The AES Corporation

July 2010



Safe Harbor Disclosure

Certain statements in the following presentation regarding AES' 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' current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to accurate projections of future interest rates, commodity prices and foreign currency pricing, continued normal or better levels of operating performance and electricity demand at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. For additional assumptions see the Appendix to this presentation. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES' 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, 2009, 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.

Today's Discussion

- Debunking the myths
- Our track record of investing cash
- Strength of development pipeline

Today's Discussion

Debunking the Myths

Some Investors Have Raised the Following Concerns Regarding the AES Portfolio of Businesses

- Fears regarding global demand/growth outlook
- Potential commodity price exposure in North America
- Concerns over impact of European crisis on AES' existing businesses
- Desire to see evidence of AES' ability to invest cash at attractive returns

Power Demand Growth Remains Strong in Latin American & Asian Markets; AES Continues to Focus New Development on Geographies Already Demonstrating Strong GDP Growth

- Asia (contributed 6% of proportional gross margin[1] in 2009)
  - Power demand growth projected to increase in many countries, such as Vietnam 14% (GDP 6%), India 8% (GDP 8%) and the Philippines 4% (GDP 4%)
- Latin America (contributed 46% of proportional gross margin[1] in 2009)
  - Brazil: Year-over-year power demand growth in-country expected to be 5% in 2010 (GDP 7%); Q1 2010 demand growth was 6%
  - Chile: Year-over-year power demand growth expected to be 2% in 2010 (GDP 5%); Q1 2010 demand growth was (2%), despite impact of (10%) in the month of March due to earthquake
- North America Utility (contributed 12% of proportional gross margin[1] in 2009)
  - Forecast for 2010 volume at our Indiana utility will be down by 1% (GDP 3%) compared to 2009

Source: Company estimates and Economist Intelligence Unit.

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.

North America: Cash Flow & Adjusted EPS[1] Exposure to Weak Commodity Price Outlook is Modest

- As of March 31, 2010, only 10% of North American generation capacity is merchant
  - Of 13,000 MW capacity in North America, 1,400 MW is merchant, primarily in New York (1,200 MW coal-fired Eastern Energy in NY and 160 MW pet coke-fired Deepwater in TX)
- For New York, 85% of 2010 gross margin is hedged; remaining output is projected to be sold at spot prices based on forward curve as of March 31, 2010 (embedded in 2010 guidance)
  - 2011 output is largely un-hedged
  - However, based on forward curve as of March 31, 2010, downside in 2011 is limited, as we have an option to not run the plants if dark spreads remain weak

1. A non-GAAP financial measure. See Appendix for definition.

Europe: AES' Exposure to Currency and Commodity Price Fluctuations Are Limited Due to Long-Term Contract Nature of Most Assets

- Existing businesses
  - Currency risk: 10% change in Euro is 0.7% of 2010[1] Proportional Free Cash Flow[2] and EPS
  - Three key European businesses are projected to contribute approximately 6% of 2010 pre-tax earnings
    - 1,219 MW Cartagena gas-fired power plant in Spain
      - 100% contracted under long-term Power Purchase Agreement (PPA) with GDF Suez through 2028
      - Fixed capacity payments under PPA represent majority of plant economics
      - Long-term debt financing in place (100% in Euros)
    - 670 MW Maritza East coal-fired power plant in Bulgaria
      - Currently under construction and expected to start operations in 2H 2010
      - 100% contracted under long-term PPA with state-owned utility through 2025
      - Fixed capacity payments under PPA represent majority of plant economics
      - 100% of debt financing in place (100% in Euros)
    - 622 MW Kilroot coal-fired power plant in Northern Ireland
      - Currently contracted through November 2010 and merchant thereafter
      - Low level of net debt ($45 million); fitted with FGD
      - Competitive cost structure helps to remain economic
      - Large portion of revenue is derived from reasonably stable capacity market

1. For remaining nine months ending December 31, 2010.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.

Today's Discussion

Our Track Record of Investing Cash

Our Development, Operational & Commercial Skills Deliver Results (M&A and Divestiture Examples)

- Asset Acquisition:
  - Invested $213 million in 2007 to acquire 460 MW pet coke-fired facility in Mexico
    - Increased plant capacity by 5%
    - Improved plant availability from 77% to 88%
    - After-tax returns (IRR)
      - Current forecast 16%
- Asset Sales:
  - Invested $324 million in three greenfield projects in Barka, Oman and Pakistan totaling 1,939 MW (976 MW proportional)
    - Cumulative distributions to AES Corporation of $849 million
    - Announced sales in 2009/2010 for total price of $389 million[1]
    - After-tax returns (IRR) of these investments for AES: 22%
  - Acquired 4,000 MW of installed capacity in Kazakhstan in 1996
    - Through a series of technical improvements, increased operating capacity from 800 MW to approximately 3,000 MW
    - Sold in 2008 for $1.3 billion[2], resulting in a net gain of $905 million

1. Subject to customary closing adjustments.
2. Including $182 million performance incentive bonus.

Our Development, Operational & Commercial Skills Deliver Results (Core Power and Renewable Greenfield Examples)

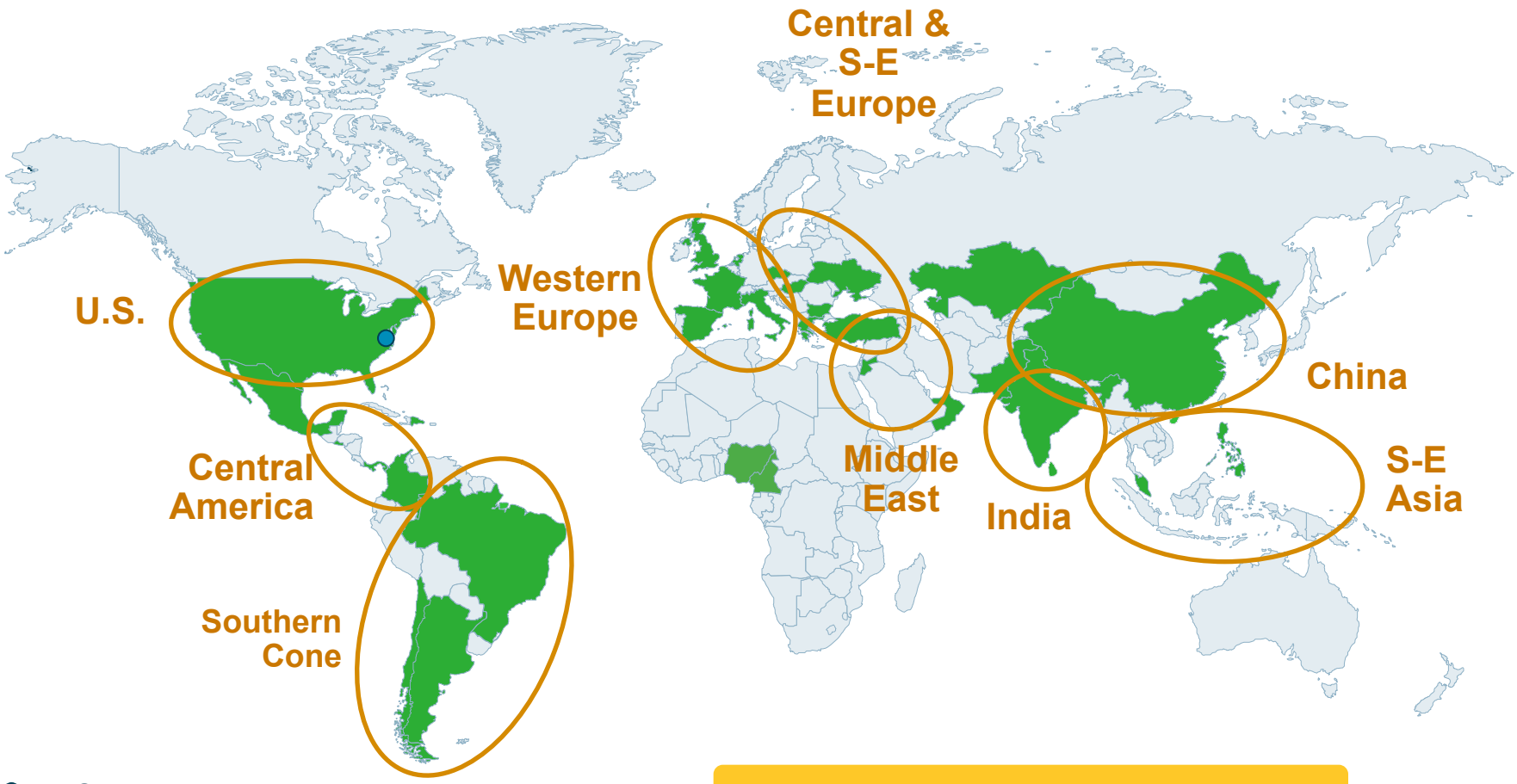
- Core Power
  - Invested AES equity of $84 million in 2007 in a 270 MW coal-fired plant in Chile
    - Completed in 2010 - on time and on budget
    - After-tax returns (IRR) ~18%
- Renewables (wind and solar): 1,515 MW (1,366 proportional MW) in operations[1]
  - Invested AES equity of $574 million since 2005
    - After-tax returns (IRR) ~13%-17%
    - Distributions to AES Corporation expected to be approximately $80 million in 2010

