The AES Corporation
Second Quarter 2012 Financial Review

August 6, 2012



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 Slide 45 and 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 AES' 2011 Annual Report on Form 10-K, 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.

Second Quarter 2012 Earnings Call

Agenda

- Update on plan to unlock shareholder value
- Business highlights
  - Macroeconomic drivers
  - Eletropaulo
  - DP&L
  - Masinloc & Kilroot
- Second quarter 2012 results and 2012 guidance
- Capital allocation plan for 2012

Key Highlights

Steady execution since September 2011

Increased volatility in foreign exchange and commodity prices;
Eletropaulo rate case completed;
Record generation at Masinloc (Philippines)

Q2 results in line with full year expectations;
Reaffirmed full year EPS guidance

Declared first cash dividend since 1993;
Bought back 20.5 million shares since May 2012

Plan to Unlock Shareholder Value

Management Focus	Rationale
1. Optimize capital allocation	■ Invest cash to maximize total returns
2. Improve profitability	■ Cut costs and leverage footprint
3. Narrow our geographic focus	■ Exit non-strategic assets to simplify story ■ Grow in markets of choice where we have a competitive advantage

Focus on Delivering Attractive Risk-Adjusted Total Shareholder Return

Update on Plan to Unlock Shareholder Value: Optimize Capital Allocation

Investment Alternative	Execution Since September 2011
1. Debt repayment	■ $492 million repaid ◆ $295 million Recourse debt ◆ $197 million Non-Recourse debt (Brasiliana)[1]
2. Share buyback	■ 29.5 million shares repurchased by investing $341 million (average price of $11.57/share) ◆ Since May 2012, bought back 20.5 million shares by investing $252 million
3. Dividend	■ First cash dividend since 1993 ■ $0.04/share to be paid in November 2012 ■ Annual basis: $120 million or approximately 1.3% yield

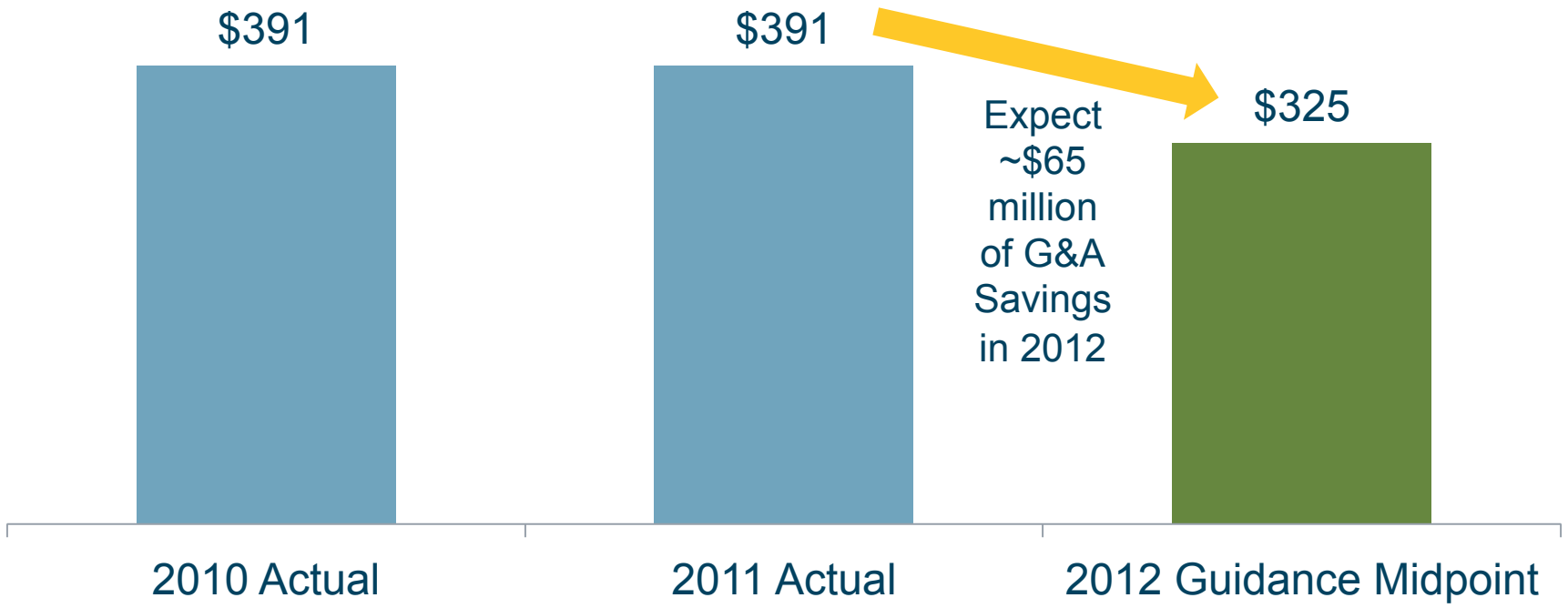
Since September 2011, $833 Million Invested in Our Balance Sheet

1. AES owns 46% of its Brasiliana subsidiary. Proceeds and debt reflect AES' ownership percentage.

Update on Plan to Unlock Shareholder Value: Improve Profitability

$ in Millions

General & Administrative Expense



Projected 2012 Savings Increased to $65 Million; Cumulative Target of $100 Million[1] in Annual Savings by End of 2013

1.$100 million in savings will include savings realized in cost of sales in addition to G&A.

Update on Plan to Unlock Shareholder Value: Narrow Geographic Focus

Business	AES Share of Proceeds ($ Millions)		Remarks
Atimus (Brazil Telecom)	$284[3]	$798 closed	Non-core asset; Paid down $197[3] million in debt at Brasiliana subsidiary
Bohemia (Czech Republic)	$12		Completed exit from non-core Market
Edes and Edelap (Argentina)	$4		Underperforming business
Cartagena[1] (Spain)	$229		No expansion potential
Red Oak (U.S.)	$142		No expansion potential
Ironwood (U.S.)	$85		
French Wind (France)[2]	$42		Non-core market
JHRH (China)	$48	$134 signed	Non-core market; expected to close late 2012
Yangcheng & China Wind (China)[2]	$86		Non-core market; expected to close late 2012
Total	**$932**		

Businesses Sold at a P/E Multiple of More Than 20x 2011 Adjusted Earnings[4]

1. Sold 80% of our interest to GDF Suez in February 2012. GDF Suez has the option to buy the remaining 20% interest in 2013.
2. Announced since Q1 2012 earnings call (May 4, 2012).
3. AES owns 46% of its Brasiliana subsidiary. Proceeds and debt reflect AES' ownership percentage.
4. Excludes China asset sales, as these businesses reported $9 million in losses in 2011.

