AES – The Global Power Company
Investor Presentation - September 9, 2003
Today’s Presentation

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September 9, 2003
Caution: Forward Looking Statements

Certain statements in the following presentation regarding AES’s business operations may constitute “forward looking statements” as defined by the Securities and Exchange Commission.

Such statements are not historical facts, but are predictions about the future which inherently involve risks and uncertainties, and these risks and uncertainties could cause our actual results to differ from those contained in the forward looking statements. In addition, AES disclaims any obligation to update any forward looking statements to reflect events or circumstances after the date hereof.

We urge investors to read our descriptions and discussions of these risks that are contained under the section “Risk Factors” in the Company’s Annual Report/Form 10K for the year ended December 31, 2002 as well as our other SEC filings.

The presentation includes certain non-GAAP figures. Each such figure that can be reconciled under GAAP is included with a footnote and the corresponding GAAP reconciliation figure is included in Appendix A hereto. In some cases, reconciliation under GAAP for forward looking statements is not accessible and therefore no such GAAP reconciliation has been presented.
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  - Integrated Utilities & Restructuring Office
  - Financial Overview
  - Strategic Direction & Growth
  - Q&A

**Richard Darman, Chairman**

- Paul Hanrahan, CEO
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- John Ruggirello, COO Generation
- Joe Brandt, COO Integrated Utilities
- Barry Sharp, CFO
- Paul Hanrahan, CEO

September 9, 2003
Five Key Points

1) AES has turned itself around successfully and quickly – and is now in a much stronger position to manage its return to growth.

2) AES will continue to be a major global enterprise – for good reasons, which include: world’s growing need for electricity; economies of scale; comparative AES advantages; and the decline or retrenchment of many competitors.

3) AES has many paths to strong double-digit earnings growth: organic expansion; deleveraging; operational performance improvement; mergers and acquisitions; privatization; greenfield development; and adapting to energy sector reform.

4) AES will be highly disciplined in the management of its asset mix, financial structure, and future investment – limiting its exposure to downside risk, while intelligently pursuing upside potential.

5) AES has the capacity – and the intention – to be a global leader in scale, in reach, in operational performance, in investment performance, and in meeting the world’s growing need for electricity.

Caution: contains forward looking statements
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  Paul Hanrahan, CEO

- **Q&A**
Countries with AES assets in operation or under construction
AES has a large and well diversified asset base and a true global reach

- **Financial Highlights**
  (Last twelve months to June 30, 2003)
  - Total assets $34.2 bn
  - Revenue $8.6 bn

- **119 power plants on 5 continents**
  - 46,500 MW of generating capacity

- **17 electric distribution companies**
  - 11.7 mm end-use customers

- **32,000 people in 28 countries**
AES is an attractive investment opportunity

- Electric generation, transmission & distribution are essential businesses
- AES is a leading global power company
- Global approach to industry provides:
  1. Stability afforded by cash flow from businesses in OECD countries
  2. Potential for high growth from businesses in emerging and transitioning markets
  3. Balance through a conservative approach to risk management

Caution: contains forward looking statements
AES is well positioned both to shape and to capitalize on new opportunities

- Global footprint with strong base of skills, information and relationships
- Large and well diversified asset base
- Parent balance sheet restructuring completed
- Fewer global competitors
- Culture based on performance, entrepreneurship and core values
We are using several means to create value for shareholders

Operational Skills → Improve Performance of $34 billion Asset Base

Deleveraging → Balance Sheet Improvement

Development Skills → New Investment

Global Reach → Improved financial performance

Value Creation

Caution: contains forward looking statements
AES can achieve double digit EPS growth without any new investments

Note: EPS = Earnings per Share from continuing operations
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The electricity industry is one of the world’s largest.
Power consumption will grow in line with GDP. Highest growth will come from emerging markets.

