

The AES Corporation Second Quarter 2013 Financial Review

August 8, 2013

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 40 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" and Item 7: Management's Discussion & Analysis in AES' 2012 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 2013 Earnings Call

Agenda

- Q2 2013 operating and strategic performance
- Update on key businesses
- Initiatives to maximize the value of our portfolio
- Q2 2013 financial review and full year 2013 guidance

Key Takeaways

- Q2 2013 Adjusted EPS[1] $0.32
- Key drivers: tax rate, new capacity and higher availability in Chile and lower parent costs and share count
- On track for 2013 guidance
- $63 million in share buybacks and $300 million recourse debt pre-paid

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

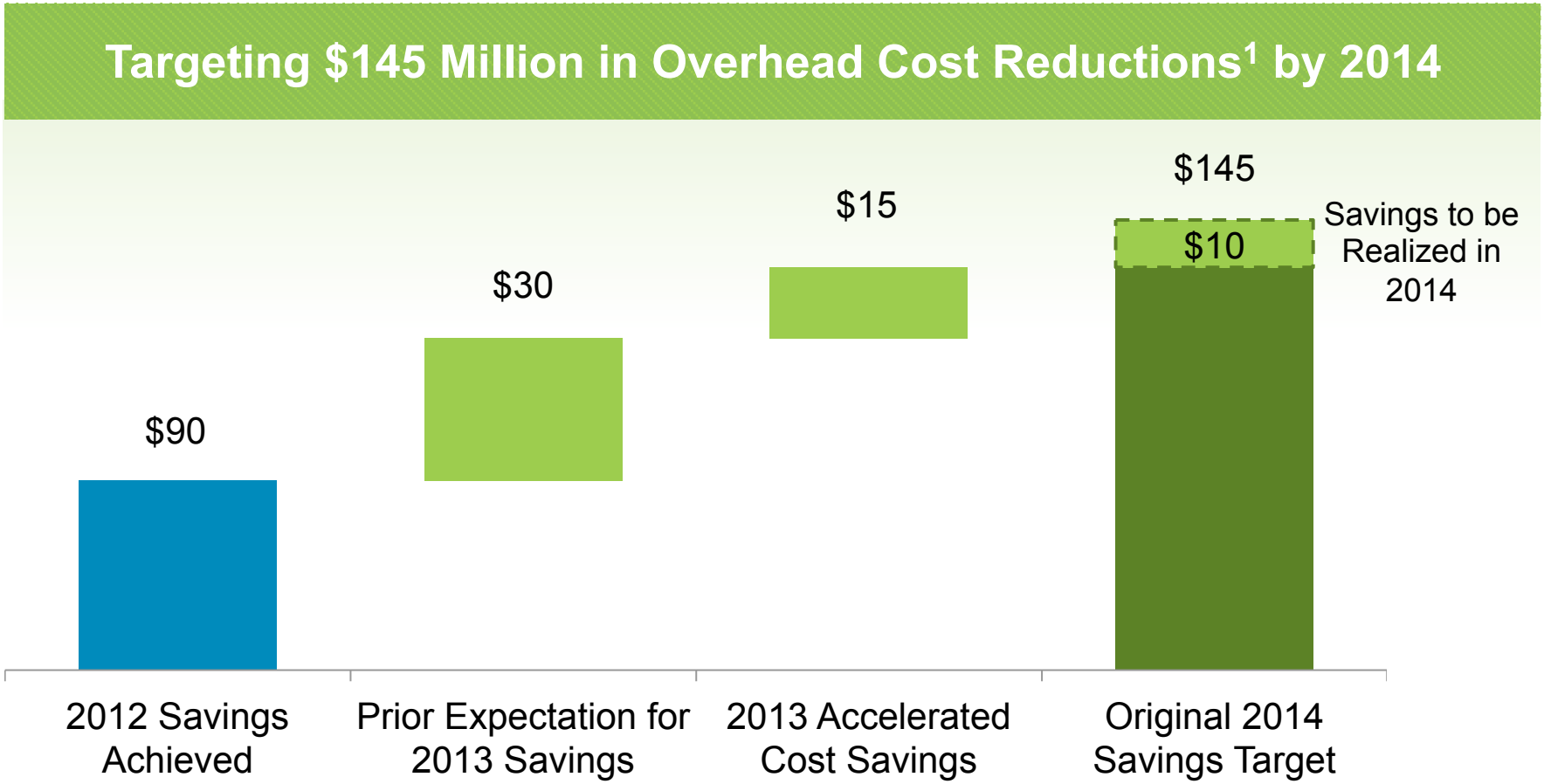
Second Quarter and Year-to-Date 2013 Results

$ in Millions, Except Per Share Amounts	Q2 2013	Q2 2012	YTD 2013	YTD 2012	2013 Guidance	% of 2013 Guidance Midpoint
Adjusted EPS[1]	$0.32	$0.18	$0.58	$0.55	$1.24-$1.32	45%
Proportional Free Cash Flow[1]	$148	$213	$500	$448	$750-$1,050	56%
Consolidated Net Cash Provided by Operating Activities	$567	$580	$1,185	$1,114	$2,500-$3,100	42%

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

Improving Profitability: Streamlining Operations and Reducing Overhead

$ in Millions



1. Cost reductions will be reflected in general and administrative expense, as well as cost of sales.

Narrowing Our Geographic Focus: Since September 2011, Sold 16 Assets and Exited 7 Countries

$ in Millions

Business	Country	AES Share of Proceeds			Remarks
		September 2011-December 2012	2013	Total	
Atimus (Telecom)	Brazil	$284		$284	Non-core asset; Paid down $197 million[1] in debt at Brasiliana subsidiary
Bohemia	Czech Republic	$12		$12	Limited growth
Edes and Edelap	Argentina	$4		$4	Underperforming businesses
Cartagena	Spain	$229	$24	$253	No expansion potential
Red Oak and Ironwood	U.S.	$228		$228	No expansion potential
French Wind	France	$42		$42	Limited growth/ no competitive advantage
Hydro, Coal and Wind	China	$87	$46	$133	Limited growth/ no competitive advantage
Tisza II	Hungary	$14		$14	Limited growth/ no competitive advantage
Two Distribution Companies	Ukraine		$108	$108	Limited growth/ no competitive advantage
Trinidad	Trinidad		$30	$30	Limited growth/ no competitive advantage
Wind Turbines	U.S.		$26	$26	No suitable project
TOTAL		**$900**	**$234**	**$1,134**	