Business Highlights: Macro Drivers Across Our Core Markets

Country	Economic Indicator	2012 Growth Expectations	2013 & Beyond Growth Expectations
Brazil[1]	GDP	2%	4%
	Power Demand	1%	~4%
Chile & Colombia	GDP	4.5% to 5%	4.5% to 5%
	Power Demand	3.5% to 7%	3.5% to 4.5%
U.S.: Indiana & Ohio	GDP	1% to 2.5%	2% to 4%
	Power Demand	1% to 1.5%	1% to 2%

- **Trends in commodity prices**
  - NYMEX Gas – Spot gas rebounded from April lows; converging with 2012 balance of year price of approximately $3/MMBtu (positive correlation)
  - Oil – Some increase from lows set in mid-June, but still below the $120/barrel in Q1 (positive correlation)
  - Coal – Prices declined by 10%-15% (negative correlation)

1. Power demand growth expectations in Brazil are for Eletropaulo.

Business Highlights: Update on Eletropaulo

- Final tariff issued on July 2, 2012
  - Lower tariff than expected on Q1 2012 earnings call
  - Driver of lower tariff is mainly the benchmark for non-technical energy losses
- Due to AES' 16% ownership stake, modest impact to AES of $0.02, relative to previous expectations

Business Highlights: Update on DP&L[1]

- Current Standard Service Offering ("SSO") expires on December 31, 2012
- DP&L filed its next SSO in the form of a Market Rate Option in March 2012
- Settlement discussions are underway
  - Targeting settlement late in Q3 or early in Q4
- Customer switching generally in line with our expectations
  - 56% of load has switched – DPLER captured 78% of switched load through Q2 2012

1. For additional information regarding DP&L's MRO, please see MD&A in the Form 10-Q.

Business Highlights: Masinloc & Kilroot

Masinloc (Philippines)

- Results driven by:
  - Operational excellence
    - Low forced outage rate
  - Favorable market dynamics
    - Higher spot prices
    - Higher market dispatch



Kilroot (Northern Ireland)

- Dispatched at a 10% higher rate in the 1H 2012 compared to 1H 2011
  - Driven primarily by lower coal cost
  - Energy sold was 85% higher



Q2 2012 Financial Results

Agenda

- Second quarter 2012 results
  - Gross margin and key drivers
  - Adjusted EPS[1]
  - Cash from operations and free cash flow[1]
  - Parent Liquidity[1]
- 2012 Guidance

Key Highlights

(-) Lower plant availability at AES Gener;
(-) Eletropaulo tariff re-set; and
(+) New businesses are key drivers

Parent liquidity[1] increased to more than $1 billion

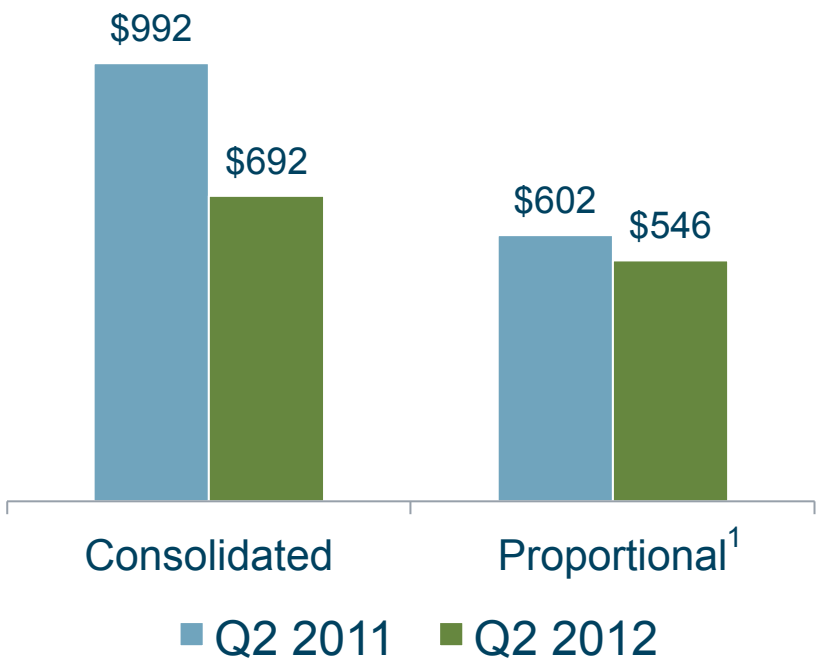
Reaffirming 2012 EPS guidance;
Expect low end of the range

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

Gross Margin Results for Q2 2012

$ in Millions

Gross Margin

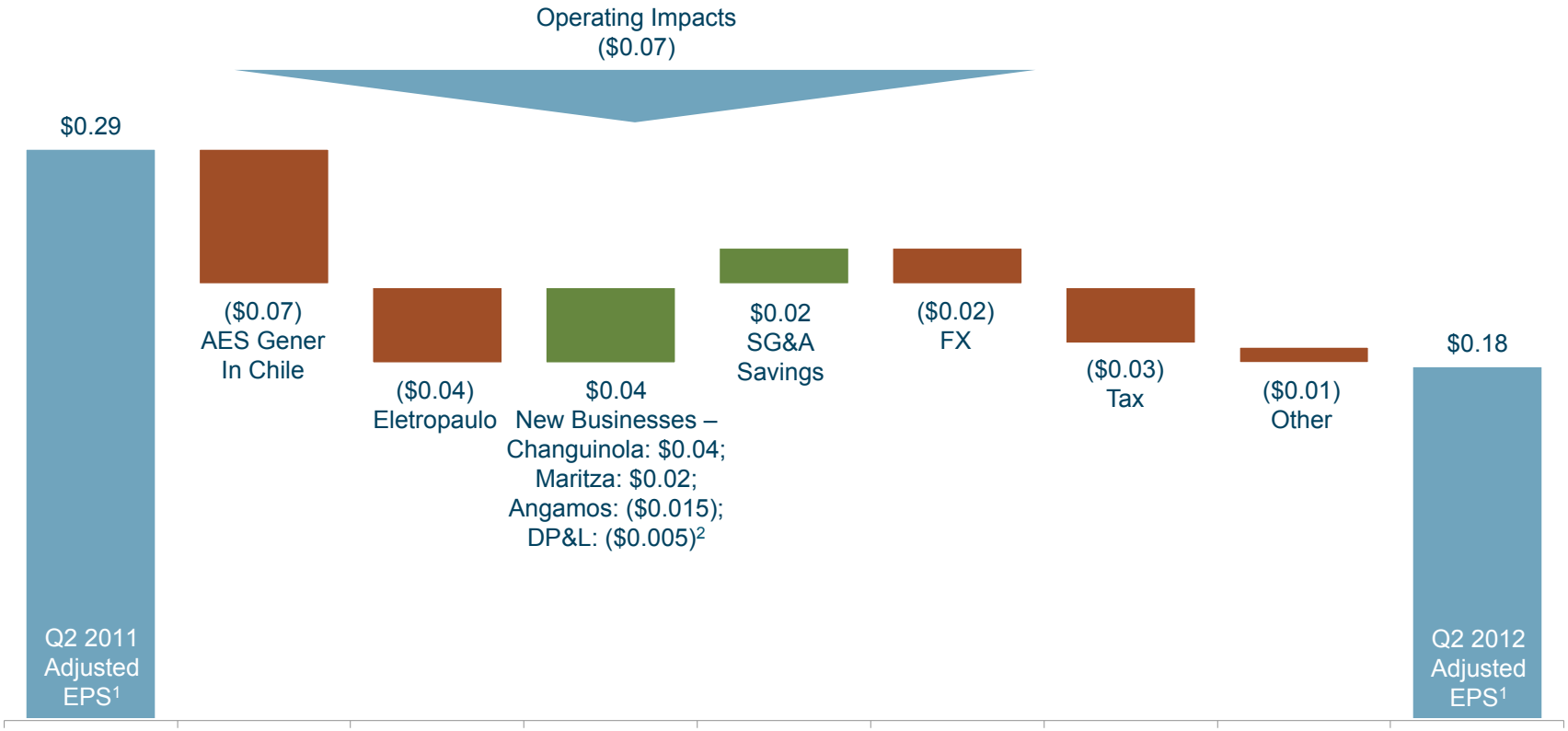


Key Drivers of Proportional Gross Margin[1] (-$56)

- (-$60) Lower availability at AES Gener (Chile)
- (-$35) Final impact of Eletropaulo (Brazil) tariff re-set
- (+$119) New businesses
  - Changuinola (Panama)
  - Maritza (Bulgaria)
  - DP&L (U.S.)
  - Angamos (Chile)
- Other, including:
  - (-$20) Unfavorable foreign exchange movements
  - (-$40) Sale of 80% of AES' interest in Cartagena and PPA step-down and outage at Ballylumford

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

Q2 2012 Adjusted EPS[1] Decreased $0.11

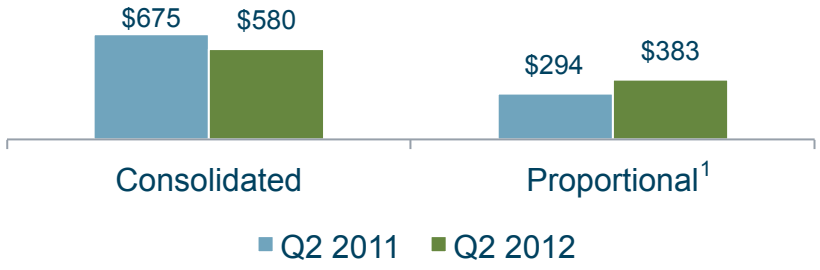


1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Net of Parent interest costs of approximately $0.03; excludes one-time non-cash purchase accounting charge.

