

AES CORP
Form S-4/A
June 27, 2012

As filed with the Securities and Exchange Commission on June 26, 2012

Registration No. 333- 180388

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 to
Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

THE AES CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	4991 (Primary Standard Industrial Classification Code Number)	54-1163725 (I.R.S. Employer Identification No.)
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4300 Wilson Boulevard
Arlington, Virginia 22203
(703) 522-1315
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal
Executive Offices)

Zafar Hasan, Esq.
Assistant General Counsel
The AES Corporation
4300 Wilson Boulevard
Arlington, Virginia 22203
(703) 522-1315
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For
Service)

Copies to:
Richard D. Truesdell, Jr., Esq.
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
(212) 450-4000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of
this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding
company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (SUBJECT TO COMPLETION, DATED JUNE 26 , 2012)

The AES Corporation

Offer to Exchange

7.375% Senior Notes due 2021
for
New 7.375% Senior Notes due 2021

We are offering to exchange up to \$1,000,000,000 of our new registered 7.375% Senior Notes due 2021 (the “new notes”) for up to \$1,000,000,000 of our existing unregistered 7.375% Senior Notes due 2021 (the “old notes”). The terms of the new notes are identical in all material respects to the terms of the old notes, except that the new notes have been registered under the Securities Act of 1933, as amended (the “Securities Act”), and the transfer restrictions and registration rights relating to the old notes do not apply to the new notes. The new notes will represent the same debt as the old notes and we will issue the new notes under the same indenture.

To exchange your old notes for new notes:

- you are required to make the representations described on page 3 to us; and
- you should read the section called “The Exchange Offer” on page 27 for further information on how to exchange your old notes for new notes.

The exchange offer will expire at midnight New York City time on _____, 2012 unless it is extended.

See “Risk Factors” beginning on page 6 of this prospectus for a discussion of risk factors that should be considered by you prior to tendering your old notes in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the exchange offer or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

_____, 2012

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You should rely only on the information contained in this prospectus or any other information to which we have referred you. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that this information is accurate or complete. This prospectus summarizes certain documents and other information and we refer you to them for a more complete understanding of what we discuss in this prospectus. In making an investment decision, you must rely on your own examination of our company and the terms of the offering and the notes, including the merits and risks involved.

We are not making any representation to any purchaser of the notes regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1995, AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY

OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GAVE APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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INCORPORATION BY REFERENCE

We are “incorporating by reference” information filed with the SEC into this prospectus, which means that we are disclosing important information to you by referring you to those documents. Information that is incorporated by reference is an important part of this prospectus. We incorporate by reference into this prospectus the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) prior to the termination of this offering, and such documents form an integral part of this prospectus:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (the “Annual Report”), filed with the SEC on February 27, 2012 (including the information specifically incorporated by reference therein from our Definitive Proxy Statement on Schedule 14A, filed with the SEC on March 1, 2012); and
- our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012 (the “Quarterly Report”), filed with the SEC on May 3, 2012; and
- our Current Report on Form 8-K/A filed with the SEC on February 1, 2012, our Current Report on Form 8-K/A filed with the SEC on March 28, 2012 and our Current Reports on Form 8-K filed with the SEC on April 20, April 30 and June 26, 2012.

Unless specifically stated to the contrary, none of the information that we disclose under Items 2.02 or 7.01 of any Current Report on Form 8-K that we may from time to time furnish to the SEC or any other document or information deemed to have been furnished and not filed with the SEC will be incorporated by reference into, or otherwise included in, this prospectus.

Any statement contained in this prospectus or in a document (or part thereof) incorporated or considered to be incorporated by reference in this prospectus shall be considered to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document (or part thereof) that is or is considered to be incorporated by reference in this prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Any statement so modified or superseded shall not be considered, except as so modified or superseded, to constitute any part of this prospectus.

You may obtain at no cost copies of each of the AES documents incorporated by reference into this prospectus (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing) by writing or telephoning the office of Assistant Counsel, The AES Corporation, 4300 Wilson Boulevard, Arlington, Virginia 22203, telephone number (703) 522-1315.

SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated herein by reference. This summary may not contain all of the information that may be important to you. You should read this entire prospectus before making a decision to exchange your old notes for new notes, including the section entitled “Risk Factors” beginning on page 6 of this prospectus.

Unless otherwise indicated or the context otherwise requires, the terms “AES,” “we,” “our,” “us” and “the Company” refer to The AES Corporation, including all of its subsidiaries and affiliates, collectively. The term “The AES Corporation” or “Parent Company” refers only to the parent, publicly held holding company, The AES Corporation, excluding its subsidiaries and affiliates.

Our Company

We are a global power company, dedicated to improving lives by providing safe, reliable and sustainable energy solutions in every market we serve. We own a portfolio of electricity generation and distribution businesses on five continents in 27 countries, with total capacity of approximately 44,200 Megawatts (“MW”) and distribution networks serving approximately 12 million customers as of December 31, 2011. In addition, we have approximately 2,400 MW under construction in eight countries. We were incorporated in Delaware in 1981.

We own and operate two primary types of businesses. The first is our Generation business, where we own and/or operate power plants to generate and sell power to wholesale customers such as utilities and other intermediaries. The second is our Utilities business, where we own and/or operate utilities to generate, distribute, transmit and sell electricity to end-user customers in the residential, commercial, industrial and governmental sectors within a defined service area.

Our assets are diverse with respect to fuel source and type of market, which helps reduce certain types of operating risk. Our portfolio employs a broad range of fuels, including coal, diesel, fuel oil, natural gas, biomass and renewable sources such as hydroelectric power, wind and solar, which reduces the risks associated with dependence on any one fuel source. Our portfolio combines a presence in stable markets in developed countries with faster growing emerging markets. In addition, our Generation portfolio is largely contracted, which reduces the risk related to market prices of electricity and fuel. We also attempt to limit risk by matching the currency of most of our subsidiary debt to the revenue of the underlying business and by hedging some of our interest rate and commodity risk.

Our goal is to maximize value for our shareholders by growing cash flow and earnings per share and achieving better returns on our investments. We will expand our platforms in our core markets, specifically Brazil, Chile, Colombia and the United States, and will work to develop growth platforms in key markets including Turkey, Poland and the United Kingdom. Over time, by focusing our growth and exiting select non-strategic markets, we expect to narrow our geographic focus to achieve better results with fewer countries. Across our portfolio, we will work to optimize profitability, as well as reduce our overhead and business development costs.

