The AES Corporation

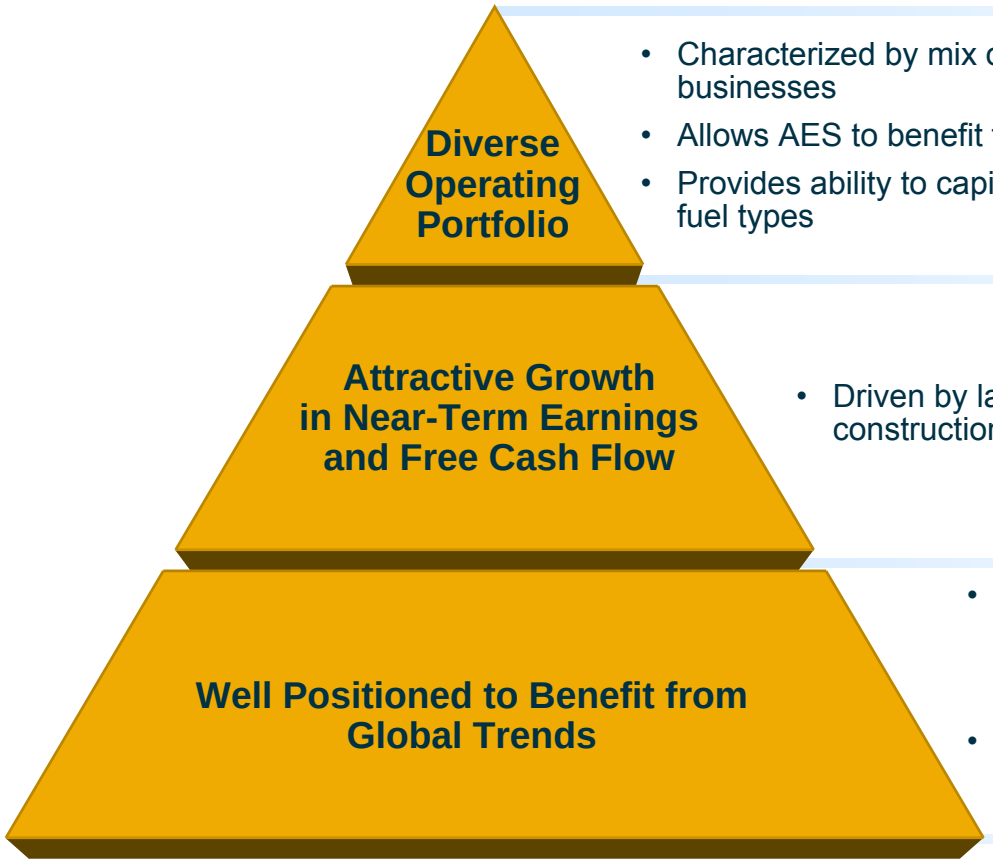
New York Investor Meetings

April 5, 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.

AES Offers Compelling Value Proposition

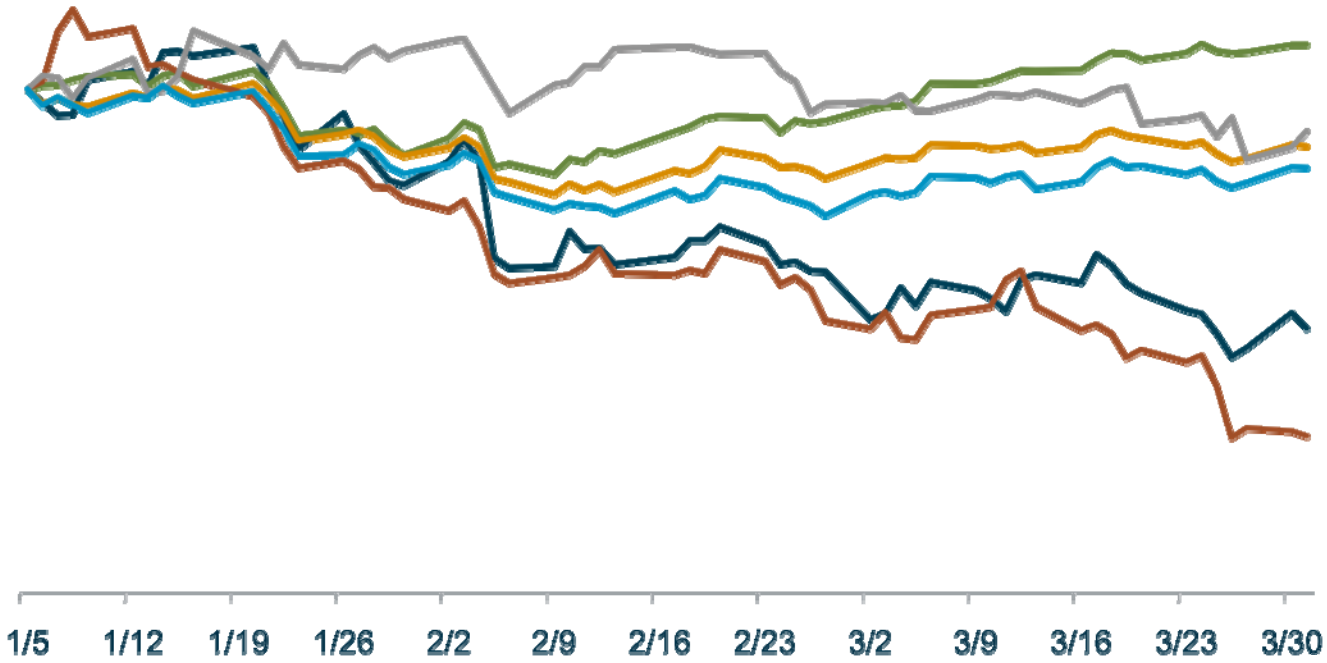


- Characterized by mix of regulated utilities and unregulated generation businesses
- Allows AES to benefit from faster recovering markets
- Provides ability to capitalize on platform of multiple geographies and fuel types

- 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

Since January 1, 2010, AES Stock is Tracking U.S. Merchant Coal-Fired Generators, Such as MIR

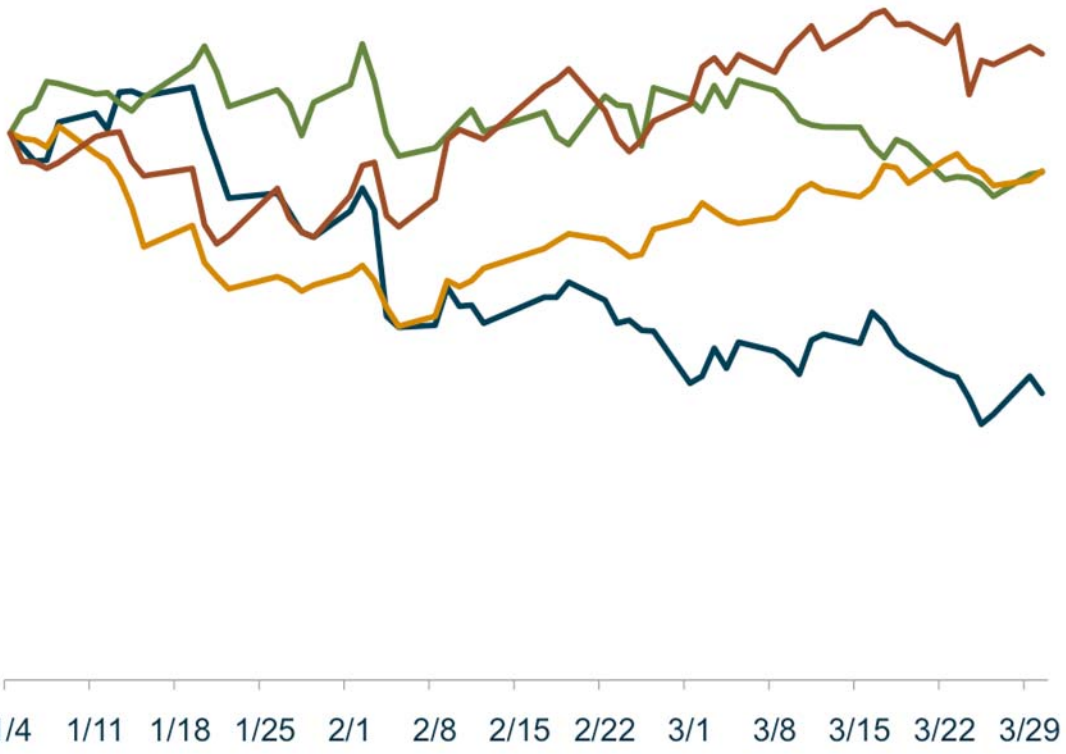


Total Return 1/1/10-3/30/10	
S&P 500	4.06%
Int'l. Power	-3.17%
S&P Util.	-3.44%
Diversified Utilities[1]	-5.78%
AES	-19.02%
MIR	-27.58%

But unlike other U.S. utilities & IPPs: (1) AES' commodity sensitivity is relatively modest; and (2) AES' global portfolio benefits from demand growth in non-U.S. markets

Source: Bloomberg.
Note: Total Return in US$.
1. Includes: D, EIX, ETR, EXC, FE, FPL and PPL.

…However, AES' Listed Subsidiaries Have Performed Much Better Than AES Stock

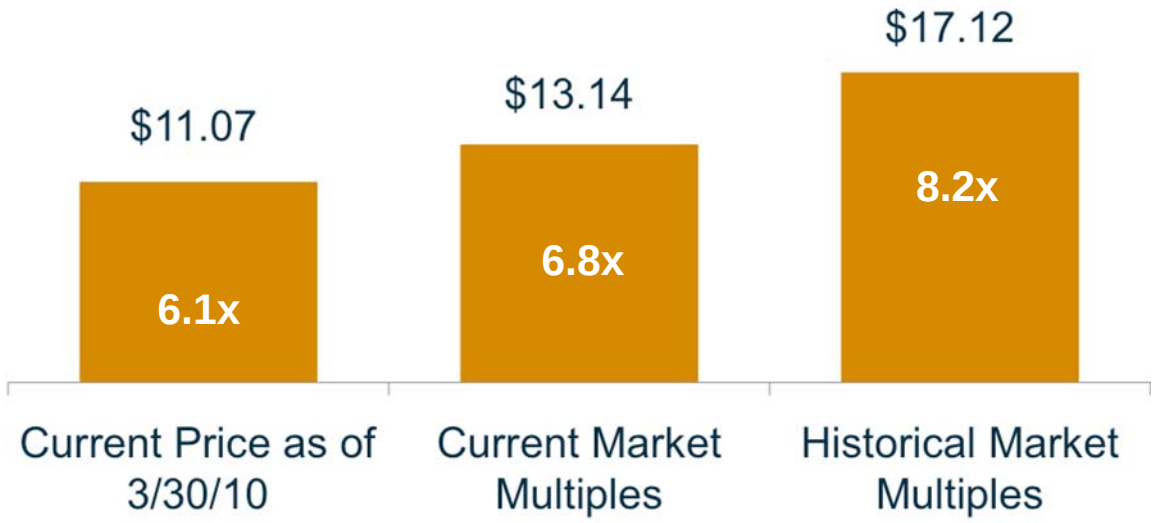


	Total Return 1/1/10-3/30/10	Market Cap as of 3/30/10 ($ in Millions)
Eletropaulo	5.80%	$564
Tiete	-2.77%	$958
Gener	-2.85%	$2,537
Market Cap of Listed Subs		**$4,059**
AES	**-19.02%**	**$8,839[1]**

Source: Bloomberg.
Note: Total Return and Market Cap in US$. Market Cap of listed subsidiaries represents value of AES' investment.
1. 798.5 million shares at $11.07 per share.

