
The AES Corporation Fourth Quarter & Full Year 2011 Financial Review

February 27, 2012



Safe Harbor Disclosure

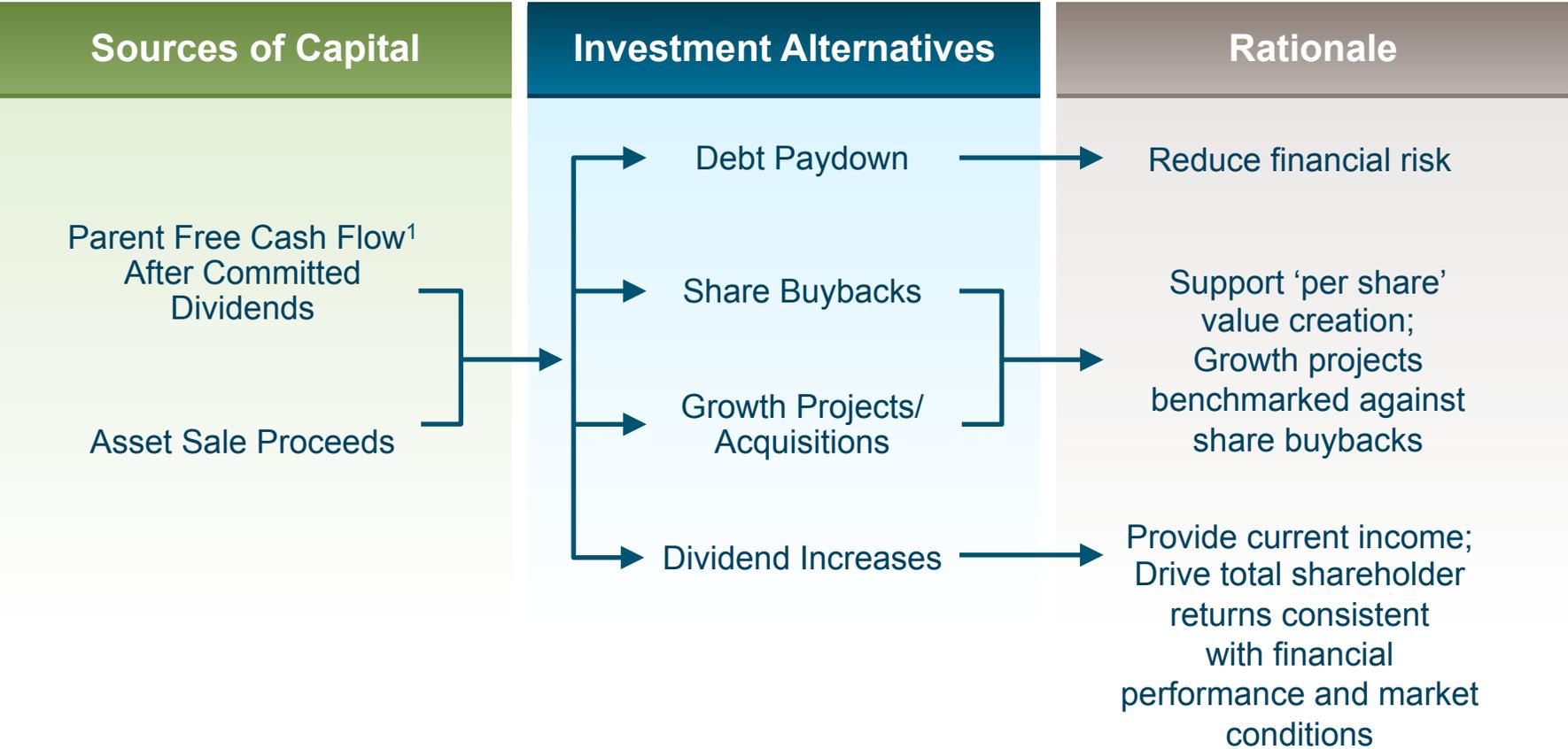
Certain statements in the following presentation regarding AES' business operations may constitute "forward-looking statements." Such forward-looking statements include, but are not limited to, those related to future earnings growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES' current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to accurate projections of future interest rates, commodity prices and foreign currency pricing, continued normal or better levels of operating performance and electricity demand at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. For additional assumptions see Slide 35 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" in AES' 2011 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.

Agenda

- Capital allocation framework
- Average annual total return target for 2013 to 2015
- Updates on key initiatives:
 - ◆ Asset sales
 - ◆ Integration of DP&L
 - ◆ Construction program
- Review of 2011 financial results
- 2012 guidance
- Key takeaways

Capital Allocation Framework to Create Highest Risk-Adjusted Returns

Disciplined Capital Allocation



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

3-Year Average Annual Total Return Target of 8% to 10% (2013 Through 2015)

Based on 2012 Adjusted EPS¹ of \$1.26

- Total average annual return target consists of:
 - ◆ Adjusted EPS¹ growth of 7% to 9% from
 - Our existing businesses,
 - Completion of capacity under construction (not a major driver),
 - Planned cost reductions (\$100 million in annual cost savings by year-end 2013), and
 - Capital allocation (base case assumes debt paydown and share repurchases; growth investments have to be accretive to base case)
 - ◆ Initial dividend of \$120 million or ~1.1% yield
- Target total return does not assume any expansion of our P/E multiple
 - ◆ Currently trading at ~11x 2012 adjusted EPS¹ guidance of \$1.26

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

Successfully Narrowing Our Geographic Focus, While Creating Shareholder Value

Business	AES Share of Proceeds (\$ millions)	Remarks
Atimus (Brazil Telecom)	\$284 ²	Non-core asset; Paid down \$197 ² million in debt at Brasiliana subsidiary
Bohemia (Czech Republic)	\$12	
Edes and Edelap (Argentina)	\$4	
Cartagena ¹ (Spain)	\$229	
		\$529 closed
Red Oak (U.S.)	\$147	No expansion potential; close expected 1H 2012
Ironwood (U.S.)	\$87	
		\$234 signed
Total	\$763	

- Above businesses contributed \$32 million in estimated after-tax earnings in 2011³
- P/E multiple for all transactions of 23x based on estimated net income from these businesses in 2011
- \$1.7 billion debt deconsolidated from AES' balance sheet

1. Sold 80% of our interest to GDF Suez in February 2012. GDF Suez has the option to buy the remaining 20% interest in 2013.

