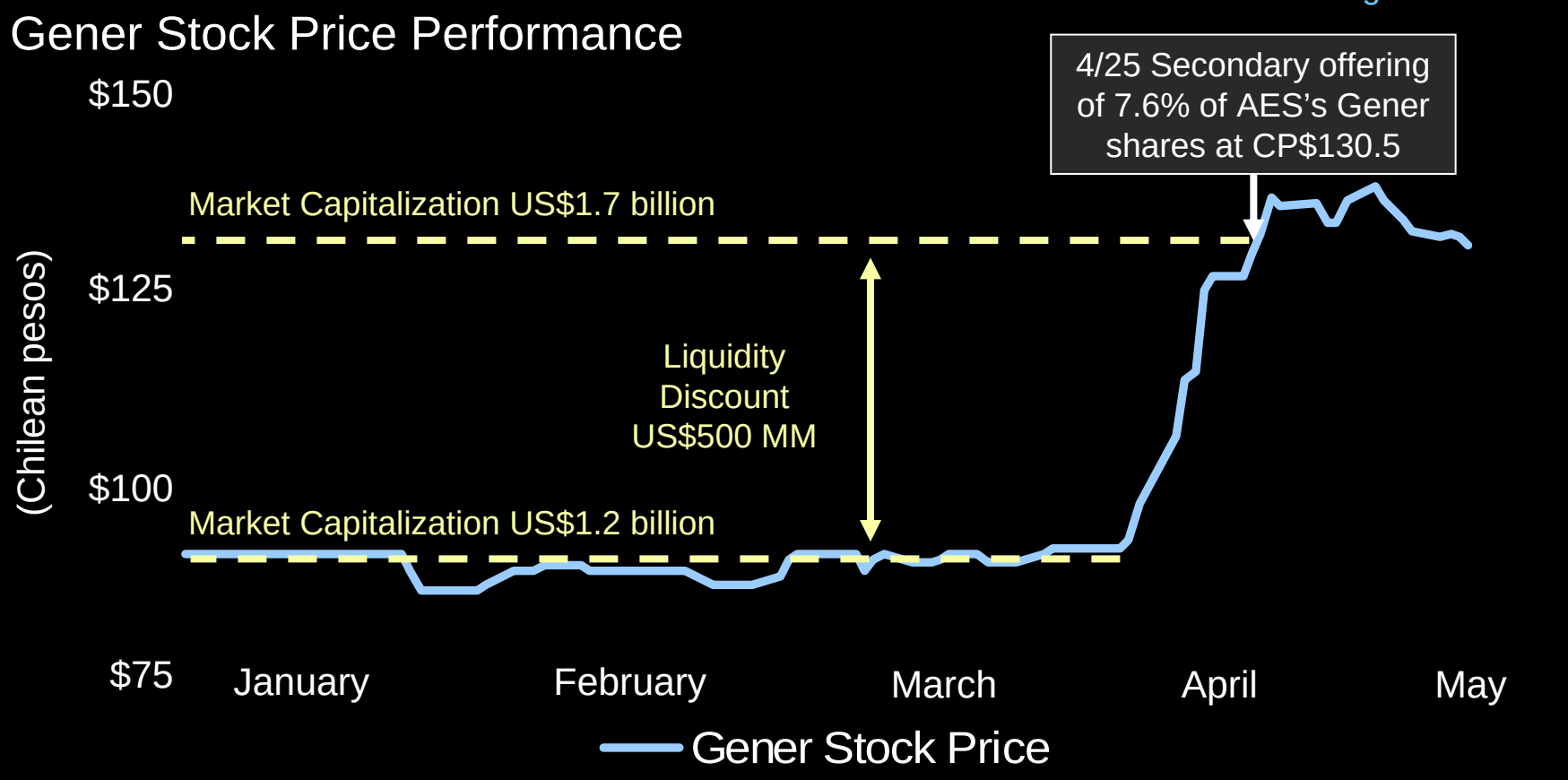




Source: AES estimates

Portfolio Management Example: Gener Secondary Offering

Contains Forward Looking Statements



Additional examples: Kingston, Canada plant investment sale
Brasiliana financial restructuring

Why Invest in AES?

Contains Forward Looking Statements

- Global demand for power continues to grow
  - $3 trillion in new generation capacity expected by 2015
  - Feeding growth in new and adjacent markets
- AES is well positioned to leverage market opportunities and industry dynamics
  - Global reach, local insights
  - Portfolio diversity, financial flexibility
- Focused on long-term value creation with sustained growth in EPS, free cash flow and ROIC






AES: The power of being global.



Thank you.

Appendix: Definitions

- EPS – Earnings per share.
- Free cash flow – Net cash provided by operating activities less maintenance capital expenditures. Maintenance capital expenditures reflect property additions less growth capital expenditures.
- Interest coverage – The ratio of subsidiary distributions to parent interest expense.
- O&M – Operation and maintenance.
- Parent debt is the same as recourse debt.
- Recourse interest expense – Interest expense associated with parent holding company debt, defined as Interest expense less non-recourse interest expense.
- 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.
- Subsidiary distributions – Cash distributions (primarily dividends and interest income) from subsidiary companies to the parent company and qualified holding companies. These cash flows are the source of cash flow to the parent to meet corporate interest, overhead, cash taxes, and discretionary uses such as recourse debt reductions and corporate investments.

Appendix: Assumptions and Forecasts

Forecasted 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. This presentation also uses market data and industry forecasts obtained from the International Energy Agency, Emerging Energy Research and the U.S. Energy Information Administration as well as from other publicly available information. We have not independently verified any of this information and cannot guarantee the accuracy and completeness of such information.

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.

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

Appendix: Reconciliation of Subsidiary Distributions

Total subsidiary distributions & returns of capital to parent	**2005**	**2004**	**2003**
Subsidiary distributions to parent	$988	$991	$1,008
Net distributions to/(from) QHCs	5	13	46
Total subsidiary distributions	**993**	**1,004**	**1,054**
Returns of capital distributions to parent	44	116	242
Net returns of capital distributions to/(from) QHCs	13	11	--
Total returns of capital distributions	**57**	**127**	**242**
Combined distributions & return of capital received	1,050	1,131	1,296
Less: combined net distributions & returns of capital to/(from) QHCs	(18)	(24)	(46)
Total subsidiary distributions & returns of capital to parent	**$1,032**	**$1,107**	**$1,250**

See Definitions for further information. Results include businesses placed in discontinued operations effective June 30, 2006.

Appendix: Reconciliation of Non-GAAP Financial Measures

		2005	2004	2003
Free cash flow reconciliation	Net cash from operating activities	$2,165	$1,571	$1,642
	Maintenance capital expenditures	(631)	(507)	(542)
	Free cash flow	$1,534	$1,064	$1,100
Maintenance capital reconciliation	Property additions	$1,143	$892	$1,228
	Growth capital expenditures	512	385	686
	Maintenance capital expenditures	$631	$507	$542
Recourse interest expense reconciliation	Total interest expense	$1,896	$1,932	$1,984
	Non-recourse (parent) interest expense	426	473	569
	Recourse (parent) interest expense	$1,470	$1,459	$1,415

See Definitions for further information. Results include businesses placed in discontinued operations effective June 30, 2006.

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 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 is defined as total debt plus minority interest plus stockholders' equity less debt service reserves.
(6) Average capital is defined as the average of beginning and ending total capital over the last 12 months.

Note: Results exclude businesses placed in discontinued operations as of June 30, 2006