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

Optimizing Capital Allocation: Reducing Leverage and Returning Cash to Shareholders

	Q2 2013	Since September 2011
Debt Repayment	• Recourse debt ▸ $300 million in prepayments ▸ $750 million refinancing ▸ $800 million Revolver refinancing ◆ Lowered annual interest costs by $50 million ◆ Reduced average recourse debt interest by 50 bps, to 7.1%	• $1 billion in prepayments ▸ $820 million recourse debt ▸ $197 million non-recourse debt (Brasiliana)
Share Buybacks	• $63 million • 5.3 million shares; average price $11.81/share	• $453 million • 39 million shares; average price $11.58/share
Dividend		• Initiated quarterly dividend of $0.04 per share

Bulgaria Update



- New government in place following election in May 2013
- Continue to perform under the long-term contract
- Recently, we have had constructive discussions with our offtaker (NEK) and the Bulgarian Government
- Our objective is to preserve the value of the contract

DP&L ESP Update



- All key milestones in the process completed
  - Pre-filed testimony
  - Hearing
  - Post-hearing briefing
- Awaiting Commission decision, expected in near future

Creating Value from Our Existing Platform

- Engaging partners for existing businesses and new growth projects
  - Signed partnership agreement with Antofagasta Minerals for 40% stake in Alto Maipo and PPA for up to 160 MW
- Repositioning our portfolio to improve returns and reduce overall risk
  - Potential for additional $900 million in asset sales in the near- to medium-term
- Optimizing our assets and further streamlining our cost structure
- Leveraging our platform for growth
  - Making good progress to add capacity to existing facilities, such as Gener, IPL, India and the Philippines
  - Pursuing opportunities to provide adjacent services, such as desalination

Second Quarter 2013 Financial Review

- Second quarter 2013 results
  - Adjusted EPS[1]
  - Adjusted PTC[1] by SBU
  - Proportional Free Cash Flow[1] (Prop FCF)
- 2013 Guidance
- 2013 Capital allocation plan

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

2013 Hydrology Update – Unfavorable Impact (Adjusted PTC[1] and Adjusted EPS[1])

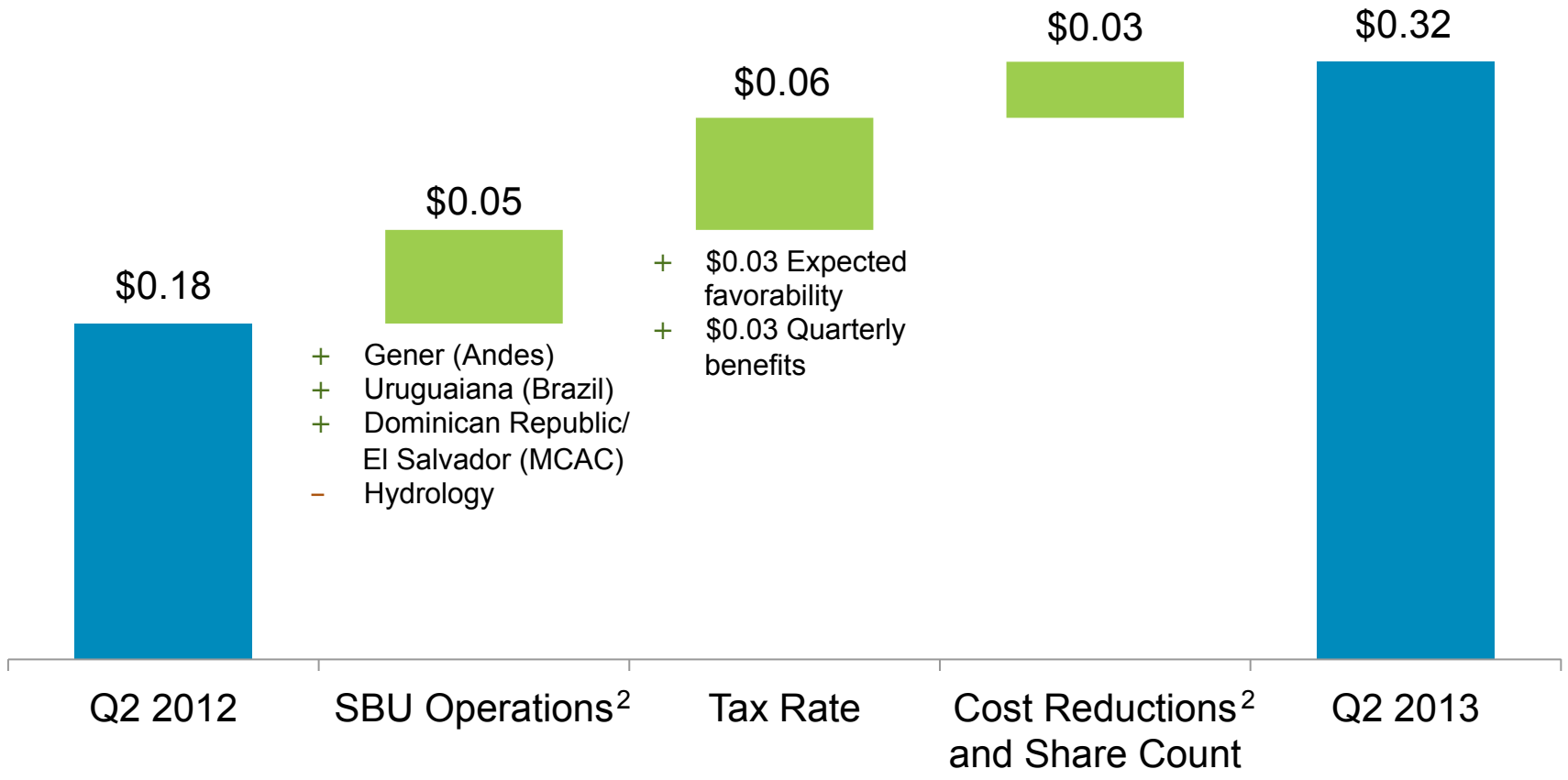
$ in Millions, Except Per Share Amounts

Country	SBU	Q2 2013	1H 2013	2H 2013	FY 2013	2H 2013 Expectations
Panama	MCAC	$35	$48	$16	$64	• Dry
Colombia	Andes	$6	$6	$14	$20	• Dry, but some recent improvement
Chile	Andes	$5	$5	$6	$11	• Dry
Brazil	Brazil	-	$16	-	$16	• Nearing normal range
Turkey	EMEA	$5	$5	$1	$6	• Dry
TOTAL ADJUSTED PTC[1]		**$51**	**$80**	**$37**	**$117**	
TOTAL ADJUSTED EPS[1,2]		**$0.05**	**$0.08**	**$0.04**	**$0.12**	

- Prior guidance included full year impact of $0.06
- Current guidance reflects $0.12 impact, an increase of $0.06

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Adjusted EPS assumes weighted average tax rate of 24% and share count of 749 million.

