UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

January 19, 2016

Zafar Hasan
The AES Corporation
zafar.hasan@aes.com

Re: The AES Corporation
Incoming letter dated December 18, 2015

Dear Mr. Hasan:

This is in response to your letter dated December 18, 2015 concerning the shareholder proposal submitted to AES by Mercy Investment Services, Inc. and the Board of Pensions of the Presbyterian Church (USA). Copies of all of the correspondence on which this response is based will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair
Senior Special Counsel

Enclosure

cc: Pat Zerega
Mercy Investment Services, Inc.
pzerega@mercyinvestments.org

January 19, 2016

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: The AES Corporation
Incoming letter dated December 18, 2015

The proposal requests that the company, with board oversight, publish an assessment of the long-term impacts on the company's portfolio of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels.

We are unable to concur in your view that AES may exclude the proposal under rule 14a-8(i)(3). We are unable to conclude that the proposal is so inherently vague or indefinite that neither the shareholders voting on the proposal, nor the company in implementing the proposal, would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires. Accordingly, we do not believe that AES may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(3).

We are unable to concur in your view that AES may exclude the proposal under rule 14a-8(i)(6). In our view, the company does not lack the power or authority to implement the proposal. Accordingly, we do not believe that AES may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(6).

We are unable to concur in your view that AES may exclude the proposal under rule 14a-8(i)(7). In arriving at this position, we note that the proposal focuses on the significant policy issue of climate change. Accordingly, we do not believe that AES may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Christina M. Thomas
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matter under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the Company in support of its intention to exclude the proposals from the Company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

It is important to note that the staff's and Commission's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholders proposals in its proxy materials. Accordingly a discretionary determination not to recommend or take Commission enforcement action, does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material.

Zafar A. Hasan
Vice President and Chief Corporate Counsel

The AES Corporation
4300 Wilson Boulevard
Arlington, VA 22203
tel 1 703 682 1110
zafar.hasan@aes.com
www.aes.com

December 18, 2015
VIA E-MAIL

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *The AES Corporation*
Stockholder Proposal of Mercy Investment Services, Inc. and The Board of Pensions of the Presbyterian Church (USA)
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that The AES Corporation (the "Company") intends to omit from its proxy statement and form of proxy for its 2016 Annual Meeting of Stockholders (collectively, the "2016 Proxy Materials") a stockholder proposal (the "Proposal") and statement in support thereof (the "Supporting Statement") received from Mercy Investment Services, Inc. and The Board of Pensions of the Presbyterian Church (USA) (the "Proponents").

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the "Commission") no later than eighty (80) calendar days before the Company intends to file its definitive 2016 Proxy Materials with the Commission; and

- concurrently sent copies of this correspondence to the Proponents.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) ("SLB 14D") provide that stockholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the "Staff"). Accordingly, we are taking this opportunity to inform the Proponents that if the Proponents elect to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

The Proposal states:

> RESOLVED: Shareholders request that AES, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio of public policies and technological advances that are consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels.

The Supporting Statement states:

> Such report should assess the resilience of AES's portfolio including under a scenario in which reduction in demand results from carbon restrictions and related rules adopted by governments consistent with the globally agreed upon 2 degree target accompanied by continued cost reductions in clean energy technologies (such as the IEA's 450ppm scenario). The report should assess the impacts on the company's full portfolio of power generation assets and planned capital expenditures through 2040 and address the financial risks associated with such a scenario.

A copy of the Proposal, as well as related correspondence with the Proponents, is attached to this letter as Exhibit A.

BASES FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may properly be excluded from the 2016 Proxy Materials pursuant to:

- Rule 14a-8(i)(3) because the Proposal is impermissibly vague and indefinite so as to be inherently misleading;
- Rule 14a-8(i)(6) because the Company lacks the power or authority to implement the Proposal; and
- Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company's ordinary business operations.

THE COMPANY

The Company is a global power company that provides affordable, sustainable energy to 18 countries through a diverse portfolio of distribution businesses as well as thermal and renewable generation facilities. The Company's energy solutions reflect a diversified range of technologies and fuel types, including (in order of total megawatts) coal, natural gas, renewables, and oil, diesel and pet coke.[1] Within its business units, the Company has two primary business lines. The first business line is generation, where the Company owns and/or operates power plants to generate and sell power to customers, such as utilities, industrial users, and other intermediaries. The second business line is utilities, where the Company owns and/or operates 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 and, in certain circumstances, on the wholesale market. The Company also is the world leader in battery-based energy storage.

ANALYSIS

I. The Proposal May Be Excluded Under Rule 14a-8(i)(3) Because The Proposal Is Impermissibly Vague And Indefinite So As To Be Inherently Misleading.

As further described below, the Proposal is excludable under Rule 14a-8(i)(3) because (i) the Proposal relies upon a vague and indefinite standard, and (ii) the Resolved clause and the Supporting Statement have inconsistent statements on what the requested report is to address.

Rule 14a-8(i)(3) permits the exclusion of a stockholder proposal if the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials. The Staff consistently has taken the position that a stockholder proposal is excludable under Rule 14a-8(i)(3) as vague and indefinite if "neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires." Staff Legal Bulletin No. 14B (Sept. 15, 2004) ("SLB 14B"); *see also Dyer v. SEC*, 287 F.2d 773, 781 (8th Cir. 1961) ("[I]t appears to us that the proposal, as drafted and submitted to the company, is so vague and indefinite as to make it impossible for either the board of directors or the stockholders at large to comprehend precisely what the proposal would entail."); *Capital One Financial Corp.* (avail. Feb. 7, 2003) (concurring with the exclusion of a proposal under Rule 14a-8(i)(3) where the company argued that its stockholders "would not know with any certainty what they are

[1] *See* 2014 AES Sustainability Report, available at http://s2.q4cdn.com/825052743/files/doc_downloads/sustanaibility/2014/2014-AES-Sustainability-Report.pdf

voting either for or against"); *Fuqua Industries, Inc.* (avail. Mar. 12, 1991) (Staff concurred with exclusion under Rule 14a-8(i)(3) where a company and its stockholders might interpret the proposal differently, such that "any action ultimately taken by the [c]ompany upon implementation [of the proposal] could be significantly different from the actions envisioned by shareholders voting on the proposal").

A. The Proposal Relies Upon A Vague And Indefinite Standard.

The Staff has on numerous occasions permitted the exclusion of proposals under Rule 14a 8(i)(3) where it was impossible to determine exactly how to implement the proposal because important aspects of the process or criteria requested were ambiguously drafted. For example, in *NSTAR* (avail. Jan. 5, 2007) the Staff concurred with the exclusion of a proposal requesting "standards of record keeping of our financial records" because the terms "standards" and "financial records" were vague and indefinite. As further described below, in this case, the Proposal would require the Company to create an assessment based upon public policy and technological advances that are "consistent with" an undefined standard for limiting global warming. Further, even if the target was not vaguely defined, the requested assessment would require the Company to project 25 years into the future and predict a near-infinite number of public policy changes and/or technological advances (regardless of whether the Company believes such changes or advances are likely to occur) to create an assessment of the impact of those hypothetical events on the Company's portfolio, such that neither stockholders nor the Company would know exactly what it should address in the requested report.

