

The AES Corporation First Quarter 2014 Financial Review

May 8, 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 38 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.

First Quarter 2014 Earnings Call

Agenda

- Q1 2014 highlights
- Key developments
- Guidance
- Strategy update
- Q1 2014 financial review
- Parent capital allocation plan

Key Takeaways

- Hydrology drier than previously expected
  - Taking steps to mitigate impact
- Selectively pursuing capital efficient, high return platform expansion opportunities
- Reaffirming 2014 guidance ranges for all metrics
  - Expect to be in low end of Adjusted EPS[1] range of $1.30-$1.38
- Reaffirming expectations for 2014-2018

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

Q1 2014 Results

$ in Millions, Except Per Share Amounts	Q1 2014	Q1 2013	FY 2014 Guidance	% of FY 2014 Guidance Midpoint
Adjusted EPS[1]	$0.24	$0.27	$1.30-$1.38	18%
Proportional Free Cash Flow[1]	$129	$361	$1,000-$1,300	11%
Consolidated Net Cash Provided by Operating Activities	$221	$618	$2,200-$2,800	9%

- Adjusted EPS[1] includes a $0.03 impact from outages and lack of gas availability at DPL in the U.S.
- Cash flow results reflect temporary working capital needs due to higher sales in the U.S. and Brazil, expected to be recovered later this year

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

Key Developments – Hydrology

- Chile, Colombia and Argentina in-line with our prior expectations
- Panama and Brazil similarly poor to last year
- Developing real options to mitigate the potential impact – reduced current year impact by $0.04
  - In Panama, converted a 175 MW PPA from financial to physical
  - AES Panama[1] signed agreement with Government of Panama for $100 million in support over three years
  - Bringing a 72 MW fuel oil-fired power barge to Panama
  - Secured gas for 640 MW Uruguaiana plant in Brazil for 60 days
- Potential full year impact on Adjusted EPS[1] of $0.07-$0.10

1. AES has a 49% ownership interest in AES Panama.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.

Reaffirming 2014 Guidance Ranges and Expectations for 2014-2018

- 2014
  - Adjusted EPS[1] guidance of $1.30-$1.38, expect low end of range
    - Includes $0.07-$0.10 potential impact from current hydrological outlook
    - Currency and commodity forward curves as of March 31, 2014
  - Proportional Free Cash Flow[1] guidance of $1,000-$1,300 million
  - Consolidated Net Cash Provided by Operating Activities guidance of $2,200-$2,800 million
- 2014-2018: Free Cash Flow[1] to grow by 10%-15% annually
- 2017-2018: Total return[2] potential increases to 8%-10% annually from current level of 6%-8%

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.

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
- Cost savings
  - Global G&A: $200 million by 2015
  - O&M: $185 million[1] by 2018

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

Expanding Access to Capital

- Building strategic partnerships at the project-level
- Accessing niche financing
- Brought in a new partner at Guacolda in Chile, enhancing our ability to extract synergies

Leveraging Our Platforms

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

1. On a proportional basis. $250 million on a consolidated basis.

Expanding Access to Capital

AES Gener: 608 MW Coal-Fired Guacolda Generation Business

- Exercised right of first offer
- Bought remaining 50% stake in Guacolda for $728 million, then sold a 50% stake less one share, at virtually the same price to Global Infrastructure Partners
- Optimizing operations without investing significant capital
- Expect to extract NPV of $50 to $100 million from synergies



Converting 236 MW Simple Cycle Gas-Fired Plant to Combined Cycle – Increasing Output to 358 MW

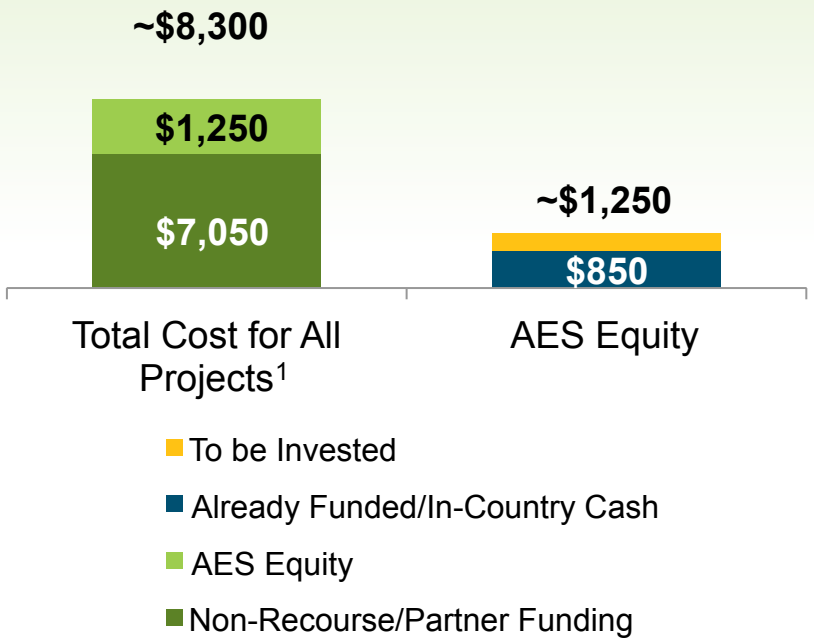
Dominican Power Partners (DPP) Plant



- All permits in place
- Working on:
  - PPAs for approximately 85% of capacity
  - Financing
  - EPC contract
- Operations expected mid-2016