1. Includes 1,478 MW Wind and 37 MW Solar; 1,348 MW Wind and 19 MW Solar on a proportional basis

Today's Discussion

Strength of Our Development Pipeline

AES Competitive Advantage: Leverage Our Global Platform, Knowledge of Local Markets & Liquidity Position to Pursue Development in High Growth Regions

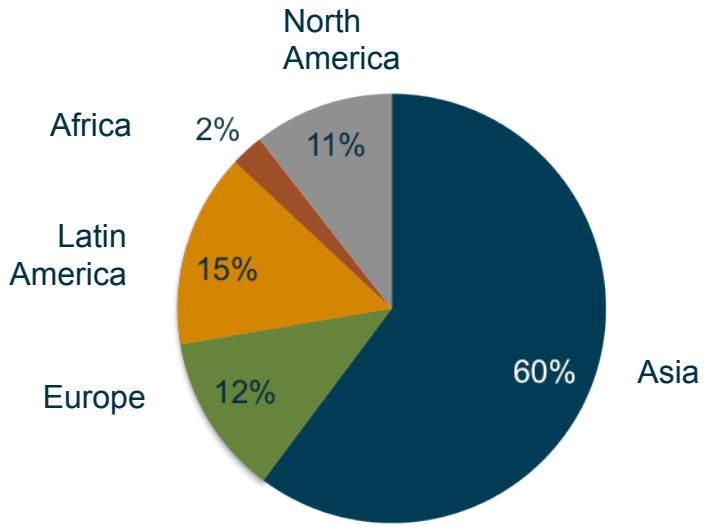


- AES Headquarters
- AES Current Operations (includes Solar)
- AES Development

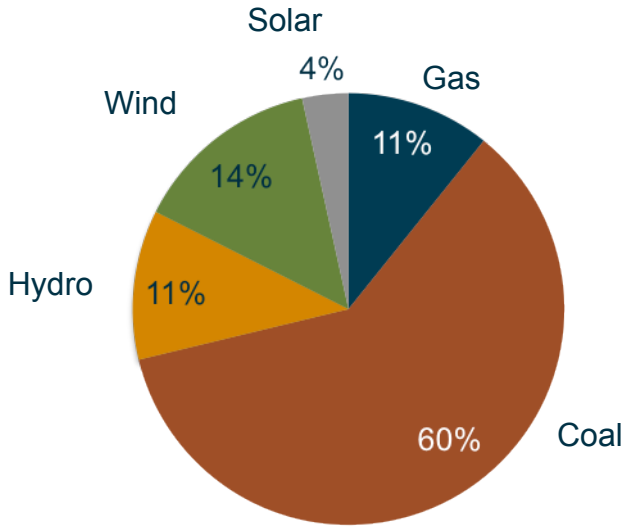
Currently only 9% of AES Operating Capacity is in Asia, But 60% of Our Development Pipeline is Located There

Development Pipeline is Aligned with Market Demand & Growth Potential

Advanced Development Pipeline by Geography
9,000 MW



Advanced Development Pipeline by Fuel Type
9,000 MW



Making Progress in Advancing Our Development Pipeline – Recent Events

April 2010: Signed 25-year Power Purchase Agreement for 1,200 MW coal-fired plant in Vietnam	April-May 2010: Acquired wind development pipeline of more than 1,000 MW in Poland and UK	April-May 2010: Raised $273 million long-term non-recourse financing to build 51 MW solar PV projects in Italy	June 2010: Acquired 35% interest in China small hydro joint venture; additional 14% pending Chinese government approvals and projected to close by December 31, 2010	July 2010: Entered into an agreement to acquire 1,246 MW gas-fired Ballylumford project in Northern Ireland
– USD-denominated tariff, with fuel pass-throughs – Expected financial close 1H 2011 and commercial operations in 2H 2014	– Includes 358 MW advanced development pipeline, expected to close before December 2011	– Commercial operations projected in 2H 2010 – Long-term contracts	– Increases AES' hydropower capacity in China from 25 MW to 266 MW in operation	– Largely-contracted, with fuel pass-throughs – Expected to close in 2H 2010
– AES equity requirement of approximately $400 million	– AES equity requirement of approximately $575 million to complete pipeline, including $200 million relating to the advanced pipeline		– AES equity requirement of approximately $49 million	– AES equity requirement of approximately $150 million – Expected to be accretive to near-term earnings and cash flows







Note: Some of these examples may not close as anticipated due to uncertainty inherent in the development process.

Accelerating Development Pipeline: Types of Projects Likely to Reach Financial Close in 2010-2011

	Location	MW	Fuel	Expected Financial Close	Expected COD	AES Equity $ in Millions
Wind						
USA	CA/WV	224	Wind	2H 2010-1H 2011	2H 2011	$195
Europe	Poland/UK	358	Wind	2H 2010-1H 2011	2H 2011-2H 2012	$200
Solar						
Europe (50%)	Italy/France/Spain	146	Solar	2H 2010	2H 2011	$100
Hydro – Latin America						
Alto Maipo (71%)	Chile	532	Hydro	1H 2011	2H 2015	$400
Thermal – Asia						
Mong Duong (90%)	Vietnam	1,200	Coal	1H 2011	2H 2014	$400
OPGC II (55%)	India	1,320	Coal	1H 2011	1H 2015	$200
Total		***3,780***				***$1,495***

Note: The table set forth above includes examples of some of the more advanced greenfield projects in our pipeline. Other projects not currently on the table, whether developed through acquisitions or otherwise, may be brought online before these projects. In addition, some of these examples may not close as anticipated due to uncertainty inherent in the development process.

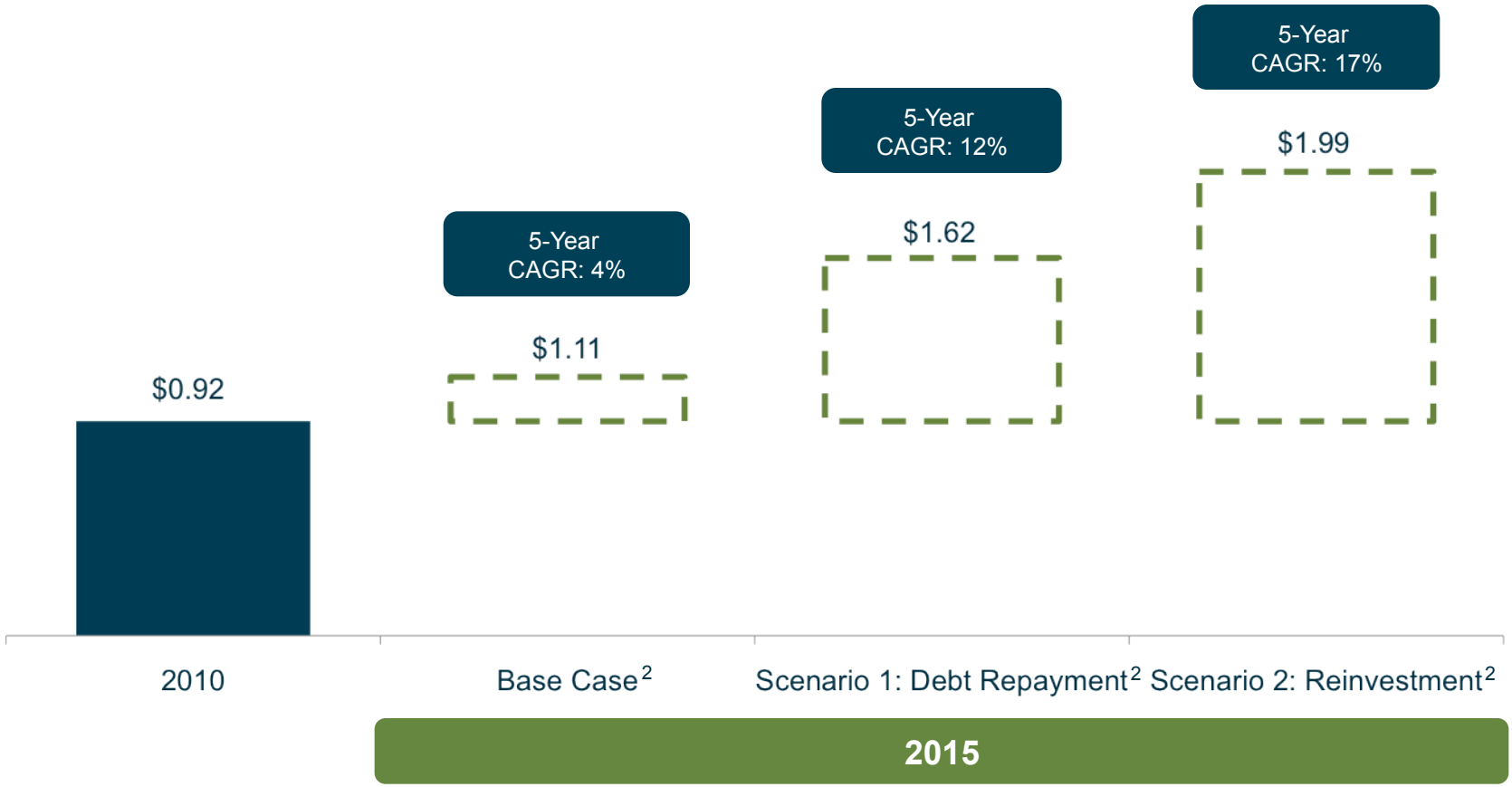
Assessing the Opportunity: AES Has Several Options Available to Deploy Liquidity – Following are Some of the Possible Scenarios