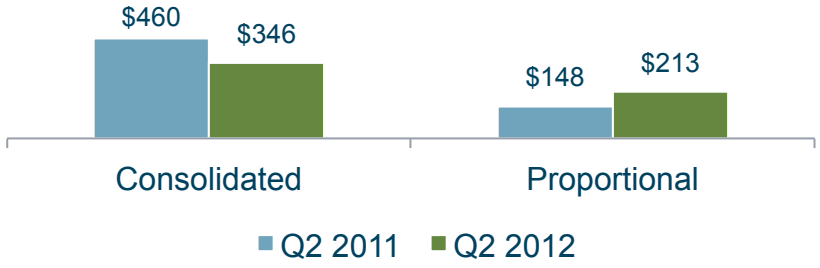
Cash Flow Results for Q2 2012

$ in Millions

Operating Cash Flow Results



Free Cash Flow Results[1]



Key Drivers of Changes in Cash Flow

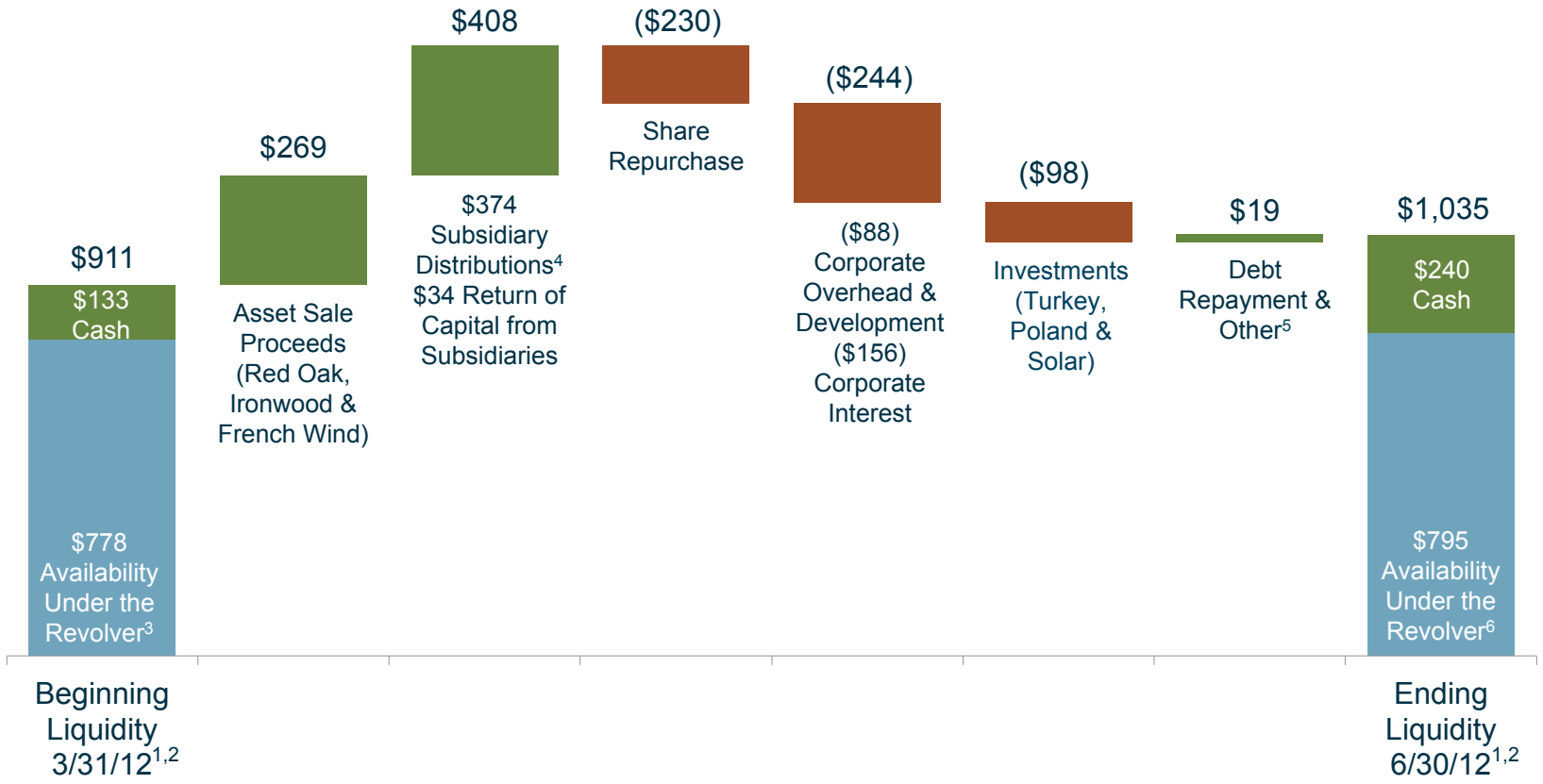
- Increase at Latin American Generation businesses due to improved working capital and higher gross margin at Tiete (Brazil)
- Increase from new businesses
- Decrease at Latin American Utilities

44% Increase in Proportional Free Cash Flow[1]

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

Parent Company Liquidity[1]

$ in Millions



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. See Appendix for reconciliation of Parent Liquidity.
3. $800 million Revolver, less $10 million borrowings, less $12 million letters of credit.
4. See Appendix for definition.
5. Reduced letters of credit under the revolver ($7 million) and favorable foreign currency & other ($14 million), partially offset by amortization of senior secured term loan due 2018 ($2 million).
6. $800 million Revolver, less $5 million letters of credit.

Drivers of 2012 Adjusted EPS[1] Guidance

Reaffirming 2012 Adjusted EPS[1] Guidance of $1.22 to $1.30 – Expect Low End of Guidance Range

