

The AES Corporation Second Quarter 2014 Financial Review

August 7, 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 57 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.

Second Quarter 2014 Earnings Call

Agenda

- Q2 2014 highlights
- Strategy update
- Q2 2014 financial review
- 2014 Parent capital allocation plan
- 2014 Guidance

Key Takeaways

- Q2 Adjusted EPS[1] of $0.28
- Achieved $2 billion asset sale proceeds target one year early
- Ahead of plan in reducing global overhead expense
- Completed construction of 247 MW IPP4 and began construction of three projects totaling 702 MW; advancing development of attractive platform expansion projects
- Targeting $500-$600 million in debt prepayments and expect to return $300 million to shareholders in 2014
- Reaffirming 2014 guidance

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

Q2 and Year-to-Date 2014 Results

$ in Millions, Except Per Share Amounts	Q2 2014	Q2 2013	YTD 2014	YTD 2013	FY 2014 Guidance	% of FY 2014 Guidance Midpoint
Adjusted EPS[1]	$0.28	$0.35	$0.53	$0.62	$1.30-$1.38	40%
Proportional Free Cash Flow[1]	$47	$165	$176	$526	$1,000-$1,300	15%
Consolidated Net Cash Provided by Operating Activities	$232	$567	$453	$1,185	$2,200-$2,800	18%

- On track to achieve full year 2014 guidance
- Cash flow weighted toward the second half of the year due to:
  - Seasonality, 59% of Proportional Free Cash Flow[1] earned in the second half of 2014
  - Higher working capital requirements in the first half of 2014 at utilities in the United States and Brazil

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

Our Strategic Pillars Leverage Partnerships and Our Platforms to Drive Growth

Reducing Complexity

- Exiting businesses with no competitive advantage – reduced number of markets from 28 to 20
- Achieved $2 billion asset sale proceeds target, including $631 million announced and closed since first quarter 2014 earnings call

Leveraging Our Platforms

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

Performance Excellence

- Be the low-cost manager of a portfolio of assets, to derive synergies and scale
- Cost savings
  - Global overhead: $200 million by 2015
  - O&M: $185 million[1] by 2018

Expanding Access to Capital

- Building strategic partnerships at the project- and business-level
  - Sold a 41% stake in Philippines business for $453 million
- Accessing niche financing

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

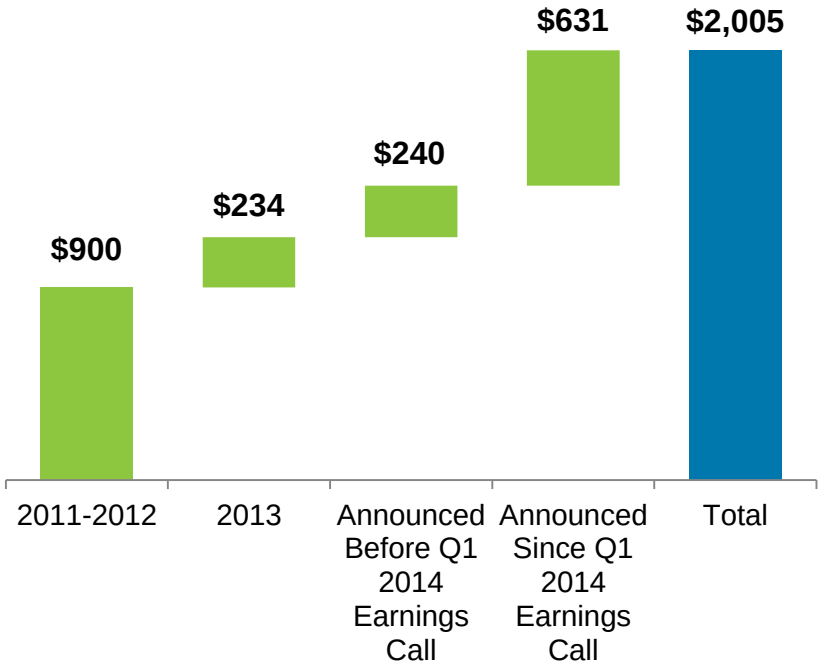
Reducing Complexity and Expanding Access to Capital

$ in Millions

Announced Transactions Since Q1 2014 Earnings Call

- Closed 2 transactions ($631); sold at 14x 2014 P/E multiple:
  - Masinloc minority interest (Philippines): $453
  - Silver Ridge Power (solar joint venture, various locations): $178

Achieved $2 Billion Asset Sale Proceeds Target One Year Early[1]



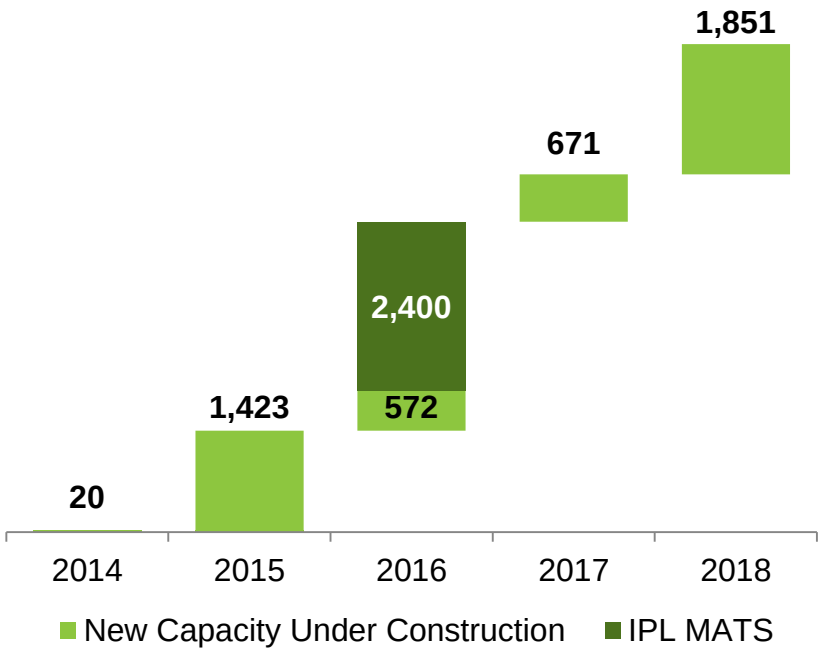
Expect to Raise $500 Million in Additional Asset Sale Proceeds by December 2015

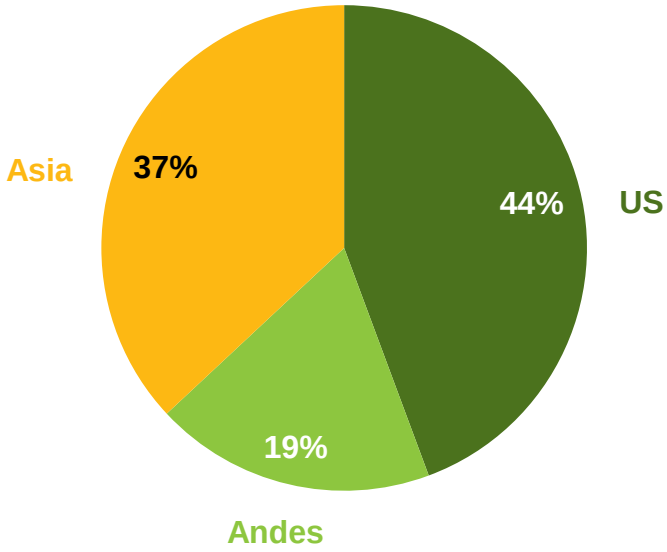
1. See Slide 44 for details.

Leveraging Our Platforms: Construction Program and IPL MATS Upgrades Contribute to Long-Term Growth

MW by Year

4,537 MW[1], Plus 2,400 MW of MATS Upgrades, Under Construction 2014-2018





1. See Appendix for details on construction projects. 2014: 20 MW Tunjita hydroelectric (Colombia); 2015: 152 MW Guacolda V coal-fired (Chile); 21 MW Andes Solar (Chile), 10 MW Warrior Run energy storage (US-Maryland), 1,240 MW Mong Duong 2 coal-fired (Vietnam); 2016: 2,400 MW IPL MATS (US-Indiana), 532 MW Cochrane coal-fired and 40 MW energy storage resource (Chile); 2017: 671 MW Eagle Valley CCGT (US-Indiana); 2018: 531 MW Alto Maipo hydroelectric (Chile) and 1,320 MW OPGC II coal-fired (India).

