



# The AES Corporation 2013 Investor Day

May 9, 2013

## Safe Harbor Disclosure

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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 121 and the Appendix to this presentation. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES' filings with the Securities and Exchange Commission including but not limited to the risks discussed under Item 1A "Risk Factors" and Item 7: Management's Discussion & Analysis in AES' 2012 Annual Report on Form 10-K, as well as our other SEC filings. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



# 2013 Investor Day Agenda

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- **8:00 AM** Introduction, First Quarter 2013 Financial Results and Strategy – Andrés Gluski, President and CEO
- SBU Panel – Andy Vesey, Executive Vice President and COO
  - ▶ US – Ken Zagzebski, SBU President
  - ▶ Andes – Felipe Ceron, SBU President
  - ▶ Brazil – Britaldo Soares, SBU President
  - ▶ MCAC<sup>1</sup>, EMEA<sup>2</sup> and Asia – Andy Vesey
  - ▶ SBU Panel Q&A
- **10:20 AM** Break
- Risk Management – Annmarie Reynolds, Vice President and Chief Risk Officer
- Corporate and Financial Overview – Tom O’Flynn, Executive Vice President and CFO
- Wrap-Up – Andrés Gluski
- Q&A

1. Mexico, Central America and Caribbean.

2. Europe, Middle East and Africa.



# Introduction

Andrés Gluski, President and Chief Executive Officer



## Investor Day Objectives

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- Share our Q1 financial results
- Discuss progress on executing our strategy
- Describe future growth and value drivers
  - ▶ SBU and key business presentations
  - ▶ Building blocks of 6%-8% average annual total return target
- Explain our risk management approach, exposure and mitigants
- Frame our capital allocation priorities
  - ▶ Debt reduction targets
  - ▶ Dividend policy
- Answer your questions

## First Quarter 2013 Highlights

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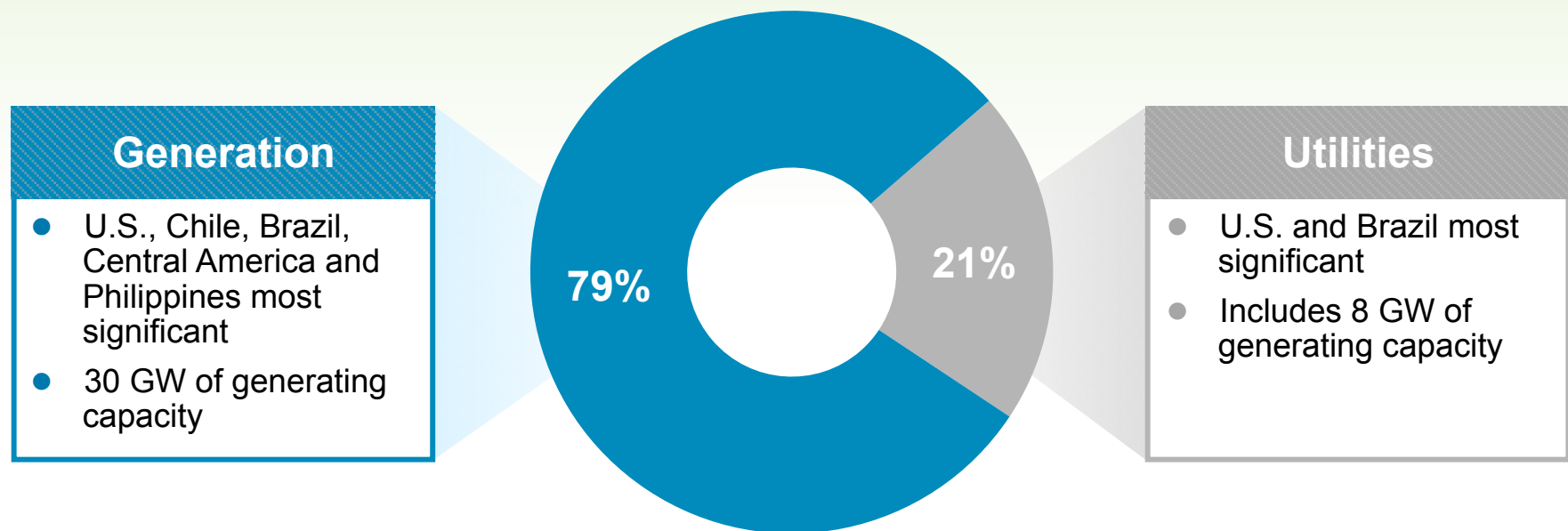
- Adjusted EPS<sup>1</sup> of \$0.26
  - ▶ Decline due to one-time benefit at Cartagena in Spain (first quarter 2012) and low hydrology in Brazil and Panama
- Increase in both proportional and consolidated cash flow for the quarter
- Reaffirmed full year 2013 guidance

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



# Who We Are: A Diversified Power Generation & Distribution Company

Full Year 2012 Adjusted PTC<sup>1,2</sup>:  
\$2.1 Billion Before Corporate Charges of \$0.7 Billion

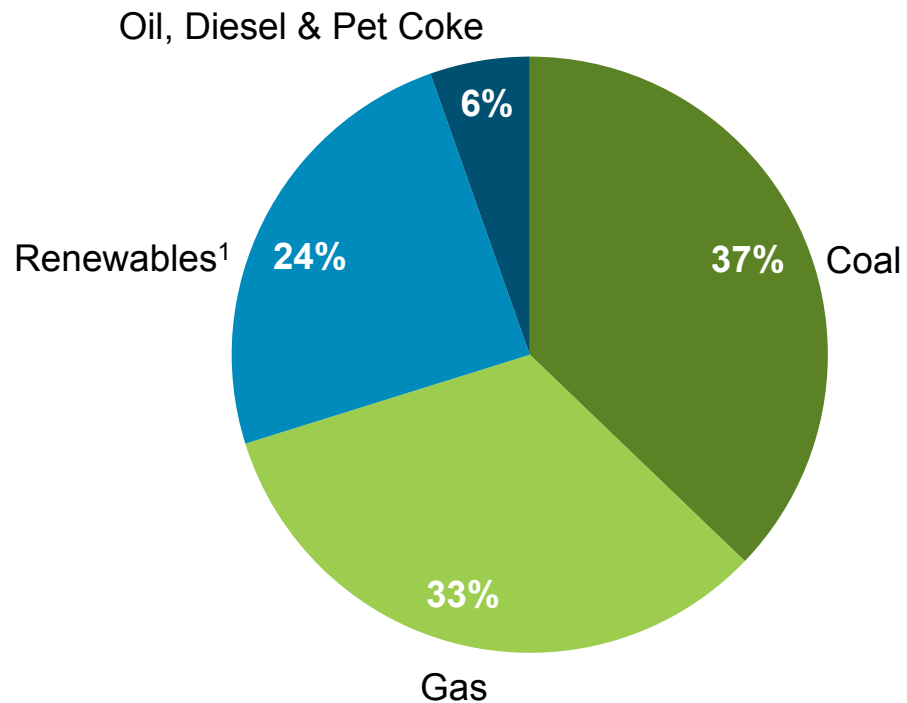


1. A non-GAAP financial measure. See Appendix for definition and reconciliation.

2. Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.

## Who We Are: Diversified by Fuel Type

38,425 MW of Capacity in Operation

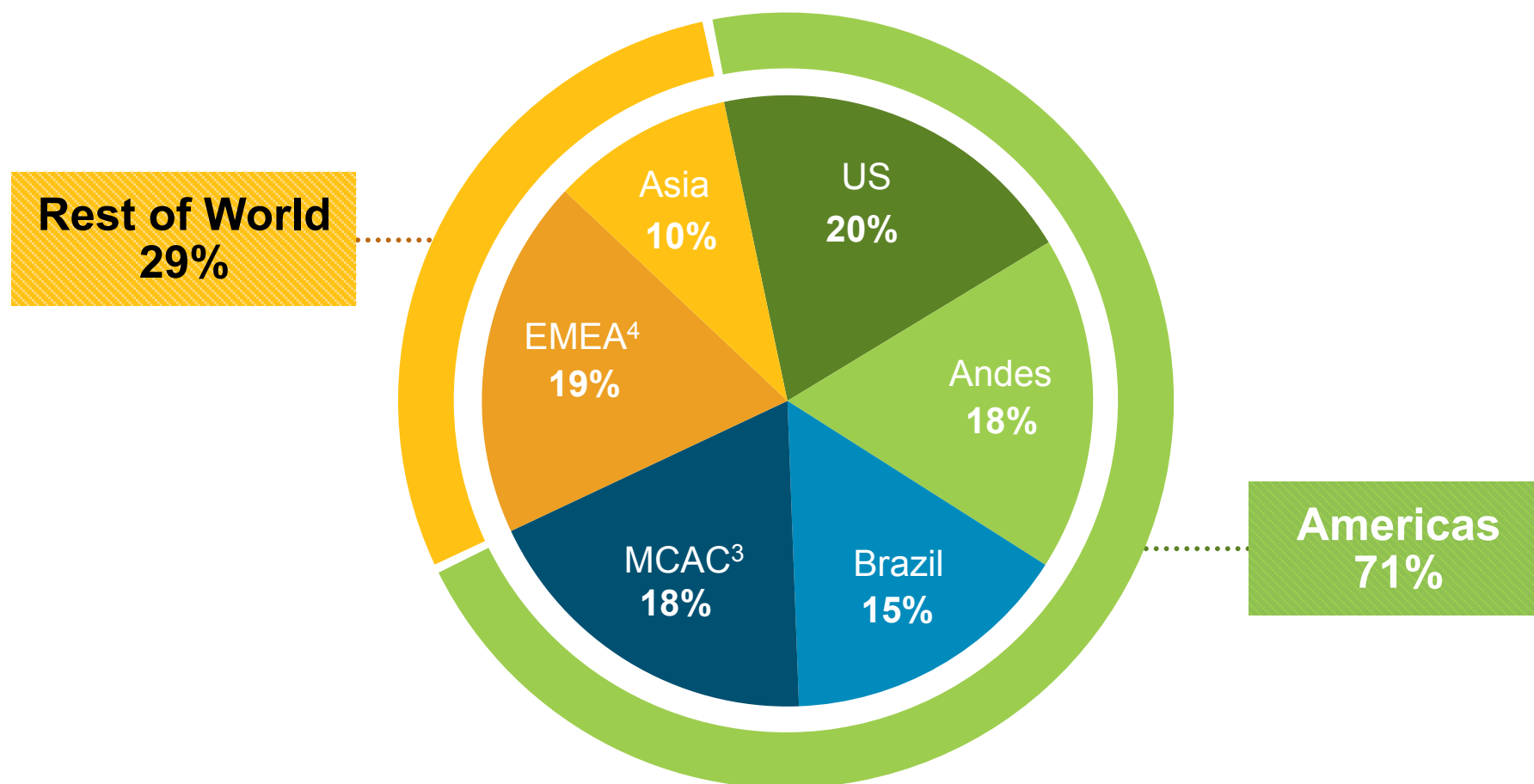


1. Renewables includes: hydro, wind, biomass and landfill gas. Excludes solar.



## 2012 Adjusted PTC<sup>1,2</sup> by Strategic Business Unit (SBU)

\$2.1 Billion Before Corporate Charges of \$0.7 Billion



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

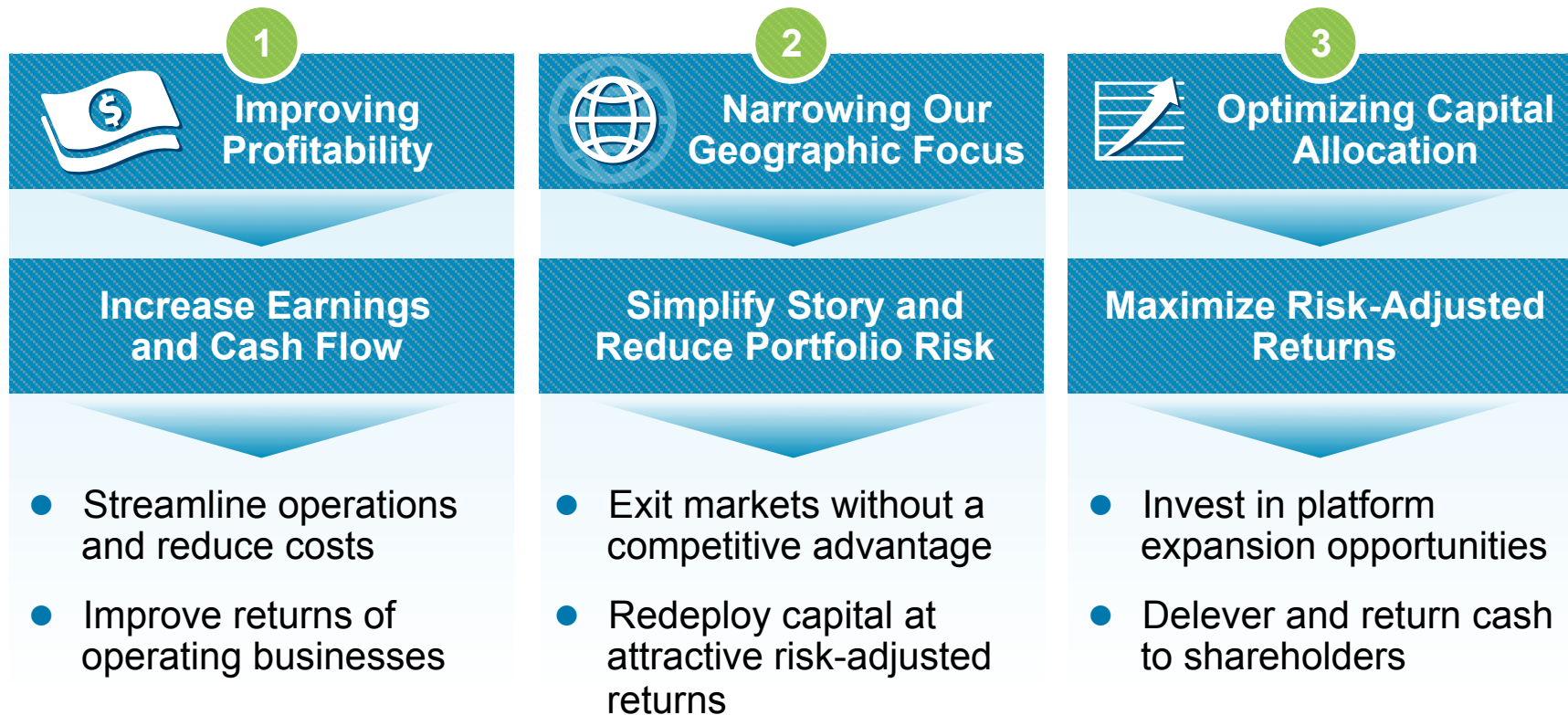
2. Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.

3. Mexico, Central America and Caribbean.

4. Europe, Middle East and Africa.

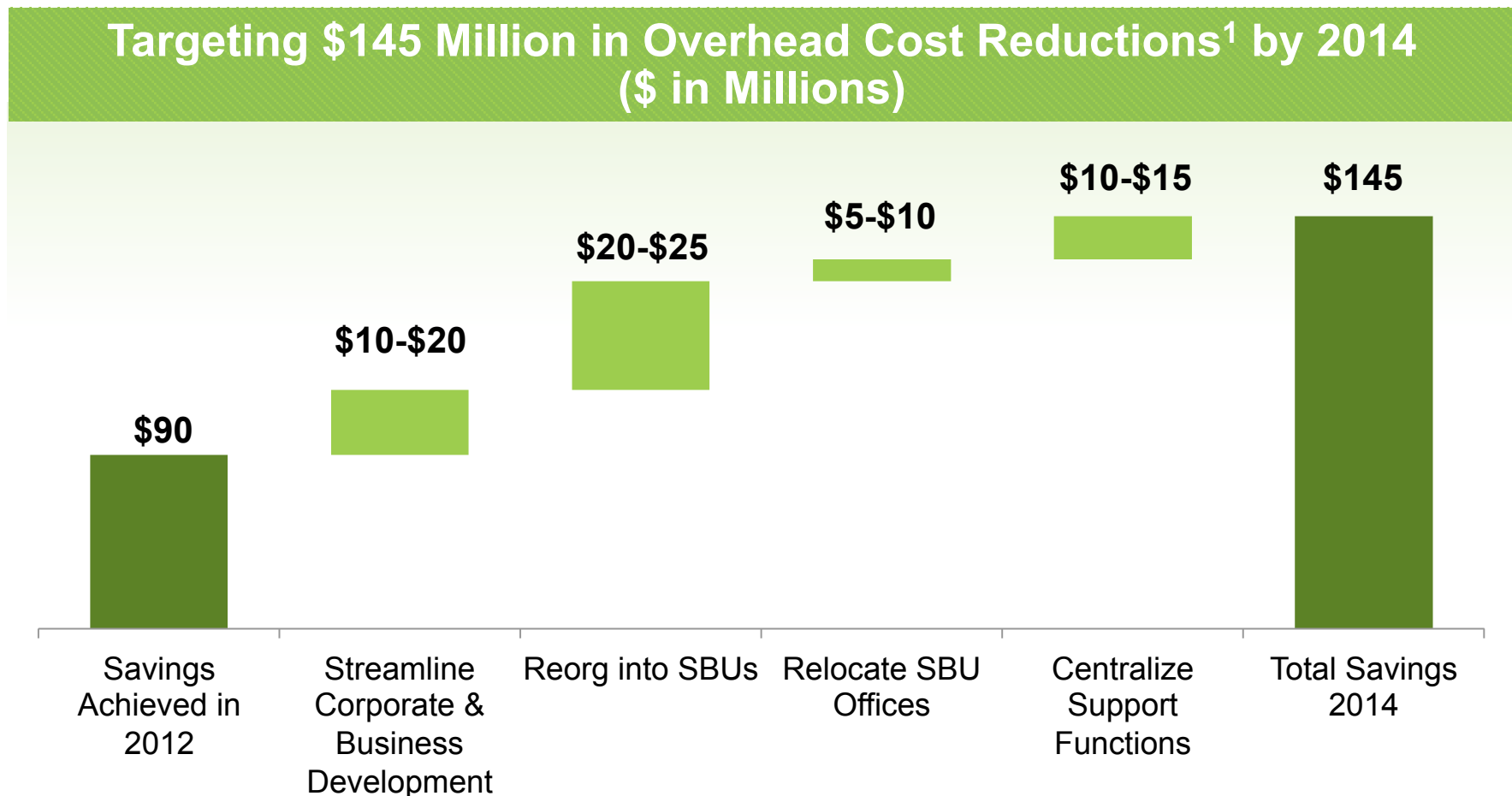
Contains Forward Looking Statements

# Strategy to Unlock Shareholder Value





# Improving Profitability: Streamline Operations and Reduce Overhead



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

Contains Forward Looking Statements

# Improving Profitability: Leveraging Our Size, Platform and Expertise

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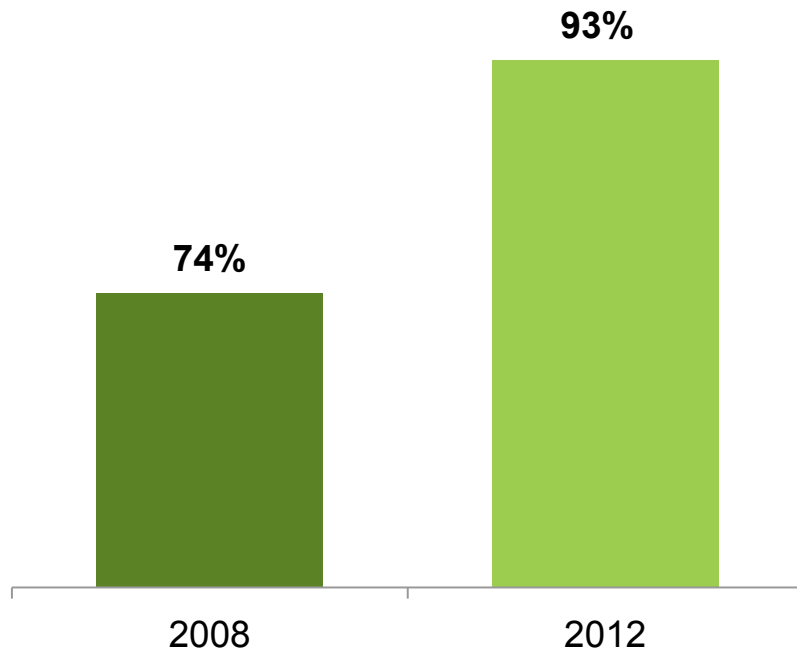
## AES Economies of Scale – Achieving Lower Costs

- Fuel sourcing
  - ▶ Manage roughly 20 million tons of coal per year
  - ▶ 50% U.S. and 50% international
  - ▶ Capture value across supply chain
- Non-fuel sourcing
  - ▶ Global relationships
  - ▶ Maintenance and capital expenditures

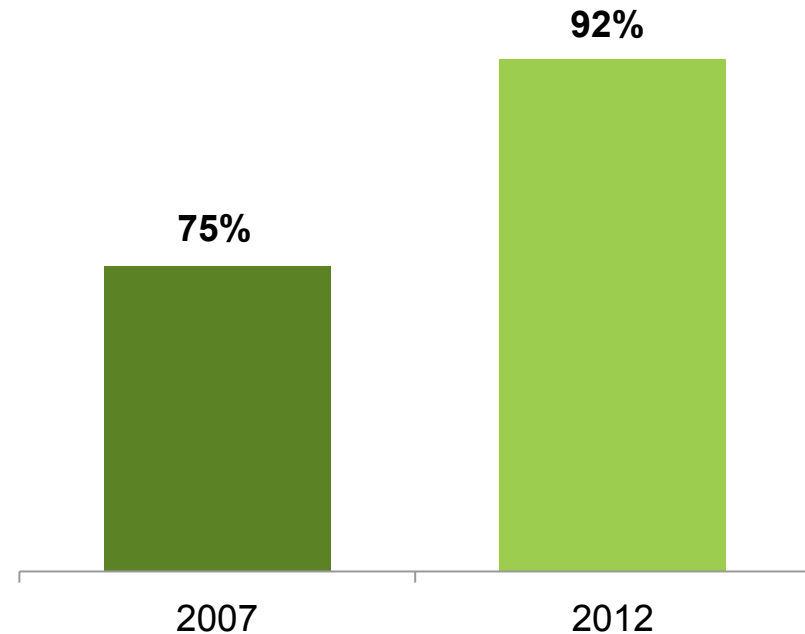
## Improving Profitability: Leveraging Our Size, Platform and Expertise to Improve Availability

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**Masinloc (Philippines) – EAF %**

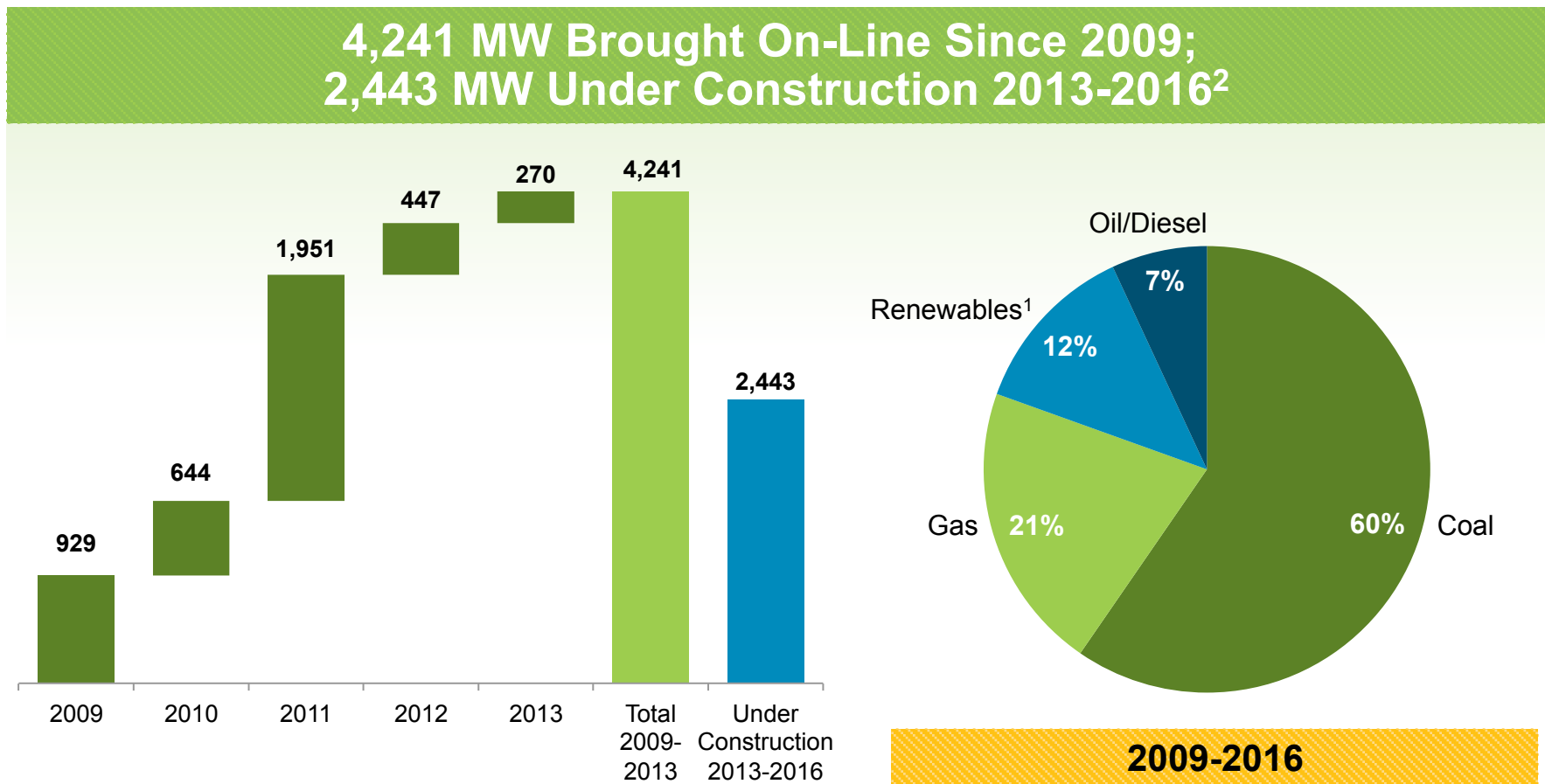


**TEG-TEP (Mexico) – EAF %**



# Improving Profitability: Leveraging Our Size, Platform and Expertise

Successfully Developing and Constructing Significant Capacity Additions

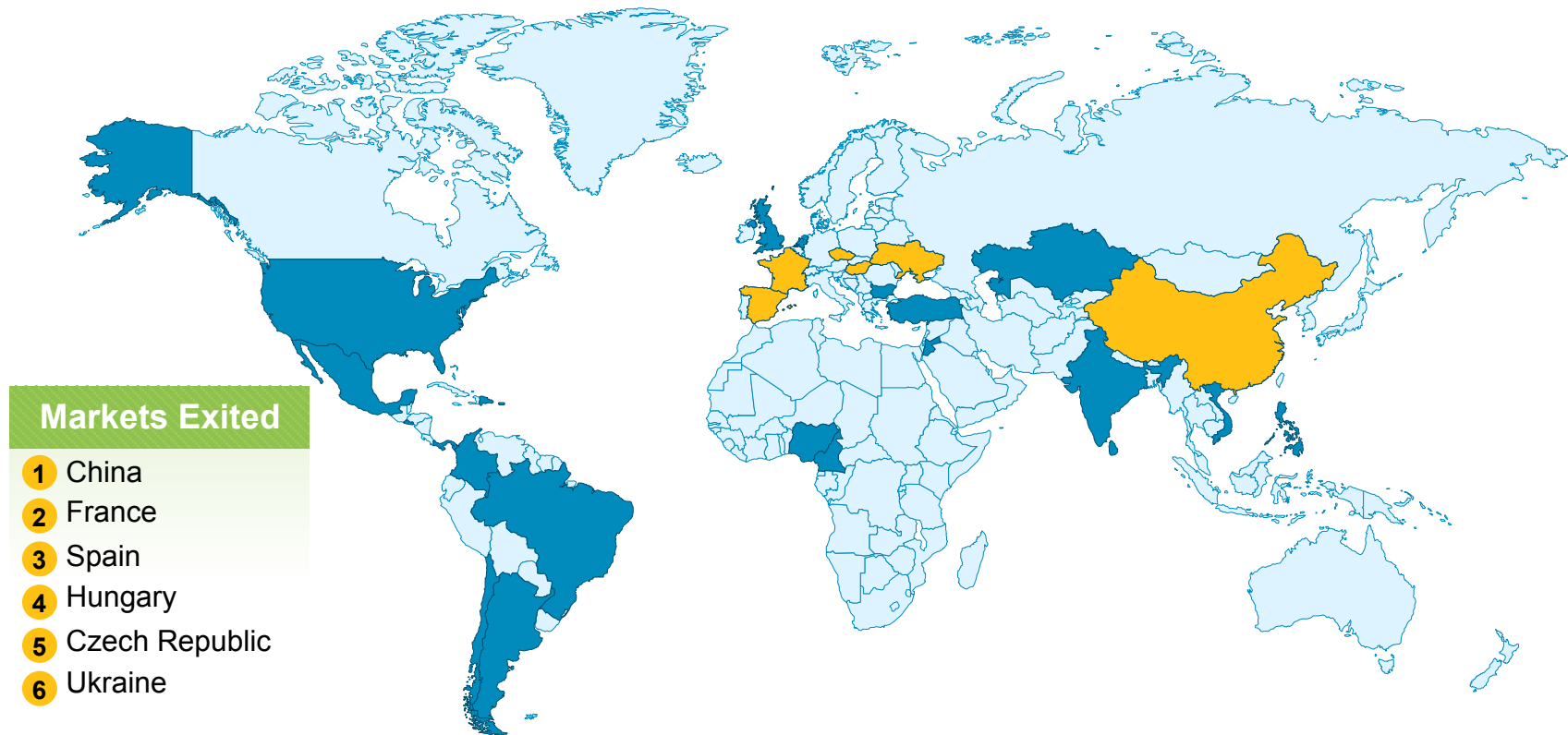


1. Renewables includes: hydro and wind. Excludes solar.

2. See Slide 114 for details of projects under construction.

# Narrowing Our Geographic Focus: Simplify Story and Reduce Risk

Closed \$1.1 Billion in Asset Sales; Exited 6 Markets



## Future Asset Sales

- Businesses with limited growth potential or competitive advantage

# Optimizing Capital Allocation: Reducing Leverage and Returning Cash to Shareholders

Since September 2011

## Debt Repayment

- **\$1 billion in prepayments**
  - ▶ \$820 million recourse debt<sup>1</sup>
  - ▶ \$197 million non-recourse debt (Brasiliana)