In *Pfizer Inc.* (avail Feb. 18, 2003), the Staff concurred with the exclusion of a proposal that requested that the company's board of directors make all stock option grants to management and the board at no less than the "highest stock price" and that the options contain a buyback provision. The company argued that the proposal was vaguely worded such that the company:

> would not know whether the reference to "the highest stock price" refers to the highest price at which the stock trades on the date that the [b]oard seeks to "make all options" conform to the [p]roposal, the highest price at which the stock has ever traded prior to the date the [b]oard acts or a price determined within a limited time in the past, or whether the [p]roposal requires some form of action that would take into account stock price highs reached by the [c]ompany's stock in the future.

Finding the proposal vague and indefinite, the Staff concurred with the company's belief that the proposal was excludable under Rule 14a-8(i)(3). Similarly, in *Bank Mutual Corp.* (avail. Jan. 11, 2005), the Staff concurred with the exclusion of a proposal requesting that "a mandatory retirement age be established for all directors upon attaining the age of 72 years." The company

argued that it was impossible to determine exactly how to implement the proposal because it was unclear whether the proposal required that the company establish a policy that all directors must retire at the age of 72 or whether the company would instead be required to determine a mandatory retirement age for each director when he or she attained the age of 72 years, and the Staff concurred that the proposal was excludable as vague and indefinite. *See also*; *International Business Machines Corp.* (avail. Jan. 10, 2003) (concurring with the exclusion of a proposal regarding nominees for the company's board of directors where it was unclear how to determine whether the nominee was a "new member" of the board).

Here, the Proposal asks that the Company publish an assessment of "the long term impacts on the company's portfolio of public policies and technological advances that are consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels." (emphasis added). The Proposal is vague and misleading because it is unclear, based on the information in the Proposal, the Supporting Statement and the accompanying "Whereas" paragraphs, whether the report is to address public policies and technological advances that are designed to limit global warming to a 2 degrees Celsius increase over pre-industrial levels, or whether instead the report is to address public policies and technological advances that are intended to move global temperatures to levels that are above or below a 2 degrees Celsius increase over pre-industrial levels. Thus, the phrase "consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels" could mean technologies and policies that allow for a 2 degree increase or could be read to mean a wider range of technologies and policies that are "consistent with" but may have a greater or lesser impact on limiting global warming. For example, an assessment of policies and technologies that limit global warming to 2 degrees over pre-industrial level, that aim to reduce global warming by 1 degree from pre-industrial levels, or that limit global warming to 3 degrees from pre-industrial levels as an interim step toward reaching a 2 degree limit are all "consistent with" policies limiting global warming to no more than 2 degrees Celsius over pre-industrial levels. This ambiguity in the assessment requested in the Proposal makes the Proposal so vague that neither stockholders considering the Proposal nor the Company (if it were to implement the Proposal) would know with any certainty what types of public policies or technological advances should be contemplated by the requested report.

In this respect, the Proposal is distinguishable from the proposal in *OGE Energy Corp.* (avail. Feb. 25, 2015). There, the Staff did not concur with the company's argument that the proposal could be excluded on Rule 14a-8(i)(3) grounds. The proposal in *OGE Energy Corp.* requested that the company publish a report describing how it could "fulfill medium and long-term greenhouse gas emission reduction scenarios consistent with national and international [greenhouse gas] goals, and the implications of those scenarios for regulatory risk and operational costs." The company argued that the proposal was too vague for it to implement because there were no "recognized national and international emission reduction targets," and

thus the company had no "reasonable certainty as to what goals the proposed report [was] intended to address." However, unlike the case here, in *OGE Energy Corp.* the proposal and supporting statement listed specific targets set forth by various entities which could be assessed by the Company. Further, the report required the company to describe how the company itself could meet those goals. In contrast, here the Proposal is not asking the Company how it would respond to a goal of limiting global warming to no more than 2 degrees Celsius (a goal which, as discussed below, is not a company- or industry-specific goal) but instead is requesting how the Company will be impacted, over the course of 25 years into the future, by technologies and policies that are "consistent with limiting global warming to no more than 2 degrees Celsius . . . ." The absence of specific targets or company actions creates a significant distinction between the proposal in *OGE Energy Corp.* and the Proposal. Unlike the specific targets in *OGE Energy Corp.*, in the case of the Proposal, policies and technologies could develop over the next 25 years which (a) directly regulate or improve technology in the power industry or (b) regulate or improve technology in other industries only, such as the automobile industry, with no regulation or technological change in the power industry. Both of these scenarios, along with innumerable others, would be "consistent with" a goal of "no more than" a 2 degree Celsius increase in global warming. Therefore, because of the ambiguity and breadth of what might be "consistent with" a goal of "no more than" a 2 degree Celsius increase in global warming, the Proposal is vague and indefinite.

Moreover, the Proposal's reference to unspecified "public policies and technological advances" is itself a vague, speculative and undefined standard. The Proposal therefore requires the Company to speculate about the long term actions over a 25 year timeframe of governments in the various jurisdictions in which the Company operates, both in setting global warming targets and in creating public policy to achieve those targets, as well as to predict long term advancements in technology, and then to hypothesize how those changes would impact its portfolio. Again, this is in stark contrast to the proposal in *OGE Energy Corp.* While that proposal asked OGE Energy Corp. to report on actions that it would take to meet defined goals, the Proposal does not provide a concrete description of the public policies or technological advances that the Company is to assess, but instead requires the Company to hypothesize about the long term actions of others to meet a vaguely stated goal. Because the long term public policy changes and technological advances referenced in the Proposal and Supporting Statement are not described within the four corners of the Proposal, stockholders voting on the Proposal might interpret it differently, such that "any action ultimately taken by the [c]ompany upon implementation [of the proposal] could be significantly different from the actions envisioned by shareholders voting on the proposal." *Fuqua Indus., Inc.* (avail. Mar. 12, 1991). As noted in the preceding paragraph, there are innumerable technological changes or regulations which could occur over the next 25 years that would be "consistent with" the referenced climate change limitation, but with no impact on the power industry (or the Company). Thus, the Proposal is excludable under Rule 14a-8(i)(3) because it relies upon a vague and indefinite standard.