- In Base case: No growth investment and minimal return on available cash and free cash flows[1] is assumed (i.e. 0.2%)
- In Scenario 1: Debt is repaid at 10% premium to par
- In Scenario 2: Cash balance reinvested in new assets; free cash flow[1] reinvested 50/50 in new assets and debt repayment. Earnings contribution is based on an equal blend of M&A, renewables and core power greenfield projects; two-year lag is assumed before reinvested free cash flow[1] starts generating a return

	Base Case	Scenario 1: Debt Repayment	Scenario 2: Reinvestment
No Significant Change in Existing 2010 Base Business Through 2015	✓	✓	✓
Existing Construction Program to Add $0.16 Incremental EPS In First Full Year of Operations	✓	✓	✓
Reinvest $2 Billion Proforma Cash[2]	0.2% after-tax return	5.5% after-tax return	15% after-tax return
Reinvest Annual Proportional Free Cash Flow[1] of $1.2 Billion[3]	0.2% after-tax return	5.5% after-tax return	50% debt repayment and 50% reinvestment

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Includes $1.6 billion proceeds from CIC equity issuance and $390 million from Middle East and Pakistan asset sales.
3. Average annual proportional free cash flow assumed for this analysis. 2010 Guidance provided on May 7, 2010 is $900-$1,100 million.

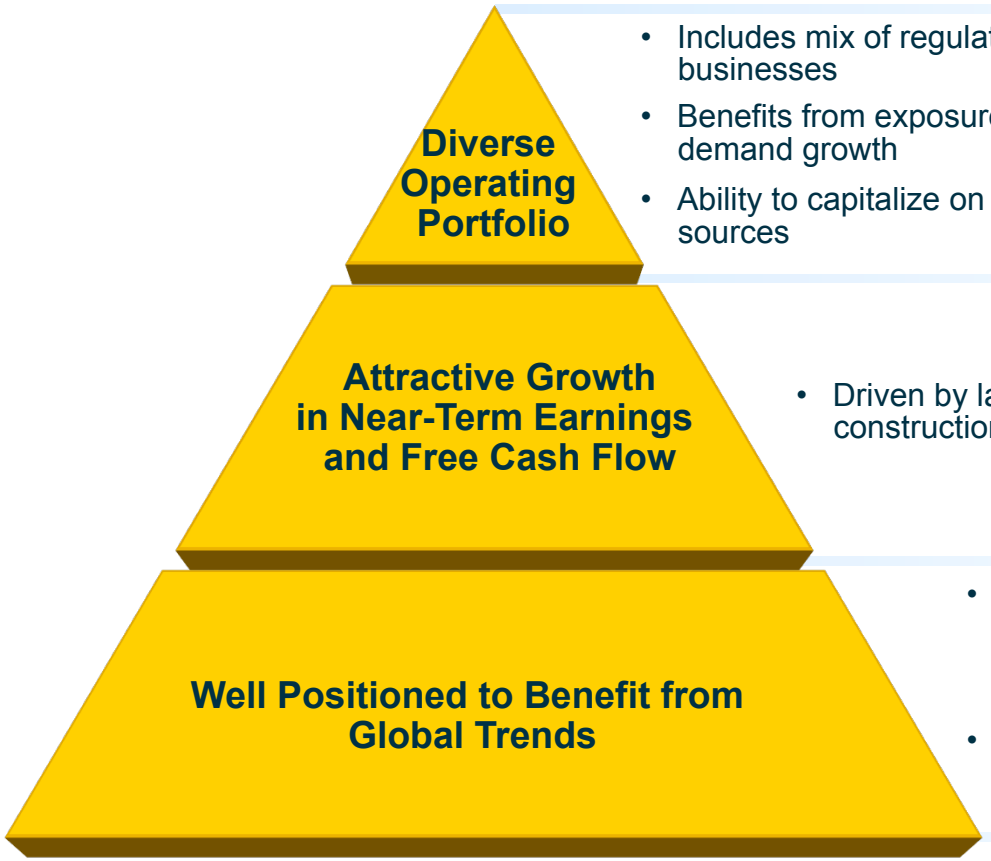
Deploying Excess Cash in Attractive Assets Produces the Highest EPS Growth Rates – Current Stock Price Does Not Reflect the Growth Potential



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. See Slide 17 for detailed description of scenarios.

AES Offers Compelling Value Proposition

AES
the power of being global



- Includes mix of regulated Utilities and unregulated Generation businesses
- Benefits from exposure to markets experiencing faster recovery in demand growth
- Ability to capitalize on platform of multiple geographies and energy sources

- Driven by largely contracted and fully financed construction program

- Experience with regulatory, political and economic environments in various regions as developer, owner and operator of significant generation and utility assets
- Due to strong liquidity, AES can capitalize on value-accretive M&A and greenfield opportunities

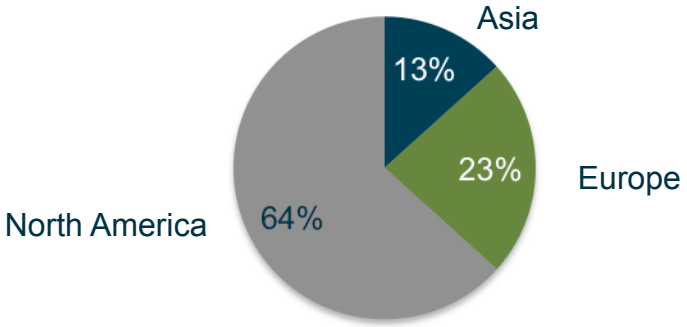
Appendix

- Growing Demand for Renewables — Slide 21-22
- Diverse Operating Portfolio — Slide 23-24
- Majority of Utility Businesses Concentrated in Two Countries — Slide 25
- Established Record of Improving Operations of Acquired Assets — Slide 26
- On Track to Meet Our 2010 Financial Goals — Slide 27
- Construction Program — Slide 28-29
- Strong Parent Company Liquidity — Slide 30
- 2010 Guidance — Slide 31
- Updated 2010 Adjusted EPS Guidance vs. Previous 2010 Guidance — Slide 32
- 2010 Sensitivities & Key Assumptions — Slide 33-34
- AES Capital Allocation Process Drives Shareholder Value — Slide 35
- Reconciliations — Slide 36-41
- Definitions & Assumptions — Slide 42-44

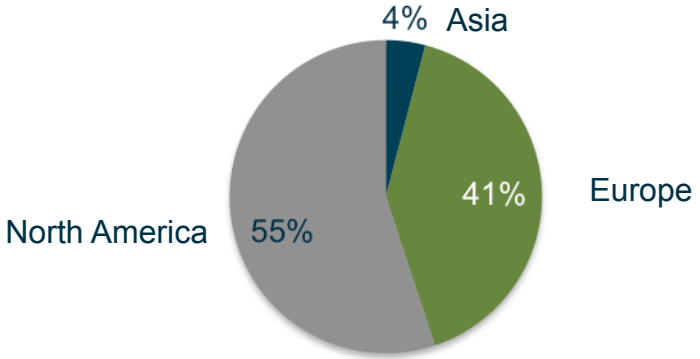
Growing Demand for Renewables: AES Wind is Well Positioned to Capitalize on Regulatory Incentives

AES Wind Generation Established in 2005

Total Wind Development Pipeline
6,000 MW



Advanced Development Pipeline
1,400 MW



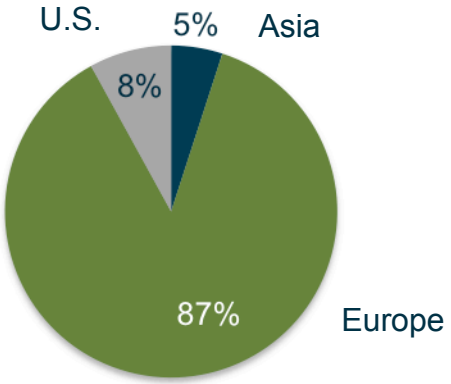
MW Additions by Year
(Including Projects in Operation & Under Construction)



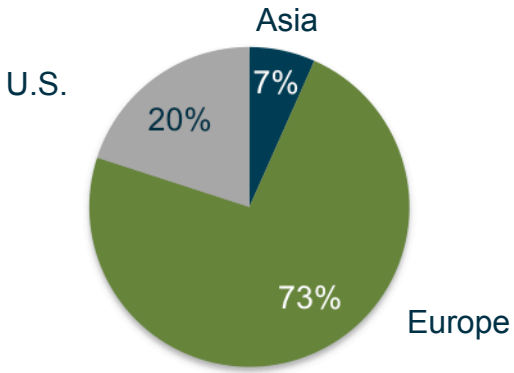
Global Solar-Based Generation Capacity to Triple in Next Four Years: AES Solar is Focused on Key Growth Markets