Leveraging Our Platforms: Construction Update

Brought On-Line

- 247 MW dual fuel IPP4 (Jordan)
- Completed on time and on budget

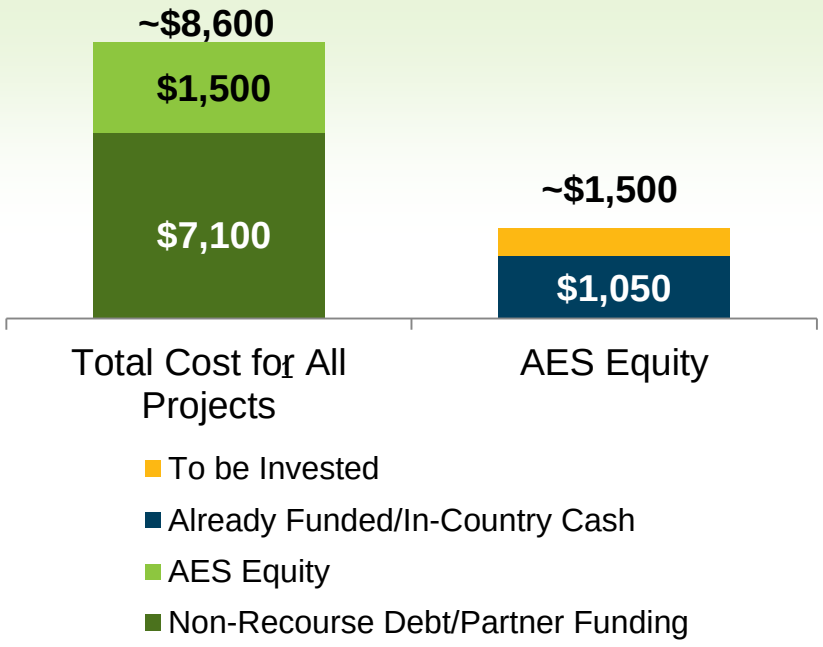


New Platform Expansions Under Construction

- 671 MW Eagle Valley CCGT (US-Indiana)
  - Diversifies the fuel mix at Indianapolis Power & Light
  - Earns attractive returns beginning during construction
- 21 MW Andes Solar (Chile)
  - 23-year PPA with a local mine
  - First phase of 220 MW under development
- 10 MW Warrior Run Energy Storage (US-Maryland)
  - Frequency regulation for PJM

4,537 MW[1] Under Construction & 2,400 MW of Environmental Upgrades; 70% of AES' Equity Commitments Already Funded

Construction Program & IPL MATS ($ in Millions)



Estimated Returns[2]

- ROE: 15%
- Cash Yield: 16%

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

1. Includes 20 MW Tunjita hydroelectric (Colombia), 21 MW Andes solar (Chile), 10 MW Warrior Run energy storage (US-Maryland), 152 MW Guacolda V coal-fired (Chile), 1,240 MW Mong Duong 2 coal-fired (Vietnam), 532 MW Cochrane coal-fired and 40 MW energy storage resource (Chile), 671 MW Eagle Valley CCGT (US-Indiana), 531 MW Alto Maipo hydroelectric (Chile) and 1,320 MW OPGC II coal-fired (India).
2. Based on 2018 contributions from all projects under construction and IPL MATS upgrades. Assumes a full year contribution from Alto Maipo, which is expected to come on-line in 2H 2018.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 49 for details.

Leveraging Our Platforms: Development in the US

Opportunities at Existing Southland Facilities in Southern California

- Progressing through permitting process for up to 3,500 MW
- Pursuing long-term PPAs and commercial arrangements
- Well-positioned to help meet state mandate for at least 1,325 MW of energy storage by 2020
- Looking at alternative development options for Redondo Beach site



Leveraging Our Platforms: Development in MCAC

Dominican Republic: Dominican Power Partners (DPP) Plant



- Increasing capacity by 122 MW, to 358 MW
- All permits in place
- Signed a 6-year PPA
- Selected an EPC contractor
- Working on financing
- Operations expected mid-2016

Leveraging Our Platforms: Development in MCAC

Mexico

- Our competitive advantage:
  - Almost 15 years in Mexico
  - Currently own three power plants totaling 1,055 MW – one of the largest IPPs in-country
- Potential installed capacity increase of more than 25,000 MW in next 5-7 years
- Recently approved energy reforms are designed to attract private investment, to meet growing energy needs



Leveraging Our Platforms: Development in Asia

Well-Positioned to Meet Growing Energy Demand in the Philippines



- 600 MW expansion of existing 630 MW Masinloc facility
  - All permits in place
  - Working on securing EPC contract and power offtake agreements
- Up to 200 MW of energy storage

Leveraging Our Platforms: Development in Asia

Vietnam

- Construction of 1,240 MW Mong Duong 2 facility progressing well
  - Recently synchronized unit 1 to the 500 kV national grid and achieved full load of 560 MW on unit 1
  - Expect to achieve commercial operations on time and on budget in the second half of 2015
- Assessing other growth opportunities
  - Greenfield
  - Privatization of government-owned generation plants



Expanding Access to Capital: Partnerships at the Project- and Business-Level

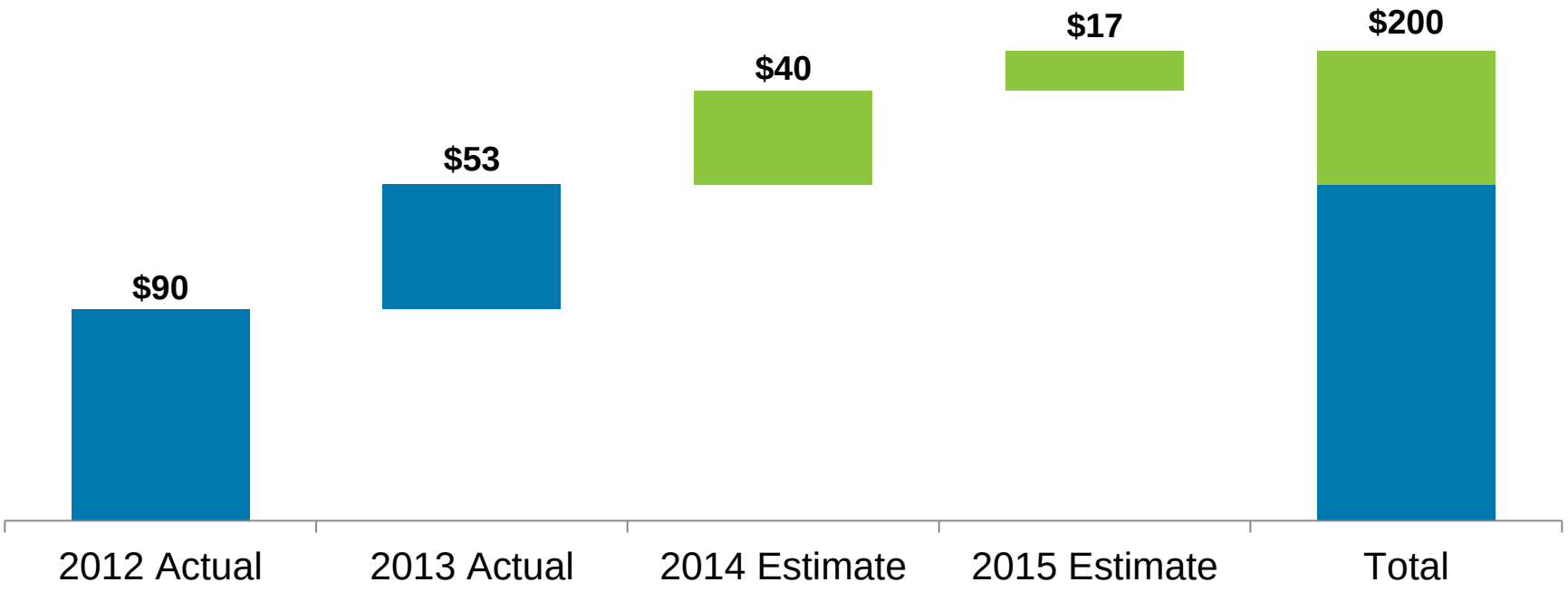
$ in Millions

Project	Counter-Party	Amount
2013		
Cochrane (Chile)	Mitsubishi Corporation	$145
Alto Maipo (Chile)	Antofagasta Minerals (Los Pelambres)	$361
Silver Ridge Power (Solar JV)	Google	$103
2013 Subtotal		**$609**
2014		
Guacolda (Chile)	Global Infrastructure Partners	$728
Masinloc (Philippines)	EGCO	$453
2014 Subtotal		**$1,181**
TOTAL		**$1,790**

Performance Excellence: Improving Efficiencies Across Our Portfolio

$ in Millions

On Track to Achieve Reduction of $200 in Global Overhead[1]



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.