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

3. Adjusted for unrealized gains/losses in foreign exchange and derivatives, impairments and significant book gains/losses on the disposition of these businesses.

DP&L Acquisition – Integration is On Track

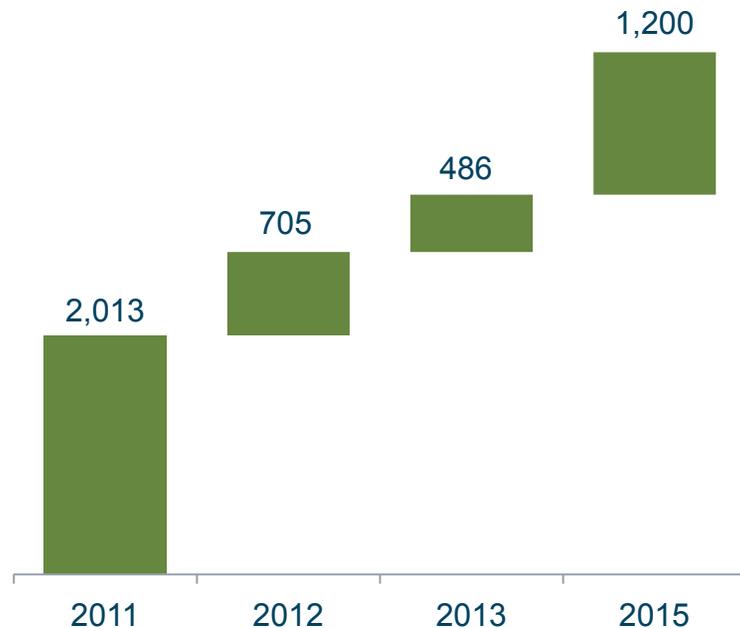
- Closed in record time in November 2011
- Strategic fit
 - ◆ 3,818 MW largely scrubbed
 - ◆ 500,000 customers
 - ◆ Sourcing opportunities and other platform benefits
 - ◆ Monetize NOLs
- Well-positioned for environmental regulations
- Despite lower gas prices and increased customer switching, expecting to receive \$180 million in subsidiary distributions¹ during 2012
- Standard Service Offering filing expected in late March 2012, to be effective January 2013



1. See Appendix for definition.

Construction Program Contributes Near-Term Growth; Long-Term Debt is Committed & AES has Funded its Equity Contributions

4,404 Gross MW On-Line by Year¹



- 2011 additions include:
 - ◆ 670 MW Maritza, Bulgaria
 - ◆ 545 MW Angamos, Chile
 - ◆ 223 MW Changuinola, Panama
 - ◆ 181 MW renewable projects, as well as 394 MW Trinidad Unit 1 of which AES owns 10%
- 2012 additions include:
 - ◆ 394 MW Trinidad Unit 2 of which AES owns 10%
 - ◆ 311 MW renewable projects
- 2013 additions include:
 - ◆ 270 MW Campiche, Chile
 - ◆ 216 MW Kribi, Cameroon
- 2015 addition represents 1,200 MW Mong Duong II, Vietnam

1. 2,627 Net MW. As of February 27, 2012. See Slide 27 for details of projects under construction.

Note: The totals represent projections and there can be no assurance that we will complete construction of these projects or that completion will occur in the timeframes set forth above. 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 2011 Form 10-K.

Financial Results

- Full year 2011 results and comparison to guidance
- Fourth quarter 2011 results
 - ◆ Key operating drivers
 - ◆ EPS
 - ◆ Cash from operations and free cash flow¹
 - ◆ Parent liquidity
- 2012 Guidance

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

FY 2011 Results vs. Guidance Metrics

\$ in Millions, Except Earnings Per Share	FY 2011		2011 Guidance
	Amount	Achieved Guidance?	
Proportional Gross Margin ^{1,2}	\$2,507	✓	\$2,450-\$2,650
Adjusted EPS ²	\$1.04	✓	\$0.97-\$1.03
Diluted EPS from Continuing Operations	\$0.59	✗ Due to impairments	\$0.63-\$0.69
Proportional Operating Cash Flow ^{1,2}	\$1,572	✓	\$1,400-\$1,600
Proportional Free Cash Flow ^{1,2}	\$932	✓	\$750-\$950
Subsidiary Distributions ³	\$1,337	✓	\$1,200-\$1,300

1. The AES Corporation (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. In many cases, the Company has no legal claim on these cash flows. See Appendix for full definition.

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

3. See Appendix for definition.

Gross Margin & Adjusted EPS¹ Results for Q4 & FY 2011

<i>\$ in Millions, Except Earnings Per Share</i>	Q4 2011	Q4 2010	Change	FY 2011	FY 2010	Change
Proportional Gross Margin ^{1,2}	\$684	\$603	\$81	\$2,507	\$2,399	\$108
Adjusted EPS ¹	\$0.23	\$0.25	(\$0.02)	\$1.04	\$0.98	\$0.06

- Full year 2011 proportional gross margin^{1,2} increased due to higher volumes in Latin America, contributions from new businesses and favorable foreign currency exchange rates
- Full year 2011 adjusted EPS² benefited from higher gross margin, partially offset by DP&L-related transaction costs of \$0.13 per share, including \$0.06 in Q4
 - ◆ In Q4 2011, foreign currency exchange rates were not a driver of adjusted EPS¹