## Share Buyback

- **\$390 million to-date**
- **34 million shares; average price \$11.55/share**

## Dividend

- **Initiated quarterly dividend of \$0.04 per share**

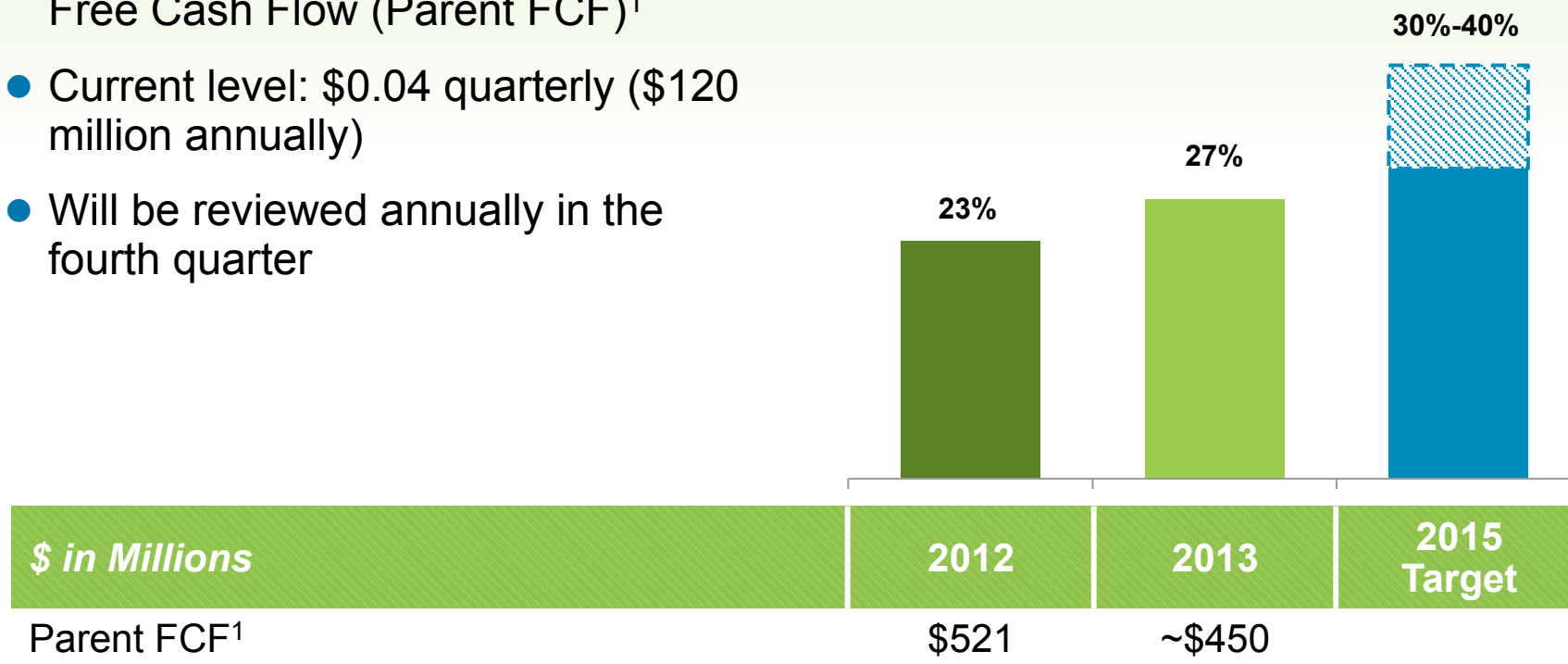
1. Includes proforma estimated results of tender offers launched in April 2013; final results may vary.



# Dividend Policy

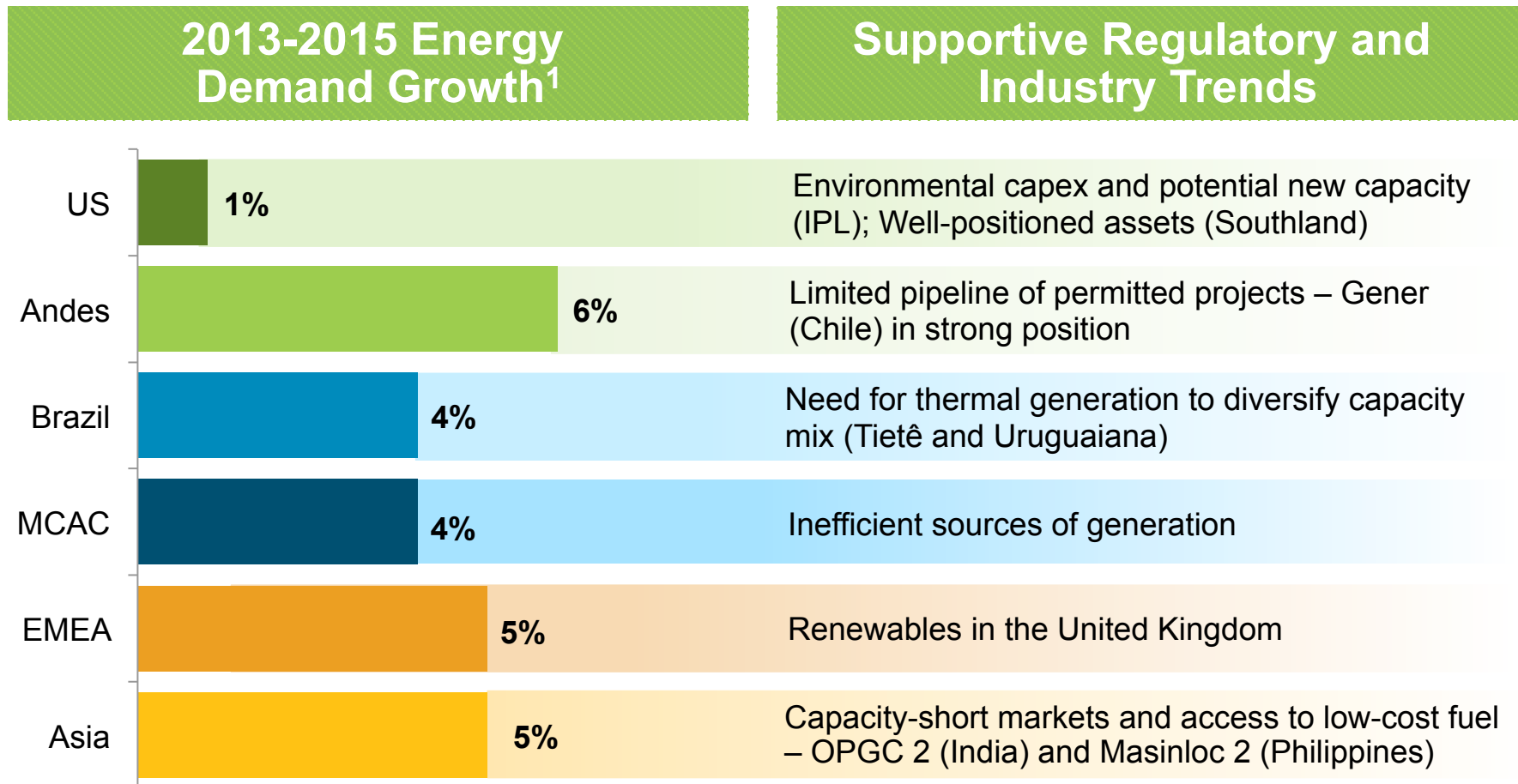
## Targeting Payout Ratio of 30%-40% of Sustainable Parent FCF<sup>1</sup>

- Dividend level to be tied to Parent Free Cash Flow (Parent FCF)<sup>1</sup>
- Current level: \$0.04 quarterly (\$120 million annually)
- Will be reviewed annually in the fourth quarter



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

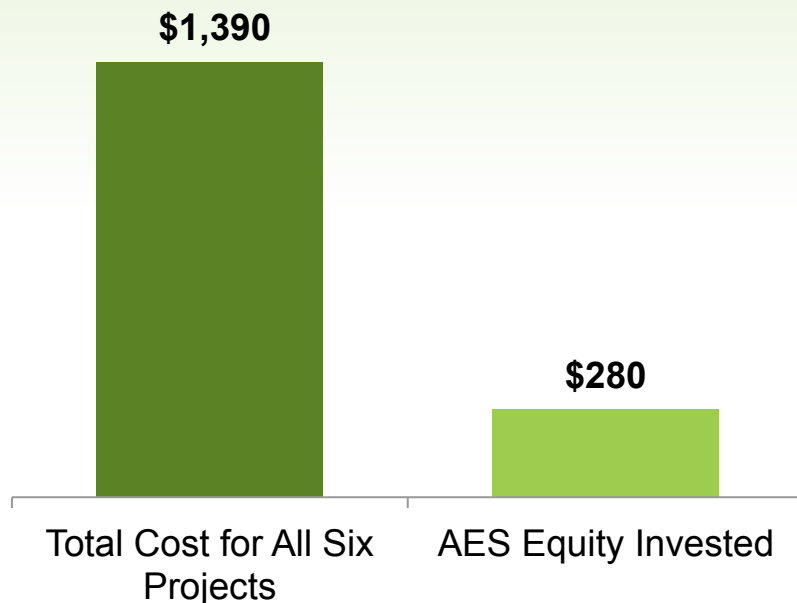
# Optimizing Capital Allocation: Footprint in Growing Markets



1. Internal estimates. Reflects growth rates weighted by Adjusted PTC.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.

# Optimizing Capital Allocation: Attractive Risk-Adjusted Returns from Platform Expansions

## 2013-2014 Construction Projects (789 MW<sup>1</sup>) \$ in Millions



## Estimated 2015 Returns<sup>2</sup>

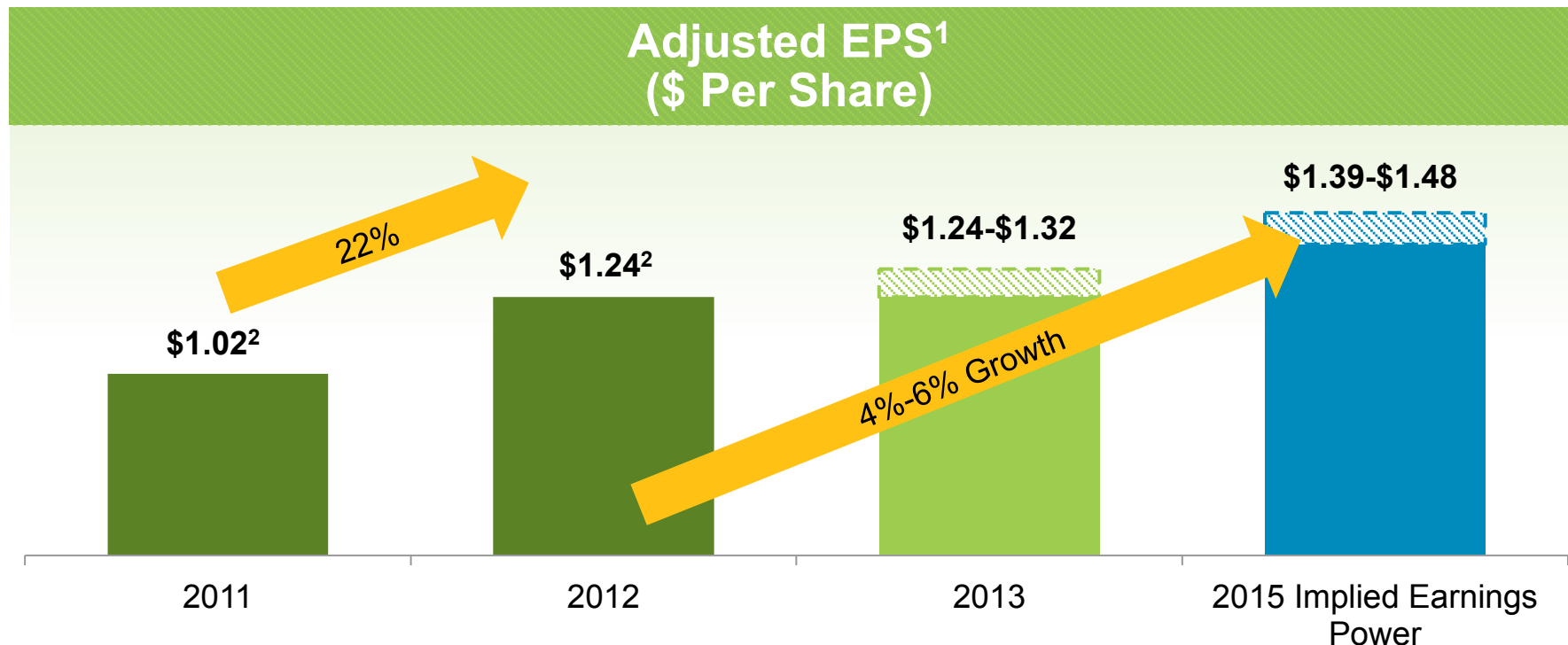
- ROE: 14%
- Cash Yield: 14%

## Platform Expansions Projected to Earn Attractive Returns

1. 491 proportional MW. Includes 270 MW Ventanas IV (Campiche) coal-fired plant (Chile), 247 MW IPP4 Jordan heavy fuel oil-fired plant (Jordan), 216 MW Kribi gas-fired plant (Cameroon), 20 MW Tunjita hydroelectric plant (Colombia), 20 MW Sixpenny Wood wind farm (United Kingdom) and 16 MW Yelvertoft wind farm (United Kingdom).
2. 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 115 for details.

# Maximizing Risk-Adjusted Returns

Projecting Total Return of 6% to 8% Annually Through 2015



**Maximizing Total Return Through 4% to 6% Adjusted EPS<sup>1</sup> Growth and Dividend (Currently \$0.16 Per Share Annually)**

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Reported earnings before impact of Ukraine discontinued operations. Adjusted EPS was \$1.21 and \$1.00 in 2012 and 2011, respectively, after the impact of discontinued operations.

# Executing on Our Strategy

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**Improving Profitability**

**Narrowing Our Geographic Focus**

**Optimizing Capital Allocation**



# Strategic Business Units (SBUs)

Andy Vesey, Chief Operating Officer



# SBU Overview – Approach to Creating Value

## Operational Excellence

- AES values – Safety first
- Best practices (APEX, standardized operations)
- Scale (strategic sourcing, back office, IT platforms)
- Stakeholder engagement
- Industry Leadership: 3 Edison Electric Institute Awards in 6 years
  - ▶ 2007 – Operational improvements in Latin America
  - ▶ 2010 – Successful rehabilitation of Masinloc in the Philippines
  - ▶ 2012 – Angamos in Chile



# SBU Overview – Approach to Creating Value

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## Leveraging the Platform

- Value from existing assets
  - ▶ Uruguaiana (640 MW) – Brazil
  - ▶ Southland (3,941 MW) – US-CA
  - ▶ Tunjita (20 MW), Guacolda V (152 MW), Cochrane (532 MW) and Alto Maipo (531 MW) – Colombia and Chile
  - ▶ Inter-Andes transmission line – Chile and Argentina
- Adjacent business lines
  - ▶ Virtual gas distribution
  - ▶ Energy Storage
  - ▶ Desalination
  - ▶ Transformer loss program

# Portfolio Consists of Six SBUs

## US



- Largely regulated or contracted with DP&L short-term sales exposure
- Lower growth market
- Platform expansions

## MCAC



- Contracted
- High growth markets
- Critical presence

## Andes



- Contracted in Chile
- Short-term sales exposure in Colombia and Argentina
- High growth markets
- Market leader

## EMEA



- Largely contracted
- Mixed growth markets
- Standalone projects with limited growth potential

## Brazil



- Regulated or contracted
- Large growth market
- Large player in competitive industry

## Asia



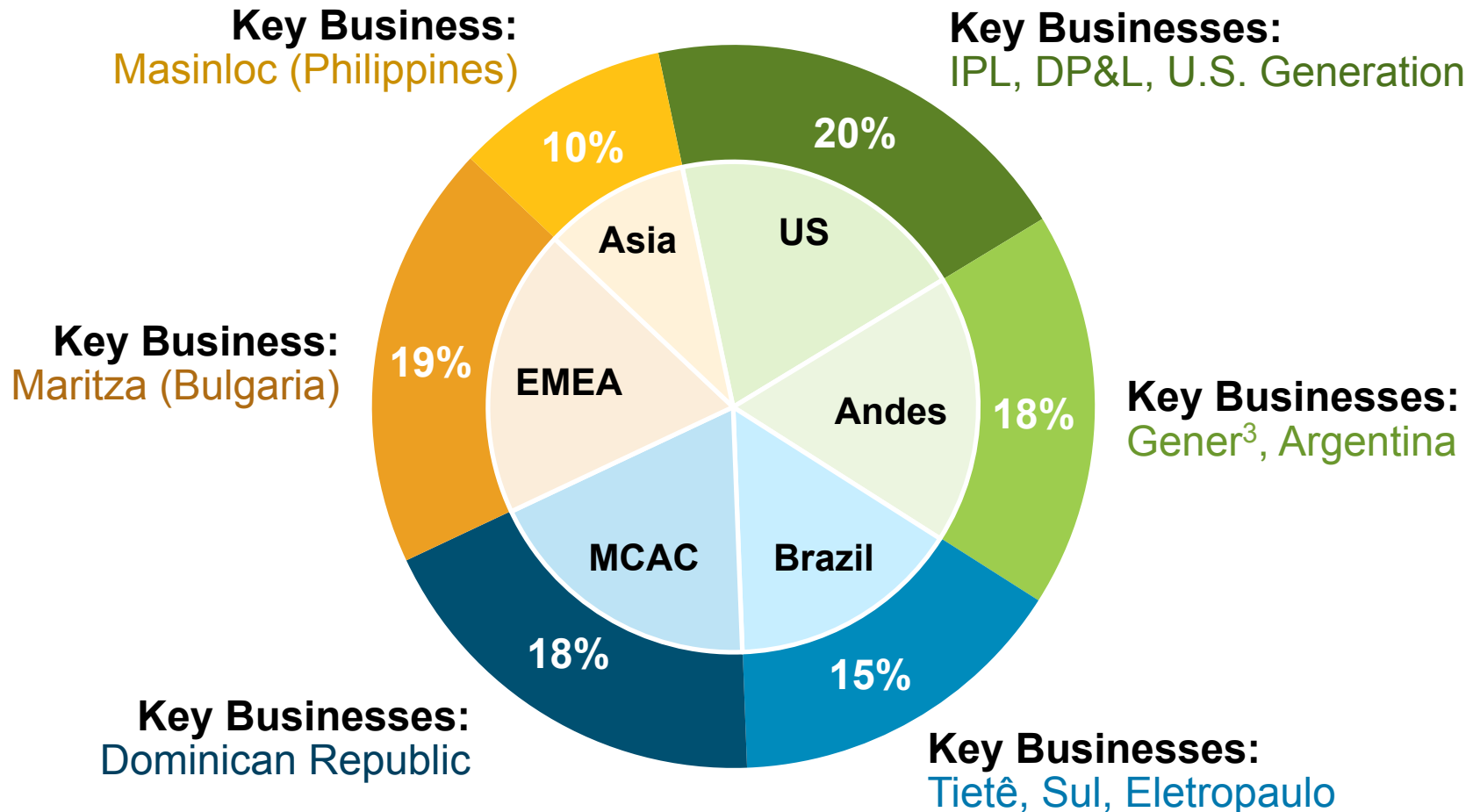
- Contracted
- High growth markets
- Focused on platform expansions

Note: Contracted is for two or more years.

Contains Forward Looking Statements

## Key Businesses Represent ~70% of Adjusted PTC<sup>1,2</sup>

Full Year 2012 \$2.1 Billion Before Corporate Charges of \$0.7 Billion



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

2. Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.

3. Operations in Chile and Colombia.



## US SBU

Ken Zagzebski,  
SBU President and CEO, IPL

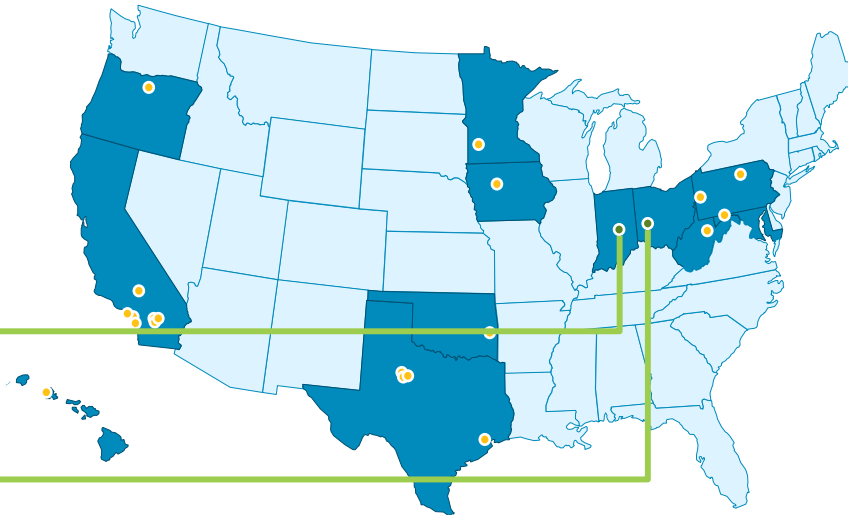
# US SBU Overview: Regulated or Contracted With Competitive Market Exposure at DP&L



**U.S. Generation  
(11 States)  
6,281 MW**

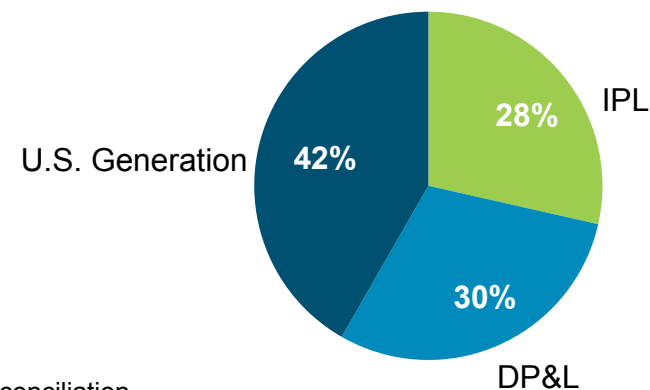
**IPL (Indiana)  
470,000 Customers  
3,674 MW**

**DP&L (Ohio)  
513,000 Customers  
3,818 MW**



**2012 Adjusted PTC<sup>1</sup>  
\$410 Million**

- Key Generation Business
- Key Distribution Business



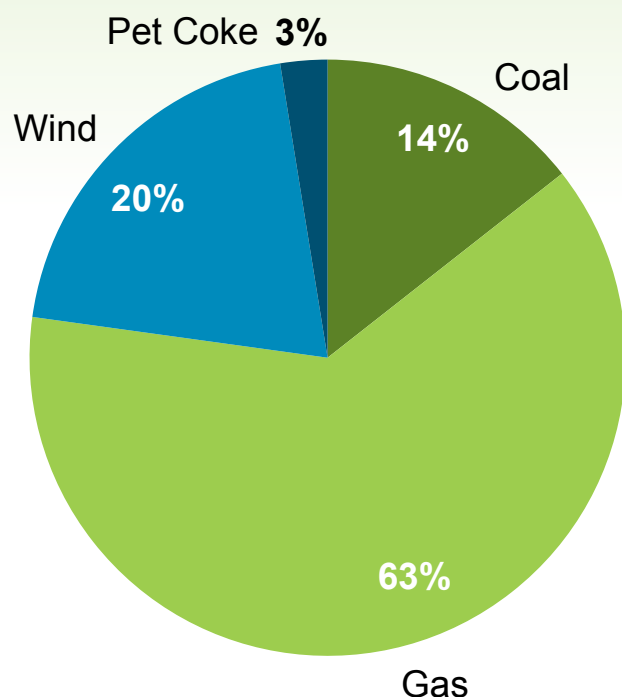
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.





## U.S. Generation Overview: 94% Contracted

### 6,281 MW in Operation



### Business Drivers

- Largely long-term contracts with single off-taker<sup>1</sup>
  - ▶ 6.5 year average remaining term
  - ▶ Fuel pass-throughs generally limit fuel risk<sup>1</sup>
- Plant availability and flexibility
- Southland (CA) repowering
  - ▶ Post-PPA expiration in 2018, 3,500 MW development potential
  - ▶ Existing presence positions us for best fit solution for SCE
- No other material outstanding environmental issues

1. 390 MW in PA, TX and WV sell under short-term contracts. 208 MW Hawaii's fuel supply agreement terminates in December 2013.

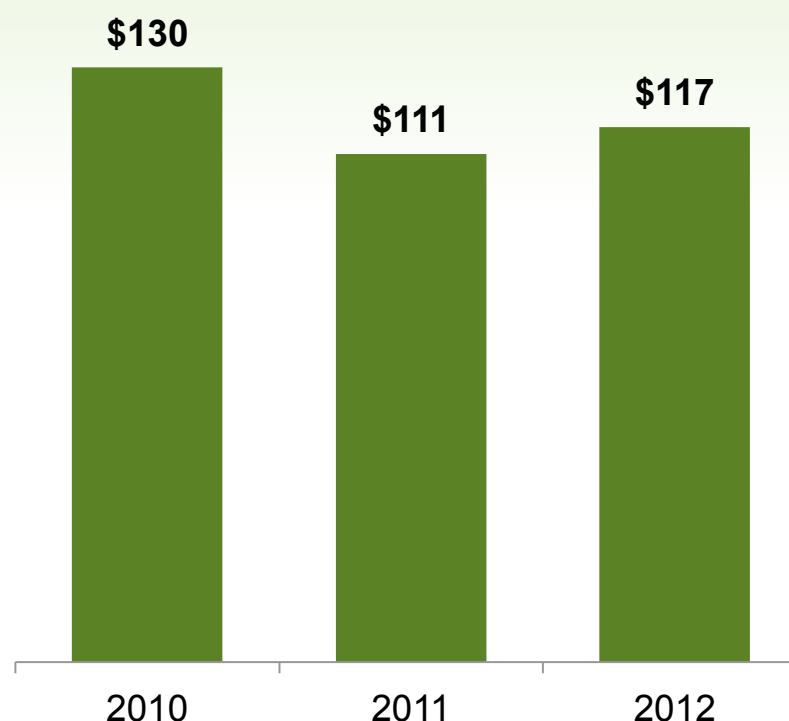


# Indianapolis Power & Light (IPL) Overview

## Business Drivers

- Rate base
  - ▶ \$2.1 billion<sup>1</sup>
  - ▶ Growth through environmental capex and CCGT investment
- Constructive legislative and regulatory environment
  - ▶ Fuel costs adjusted quarterly
  - ▶ Environmental capex tracker
  - ▶ T&D tracker
  - ▶ Future test year
- Excellent performance
  - ▶ High reliability
  - ▶ High customer satisfaction
  - ▶ Low rates

## 2010-2012 Adjusted PTC<sup>2</sup> (\$ in Millions)

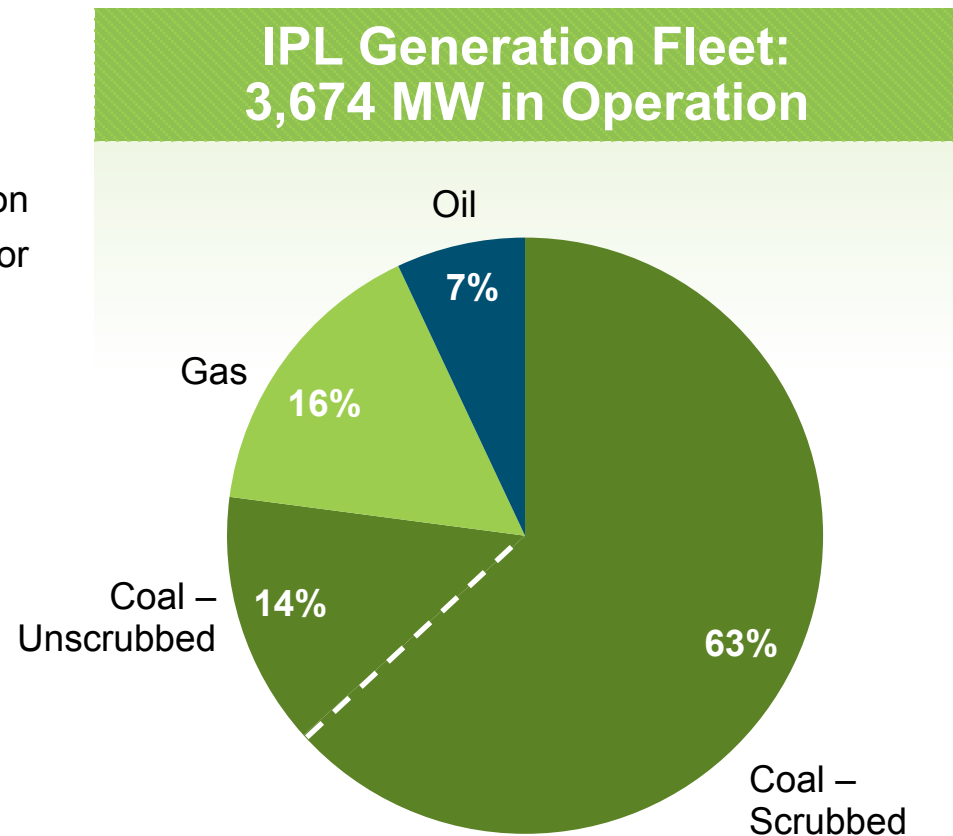


1. 2012 FERC Form No. 1, Form PR, Total Capital: for ratemaking purposes, IPL's rate base will reflect the fair value of its utility plant and may be different than amount shown.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.