Q2 2013 Adjusted EPS[1] Increased $0.14



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Adjusted EPS impacts assume weighted average tax rate of 12% and share count of 751 million.

Second Quarter 2013 Adjusted PTC[1] Summary

$ in Millions

SBU	Q2 2013	Q2 2012	Variance	Key Drivers
US	$65	$74	($9)	– Customer switching and lower capacity prices at DPL – Lower retail margin due to mild weather at IPL
Andes	$85	$49	$36	+ Ventanas IV COD in Q1 2013 + Higher availability in Chile
Brazil	$77	$54	$23	+ Favorable reversal of a provision at Uruguaiana + Eletropaulo tariff true-up provision in Q2 2012 – Sul Tariff

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

Second Quarter 2013 Adjusted PTC[1] Summary (Continued)

$ in Millions

SBU	Q2 2013	Q2 2012	Variance	Key Drivers
MCAC	$103	$93	$10	+ Higher spot sales in the Dominican Republic + Higher tariff in El Salvador – Reduced volumes as a result of low water inflows in Panama
EMEA	$58	$51	$7	+ Improved margins at generation facilities in the United Kingdom – Foreign currency derivative loss in Turkey ($0.02 unfavorable impact)
Asia	$40	$55	($15)	– Lower contract and spot prices at Masinloc (Philippines)

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

Second Quarter 2013 Proportional Free Cash Flow[1] (Prop FCF) Results

$ in Millions

Key Drivers

- Decrease in operating cash flow primarily at Gener (Andes)
- Higher environmental capital expenditures of ~$15 million
  - Consistent with guidance

1H 2013 Results Represent 56% of 2013 Guidance Mid-Point

Prop FCF[1]



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

Reaffirming 2013 Guidance

Adjusted EPS[1] of $1.24-$1.32 Includes the Impact of:	Full Year 2013 Adjusted EPS[1] Impact
– Foreign currency and commodity forward curves as of June 30, 2013	($0.01)
– Hydrology (Prior: $0.06/Current: $0.12)	($0.06)
+ Tax rate (Prior: 26%-28%/Current: 23%-25%)	$0.05
+ Cost cutting and capital allocation (Accelerated by $15 million)	$0.02
NET CHANGE	**-**

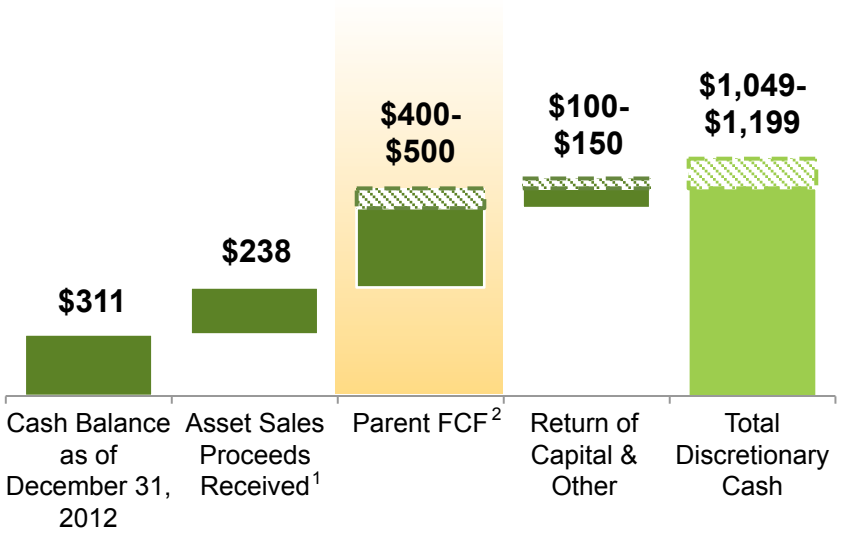
- Cash flow guidance
  - Proportional Free Cash Flow[1]: $750-$1,050 million
  - Consolidated Net Cash Provided by Operating Activities: $2,500-$3,100

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

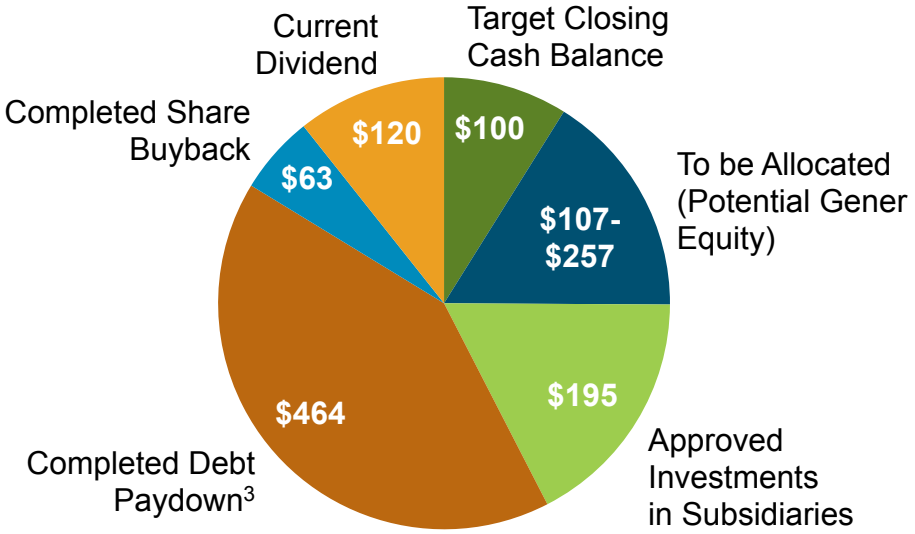
2013 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,049-$1,199)



Discretionary Cash – Uses ($1,049-$1,199)



Unallocated Cash Available to Invest in Share Buybacks, Platform Expansions and Debt Paydown

1. Includes closed asset sale proceeds net of transaction costs of: $46 million (JHRH in China), $108 million (Ukraine utilities), $24 million (Cartagena in Spain), $30 million (Trinidad generation), $26 million (wind turbines in U.S.) and other small transactions.
2. A non-GAAP financial metric. See Appendix for definition and reconciliation.
3. Includes $300 million recourse debt prepayment and premiums paid on $1 billion in debt transactions.