Per Capita Electricity Consumption (2000)

Long-Term Projected Annual Growth Rate (2000-2030)

Worldwide Power Consumption (TWh per year, 2000)

Source:
International Energy Agency (IEA)
World Energy Outlook, 2002

Caution: contains forward looking statements
The field of competitors is shrinking

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Event/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AES</td>
<td></td>
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<tr>
<td>2</td>
<td>National Power (UK)</td>
<td>Demerger of Innogy and International Power</td>
</tr>
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<td>3</td>
<td>Southern Energy</td>
<td>Mirant Corp filed for Chapter 11</td>
</tr>
<tr>
<td>4</td>
<td>Edison Mission Energy</td>
<td></td>
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<tr>
<td>5</td>
<td>Tractebel (Belgium)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Sithe Energies</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>NRG Energy</td>
<td>NRG Energy, Inc filed for Chapter 11</td>
</tr>
<tr>
<td>8</td>
<td>Enron International</td>
<td>Enron Corp filed for Chapter 11</td>
</tr>
<tr>
<td>9</td>
<td>Powergen (UK)</td>
<td>Acquired by E.ON (Germany)</td>
</tr>
<tr>
<td>10</td>
<td>TXU/Energy Group</td>
<td>TXU Europe filed for administration</td>
</tr>
<tr>
<td>11</td>
<td>Endesa Group (Spain)</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Calpine</td>
<td></td>
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<tr>
<td>13</td>
<td>Reliant energy</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>PG&amp;E Generating</td>
<td>PG&amp;E Natural Energy Group, Inc filed for Chapter 11</td>
</tr>
<tr>
<td>15</td>
<td>CMS Generating</td>
<td></td>
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</tbody>
</table>

Source: Platts

Source: Companies’ public announcements

September 9, 2003
A global power company enjoys the following benefits:

- Diversification of portfolio
- Reduced competition
- Above average growth prospects
- Economies of scale and scope
- Leverage of expertise and skills
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- Q&A
We have learned valuable lessons over the past 18 months that will guide us going forward

- Limited recourse financing is a critical risk reduction mechanism
- A strong balance sheet is necessary to take advantage of cyclical opportunities and to weather troughs
- Portfolio diversification is advantageous – also ensures more reliable growth prospects
- Performance of our businesses was not “world-class” throughout the company
- Large scale and scope of our business require more corporate systems and coordination
There have also been numerous accomplishments over the last 18 months

- Our turnaround is essentially complete:
  - Debt maturity profile improved
  - Liquidity increased
  - Performance improvements underway
  - Corporate functions upgraded
  - Investment approval process strengthened
Accomplishments (Cont’d)

- Substantial progress on Brazil restructuring
- Businesses not meeting criteria dropped (Mountainview, Bujagali, Telasi)
- Cartagena (Spain) project financed and in construction
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Q&A
Our Generation Group is making a step-change improvement in performance

Operations Goal
- Top quartile by 2006
- Top decile by 2008

- Leveraging size and scope with our suppliers
- Globalizing best practices and technical services
- Conducting risk management in a rigorous and coordinated manner
- Managing 2,276 MW currently under construction and future projects
The Performance Group and Global Sourcing have identified $300mm per year in potential margin improvements in our Generation Group by 2008.
Developing and transferring best practices unlocks significant value

Improving availability to top decile performance is worth $100mm/yr
Improving non-fuel O&M to top decile performance is worth $90mm/yr

Caution: contains forward looking statements
The Performance Group is driving best practices in operations throughout our Generation Group portfolio.

**Key Performance Drivers**
- Leadership and team effectiveness
- Safety
- Commercial availability
  - EFOR\(^{(1)}\)
  - The value of availability
- Fuel and O&M optimization
- Capital budgeting process
- External relationships

**Key Initiatives**
- Leadership and team development
  - Systematic programs
  - Foundation for all performance initiatives
- Reliability-centered maintenance
  - High NFOM\(^{(2)}\) against benchmarks
  - High EFOR\(^{(1)}\) against benchmarks
- Other Fleet-wide best practices
  - AES Playbooks
  - Benchmarking
  - Life-cycle planning
  - Fuel flexibility and management
  - Outage critical path planning

*Note:*  
(1) Equivalent Forced Outage Rate  
(2) Non Fuel Operation and Maintenance
Applying best practices across the generation portfolio is creating value

- Implementing a fleet wide approach to optimizing gas turbine maintenance costs is resulting in a $20mm per year margin improvement.

- Renegotiating long term service agreements has eliminated $10mm in spare parts inventory.