Continue to Expect FY 2014 Adjusted EPS[1] Impact from Poor Hydrology of $0.07-$0.10 Per Share, Including $0.04 YTD 2014

Chile, Colombia & Argentina

- In-line with prior expectations

Panama

- Inflows have improved since May
- Rainy season: May-November; forecast for the remainder of the year is 20%-30% below average
- Proactive steps mitigate potential impact in 2014 by $0.04 per share

Brazil

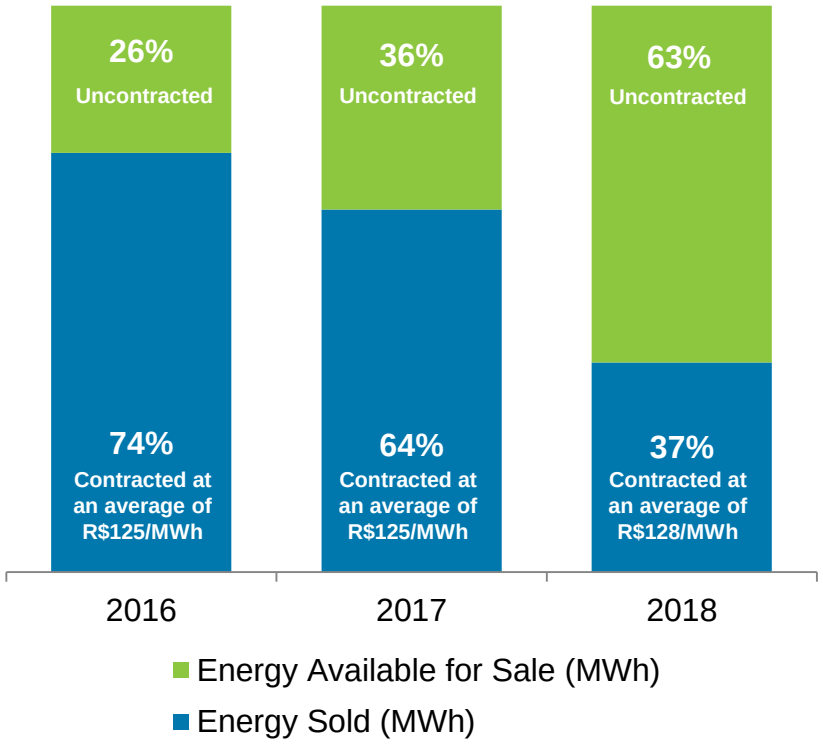
- Expect inflows to be in-line with historical average through November and thermal dispatch to remain high, to preserve reservoir levels
- Reservoir levels should be sufficient to avoid rationing in 2014
- Impact of dry conditions for 2015 dependent on rainfall during next rainy season (December-April)

Reduced 2014 Impact Through Proactive Steps Despite Drier Hydrology than 2013

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

In Brazil, Improvement in Forward Curves Provides Upside Potential

Tietê's Contracted Position



Forward Power Prices

- 2016 current forward power prices for uncontracted energy: R$180-R$210/MWh
  - $0.01-$0.02 upside in Adjusted EPS[1] in 2016
- Beyond 2016 forward power prices for uncontracted energy: R$140-R$150/MWh
  - On an unhedged basis, every R$10/MWh improvement in power prices, relative to our long-term expectation[2] of R$120-R$130, translates to $0.01 upside in Adjusted EPS[1]

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Guidance provided on February 26, 2014.

Maritza Update

690 MW Coal-Fired Plant in Bulgaria

- Contributes $140 million or 7% of Adjusted PTC[1]
- Long-term Power Purchase Agreement (PPA) with NEK, the state-owned utility, through 2026
- Announcements by State Energy and Water Regulatory Commission (SEWRC) in June 2014:
  - Requested European Commission to scrutinize PPA under European state aid rules
  - Instructed NEK to initiate negotiations on the terms of the PPA, in order to lower payments
- Maritza is in discussions with NEK and the Government of Bulgaria
- Taking steps to lower receivables balance
  - Last week, NEK agreed to settle $45 million in receivables overdue for more than 90 days – NEK assumed $17 million fuel obligation and agreed to pay remaining amount over four months
  - NEK has paid $63 million since last earnings call in May 2014
  - As of July 31, 2014: $206 million in receivables, of which $47 million is not yet due and $69 million is overdue for more than 90 days

Objective is to Preserve the Value of the Business Through a Negotiated Agreement or by Seeking to Enforce Rights

1. Based on 2014 expectations. A non-GAAP financial measure. See Appendix for definition.

Other Developments

Argentina

- Contributes $60 million or 3% of Adjusted PTC[1]
- Currently no impact from government's selective default
- Competitive generation fleet of 2,930 MW
- Devaluation factored into our forecast; extreme devaluation could have a negative impact

Puerto Rico

- Contributes $40 million 2% of Adjusted PTC[1]
- In July, government debt downgraded, again
- PREPA, the government-owned utility, is the offtaker for AES' 524 MW coal-fired power plant; also owns oil-fired generation fleet serving 70% of Puerto Rico's energy needs
- AES Puerto Rico sells electricity at 9.5 cents/kWh vs. >20 cents/kWh of PREPA-owned capacity – saving PREPA ~$250 million annually

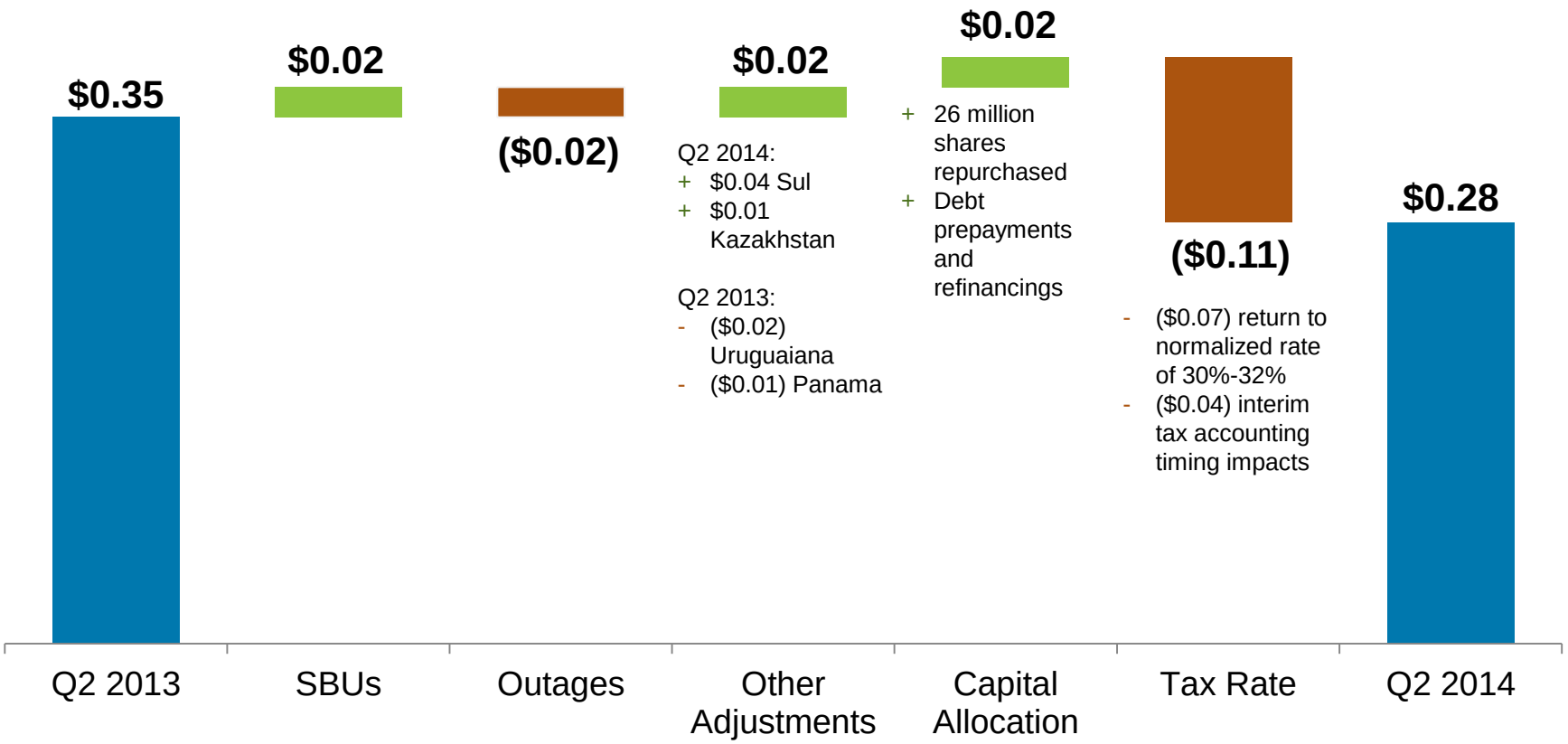
1. Based on 2014 expectations. A non-GAAP financial measure. See Appendix for definition.

