

The AES Corporation
Barclays CEO Energy-Power Conference

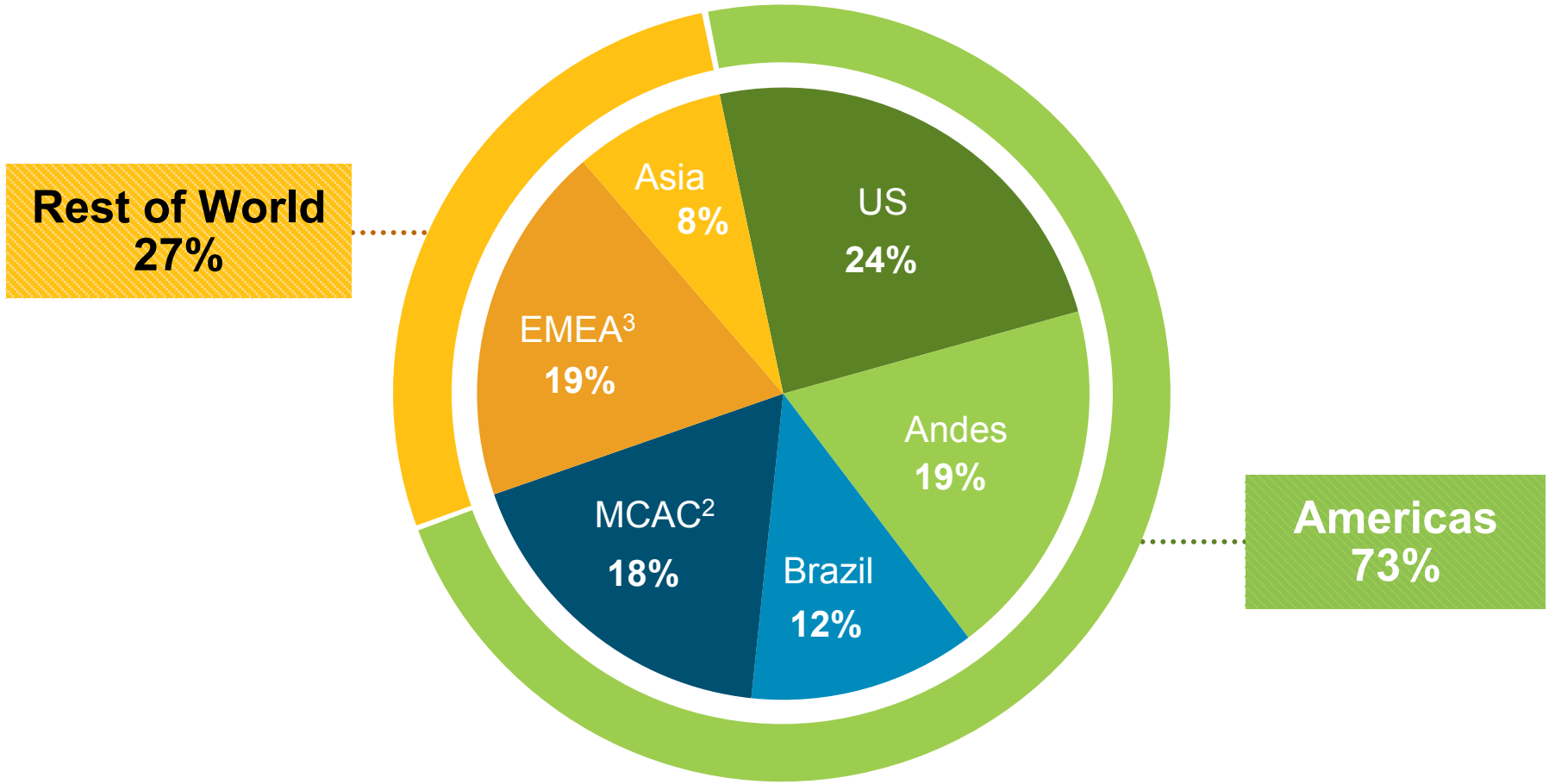
Andrés Gluski, President & CEO
September 2, 2014

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 42 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.

Who We Are: A Diversified Power Generation and Distribution Company

FY 2013 Adjusted PTC[1]: $1.8 Billion Before Corporate Charges of $0.6 Billion



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Mexico, Central America and Caribbean.
3. Europe, Middle East and Africa.