B. The Proposal Contains Differing And Inconsistent Statements On What The Requested Report Would Address.

The Proposal is excludable under Rule 14a-8(i)(3) because the Resolved clause and the Supporting Statement have inconsistent statements on what the requested report is to address. The Staff on numerous occasions has concurred that a stockholder proposal was sufficiently misleading so as to justify exclusion under Rule 14a-8(i)(3) where the supporting statement and the proposal were inconsistent or unrelated. *See Limited Brands Inc.* (avail. Feb. 29, 2012) (concurring with the exclusion of a proposal purporting to ban accelerated vesting, but in fact providing for accelerated vesting in certain circumstances); *SunTrust Banks, Inc.* (avail. Dec. 31, 2008) (concurring with the exclusion of a proposal purporting to be limited for a specified time, but in fact containing no such limitation); *Jefferies Group, Inc.* (avail. Feb. 11, 2008, *recon. denied* Feb. 25, 2008) (concurring with the exclusion of a proposal seeking a stockholder vote to "ratify and approve the board Compensation Committee Report and the executive compensation policies and practices set forth in the Company's Compensation Discussion and Analysis" when the supporting statement described the proposed stockholder vote as covering "whether the company's policies and decisions on compensation have been adequately explained and whether they are in the best interest of shareholders"); *The Ryland Group, Inc.* (avail. Feb. 7, 2008) (same).

In this case, the proposed Resolution requests the Company to prepare a report that addresses "the long term impacts on the company's portfolio of public policies and technological advances" that are consistent with the referenced global warming goal. In contrast, the Supporting Statement says that the report "should assess the resilience of AES's portfolio including under a scenario in which reduction in demand results from carbon restrictions and related rules adopted by governments" that are consistent with the referenced global warming goal (emphasis added). As a result, neither stockholders nor the Company are able to determine whether the premise of the requested report should be government regulation and technological advances that affect the Company as a global power company engaged in energy generation and distribution (a supply-side issue) or whether the report should address government regulation and technological impact on customers that could include a reduction in demand (a demand-side issue which may or may not result from technological advances). Without a clear indication of what the Proponents intend for the Proposal to address, stockholders could have different and conflicting expectations of what a vote for the Proposal would produce, and the Company would be unable to determine what it is to address. Thus, consistent with *Limited Brands, SunTrust Banks, Jefferies Group* and *The Ryland Group,* the vagueness and lack of coherence between the "Whereas" paragraphs and the "Resolved" paragraph renders the Proponent's entire Submission inherently misleading and excludable.

II. The Proposal May Be Excluded Under Rule 14a-8(i)(6) Because The Company Lacks The Power Or Authority To Implement The Proposal.

The Proposal may be excluded under Rule 14a-8(i)(6) because the Company is unable to address the impact of public policy and technological advances that do not exist and are not described in the Proposal.

Rule 14a-8(i)(6) provides that a company may omit a stockholder proposal "if the company would lack the power or authority to implement the proposal." The Company lacks the power to implement the Proposal because of the vague nature of the Proposal and the report being sought. Specifically, (i) there is no indication in the Proposal of what public policies and technological advances are "consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels," and (ii) the Supporting Statement requests that the report called for by the Proposal include an assessment of "the impacts on the company's full portfolio of power generation assets and planned capital expenditures through 2040," which is impracticable given that the Company does not currently know what its portfolio of assets and its capital expenditures will consist of 25 years in the future.

The Company lacks the power to implement the Proposal, which requests publication of an assessment "of the long term impacts on the company's portfolio of public policies and technological advances that are consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels" because, as noted above in Part I, no indication is given in the Proposal of what such public policies and technological advances would be. It is beyond the Company's power to issue an assessment of the 25 year impacts of various factors when such factors are never defined and no indication is given as to how such factors could or should be defined. Further, it is impossible for the Company to know what will make up its "portfolio of power generation assets and planned capital expenditures" 25 years in the future. Essentially, the factors that the report would be based on simply do not exist.

In this respect, the Proposal is comparable to others that the Staff has concurred may be excluded under Rule 14a-8(i)(6) because they seek company action based on a reference to regulations that do not exist. For example, in *Philip Morris Cos. Inc.* (avail. Feb. 25, 1998), the Staff considered a proposal that called for the company's board to "create a formula linking future executive compensation packages to compliance with federally-mandated decreases in teen smoking." The company argued in its no-action request that it lacked the power or authority to implement the proposal because, even though the company had entered into a memorandum of understanding with other companies to support the adoption of federal legislation that would incorporate features of the proposal, no federal legislation yet existed, and the goals provided by the memorandum of understanding were industry-wide goals and not intended to be company specific. In concurring that the proposal could be excluded under the predecessor to Rule

14a-8(i)(6), the Staff stated: "The staff notes in particular the Company's representation that the goals set forth in the proposed global settlement agreement are directed at the whole tobacco industry, not individual companies; it is therefore unclear what specific standards the Company would have to meet." *See also RJR Nabisco Holdings Corp.* (avail. Feb. 25, 1998) (concurring with the exclusion of a similar proposal because compensation would have to be tied to the achievement of industry-wide goals).

Just as in *Philip Morris* and *RJR Nabisco Holdings*, the Company lacks the power to implement the Proposal because the factors that the Company is requested to assess—public policies and technological advances that could affect the Company over the next 25 years—are unknown and the assets and expenditures requested to be evaluated are similarly unknown at this point in time, and any such report that would be created by the Company would be based on pure speculation. Further, just as the goals set forth in *RJR Nabisco Holdings* were industry-wide goals and not specific to individual companies, the global warming goals referenced in the Proposal are not even specific to the Company's industry, but are meant for the entire planet. The Proposal, if implemented, would require the Company to hypothesize about future technologies and global public policies through the year 2040, not just as they apply to its own industry, but as they apply to every industry that may be touched by these things. The Company has no way of knowing how undefined future events will affect its undefined future portfolio and expenditures and whether these changes will require the Company to divest or modify particular assets. The report requested by the Proposal is so speculative that it would be beyond the power of the Company to implement. Therefore, the Proposal is excludable pursuant to Rule 14a-8(i)(6).

III. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Deals With Matters Related To The Company's Ordinary Business Operations.

Although the Company is not able to determine or predict what the Proposal requests the Company to assess over the next 25 years, to the extent that there are public policy changes and technological advances that are have occurred or are pending, the Company assesses their impact on its assets and capital expenditures in the ordinary course of its business. Thus, as further discussed below, to the extent that the Proposal is not vague or impossible to implement, the focus of the Proposal is on how the Company responds to government regulation and public policy and an assessment of the Company's long term investment and capital expenditure strategy, both of which are matters that implicate the Company's ordinary business. Rule 14a-8(i)(7) allows for the exclusion of a stockholder proposal that "deals with a matter relating to the company's ordinary business operations." According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" "refers to matters that are not necessarily 'ordinary' in the common meaning of the word," but instead the term "is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release

No. 40018 (May 21, 1998) (the "1998 Release"). In the 1998 Release, the Commission stated that the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting," and identified two central considerations that underlie this policy. As relevant here, one of these considerations is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight."