4,082 MW Under Construction and 2,400 MW of Environmental Upgrades Progressing Well; Expected On-Line Through 2018

Construction Program & IPL MATS ($ in Millions)



Estimated Returns[2]

- ROE: 14%
- Cash Yield: 15%

Majority of Project Cost Funded by Partners and Non-Recourse Long-Term Debt

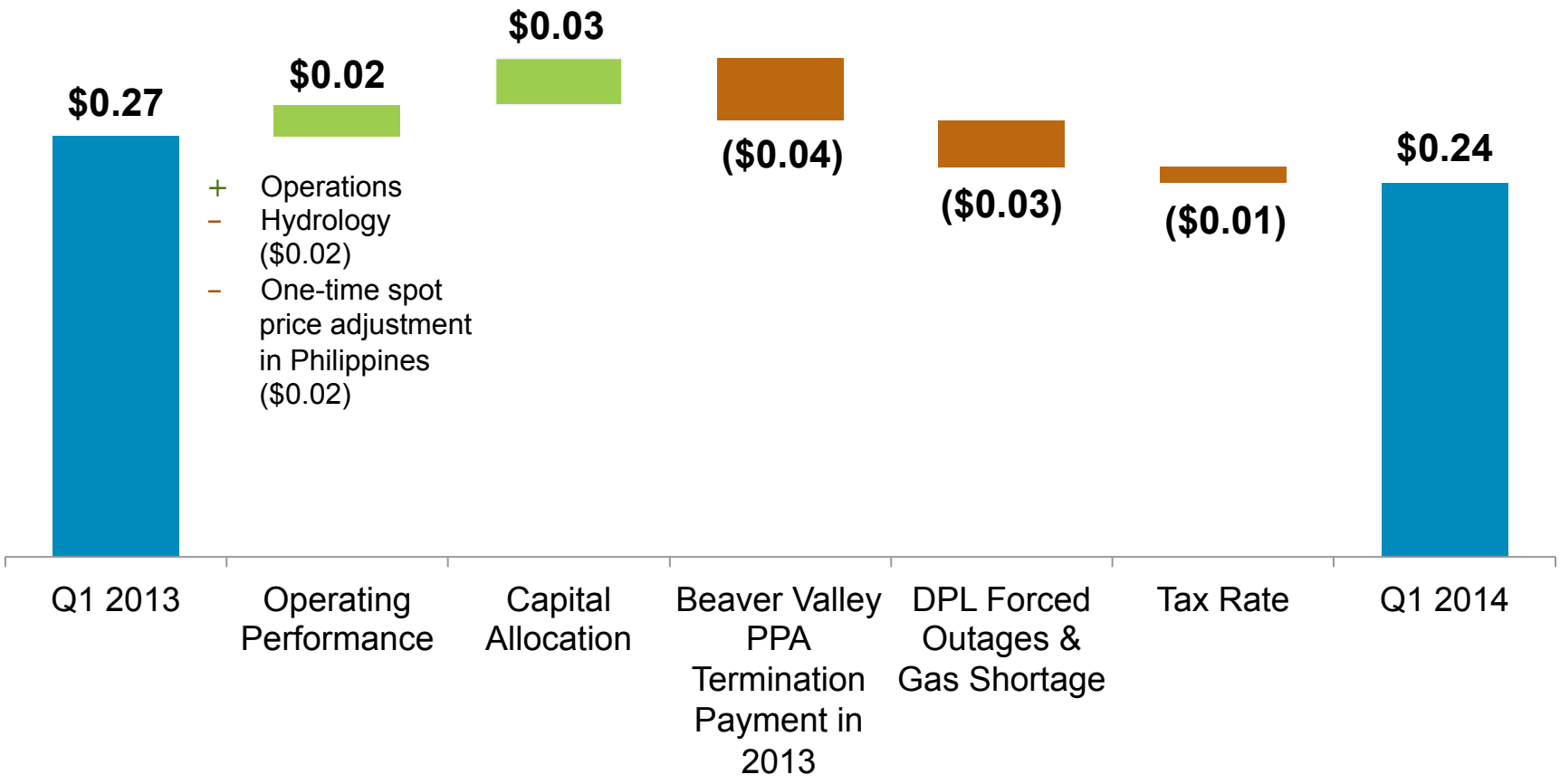
1. 4,082 gross MW or 1,957 proportional MW, plus IPL MATS upgrades. Includes 247 MW IPP4 Jordan heavy fuel oil-fired plant (Jordan), 20 MW Tunjita hydroelectric plant (Colombia), 152 MW Guacolda V coal-fired plant (Chile), 1,240 MW Mong Duong 2 coal-fired plant (Vietnam), 572 MW Cochrane coal-fired plant 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 32 for details.