- Implementing a reliability entered maintenance pilot program has reduced annual maintenance costs 25% while maintaining availability at the pilot facility.
Commodity Risk Management is implementing portfolio risk management practices

Process Inputs
- Price
- Volume
- Correlations
- Volatility
- Credit
- Operations
- Liquidity
- Performance
- Investment
- Regulatory

1) Portfolio assessment and risk identification
2) Risk management strategy development
3) Execution of strategy
4) Evaluation and reporting of results

Information for decision making

Establish goals and objectives
Effective electricity hedging and fuel purchasing have created and protected value

**NY Hedging Activity**
- The balance of 2003
  - Hedged approximately 85% on a risk exposure basis
  - Achieving gross margins significantly better than budget
- 2004
  - Currently hedged approximately 70% on a risk exposure basis which represents approximately $160mm in gross margin

**Improved Coal Flexibility**
- Conducted test burns of alternate fuels resulting in savings of $3mm per year
- Diverted deliveries to other AES plants to lower system-wide costs by $2.5mm per year
- Implemented coal purchasing strategies resulting in savings of $4.5mm per year
Global Sourcing is leveraging size and scope with suppliers throughout AES

Key Objectives
- Cost Reduction
- Competence-Building
- Sustainable Margin Improvement

Global Sourcing Roll Out
- Phase I - 2003
  - Price-focused
  - Building the foundation
- Phase II - 2004
  - Source 70% of spend strategically
  - Deepen company-wide capability
- Phase III - 2005
  - Optimize supply chains

AES-wide Potential Savings Improvements of $230mm per year by 2008

Caution: contains forward looking statements
Global Sourcing is building AES-wide skills to methodically source key spending categories.
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Our Integrated Utilities Group has 13,650 MW and over 11 million customers.
The global Integrated Utilities share common keys to success

- Creating rate flexibility by being a low-cost and efficient producer
- Keeping customers happy by providing quality service
- Helping the regulator regulate by being a partner not an adversary
- Reducing non-technical losses by systematic learning
Knowledge of best utility practices is scalable, overcoming differences in location and regulation.
Operating synergies can be created among non-contiguous businesses

Best practices
Performance focus
Commitment to rigorous analysis and lesson learning
Shared experience

Organizational Learning
Non-technical losses in our Base Case decline 0.6%/yr – approximately $30mm of cash savings
Applying lessons of our best businesses can drive losses even lower

- Better Information Systems
- Better quality of service
- Specialized and focused teams
- Systematic fraud detection
- Continuous monitoring of risky areas
- Close coordination with regulator

An additional 0.5% reduction in non-technical losses by 2008 will represent an accumulated increase in margin of approximately $115mm
Recent experience teaches that IU businesses tend to overspend on capex... believing that capex and quality of service are positively correlated.

Recent experience in some of our Argentine businesses suggests otherwise.
To manage performance of the portfolio, we focus on operating cash flow, specifically **who** gets it.

Performance improvement and balance sheet restructuring will grow “our” share of operating cash flow from IU.

Caution: contains forward looking statements.
The Restructuring Office leverages complex transactional and commercial skills to turnaround or pare troubled businesses.

Objective: Quickly evaluate viability of troubled businesses

NOT VIABLE
- Mountainview
  - Barry
  - Drax

VIABLE (create and execute Restructuring Plan)
- Brazil
  - Gener
  - Argentina
  - Drax

Restructuring Entails:
- Executive Office Selection
- Complete Business Audit
- Management Evaluation
- Restructuring Plan
- Execution
- Follow up
Our restructuring skills and experience will be applied strategically in our development efforts.
Restructuring Office: Brazil case study

**Problem**
Excessive leverage
Severe debt-maturity/asset life mismatch at holding company acquisition with BNDES

**Objective**
Recapitalize the consolidated businesses for long-term viability
End dispute with BNDES
Consolidate position as the leading company in the sector

**Solutions**
Strong local management team with an integrated view
Stabilize operating and holding companies
Negotiations to solve the debt structure and preserve value

**Potential Transaction**
Recap of Brazilian businesses via debt for equity with BNDES
Reprofile remaining debt
Make BNDES our strategic partner

Caution: contains forward looking statements
Brazil Restructuring

Caution: contains forward looking statements
Brazil Restructuring

After

Holdco

Eletropaulo

Tiete

Uruguaiiana

Sul

Newco

0.6 bn debt

50.1%

49.9%

Caution: contains forward looking statements
Our three major restructuring transactions will be completed this year