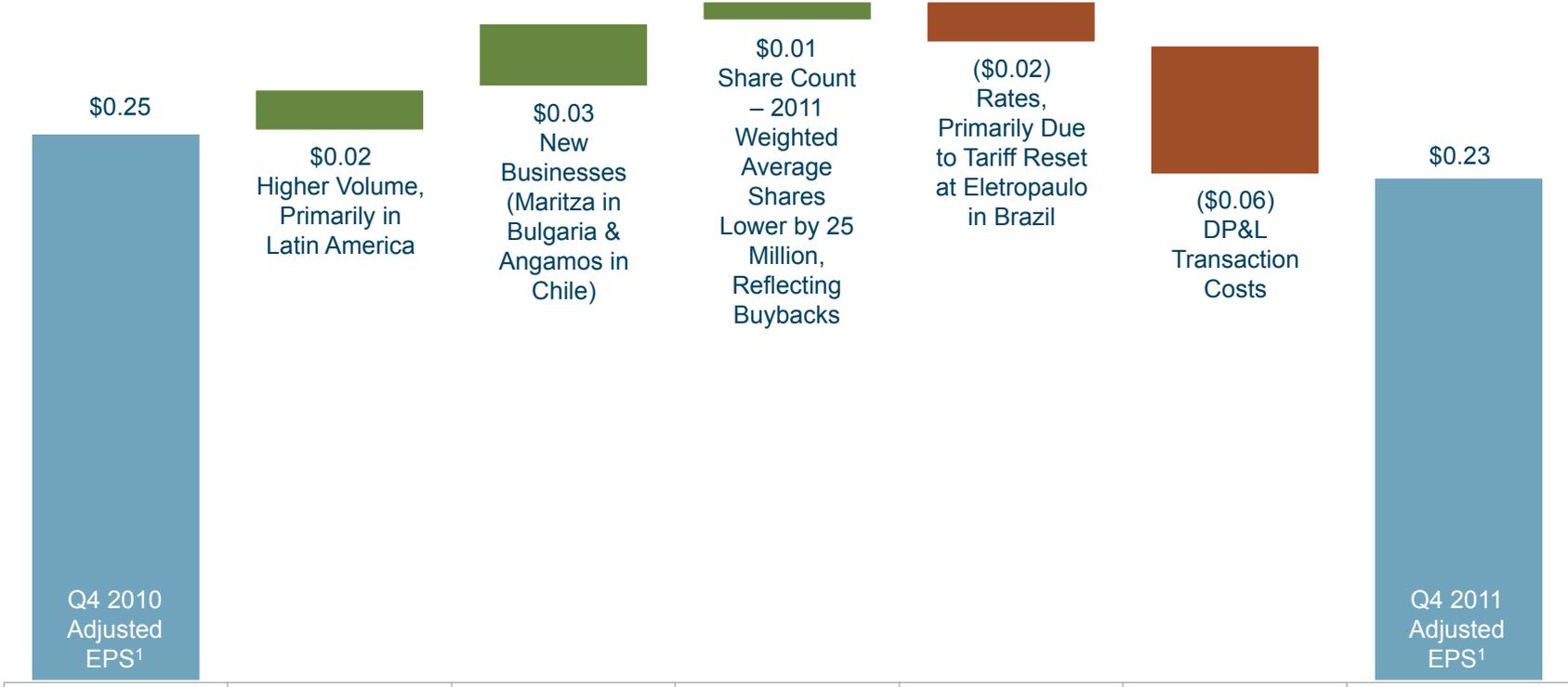
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Q4 2011 Key Operating Drivers

- Volume growth, primarily in Latin America
 - ◆ Chile & Colombia: Gener +10%, primarily due to better hydrology in Colombia
 - ◆ Brazil: Eletropaulo +2%
 - ◆ Dominican Republic: +5%
 - ◆ Argentina: +3%
- Higher energy prices in Panama due to energy demand growth of 5% and system supply constraints, as well as business interruption insurance proceeds
- Contributions from new businesses
 - ◆ Maritza in Bulgaria
 - ◆ Angamos in Chile
 - ◆ DP&L in the U.S.
- Lower price due to estimated tariff reduction effective July 2011 at Eletropaulo in Brazil – an impact of \$104 million to gross margin per quarter, or \$0.015 per share

Q4 2011 Adjusted EPS¹ Decreased \$0.02 Due to DP&L Transaction Costs, Partially Offset by Higher Volumes & New Businesses



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

Cash Flow Results for Q4 & FY 2011 – Results in Line with Expectations

<i>\$ in Millions</i>	Q4 2011	Q4 2010	Change	FY 2011	FY 2010	Change
Consolidated Operating Cash Flow	\$571	\$1,048	(\$477)	\$2,884	\$3,465	(\$581)
Proportional Operating Cash Flow ^{1,2}	\$334	\$542	(\$208)	\$1,572	\$1,848	(\$276)
Consolidated Free Cash Flow ²	\$309	\$734	(\$425)	\$1,924	\$2,667	(\$743)
Proportional Free Cash Flow ^{1,2}	\$168	\$326	(\$158)	\$932	\$1,291	(\$359)
Subsidiary distributions ³	\$371	\$331	\$40	\$1,337	\$1,219	\$118

- Full year consolidated operating cash flow decreased largely due to:
 - ◆ 2010 results benefited from one-time items, such as tax credit in Brazil, collection of outstanding receivables from government-owned distribution companies in the Dominican Republic, as well as recoveries in Brazil
 - ◆ 2011 results impacted by: (i) higher tax payments and working capital requirements in Latin America; and (ii) reduced cash flow at Eastern Energy in New York
- Q4 2011 proportional free cash flow^{1,2} reflects reduced proportional operating cash flow^{1,2}, partially offset by lower maintenance capex
- FY 2011 proportional free cash flow^{1,2} reflects reduced proportional operating cash flow^{1,2} and higher maintenance capex