Key Takeaways

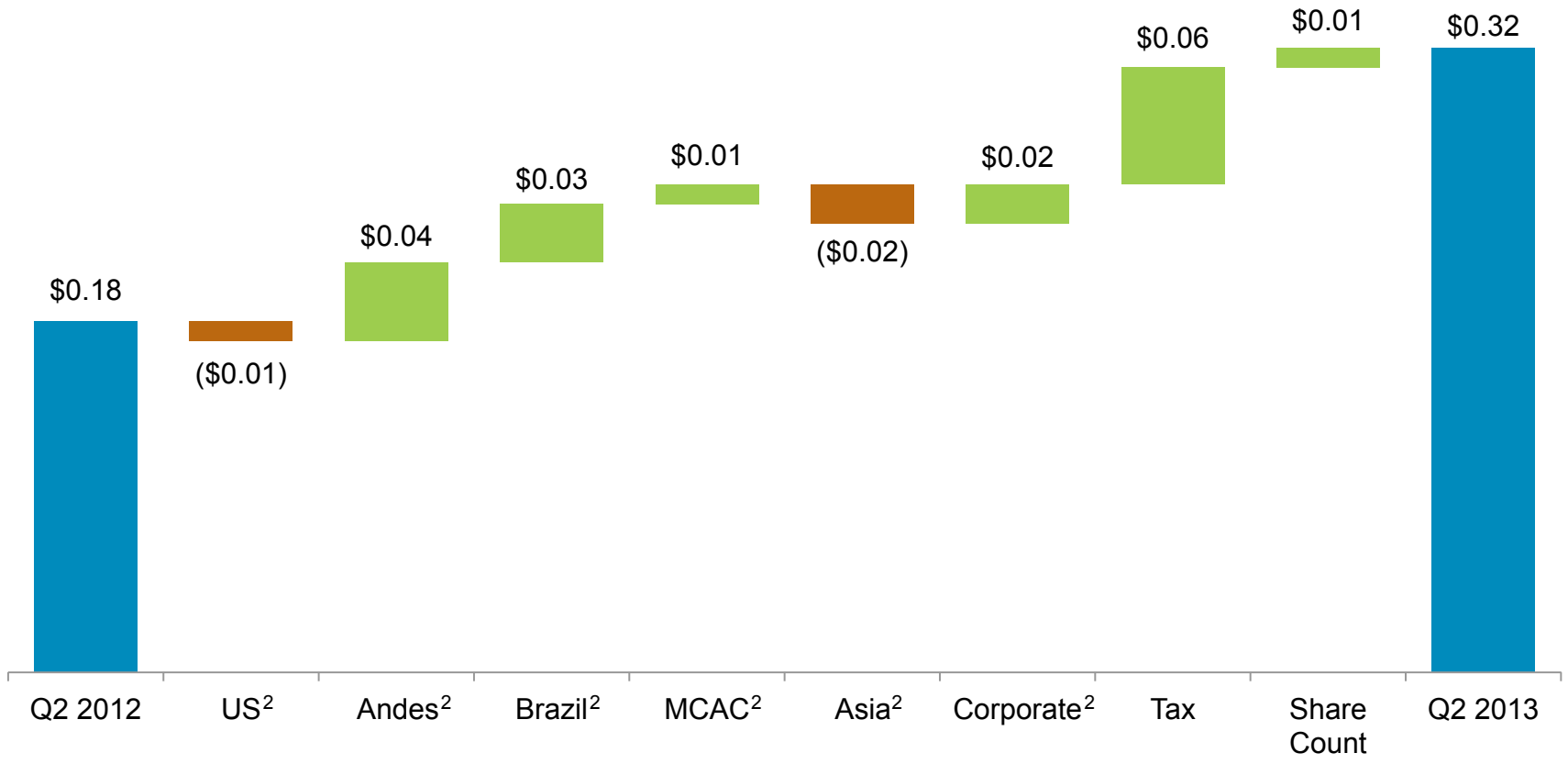
- On track for full year 2013 guidance
- Reaffirming average annual total return target of 6%-8% through 2015
- Executing on our strategy
  - Improving profitability
  - Narrowing geographic focus
  - Optimizing capital allocation

Appendix

- Q2 and YTD 2013 Adjusted EPS[1] — Slides 21-24
- 2013 Guidance Estimated Sensitivities — Slide 25
- Listed Subs & Public Filers — Slide 26
- AES Modeling Disclosures — Slide 27
- SBU Modeling Disclosures — Slide 28
- Construction Program — Slides 29-30
- Parent Only Cash Flow — Slides 31-33
- Reconciliations — Slides 34-39
- Assumptions & Definitions — Slides 40-42

