



The Global Power Company

NEWS RELEASE

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AES CREATES ALTERNATIVE ENERGY GROUP

AES Plans to Invest Approximately \$1 Billion over Three Years in Alternative Energy Businesses, Including Greenhouse Gas Reduction Projects

ARLINGTON, VA., April 17, 2006 – The AES Corporation (NYSE: AES) today announced plans to invest approximately \$1 billion over the next three years to expand the company's alternative energy business and bring to market new projects and technologies to reduce or offset greenhouse gas emissions.

Through the creation of an alternative energy business group, AES said it intends to expand its existing alternative energy businesses in wind power generation, biomass and the development of liquefied natural gas (LNG) terminals and announced the following new initiatives:

- AES will invest in the commercial development of projects and technologies that directly reduce greenhouse gas emissions or create emission offsets under the Clean Development Mechanism (CDM) of the Kyoto Protocol. AES said that, since October 2005, it has already committed to approximately \$100 million in investments which will generate over 17 million tonnes of carbon reduction credits through 2012.
- AES said it plans to triple its investment in its wind generation business over the next three years.
- AES has entered strategic partnerships with Los Alamos National Laboratory and XL TechGroup (AIM:XLTL), to identify, evaluate and bring to market new technologies in the alternative energy area. AES's partnerships with Los Alamos and XL Tech Group – an architect and builder of high value new businesses,

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primarily in the ecotech, biotech and medtech fields – give AES the opportunity to develop and commercialize proprietary energy-related technologies developed by these entities.

AES said it is evaluating future investments in other sources of alternative energy such as solar power and wave technologies. The company said it is also evaluating future investments in non-electric business lines such as ethanol, bio diesel, methane capture and conversion projects, synthetic fuels and new technologies to reduce greenhouse gas emissions.

“AES is committed to meeting a developing market need for new energy resources and technologies that will lead to a secure and sustainable energy future,” said AES President and Chief Executive Officer Paul Hanrahan. “With 25 years of experience in energy and a presence in virtually every region of the world, AES will play a leading role in this rapidly growing segment of the energy industry.”

William Luraschi, AES Executive Vice President, Business Development, will lead AES’s alternative energy group.

“Global energy consumption is expected to more than double by 2025,” Luraschi said. “We believe that traditional ways of producing energy alone will not meet this demand, due to rising production and transportation costs, energy security issues and the growing recognition of environmental impacts. That leaves an enormous opportunity for alternative sources of energy to fulfill a large part of this growing demand.”

AES’s Existing Alternative Energy Portfolio

Wind

AES entered the wind generation business in 2004 and has invested approximately \$265 million to date. AES currently operates 600 MW of wind facilities and is pursuing another 2,000 MW of wind projects in development, primarily in the US. The company said it also is currently developing wind power projects in Europe, China, India and Central and South America, with an emphasis on countries with existing AES businesses.

Climate Change

AES started its Climate Change business last year and is pursuing offset projects in the agricultural, reforestation and landfill gas and coal mine methane emission reduction

sectors. The company has acquired rights to more than 17 million tonnes of certified emission reduction credits (CERs), and intends to become one of the largest producers of CERs within the next three years.

“Virtually all countries in the world have demonstrated their commitment to reducing the concentration of greenhouse gases in the atmosphere. We believe that meeting this challenge by developing projects and technologies that reduce or offset greenhouse gas emissions from existing energy sources will serve as a worthwhile and attractive opportunity for AES,” Luraschi said. “AES first began investing in greenhouse gas reduction projects in the early 1990s. Today, regulations provide an economic incentive for continued investment. With our experience and global platform, AES is well positioned to play a leading role in this sector.”

LNG

AES is currently developing three LNG regasification terminals to provide affordable, clean energy to the fast growing markets of New England, Mid-Atlantic and South Eastern United States. Ocean Cay, the company’s proposed LNG facility in the Bahamas, has secured approvals from the Federal Energy Regulatory Commission, the State of Florida and Broward County to provide natural gas to Florida. The project is pending final approval from the Commonwealth of the Bahamas.

About AES: AES is one of the world’s largest global power companies, with 2005 revenues of \$11.1 billion. With operations in 25 countries on five continents, AES’s generation and distribution facilities have the capacity to serve 100 million people worldwide. Our 14 regulated utilities amass annual sales of over 82,000 GWh and our 128 generation facilities have the capacity to generate over 44,000 megawatts. Our global workforce of 30,000 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 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 demand at our distribution companies and operational performance at our contract

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 the caption "Cautionary Statements and Risk Factors" in AES's 2005 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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