



Strategy for Environmental Performance

Seeking Opportunities in a Changing Landscape

November 2016



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, our accurate projections of future interest rates, commodity price and foreign currency pricing, 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' filings with the Securities and Exchange Commission (the "SEC"), including, but not limited to, the risks discussed under Item 1A "Risk Factors" and Item 7: Management's Discussion & Analysis in AES' 2015 Annual Report on Form 10-K and in subsequent reports filed with the SEC. Readers are encouraged to read AES' filings to learn more about the risk factors associated with AES' business. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Summary

- Sustainability is integral to the strategy AES implemented in 2012
 - ▶ Environmental performance is a key focus at both the Management and Board Levels
 - ▶ AES' current portfolio is diversified by fuel type – 33% natural gas, 23% renewables, 40% coal and 4% oil and other
 - ▶ The execution of AES' strategy resulted in a 17% decline in AES' global carbon emissions¹ from 2012 to 2015
 - ▶ AES has received numerous awards/recognitions from third party leaders in the global sustainability community – including CERES, Dow Jones Sustainability Index, CDP, and Ethisphere
- Looking forward, AES' growth projects are improving environmental performance in many markets
 - ▶ In the United States, our construction projects and completed partnerships are expected to reduce AES' U.S. carbon emissions¹ by 20% to 30% by 2018, compared to 2012 emissions
 - ◆ For example, we are investing \$1.4 billion at IPL in Indiana to transform the power generation fleet with significant environmental upgrades and conversions of coal and oil plants to natural gas
 - ◆ The \$2.1 billion Southland repowering project in California increases fuel efficiency by 100%
 - ▶ Outside the United States, AES is introducing cheaper, cleaner natural gas to markets that currently rely on petroleum fuels for electricity generation, creating environmental and social benefits for all stakeholders
 - ▶ Globally, AES is developing wind, solar and energy storage projects to add zero emissions-energy solutions to the grid
 - ◆ Energy storage helps integrate renewable energy into the grid to ensure stability and reliability
 - ◆ AES is the world leader in Energy Storage with 432 MW in operations, construction or late-stage development

