

The AES Corporation Fourth Quarter & Full Year 2013 Financial Review

February 26, 2014

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 53 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' 2013 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.

Fourth Quarter & Full Year 2013 Earnings Call

Agenda

- Q4 and full year 2013 highlights
- Progress on strategic objectives
- Q4 and full year 2013 financial review
- Guidance
- Platform expansion projects

Key Takeaways

- Achieved 2013 guidance on all metrics
  - Full year 2013 Adjusted EPS[1] $1.29
  - Full year 2013 Proportional Free Cash Flow[1] $1.2[2] billion
- Expecting steady growth in Adjusted EPS[1] and stronger growth in cash flow measures
  - Offsetting 2016 earnings drag at Tietê and DPL

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Under the new definition for Proportional Free Cash Flow: $1,271 million.

Q4 and FY 2013 Results

$ in Millions, Except Per Share Amounts	Q4 2013	Q4 2012	FY 2013	FY 2012	2013 Guidance	% of 2013 Guidance Midpoint
Adjusted EPS[1]	$0.29	$0.31	$1.29	$1.21[2]	$1.24-$1.32	101%
Proportional Free Cash Flow[1,3]	$314	$293	$1,161	$1,242	$750-$1,050	129%
Consolidated Net Cash Provided by Operating Activities	$675	$772	$2,715	$2,901	$2,500-$3,100	97%

- Met or exceeded 2013 guidance on all metrics

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. 2012 Adjusted EPS was $1.24 before reclassification of assets sold as discontinued operations.
3. Under the new definition for Proportional Free Cash Flow, fourth quarter 2013, fourth quarter 2012, full year 2013 and full year 2012 results were $349 million, $294 million, $1,271 million and $1,250 million.

Strategy to Unlock Shareholder Value

1 Improving Profitability

- Reducing overhead
- Better utilizing synergies and scale

2 Narrowing Our Geographic Focus

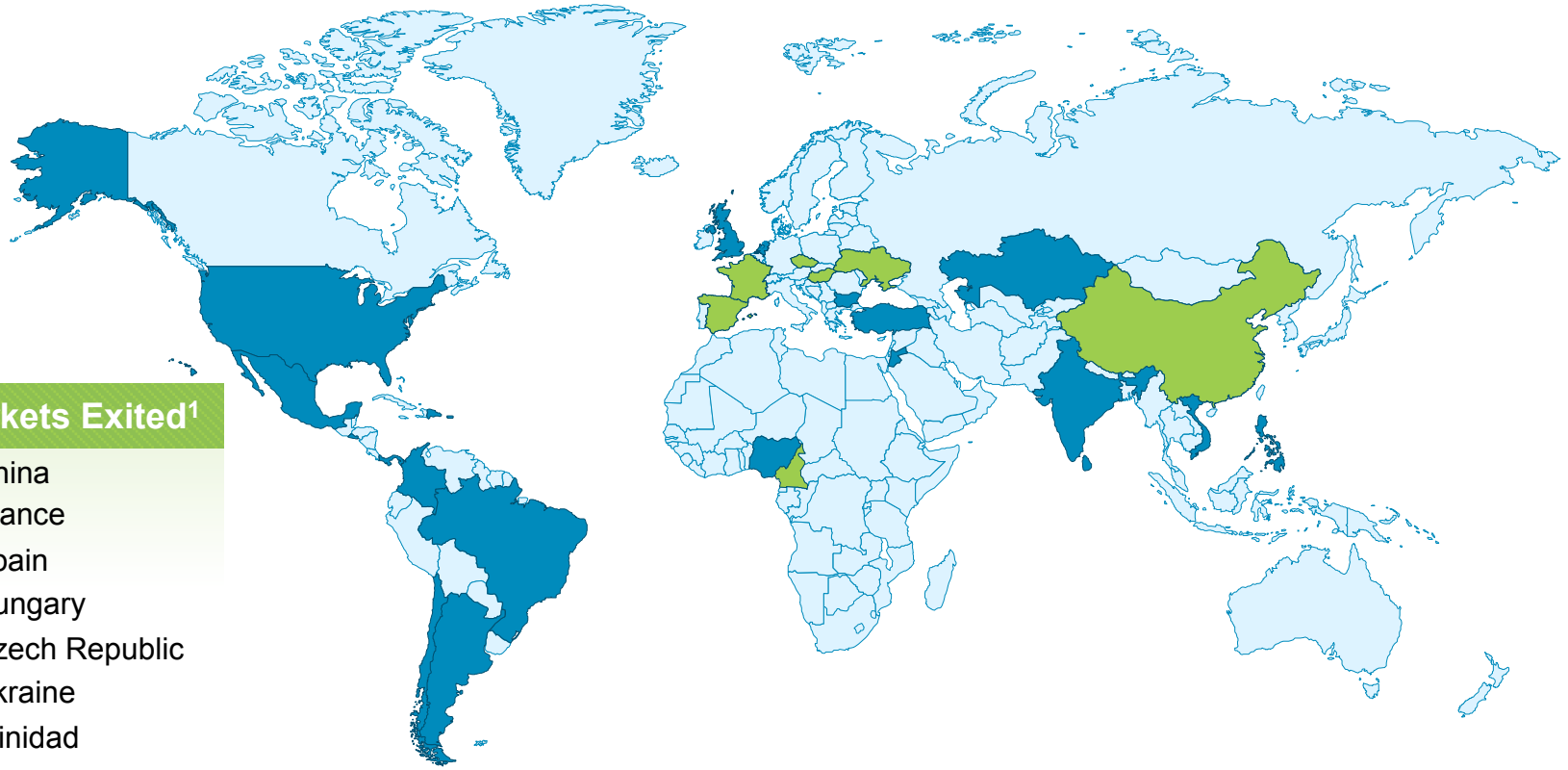
- Focusing growth on platform expansions
- Exiting markets without a competitive advantage

3 Optimizing Capital Allocation

- Competing growth projects' risk-adjusted returns against:
  - Share repurchases
  - Debt paydown

Narrowing Our Geographic Focus: Simplifying Story and Reducing Risk

Announced $497 Million in Asset Sales in 2013; $1.4 Billion Since 2011



Markets Exited[1]

1. China
2. France
3. Spain
4. Hungary
5. Czech Republic
6. Ukraine
7. Trinidad
8. Cameroon

Future Asset Sales – Businesses With Limited Growth Potential or Competitive Advantage

1. Announced exit of Cameroon in November 2013.

Optimizing Capital Allocation: Reducing Leverage and Returning Cash to Shareholders

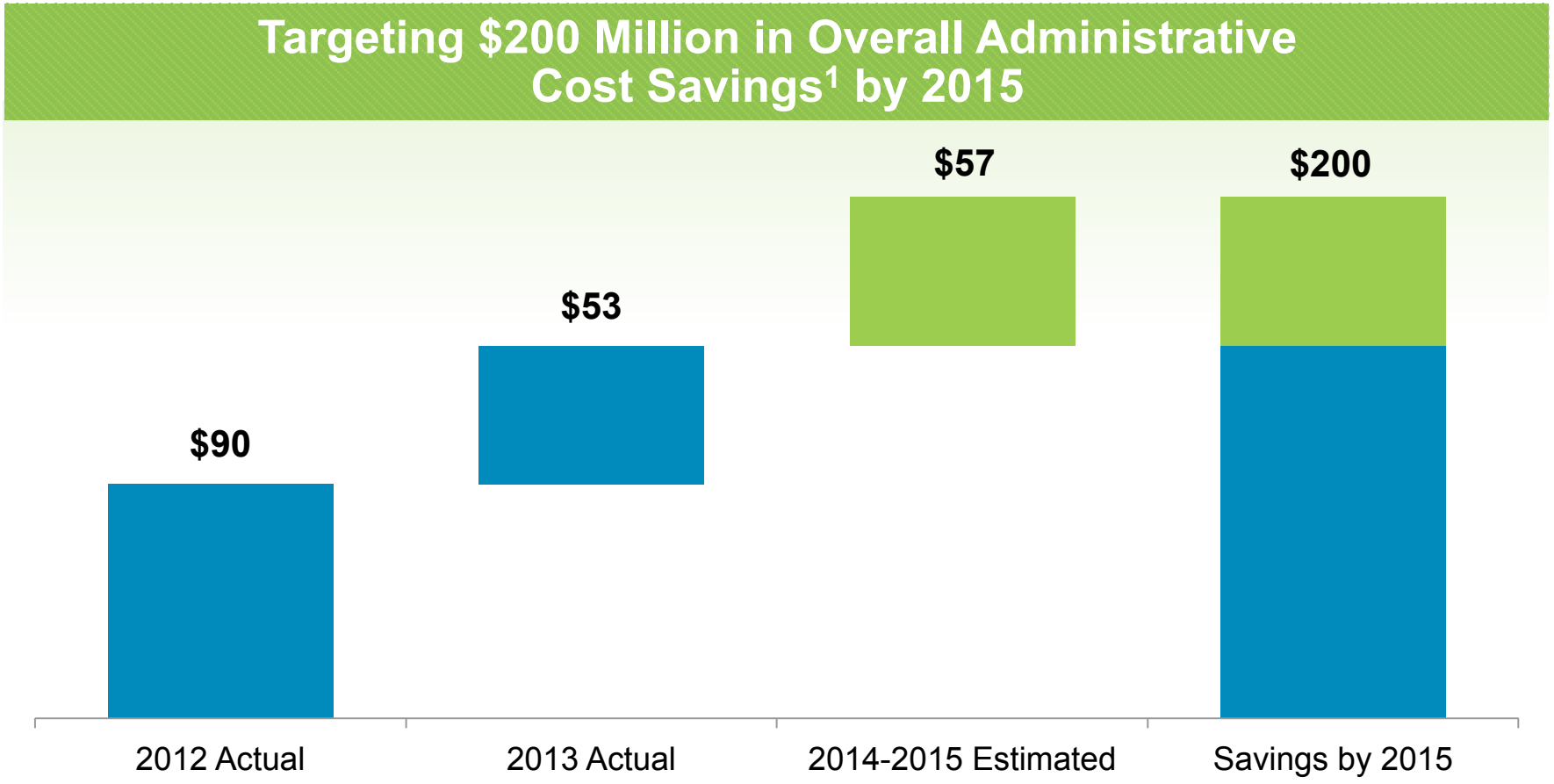
	Since September 2011

Debt Repayment	• $1 billion in prepayments
	  ▸ $820 million recourse debt
	  ▸ $197 million non-recourse debt (Brasiliana)

Share Buybacks	• $711 million • 59 million shares; average price $12.03/share
Dividend	• Initiated quarterly dividend • Increased quarterly dividend by 25% or $0.01 per share, to $0.05 per share, beginning in Q1 2014

Improving Profitability: Expect to Achieve $200 Million in Cost Savings[1] by 2015