**BRAZIL**

See previous slide

**DRAX**

Effectively protected parent company from cross-default
But refused bidding war for the asset and let value proposition drive the analysis
Maintained discipline and creditor relationships

**GENER**

Promising business in attractive market but over-leveraged
Recap Gener via minority share sale, investment of new capital or both.
Transaction will be launched shortly, expect 4Q close

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**The AES Corporation**

- **$1,620,000,000**
- **$1,800,000,000**
- **$950,000,000**

**Common Stock**

- **49,450,000 Shares**

- **September 9, 2003**
Contract Generation and Large Utilities segments provide over 80% of AES’s Gross Margin

Gross Margin - first half 2003

**Line of Business**

- Large Utilities: 30%
- Contract Generation: 52%
- Comp. Supply: 12%
- Growth Distcos: 6%

**Geography**

- South America: 30%
- North America: 35%
- Asia: 8%
- Caribbean: 16%
- Europe: 11%

**Gross Margin Percentage**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>22%</td>
<td>42%</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>H1 '03 Actual</td>
<td>22%</td>
<td>40%</td>
<td>16%</td>
<td>10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geography</th>
<th>North America</th>
<th>South America</th>
<th>Carib.</th>
<th>Europe</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>39%</td>
<td>15%</td>
<td>23%</td>
<td>9%</td>
<td>40%</td>
</tr>
<tr>
<td>H1 '03 Actual</td>
<td>36%</td>
<td>22%</td>
<td>22%</td>
<td>15%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Note: Gross Margin = Revenue less Cost of Sales
We are on track to achieve our FY’03 guidance

<table>
<thead>
<tr>
<th></th>
<th>H1’03 Actual</th>
<th>FY’03 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>$737 mm</td>
<td>$1,500 mm</td>
</tr>
<tr>
<td>Subsidiary Distributions (1) (2)</td>
<td>$480 mm</td>
<td>$1,059 mm</td>
</tr>
<tr>
<td>EPS from Continuing Ops.</td>
<td>$ 0.25</td>
<td>$ 0.50 (3)</td>
</tr>
<tr>
<td>Liquidity (2)</td>
<td>$991 mm</td>
<td>$1,084 mm</td>
</tr>
</tbody>
</table>

(1) Reflects subsidiary distributions to parent and to qualified holding companies
(2) See Appendix A for corresponding GAAP reconciliation figures
(3) Excludes any impacts from writing off any development projects or any potential gain or loss from Brazilian restructuring

Caution: contains forward looking statements
We dramatically strengthened our parent capitalization and plan further improvements

**Progress - 2003**

- Improved liquidity position and strengthened balance sheet
  - Refinanced and paid-down near-term debt maturities ($3.5bn)
  - Enhanced liquidity position (currently over $1 bn)
  - Achieved positive free cash flow profile at parent level
  - Improved credit ratios - from 6.8x to 6.3x debt:distributions (6.6x to 5.3x net of cash)
  - Regained access to capital markets (Over $3 bn in proceeds raised)
  - Extended average debt maturity date from 2009 to 2012

**Plan - Going Forward**

- BB/Ba credit rating near-term (2005), and investment grade in long-term
  - Capitalize parent to fit risk profile & life of assets
  - Reduce cost-of-capital
  - Focus on deleveraging to achieve BB credit statistics based on sustainable parent and consolidated cash flows
  - Expand access to credit at the parent and subsidiaries
  - Sustain access to capital markets

*Caution: contains forward looking statements*
We now have no significant parent debt maturities before 2007

(1) Amounts and debt maturities reflect the outstanding debt at 7/31/03 pro forma for the announced call of the 10.25% senior sub. notes due 2006
Improving our credit ratios will result in a more sustainable capital structure

- We are targeting an additional $1.0 billion of debt reduction to achieve proforma credit statistics that demonstrate a BB/Ba profile by 2005
- In addition to the improving credit statistics, our access to the capital markets will help to further improve our ratings

Caution: contains forward looking statements
We believe our Base Case forecast assumptions are conservative

**Cases**
- Base Case - with existing assets and deleveraging
- Reinvestment Case - new investments using internally generated funds after achieving BB credit rating
- Growth Case - additional new investments with external financing

