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

DIVISION OF
CORPORATION FINANCE

February 21, 2019

Megan Campbell
The AES Corporation
megan.campbell@aes.com

Re: The AES Corporation
Incoming letter dated December 14, 2018

Dear Ms. Campbell:

This letter is in response to your correspondence dated December 14, 2018 concerning the shareholder proposal (the "Proposal") submitted to The AES Corporation (the "Company") by John Chevedden (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. 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,

M. Hughes Bates
Special Counsel

Enclosure

cc: John Chevedden
***

*** FISMA & OMB Memorandum M-07-16

February 21, 2019

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: The AES Corporation
Incoming letter dated December 14, 2018

The Proposal requests that the board adopt a policy, and amend other governing documents as necessary, to require that the board's chair, whenever possible, be an independent member of the board.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(10). Based on the information you have presented, it appears that the Company's policies, practices and procedures compare favorably with the guidelines of the Proposal and that the Company has, therefore, substantially implemented the Proposal. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(10).

Sincerely,

Courtney Haseley
Special Counsel

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 matters 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 proposal 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 and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate 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 adversarial procedure.

It is important to note that the staff'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 shareholder 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 company's management omit the proposal from the company's proxy materials.

Megan Campbell
Assistant Corporate Secretary

The AES Corporation
4300 Wilson Boulevard
Arlington, VA 22203
(703) 682-6491
megan.campbell@aes.com
www.aes.com

December 14, 2018

VIA E-MAIL

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, DC 20549

Re: *The AES Corporation*
Omission of Stockholder Proposal of John R. Chevedden
Rule 14a-8 under the Securities Exchange Act of 1934

Ladies and Gentlemen:

This letter is to inform you that The AES Corporation ("AES" or the "Company") intends to omit from its proxy statement and form of proxy for its 2019 Annual Meeting of Stockholders (collectively, the "2019 Proxy Materials") a stockholder proposal (the "Stockholder Proposal") received by the Company from Mr. John R. Chevedden (the "Proponent").

Pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934 (as amended, the "Exchange Act"), we have:

- filed this letter with the U.S. Securities and Exchange Commission (the "Commission") no later than eighty (80) calendar days before the Company intends to file its definitive 2019 Proxy Materials with the Commission; and

- concurrently sent a copy of this correspondence to the Proponent.

Rule 14a-8(k) under the Exchange Act 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 Proponent that if he elects to submit additional correspondence to the Commission or the Staff with respect to the Stockholder Proposal, a copy of such correspondence should be furnished concurrently to the undersigned, on behalf of the Company, pursuant to Rule 14a-8(k) and SLB 14D.

THE STOCKHOLDER PROPOSAL

The Proposal states:

Proposal [4] — Independent Board Chairman

Shareholders request our Board of Directors to adopt as a policy, and amend our governing documents as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. The Board would have the discretion to phase in this policy for the next Chief Executive Officer transition, implemented so it does not violate any existing agreement.

If the Board determines that a Chairman, who was independent when selected is no longer independent, the Board shall select a new Chairman who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chairman. This proposal requests that all the necessary steps be taken to accomplish the above.

This proposal topic won 50%-plus support at 5 major U.S. companies in 2013 including 73%-support at Netflix. These 5 majority votes would have been still higher if all shareholders had access to independent proxy voting advice.

It is important to improve the governance of our company at a time that our Corporate Governance Committee is apparently dedicated to claiming a leadership role in limiting the rights of shareholders. With Ms. Holly Koeppel as the chair of our Governance Committee, AES blocked shareholders from voting on a 2018 shareholder proposal for the holders 10% of shares to be able to call a special meeting. Apparently Ms. Koeppel was not very popular with shareholders afterwards. Ms. Koeppel received up to 28-times as many negative votes as other AES directors in 2018.

An independent Chairman is best positioned to build up the oversight capabilities of our directors while our CEO addresses the challenging day-to-day issues facing the company. The roles of Chairman and CEO are fundamentally different and should be held by 2 directors, a CEO and a Chairman who is completely independent of the CEO and our company.

Please vote yes:
Independent Board Chairman — Proposal [4]

A copy of the Stockholder Proposal is attached to this letter as Exhibit A, and copies of all other correspondence with the Proponent related to the Stockholder Proposal is attached to this letter as Exhibit B.

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Stockholder Proposal may properly be excluded from the 2019 Proxy Materials pursuant to Rule 14a-8(i)(10), because the Company has already substantially implemented the Stockholder Proposal.

ANALYSIS

A. The Stockholder Proposal May Be Excluded Under Rule 14a-8(i)(10) Because It Has Already Been Substantially Implemented By The Company.