Executive Summary

- Accomplishments since September 2011:
  - 8% average annual growth in Adjusted EPS[1]
  - 13% average annual growth in Proportional Free Cash Flow[1]
  - Reduced Parent debt by 20%
  - Returned an average of $400 million per year to shareholders in 2012-2013
  - Reduced global overhead by $143 million
  - Exited 8 countries
- Focus going forward:
  - Reducing risk
  - Bringing in financial partners with a lower cost of capital
  - Selectively investing in growth projects benchmarked against share repurchases

Goal: Deliver Higher Risk-Adjusted Returns

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

Our Strategic Pillars Leverage Our Platforms to Drive Growth; Partnerships Reduce Risk and Enhance Returns

Reducing Complexity

- Exiting businesses with no competitive advantage
- Achieved $2 billion in asset sale proceeds – Exited 8 countries
- Expect to raise an additional $500 million by December 2015

Performance Excellence

- Be the low-cost manager
- On track to lower global G&A by $200 million by 2015
- Reducing O&M by $185 million[1] by 2018

Leveraging Our Platforms

- Expanding existing businesses
- Building on strong presence in key markets

Expanding Access to Capital

- Building strategic partnerships
- Lower cost source of funding for new projects
- Selling down existing businesses reduces risk, improves returns and frees-up capital

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

Growth Focused on Leveraging Our Competitive Advantages and Expertise

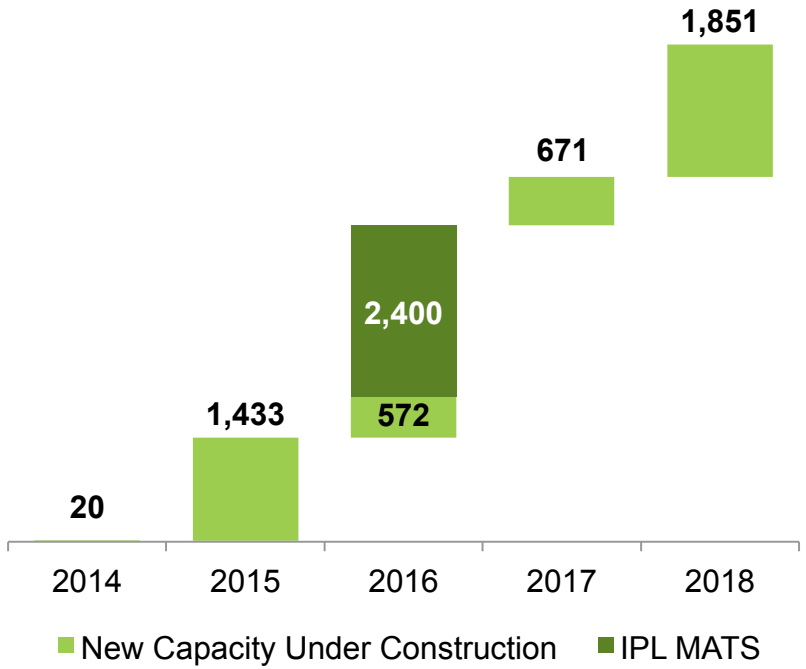
Platform Expansions	• 6,947 MW under construction
Adjacencies & Enhancements	• Energy storage • Desalinization • Fogging
Targeted M&A	• Complementary to existing position in key markets

Growth Projects Benchmarked Against Share Repurchases

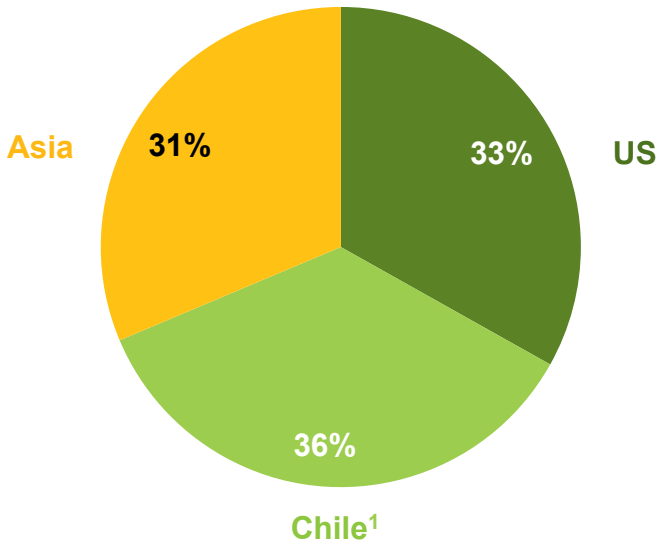
Leveraging Our Platforms: Construction Program Contributes to Long-Term Growth