**Parent liquidity**
- Minimum of $500 mm liquidity
- No additional external financing at the parent level (excluding Growth Case)

**Portfolio composition**
- Excludes discontinued operations, most recently Drax and Georgian businesses
- Brazil portfolio based on anticipated restructuring with BNDES

**Foreign exchange rates**
- Brazil: Real devalues by approximately 5% p.a. by 2008 to 4.1:1
- Venezuela: Bolivar devalues by approximately 19% p.a. by 2008 to 4,900:1
- Argentina: Peso devalues by approximately 6% p.a. by 2008 to 4.0:1

**Commodity pricing**
- On peak New York electricity price of 3.0¢/kWh (5-year average)
Base Case Gross Margin increases by 21% from 2003 to 2008 due to revenue growth and margin improvements.

Note: Gross Margin = Revenue less Cost of Sales
Under our Base Case, deleveraging reduces net interest by 44% over the next 5 years.

Net interest ($ billions)

2003 2004 2005 2006 2007 2008

Note: Net interest = interest expense less interest income

Caution: contains forward looking statements
Base Case consolidated operating cash flow is projected to grow steadily

Operating cash flow
Distributions from subsidiaries
Sensitivity range

(1) See Appendix A for corresponding GAAP reconciliation figure with respect to year 2003

Caution: contains forward looking statements
Base Case EPS, which excludes new investments, is projected to grow by 13 to 19% per year over 5 years.

Projected 5-year EPS growth rate (% per year)

<table>
<thead>
<tr>
<th>Component</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Growth and Construction</td>
<td>6%</td>
</tr>
<tr>
<td>Parent Deleveraging</td>
<td>10%</td>
</tr>
<tr>
<td>Base Case</td>
<td>16%</td>
</tr>
<tr>
<td>Base Case Range</td>
<td>19%</td>
</tr>
</tbody>
</table>

Note: EPS = Earnings per Share from continuing operations

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EPS can grow up to 23% per year over 5 years - with internally generated funds

*Reinvestment Case: new investments using internally generated funds after achieving BB credit ratios
**Growth Case: additional new investments with external financing

Note: EPS = Earnings per Share from continuing operations

Caution: contains forward looking statements
We see five broad categories of attractive growth investment opportunities …

1. Acquisitions (corporate or individual assets)
2. Extension of our existing asset base
3. Privatizations
4. Greenfield or refurbishment projects
5. PUHCA Repeal

… and we will approach all of these with discipline

Caution: contains forward looking statements
Today’s acquisition market is extremely active

Existing capacity publicly listed for sale

<table>
<thead>
<tr>
<th>Region</th>
<th>MW for Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>41,800</td>
</tr>
<tr>
<td>Asia</td>
<td>8,400</td>
</tr>
<tr>
<td>Canada</td>
<td>3,800</td>
</tr>
<tr>
<td>Europe</td>
<td>2,500</td>
</tr>
<tr>
<td>Latin America</td>
<td>1,800</td>
</tr>
<tr>
<td>Middle East</td>
<td>1,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59,900</strong></td>
</tr>
</tbody>
</table>

Source: Power Finance and Risk, August 2003 and AES analysis
Extension of our existing asset base offers attractive opportunities

- Environmental upgrade at IPL
- Kilroot expansion
- Ukraine generation
- Kazakhstan export sales
- Biomass consolidation
- Contracted energy export from EDC
- Capacity expansion at Gener
- Capacity addition at SONEL
- Follow-on IWPP in Oman
- Buy-out of project minority partners in China

Caution: contains forward looking statements
The pace of privatization is expected to increase over the next several years.

Countries pursuing or projected to pursue electricity sector privatization (2003-2010)

Source: Compiled from industry sources

Caution: contains forward looking statements
Opportunities to add greenfield capacity will be considerable for global players

Worldwide projected generation capacity addition in GW (2004-2010)

<table>
<thead>
<tr>
<th>Region</th>
<th>Capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>80</td>
</tr>
<tr>
<td>Africa</td>
<td>47</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>356</td>
</tr>
<tr>
<td>Latin America</td>
<td>86</td>
</tr>
<tr>
<td>Europe</td>
<td>37</td>
</tr>
<tr>
<td>Eurasia</td>
<td>12</td>
</tr>
<tr>
<td>Middle East</td>
<td>65</td>
</tr>
<tr>
<td>World</td>
<td>683</td>
</tr>
</tbody>
</table>

