

AES CORP
 Form 424B2
 May 12, 2016
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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of Registration Fee(1)
6.000% Notes due 2026	\$500,000,000	100.00%	\$500,000,000	\$50,350

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-209671

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED FEBRUARY 23, 2016

\$500,000,000

6.000% Senior Notes due 2026

Interest payable on May 15 and November 15

We are offering \$500 million aggregate principal amount of 6.000% Senior Notes due 2026. We will pay interest on the notes on May 15 and November 15 of each year, beginning November 15, 2016. The notes will mature on May 15, 2026, unless earlier repurchased by us.

*We may redeem all or a part of the notes on or after May 15, 2021, on any one or more occasions, as described in this prospectus supplement under the caption *Description of the Notes Optional Redemption*. In addition, at any time prior to May 15, 2021, we may redeem all or a part of the notes, on any one or more occasions, at a redemption price equal to 100.00% of the principal amount of the notes to be redeemed plus a make-whole premium as of, and accrued and unpaid interest, if any, to, but not including, the date of redemption, as described in this prospectus supplement under the caption *Description of the Notes Optional Redemption*. In addition, at any time, and on one or more occasions, prior to May 15, 2019, we may redeem in the aggregate for all such redemptions up to 35% of the aggregate principal amount of the notes with the net cash proceeds from certain equity offerings at the redemption price equal to 106.00% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption, as described in this prospectus supplement under the caption *Description of the Notes Optional Redemption*.*

Upon the occurrence of a change of control triggering event, you may require us to repurchase some or all of your notes at 101.00% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of repurchase.

The notes will be our senior unsecured obligations ranking equally with all of our other unsecured debt and effectively junior to our secured debt, including our senior secured credit facility, and structurally subordinated to the debt and other liabilities (including trade payables) of our subsidiaries. The notes will be issued only in registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-9 of this prospectus supplement.

	<i>Price to Public(1)</i>	<i>Underwriting Discount</i>	<i>Proceeds, Before Expenses, to Us</i>
<i>Per Note</i>	<i>100.00%</i>	<i>1.00%</i>	<i>99.00%</i>
<i>Total</i>	<i>\$500,000,000</i>	<i>\$5,000,000</i>	<i>\$495,000,000</i>

(1) Plus accrued interest, if any, from May 25, 2016, if settlement occurs after that date.

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

The underwriters expect to deliver the notes to purchasers in book-entry form on or about May 25, 2016.

Joint Book-Running Managers

*Morgan Stanley
BofA Merrill Lynch*

*Deutsche Bank Securities
Co-Managers*

*Barclays
J.P. Morgan*

BNP PARIBAS Credit Agricole CIB HSBC Ramirez & Co., Inc. SOCIETE GENERALE
The date of this prospectus supplement is May 11, 2016.

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PROSPECTUS

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We and the underwriters have not authorized anyone to provide any information other than that contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any relevant free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer or sale of notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate only as of the date appearing on the front cover of this prospectus supplement or the accompanying prospectus, as applicable, or the date of the applicable incorporated document. Our business, financial

condition, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) utilizing a shelf registration process. Under this shelf registration process, we are offering to sell the notes using this prospectus supplement and the accompanying prospectus. This prospectus supplement describes the specific terms of this offering. The accompanying prospectus gives more general information, some of which may not apply to this offering. You should read this prospectus supplement together with the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus before making a decision to invest in the notes. If the information in this prospectus supplement or the information incorporated by reference into this prospectus supplement is inconsistent with the accompanying prospectus, the information in this prospectus supplement or the information incorporated by reference into this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

INCORPORATION BY REFERENCE

We have incorporated by reference into this prospectus supplement and the accompanying prospectus certain documents that we file with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. This information incorporated by reference is a part of this prospectus supplement and the accompanying prospectus, unless we provide you with different information in this prospectus supplement or the information is modified or superseded by a subsequently filed document. Any information referred to in this way is considered part of this prospectus supplement and the accompanying prospectus from the date we file that document.

This prospectus supplement and the accompanying prospectus incorporate the documents listed below that we have previously filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the SEC's rules and regulations), which contain important information about us, our business, our financial condition and various important risks you should consider before investing in the notes:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (the Annual Report), filed with the SEC on February 24, 2016;

our Definitive Proxy Statement on Schedule 14A, filed with the SEC on March 7, 2016;

our Quarterly Report on Form 10-Q for the period ended March 31, 2016, filed with the SEC on May 6, 2016 (the Quarterly Report); and

our Current Reports on Form 8-K filed with the SEC on April 22, 2016 and May 9, 2016 (solely with respect to Items 1.01 and 2.03).