Q2 2014 Financial Review

- Q2 2014 results
  - Adjusted EPS[1]
  - Adjusted PTC[1] by Strategic Business Unit (SBU)
  - Proportional Free Cash Flow[1] (Prop FCF)
- 2014 capital allocation plan
- 2014 guidance

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

Q2 2014 Adjusted EPS[1] Decreased $0.07



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

DPL

Regulatory Developments

- ESP case
  - Public Utilities Commission of Ohio (PUCO) has ruled on all pending matters
  - Generation separation deadline extended to January 1, 2017
- Generation separation case
  - Close to a consensus with PUCO Staff
  - Expect PUCO decision in the third quarter of 2014

Business Update

- Retaining DPL generation assets
  - Selling at less than long-term value would have left remaining business with significant debt
  - Additional value creation potential:
    - Movements in power prices create a more positive outlook
    - PJM capacity market
    - Operational and commercial optimization
- Planning to prepay debt by using DPL's excess free cash flow
  - Reducing consolidated debt by $200-$300 million by 2016

Q2 2014 Adjusted PTC[1] Summary

$ in Millions

SBU	Q2 2014	Q2 2013	Variance	Key Drivers
US	$80	$63	$17	+ Implementation of synchronous condensers at Southland (California) and 40 MW Tait energy storage resource (Ohio)
Andes	$104	$88	$16	+ Increased rates in Argentina + AES Gener: lower maintenance costs and lower realized foreign currency losses
Brazil	$115	$78	$37	+ Reversal of interest and penalties at Sul ($47) - Non-recurring reversal of a liability at Uruguaiana in second quarter 2013 ($24) + Operational improvements at Sul and Uruguaiana
MCAC	$95	$104	($9)	+ Offset impact from adverse hydrological conditions, including government support and lower operating costs in Panama - Settlement agreement received by AES Panama in second quarter 2013 ($15) - Lower margins in El Salvador and sale of Trinidad business

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

Q2 2014 Adjusted PTC[1] Summary (Continued)

$ in Millions, Except Per Share Amounts

SBU	Q2 2014	Q2 2013	Variance	Key Drivers
EMEA[2]	$73	$72	$1	- Scheduled maintenance in Bulgaria + Higher operating performance at Kilroot in the United Kingdom + Reversal of a liability in Kazakhstan ($18)
Asia	$23	$40	($17)	- Outages at Masinloc in the Philippines
Total SBUs	**$490**	**$445**	**$45**	
Corp/Other	($150)	($156)	$6	
Total AES Adjusted PTC[1,3]	**$340**	**$289**	**$51**	
Adjusted Effective Tax Rate	40%	11%		
Diluted Share Count	728	751		
ADJUSTED EPS[1]	**$0.28**	**$0.35**	**($0.07)**	

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 $11 million and $18 million of after-tax adjusted equity in earnings for second quarter 2014 and second quarter 2013, respectively.

Year-to-Date 2014 Adjusted PTC[1] and Adjusted EPS[1]

$ in Millions

	YTD 2013	YTD 2014	FY 2014 Modeling Range[2]
Total SBUs	**$884**	**$875**	**$1,855-$2,120**
Corp/Other	($325)	($292)	($600)-($630)
Total AES Adjusted PTC[1,2]	**$559**	**$583**	**$1,250-$1,490**
Adjusted Effective Tax Rate	18%	36%	30%-32%
Diluted Share Count	750	728	730
ADJUSTED EPS[1]	**$0.62**	**$0.53**	**$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.

Proportional Free Cash Flow (Prop FCF)[1]

$ in Millions

Prop FCF[1]

	Q2	YTD	Full Year
2014	$47	$176	$1,000-$1,300
2013	$165	$526	$1,271

Drivers for Second Half 2014 Expectations

- Seasonality – 59% of Prop FCF[1] generated in second half 2013
- Higher contributions from utilities in the U.S. and Brazil
  - Recovery of higher purchased energy costs and fuel costs through approved tariff increases and pending government support mechanisms
  - Outages and upfront annual pension payments in the U.S. during Q1 2014

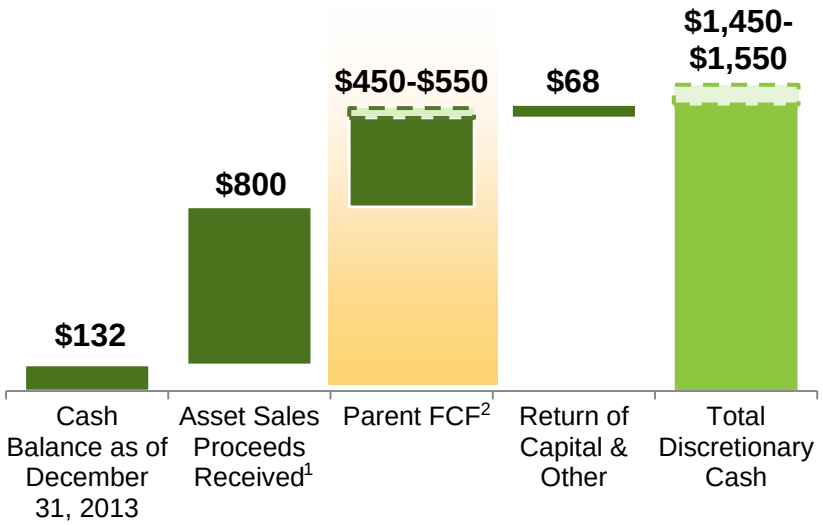
Reaffirming 2014 Guidance Range of $1,000-$1,300

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

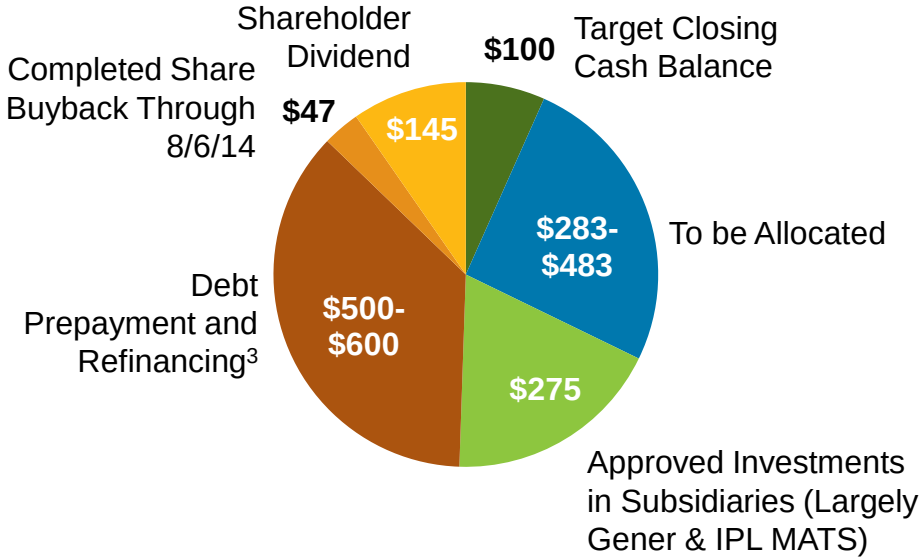
2014 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,450-$1,550)



Discretionary Cash – Uses ($1,450-$1,550)



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: $435 million (Masinloc in the Philippines), $175 million (solar), $155 million (Sonel, Kribi and Dibamba in Cameroon), $25 million (3 US wind facilities) and $8 million (India wind).
2. A non-GAAP financial metric. See Appendix for definition and reconciliation.
3. Includes $460 million recourse debt prepayment, associated premiums and $12 million net use of cash related to first half 2014 refinancings.

Reaffirming Guidance

- Reaffirming 2014 Adjusted EPS[1] guidance: continue to expect low end of range of $1.30 to $1.38
  - Based on commodity and foreign currency exchange rates forward curves as of June 30, 2014
- Reaffirming 2014 Proportional Free Cash Flow[1] guidance of $1,000 to $1,300 million

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

Key Takeaways

- Despite facing some headwinds, we continue to take concrete steps to lower our portfolio risk, deliver on our commitments and increase per share value for our shareholders. Since we set out our strategy in September 2011:
  - Reducing global overhead by $200 million
  - Raised $2 billion in proceeds by selling non-core assets or by bringing in partners
  - Paid down 20% of our Parent debt
  - Invested $758 million in our shares, reducing our share count by 8%
  - Selectively investing in platform expansion opportunities that yield attractive returns
- Maintaining expectations for long-term growth – attractive and growing total return to shareholders
  - Proportional Free Cash Flow[1] yield of 12%
    - 2014-2018 growth rate of 10%-15% annually
  - By 2017, total return increases to 8%-10%[2] annually from current level of 6%-8%[2]