MW Additions by Year

4,547 MW, Plus 2,400 MW of MATS Upgrades Under Construction



AES Equity Investments of $1.5 Billion



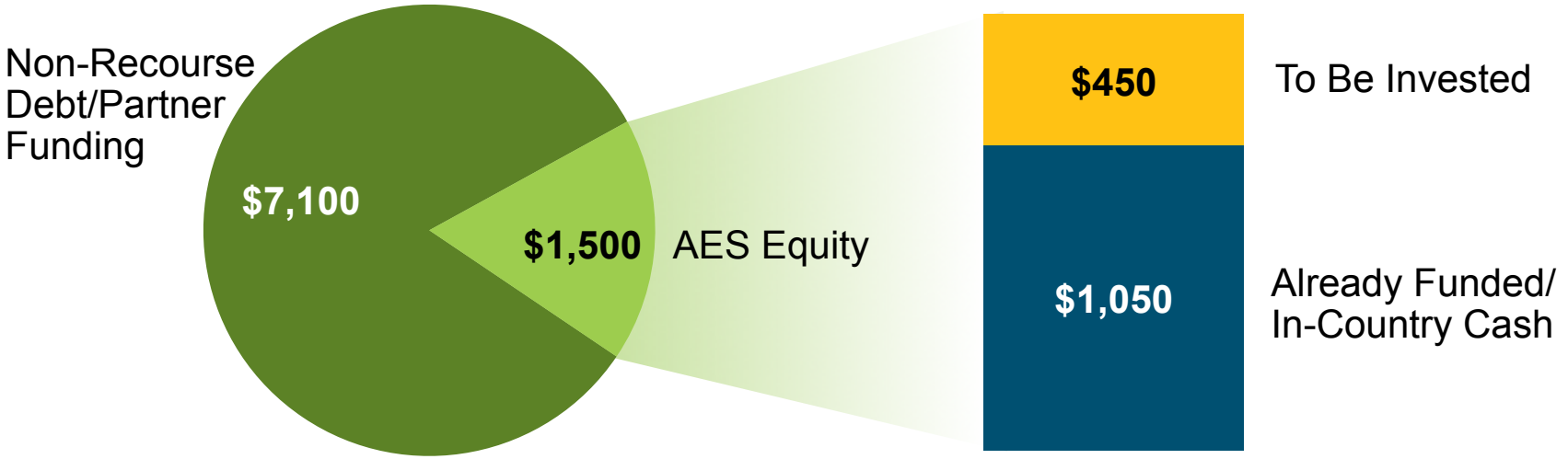
1. AES Gener, listed in Santiago.

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.

Increasing Per Share Value on a Risk-Adjusted Basis

$ in Millions

Construction Program & IPL MATS
15% ROE[1] and 7x P/E



70% of AES' Equity Commitments Already Funded

1. 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. See Slide 40 for details.

Attracting Low-Cost Capital by Bringing in Partners

$ in Millions



Objective: Reduce Risk, Improve Returns and Free-Up Capital

Construction Program: Indianapolis Power & Light (US)

671 MW Eagle Valley CCGT – Expected On-Line 1H 2017



Construction Program: OPGC (India)

Existing 420 MW OPGC I



1,320 MW OPGC II
Expected On-Line 1H 2018



Construction Program: Mong Duong 2 (Vietnam)

1,240 MW Mong Duong 2 – Expected On-Line 2H 2015



Construction Program: Cochrane (Chile)

Existing 545 MW Angamos



572 MW Cochrane
Expected On-Line 1H 2016



Development Pipeline: Well-Positioned to Benefit from Strong Competitive Advantages

Development Pipeline 18,000 MW

- Expansion of existing facilities
- Rate base growth
- Repowering opportunities
- Privatization of new projects in existing markets
- Adjacencies and enhancements
  - Energy storage
  - Water desalinization
  - Fogging

Expect Returns that Exceed Return on Share Repurchases

Development Pipeline: Examples of Rate Base Growth

IPL 410 MW Harding Street Station Coal to Natural Gas Conversion

- $125 million estimated project cost
- Includes wastewater compliance and closure of ash pond and coal pile
- Regulatory order expected September 2015
- Conversion completion 2H 2016



IPL Petersburg Wastewater Compliance Plan

- $225 million estimated project cost
- Regulatory order expected September 2015
- Construction expected to begin December 2015
- Operations 2H 2017



Development Pipeline: Example of Expansion of Existing Facility

Dominican Republic: Increasing Capacity by 122 MW to 358 MW



- Signed a 6-year PPA
- Selected an EPC contractor
- Expect to fund majority of capital cost with debt capacity in the Dominican Republic
- Operations expected mid-2016

Development Pipeline: Example of Expansion of Existing Facility

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

Development Pipeline: Example of Repowering Opportunities

Opportunities at Existing Southland Facilities in Southern California

- 3,400 MW across three sites
- Permits expected 2014 and 2015
- Seeking long-term contracts
- Construction expected to begin in 2017