1. Ownership adjusted to reflect minority interest

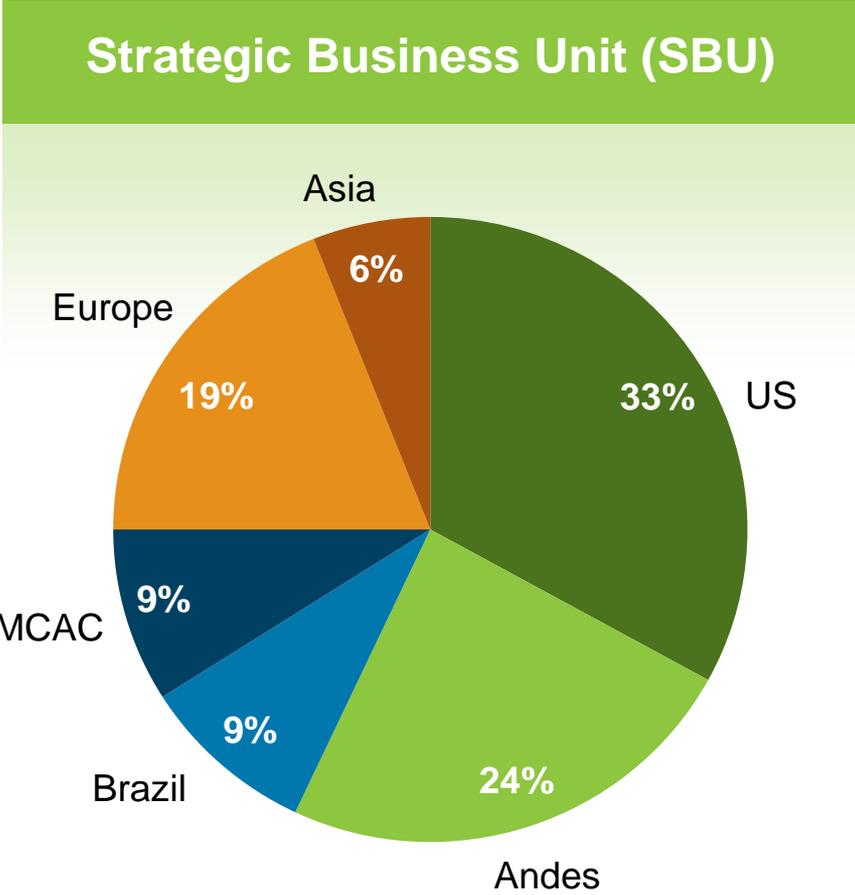
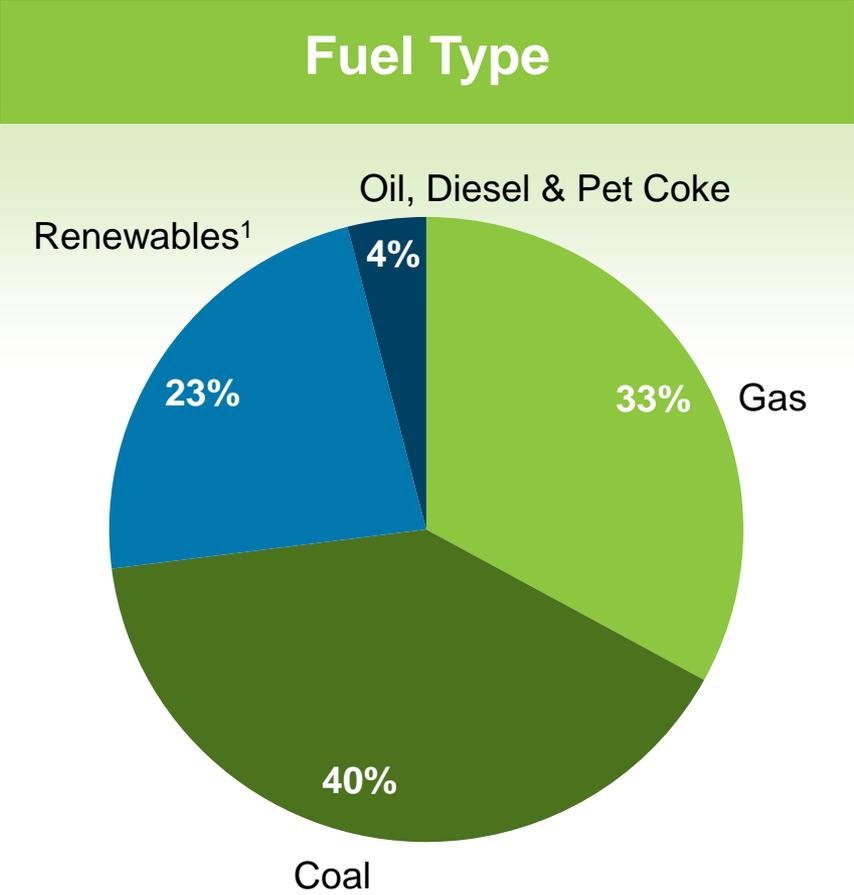
Management and Board Seek Opportunities in Changing Environmental Landscape