# IPL Investments – Significant Rate Base Growth Potential



- Mercury and Air Toxics Standards (MATS) compliance
  - ▶ ~\$500 million total project cost 2013-2016
  - ▶ 2,400 MW of baseload coal-fired generation
  - ▶ Requested 100% recovery under tracker for qualifying costs
  - ▶ Commission decision likely by June 2013
- Filed to build a 550-725 MW combined cycle gas-fired plant
  - ▶ ~\$600 million total project cost 2014-2017
  - ▶ Replacing older, smaller units
  - ▶ Commission approval and rate case necessary for cost recovery
  - ▶ Commission decision in April 2014
  - ▶ COD expected in 2017

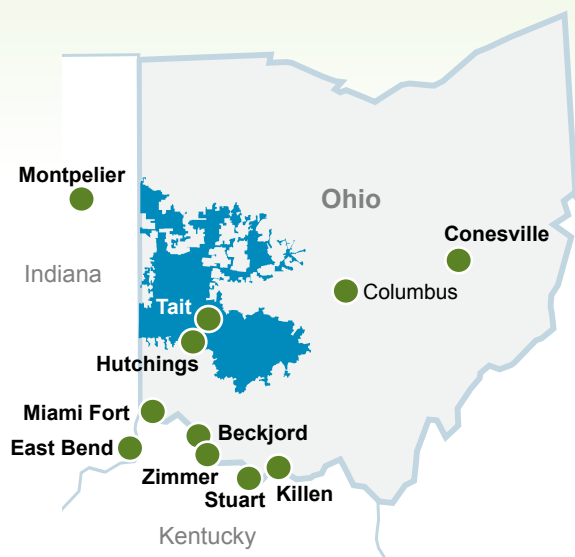


Note: For discussion of risks involved in the development process, see Item 1-A: Risk Factors – Our business is subject to substantial development uncertainties in our 2012 Form 10-K.

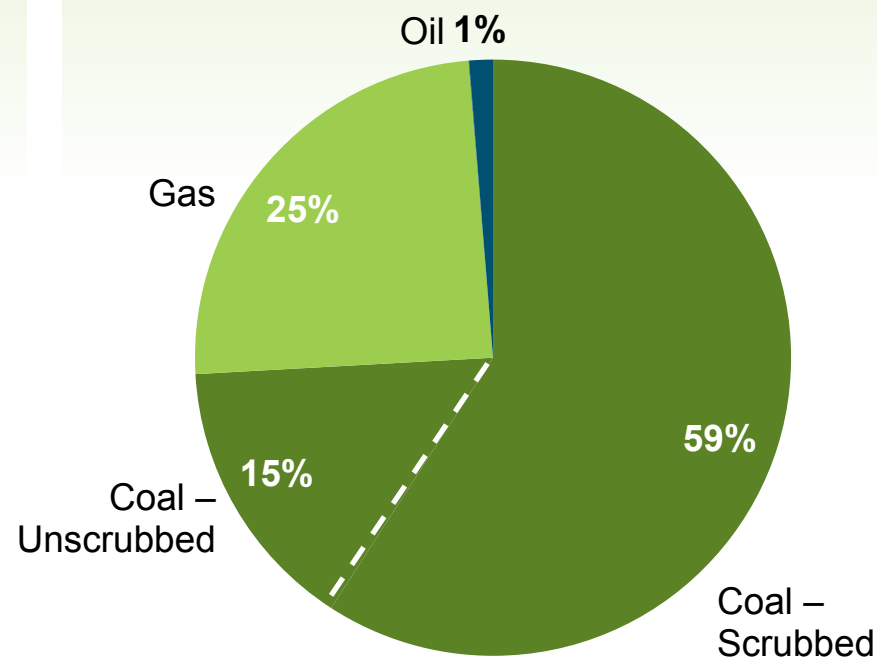


# DPL Inc. (DP&L) Overview

## DP&L Facilities & Service Area



## DP&L Generation Fleet: 3,818 MW in Operation





## DPL Inc. (DP&L) Overview

### Business Drivers

- 2012 Net Book Value
  - ▶ T&D: \$1.3 billion
  - ▶ Generation: \$1.5 billion
- T&D drivers
  - ▶ Regulated rates
  - ▶ Reliability/service standards
- Generation drivers
  - ▶ Rate proceedings (ESP) on-going
  - ▶ PJM dark spreads and capacity prices
  - ▶ Competitive retail business
  - ▶ Cost improvements
- 2012 Adjusted PTC<sup>1,2</sup>: \$122 million

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

2. First full year as a part of the AES portfolio.



# DP&L Competitive Market Considerations

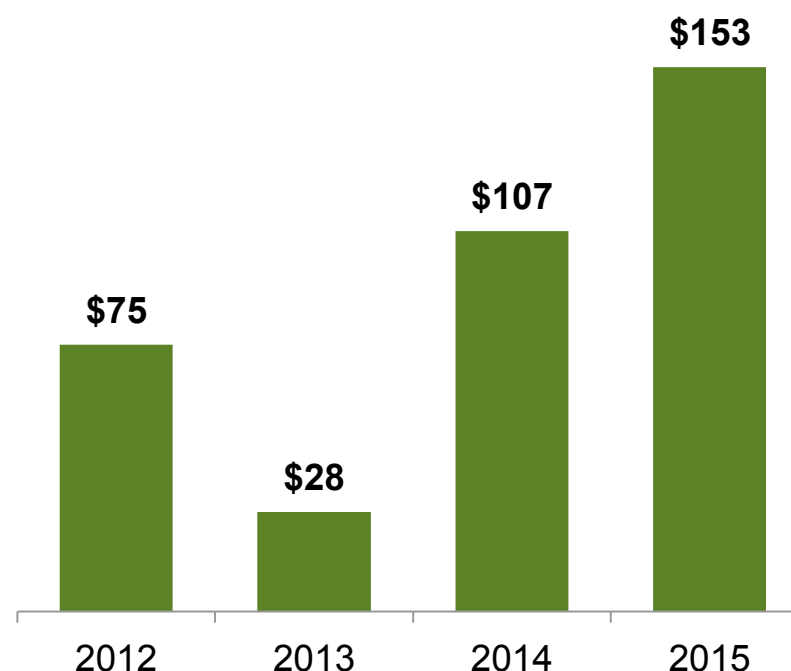
## Energy Hedging<sup>1</sup>

- Percentage hedged
  - ▶ 2013: ~90%; 2014: ~55%; 2015: ~15%
- Adjusted PTC<sup>2</sup> impact of 10% change in gas price
  - ▶ 2013: \$5 million; 2014: \$20-\$25 million; 2015: \$30-\$35 million

## Retail

- Collateral-efficient hedge for generation output
- ~250,000 customer accounts

## ~3,000 MW DP&L Projected Capacity Revenues (\$ in Millions)



1. Energy hedged percentages include all sales channels: wholesale, retail and generation standard service offer tariff.  
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.





# DP&L Pending Rate Proceeding Update

Electric Security Plan (ESP)

| Key Elements          | DP&L ESP Filing<br>(December 10, 2012) | PUCO Staff Testimony<br>(March 11, 2013) |
|-----------------------|--|--|
| Non-Bypassable Charge | \$137.5 million/year                   | \$133-\$151 million/year                 |
| Switching Tracker     | Ends June 2016                         | No Tracker                               |
| ESP Term (Years)      | 5                                      | 3  |
| Transition to Market  | 100% by June 2016 <sup>1</sup>         | 100% by June 2015                        |
| Generation Separation | By December 2017                       | No Position Taken                        |

- Estimated schedule:
  - ▶ Hearings completed on April 3<sup>rd</sup>
  - ▶ June 5<sup>th</sup>: Post-hearing briefing complete
  - ▶ July 15<sup>th</sup>-31<sup>st</sup>: Decision

1. ESP included an initial auction of SSO load of 10% in 2013, increasing to 40% in June 2014, 70% in June 2015 and 100% in June 2016.



## US SBU: Key Takeaways

- U.S. Generation portfolio largely contracted – stable earnings and cash flow
- Indiana regulatory climate remains positive
- Rate proceeding outcome will set the course for DP&L

### Adjusted PTC<sup>1</sup> Trends

- 2013: Overall (5% to 15%)
  - DP&L switching
  - IPL maintenance
- 2015: Overall -
  - DP&L switching
  - + IPL MATS
  - + Wind earnings

### 2016 and Beyond Value Drivers

- Potential repowering at Southland (CA) opportunities
- Rate base growth at IPL from environmental capex and self-build CCGT
- Potential upside at DP&L from gas price recovery

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



## Andes SBU

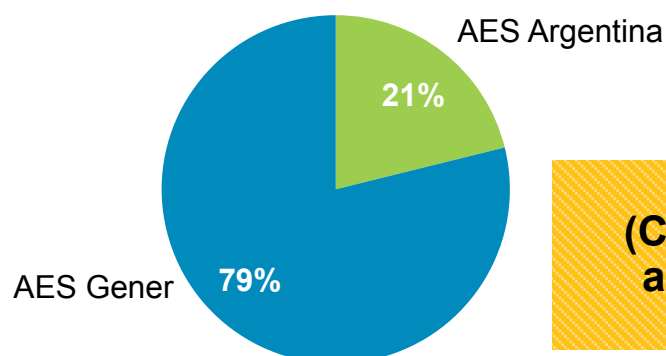
Felipe Ceron,  
SBU President and CEO,  
AES Gener

# Andes SBU Overview: Contracted in Chile with Short-Term Contracts in Colombia and Argentina



Total Installed Capacity: 8,010 MW

2012 Adjusted PTC<sup>1</sup>  
\$369 Million



**AES Gener<sup>2</sup>**  
**(Chile, Colombia**  
**and Argentina)**  
**5,080 MW**



**AES Argentina**  
**(Argentina)**  
**2,930 MW**

● Key Generation Business  
● Other

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Publicly listed in Chile.

Contains Forward Looking Statements

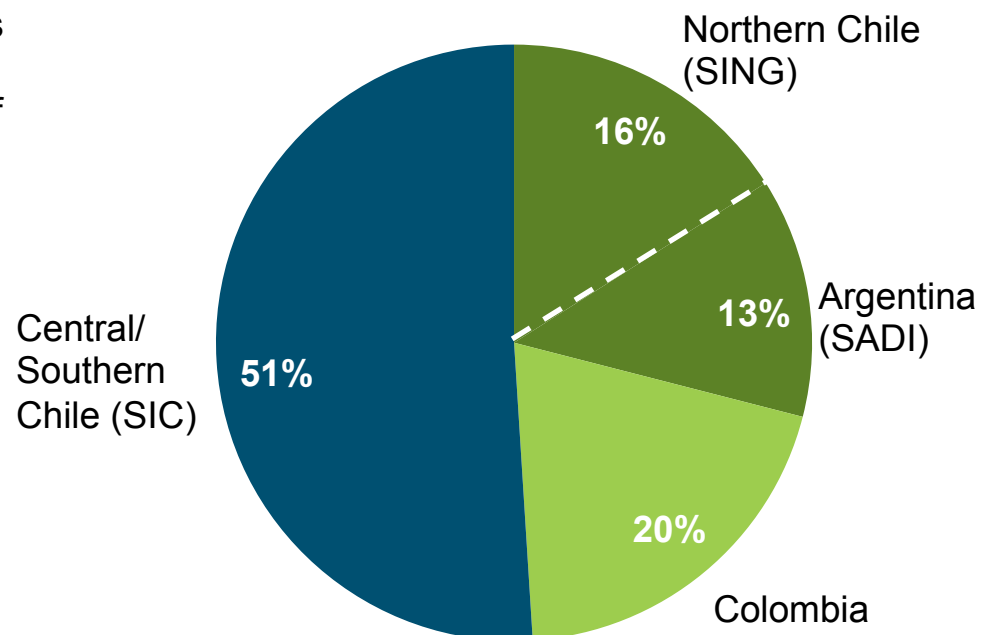
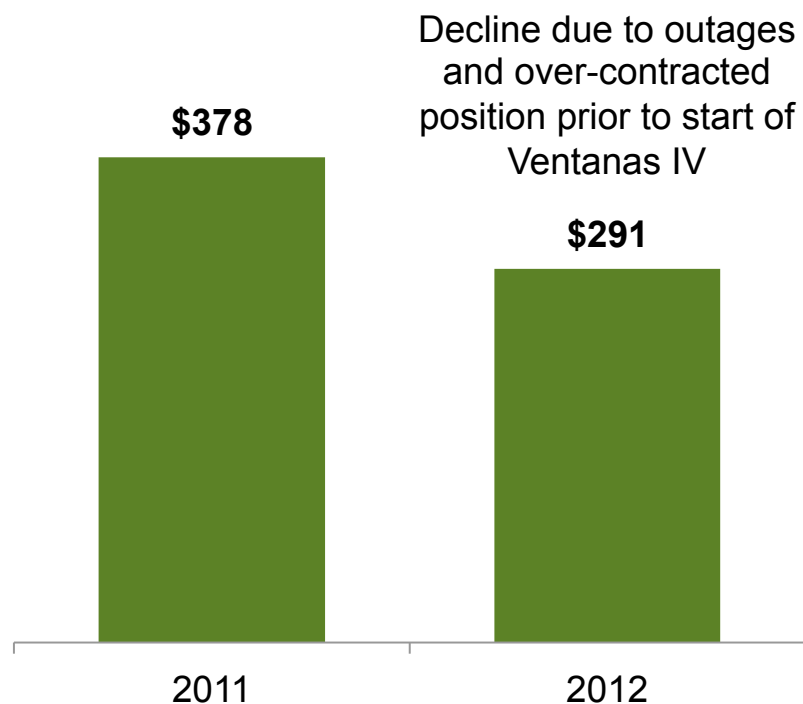


# AES Gener Overview

Diversified by Geography, Technology and Customers

**2011-2012 Adjusted PTC<sup>1</sup>**  
**(\$ in Millions)**

**5,080 MW in Operation**



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

# AES Gener Overview



## Northern Chile (SING), Argentina (SADI) & Central Chile (SIC)



● Key Generation Business

## Chile Highlights

- Sovereign credit rating: investment grade (AA-/Aa3)
- Liquid capital market
- Stable and constructive regulatory environment
- Power prices denominated in U.S. Dollars
- New capacity additions required to serve demand growth<sup>1</sup>
  - ▶ SIC: 500 MW/year
  - ▶ SING: 175 MW/year
- 2<sup>nd</sup> largest generator in Chile

1. Company estimate of annual average for next 10 years.

# AES Gener Overview



## Colombia



● Key Generation Business

## Colombia Highlights

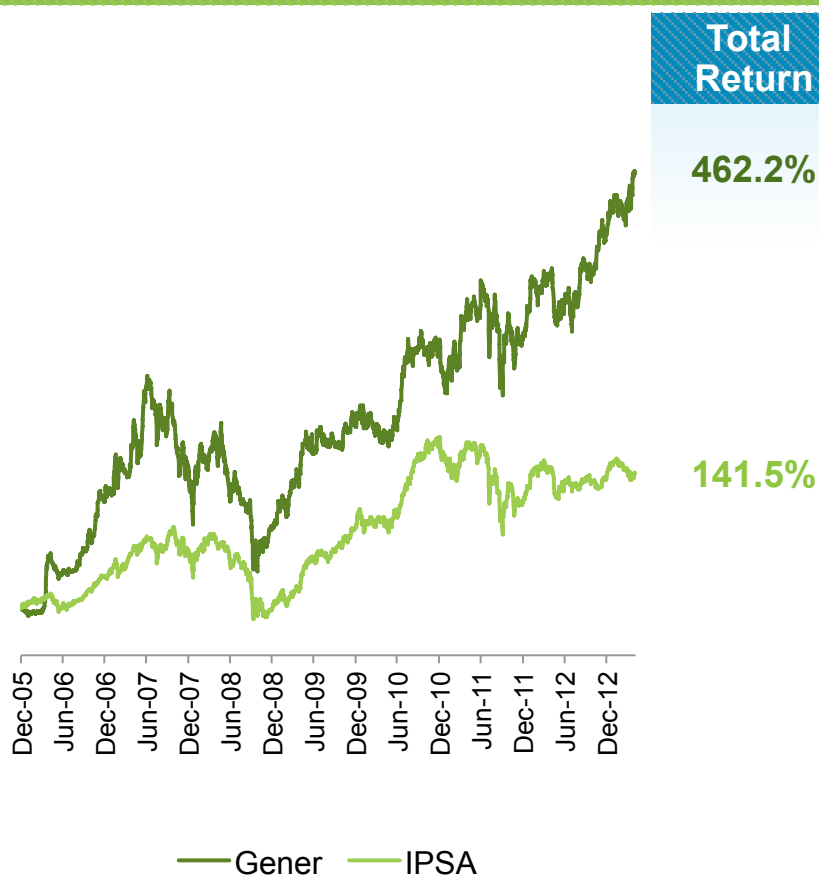
- Sovereign credit rating: investment grade (BBB/Baa3)
- Stable regulatory environment
- New capacity additions required to serve demand growth<sup>1</sup>
  - ▶ 450 MW/year
- 5<sup>th</sup> largest generator in Colombia

1. Company estimate of annual average for next 10 years.



# AES Gener: Delivering Results for Shareholders

## AES Gener Has Outperformed the Chilean Market 12/31/05-5/6/13



## Performance Highlights

- From 2006 to 2013, expanded installed capacity by 49%
  - ▶ Addition of ~1,700 MW in Chile
  - ▶ Total investment of \$3 billion
  - ▶ 100% increase in EBITDA from 2006-2012
- Stable cash flows based on contract balance
- Attractive growth potential
  - ▶ ~\$3.5 billion potential investment in growth pipeline from 2012 to 2017

**Total Market Cap: \$5.9 Billion**  
**AES Ownership Stake: 71%**

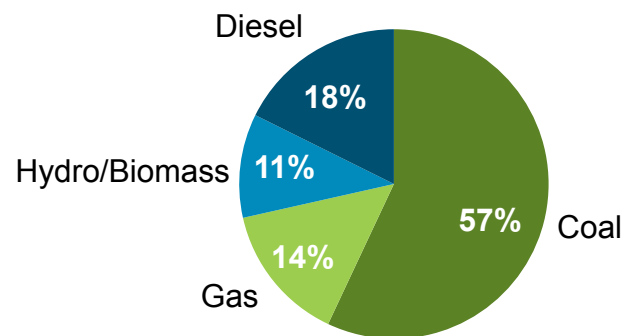
Note: Graph reflects Total Return in U.S. Dollars from December 31, 2005 to May 6, 2013. Total Return reflects stock price changes and dividend payments.



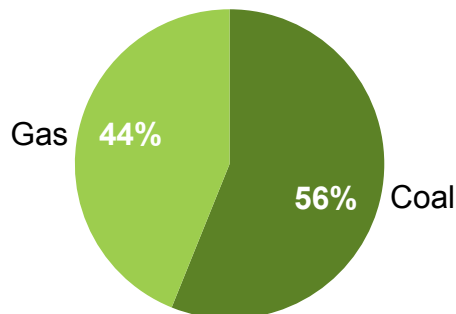
# AES Gener in Chile: Largely Contracted with Peaking Units for Spot Market Upside



## SIC (Central/Southern Chile) 2,615 MW Capacity



## SING (Northern Chile)/SADI (Argentina) 1,465 MW Capacity



## Business Drivers

- Contracts aligned with efficient generation (expected dispatch of hydro and coal plants)
- ~68% of installed capacity is fully contracted for 12 years on average
  - ▶ USD-denominated
  - ▶ Cost indexation mechanisms adjust prices for fuel costs and inflation
- Remaining ~32% of installed capacity used for back-up capacity
  - ▶ Gas- and diesel-fired units are available for spot sales
  - ▶ Sales at system marginal cost
  - ▶ Extreme hydrological conditions can create market opportunities



# AES Gener: Construction Project in Chile

## Guacolda V – 152 MW Coal-Fired (SIC)

- Adjacent to existing facilities
- Construction commenced in October 2012
- Guacolda-level financing (70% of total project costs; non-recourse to AES Gener)
- Total investment: \$450 million
- Long-term power sales agreements
- COD targeted for 2H 2015



Note: For discussion of risks involved in the development process, see Item 1-A: Risk Factors – Our business is subject to substantial development uncertainties in our 2012 Form 10-K.



## AES Gener: Construction Project in Chile

### Cochrane – 532 MW Coal-Fired (SING)



- Adjacent to existing Angamos facility
- Mitsubishi is 40% partner
- Construction commenced in March 2013
- Non-recourse project finance secured (74% of total project costs)
- Total project cost: \$1.4 billion
- Long-term power sales agreements in place (19 years)
- COD targeted for 2016

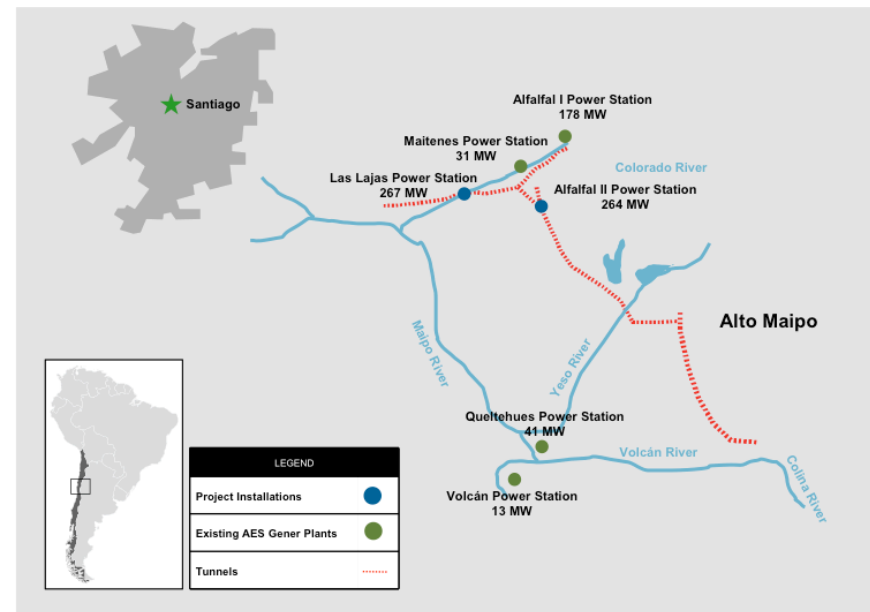
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# AES Gener: Development Project in Chile



## Alto Maipo – 531 MW Run-of-River Hydro (SIC)

- 50 km east of Santiago, expansion of existing Alfalfal facility
- Environmental, water and civil works permits and electric concession obtained
- Executed principal construction contracts; non-recourse financing in process
- Negotiating power sales agreements
- Considering potential partners
- Completing preliminary construction work
- Construction expected to begin in late 2013, COD in 2018

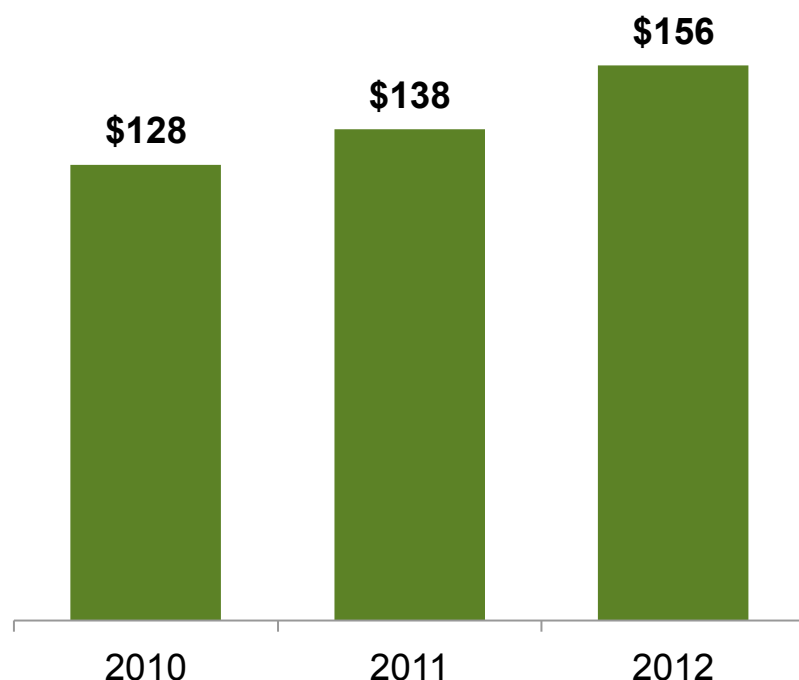


Note: For discussion of risks involved in the development process, see Item 1-A: Risk Factors – Our business is subject to substantial construction and development uncertainties in our 2012 Form 10-K.