The Company believes that it may properly exclude the Stockholder Proposal from its 2019 Proxy Materials under Rule 14a-8(i)(10), which permits the exclusion of a proposal "[i]f the company has already substantially implemented the proposal." The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) "is designed to avoid the possibility of shareholders having to consider matters which have already been favorably acted upon by the management." *SEC Release No. 34-12598* (Jul. 7, 1976). Rule 14a-8(i)(10) does not require exact correspondence between the actions sought by a stockholder proponent and the issuer's actions in order for the stockholder's proposal to be excluded. *See SEC Release No. 34-20091* (Aug. 16, 1983). The Staff has previously noted that a basis for exclusion under Rule 14a-8(i)(10) is "a determination that the Company has substantially implemented the proposal depends upon whether its particular policies, practices and procedures compare favorably with the guidelines of the proposal." *Texaco, Inc.* (Mar. 28, 1991). *See also*, *Expeditors International of Washington, Inc.* (Jan. 30, 2014) and *Exxon Mobil Corp*. (Mar. 17, 2011).

Additionally, substantial implementation under Rule 14a-8(i)(10) requires a company's actions to have satisfactorily addressed both the proposal's underlying concerns, and its essential objective. *See*, *e.g.*, *Starbucks Corporation* (Dec. 1, 2011) (proposal requesting the company adopt a standard of allowing a simple majority vote for approval of a proposal was excludable because the company's articles of incorporation and amended and restated bylaws did not contain any stockholder voting requirements to call for greater than majority votes cast for or against a proposal); *Exelon Corp.* (Feb. 26, 2010) (proposal requesting a semi-annual report regarding the company's political contributions was excludable because the company's existing guidelines and reports fulfilled the essential objective of the proposal of providing stockholders with up-to-date information on the company's political contributions); *Anheuser-Busch Companies, Inc.* (Jan. 17, 2007) (proposal seeking a declassified board was excludable when the company showed it had already declassified its board through an amendment to its certificate of incorporation which was approved by stockholders at the prior annual meeting). Further, the Staff has found that Rule 14a-8(i)(10) permits the omission of a stockholder proposal if a company has substantially implemented means to achieve the essential objectives of the proposal, even if by means other than those suggested by the stockholder proponent. *See*, *e.g.*, *ConAgra Foods, Inc.* (Jul. 3, 2006) (proposal requesting a sustainability report was excludable because the company had already been providing information generally of the type to be included in the sustainability report); *Masco Corp.* (Mar. 29, 1999) (proposal requesting the board of directors adopt specific qualifications for outside directors was excludable because the board had already scheduled a similar resolution for consideration at an upcoming board

meeting); *Nordstrom, Inc.* (Feb. 8, 1995) (proposal requesting the company adopt a code of conduct for its foreign suppliers was excludable because the company's existing guidelines substantially covered the requested criteria); and *Xcel Energy, Inc.* (Feb. 17, 2004) (proposal requesting the board of directors prepare a report on the company's response to certain climate change related issues was excludable because the company was already addressing these issues through various policies and reports). *See also Caterpillar Inc.* (Mar. 11, 2008); *Wal-Mart Stores, Inc.* (Mar. 10, 2008); *PG&E Corp.* (Mar. 6, 2008); and *Johnson & Johnson* (Feb. 22, 2008), where, in each instance, the Staff found that stockholder proposals requesting the company prepare a global warming report were excludable because the company had already published a report that included information relating to its environmental policies and programs.

Differences between a company's actions and a stockholder proposal are permitted so long as the company's actions sufficiently address the proposal's underlying concern and its essential objective. For example, in *Expeditors International of Washington, Inc.*, the Staff concurred with the company's view that it could exclude a stockholder proposal under Rule 14a-8(i)(10), where a stockholder proposal requested that the company adopt a policy requiring that the chair of the board be independent, when possible, and allowed for the policy to be prospective, in order to not violate any contractual obligations at the time the policy was adopted. The Staff agreed that the stockholder proposal was excludable because the company had already adopted a policy and succession agreement to implement an independent chair after the current chairman stepped down on a previously negotiated date. Additionally, in *Texaco*, the Staff permitted the omission of a proposal that requested the company subscribe to a specific set of environmental guidelines because the company had already established a compliance disclosure program related to its environmental programs. The Staff permitted the omission even though the company's guidelines did not satisfy the inspection, public disclosure or substantive commitments sought in the proposal. In *Exxon Mobil Corp.*, the Staff permitted the omission of a proposal where the company's pre-existing policies and procedures compared favorably to the proposal at issue, despite the disclosures not being as fulsome as the proponent had contemplated, and the analysis not rising to the level of detail that the proponent desired.