Before Any Impact of CIC Transaction, Stock is Trading at Significant Sum of the Parts Discount[1]

Pre-CIC
Based on Sum of the Parts Using 2010 EBITDA Multiples[2]



SOTP Valuation Captures Factors Not Reflected in Current Earnings or Traditional Valuation Metrics, e.g., Construction Program, NOLs & Renewables

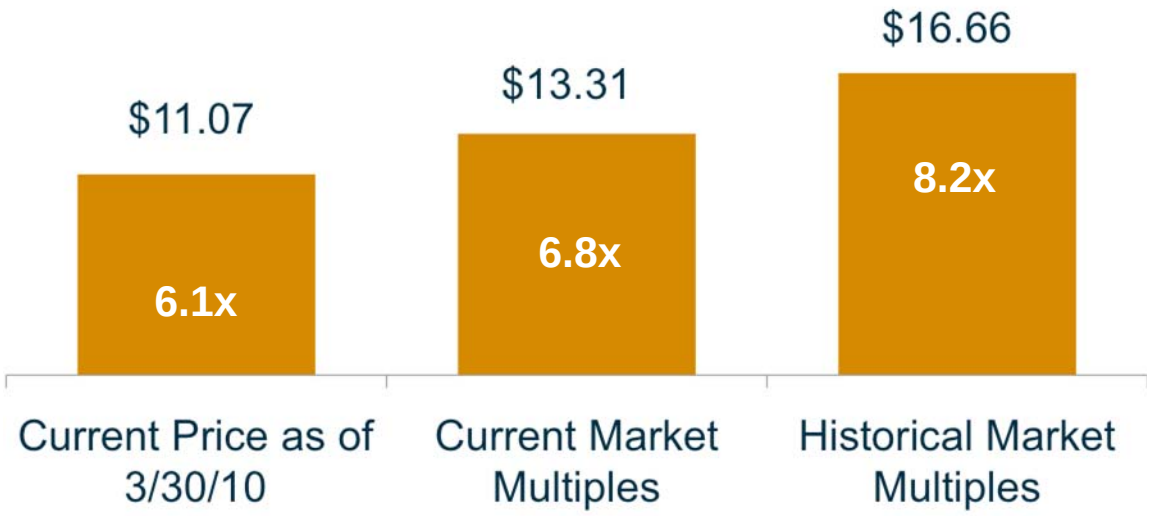
Stock is Trading at 16%-35% Discount

1. The prices set forth do not reflect the Company's view of valuation. Rather, these numbers merely reflect the application of market multiples to certain of the Company's financial metrics. The resulting values do not include the value of the Company's development pipeline, change in control premium, or other factors relevant to the Company's view of its valuation.
2. See Slide 8 for sum of the parts analysis. 2010 EBITDA multiples applied to unlisted subsidiaries excluding wind, solar and equity earnings.

…And Ignoring Any Value Creation from the CIC Proceeds, Stock is Also Trading at Significant Discount[1]

AES
the power of being global

Holding CIC Cash on Balance Sheet
Based on Sum of the Parts Using 2010 EBITDA Multiples[2]



Investing CIC Proceeds at 10%-15% Return on Equity Would Increase the Implied Value by an Additional $2–$3 Per Share[3]

Stock is Trading at 17%-34% Discount

1. The prices set forth do not reflect the Company's view of valuation. Rather, these numbers merely reflect the application of market multiples to certain of the Company's financial metrics. The resulting values do not include the value of the Company's development pipeline, change in control premium, or other factors relevant to the Company's view of its valuation.
2. See Slide 8 for sum of the parts analysis. 2010 EBITDA multiples applied to unlisted subsidiaries excluding wind, solar and equity earnings.
3. Assumes AES invests $1.6 billion proceeds invested at 10%-15% return applying 10x-11x P/E multiple.

AES Stock is Undervalued Even if Adjusted for CIC Transaction[1]

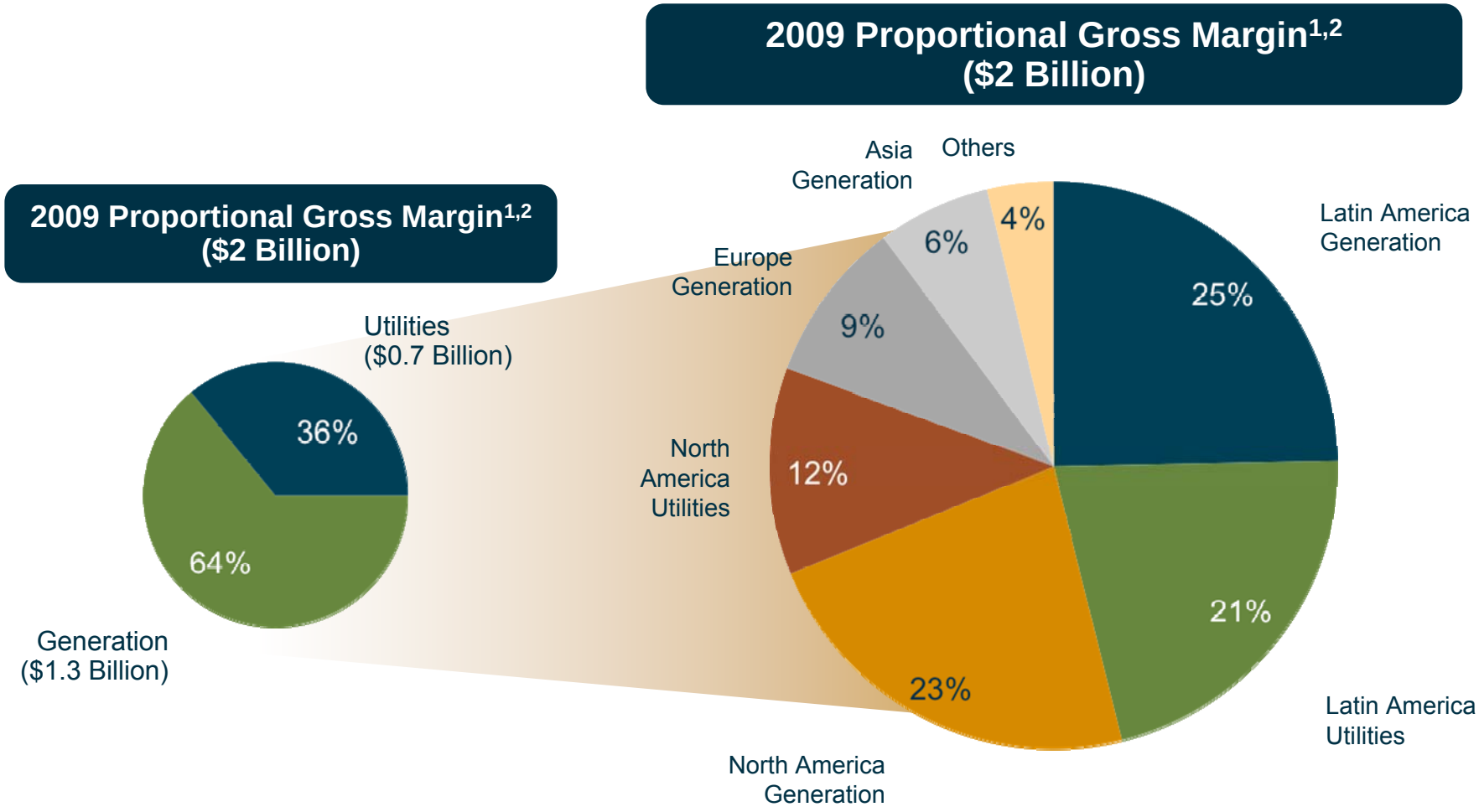
AES
the power of being global

$ in Millions, Except Earnings Per Share	Basis	Unlisted Subs at 6.1x 2010 Proportional EBITDA[2]	Unlisted Subs at 6.8x 2010 Proportional EBITDA[2]	Unlisted Subs at 8.2x 2010 Proportional EBITDA[2]	Remarks
Enterprise Value of Unlisted Subs (Excluding Wind, Solar, Equity Earnings & Construction Projects)		11,601	12,996	15,672	Current 2010 EBITDA market multiples
Net Proportional Non-Recourse Debt as of 1/31/10		(6,993)	(6,993)	(6,993)	Proportional debt less proportional cash of $1,279
Equity Value of Unlisted Subs (Excluding Wind, Solar, Equity Earnings & Construction Projects)		4,608	6,003	8,678	
Equity Value of Listed Subs (Tiete, Eletropaulo & Gener)	Equity market cap as of 3/30/10	4,056	4,056	4,056	
Equity Value of Wind	$571 CIC at 35% + $150 Brazil Wind	1,210	1,210	1,210	
Equity Value of Solar JV	Book Value	224	224	224	
Equity Earnings of Affiliates	11.4x AES share of 2011 after-tax earnings	673	673	673	Current 2011 market multiples
Projects Under Construction (Excludes Projects Under Gener)	11.4x 2011 EPS of $0.125	959	959	959	Current 2011 Market Multiples
Net Operating Losses (NOLs)	PV @ 10% discount rate	418	418	418	
Implied Equity Value Excluding Corporate Net Debt		12,148	13,543	16,219	
Corporate Net Debt as of 1/31/10		(4,697)	(4,697)	(4,697)	
Implied Equity Value		7,451	8,846	11,521	
Implied Equity Value Per Share – **Pre-CIC**		$11.07	$13.14	$17.12	Based on 673 million shares
Implied Equity Value Per Share – **Holding CIC and Oman & Pakistan Asset Sales Proceeds on Balance Sheet[4]**		$11.56	$13.31	$16.66	Based on 798.5 million shares

Note: Cash includes cash and cash equivalents, debt service reserves and short-term investments.

1. The prices set forth do not reflect the Company's view of valuation. Rather, these numbers merely reflect the application of market multiples to certain of the Company's financial metrics. The resulting values do not include the value of the Company's development pipeline, change in control premium, or other factors relevant to the Company's view of its valuation.
2. A non-GAAP financial measure. Proportional EBITDA is calculated as proportional gross margin plus depreciation and amortization expense less general and administrative expense and is being used as a proxy for earnings before interest, taxes, depreciation and amortization. The Company's calculation does not include other expense/income, gain on sale of investments, (loss) gain on sale of subsidiary stock, impairment expense, foreign currency transaction (losses) gains on net monetary position or other non-operating expense. See Appendix for reconciliation. Midpoints of proportional EBITDA ranges have been used to calculate enterprise values. Proportional EBITDA is the same metric as Proportional Adjusted Gross Margin provided in our Q4 & Full Year 2009 earnings call on 2/26/10.
3. Earnings component of "EPS" refers to Adjusted Earnings Per Share, a non-GAAP financial measure. See Appendix for definition and reconciliation.
4. Assumes net debt reduced by $1.78 billion, due to cash receipts from CIC and Pakistan & Oman asset sales.

