



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ANDREW M. CUOMO
ATTORNEY GENERAL

DIVISION OF SOCIAL JUSTICE
ENVIRONMENTAL PROTECTION BUREAU

VIA FACSIMILE
AND FEDERAL EXPRESS

September 14, 2007

Paul Hanrahan
President and Chief Executive Officer
AES Corporation
4300 Wilson Boulevard, 11th Floor
Arlington, Virginia 22203

Dear Mr. Hanrahan:

AES Corporation is one of the nation's largest producers of greenhouse gas pollutants, including carbon dioxide (CO₂). We are concerned that AES has not adequately disclosed to its shareholders, including the New York State Common Retirement Fund (a significant holder of AES stock), the financial risks relating to its greenhouse gas emissions. Pursuant to the Attorney General's investigatory authority under New York General Business Law § 352, and New York Executive Law § 63(12), accompanying this letter is a subpoena seeking information regarding AES's analyses of its climate risks and its disclosures of such risks to investors.

Climate change is one of the most pressing environmental challenges facing the world today. Emissions from U.S. power plants currently constitute 30% of total U.S. carbon emissions. Regulation of greenhouse gas emissions on the state level, such as through the Regional Greenhouse Gas Initiative, will begin shortly in several states, and federal regulation of greenhouse gas emissions may not be far behind. Such regulation would likely add a significant cost to carbon-intensive coal generation, such as AES's operation of its coal-fired power plants.

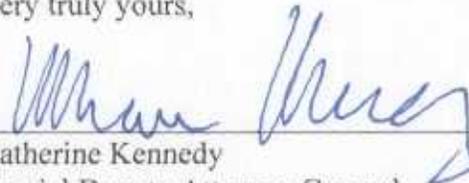
As you are aware, a public company must disclose information material to a shareholder's investment decision. We are concerned that AES has failed to disclose material information about the increased climate risks AES's business faces. In its 2006 Form 10-K, AES made no disclosure of projected CO₂ emissions from its power plants. Further, AES did not attempt to evaluate or quantify the possible effects of future greenhouse gas regulations, or discuss their impact on the company. These omissions make it difficult for investors to make informed decisions.

Under federal and state laws and regulations, AES's disclosures to investors must be complete and not misleading. Selective disclosure of favorable information or omission of unfavorable information concerning climate change is misleading. AES cannot excuse its failure to provide disclosure and analysis by claiming there is insufficient information concerning known climate change trends and uncertainties.

The enclosed subpoena requires your response by October 9, 2007.

We are available to discuss these issues with you further. Please feel free to contact Katherine Kennedy at (212) 416-8540 or Matthew Gaul at (212) 416-8198 with any questions.

Very truly yours,



Katherine Kennedy
Special Deputy Attorney General
Environmental Protection Bureau
Office of the New York Attorney General



Matthew Gaul
Chief
Investor Protection Bureau
Office of the New York Attorney General

Attachment