# AES Gener in Colombia: 1,000 MW of Hydro with Short- and Medium-Term Sales



## 2010-2012 Adjusted PTC<sup>1</sup> (\$ in Millions)



## Business Drivers

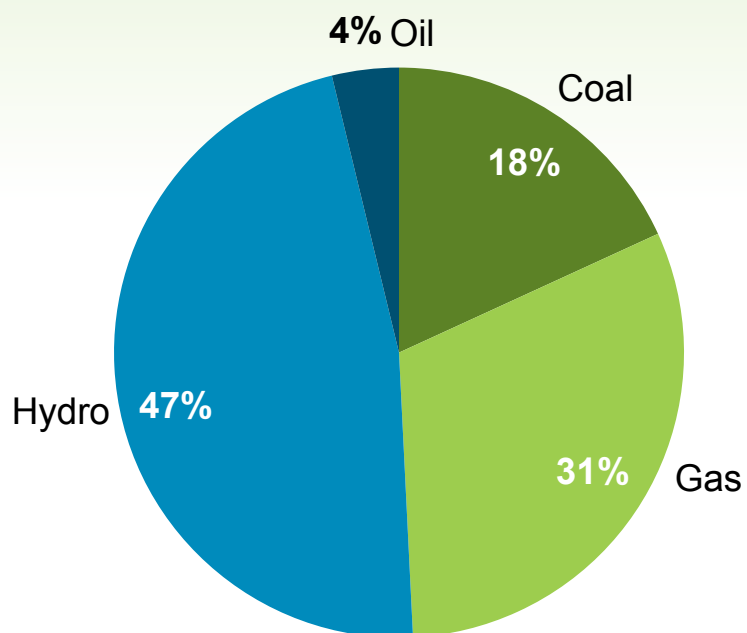
- Contract sales under short- and medium-term contracts of 1-4 years
  - ▶ Target is 85% of the expected output for any current year
- Spot sales (on average 15% of output)
  - ▶ 68% of system capacity is hydro – hydrology is key driver of short-term prices
- Stable performance
  - ▶ Hydrology in Colombia tends to be more stable than Chile
- Efficient reservoir management increases flexibility to capture spot upside

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



# AES Argentina Overview

## 2,930 MW in Operation



## Business Drivers

- Low-cost, reliable diversified generation portfolio
  - ▶ 11% market share
  - ▶ San Nicolas is Argentina's only coal-fired generation plant
  - ▶ Well-positioned hydro and gas-fired generation
  - ▶ Principally short-term sales into wholesale market
- Challenging macroeconomic conditions
  - ▶ Government liquidity concerns
  - ▶ Currency convertibility restrictions
- Recent regulation modifying compensation to cost-plus
- Well-positioned to benefit from macro recovery in Argentina



## Andes SBU: Key Takeaways

- Largely contracted business with significant growth potential in Chile
- Stable and experienced business in Colombia
- Low-cost reliable operator with diversified portfolio in Argentina

### Adjusted PTC<sup>1</sup> Trends

- 2013: Overall +5% to 15%
  - + Ventanas IV and contract levels
  - + Higher availability
- 2015: Overall +
  - + Higher availability
  - + Tunjita

### 2016 and Beyond Value Drivers

- Chile – 1,200 MW in construction and advanced development (COD 2015-2018)
- Colombia – Growth opportunities
- Argentina – Long-term potential to benefit from macro recovery

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



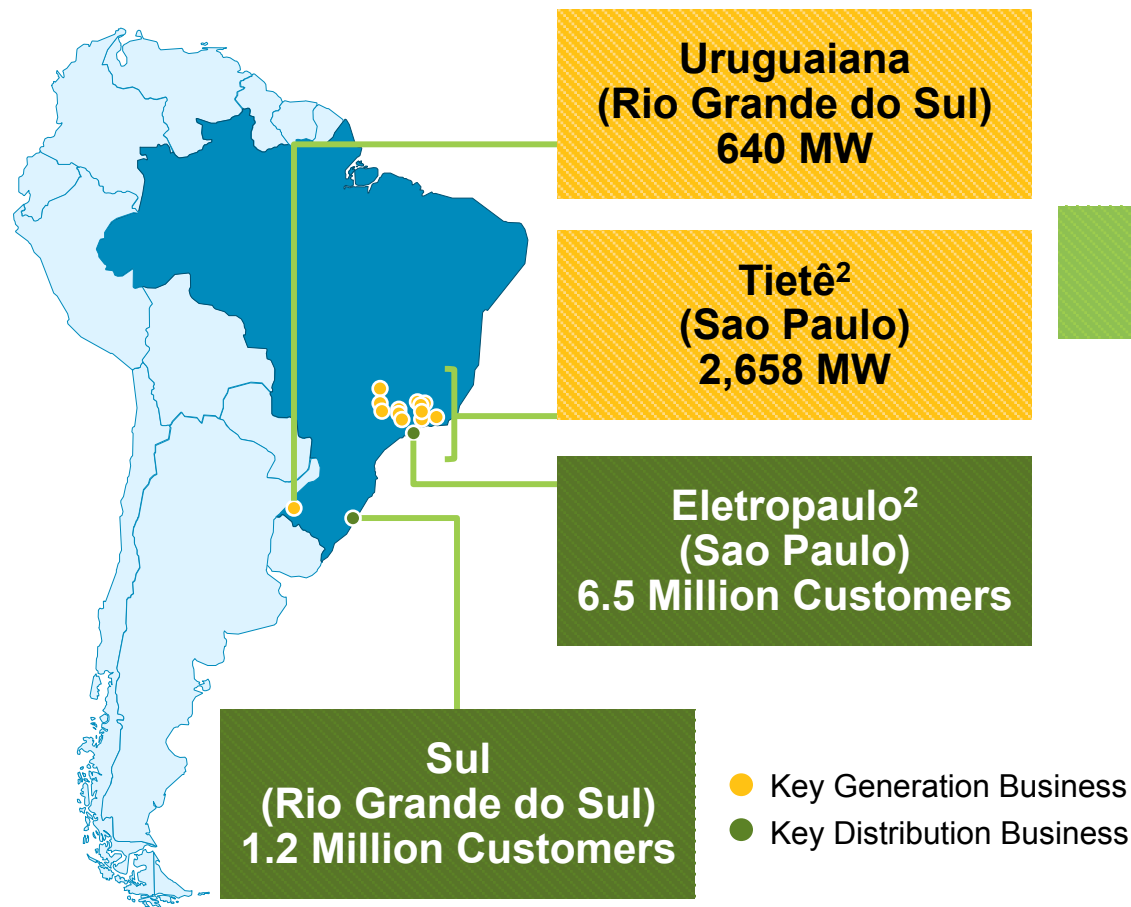


## Brazil SBU

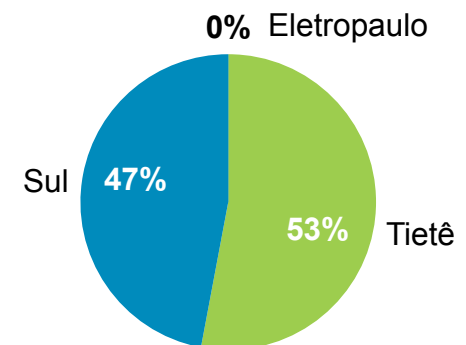
Britaldo Soares,  
SBU President and CEO,  
AES Brazil



# Brazil SBU Overview: Regulated or Contracted in Large Market



**2012 Adjusted PTC<sup>1</sup>**  
**\$321 Million**



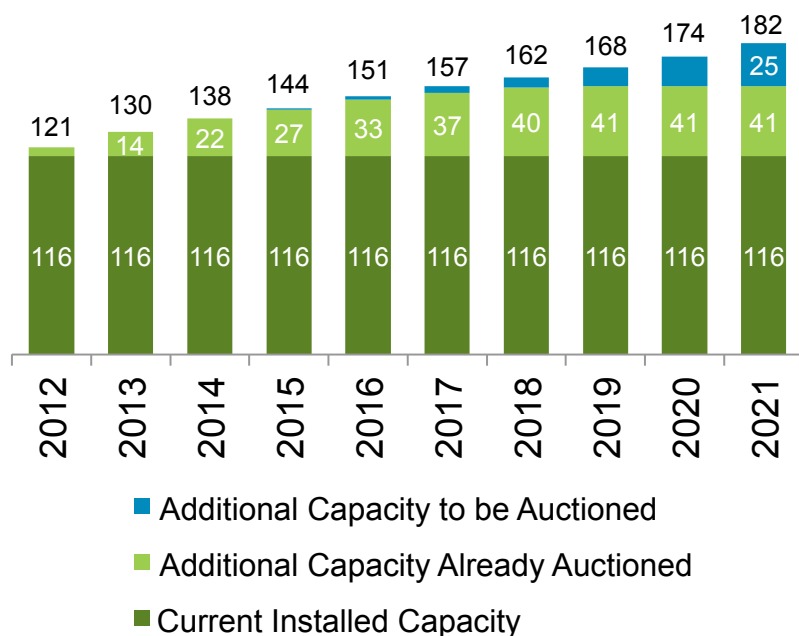
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Publicly listed in Brazil.



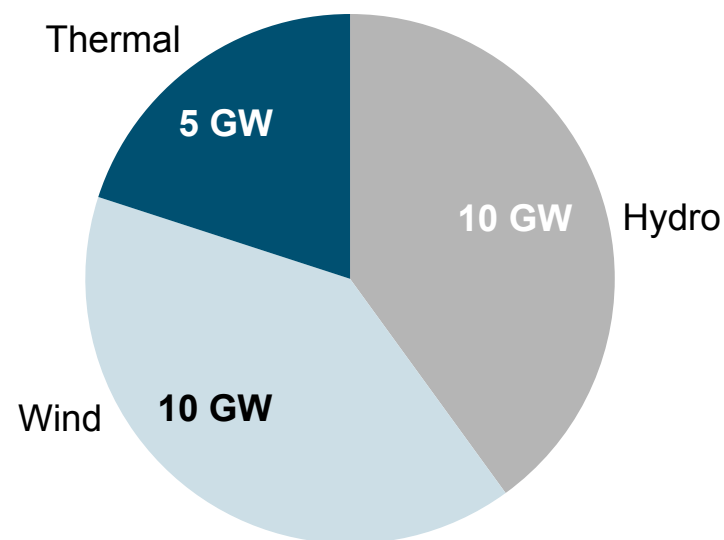
## Brazil: Large and Competitive Growing Market

- ~3% annual GDP growth over the last 5 years
- ~4% annual demand growth through 2021, implying 60 GW of additional capacity needed – 35 GW already auctioned

### Installed Capacity in GW (~6 GW/Year)



### 25 GW to be Auctioned



Source: EPE – PDE 2021 and AES analysis.

Contains Forward Looking Statements



## Brazil: Regulatory Framework

- For utilities, tariff reset every 4-5 years – return on assets model
  - ▶ Requirement for greater quality of services and lower tariff (tighter margins)
  - ▶ 3<sup>rd</sup> tariff reset reduced EBITDA by ~40%<sup>1</sup> on average
  - ▶ Driven largely by lower WACC and sharing of efficiency gains with customers
  - ▶ Annual tariff adjustments to recover inflation and energy costs
- Regulatory pressure to lower tariff while preserving sector financial stability
- 20% average reduction in electricity costs<sup>2</sup>
  - ▶ Funded by concessions expiring 2015-2017 and lower sector charges
  - ▶ Minimal impact on AES businesses
- Hydrological risk shared among all sector players

1. Sector average.

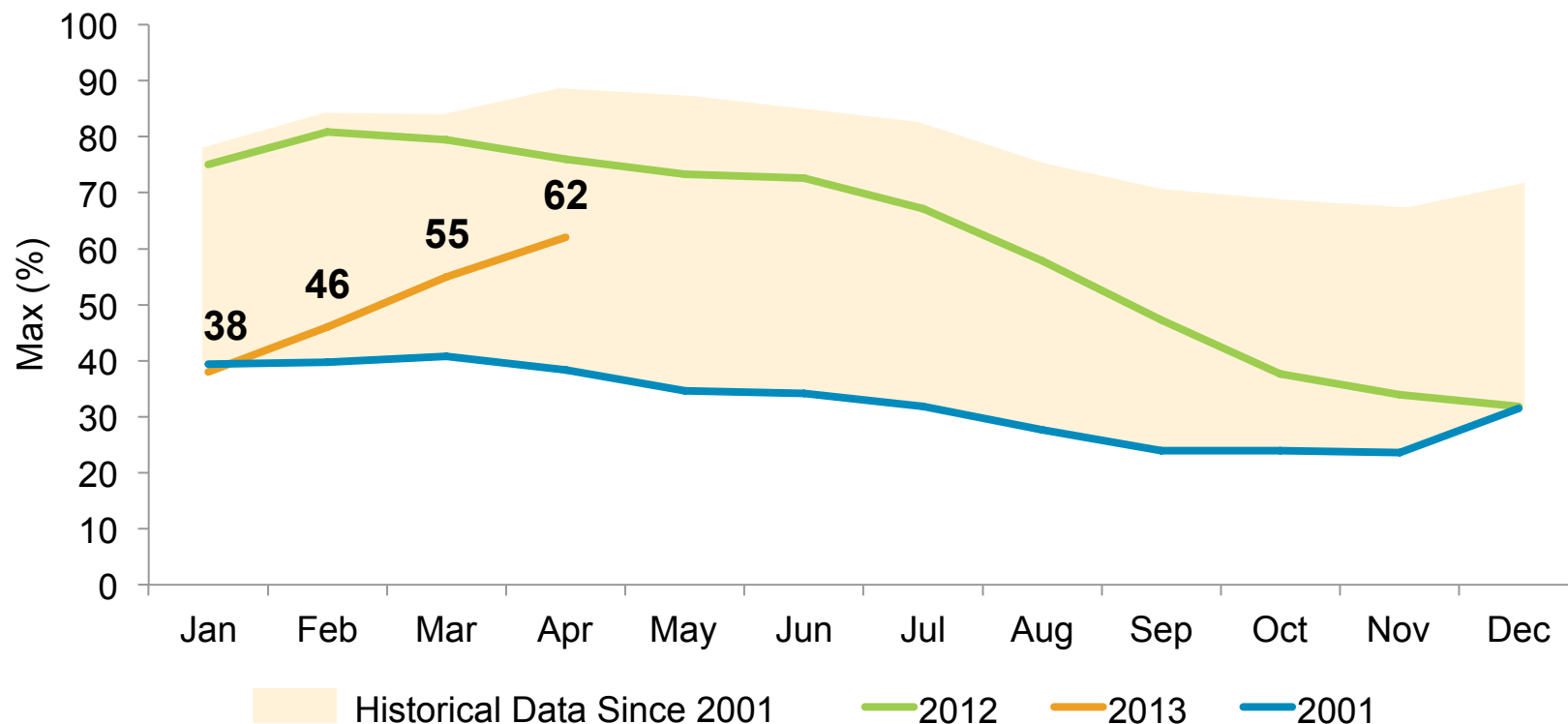
2. Provisional Measure 579 and Law 12.783.

# Hydrological Conditions Improving – Rationing Unlikely



- Thermal capacity available for dispatch: 14 GW vs. 4 GW in 2001
- AES Tietê first quarter 2013 Adjusted PTC<sup>1</sup> impact of \$16 million due to hydrological risk sharing
  - ▶ 2013 Adjusted PTC<sup>1</sup> impact estimated at \$27-\$51 million

## Reservoir Levels<sup>2</sup>



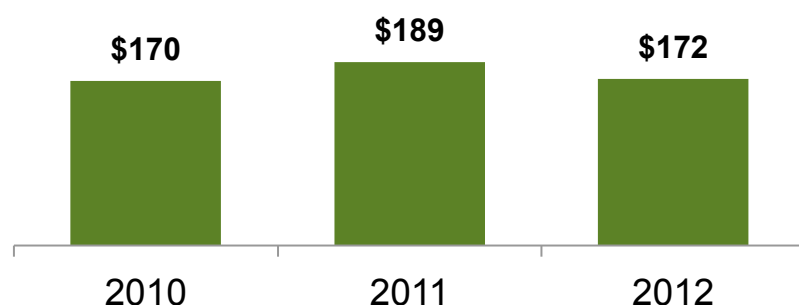
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.

2. Average reservoir levels of the National System (percent of maximum storage capacity).



# Tietê Overview

## Adjusted PTC<sup>1</sup> (\$ in Millions)



## Fast Facts

|                       |          |
|-----------------------|----------|
| AES Ownership Stake   | 24%      |
| Capacity (100% Hydro) | 2,658 MW |
| Assured Energy        | 1,278 MW |
| Concession Expiration | 2029     |

## Business Drivers

- Operational reliability: generation of 124% of assured energy over the last 3 years
- Fully contracted with Eletropaulo (11 million MWh) through December 2015 (\$91/MWh, annually adjusted for inflation)
- Strategy post-2015: contract energy in the free market with large unregulated customers
  - ▶ Currently serving 45 customers (307 MW) with 3-5 year contracts
  - ▶ Current prices for delivery in 2016: \$52-\$57/MWh<sup>2</sup> (annually adjusted for inflation) – driven by supply/demand
- Growth strategy focused on thermal (greenfield) and wind (M&A)
- Dividend payout of 111% over the last 3 years

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

2. Source: AES analysis.



# Eletropaulo Overview

## Adjusted PTC<sup>1</sup> (\$ in Millions)



## Fast Facts

|                       |                       |
|-----------------------|-----------------------|
| AES Ownership Stake   | 16%                   |
| Customers             | 6.5 Million           |
| GWh Sold              | 45,600                |
| Concession Area       | 4,526 km <sup>2</sup> |
| Concession Expiration | 2028                  |

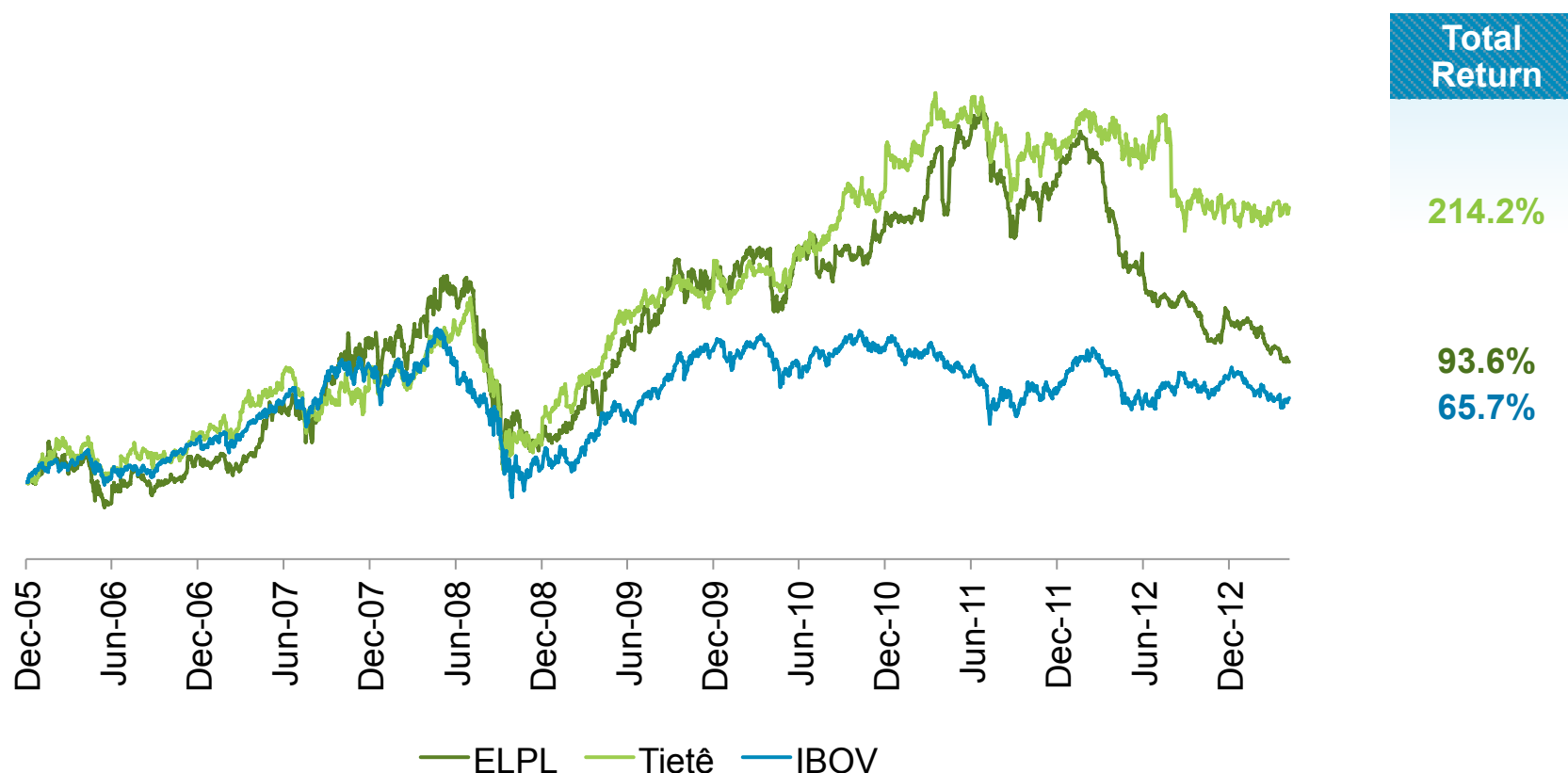
## Business Drivers

- Regional GDP growth 3.3% (5-year average)
  - ▶ Expectation for 2013 3.0%, grows to 3.5% in 2014-2015
- 3<sup>rd</sup> tariff reset implemented in July 2012, next reset in July 2015
- Administrative appeal results by July 2013
  - ▶ Disallowed assets (shielded RAB<sup>2</sup>)
  - ▶ Incremental investments 2007-2011
- Quality of services: SAIDI/SAIFI ~28% better than 2009 levels
- Efficiency focus (e.g., restructuring, process improvements)
- Financial covenants renegotiated (March 2013)
- Dividend payout of 65% over the last 3 years

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

2. Regulatory Asset Base.

## Since 2005, Tietê and Eletropaulo have Outperformed the Brazilian Market



**Tietê Total Market Cap: \$3.8 Billion; AES Ownership Stake: 24%**  
**Eletropaulo Total Market Cap: \$883 Million; AES Ownership Stake: 16%**

Note: Graph reflects Total Return in U.S. Dollars from December 31, 2005 to May 6, 2013. Total Return reflects stock price changes and dividend payments.

# Sul Overview



## Adjusted PTC<sup>1</sup> (\$ in Millions)



## Fast Facts

|                       |                        |
|-----------------------|------------------------|
| AES Ownership Stake   | 100%                   |
| Customers             | 1.2 Million            |
| GWh Sold              | 8,900                  |
| Concession Area       | 99,512 km <sup>2</sup> |
| Concession Expiration | 2027                   |

## Business Drivers

- Regional GDP growth 2.5% (5-year average)
  - ▶ Expectation for 2013 3.6%, grows to 4.3% in 2014-2015
- 2013 tariff reset concluded in April – in-line with our expectations
  - ▶ RAB<sup>2</sup> fairly recognized (\$1.2 billion)
- Quality of services: SADI/SAIFI ~30% better than 2009 levels
- Consolidation of efficiency programs, leading to operating costs below regulatory levels (~2%)
- Dividend payout of 63% in 2012
  - ▶ 2011 clearing of regulatory restrictions allowed distribution of dividends

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

2. Regulatory Asset Base.



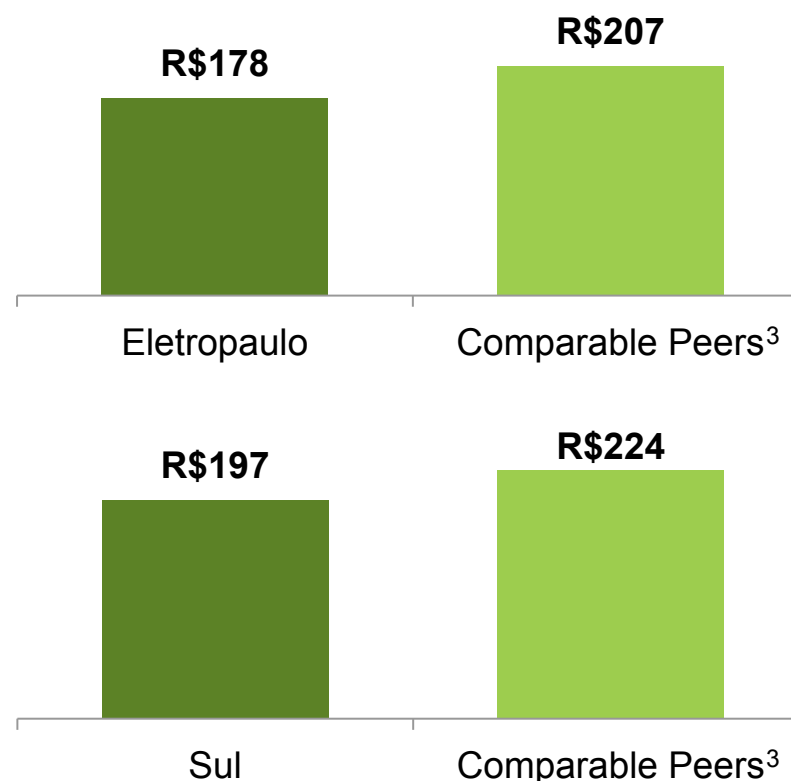


# Brazil SBU: Cost Management Excellence

## Efficiency Programs and Results

- Started in 2007 and evolved from cost cutting to business process transformation
  - ▶ Strategic sourcing
  - ▶ Shared services
  - ▶ Process redesign
  - ▶ IT tools implementation
- 2010-2012 cumulative P&L savings of \$185 million
- Additional initiatives expected to generate ~\$60 million in incremental savings beginning in 2013
- Sul and Eletropaulo distribution companies among the lowest cost operators in the country

## Benchmark 2012 PMSO<sup>1</sup>/Customer (BRL<sup>2</sup>)



1. Personal, Material, Services and Other expense.

2. Brazilian Real.

3. Eletropaulo peers: CPFL Paulista, Light, Cemig, EDP Bandeirante. Sul Peers: Elektro, RGE, CPFL Piratininga. Eletropaulo metric excludes SIRP one-time R\$29.

# Uruguaiana Provides an Opportunity to Benefit from Underutilized Capacity



## Fast Facts

Combined Cycle Gas Turbine (CCGT)

|                     |     |
|---------------------|-----|
| AES Ownership Stake | 46% |
|---------------------|-----|

|               |        |
|---------------|--------|
| Capacity (MW) | 640 MW |
|---------------|--------|

- Achieved commercial operations in 2000
- Suspended operations in 2008 due to lack of gas supply from YPF in Argentina – pending arbitration
- Emergency operation from February 2013 to March 2013 to support reservoir recovery
- Working to return the plant to long-term service
- Leveraging our Brazil-Argentina relationship

1. Assured Energy was set to zero due to lack of gas supply.

Contains Forward Looking Statements



## Brazil SBU: Key Takeaways

- Distribution: Resolved many regulatory uncertainties
  - ▶ Expect Eletropaulo administrative appeal outcome and prior tariff cycle asset base discussions by July 2013
- Hydrology: Reservoir levels improving; rationing unlikely

### Adjusted PTC<sup>1</sup> Trends

- 2013: Overall flat (5%) to +5%
  - Hydrology
  - Sul tariff
  - + Uruguaiana
- 2015: Overall +
  - + Demand growth

### 2016 and Beyond Value Drivers

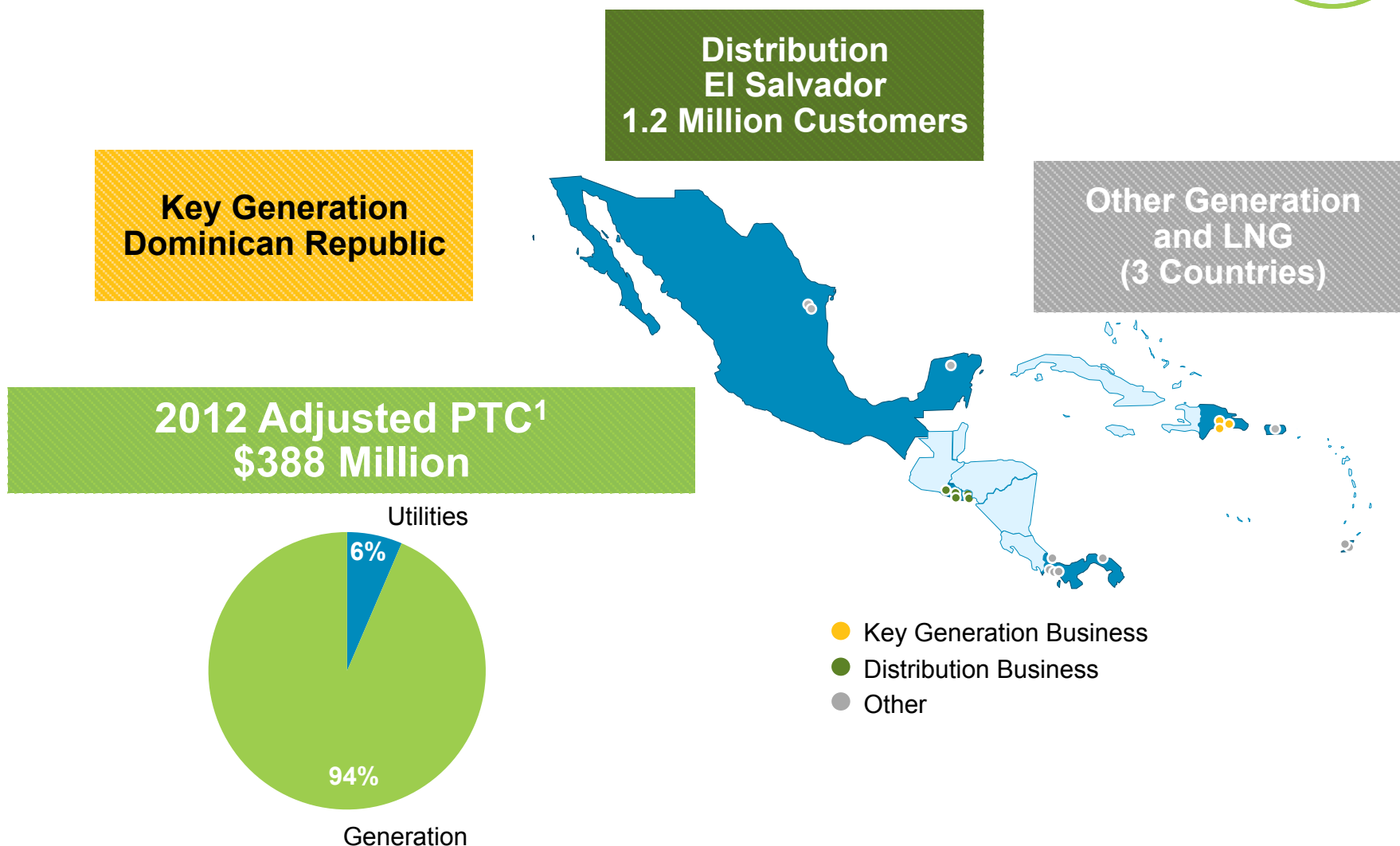
- Re-contracting strategy at Tietê
- Disciplined growth investments
- Strategic value of portfolio

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

# **MCAC, EMEA & Asia SBUs**

Andy Vesey, Chief Operating Officer

# MCAC SBU Overview: Contracted or Regulated Businesses in High-Growth Markets



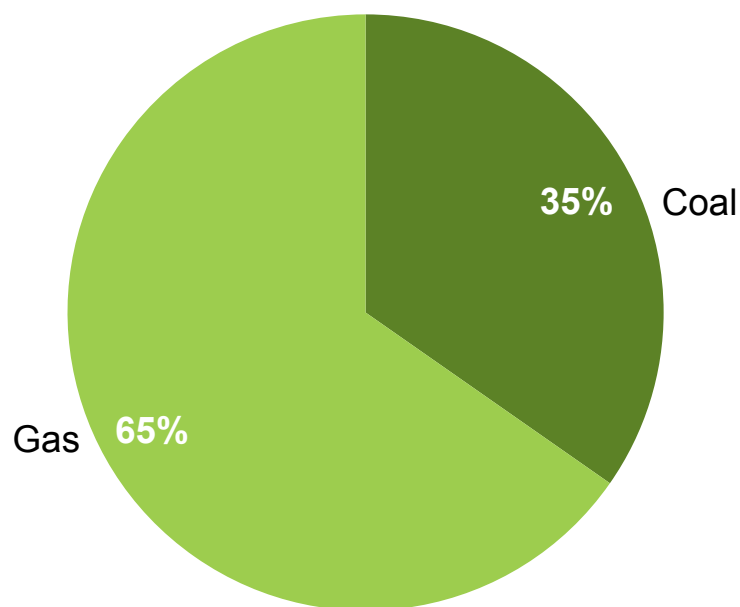
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.