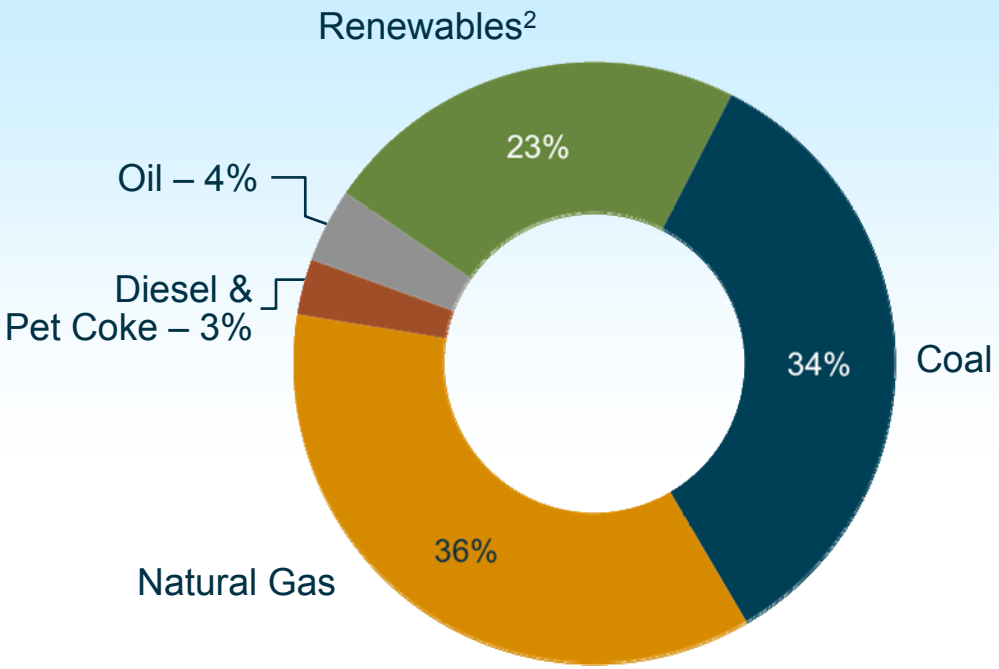
Diverse Operating Portfolio: Geographic & Line of Business Diversification Reduces Risk



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 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])



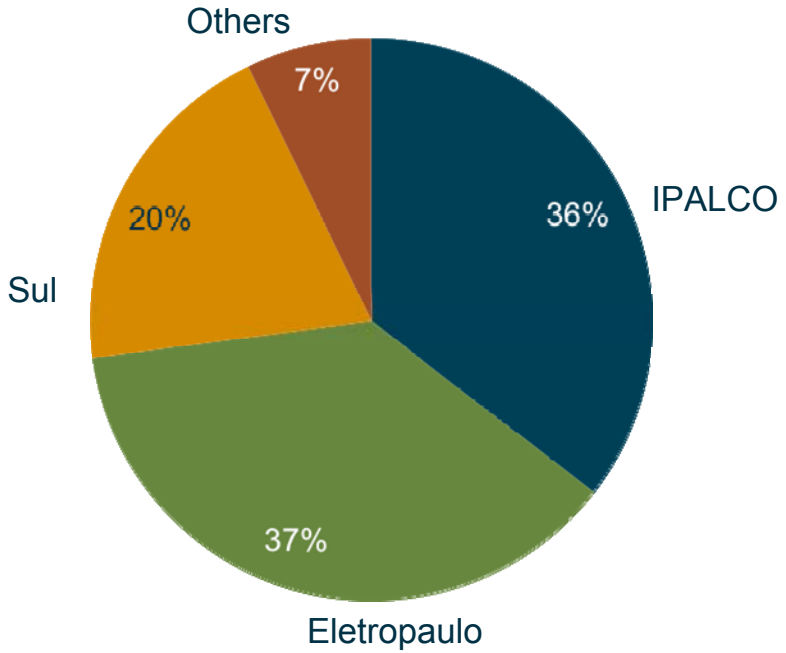
59% of Our Capacity is in Natural Gas & Renewables

1. 40,334 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.

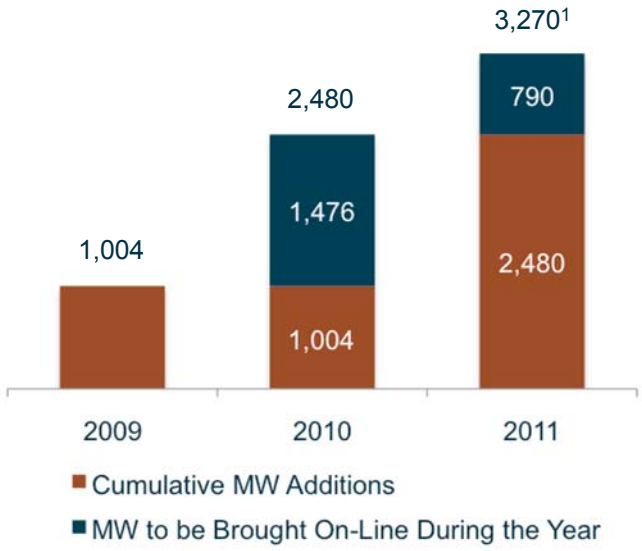
2009 Proportional Gross Margin[1,2] from Utility Segment ($0.7 Billion)



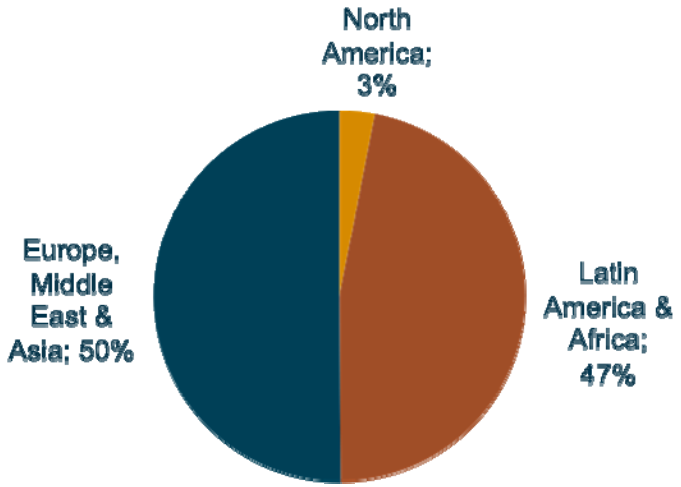
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. The AES Corporation (the "Company") is a holding company that derives its cash flows from the activities of its subsidiaries, some of which may not be wholly-owned by the Company. Accordingly, the Company has presented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

Fully Financed Construction Program to Deliver Built-in Organic Growth

Additional Gross MW On-Line by Year



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

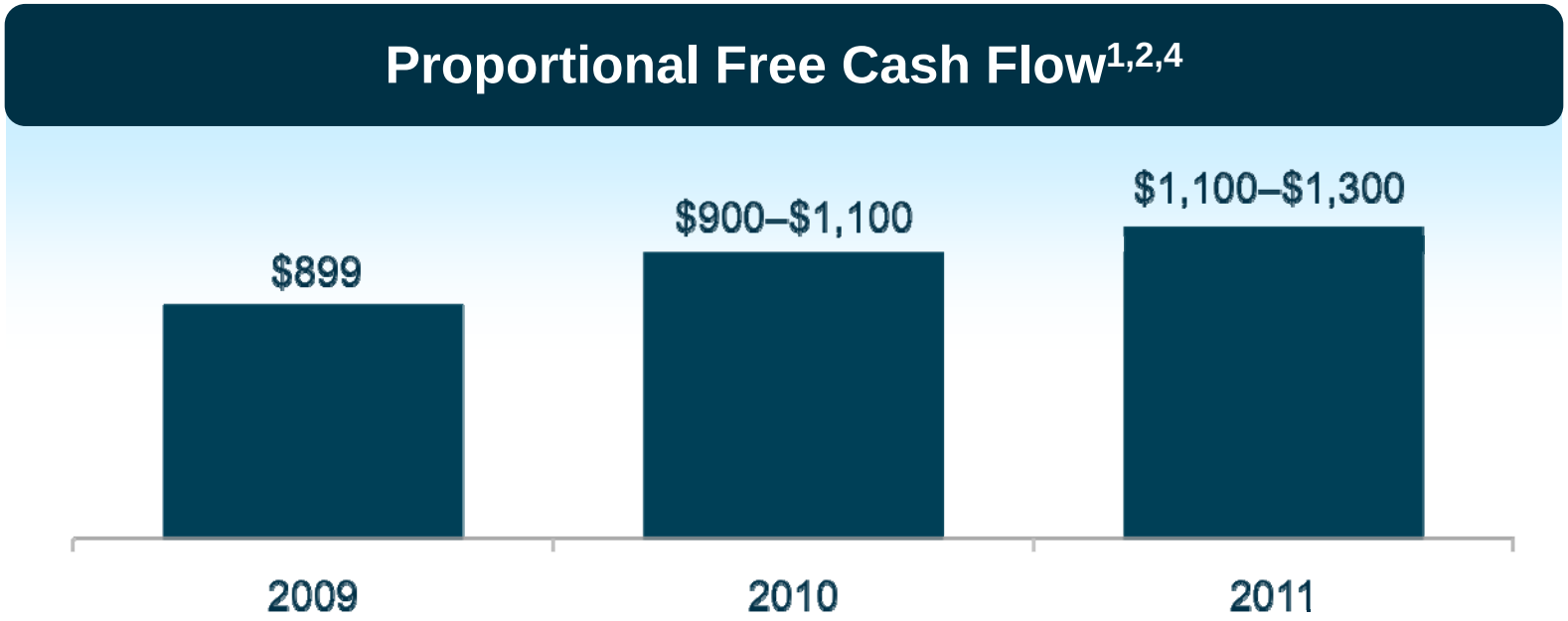


- Non-recourse financing has already been secured to complete the construction program
- 2,266 MW[2] under construction capacity will contribute $0.15-$0.20 EPS and $200-$300 million proportional free cash flow[3] in 2011
- On a full year basis, these projects will contribute an additional $0.05 of EPS and proportional free cash flow[3] of $50 million

1. Total does not include 270 MW Campiche project in Chile.
2. Total does not include 270 MW Campiche project in Chile. Total does include 270 MW Nueva Ventanas project in Chile and 22 MW North Rhins project in Scotland, both of which came on-line in early 2010.
3. A non-GAAP financial measure. See Appendix for definition.