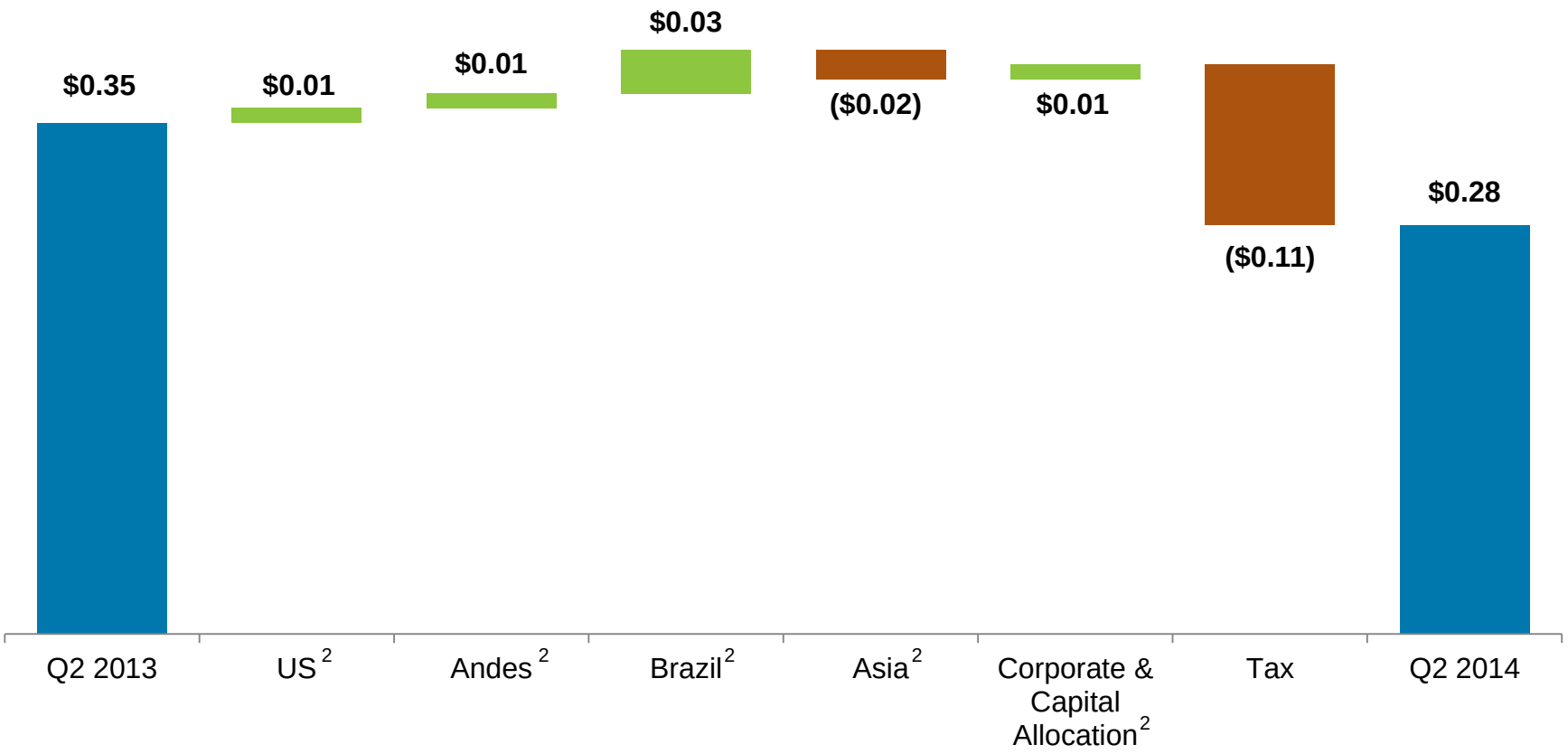
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Current total return is based on 4%-6% Adjusted EPS growth and a 1%-2% dividend. Future total return based on 2017-2018 Adjusted EPS growth outlook of 6%-8% and a 1%-2% dividend.

Appendix

- Q2 2014 Adjusted EPS[1] — Slide 32
- YTD 2014 Adjusted EPS[1] — Slides 33-34
- FY 2014 Adjusted PTC[1] Modeling Ranges — Slide 35
- Listed Subs & Public Filers — Slide 36
- Q2 2014 SBU Modeling Disclosures — Slides 37-38
- DPL Inc. Modeling Disclosures — Slide 39
- DP&L and DPL Inc. Debt Maturities — Slide 40
- Parent Only Cash Flow — Slides 41-43
- Asset Sales — Slide 44
- 2014 Guidance Estimated Sensitivities — Slide 45
- Currency and Commodities — Slides 46-47
- AES Modeling Disclosures — Slide 48
- Construction Program — Slides 49-50
- Reconciliations — Slides 51-56
- Assumptions & Definitions — Slides 57-59

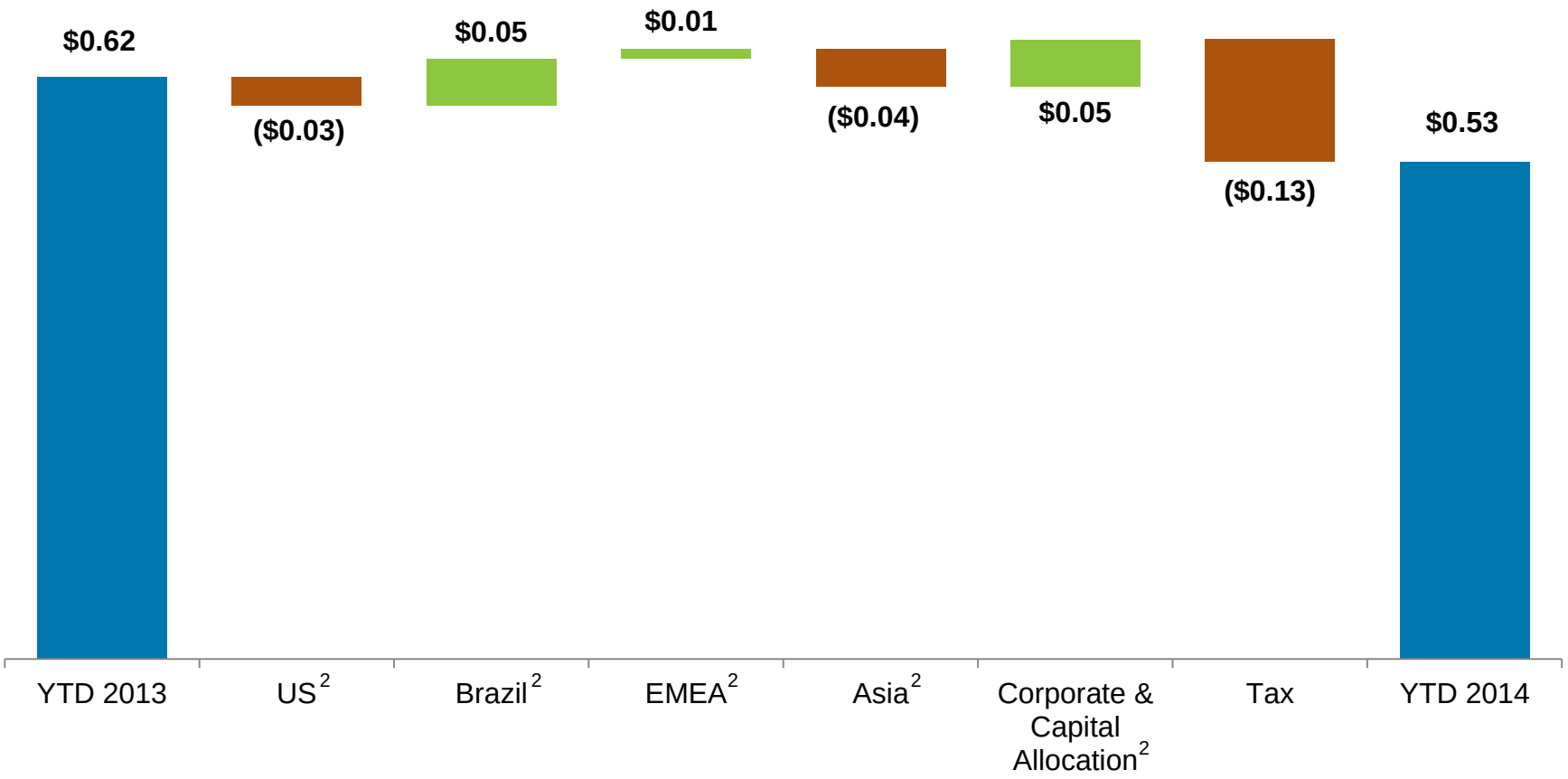
1. A non-GAAP financial measure.

Q2 2014 Adjusted EPS[1] Decreased $0.07



1. A non-GAAP financial measure. See reconciliation on Slide 51 and "definitions".
2. Adjusted EPS impacts assume weighted average tax rate of 40% and share count of 728 million.

YTD 2014 Adjusted EPS[1] Decreased $0.09



1. A non-GAAP financial measure. See reconciliation on Slide 52 and "definitions".
2. Adjusted EPS impacts assume weighted average tax rate of 36% and share count of 728 million.

Year-to-Date 2014 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts	YTD 2014	YTD 2013	Variance
Adjusted PTC[1]			
US	$155	$196	($41)
Andes	$157	$169	($12)
Brazil	$184	$120	$64
MCAC	$160	$160	-
EMEA	$188	$168	$20
Asia	$31	$71	($40)
Total SBUs	**$875**	**$884**	**($9)**
Corp/Other	($292)	($325)	$33
Total AES Adjusted PTC[1,2]	**$583**	**$559**	**$24**
Adjusted Effective Tax Rate	36%	18%	
Diluted Share Count	728	750	
ADJUSTED EPS[1]	**$0.53**	**$0.62**	

1. A non-GAAP financial measure. See reconciliation on Slide 52 and “definitions”.
2. Includes $41 million and $30 million of after-tax equity in earnings for year-to-date 2014 and year-to-date 2013, respectively.