The 1998 Release further distinguishes proposals pertaining to ordinary business matters from those involving "significant social policy issues," the latter of which are not excludable under Rule 14a-8(i)(7) because they "transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)). In this regard, when assessing proposals under Rule 14a-8(i)(7), the Staff considers the terms of the resolution and its supporting statement as a whole. *See* Staff Legal Bulletin No. 14C ("SLB 14C"), part D.2 (June 28, 2005) ("In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole.")

A stockholder proposal being framed in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the ordinary business of the issuer. *See* Exchange Act Release No. 20091 (Aug. 16, 1983) (the "1983 Release"). In addition, the Staff has indicated that "[where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under rule 14a-8(i)(7)." *Johnson Controls, Inc.* (avail. Oct. 26, 1999).

Here, taking the Proposal and its supporting statement as a whole, the Company may exclude the Proposal pursuant to Rule 14a-8(i)(7) because it deals with matters relating to the Company's ordinary business operations—the impact of government regulation and other public policies on the Company's portfolio and management's oversight of financial planning and investing. As discussed in more detail below, the Staff has concurred with the exclusion of similar stockholder proposals under Rule 14a-8(i)(7). Further, regardless of whether the Proposal is framed in the context of a significant policy issue, the entire Proposal is excludable because it addresses ordinary business matters.

A. The Proposal Relates To The Company's Assessment Of The Impact Of Government Regulation.

The Proposal requests a report on the impact on the Company's assets and investment strategy of, among other things, "public policies." In this respect, the Proposal is similar to others that the Staff concurred could be excluded under Rule 14a-8(i)(7). In *General Electric* (avail. Jan. 30, 2007), the proposal requested a report on legislative initiatives affecting the Company, including the Company's plans to "reduc[e] the impact on the Company of: unmeritorious litigation (lawsuit/tort reform); unnecessarily burdensome laws and regulations (e.g., Sarbanes-Oxley reform); and taxes on the Company (i.e., tax reform)." The Staff concurred that the proposal could be excluded under Rule 14a-8(i)(7) because it involved evaluating the impact of government regulation on the Company. *See also, Citigroup Inc.* (avail. Feb. 5, 2007); *Bank of America Corp.* (avail. Jan 31, 2007); *Pfizer Inc.* (avail. Jan 31, 2007) (same).

Similarly, in *Yahoo! Inc.* (avail. Apr. 5, 2007) and *Microsoft Corp.* (avail. Sept. 29, 2006), the Staff concurred in the exclusion of proposals calling for an evaluation of the impact on the company of expanded government regulation of the Internet. Additionally, in *General Electric Co.* (avail. Jan. 17, 2006), the Staff concluded that a proposal relating to a report on the impact of a flat tax was properly excludable under Rule 14a-8(i)(7) as relating to the Company's "ordinary business operations (i.e., evaluating the impact of a flat tax on GE)." *See also Verizon Communications Inc.* (avail. Jan. 31, 2006) (same); *Citigroup Inc.* (avail. Jan. 26, 2006) (same); *Johnson & Johnson* (avail. Jan. 24, 2006) (same). Likewise, in *Pepsico, Inc.* (avail. Mar. 7, 1991), the Staff concurred that a stockholder proposal calling for an evaluation of the impact on the company of various health care reform proposals being considered by federal policy makers could be excluded from the company's proxy materials in reliance on Rule 14a-8(i)(7). *See also Niagara Mohawk Holdings, Inc.* (avail. Mar. 5, 2001) (permitting exclusion under the predecessor to Rule 14a-8(i)(7) of a proposal requesting that the company prepare a report on pension-related issues being considered in federal regulatory and legislative proceedings); *Electronic Data Systems Corp.* (avail. Mar. 24, 2000) (concurring in the exclusion of a similar proposal under Rule 14a-8(i)(7)).

As in the precedent above, the Proposal requests that management review and report on the 25 year impact on the Company's investments and capital expenditures of hypothetical public policies that are consistent with limiting global warming. The Company's assessment of and response to legislative, regulatory and other public policy initiatives that are known and capable of being assessed, even if they happen to be "consistent with" limiting global warming, impacts many aspects of the Company's business and is a customary and important responsibility of management. The Company devotes significant time and resources to monitoring its compliance with existing laws and regulations, and evaluating the potential impact of proposed laws and regulations. This process involves the study of a number of concrete factors, including the

dynamics of public policy formulation in the jurisdictions in which the Company operates, the evaluation of potential responses to such regulations by the Company and its competitors, and the anticipated effect of public policies on the Company's financial position and stockholder value. Likewise, these assessments implicate Company decisions on whether to participate in the public policy development process, which themselves involve complex decisions implicating the use of corporate resources and the interaction of such efforts with other public policy communications by the Company. Stockholders are not positioned to make such judgments. Rather, determining appropriate responses to and assessing the impact of such reforms are matters more appropriately addressed by management. And in point of fact, the Company's management routinely makes such assessments, based on public policies and technology that is known and understood at the time, when determining to develop its diverse portfolio of assets with regard to fuel types and to invest significant amounts into renewable technologies, such as wind, solar, hydro and batteries, and when developing its budgets and valuing assets as part of its financial planning process. Accordingly, as with the precedent cited above, the Proposal seeks to subject to stockholder oversight ordinary business assessments which are within the scope of Rule 14a-8(i)(7).

B. The Proposal Is Excludable Because It Implicates Management's Oversight Of Financial Planning And Investing.

The Proposal is excludable under Rule 14a-8(i)(7) because the action requested implicates management's oversight of financial planning and investing, which is a matter directly related to the Company's ordinary business operations. The Proposal seeks a report on the "impacts on the company's portfolio of public policies and technological advances . . . ." The Supporting Statement indicates that the report should also assess the resilience of the Company's portfolio under a scenario of reduced demand and goes on to request that the report assess "the impacts on the company's . . . planned capital expenditures through 2040 and address the financial risks associated with such a scenario." While certain requirements for the requested report are not clearly explained by the Proposal and Supporting Statement, it is clear that the report would implicate the Company's financial reporting and planning activities and investment initiatives. It would reach not only the company's current financial planning, but also its estimated useful lives for its properties and its planned expenditures for the next 25 years. However, assessing the valuation and useful lives of corporate assets, including whether they have or might be impaired as a result of various developments, and planning capital expenditures are a central and routine aspect of management's oversight over the Company's day-to-day operations and its long-term financial planning and investment decisions. Because the report would focus on management's financial reporting and strategic financial planning and investing, exclusion of the proposal pursuant to Rule 14-8(i)(7) is warranted.