Our principal executive office is located at 4300 Wilson Boulevard, Arlington, Virginia 22203, and our telephone number is (703) 522-1315. Our website address is <http://www.aes.com>. Material contained on our website is not part of and is not incorporated by reference in this prospectus.

The name “AES” and our logo are AES owned trademarks, service marks or trade names. All other trademarks, trade names or service marks appearing or incorporated by reference in this prospectus are owned by their respective holders.

THE EXCHANGE OFFER

Securities Offered	We are offering up to \$1.0 billion aggregate principal amount of new 7.375% senior notes due 2021 (the “new notes”), which will be registered under the Securities Act.
The Exchange Offer	We are offering to issue the new notes in exchange for a like principal amount of your old notes. We are offering to issue the new notes to satisfy our obligations contained in the registration rights agreement entered into when the old notes were sold in transactions permitted by Rule 144A and Regulation S under the Securities Act and therefore not registered with the SEC. For procedures for tendering, see “The Exchange Offer.”
Tenders, Expiration Date, Withdrawal	The exchange offer will expire at midnight New York City time on _____, 2012 unless it is extended. If you decide to exchange your old notes for new notes, you must acknowledge that you are not engaging in, and do not intend to engage in, a distribution of the new notes. If you decide to tender your old notes in the exchange offer, you may withdraw them at any time prior to _____, 2012. If we decide for any reason not to accept any old notes for exchange, your old notes will be returned to you without expense to you promptly after the exchange offer expires. You may only exchange old notes in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Federal Income Tax Consequences	Your exchange of old notes for new notes in the exchange offer will not result in any income, gain or loss to you for federal income tax purposes. See “Material United States Federal Income Tax Consequences of the Exchange Offer.”
Use of Proceeds	We will not receive any proceeds from the issuance of the new notes in the exchange offer.
Exchange Agent	Wells Fargo Bank, N.A. is the exchange agent for the exchange offer.
Failure to Tender Your Old Notes	If you fail to tender your old notes in the exchange offer, you will not have any further rights under the registration rights agreement, including any right to require us to register your old notes or to pay you additional interest or liquidated damages. All untendered old notes will continue to be subject to the restrictions on transfer set forth in the old notes and in the indenture. In general, the old notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently anticipate that we will register such untendered old notes under the Securities Act and, following this exchange offer, will be under no obligation to do so.

You will be able to resell the new notes without registering them with the SEC if you meet the requirements described below.

Based on interpretations by the SEC's staff in no-action letters issued to third parties, we believe that new notes issued in exchange for the old notes in the exchange offer may be offered for resale, resold or otherwise transferred by you without registering the new notes under the Securities Act or delivering a prospectus, unless you are a broker-dealer receiving securities for your own account, so long as:

- you are not one of our "affiliates," which is defined in Rule 405 of the Securities Act;
- you acquire the new notes in the ordinary course of your business;
- you do not have any arrangement or understanding with any person to participate in the distribution of the new notes; and
- you are not engaged in, and do not intend to engage in, a distribution of the new notes.

If you are an affiliate of AES, or you are engaged in, intend to engage in or have any arrangement or understanding with respect to, the distribution of new notes acquired in the exchange offer, you (1) should not rely on our interpretations of the position of the SEC's staff and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

If you are a broker-dealer and receive new notes for your own account in the exchange offer:

- you must represent that you do not have any arrangement with us or any of our affiliates to distribute the new notes;
- you must acknowledge that you will deliver a prospectus in connection with any resale of the new notes you receive from us in the exchange offer; the letter of transmittal states that by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an "underwriter" within the meaning of the Securities Act; and
- you may use this prospectus, as it may be amended or supplemented from time to time, in connection with the resale of new notes received in exchange for old notes acquired by you as a result of market-making or other trading activities.

For a period of 90 days after the expiration of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any resale described above.

SUMMARY DESCRIPTION OF THE NOTES

The terms of the new notes and the old notes are identical in all material respects, except that the new notes have been registered under the Securities Act, and the transfer restrictions and registrations rights relating to old notes do not apply to the new notes. The new notes will represent the same debt as the old notes and will be governed by the same indenture under which the old notes were issued.

Issuer	The AES Corporation
Notes Offered	\$1.0 billion aggregate principal amount of 7.375% senior notes due 2021.
Maturity	The notes will mature on July 1, 2021.
Interest	The notes will bear interest at an annual rate equal to 7.375%. Interest on the notes will be paid on each January 1 and July 1, commencing on the next interest payment date occurring after issuance of the new notes.
Record Dates	The regular record date for each interest payment date will be the close of business on the 15th calendar day prior to such interest payment date.
Ranking	The notes are our direct, unsecured and unsubordinated obligations and will rank: <ul style="list-style-type: none">• equal in right of payment with all of our other senior unsecured debt;• effectively junior in right of payment to (a) our secured debt to the extent of the value of the assets securing such debt and (b) the debt and other liabilities (including trade payables) of our subsidiaries; and• senior in right of payment to our subordinated debt.

As of March 31, 2012:

- we had approximately \$4.6 billion of senior unsecured debt, \$1.0 billion of secured debt under our senior secured credit facility (excluding approximately \$12.0 million of letters of credit outstanding under our revolving credit facilities as of March 31, 2012) and \$517.0 million of subordinated debt outstanding; and
- our subsidiaries had approximately \$28.2 billion payable to third parties, including non-recourse debt, trade payables, and other liabilities (\$16.0 billion of which was non-recourse debt).

The indenture under which the notes will be issued contains no restrictions on the amount of additional unsecured indebtedness that we may incur or the amount of

indebtedness (whether secured or unsecured) that our subsidiaries may incur. The indenture permits us to incur secured debt subject to the covenants described under “Description of the Notes— Certain Covenants of AES—Restrictions on Secured Debt.”

Optional Redemption	Prior to the 30th day before the maturity date, we may redeem some or all of the notes at par plus a “make-whole” amount. At any time on or after the 30th day prior to the maturity date, we may redeem some or all of the notes at par. See “Description of the Notes—Optional Redemption.”
Change of Control	Upon the occurrence of a change of control (as described in “Description of the Notes—Repurchase of Notes Upon a Change of Control”), you may require us to repurchase some or all of your notes at 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase.
Covenants	We have agreed to certain restrictions on incurring secured debt and entering into sale and leaseback transactions. See “Description of the Notes—Certain Covenants of AES.”
Book-Entry Form	The notes will be issued in registered book-entry form represented by one or more global notes to be deposited with or on behalf of The Depository Trust Company, or DTC, or its nominee. Transfers of the notes will be effected only through the facilities of DTC. Beneficial interests in the global notes may not be exchanged for certificated notes except in limited circumstances.
Trustee	Wells Fargo Bank, N.A.
Governing Law	The State of New York
Risk Factors	You should carefully consider the information and risks under the heading “Risk Factors” and incorporated by reference herein from our Annual Report for a description of some of the risks you should consider.