$ in Millions



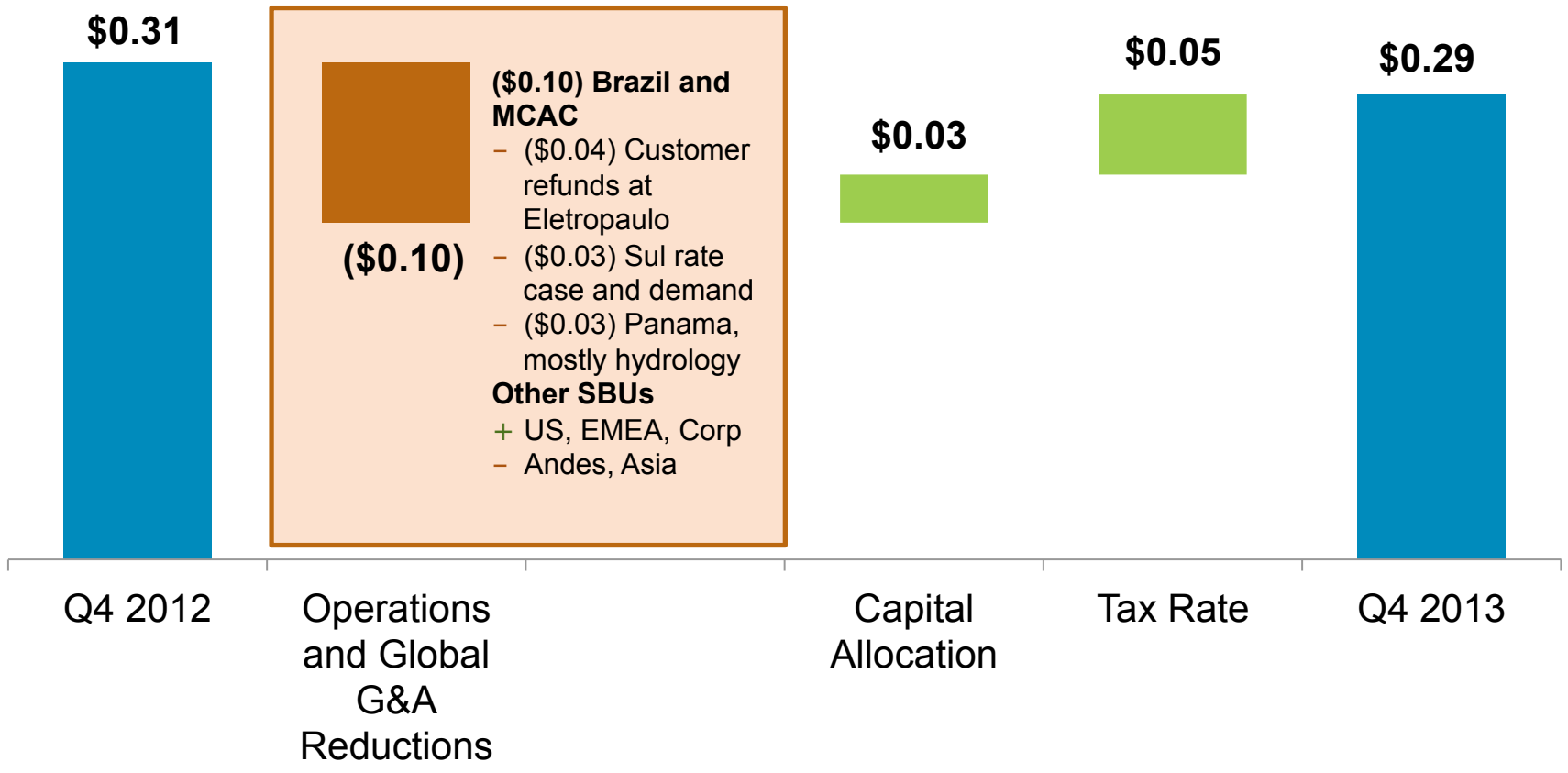
1. Cost reductions will be reflected in General and Administrative Expense (G&A), as well as Cost of Sales. Some of the previously reported 2012 and 2013 G&A Expense related to administrative costs at our SBUs has been reclassified to Cost of Sales.

Q4 and FY 2013 Financial Review

- Q4 and FY 2013 results
  - Adjusted EPS[1]
  - Adjusted PTC[1] by Strategic Business Unit (SBU)
  - Proportional Free Cash Flow[1] (Prop FCF)
- Guidance and longer-term outlook

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

Adjusted EPS[1]: Capital Allocation and a Lower Effective Tax Rate Offset Headwinds in Brazil



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

Risk from Hydrological Variability Varies Across Markets

Increasing Exposure (Left to Right)

Argentina

- Market prices are regulated
- Generators are not subject to firm volume commitments
- Portfolio diversified by fuel type

Brazil

- Hydro risk is shared by all generators in the system – exposure increases if the entire system is short

Chile & Colombia

- AES Gener: Diverse portfolio, enabling it to balance low hydro conditions with thermal generation
- Chivor: Significant reservoir storage capacity allows for optimization of water usage

Panama

- Majority of hydro facilities are run-of-the-river – dependent on the rainy season (May-October)
- Working with government on multiple mitigation alternatives – converted a portion of our contracts to match actual generation

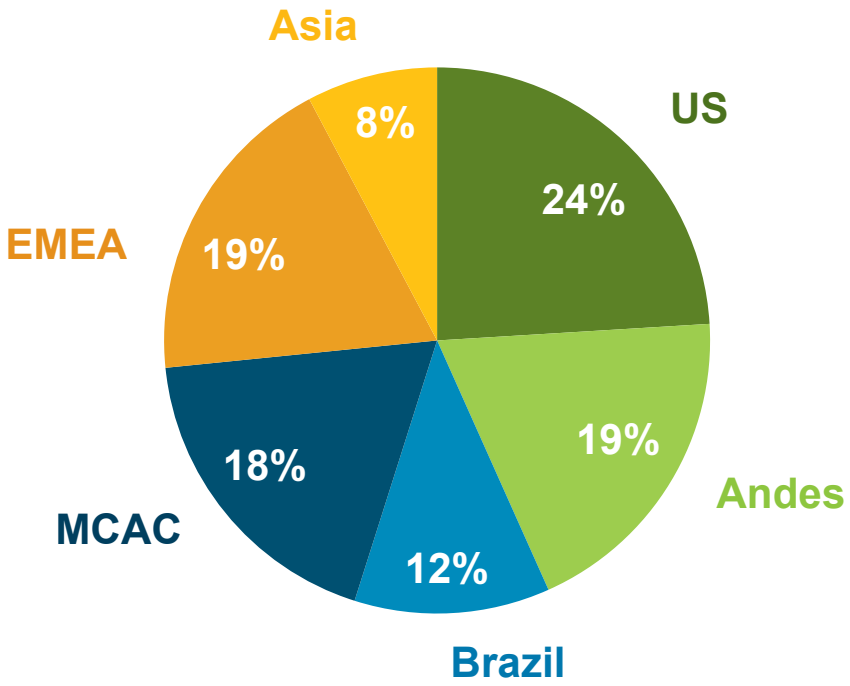
	Argentina	Brazil	Chile[2] & Colombia	Panama
Q4 2013 Adjusted EPS[1] Impact	-	-	-	$0.02
FY 2013 Adjusted EPS[1] Impact	-	$0.01	$0.02	$0.10

1. A non-GAAP financial measure. See Appendix for definition and reconciliation. Adjusted EPS impact is relative to average hydrological conditions and assumes weighted average tax rate of 21% and share count of 748 million.
2. Excludes replacement energy obligations due to thermal unit availability when spot prices are higher than expected due in part to hydrology.

FY 2013 Adjusted Pre-Tax Contribution (PTC)[1] is Well Diversified Across Our Strategic Business Units (SBUs)

FY 2013: $1.8 Billion Before Corporate Charges of $0.6 Billion

2013 Adjusted PTC[1] by SBU



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

Met Our Overall FY 2013 Adjusted PTC[1] Expectations

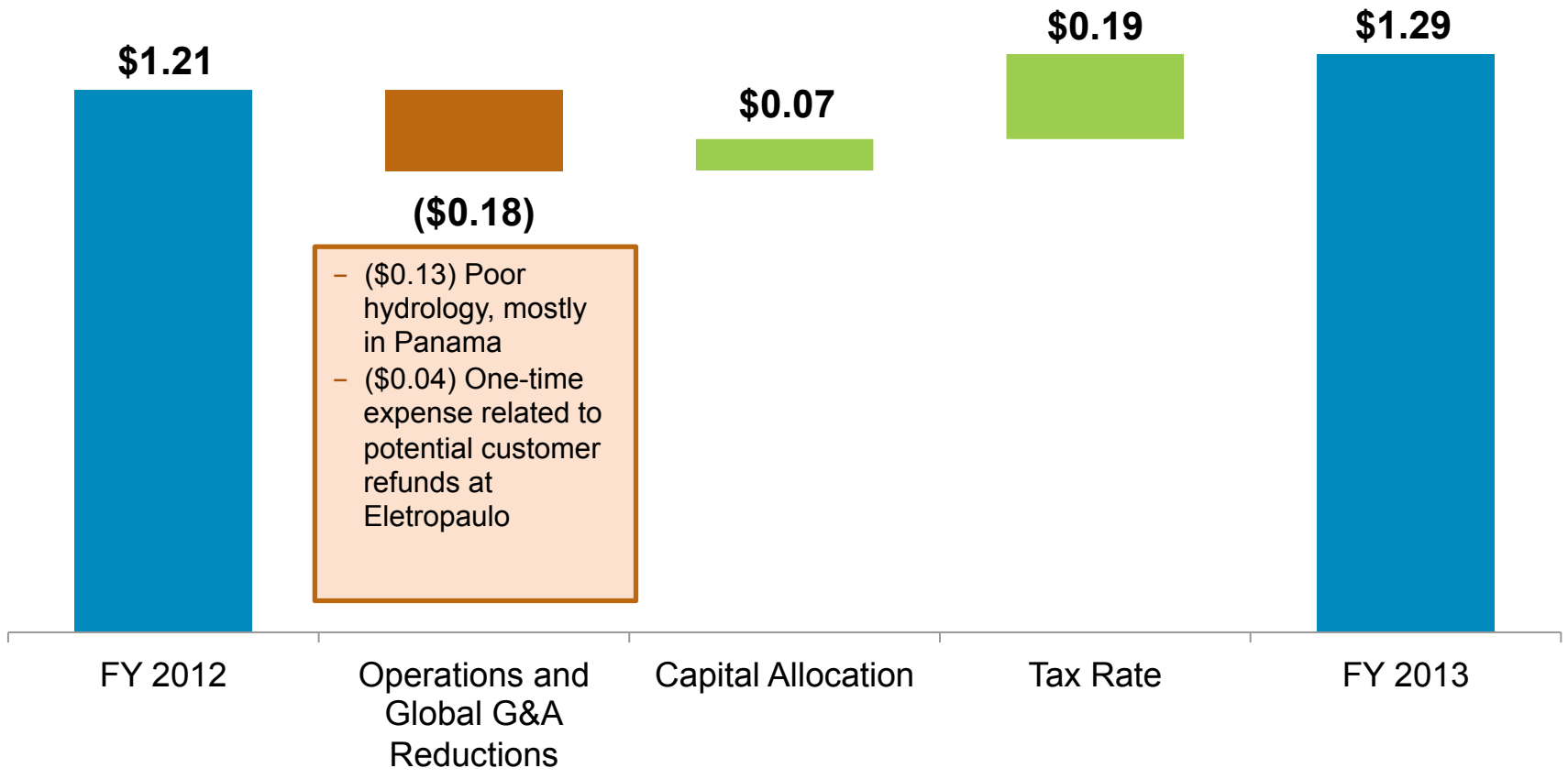
$ in Millions, Except Per Share Amounts

SBU	2013 Adjusted PTC[1] Modeling Range[2] (Investor Day)	2013 Actual Adjusted PTC[1]	Drivers of Performance Versus Investor Day Expectations
US	$350-$390	$440	+ DPL: Lower switching
Andes	$385-$425	$353	– Hydrology – Higher costs to supply contracts
Brazil	$305-$335	$212	– Eletropaulo: Regulatory liability – Sul: Low demand and customer mix
MCAC	$390-$425	$339	– Hydrology
EMEA	$360-$400	$345	= In line[3] after adjusting for Cameroon asset sales + Kilroot: Higher energy margins
Asia	$140-$160	$142	

	Modeling Disclosures[2]		2013 Actuals
	Investor Day	Q3 2013 Earnings Call, November 7, 2013	
Total AES Adjusted PTC[1]	**$1,210-$1,415**	**$1,220-$1,305**	**$1,207**
Tax Rate	26%-28%	23%-25%	21%
Diluted Share Count	752	749	748
ADJUSTED EPS[1]	**$1.24-$1.32**	**$1.24-$1.32**	**$1.29**

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Provided for modeling purposes only. Not intended to be guidance.
3. EMEA expectations in line after adjusting for impact of Cameroon businesses reflected in discontinued operations.