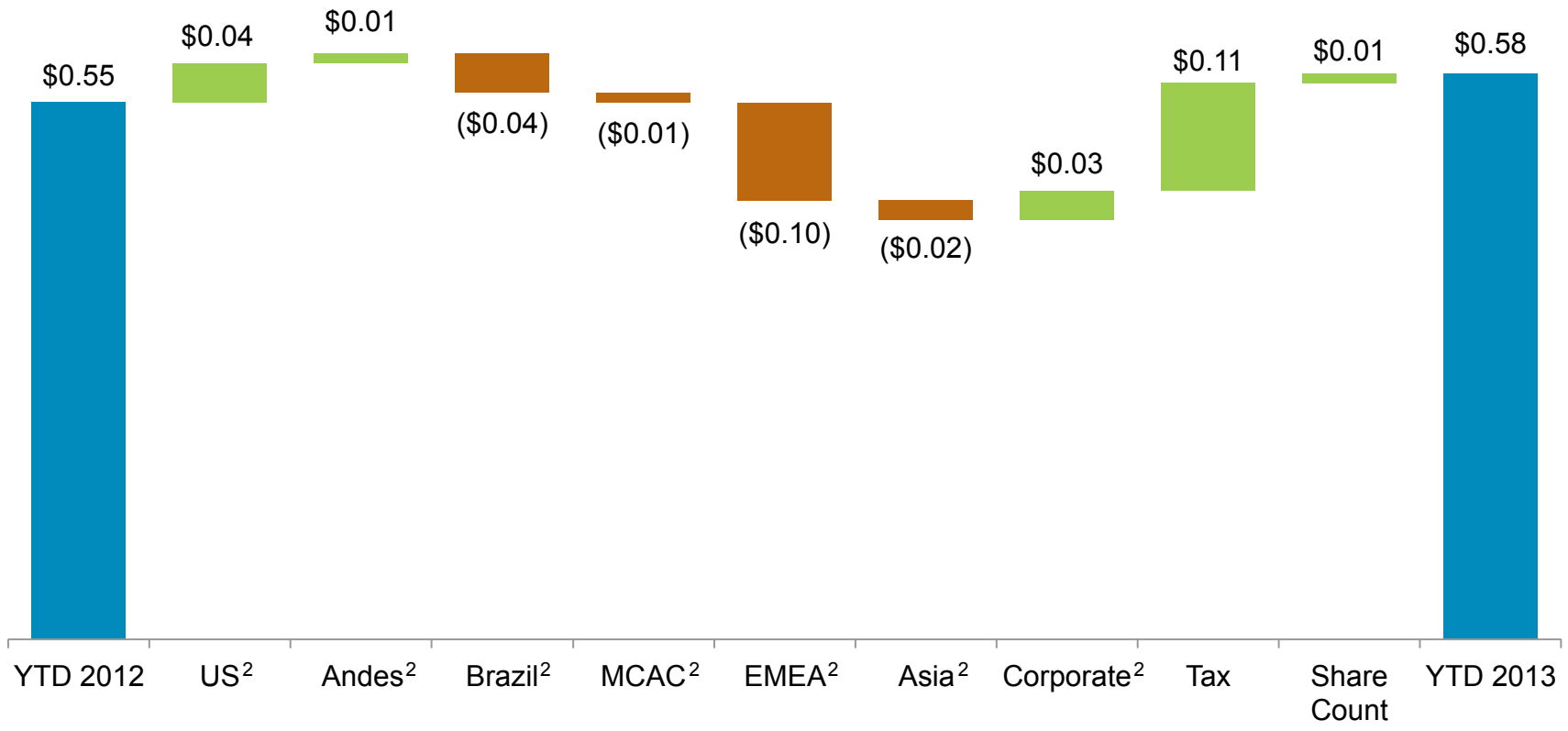
1. A non-GAAP financial measure. See “definitions”.

Q2 2013 Adjusted EPS[1] Increased $0.14



1. A non-GAAP financial measure. See reconciliation on Slide 34 and "definitions".
2. Adjusted EPS impacts assume weighted average tax rate of 12% and share count of 751 million.

Year-to-Date 2013 Adjusted EPS[1] Increased $0.03



1. A non-GAAP financial measure. See reconciliation on Slide 35 and "definitions".
2. Adjusted EPS impacts assume weighted average tax rate of 20% and share count of 750 million.

Second Quarter 2013 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts	Q2 2013	Q2 2012	Variance
Adjusted PTC[1]			
US	$65	$74	($9)
Andes	$85	$49	$36
Brazil	$77	$54	$23
MCAC	$103	$93	$10
EMEA	$58	$51	$7
Asia	$40	$55	($15)
Total SBUs	**$428**	**$376**	**$52**
Corp/Other	($157)	($170)	$13
Total AES Adjusted PTC[1,2]	**$271**	**$206**	**$65**
Adjusted Effective Tax Rate	12%	37%	
Diluted Share Count	751	768	
ADJUSTED EPS[1]	**$0.32**	**$0.18**	**$0.14**

1. A non-GAAP financial measure. See reconciliation on Slide 34 and “definitions”.
2. Includes $2 million and $11 million of after-tax equity in earnings for second quarter 2013 and second quarter 2012, respectively.

Year-to-Date 2013 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts	YTD 2013	YTD 2012	Variance
Adjusted PTC[1]			
US	$200	$167	$33
Andes	$165	$160	$5
Brazil	$119	$162	($43)
MCAC	$160	$171	($11)
EMEA	$151	$240	($89)
Asia	$71	$87	($16)
Total SBUs	**$866**	**$987**	**($121)**
Corp/Other	($330)	($368)	$38
Total AES Adjusted PTC[1,2]	**$536**	**$619**	**($83)**
Adjusted Effective Tax Rate	20%	34%	
Diluted Share Count	750	769	
ADJUSTED EPS[1]	**$0.58**	**$0.55**	**$0.03**

1. A non-GAAP financial measure. See reconciliation on Slide 35 and "definitions".
2. Includes $6 million and $24 million of after-tax equity in earnings for year-to-date 2013 and year-to-date 2012, respectively.

2013 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over balance of year 2013 is equal to a change in EPS of approximately $0.01

Currencies

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

	Balance of Year 2013	
	Average Rate	Sensitivity
Argentine Peso (ARS)	5.92	$0.005
Brazilian Real (BRL)	2.27	$0.005
Colombian Peso (COP)	1,940	Immaterial
Euro (EUR)	1.30	$0.005

Commodity Sensitivity

10% increase in commodity prices is forecasted to have the following EPS impacts:	Balance of Year 2013	
	Average Rate	Sensitivity
NYMEX Coal	$55/ton	$0.005, negative correlation
Rotterdam Coal (API 2)	$78/ton	
NYMEX WTI Crude Oil	$96/bbl	$0.005, positive correlation
IPE Brent Crude Oil	$102/bbl	
NYMEX Henry Hub Natural Gas	$3.6/mmbtu	$0.005, positive correlation
UK National Balancing Point Natural Gas	£0.68/therm	

Note: Guidance given August 8, 2013. 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 year-to-go 2013 adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. Year-to-go 2013 guidance is based on currency and commodity forward curves and forecasts as of June 30, 2013. 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 3 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, 2013.

Second Quarter 2012-2013 Adjusted PTC[1]: Reconciliation to Public Financials of Listed Subsidiaries & Public Filers

This table provides financial data of those operating subsidiaries of AES that are publicly listed or have publicly filed financial information on a stand-alone basis. The table provides a reconciliation of the subsidiary's Adjusted PTC as it is included in AES consolidated Adjusted PTC with the subsidiary's income/(loss) from continuing operations under US GAAP and the subsidiary's locally IFRS reported net income, if applicable. Readers should consult the subsidiary's publicly filed reports for further details of such subsidiary's results of operations.