Sustainability considered at each step in the governance lifecycle



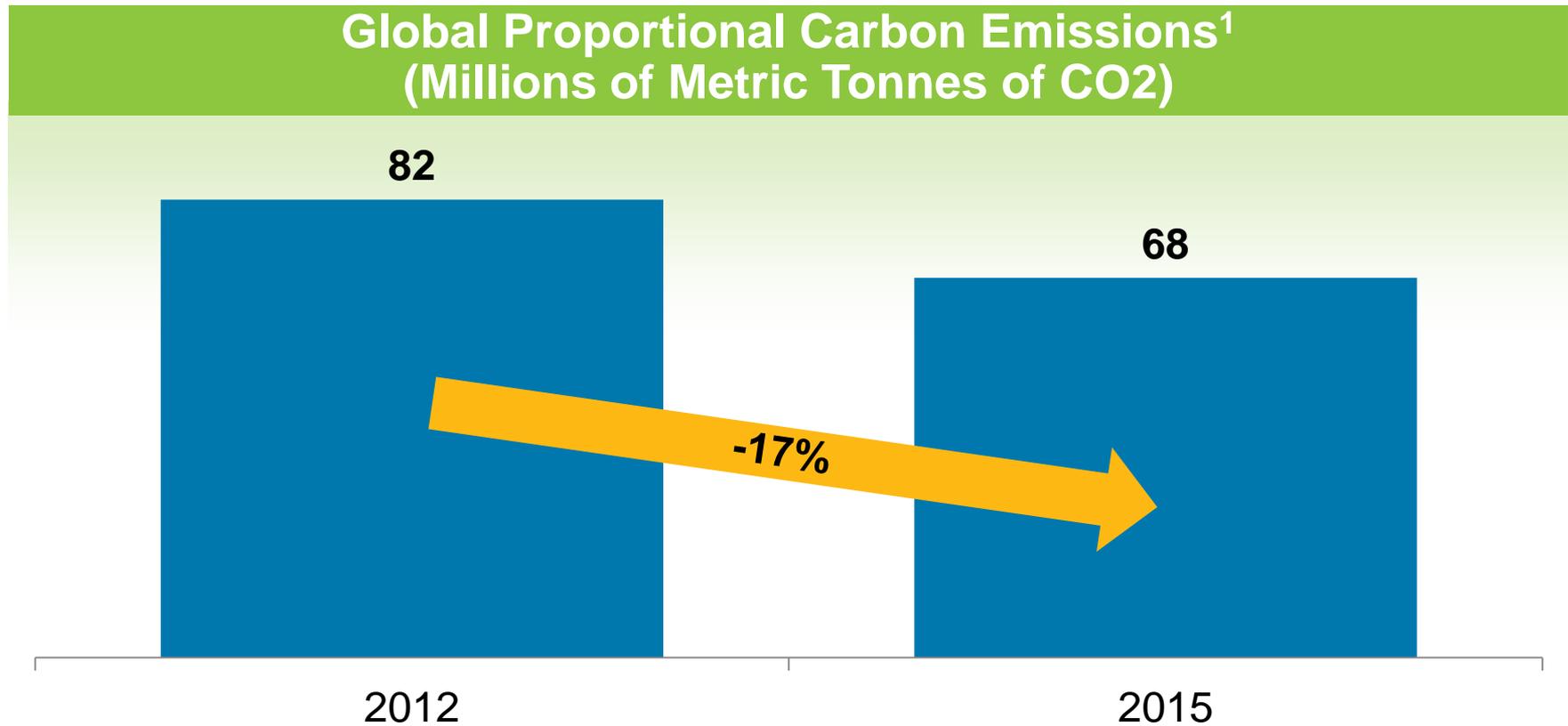
AES' Current Portfolio Is Diversified by Fuel Type – 23% of Our Installed Capacity Is Renewables and 33% Is Fueled by Natural Gas

Total Gross MW in Operation: 36,242



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

Execution of AES' strategy, Implemented in 2012, Led to a 17% Decline in Global Proportional Carbon Emissions¹



1. Ownership adjusted to reflect minority interest
Contains Forward-Looking Statements

For These Efforts, the Company Has Received Numerous Awards/Recognitions from Third Party Leaders in Global Sustainability Movement



AES' disclosures were used as a benchmark in Ceres' review of the quality of SEC climate change disclosures over the prior five years

*CERES, issued a report titled "Cool Response: The SEC and Corporate Climate Change Reporting" ranked one of AES' Annual Reports as containing "**the best disclosure over the study period**"*