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%-32%	
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. Modeling ranges provided on February 26, 2014.

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

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

AES SBU/Reporting Country	US				Andes/Chile		Brazil			
AES Company	IPL		DPL		AES Gener[2]		Eletropaulo[2]		Tietê[2]	
$ in Millions	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013	Q2 2014	Q2 2013
US GAAP Reconciliation										
Business Unit Adjusted Earnings to AES [1,3]	**$10**	**$9**	**$4**	**$7**	**$70**	**$49**	**$4**	**$3**	**$29**	**$29**
AES Business Unit Adjusted PTC[1]	**$16**	**$15**	**$6**	**$9**	**$64**	**$60**	**$6**	**$5**	**$42**	**$43**
Impact of AES Adjustments excluded from Public Filings	-	-	-	-	$2	$1	-	$1	-	-
Adjusted PTC[1,3] Public Filer (Stand-alone)	**$16**	**$15**	**$6**	**$9**	**$66**	**$61**	**$6**	**$6**	**$42**	**$43**
Unrealized Derivatives (Losses)/Gains	-	-	-	$18	-	$1	-	-	-	-
Unrealized Foreign Currency Transaction Losses	-	-	-	-	($10)	($2)	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Disposition/Acquisition Gains	-	-	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	($1)	-	-	-	-	-
Non-Controlling Interest before Tax	$1	-	-	-	$24	$23	$32	$33	$134	$140
Income Tax Benefit/(Expenses)	($6)	($6)	$28	($4)	$7	($15)	($13)	($11)	($57)	($60)
US GAAP Income/(Loss) from Continuing Operations[4]	**$11**	**$9**	**$34**	**$23**	**$86**	**$68**	**$25**	**$28**	**$119**	**$123**
IFRS Reconciliation										
Adjustment to Depreciation & Amortization[5, 6]					($13)	($13)	$1	($10)	($6)	($7)
Adjustment to Regulatory Liabilities & Assets[7]							($293)	$140	-	-
Adjustment to Taxes[8]					($24)	($6)	$95	($45)	-	$1
Other Adjustments					($5)	($4)	$13	($7)	($1)	($1)
IFRS Net Income					**$44**	**$45**	**($159)**	**$106**	**$113**	**$116**
BRL-USD Implied Exchange Rate							2.2276	2.3069	2.2295	2.0648

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).

Q2 2014 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]	$80	$73	-	$73	($1)	-	($1)	$113	-	$113
DPL	$6	$31	-	$31	($1)	-	($1)	$36	-	$36
IPL	$16	$28	-	$28	-	-	-	$46	-	$46
Andes	$104	$38	($11)	$27	$8	($2)	$6	$46	($13)	$33
AES Gener	$64	$35	($10)	$25	$5	($2)	$3	$43	($12)	$31
Brazil[3]	$115	$40	($58)	($18)	$60	($41)	$19	$70	($47)	$23
Tietê	$42	$10	($8)	$2	$6	($5)	$1	$13	($10)	$3
Eletropaulo	$6	$60	($50)	$10	$42	($35)	$7	$44	($37)	$7
MCAC	$95	$44	($5)	$39	$6	($1)	$5	$36	($8)	$28
EMEA[2]	$73	$21	($2)	$19	-	-	-	$40	($2)	$38
Asia[2]	$23	$6	-	$6	-	-	-	$8	($1)	$7
Subtotal	**$490**	**$222**	**($78)**	**$144**	**$73**	**($44)**	**$29**	**$313**	**($71)**	**$242**
Corp/Other	($150)	$101	-	$101	-	-	-	$6	-	$6
TOTAL	**$340**	**$323**	**($78)**	**$245**	**$73**	**($44)**	**$29**	**$319**	**($71)**	**$248**

1. A non-GAAP financial measure. See reconciliation on Slide 51 and “definitions”.
2. Excludes interest expense and depreciation and amortization of discontinued businesses.
3. Sul experienced a reversal of interest and penalties of $48 million during second quarter 2014.

Q2 2014 Modeling Disclosures

$ in Millions	Total Debt			Cash & Cash Equivalents, Restricted Cash, Short-Term Investments, Debt Service Reserves & Other Deposits		
	Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional
US	$5,022	-	$5,022	$368	-	$368
DPL	$2,294	-	$2,294	$64	-	$64
IPL	$2,001	-	$2,001	$130	-	$130
Andes	$3,216	($1,026)	$2,190	$597	($192)	$405
AES Gener	$2,812	($962)	$1,850	$419	($145)	$274
Brazil[1]	$2,304	($1,452)	$852	$758	($535)	$223
Tietê	$498	($377)	$121	$208	($158)	$50
Eletropaulo	$1,280	($1,074)	$206	$334	($277)	$57
MCAC	$2,294	($283)	$2,011	$553	($79)	$474
EMEA	$1,568	($222)	$1,346	$322	($42)	$280
Asia	$1,536	($567)	$969	$97	($16)	$81
Subtotal	**$15,940**	**($3,550)**	**$12,390**	**$2,695**	**($864)**	**$1,831**
Corp/Other	$5,783	-	$5,783	$275	-	$275
TOTAL	**$21,723**	**($3,550)**	**$18,173**	**$2,970**	**($864)**	**$2,106**

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

DPL Inc. Modeling Disclosures

Based on Market Conditions and Hedged Position as of June 30, 2014

	Full Year 2014	Full Year 2015	Full Year 2016
Volume Production (TWh)	16	13	14
% Volume Hedged	>90%	~75%	~20%
EBITDA Generation Business[1] ($ in Millions)		$80 to $100 per year	
EBITDA DPL Inc. including Generation and T&D ($ in Millions)		~ $350 per year	
Reference Prices			
Henry Hub Natural Gas ($/mmbtu)	4.6	4.2	4.2
AEP-Dayton Hub ATC Prices ($/MWh)	47	38	39
EBITDA Sensitivities (with Existing Hedges)[2] ($ in Millions)			
+/-10% Henry Hub Natural Gas	<$5	$10	$30

1. Includes DPL's competitive retail segment.
2. Gas price sensitivities are based on an calculated gas-power relationship. There is some degree of asymmetry considering dispatch capabilities of units.

Non-Recourse Debt at DP&L and DPL Inc.

$ in Millions

Series	Interest Rate	Maturity	Amount Outstanding as of June 30, 2014	Remarks
2013 First Mortgage Bonds	**1.875%**	**September 2016**	**$445.0**	• **Callable at make-whole T+20**
2006 OH Air Quality Pollution Control	4.8%	September 2036	$100.0	• Non-callable; callable at par in September 2016
2005 Boone County, KY Pollution Control	4.7%	January 2028	$35.3	• Non-callable; callable at par in July 2015
2005 OH Air Quality Pollution Control	4.8%	January 2034	$137.8	• Non-callable; callable at par in July 2015
2005 OH Water Quality Pollution Control	4.8%	January 2034	$41.3	• Non-callable; callable at par in July 2015
2008 OH Air Quality Pollution Control VDRNs	Variable	November 2040	$100.0	• Callable at par
Total Pollution Control	**Various**	**Various**	**$414.4**	
Wright-Patterson AFB Note	**4.2%**	**February 2061**	**$18.7**	• **No contractual prepayment option**
DP&L Preferred	**4.7%**	**N/A**	**$22.9**	• **Redeemable at pre-established premium**
Total DP&L			**$900.9**	
2018 Term Loan	**Variable**	**May 2018**	**$190.0**	• **No prepayment penalty**
2011 Senior Unsecured	6.50%	October 2016	$430.0	• Callable at make-whole T+50
2011 Senior Unsecured	7.25%	October 2021	$780.0	• Callable at make-whole T+50
Total Senior Unsecured	**Various**	**Various**	**$1,210**	
2001 Cap Trust II Securities	**8.125%**	**September 2031**	**$20.6**	• **Non-callable**
Total DPL Inc.			**$1,420.6**	
TOTAL			**$2,321.5**	

Parent Sources & Uses of Liquidity

$ in Millions	Q2		YTD	
	2014	2013	2014	2013
SOURCES				
Total Subsidiary Distributions[1]	$210	$308	$441	$510
Proceeds from Asset Sales, Net	$155	$154	$189	$209
Financing Proceeds, Net	$765	$746	$1,508	$746
Increased/(Decreased) Credit Facility Commitments	-	-	-	-
Issuance of Common Stock, Net	-	$1	$1	$3
Total Returns of Capital Distributions & Project Financing Proceeds	$26	$1	$36	$163
Beginning Parent Company Liquidity[2]	$825	$1,222	$931	$1,106
Total Sources	**$1,981**	**$2,432**	**$3,106**	**$2,737**
USES				
Repayments of Debt	($797)	($1,204)	($1,662)	($1,206)
Shareholder Dividend	($36)	($30)	($72)	($60)
Repurchase of Equity	($32)	($18)	($32)	($18)
Investments in Subsidiaries, Net	($228)	($12)	($258)	($87)
Cash for Development, Selling, General & Administrative and Taxes	($52)	($87)	($164)	($193)
Cash Payments for Interest	($114)	($163)	($195)	($241)
Changes in Letters of Credit and Other, Net	($28)	($10)	($29)	($24)
Ending Parent Company Liquidity[2]	($694)	($908)	($694)	($908)
Total Uses	**($1,981)**	**($2,432)**	**($3,106)**	**($2,737)**