Contains Forward Looking Statements



# Dominican Republic Overview

**850 MW in Operation**



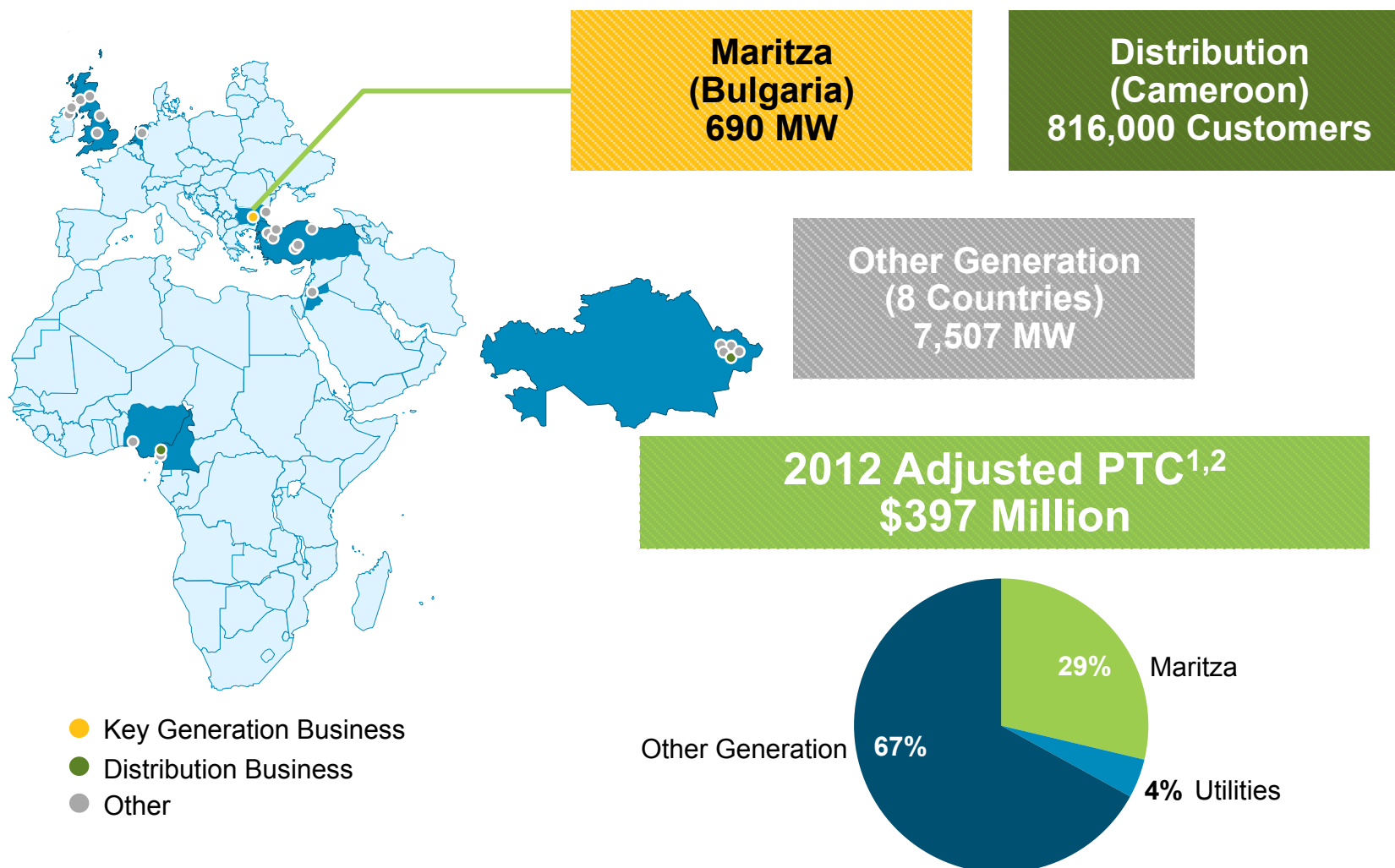
**LNG Regasification Facility with Storage Capacity of 160,000 m<sup>3</sup>**

## Business Drivers

- Generation
  - ▶ ~42% of the system electricity demand
  - ▶ 85% contracted (U.S. Dollar-denominated)
  - ▶ Largest ancillary service provider
- Fuel supply – LNG long-term contract through 2023 at lower prices than current international markets
  - ▶ 33.6 trillion btu/year
- Macroeconomic conditions
  - ▶ Distribution companies face challenges of low collection rates and non-technical losses
  - ▶ Government and international lender support have been significant drivers of business performance



# EMEA SBU Overview: Largely Contracted Businesses in Mixed Growth Markets



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

2. Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.

# Maritza (Bulgaria) Overview

## Maritza (Bulgaria) 690 MW<sup>1</sup>



## Business Drivers

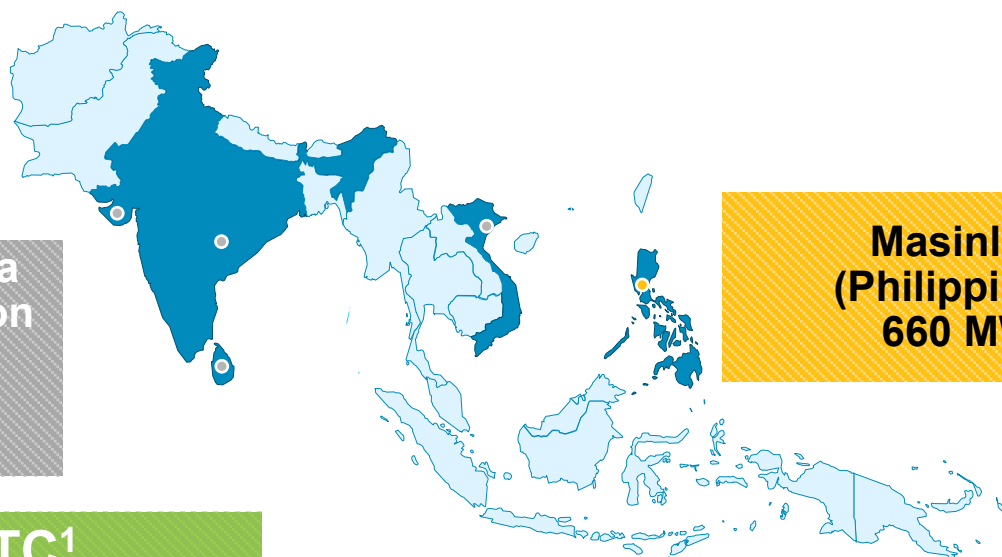
- Came on-line in 2011 – 2012  
Adjusted PTC<sup>2</sup> of \$114 million
- 15-year PPA with NEK, state-owned wholesale supplier
  - ▶ 100% of output is contracted
  - ▶ Capacity payment denominated in Euro
  - ▶ Fuel pass-through
- Sound sovereign fiscal and debt situation
- Political uncertainty
  - ▶ New government to be elected in mid-May 2013

1. Compliant with EU Industrial Emissions Directive.

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



# Asia SBU Overview: Long-Term Contracts and Focused Platform Expansions

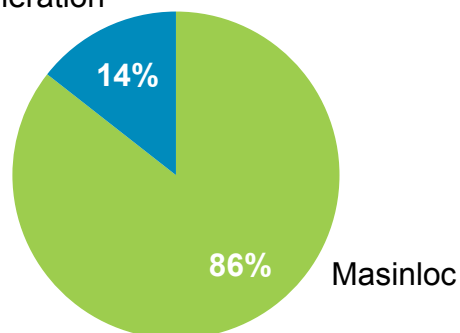


India and Sri Lanka  
627 MW in Operation  
Vietnam  
1,240 MW Under  
Construction

Masinloc  
(Philippines)  
660 MW

2012 Adjusted PTC<sup>1</sup>  
\$201 Million

Other Generation



● Key Generation Business  
● Other



# Masinloc (Philippines) Overview

## Masinloc (Philippines) 660 MW



## Business Drivers

- Operational performance
  - ▶ Availability and efficiency
- New Meralco contract
  - ▶ Approximately 85% of margins contracted through 2019
  - ▶ U.S. Dollar-indexed
  - ▶ Fuel adjustments
  - ▶ Lower earnings and cash flows, but with less volatility
- Growth platform



## Focused Platform Growth: Masinloc Expansion

### 300-600 MW Coal-Fired Expansion



- Project permitting substantially advanced
- EPC tender underway
- Pursuing long-term contracts

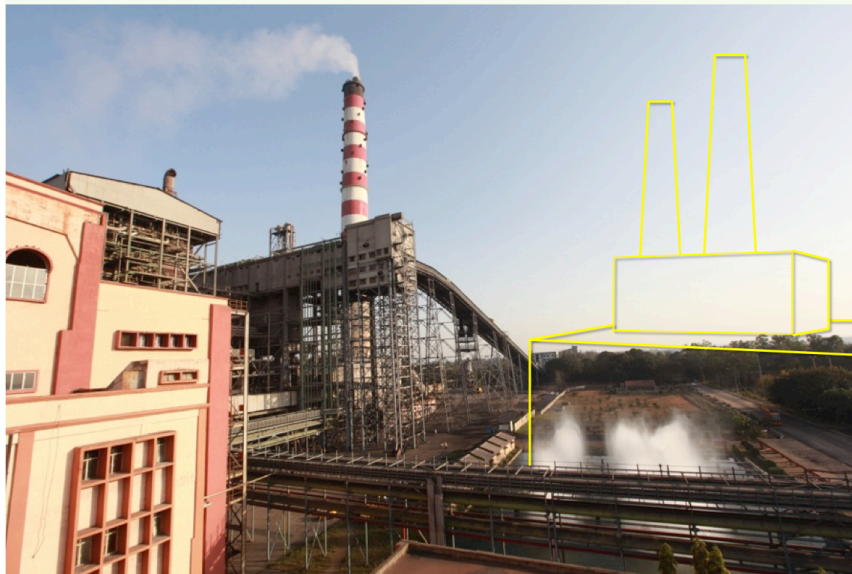
Note: For discussion of risks involved in the development process, see Item 1-A: Risk Factors – Our business is subject to substantial development uncertainties in our 2012 Form 10-K.

Contains Forward Looking Statements



# Asia: Development Project in India

## Odisha (India) Expansion



- 1,300 MW expansion of existing coal-fired OPGC facility in India
- Local coal mine with 530 million metric tons allocated, providing key competitive advantage
- State government is 51% partner
- Permitting substantially advanced
- EPC contract in the process of finalization
- Total project costs of \$1.6 billion
  - ▶ Non-recourse project financing secured (~84% of total project costs)
  - ▶ Manageable equity requirements from AES over the next 5 years

Note: For discussion of risks involved in the development process, see Item 1-A: Risk Factors – Our business is subject to substantial development uncertainties in our 2012 Form 10-K.

Contains Forward Looking Statements



## Asia: Construction Project in Vietnam

### Mong Duong 2 – 1,240 MW Coal-Fired (Vietnam)

- Fully contracted business with U.S. Dollar functional currency
- Start of commercial operations expected in 2H 2015
- Strong cash-on-cash returns





# 2,443 MW<sup>1</sup> Under Construction, Coming On-Line 2013-2016

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## 216 MW Gas-Fired Kribi (Cameroon)



## 36 MW Wind Facilities (United Kingdom)



## 247 MW Heavy Fuel Oil-Fired IPP 4 (Jordan)



1. See Slide 114 for details of projects under construction.

## SBU Wrap-Up

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- Disciplined and focused management
- Achieving synergies within and across SBUs
- Realizing full value of existing platforms
- Practicing superb stakeholder engagement



## SBU Panel Q&A





# Risk Management

Annmarie Reynolds, Vice President and Chief Risk Officer

## Business Model Reduces Market Risk

| Exposure                | Contract Feature to Manage Risk  |
|-------------------------|--|
| Commodity: Power Price  | <ul style="list-style-type: none"><li>• Medium-term contracts (2-5 years)</li><li>• Long-term contracts (5-25 years)</li></ul>             |
| Commodity: Fuel Costs   | <ul style="list-style-type: none"><li>• Fuel and variable costs pass-through</li></ul>   |
| Currency                | <ul style="list-style-type: none"><li>• Often denominated in U.S. Dollars (exceptions include Brazil – Real and Bulgaria – Euro)</li></ul> |
| Hydrology/Dispatch Risk | <ul style="list-style-type: none"><li>• Contract strategy designed to minimize risk</li></ul>  |
| Interest Rate           | <ul style="list-style-type: none"><li>• 85%-90% fixed</li></ul>  |

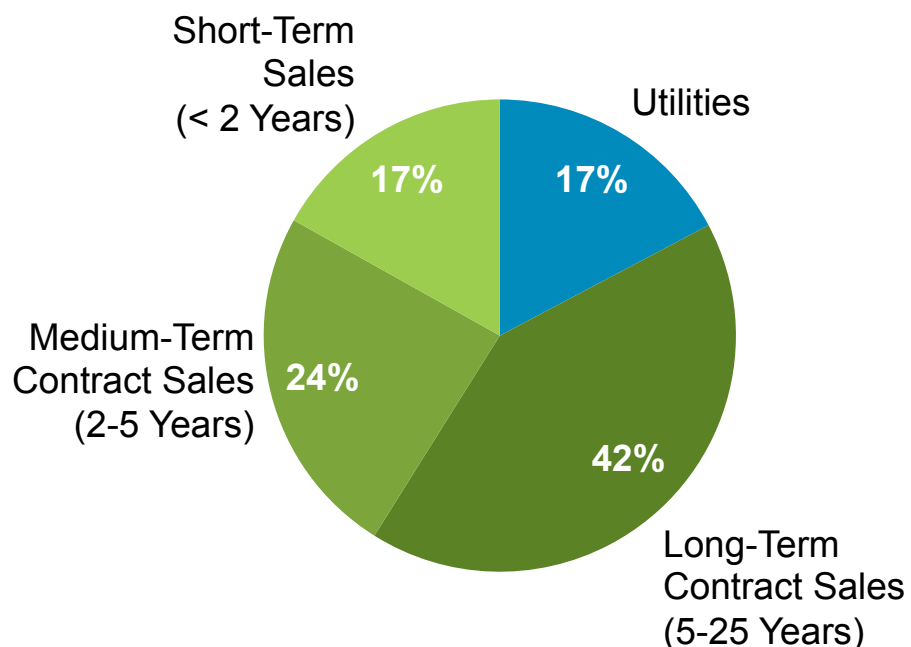
## Proactively Managing Remaining Risks

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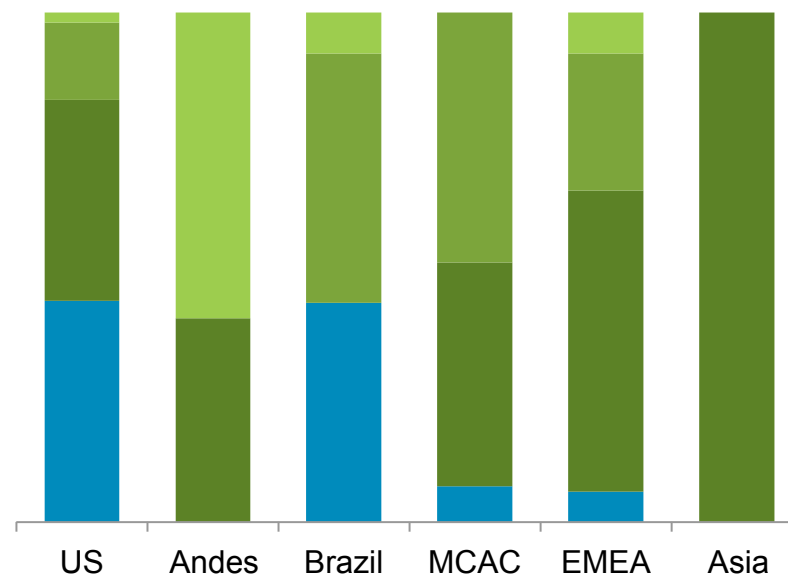
- Remaining risks and management strategy:
  - ▶ Counterparty credit – Single off-taker and portfolio contract strategies
  - ▶ Leverage – Non-recourse financing
  - ▶ Regulatory risk – Contractual pass-through and stakeholder engagement at local level
  - ▶ Operational risk – Managed by business
- Commodity sensitivity – Hedge over near-term (multi-year)
- Currency sensitivity – Hedge over near-term (rolling 12 months)

## 80% of Portfolio Businesses are Contracted or Utilities

Percent of 2013 Adjusted PTC<sup>1</sup>  
by Contracting Type



Percent of 2013 Adjusted PTC<sup>1</sup>  
by SBU

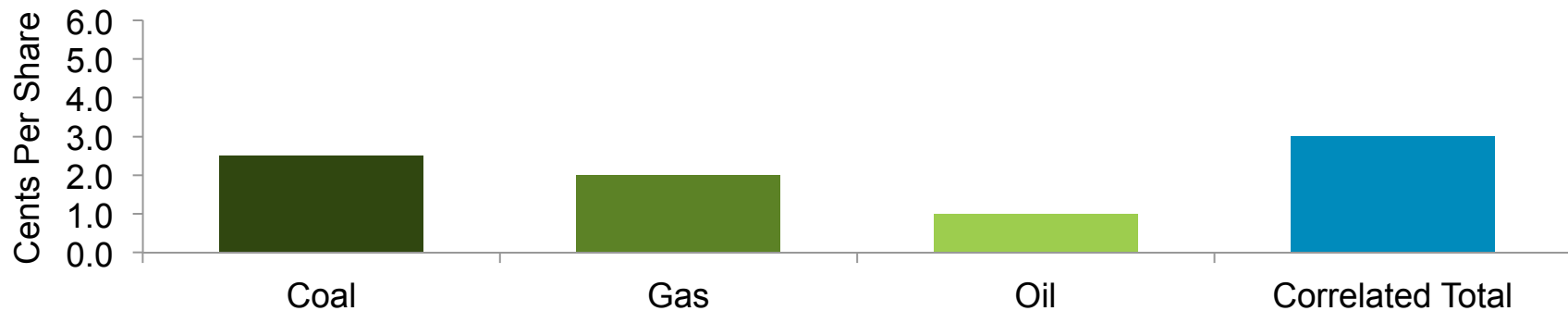


**Average Remaining Contract Term is 7 Years<sup>2</sup>**

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Average of medium- and long-term contracts. PPA MW-weighted average is adjusted for AES' ownership stake.

## Commodity Sensitivity Low in 2013

### Full Year 2013 EPS Commodity Sensitivity<sup>1</sup>

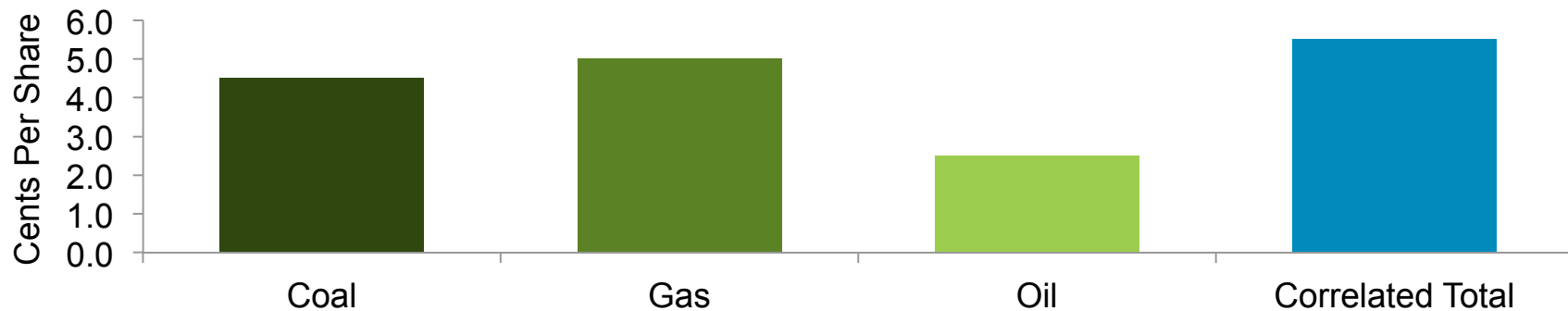


- Coal and gas sensitivity primarily Kilroot in Northern Ireland
- US is highly hedged for 2013
- Oil sensitivity low; primarily from spot market sales in Andes, MCAC, EMEA and Asia

1. Sensitivity is to a 10% move commodity prices. Domestic and International sensitivities are combined and assumes each fuel category moves 10%. EPS is negatively correlated to coal price movement, and positively correlated to gas and oil price movements.

# 2015 Commodity Sensitivity: Levered to PJM Dark Spread Improvement

## Full Year 2015 EPS Commodity Sensitivity<sup>1</sup>

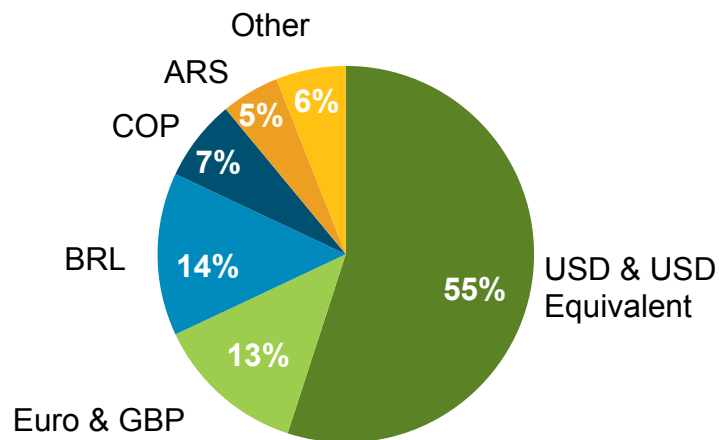


- Coal fleet at DP&L less hedged and primary driver of increase in sensitivity to coal and gas
- Exposure to U.S. dark spread
- Some offsetting gas exposure to U.S. natural gas prices in the Dominican Republic

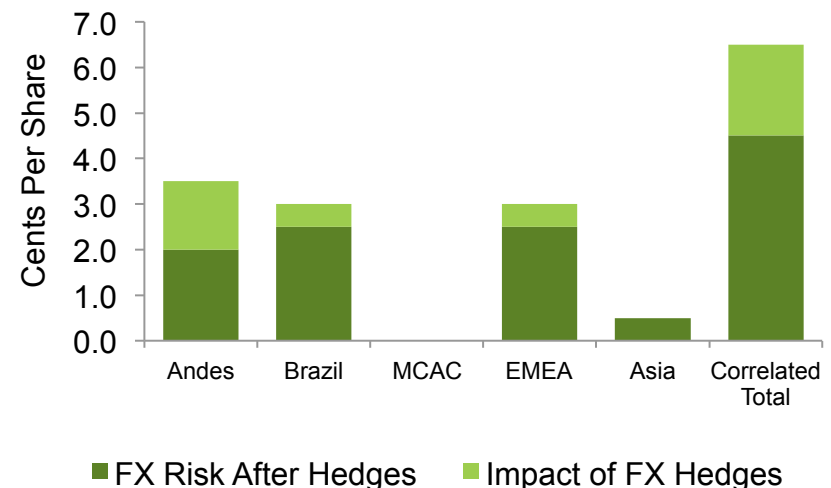
1. Sensitivity is to a 10% move commodity prices. Domestic and International sensitivities are combined and assumes each fuel category moves 10%. EPS is negatively correlated to coal price movement, and positively correlated to gas and oil price movements.

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

## Full Year 2013 Adjusted PTC<sup>1</sup> FX Risk by Currency



## Full Year 2013 FX Sensitivity<sup>2</sup> by SBU



- 55% of 2013 earnings effectively USD
  - ▶ USD-based economies (i.e. U.S., Panama)
  - ▶ Structuring of our PPAs
- FX risk mitigated on a 12-month rolling basis by shorter-term active FX hedging programs

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

2. Sensitivity to a 10% appreciation of USD relative to individual currency. Assumes all currencies move 10%.

## Risk Management Key Takeaways

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- Business model helps mitigate risks
- 80% of variable margin is insulated from commodity risk through contracts or regulatory mechanisms
- 2013 commodity exposure is low
  - ▶ Exposure is asymmetric, with more upside than downside
  - ▶ Long on natural gas, particularly in medium- to long-term
  - ▶ 10% correlated move in all exposed commodities is less than a 3% move in full year 2013 EPS
- FX exposure is limited by contract structures and operations in USD-based economies
  - ▶ AES benefits from weakening US Dollar
  - ▶ 10% correlated move in basket of currencies is less than a 5% move in full year 2013 EPS





# Corporate and Financial Overview

Tom O'Flynn, Chief Financial Officer

# Corporate and Financial Overview Summary

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- Q1 Results
- 2013 Adjusted PTC<sup>1</sup>/EPS<sup>1</sup>
- 2012-2015 Total return
- Proportional free cash flow<sup>1</sup>
- Capital allocation
- Key takeaways

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

# First Quarter 2013 Adjusted EPS<sup>1</sup> Roll-Up

\$ in Millions, Except Per Share Amounts

|   | Q1 2013       | Q1 2012       | Variance       | Key Drivers  |
|---|---------------|---------------|----------------|--|
| US  | \$135         | \$93          | \$42           | • Beaver Valley PPA termination payment                                      |
| Andes                                     | \$80          | \$111         | (\$31)         | • Lower gas generation in Chile  |
| Brazil                                    | \$42          | \$108         | (\$66)         | • Low hydrology<br>• Reduced demand at Sul                                   |
| MCAC                                      | \$57          | \$78          | (\$21)         | • Low hydrology  |
| EMEA                                      | \$93          | \$189         | (\$96)         | • One-time favorable arbitration settlement at Cartagena in Spain in Q1 2012 |
| Asia                                      | \$31          | \$32          | (\$1)          |  |
| <b>Total SBUs</b>                         | <b>\$438</b>  | <b>\$611</b>  | <b>(\$173)</b> |  |
| Corp/Other                                | (\$173)       | (\$198)       | \$25           | • Lower overhead and interest expense  |
| <b>Total AES Adjusted PTC<sup>1</sup></b> | <b>\$265</b>  | <b>\$413</b>  | <b>(\$148)</b> |  |
| Adjusted Effective Tax Rate               | 27%           | 32%           |                | • Lower effective tax rate   |
| Diluted Share Count                       | 749           | 785           |                | • Lower share count  |
| <b>ADJUSTED EPS<sup>1</sup></b>           | <b>\$0.26</b> | <b>\$0.37</b> |                |  |

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

Contains Forward Looking Statements

# First Quarter 2013 Proportional Free Cash Flow<sup>1</sup> (Prop FCF) Results

\$ in Millions

## Key Drivers

- + US: Beaver Valley PPA termination payment
- + MCAC: Lower working capital requirements in the Dominican Republic
- Andes: Increased income tax payments in Colombia
- Brazil: Lower hydrology

**50% Increase in Proportional Free Cash Flow<sup>1</sup>**

## Prop FCF<sup>1</sup>



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

## Full Year 2013 Adjusted PTC<sup>1</sup> Drivers by SBU

\$ in Millions, \$2.1 Billion Before Corporate Charges of \$0.7 Billion

| SBU               | 2012 Adjusted PTC <sup>1</sup> | Overall Direction | 2013  |   |
|-------------------|--------------------------------|-------------------|---|---|
|                   |                                |                   | Adjusted PTC <sup>1</sup> Modeling Range <sup>2</sup> | Drivers   |
| US                | \$410                          | —                 | \$350-\$390   | <ul style="list-style-type: none"> <li>— DP&amp;L Switching and ESP</li> <li>— Southland</li> <li>— Planned outages at IPL</li> </ul>   |
| Andes             | \$369                          | +                 | \$385-\$425   | <ul style="list-style-type: none"> <li>+ Ventanas IV COD in 1H 2013</li> <li>+ Contracts aligned with generation</li> <li>+ Higher availability</li> </ul>                    |
| Brazil            | \$321                          | =                 | \$305-\$335   | <ul style="list-style-type: none"> <li>+ Uruguiana and Eletropaulo recovery</li> <li>— First year of Sul tariff reset</li> <li>— Tietê low hydrology</li> <li>— FX</li> </ul> |
| MCAC              | \$388                          | +                 | \$390-\$425   | <ul style="list-style-type: none"> <li>+ El Salvador tariff reset</li> <li>+ Dominican Republic margin</li> </ul>   |
| EMEA              | \$397                          | —                 | \$360-\$400   | <ul style="list-style-type: none"> <li>— Asset sales (Cartagena)</li> <li>+ New capacity (Cameroon)</li> </ul>  |
| Asia              | \$201                          | —                 | \$140-\$160   | <ul style="list-style-type: none"> <li>— Masinloc contract</li> <li>— China asset sale</li> </ul>   |
| <b>TOTAL SBUs</b> | <b>\$2,086</b>                 |                   | <b>\$1,930-\$2,135</b>                                |   |

1. A non-GAAP financial measure. See Appendix for definition and reconciliation. Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.