AES Solar Established in 2008

Total Solar Development Pipeline
900 MW



Advanced Development Pipeline
300 MW

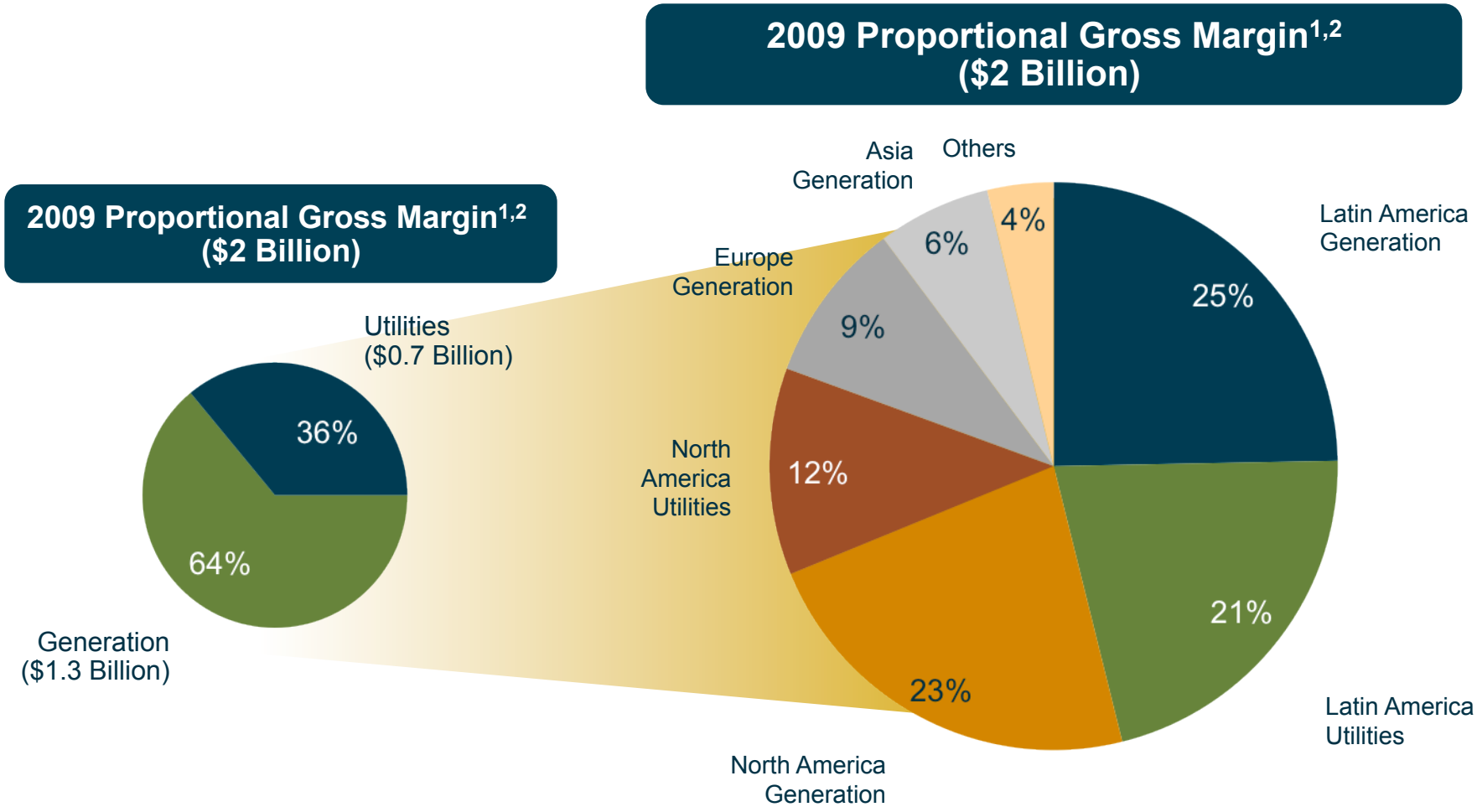


- $1 Billion JV with Riverstone
- 37 MW in operations in Europe
- 43 MW in construction in Italy

Darro, Spain
6 MW



Diverse Operating Portfolio: Geographic & Line of Business Diversification Reduces Risk



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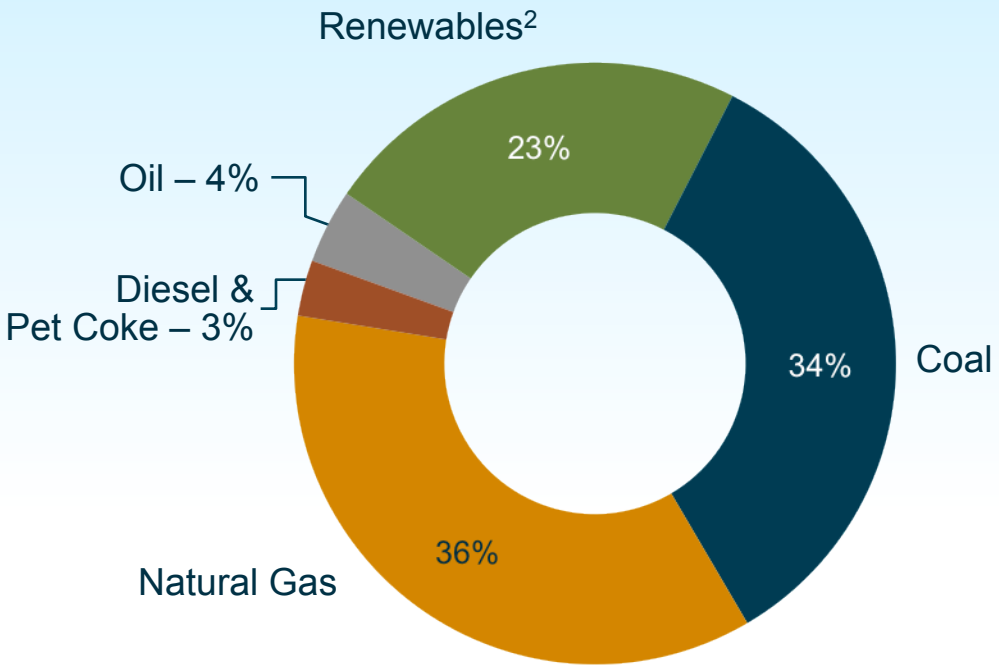
2. The AES Corporation (the "Company") is a holding company that derives its cash flows from the activities of its subsidiaries, some of which may not be wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure). See Appendix for full definition.

Diverse Operating Portfolio: Businesses Utilize Multiple Fuel Types & Technologies

Current Portfolio by Fuel Type (MW[1])



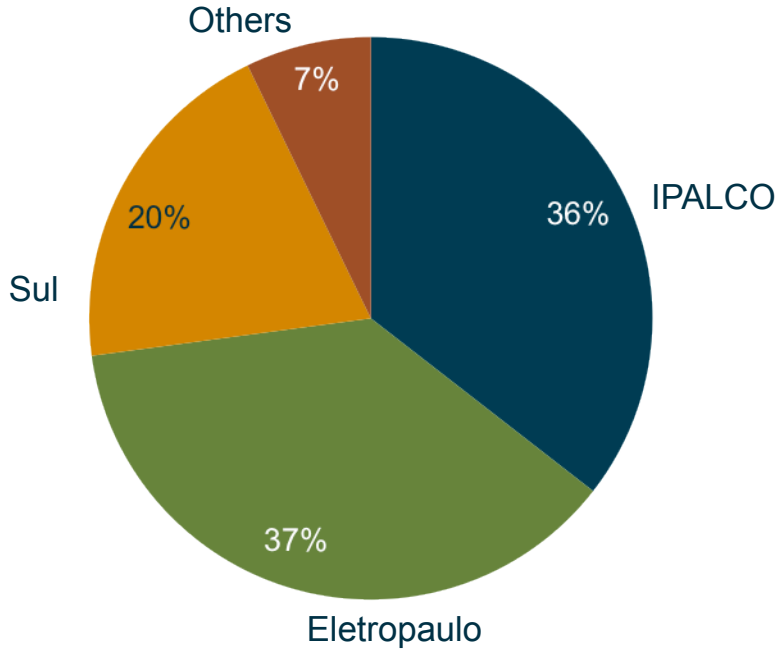
59% of Our Capacity is in Natural Gas & Renewables

1. 40,529 MW (gross) in operation under Generation and Utilities segments.
2. Renewables include biomass, hydro, solar and wind.

Majority of Utility Businesses Concentrated in Two Countries – U.S. & Brazil – with Established Regulatory Frameworks

- Regulated businesses primarily with long-term concessions
  - 14 utilities, including 4,630 MW generation capacity
- Three largest utilities represent 93% of 2009 Utility segment proportional gross margin
  - Eletropaulo and Sul in Brazil
  - IPALCO in the U.S.