Projected worldwide generation capacity additions by geography

Source: Compiled from industry sources

Caution: contains forward looking statements
US regulatory changes could fundamentally alter the utility landscape, providing new opportunities

**Public Utility Holding Company Act (PUHCA) Repeal**

- House and Senate energy bills both contain PUHCA repeal, awaiting action in conference
- Repeal would open up new domestic acquisition opportunities, without onerous holding company constraints

**Post August 14 Black-Out Reliability Measures**

- Should expedite passage of comprehensive energy bill (e.g. PUHCA repeal)
- Incentives for new transmission investment are likely
- New transmission capacity will increase value of certain assets
Growth opportunities are considerable

**NEAR TERM**
- Growth investment opportunities tied to our existing asset base (e.g. IPL, Chile)
- Acquisitions of distressed assets worldwide
- European greenfield (Italy, Ireland)
- PUHCA repeal
- Middle East water / power projects
- Central European privatizations
- US /EU renewables

**MEDIUM TERM**
- Russia and CIS privatizations
- Mexico
- Rebounding East Asian countries
- Private sector projects with multilateral agencies

**LONG TERM**
- US greenfield
- Other OECD greenfield
- China
- India
- Brazil / Argentina
- Africa

Caution: contains forward looking statements
We are firmly committed to rigorous selection criteria and investment guidelines.

**Criteria**

- Dependable Regulatory Rules
- Adequate risk-adjusted return
- Effects on overall portfolio (avoid regional or country-specific overweights)
- Country/currency risks hedged appropriately or factored into return criteria
- Volume and price risks hedged or factored into return criteria

**Guidelines**

- Country limits
- Regional limits
- Counterparty limits
- Independent Review
- Minimum return criteria
- Market concentration test
- Active capital allocation
Our approach will remain disciplined

Screen many ... ... select few

Projects and investments avoided

- Overpaying for Drax debt
- Overpaying for certain US asset sales
- Further development costs on Bujagali (Uganda) and El Faro (Honduras)
- Bidding on (after evaluating):
  - Puerto Rico CCGT
  - Philippines transmission privatization
  - Auction of certain US IPP contracted assets
  - Bid for Asian IPP
The Cartagena Project (Spain) is a prime example of the high quality projects we are and will be pursuing:

- 1,200 MW new-build combined cycle gas plant in south-east Spain
- Fired by liquefied natural gas (LNG), imported via adjacent port terminal
- 24 year contracts for supply of fuel and purchase of power (Contract Generation) with Gaz de France International
- Commercial operations expected early 2006

- Non-recourse project financing closed August 22, 2003 – total debt & equity commitments $890m
- 80/20 Debt/Equity
- Attractive returns
AES is an attractive investment opportunity

- The global electricity sector is an exceptionally attractive market
- AES is well positioned to capitalize on opportunities in this sector

<table>
<thead>
<tr>
<th>Case</th>
<th>EPS Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Case (deleveraging only)</td>
<td>13%-19%</td>
</tr>
<tr>
<td>Reinvestment Case (without external financing)</td>
<td>17%-23%</td>
</tr>
<tr>
<td>Growth Case (with external financing)</td>
<td>&gt;23%</td>
</tr>
</tbody>
</table>

- AES people are committed and driven by a strong culture based on performance, entrepreneurship and core values

Note: EPS = Earnings per Share from continuing operations
Growth rate = 5 year compound annual growth rate

Caution: contains forward looking statements
Thank you
# Appendix A

## Reconciliation measures

### Total subsidiary distributions & returns of capital to parent ($ in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary distributions to parent</td>
<td>$282</td>
<td>$197</td>
<td>$176</td>
<td>$149</td>
<td>$136</td>
<td>$312</td>
<td>$1,054</td>
</tr>
<tr>
<td>Net distributions to/(from) QHCs¹</td>
<td>49</td>
<td>66</td>
<td>76</td>
<td>100</td>
<td>44</td>
<td>(12)</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total subsidiary distributions</strong></td>
<td>331</td>
<td>263</td>
<td>252</td>
<td>249</td>
<td>180</td>
<td>300</td>
<td>1,059</td>
</tr>
</tbody>
</table>