Portfolio Generates Growing Proportional Free Cash Flow[1,2]: 16% CAGR[3]

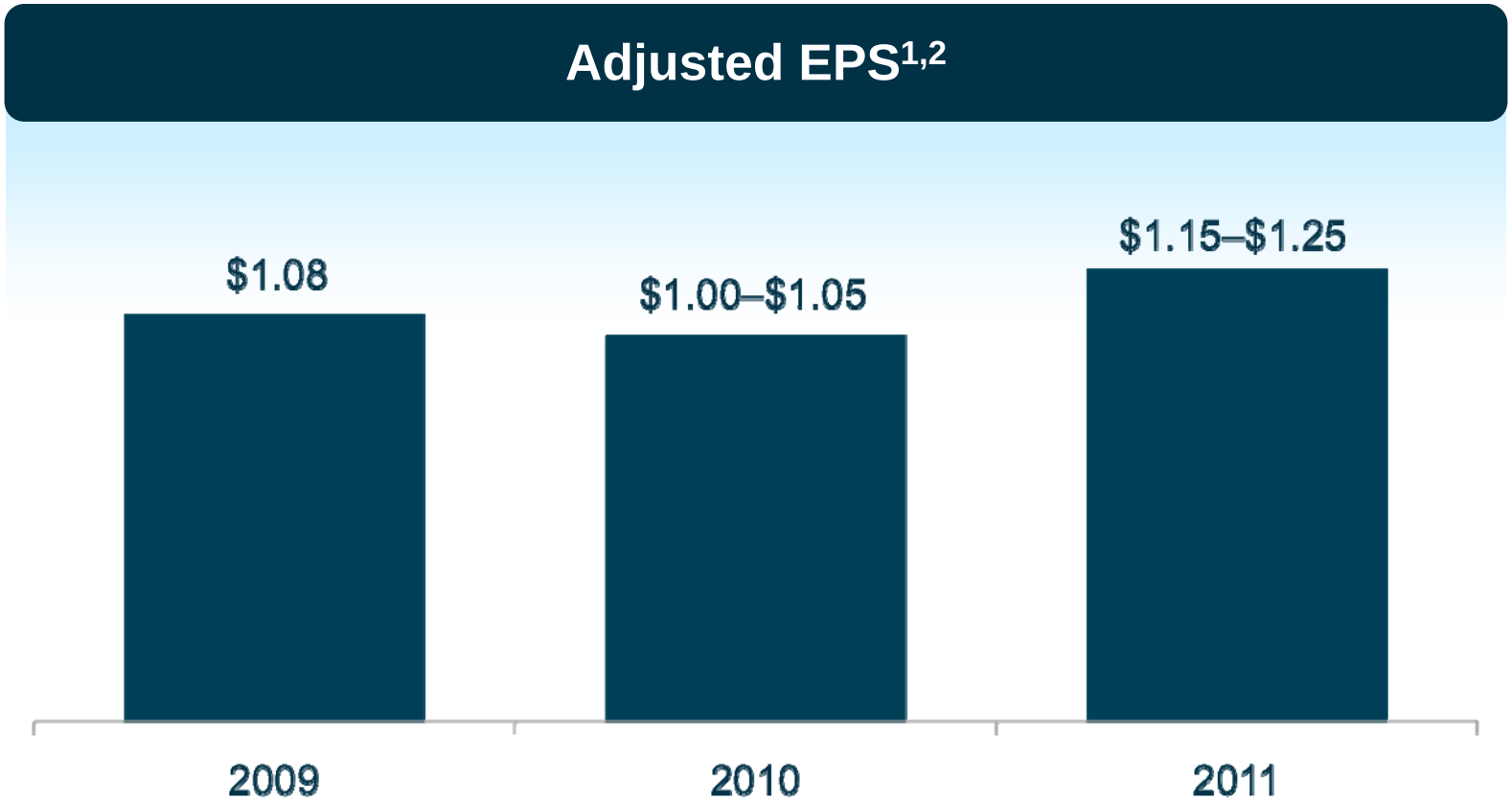
$ in Millions



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 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.
3. Based on 2009 actual and mid-range proportional free cash flow from 2010-2011.
4. 2010-2011 guidance given on February 26, 2010.

Earnings Growth is Largely Driven by the Construction Program

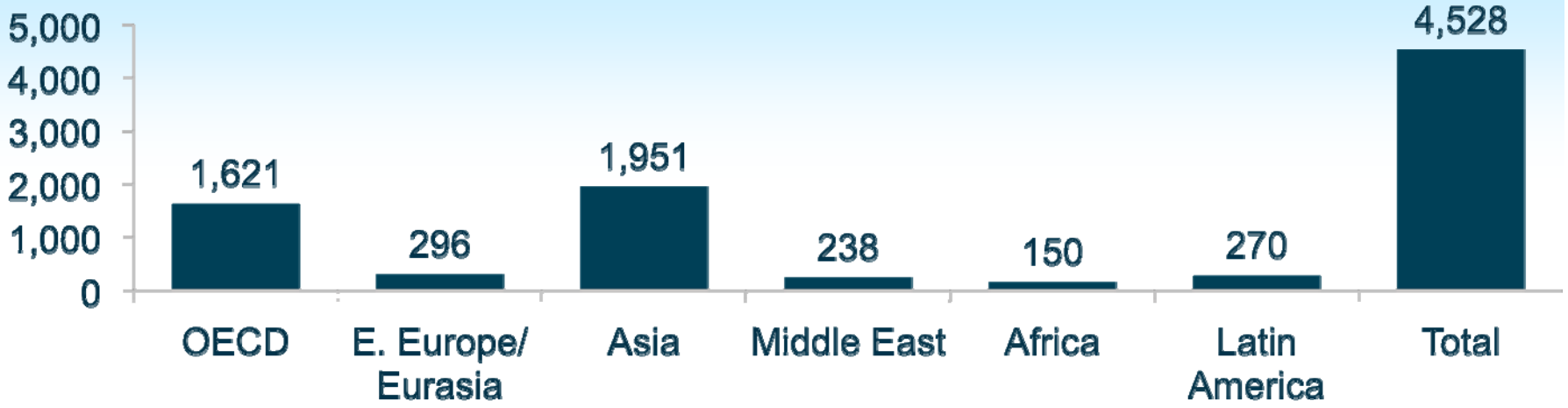
2010-2011 EPS Projections are Based on Forward FX & Commodity Rates as of December 31, 2009; Does Not Include Benefit/Impact Relating to Issuance of 125 Million Shares to CIC



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. 2010-2011 guidance given on February 26, 2010.

Globally, $7 Trillion Power Generation Investment Projected to Be Made Through 2030

Global Projected Capacity Additions in GW (2007–2030)

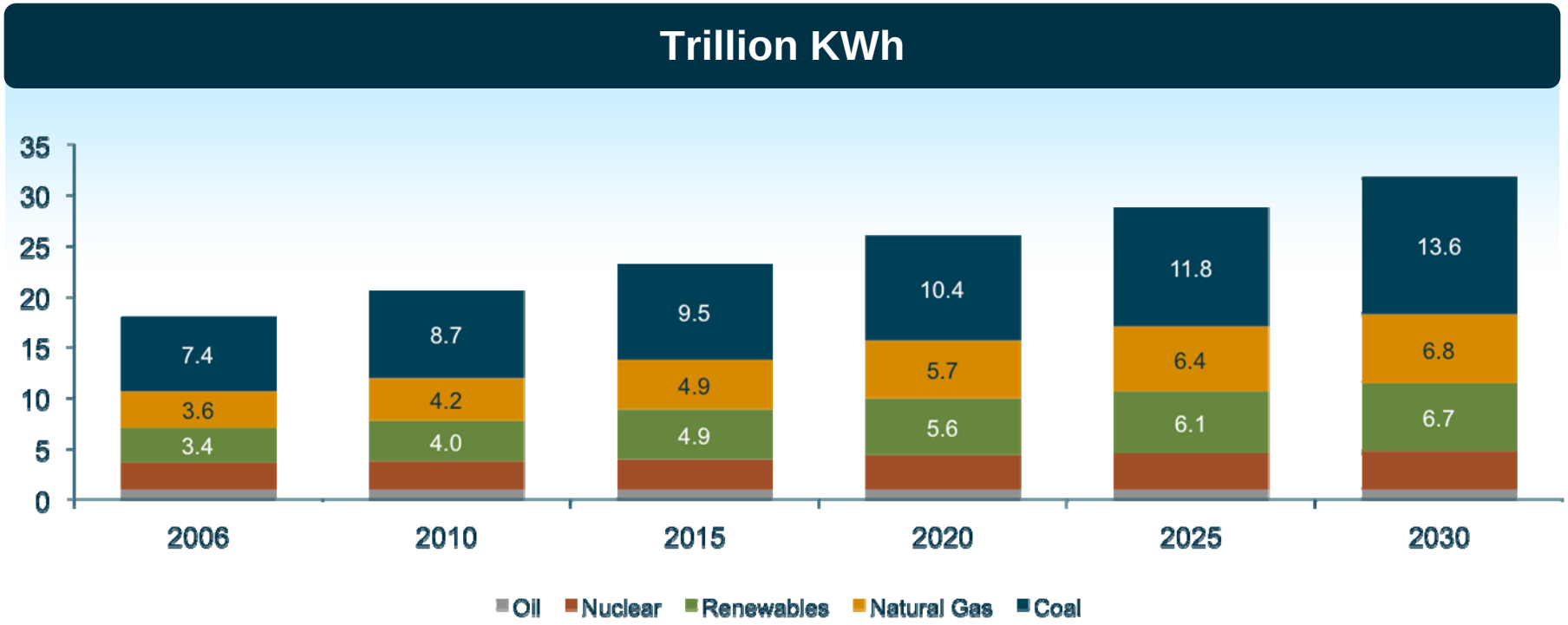


AES Presence	✓	✓	✓	✓	✓	✓

- 65% of the additional capacity is expected to be added in non-OECD countries
  - For example, India is expected to triple its installed capacity by 2017

Source: International Energy Agency: World Energy Outlook 2008 (June 2008).

Global Trends: Projected Fuel Mix Remains Diverse



- Thermal-based generation will continue to represent more than 65% of generation mix
  - AES has demonstrated excellence in developing and operating thermal-based assets
- Renewable-based generation doubles
  - AES is an early mover and has a substantial base in renewables

Source: International Energy Agency: World Energy Outlook 2009 (May 2009).