2009 Proportional Gross Margin[1,2] from Utility Segment ($0.7 Billion)



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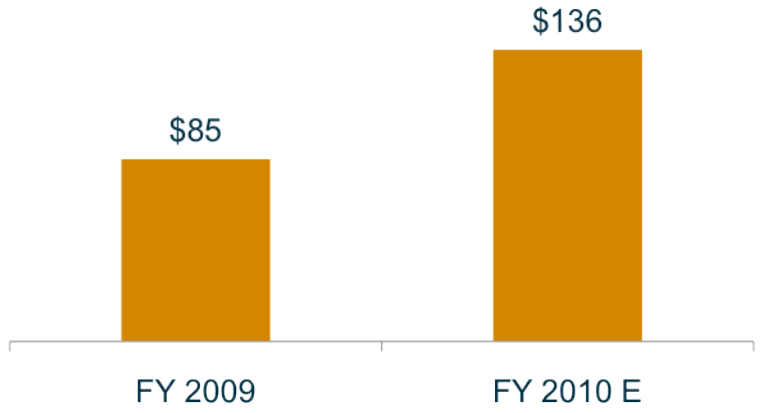
Established Record of Improving Operations of Acquired Assets

- Acquired 660 MW coal-fired plant in 2008
- Improved availability from 50% to 74%
- Increased net production by 62%
- Improved heat rate by 13%
- Increased contracted volume by 66%

Masinloc, Philippines

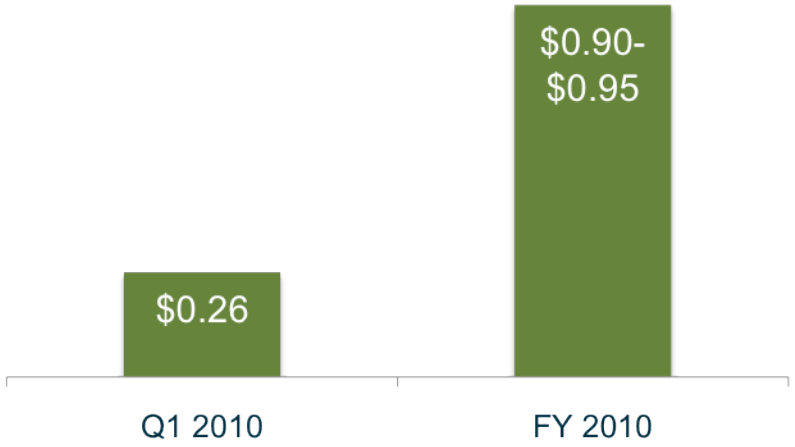


Gross Margin ($ in Millions)



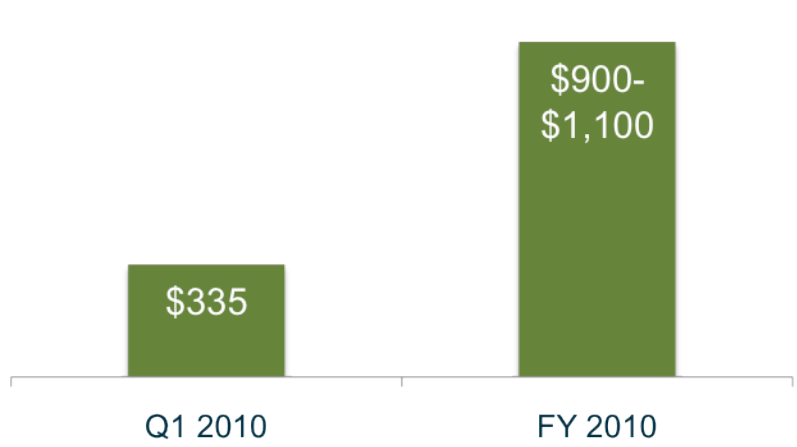
Q1 2010 Performance vs. FY 2010 Guidance[1]

Adjusted EPS[2]



Q1 2010 is 28% of FY 2010

**Proportional Free Cash Flow[2,3]
($ in Millions)**



Q1 2010 is 34% of FY 2010

1. Guidance given on May 7, 2010.
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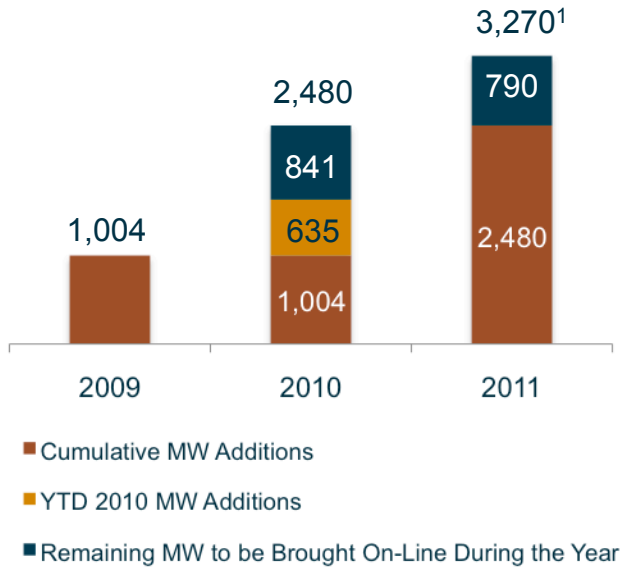
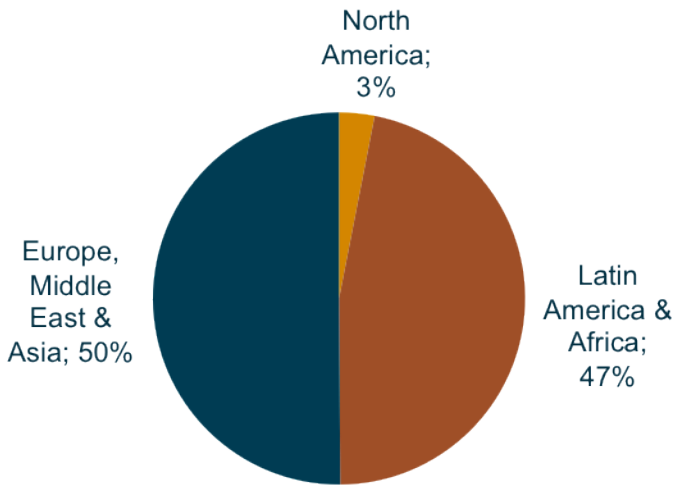
Construction Program Will Deliver Near-Term Growth

- Projects under construction are expected to contribute $0.12-$0.16 of EPS and $200-300 million of proportional free cash flow in 2011

Additional MW On-Line by Year



3,270 MW Construction Program by Geography (MW)[1]



1. Total does not include 270 MW Campiche project in Chile.

1,902 MW Under Construction as of May 7, 2010

	Generation (Thermal)			Generation (Renewables)			
	Bulgaria	**Chile**	**Chile**	Turkey	China	France	Panama
Project	Maritza East	Angamos	Campiche	I.C. Energy JV[1]	Guohua Energy JV[2]	InnoVent[3]	Changuinola I
% Owned	100	71	71	51	49	40	83
Type	Coal	Coal	Coal	Hydro	Wind	Wind	Hydro
Gross MW	670 MW	518 MW	270 MW	62 MW	148.5 MW	10.4 MW	223 MW
Expected Commercial Operations Date	2H 2010	2H 2011	TBD[4]	2H 2010	2010	2010	1H 2011

- All funding secured to complete construction program
- More than 95% of capacity is under long-term contacts
- Work remains suspended on our 270 MW Campiche project in Chile
  - Continue to seek a resolution to the permitting issues
  - Total exposure to project is approximately $188 million[5], of which our ownership adjusted portion is approximately $134 million

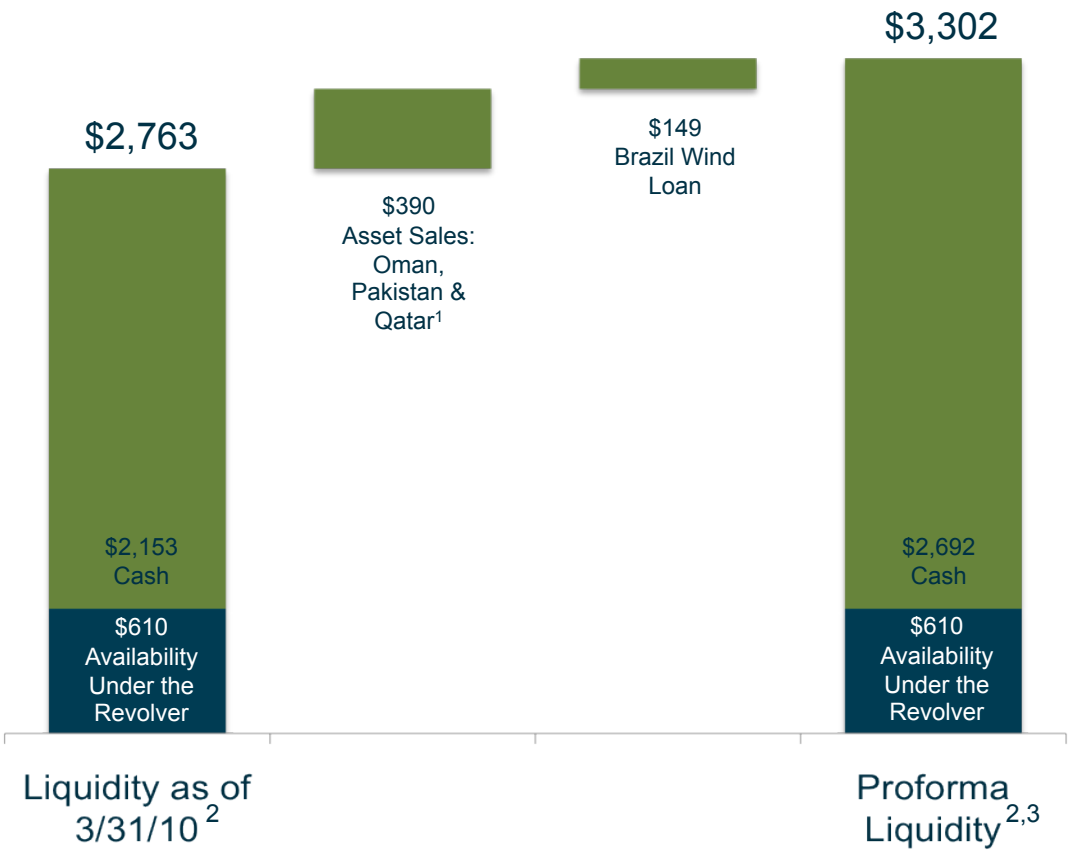
- Remaining 1,632 MW to be completed through 2011

Note: See risks discussed under Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2009, as well as our other SEC filings.