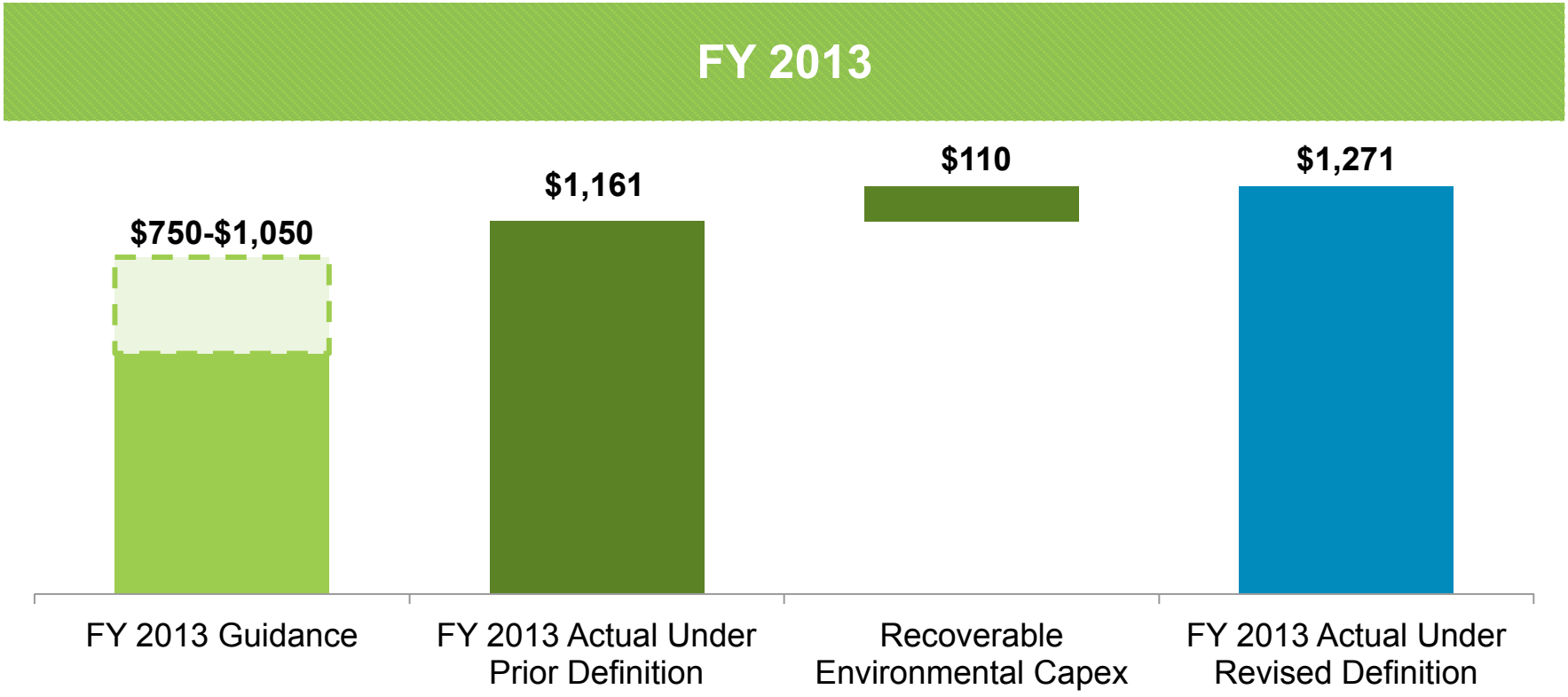
Despite Significant Headwinds, FY 2013 Adjusted EPS[1] Increased $0.08



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

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

$ in Millions



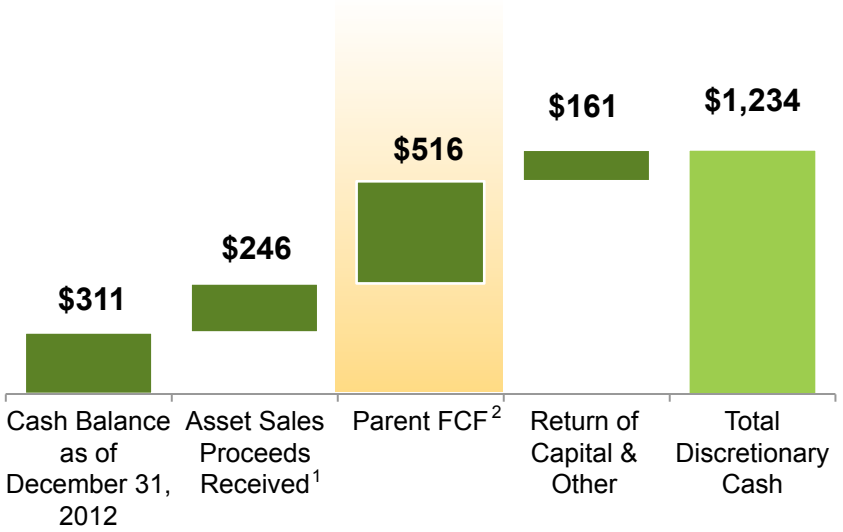
Prop FCF[1] is Used to Reduce Leverage and Fund Discretionary Investments

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

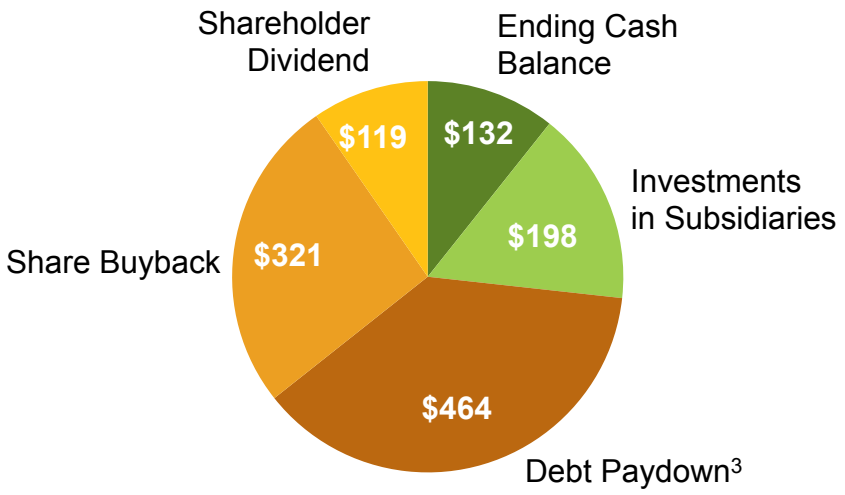
2013 Parent Capital Allocation

$ in Millions

Discretionary Cash – Sources ($1,234)



Discretionary Cash – Uses ($1,234)



82% of Parent Discretionary Cash was Allocated to Debt Reduction and Returning Cash to Shareholders in 2013

1. Includes closed asset sale proceeds net of transaction costs of: $45 million (JHRH in China), $108 million (Ukraine utilities), $24 million (Cartagena in Spain), $31 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 $1.1 billion in debt transactions, plus scheduled amortization of senior secured term loan.

Full Year 2014 Adjusted EPS[1] Guidance of $1.30-$1.38

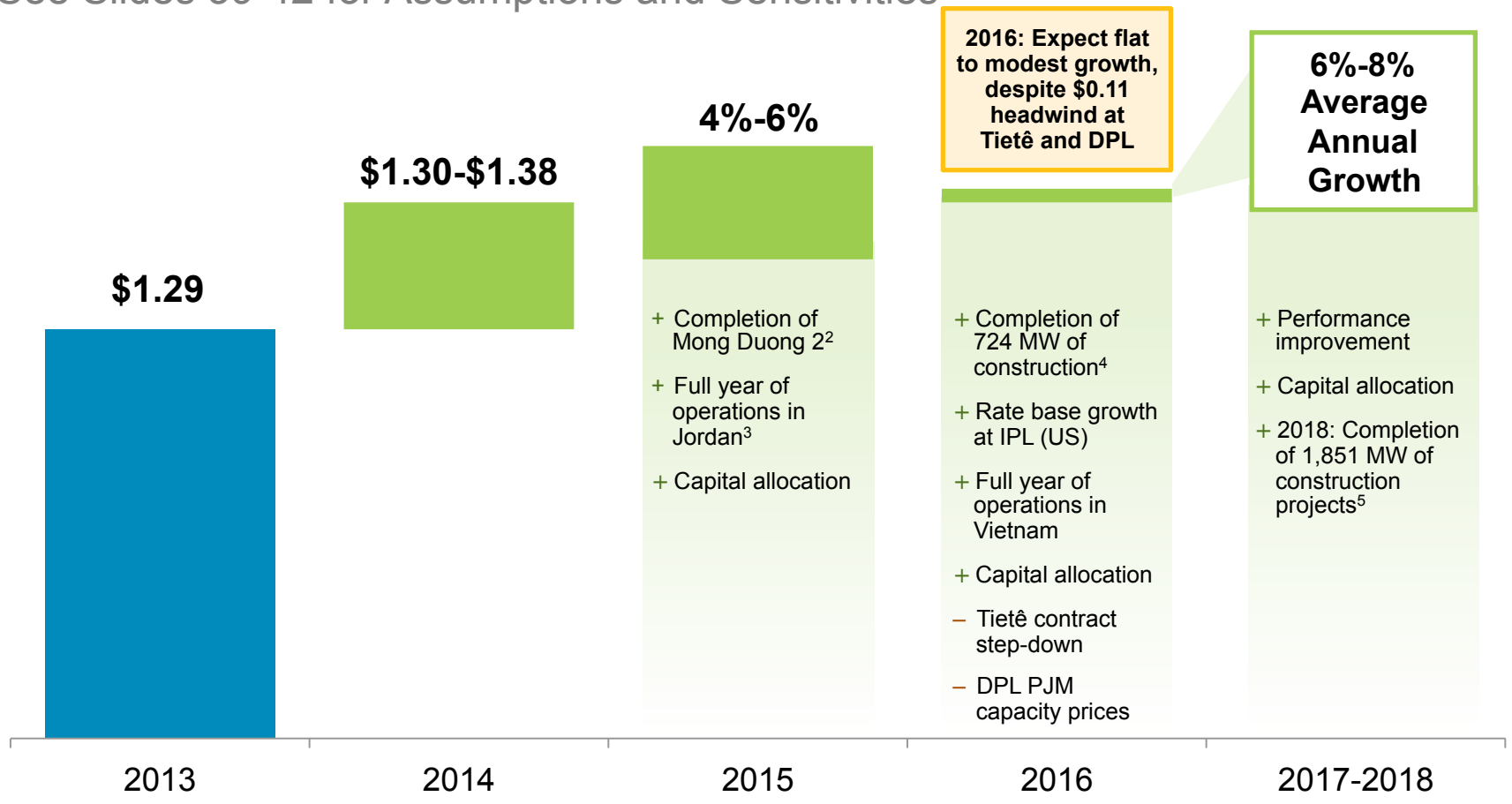
$ in Millions, $2.0 Billion Before Corporate Charges of $0.6 Billion

SBU	2013 Adjusted PTC[1]	Overall Direction	2014	
			Adjusted PTC[1] Modeling Range[2]	Drivers
US	$440	–	$390-$440	– DP&L switching – Beaver Valley PPA termination gain in 2013
Andes	$353	+	$370-$415	+ Gener availability and efficiency + Hydrology in Chile and Colombia – Argentina FX
Brazil	$212	+	$250-$290	+ Eletropaulo 2013 one-time adjustment + Sul improved efficiency
MCAC	$339	+	$390-$450	+ Hydrology in Panama + Dominican Republic margin
EMEA	$345	+	$360-$400	+ IPP4 Jordan COD + Kazakhstan tariffs
Asia	$142	–	$95-$125	– Masinloc contract – Kelanitissa contract step-down
Total SBUs	**$1,831**		**$1,855-$2,120**	
Corp/Other	($624)		($600)-($630)	
Total AES Adjusted PTC[1,2]	**$1,207**		**$1,250-$1,490**	
Adjusted Effective Tax Rate	21%		~30%	
Diluted Share Count	748		730	
ADJUSTED EPS[1]	**$1.29**		**$1.30-$1.38**	

1. A non-GAAP financial metric. See Appendix for definition and reconciliation.
2. Total AES Adjusted PTC includes after-tax adjusted equity in earnings.