Regulatory Incentives and Government Policies Promote Renewables Growth

- American Recovery & Reinvestment Act expands financing options
  - Introduced Investment Tax Credit (ITC) – Gives option to apply for cash grant
    - Helped AES to raise $221 million financing for Armenia Mountain wind farm in PA
  - Introduced Loan Guarantee Program through Department of Energy
  - Extended Production Tax Credit (PTC) through 2012



- China
  - 120-150 GW wind power capacity target by 2020, up from 12 GW in 2008 (~20% CAGR)



- Europe
  - Renewable energy target to reach 20% by 2020
  - Attractive tariff incentives with long-term offtake contracts



Our Strategy Aligns with Global Trends

Thermal



Wind



Solar



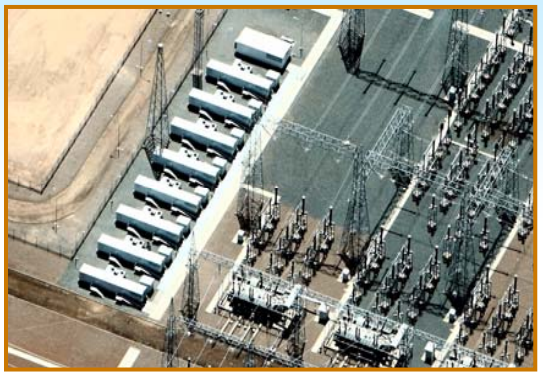
Hydro



Climate Solutions

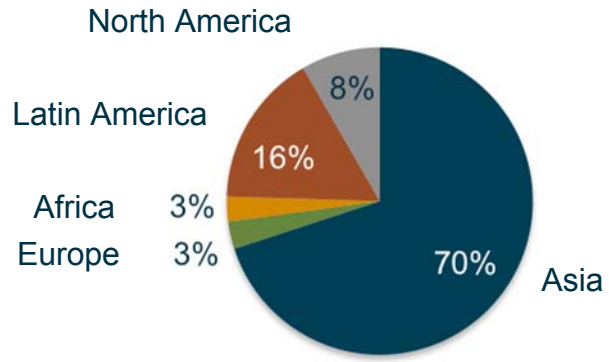


Energy Storage

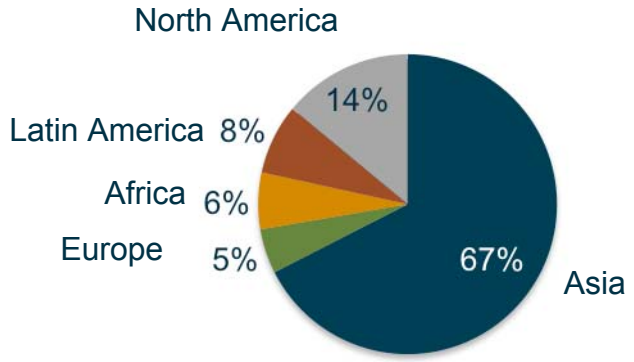


Core Power[1]: Our Pipeline is Aligned with Markets Projecting Highest Growth

Total Core Power Development Pipeline 31,000 MW



Advanced Development Pipeline 7,500 MW



OPGC II is a 1,200 MW Expansion of Existing 420 MW OPGC Facility in India (Coal)



Development Project: Mong Duong, Vietnam, 1,200 MW (Coal)

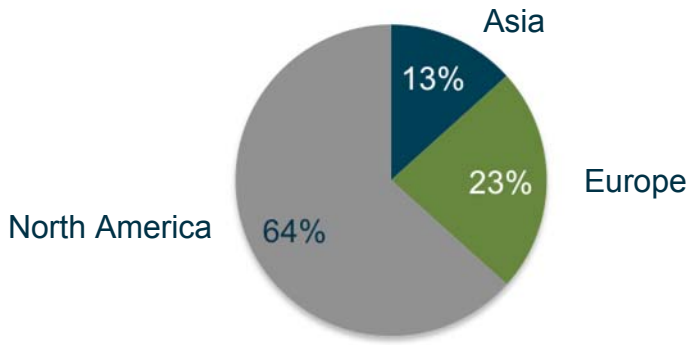


1. Core Power is defined as thermal and hydro generation.

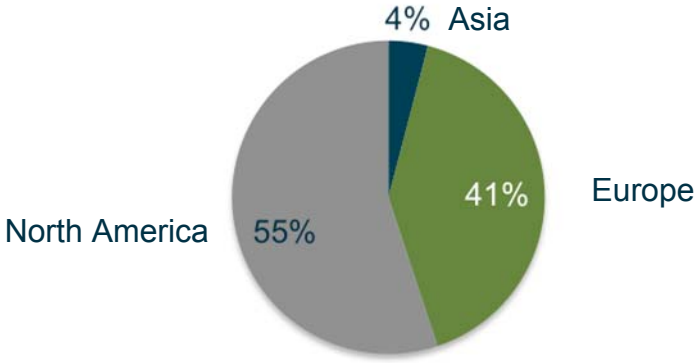
Growing Demand for Renewables: AES Wind is Well Positioned to Capitalize on Regulatory Incentives

AES Wind Generation Established in 2005

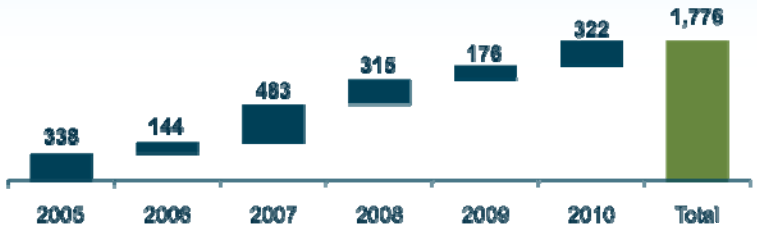
Total Wind Development Pipeline
6,000 MW



Advanced Development Pipeline
1,200 MW



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



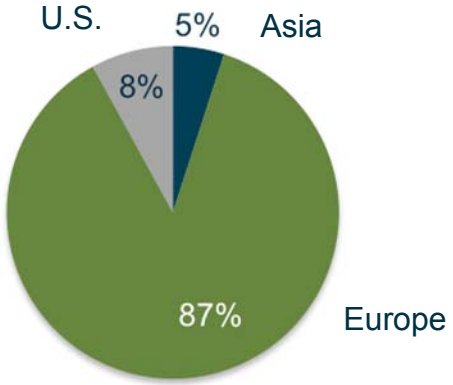
Partnership with China Investment Corporation (CIC) to Provide Additional Capital to Grow

- Planning to create separate wind joint venture
- CIC to invest $571 million for 35% stake in the joint venture
- Subject to due diligence and expected to close in second quarter 2010

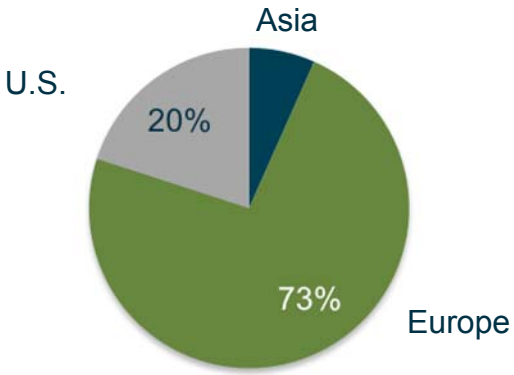
Global Solar-Based Generation Capacity to Triple in Next Four Years: AES Solar is Focused on Key Growth Markets

AES Solar Established in 2008

Total Solar Development Pipeline
900 MW



Advanced Development Pipeline
300 MW



- $1 Billion JV with Riverstone
- 38 MW in operations in Greece, France and Spain
- Book value of AES' investment is ~$225 million[1]

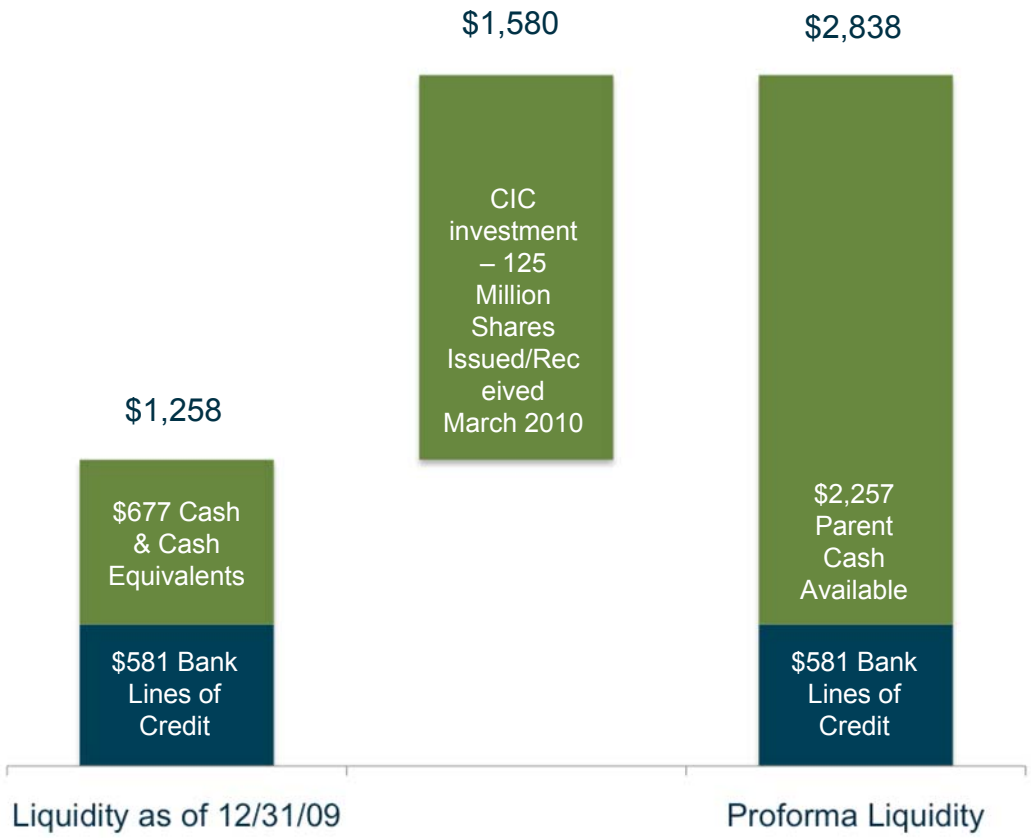
Darro, Spain
6 MW



1. As of December 31, 2009.

Significant Parent Company Liquidity Positions AES to Capitalize on Value-Accretive M&A and Greenfield Opportunities

$ in Millions



- Minimum committed uses of cash:
  - $214 million recourse debt maturities in 2010
  - Approximately $300 million growth investments
- Liquidity does not include:
  - $200 million asset sale proceeds
  - $1.0-$1.2 expected subsidiary distributions in 2010

AES Value Proposition

Diversified Portfolio

- Mix of regulated Utilities and unregulated Generation businesses
- Benefit from faster recovering markets
- Ability to capitalize on platform of multiple geographies and fuel types

Attractive Growth in Near-Term Earnings and Free Cash Flow

- Driven by largely contracted and fully financed construction program

Well Positioned to Benefit from Global Trends

- Developer, owner and operator of significant generation and utility assets
  - Experience in various fuel types and technologies
  - Renewable opportunities in U.S. and Europe
  - Core Power expansion in Asia and Latin America
  - Track record of managing complex businesses
- Experience with regulatory, political and economic environments in various regions
- Strong liquidity positions AES well to capitalize on value-accretive M&A and greenfield opportunities

Appendix

2010-2011 Estimated Sensitivities & Key Assumptions	Slide 25-26
2010-2011 Guidance	Slide 27-28
2011 Adjusted EPS Guidance Bridge	Slide 29
Construction Program	Slide 30
AES Capital Allocation Process Drives Shareholder Value	Slide 31
Non-Recourse Debt Maturities	Slide 32-34
Recourse Debt Maturities	Slide 35
Top 10 Subsidiary Distributions	Slide 36
Strong Liquidity & Manageable Debt Profile	Slide 37
Reconciliations	Slide 38-43
Definitions & Assumptions	Slide 44-46

2010-2011 Guidance Estimated Sensitivities

Interest Rates

- 100 bps move[1] in interest rates is equal to change in EPS of approximately $0.02

Currencies

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

	Full Year 2010		Full Year 2011	
	Average Rate	Sensitivity	Average Rate	Sensitivity
Argentine Peso (ARS)	4.02	$0.005	4.62	$0.005
Brazilian Real (BRL)	1.82	$0.035	1.98	$0.040
Colombia Peso (COP)	2,071	$0.010	2,170	$0.010
Euro (EUR)	1.43	$0.010	1.43	$0.020

Commodity Sensitivity

	Full Year 2010		Full Year 2011	
	Average Rate	Sensitivity	Average Rate	Sensitivity
Newcastle Coal (Sensitivity $10/ton) negative correlation	$90/ton	$0.020	$95/ton	$0.050
NYMEX Coal (Sensitivity $10/ton) negative correlation	$55/ton		$67/ton	
NYMEX Crude Oil (Sensitivity $10/barrel) positive correlation	$81/bbl	$0.015	$86/bbl	$0.035
Henry Hub Natural Gas (Sensitivity $1/mmbtu) positive correlation	$5.8/mmbtu	$0.050	$6.3/mmbtu	$0.090

Note: Sensitivities are provided on a standalone basis, assuming no change in the other factors, to illustrate the magnitude and direction of changing market factors on AES results. Estimates show the full year impact on 2010-2011 Adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies and operational factors. 2010-2011 guidance is based on currency and commodity forward curves and forecasts as of 12/31/09. Please see Item 7A of the Form 10-K for a more complete discussion of this topic. 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. The move is applied to the floating interest rate portfolio balances as of 12/31/09.