Q1 2014 Financial Review

- Q1 2014 results
  - Adjusted EPS[1]
  - Adjusted PTC[1] by Strategic Business Unit (SBU)
  - Proportional Free Cash Flow[1] (Prop FCF)
- 2014 capital allocation plan

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

Q1 2014 Adjusted EPS[1] Decreased $0.03



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

Full Year 2014 Adjusted EPS[1] Impact from Poor Hydrology Now $0.07-$0.10 Per Share, Including $0.02 in Q1 2014

Previously Expecting Largely Normal Hydrological Conditions Across Markets

Chile, Colombia & Argentina	Panama	Brazil
● In-line with prior expectations	● Experienced low inflows in first quarter ● Rainy season: May-November; forecast for the remainder of the year is 25% below average ● Proactive steps mitigate potential impact in 2014 by $0.04 per share	● Lower rainfall during the rainy season in first quarter ● Now expect continued dry conditions through next rainy season, beginning in November

Reduced 2014 Impact Through Proactive Steps Despite Drier Hydrology than 2013

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

Proposed Chilean Tax Reform

- Income tax
  - Phased-in increase in corporate income tax rate from 20% to 25% by 2017
  - Starting from 2017, 10% withholding tax accrued on profits when earned rather than distributed
  - Beyond 2014 one-time impact included in guidance, no material impact in the near-term
- Emissions taxes
  - Starting from 2017, introduction of emissions taxes including carbon tax
  - $0.02-$0.03 per share impact in 2017 should be offset by recovery in power prices and should decline thereafter
- Enactment anticipated in the second half of 2014

Q1 2014 Adjusted PTC[1] Summary

$ in Millions

SBU	Q1 2014	Q1 2013	Variance	Key Drivers
US	$75	$133	($58)	– Beaver Valley PPA termination payment in 2013 – DPL forced outages and gas shortage + Wind businesses + Better availability in Hawaii
Andes	$53	$81	($28)	– Planned maintenance in Chile – Higher energy purchases in Chile – Unfavorable FX in Argentina and Chile
Brazil	$69	$42	$27	+ Tietê spot sales + Higher demand at Eletropaulo and Sul – Devaluation of the Brazilian Real
MCAC	$65	$56	$9	+ Higher availability and contract prices in the Dominican Republic – Lower hydrology in Panama

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

Q1 2014 Adjusted PTC[1] Summary (Continued)

$ in Millions, Except Per Share Amounts

SBU	Q1 2014	Q1 2013	Variance	Key Drivers
EMEA[2]	$115	$96	$19	+ Higher operating performance in Bulgaria and Northern Ireland + New wind businesses in United Kingdom
Asia	$8	$31	($23)	– Outages and a one-time adjustment related to spot prices in 2013 in the Philippines
Total SBUs	**$385**	**$439**	**($54)**	
Corp/Other	($142)	($169)	$27	+ Lower Parent interest and G&A
Total AES Adjusted PTC[1,3]	**$243**	**$270**	**($27)**	
Adjusted Effective Tax Rate	30%	26%		
Diluted Share Count	727	749		
ADJUSTED EPS[1]	**$0.24**	**$0.27**	**($0.03)**	

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 $30 million and $12 million of after-tax adjusted equity in earnings for first quarter 2014 and first quarter 2013, respectively.

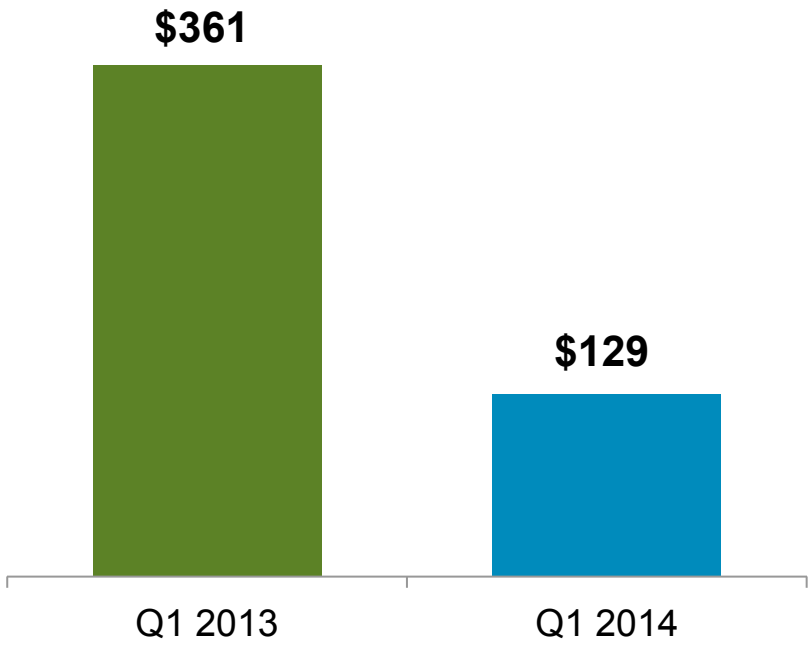
Q1 2014 Proportional Free Cash Flow (Prop FCF)[1] Results