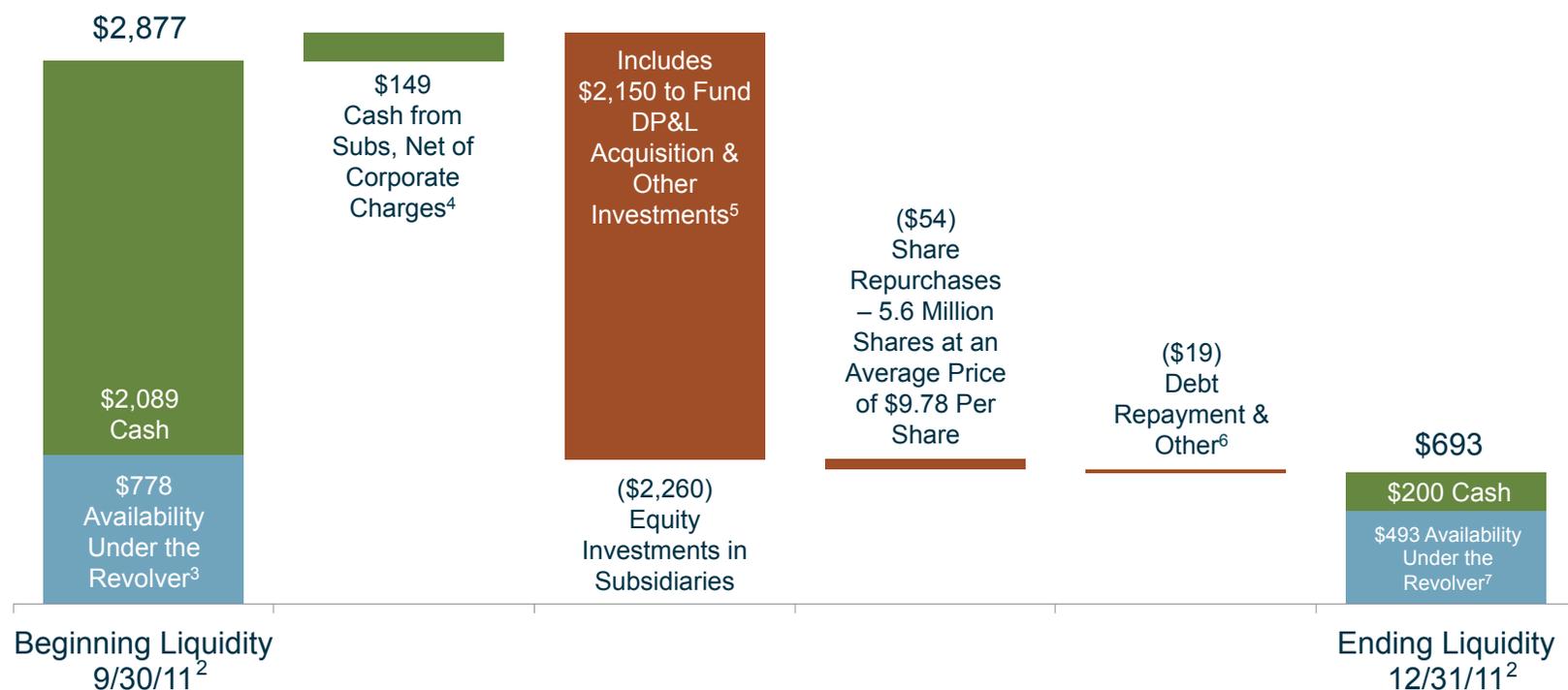
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2. A non-GAAP financial measure. See Appendix for definition and reconciliation.

3. See Appendix for definition.

Parent Company Liquidity¹

\$ in Millions



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

2. See Appendix for reconciliation of Parent Liquidity.

3. Total revolver commitment of \$800 million, net of \$12 million letters of credit issued under the revolver as of September 30, 2011.

4. Subsidiary distributions (\$371 million), return of capital from subsidiaries (\$14 million), less corporate cash overhead and development (\$79 million) and corporate cash interest (\$157 million). See Appendix for definition of subsidiary distributions.

5. Total DP&L investment for 2011 was \$2.3 billion, including \$115 million invested in Q3 2011. This excludes the \$1.25 billion of non-recourse debt raised at DPL Inc.

6. Amortization of senior secured term loan due 2018 (\$3 million).

7. Total revolver commitment of \$800 million, net of \$295 million in borrowings and \$12 million letters of credit issued under the revolver as of December 31, 2011.

Adjusted EPS¹ Growth in 2012 Driven Primarily by Completed Construction Projects and Acquisitions



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

Note: 2012 Guidance is based on among other things, expectations for future foreign exchange rates and commodity prices as of December 30, 2011, except BRL, which is as of January 13, 2012. See Note on Slide 22. Actual results may differ. 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.

Key 2012 Guidance Metrics

<i>\$ in Millions, Except Earnings Per Share</i>	2012 Guidance
Proportional Adjusted Gross Margin ^{1,2}	\$3,525-\$3,725
Adjusted EPS ²	\$1.22-\$1.30
Diluted EPS from Continuing Operations	\$1.28-\$1.36
Proportional Operating Cash Flow ^{1,2}	\$1,925-\$2,125
Proportional Free Cash Flow ^{1,2}	\$1,050-\$1,250
Subsidiary Distributions ³	\$1,325-\$1,525
Parent Free Cash Flow ²	\$550-\$650

- For key assumptions, see Slide 23 in the Appendix

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

3. See Appendix for definition.

Key Takeaways

- Met or exceeded 2011 guidance for key financial metrics
 - ◆ Adjusted EPS¹ up by 6% to \$1.04 (vs. guidance midpoint of \$1.00)
 - ◆ Proportional free cash flow^{1,2} of \$932 million (vs. guidance midpoint of \$850 million)
- 2012 adjusted EPS¹ to grow by 21% to midpoint of \$1.26
 - ◆ Reflects commodity and currency exchange rates as of December 30, 2011³ vs. prior guidance, which was based on rates as of October 31, 2011
- Targeting 8% to 10% average annual total return through 2015 based on 2012 Adjusted EPS¹ of \$1.26
- Successfully executing our strategy to create shareholder value by:
 - ◆ Narrowing our geographic focus
 - ◆ Optimizing profitability
 - ◆ Improving capital structure and returning cash to shareholders