| Returns of capital distributions to parent | 43 | 14 | 4 | 23 | 2 | 24 | 298 |
| Net returns of capital distributions to/(from) QHCs¹ | - | - | - | - | - | 6 | 6 |
| **Total returns of capital distributions** | 43 | 14 | 4 | 23 | 2 | 30 | 304 |

| Combined distributions & return of capital received | 374 | 277 | 256 | 272 | 182 | 330 | 1,363 |
| Less: combined net distributions & returns of capital to/(from) QHCs¹ | (49) | (66) | (76) | (100) | (44) | 6 | (11) |
| **Total subsidiary distributions & returns of capital** | $325 | $211 | $180 | $172 | $138 | $336 | $1,352 |

### Liquidity² ($ in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at parent</td>
<td>$240</td>
<td>$268</td>
<td>$364</td>
<td>$188</td>
<td>$395</td>
<td>$922</td>
<td>$970</td>
</tr>
<tr>
<td>Availability under revolver</td>
<td>39</td>
<td>69</td>
<td>5</td>
<td>18</td>
<td>28</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Cash at QHCs¹</td>
<td>6</td>
<td>2</td>
<td>6</td>
<td>10</td>
<td>66</td>
<td>29</td>
<td>75</td>
</tr>
<tr>
<td><strong>Ending liquidity</strong></td>
<td>$285</td>
<td>$359</td>
<td>$395</td>
<td>$216</td>
<td>$489</td>
<td>$990</td>
<td>$1,084</td>
</tr>
</tbody>
</table>
Appendix A (Cont’d)
Assumptions for reconciliation of non-GAAP measures to GAAP

- Forecasted financial information is based on certain material assumptions. Such assumptions include, but are not limited to the following:
  - We assume continued normal levels of operating performance and electricity demand at our distribution companies.
  - We assume operational performance at our contract generation businesses consistent with historical levels and in accordance with the provisions of the relevant contracts.
  - Our assumptions about asset sales include transactions that are supported by signed agreements and that have been previously announced.
  - We assume future debt prepayments that include calling the 10.25% senior subordinated notes, resulting in a $198 million debt reduction.
  - Our forecasts assume that Eletropaulo and Drax will be consolidated for the full year, but excludes any new investment into those subsidiaries. Any change in this assumption should not have a significant change to distributions from subsidiaries.

(1) The cash held at qualifying holding companies represents cash sent to subsidiaries of the company domiciled outside of the US. Such subsidiaries had no contractual restrictions on their ability to send cash to AES, the parent company. Cash at those subsidiaries was used for investment and related activities outside of the US. These investments included equity investments and loans to other foreign subsidiaries as well as development and general costs and expenses incurred outside the US. Since the cash held by these qualifying holding companies is available to the parent, AES uses the combined measure of subsidiary distributions to parent and qualified holding companies as a useful measure of cash available to the parent to meet its international liquidity needs.

(2) 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’s indebtedness.

Certain statements regarding AES’s (“the Company’s”) business operations may constitute “forward looking statements” as defined by the Securities and Exchange Commission. Such statements are not historical facts, but are predictions about the future which inherently involve risks and uncertainties, which could cause our actual results to differ from those contained in the forward looking statement. We urge investors to read our descriptions and discussions of these risks that are contained under the section “Risk Factors” in the Company’s Annual Report/Form 10K for the year ended December 31, 2002.
# Appendix B:
AES Significant Businesses Revenues for 2000-2002

