

Press Release



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AES to Sell Interest in California Biomass Power Plants for \$51 Million

Arlington, VA, May 29, 2007 – The AES Corporation (NYSE: AES) today announced that its wholly-owned subsidiary AES Central Valley, L.L.C. has agreed to sell its 100% indirect interest in two biomass fired power plants in California (the 50 MW Delano facility and the 25 MW Mendota facility) and an associated biomass fuels management company (together, the “Central Valley Businesses”) to Covanta Holding Corporation for \$51 million.

“The sale of the Central Valley Businesses reflects our commitment to portfolio management in our businesses,” said David Gee, AES Executive Vice President and President, North America region. “While we are committed to growing our portfolio, including renewable generation assets such as biomass, this transaction represented a compelling opportunity to deliver value to our shareholders.”

The sale is subject to certain regulatory approvals and to customary purchase price adjustments. The transaction is expected to be completed during the third quarter of 2007.

About AES

AES is one of the world’s largest global power companies, with 2006 revenues of \$12.3 billion. With operations in 27 countries on five continents, AES’s generation and distribution facilities have the capacity to serve 100 million people worldwide. Our 13 utilities amass annual sales of over 73,000 GWh and our 121 generation facilities have the capacity to generate approximately 40,000 megawatts. Our global workforce of 32,000 people is committed to operational excellence and meeting the world’s growing power needs. To learn more about AES, please visit www.aes.com or contact AES media relations at media@aes.com.

Safe Harbor Disclosure

This news release contains forward-looking statements within the meaning of the Securities Act of 1933 and of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, those related to future earnings, growth and

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financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES's current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to, continued normal levels of operating performance and electricity volume 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 investments at normalized investment levels and rates of return consistent with prior experience.

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's filings with the Securities and Exchange Commission, including, but not limited to, the risks discussed under Item 1A "Risk Factors" in AES's 2006 Annual Report on Form 10-K. Readers are encouraged to read AES's filings to learn more about the risk factors associated with AES's business. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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