$ in Millions

Key Drivers

- – Beaver Valley PPA termination payment in 2013
- + Lower maintenance capex at utilities in the U.S. and Brazil
- + Higher collections in the Dominican Republic
- + Lower tax payments in Colombia
- – Higher working capital needs in Brazil and at DPL in the U.S. due to higher sales

Prop FCF[1]



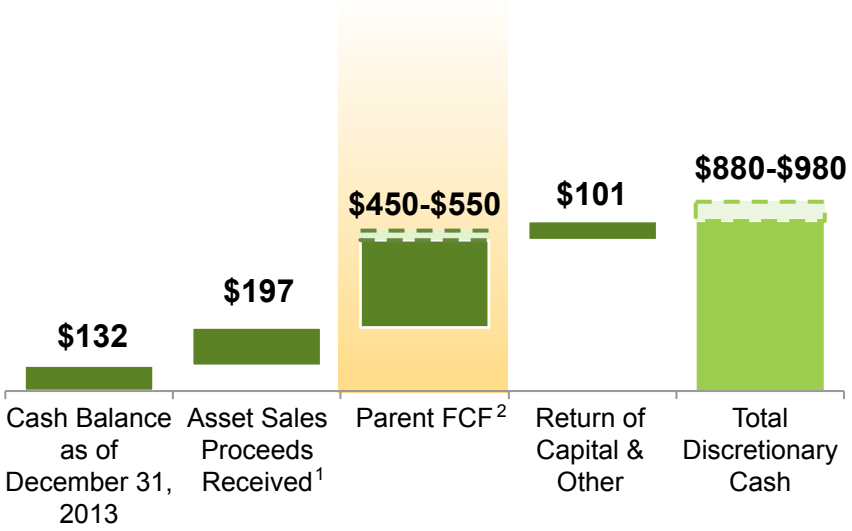
Liquidity Enhancement Initiatives will Help Us to Achieve Full Year Guidance of $1,000-$1,300 Million

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

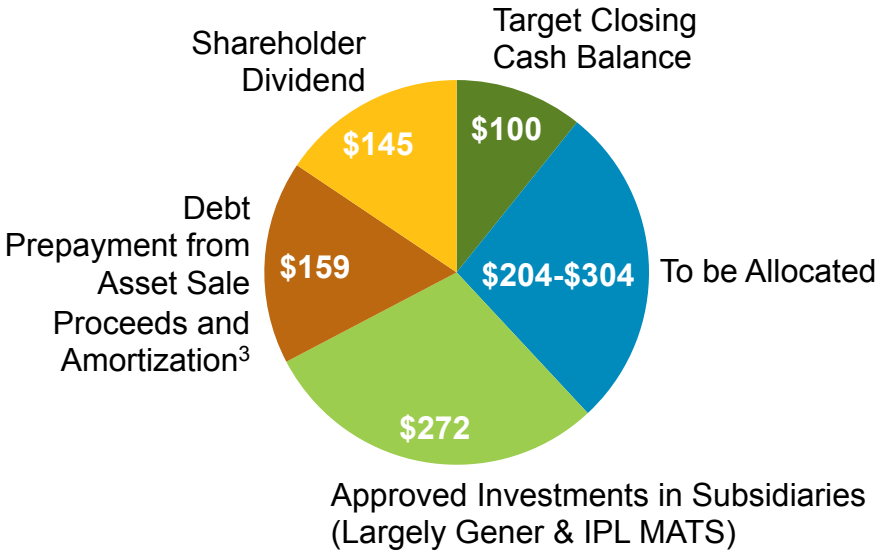
2014 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($880-$980)



Discretionary Cash – Uses ($880-$980)



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

1. Includes announced or 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, $8 million scheduled amortization of senior secured term loan and $11 million net use of cash related to March 2014 refinancing.

Key Takeaways

- Reaffirming 2014 Adjusted EPS[1] guidance of $1.30-$1.38; expect to be in low end of range
- Reaffirming 2014 Proportional Free Cash Flow[1] guidance of $1,000-$1,300 million
- Pulling all levers to meet our commitments
  - Cost management efforts
  - Accelerated capital allocation
  - Strategic initiatives
- 2014-2018: Free Cash Flow[1] to grow by 10%-15% annually
- 2017-2018: Total return[2] potential increases to 8%-10% annually from current level of 6%-8%