2. Provided for modeling purposes only. Not intended to be guidance.

Contains Forward Looking Statements

## Reaffirming 2013 Guidance

\$ in Millions, Except Per Share Amounts

|  | Full Year 2013 Guidance |
|--|-------------------------|
| Adjusted EPS <sup>1</sup>                              | \$1.24-\$1.32           |
| Proportional Free Cash Flow <sup>1</sup> (Prop FCF)    | \$750-\$1,050           |
| Consolidated Net Cash Provided by Operating Activities | \$2,500-\$3,100         |

|   | Full Year 2013<br>Adjusted EPS <sup>1</sup> Modeling<br>Assumptions <sup>2</sup> |
|---|--|
| <b>Total SBUs</b>                         | <b>\$1,930-\$2,135</b>   |
| Corp/Other                                | (\$710-\$730)  |
| <b>Total AES Adjusted PTC<sup>1</sup></b> | <b>\$1,210-\$1,415</b>   |
| Adjusted Effective Tax Rate               | 26%-28%  |
| Share Count                               | 752  |

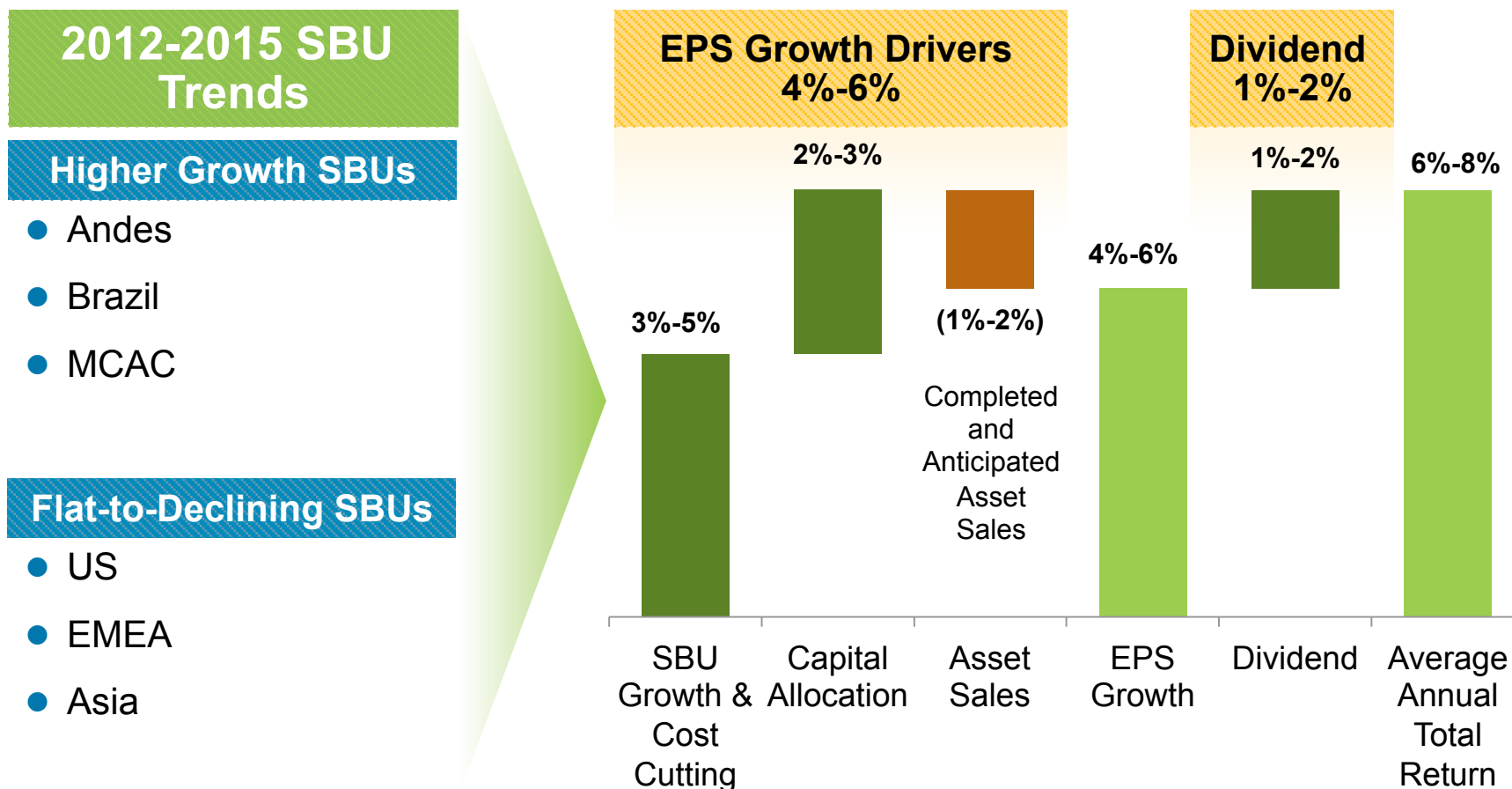
- Commodity and foreign currency forward curves as of March 31, 2013

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

2. Provided for modeling purposes only. Not intended to be guidance.

# Forecasting Average Annual Total Return of 6% to 8% (2012-2015)

Based on 2012 Adjusted EPS<sup>1</sup> of \$1.24<sup>2</sup>



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

2. Before Ukraine discontinued operations impact of (\$0.03) in 2012.

## 2012-2015 Adjusted EPS<sup>1</sup> Operating Drivers by SBU

| SBU                       | Overall Direction<br>+3%-5% <sup>2</sup> | 2012-2015 Operating Drivers  |  |  |
|---------------------------|--|--|--|--|
|                           |  | Operations   | New Capacity   | Cost Cutting   |
| US                        | —  | <ul style="list-style-type: none"> <li>– DP&amp;L switching</li> <li>+ Wind Earnings</li> <li>+ IPL MATS</li> </ul>  |  | <ul style="list-style-type: none"> <li>• SBUs <ul style="list-style-type: none"> <li>▶ Reorg</li> <li>▶ Relocate SBU offices</li> <li>▶ Centralize support functions</li> </ul> </li> <li>• Corporate <ul style="list-style-type: none"> <li>▶ Lower BD</li> <li>▶ Reduce support costs</li> </ul> </li> </ul> |
| Andes                     | +  | + Higher availability  | <ul style="list-style-type: none"> <li>• Ventanas IV</li> <li>• Tunjita</li> </ul>                   |  |
| Brazil                    | +  | + Demand growth  |  |  |
| MCAC                      | +  | <ul style="list-style-type: none"> <li>+ Dominican Republic – margin</li> <li>+ Puerto Rico – fuel/interest</li> <li>+ Panama – availability</li> </ul>    |  |  |
| EMEA <sup>2</sup>         | =  | <ul style="list-style-type: none"> <li>+ Kazakhstan – margin</li> <li>+ Cameroon – lower losses</li> <li>– Cartagena (one-time benefit in 2012)</li> </ul> | <ul style="list-style-type: none"> <li>• Kribi</li> <li>• UK Wind</li> <li>• IPP 4 Jordan</li> </ul> |  |
| Asia <sup>2</sup>         | —  | – Lower spot sales at Masinloc (contracted)  |  |  |
| <b>Implied EPS Impact</b> | <b>~\$0.13-\$0.19</b>                    | <b>~\$0.04-\$0.08</b>  | <b>\$0.04-\$0.06 in 2015</b>   | <b>\$0.05 Run Rate</b>   |

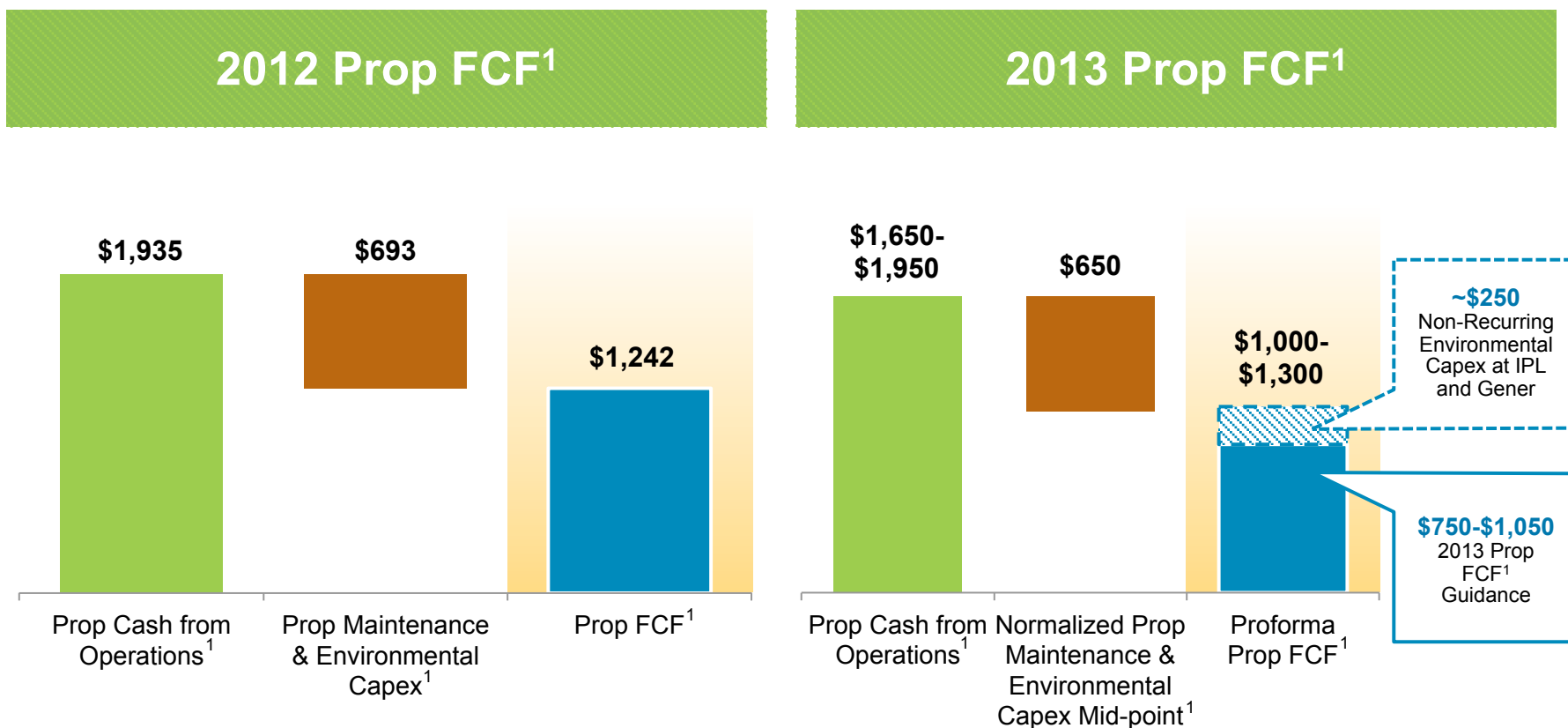
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.

2. Based on 2012-2015 total return forecast, which includes Adjusted EPS growth of 4%-6%.



# Prop FCF<sup>1</sup>: Current Portfolio is Expected to Produce More than \$1 Billion

\$ in Millions

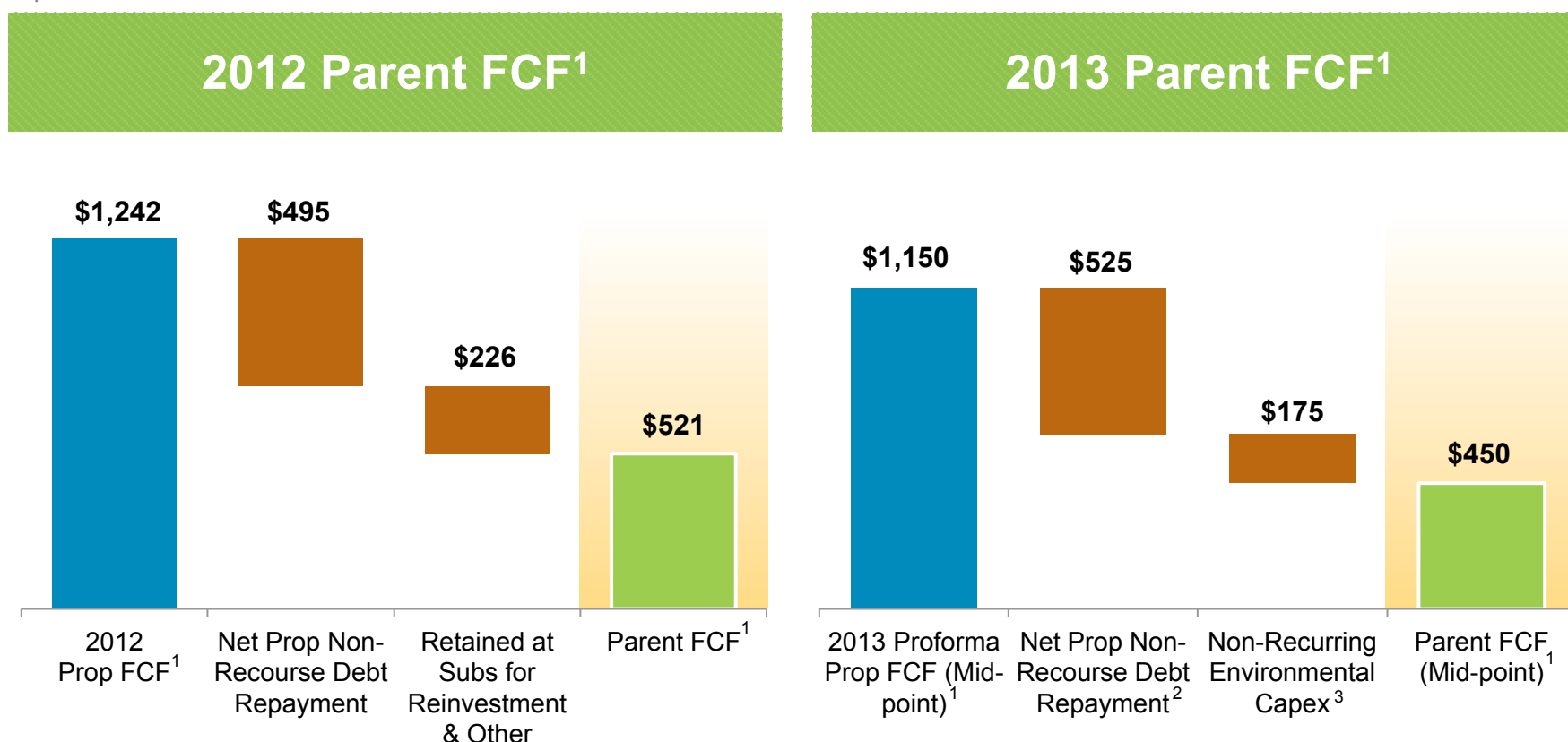


**Attractive Prop FCF<sup>1</sup> Generation of \$1.0-\$1.3 Billion;  
Non-Recurring Environmental Capex to be Completed by 2015**

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

# \$1.0-\$1.3 Billion of Prop FCF<sup>1</sup> Used to Reduce Leverage and Fund Discretionary Investments

\$ in Millions



## Performance Improvements, Funded Growth Investments and Deleveraging Drive Future Parent FCF<sup>1</sup> Growth

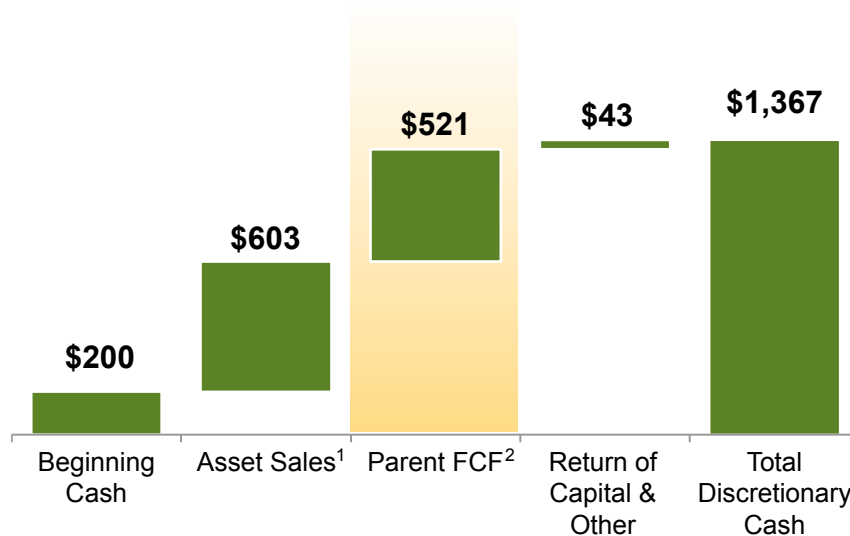
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Excludes ~\$150 million of planned DPL debt repayment in 2013, which will be funded from cash on hand.
3. Net of estimated debt issuance to fund IPL environmental capex.

Contains Forward Looking Statements

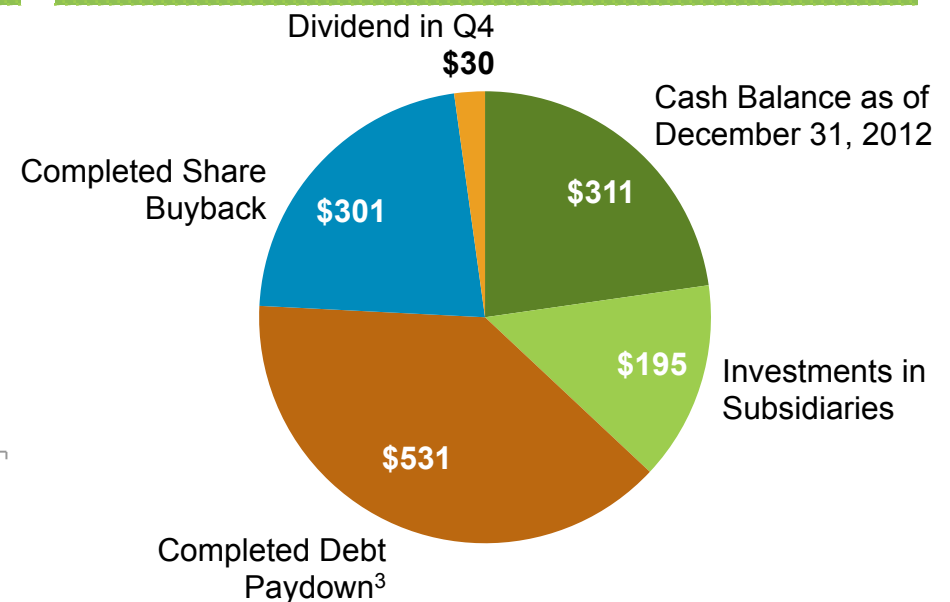
# 2012 Parent Capital Allocation Plan

\$ in Millions

## Discretionary Cash – Sources (\$1,367)



## Discretionary Cash – Uses (\$1,056; \$311 Cash Balance)



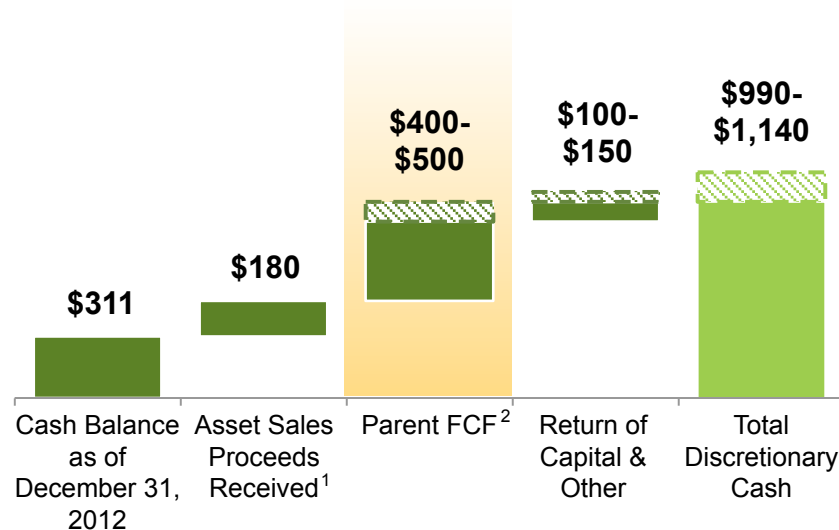
## 82% of Discretionary Investments Allocated to Debt Repayment and Return to Shareholders

1. Excludes \$42 million in asset proceeds from the sale of JHRH in China, which were received in 2013.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.
3. Completed \$531 million debt paydown includes: \$295 million corporate revolver, \$11 million scheduled debt repayment, and \$225 million prepayment of recourse debt

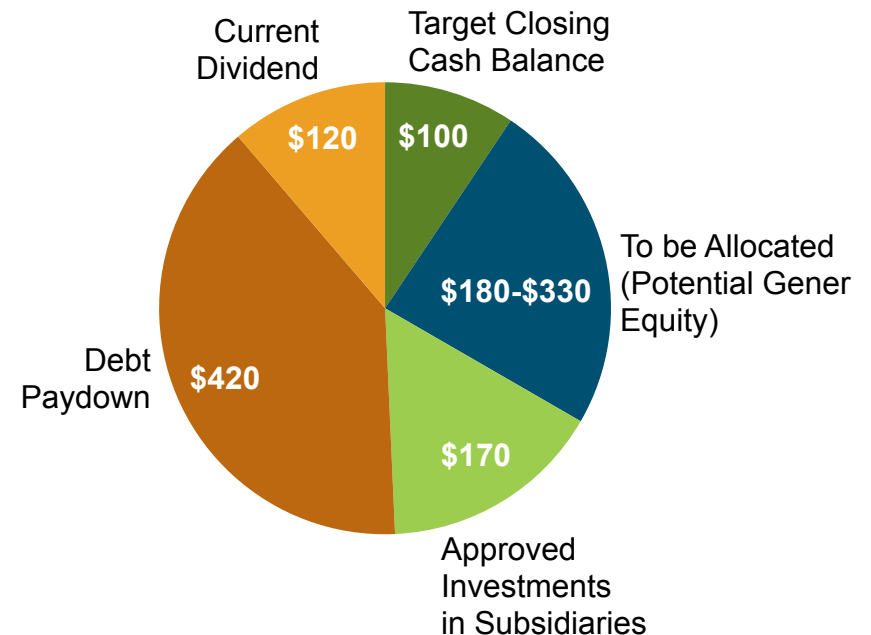
# 2013 Parent Capital Allocation Plan

\$ in Millions

## Discretionary Cash – Sources (\$990-\$1,140)



## Discretionary Cash – Uses (\$990-\$1,140)



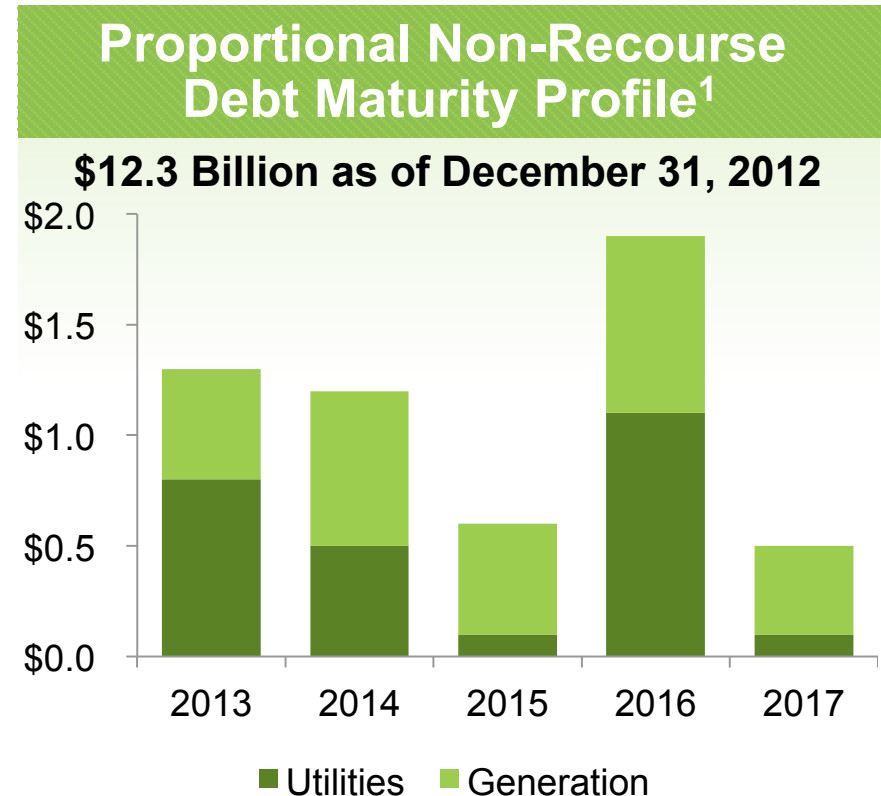
## Unallocated Cash Available to Invest in Share Buybacks, Platform Expansions and Debt Paydown

1. Includes closed asset sale proceeds net of transaction costs of: \$47 million (JHRH in China), \$109 million (Ukraine utilities) and \$24 million (Cartagena in Spain).
2. A non-GAAP financial metric. See Appendix for definition and reconciliation.

Contains Forward Looking Statements

# Capital Structure – Majority of Debt is Non-Recourse<sup>1</sup>

- Financing closest to the businesses/assets
  - ▶ Match debt to business currency
  - ▶ Utilize local/regional and international markets
- Sized by cash flows
  - ▶ Target investment grade credit structure, subject to sovereign caps
- Amortizing debt for generation businesses
- Utilities generally less levered



## Non-Recourse Debt Supported by Cash Flows from Contract Generation and Utility Businesses

1. 2013 maturities exclude approximately \$1.4 billion of non-recourse debt in technical default, which has been reclassified per scheduled maturity dates.

# Recent Debt Transactions Enhance Liquidity, Manage Credit and Support Platform Expansions

## 2013 Recourse Debt Activity (~\$1.6 Billion)

- Outstanding tender offer of \$800 million
  - ▶ Issued \$500 million, 10-year at 4 7/8%
  - ▶ Expect to reduce outstanding recourse debt by \$300 million
    - ◆ Reducing near-term maturities

## Refinancing in Local Market – Masinloc (Philippines)

- Refinanced \$500 million with local banks
  - ▶ Long-term maturity profile (10 years)
  - ▶ Allows for efficient financing of Masinloc 2

## Selected 2013 Non-Recourse Debt Activity (~\$2.8 Billion<sup>1</sup>)

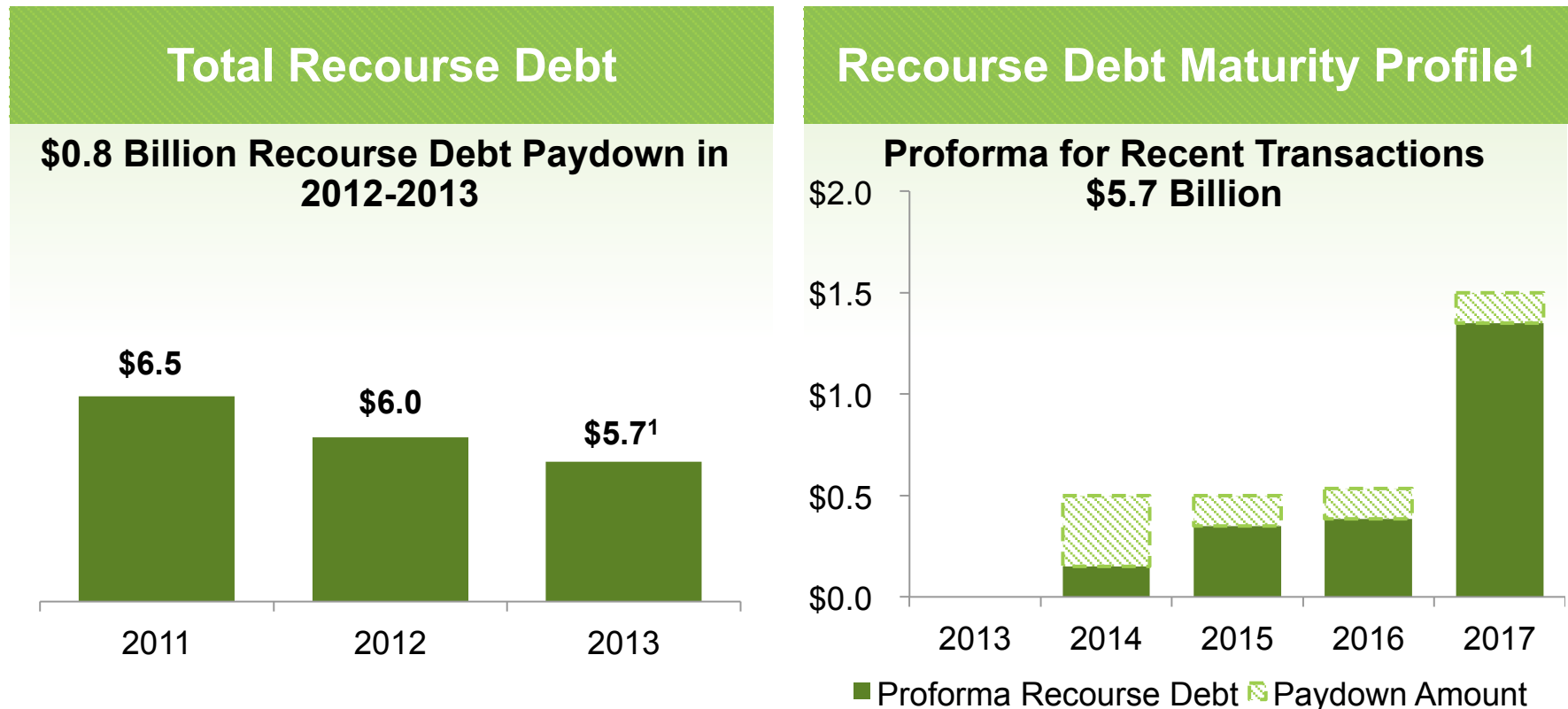
- Refinanced debt to extend maturities and lower costs
  - ▶ El Salvador: \$310 million 10-year bond
  - ▶ DPL/DP&L: ~\$700 million bank commitments to refinance term loans and credit facilities
    - ◆ Reducing debt by \$225 million
    - ◆ Targeted to close later in May; extends debt maturities to 2016

## Greenfield Financing – Cochrane (Chile) (\$1 Billion)

- 100% contracted in US Dollars, matching debt currency
- Long-term maturity profile (18 years) at Libor + 265 bps