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

Q2 2014 Subsidiary Distributions[1]

Subsidiary Distributions[1] by SBU		
$ in Millions	Q2 2014	YTD 2014
US	$43	$107
Andes	$43	$43
Brazil	$32	$32
MCAC	$8	$123
EMEA	$21	$51
Asia	$34	$35
Corporate & Other[2]	$29	$50
TOTAL	**$210**	**$441**

Top Ten Subsidiary Distributions[1] by Business							
Q2 2014				YTD 2014			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Gener (Andes)	$43	Kilroot (EMEA)	$13	Andres (MCAC)	$90	Southland (US-CA)	$25
Masinloc (Asia)	$31	Laurel Mountain (US-WV)	$8	Global Insurance (Corporate & Other[2])	$49	Los Mina (MCAC)	$25
Global Insurance (Corporate & Other[2])	$29	Shady Point (US-OK)	$8	Gener (Andes)	$43	Laurel Mountain (US-WV)	$20
IPALCO (US-IN)	$23	Puerto Rico (MCAC)	$5	IPALCO (US-IN)	$43	Kilroot (EMEA)	$17
Brasiliana (Brazil)	$16	Kelanitissa (Asia)	$3	Masinloc (Asia)	$31	Brasiliana (Brazil)	$16

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

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

$ in Millions	Quarter Ended			
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$210	$232	$402	$348
Total Return of Capital Distributions to Parent & QHCs[3]	$26	$9	$30	-
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$236**	**$241**	**$432**	**$348**

$ in Millions	Balance as of			
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Cash at Parent & QHCs[3]	$15	$26	$132	$196
Availability Under Credit Facilities	$679	$799	$799	$797
Ending Liquidity	**$694**	**$825**	**$931**	**$993**

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 26 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	Cameroon			$202[2]	$202	
Wind Project & Pipeline	India & Poland			$16	$16	
3 Wind Projects	U.S.			$22	$22	Limited growth
Silver Ridge Power (Solar)	Various			$178	$178	
Masinloc Partnership	Philippines			$453	$453	
TOTAL		**$900**	**$234**	**$871**	**$2,005**	

1. AES owns 46% of its Brasiliana subsidiary. Proceeds and debt reflect AES' ownership percentage.
2. $40 million to be received in 2016.

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 $0.01
- 10% appreciation in USD against the following key currencies is equal to the following negative EPS impacts:

Currencies

	YTG 2014	
	Average Rate	Sensitivity
Argentine Peso (ARS)	9.05	$0.005
Brazilian Real (BRL)	2.28	$0.005
Euro	1.37	Less than $0.005
Great British Pound (GBP)	1.71	$0.005
Kazakhstan Tenge (KZT)	186.6	$0.005

Commodity Sensitivity

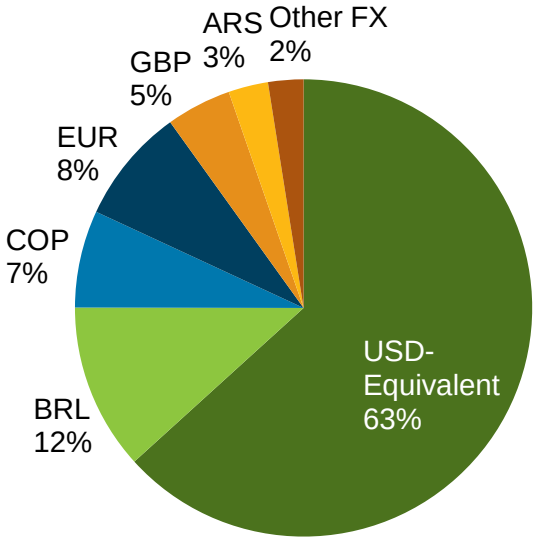
10% increase in commodity prices is forecasted to have the following EPS impacts:	YTG 2014	
	Average Rate	Sensitivity
NYMEX Coal	$62/ton	Less than $0.005, negative correlation
Rotterdam Coal (API 2)	$75/ton	
NYMEX WTI Crude Oil	$104/bbl	$0.005, positive correlation
IPE Brent Crude Oil	$112/bbl	
NYMEX Henry Hub Natural Gas	$4.5/mmbtu	$0.005, positive correlation
UK National Balancing Point Natural Gas	£0.47/therm	

Note: Guidance provided on August 7, 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 (July-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 June 30, 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.

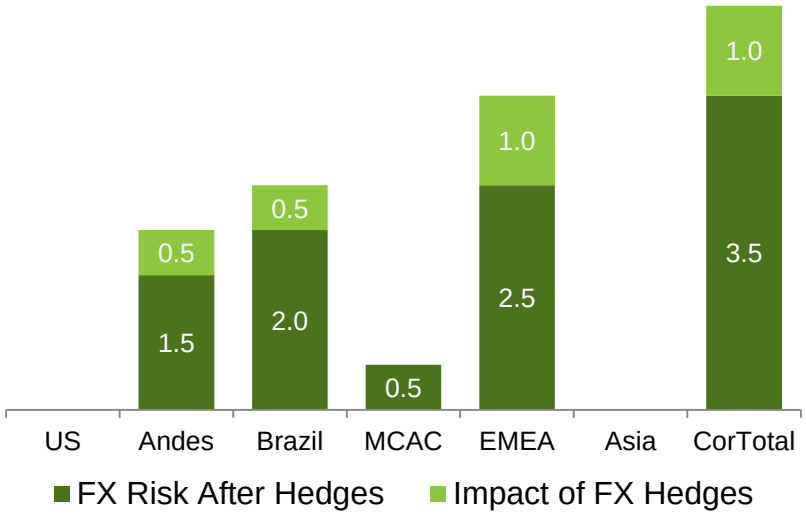
1. The move is applied to the floating interest rate portfolio balances as of June 30, 2014.

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)

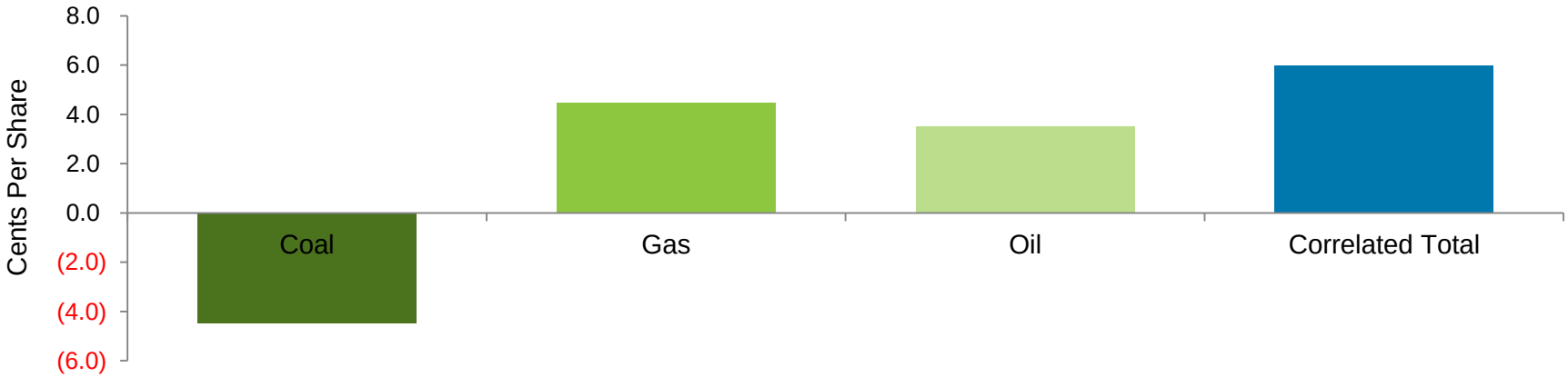


- Balance of 2014 correlated FX risk after hedges is $0.01 for 10% USD appreciation
- 63% of 2014 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our PPAs
- FX risk mitigated on 12-month rolling basis by shorter-term active FX hedging programs

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 June 30, 2014 is $0.010
- Coal fleet at DP&L 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%-32%
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 55 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									
Tunjita	Colombia	71%	Hydro	20	2H 2014	$67	$2[1]		Lease capital structure at Chivor
Warrior Run ES	US-MD	100%	Energy Storage	10	1H 2015	$8	$8		
Guacolda V	Chile	36%	Coal	152	2H 2015	$454	$48		
Mong Duong 2	Vietnam	51%	Coal	1,240	2H 2015	$1,948	$249		
Andes Solar	Chile	71%	Solar	21	2H 2015	$44	$22		
IPL MATS	US-IN	100%	Coal		1H 2016	$511	$230		Environmental (MATS) upgrades of 2,400 MW
Cochrane	Chile	42%	Coal Energy Storage	532 40	1H 2016	$1,350	$130		
Eagle Valley CCGT	US-IN	100%	Gas	671	1H 2017	$585	$263		
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								**~15%**	**Weighted average; net income divided by AES equity contribution**
CASH YIELD[2] IN 2018								**~16%**	**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.