RISK FACTORS

If any of the following risks occur, our business, results of operations or financial condition could be materially adversely affected. You should carefully consider the risks discussed below, together with the financial and other information contained or incorporated by reference in this prospectus. In addition to the risk factors discussed below, you should read “Item 1A.—Risk Factors” in our Annual Report for more information about important risks that you should consider before exchanging old notes for new notes. You should also read the section captioned “Cautionary Note Regarding Forward-looking Statements” for a discussion of what types of statements are forward-looking as well as the significance of such statements in the context of this prospectus.

Risks Related to the Exchange Offer

If you choose not to exchange your old notes in the exchange offer, the transfer restrictions currently applicable to your old notes will remain in force and the market price of your old notes could decline.

If you do not exchange your old notes for new notes in the exchange offer, then you will continue to be subject to the transfer restrictions on the old notes as set forth in the offering memorandum distributed in connection with the private offering of the old notes. In general, the old notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement entered into in connection with the private offering of the old notes, we do not intend to register resales of the old notes under the Securities Act. The tender of old notes under the exchange offer will reduce the principal amount of the old notes outstanding, which may have an adverse effect upon, and increase the volatility of, the market price of the old notes due to reduction in liquidity.

You must follow the exchange offer procedures carefully in order to receive the new notes.

If you do not follow the procedures described in this prospectus, you will not receive any new notes. If you want to tender your old notes in exchange for new notes, you should allow sufficient time to ensure timely delivery. No one is under any obligation to give you notification of defects or irregularities with respect to tenders of old notes for exchange. For additional information, see the section captioned “The Exchange Offer” in this prospectus.

There are state securities law restrictions on the resale of the new notes.

In order to comply with the securities laws of certain jurisdictions, the new notes may not be offered or resold by any holder, unless they have been registered or qualified for sale in such jurisdictions or an exemption from registration or qualification is available and the requirements of such exemption have been satisfied. We currently do not intend to register or qualify the resale of the new notes in any such jurisdictions. However, generally an exemption is available for sales to registered broker-dealers and certain institutional buyers. Other exemptions under applicable state securities laws also may be available.

Risks Related to the Notes

The AES Corporation is a holding company and its ability to make payments on its outstanding indebtedness, including its debt securities, is dependent upon the receipt of funds from its subsidiaries by way of dividends, fees, interest, loans or otherwise.

The AES Corporation is a holding company with no material assets, other than the stock of its subsidiaries. All of The AES Corporation’s revenue is generated through its subsidiaries. Accordingly, almost all of The AES Corporation’s cash flow is generated by the operating activities of its subsidiaries. Therefore, The AES Corporation’s ability to make

payments on its indebtedness and to fund its other obligations is dependent not only on the ability of its subsidiaries to generate cash, but also on the ability of the subsidiaries to distribute cash to it in the form of dividends, fees, interest, loans or otherwise.

However, our subsidiaries face various restrictions in their ability to distribute cash to The AES Corporation. Most of the subsidiaries are obligated, pursuant to loan agreements, indentures or project financing arrangements, to satisfy certain

restricted payment covenants or other conditions before they may make distributions to The AES Corporation. In addition, the payment of dividends or the making of loans, advances or other payments to The AES Corporation may be subject to legal or regulatory restrictions. Business performance and local accounting and tax rules may limit the amount of retained earnings, which is in many cases the basis of dividend payments. Subsidiaries in foreign countries may also be prevented from distributing funds to The AES Corporation as a result of restrictions imposed by the foreign government or repatriating funds or converting currencies. Any right The AES Corporation has to receive any assets of any of our subsidiaries upon any liquidation, dissolution, winding up, receivership, reorganization, assignment for the benefit of creditors, marshaling of assets and liabilities or any bankruptcy, insolvency or similar proceedings (and the consequent right of the holders of our indebtedness to participate in the distribution of, or to realize proceeds from, those assets) will be effectively subordinated to the claims of any such subsidiary's creditors (including trade creditors and holders of debt issued by such subsidiary).

Our subsidiaries are separate and distinct legal entities and, unless they have expressly guaranteed any of our indebtedness, have no obligation, contingent or otherwise, to pay any amounts due pursuant to such debt or to make any funds available whether by dividends, fees, loans or other payments. While some of The AES Corporation's subsidiaries guarantee our indebtedness under our senior secured credit facility and certain other indebtedness, none of our subsidiaries guarantee, or are otherwise obligated with respect to, our outstanding public debt securities, including the notes offered hereby.

The notes will be effectively subordinated to the liabilities of our subsidiaries.

Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the notes offered hereby or to make any funds available therefor, whether by dividends, fees, loans or other payments. Any right we have to receive any assets of any of our subsidiaries upon any liquidation, dissolution, winding up, receivership, reorganization, assignment for the benefit of creditors, marshaling of assets and liabilities or any bankruptcy, insolvency or similar proceedings (and the consequent right of the holders of our indebtedness to participate in the distribution of, or to realize proceeds from, those assets) will be effectively subordinated to the claims of any such subsidiary's creditors (including trade creditors and holders of debt issued by such subsidiary). Accordingly, the notes will be effectively subordinated to all liabilities of our subsidiaries, including guarantees by our subsidiaries of our obligations and including our obligations under our senior secured credit facility. At March 31, 2012, our subsidiaries had approximately \$28.2 billion payable to third parties, including non-recourse debt, trade payables, and other liabilities (\$16.0 billion of which was non-recourse debt). The indenture governing the notes does not limit the ability of our subsidiaries to incur additional indebtedness, including guaranteeing debt of The AES Corporation.

The notes will be effectively subordinated to our secured debt.