Development Pipeline: Example of New Projects in Existing Market

Mexico

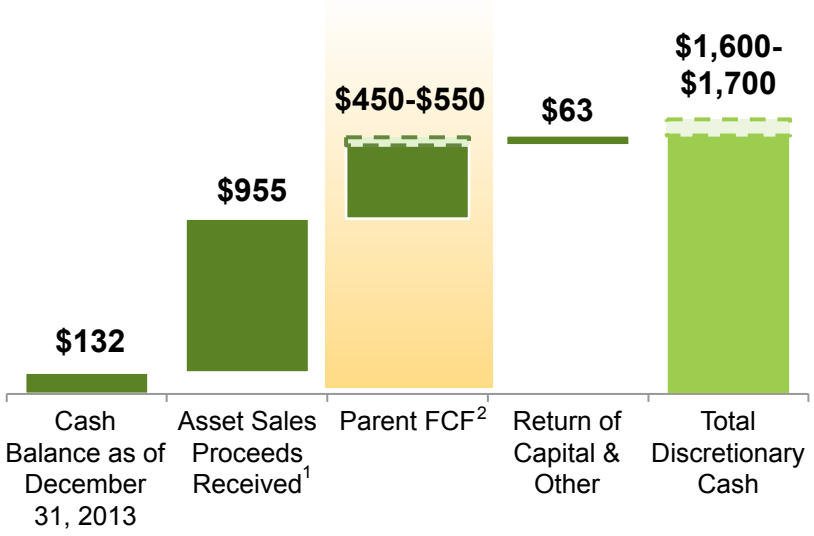
- Our competitive advantage:
  - Almost 15 years in Mexico
  - Currently own/operate 1,055 MW – one of the largest IPPs in-country
- Recently approved energy reforms
- Potential capacity increase of >25,000 MW in 5-7 years



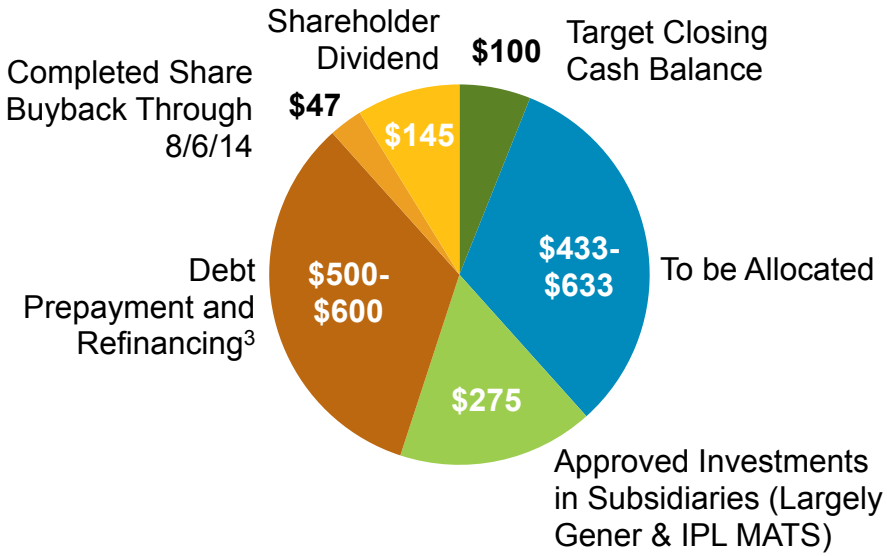
2014 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,600-$1,700)



Discretionary Cash – Uses ($1,600-$1,700)