The Staff has consistently concurred in the exclusion of stockholder proposals that ask the company to prepare a report that addresses the financial and economic risks associated with its operations. In *Exxon Mobil Corp*. (avail. March 6, 2012), the company received a proposal requesting a report on "possible short and long term risks to the company's finances and operations" related to the company's oil sands operation. The proposal sought a review of the risks "posed by the environmental, social and economic challenges associated with the oil sands." The company argued that "[a]ssessing financial and operational risks posed by the challenges associated with oil sands [was] an intricate process" and decisions related to the oil sands were "fundamental to management's ability to run the Company on a day-to-day basis . . . ." The Staff permitted the exclusion of the proposal because it "addresse[d] the 'economic challenges' associated with the oil sands and [did] not, in [the Staff's] view, focus on a significant policy issue."

Similarly, the Staff in *FLIR Systems, Inc*. (avail. Dec. 2012) concurred with the exclusion of a proposal that requested a report "describing the company's short- and long-term strategies on energy use management." The proposal indicated that the report should include "a company-wide review of the policies, practices, and metrics related to FLIR System's energy management strategy." The company argued that "the central action sought by the [p]roposal is a re-evaluation of how FLIR invests in energy technology relating to the day-to-day operation of its facilities, how it implements its growth strategy, and how it weighs risk and reward with respect to its investments." The Staff concluded that the proposal focused "primarily on FLIR's strategies for managing its energy expenses," and concurred that its exclusion was warranted because "[p]roposals that concern the manner in which a company manages its expenses are generally excludable under rule 14a-8(i)(7)."

As with the precedents discussed above, the Proposal seeks "an assessment . . . of the long term impacts on the company's portfolio of public policies and technological advances . . . ." The Supporting Statement calls for the report to discuss the impact on "planned capital expenditures" and the "financial risks" associated with related changes in demand through the year 2040. Just as in *Exxon Mobil*, where the Staff concurred with exclusion because the requested report related to "economic challenges" associated with the company's operations, exclusion is warranted here because the requested report relates to "financial risks" associated with the Company's operations. Similarly, just as in *FLIR Systems*, where the Staff concurred in exclusion because the report concerned the manner in which the company managed its expenses, exclusion is appropriate here because the Proposal seeks a report concerning "planned capital expenditures." Because these are matters of ordinary business operations, they may be excluded under Rule 14a-8(i)(7).

C. Regardless Of Whether The Proposal Touches Upon A Significant Policy Issue, The Entire Proposal Is Excludable Because It Addresses Ordinary Business Matters.

The precedent set forth above demonstrates that the Proposal addresses ordinary business matters and therefore is excludable under Rule 14a-8(i)(7). While the Staff has found proposals addressing the issue of climate change to implicate significant policy issues, the Proposal is distinguishable from those past proposals because it is not limited to the significant policy issue of climate changes but instead focuses on day-to-day business issues.

The Proposal is distinguishable from other recent proposals where the Staff has declined to find that the requested report implicates ordinary business matters. In *Apple Inc.* (avail. Dec. 29, 2014), stockholders requested a report "disclosing the risk to the company posed by possible changes in federal, state or local government policies in the United States relating to climate change and/or renewable energy." Similarly, in *General Electric Company (avail. Feb. 8, 2011)*, stockholders requested a "report disclosing the business risk related to developments in the scientific, political, legislative and regulatory landscape regarding climate change." The Staff did not concur with the companies' arguments that those proposals could be excluded on Rule 14a-8(i)(7) grounds. However, those proposals each sought a general assessment comparable to what is required to be disclosed in a company's Management's Discussion and Analysis of Financial Condition and Results of Operations pursuant to the Commission's interpretive release entitled "Commission Guidance Regarding Disclosure Related to Climate Change," Securities Act Rel. No. 9106 (Feb. 8, 2010). In contrast, the Proposal seeks disclosure of the financial impact on the Company's assets and capital expenditures from a specified hypothetical (public policies and technological advances that are consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels). As a result, the Proposal does not focus on the issue of climate change, but instead focuses on the day-to-day business matters of assessing the impact of government regulation and oversight of financial planning and investing.

In this respect, the Proposal is comparable to the one considered by the Staff in *Exxon Mobil Corp*. (avail. March 6, 2012), which as discussed above, requested a report on "possible short and long term risks to the company's finances and operations" related to the company's oil sands operation. The Staff granted no-action relief under Rule 14a-8(i)(7) and noted that "the proposal addresses the 'economic challenges' associated with the oil sands and does not, in [the Staff's] view, focus on a significant policy issue." Similarly, in *FirstEnergy Corp.* (avail. Mar. 8, 2013), despite the facts that matters of energy efficiency and renewable energy are viewed as a significant policy issue, the Staff permitted exclusion of a proposal seeking a report on actions the company could take to "reduce risk throughout its energy portfolio by diversifying the [c]ompany's energy resources to include increased energy efficiency and renewable energy

resources." These letters are consistent with the Staff's position in many other instances where the context of a proposal touches upon a significant policy issue, but the proposal itself addresses day-to-day business matters. For example, the proposal in *PetSmart, Inc.* (avail. Mar. 24, 2011) requested that the board require its suppliers to certify they had not violated "the Animal Welfare Act, the Lacey Act, or any state law equivalents," the principal purpose of which related to preventing animal cruelty. The Staff granted no-action relief under Rule 14a-8(i)(7) and stated, "Although the humane treatment of animals is a significant policy issue, we note your view that the scope of the laws covered by the proposal is 'fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping.'" *See also Mattel, Inc.* (avail. Feb. 10, 2012) (concurring in the exclusion of a proposal that requested the company require its suppliers publish a report detailing their compliance with the International Council of Toy Industries Code of Business Practices, noting that the ICTI encompasses "several topics that relate to . . . ordinary business operations and are not significant policy issues"); *JPMorgan Chase & Co.* (avail. Mar. 12, 2010) (concurring in the exclusion of a proposal that requested the adoption of a policy barring future financing of companies engaged in a particular practice that impacted the environment because the proposal addressed "matters beyond the environmental impact of JPMorgan Chase's project finance decisions").

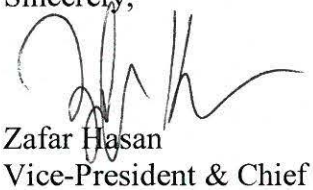
Here, by requesting an assessment of the long term impact of public policies and technological advances on the Company's assets and planned capital expenditures through 2040, the focus of the Proposal fails to transcend ordinary business matters. Assessing the impact of regulation and overseeing financing planning and investing are core to the business of the Company. Like the proposals in *Exxon Mobil*, *First Energy*, *PetSmart*, *Mattel* and *JPMorgan Chase*, where companies were permitted to exclude proposals that implicated ordinary business issues, the Proposal's focus on government regulation and financial planning and investing implications of a specific scenario fails to transcend the Company's ordinary business operations. Accordingly, the Proposal may be excluded under Rule 14a-8(i)(7).