1. Joint Venture with I.C. Energy. I.C. Energy plants: Damlapinar Konya, Kepezkaya Konya and Kumkoy Samsun.
2. Joint Venture with Guohua Energy Investment Co. Ltd. Guohua Energy plants: Huanghua II, Chenq Qi and Dong Qi.
3. InnoVent plants: Audrieu, Boisbergues and Eurotunel.
4. To Be Determined, as a result of permitting issues noted above.
5. As of March 31, 2010.

Strong Parent Company Liquidity Positions Us to Capitalize on Growth Opportunities

$ in Millions



- Already identified uses of cash:
  - $400 million temporary prepayment of recourse debt
  - $670 million growth investments in 2010-2011
  - $214 million of 2010 recourse debt maturities, if not refinanced
- Discretionary uses of cash:
  - Additional growth investments, temporary debt prepayments or combination of both

1. Subject to customary purchase price adjustments at the time of close.
2. See Appendix for reconciliation of Liquidity as of 3/31/10. Proforma Liquidity reconciled above.
3. Liquidity figures do not include projected free cash flow (a non-GAAP financial measure, see Appendix for definition).

Maintaining 2010 Cash Flow Guidance & Updating EPS to Reflect CIC Equity Issuance

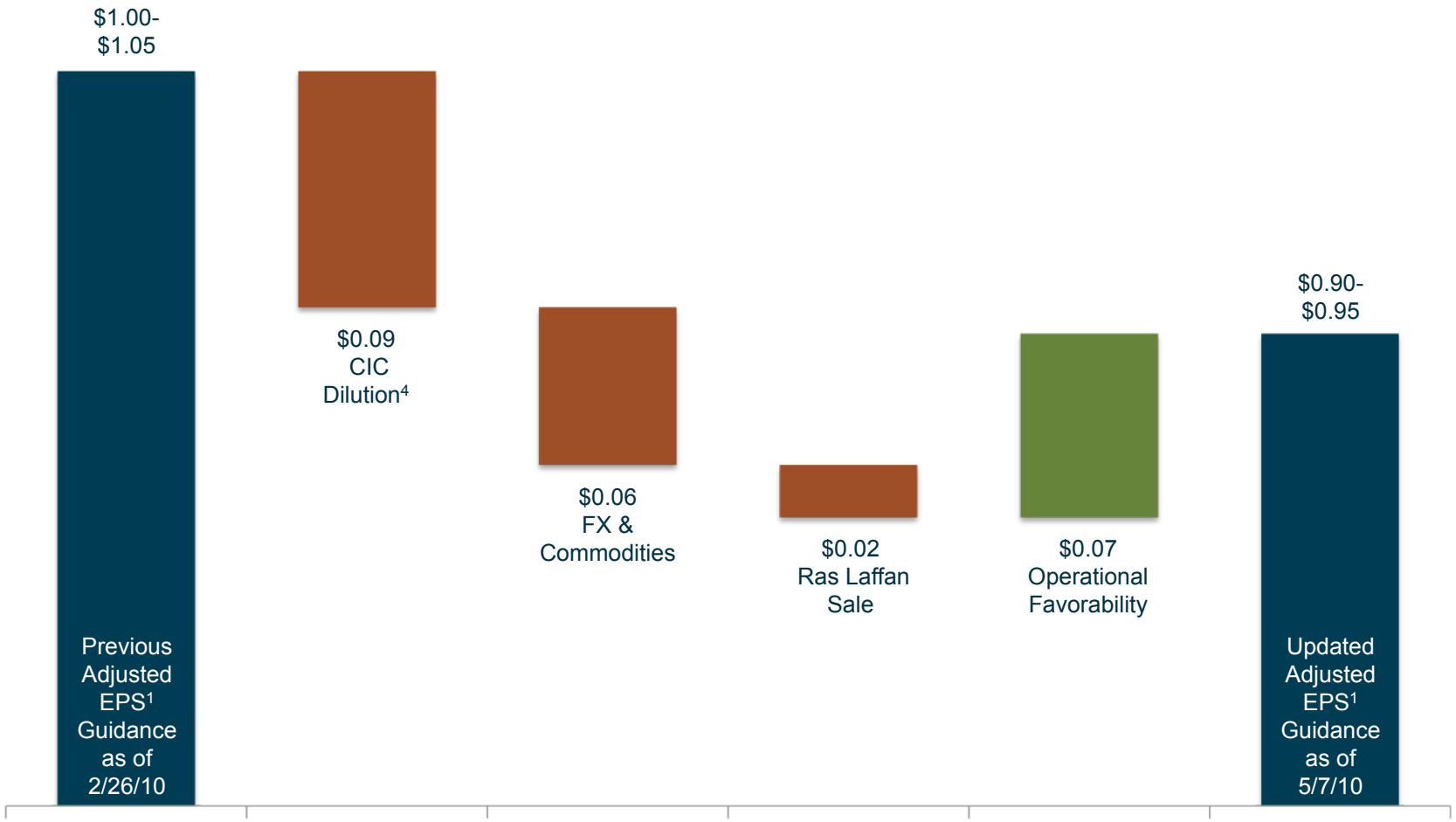
$ in Millions, Except Earnings Per Share	2010 Updated Guidance as of 5/7/10		2010 Previous Guidance as of 2/26/10	
	Consolidated	Proportional[1,2]	Consolidated	Proportional[1,2]
Gross Margin	$3,700-$3,900	$2,200-$2,400	$3,700-$3,900	$2,200-$2,400
Net Cash from Operating Activities	$2,775-$2,975	$1,475-$1,675	$2,775-$2,975	$1,475-$1,675
Free Cash Flow[2]	$2,000-$2,200	$900-$1,100	$2,000-$2,200	$900-$1,100
Subsidiary Distributions[3]	$1,100-$1,200		$1,100-$1,200	
Diluted Earnings Per Share from Continuing Operations	$0.83-$0.88		$0.95-$1.00	
Adjusted Earnings Per Share[2]	$0.90-$0.95		$1.00-$1.05	

- Maintained cash flow or gross margin related guidance metrics
- Lowering diluted EPS by $0.12, reflecting $0.09 due to CIC equity issuance. Also includes additional $0.02 related to make-whole premiums associated with early retirement of debt, which is excluded from adjusted EPS[1]

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. The AES Corporation (the "Company") is a holding company that derives its income and cash flows from the activities of its subsidiaries, some of which are not wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure) to account for the Company's ownership interest. See Appendix for full definition.
3. See Appendix for definition.

Updated 2010 Adjusted EPS[1] Guidance[2] vs. Previous 2010 Guidance[3]

$ in Millions



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Updated guidance given May 7, 2010.
3. Previous guidance given February 26, 2010.
4. Net of interest savings on $500 million debt prepayment.

2010 Guidance[1] Sensitivities

Interest Rates

- 100 bps move[2] in interest rates is equal to change in EPS of approximately $0.015

Currencies

- 10% appreciation in USD against the following key currencies is equal to the following negative EPS impacts:

	2010	
	Average Rate	Sensitivity
Argentine Peso (ARS)	3.93	Immaterial
Brazilian Real (BRL)	1.82	$0.020
Colombia Peso (COP)	1,933	Immaterial
Euro (EUR)	1.35	$0.005

Commodity Sensitivity

	2010	
	Average Rate	Sensitivity
Newcastle Coal (Sensitivity $10/ton) negative correlation	$94/ton	$0.015
NYMEX Coal (Sensitivity $10/ton) negative correlation	$56/ton	
NYMEX Crude Oil (Sensitivity $10/barrel) positive correlation	$84/bbl	$0.015
Henry Hub Natural Gas (Sensitivity $1/mmbtu) positive correlation	$4.3/mmbtu	$0.030

Note: Sensitivities are provided on a standalone basis to illustrate the magnitude and direction of changing market factors on AES results. Estimates show the balance of year impact for 2010 Adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies and operational factors. 2010 guidance is based on currency and commodity forward curves and forecasts as of March 31, 2010. AES has exposure to multiple coal, oil, and natural gas indices; forward curves are provided for representative liquid markets. Sensitivities are rounded to the nearest ½ cent per share.

1. Guidance given on May 7, 2010.
2. The move is applied to the floating interest rate portfolio balances as of March 31, 2010.