Any reports filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) on or after the date of this prospectus supplement and before the completion of this offering of the notes will be deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus and will automatically update, where applicable, and supersede any information contained in this prospectus supplement or the accompanying prospectus or incorporated by reference into this prospectus

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supplement and the accompanying prospectus. 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 have furnished or may from time to time furnish with the SEC is or will be incorporated by reference into, or otherwise included in, this prospectus supplement or the accompanying prospectus.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document that we file with the SEC at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at <http://www.sec.gov>, from which you can access our filings with the SEC.

We have filed a registration statement on Form S-3 with the SEC with respect to the notes offered hereby. This prospectus supplement and the accompanying prospectus do not contain all of the information included in the registration statement, and you should refer to the registration statement and its exhibits for that information.

Any statement contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein concerning, describing or summarizing the provisions of any document filed with the SEC is not necessarily complete, and is qualified in its entirety by reference to the full text of the document filed.

You may obtain, at no cost, copies of each of the documents incorporated by reference into this prospectus supplement or the accompanying prospectus (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference in 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.

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SUMMARY

*The following summary contains certain information about us and the offering of the notes. It does not contain all of the information that may be important to you in making a decision to invest in the notes. We urge you to carefully read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein, including our financial statements and related notes. You should also read the sections entitled *Risk Factors* and *Forward-Looking Statements* in this prospectus supplement, our Annual Report, our Quarterly Report and any subsequently filed Exchange Act reports for a discussion of important risks that you should consider before investing in the notes.*

*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, a publicly held holding company, The AES Corporation, excluding its subsidiaries and affiliates.*

THE AES CORPORATION

We are a diversified power generation and utility company organized into six market-oriented Strategic Business Units (SBU s): US (United States), Andes (Chile, Colombia, and Argentina), Brazil, MCAC (Mexico, Central America and Caribbean), Europe, and Asia.

Strategy

We are focused on the following priorities:

Leveraging our platforms We are focusing our growth on platform expansions in markets where we already operate and have a competitive advantage to realize attractive risk-adjusted returns. We currently have 5,945 MW under construction. These projects represent \$7.5 billion in total capital expenditures, with the majority of AES \$1.3 billion in equity already funded. We expect the majority of these projects to come on-line through 2018. Beyond the projects we currently have under construction, we will continue to advance select projects from our development pipeline.

Reducing complexity By exiting businesses and markets where we do not have a competitive advantage, we are simplifying our portfolio and reducing risk. During the first quarter of 2016, we announced or closed \$249 million in equity proceeds from the sales or sell-downs of four businesses.

Performance excellence We strive to be the low-cost manager of a portfolio of assets and to derive synergies and scale from our businesses. In late 2015, we launched a \$150 million cost reduction and revenue enhancement initiative. This initiative will include overhead reductions, procurement efficiencies and operational improvements. We expect to achieve at least \$50 million in savings in 2016, ramping up to a total of \$150 million in 2018.

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Expanding access to capital We are building strategic partnerships at the project- and business-levels. Through these partnerships, we aim to optimize our risk-adjusted returns in our existing businesses and growth projects. By selling down portions of certain businesses, we can adjust our global exposure to commodity, fuel, country and other macroeconomic risks. Partial sell-downs of our assets can also serve to highlight or enhance the value of businesses in our portfolio.

Allocating capital in a disciplined manner Our top priority is to maximize risk-adjusted returns to our shareholders, which we achieve by investing our discretionary cash and recycling the capital we receive from asset sales and strategic partnerships. In the first quarter of 2016, we generated substantial cash by executing on our strategy, which we allocated in line with our capital allocation framework:

- i Used \$116 million to prepay Parent Company debt;
- i Returned \$151 million to shareholders through share repurchases and quarterly dividends; and
- i Invested \$139 million in our subsidiaries.

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Within our six SBUs, as discussed above, we have two lines of business. The first business line is generation, where we own and/or operate power plants to generate and sell power to customers, such as utilities, industrial users, and other intermediaries. The second business line is utilities, where we own and/or operate utilities to generate or purchase, distribute, transmit and sell electricity to end-user customers in the residential, commercial, industrial and governmental sectors within a defined service area. In certain circumstances, our utilities also generate and sell electricity on the wholesale market.

The following table summarizes our generation business by capacity and facilities and our utilities business by customers, capacity and facilities for each SBU as of March 31, 2016.