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

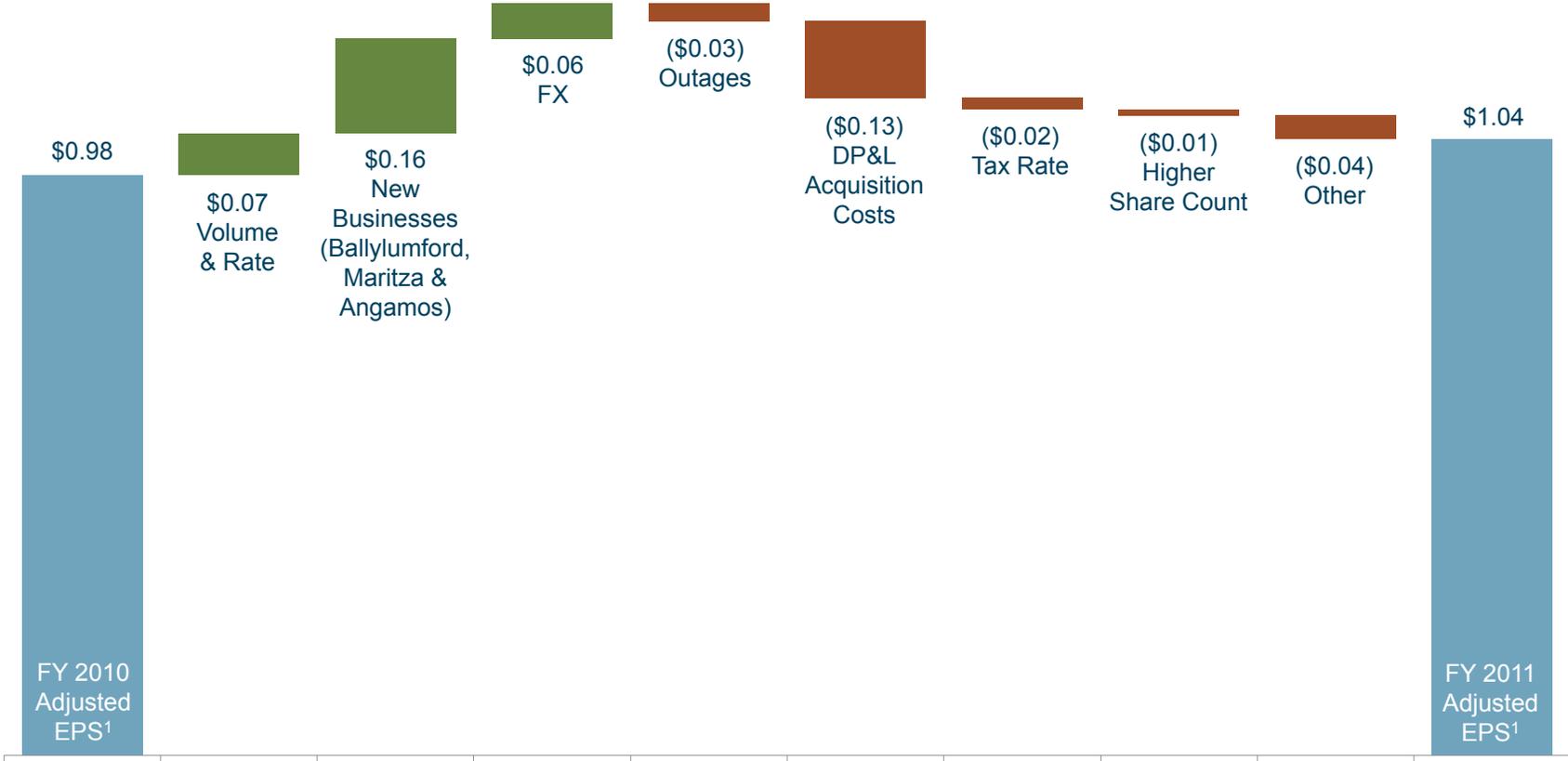
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3. BRL exchange rate as of January 13, 2012.

Appendix

- FY 2011 Adjusted EPS Bridge Slide 20
- Q4 & FY 2011 Operational Results Slide 21
- 2012 Guidance Estimated Sensitivities Slide 22
- Key Assumptions for 2012 Guidance Slide 23
- Parent Only Cash Flow Slides 24-26
- Construction Program Slide 27
- Reconciliations Slides 28-34
- Assumptions & Definitions Slides 35-37

FY 2011 Adjusted EPS¹ Increased \$0.06 Driven Primarily by New Businesses and Volume, Offset by DP&L Transaction Costs



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

Q4 & FY 2011 Operational Results: Consolidated Gross Margin by Segment

<i>\$ in Millions</i>	Q4 2011	Q4 2010	Change	FY 2011	FY 2010	Change
Latin America – Generation	\$532	\$352	\$180	\$1,840	\$1,497	\$343
Latin America – Utilities	\$214	\$301	(\$87)	\$1,035	\$1,023	\$12
North America – Generation	\$100	\$115	(\$15)	\$400	\$410	(\$10)
North America – Utilities	\$50	\$43	\$7	\$220	\$249	(\$29)
Europe – Generation	\$119	\$89	\$30	\$359	\$310	\$49
Asia – Generation	\$42	\$43	(\$1)	\$178	\$240	(\$62)
Corp & Other & Eliminations	\$38	\$87	(\$49)	\$102	\$207	(\$105)
Total	\$1,095	\$1,030	\$65	\$4,134	\$3,936	\$198

2012 Guidance Estimated Sensitivities

Interest Rates¹	<ul style="list-style-type: none"> 100 bps move in interest rates over a 12-month period is equal to change in EPS of approximately \$0.02 		
Currencies	<ul style="list-style-type: none"> 10% appreciation in USD against the following key currencies is equal to the following negative EPS impacts: 		
		2012	
		Average Rate	Sensitivity
	Brazilian Real (BRL)	1.85	\$0.030
	Argentine Peso (ARS)	4.70	\$0.010
Euro (EUR)	1.30	\$0.015	
Philippine Peso (PHP)	43.96	\$0.010	
Commodity Sensitivity²			
		2012	
		Average Rate	Sensitivity
	Newcastle Coal (Sensitivity \$10/ton) negative correlation	\$112/ton	\$0.035
	NYMEX Coal (Sensitivity \$10/ton) negative correlation	\$71/ton	
	IPE Brent Crude Oil (Sensitivity \$10/barrel) positive correlation	\$106/bbl	\$0.030
NYMEX WTI Crude Oil (Sensitivity \$10/barrel) positive correlation	\$99/bbl		
Henry Hub Natural Gas (Sensitivity \$1/mmbtu) positive correlation	\$3.2/mmbtu	\$0.040	
UK National Balancing Point Gas (Sensitivity \$1/mmbtu) positive correlation	£0.57/therm		

Note: 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 2012 adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies and operational factors. 2012 guidance is based on currency and commodity forward curves and forecasts as of December 30, 2011 except for Brazilian Real, where the forward curve as of January 13, 2012 has been used. 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 7A of the Form 10-K 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 December 30, 2011.