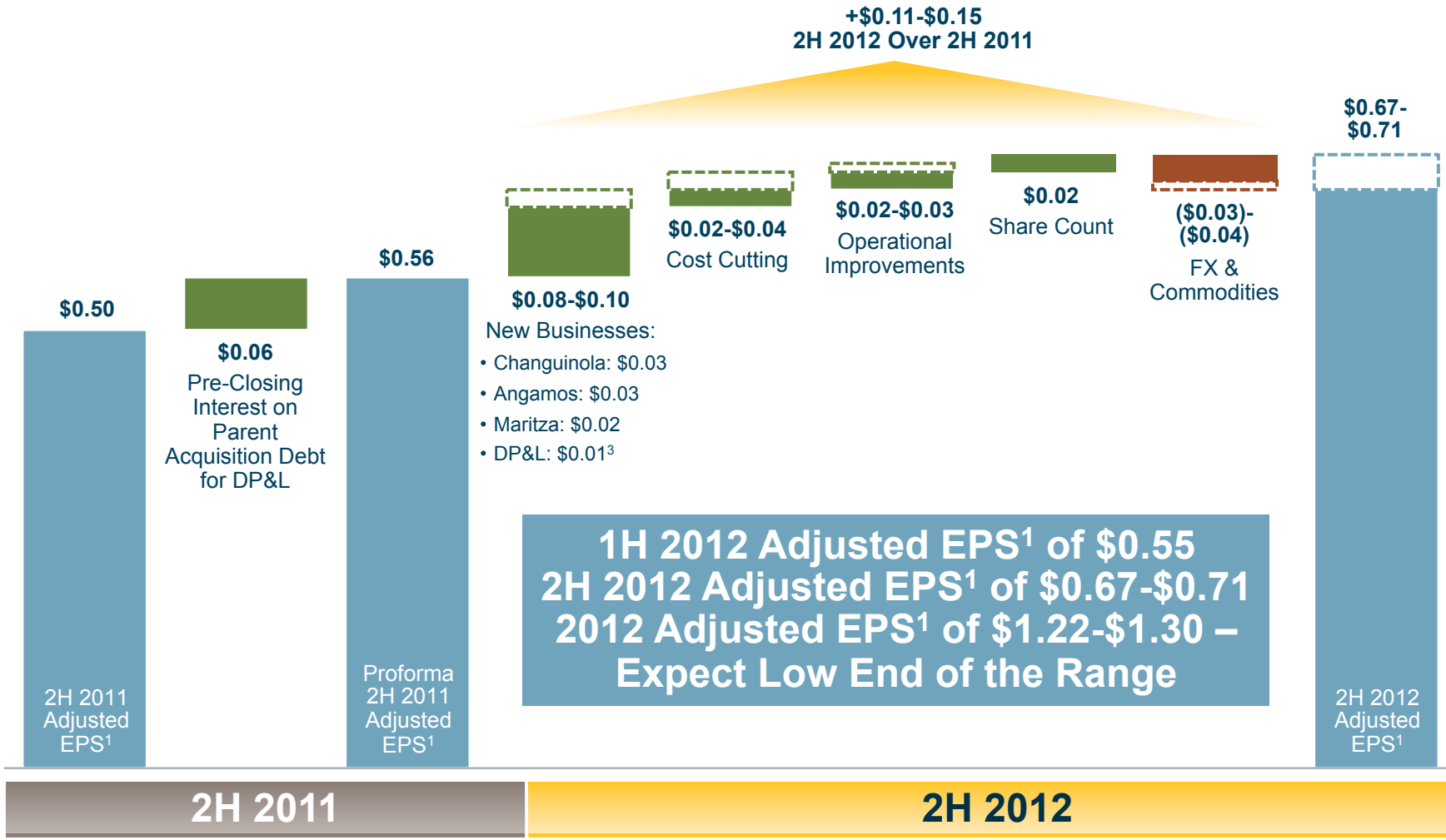
Since Q1 2012 Earnings Call, Key Drivers of 2012 Guidance:

Positive	Negative
+ Accelerated capital allocation	– FX and commodity movements
+ Increase in 2012 cost cutting	– Eletropaulo tariff final outcome
+ Operational improvements	

- For key assumptions, see Slide 30 in the Appendix

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

Year-Over-Year Growth in 2H 2012 Adjusted EPS[1] Driven by New Businesses Added in Late 2011 & Corporate Initiatives[2]



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Drivers are subject to uncertainties and there can be no assurance that they can be achieved. For further discussion of risks associated with our business, see Risk Factors in our Form 10-K and MD&A in Form 10-Q.
3. Net of approximately $0.06 of interest on Parent acquisition debt; excludes one-time non-cash purchase accounting impact.

Key 2012 Cash Flow Guidance Metrics

$ in Millions

	2012 Guidance (As of 8/6/12)	Comments
Proportional Free Cash Flow[1]	$1,050-$1,250	No change; expect low end of range due to working capital changes and assets sold in 2012
Subsidiary Distributions[2]	$1,325-$1,525	No change; expect low end of range due to possible retention of cash at platform businesses
Consolidated Free Cash Flow[1]	$1,700-$1,900	Lowered $200 million due to reduction at Latin American Generation

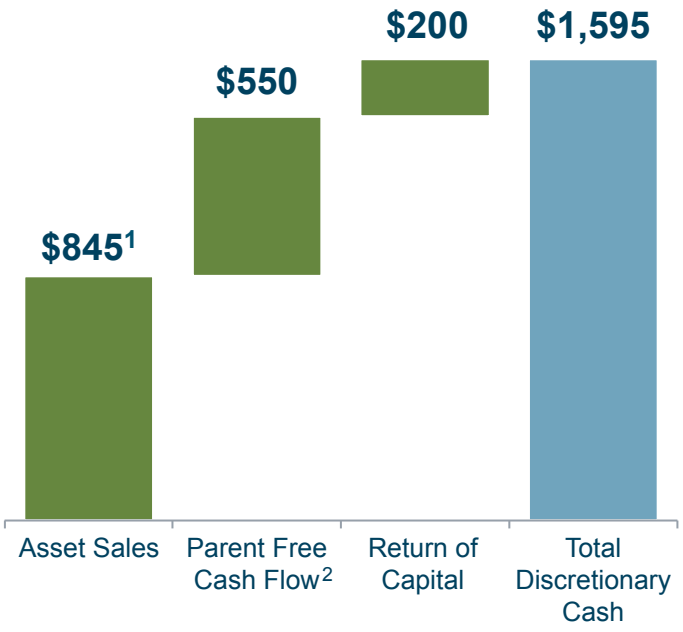
- For key assumptions, see Slide 30 in the Appendix

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

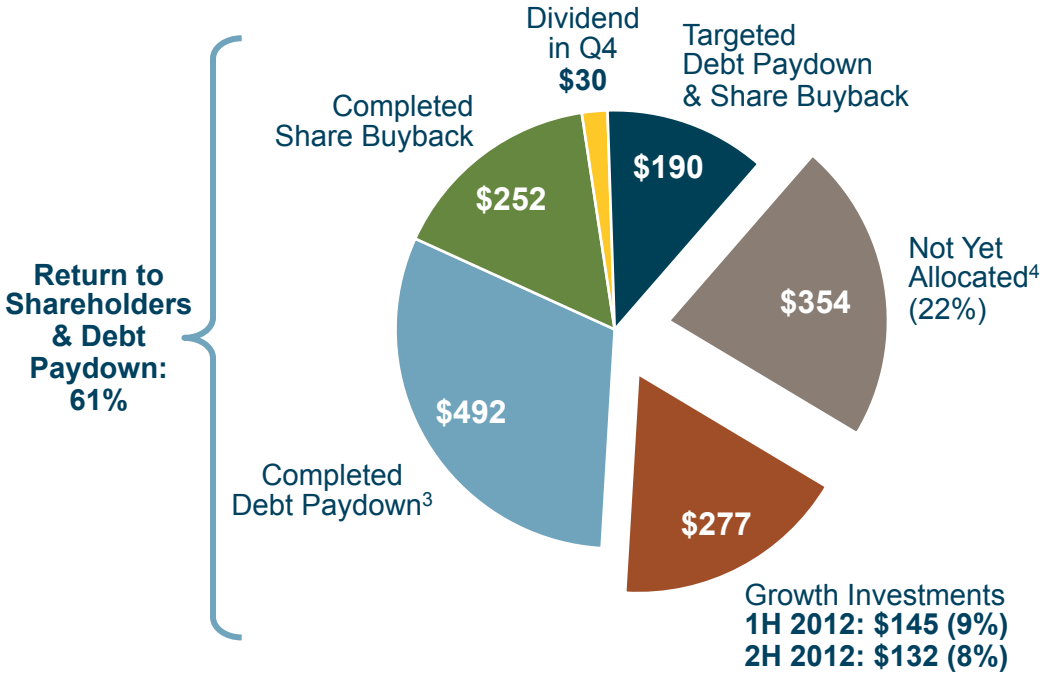
Balanced Approach to Capital Allocation in 2012

$ in Millions

Discretionary Cash – Sources ($1,595)



Discretionary Cash – Uses ($1,595)