1. Includes \$500 million refinancing at Masinloc and \$1 billion new financing for Cochrane.

## Capital Structure – Recourse Debt

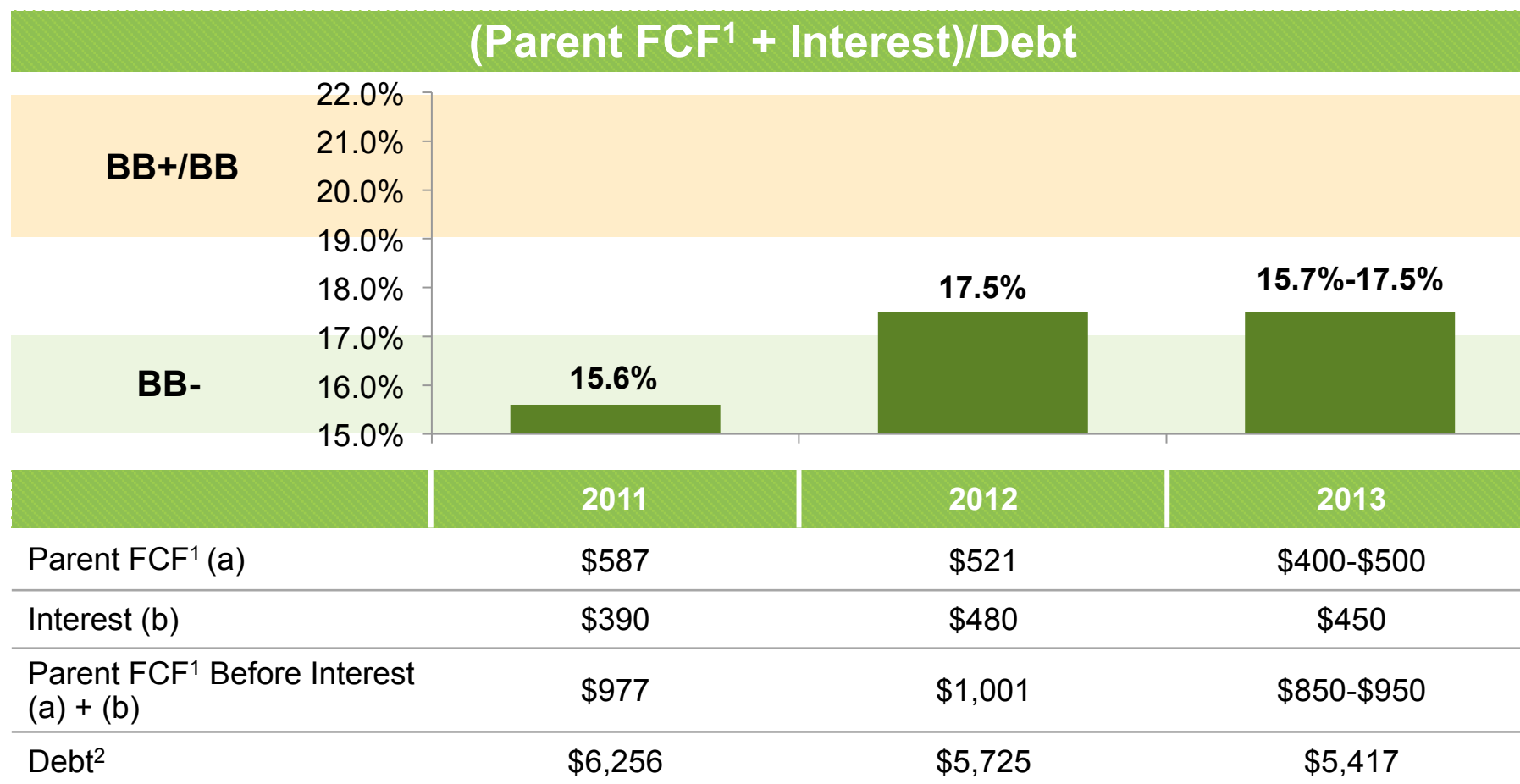


**Modest Maturity Profile from 2013 to 2016  
(After Estimating Results of Outstanding Tender)**

1. Estimated final impact of tender offer launched in April 2013; final results may vary.

# Debt Reduction and Increased Cash Flow Drive Credit Metric Improvement at Parent

- Targeting solid BB rating
- Recent debt reduction as well as cash flow growth will help us achieve over time



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

2. Includes equity credit for a portion of our existing Trust Preferred III securities.



# Dividend Policy

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- Dividend level to be tied to Parent FCF<sup>1</sup>
- Current level of \$0.04 quarterly (\$120 million annually) represents a Parent FCF<sup>1</sup> payout ratio of approximately:
  - ▶ 2012 – 23%
  - ▶ 2013 – ~27%
- Targeting a payout ratio of 30%-40% of sustainable Parent FCF<sup>1</sup> by 2015
- The dividend policy and potential increases would be reviewed annually by management and the Board of Directors (typically in Q4)
- Dividend policy provides potential to announce a dividend increase in fourth quarter 2013
  - ▶ Subject to business conditions and Board approval

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

## Key Takeaways

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- Improving transparency
- Continuing balanced approach to capital allocation
- Reaffirming 2013 guidance and total return expectations
- Stock represents an attractive value proposition
  - ▶ Low P/E (~11x)
  - ▶ High free cash flow<sup>1</sup> yield of 10%-13%
  - ▶ Total return target of 6%-8% (3-year CAGR, 2012-2015)
    - ◆ 4%-6% EPS growth
    - ◆ Dividend yield modest, with strong growth potential

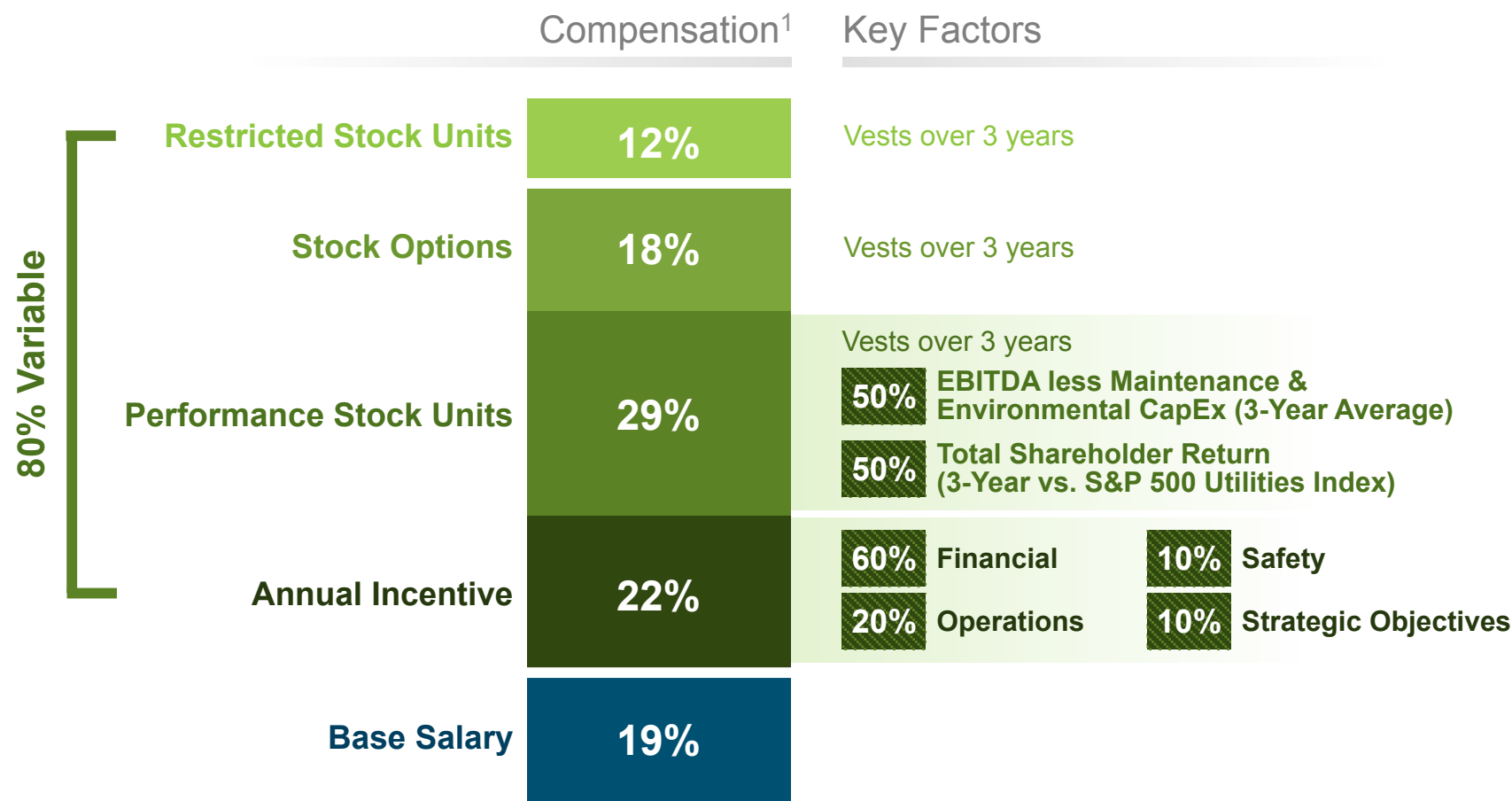
1. A non-GAAP financial measure. See Appendix for definition and reconciliation.



# Wrap-Up

Andrés Gluski, President and Chief Executive Officer

# Executive Compensation Aligned with Shareholders' Interests



**80% of Compensation is Tied to Stock Price and/or Business Performance**

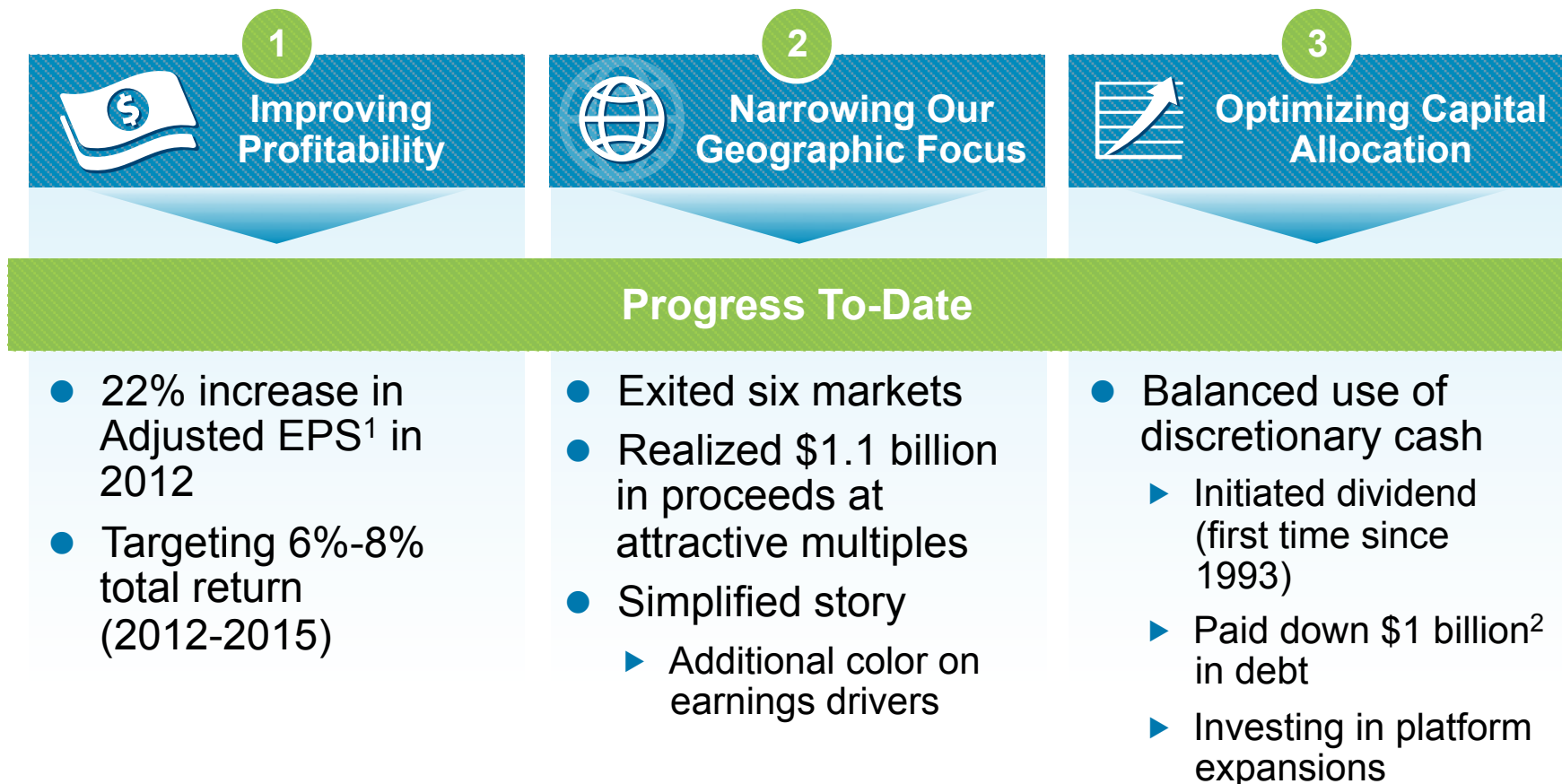
1. 2013 target compensation for CEO and other Named Executive Officers.

## Potential to Increase Total Return to 8% to 10%

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- Levers
  - ▶ Incremental cost reductions beyond current plan
  - ▶ Leveraging our scale
  - ▶ Platform expansions
  - ▶ Capital allocation decisions
- Market factors
  - ▶ Currency and commodity trends
  - ▶ Higher demand growth

# Taking Steps to Improve Our Valuation



1. A non-GAAP financial measure. See Appendix for definition and reconciliation. Before Ukraine discontinued operations impact of (\$0.03) in 2012 and (\$0.02) in 2011.

2. Includes proforma estimated results of tender offers launched in April 2013.



## Q&A

## Appendix

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- 2013 Guidance Estimated Sensitivities Slide 107
- Adjusted PTC: Reconciliation to Public Financials Slides 108-109
- AES Modeling Disclosures Slide 110
- SBU Modeling Disclosures Slides 111-113
- Construction Slides 114-115
- Asset Sales Slide 116
- Reconciliations Slides 117-120
- Assumptions & Definitions Slides 121-123



## 2013 Guidance Estimated Sensitivities

### Interest Rates<sup>1</sup>

- 100 bps move in interest rates over a 12-month period is equal to a change in EPS of approximately \$0.025
- 10% appreciation in USD against the following key currencies is equal to the following negative EPS impacts:

### Currencies

|                      | 2013         |             |
|----------------------|--------------|-------------|
|                      | Average Rate | Sensitivity |
| Argentine Peso (ARS) | 6.11         | \$0.010     |
| Brazilian Real (BRL) | 2.06         | \$0.015     |
| Colombian Peso (COP) | 1,845        | \$0.010     |
| Euro (EUR)           | 1.28         | \$0.010     |

### Commodity Sensitivity

| 10% increase in commodity prices is forecasted to have the following EPS impacts: | 2013         |                               |
|---|--------------|-------------------------------|
|   | Average Rate | Sensitivity                   |
| NYMEX Coal  | \$60/ton     | \$0.010, negative correlation |
| Rotterdam Coal (API 2)  | \$83/ton     |                               |
| NYMEX WTI Crude Oil   | \$97/bbl     | \$0.010, positive correlation |
| IPE Brent Crude Oil   | \$109/bbl    |                               |
| NYMEX Henry Hub Natural Gas   | \$4.1/mmbtu  | \$0.015, positive correlation |
| UK National Balancing Point Natural Gas   | £0.70/therm  |                               |

Note: Guidance given May 9, 2013. Sensitivities are provided on a standalone basis, assuming no change in the other factors, to illustrate the magnitude and direction of changing market factors on AES results. Estimates show the impact on year-to-go 2013 adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. Year-to-go 2013 guidance is based on currency and commodity forward curves and forecasts as of March 29, 2013. There are inherent uncertainties in the forecasting process and actual results may differ from projections. The Company undertakes no obligation to update the guidance presented today. Please see Item 3 of the Form 10-Q for a more complete discussion of this topic. AES has exposure to multiple coal, oil, and natural gas indices; forward curves are provided for representative liquid markets. Sensitivities are rounded to the nearest ½ cent per share.

1. The move is applied to the floating interest rate portfolio balances as of March 29, 2013.

# Full Year 2011-2012 Adjusted PTC<sup>1</sup>: 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 <sup>2</sup> |              | AES Gener <sup>3</sup> |              | Eletropaulo <sup>3</sup> |              | Tietê <sup>3</sup> |              |
| \$ in Millions  | 2012         | 2011         | 2012             | 2011         | 2012                   | 2011         | 2012                     | 2011         | 2012               | 2011         |
| <b>US GAAP Reconciliation<sup>4</sup></b>                           |              |              |                  |              |                        |              |                          |              |                    |              |
| <b>Business Unit Adjusted Earnings to AES<sup>1,4</sup></b>         | <b>\$69</b>  | <b>\$68</b>  | <b>\$79</b>      | <b>(\$4)</b> | <b>\$190</b>           | <b>\$278</b> | <b>(\$1)</b>             | <b>\$89</b>  | <b>\$116</b>       | <b>\$127</b> |
| <b>AES Business Unit Adjusted PTC<sup>1,4</sup></b>                 | <b>\$117</b> | <b>\$111</b> | <b>\$122</b>     | <b>(\$3)</b> | <b>\$291</b>           | <b>\$378</b> | <b>(\$2)</b>             | <b>\$129</b> | <b>\$172</b>       | <b>\$189</b> |
| Impact of AES adjustments excluded from Public Filings              | -            | -            | -                | -            | \$7                    | (\$1)        | -                        | \$1          | -                  | (\$1)        |
| <b>Adjusted PTC – Public Filer (Stand-alone)</b>                    | <b>\$117</b> | <b>\$111</b> | <b>\$122</b>     | <b>(\$3)</b> | <b>\$298</b>           | <b>\$377</b> | <b>(\$2)</b>             | <b>\$130</b> | <b>\$172</b>       | <b>\$188</b> |
| Unrealized Derivatives (Losses)/Gains                               | -            | -            | \$13             | (\$2)        | \$1                    | \$5          | -                        | -            | -                  | -            |
| Unrealized Foreign Currency Transaction Losses                      | -            | -            | -                | -            | (\$6)                  | (\$4)        | -                        | (\$1)        | -                  | -            |
| Impairment Losses   | -            | (\$1)        | (\$1,817)        | -            | -                      | -            | -                        | -            | -                  | -            |
| Debt Retirement Losses  | -            | (\$15)       | -                | -            | -                      | (\$27)       | (\$1)                    | -            | -                  | -            |
| Non-Controlling Interests before Tax                                | \$3          | \$3          | \$1              | -            | \$121                  | \$145        | \$3                      | \$690        | \$556              | \$606        |
| Income Tax Benefit/(Expense)  | (\$48)       | (\$37)       | (\$48)           | (\$1)        | (\$143)                | (\$133)      | \$6                      | (\$256)      | (\$238)            | (\$260)      |
| <b>US GAAP Income/(Loss) from Continuing Operations<sup>5</sup></b> | <b>\$72</b>  | <b>\$61</b>  | <b>(\$1,729)</b> | <b>(\$6)</b> | <b>\$271</b>           | <b>\$363</b> | <b>\$6</b>               | <b>\$563</b> | <b>\$490</b>       | <b>\$534</b> |
| <b>IFRS Reconciliation</b>  |              |              |                  |              |                        |              |                          |              |                    |              |
| Adjustment to Depreciation & Amortization <sup>6</sup>              |              |              |                  |              | (\$55)                 | (\$60)       | (\$66)                   | (\$82)       | (\$33)             | (\$41)       |
| Adjustment to Regulatory Liabilities & Assets <sup>7</sup>          |              |              |                  |              | -                      | -            | \$131                    | \$215        | -                  | -            |
| Adjustment to Taxes <sup>8</sup>                                    |              |              |                  |              | (\$4)                  | \$25         | (\$34)                   | (\$50)       | \$17               | \$21         |
| Other Adjustments <sup>9</sup>                                      |              |              |                  |              | (\$9)                  | (\$2)        | \$25                     | \$282        | (\$9)              | (\$11)       |
| <b>IFRS Net Income</b>  |              |              |                  |              | <b>\$203</b>           | <b>\$326</b> | <b>\$62</b>              | <b>\$928</b> | <b>\$465</b>       | <b>\$503</b> |
| BRL-USD Weighted Avg. Exchange Rate                                 |              |              |                  |              |                        |              | 1.7                      | 1.7          | 1.9                | 1.7          |
| <b>Market Capitalization (AES' Ownership)<sup>10</sup></b>          |              |              |                  |              | <b>\$4,163</b>         |              | <b>\$142</b>             |              | <b>\$912</b>       |              |

1. A non-GAAP financial measure. Reconciliation provided above. See "definitions" for descriptions of adjustments.

2. Only includes November 28, 2011-December 31, 2012.

3. 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.

4. 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.

5. Represents the income/(loss) from continuing operations of the subsidiary included in the consolidated operating results of AES under US GAAP.

6. 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.

7. Adjustment to regulatory assets and liabilities in Brazil is required as IFRS does not recognize such assets or liabilities. The net adjustment is the result of mainly regulatory liabilities recorded during 2011 and 2012 for the 2011 tariff reset provision offset by regulatory assets recorded mainly related to the cost of energy (Parcel A costs).

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 Tietê).

9. Other adjustments includes a \$264 million gain on the sale of Atimus by Eletropaulo in 2011. This was reported as discontinued operations for US GAAP purposes.

10. Share price in USD as of May 6, 2013: AES Gener \$0.73; Eletropaulo equity \$3.83 and preferred equity \$7.41; Tietê equity \$10.42 and preferred equity \$9.42.

Contains Forward Looking Statements

# First Quarter 2012-2013 Adjusted PTC<sup>1</sup>: 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 <sup>2</sup> |             | Eletropaulo <sup>2</sup> |              | Tietê <sup>2</sup> |              |
| \$ in Millions  | Q1 2013     | Q1 2012     | Q1 2013     | Q1 2012     | Q1 2013                | Q1 2012     | Q1 2013                  | Q1 2012      | Q1 2013            | Q1 2012      |
| <b>US GAAP Reconciliation</b>                                       |             |             |             |             |                        |             |                          |              |                    |              |
| <b>Business Unit Adjusted Earnings to AES<sup>1,3</sup></b>         | <b>\$21</b> | <b>\$15</b> | <b>\$28</b> | <b>\$23</b> | <b>\$54</b>            | <b>\$71</b> | <b>\$1</b>               | <b>(\$2)</b> | <b>\$23</b>        | <b>\$35</b>  |
| <b>AES Business Unit Adjusted PTC<sup>1</sup></b>                   | <b>\$33</b> | <b>\$27</b> | <b>\$37</b> | <b>\$31</b> | <b>\$74</b>            | <b>\$95</b> | <b>\$1</b>               | <b>(\$3)</b> | <b>\$35</b>        | <b>\$52</b>  |
| Impact of AES Adjustments excluded from Public Filings              | -           | -           | -           | -           | \$2                    | \$1         | -                        | \$1          | -                  | -            |
| <b>Adjusted PTC<sup>1,3</sup>- Public Filer (Stand-alone)</b>       | <b>\$33</b> | <b>\$27</b> | <b>\$37</b> | <b>\$31</b> | <b>\$76</b>            | <b>\$96</b> | <b>\$1</b>               | <b>(\$2)</b> | <b>\$35</b>        | <b>\$52</b>  |
| Unrealized Derivatives (Losses)/Gains                               | -           | -           | (\$11)      | (\$1)       | -                      | \$1         | -                        | -            | -                  | -            |
| Unrealized Foreign Currency Transaction Losses                      | -           | -           | -           | -           | (\$2)                  | (\$4)       | -                        | -            | -                  | -            |
| Impairment Losses   | -           | -           | -           | -           | -                      | -           | -                        | -            | -                  | -            |
| Debt Retirement Losses  | -           | -           | -           | -           | -                      | -           | -                        | -            | -                  | -            |
| Non-Controlling Interests before Tax                                | \$1         | \$1         | -           | -           | \$31                   | \$39        | \$8                      | (\$6)        | \$115              | \$168        |
| Income Tax Benefit/(Expense)  | (\$12)      | (\$12)      | (\$6)       | (\$8)       | (\$28)                 | (\$34)      | (\$3)                    | \$2          | (\$49)             | (\$72)       |
| <b>US GAAP Income/(Loss) from Continuing Operations<sup>4</sup></b> | <b>\$22</b> | <b>\$16</b> | <b>\$20</b> | <b>\$22</b> | <b>\$77</b>            | <b>\$98</b> | <b>\$6</b>               | <b>(\$6)</b> | <b>\$101</b>       | <b>\$148</b> |
| <b>IFRS Reconciliation</b>  |             |             |             |             |                        |             |                          |              |                    |              |
| Adjustment to Depreciation & Amortization <sup>5</sup>              |             |             |             |             | (\$14)                 | (\$14)      | (\$7)                    | (\$22)       | (\$8)              | (\$7)        |
| Adjustment to Regulatory Liabilities & Assets <sup>6</sup>          |             |             |             |             |                        |             | \$14                     | \$123        | -                  | -            |
| Adjustment to Taxes <sup>7</sup>                                    |             |             |             |             | \$4                    | \$2         | (\$1)                    | (\$31)       | \$2                | \$1          |
| Other Adjustments   |             |             |             |             | (\$5)                  | \$7         | (\$13)                   | (\$9)        | (\$2)              | (\$3)        |
| <b>IFRS Net Income</b>  |             |             |             |             | <b>\$62</b>            | <b>\$93</b> | <b>(\$1)</b>             | <b>\$55</b>  | <b>\$93</b>        | <b>139</b>   |
| BRL-USD Weighted Avg. Exchange Rate                                 |             |             |             |             |                        |             | 1.9975                   | 1.7644       | 1.9992             | 1.7724       |

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

# AES Modeling Disclosures

| <i>\$ in Millions</i>                                      | 2013 Assumptions |
|--|------------------|
| <b>Income Statement Assumptions</b>                        |                  |
| Adjusted PTC <sup>1</sup> Before Corporate Charges         | \$1,930-\$2,135  |
| Corporate Charges  | (\$710-\$730)    |
| Adjusted PTC <sup>1</sup>                                  | \$1,210-\$1,415  |
| Tax Rate   | 26%-28%          |
| Diluted Share Count  | 752              |
| <b>Parent Company Cash Flow Assumptions</b>                |                  |
| Subsidiary Distributions (a)                               | \$1,150-\$1,250  |
| Cash Interest (b)  | \$450            |
| Cash for Development, General & Administrative and Tax (c) | \$300            |
| Parent Free Cash Flow (a – b – c)                          | \$400-\$500      |

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

1. A non-GAAP financial measure. See reconciliation on Slide 120 and “definitions”.

# Full Year 2012 SBU Modeling Disclosures

| \$ in Millions            | Adjusted PTC <sup>1,2</sup> | Interest Expense <sup>2</sup> |                   |                | Interest Income <sup>2</sup> |                   |              | Depreciation & Amortization <sup>2</sup> |                   |                |
|---------------------------|-----------------------------|-------------------------------|-------------------|----------------|------------------------------|-------------------|--------------|--|-------------------|----------------|
|                           |                             | Consolidated                  | Adjustment Factor | Proportional   | Consolidated                 | Adjustment Factor | Proportional | Consolidated                             | Adjustment Factor | Proportional   |
| US SBU <sup>3</sup>       | \$410                       | \$293                         | (\$5)             | \$288          | \$3                          | -                 | \$3          | \$525                                    | (\$23)            | \$502          |
| Andes SBU                 | \$369                       | \$128                         | (\$33)            | \$95           | \$20                         | (\$3)             | \$17         | \$174                                    | (\$46)            | \$128          |
| Brazil SBU <sup>3</sup>   | \$321                       | \$305                         | (\$206)           | \$99           | \$278                        | (\$196)           | \$82         | \$281                                    | (\$190)           | \$91           |
| MCAC <sup>4</sup> SBU     | \$388                       | \$192                         | (\$20)            | \$172          | \$32                         | (\$6)             | \$26         | \$133                                    | (\$28)            | \$105          |
| EMEA <sup>5</sup> SBU     | \$397                       | \$113                         | (\$20)            | \$93           | \$8                          | -                 | \$8          | \$207                                    | (\$33)            | \$174          |
| Asia SBU                  | \$201                       | \$46                          | (\$4)             | \$42           | \$6                          | (\$1)             | \$5          | \$32                                     | (\$2)             | \$30           |
| <b>Subtotal</b>           | <b>\$2,086</b>              | <b>\$1,077</b>                | <b>(\$288)</b>    | <b>\$789</b>   | <b>\$347</b>                 | <b>(\$206)</b>    | <b>\$141</b> | <b>\$1,352</b>                           | <b>(\$322)</b>    | <b>\$1,030</b> |
| Corp/Other <sup>4,5</sup> | (\$734)                     | \$492                         | -                 | \$492          | \$1                          | -                 | \$1          | \$28                                     | -                 | \$28           |
| <b>TOTAL</b>              | <b>\$1,352</b>              | <b>\$1,569</b>                | <b>(\$288)</b>    | <b>\$1,281</b> | <b>\$348</b>                 | <b>(\$206)</b>    | <b>\$142</b> | <b>\$1,380</b>                           | <b>(\$322)</b>    | <b>\$1,058</b> |

1. A non-GAAP financial measure. See reconciliation on Slide 118 and "definitions".
2. Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.
3. Includes Generation and Utilities segments.
4. Mexico, Central America and Caribbean. For financial reporting purposes, MCAC Utilities is reported under Corporate/Other in the segment disclosures provided in the notes to the Company's financial statements.
5. Europe, Middle East and Africa. For financial reporting purposes, EMEA Utilities is reported under Corporate/Other in the segment disclosures provided in the notes to the Company's financial statements.