<table>
<thead>
<tr>
<th>Business</th>
<th>Type</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beaver Valley</td>
<td>Contract Generation</td>
<td>43.9</td>
<td>51.3</td>
<td>61.0</td>
</tr>
<tr>
<td>Chigen</td>
<td>Contract Generation</td>
<td>75.2</td>
<td>69.5</td>
<td>77.2</td>
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<tr>
<td>Ebute</td>
<td>Contract Generation</td>
<td>0.0</td>
<td>15.0</td>
<td>48.9</td>
</tr>
<tr>
<td>Gener</td>
<td>Contract Generation</td>
<td>0.0</td>
<td>445.5</td>
<td>410.0</td>
</tr>
<tr>
<td>Hawaii</td>
<td>Contract Generation</td>
<td>125.1</td>
<td>131.0</td>
<td>131.2</td>
</tr>
<tr>
<td>Hungary</td>
<td>Contract Generation</td>
<td>176.5</td>
<td>175.0</td>
<td>196.1</td>
</tr>
<tr>
<td>Kilroot</td>
<td>Contract Generation</td>
<td>62.0</td>
<td>149.1</td>
<td>144.8</td>
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<tr>
<td>Lal Pir</td>
<td>Contract Generation</td>
<td>96.1</td>
<td>96.1</td>
<td>94.5</td>
</tr>
<tr>
<td>Pak Gen</td>
<td>Contract Generation</td>
<td>136.6</td>
<td>134.4</td>
<td>131.0</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>Contract Generation</td>
<td>0.0</td>
<td>0.0</td>
<td>18.1</td>
</tr>
<tr>
<td>Shady Point</td>
<td>Contract Generation</td>
<td>173.6</td>
<td>176.0</td>
<td>175.2</td>
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<tr>
<td>Southland</td>
<td>Contract Generation</td>
<td>118.4</td>
<td>168.1</td>
<td>157.2</td>
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<tr>
<td>Thames</td>
<td>Contract Generation</td>
<td>149.6</td>
<td>110.7</td>
<td>103.8</td>
</tr>
<tr>
<td>Tiete</td>
<td>Contract Generation</td>
<td>275.6</td>
<td>230.4</td>
<td>209.3</td>
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<tr>
<td>Uruguaiana</td>
<td>Contract Generation</td>
<td>10.7</td>
<td>131.4</td>
<td>118.6</td>
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<tr>
<td>Warrior Run</td>
<td>Contract Generation</td>
<td>83.8</td>
<td>90.8</td>
<td>96.1</td>
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<tr>
<td>Eastern Energy</td>
<td>Competitive Supply</td>
<td>173.5</td>
<td>178.1</td>
<td>173.0</td>
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<tr>
<td>Panama</td>
<td>Competitive Supply</td>
<td>73.5</td>
<td>68.5</td>
<td>59.8</td>
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</table>

<table>
<thead>
<tr>
<th>Business</th>
<th>Type</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDC</td>
<td>Large Utilities</td>
<td>493.9</td>
<td>805.6</td>
<td>633.6</td>
</tr>
<tr>
<td>Eletropaulo</td>
<td>Large Utilities</td>
<td>0.0</td>
<td>0.0</td>
<td>1,751.6</td>
</tr>
<tr>
<td>IPALCO</td>
<td>Large Utilities</td>
<td>858.5</td>
<td>828.0</td>
<td>818.1</td>
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<tr>
<td>CAESS</td>
<td>Growth Distribution</td>
<td>44.9</td>
<td>206.8</td>
<td>189.5</td>
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<tr>
<td>CLESA</td>
<td>Growth Distribution</td>
<td>82.2</td>
<td>81.2</td>
<td>75.7</td>
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<tr>
<td>Ede Este</td>
<td>Growth Distribution</td>
<td>198.8</td>
<td>313.9</td>
<td>301.3</td>
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<tr>
<td>EEO</td>
<td>Growth Distribution</td>
<td>12.3</td>
<td>52.7</td>
<td>52.5</td>
</tr>
<tr>
<td>Sul</td>
<td>Growth Distribution</td>
<td>411.7</td>
<td>531.2</td>
<td>214.0</td>
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($ Millions)
Asset Sales – Success to Date

Closed

<table>
<thead>
<tr>
<th>Country</th>
<th>Gross Cash Proceeds ($ mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Energy</td>
<td>$260</td>
</tr>
<tr>
<td>Cilcorp</td>
<td>520</td>
</tr>
<tr>
<td>Australia</td>
<td>61</td>
</tr>
<tr>
<td>Mountainview</td>
<td>31</td>
</tr>
<tr>
<td>Africa</td>
<td>124</td>
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</tbody>
</table>

Subtotal $996

Announced

<table>
<thead>
<tr>
<th>Country</th>
<th>Gross Cash Proceeds ($ mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>127</td>
</tr>
<tr>
<td>Middle East</td>
<td>150</td>
</tr>
</tbody>
</table>

Total $1,273

Caution: contains forward looking statements