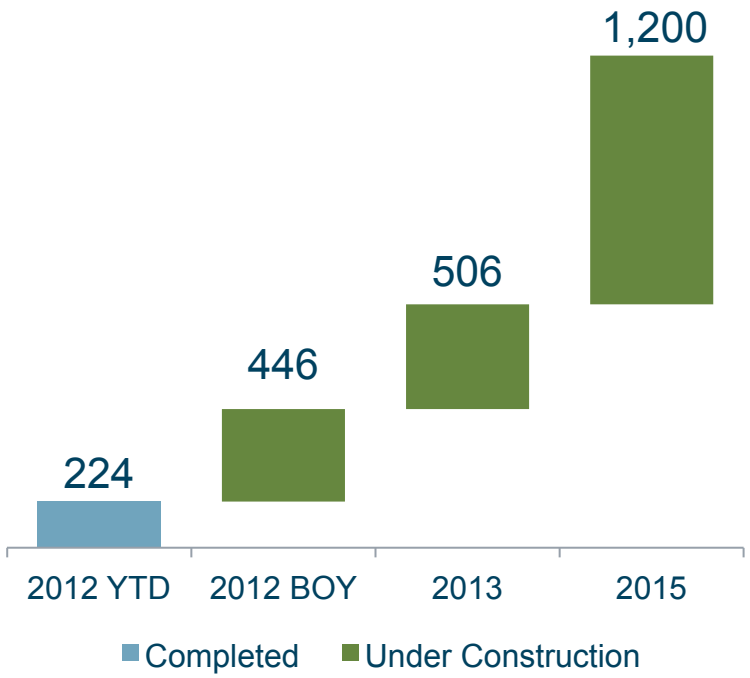
Unallocated Cash to Be Invested According to Capital Allocation Framework to Achieve Total Return Targets

1. Excludes ($87 million) dividend related to Atimus (Brazil Telecom), which is included in Parent Free Cash Flow.
2. Low end of 2012 parent free cash flow guidance range given on August 6, 2012. A non-GAAP financial measure. See Appendix for definition and reconciliation.
3. Completed $492 million debt paydown: $295 million corporate revolver and $197 million non-recourse debt.
4. Not yet allocated $354 million will be used for investment in growth, stock buyback and/or debt repayment.

Construction Program Contributes Near-Term Growth

Long-Term Debt is Committed & AES has Funded its Equity Contributions

2,376 Gross MW On-Line by Year[1]



- 2012 additions include:
  - 394 MW Trinidad Unit 2 of which AES owns 10%
  - 276 MW renewable projects
- 2013 additions include:
  - 270 MW Campiche (Chile)
  - 216 MW Kribi (Cameroon)
  - 20 MW Sixpenny Wood (UK)
- 2015 addition represents 1,200 MW Mong Duong II, Vietnam

1. As of August 3, 2012; 1,102 proportional MW. See Slide 32 for details of projects under construction.
Note: The totals represent projections and there can be no assurance that we will complete construction of these projects or that completion will occur in the timeframes set forth above. For discussion of risks involved in the development process, see Item 1-A: Risk Factors – Our business is subject to substantial development uncertainties in our 2011 Form 10-K.

Key Takeaways

- Successfully executing on our strategy to unlock shareholder value
  - Allocating capital to maximize risk-adjusted returns
  - Cost cutting program is progressing well
  - Narrowing geographic focus
  - Exploiting capital efficient avenues for platform expansion
- 1H 2012 results put us on track to meet full year 2012 guidance
  - New businesses brought on-line late in 2011 will drive growth in 2H 2012

Appendix

- YTD 2012 Results vs. 2012 Guidance — Slide 24
- Gross Margin Results for YTD 2012 — Slide 25
- Q2 & YTD 2012 Operational Results — Slide 26
- YTD 2012 Adjusted EPS — Slide 27
- Cash Flow Results for YTD 2012 — Slide 28
- 2012 Guidance Estimated Sensitivities — Slide 29
- Key Assumptions for 2012 Guidance — Slide 30
- Contributions of New Businesses by Quarter — Slide 31
- Construction Program — Slide 32
- Future Growth Examples — Slide 33
- Parent Only Cash Flow — Slides 34-36
- Q2 2012 Net Debt — Slide 37
- Reconciliations — Slides 38-44
- Assumptions & Definitions — Slides 45-47

YTD 2012 Results vs. Guidance Metrics

$ in Millions, Except Earnings Per Share	YTD 2012 Results	2012 Guidance[1]	% of Guidance Midpoint
Proportional Gross Margin[2]	$1,325	$2,650-$2,850	48%
Adjusted EPS[2]	$0.55	$1.22-$1.30	44%
Diluted EPS from Continuing Operations	$0.54	$1.22-$1.30	43%
Proportional Operating Cash Flow[2]	$788	$1,925-$2,125	39%
Proportional Free Cash Flow[2]	$448	$1,050-$1,250	39%
Subsidiary Distributions[3]	$550	$1,325-$1,525	39%

1. Guidance as of August 6, 2012. See Slide 43 for reconciliation of guidance metrics.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.
3. See Appendix for definition.

Gross Margin Results for YTD 2012

$ in Millions

Gross Margin



Key Drivers of Proportional Gross Margin[1] (+$116)

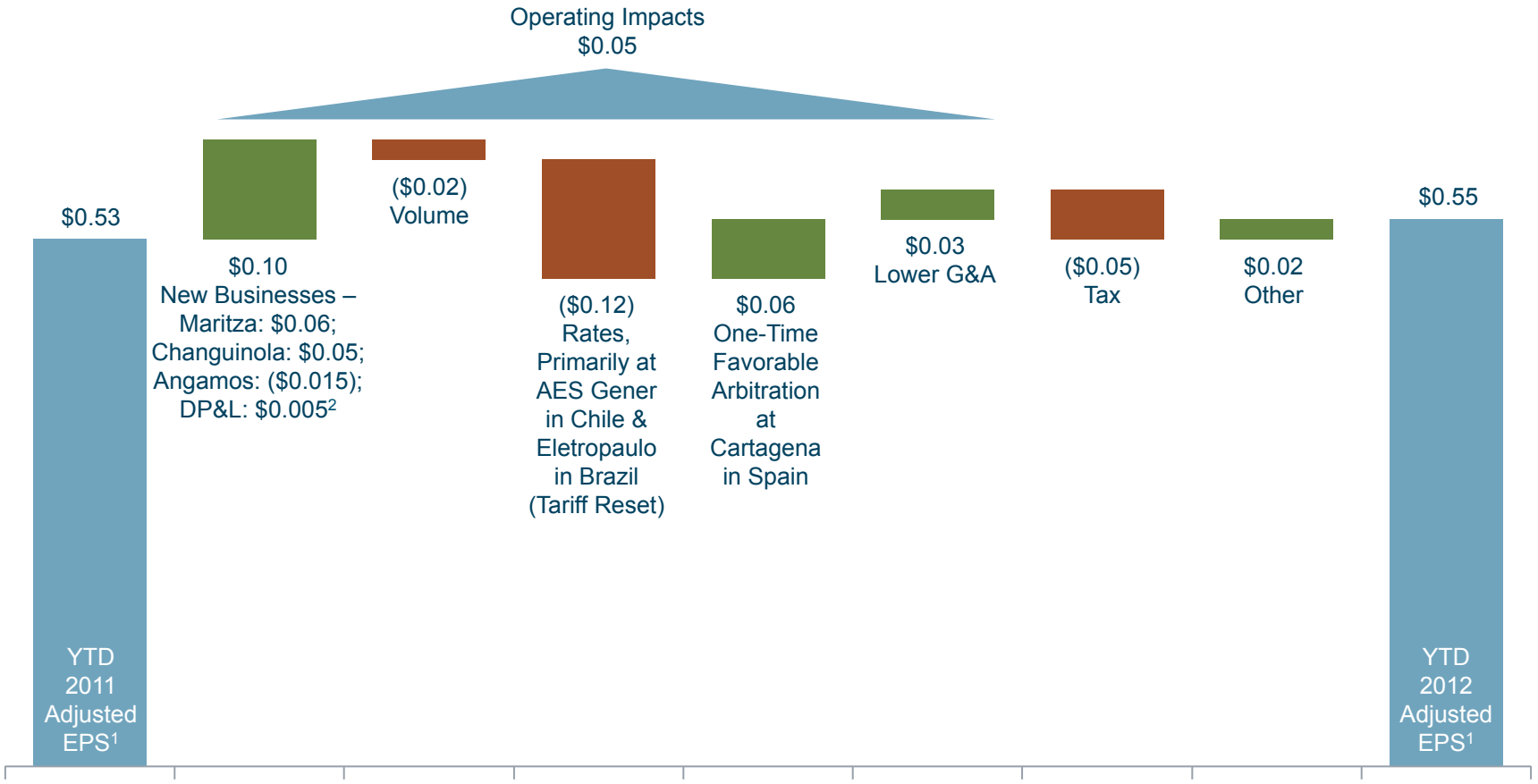
- New businesses
  - DP&L (U.S.)
  - Maritza (Bulgaria)
  - Angamos (Chile)
  - Changuinola (Panama)
- Favorable arbitration settlement at Cartagena in Spain (one-time)
- Partially offset by a decrease at Eletropaulo (Brazil) and lower exports from TermoAndes (Argentina) to Chile and lower plant availability
- Unfavorable foreign exchange movements