The notes will be our unsecured general obligations, and therefore will be effectively subordinated to all of our secured debt to the extent of the value of the assets securing such debt. As of March 31, 2012, The AES Corporation had a total of approximately \$1.0 billion of secured debt outstanding, including amounts outstanding under our senior secured credit facility (excluding approximately \$12.0 million of letters of credit outstanding under our revolving credit facilities as of March 31, 2012), which is secured by, among other things, a lien on certain of our accounts and a pledge of many of our directly held subsidiaries. The indenture governing the notes limits but does not prohibit us from incurring additional secured debt and there are significant exceptions to this covenant. See "Description of the Notes—Certain Covenants of AES—Restrictions on Secured Debt."

We may not be able to repurchase the notes upon a change of control.

Upon a change of control (as defined under “Description of the Notes—Repurchase of Notes Upon a Change of Control”), we will be required to offer to repurchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest. The source of funds for any such purchase of the notes will be our available cash or cash generated from our subsidiaries’ operations or other sources, including borrowings, issuance of additional debt, sales of assets or sales of equity. We may not be able to satisfy our obligations to repurchase the notes upon a change of control because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control.

Credit rating downgrades could adversely affect the trading price of the notes.

The trading price for the notes may be affected by our credit rating. Credit ratings are continually revised. Any downgrade in our credit rating could adversely affect the trading price of the notes or the trading markets for the notes to the extent trading markets for the notes develop.

Risks Related to our High Level of Indebtedness

We have a significant amount of debt, a large percentage of which is secured, which could adversely affect our business and the ability to fulfill our obligations.

As of March 31, 2012, we had approximately \$22.2 billion of outstanding indebtedness on a consolidated basis. All outstanding borrowings under The AES Corporation's senior secured credit facility and certain other indebtedness are secured by certain of our assets, including the pledge of capital stock of many of The AES Corporation's directly held subsidiaries. Most of the debt of The AES Corporation's subsidiaries is secured by substantially all of the assets of those subsidiaries. Since we have such a high level of debt, a substantial portion of cash flow from operations must be used to make payments on this debt. Furthermore, since a significant percentage of our assets is used to secure this debt, this reduces the amount of collateral that is available for future secured debt or credit support and reduces our flexibility in dealing with these secured assets. This high level of indebtedness and related security could have other important consequences to us and our investors, including:

- making it more difficult to satisfy debt service and other obligations;
- increasing the likelihood of a credit rating downgrade of our debt, which can cause future debt payments to increase and consume an even greater portion of cash flow;
 - increasing our vulnerability to general adverse economic and industry conditions;
 - reducing the availability of cash flow to fund other corporate purposes and grow our business;
 - limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
 - placing us at a competitive disadvantage to our competitors that are not as highly leveraged; and
- limiting, along with the financial and other restrictive covenants relating to such indebtedness, among other things, our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase common stock.

The agreements governing our indebtedness, including the indebtedness of our subsidiaries, limit, but do not prohibit, the incurrence of additional indebtedness. To the extent we become more leveraged, the risks described above would increase. Furthermore, our actual cash requirements in the future may be greater than expected. Accordingly, our cash flows may not be sufficient to repay at maturity all of the outstanding debt, including the notes, as it becomes due and, in that event, we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms or at all to refinance our debt as it becomes due.

Even though The AES Corporation is a holding company, existing and potential future defaults by subsidiaries or affiliates could adversely affect The AES Corporation.

We attempt to finance our domestic and foreign projects primarily under loan agreements and related documents which, except as noted below, require the loans to be repaid solely from the project's revenues and provide that the repayment of the loans (and interest thereon) is secured solely by the capital stock, physical assets, contracts and cash flow of that project subsidiary or affiliate. This type of financing is usually referred to as non-recourse debt or "project financing." In some project financings, The AES Corporation has explicitly agreed to undertake certain limited obligations and contingent liabilities, most of which by their terms will only be effective or will be terminated upon the occurrence of future events. These obligations and liabilities take the form of guarantees, indemnities, letter of credit reimbursement agreements and agreements to pay, in certain circumstances, the project lenders or other parties.

As of March 31, 2012, we had approximately \$22.2 billion of outstanding indebtedness on a consolidated basis, of which approximately \$6.2 billion was recourse debt of The AES Corporation and approximately \$16.0 billion was non-recourse debt. In addition, we have outstanding guarantees, letters of credit, and other credit support commitments which are further described in our Annual Report.

Some of our subsidiaries are currently in default with respect to certain covenants under their respective debt agreements. The total debt classified as current in our consolidated balance sheets related to such defaults was approximately \$ 1.3 billion at March 31, 2012 . While the lenders under our non-recourse project financings generally do not have direct recourse to The AES Corporation (other than to the extent of any credit support given by The AES Corporation), defaults thereunder can still have important consequences for The AES Corporation, including, without limitation:

- reducing The AES Corporation’s receipt of subsidiary dividends, fees, interest payments, loans and other sources of cash since the project subsidiary will typically be prohibited from distributing cash to The AES Corporation during the default period;
- triggering The AES Corporation’s obligation to make payments under any financial guarantee, letter of credit or other credit support which The AES Corporation has provided to or on behalf of such subsidiary;
 - causing The AES Corporation to record a loss in the event the lender forecloses on the assets;
- triggering defaults in The AES Corporation’s outstanding debt and trust preferred securities. For example, The AES Corporation’s senior secured credit facility and outstanding senior notes include events of default for certain bankruptcy-related events involving material subsidiaries. In addition, The AES Corporation’s senior secured credit facility includes certain events of default relating to accelerations of outstanding debt of material subsidiaries; or
 - the loss or impairment of investor confidence in us.

None of the projects that are currently in default are owned by subsidiaries that meet the applicable definition of materiality in The AES Corporation’s senior secured credit facility in order for such defaults to trigger an event of default or permit acceleration under such indebtedness. However, as a result of future write-down of assets, dispositions and other matters that affect our financial position and results of operations, it is possible that one or more of these subsidiaries could fall within the definition of a “material subsidiary” and thereby upon an acceleration of such subsidiary’s debt, trigger an event of default and possible acceleration of the indebtedness under The AES Corporation’s senior secured credit facility or other indebtedness of The AES Corporation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes or incorporates by reference certain “forward-looking statements” that involve many risks and uncertainties. Forward-looking statements express an expectation or belief and contain a projection, plan or assumption with regard to, among other things, our future revenues, income, expenses or capital structure. Such statements of future events or performance are not guarantees of future performance and involve estimates, assumptions and uncertainties. The words “could,” “may,” “predict,” “anticipate,” “would,” “believe,” “estimate,” “expect,” “forecast,” “project,” “objective,” “intend,” “continue,” “should,” “plan,” and similar expressions, or the negatives thereof, are intended to identify forward-looking statements unless the context requires otherwise. These forward-looking statements are based on management’s present expectations and beliefs about future events. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. We are under no obligation to, and expressly disclaim any obligation to, update or alter the forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Important factors that could cause actual results to differ materially from those reflected in such forward-looking statements and that should be considered in evaluating our outlook include, but are not limited to, the following:

- the economic climate, particularly the state of the economy in the areas in which we operate, including the fact that the global economy faces considerable uncertainty for the foreseeable future, which further increases many of the risks discussed in the Annual Report;

• changes in inflation, demand for power, interest rates and foreign currency exchange rates, including our ability to hedge our interest rate and foreign currency risk;

• changes in the price of electricity at which our Generation businesses sell into the wholesale market and our Utility businesses purchase to distribute to their customers, and the success of our risk management practices, such as our ability to hedge our exposure to such market price risk;

• changes in the prices and availability of coal, gas and other fuels (including our ability to have fuel transported to our facilities) and the success of our risk management practices, such as our ability to hedge our exposure to such market price risk, and our ability to meet credit support requirements for fuel and power supply contracts;

• changes in and access to the financial markets, particularly changes affecting the availability and cost of capital in order to refinance existing debt and finance capital expenditures, acquisitions, investments and other corporate purposes;

• our ability to manage liquidity and comply with covenants under our recourse and non-recourse debt, including our ability to manage our significant liquidity needs and to comply with covenants under our senior secured credit facility and other existing financing obligations;

• changes in our or any of our subsidiaries’ corporate credit ratings or the ratings of our or any of our subsidiaries’ debt securities or preferred stock, and changes in the rating agencies’ ratings criteria;

- our ability to purchase and sell assets at attractive prices and on other attractive terms;
- our ability to compete in markets where we do business;

- our ability to manage our operational and maintenance costs;
- the performance and reliability of our generating plants, including our ability to reduce unscheduled down-times;
- our ability to locate and acquire attractive “greenfield” projects and our ability to finance, construct and begin operating our “greenfield” projects on schedule and within budget;

our ability to enter into long-term contracts, which limit volatility in our results of operations and cash flows, such as Power Purchase Agreements (“PPA”), fuel supply, and other agreements and to manage counterparty credit risks in these agreements;

variations in weather, especially mild winters and cooler summers in the areas in which we operate, low levels of wind or sunlight for our wind and solar businesses, and the occurrence of difficult hydrological conditions for our hydro power plants, as well as hurricanes and other storms and disasters;

our ability to meet our expectations in the development, construction, operation and performance of our wind businesses, which rely, in part, on actual wind conditions and wind turbine performance being in line with our expectations;

the success of our initiatives in other renewable energy projects, as well as greenhouse gas emissions reduction projects and energy storage projects;

- our ability to keep up with advances in technology;
- the potential effects of threatened or actual acts of terrorism and war;

the expropriation or nationalization of our businesses or assets by foreign governments, whether with or without adequate compensation;

- our ability to achieve expected rate increases in our Utility businesses;
- changes in laws, rules and regulations affecting our international businesses;

changes in laws, rules and regulations affecting our North America business, including, but not limited to, deregulation of wholesale power markets and its effects on competition, the ability to recover net utility assets and other potential stranded costs by our utilities, the establishment of a regional transmission organization that includes our utility service territory, the application of market power criteria by the Federal Energy Regulatory Commission, changes in law resulting from new federal energy legislation, including the effects of the repeal of Public Utility Holding Company Act of 1935, and changes in political or regulatory oversight or incentives affecting our wind business, our solar joint venture, our other renewables projects and our initiatives in greenhouse gas reductions and energy storage including tax incentives;

changes in environmental laws, including requirements for reduced emissions of sulfur, nitrogen, carbon, mercury, hazardous air pollutants and other substances, greenhouse gas legislation, regulation and/or treaties and coal ash regulation;

- changes in tax laws and the effects of our strategies to reduce tax payments;
- the effects of litigation and government and regulatory investigations;
- our ability to maintain adequate insurance;

decreases in the value of pension plan assets, increases in pension plan expenses and our ability to fund defined benefit pension and other post-retirement plans at our subsidiaries;

-

losses on the sale or write-down of assets due to impairment events or changes in management intent with regard to either holding or selling certain assets;

- changes in accounting standards, corporate governance and securities law requirements;
- our ability to maintain effective internal control over financial reporting;

our ability to attract and retain talented directors, management and other personnel, including, but not limited to, financial personnel in our foreign businesses that have extensive knowledge of accounting principles generally accepted in the United States;

the performance of business and asset acquisitions, including our recent acquisition of DPL Inc., and our ability to successfully integrate and operate acquired businesses and assets, such as DPL, and effectively realize anticipated benefits; and

- information security breaches could harm our businesses.

All such factors are difficult to predict, contain uncertainties that may materially affect actual results, and many are beyond our control. See “Risk Factors” in this prospectus and “Item 1A.—Risk Factors” in the Annual Report for a more detailed discussion of the foregoing and certain other factors that could cause actual results to differ materially from those reflected in such forward-looking statements and that should be considered in evaluating our outlook.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the new notes. The new notes will be exchanged for old notes as described in this prospectus upon our receipt of old notes. We will cancel all of the old notes surrendered in exchange for the new notes.

Our net proceeds from the sale of the old notes were approximately \$978,980,000, after deduction of the initial purchasers' discounts and commissions and other expenses of the offering. The proceeds from the offering were used to partially finance our acquisition of DPL, which was consummated in November 2011, and to pay related fees and expenses.

RATIO OF EARNINGS TO FIXED CHARGES

The following table presents our ratio of earnings to fixed charges for the periods indicated:

	Three Months Ended March 31, 2012	2011	2010	Year Ended December 31,		
				2009	2008	2007
Ratio of earnings to fixed charges	2.62	2.12	1.96	2.24	2.25	1.50

For the purpose of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes and equity in earnings of affiliates:

Plus:

- fixed charges,
- amortization of previously capitalized interest, and
- distributed earnings of equity method investments.

Less:

- capitalized interest,
- preference security dividend requirements of consolidated subsidiaries, and
- noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges.