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2016 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to zafar.hasan@aes.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (703) 682-1110 or Ronald O. Mueller of Gibson, Dunn & Crutcher LLP at (202) 955-8671.

Sincerely,



Zafar Hasan
Vice-President & Chief Corporate Counsel

Enclosures

cc: Ronald O. Mueller, Gibson, Dunn & Crutcher LLP
Pat Zerega, Mercy Investment Services, Inc.
Rev. William Somplatsky-Jarman, The Board of Pensions of the Presbyterian Church (USA)

EXHIBIT A

November 5, 2015

AES Corporation
Attn: Brian A. Miller, Executive Vice President,
General Counsel, and Corporate Secretary
4300 Wilson Boulevard
Arlington, Virginia 22203

Dear Mr. Miller

Mercy Investment Services, Inc. (Mercy) is the investment program of the Sisters of Mercy of the Americas has long been concerned not only with the financial returns of its investments, but also with the social and ethical implications of its investments. We believe that a demonstrated corporate responsibility in matters of the environment, social and governance concerns fosters long-term business success. Mercy Investment Services, Inc., a long-term investor, is currently the beneficial owner of shares of AES Corporation.

As shareholders, we are concerned about the risks created by climate change and the actions our company is taking to mitigate these risks. AES continues to be dependent on coal fired power plants which generate high levels of greenhouse gas emissions.

Mercy Investment Services, Inc. is filing the enclosed shareholder proposal entitled, "Energy Policy Impact" for inclusion in the 2016 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. Mercy Investment Services, Inc. has been a shareholder continuously for more than one year holding at least $2000 in market value and will continue to invest in at least the requisite number of shares for proxy resolutions through the annual shareholders' meeting. A representative of the filers will attend the Annual Meeting to move the resolution as required by SEC rules. The verification of ownership is being sent to you separately by our custodian, a DTC participant. Mercy is co-lead with Ceres.

We look forward to having more productive conversations with the company. Please direct your responses to me via my contact information below.

Best regards,

Pat Zerega

Pat Zerega
Senior Director of Shareholder Advocacy
2039 North Geyer Road
St. Louis, Missouri 63131
412-414-3587
pzerega@mercyinvestments.org

Energy Policy Impact

WHEREAS:

As long-term shareholders in the AES Corporation, we are concerned about whether AES is taking steps necessary to generate continued value for shareholders as energy demand and energy policies change. The risks presented by climate change and actions to mitigate and adapt to it will have significant impacts on the demand for, costs of, and risks associated with power generation.

Recognizing the severe and pervasive economic and societal risks associated with a warming climate, global governments have agreed that increases in global temperature should be held below 2 degrees Celsius over pre-industrial levels (Cancun Agreement). Countries have also agreed to establish a legally binding treaty to reduce greenhouse gas emissions by 2015 (Durban Platform).

AES is among the top 25 largest emitters of carbon dioxide in the United States. 86% of the power generated by AES in the United States is produced at coal-fired power plants. AES has recognized in its disclosures to the Securities and Exchange Commission that "[f]oreign, federal, state or regional regulation of GHG emissions could have a material adverse impact on the Company's financial performance," and that "projects under construction or development when completed will increase emissions of our portfolio and therefore could increase the risks associated with regulation of GHG emissions."

Nonetheless, according to a recent presentation, AES continues to plan to spend 56% of its $6.9 billion in planned capital expenditures from 2015-2018 on coal-fired power projects. Coal-fired power plants generate high levels of greenhouse gas emissions and are therefore most likely to be impacted by global, federal, state and local policies to curb climate change.

RESOLVED: Shareholders request that AES, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio of public policies and technological advances that are consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels.

SUPPORTING STATEMENT: Such report should assess the resilience of AES's portfolio including under a scenario in which reduction in demand results from carbon restrictions and related rules adopted by governments consistent with the globally agreed upon 2 degree target accompanied by continued cost reductions in clean energy technologies (such as the IEA's 450ppm scenario). The report should assess the impacts on the company's full portfolio of power generation assets and planned capital expenditures through 2040 and address the financial risks associated with such a scenario.

The report should be issued by December 2016

BNY MELLON

November 5, 2015

Brian A. Miller, Executive Vice President,
General Counsel and Corporate Secretary
AES Corporation
4300 Wilson Boulevard
Arlington, Virginia 22203

Re: Mercy Investment Services Inc.

Dear Mr. Miller,

This letter will certify that as of November 5, 2015 The Bank of New York Mellon held for the beneficial interest of Mercy Investment Services Inc., 2,484 shares of AES Corporation.

We confirm that Mercy Investment Services Inc., has beneficial ownership of at least $2,000 in market value of the voting securities of AES Corporation and that such beneficial ownership has existed for one or more years in accordance with rule 14a-8(a)(1) of the Securities Exchange Act of 1934.

Further, it is the intent to hold at least $2,000 in market value through the next annual meeting.

Please be advised, The Bank of New York Mellon is a DTC Participant, whose DTC number is 0954.

If you have any questions please feel free to give me a call.

Sincerely,

Thomas J. McNally
Vice President, Service Director
BNY Mellon Asset Servicing

Phone: (412) 234-8822
Email: thomas.mcnally@bnymellon.com

Zafar A. Hasan
Vice President and Chief Corporate Counsel

The AES Corporation
4300 Wilson Boulevard
Arlington, VA 22203
tel 1 703 682 1100
Zafar.Hasan@aes.com
www.aes.com

November 12, 2015

VIA OVERNIGHT MAIL

Mercy Investment Services, Inc.
2039 North Geyer Road
St. Louis, Missouri 63131

Attention: Pat Zerega, Senior Director of Shareholder Advocacy

Dear Ms. Zerega:

I am writing on behalf of AES Corporation (the "Company"), which received on November 6, 2015, your stockholder proposal entitled "Energy Policy Impact" submitted pursuant to Securities and Exchange Commission ("SEC") Rule 14a-8 for inclusion in the proxy statement for the Company's 2016 Annual Meeting of Stockholders (the "Proposal").

The Proposal contains certain procedural deficiencies, which SEC regulations require us to bring to your attention. Rule 14a-8(b) under the Securities Exchange Act of 1934, as amended, provides that stockholder proponents must submit sufficient proof of their continuous ownership of at least $2,000 in market value, or 1%, of a company's shares entitled to vote on the proposal for at least one year as of the date the stockholder proposal was submitted. The Company's stock records do not indicate that you are the record owner of sufficient shares to satisfy this requirement. In addition, to date we have not received adequate proof that you have satisfied Rule 14a-8's ownership requirements as of the date that the Proposal was submitted to the Company. The November 5, 2015 letter from BNY Mellon Asset Servicing that you provided is insufficient because it does not state that the shares were held *continuously* during the requisite one-year period preceding and including November 5, 2015, but instead states only that such ownership has existed for one or more years.