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

Q2 & YTD 2012 Operational Results: Consolidated Gross Margin by Segment

$ in Millions	Q2 2012	Q2 2011	Change	YTD 2012	YTD 2011	Change
Generation – Latin America	$370	$453	($83)	$826	$868	($42)
Generation – North America	$89	$84	$5	$166	$166	-
Generation – Europe	$62	$64	($2)	$275	$145	$130
Generation – Asia	$60	$54	$6	$114	$98	$16
Utilities – Latin America	($15)	$266	($281)	$84	$512	($428)
Utilities – North America	$92	$49	$43	$206	$99	$107
Corporate & Other	$23	$14	$9	$87	$80	$7
Intersegment Elimination	$11	$8	$3	$12	$17	$5
Total	**$692**	**$992**	**($300)**	**$1,770**	**$1,985**	**($215)**

YTD 2012 Adjusted EPS[1] Increased $0.02

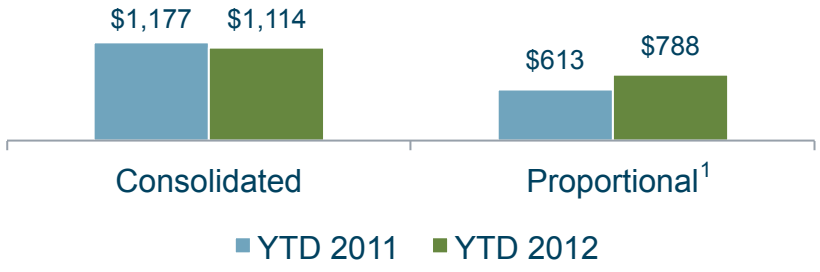


1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Net of approximately $0.06 of interest on Parent acquisition debt; excludes one-time non-cash purchase accounting impact.

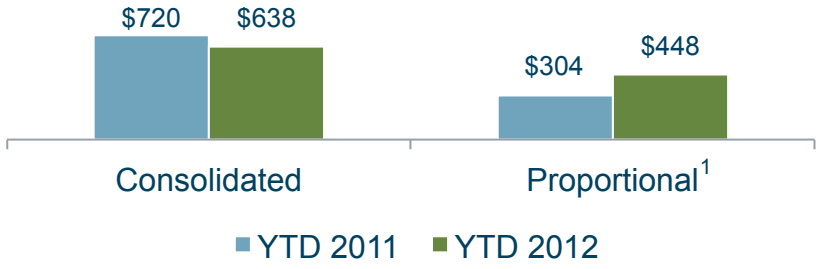
Cash Flow Results for YTD 2012

$ in Millions

Operating Cash Flow Results



Free Cash Flow Results[1]



Key Drivers of Changes in Cash Flow

- Increase in North American Utilities and European Generation
- Increase in Latin American Generation due to Tiete (Brazil) and new businesses
- Decrease in Latin American Utilities
- Decrease from higher interest expense due to recourse debt to fund DP&L acquisition

47% Increase in Proportional Free Cash Flow[1]

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

2012 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over a 12-month period 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:

	2012	
	Average Rate	Sensitivity
Brazilian Real (BRL)	2.04	$0.010
Argentine Peso (ARS)	5.03	$0.005
Euro (EUR)	1.27	$0.005
Philippine Peso (PHP)	42.1	$0.005

Commodity Sensitivity

	2012	
	Average Rate	Sensitivity
Newcastle Coal (Sensitivity $10/ton)	$92/ton	$0.010 negative correlation
NYMEX Coal (Sensitivity $10/ton)	$57/ton	
IPE Brent Crude Oil (Sensitivity $10/barrel)	$98/bbl	$0.005 positive correlation
NYMEX WTI Crude Oil (Sensitivity $10/barrel)	$86/bbl	
Henry Hub Natural Gas (Sensitivity $1/mmbtu)	$2.9/mmbtu	$0.020 positive correlation
UK National Balancing Point Gas (Sensitivity $1/mmbtu)	£0.59/therm	

Note: Guidance given August 6, 2012. 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 impact on 2012 adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. 2012 guidance is based on currency and commodity forward curves and forecasts as of June 30, 2012. There are inherent uncertainties in the forecasting process and actual results may differ from projections. The Company undertakes no obligation to update the guidance presented today. Please see Item 3A of the Form 10-Q 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 June 30, 2012.

Key Assumptions for 2012 Guidance[1]

- Foreign currency and commodity assumptions from the forward curve as of June 30, 2012
- Effective tax rate in low 30% range, generally in line with 2011, which includes anticipated extension of CFC look-thru benefits
- Includes the impacts of announced and closed asset sales as of August 3, 2012, including Argentine utilities, Brazil Telecom, 80% of our interest in the Cartagena plant in Spain, Bohemia plant in the Czech Republic, Red Oak and Ironwood in the United States, China wind, coal and hydro assets and French wind portfolio
- Allocation of discretionary cash consistent with Slide 20

1. Guidance updated August 6, 2012.

Adjusted EPS[1] Contributions of New Businesses by Quarter

	Q1 2012 Actual	Q2 2012 Actual	2H 2012 Estimate	Total
Maritza (Bulgaria)	$0.04	$0.02	$0.02	$0.08
Angamos (Chile)	$0.00	($0.015)	$0.03	$0.01
Changuinola (Panama)	$0.01	$0.04	$0.03	$0.08
DP&L (U.S.)[2]	$0.01	($0.005)	$0.01	$0.01
Total	**$0.06**	**$0.04**	**$0.09**	**$0.19**

1. A Non-GAAP financial measure. See “definitions”.
2. Net of Parent interest costs; excludes one-time non-cash purchase accounting charge.

2,152 MW Under Construction as of August 3, 2012

	Generation (Thermal)				Generation (Renewables)		
	Chile	Trinidad	Cameroon	Vietnam	US-Puerto Rico	UK	UK
Project	Campiche	Trinidad	Kribi	Mong Duong II	AES Solar	Drone Hill	Sixpenny Wood
% Owned	71%	10%	56%	51%	50%	100%	100%
Type	Coal	Gas	Gas	Coal	Solar	Wind	Wind
Gross MW	270 MW	394 MW[1]	216 MW	1,200 MW	24 MW	28.6 MW	20 MW
Expected Commercial Operations Date	1H 2013	2H 2012	2013	2H 2015	2H 2012	2H 2012	2013

1.394 MW Unit 1 came on-line during Q3 2011.

Note: These are some of our construction projects. Other projects not currently on this slide, whether developed through acquisitions or otherwise, may be brought on-line before these projects. In addition, some of these examples may not close or be completed as anticipated, or they may be delayed, due to uncertainty inherent in the development process.