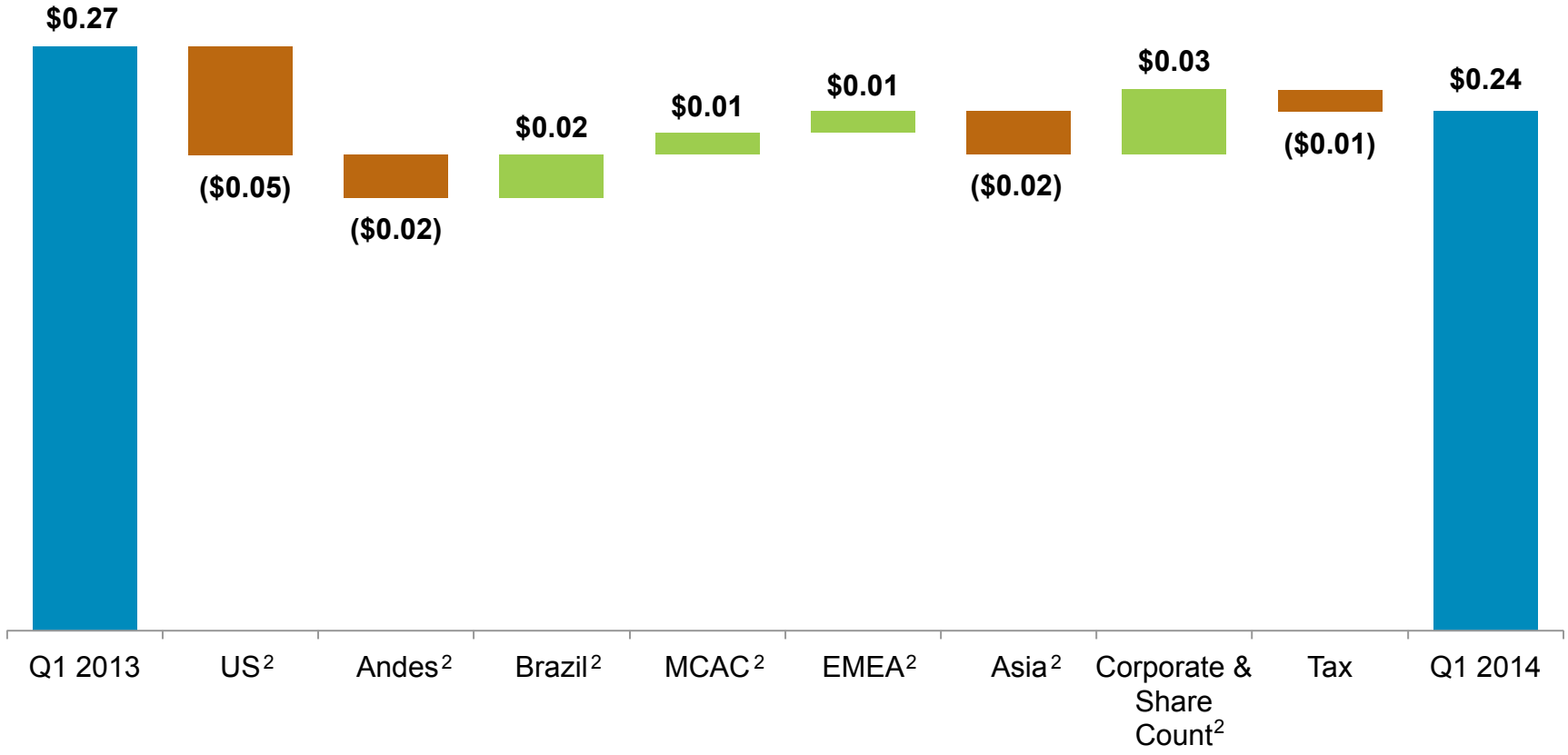
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2. Current total return is based on 4%-6% Adjusted EPS growth and a 1%-2% dividend. Future total return based on 2017-2018 Adjusted EPS growth outlook of 6%-8% and a 1%-2% dividend.

Appendix

- Q1 2014 Adjusted EPS[1] — Slide 21
- Listed Subs & Public Filers — Slide 22
- Parent Only Cash Flow — Slides 23-25
- Asset Sales — Slide 26
- Assumptions for 2014-2018 Outlook — Slide 27
- 2014 Guidance Estimated Sensitivities — Slide 28
- Currency and Commodities — Slides 29-30
- AES Modeling Disclosures — Slide 31
- Construction Program — Slides 32-33
- Reconciliations — Slides 34-37
- Assumptions & Definitions — Slides 38-40

1. A non-GAAP financial measure.

Q1 2014 Adjusted EPS[1] Decreased $0.03



1. A non-GAAP financial measure. See reconciliation on Slide 34 and "definitions".
2. Adjusted EPS impacts assume weighted average tax rate of 30% and share count of 727 million.