Reaffirming Adjusted EPS[1] Expectations of 4%-6% Through 2015; Initiating Longer-Term Outlook

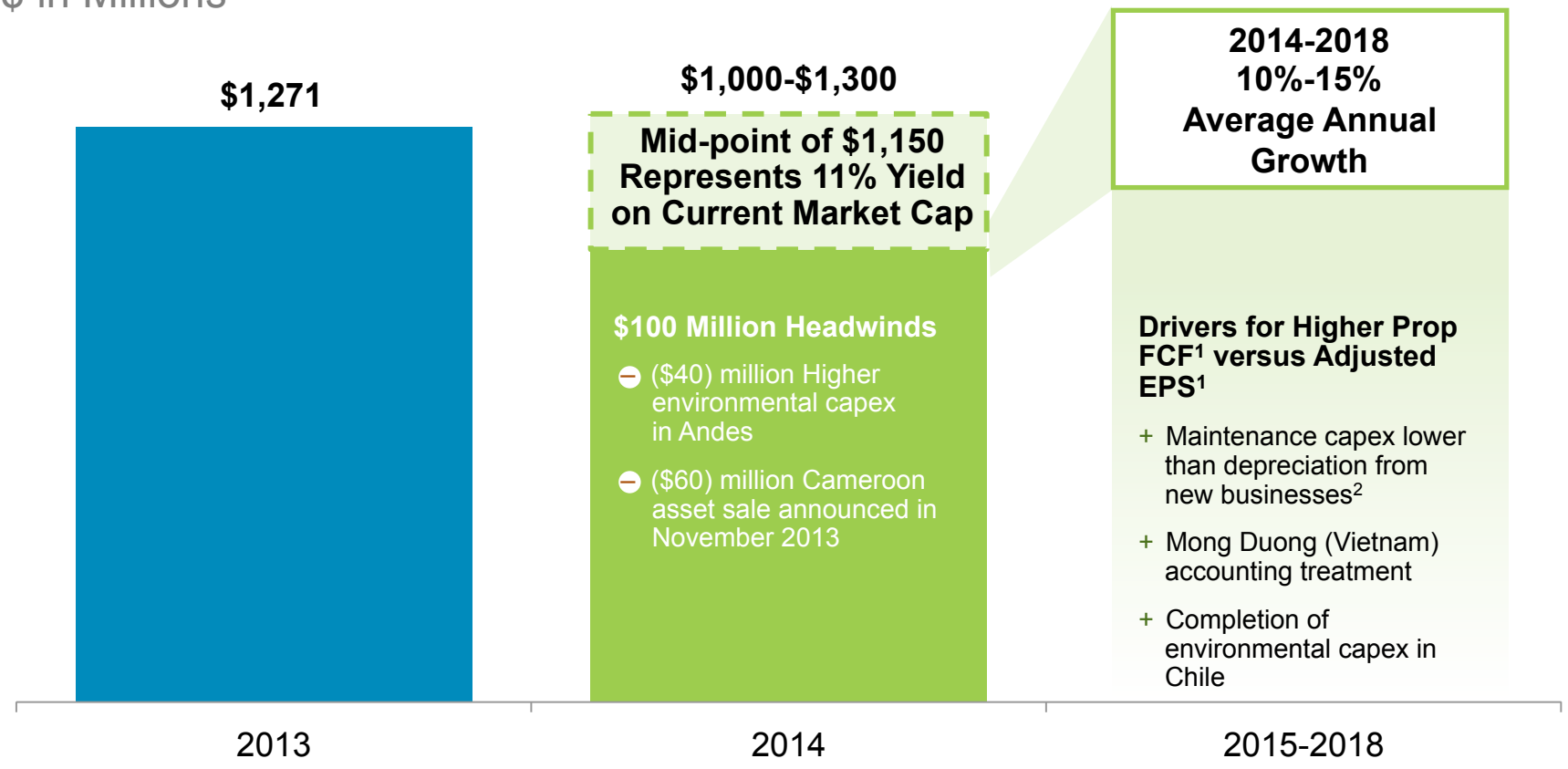
See Slides 39-42 for Assumptions and Sensitivities



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. 1,240 MW Mong Duong 2 project in Vietnam.
3. 247 MW IPP4 project in Jordan.
4. 152 MW Guacolda V and 572 MW Cochrane projects in Chile.
5. 531 MW Alto Maipo project in Chile and 1,320 MW OPGC II project in India.

Proportional Free Cash Flow (Prop FCF)[1] Expectations

$ in Millions



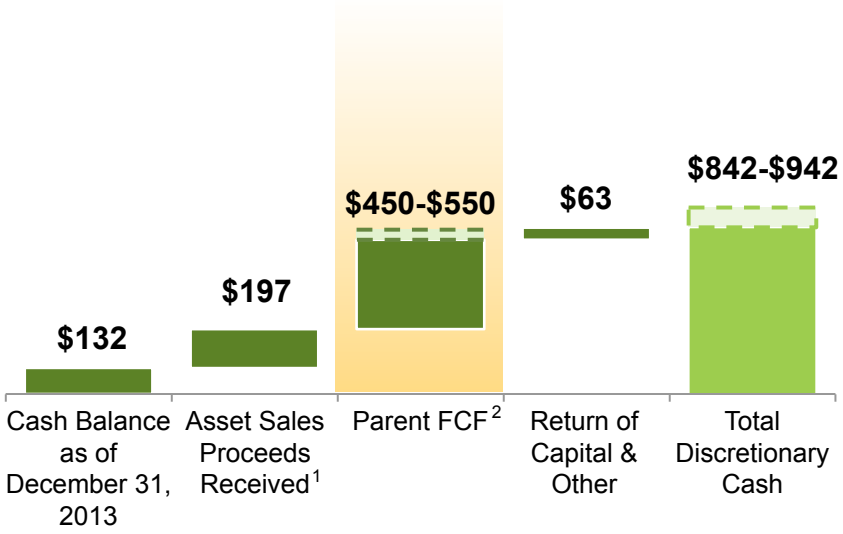
Strong and Growing Proportional Free Cash Flow[1] Drives Increasing Total Return

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Consistent with existing operations. 2013 actual proportional depreciation was $975 million versus proportional maintenance capex of $610 million.

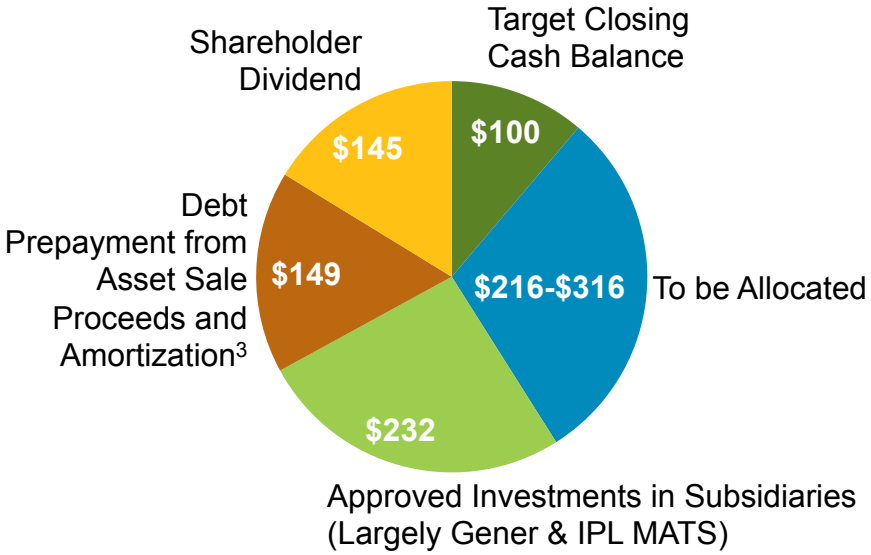
2014 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($842-$942)



Discretionary Cash – Uses ($842-$942)



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

1. Includes closed asset sale proceeds net of transaction costs of: $168 million (Sonel, Kribi and Dibamba in Cameroon), $22 million (3 US wind facilities) and $7 million (India wind).
2. A non-GAAP financial metric. See Appendix for definition and reconciliation.
3. Includes $140 million recourse debt prepayment and premiums of $1 million, plus scheduled amortization of senior secured term loan.

Our Strategic Pillars Leverage Partnerships and Our Platforms to Drive Growth

Performance Excellence

- Be the low-cost manager of a portfolio of assets, to derive synergies and scale
- Three Edison International Awards since 2011
- AES Performance Excellence (APEX)

Reducing Complexity

- Exiting businesses with no competitive advantage – reduced number of markets from 28 to 20
- Expect $500 to $700 million in additional asset sale proceeds by 2015
- Targeting no more than 15-16 countries

Expanding Access to Capital

- Building strategic partnerships at the project-level
- Accessing niche financing
- Closed $500 million in partnerships in 2013

Leveraging Our Platforms

- Focusing growth in current markets
- Growth through:
  - Power plant expansions
  - Adjacencies and enhancements

Advancing Our Pipeline of Platform Expansion Projects – Commenced Construction of Two Projects