Future Growth Examples: Strong Near-Term Growth Pipeline in Chile & Colombia (AES Gener)



Cochrane (532 MW Coal-Fired)

- Adjacent to Angamos facility; plant site owned by Angamos
- Includes 20 MW battery storage facility (BESS)
- Environmental permit and maritime concession granted



Guacolda V (152 MW Coal-Fired)

- Environmental permit for plant granted
- Plant site owned by Guacolda



Alto Maipo (531 MW Run-of-River Hydro)

- 50 km East of Santiago
- Environmental, water and civil works permits obtained



Tunjita (20 MW Hydro)

- Environmental permit obtained
- EPC agreement executed
- Financing closed, but not disbursed
- Working toward commencement of construction





Equity Needs May be Funded Through Local Markets and/or AES Gener's Cash Flow

Note: For discussion of risks involved in the development process, see Item 1-A: Risk Factors – Our business is subject to substantial development uncertainties in our 2011 Form 10-K.

Parent Sources & Uses of Liquidity

$ in Millions	Second Quarter		Year-to-Date	
	2012	2011	2012	2011
Sources				
Total Subsidiary Distributions[1]	$374	$394	$550	$620
Proceeds from Asset Sales, Net	$269	-	$496	-
Refinancing Proceeds, Net	-	$2,009	-	$2,009
Increased/(Decreased) Credit Facility Commitments	-	-	-	-
Issuance of Common Stock, Net	$6	$1	$7	$2
Total Returns of Capital Distributions & Project Financing Proceeds	$34	$8	$117	$36
Beginning Parent Company Liquidity[2]	$911	$1,318	$693	$1,837
Total Sources	**$1,594**	**$3,730**	**$1,863**	**$4,504**
Uses				
Repayments of Debt	($2)	($203)	($5)	($471)
Repurchase of Equity	($230)	($36)	($230)	($99)
Investments in Subsidiaries, Net	($98)	($145)	($145)	($446)
Cash for Development, Selling, General & Administrative and Taxes	($89)	($90)	($222)	($223)
Cash Payments for Interest	($157)	($145)	($242)	($188)
Changes in Letters of Credit and Other, Net	$17	($34)	$16	-
Ending Parent Company Liquidity[2]	($1,035)	($3,077)	($1,035)	($3,077)
Total Uses	**($1,594)**	**($3,730)**	**($1,863)**	**($4,504)**

1. See “definitions”.
2. A non-GAAP financial measure. See “definitions”.

Second Quarter & YTD 2012 Subsidiary Distributions[1]

Subsidiary Distributions[1]		
$ in Millions	Second Quarter 2012	YTD 2012
Generation – Latin America	$80	$80
Generation – North America	$33	$60
Generation – Europe	$19	$25
Generation – Asia	$4	$45
Utilities – Latin America	$162	$162
Utilities – North America	$57	$124
Corporate & Other[2]	$19	$54
Total	**$374**	**$550**

Top 10 Subsidiary Distributions[1]							
Second Quarter 2012				YTD 2012			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Brasiliana, Brazil	$162	DP&L, US-OH	$14	Brasiliana, Brazil	$162	TEG TEP, Mexico	$27
Gener, Chile	$59	Puerto Rico	$8	DP&L, US-OH	$66	Andres, DR	$21
IPALCO, US-IN	$43	Altai, Kazakhstan	$6	Gener, Chile	$59	Southland, US-CA	$14
Andres, DR	$21	Buffalo Gap II, US-TX	$6	IPALCO, US-IN	$58	Buffalo Gap II, US-TX	$12
TEG TEP, Mexico	$20	Maritza Wasteco, Bulgaria	$4	Masinloc, Philippines	$42	Ebute, Nigeria	$11

1. See “definitions.”
2. Corporate & Other includes Global Insurance, renewables, Europe and Africa Utilities and Africa Generation businesses.

Reconciliation of Subsidiary Distributions[1] & Parent Liquidity[2]

$ in Millions	Quarter Ended			
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$374	$176	$371	$346
Total Return of Capital Distributions to Parent & QHCs[3]	$34	$83	$14	$102
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$408**	**$259**	**$385**	**$448**

$ in Millions *Parent Company Liquidity[2]*	Balance as of			
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Cash at Parent & QHCs[3]	$240	$133	$200	$2,089
Availability Under Credit Facilities	$795	$778	$493	$788
Ending Liquidity	**$1,035**	**$911**	**$693**	**$2,877**

1. See “definitions”.
2. A Non-GAAP financial measure. See “definitions”.
3. Qualified Holding Company. See “assumptions”.

Net Debt[1] as of June 30, 2012

$ in Millions	Consolidated	Adjustment Factors[1]	Proportional[1]
Generation – Latin America	$2,943	($906)	$2,037
Generation – North America	$1,613	($4)	$1,609
Generation – Europe	$827	($99)	$728
Generation – Asia	$541	($130)	$411
Utilities – Latin America	$1,197	($583)	$614
Utilities – North America	$4,236	-	$4,236
Corporate & Other	$6,385	($212)	$6,173
Total	**$17,742**	**($1,934)**	**$15,808**

1. A non-GAAP financial measure. See reconciliation on Slide 44 and “definitions”.

Reconciliation of Adjusted Earnings Per Share[1]

	Second Quarter		Year-to-Date	
	2012	2011	2012	2011
Diluted EPS from Continuing Operations	**$0.09**	**$0.24**	**$0.54**	**$0.53**
Derivative Mark-to-Market (Gains)/Losses[2]	$0.04	-	$0.07	($0.01)
Currency Transaction (Gains)/Losses[3]	$0.04	-	$0.01	($0.04)
Disposition/Acquisition (Gains)	-	-	($0.14)[4]	-
Impairment Losses	$0.01[5]	$0.04[6]	$0.07[7]	$0.04[6]
Debt Retirement Losses	-	$0.01[8]	-	$0.01[8]
Adjusted EPS[1]	**$0.18**	**$0.29**	**$0.55**	**$0.53**

1. A non-GAAP financial measure as reconciled above. See “definitions.”
2. Derivative mark-to-market (gains)/losses were net of income tax per share of $0.02 and $0.00 in the three months ended June 30, 2012 and 2011, respectively, and of $0.03 and $0.01 in the six months ended June 30, 2012 and 2011, respectively.
3. Unrealized foreign currency transaction (gains)/losses were net of income tax per share of $0.02 and $0.01 in the three months ended June 30, 2012 and 2011, respectively, and of $0.00 and $0.03 in the six months ended June 30, 2012 and 2011, respectively.
4. Amount primarily relates to the gain from the sale of 80% of our interest in Cartagena for $178 million ($106 million or $0.14 per share, net of income tax per share of $0.09).
5. Amount includes impairments at our St. Patrick business of $11 million ($7 million, or $0.01 per share, net of income tax per share of $0.00) and Kelanitissa of $7 million ($4 million, or $0.01 per share, net of non-controlling interest and income tax per share of $0.00).
6. Amount includes impairment at Kelanitissa of $33 million ($30 million, or $0.04 per share, net of non-controlling interest).
7. Amount primarily includes other-than-temporary impairments of equity method investments in China of $32 million ($26 million, or $0.03 per share, net of income tax per share of $0.01) and at InnoVent of $17 million ($12 million or $0.02 per share, net of income tax per share of $0.01), and asset impairments at St. Patrick of $11 million ($7 million or $0.01 per share, net of income tax per share of $0.00) and at Kelanitissa of $12 million ($8 million, or $0.01 per share, net of non-controlling interest and income tax per share of $0.00).
8. Amount includes loss on retirement of debt at IPL of $15 million ($11 million, or $0.01 per share, net of income tax per share of $0.01).