First Quarter 2013-2014 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	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
US GAAP Reconciliation										
Business Unit Adjusted Earnings to AES [1,3]	**23**	**21**	**2**	**28**	**40**	**55**	**3**	**1**	**38**	**23**
AES Business Unit Adjusted PTC[1]	**34**	**33**	**3**	**37**	**50**	**75**	**5**	**1**	**56**	**35**
Impact of AES Adjustments excluded from Public Filings	-	-	-	-	-	2	-	-	-	-
Adjusted PTC[1,3] Public Filer (Stand-alone)	**34**	**33**	**3**	**37**	**50**	**77**	**5**	**1**	**56**	**35**
Unrealized Derivatives (Losses)/Gains	-	-	(6)	(11)	-	-	-	-	-	-
Unrealized Foreign Currency Transaction Losses	-	-	-	-	(8)	(3)	-	-	-	-
Impairment Losses	-	-	(147)	-	-	-	-	-	-	-
Disposition/Acquisition Gains	-	-	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	(1)	-	-	-	-	-
Non-Controlling Interest before Tax	1	1	-	-	17	31	29	8	179	115
Income Tax Benefit/(Expenses)	(11)	(12)	(99)	(6)	(15)	(28)	(11)	(3)	(77)	(49)
US GAAP Income/(Loss) from Continuing Operations[4]	**24**	**22**	**(249)**	**20**	**43**	**77**	**23**	**6**	**158**	**101**
IFRS Reconciliation										
Adjustment to Depreciation & Amortization[5, 6]					(13)	(14)	(10)	(15)	(6)	(8)
Adjustment to Regulatory Liabilities & Assets[7]							(159)	15	-	-
Adjustment to Taxes[8]					3	4	49	(1)	-	2
Other Adjustments					(12)	(5)	24	(6)	(1)	(2)
IFRS Net Income					**21**	**62**	**(73)**	**(1)**	**151**	**93**
BRL-USD Implied Exchange Rate							2.5002	1.9975	2.3668	1.9992

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. Compared to previously reported Q1 2013 IFRS amounts for Eletropaulo, $7 million was moved from depreciation to other adjustments to allows better comparability.
7. Adjustment to regulatory assets and liabilities in Brazil is required as IFRS does not recognize such assets or liabilities.
8. 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).

Parent Sources & Uses of Liquidity

$ in Millions	Q1	
	2014	2013
SOURCES		
Total Subsidiary Distributions[1]	$232	$202
Proceeds from Asset Sales, Net	$33	$55
Financing Proceeds, Net	$743	-
Increased/(Decreased) Credit Facility Commitments	-	-
Issuance of Common Stock, Net	$1	$2
Total Returns of Capital Distributions & Project Financing Proceeds	$9	$162
Beginning Parent Company Liquidity[2]	$931	$1,106
Total Sources	**$1,949**	**$1,527**
USES		
Repayments of Debt	($866)	($2)
Shareholder Dividend	($36)	($30)
Repurchase of Equity	-	-
Investments in Subsidiaries, Net	($29)	($75)
Cash for Development, Selling, General & Administrative and Taxes	($112)	($106)
Cash Payments for Interest	($81)	($78)
Changes in Letters of Credit and Other, Net	-	($14)
Ending Parent Company Liquidity[2]	($825)	($1,222)
Total Uses	**($1,949)**	**($1,527)**

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

Q1 2014 Subsidiary Distributions[1]

Subsidiary Distributions[1] by SBU	
$ in Millions	Q1 2014
US	$65
Andes	-
Brazil	-
MCAC	$115
EMEA	$30
Asia	$1
Corporate & Other[2]	$21
TOTAL	**$232**

Top Ten Subsidiary Distributions[1] by Business			
Q1 2014			
Business	Amount	Business	Amount
Andres (MCAC)	$90	Laurel Mt (US)	$12
Southland (US)	$25	Ebute (EMEA)	$11
Los Mina (MCAC)	$25	Elsta (EMEA)	$8
IPALCO (US)	$20	Warrior Run (US)	$8
Global Insurance (Corporate & Other)	$20	Kilroot (EMEA)	$5

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			
	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$232	$402	$348	$308
Total Return of Capital Distributions to Parent & QHCs[3]	$9	$30	-	$1
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$241**	**$432**	**$348**	**$309**

$ in Millions	Balance as of			
	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Cash at Parent & QHCs[3]	$26	$132	$196	$111
Availability Under Credit Facilities	$799	$799	$797	$797
Ending Liquidity	**$825**	**$931**	**$993**	**$908**

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	2014	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[2]	Cameroon			$220	$220	
Wind Project & Pipeline	India & Poland			$16	$16	
3 Wind Projects	U.S.			$22	$27	Limited growth
TOTAL		**$900**	**$234**	**$263**	**$1,397**	

1. AES owns 46% of its Brasiliana subsidiary. Proceeds and debt reflect AES' ownership percentage.
2. Asset sale announced in November 2013. Expected to close in 2014.

Key Assumptions for 2014-2018 Outlook

- 2014
  - Foreign currency and commodity forward curves as of March 31, 2014
  - Adjusted EPS[1] impact of $0.07-$0.10 per share from more severe hydrological conditions
- 2014-2018
  - Adjusted effective tax rate in low- to mid-30% range, which includes anticipated extension of CFC look-thru rule[2]
  - Continued progress to achieve operating efficiencies
  - $500-$700 million of additional asset sales by 2015, beyond what has been announced as of May 8, 2014
  - Uses of Parent discretionary cash:
    - Quarterly dividend ($145 million in 2014)
    - $400 million remaining equity investment in on-going construction projects (~$200 million in 2014 and remaining in 2015-2016)
    - Capital allocation

1. A non-GAAP financial measure. See “definitions”.
2. Beyond the one-time 2014 impact, other effects of the potential Chilean tax law change have not been considered.