Key Assumptions for 2010-2011 Guidance

- Currency and commodity prices per forward curve as of December 31, 2009[1]
- Does not assume issuance of 125.5 million shares to CIC[2] for approximately 15% stake in AES; also does not assume receipt of $1.58 billion of cash associated with this investment
- Does not assume wind Joint Venture with CIC[2] – still at Letter of Intent (LOI) stage
- No earnings contributions from previously announced sale of Oman and Pakistan assets (now included in discontinued operations)
- Assumes 2,266 MW[3] of projects under construction to come on line in 2010-2011
  - In 2011, these projects to contribute EPS of $0.15-$0.20 and proportional free cash flow[4] of $200-$300 million
  - On a full year basis, these projects to contribute an additional $0.05 of EPS and proportional free cash flow[4] of $50 million
  - Does not assume completion of 270 MW Campiche project
- Effective tax rate in low-to-mid 30s in 2010 and mid 30s in 2011

1. See Appendix for detailed assumptions and sensitivities.
2. China Investment Corporation.
3. Total does not include 1,004 MW completed in 2009, or 270 MW Campiche project in Chile. Total does include 270 MW Nueva Ventanas project in Chile and 22 MW North Rhins project in Scotland, both of which came on-line in early 2010.
4. A non-GAAP financial measure. See Appendix for definition and reconciliation.

2010 Guidance

$ in Millions, Except Earnings Per Share	2010 Revised Guidance as of 2/26/10		2010 Prior Guidance as of 5/27/09	
	Consolidated	Proportional[1,2]	Consolidated	Proportional[1,2]
Gross Margin	$3,700-$3,900	$2,200-$2,400	$3,400-$3,700	$2,150-$2,350
Adjusted Gross Margin[2]	$4,500-$4,700	$2,725-$2,925	not provided	not provided
Net Cash from Operating Activities	$2,775-$2,975	$1,475-$1,675	$2,300-$2,600	$1,450-$1,650
Free Cash Flow[2]	$2,000-$2,200	$900-$1,100	$1,600-$1,900	$900-$1,100
Subsidiary Distributions[3]	$1,100-$1,200		$1,100-$1,300	
Diluted Earnings Per Share from Continuing Operations	$0.95-$1.00		$0.95-$1.05	
Adjusted Earnings Per Share[2]	$1.00-$1.05		$1.05-$1.15	

- Reaffirming proportional free cash flow[1,2] guidance of $900-$1,100 million
- Reaffirming the low-end of subsidiary distributions[3] guidance of $1,100 million, while decreasing the high-end by $100 million to $1,200 million
- Lowered midpoint of adjusted earnings per share[2] by $0.075

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 Appendix for full definition.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.
3. See Appendix for definition.

Note: 2010 Guidance is based on among other things, expectations for future foreign exchange rates and commodity prices as of December 31, 2009. Actual results may differ. The above figures do not include the potential impact of 125.5 million shares of common stock to be issued as a result of the previously announced equity sale to CIC.

2011 Guidance

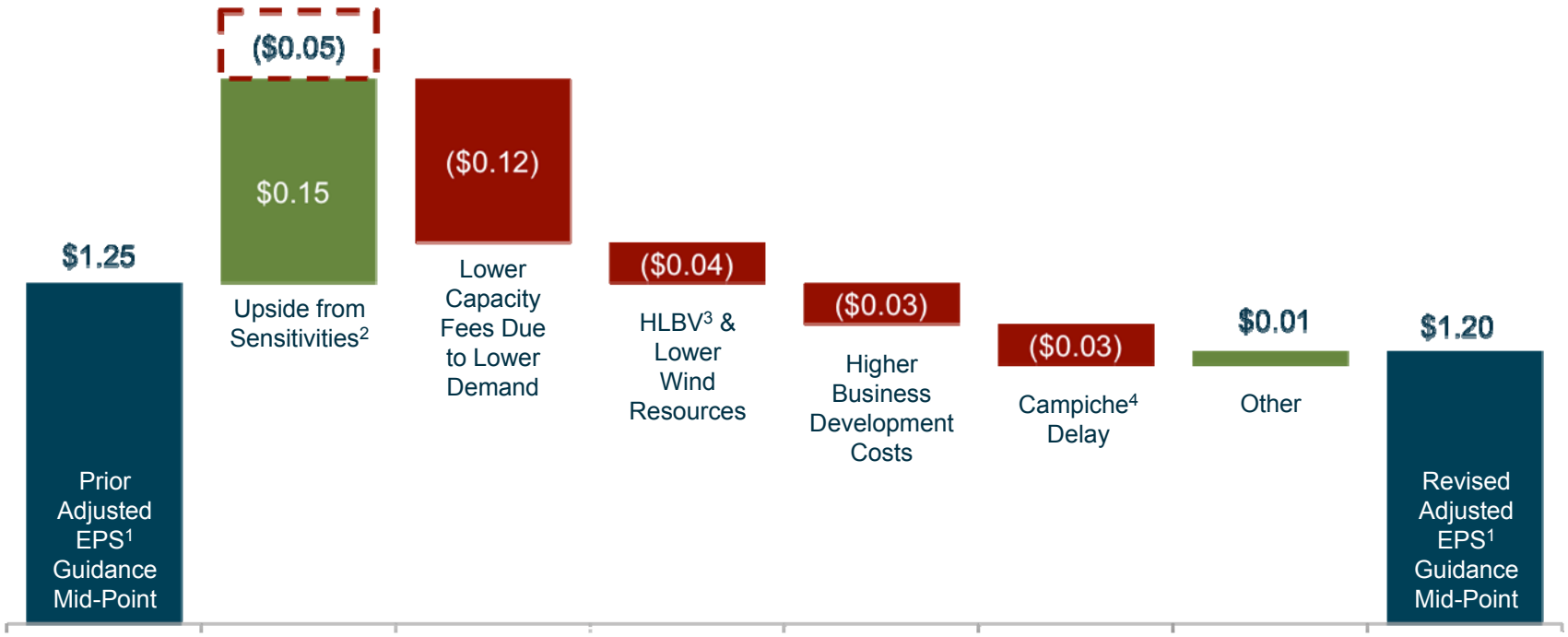
$ in Millions, Except Earnings Per Share	2011 Revised Guidance as of 2/26/10		2011 Prior Guidance as of 5/27/09	
	Consolidated	Proportional[1,2]	Consolidated	Proportional[1,2]
Gross Margin	$3,800-$4,100	$2,350-$2,650	$3,500-$3,900	$2,250-$2,550
Adjusted Gross Margin[2]	$4,675-$4,975	$2,950-$3,250	not provided	not provided
Net Cash from Operating Activities	$2,950-$3,250	$1,700-$1,900	$2,600-$3,000	$1,600-$1,900
Free Cash Flow[2]	$2,150-$2,450	$1,100-$1,300	$1,900-$2,300	$1,100-$1,300
Subsidiary Distributions[3]	$1,100-$1,300		$1,100-$1,300	
Diluted Earnings Per Share from Continuing Operations	$1.10-$1.20		$1.10-$1.20	
Adjusted Earnings Per Share[2]	$1.15-$1.25		$1.20-$1.30	

- Reaffirming proportional free cash flow[1,2] guidance of $1,100-$1,300 million
- Reaffirming subsidiary distributions[3] guidance of $1,100-$1,300 million
- Lowered midpoint of adjusted earnings per share[2] by $0.05

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 Appendix for full definition.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.
3. See Appendix for definition.

Note: 2011 Guidance is based on among other things, expectations for future foreign exchange rates and commodity prices as of December 31, 2009. Actual results may differ. The above figures do not include the potential impact of 125.5 million shares of common stock to be issued as a result of the previously announced equity sale to CIC.

2011 Adjusted EPS[1] Guidance Bridge



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Provided in May 2009.
3. Hypothetical Liquidation at Book Value, a non-cash charge.
4. Campiche is a 270 MW coal-fired plant under construction in Chile. Construction is currently suspended.