Reconciliation of Second Quarter Capex

$ in Millions	Consolidated Second Quarter	
	2012	2011
Operational Capex (a)	$219	$209
Environmental Capex (b)	$25	$17
Maintenance Capex[1] (a + b)	$244	$226
Growth Capex[1] (c)	$254	$303
Total Capex[2] (a + b + c)	**$498**	**$529**

$ in Millions	Consolidated Second Quarter		Proportional[1] Second Quarter	
	2012	2011	2012	2011
Operating Cash Flow	$580	$675	$383	$294
Less Maintenance Capex[1], net of Reinsurance Proceeds	($234)	($215)	($170)	($146)
Free Cash Flow[1]	**$346**	**$460**	**$213**	**$148**

1. A non-GAAP financial measure as reconciled above. See “definitions”.
2. Includes capital expenditures under investing and financing activities.

Reconciliation of YTD Capex

$ in Millions	Consolidated Year-to-Date	
	2012	2011
Operational Capex (a)	$453	$436
Environmental Capex (b)	$33	$32
Maintenance Capex[1] (a + b)	$486	$468
Growth Capex[1] (c)	$597	$557
Total Capex[2] (a + b + c)	**$1,083**	**$1,025**

$ in Millions	Consolidated Year-to-Date		Proportional[1] Year-to-Date	
	2012	2011	2012	2011
Operating Cash Flow	$1,114	$1,177	$788	$613
Less Maintenance Capex[1], net of Reinsurance Proceeds	($476)	($457)	($340)	($309)
Free Cash Flow[1]	**$638**	**$720**	**$448**	**$304**

1. A non-GAAP financial measure as reconciled above. See “definitions”.
2. Includes capital expenditures under investing and financing activities.

Reconciliation of Second Quarter Gross Margin, Operating Cash Flow & Free Cash Flow[1]

Including Proportional Metrics

$ in Millions	Second Quarter 2012		
	Consolidated	Adjustment Factors[1]	Proportional[1]
Gross Margin	$692	($146)	$546
Operating Cash Flow	$580	($197)	$383
Free Cash Flow[1]	$346	($133)	$213

$ in Millions	Second Quarter 2011		
	Consolidated	Adjustment Factors[1]	Proportional[1]
Gross Margin	$992	($390)	$602
Operating Cash Flow	$675	($381)	$294
Free Cash Flow[1]	$460	($312)	$148

1. A non-GAAP financial measure. See “definitions”.

Reconciliation of YTD Gross Margin, Operating Cash Flow & Free Cash Flow[1]

Including Proportional Metrics

$ in Millions	YTD 2012		
	Consolidated	Adjustment Factors[1]	Proportional[1]
Gross Margin	$1,770	($445)	$1,325
Operating Cash Flow	$1,114	($326)	$788
Free Cash Flow[1]	$638	($190)	$448

$ in Millions	YTD 2011		
	Consolidated	Adjustment Factors[1]	Proportional[1]
Gross Margin	$1,985	($776)	$1,209
Operating Cash Flow	$1,177	($564)	$613
Free Cash Flow[1]	$720	($416)	$304

1. A non-GAAP financial measure. See “definitions”.

Reconciliation of 2012 Guidance, Including Proportional Metrics

$ in Millions, Except Earnings Per Share	2012 Guidance (Given 8/6/12)[1]		
	Consolidated	Adjustment Factors[2]	Proportional[2]
Income Statement Elements			
Diluted Earnings Per Share from Continuing Operations	$1.22-$1.30		
Adjusted Earnings Per Share Factors[2]	($0.00)[3]		
Adjusted Earnings Per Share[2]	$1.22-$1.30[3]		
Cash Flow Elements			
Net Cash from Operating Activities	$2,900-$3,100	$975	$1,925-2,125
Operational Capital Expenditures (a)	$1,050-$1,125	$300	$725-$850
Environmental Capital Expenditures (b)	$100-$125	$25	$75-$100
Maintenance Capital Expenditures (a + b)	$1,150-$1,250	$325	$800-$950
Free Cash Flow[2]	$1,700-$1,900	$650	$1,050-$1,250
Subsidiary Distributions[4]	$1,325-$1,525		
Reconciliation of Parent Free Cash Flow			
Subsidiary Distributions[4] (c)	$1,325-$1,525		
Cash Interest (d)	$450-$500		
Cash for Development, General & Administrative and Tax (e)	$325-$375		
Parent Free Cash Flow (c – d – e)	$550-$650		
Reconciliation of Free Cash Flow[2]			
Net Cash from Operating Activities	$2,900-$3,100	$975	$1,925-$2,125
Less: Maintenance Capital Expenditures	$1,150-$1,250	$325	$800-$950
Free Cash Flow[2]	$1,700-$1,900	$650	$1,050-$1,250
Reconciliation of Adjusted Gross Margin[2]			
Gross Margin	$3,600-$3,800	$950	$2,650-$2,850
Plus: Depreciation & Amortization	$1,400-$1,500	$350	$1,050-$1,150
Less: General & Administrative	$300-$350	-	$300-$350
Adjusted Gross Margin[2]	$4,725-$4,925	$1,300	$3,425-$3,625

1. 2012 guidance is based on expectations for future foreign exchange rates and commodity prices as of June 30, 2012.
2. A non-GAAP financial measure as reconciled above. See “definitions.”
3. Reconciliation of Adjusted EPS includes derivative losses of $0.07, currency losses of $0.02, debt retirement losses of $0.01, impairment losses of $0.08, and disposition gains of $0.18.
4. See “definitions.”

Reconciliation Net Debt[1] as of June 30, 2012

$ in Millions	
Non-Recourse Debt (Current)	$2,287
Recourse Debt (Current)	$11
Non-Recourse Debt (Non-Current)	$13,250
Recourse Debt (Non-Current)	$6,178
Less	
Cash & Cash Equivalents	$1,727
Restricted Cash	$574
Short-Term Investments	$883
Debt Service Reserves & Other Deposits	$800
Net Debt	**$17,742**

1. A non-GAAP financial measure. 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 the Gross Domestic Product (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' 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. The GAAP measure most comparable to Adjusted EPS is diluted earnings per share from continuing operations. AES believes that adjusted earnings per share better reflects the underlying business performance of The AES Corporation (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 diluted earnings per share from continuing operations, which is determined in accordance with GAAP.
  For the three and six months ended June 30, 2012, the Company refined its process for computing the tax effects of adjusted EPS items for interim periods. Accordingly, the Company has also reflected the refined process in the comparative three and six months ended June 30, 2011.
- **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), net of reinsurance proceeds from third parties. 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.
- **Net Debt** (a non-GAAP financial measure) is defined as current and non-current recourse and non-recourse debt less cash and cash equivalents, restricted cash, short term investments, debt service reserves and other deposits. AES believes that net debt is a useful measure for evaluating our financial condition because it is a standard industry measure that provides an alternate view of a company's indebtedness by considering the capacity of cash. It is also a required component of valuation techniques used by management and the investment community.
- **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.
- **Parent Free Cash Flow** (a non-GAAP financial measure) should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Parent Free Cash Flow is equal to Subsidiary Distributions less cash used for interest costs, development, general and administrative activities, and tax payments by the Parent Company. Parent Free Cash Flow is used for dividends, share repurchases, growth investments, recourse debt repayments, and other uses by the Parent Company.
- **Proportional Metrics –** 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) inter-segment transactions are included as applicable for the metric presented.
- **Subsidiary Liquidity** (a non-GAAP financial measure) is defined as cash and cash equivalents and bank lines of credit at various subsidiaries.

Definitions, Cont'd.

- **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 the 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.