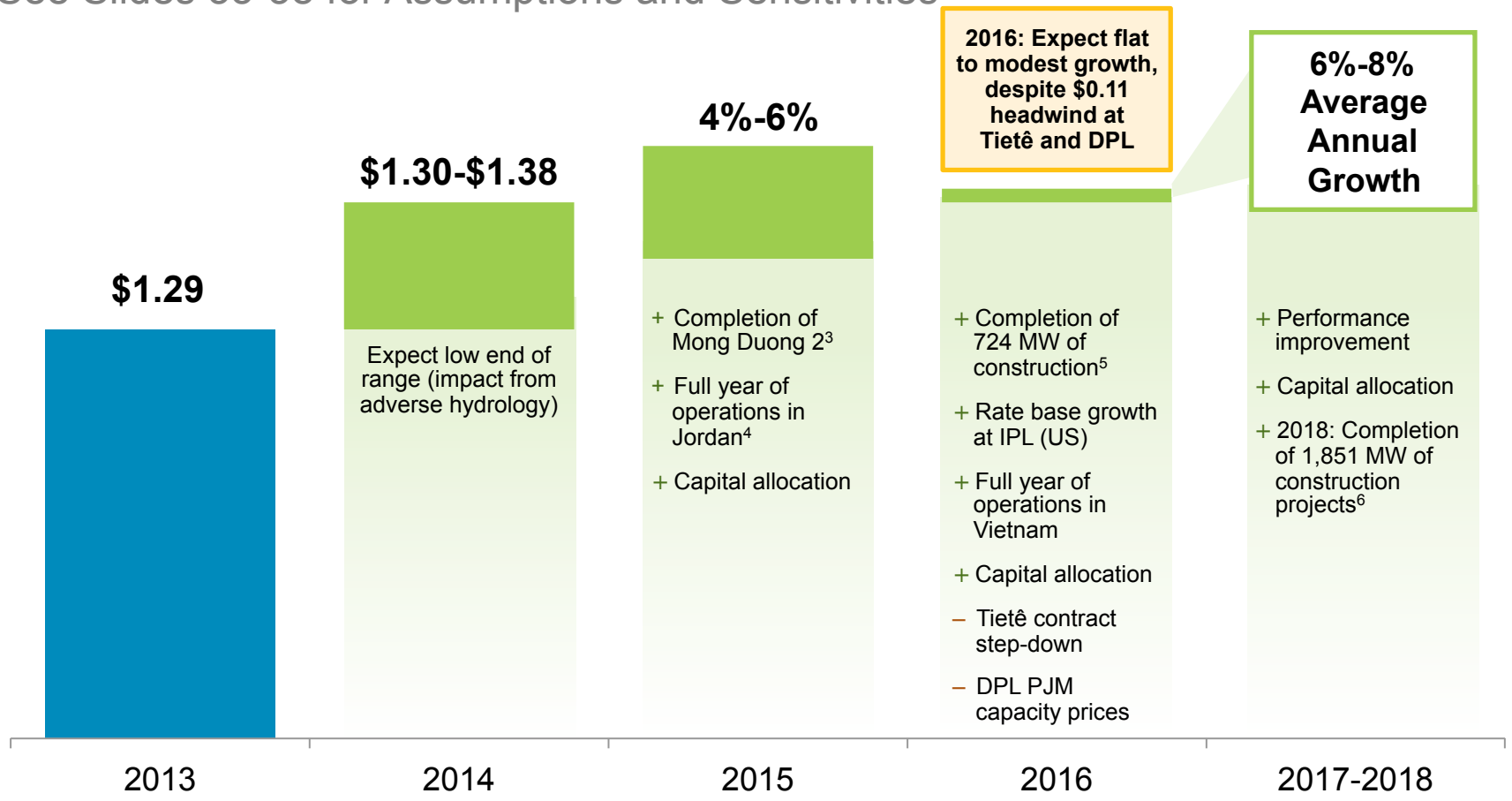


Unallocated Cash Available to Invest in Share Buybacks, Platform Expansions and Debt Paydown

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), $155 million (UK Wind), $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.

Adjusted EPS[1] Growth: 4%-6% Through 2015, Expecting Faster Growth in 2017-2018[2]

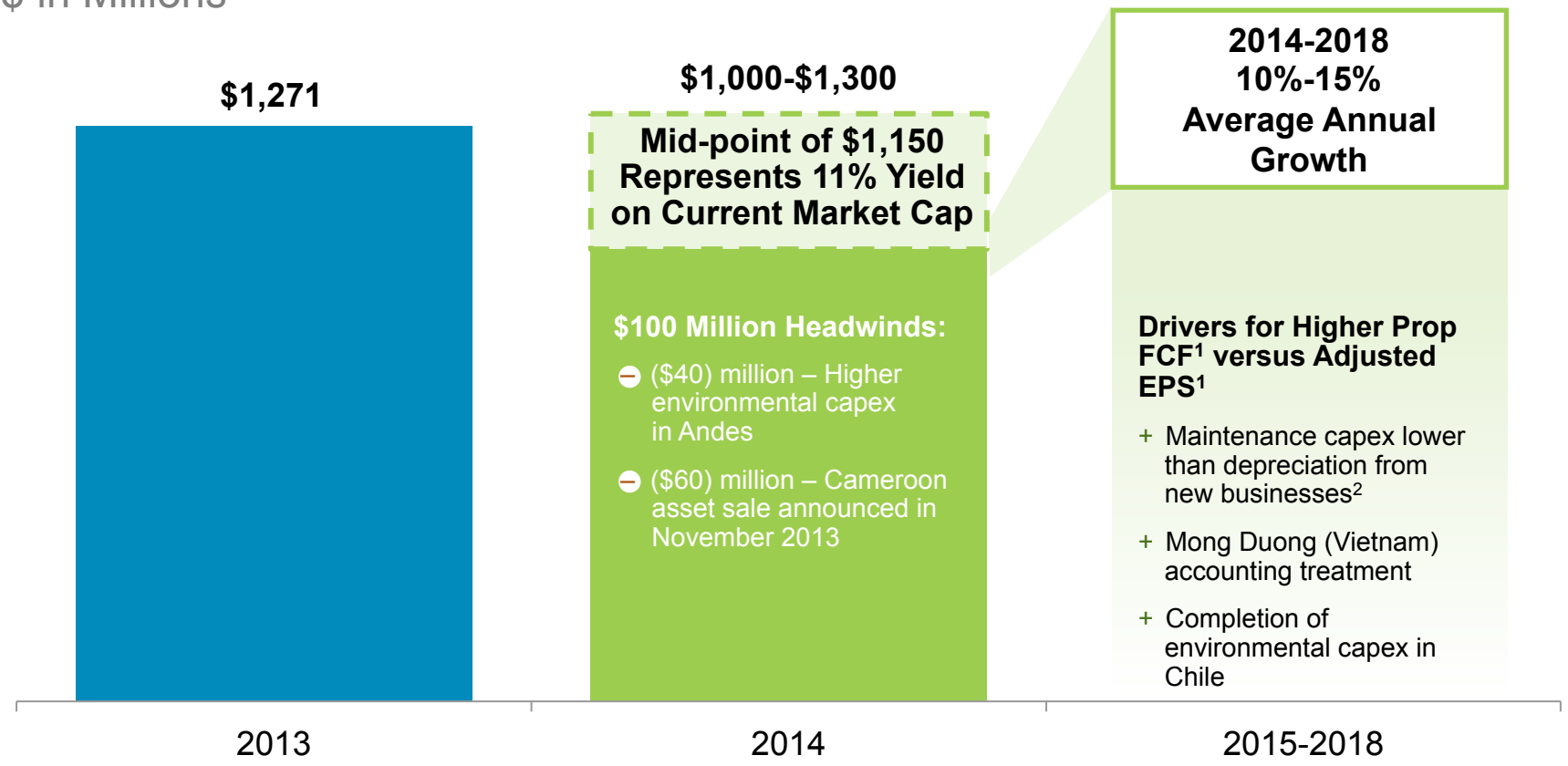
See Slides 35-38 for Assumptions and Sensitivities