Year-to-Go 2014 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over YTG 2014 is equal to a change in EPS of approximately $0.015

Currencies

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

	YTG 2014	
	Average Rate	Sensitivity
Argentine Peso (ARS)	9.10	$0.005
Brazilian Real (BRL)	2.37	$0.01
Euro (EUR)	1.38	$0.005
Great British Pound (GBP)	1.66	$0.005
Kazakhstan Tenge (KZT)	189.4	$0.005

Commodity Sensitivity

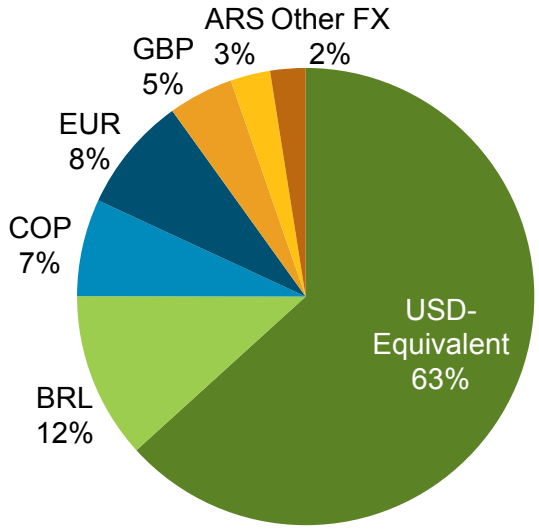
10% increase in commodity prices is forecasted to have the following EPS impacts:	YTG 2014	
	Average Rate	Sensitivity
NYMEX Coal	$61/ton	$0.005, negative correlation
Rotterdam Coal (API 2)	$77/ton	
NYMEX WTI Crude Oil	$99/bbl	$0.005, positive correlation
IPE Brent Crude Oil	$107/bbl	
NYMEX Henry Hub Natural Gas	$4.4/mmbtu	$0.015, positive correlation
UK National Balancing Point Natural Gas	£0.55/therm	

Note: Guidance provided on May 8, 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 YTG (April-December) 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 March 31, 2014. 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.

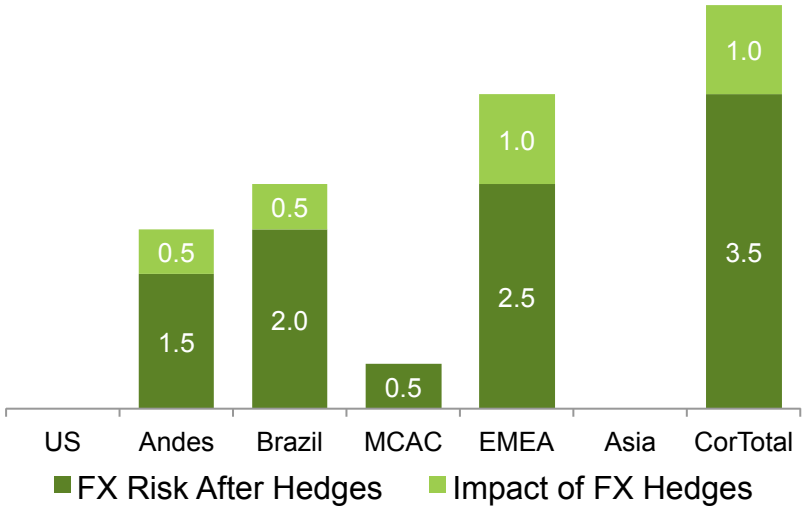
1. The move is applied to the floating interest rate portfolio balances as of March 31, 2014.

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)