531 MW Alto Maipo Hydroelectric Project (Chile)

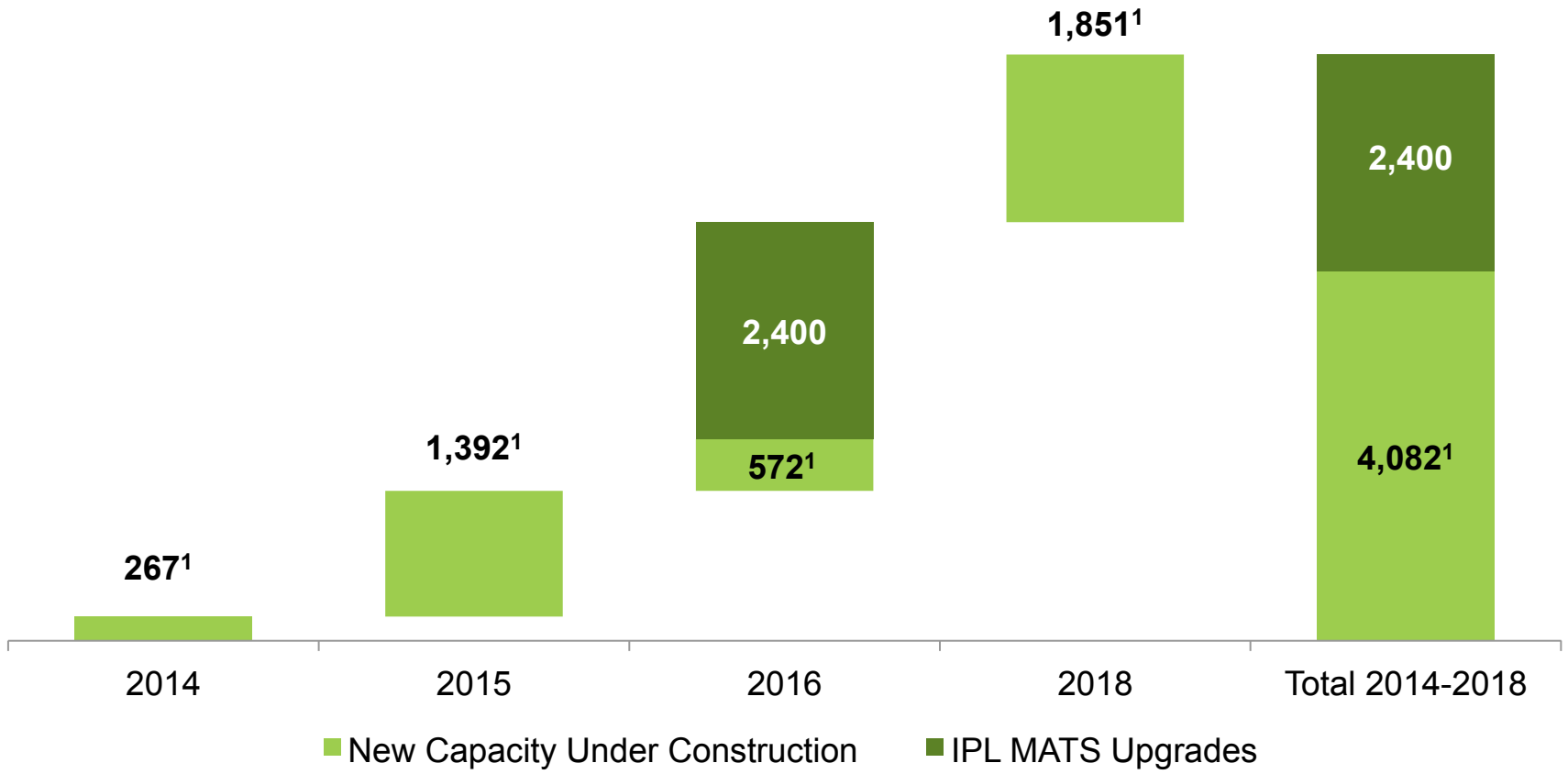
- Closed $1.2 billion in long-term non-recourse financing
- AES equity ~$350 million, through a combination of cash from AES ($100 million, AES' share of Gener's capital increase) and cash flow at Gener ($250 million)
- Competitive advantages
  - Leveraging existing platform and infrastructure
  - Diversifies Gener's generation mix
  - Located 50 km southeast of Santiago (main load center)
- Expected to come on-line in 2018

1,320 MW OPGC Coal-Fired Project (India)

- Closed $1.2 billion in long-term non-recourse financing
- AES equity ~$225 million, through a combination of cash from AES (~$125 million) and cash held at OPGC (~$100 million)
- Competitive advantages
  - Dedicated coal reserves of 532 million tons
  - Leveraging existing platform and infrastructure
  - Cost competitive project in a power deficit market
- Expected to come on-line in 2018

Construction Program and IPL MATS Upgrades Contribute to Long-Term Growth

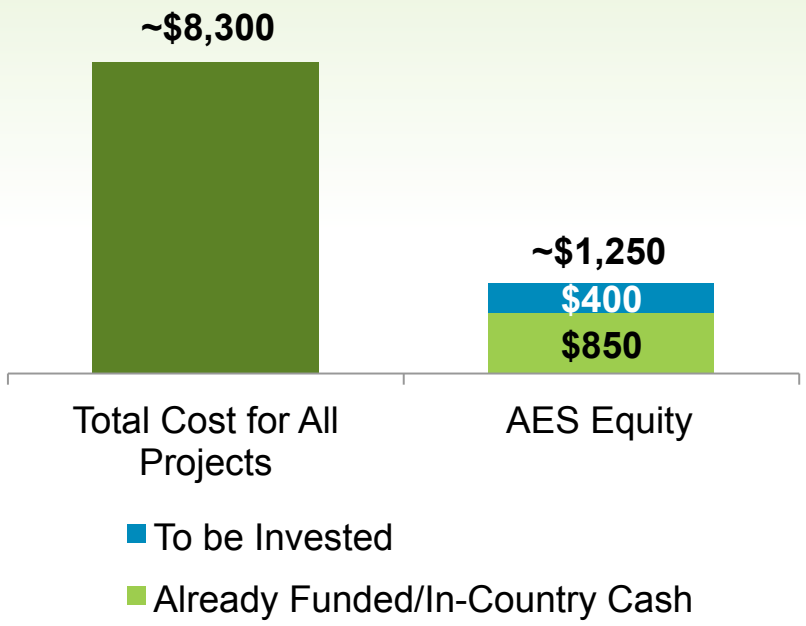
MW by Year



1. See Appendix for details on construction projects. 2014: 247 MW IPP4 Jordan heavy fuel oil-fired plant (Jordan) and 20 MW Tunjita hydroelectric plant (Colombia); 2015: 152 MW Guacolda V coal-fired plant (Chile) and 1,240 MW Mong Duong 2 coal-fired plant (Vietnam); 2016: 572 MW Cochrane coal-fired plant and energy storage resource (Chile); 2018: 531 MW Alto Maipo hydroelectric plant (Chile) and 1,320 MW OPGC II coal-fired plant (India)

Attractive Risk-Adjusted Returns from Platform Expansions

Construction Program & IPL MATS[1] ($ in Millions)



Estimated Returns[2]

- ROE: 14%
- Cash Yield: 15%

Majority of Project Cost Already Secured With Non-Recourse Long-Term Debt

1. 4,082 gross MW or 1,957 proportional MW, plus IPL MATS upgrades. Includes 247 MW IPP4 Jordan heavy fuel oil-fired plant (Jordan), 20 MW Tunjita hydroelectric plant (Colombia), 152 MW Guacolda V coal-fired plant (Chile), 1,240 MW Mong Duong 2 coal-fired plant (Vietnam), 572 MW Cochrane coal-fired plant and energy storage resource (Chile), 531 MW Alto Maipo hydroelectric plant (Chile) and 1,320 MW OPGC II coal-fired plant (India).
2. Based on 2018 contributions from all projects under construction and IPL MATS upgrades. Weighted Average Return on Equity is net income divided by AES equity contribution. Cash Yield is subsidiary distributions divided by AES equity contribution. See Slide 44 for details.

Key Takeaways

- Achieved 2013 guidance on all metrics
- Future growth is driven by:
  - 4,082 MW under construction and IPL MATS upgrades – in operations through 2018
    - Attractive returns from platform expansions
    - 68% of equity requirements already funded
  - Performance excellence, including cost reductions
    - On target for $200 million cost savings by 2015; additional savings planned beyond 2015
  - Redeployment of growing free cash flow (capital allocation)
- Offering attractive and growing total return to shareholders
  - Proportional Free Cash Flow[1] yield of 12%
    - 2014-2018 Growth rate of 10%-15% annually
  - Total return increases to 8%-10%[2] annually from current level of 6%-8%[2]
    - Expect faster growth in Adjusted EPS[1] beginning in 2017
    - Room to increase dividend; current payout ratio at low end of target[3]

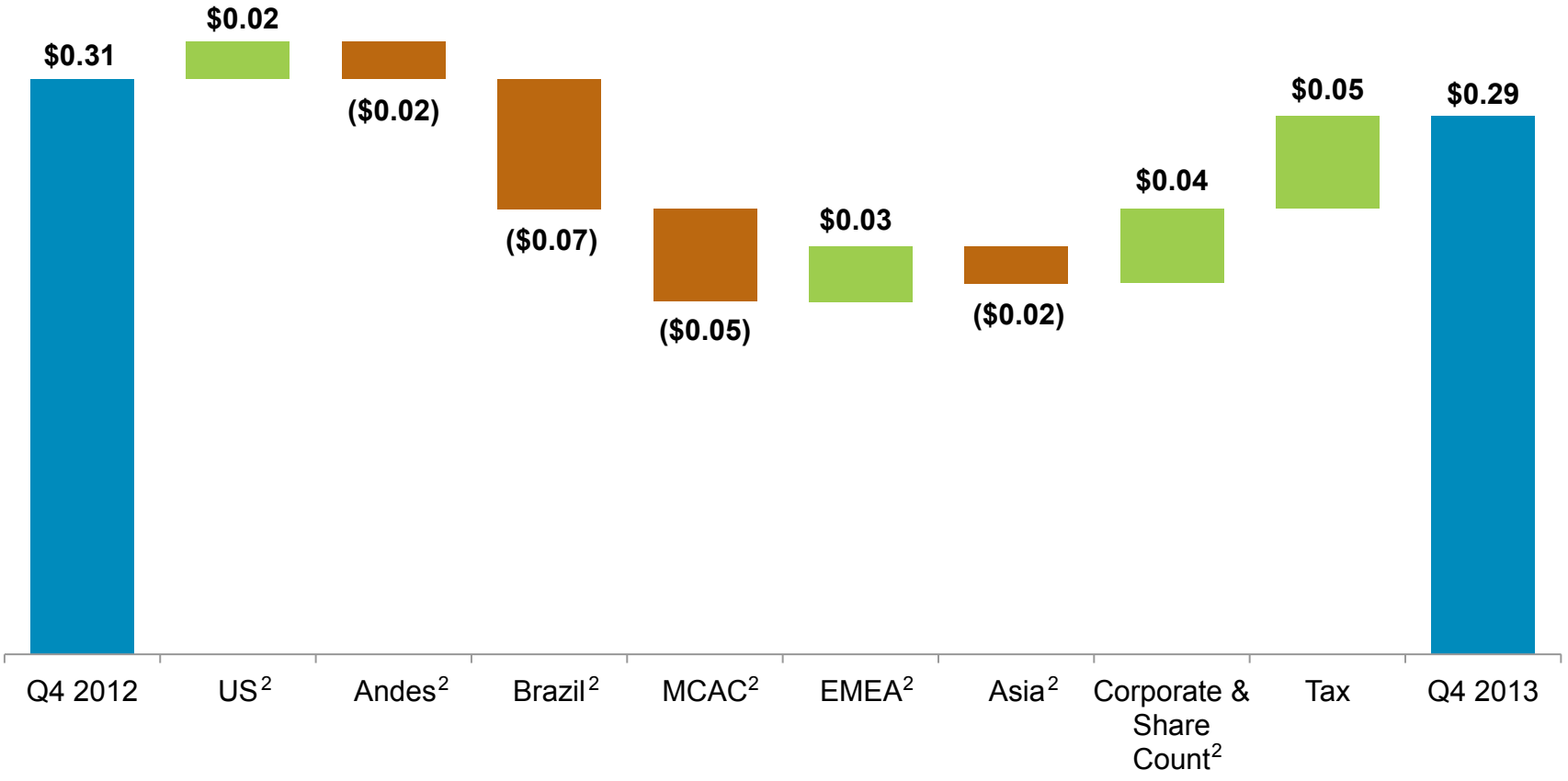
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Current total return is based on 4%-6% Adjusted EPS growth and a 1%-2% dividend. Future total return based on 2017-2018 Adjusted EPS growth outlook of 6%-8% and a 1%-2% dividend.
3. Targeting dividend payout ratio of 30%-40% of sustainable Parent Free Cash Flow.