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. 2014 guidance reaffirmed on August 7, 2014 and 2015-2018 growth rates provided on February 26, 2014.
3. 1,240 MW Mong Duong 2 project in Vietnam.
4. 247 MW IPP4 project in Jordan.
5. 152 MW Guacolda V and 572 MW Cochrane projects in Chile.
6. 531 MW Alto Maipo project in Chile and 1,320 MW OPGC II project in India.

Growth in Proportional Free Cash Flow (Prop FCF)[1]

$ in Millions



Strong and Growing Proportional Free Cash Flow[1] – Increasing Capital Available for Debt Repayment, Growth & Distributions to Parent

1. A non-GAAP financial measure. See Appendix for definition and reconciliation. 2014 guidance reaffirmed on August 7, 2014 and 2015-2018 growth rates provided on February 26, 2014.
2. Consistent with existing operations. 2013 actual proportional depreciation was $975 million versus proportional maintenance capex of $610 million.

Conclusion

- Diversified power company with concentration in higher growth markets
- Well-positioned to benefit from growth opportunities
- Executing on a strategy to deliver higher risk-adjusted returns
- Attractive and growing total return at a compelling valuation
  - Proportional Free Cash Flow[1] yield of 12%; expecting growth of 10%-15% annually (2014-2018)[2]
  - Total return[3] potential increases to 8%-10% annually from current level of 6%-8%[2]

1. A non-GAAP financial measure. See Appendix for definition.
2. 2014 guidance reaffirmed on August 7, 2014 and 2015-2018 growth rates provided on February 26, 2014.
3. 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

- Hydrology — Slide 25
- In Brazil, Improvement in Forward Curves Provides Upside Potential — Slide 26
- Business Developments — Slides 27-29
- Dividend Policy — Slide 30
- Parent Only Cash Flow — Slide 31
- DPL Modeling Tools — Slide 32
- DPL Debt Schedule — Slide 33
- Asset Sales — Slide 34
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- Year-to-Go 2014 Guidance Estimated Sensitivities — Slide 36
- Currency and Commodity Sensitivities — Slides 37-38
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- Reconciliation — Slide 41
- Assumptions & Definitions — Slides 42-44

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

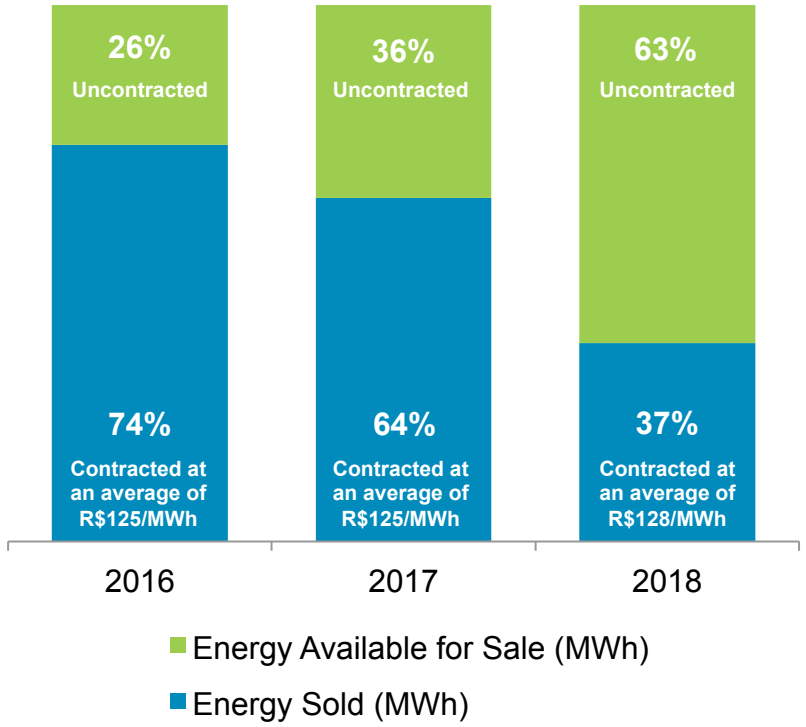
- Expect inflows to be in-line with historical average through November and thermal dispatch to remain high, to preserve reservoir levels
- Reservoir levels should be sufficient to avoid rationing in 2014
- Impact of dry conditions for 2015 dependent on rainfall during next rainy season (December-April)