To remedy this defect, you must obtain a new proof of ownership letter verifying your continuous ownership of the requisite number of Company shares for the one-year period preceding and including November 5, 2015, the date the Proposal was submitted to the Company. As explained in Rule 14a-8(b) and in SEC staff guidance, sufficient proof must be in the form of:

(1) a written statement from the "record" holder of your shares (usually a broker or a bank) verifying that you continuously held the requisite number of Company shares for the one-year period preceding and including November 5, 2015; or

(2) if you have filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, reflecting your ownership of the requisite number of Company shares as of or before the date on which the one-year eligibility period begins, a copy of the schedule and/or form, and any subsequent amendments reporting a change in the ownership level and a written statement that you continuously held the requisite number of Company shares for the one-year period.

If you intend to demonstrate ownership by submitting a written statement from the "record" holder of your shares as set forth in (1) above, please note that most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency that acts as a securities depository (DTC is also known through the account name of Cede & Co.). Under SEC Staff Legal Bulletin No. 14F, only DTC participants are viewed as record holders of securities that are deposited at DTC. You can confirm whether your broker or bank is a DTC participant by asking your broker or bank or by checking DTC's participant list, which is available at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.ashx. In these situations, stockholders need to obtain proof of ownership from the DTC participant through which the securities are held, as follows:

(1) If your broker or bank is a DTC participant, then you need to submit a written statement from your broker or bank verifying that you continuously held the requisite number of Company shares for the one-year period preceding and including November 5, 2015.

(2) If your broker or bank is not a DTC participant, then you need to submit proof of ownership from the DTC participant through which the shares are held verifying that you continuously held the requisite number of Company shares for the one-year period preceding and including November 5, 2015. You should be able to find out the identity of the DTC participant by asking your broker or bank. If your broker is an introducing broker, you may also be able to learn the identity and telephone number of the DTC participant through your account statements, because the clearing broker identified on your account statements will generally be a DTC participant. If the DTC participant that holds your shares is not able to confirm your individual holdings but is able to confirm the holdings of your broker or bank, then you need to satisfy the proof of ownership requirements by obtaining and submitting two proof of ownership statements verifying that, for the one-year period preceding and including November 5, 2015, the requisite number of Company shares were continuously held: (i) one from your broker or bank confirming your ownership, and (ii) the other from the DTC participant confirming the broker or bank's ownership.

The SEC's rules require that your response to this letter be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please address any response to me at The AES Corporation, 4300 Wilson Boulevard, Arlington, VA 22203.

If you have any questions with respect to the foregoing, please contact me at (703) 682-1110. For your reference, I enclose a copy of Rule 14a-8 and Staff Legal Bulletin No. 14F.

Sincerely,

Zafar Hasan
Vice President and Chief Corporate Counsel

Enclosures

BNY MELLON

November 5, 2015

Brian A. Miller, Executive Vice President,
General Counsel and Corporate Secretary
AES Corporation
4300 Wilson Boulevard
Arlington, Virginia 22203

Re: Mercy Investment Services Inc.

Dear Mr. Miller,

This letter will certify that as of November 5, 2015 The Bank of New York Mellon held for the beneficial interest of Mercy Investment Services Inc., 2,484 shares of AES Corporation.

We confirm that Mercy Investment Services Inc., has beneficial ownership of at least $2,000 in market value of the voting securities of AES Corporation and that such beneficial ownership has existed continuously for one or more years in accordance with rule 14a-8(a)(1) of the Securities Exchange Act of 1934.

Further, it is the intent to hold at least $2,000 in market value through the next annual meeting.

Please be advised, The Bank of New York Mellon is a DTC Participant, whose DTC number is 0954.

If you have any questions please feel free to give me a call.

Sincerely,

Thomas J. McNally
Vice President, Service Director
BNY Mellon Asset Servicing

Phone: (412) 234-8822
Email: thomas.mcnally@bnymellon.com

PRESBYTERIAN MISSION AGENCY BOARD

COMPASSION, PEACE AND JUSTICE

PRESBYTERIAN CHURCH (U.S.A.)

VIA OVERNIGHT DELIVERY

November 6, 2015

Mr. Brian A. Miller
Executive Vice President, General Counsel and Corporate Secretary
AES Corporation
4300 Wilson Boulevard
Arlington, VA 22203

Dear Mr. Miller:

The Presbyterian Church (USA) is a major Protestant denomination with nearly 2.3 million members. Our General Assembly believes its investments should promote its mission goals, and reflect its ethical values such as caring for the environment. The Committee on Mission Responsibility Through Investment (MRTI) was created to implement this policy. The General Assembly has worked on climate change since 1990, and has called for reduction of emissions in our church buildings, international agreements and adoption of reduction targets by corporations.

The Board of Pensions of the Presbyterian Church (USA) is the beneficial owner of 250 shares of AES Corporation common stock. The enclosed shareholder proposal, along with its supporting statement, has been submitted by Mercy Investment Services for consideration and action at your 2016 Annual Meeting. We are co-filing this resolution, and authorize Ms. Pat Zerega to act as our representative regarding the resolution.

In accordance with SEC Regulation 14A-8 of the Securities and Exchange Commission Guidelines, the Board of Pensions has continuously held AES Corporation shares for at least one year prior to the date of this filing. Proof of ownership from BNY Mellon Asset Servicing, the master custodian, will be forwarded separately. The Board will maintain the SEC-required ownership position of AES Corporation stock through the date of the Annual Meeting where our shares will be represented.

Sincerely yours,

William Somplatsky-Jarman

Rev. William Somplatsky-Jarman
Coordinator for Mission Responsibility Through Investment

Enclosure: 2016 AES Corporation Shareholder Resolution

Cc: Ms. Elizabeth "Terry" Dunning, MRTI Chairperson
Mr. George Philips, MRTI Vice Chairperson

100 Witherspoon Street · Louisville, KY · 40202-1396 · 502-569-5809 · FAX 502-569-8963
Toll-free: 888-728-7228 ext. 5809 · Toll-free fax: 800-392-5788

2016 AES Corporation Resolution on Energy Policy Impact

WHEREAS:

As long-term shareholders in the AES Corporation, we are concerned about whether AES is taking steps necessary to generate continued value for shareholders as energy demand and energy policies change. The risks presented by climate change and actions to mitigate and adapt to it will have significant impacts on the demand for, costs of, and risks associated with power generation.