2. These sensitivities do not include AES Eastern Energy.

Key Assumptions for 2012 Guidance

- Effective tax rate in line with 2011, which includes anticipated extension of TIPRA benefits
- 768 million shares; guidance does not assume any additional share repurchases
- Includes the impacts of closed asset sales as of February 2012, including Argentine utilities, Brazil Telecom, 80% of Cartagena plant in Spain and Bohemia plant in Czech Republic
- Does not include the impact of additional transactions recently announced (but not yet closed) including the Red Oak and Ironwood sales
- No use of proceeds from asset sales (\$529 million closed and \$234 million pending), except for debt repayment of approximately \$197 million at Brasiliana subsidiary
- No use of parent free cash flow of approximately \$600 million by the end of 2012
- Foreign currency and commodity assumptions from the forward curve as of December 30, 2011
 - ◆ Brazilian Real assumption from the forward curve as of January 13, 2012

Parent Sources & Uses of Liquidity

\$ in Millions	Fourth Quarter		Full Year	
	2011	2010	2011	2010
Sources				
Total Subsidiary Distributions ¹	\$371	\$331	\$1,337	\$1,219
Proceeds from Asset Sales, Net	\$2	\$220	\$6	\$399
Refinancing Proceeds, Net	-	-	\$2,009	-
Increased/(Decreased) Credit Facility Commitments	-	-	-	\$15
Issuance of Common Stock, Net	\$2	\$1	\$4	\$1,572
Total Returns of Capital Distributions & Project Financing Proceeds	\$14	\$15	\$152	\$171
Beginning Parent Company Liquidity ²	\$2,877	\$2,097	\$1,837	\$1,258
Total Sources	\$3,266	\$2,664	\$5,345	\$4,634
Uses				
Repayments of Debt	(\$2)	(\$294)	(\$476)	(\$914)
Repurchase of Equity	(\$54)	(\$84)	(\$279)	(\$99)
Investments in Subsidiaries, Net	(\$2,260)	(\$244)	(\$3,120)	(\$1,076)
Cash for Development, Selling, General & Administrative and Taxes	(\$78)	(\$80)	(\$360)	(\$374)
Cash Payments for Interest	(\$157)	(\$153)	(\$390)	(\$434)
Changes in Letters of Credit and Other, Net	(\$22)	\$28	(\$27)	\$100
Ending Parent Company Liquidity ²	(\$693)	(\$1,837)	(\$693)	(\$1,837)
Total Uses	(\$3,266)	(\$2,664)	(\$5,345)	(\$4,634)

1. See "definitions".

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

Fourth Quarter & Full Year 2011 Subsidiary Distributions¹

\$ in Millions	Fourth Quarter & Full Year 2011 Subsidiary Distributions ¹	
	Q4 2011	FY 2011
North America Generation	\$59	\$159
North America Utilities	\$12	\$97
Latin America Generation	\$115	\$360
Latin America Utilities	\$20	\$200
Europe Generation	\$95	\$210
Asia Generation	\$9	\$157
Corporate & Other ²	\$61	\$154
Total	\$371	\$1,337

Top 10 Subsidiary Distributions ¹							
Q4 2011				FY 2011			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Ballylumford, UK	\$53	Altai, Kazakhstan	\$20	Gener, Chile	\$225	Andres, DR	\$68
Andres, DR	\$49	Sul, Brazil	\$18	Brasiliansa, Brazil	\$170	Altai, Kazakhstan	\$51
Alicura, Argentina	\$35	Maritza, Bulgaria	\$14	Masinloc, Philippines	\$131	Ebute, Nigeria	\$41
Panama	\$28	IPALCO, US-IN	\$12	IPALCO, US-IN	\$97	TEG TEP, Mexico	\$40
Ebute, Nigeria	\$21	Global Insurance, US	\$12	Ballylumford, UK	\$78	Alicura, Argentina	\$35

1. See "definitions."

2. Corporate & Other includes Global Insurance, renewables, Europe and Africa Utilities and Africa Generation businesses.

Reconciliation of Subsidiary Distributions¹ & Parent Liquidity²

\$ in Millions	Quarter Ended			
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Total Subsidiary Distributions ¹ to Parent & QHCs ³	\$371	\$346	\$394	\$226
Total Return of Capital Distributions to Parent & QHCs ³	\$14	\$102	\$8	\$28
Total Subsidiary Distributions¹ & Returns of Capital to Parent	\$385	\$448	\$402	\$254

\$ in Millions Parent Company Liquidity ²	Balance as of			
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Cash at Parent & QHCs ³	\$200	\$2,089	\$2,303	\$546
Availability Under Credit Facilities	\$493	\$788	\$774	\$772
Ending Liquidity	\$693	\$2,877	\$3,077	\$1,318

1. See "definitions".

2. A Non-GAAP financial measure. See "definitions".

3. Qualified Holding Company. See "assumptions".

2,342 MW Under Construction as of February 27, 2012

	Generation (Thermal)				Generation (Renewables)				
	Chile	Trinidad	Cameroon	Vietnam	France	India	Various	U.S.-CA	UK
Project	Campiche	Trinidad	Kribi	Mong Duong II	InnoVent ²	Saurashtra	AES Solar ³	Mountain View IV	Drone Hill
% Owned	71%	10%	56%	51%	40%	100%	50%	100%	100%
Type	Coal	Gas	Gas	Coal	Wind	Wind	Solar	Wind	Wind
Gross MW	270 MW	394 MW ¹	216 MW	1,200 MW	39 MW	39 MW	105.9 MW	49 MW	28.6 MW
Expected Commercial Operations Date	1H 2013	1H 2012	2013	2H 2015	2012	1H 2012	2012	1H 2012	2H 2012

1. 394 MW Unit 1 came on-line during Q3 2011.