2,244 MW Under Construction as of February 26, 2010

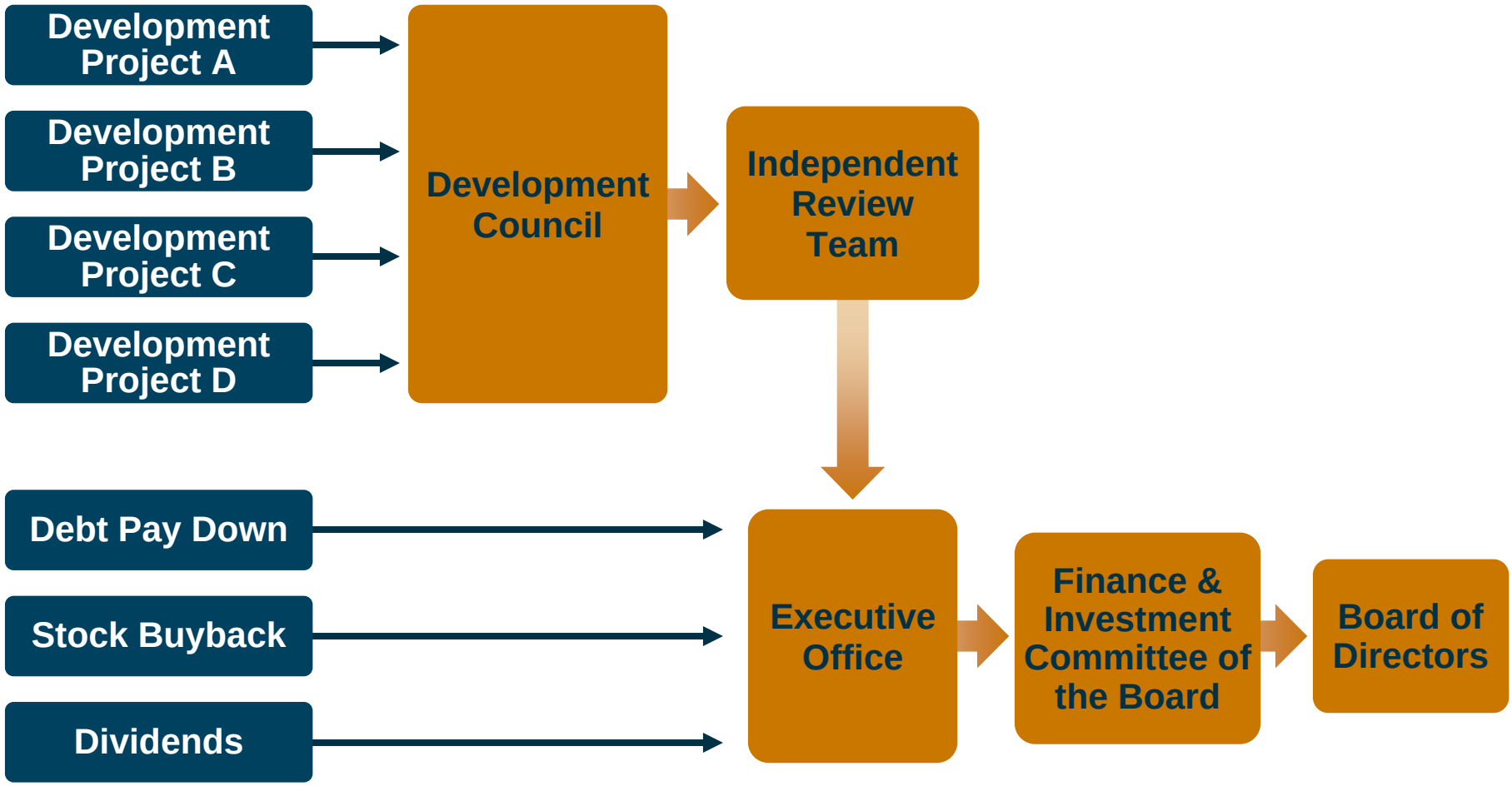
	Generation (Thermal)				Generation (Renewables)					
	Bulgaria	**Chile**	**Chile**	**Chile**	**Bulgaria**	**France**	Turkey	China	France	Panama
Project	Maritza East	Guacolda 4	Angamos	Campiche	St. Nikola	St. Patrick	I.C. Energy JV[1]	Guohua Energy JV[2]	InnoVent[3]	Changuinola I
% Owned	100	35	71	71	89	100	51	49	40	83
Type	Coal	Coal	Coal	Coal	Wind	Wind	Hydro	Wind	Wind	Hydro
Gross MW	670 MW	152 MW	518 MW	270 MW	156 MW	34.5 MW	62 MW	148.5 MW	10.4 MW	223 MW
Expected Commercial Operations Date	2H 2010	2H 2010	2H 2011	TBD[4]	1H 2010	1H 2010	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 $189 million[5], of which our ownership adjusted portion is approximately $134 million

- Remaining 1,974 MW to be completed through 2011

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 December 31, 2009.

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.”

Consolidated Non-Recourse Debt Maturities Summary by Segment as of December 31, 2009

AES
the power of being global

US$ in Millions	Line of Business	Country/State	2010	2011	2012	2013	2014	Thereafter	Total
North America									
Merida III	Generation	Mexico	13	14	14	17	4	10	72
TEG	Generation	Mexico	7	7	8	8	9	173	212
TEP	Generation	Mexico	8	8	8	9	9	172	214
Southland	Generation	USA – California	51	51	52	58	68	132	412
Hawaii	Generation	USA – Hawaii	20	22	23	25	27	284	401
IPALCO	Utilities	USA – Indiana	–	415	–	110	–	1,182	1,707
Warrior Run	Generation	USA – Maryland	29	32	35	26	30	74	226
Red Oak	Generation	USA – New Jersey	15	15	18	18	19	264	349
Eastern Energy	Generation	USA – New York	9	10	11	11	13	137	191
Shady Point	Generation	USA – Oklahoma	11	11	11	11	51	1	96
Condon Wind Power	Generation	USA – Oregon	1	1	1	2	2	19	26
Armenia Mountain	Generation	USA – Pennsylvania	5	5	5	5	6	63	89
Beaver Valley	Generation	USA – Pennsylvania	–	–	–	–	–	3	3
Ironwood	Generation	USA – Pennsylvania	12	14	11	14	18	194	263
Puerto Rico	Generation	USA – Puerto Rico	64	42	47	54	50	529	786
Total North America			**245**	**647**	**244**	**368**	**306**	**3,237**	**5,047**

Note: The above table is unaudited and is for reference purposes only. The table provides debt amortization of the business unit and subsidiary holding company. Any of these amortization schedules could be revised or accelerated for a number of reasons, including events of default, if any. The maturities shown include unamortized discounts used to calculate the book value of debt and may deviate from local GAAP business unit financials for a number of reasons, including capital lease accounting. Certain amounts have been rounded for presentation purposes. For further details on non-recourse debt, please refer to AES Corporation's SEC filings and press releases made from time to time.

Consolidated Non-Recourse Debt Maturities Summary by Segment as of December 31, 2009 (cont'd)

AES
the power of being global

US$ in Millions	Line of Business	Country/State	2010	2011	2012	2013	2014	Thereafter	Total
Latin America									
Alicura II (Inc. Parana)	Generation	Argentina	10	7	9	9	10	139	184
Edelap	Utilities	Argentina	1	2	1	–	–	–	4
Edes	Utilities	Argentina	3	–	–	–	–	–	3
Brasiliana Energia	Utilities	Brazil	–	–	–	–	184	275	459
Eletropaulo[1]	Utilities	Brazil	311	151	168	166	67	585	1,448
Sul[1]	Utilities	Brazil	47	52	67	95	102	42	405
Tiete	Generation	Brazil	143	158	175	79	–	–	555
ESSA	Generation	Chile	7	7	7	7	4	41	73
Norgener	Generation	Chile	–	–	–	–	–	–	–
Angamos	Generation	Chile	–	–	9	16	15	336	376
Ventanas	Generation	Chile	15	17	19	20	23	270	364
Chivor	Generation	Colombia	12	12	–	–	169	1	194
Gener	Generation	Chile	1	1	1	1	400	425	829
Gener Total	***Generation***	***Chile/Colombia***	***35***	***37***	***36***	***44***	***611***	***1,072***	***1,836***
Dominicana (Andres and Los Mina)	Generation	Dominican Republic	–	–	–	–	–	156	161
Itabo	Generation	Dominican Republic	–	–	–	125	–	–	125
El Salvador	Utilities	El Salvador	–	–	–	–	–	299	299
Changuinola	Generation	Panama	–	10	15	16	17	206	264
Panama	Generation	Panama	–	–	–	–	–	300	300
Total Latin America			**555**	**417**	**471**	**534**	**991**	**3,075**	**6,043**

Note: The above table is unaudited and is for reference purposes only. The table provides debt amortization of the business unit and subsidiary holding company. Any of these amortization schedules could be revised or accelerated for a number of reasons, including events of default, if any. The maturities shown include unamortized discounts used to calculate the book value of debt and may deviate from local GAAP business unit financials for a number of reasons, including capital lease accounting. Certain amounts have been rounded for presentation purposes. For further details on non-recourse debt, please refer to AES Corporation's SEC filings and press releases made from time to time.

1. Brazilian GAAP reported financials for Eletropaulo and Sul exclude capital leases.

Consolidated Non-Recourse Debt Maturities Summary by Segment as of December 31, 2009 (cont'd)

AES
the power of being global

US$ in Millions	Line of Business	Country/State	2010	2011	2012	2013	2014	Thereafter	Total
Europe & Africa									
Kavarna	Generation	Bulgaria	36	8	8	9	10	193	264
Maritza East I	Generation	Bulgaria	–	50	48	55	62	737	952
SONEL	Utilities	Cameroon	390	13	9	2	–	–	414
St. Patrick	Generation	France	3	3	3	3	3	39	54
Borsod	Generation	Hungary	3	–	–	–	–	–	3
Tisza II	Generation	Hungary	14	–	–	–	–	–	14
Ebute	Generation	Nigeria	8	–	–	–	–	–	8
North Rhins	Generation	UK	1	3	3	3	4	39	53
Kilroot	Generation	UK	86	46	–	–	–	–	132
Kievoblenergo	Utilities	Ukraine	13	3	3	3	3	7	32
Rievnoblenergo	Utilities	Ukraine	5	2	2	2	2	2	15
Total Europe & Africa			**559**	**128**	**76**	**77**	**84**	**1,017**	**1,941**
Asia & Middle East									
CHIGEN	Generation	China	103	–	–	–	–	–	103
CHIGEN Subs	Generation	China	3	2	–	–	–	–	5
Amman East	Generation	Jordan	225	–	–	–	–	–	225
Barka	Generation	Oman	–	–	–	–	–	–	–
Lal Pir	Generation	Pakistan	–	–	–	–	–	–	–
Pak Gen	Generation	Pakistan	–	–	–	–	–	–	–
Oasis Total	***Generation***	***Jordan, Oman & Pakistan***	***225***	–	–	–	–	–	225
Masinloc	Generation	Philippines	–	34	39	39	41	464	617
Ras Laffan	Generation	Qatar	41	37	37	36	36	192	379
Kelanitissa	Generation	Sri Lanka	39	–	–	–	–	–	39
Total Asia & Middle East			**411**	**73**	**76**	**75**	**77**	**656**	**1,368**
Other	Various	Various	1	1	-	-	–	–	2
Total Non-Recourse Debt			**1,771**	**1,266**	**867**	**1,054**	**1,458**	**7,985**	**14,401**

Note: The above table is unaudited and is for reference purposes only. The table provides debt amortization of the business unit and subsidiary holding company. Any of these amortization schedules could be revised or accelerated for a number of reasons, including events of default, if any. The maturities shown include unamortized discounts used to calculate the book value of debt and may deviate from local GAAP business unit financials for a number of reasons, including capital lease accounting. Certain amounts have been rounded for presentation purposes. For further details on non-recourse debt, please refer to AES Corporation's SEC filings and press releases made from time to time.

$5.5 Billion Recourse Debt & Trust Preferred Scheduled Maturities Summary[1] as of December 31, 2009

AES
the power of being global

US$ in Millions	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2029
Senior Secured Term Loan Facility due August 2011	-	200	-	-	-	-	-	-	-	-	-	-
Senior Secured Credit Facility due June 2010/July 2011[2]	-	-	-	-	-	-	-	-	-	-	-	-
Senior Secured Credit Facilities[2]	**-**	**200**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
8.75% Senior Secured Second Priority Notes due May 2013	-	-	-	690	-	-	-	-	-	-	-	-
Senior Second Priority Notes	**-**	**-**	**-**	**690**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9.375% Senior Unsecured Notes due September 2010	214	-	-	-	-	-	-	-	-	-	-	-
8.875% Senior Unsecured Notes due February 2011	-	129	-	-	-	-	-	-	-	-	-	-
8.375% Senior Unsecured Notes due March 2011[3]	-	139	-	-	-	-	-	-	-	-	-	-
7.75% Senior Unsecured Notes due March 2014	-	-	-	-	500	-	-	-	-	-	-	-
7.75% Senior Unsecured Notes due October 2015	-	-	-	-	-	500	-	-	-	-	-	-
9.75% Senior Unsecured Notes due April 2016	-	-	-	-	-	-	535	-	-	-	-	-
8.00% Senior Unsecured Notes due October 2017	-	-	-	-	-	-	-	1,500	-	-	-	-
8.00% Senior Unsecured Notes due June 2020	-	-	-	-	-	-	-	-	-	-	625	-
Senior Unsecured Notes	**214**	**268**	**-**	**-**	**500**	**500**	**535**	**1,500**	**-**	**-**	**625**	**-**
6.75% Trust Preferred III due October 2029	-	-	-	-	-	-	-	-	-	-	-	517
Trust Preferreds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**517**
Total Recourse Debt Including Trust Preferreds[4]	**214**	**468**	**-**	**690**	**500**	**500**	**535**	**1,500**			**625**	**517**

Note: The above table is unaudited and is for reference purposes only.