AES SBU/Reporting Country	US				Andes/Chile		Brazil			
AES Company	IPL		DPL		AES Gener[2]		Eletropaulo[2]		Tietê[2]	
$ in Millions	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2 2013	Q2 2012
US GAAP Reconciliation										
Business Unit Adjusted Earnings to AES [1,3]	**$9**	**$12**	**$7**	**$5**	**$46**	**$17**	**$3**	**($7)**	**$29**	**$31**
AES Business Unit Adjusted PTC[1]	**$15**	**$20**	**$9**	**$13**	**$57**	**$25**	**$5**	**($11)**	**$43**	**$46**
Impact of AES Adjustments excluded from Public Filings	-	-	-	-	$1	($1)	$1	($1)	-	-
Adjusted PTC[1,3] Public Filer (Stand-alone)	**$15**	**$20**	**$9**	**$13**	**$58**	**$24**	**$6**	**($12)**	**$43**	**$46**
Unrealized Derivatives (Losses)/Gains	-	-	$18	-	$1	-	-	-	-	-
Unrealized Foreign Currency Transaction Losses	-	-	-	-	$1	($3)	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Loss on Extinguishment of Debt	-	-	-	-	-	-	-	-	-	-
Non-Controlling Interest before Tax	-	-	-	-	$23	$8	$33	($59)	$140	$143
Income Tax Benefit/(Expenses)	($6)	($8)	($4)	($8)	($15)	($12)	($11)	$23	($60)	($62)
US GAAP Income/(Loss) from Continuing Operations[4]	**$9**	**$12**	**$23**	**$5**	**$68**	**$17**	**$28**	**($48)**	**$123**	**$127**
IFRS Reconciliation										
Adjustment to Depreciation & Amortization[5]					($13)	($14)	($7)	($14)	($7)	($7)
Adjustment to Regulatory Liabilities & Assets[6]					-	-	$140	$126	-	-
Adjustment to Taxes[7]					($6)	($1)	($45)	($41)	$1	$2
Other Adjustments					($4)	($4)	($10)	($2)	($1)	($4)
IFRS Net Income					**$45**	**($2)**	**$106**	**$21**	**$116**	**$118**
BRL-USD Implied Exchange Rate							2.3069	2.0902	2.0648	1.9532

1. A non-GAAP financial measure. Reconciliation provided above. See "definitions" for descriptions of adjustments.
2. The listed subsidiary is a public filer in its home country and reports its financial results locally under IFRS. Accordingly certain adjustments presented under IFRS Reconciliation are required to account for differences between US GAAP and local IFRS standards.
3. Total Adjusted PTC, US GAAP Income from continuing operations and intervening adjustments are calculated before the elimination of inter-segment transactions such as revenue and expenses related to the transfer of electricity from AES generation plants to AES utilities within Brazil.
4. Represents the income/(loss) from continuing operations of the subsidiary included in the consolidated operating results of AES under US GAAP.
5. Adjustment to depreciation and amortization expense represents additional expense required due primarily to basis differences of long-lived and intangible assets under IFRS for each reporting period.
6. Adjustment to regulatory assets and liabilities in Brazil is required as IFRS does not recognize such assets or liabilities. The net adjustment is the result of mainly regulatory liabilities recorded during 2012 for the 2011 tariff reset provision offset by regulatory assets recorded mainly related to the cost of energy (Parcel A costs).
7. Adjustment to taxes represents mainly differences relating to the regulatory assets and liabilities impact on revenue (Eletropaulo) and depreciation for the difference in cost basis of PP&E (Eletropaulo and Tiete).

AES Modeling Disclosures

$ in Millions	2013 Assumptions
Income Statement Assumptions	
Adjusted PTC[1] Before Corporate Charges	$1,930-$2,015
Corporate Charges	($700-$720)
Adjusted PTC[1]	$1,220-$1,305
Tax Rate	23%-25%
Diluted Share Count	749
Parent Company Cash Flow Assumptions	
Subsidiary Distributions (a)	$1,150-$1,250
Cash Interest (b)	$450
Cash for Development, General & Administrative and Tax (c)	$300
Parent Free Cash Flow (a – b – c)	$400-$500

- Commodity and foreign currency exchange rates forward curves as of June 30, 2013

1. A non-GAAP financial measure. See reconciliation on Slide 38 and “definitions”.

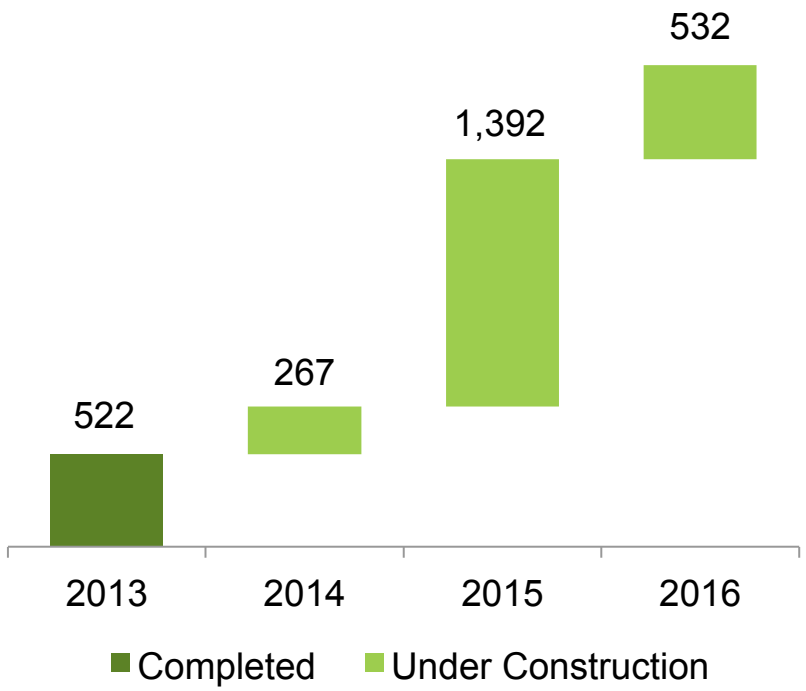
Second Quarter 2013 SBU Modeling Disclosures

$ in Millions	Total Debt			Cash & Cash Equivalents, Restricted Cash, Short-Term Investments, Debt Service Reserves & Other Deposits		
	Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional
US	$5,188	-	$5,188	$340	-	$340
Andes	$2,577	($715)	$1,862	$397	($116)	$281
Brazil	$2,216	($1,454)	$762	$1,163	($782)	$381
MCAC	$2,333	($233)	$2,100	$574	($86)	$488
EMEA	$2,031	($431)	$1,600	$499	($102)	$397
Asia SBU	$1,054	($307)	$747	$82	($9)	$73
Subtotal	**$15,399**	**($3,140)**	**$12,259**	**$3,055**	**($1,095)**	**$1,960**
Corp/Other	$5,671	-	$5,671	$519	-	$519
TOTAL	**$21,070**	**($3,140)**	**$17,930**	**$3,574**	**($1,095)**	**$2,479**