SBU	Generation Capacity (Gross MW)	Generation Facilities	Utility Customers	Utility GWh	Utility Businesses
US					
Generation	5,579	18			
Utilities	5,794	16	1.0 million	31,112	2
Andes					
Generation	8,141	33			
Brazil					
Generation	3,298	13			
Utilities			8.2 million	56,861	2
MCAC					
Generation	3,239	16			
Utilities			1.3 million	3,754	4
Europe					
Generation	6,781	12			
Asia					
Generation	2,290	3			
	35,122(1)	111	10.5 million	91,727	8

(1) 26,144 proportional MW. Proportional MW is equal to gross MW of a generation facility multiplied by AES equity ownership percentage in such facility.

Generation

We currently own and/or operate a generation portfolio of 29,327 MW, excluding the generation capabilities of our integrated utilities. Our generation fleet is diversified by fuel type. As a percentage of installed capacity, coal and natural gas each account for 34% and 34%, respectively, of our generating capacity. Renewables, including hydro, wind and energy storage, represent 28% of our generating capacity and oil, diesel and petroleum coke comprise the rest.

Performance drivers of our generation businesses include types of electricity sales agreements, plant reliability and flexibility, fuel costs, fixed-cost management, sourcing and competition.

Utilities

AES eight utility businesses distribute power to more than 10 million people in three countries. AES two utilities in the United States also include generation capacity totaling 5,794 MW. The utility businesses have a variety of structures, ranging from integrated utility to pure transmission and distribution businesses.

In general, our utilities sell electricity directly to end-users, such as homes and businesses, and bill customers directly. Key performance drivers for utilities include the regulated rate of return and tariff, seasonality, weather variations, economic activity, reliability of service and competition.

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COMPANY INFORMATION

We were incorporated in the State of Delaware in 1981. Our principal executive office is located at 4300 Wilson Boulevard, Arlington, Virginia 22203, and our telephone number is (703) 522-1315.

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

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The table below presents our summary historical consolidated financial information for the periods presented, which should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and the audited consolidated financial statements and related notes in our Annual Report and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and our unaudited condensed consolidated financial statements and related notes in our Quarterly Report, which are incorporated by reference herein.

The summary consolidated balance sheet data as of March 31, 2016 have been derived from our unaudited condensed consolidated financial statements incorporated by reference into this prospectus supplement. The summary consolidated statement of operations data for each of the years in the three-year period ended December 31, 2015 have been derived from our audited consolidated financial statements incorporated by reference into this prospectus supplement. The summary consolidated statement of operations data for each of the three-month periods ended March 31, 2016 and 2015 have been derived from our unaudited condensed consolidated financial statements incorporated by reference herein. The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the data for the period. On January 1, 2016, we adopted Accounting Standards Update (ASU) 2015-03 *Interest Imputation of Interest* and ASU 2015-02 *Consolidation Amendments to the Consolidation Analysis*. The results of the adoptions of such ASUs are not reflected in the audited consolidated financial statements and related notes incorporated by reference into this prospectus supplement.

Operating results for the three months ended March 31, 2016 are not necessarily indicative of those to be expected for the full fiscal year. Our historical results for any prior period are not necessarily indicative of results to be expected for any future period.

	Three months ended March 31,		Years Ended December 31,		
	2016	2015	2015	2014	2013
			(audited)		
			(\$ in millions)		
Statement of Operations Data:					
Revenue:					
Regulated	\$ 1,776	\$ 2,080	\$ 7,660	\$ 8,874	\$ 8,056
Non-Regulated	1,695	1,904	7,303	8,272	7,835
Total revenue	3,471	3,984	14,963	17,146	15,891
Cost of Sales:					
Regulated	(1,672)	(1,807)	(6,564)	(7,530)	(6,837)
Non-Regulated	(1,295)	(1,456)	(5,533)	(6,528)	(5,807)
Total cost of sales	(2,967)	(3,263)	(12,097)	(14,058)	(12,644)
Operating margin	504	721	2,866	3,088	3,247

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General and administrative expenses	(48)	(55)	(196)	(187)	(220)
Interest expense	(364)	(363)	(1,436)	(1,471)	(1,482)
Interest income	130	90	524	365	275
Gain (loss) on extinguishment of debt	4	(23)	(186)	(261)	(229)
Other expense	(8)	(20)	(65)	(68)	(76)
Other income	13	15	83	124	125
Gain on sale of businesses	47	1	29	358	26
Goodwill impairment expense			(317)	(164)	(372)
Asset impairment expense	(159)	(8)	(285)	(91)	(95)
Foreign currency transaction gains (losses)	43	(23)	105	11	(22)
Other non-operating expense	(2)			(128)	(129)
Income from continuing operations before taxes and equity in earnings of affiliates	160	335	1,122	1,576	1,048

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	Three months ended March 31, 2016	Years Ended December 31,
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