Reduced 2014 Impact Through Proactive Steps Despite Drier Hydrology than 2013

1. A non-GAAP financial measure. See Slide 41 for reconciliation and "definitions".

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 Slide 41 for reconciliation and "definitions".
2. Expectations 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 “definitions”.

Other Business 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 "definitions".

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

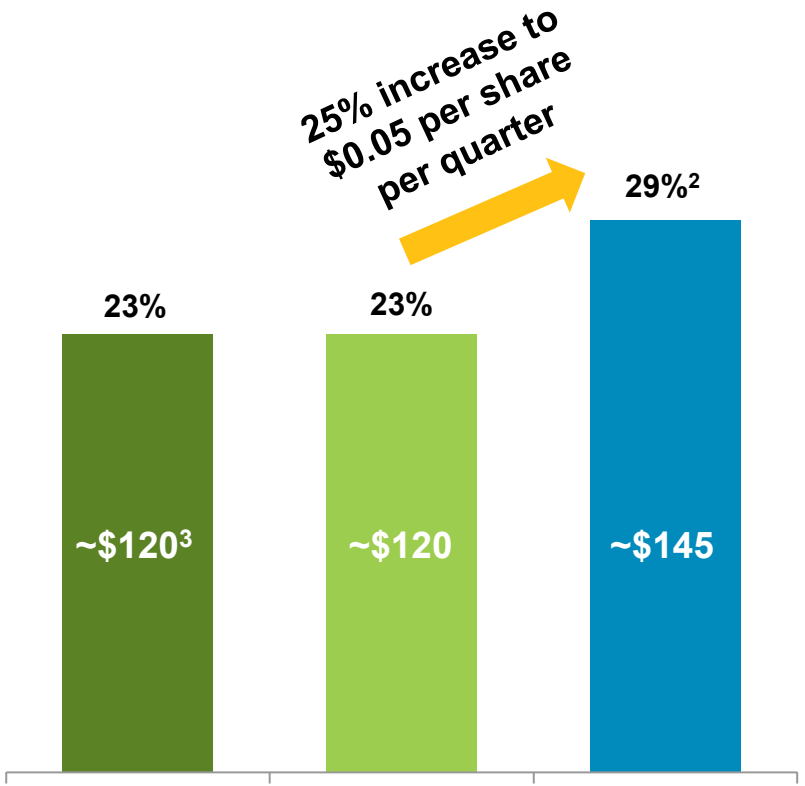
Business Update

- 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

Dividend Policy: Payout Ratio Target of 30%-40% of Sustainable Parent Free Cash Flow (Parent FCF)[1]

$ in Millions

- Dividend level to be tied to Parent FCF[1]
  - Expecting Parent FCF[1] to grow in-line with Proportional FCF[1] growth of 10%-15% annually
- Current payout ratio of 29% is at the low-end of the target range
- Will be reviewed annually in the fourth quarter



$ in Millions	2012	2013	2014
Parent FCF[1]	$521	$516	$450-$550

1. A non-GAAP financial measure.
2. Based on mid-point of $450-$550 million range.
3. Annualized; initiated dividend in fourth quarter 2012 for $30 million.

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”.