Construction Program Contributes Near-Term Growth

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

2,713 Gross MW On-Line by Year[1]



- 2013 additions include:
  - 270 MW Ventanas IV (Chile)
  - 216 MW Kribi (Cameroon)
  - 36 MW renewable projects (United Kingdom)
- 2014 additions include:
  - 20 MW Tunjita (Colombia)
  - 247 MW IPP 4 Jordan (Jordan)
- 2015 additions include:
  - 1,240 Mong Duong 2 (Vietnam)
  - 152 MW Guacolda V (Chile)
- 2016 addition:
  - 532 MW Cochrane (Chile)

1. As of August 6, 2013: 1,455 proportional MW. See Slide 30 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 2012 Form 10-K.

2,191 MW Under Construction as of August 6, 2013

	Generation (Thermal)				Generation (Renewables)
	Jordan	Chile	Vietnam	Chile	Colombia
Project	IPP 4 Jordan	Guacolda V	Mong Duong 2	Cochrane	Tunjita
% Owned	60%	36%	51%	49%	71%
Type	Heavy Fuel Oil	Coal	Coal	Coal	Hydro
Gross MW	247 MW	152 MW	1,240 MW	532 MW	20 MW
Expected Commercial Operations Date	2H 2014	2H 2015	2H 2015	2016	2H 2014

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

Parent Sources & Uses of Liquidity

$ in Millions	Second Quarter		YTD	
	2013	2012	2013	2012
SOURCES				
Total Subsidiary Distributions[1]	$308	$374	$510	$550
Proceeds from Asset Sales, Net	$154	$269	$209	$496
Financing Proceeds, Net	$746	-	$746	-
Increased/(Decreased) Credit Facility Commitments	-	-	-	-
Issuance of Common Stock, Net	$1	$6	$3	$7
Total Returns of Capital Distributions & Project Financing Proceeds	$1	$34	$163	$117
Beginning Parent Company Liquidity[2]	$1,222	$911	$1,106	$693
Total Sources	**$2,432**	**$1,594**	**$2,737**	**$1,863**
USES				
Repayments of Debt	($1,204)	($2)	($1,206)	($5)
Shareholder Dividend	($30)	-	($60)	-
Repurchase of Equity	($18)	($230)	($18)	($230)
Investments in Subsidiaries, Net	($12)	($98)	($87)	($145)
Cash for Development, Selling, General & Administrative and Taxes	($87)	($89)	($193)	($222)
Cash Payments for Interest	($163)	($157)	($241)	($242)
Changes in Letters of Credit and Other, Net	($10)	$17	($24)	$16
Ending Parent Company Liquidity[2]	($908)	($1,035)	($908)	($1,035)
Total Uses	**($2,432)**	**($1,594)**	**($2,737)**	**($1,863)**

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

Second Quarter & Year-to-Date 2013 Subsidiary Distributions[1]

Subsidiary Distributions[1] by SBU		
$ in Millions	Second Quarter 2013	YTD 2013
US	$59	$147
Andes	$44	$44
Brazil	$28	$28
MCAC	$42	$87
EMEA	$37	$103
Asia	$98	$101
Corporate & Other[2]	-	-
TOTAL	**$308**	**$510**

Top Ten Subsidiary Distributions[1] by Business							
Second Quarter 2013				YTD 2013			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Masinloc (Asia)	$83	Kilroot (EMEA)	$22	Masinloc (Asia)	$84	Beaver Valley (US)	$39
IPALCO (US)	$46	Kelanitissa (Asia)	$9	Andres (MCAC)	$79	Brasiliana (Brazil)	$28
Gener (Andes)	$44	Shady Point (US)	$8	IPALCO (US)	$61	Ballylumford (EMEA)	$26
Andres (MCAC)	$39	Ebute (EMEA)	$8	Kilroot (EMEA)	$52	Southland (US)	$23
Brasiliana (Brazil)	$28	OPGC (Asia)	$5	Gener (Andes)	$44	Kelanitissa (Asia)	$9

1. See “definitions”.
2. Corporate & Other includes Global Insurance and AES Solar.

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

$ in Millions	Quarter Ended			
	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$308	$202	$450	$331
Total Return of Capital Distributions to Parent & QHCs[3]	$1	$162	($100)	$12
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$309**	**$364**	**$350**	**$343**

$ in Millions	Balance as of			
	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
Cash at Parent & QHCs[3]	$111	$425	$311	$444
Availability Under Credit Facilities	$797	$797	$795	$795
Ending Liquidity	**$908**	**$1,222**	**$1,106**	**$1,239**

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

Reconciliation of Second Quarter Adjusted PTC[1] & Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	Second Quarter 2013		Second Quarter 2012	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2] and Tax	Net of NCI[2]	Per Share (Diluted) Net of NCI[2] and Tax
Income from Continuing Operations Attributable to AES and Diluted EPS from Continuing Operations	$164	$0.22	$70	$0.09
Add Back Income Tax Expense from Continuing Operations Attributable to AES	$16		$40	
Pre-Tax Contribution	$180		$110	
Adjustments				
Unrealized Derivative (Gains)/Losses[3]	($65)	($0.06)	$42	$0.04
Unrealized Foreign Currency Transaction (Gains)/Losses[4]	$15	$0.02	$41	$0.04
Disposition/Acquisition (Gains)	($23)	($0.03)[5]	($4)	-[6]
Impairment Losses	-	-	$17	$0.01[7]
Loss on Extinguishment of Debt	$164	$0.17[8]	-	-
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$271**	**$0.32**	**$206**	**$0.18**

1. A non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Unrealized derivative (gains)/losses were net of income tax per share of ($0.02) and $0.02 in the three months ended June 30, 2013 and 2012, respectively.
4. Unrealized foreign currency transaction (gains)/losses were net of income tax per share of $0.00 and $0.02 in the three months ended June 30, 2013 and 2012, respectively.
5. Amount primarily relates to the gain from the sale of the remaining 20% interest in Cartagena for $20 million ($15 million, or $0.02 per share, net of income tax per share of $0.01).
6. Amount primarily relates to the gain from the sale of St. Patrick, for $4 million ($4 million, or $0.00 per share, net of income tax per share of $0.00).
7. 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 of $1 million and income tax per share of $0.00).
8. Amount primarily relates to the loss on early retirement of debt at Corporate of $163 million ($121 million, or $0.16 per share, net of income tax per share of $0.06).