Fixed charges consist of:

- interest including amortization of premium and discount on all indebtedness,
- capitalized interest, and
- preference security dividend requirements of consolidated subsidiaries.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets forth our selected financial data as of the dates and for the periods indicated. The selected financial data for each of the years in the three year period ended December 31, 2011 and as of December 31, 2011 and 2010 have been derived from our audited consolidated financial statements incorporated by reference herein. The selected financial data for each of the years in the two year period ended December 31, 2008 and as of December 31, 2009, 2008 and 2007 have been derived from our audited consolidated financial statements not incorporated by reference herein. The selected financial data for the three months ended March 31, 2012 and 2011 and as of March 31, 2012 have been derived from our unaudited consolidated financial statements incorporated by reference herein. Prior period amounts have been restated to reflect discontinued operations in all periods presented. Our historical results are not necessarily indicative of our future results and historical results for any interim period are not necessarily indicative of our results for the entire year.

The selected consolidated financial information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and the corresponding notes in our Current Report on Form 8-K filed on June 26, 2012, which updates certain disclosures in the Annual Report, and the Quarterly Report, which are incorporated by reference in this prospectus.

Statement of Operations Data:	Three Months Ended March 31,		Year Ended December 31,				
	2012(1)	2011	2011(1)	2010	2009 (in millions)	2008	2007
Revenue	\$4,740	\$4,156	\$17,128	\$15,685	\$12,974	\$14,034	\$11,739
Income from continuing operations(2)	519	490	1,534	1,461	1,798	1,836	552
Income from continuing operations attributable to The AES Corporation, net of tax	345	237	451	476	718	1,093	172
Discontinued operations, net of tax	(4)	(13)	(393)	(467)	(60)	141	(267)
Net income (loss) attributable to The AES Corporation	\$341	\$224	\$58	\$9	\$658	\$1,234	\$(95)

Balance Sheet Data:	March 31,	December 31,		2010	2009	2008	2007
	2012	2011	2011				

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	(in millions)					
Total assets	\$45,431	\$45,333	\$40,511	\$39,535	\$34,806	\$34,453
Non-recourse debt (long-term)	\$13,841	\$13,412	\$11,084	\$11,532	\$10,443	\$9,794
Non-recourse debt (long-term) - Discontinued operations	\$517	\$1,198	\$1,460	\$1,332	\$1,426	\$1,536
Recourse debt (long-term)	\$6,179	\$6,180	\$4,149	\$5,301	\$4,994	\$5,332
Cumulative preferred stock of subsidiaries	\$78	\$78	\$60	\$60	\$60	\$60
Retained earnings (accumulated deficit)	\$1,019	\$678	\$620	\$650	\$(8)	\$(1,241)
The AES Corporation stockholders' equity	\$6,489	\$5,946	\$6,473	\$4,675	\$3,669	\$3,164

- (1) DPL was acquired on November 28, 2011 and its results of operations have been included in AES' consolidated results of operations from the date of acquisition. See "Note 23 Acquisitions and Dispositions to the Consolidated Financial Statements" included in "Item 8. Financial Statements and Supplementary Data" of the Current Report on Form 8-K filed on June 26, 2012 for further information.
- (2) Includes pretax impairment expense of \$242 million, \$410 million, \$142 million, \$175 million and \$408 million for the years ended December 31, 2011, 2010, 2009, 2008 and 2007, respectively, and \$11 million for the three months ended March 31, 2012.

DESCRIPTION OF THE NOTES

The notes will be issued under an indenture dated as of December 8, 1998 between AES and Wells Fargo Bank, N.A., as successor to Bank One, National Association (formerly known as The First National Bank of Chicago), as trustee (the “Trustee”), as amended by a ninth supplemental indenture, dated as of April 3, 2003 and a fifteenth supplemental indenture dated June 15, 2011 between AES and the Trustee (collectively, the “Indenture”). The following summaries of certain provisions of the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Indenture, including the definition in the Indenture of certain terms. Wherever particular sections or defined terms of the Indenture are referred to, such sections or defined terms are incorporated in this prospectus.

As used herein, the terms “AES,” “we,” “us” and “our” mean The AES Corporation, and do not include any of its subsidiaries.

The Indenture does not limit the aggregate principal amount of indebtedness which may be issued thereunder and provides that senior debt securities may be issued thereunder from time to time in one or more series.

General

The notes will be issued as a separate series of notes under the Indenture and will not be limited in aggregate principal amount. Additional notes may be issued under the Indenture from time to time as part of such series of notes.

The notes will be our direct, unsecured and unsubordinated obligations and will rank:

- equal in right of payment with all of our senior unsecured debt;
- effectively junior in right of payment to (a) our secured debt to the extent of the value of the assets securing such debt and (b) the debt and other liabilities (including trade payables) of our subsidiaries; and
- senior in right of payment to our subordinated debt.

As of March 31, 2012 :

- we had approximately \$4.6 billion of senior unsecured debt, \$1.0 billion of secured debt under our senior secured credit facility (excluding approximately \$12.0 million of letters of credit outstanding under our revolving credit facilities) and \$517.0 million of subordinated debt; and
- our subsidiaries had approximately \$28.2 billion payable to third parties, including non-recourse debt, trade payables, and other liabilities (\$16.0 billion of which was non-recourse debt).

The indenture under which the notes will be issued contains no restrictions on the amount of additional unsecured indebtedness that we may incur or the amount of indebtedness (whether secured or unsecured) that our subsidiaries may incur. The indenture permits us to incur secured debt subject to the covenants described under “—Certain Covenants of AES—Restrictions on Secured Debt.”

The entire principal amount of the notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on July 1, 2021. The notes are not subject to any sinking fund provision.

Interest

The notes shall bear interest at 7.375% per annum from the date of original issuance, payable semiannually on January 1 and July 1 of each year to the person in whose name such note is registered at the close of business on the fifteenth calendar day prior to such payment date. The next Interest Payment Date is July 1, 2012. The amount of interest payable will be computed on the basis of a 360-day year of twelve 30-day months. In the event that any date on which interest is payable on the notes is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except

that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

Repurchase of Notes Upon a Change of Control

Upon a Change of Control (as defined below), each holder of the notes shall have the right to require that AES repurchase such holder's notes at a repurchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase.

Certain of the events constituting a Change of Control under the notes will also constitute an event of default under AES's senior secured credit facilities and other debt instruments. Due to the highly leveraged nature of AES, there can be no assurance that AES will have sufficient funds to purchase tendered notes upon a Change of Control.