4,537 MW Under Construction[1] as of August 6, 2014

	Generation (Thermal)					Generation (Renewables)			
	Chile	Vietnam	Chile	US-Indiana	India	Colombia	US-Maryland	Chile	Chile
Project	Guacolda V	Mong Duong 2	Cochrane	Eagle Valley CCGT	OPGC II	Tunjita	Warrior Run ES	Cochrane ES	Alto Maipo
% Owned	35%	51%	42%	100%	49%	71%	100%	42%	42%
Type	Coal	Coal	Coal	Gas	Coal	Hydro	Energy Storage	Energy Storage	Hydro
Gross MW	152 MW	1,240 MW	532 MW	671 MW	1,320 MW	20 MW	10 MW	40 MW	531 MW
Expected Commercial Operations Date	2H 2015	2H 2015	1H 2016	1H 2017	1H 2018	2H 2014	1H 2015	1H 2016	2H 2018

1. Does not include 2,400 MW of MATS upgrades at IPL.

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 Q2 Adjusted PTC[1] & Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	Q2 2014		Q2 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	$142	$0.20	$167	$0.22
Add Back Income Tax Expense from Continuing Operations Attributable to AES	$99		$11	
Pre-Tax Contribution	$241		$178	
Adjustments				
Unrealized Derivative (Gains)/Losses[3]	($22)	($0.02)	($53)	($0.05)
Unrealized Foreign Currency Transaction (Gains)/Losses[4]	$7	-	$23	$0.04
Disposition/Acquisition (Gains)/Losses	$2	-	($23)	($0.03)[5]
Impairment Losses	$99	$0.09[6]	-	-
Loss on Extinguishment of Debt	$13	$0.01[7]	$164	$0.17[8]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$340**	**$0.28**	**$289**	**$0.35**

1. A non-GAAP financial measure as reconciled above. 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 $(0.02) in the three months ended June 30, 2014 and 2013, respectively.
4. Unrealized foreign currency transaction (gains) losses were net of income tax per share of $0.00 and $0.00 in the three months ended June 30, 2014 and 2013, respectively.
5. Amount primarily relates to the gain from the sale of the remaining 20% interest in Cartagena for $20 million ($15 million, or $0.02 per share, net of income tax per share of $0.01).
6. Amount primarily relates to the asset impairment at Ebute of $52 million ($34 million, or $0.05 per share, net of income tax per share of $0.02) and at Newfield of $11 million ($6 million, or $0.00 per share, net of income tax per share of $0.00) and other-than-temporary impairment of our equity method investment at Silver Ridge of $44 million ($30 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 $13 million ($8 million, or $0.01 per share, net of income tax per share of $0.01).
8. Amount primarily relates to the loss on early retirement of debt at Corporate of $163 million ($121 million, or $0.16 per share, net of income tax per share of $0.06).

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

$ in Millions, Except Per Share Amounts	YTD 2014		YTD 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	$95	$0.13	$279	$0.37
Add Back Income Tax Expense from Continuing Operations Attributable to AES	$74		$41	
Pre-Tax Contribution	$169		$320	
Adjustments				
Unrealized Derivative (Gains)/Losses[3]	($32)	($0.03)	($39)	($0.03)
Unrealized Foreign Currency Transaction (Gains)/Losses[4]	$33	$0.03	$49	$0.05
Disposition/Acquisition (Gains)/Losses	$1	-	($26)	($0.03)[5]
Impairment Losses	$265	$0.26[6]	$48	$0.05[7]
Loss on Extinguishment of Debt	$147	$0.14[8]	$207	$0.21[9]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$583**	**$0.53**	**$559**	**$0.62**

1. A non-GAAP financial measure as reconciled above. 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 $(0.02) in the six months ended June 30, 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 six months ended June 30, 2014 and 2013, respectively.
5. Amount primarily relates to the gain from the sale of the remaining 20% interest in Cartagena for $20 million ($15 million, or $0.02 per share, net of income tax per share of $0.01), the gain from the sale of wind turbines for $3 million ($2 million, or $0.00 per share, net of income tax per share of $0.00) as well as the gain from the sale of Chengdu, an equity method investment in China for $3 million ($2 million, or $0.00 per share, net of income tax per share of $0.00).
6. Amount primarily relates to the goodwill impairments at DPLER of $136 million ($92 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 impairments at Ebute of $52 million ($34 million, or $0.05 per share, net of income tax per share of $0.02), at Newfield of $11 million ($6 million, or $0.00 per share, net of income tax per share of $0.00), at DPL of $12 million ($8 million, or $0.01 per share, net of income tax per share of $0.00) and other-than-temporary impairment of our equity method investment at Silver Ridge of $44 million ($30 million, or $0.04 per share, net of income tax per share of $0.02).
7. Amount primarily relates to asset impairment at Beaver Valley of $46 million ($34 million, or $0.05 per share, net of income tax per share of $0.02).
8. Amount primarily relates to the loss on early retirement of debt at Corporate of $145 million ($99 million, or $0.14 per share, net of income tax per share of $0.06).
9. Amount primarily relates to the loss on early retirement of debt at Corporate of $165 million ($123 million, or $0.16 per share, net of income tax per share of $0.06) and at Masinloc of $43 million ($29 million, or $0.04 per share, net of noncontrolling interest of $3 million and of income tax per share of $0.01).

Reconciliation of Q2 Capex and Free Cash Flow[1]

$ in Millions	Consolidated Q2	
	2014	2013
Operational Capex (a)	$152	$174
Environmental Capex (b)	$77	$42
Maintenance Capex (a + b)	$229	$216
Growth Capex (c)	$414	$354
Total Capex[2] (a + b + c)	**$643**	**$570**

$ in Millions	Consolidated Q2		Proportional[2] Q2	
	2014	2013	2014	2013
Operating Cash Flow	$232	$567	$168	$304
Less Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	($177)	($200)	($121)	($139)
Free Cash Flow[1]	**$55**	**$367**	**$47**	**$165**

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

Reconciliation of Year-to-Date Capex and Free Cash Flow[1]

$ in Millions	Consolidated YTD	
	2014	2013
Operational Capex (a)	$289	$360
Environmental Capex (b)	$111	$73
Maintenance Capex (a + b)	$400	$433
Growth Capex (c)	$820	$690
Total Capex[2] (a + b + c)	**$1,220**	**$1,123**

$ in Millions	Consolidated YTD		Proportional[2] YTD	
	2014	2013	2014	2013
Operating Cash Flow	$453	$1,185	$409	$818
Less Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	($325)	($407)	($233)	($292)
Free Cash Flow[1]	**$128**	**$778**	**$176**	**$526**

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 June 30, 2014

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

Reconciliation of Net Debt[1] as of June 30, 2014

$ in Millions	
Non-Recourse Debt (Current)	$2,095
Recourse Debt (Current)	-
Non-Recourse Debt (Noncurrent)	$13,845
Recourse Debt (Noncurrent)	$5,783
Total Debt	**$21,723**
LESS	
Cash & Cash Equivalents	$1,515
Restricted Cash	$482
Short-Term Investments	$424
Debt Service Reserves & Other Deposits	$549
Total	**$2,970**
NET DEBT	**$18,753**

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 both consolidated entities and entities accounted for under the equity method 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, adjusted for the same gains or losses excluded from consolidated entities. 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 both consolidated entities and entities accounted for under the equity method 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, adjusted for the same gains or losses excluded from consolidated entities. 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.
  The proportional adjustment factor, proportional maintenance capital expenditures (net of reinsurance proceeds), and proportional non-recoverable environmental capital expenditures are calculated by multiplying the percentage owned by non-controlling interests for each entity by its corresponding consolidated cash flow metric and adding up the resulting figures. For example, the Company owns approximately 70% of AES Gener, its subsidiary in Chile. Assuming a consolidated net cash flow from operating activities of $100 from AES Gener, the proportional adjustment factor for AES Gener would equal approximately $30 (or $100 x 30%). The Company calculates the proportional adjustment factor for each consolidated business in this manner and then adds these amounts together to determine the total proportional adjustment factor used in the reconciliation. The proportional adjustment factor may differ from the proportion of income attributable to non-controlling interests as a result of (a) non-cash items which impact income but not cash and (b) AES' ownership interest in the subsidiary where such items occur.
- **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.