1. The table above sets forth the projected remaining debt balances with respect to AES' currently outstanding recourse indebtedness and trust preferred securities as of each date presented. The table assumes that: (i) AES incurs no other indebtedness, and (ii) that only scheduled repayments are made. While AES may incur other indebtedness and may make additional unscheduled repayments, it is not practicable to project the amount or timing of any such incurrence or repayments and accordingly no reconciliation is provided. Please see AES' SEC filings for further information.
2. Amount drawn as of December 31, 2009. Excludes letters of credit issued under the facilities. Amounts drawn may be repaid at any time.
3. 8.375% Senior Unsecured Notes due 2011 were issued as £135 million. At December 31, 2009, roughly £85 million remained outstanding. The exchange rate as of December 31, 2009 was approximately US$1.6170/£1.00.
4. These balances do not reflect unamortized discounts totaling approximately $34 million that are used to calculate the book value of the debt. Total excludes letters of credit and other debt guarantees. Certain amounts may vary slightly from other presentations due to rounding.

Subsidiary Distributions Continue to Diversify Over Time

US$ in Millions

2006		2007		2008		2009	
Eastern Energy	$162	IPALCO	$170	Eastern Energy	$153	IPALCO	$143
IPALCO	$142	Eastern Energy	$122	IPALCO	$124	Brasiliana	$124
EDC[1]	$100	EDC[1]	$97	Kilroot	$105	Eastern Energy	$100
Gener	$81	Brasiliana	$90	Andres	$61	Gener	$87
Hungary	$37	Kilroot	$69	Ebute	$52	Ekibastuz[2]	$82
Hawaii	$35	Hawaii	$49	Cartagena	$51	Alicura	$65
Alicura	$33	Cartagena	$42	Brasiliana	$47	Kilroot	$57
CAESS & EEO	$31	Shady Point	$38	Panama	$46	Southland	$51
Shady Point	$30	Ekibastuz[2]	$37	Gener	$45	Cartagena	$46
Deepwater	$29	Gener	$36	Shady Point	$38	Ebute	$45
Subtotal – Top 10	**$680**		**$750**		**$722**		**$800**
Percentage – Top 10	**70%**		**68%**		**68%**		**64%**
Other Businesses	$291		$349		$338		$455
Total	**$971**		**$1,099**		**$1,060**		**$1,255**

- Subsidiary distributions have become more diversified as Top 10 contributors declined from 70% of total to 64%

1. A business sold by AES in May 2007.
2. A business sold by AES in May 2008. AES managed this business through June 2009.

Strong Liquidity & Manageable Debt Profile

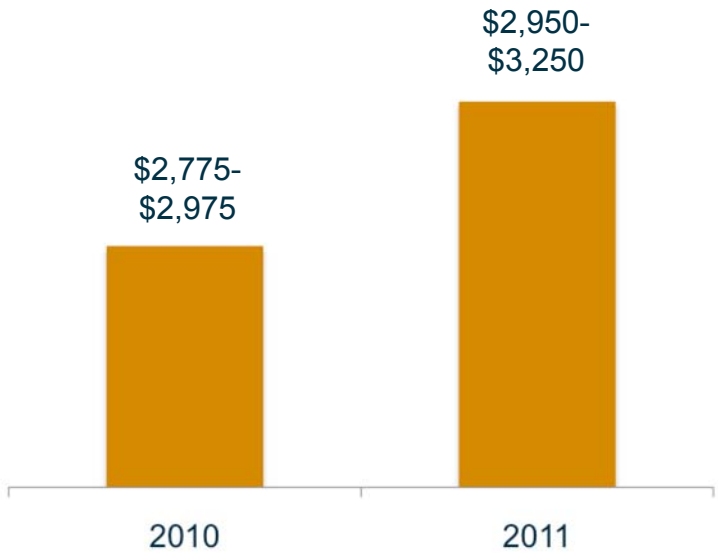
$ in Millions

- Total Liquidity of $4.0 billion as of December 31, 2009, including $1.3 billion at the Parent Company

Debt Maturities[1]



Consolidated Operating Cash Flow[2]



1. Debt maturities as of December 31, 2009.
2. 2010-2011 guidance given on February 26, 2010.

Reconciliation of 2010 Guidance, Including Proportional Metrics

$ in Millions, Except Earnings Per Share	2010 Revised Guidance (as of 2/26/10)			2010 Prior Guidance (as of 5/27/09)		
	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	$3,400-$3,700	$1,250-$1,350	$2,150-$2,350
Adjusted Gross Margin[2]	$4,500-$4,700	$1,775	$2,725-$2,925	not provided	not provided	not provided
Diluted Earnings Per Share from Continuing Operations	$0.95-$1.00			$0.95-$1.05		
Adjusted Earnings Per Share Factors[2]	$0.05[3]			$0.10[4]		
Adjusted Earnings Per Share[2]	$1.00-$1.05[3]			$1.05-$1.15[4]		
Cash Flow Items						
Net Cash from Operating Activities	$2,775-$2,975	$1,300	$1,475-$1,675	$2,300-$2,600	$850-$950	$1,450-$1,650
Operational Capital Expenditures (a)	$650-$725	$200	$450-$525	$575-$675	$125-$175	$450-$500
Environmental Capital Expenditures (b)	$75-$100	-	$75-$100	$50-$100	$10-$20	$40-$80
Maintenance Capital Expenditures (a + b)	$725-$825	$200	$525-$625	$625-$775	$135-$195	$490-$580
Free Cash Flow[2]	$2,000-$2,200	$1,100	$900-$1,100	$1,600-$1,900	$700-$800	$900-$1,100
Subsidiary Distributions[5]	$1,100-$1,200			$1,100-$1,300		
Reconciliation of Free Cash Flow[2]						
Net Cash from Operating Activities	$2,775-$2,975	$1,300	$1,475-$1,675	$2,300-$2,600	$850-$950	$1,450-$1,650
Less: Maintenance Capital Expenditures	$725-$825	$200	$525-$625	$625-$775	$135-$195	$490-$580
Free Cash Flow[2]	$2,000-$2,200	$1,100	$900-$1,100	$1,600-$1,900	$700-$800	$900-$1,100
Reconciliation of Adjusted Gross Margin[2]						
Gross Margin	$3,700-$3,900	$1,500	$2,200-$2,400			
Depreciation & Amortization	$1,125-$1,225	$275	$850-$950			
General & Administrative	$375	-	$375			
Adjusted Gross Margin[2]	$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 of $0.02, derivative losses of $0.02 and losses on debt retirement of $0.01.
4. Reconciliation of Adjusted EPS includes unrealized foreign currency of $0.06, derivative losses of $0.02 and loses on disposition of $0.02.
5. See "definitions."

Reconciliation of 2011 Guidance, Including Proportional Metrics

$ in Millions, Except Earnings Per Share	2011 Revised Guidance (as of 2/26/10)			2011 Prior Guidance (as of 5/27/09)		
	Consolidated	Adjustment Factors[1]	Proportional[1,2]	Consolidated	Adjustment Factors[1]	Proportional[1,2]
Income Statement Elements						
Gross Margin	$3,800-$4,100	$1,450	$2,350-$2,650	$3,500-$3,900	$1,250-$1,350	$2,250-$2,550
Adjusted Gross Margin[2]	$4,675-$4,975	$1,725	$2,950-$3,250	not provided	not provided	not provided
Diluted Earnings Per Share from Continuing Operations	$1.10-$1.20			$1.10-$1.20		
Adjusted Earnings Per Share Factors[2]	$0.05[3]			$0.10[4]		
Adjusted Earnings Per Share[2]	$1.15-$1.25[3]			$1.20-$1.30[4]		
Cash Flow Items						
Net Cash from Operating Activities	$2,950-$3,250	$1,250-$1,350	$1,700-$1,900	$2,600-$3,000	$1,000-$1,100	$1,600-$1,900
Operational Capital Expenditures (a)	$650-$750	$175	$475-$575	$575-$675	$125-$175	$450-$500
Environmental Capital Expenditures (b)	$75-$125	$25	$50-$100	$50-$100	$5-$10	$45-$90
Maintenance Capital Expenditures (a + b)	$725-$875	$200	$525-$675	$625-$775	$130-$185	$495-$590
Free Cash Flow[2]	$2,150-$2,450	$1,050-$1,150	$1,100-$1,300	$1,900-$2,300	$800-$1,000	$1,100-$1,300
Subsidiary Distributions[5]	$1,100-$1,300			$1,100-$1,300		
Reconciliation of Free Cash Flow[2]						
Net Cash from Operating Activities	$2,950-$3,250	$1,250-$1,350	$1,700-$1,900	$2,600-$3,000	$1,000-$1,100	$1,600-$1,900
Less: Maintenance Capital Expenditures	$725-$875	$200	$525-$675	$625-$775	$130-$185	$495-$590
Free Cash Flow[2]	$2,150-$2,450	$1,050-$1,150	$1,100-$1,300	$1,900-$2,300	$800-$1,000	$1,100-$1,300
Reconciliation of Adjusted Gross Margin[2]						
Gross Margin	$3,800-$4,100	$1,450	$2,350-$2,650			
Depreciation & Amortization	$1,200-$1,300	$275	$925-$1,025			
General & Administrative	$375		$375			
Adjusted Gross Margin[2]	$4,675-$4,975	$1,725	$2,950-$3,250			

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 of $0.03 and derivative losses of $0.02.
4. Reconciliation of Adjusted EPS includes unrealized foreign currency of $0.08, derivative losses of $0.01 and losses on debt retirement of $0.01.
5. 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 December 31, 2009

	Parent Company	Subsidiaries	Total
Cash & Cash Equivalents	$677	$1,132	$1,809
Bank Lines of Credit	$581	$1,600	$2,181
Total Liquidity	**$1,258[1]**	**$2,732[2]**	**$3,990**
Restricted Cash	–	$407	$407
Short-Term Investments	–	$1,648[3]	$1,648[3]
Debt Service Reserve Accounts	–	$595	$595
Total Liquidity Plus Additional Financial Assets	**$1,258**	**$5,382**	**$6,640**

1. This number represents Parent Liquidity (a non-GAAP financial measure) as reconciled above. See "definitions."
2. This number represents Subsidiary Liquidity (a non-GAAP financial measure) as reconciled above. See "definitions." This number excludes $1,100 million liquidity available to our projects under construction.
3. Includes: $1,300 million in Brazil.

Note: The 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.

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.