The Change of Control provisions will not necessarily afford protection to holders, including protection against an adverse effect on the value of the notes, in the event that AES or its Subsidiaries incur additional debt, whether through recapitalizations or otherwise. The Change of Control provisions will not prevent a change in the Board of Directors which is approved by the then-present members of the Board of Directors. See the definition for "Change of Control" below. With respect to a sale of assets, the phrase "all or substantially all," which appears in the definition of Change of Control, has not gained an established meaning. In interpreting this phrase, courts have made subjective determinations, considering such factors as the value of the assets conveyed and the proportion of an entity's income derived from such assets. Accordingly, there may be uncertainty as to whether a holder can determine whether a Change of Control has occurred and can exercise any remedies such holder may have upon a Change of Control.

Within 30 days following any Change of Control, AES shall mail a notice to each holder of the notes with a copy to the trustee stating:

- (1) that a Change of Control has occurred and that such holder has the right to require AES to repurchase such holder's notes at a repurchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase (the "Change of Control Offer");
- (2) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control);
- (3) the repurchase date (which shall be not earlier than 30 days or later than 60 days from the date such notice is mailed) (the "Repurchase Date");
- (4) that any note not tendered will continue to accrue interest;
- (5) that any note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Repurchase Date unless AES defaults in depositing the purchase amount;
- (6) that holders electing to have a note purchased pursuant to a Change of Control Offer will be required to surrender the note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the note completed, to the paying agent at the address specified in the notice prior to the close of business on the Repurchase Date;
- (7) that holders will be entitled to withdraw their election if the paying agent receives, not later than the close of business on the third Business Day (or such shorter periods as may be required by applicable law) preceding the Repurchase Date, a telegram, telex, facsimile transmission or letter setting forth the name of the holder, the principal amount of notes the holder delivered for purchase, and a statement that such holder is withdrawing his

election to have such notes purchased; and

(8) that holders which elect to have their notes purchased only in part will be issued new notes in a principal amount equal to the unpurchased portion of the notes surrendered.

On the Repurchase Date, AES shall:

- accept for payment notes or portions thereof tendered pursuant to the Change of Control Offer;

- deposit with the trustee money sufficient to pay the purchase price of all notes or portions thereof so tendered; and
- deliver or cause to be delivered to the trustee notes so accepted together with an officers' certificate identifying the notes or portions thereof tendered to AES.

The trustee shall promptly mail to the holders of the notes so accepted payment in an amount equal to the purchase price, and promptly authenticate and mail to such holders a new note in a principal amount equal to any unpurchased portion of the note surrendered. AES will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Repurchase Date.

AES will comply with all applicable tender offer rules, including without limitation Rule 14e-1 under the Exchange Act, in connection with a Change of Control Offer.

“Affiliate” means, as applied to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”) when used with respect to any Person is defined to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Board of Directors” means either the Board of Directors of AES or (except for the purposes of clause (iii) of the definition of “Change of Control”) any committee of such Board duly authorized to act under the Indenture.

“Capital Stock” shall mean, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of, or interests in (however designated), the equity of such Person which is outstanding or issued on or after the date of the Indenture, including, without limitation, all Common Stock and Preferred Stock and partnership and joint venture interests of such Person.

“Common Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of common stock of such Person which is outstanding or issued on or after the date of the Indenture, including, without limitation, all series and classes of such common stock.

“Change of Control” shall mean the occurrence of one or more of the following events: (i) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of AES (determined on a consolidated basis) to any Person or group (as that term is used in Section 13(d)(3) of the Exchange Act) of Persons, (ii) a Person or group (as so defined) of Persons shall have become the beneficial owner of more than 50% of the outstanding Voting Stock of AES, or (iii) during any one-year period, individuals who at the beginning of such period constituted the Board of Directors (together with any new director whose election or nomination was approved by a majority of the directors then in office who were either directors at the beginning of such period or who were previously so approved) cease to constitute a majority of the Board of Directors.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Preferred Stock” is defined to mean, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of preferred or preference stock of such Person which is outstanding or issued on or after the date of the Indenture.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors of such Person or other Persons performing similar functions.

Optional Redemption

Prior to the 30th day before the maturity date, the notes are subject to redemption upon not less than 30 nor more than 60 days’ notice by mail, as a whole or in part, at the election of AES, at a price equal to the sum of (i) 100% of the principal amount thereof plus accrued interest to the redemption date plus (ii) the Make-Whole Amount, if any.

At any time on or after the 30th day prior to the maturity date, the notes will be redeemable in whole or in part, at the election of AES, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest on the notes to be redeemed to the date of redemption.

“Make-Whole Amount” shall mean, in connection with any optional redemption of any note, the excess, if any, of (i) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest (exclusive of interest accrued to the redemption date) that would have been payable in respect of such dollar if such prepayment had not been made, determined by discounting, on a semiannual basis, such principal and interest at the Reinvestment Rate (determined on the Business Day preceding the date of such redemption) from the respective dates on which such principal and interest would have been payable if such payment had not been made, over (ii) the aggregate principal amount of the notes being redeemed.

“Reinvestment Rate” shall mean 0.50% plus the arithmetic mean of the yields under the respective headings for the two immediately preceding weeks in the most recently published Statistical Release under the caption “Treasury Constant Maturities” for the maturity (rounded to the nearest month) corresponding to the maturity of the principal being prepaid. If no maturity exactly corresponds to such maturity, yields for the two published maturities most closely corresponding to such maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purpose of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Amount shall be used.

“Statistical Release” shall mean the statistical release designated “H.15(519)” or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded United States government securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination under the Indenture, then such other reasonably comparable index which shall be designated by AES.

The Make Whole Amount shall be calculated by AES and the Trustee shall have no obligation to calculate such amount or to verify or confirm such amount as determined by AES.

Certain Covenants of AES

Restrictions on Secured Debt. If AES shall incur, issue, assume or guarantee any indebtedness for borrowed money represented by notes, bonds, debentures or other similar evidences of indebtedness, secured by a mortgage, pledge or other lien on any Principal Property (as defined below) or any capital stock or indebtedness held directly by AES or any Subsidiary of AES, AES shall secure the notes equally and ratably with (or prior to) such indebtedness, so long as such indebtedness shall be so secured, unless after giving effect thereto the aggregate amount of all such indebtedness so secured, together with all Attributable Debt (as defined below) in respect of sale and leaseback transactions involving Principal Properties, would not exceed 15% of the Consolidated Net Assets (as defined below) of AES. This restriction will not apply to, and there shall be excluded in computing secured indebtedness for the purpose of such restriction, indebtedness secured (a) by property of any Subsidiary of AES, (b) liens on property of, or on any shares of stock or debt of, any corporation existing at the time such corporation becomes a Subsidiary, (c) liens in favor of AES or any Subsidiary, (d) liens in favor of United States or foreign governmental bodies to secure partial, progress, advance or other payments, (e) liens on property, shares of stock or debt existing at the time of acquisition thereof (including acquisition through merger or consolidation), purchase money mortgages and construction cost mortgages existing at or incurred within 180 days of the time of acquisition thereof, (f) liens existing on the first date on which any notes issued under the Indenture are authenticated by the Trustee, (g) liens under one or more credit facilities for indebtedness in an aggregate principal amount not to exceed \$900 million at any time outstanding, (h) liens incurred in connection with pollution control, industrial revenue or similar financings, and any extension, renewal or replacement of any debt secured by any liens referred to in the foregoing clauses (a) through (h), inclusive.