Recognizing the severe and pervasive economic and societal risks associated with a warming climate, global governments have agreed that increases in global temperature should be held below 2 degrees Celsius over pre-industrial levels (Cancun Agreement). Countries have also agreed to establish a legally binding treaty to reduce greenhouse gas emissions by 2015 (Durban Platform).

AES is among the top 25 largest emitters of carbon dioxide in the United States. 86% of the power generated by AES in the United States is produced at coal-fired power plants. AES has recognized in its disclosures to the Securities and Exchange Commission that "[f]oreign, federal, state or regional regulation of GHG emissions could have a material adverse impact on the Company's financial performance," and that "projects under construction or development when completed will increase emissions of our portfolio and therefore could increase the risks associated with regulation of GHG emissions."

Nonetheless, according to a recent presentation, AES continues to plan to spend 56% of its $6.9 billion in planned capital expenditures from 2015-2018 on coal-fired power projects. Coal-fired power plants generate high levels of greenhouse gas emissions and are therefore most likely to be impacted by global, federal, state and local policies to curb climate change.

RESOLVED: Shareholders request that AES, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio of public policies and technological advances that are consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels.

SUPPORTING STATEMENT: Such report should assess the resilience of AES's portfolio including under a scenario in which reduction in demand results from carbon restrictions and related rules adopted by governments consistent with the globally agreed upon 2 degree target accompanied by continued cost reductions in clean energy technologies (such as the IEA's 450ppm scenario). The report should assess the impacts on the company's full portfolio of power generation assets and planned capital expenditures through 2040 and address the financial risks associated with such a scenario.

The report should be issued by December 2016

Zafar A. Hasan
Vice President and Chief Corporate Counsel

The AES Corporation
4300 Wilson Boulevard
Arlington, VA 22203
tel 1 703 682 1100
Zafar.Hasan@aes.com
www.aes.com

November 12, 2015

VIA OVERNIGHT MAIL

The Board of Pensions of the Presbyterian Church (USA)
100 Witherspoon Street
Louisville, KY 40202-1396

Attention: Rev. William Somplatsky-Jarman

Dear Rev. Somplatsky-Jarman:

I am writing on behalf of AES Corporation (the "Company"), which received on November 9, 2015, your stockholder proposal entitled "2016 AES Corporation Resolution on Energy Policy Impact" submitted pursuant to Securities and Exchange Commission ("SEC") Rule 14a-8 for inclusion in the proxy statement for the Company's 2016 Annual Meeting of Stockholders (the "Proposal").

The Proposal contains certain procedural deficiencies, which SEC regulations require us to bring to your attention. Rule 14a-8(b) under the Securities Exchange Act of 1934, as amended, provides that stockholder proponents must submit sufficient proof of their continuous ownership of at least $2,000 in market value, or 1%, of a company's shares entitled to vote on the proposal for at least one year as of the date the stockholder proposal was submitted. The Company's stock records do not indicate that you are the record owner of sufficient shares to satisfy this requirement. In addition, to date we have not received proof that you have satisfied Rule 14a-8's ownership requirements as of the date that the Proposal was submitted to the Company.

To remedy this defect, you must submit sufficient proof of your continuous ownership of the requisite number of Company shares for the one-year period preceding and including November 6, 2015, the date the Proposal was submitted to the Company. As explained in Rule 14a-8(b) and in SEC staff guidance, sufficient proof must be in the form of:

(1) a written statement from the "record" holder of your shares (usually a broker or a bank) verifying that you continuously held the requisite number of Company shares for the one-year period preceding and including November 6, 2015; or

(2) if you have filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, reflecting your ownership of the requisite number of Company shares as of or before the date on which the one-year eligibility period begins, a copy of the schedule and/or form, and

any subsequent amendments reporting a change in the ownership level and a written statement that you continuously held the requisite number of Company shares for the one-year period.

If you intend to demonstrate ownership by submitting a written statement from the "record" holder of your shares as set forth in (1) above, please note that most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency that acts as a securities depository (DTC is also known through the account name of Cede & Co.). Under SEC Staff Legal Bulletin No. 14F, only DTC participants are viewed as record holders of securities that are deposited at DTC. You can confirm whether your broker or bank is a DTC participant by asking your broker or bank or by checking DTC's participant list, which is available at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.ashx. In these situations, stockholders need to obtain proof of ownership from the DTC participant through which the securities are held, as follows:

(1) If your broker or bank is a DTC participant, then you need to submit a written statement from your broker or bank verifying that you continuously held the requisite number of Company shares for the one-year period preceding and including November 6, 2015.

(2) If your broker or bank is not a DTC participant, then you need to submit proof of ownership from the DTC participant through which the shares are held verifying that you continuously held the requisite number of Company shares for the one-year period preceding and including November 6, 2015. You should be able to find out the identity of the DTC participant by asking your broker or bank. If your broker is an introducing broker, you may also be able to learn the identity and telephone number of the DTC participant through your account statements, because the clearing broker identified on your account statements will generally be a DTC participant. If the DTC participant that holds your shares is not able to confirm your individual holdings but is able to confirm the holdings of your broker or bank, then you need to satisfy the proof of ownership requirements by obtaining and submitting two proof of ownership statements verifying that, for the one-year period preceding and including November 6, 2015, the requisite number of Company shares were continuously held: (i) one from your broker or bank confirming your ownership, and (ii) the other from the DTC participant confirming the broker or bank's ownership.

The SEC's rules require that your response to this letter be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please address any response to me at The AES Corporation, 4300 Wilson Boulevard, Arlington, VA 22203.

If you have any questions with respect to the foregoing, please contact me at (703) 682-1110. For your reference, I enclose a copy of Rule 14a-8 and Staff Legal Bulletin No. 14F.

Sincerely,

Zafar Hasan
Vice President and Chief Corporate Counsel

cc: Pat Zerega, Senior Director of Shareholder Advocacy, Mercy Investment Services, Inc.

Enclosures

BNY MELLON
ASSET SERVICING

November 10, 2015

Mr. Brian A. Miller
Executive Vice President, General Counsel
and Corporate Secretary
AES Corporation
4300 Wilson Boulevard
Arlington, VA 22203

Dear Mr. Miller,

This letter is to verify that the Board of Pensions of the Presbyterian Church (U.S.A.) is the beneficial owner of 250 shares of AES Corporation as of November 6, 2015, the day the filing letter was sent, and November 9, 2015, the day you received the filing letter. This stock position is valued at over $2,000.00, and has been held continuously for over one year prior to the date of the filing of the shareholder resolution.

The resolution is being filed under the name of the Presbyterian Church (U.S.A.), 100 Witherspoon Street, Louisville, Kentucky 40202.

Please feel free to contact me if you need any additional information related to this information.

Sincerely,

Judith Underwood

Judith Underwood
Vice President
BNY Mellon Asset Servicing

CC: Donald Walker
Board of Pensions of the Presbyterian Church