2016 is the third consecutive year AES has been included in the Dow Jones Sustainability Index for North America

One of only four electric utilities named to the DJSI for North America

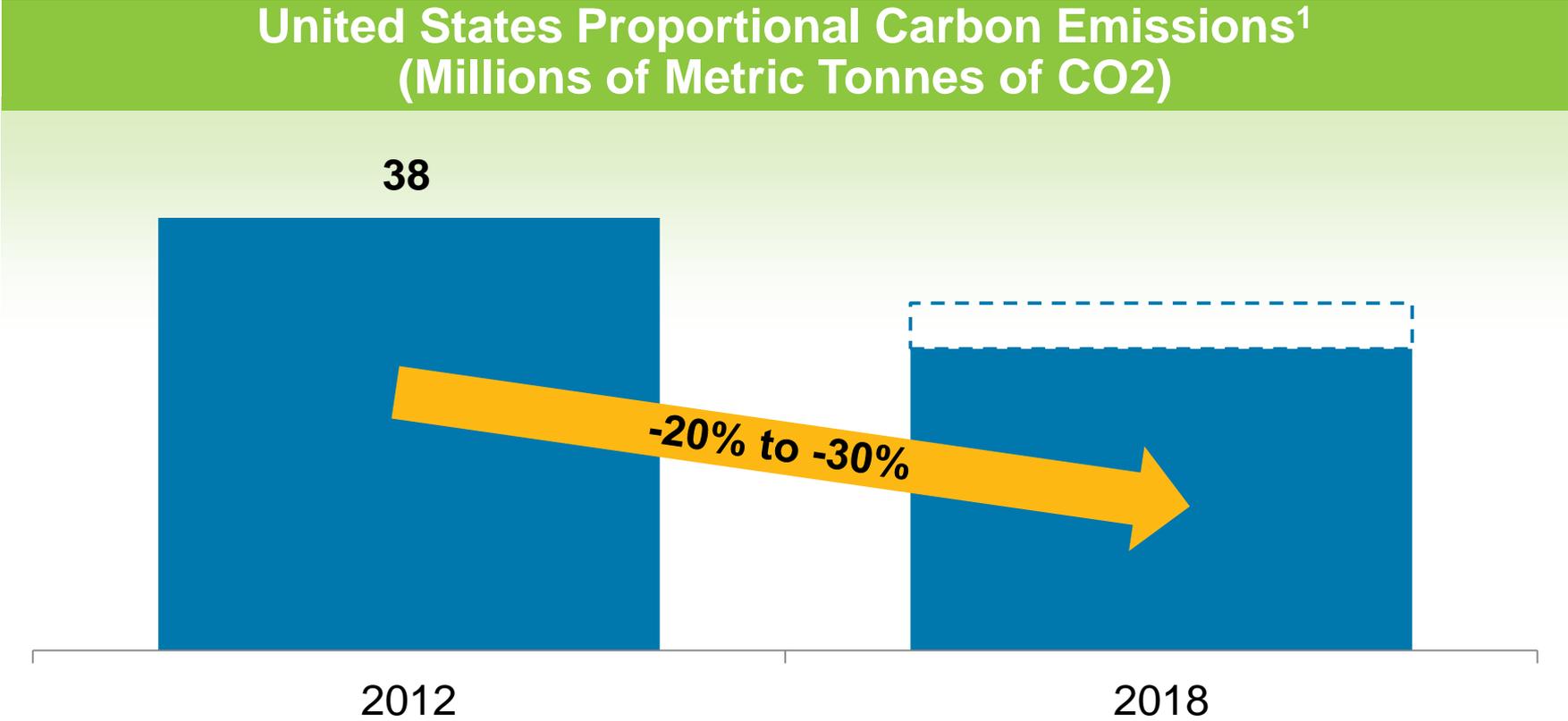


Performance score of A- which is higher than CDP, Industry, Sector and S&P 500 average score