“Principal Property” means any building, structure or other facility (together with the land on which it is erected and fixtures comprising a part thereof) used primarily for manufacturing, processing, research, warehousing or distribution owned or leased by AES and having a net book value in excess of 2% of Consolidated Net Assets, other than any such building, structure or other facility or portion thereof which is a pollution control facility financed by state or local governmental obligations or which the principal executive officer, president and principal financial officer of AES

determine in good faith is not of material importance to the total business conducted or assets owned by AES and its Subsidiaries as an entirety.

“Consolidated Net Assets” means the aggregate amount of assets (less reserves and other deductible items) after deducting current liabilities, as shown on the consolidated balance sheet of AES and its Subsidiaries contained in the latest annual report to the stockholders of AES and prepared in accordance with generally accepted accounting principles.

“Attributable Debt” means the present value (discounted at the rate of 8.0% per annum compounded monthly) of the obligations for rental payments required to be paid during the remaining term of any lease of more than 12 months.

“Subsidiary” means, with respect to any person, any corporation, association or other business entity of which a majority of the capital stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such person.

Restrictions on Sales and Leasebacks. AES may not enter into any sale and leaseback transaction involving any Principal Property, the acquisition or completion of construction and commencement of full operation of which has occurred more than 180 days prior thereto, unless (a) AES could incur a lien on such property under the restrictions described above under “Restrictions on Secured Debt” in an amount equal to the Attributable Debt with respect to the sale and leaseback transaction without equally and ratably securing the notes or (b) AES, within 180 days after the sale or transfer by AES, applies to the retirement of its funded debt (defined as indebtedness for borrowed money having a maturity of, or by its terms extendible or renewable for, a period of more than 12 months after the date of determination of the amount thereof) an amount equal to the greater of (i) the net proceeds of the sale of the Principal Property sold and leased pursuant to such arrangement or (ii) the fair market value of the Principal Property so sold and leased (subject to credits for certain voluntary retirements of funded debt) as determined by the Board of Directors of AES.

Events of Default

With respect to the notes, an Event of Default, as defined in the Indenture, will occur if:

- (1) we default in paying principal or premium, if any, on the notes when due, upon acceleration, redemption or otherwise;
 - (2) we default in paying interest on the notes when they become due, and the default continues for a period of 30 days;
 - (3) we default in performing or breach any other covenant or agreement in the Indenture with respect to the notes and the default or breach continues for a period of 60 consecutive days after written notice by the Trustee or by the holders of 25% or more in aggregate principal amount of all series of notes issued under the Indenture affected thereby;
- (4) a court having jurisdiction enters a decree or order for:
- relief in respect of AES or any of our Material Subsidiaries in an involuntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect,
 - appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official of AES or any of our Material Subsidiaries or for all or substantially all of the property and assets of AES or any of our Material

Subsidiaries, or

- the winding up or liquidation of the affairs of AES or any of our Material Subsidiaries and, in each case, such decree or order shall remain unstayed and in effect for a period of 60 consecutive days;

(5) AES or any of its Material Subsidiaries:

- commences a voluntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law,

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- consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official of AES or any of its Material Subsidiaries or for all or substantially all of the property and assets of AES or any of its Material Subsidiaries, or
 - effects any general assignment for the benefit of creditors; or
- (6) an event of default, as defined in any indenture or instrument evidencing or under which AES has at the date of the Indenture or shall thereafter have outstanding any indebtedness, shall happen and be continuing and either (a) such default results from the failure to pay the principal of such indebtedness in excess of \$50 million at final maturity of such indebtedness or (b) as a result of such default the maturity of such indebtedness shall have been accelerated so that the same shall be or become due and payable prior to the date on which the same would otherwise have become due and payable, and such acceleration shall not be rescinded or annulled within 60 days and the principal amount of such indebtedness, together with the principal amount of any other indebtedness of AES in default, or the maturity of which has been accelerated, aggregates \$50 million or more; provided that the Trustee shall not be charged with knowledge of any such default unless written notice thereof shall have been given to the Trustee by AES, by the holder or an agent of the holder of any such indebtedness, by the trustee then acting under any indenture or other instrument under which such default shall have occurred, or by the holders of not less than 25% in the aggregate principal amount of such series of notes at the time outstanding; and provided further that if such default shall be remedied or cured by AES or waived by the holder of such indebtedness, then the Event of Default under the Indenture by reason thereof shall be deemed likewise to have been remedied, cured or waived without further action on the part of the Trustee, any holder of notes of such series or any other person.

If an Event of Default with respect to the notes (other than an Event of Default specified in clause (4) or (5) with respect to AES) occurs and continues, then the Trustee or the holders of at least 25% in principal amount of the notes may, by written notice to us, and the Trustee at the request of at least 25% in principal amount of the notes will, declare the principal, premium, if any, and accrued interest on the notes to be immediately due and payable. Upon declaration of acceleration, the principal, premium, if any, and accrued interest on the notes shall be immediately due and payable.

If an Event of Default specified in clause (4) or (5) above occurs with respect to AES, the principal, premium, if any, and accrued interest on the notes shall be immediately due and payable, without any declaration or other act on the part of the Trustee or any holder. The holders of at least a majority in principal amount of the notes of all series issued under the Indenture that have been accelerated (voting as a single class), by written notice to us and to the Trustee, waive all past defaults with respect to the notes of such series and rescind and annul a declaration of acceleration with respect to the notes of such series if:

- all existing Events of Default, other than the nonpayment of the principal, premium, if any, and interest on the notes of such series that have become due solely by that declaration of acceleration, have been cured or waived; and
 - the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

For information as to the waiver of defaults, see “—Modification and Waiver.”