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**	

Narrowing Our Geographic Focus: Since September 2011, Sold 30 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	
4 Wind Projects	United Kingdom			$155	$155	
TOTAL		**$900**	**$234**	**$1,026**	**$2,160**	

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

Key Assumptions for 2014-2018 Outlook

- 2014
  - Foreign currency and commodity forward curves as of June 30, 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
  - Uses of Parent discretionary cash:
    - Quarterly dividend ($145 million in 2014)
    - $450 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 $0.01
- 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

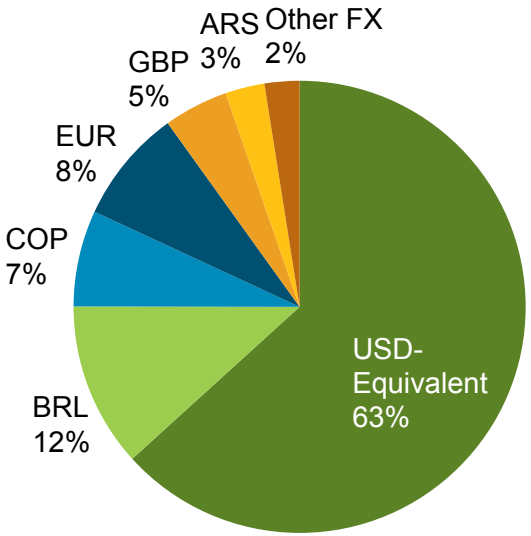
10% increase in commodity prices is forecasted to have the following EPS impacts:	YTG 2014	
	Average Rate	Sensitivity
NYMEX Coal	$62/ton	Less than $0.005, negative correlation
Rotterdam Coal (API 2)	$75/ton	
NYMEX WTI Crude Oil	$104/bbl	$0.005, positive correlation
IPE Brent Crude Oil	$112/bbl	
NYMEX 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.

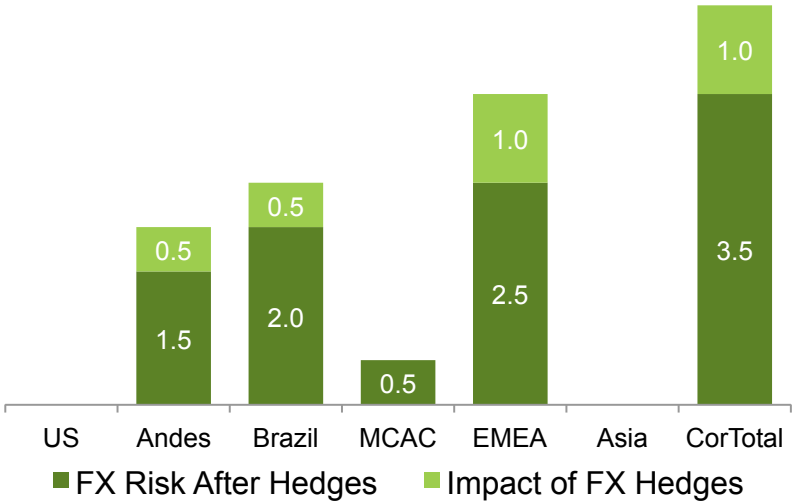
1. The move is applied to the floating interest rate portfolio balances as of June 30, 2014.

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)

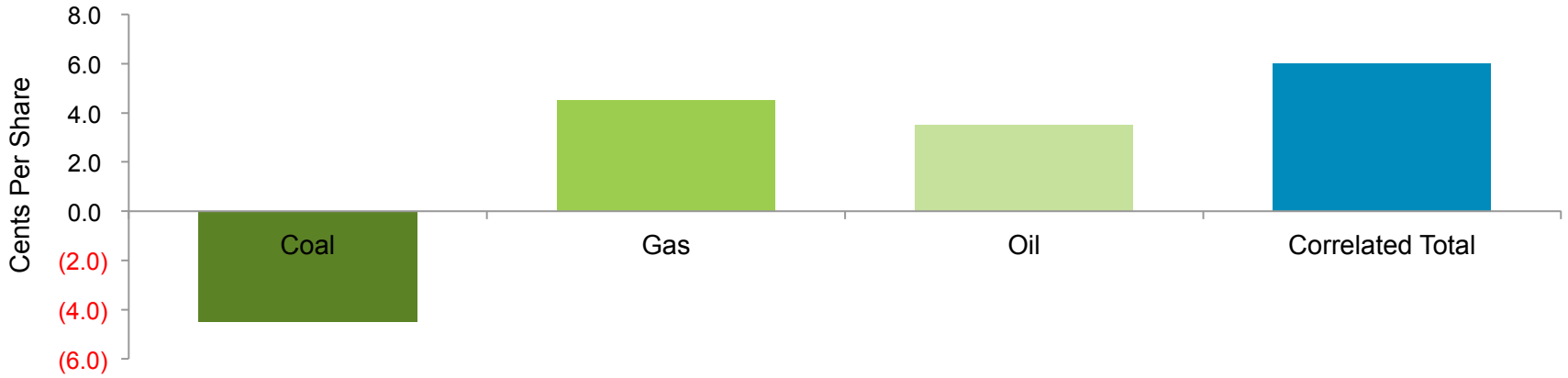


- Balance of 2014 correlated FX risk after hedges is $0.01 for 10% USD appreciation
- 63% of 2014 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our PPAs
- FX risk mitigated on 12-month rolling basis by shorter-term active FX hedging programs

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 41 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	20	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		Lease accounting
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.

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”.

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.