2016 was the third year in a row AES was included on Ethisphere's "World's Most Ethical Companies" List

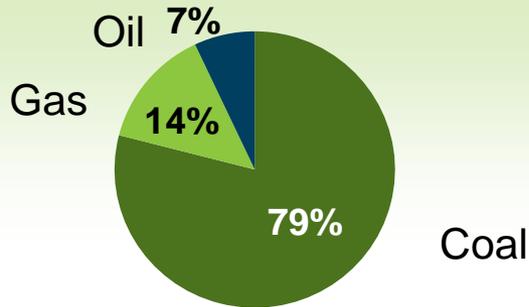
In the United States, Construction Projects and Completed Partnerships are Expected to Reduce AES' Carbon Emissions¹ by 20% to 30% from 2012 to 2018



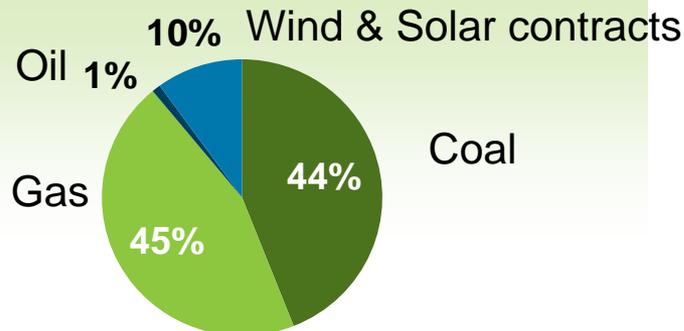
1. Ownership adjusted to reflect minority interest. Projections based on operational and market assumptions as of December 31, 2015.
Contains Forward-Looking Statements

Indianapolis Power & Light (IPL) – \$1.4 billion Investment Program to Transform IPL’s Generation Fleet

IPL Generation Resources (MW): 2007



IPL Generation Resources (MW): Projected 2017



Key Highlights

- When the investment program is completed, 45% of IPL’s portfolio will utilize cheaper, cleaner natural gas
 - ▶ Construction of 670 MW of new efficient gas capacity
 - ▶ Conversion of 630 MW from coal to gas
 - ▶ Retirement of 260 MW of coal
- Investment program includes upgrades to environmental controls on IPL’s coal units
- The investment program is expected to reduce SO₂ and mercury emissions by approximately 80% from 2013 to 2018. In addition, NO_x and particulate matter emissions are expected to be reduced by approximately 30% from 2013 to 2018.
- In addition, IPL executed contracts for 300 MW of Wind and 96 MW Solar energy. IPL sells RECs associated with the wind and solar contracts for the benefit of customers

\$2.1 billion Southland Repowering in California using Natural Gas and Energy Storage

1,384 MW Under 20-Year Power Purchase Agreements

Expect to break ground in Summer 2017, with operations commencing in 2020 and 2021



- **1,284 MW** of combined cycle natural gas
- **100 MW** of battery-based energy storage capacity
- **50%** less fuel per unit of energy produced, compared to current operations
- **~65%** reduction in use of fresh water
- **100%** reduction in use of ocean water
- **~\$2.1 Billion** expected total project cost
- **Up to \$500 Million** of equity from AES and potential partner

International Construction Projects: Improving Carbon Efficiency

Outside of the U.S., AES is investing \$3.3 billion in natural gas, LNG and renewables



AES introduced Liquefied Natural Gas (LNG) to the Dominican Republic in 2003 to allow for the conversion of oil-fired generation to natural gas