Reconciliation of Year-to-Date Adjusted PTC[1] & Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	YTD 2013		YTD 2012	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2] and Tax	Net of NCI[2]	Per Share (Diluted) Net of NCI[2] and Tax
Income from Continuing Operations Attributable to AES and Diluted EPS from Continuing Operations	$270	$0.36	$411	$0.54
Add Back Income Tax Expense from Continuing Operations Attributable to AES	$47		$231	
Pre-Tax Contribution	$317		$642	
Adjustments				
Unrealized Derivative (Gains)/Losses[3]	($52)	($0.05)	$72	$0.07
Unrealized Foreign Currency Transaction (Gains)/Losses[4]	$42	$0.04	$12	$0.01
Disposition/Acquisition (Gains)	($26)	($0.03)[5]	($182)	($0.14)[6]
Impairment Losses	$48	$0.05[7]	$75	$0.07[8]
Loss on Extinguishment of Debt	$207	$0.21[9]	-	-
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$536**	**$0.58**	**$619**	**$0.55**

1. A non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Unrealized derivative losses were net of income tax per share of ($0.02) and $0.03 in the six months ended June 30, 2013 and 2012, respectively.
4. Unrealized foreign currency transaction (gains)/losses were net of income tax per share of $0.02 and $0.00 in the six months ended June 30, 2013 and 2012, respectively.
5. Amount primarily relates to the gain from the sale of the remaining 20% interest in Cartagena for $20 million ($15 million, or $0.02 per share, net of income tax per share of $0.01), the gain from the sale of wind turbines for $3 million ($2 million, or $0.00 per share, net of income tax per share of $0.00) as well as the gain from the sale of Chengdu, an equity method investment in China for $3 million ($2 million, or $0.00 per share, net of income tax per share of $0.00).
6. 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).
7. Amount primarily relates to asset impairments at Beaver Valley of $46 million ($34 million, or $0.05 per share, net of income tax per share of $0.02).
8. Amount primarily relates to the other-than-temporary impairment 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 of $1 million and income tax per share of $0.00).
9. Amount primarily relates to the loss on early retirement of debt at Corporate of $165 million ($123 million, or $0.16 per share, net of income tax per share of $0.06), and loss on early retirement of debt at Masinloc of $43 million ($29 million, or $0.04 per share, net of non-controlling interest of $3 million and of income tax per share of $0.01).

Reconciliation of Second Quarter Capex

$ in Millions	Consolidated Second Quarter	
	2013	2012
Operational Capex (a)	$174	$219
Environmental Capex (b)	$43	$25
Maintenance Capex (a + b)	$217	$244
Growth Capex (c)	$353	$254
Total Capex[1] (a + b + c)	**$570**	**$498**

$ in Millions	Consolidated Second Quarter		Proportional[2] Second Quarter	
	2013	2012	2013	2012
Operating Cash Flow	$567	$580	$304	$383
Less Maintenance Capex, net of Reinsurance Proceeds	($217)	($234)	($156)	($170)
Free Cash Flow[2]	**$350**	**$346**	**$148**	**$213**

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

Reconciliation of Year-to-Date Capex

$ in Millions	Consolidated YTD	
	2013	2012
Operational Capex (a)	$360	$453
Environmental Capex (b)	$73	$33
Maintenance Capex (a + b)	$433	$486
Growth Capex (c)	$690	$597
Total Capex[1] (a + b + c)	**$1,123**	**$1,083**

$ in Millions	Consolidated YTD		Proportional[2] YTD	
	2013	2012	2013	2012
Operating Cash Flow	$1,185	$1,114	$818	$788
Less Maintenance Capex, net of Reinsurance Proceeds	($433)	($476)	($318)	($340)
Free Cash Flow[2]	**$752**	**$638**	**$500**	**$448**

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

Reconciliation of 2013 Guidance

$ in Millions, Except Per Share Amounts

2013 Guidance	
Adjusted EPS[1]	$1.24-$1.32
Proportional Free Cash Flow[1]	$750-$1,050
Consolidated Net Cash Provided by Operating Activities	$2,500-$3,100

Reconciliation	Consolidated	Adjustment Factor	Proportional
Consolidated Net Cash Provided by Operating Activities (a)	$2,500-$3,100	$850-$1,150	$1,650-$1,950
Maintenance & Environmental Capital Expenditures (b)	$1,050-$1,350	$300	$750-$1,050
Free Cash Flow[1] (a - b)	$1,300-$1,900	$550-$850	$750-$1,050

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

Reconciliation of Net Debt[1] as of June 30, 2013

$ in Millions	
Non-Recourse Debt (Current)	$2,923
Recourse Debt (Current)	$118
Non-Recourse Debt (Noncurrent)	$12,476
Recourse Debt (Noncurrent)	$5,553
Total Debt	**$21,070**
LESS	
Cash & Cash Equivalents	($1,611)
Restricted Cash	($765)
Short-Term Investments	($703)
Debt Service Reserves & Other Deposits	($495)
Total	**($3,574)**
NET DEBT	**$17,496**

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

- **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) unrealized gains or losses related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) gains or losses due to dispositions and acquisitions of business interests, (d) 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 EPS 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 unrealized gains or losses related to derivative transactions, unrealized foreign 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 EPS should not be construed as an alternative to diluted earnings per share from continuing operations, which is determined in accordance with GAAP.
- **Adjusted Pre-Tax Contribution** (a non-GAAP financial measure) represents pre-tax income from continuing operations attributable to AES excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) gains or losses due to dispositions and acquisitions of business interests, (d) losses due to impairments, and (e) costs due to the early retirement of debt. It includes net equity in earnings of affiliates, on an after-tax basis. The GAAP measure most comparable to Adjusted PTC is income from continuing operations attributable to AES. AES believes that Adjusted PTC 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 unrealized gains or losses related to derivative transactions, unrealized foreign 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. Earnings before tax represents the business performance of the Company before the application of statutory income tax rates and tax adjustments, including the affects of tax planning, corresponding to the various jurisdictions in which the Company operates. Adjusted PTC should not be construed as an alternative to income from continuing operations attributable to AES, which is determined in accordance with GAAP.
- **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.

Definitions, Cont'd.

- **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.
- **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.