Appendix

- Q4 and FY 2013 Adjusted EPS[1] — Slides 27-29
- FY 2013 Adjusted PTC[1] — Slides 30-31
- Listed Subs & Public Filers — Slide 32
- SBU Modeling Disclosures — Slides 33-34
- Parent Only Cash Flow — Slides 35-37
- Asset Sales — Slide 38
- Assumptions for 2014-2018 Outlook — Slide 39
- 2014 Guidance Estimated Sensitivities — Slide 40
- Currency and Commodities — Slides 41-42
- AES Modeling Disclosures — Slide 43
- Construction Program — Slides 44-45
- Reconciliations — Slides 46-52
- Assumptions & Definitions — Slides 53-55

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

Q4 2013 Adjusted EPS[1] Decreased $0.02



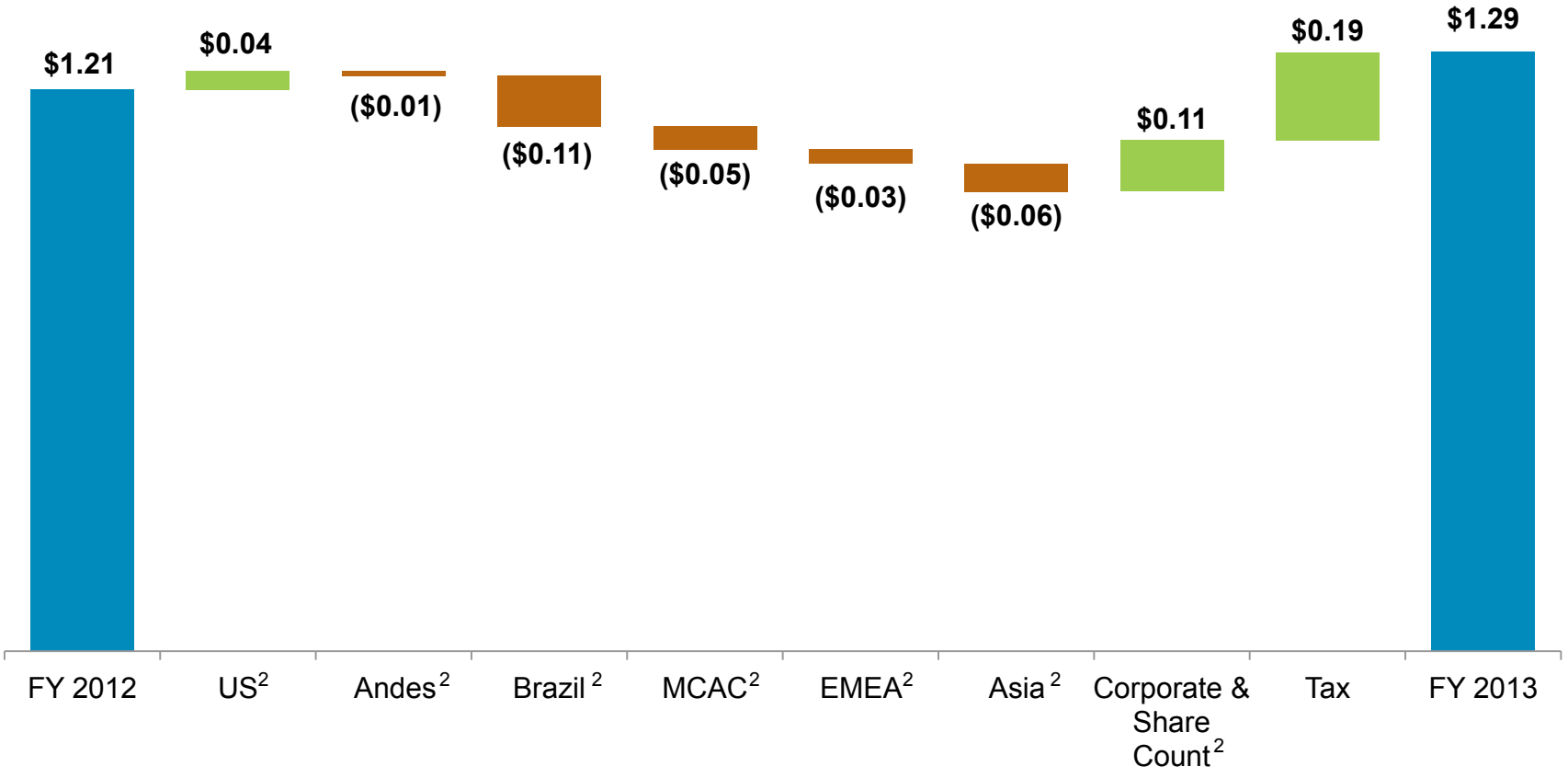
1. A non-GAAP financial measure. See reconciliation on Slide 46 and "definitions".
2. Adjusted EPS impacts assume weighted average tax rate of 18% and share count of 744 million.

Q4 2013 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts	Q4 2013	Q4 2012	Variance
Adjusted PTC[1]			
US	$112	$89	$23
Andes	$78	$102	($24)
Brazil	$8	$74	($66)
MCAC	$83	$122	($39)
EMEA	$110	$87	$23
Asia	$41	$60	($19)
Total SBUs	**$432**	**$534**	**($102)**
Corp/Other	($167)	($195)	$28
Total AES Adjusted PTC[1,2]	**$265**	**$339**	**($74)**
Adjusted Effective Tax Rate	18%	30%	
Diluted Share Count	744	748	
ADJUSTED EPS[1]	**$0.29**	**$0.31**	**($0.02)**

1. A non-GAAP financial measure. See reconciliation on Slide 46 and "definitions".
2. Includes $7 million and ($4) million of after-tax adjusted equity in earnings for fourth quarter 2013 and fourth quarter 2012, respectively.

FY 2013 Adjusted EPS[1] Increased $0.08



1. A non-GAAP financial measure. See reconciliation on Slide 47 and "definitions".
2. Adjusted EPS impacts assume weighted average tax rate of 21% and share count of 748 million.

FY 2013 Adjusted PTC[1] Summary

$ in Millions

SBU	FY 2013	FY 2012	Variance	Key Drivers
US	$440	$403	$37	+ Beaver Valley PPA termination + DPL: Lower amortization expense, offset by customer switching and lower capacity margins – IPL: Higher maintenance costs from planned outages
Andes	$353	$369	($16)	– Chivor: Low hydrology – AES Gener: Lower prices and higher energy purchases, offset by COD at Ventanas IV + AES Argentina: Higher income
Brazil	$212	$321	($109)	– Weaker Brazilian Real – Tietê: Low hydrology – Sul: Tariff reset and lower demand – Eletropaulo: Recognition of regulatory liability related to shielded asset base

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

FY 2013 Adjusted PTC[1] Summary (Continued)

$ in Millions, Except Per Share Amounts

SBU	FY 2013	FY 2012	Variance	Key Drivers
MCAC	$339	$387	($48)	– Panama: Low hydrology + Dominican Republic: Higher volumes and prices
EMEA[2]	$345	$375	($30)	– One-time favorable arbitration at Cartagena in 2012 + Kilroot: Higher dark spreads
Asia	$142	$201	($59)	– Masinloc: Higher contracted sales – China asset sales in 2012
Total SBUs	**$1,831**	**$2,056**	**($225)**	
Corp/Other	($624)	($717)	$93	
Total AES Adjusted PTC[1,3]	**$1,207**	**$1,339**	**($132)**	
Adjusted Effective Tax Rate	21%	32%		
Diluted Share Count	748	760		
ADJUSTED EPS[1]	**$1.29**	**$1.21**	**$0.08**	

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Amounts previously reported have been recast to reflect the reclassification of Cameroon businesses as discontinued operations.
3. Includes $59 million and $53 million of after-tax adjusted equity in earnings for full year 2013 and full year 2012, respectively.

FY 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	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
US GAAP Reconciliation										
Business Unit Adjusted Earnings to AES [1,3]	**$61**	**$69**	**$107**	**$79**	**$202**	**$197**	**($9)**	**($1)**	**$99**	**$116**
AES Business Unit Adjusted PTC[1]	**$99**	**$117**	**$142**	**$122**	**$256**	**$291**	**($13)**	**($2)**	**$148**	**$172**
Impact of AES Adjustments excluded from Public Filings	-	-	-	-	$5	$7	-	-	-	-
Adjusted PTC[1,3] Public Filer (Stand-alone)	$99	$117	$142	$122	$261	$298	($13)	($2)	$148	$172
Unrealized Derivatives (Losses)/Gains	-	-	($6)	$13	$1	$1	-	-	-	-
Unrealized Foreign Currency Transaction Losses	-	-	-	-	($6)	($6)	-	-	-	-
Impairment Losses	-	-	($333)	($1,817)	-	-	-	-	-	-
Disposition/Acquisition	-	-	-	-	-	-	-	-	-	-
Loss on Extinguishment of Debt	-	-	($3)	-	-	-	-	($1)	-	-
Non-Controlling Interest before Tax	$3	$3	$1	$1	$109	$121	($55)	$3	$491	$556
Income Tax Benefit/(Expenses)	($38)	($48)	($22)	($48)	($85)	($143)	$20	$6	($210)	($238)
US GAAP Income/(Loss) from Continuing Operations[4]	**$64**	**$72**	**($221)**	**($1,729)**	**$280**	**$271**	**($48)**	**$6**	**$429**	**$490**
IFRS Reconciliation										
Adjustment to Depreciation & Amortization[5]					($54)	($55)	($46)	($56)	($27)	($32)
Adjustment to Regulatory Liabilities & Assets[6]							$236	$123	-	-
Adjustment to Taxes[7]					$1	($4)	($71)	($16)	$14	$17
Other Adjustments					($29)	($8)	$15	($22)	($8)	($10)
IFRS Net Income					**$198**	**$204**	**$86**	**$35**	**$408**	**$465**
BRL-USD Implied Exchange Rate							2.3078	1.5915	2.1577	1.9382

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.
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 Tietê).

FY 2013 SBU Modeling Disclosures

$ in Millions	Adjusted PTC[1]	Interest Expense[2]			Interest Income			Depreciation & Amortization[2]		
		Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional
US[2]	$440	$290	-	$290	-	-	-	$440	-	$440
Andes[2]	$353	$135	($36)	$99	$37	($3)	$34	$186	($49)	$137
Brazil[2]	$212	$364	($250)	$114	$210	($142)	$68	$259	($172)	$87
MCAC[2]	$339	$138	($21)	$117	$20	($4)	$16	$145	($32)	$113
EMEA[2]	$345	$80	($9)	$71	$2	-	$2	$155	($8)	$147
Asia[2]	$142	$30	($3)	$27	$6	($1)	$5	$33	($3)	$30
Subtotal	**$1,831**	**$1,037**	**($319)**	**$718**	**$275**	**($150)**	**$125**	**$1,218**	**($264)**	**$954**
Corp/Other	($624)	$445	-	$445	-	-	-	$21	-	$21
TOTAL	**$1,207**	**$1,482**	**($319)**	**$1,163**	**$275**	**($150)**	**$125**	**$1,239**	**($264)**	**$975**

1. A non-GAAP financial measure. See reconciliation on Slide 47 and “definitions”.
2. Excludes interest expense and depreciation and amortization of discontinued businesses.