Key Assumptions for Updated 2010 Guidance[1]

Change:

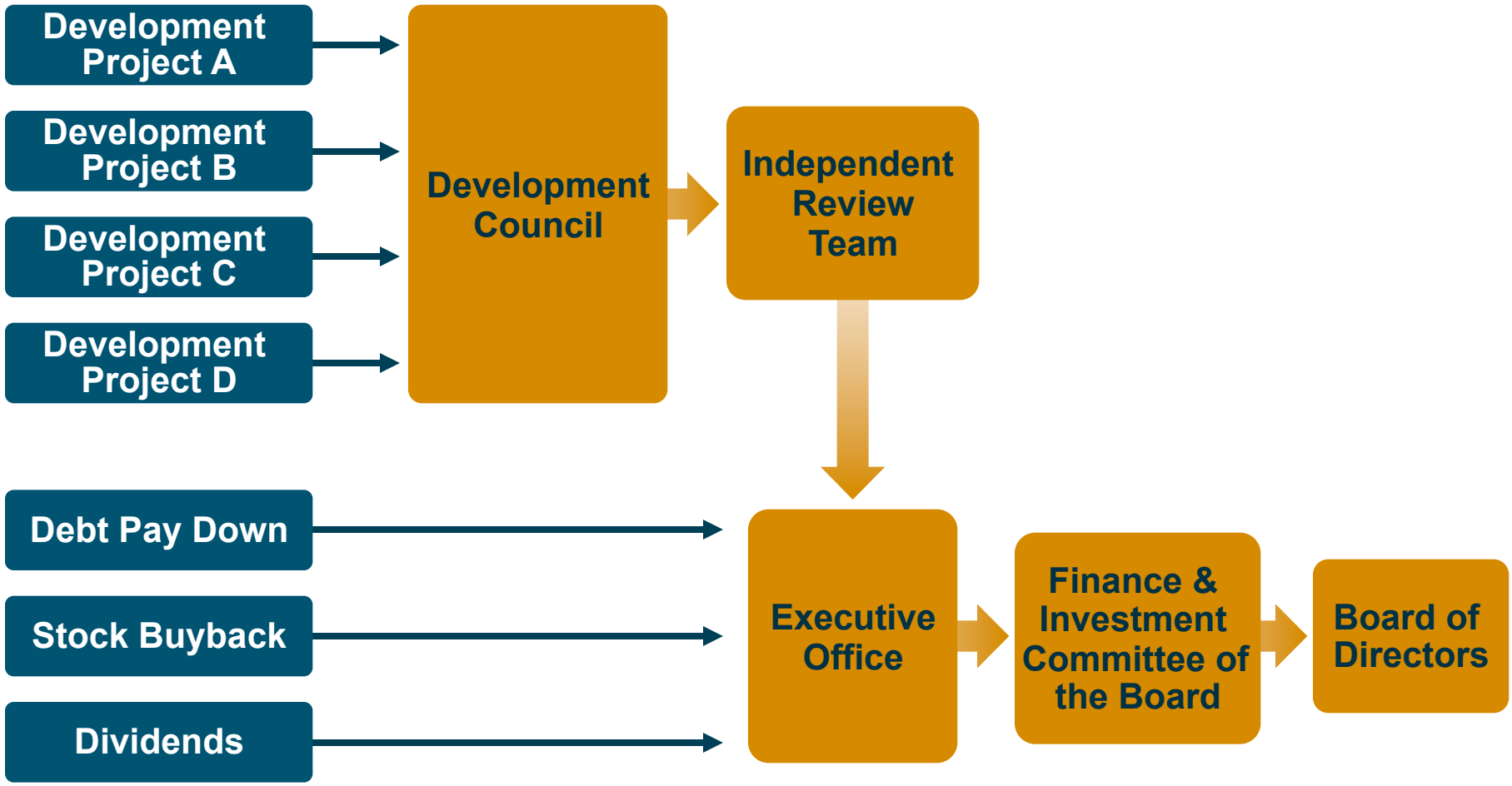
- Updated for issuance of 125.5 million common shares to CIC, increasing total outstanding shares to 795 million (closed on March 15, 2010)
  - Diluted weighted average shares 772 million vs. 673 million in the prior guidance
- Assumes AES prepays $500 million[2] debt out of $1.58 billion proceeds from CIC
  - $500 million[2] prepayment to occur in May 2010 with weighted average interest rate of 8.5%-8.75% (pre-tax)
- Currency and commodity prices per forward curves as of March 31, 2010[3]
  - Prior guidance was based on forward curves as of December 31, 2009. Applying March 31, 2010 forward curves has a negative impact of $0.06 per share[4], primarily driven by lower gas prices
- No earnings contributions from Ras Laffan, Qatar (sale pending; to be reported as Discontinued Operations)
  - Previous guidance included EPS of $0.02 from this business

No Change from Previous Guidance:

- Assumes remaining 1,632 MW[5] of projects under construction to come on-line in 2010-2011
  - In 2011, the construction program, including projects that have already come on-line in 2010, is expected to contribute EPS of $0.12-$0.16 and proportional free cash flow[5] of $200-$300 million
  - On a full year basis, these projects are expected to contribute an additional $0.02 of EPS and proportional free cash flow[6] of $50 million
  - Does not assume completion of 270 MW Campiche project
- Effective tax rate in low-to-mid 30s
- Does not assume wind joint venture with CIC – still at Letter of Intent stage

1. Guidance given on May 7, 2010.
2. $400 million already announced.
3. See sensitivities.
4. Adjusted for additional shares sold to CIC; previously provided sensitivities predicted $0.07 negative impact.
5. Does not include 1,638 MW completed from January 2009 through May 7, 2010, or 270 MW Campiche project in Chile.
6. A non-GAAP financial measure. See definitions and reconciliations.

AES Capital Allocation Process Drives Shareholder Value



2009 Reconciliations

	2009
Diluted EPS from Continuing Operations	**$1.09**
Derivative Mark-to-Market (Gains)/Losses	$0.02
Currency Transaction (Gains)/Losses	($0.05)
Disposition/Acquisition (Gains)/Losses	($0.19)[2]
Impairment Losses	$0.21[3]
Debt Retirement (Gains)/Losses	-
Adjusted Earnings per Share[1]	**$1.08**

$ in Millions	2009		
	Consolidated	Adjustment Factors[4]	Proportional[1,4]
Free Cash Flow[1]	$1,591	($692)	$899

1. A non-GAAP financial measure as reconciled above. See “definitions.”
2. Amount includes: Kazakhstan gain of $98 million, or $0.15 per share, related to the termination of a management agreement, as well as a gain of $13 million, or $0.02 per share, related to the reversal of a withholding tax contingency. In addition, there was a gain on sale associated with the shutdown of the Hefei plant in China of $14 million, or $0.02 per share, net of noncontrolling interest and income tax. There was no income tax impact associated with any of these transactions.
3. Amount includes: Goodwil impairments at Kilroot of $118 million, or $0.18 per share, and in the Ukraine of $4 million, or $0.01 per share; write-off of development project costs in Latin America and Asia of $19 million ($11 million net of noncontrolling interest, or $0.01 per share); and non-taxable impairment of the Company's investment in coal to gas technology of $10 million, or $0.01 per share.
4. The AES Corporation (the “Company”) is a holding company that derives its income and cash flows from the activities of its subsidiaries, some of which are not wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure) to account for the Company’s ownership interest. See “definitions.”

Reconciliation of 2009 Proportional Gross Margin[1]

$ in Millions	Consolidated	Adjustment Factor[2]	Proportional[1,2]
Latin America Generation	$505	-	$505
Latin America Utilities	$1,783	($1,345)	$438
North America Generation	$474	($10)	$464
North America Utilities	$241	-	$241
Europe Generation	$189	($1)	$188
Asia Generation	$186	($54)	$132
Corp & Other	$117	($40)	$77

1. A non-GAAP financial measure. See “definition.”
2. The AES Corporation (the “Company”) is a holding company that derives its cash flows from the activities of its subsidiaries, some of which may not be wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure). See “definition.”

Reconciliation of 2009 Proportional Gross Margin[1] from Utility Segment

$ in Millions	Consolidated	Adjustment Factor[2]	Proportional[1,2]
IPL	$241	-	$241
Eletropaulo	$1,575	($1,322)	$253
Sul	$136	-	$136
Other	$72	($24)	$49

1. A non-GAAP financial measure. See “definition.”
2. The AES Corporation (the “Company”) is a holding company that derives its cash flows from the activities of its subsidiaries, some of which may not be wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure). See “definition.”

Reconciliation of Parent & Subsidiary Liquidity

$ In Millions, as of March 31, 2010

	Parent Company	Subsidiaries	Total
Cash & Cash Equivalents	$2,153	$1,239	$3,392
Bank Lines of Credit	$610	$1,757	$2,367
Total Liquidity	**$2,763[1]**	**$2,996[2]**	**$5,759**
Restricted Cash	–	$565	$565
Short-Term Investments	–	$1,731[3]	$1,731[3]
Debt Service Reserve Accounts	–	$695	$695
Total Liquidity Plus Additional Financial Assets	**$2,763**	**$5,987**	**$8,750**

1. 1This number represents Parent Liquidity (a non-GAAP financial measure) as reconciled above. See Appendix for definition.
2. This number represents Subsidiary Liquidity (a non-GAAP financial measure) as reconciled above. See Appendix for definition.
3. Includes: $501 million in Brazil.

NoteThe numbers presented above are consolidated. Because the Company's individual subsidiaries rely primarily on non-recourse debt, they may not have access to consolidated liquidity and will instead rely upon their individual ability to manage their obligations. In addition, the Parent Company may not have access to the liquidity at various subsidiaries due to various restrictions.