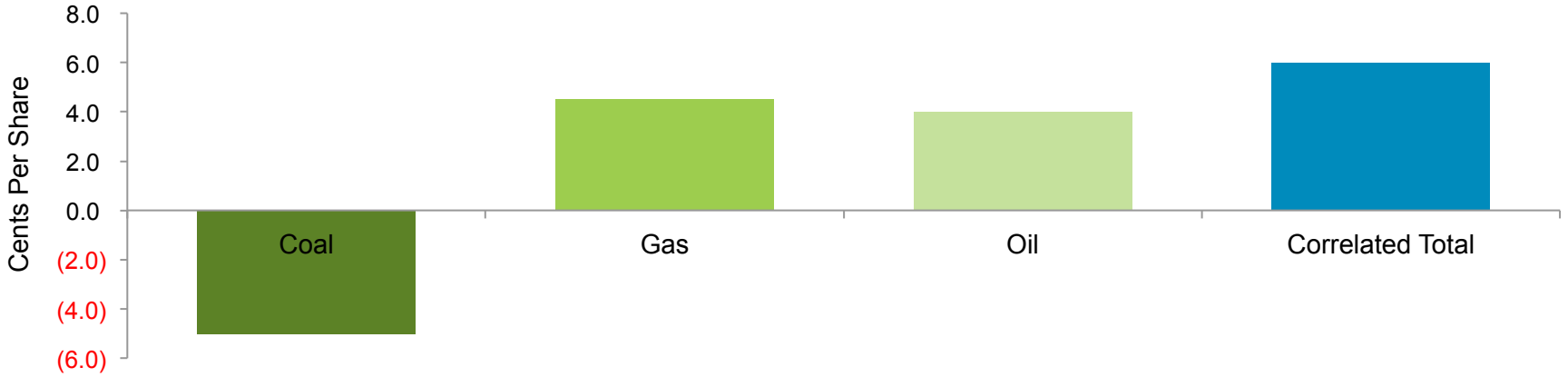


- Balance of 2014 correlated FX risk after hedges is $0.015 for 10% USD appreciation
- 63% of 2014 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our PPAs
- FX risk mitigated on 12-month rolling basis by shorter-term active FX hedging programs

1. Before Corporate Charges. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Sensitivity represents full year 2014 exposure to a 10% appreciation of USD relative to foreign currency as of December 31, 2013.
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 as of December 31, 2013 was $0.025, balance of year as of March 31, 2014 is $0.010
- 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	2014 Assumptions
Income Statement Assumptions	
Adjusted PTC[1]	$1,250-$1,490
Tax Rate	~30%
Diluted Share Count	730
Parent Company Cash Flow Assumptions	
Subsidiary Distributions (a)	$1,150-$1,250
Cash Interest (b)	$400
Cash for Development, General & Administrative and Tax (c)	$300
Parent Free Cash Flow (a – b – c)	$450-$550

1. A non-GAAP financial measure. See reconciliation on Slide 36 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 May 7, 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 Q1 Adjusted PTC[1] & Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	Q1 2014		Q1 2013	
	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
(Loss) Income from Continuing Operations Attributable to AES and Diluted EPS	($47)	($0.07)	$112	$0.15
Add Back Income Tax Expense from Continuing Operations Attributable to AES	($25)		$31	
Pre-Tax Contribution	($72)		$143	
Adjustments				
Unrealized Derivative (Gains)/Losses[3]	($10)	($0.01)	$14	$0.02
Unrealized Foreign Currency Transaction (Gains)/Losses[4]	$26	$0.02	$25	$0.01
Disposition/Acquisition (Gains)	($1)	-	($3)	-
Impairment Losses	$166	$0.17[5]	$48	$0.05[6]
Loss on Extinguishment of Debt	$134	$0.13[7]	$43	$0.04[8]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$243**	**$0.24**	**$270**	**$0.27**

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 $(0.01) and $0.00 in the three months ended March 31, 2014 and 2013, 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 March 31, 2014 and 2013, respectively.
5. Amount primarily relates to the goodwill impairments at DPL of $136 million ($93 million, or $0.13 per share, net of income tax per share of $0.06), at Buffalo Gap of $18 million ($18 million, or $0.03 per share, net of income tax per share of $0.00) and asset impairment at DPL of $12 million ($8 million, or $0.01 per share, net of income tax per share of $0.00).
6. Amount primarily relates to asset impairment at Beaver Valley of $46 million ($32 million, or $0.04 per share, net of income tax per share of $0.02).
7. Amount primarily relates to the loss on early retirement of debt at Corporate of $132 million ($91 million, or $0.13 per share, net of income tax per share of $0.06).
8. Amount primarily relates to the loss on early retirement of debt at Masinloc of $43 million ($28 million, or $0.04 per share, net of noncontrolling interest of $3 million and of income tax per share of $0.01).

Reconciliation of Q1 Capex and Free Cash Flow[1]

$ in Millions	Consolidated Q1	
	2014	2013
Operational Capex (a)	$137	$186
Environmental Capex (b)	$33	$30
Maintenance Capex (a + b)	$170	$216
Growth Capex (c)	$407	$337
Total Capex[2] (a + b + c)	**$577**	**$553**

$ in Millions	Consolidated Q1		Proportional[2] Q1	
	2014	2013	2014	2013
Operating Cash Flow	$221	$618	$241	$514
Less Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	($148)	($207)	($112)	($153)
Free Cash Flow[1]	**$73**	**$411**	**$129**	**$361**

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

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 March 31, 2014

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

Reconciliation of Net Debt[1] as of March 31, 2014

$ in Millions	
Non-Recourse Debt (Current)	$2,067
Recourse Debt (Current)	$8
Non-Recourse Debt (Noncurrent)	$13,735
Recourse Debt (Noncurrent)	$5,675
Total Debt	**$21,485**
LESS	
Cash & Cash Equivalents	$1,413
Restricted Cash	$589
Short-Term Investments	$621
Debt Service Reserves & Other Deposits	$586
Total	**$3,209**
NET DEBT	**$18,276**

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 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 (Continued)

- **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.