FY 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	$4,985	-	$4,985	$293	-	$293
Andes	$3,165	($945)	$2,220	$785	($235)	$550
Brazil[1]	$2,090	($1,373)	$717	$982	($736)	$246
MCAC	$2,285	($263)	$2,022	$603	($69)	$534
EMEA	$1,576	($207)	$1,369	$267	($37)	$230
Asia	$1,279	($434)	$845	$81	($16)	$65
Subtotal	**$15,380**	**($3,222)**	**$12,158**	**$3,011**	**($1,093)**	**$1,918**
Corp/Other	$5,669	-	$5,669	$437	-	$437
TOTAL	**$21,049**	**($3,222)**	**$17,827**	**$3,448**	**($1,093)**	**$2,355**

1. In addition to total debt, Eletropaulo has $1.1 billion of pension plan liabilities. AES owns 16% of Eletropaulo.

Parent Sources & Uses of Liquidity

$ in Millions	Q4		FY	
	2013	2012	2013	2012
SOURCES				
Total Subsidiary Distributions[1]	$402	$450	$1,260	$1,332
Proceeds from Asset Sales, Net	$6	$25	$246	$603
Financing Proceeds, Net	-	-	$746	-
Increased/(Decreased) Credit Facility Commitments	-	-	-	-
Issuance of Common Stock, Net	$2	$2	$13	$9
Total Returns of Capital Distributions & Project Financing Proceeds	$30	($100)	$193	$29
Beginning Parent Company Liquidity[2]	$993	$1,239	$1,106	$693
Total Sources	**$1,433**	**$1,616**	**$3,564**	**$2,666**
USES				
Repayments of Debt	($2)	($228)	($1,210)	($236)
Shareholder Dividend	($30)	($30)	($119)	($30)
Repurchase of Equity	($258)	-	($321)	($301)
Investments in Subsidiaries, Net	($11)	($30)	($198)	($195)
Cash for Development, Selling, General & Administrative and Taxes	($52)	($52)	($298)	($330)
Cash Payments for Interest	($143)	($156)	($446)	($479)
Changes in Letters of Credit and Other, Net	($6)	($14)	($41)	$11
Ending Parent Company Liquidity[2]	($931)	($1,106)	($931)	($1,106)
Total Uses	**($1,433)**	**($1,616)**	**($3,564)**	**($2,666)**

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

Q4 and FY 2013 Subsidiary Distributions[1]

Subsidiary Distributions[1] by SBU		
$ in Millions	Q4 2013	FY 2013
US	$83	$277
Andes	$55	$148
Brazil	$29	$152
MCAC	$90	$216
EMEA	$123	$275
Asia	$22	$172
Corporate & Other[2]	-	$20
TOTAL	**$402**	**$1,260**

Top Ten Subsidiary Distributions[1] by Business							
Q4 2013				FY 2013			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Gener (Andes)	$55	Los Mina (MCAC)	$25	Gener (Andes)	$148	IPALCO (US)	$105
Kilroot (EMEA)	$54	Ballylumford (EMEA)	$22	Masinloc (Asia)	$142	Ballylumford (EMEA)	$58
Brasiliana (Brazil)	$29	Andres (MCAC)	$19	Kilroot (EMEA)	$135	SUL (Brazil)	$45
IPALCO (US)	$27	Shady Point (US)	$19	Andres (MCAC	$108	Beaver Valley (US)	$39
Maritza East Wasteco (EMEA)	$26	Masinloc (Asia)	$17	Brasiliana (Brazil)	$107	Southland (US)	$35

1. See “definitions”.
2. Corporate & Other includes Global Insurance and Silver Ridge Power Corporation.

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

$ in Millions	Quarter Ended			
	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$402	$348	$308	$202
Total Return of Capital Distributions to Parent & QHCs[3]	$30	-	$1	$162
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$432**	**$348**	**$309**	**$364**

$ in Millions	Balance as of			
	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Cash at Parent & QHCs[3]	$132	$196	$111	$425
Availability Under Credit Facilities	$799	$797	$797	$797
Ending Liquidity	**$931**	**$993**	**$908**	**$1,222**

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

Narrowing Our Geographic Focus: Since September 2011, Sold 24 Assets and Exited 8 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
Sonel, Dibamba and Kribi	Cameroon		$220	$220	
Wind Project & Pipeline	India & Poland		$16	$16	
3 Wind Projects	U.S.		$27	$27	Limited growth
TOTAL		**$900**	**$497**	**$1,397**	

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

Key Assumptions for 2014-2018 Outlook

- Foreign currency and commodity forward curves as of December 31, 2013
- Adjusted effective tax rate in low- to mid-30% range, which includes anticipated extension of CFC look-thru rule
- Continued progress to achieve operating efficiencies
- $500-$700 million of additional asset sales by 2015, beyond what has been announced as of February 26, 2014
- Uses of Parent discretionary cash:
  - Quarterly dividend ($145 million annually)
  - $400 million remaining equity investment in on-going construction projects (~$200 million in 2014 and remaining in 2015-2016)
  - Capital allocation

2014 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over 2014 is equal to a 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:

	2014	
	Average Rate	Sensitivity
Argentine Peso (ARS)	8.36	$0.005
Brazilian Real (BRL)	2.46	$0.020
Colombian Peso (COP)	1,957	$0.010
Euro (EUR)	1.37	$0.010

Commodity Sensitivity

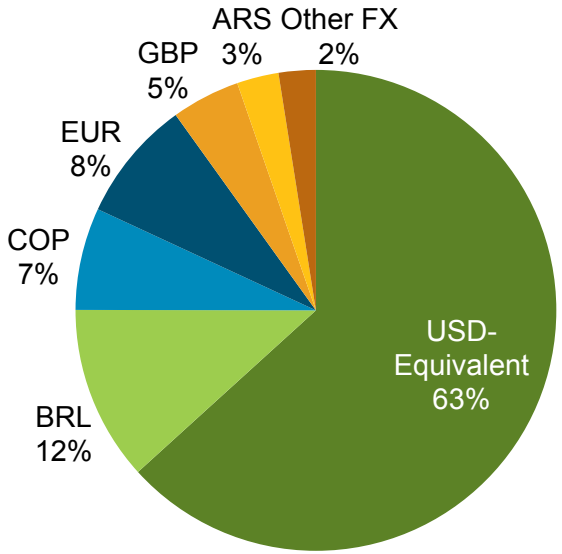
10% increase in commodity prices is forecasted to have the following EPS impacts:	2014	
	Average Rate	Sensitivity
NYMEX Coal	$58/ton	$0.010, negative correlation
Rotterdam Coal (API 2)	$82/ton	
NYMEX WTI Crude Oil	$96/bbl	$0.015, positive correlation
IPE Brent Crude Oil	$109/bbl	
NYMEX Henry Hub Natural Gas	$4.2/mmbtu	$0.025, positive correlation
UK National Balancing Point Natural Gas	£0.67/therm	

Note: Guidance provided on February 26, 2014. 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 full-year 2014 adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. 2014 guidance is based on currency and commodity forward curves and forecasts as of December 31, 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 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.

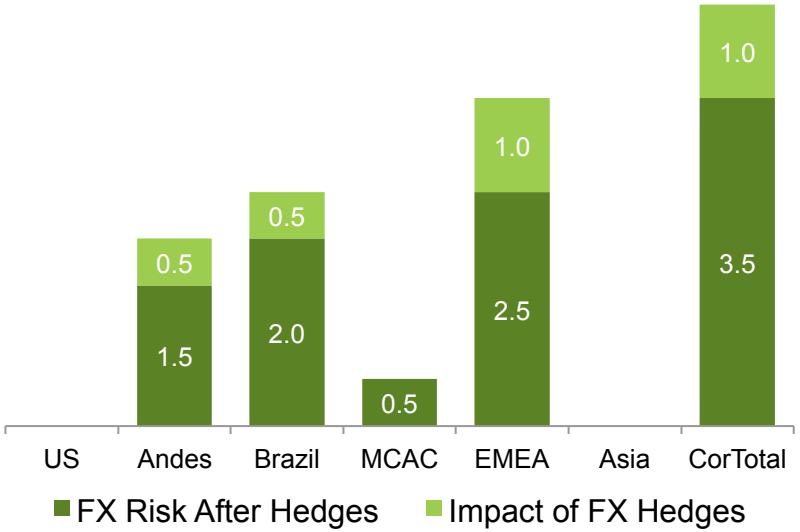
1. The move is applied to the floating interest rate portfolio balances as of December 31, 2013.

Foreign Exchange (FX) Risk Mitigated Through Structuring of Our Businesses and Active Hedging

2014 Adjusted PTC[1]: $2 Billion FX Risk by Currency



2014 Full Year FX Sensitivity[2,3] by SBU (Cents Per Share)

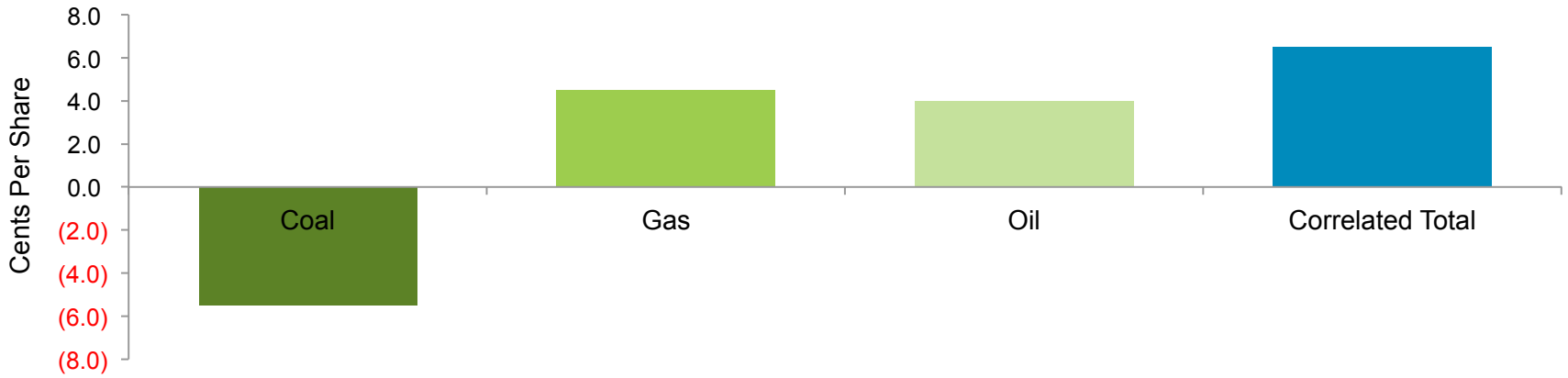


- 63% of 2014 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our PPAs
- FX risk mitigated on 12-month rolling basis by shorter-term active FX hedging programs

1. Before Corporate Charges. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Sensitivity to a 10% appreciation of USD relative to foreign currency.
3. Andes includes Argentina and Colombia businesses only due to limited translational impact of USD appreciation to Chilean businesses.

Commodity Exposure is Largely Hedged Through 2015, Long on Natural Gas in Medium- to Long-Term

Full Year 2016 Adjusted EPS[1] Commodity Sensitivity[2] for 10% Change in Commodity Prices



- Primarily hedged in 2014 – correlated sensitivity in 2014 is $0.025
- Coal fleet at DP&L, which is only hedged through 2015, is the primary driver of increase in sensitivity to coal and gas

1. A non-GAAP financial measure. See Appendix for definition.
2. Domestic and International sensitivities are combined and assumes each fuel category moves 10%. Adjusted EPS is negatively correlated to coal price movement, and positively correlated to gas and oil price movements.

AES Modeling Disclosures

$ in Millions	2013 Assumptions	2014 Assumptions
Income Statement Assumptions		
Adjusted PTC[1]	$1,220-$1,305	$1,250-$1,490
Tax Rate	23%-25%	~30%
Diluted Share Count	749	730
Parent Company Cash Flow Assumptions		
Subsidiary Distributions (a)	$1,150-$1,250	$1,150-$1,250
Cash Interest (b)	$450	$400
Cash for Development, General & Administrative and Tax (c)	$300	$300
Parent Free Cash Flow (a – b – c)	$400-$500	$450-$550

- 2013: Commodity and foreign currency exchange rates forward curves as of October 31, 2013
- 2014: Commodity and foreign currency exchange rates forward curves as of December 31, 2013

1. A non-GAAP financial measure. See reconciliation on Slides 50-51 and “definitions”.

Attractive Returns from 2014-2018 Construction Pipeline

$ in Millions, Unless Otherwise Stated

Project	Country	AES Ownership	Fuel	Gross MW	Expected COD	Total Capex	Total AES Equity	ROE	Comments
Construction Projects Coming On-Line 2014-2018									
IPP4	Jordan	60%	Oil/Gas/ Distillate	247	2H 2014	$340	$51		
Tunjita	Colombia	71%	Hydro	20	2H 2014	$67	$2[1]		Lease capital structure at Chivor
Guacolda V	Chile	36%	Coal	152	2H 2015	$454	$48		
Mong Duong 2	Vietnam	51%	Coal	1,240	2H 2015	$1,948	$249		
IPL MATS	US	100%	Coal		1H 2016	$511	$230		Environmental (MATS) upgrades of 2,400 MW
Cochrane	Chile	42%	Coal	532	1H 2016	$1,350	$127		
OPGC II	India	49%	Coal	1,320	1H 2018	$1,600	$225		
Alto Maipo	Chile	42%	Hydro	531	2H 2018	$2,050	$335		
ROE[2] IN 2018								**~14%**	**Weighted average; net income divided by AES equity contribution**
CASH YIELD[2] IN 2018								**~15%**	**Weighted average; subsidiary distributions divided by AES equity contribution**

1. AES equity contribution equal to 71% of AES Gener's equity contribution to the project.
2. Based on projections. See our 2013 Form 10-K for further discussion of development and construction risks.