Reconciliation of Gross Margin

$ In Millions

	FY 2009	FY 2010 E
Masinloc (Philippines)	$85	$136
Other Businesses	$3,410	$3,664
Total Gross Margin	**$3,495**	**$3,800**

Reconciliation of 2010 Guidance, Including Proportional Metrics

$ in Millions, Except Earnings Per Share	2010 Updated Guidance (as of 5/7/10)			2010 Previous Guidance (as of 2/26/10)		
	Consolidated	Adjustment Factors[1]	Proportional[1,2]	Consolidated	Adjustment Factors[1]	Proportional[1,2]
Income Statement Elements						
Gross Margin	$3,700-$3,900	$1,500	$2,200-$2,400	$3,700-$3,900	$1,500	$2,200-$2,400
Adjusted Gross Margin[2]	$4,500-$4,700	$1,775	$2,725-$2,925	$4,500-$4,700	$1,775	$2,725-$2,925
Diluted Earnings Per Share from Continuing Operations	$0.83-$0.88			$0.95-$1.00		
Adjusted Earnings Per Share Factors[2]	$0.07[3]			$0.05[4]		
Adjusted Earnings Per Share[2]	$0.90-$0.95[3]			$1.00-$1.05[4]		
Cash Flow Items						
Net Cash from Operating Activities[5]	$2,775-$2,975	$1,300	$1,475-$1,675	$2,775-$2,975	$1,300	$1,475-$1,675
Operational Capital Expenditures (a)	$650-$725	$200	$450-$525	$650-$725	$200	$450-$525
Environmental Capital Expenditures (b)	$75-$100	-	$75-$100	$75-$100	-	$75-$100
Maintenance Capital Expenditures (a + b)	$725-$825	$200	$525-$625	$725-$825	$200	$525-$625
Free Cash Flow[2]	$2,000-$2,200	$1,100	$900-$1,100	$2,000-$2,200	$1,100	$900-$1,100
Subsidiary Distributions[6]	$1,100-$1,200			$1,100-$1,200		
Reconciliation of Free Cash Flow[2]						
Net Cash from Operating Activities	$2,775-$2,975	$1,300	$1,475-$1,675	$2,775-$2,975	$1,300	$1,475-$1,675
Less: Maintenance Capital Expenditures	$725-$825	$200	$525-$625	$725-$825	$200	$525-$625
Free Cash Flow[2]	$2,000-$2,200	$1,100	$900-$1,100	$2,000-$2,200	$1,100	$900-$1,100
Reconciliation of Adjusted Gross Margin[2]						
Gross Margin	$3,700-$3,900	$1,500	$2,200-$2,400	$3,700-$3,900	$1,500	$2,200-$2,400
Depreciation & Amortization	$1,125-$1,225	$275	$850-$950	$1,125-$1,225	$275	$850-$950
General & Administrative	$375	-	$375	$375	-	$375
Adjusted Gross Margin[2]	$4,500-$4,700	$1,775	$2,725-$2,925	$4,500-$4,700	$1,775	$2,725-$2,925

1. The AES Corporation (the "Company") is a holding company that derives its income and cash flows from the activities of its subsidiaries, some of which are not wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure) to account for the Company's ownership interest. See "definitions."
2. A non-GAAP financial measure as reconciled above. See "definitions."
3. Reconciliation of Adjusted EPS includes unrealized foreign currency losses of $0.02, derivative mark-to-market losses of $0.02 and losses on debt retirement of $0.03.
4. Reconciliation of Adjusted EPS includes unrealized foreign currency losses of $0.02, derivative mark-to-market losses of $0.02 and losses on debt retirement of $0.01.
5. Net cash from operating activities guidance excludes the impact of any closing adjustments that may be recorded upon the conclusion of the Middle East and Pakistan asset sales.
6. See "definitions."

Assumptions

Forecasted financial information is based on certain material assumptions. Such assumptions include, but are not limited to: (a) no unforeseen external events such as wars, depressions, or economic or political disruptions occur; (b) businesses continue to operate in a manner consistent with or better than prior operating performance, including achievement of planned productivity improvements including benefits of global sourcing, and in accordance with the provisions of their relevant contracts or concessions; (c) new business opportunities are available to AES in sufficient quantity to achieve its growth objectives; (d) no material disruptions or discontinuities occur in GDP, foreign exchange rates, inflation or interest rates during the forecast period; and (e) material business-specific risks as described in the Company's SEC filings do not occur individually or cumulatively. In addition, benefits from global sourcing include avoided costs, reduction in capital project costs versus budgetary estimates, and projected savings based on assumed spend volume which may or may not actually be achieved. Also, improvement in certain KPIs such as equivalent forced outage rate and commercial availability may not improve financial performance at all facilities based on commercial terms and conditions. These benefits will not be fully reflected in the Company's consolidated financial results.

The cash held at qualified 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, however, cash held at qualified holding companies does not reflect the impact of any tax liabilities that may result from any such cash being repatriated to the Parent Company in the U.S. Cash at those subsidiaries was used for investment and related activities outside of the U.S. These investments included equity investments and loans to other foreign subsidiaries as well as development and general costs and expenses incurred outside the U.S. Since the cash held by these QHCs is available to the Parent, AES uses the combined measure of subsidiary distributions to Parent and QHCs as a useful measure of cash available to the Parent to meet its international liquidity needs. AES believes that unconsolidated parent company liquidity is important to the liquidity position of AES as a parent company because of the non-recourse nature of most of AES's indebtedness.

Definitions

Non-GAAP Financial Measures

- Adjusted earnings per share (a non-GAAP financial measure) is defined as diluted earnings per share from continuing operations excluding gains or losses of the consolidated entity due to (a) mark-to-market amounts related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) significant gains or losses due to dispositions and acquisitions of business interests, (d) significant losses due to impairments, and (e) costs due to the early retirement of debt. AES believes that adjusted earnings per share better reflects the underlying business performance of the Company, and is considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to mark-to-market gains or losses related to derivative transactions, currency gains or losses, losses due to impairments and strategic decisions to dispose or acquire business interests or retire debt which affect results in a given period or periods. Adjusted earnings per share should not be construed as an alternative to earnings per share, which is determined in accordance with GAAP.
- Adjusted Gross Margin (a non-GAAP financial measure) is defined as gross margin plus depreciation and amortization less general and administrative expenses. AES believes adjusted gross margin is a useful measure for evaluating and comparing the operating performance of its businesses because it includes the direct operating costs of its business including overhead related expenses and excludes potential differences caused by variations in capital structures affecting interest income and expense, tax positions, such as the impact of changes in effective tax rates and the impact of depreciation and amortization expense.
- Free cash flow (a non-GAAP financial measure) is defined as net cash from operating activities less maintenance capital expenditures (including environmental capital expenditures). AES believes that free cash flow is a useful measure for evaluating our financial condition because it represents the amount of cash provided by operations less maintenance capital expenditures as defined by our businesses, that may be available for investing or for repaying debt. Free cash flow should not be construed as an alternative to net cash from operating activities, which is determined in accordance with GAAP.
- Parent Company Liquidity (a non-GAAP financial measure) is defined as cash at the Parent Company plus availability under corporate credit facilities plus cash at qualified holding companies (“QHCs”). 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’ indebtedness.
- Subsidiary Liquidity (a non-GAAP financial measure) is defined as cash and cash equivalents and bank lines of credit at various subsidiaries.
- The AES Corporation (the “Company”) is a holding company that derives its income and cash flows from the activities of its subsidiaries, some of which are not wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure) to account for the Company’s ownership interest.

  Proportional metrics present the Company’s estimate of its share in the economics of the underlying metric. The Company believes that the Proportional metrics are useful to investors because they exclude the economic share in the metric presented that is held by non-AES shareholders. For example, Operating Cash Flow is a GAAP metric which presents the Company’s cash flow from operations on a consolidated basis, including operating cash flow allocable to noncontrolling interests. Proportional Operating Cash Flow removes the share of operating cash flow allocable to noncontrolling interests and therefore may act as an aid in the valuation the Company.

  Proportional metrics are reconciled to the nearest GAAP measure. Certain assumptions have been made to estimate our proportional financial measures. These assumptions include: (i) the Company’s economic interest has been calculated based on a blended rate for each consolidated business when such business represents multiple legal entities; (ii) the Company’s economic interest may differ from the percentage implied by the recorded net income or loss attributable to noncontrolling interests or dividends paid during a given period; (iii) the Company’s economic interest for entities accounted for using the hypothetical liquidation at book value method is 100%; (iv) individual operating performance of the Company’s equity method investments is not reflected and (v) all intercompany amounts have been excluded as applicable.

Definitions, Cont'd.

Subsidiary Distributions

- Subsidiary Distributions should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Subsidiary Distributions are important to the Parent Company because the Parent Company is a holding company that does not derive any significant direct revenues from its own activities but instead relies on its subsidiaries' business activities and the resultant distributions to fund the debt service, investment and other cash needs of the holding company. The reconciliation of difference between the Subsidiary Distributions and Net Cash Provided by Operating Activities consists of cash generated from operating activities that is retained at the subsidiaries for a variety of reasons which are both discretionary and non-discretionary in nature. These factors include, but are not limited to, retention of cash to fund capital expenditures at the subsidiary, cash retention associated with non-recourse debt covenant restrictions and related debt service requirements at the subsidiaries, retention of cash related to sufficiency of local GAAP statutory retained earnings at the subsidiaries, retention of cash for working capital needs at the subsidiaries, and other similar timing differences between when the cash is generated at the subsidiaries and when it reaches the Parent Company and related holding companies.