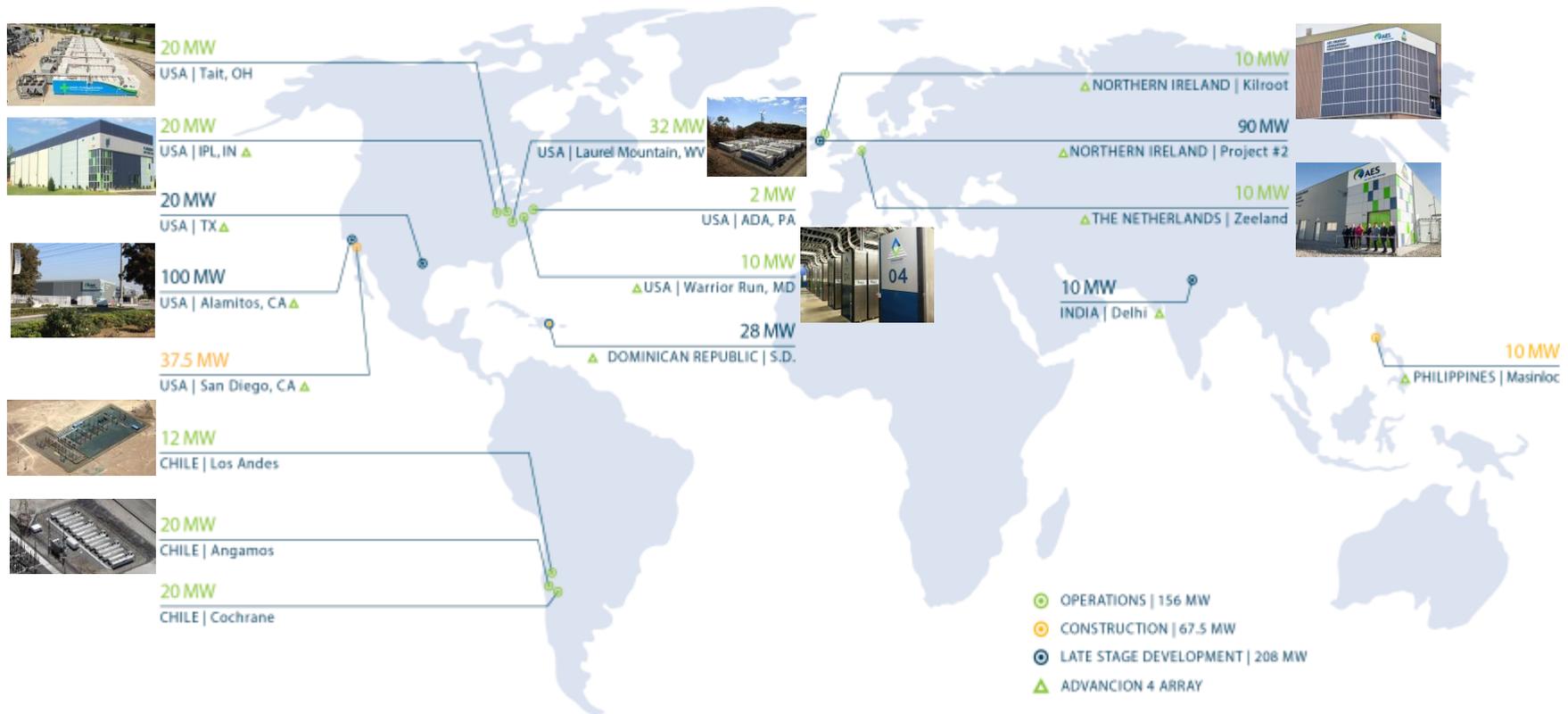
- **\$500+ Million** a year saved by consumers in the Dominican Republic utilizing AES' LNG supply and infrastructure
- **~4 Million Tons** of CO₂ emissions avoided

Participating in Growing Demand for LNG

- ▶ AES is working to replicate the success of its Dominican Republic LNG business elsewhere in Central America and the Caribbean
- ▶ AES is investing \$1 billion in a natural gas power plant and an LNG storage and regasification facility in Panama

AES Is the World Leader in Battery-Based Energy Storage

432 MW in Operation, Construction or Late Stage Development



Energy storage improves grid stability as more renewable energy is added to the electric grid