2. InnoVent plants: Allery, Audrieu, Lamballe, Lefaux and Vron.

3. AES Solar projects: various locations.

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.

Reconciliation of Adjusted Earnings Per Share¹

	Fourth Quarter		Full Year	
	2011	2010	2011	2010
Diluted EPS from Continuing Operations	\$0.12	\$0.16	\$0.59	\$0.63
Derivative Mark-to-Market (Gains)/Losses ²	-	(\$0.01)	\$0.01	-
Currency Transaction (Gains)/Losses ³	\$0.03	-	\$0.04	(\$0.05)
Disposition/Acquisition (Gains)/Losses	-	-	-	-
Impairment Losses	\$0.08	\$0.08	\$0.36	\$0.37
Debt Retirement (Gains)/Losses	-	\$0.02	\$0.04	\$0.03
Adjusted EPS¹	\$0.23	\$0.25	\$1.04	\$0.98

1. A non-GAAP financial measure as reconciled above. See "definitions."

2. Derivative mark-to-market (gains)/losses were net of income tax per share of \$0.00 and \$0.00 in the three months ended December 31, 2011 and 2010, respectively, and of \$0.01 and \$0.00 for the year ended December 31, 2011 and 2010, respectively.

3. Unrealized foreign currency transaction (gains)/losses were net of income tax per share of \$0.00 and \$0.00 in the three months ended December 31, 2011 and 2010, respectively, and of \$0.00 and (\$0.01) in the year ended December 31, 2011 and 2010, respectively.

Reconciliation of Fourth Quarter Capex

\$ in Millions	Consolidated Fourth Quarter	
	2011	2010
Operational Capex (a)	\$244	\$311
Environmental Capex (b)	\$23	\$3
Maintenance Capex ¹ (a + b)	\$267	\$314
Growth Capex ¹ (c)	\$349	\$470
Total Capex² (a + b + c)	\$616	\$784

\$ in Millions	Consolidated Fourth Quarter		Proportional ^{1,3} Fourth Quarter	
	2011	2010	2011	2010
Operating Cash Flow	\$571	\$1,048	\$334	\$542
Less Maintenance Capex ¹ , net of Reinsurance Proceeds	(\$262)	(\$314)	(\$166)	(\$216)
Free Cash Flow¹	\$309	\$734	\$168	\$326

1. A non-GAAP financial measure as reconciled above. See "definitions".

2. Includes capital expenditures under investing and financing activities.

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Reconciliation of Full Year Capex

\$ in Millions	Consolidated Full Year	
	2011	2010
Operational Capex (a)	\$889	\$727
Environmental Capex (b)	\$82	\$71
Maintenance Capex ¹ (a + b)	\$971	\$798
Growth Capex ¹ (c)	\$1,490	\$1,535
Total Capex² (a + b + c)	\$2,461	\$2,333

\$ in Millions	Consolidated Full Year		Proportional ^{1,3} Full Year	
	2011	2010	2011	2010
Operating Cash Flow	\$2,884	\$3,465	\$1,572	\$1,848
Less Maintenance Capex ¹ , net of Reinsurance Proceeds	(\$960)	(\$798)	(\$640)	(\$557)
Free Cash Flow¹	\$1,924	\$2,667	\$932	\$1,291

1. A non-GAAP financial measure as reconciled above. See "definitions".

2. Includes capital expenditures under investing and financing activities.

3. The AES Corporation (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. See "definitions."

Reconciliation of Fourth Quarter Gross Margin, Operating Cash Flow & Free Cash Flow², Including Proportional Metrics

\$ in Millions	Fourth Quarter 2011		
	Consolidated	Adjustment Factors ¹	Proportional ^{1,2}
Gross Margin	\$1,095	(\$411)	\$684
Operating Cash Flow	\$571	(\$237)	\$334
Free Cash Flow ²	\$309	(\$141)	\$168

\$ in Millions	Fourth Quarter 2010		
	Consolidated	Adjustment Factors ¹	Proportional ^{1,2}
Gross Margin	\$1,030	(\$427)	\$603
Operating Cash Flow	\$1,048	(\$506)	\$542
Free Cash Flow ²	\$734	(\$408)	\$326

1. The AES Corporation (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. See "definitions."

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

Reconciliation of Full Year Gross Margin, Operating Cash Flow & Free Cash Flow², Including Proportional Metrics

\$ in Millions	Full Year 2011		
	Consolidated	Adjustment Factors ¹	Proportional ^{1,2}
Gross Margin	\$4,134	(\$1,627)	\$2,507
Operating Cash Flow	\$2,884	(\$1,312)	\$1,572
Free Cash Flow ²	\$1,924	(\$992)	\$932

\$ in Millions	Full Year 2010		
	Consolidated	Adjustment Factors ¹	Proportional ^{1,2}
Gross Margin	\$3,936	(\$1,537)	\$2,399
Operating Cash Flow	\$3,465	(\$1,617)	\$1,848
Free Cash Flow ²	\$2,667	(\$1,376)	\$1,291