4,082 MW Under Construction[1] as of February 25, 2014

	Generation (Thermal)						Generation (Renewables)	
	Jordan	Chile	Vietnam	Chile	India	Chile	Colombia	Chile
Project	IPP 4 Jordan	Guacolda V	Mong Duong 2	Cochrane	OPGC II	Alto Maipo	Tunjita	Cochrane ES
% Owned	60%	35%	51%	42%	49%	42%	71%	42%
Type	Heavy Fuel Oil	Coal	Coal	Coal	Coal	Hydro	Hydro	Energy Storage
Gross MW	247 MW	152 MW	1,240 MW	532 MW	1,320 MW	531 MW	20 MW	40 MW
Expected Commercial Operations Date	2H 2014	2H 2015	2H 2015	1H 2016	1H 2018	2H 2018	2H 2014	1H 2016

1. Does not include 2,400 MW of MATS upgrades at IPL or projects under construction at our solar JV, Silver Ridge Power Corporation.

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

Reconciliation of Q4 Adjusted PTC[1] & Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	Q4 2013		Q4 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	($170)	($0.23)	$215	$0.29
Add Back Income Tax Expense from Continuing Operations Attributable to AES	$60		$104	
Pre-Tax Contribution	($110)		$319	
Adjustments				
Unrealized Derivative (Gains)/Losses[3]	($11)	($0.02)	$32	$0.04
Unrealized Foreign Currency Transaction (Gains)/Losses[4]	$18	$0.01	($6)	($0.02)
Impairment (Gains)/Losses	$351	$0.52[5]	($22)	($0.01)[6]
Loss on Extinguishment of Debt	$17	$0.01[7]	$16	$0.01[8]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$265**	**$0.29**	**$339**	**$0.31**

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 $0.00 and $0.01 in the three months ended December 31, 2013 and 2012, respectively.
4. Unrealized foreign currency transaction (gains) losses were net of income tax per share of $0.01 and $0.01 in the three months ended December 31, 2013 and 2012, respectively.
5. Amount primarily relates to the goodwill impairments at DPL of $307 million ($307 million, or $0.41 per share, net of income tax per share of $0.00) and at Mountain View of $7 million ($7 million, or $0.01 per share, net of income tax per share of $0.00). Amount also includes other-than-temporary impairment of our equity method investment at Elsta in the Netherlands of $7 million ($39 million, or $0.05 per share, net of income tax per share of $(0.04)), at DPL of $26 million ($17 million, or $0.02 per share, net of income tax per share of $0.01), at El Salvador for $4 million ($4 million, or $0.01 per share, net of income tax per share of $0.00).
6. Amount primarily relates to the reduction in the goodwill impairment at DPL of $33 million ($33 million, or $(0.04) per share, net of income tax per share of $0.00).
7. Amount primarily relates to the loss on retirement of debt at Changuinola of $14 million ($10 million, or $0.01 per share, net of income tax per share of $0.01).
8. Amount primarily relates to the loss on retirement of debt at the Parent Company of $15 million ($10 million, or $0.01 per share, net of income tax per share of $0.01).

Reconciliation of FY Adjusted PTC[1] & Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	FY 2013		FY 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 (Loss) from Continuing Operations Attributable to AES and Diluted EPS from Continuing Operations	$284	$0.38	($960)	($1.26)
Add Back Income Tax Expense from Continuing Operations Attributable to AES	$156		$431	
Pre-Tax Contribution	$440		($529)	
Adjustments				
Unrealized Derivative (Gains)/Losses[3]	($57)	($0.05)	$120	$0.11
Unrealized Foreign Currency Transaction (Gains)/Losses[4]	$41	$0.02	($13)	($0.02)
Disposition/Acquisition (Gains)	($30)	($0.03)[5]	($206)	($0.18)[6]
Impairment Losses	$588	$0.75[7]	$1,951	$2.55[8]
Loss on Extinguishment of Debt	$225	$0.22[9]	$16	$0.01[10]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$1,207**	**$1.29**	**$1,339**	**$1.21**

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 $0.04 in 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 2013 and 2012, respectively.
5. Amount primarily relates to the gain from the sale of the remaining 20% of our interest in Cartagena for $20 million ($15 million, or $0.02 per share, net of income tax per share of $0.01) as well as the gain from the sale of Trinidad for $3 million ($4 million, or $0.01 per share, net of income tax per share of $0.00).
6. Amount primarily relates to the gains from the sale of 80% of our interest in Cartagena for $178 million ($109 million, or $0.14 per share, net of income tax per share of $0.09) and equity method investments in China of $24 million ($25 million, or $0.03 per share, including an income tax credit of $1 million, or income tax per share of $0.00).
7. Amount primarily relates to the goodwill impairments at DPL of $307 million ($307 million, or $0.41 per share, net of income tax per share of $0.00), at Ebute of $58 million ($58 million, or $0.08 per share, net of income tax per share of $0.00) and at Mountain View of $7 million ($7 million, or $0.01 per share, net of income tax per share of $0.00). Amount also includes other-than-temporary impairment of our equity method investment at Elsta in the Netherlands of $129 million ($128 million, or $0.17 per share, net of income tax per share of $0.00) and asset impairments at Beaver Valley of $46 million ($30 million, or $0.04 per share, net of income tax per share of $0.02), at DPL of $26 million ($17 million, or $0.02 per share, net of income tax per share of $0.01), at Itabo (San Lorenzo) of $16 million ($6 million, or $0.01 per share, net of noncontrolling interest of $8 million and of income tax per share of $0.00), at El Salvador for $4 million ($4 million, or $0.01 per share, net of income tax per share of $0.00).
8. Amount primarily relates to the goodwill impairment at DPL of $1.82 billion ($1.82 billion, or $2.39 per share, net of income tax per share of $0.00). Amount also includes other-than-temporary impairment of equity method investments in China of $32 million ($32 million, or $0.04 per share, net of income tax per share of $0.00), and at InnoVent of $17 million ($17 million, or $0.02 per share, net of income tax per share of $0.00), as well as asset impairments of Wind turbines and projects of $41 million ($26 million, or $0.03 per share, net of income tax per share of $0.02) and asset impairments at Kelanitissa of $19 million ($17 million, or $0.02 per share, net of noncontrolling interest of $2 million and of income tax per share of $0.00) and at St. Patrick of $11 million ($11 million or $0.01 per share, net of income tax per share of $0.00).
9. Amounts primarily relates to the loss on early retirement of debt at Corporate of $165 million ($107 million, or $0.14 per share, net of income tax per share of $0.08), at Masinloc of $43 million ($39 million, or $0.05 per share, net of income tax per share of $0.00) and Changuinola of $14 million ($10 million, or $0.01 per share, net of income tax per share of $0.01).
10. Amount primarily relates to the loss on retirement of debt at the Parent Company of $15 million ($10 million, or $0.01 per share, net of income tax per share of $0.01).

Reconciliation of Q4 Capex and Free Cash Flow[1]

$ in Millions	Consolidated Q4	
	2013	2012
Operational Capex (a)	$235	$300
Environmental Capex (b)	$66	$23
Maintenance Capex (a + b)	$301	$323
Growth Capex (c)	$512	$336
Total Capex[2] (a + b + c)	**$813**	**$659**

$ in Millions	Consolidated Q4		Proportional[2] Q4	
	2013	2012	2013	2012
Operating Cash Flow	$675	$772	$535	$491
Less Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	($266)	($291)	($186)	($197)
Free Cash Flow[1]	**$409**	**$481**	**$349**	**$294**

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

Reconciliation of FY Capex and Free Cash Flow[1]

$ in Millions	Consolidated FY	
	2013	2012
Operational Capex (a)	$760	$968
Environmental Capex (b)	$211	$75
Maintenance Capex (a + b)	$971	$1,043
Growth Capex (c)	$1,608	$1,227
Total Capex[2] (a + b + c)	**$2,579**	**$2,270**

$ in Millions	Consolidated FY		Proportional[2] FY	
	2013	2012	2013	2012
Operating Cash Flow	$2,715	$2,901	$1,881	$1,935
Less Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	($861)	($989)	($610)	($685)
Free Cash Flow[1]	**$1,854**	**$1,912**	**$1,271**	**$1,250**

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

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

- Commodity and foreign currency exchange rates forward curves as of October 31, 2013

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

Reconciliation of 2014 Guidance

$ in Millions, Except Per Share Amounts

2014 Guidance	
Adjusted EPS[1]	$1.30-$1.38
Proportional Free Cash Flow[1]	$1,000-$1,300
Consolidated Net Cash Provided by Operating Activities	$2,200-$2,800

Reconciliation	Consolidated	Adjustment Factor	Proportional
Consolidated Net Cash Provided by Operating Activities (a)	$2,200-$2,800	$550-$850	$1,650-$1,950
Maintenance & Environmental Capital Expenditures (b)	$700-$1,000	$200	$500-$800
Free Cash Flow[1] (a - b)	$1,350-$1,950	$350-$650	$1,000-$1,300

- Commodity and foreign currency exchange rates forward curves as of December 31, 2013

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

Reconciliation of Net Debt[1] as of December 31, 2013

$ in Millions	
Non-Recourse Debt (Current)	$2,062
Recourse Debt (Current)	$118
Non-Recourse Debt (Noncurrent)	$13,318
Recourse Debt (Noncurrent)	$5,551
Total Debt	**$21,049**
LESS	
Cash & Cash Equivalents	$1,642
Restricted Cash	$597
Short-Term Investments	$668
Debt Service Reserves & Other Deposits	$541
Total	**$3,448**
NET DEBT	**$17,601**

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. For the year and three months ended December 31, 2013, the Company changed the definition of adjusted EPS and adjusted PTC to exclude the gains or losses attributable to AES common stockholders at our equity method investments. The Company made the adjustments to be consistent with Adjusted PTC and Adjusted EPS results from consolidated subsidiaries and because the company now has a controlled process for obtaining this information from our equity method investments. Accordingly, the Company has also reflected the change in the comparative year and three month periods ended December 31, 2013. 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. For the year ended December 31, 2013, the Company changed the definition of Adjusted EPS to exclude the gains or losses attributable to AES common stockholders at our equity method investments for these same types of items. Previously, these amounts were not excluded from the calculation of Adjusted EPS because the Company did not have a controlled process for obtaining this information from our equity method investments. Accordingly, the Company has also reflected the change in the comparative years ended December 31, 2012.
- **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. For the year ended December 31, 2013, the Company changed the definition of Adjusted PTC to exclude the gains or losses attributable to AES common stockholders at our equity method investments for these same types of items. Previously, these amounts were not excluded from the calculation of Adjusted PTC because the Company did not have a controlled process for obtaining this information from our equity method investments. Accordingly, the Company has also reflected the change in the comparative years ended December 31, 2012.
- **Free Cash Flow** (a non-GAAP financial measure) is defined as net cash from operating activities less maintenance capital expenditures (including non-recoverable 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.