# Full Year 2012 SBU Modeling Disclosures

| \$ in Millions            | Total Debt <sup>1</sup> |                   |                 | Cash & Cash Equivalents, Restricted Cash, Short-Term Investments, Debt Service Reserves & Other Deposits <sup>1</sup> |                   |                |
|---------------------------|-------------------------|-------------------|-----------------|---|-------------------|----------------|
|                           | Consolidated            | Adjustment Factor | Proportional    | Consolidated  | Adjustment Factor | Proportional   |
| US SBU <sup>2</sup>       | \$5,356                 | (\$1)             | \$5,355         | \$428   | -                 | \$428          |
| Andes SBU                 | \$2,554                 | (\$686)           | \$1,868         | \$607   | (\$118)           | \$489          |
| Brazil SBU <sup>3</sup>   | \$2,225                 | (\$1,527)         | \$698           | \$1,069   | (\$786)           | \$283          |
| MCAC <sup>4</sup> SBU     | \$2,380                 | (\$240)           | \$2,140         | \$468   | (\$83)            | \$385          |
| EMEA <sup>5</sup> SBU     | \$2,010                 | (\$404)           | \$1,606         | \$463   | (\$81)            | \$382          |
| Asia SBU                  | \$858                   | (\$205)           | \$653           | \$257   | (\$22)            | \$235          |
| <b>Subtotal</b>           | <b>\$15,383</b>         | <b>(\$3,063)</b>  | <b>\$12,320</b> | <b>\$3,292</b>  | <b>(\$1,090)</b>  | <b>\$2,202</b> |
| Corp/Other <sup>4,5</sup> | \$5,962                 | -                 | \$5,962         | \$683   | -                 | \$683          |
| <b>TOTAL</b>              | <b>\$21,345</b>         | <b>(\$3,063)</b>  | <b>\$18,282</b> | <b>\$3,975</b>  | <b>(\$1,090)</b>  | <b>\$2,885</b> |

1. Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.
2. Includes Generation and Utilities segments.
3. Includes Generation and Utilities segments.
4. Mexico, Central America and Caribbean. For financial reporting purposes, MCAC Utilities is reported under Corporate/Other in the segment disclosures provided in the notes to the Company's financial statements.
5. Europe, Middle East and Africa. For financial reporting purposes, EMEA Utilities is reported under Corporate/Other in the segment disclosures provided in the notes to the Company's financial statements.

## 2010-2012 Modeling Disclosures by SBU and Business

| \$ in Millions                | Adjusted PTC <sup>1,2</sup> |                |                | Prop FCF <sup>1,3</sup> |                | Subsidiary Distributions <sup>4</sup> |                |                |
|-------------------------------|-----------------------------|----------------|----------------|-------------------------|----------------|---------------------------------------|----------------|----------------|
|                               | 2010                        | 2011           | 2012           | 2011                    | 2012           | 2010                                  | 2011           | 2012           |
| <b>US SBU<sup>5</sup></b>     | <b>\$205</b>                | <b>\$181</b>   | <b>\$410</b>   | <b>\$194</b>            | <b>\$570</b>   | <b>\$346</b>                          | <b>\$262</b>   | <b>\$388</b>   |
| IPL                           | \$130                       | \$111          | \$117          | \$11                    | \$139          | \$135                                 | \$97           | \$125          |
| DPL <sup>6</sup>              | -                           | (\$3)          | \$122          | \$(11)                  | \$232          | -                                     | -              | \$124          |
| US Generation                 | \$75                        | \$101          | \$171          | \$204                   | \$199          | \$211                                 | \$165          | \$139          |
| <b>Andes SBU</b>              | <b>\$322</b>                | <b>\$508</b>   | <b>\$369</b>   | <b>\$364</b>            | <b>\$382</b>   | <b>\$141</b>                          | <b>\$260</b>   | <b>\$222</b>   |
| AES Gener                     | \$186                       | \$378          | \$291          | \$343                   | \$349          | \$113                                 | \$225          | \$222          |
| AES Argentina                 | \$136                       | \$130          | \$78           | \$21                    | \$33           | \$28                                  | \$35           | -              |
| <b>Brazil SBU<sup>7</sup></b> | <b>\$391</b>                | <b>\$415</b>   | <b>\$321</b>   | <b>\$307</b>            | <b>\$189</b>   | <b>\$215</b>                          | <b>\$188</b>   | <b>\$252</b>   |
| Eletropaulo                   | \$133                       | \$129          | (\$2)          | \$82                    | \$8            |                                       |                |                |
| Tietê                         | \$170                       | \$189          | \$172          | \$112                   | \$119          |                                       |                |                |
| Sul                           | \$102                       | \$119          | \$152          | \$130                   | \$57           | -                                     | \$18           | \$34           |
| Brasília                      |                             |                |                |                         |                | \$203                                 | \$170          | \$218          |
| <b>MCAC SBU</b>               | <b>\$258</b>                | <b>\$306</b>   | <b>\$388</b>   | <b>\$236</b>            | <b>\$239</b>   | <b>\$136</b>                          | <b>\$166</b>   | <b>\$154</b>   |
| <b>EMEA SBU</b>               | <b>\$216</b>                | <b>\$269</b>   | <b>\$397</b>   | <b>\$316</b>            | <b>\$358</b>   | <b>\$257</b>                          | <b>\$271</b>   | <b>\$169</b>   |
| Maritza <sup>8</sup>          | (\$32)                      | \$18           | \$114          | \$36                    | \$134          | \$3                                   | \$30           | \$20           |
| <b>Asia SBU</b>               | <b>\$145</b>                | <b>\$99</b>    | <b>\$201</b>   | <b>\$90</b>             | <b>\$178</b>   | <b>\$97</b>                           | <b>\$158</b>   | <b>\$136</b>   |
| Masinloc                      | \$150                       | \$112          | \$172          | \$108                   | \$175          | \$74                                  | \$131          | \$106          |
| <b>TOTAL SBUs</b>             | <b>\$1,537</b>              | <b>\$1,778</b> | <b>\$2,086</b> | <b>\$1,507</b>          | <b>\$1,916</b> | <b>\$1,192</b>                        | <b>\$1,305</b> | <b>\$1,321</b> |
| Corporate & Other             | (\$598)                     | (\$721)        | (\$734)        | \$(575)                 | \$(674)        | \$27                                  | \$32           | \$11           |
| <b>TOTAL AES</b>              | <b>\$939</b>                | <b>\$1,057</b> | <b>\$1,352</b> | <b>\$932</b>            | <b>\$1,242</b> | <b>\$1,219</b>                        | <b>\$1,337</b> | <b>\$1,332</b> |

1. A non-GAAP financial measure. See Slide 118 for reconciliation and "definitions".
2. Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.
3. SBU and subsidiary amounts include management fees, intercompany interest, and other intercompany payments.
4. See "definitions".
5. In addition to subsidiaries included above, US SBU total also includes Adjusted PTC of (\$28) million in 2011, and Proportional Free Cash Flow of (\$10) million in 2011, respectively. These amounts are related to business development activities during these periods.
6. DPL acquired in November 2011.
7. In addition to subsidiaries included above, Brazil SBU includes Adjusted PTC of (\$14) million, (\$22) million, and (\$1) million in 2010, 2011, and 2012, respectively, and Proportional Free Cash Flow of (\$17) million and \$5 million in 2011 and 2012, respectively. Subsidiary distributions from Eletropaulo and Tietê are included in the Brasília amounts.
8. Maritza commenced commercial operations in late 2011.

## 2,443 MW Under Construction as of May 8, 2013

|                                     | Generation (Thermal) |                |            |              |          | Generation (Renewables) |            |          |
|-------------------------------------|----------------------|----------------|------------|--------------|----------|-------------------------|------------|----------|
|                                     | Cameroon             | Jordan         | Chile      | Vietnam      | Chile    | UK                      | UK         | Colombia |
| Project                             | Kribi                | IPP 4 Jordan   | Guacolda V | Mong Duong 2 | Cochrane | Sixpenny Wood           | Yelvertoft | Tunjita  |
| % Owned                             | 56%                  | 60%            | 36%        | 51%          | 71%      | 100%                    | 100%       | 71%      |
| Type                                | Gas                  | Heavy Fuel Oil | Coal       | Coal         | Coal     | Wind                    | Wind       | Hydro    |
| Gross MW                            | 216 MW               | 247 MW         | 152 MW     | 1,240 MW     | 532 MW   | 20 MW                   | 16.4 MW    | 20 MW    |
| Expected Commercial Operations Date | 1H 2013              | 2H 2014        | 2H 2015    | 2H 2015      | 2016     | 2H 2013                 | 2H 2013    | 2H 2014  |

Note: These are some of our construction projects. Other projects not currently on this slide, whether developed through acquisitions or otherwise, may be brought on-line before these projects. In addition, some of these examples may not close or be completed as anticipated, or they may be delayed, due to uncertainty inherent in the development process

Contains Forward Looking Statements



# Attractive Returns from 2013-2015 Construction Pipeline

\$ in Millions, Unless Otherwise Stated

| Project   | Country  | AES Ownership | Fuel               | Gross MW | Expected COD | Total Capex | Total AES Equity   | ROE  | Comments   |
|---|----------|---------------|--------------------|----------|--------------|-------------|--------------------|------|--|
| <b>Construction Projects Coming On-Line 2013-2014</b> |          |               |                    |          |              |             |                    |      |  |
| Ventanas IV (Campiche)                                | Chile    | 71%           | Coal               | 270      | 1H 2013      | \$550       | \$156 <sup>1</sup> |      | Funded through AES Gener with corporate debt   |
| Kribi   | Cameroon | 56%           | Gas                | 216      | 1H 2013      | \$338       | \$42 <sup>2</sup>  |      |  |
| Sixpenny Wood   | UK       | 100%          | Wind               | 20       | 1H 2013      | \$47        | \$15 <sup>2</sup>  |      |  |
| Yelvertoft  | UK       | 100%          | Wind               | 16       | 1H 2013      | \$38        | \$14 <sup>2</sup>  |      |  |
| Amman East (IPP 4)                                    | Jordan   | 60%           | Oil/Gas/Distillate | 240      | 2H 2014      | \$340       | \$51 <sup>2</sup>  |      |  |
| Tunjita   | Colombia | 71%           | Hydro              | 20       | 2H 2014      | \$67        | \$2 <sup>1</sup>   |      | Lease capital structure at Chivor  |
| <b>2015 ROE<sup>3</sup></b>                           |          |               |                    |          |              |             |                    | ~14% | Weighted average; net income divided by AES equity contribution                            |
| <b>2015 CASH YIELD<sup>3</sup></b>                    |          |               |                    |          |              |             |                    | ~14% | Weighted average; subsidiary distributions divided by AES equity contribution              |
| Project   | Country  | AES Ownership | Fuel               | Gross MW | Expected COD | Total Capex | Total AES Equity   | ROE  | Comments   |
| <b>Construction Projects Coming On-Line 2015</b>      |          |               |                    |          |              |             |                    |      |  |
| Guacolda V  | Chile    | 36%           | Coal               | 152      | 2H 2015      | \$454       | \$48 <sup>1</sup>  |      | Equity investment accounting; financing closed in October 2012 for \$318 million           |
| Mong Duong II   | Vietnam  | 51%           | Coal               | 1,240    | 2H 2015      | \$1,948     | \$249 <sup>2</sup> |      | Lease accounting reduces earnings in early years; high cash yield                          |
| <b>2016 ROE</b>                                       |          |               |                    |          |              |             |                    | ~5%  | Weighted average; net income divided by AES equity contribution <sup>3</sup>               |
| <b>2016 CASH YIELD</b>                                |          |               |                    |          |              |             |                    | ~19% | Weighted average; subsidiary distributions divided by AES equity contribution <sup>3</sup> |

1. AES equity contribution equal to 71% of AES Gener's equity contribution to the project.
2. AES equity contribution defined as AES equity invested in the project. For Kribi, project also utilized cash on hand (AES' share of this cash is approximately \$7 million).
3. Based on projections. See our 2012 Form 10-K for further discussion of development and construction risks.

Contains Forward Looking Statements

## Narrowing Our Geographic Focus – Sold 14 Assets and Exited 6 Countries

| Business                   | Country        | AES Share of Proceeds<br>(\$ in Millions) | Remarks   |
|----------------------------|----------------|---|---|
| Atimus (Telecom)           | Brazil         | \$284                                     | Non-core asset; Paid down \$197 million <sup>1</sup> in debt at Brasiliana subsidiary |
| Bohemia                    | Czech Republic | \$12                                      | Completed exit from non-core market   |
| Edes and Edelap            | Argentina      | \$4                                       | Underperforming businesses  |
| Cartagena                  | Spain          | \$253                                     | No expansion potential  |
| Red Oak and Ironwood       | U.S.           | \$228                                     | No expansion potential  |
| French Wind                | France         | \$42                                      | Non-core market   |
| Hydro, Coal and Wind       | China          | \$133                                     | Non-core market   |
| Tisza II                   | Hungary        | \$14                                      | Non-core market   |
| Two Distribution Companies | Ukraine        | \$109                                     | Non-core market   |
| <b>TOTAL</b>               |                | <b>\$1,079</b>                            |   |

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

# Reconciliation of Adjusted EPS<sup>1</sup>

|   | Full Year             |                     |
|---|-----------------------|---------------------|
|   | 2012                  | 2011                |
| GAAP Diluted EPS from Continuing Operations                         | (\$1.24)              | \$0.61              |
| Adjustment to Diluted Shares  | \$0.01                | -                   |
| <b>NON-GAAP DILUTED EPS FROM CONTINUING OPERATIONS</b>              | <b>(\$1.23)</b>       | <b>\$0.61</b>       |
| Unrealized Derivative Losses <sup>2</sup>                           | \$0.11                | \$0.01              |
| Unrealized Foreign Currency Transaction (Gains)/Losses <sup>3</sup> | (\$0.03)              | \$0.05              |
| Disposition/Acquisition (Gains)                                     | (\$0.18) <sup>4</sup> | -                   |
| Impairment (Gains)/Losses   | \$2.53 <sup>5</sup>   | \$0.29 <sup>6</sup> |
| Debt Retirement Losses  | \$0.01 <sup>7</sup>   | \$0.04 <sup>8</sup> |
| <b>ADJUSTED EPS<sup>1</sup></b>                                     | <b>\$1.21</b>         | <b>\$1.00</b>       |

1. A non-GAAP financial measure. See "definitions". Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.
2. Unrealized derivative losses were net of income tax per share of \$0.04 and \$0.01 in the year ended December 31, 2012 and 2011, respectively.
3. Unrealized foreign currency transaction (gains)/losses were net of income tax per share of \$0.00 and \$0.00 in the year ended December 31, 2012 and 2011, respectively.
4. Amount primarily relates to the gains from the sale of 80% of our interest in Cartagena for \$178 million (\$109 million, or \$0.14 per share, net of income tax of \$0.09 per share) and equity method investments in China of \$24 million (\$25 million, or \$0.03 per share, including an income tax credit of \$1 million, or \$0.00 per share).
5. Amount primarily relates to the goodwill impairment at DPL of \$1.82 billion (\$1.82 billion, or \$2.39 per share, net of income tax of \$0.00 per share). Amount also includes other-than-temporary impairment of equity method investments in China of \$32 million (\$32 million, or \$0.04 per share, net of income tax of \$0.00 per share), and at InnoVent of \$17 million (\$17 million, or \$0.02 per share, net of income tax of \$0.00 per share), as well as asset impairments of wind turbines and projects of \$41 million (\$26 million, or \$0.03 per share, net of income tax of \$0.02 per share), at Kelanitissa of \$19 million (\$17 million, or \$0.02 per share, net of noncontrolling interest of \$2 million and of income tax of \$0.00 per share), and at St. Patrick of \$11 million (\$11 million, or \$0.01 per share, net of income tax of \$0.00 per share).
6. Amount includes other-than-temporary impairment of equity method investments at Chigen, including Yangcheng, of \$79 million (\$79 million, or \$0.10 per share, net of income tax of \$0.00 per share), asset impairments of wind turbines of \$116 million (\$75 million, or \$0.10 per share, net of income tax of \$0.05 per share), Kelanitissa of \$42 million (\$38 million, or \$0.05 per share, net of noncontrolling interest of \$4 million and of income tax of \$0.00 per share), Bohemia of \$9 million (\$9 million, and \$0.01 per share, net of income tax of \$0.00 per share), and goodwill impairment at Chigen of \$17 million (\$17 million or \$0.02 per share, net of income tax of \$0.00 per share).
7. Amount primarily relates to the loss on retirement of debt at the Parent Company of \$15 million (\$10 million, or \$0.01 per share, net of income tax of \$0.01 per share).
8. Amount includes loss on retirement of debt at Gener of \$38 million (\$22 million, or \$0.03 per share, net of noncontrolling interest of \$11 million and of income tax of \$0.01 per share) and at IPL of \$15 million (\$10 million, or \$0.01 per share, net of income tax of \$0.01 per share).

# Reconciliation of Adjusted PTC<sup>1,2</sup> & Adjusted EPS<sup>1,2</sup>

\$ in Millions, Except Per Share Amounts

|  | Full Year 2012 |                     | Full Year 2011 |                     |
|--|----------------|---------------------|----------------|---------------------|
|  | Amount         | Per Share (Diluted) | Amount         | Per Share (Diluted) |
| Income (Loss) from Continuing Operations Attributable to AES & GAAP Diluted EPS from Continuing Operations | (\$938)        | (\$1.24)            | \$477          | \$0.61              |
| Adjustment to Diluted Shares   |                | \$0.01              |                | -                   |
| <b>NON-GAAP DILUTED EPS FROM CONTINUING OPERATIONS</b>   |                | <b>(\$1.23)</b>     |                | <b>\$0.61</b>       |
| Add Back Income Tax from Continuing Operations Attributable to AES   | \$444          |                     | \$213          |                     |
| Pre-Tax Contribution   | (\$494)        |                     | \$690          |                     |

| Adjustments <sup>3</sup>                                       | Full Year 2012 |                     | Full Year 2011 |                     |
|--|----------------|---------------------|----------------|---------------------|
|  | Net of NCI     | Per Share (Diluted) | Net of NCI     | Per Share (Diluted) |
| Unrealized Derivative Losses                                   | \$118          | \$0.11              | \$11           | \$0.01              |
| Unrealized Foreign Currency Transaction (Gains)/Losses         | (\$18)         | (\$0.03)            | \$39           | \$0.05              |
| Disposition/Acquisition (Gains)                                | (\$206)        | (\$0.18)            | -              | -                   |
| Impairment Losses  | \$1,936        | \$2.53              | \$271          | \$0.29              |
| Debt Retirement Losses   | \$16           | \$0.01              | \$46           | \$0.04              |
| <b>ADJUSTED PTC<sup>1</sup> &amp; ADJUSTED EPS<sup>1</sup></b> | <b>\$1,352</b> | <b>\$1.21</b>       | <b>\$1,057</b> | <b>\$1.00</b>       |

1. A non-GAAP financial measure. See "definitions".

2. Amounts previously reported have been recast to reflect the reclassification of the Ukraine distribution businesses as discontinued operations.

3. See description of adjustments on Slide 117.

Contains Forward Looking Statements

# Reconciliation of Adjusted PTC<sup>1</sup> & Adjusted EPS<sup>1</sup>

\$ in Millions, Except Per Share Amounts

|   | First Quarter 2013 |                     | First Quarter 2012 |                       |
|---|--------------------|---------------------|--------------------|-----------------------|
|   | Amount             | Per Share (Diluted) | Amount             | Per Share (Diluted)   |
| Income from Continuing Operations Attributable to AES & GAAP Diluted EPS from Continuing Operations | \$106              | \$0.14              | \$341              | \$0.44                |
| Adjustment to Diluted Shares  |                    |                     |                    |                       |
| <b>Non-GAAP Diluted EPS from Continuing Operations</b>  |                    |                     |                    |                       |
| Add Back Income Tax from Continuing Operations Attributable to AES                                  | \$31               |                     | \$191              |                       |
| Pre-Tax Contribution  | \$137              |                     | \$532              |                       |
| Adjustments   | First Quarter 2013 |                     | First Quarter 2012 |                       |
|   | Net of NCI         | Per Share (Diluted) | Net of NCI         | Per Share (Diluted)   |
| Unrealized Derivative Losses <sup>2</sup>   | \$13               | \$0.01              | \$30               | \$0.03                |
| Unrealized Foreign Currency Transaction (Gains)/Losses <sup>3</sup>                                 | \$27               | \$0.02              | (\$29)             | (\$0.02)              |
| Disposition/Acquisition (Gains)   | (\$3)              | -. <sup>4</sup>     | (\$178)            | (\$0.14) <sup>5</sup> |
| Impairment Losses   | \$48               | \$0.05 <sup>6</sup> | \$58               | \$0.06 <sup>7</sup>   |
| Debt Retirement Losses  | \$43               | \$0.04 <sup>8</sup> | -                  | -                     |
| <b>Adjusted PTC<sup>1</sup> &amp; Adjusted EPS<sup>1</sup></b>                                      | <b>\$265</b>       | <b>\$0.26</b>       | <b>\$413</b>       | <b>\$0.37</b>         |

1. A non-GAAP financial measure. See "definitions".

2. Unrealized derivative losses were net of income tax per share of \$0.01 and \$0.01 in the three months ended March 31, 2013 and 2012, respectively.

3. Unrealized foreign currency transaction (gains)/losses were net of income tax per share of \$0.01 and (\$0.01) in the three months ended March 31, 2013 and 2012, respectively.

4. Amount primarily relates to 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 of \$0.00 per share).

5. Amount primarily relates to the gain from the sale of 80% of our interest in Cartagena for \$178 million (\$107 million, or \$0.14 per share, net of income tax of \$0.09 per share).

6. Amount primarily relates to asset impairments at Beaver Valley of \$46 million (\$32 million, or \$0.04 per share, net of income tax of \$0.02 per share).

7. Amount primarily relates to the other-than-temporary impairment of equity method investments in China of \$32 million (\$26 million, or \$0.03 per share, net of income tax of \$0.01 per share), and at InnoVent of \$17 million (\$12 million, or \$0.02 per share, net of income tax of \$0.01 per share).

8. Amount primarily relates to the loss on early retirement of debt at Masinloc of \$43 million (\$28 million, or \$0.04 per share, net of noncontrolling interest of \$3 million and of income tax of \$0.01 per share).

## Reconciliation of 2013 Guidance

\$ in Millions, Except Per Share Amounts

| 2013 Guidance  |                 |                   |                 |
|--|-----------------|-------------------|-----------------|
| Adjusted EPS <sup>1</sup>                                  |                 |                   | \$1.24-\$1.32   |
| Proportional Free Cash Flow <sup>1</sup>                   |                 |                   | \$750-\$1,050   |
| Consolidated Net Cash Provided by Operating Activities     |                 |                   | \$2,500-\$3,100 |
| Reconciliation   | Consolidated    | Adjustment Factor | Proportional    |
| Consolidated Net Cash Provided by Operating Activities (a) | \$2,500-\$3,100 | \$850-\$1,150     | \$1,650-\$1,950 |
| Maintenance & Environmental Capital Expenditures (b)       | \$1,050-\$1,350 | \$300             | \$750-\$1,050   |
| Free Cash Flow <sup>1</sup> (a - b)                        | \$1,300-\$1,900 | \$550-\$850       | \$750-\$1,050   |

1. A non-GAAP financial measure. See "definitions".

# Assumptions

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Forecasted financial information is based on certain material assumptions. Such assumptions include, but are not limited to: (a) no unforeseen external events such as wars, depressions, or economic or political disruptions occur; (b) businesses continue to operate in a manner consistent with or better than prior operating performance, including achievement of planned productivity improvements including benefits of global sourcing, and in accordance with the provisions of their relevant contracts or concessions; (c) new business opportunities are available to AES in sufficient quantity to achieve its growth objectives; (d) no material disruptions or discontinuities occur in the Gross Domestic Product (GDP), foreign exchange rates, inflation or interest rates during the forecast period; and (e) material business-specific risks as described in the Company's SEC filings do not occur individually or cumulatively. In addition, benefits from global sourcing include avoided costs, reduction in capital project costs versus budgetary estimates, and projected savings based on assumed spend volume which may or may not actually be achieved. Also, improvement in certain KPIs such as equivalent forced outage rate and commercial availability may not improve financial performance at all facilities based on commercial terms and conditions. These benefits will not be fully reflected in the Company's consolidated financial results.

The cash held at qualified holding companies ("QHCs") represents cash sent to subsidiaries of the Company domiciled outside of the U.S. Such subsidiaries had no contractual restrictions on their ability to send cash to AES, the Parent Company, however, cash held at qualified holding companies does not reflect the impact of any tax liabilities that may result from any such cash being repatriated to the Parent Company in the U.S. Cash at those subsidiaries was used for investment and related activities outside of the U.S. These investments included equity investments and loans to other foreign subsidiaries as well as development and general costs and expenses incurred outside the U.S. Since the cash held by these QHCs is available to the Parent, AES uses the combined measure of subsidiary distributions to Parent and QHCs as a useful measure of cash available to the Parent to meet its international liquidity needs. AES believes that unconsolidated parent company liquidity is important to the liquidity position of AES as a parent company because of the non-recourse nature of most of AES' indebtedness.

# Definitions

- **Adjusted Earnings Per Share** (a non-GAAP financial measure) is defined as diluted earnings per share from continuing operations excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) gains or losses due to dispositions and acquisitions of business interests, (d) losses due to impairments, and (e) costs due to the early retirement of debt. The GAAP measure most comparable to Adjusted EPS is diluted earnings per share from continuing operations. AES believes that Adjusted EPS better reflects the underlying business performance of the Company and is considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to unrealized gains or losses related to derivative transactions, unrealized foreign currency gains or losses, losses due to impairments and strategic decisions to dispose or acquire business interests or retire debt, which affect results in a given period or periods. Adjusted EPS should not be construed as an alternative to diluted earnings per share from continuing operations, which is determined in accordance with GAAP.
- **Adjusted Pre-Tax Contribution** (a non-GAAP financial measure) represents pre-tax income from continuing operations attributable to AES excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) gains or losses due to dispositions and acquisitions of business interests, (d) losses due to impairments, and (e) costs due to the early retirement of debt. It includes net equity in earnings of affiliates, on an after-tax basis. The GAAP measure most comparable to Adjusted PTC is income from continuing operations attributable to AES. AES believes that Adjusted PTC better reflects the underlying business performance of the Company and is considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to unrealized gains or losses related to derivative transactions, unrealized foreign currency gains or losses, losses due to impairments and strategic decisions to dispose or acquire business interests or retire debt, which affect results in a given period or periods. Earnings before tax represents the business performance of the Company before the application of statutory income tax rates and tax adjustments, including the effects of tax planning, corresponding to the various jurisdictions in which the Company operates. Adjusted PTC should not be construed as an alternative to income from continuing operations attributable to AES, which is determined in accordance with GAAP.
- **Free Cash Flow** (a non-GAAP financial measure) is defined as net cash from operating activities less maintenance capital expenditures (including environmental capital expenditures), net of reinsurance proceeds from third parties. AES believes that free cash flow is a useful measure for evaluating our financial condition because it represents the amount of cash provided by operations less maintenance capital expenditures as defined by our businesses, that may be available for investing or for repaying debt. Free cash flow should not be construed as an alternative to net cash from operating activities, which is determined in accordance with GAAP.
- **Net Debt** (a non-GAAP financial measure) is defined as current and non-current recourse and non-recourse debt less cash and cash equivalents, restricted cash, short term investments, debt service reserves and other deposits. AES believes that net debt is a useful measure for evaluating our financial condition because it is a standard industry measure that provides an alternate view of a company's indebtedness by considering the capacity of cash. It is also a required component of valuation techniques used by management and the investment community.
- **Parent Company Liquidity** (a non-GAAP financial measure) is defined as cash at the Parent Company plus availability under corporate credit facilities plus cash at qualified holding companies ("QHCs"). AES believes that unconsolidated Parent Company liquidity is important to the liquidity position of AES as a Parent Company because of the non-recourse nature of most of AES' indebtedness.
- **Parent Free Cash Flow** (a non-GAAP financial measure) should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Parent Free Cash Flow is equal to Subsidiary Distributions less cash used for interest costs, development, general and administrative activities, and tax payments by the Parent Company. Parent Free Cash Flow is used for dividends, share repurchases, growth investments, recourse debt repayments, and other uses by the Parent Company.



## Definitions, Cont'd.

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- **Proportional Metrics** – The Company is a holding company that derives its income and cash flows from the activities of its subsidiaries, some of which are not wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure) to account for the Company's ownership interest.  
Proportional metrics present the Company's estimate of its share in the economics of the underlying metric. The Company believes that the Proportional metrics are useful to investors because they exclude the economic share in the metric presented that is held by non-AES shareholders. For example, Operating Cash Flow is a GAAP metric which presents the Company's cash flow from operations on a consolidated basis, including operating cash flow allocable to noncontrolling interests. Proportional Operating Cash Flow removes the share of operating cash flow allocable to noncontrolling interests and therefore may act as an aid in the valuation the Company.  
Proportional metrics are reconciled to the nearest GAAP measure. Certain assumptions have been made to estimate our proportional financial measures. These assumptions include: (i) the Company's economic interest has been calculated based on a blended rate for each consolidated business when such business represents multiple legal entities; (ii) the Company's economic interest may differ from the percentage implied by the recorded net income or loss attributable to noncontrolling interests or dividends paid during a given period; (iii) the Company's economic interest for entities accounted for using the hypothetical liquidation at book value method is 100%; (iv) individual operating performance of the Company's equity method investments is not reflected and (v) inter-segment transactions are included as applicable for the metric presented.
- **Subsidiary Liquidity** (a non-GAAP financial measure) is defined as cash and cash equivalents and bank lines of credit at various subsidiaries.
- **Subsidiary Distributions** should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Subsidiary Distributions are important to the Parent Company because the Parent Company is a holding company that does not derive any significant direct revenues from its own activities but instead relies on its subsidiaries' business activities and the resultant distributions to fund the debt service, investment and other cash needs of the holding company. The reconciliation of the difference between the Subsidiary Distributions and Net Cash Provided by Operating Activities consists of cash generated from operating activities that is retained at the subsidiaries for a variety of reasons which are both discretionary and non-discretionary in nature. These factors include, but are not limited to, retention of cash to fund capital expenditures at the subsidiary, cash retention associated with non-recourse debt covenant restrictions and related debt service requirements at the subsidiaries, retention of cash related to sufficiency of local GAAP statutory retained earnings at the subsidiaries, retention of cash for working capital needs at the subsidiaries, and other similar timing differences between when the cash is generated at the subsidiaries and when it reaches the Parent Company and related holding companies.