1. The AES Corporation (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. See "definitions."

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

Reconciliation of 2011 Guidance, Including Proportional Metrics

\$ in Millions, Except Earnings Per Share	2011 Guidance (Given 11/4/11) ¹		
	Consolidated	Adjustment Factors ²	Proportional ^{2,3}
Income Statement Elements			
Gross Margin	\$4,000-\$4,200	\$1,550	\$2,450-\$2,650
Adjusted Gross Margin ³	\$4,850-\$5,050	\$1,850	\$3,000-\$3,200
Diluted Earnings Per Share from Continuing Operations ¹	\$0.63-\$0.69		
Adjusted Earnings Per Share Factors ^{1,3}	\$0.34 ⁴		
Adjusted Earnings Per Share ³	\$0.97-\$1.03 ⁴		
Cash Flow Elements			
Net Cash from Operating Activities	\$2,650-\$2,850	\$1,250	\$1,400-\$1,600
Operational Capital Expenditures (a)	\$775-\$850	\$250	\$525-\$600
Environmental Capital Expenditures (b)	\$75-\$100	-	\$75-\$100
Maintenance Capital Expenditures (a + b)	\$850-\$950	\$250	\$600-\$700
Free Cash Flow ³	\$1,750-\$1,950	\$1,000	\$750-\$950
Subsidiary Distributions ⁵	\$1,200-\$1,300		
Reconciliation of Free Cash Flow³			
Net Cash from Operating Activities	\$2,650-\$2,850	\$1,250	\$1,400-\$1,600
Less: Maintenance Capital Expenditures	\$850-\$950	\$250	\$600-\$700
Free Cash Flow ³	\$1,750-\$1,950	\$1,000	\$750-\$950
Reconciliation of Adjusted Gross Margin³			
Gross Margin	\$4,000-\$4,200	\$1,550	\$2,450-\$2,650
Plus: Depreciation & Amortization	\$1,250-\$1,350	\$300	\$950-\$1,050
Less: General & Administrative	\$450	-	\$450
Adjusted Gross Margin ³	\$4,850-\$5,050	\$1,850	\$3,000-\$3,200

1. 2011 Guidance is based on expectations for future foreign exchange rates and commodity prices as of September 30, 2011, except for Diluted Earnings Per Share from Continuing Operations and Adjusted Earnings Per Share Factors, which were updated in an 8-K filed on November 14, 2011.

2. The AES Corporation (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. In many cases, the Company has no legal claim on these cash flows. See "definitions."

3. A non-GAAP financial measure as reconciled above. See "definitions."

4. Reconciliation of Adjusted EPS includes impairment losses of \$0.31, debt retirement losses of \$0.04, and derivative gains of \$0.01.

5. See "definitions."

Reconciliation of 2012 Guidance, Including Proportional Metrics

\$ in Millions, Except Earnings Per Share	2012 Guidance (Given 2/27/12) ¹		
	Consolidated	Adjustment Factors ²	Proportional ^{2,3}
Income Statement Elements			
Diluted Earnings Per Share from Continuing Operations	\$1.28-\$1.36		
Adjusted Earnings Per Share Factors ³	(\$0.06) ⁴		
Adjusted Earnings Per Share ³	\$1.22-\$1.30 ⁴		
Cash Flow Elements			
Net Cash from Operating Activities	\$3,100-\$3,300	\$1,175	\$1,925-\$2,125
Operational Capital Expenditures (a)	\$1,050-\$1,125	\$300	\$725-\$850
Environmental Capital Expenditures (b)	\$100-\$125	\$25	\$75-\$100
Maintenance Capital Expenditures (a + b)	\$1,150-\$1,250	\$325	\$800-\$950
Free Cash Flow ³	\$1,900-\$2,100	\$850	\$1,050-\$1,250
Subsidiary Distributions ⁵	\$1,325-\$1,525		
Reconciliation of Parent Free Cash Flow			
Subsidiary Distributions ⁵ (c)	\$1,325-\$1,525		
Cash Interest (d)	\$450-\$500		
Cash for Development, General & Administrative and Tax (e)	\$325-\$375		
Parent Free Cash Flow (c – d – e)	\$550-\$650		
Reconciliation of Free Cash Flow³			
Net Cash from Operating Activities	\$3,100-\$3,300	\$1,175	\$1,925-\$2,125
Less: Maintenance Capital Expenditures	\$1,150-\$1,250	\$325	\$800-\$950
Free Cash Flow ³	\$1,900-\$2,100	\$850	\$1,050-\$1,250
Reconciliation of Adjusted Gross Margin³			
Gross Margin	\$4,000-\$4,200	\$1,300	\$2,700-\$2,900
Plus: Depreciation & Amortization	\$1,400-\$1,500	\$300	\$1,100-\$1,200
Less: General & Administrative	\$300-\$350	-	\$300-\$350
Adjusted Gross Margin ³	\$5,125-\$5,325	\$1,600	\$3,525-\$3,725

1. 2012 guidance is based on expectations for future foreign exchange rates and commodity prices as of December 30, 2011, except for the Brazilian Real, which is updated through January 13, 2012.

2. The AES Corporation (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. In many cases, the Company has no legal claim on these cash flows. See "definitions."

3. A non-GAAP financial measure as reconciled above. See "definitions."

4. Reconciliation of Adjusted EPS includes unrealized foreign currency losses of \$0.04, derivative losses of \$0.01, debt retirement losses of \$0.01, impairment losses of \$0.03, and disposition gains of \$0.15.

5. See "definitions."

Assumptions

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

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

Definitions

Non-GAAP Financial Measures

- 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) mark-to-market amounts related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) significant gains or losses due to dispositions and acquisitions of business interests, (d) significant 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 earnings per share 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 mark-to-market gains or losses related to derivative transactions, 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 earnings per share should not be construed as an alternative to earnings per share, which is determined in accordance with GAAP.
- Adjusted Gross Margin (a non-GAAP financial measure) is defined as gross margin plus depreciation and amortization less general and administrative expenses. AES believes adjusted gross margin is a useful measure for evaluating and comparing the operating performance of its businesses because it includes the direct operating costs of its business including overhead related expenses and excludes potential differences caused by variations in capital structures affecting interest income and expense, tax positions, such as the impact of changes in effective tax rates and the impact of depreciation and amortization expense.
- 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.
- 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.
- Subsidiary Liquidity (a non-GAAP financial measure) is defined as cash and cash equivalents and bank lines of credit at various subsidiaries.
- The AES Corporation (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.

Definitions, Cont' d.

- 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.
- Parent Free Cash Flow 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.