B. AES's Policies, Practices And Procedures Compare Favorably With The Guidelines Of The Stockholder Proposal.

The Company believes that the Stockholder Proposal has been substantially implemented under the existing AES Corporate Governance Guidelines ("Guidelines") and that the Guidelines compare favorably with the guidelines of the Stockholder Proposal. The Company's Guidelines provide that the position of the Chairman of the AES Board of Directors (the "Board") will be separate from the Chief Executive Officer ("CEO"), and that whenever possible, the position of Chairman will be held by a director that is "independent" within the meaning of applicable independence requirements of the New York Stock Exchange and the Exchange Act, and any rules and regulations promulgated thereunder.

The Guidelines are attached to this letter as Exhibit C, and also available on the Company's website located at https://s2.q4cdn.com/825052743/files/doc_downloads/Charters/2018/AES-2018-Corporate-Governance-Guidelines-(December).pdf.

A summary chart containing both the Stockholder Proposal and the relevant Guidelines is included below to highlight the substantial implementation by the Company of the Stockholder Proposal, and how the Guidelines favorably compare to the guidelines of the proposal.

Proposal Language	**Current Implementation**
Shareholders request our Board of Directors to adopt as a policy, and amend our governing documents as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, to be an independent member of the Board.	The Guidelines state "[w]henever possible, the Chairman of the Board shall be an Independent Director, as defined [under the] Independence of the Board [heading]" of the Guidelines.
The Board would have the discretion to phase in this policy for the next Chief Executive Officer transition, implemented so it does not violate any existing agreement.	The Guidelines state that "[t]he Board requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer."
If the Board determines that a Chairman, who was independent when selected is no longer independent, the Board shall select a new Chairman who satisfies the requirements of the policy within a reasonable amount of time.	The Guidelines state "[i]f the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable."
Compliance with this policy is waived if no independent director is available and willing to serve as Chairman.	The Guidelines state "the Board has the discretion to select a Chairman of the Board who is not an Independent Director if there are no Independent Directors willing to serve as Chairman of the Board."

C. AES's Guidelines Satisfactorily Addresses Both The Underlying Concern And The Essential Objective Of The Stockholder Proposal.

The Company believes that its Guidelines satisfactorily address the Proponent's underlying concerns and the essential objective of the Stockholder Proposal. For example, the Stockholder Proposal highlights the importance of an independent Chairman to "build up the oversight capabilities of [the] directors while [the] CEO addresses the challenging day-to-day issues facing the company." The Company could not agree more with this sentiment, which is why its Guidelines require the separation of the offices of Chairman of the Board and the CEO. In fact, since 1993, the Company has separated the offices of the Chairman and the CEO. The Stockholder Proposal goes on to highlight that "[t]he roles of Chairman and CEO are fundamentally different and should be held by 2 directors, a CEO and a Chairman who is completely independent of the CEO and [the] company." In addition to the Company's separation of the offices of the Chairman and CEO, since 2003, the Company's Chairman has been an "Independent Director" since that time. The Company has long had an informal policy of Chairman independence and, pursuant to that informal policy, has maintained an Independent Director as Chairman of the Board for the last 15 years. As part of the Company's good faith negotiations with the Proponent, the Board adopted the Guidelines on December 7, 2018 to

formally specify that, whenever possible, the Chairman of the Board shall be an Independent Director.

The Company's long practice of having an independent Chairman of the Board, coupled with the revisions to the Guidelines to formalize this practice, ensures that the Stockholder Proposal's essential objective will continue to be implemented by the Company. Indeed, an affirmative vote for the Stockholder Proposal would not change the Company's practice. Accordingly, if the Proposal was implemented, it would provide the same outcome contemplated by the Guidelines.

CONCLUSION

Therefore, based on the foregoing analysis, and to avoid the possibility of stockholders having to consider matters which have already been favorably acted upon by the Board and management, the Company respectfully requests that the Staff concur in its belief that the Stockholder Proposal may be excluded from the 2019 Proxy Materials in its entirety pursuant, to Rule 14a-8(i)(10).

We are happy to provide you with any additional information or answer any questions that you may have regarding this matter. Correspondence regarding this letter should be sent to the undersigned at megan.campbell@aes.com. If you have any questions with respect to the foregoing, please contact the undersigned at (703) 682-6491.

Sincerely,

Megan Campbell
Assistant Corporate Secretary
The AES Corporation

Enclosures

cc: John R. Chevedden

Exhibit A

Stockholder Proposal

John Chevedden
***

Mr. Vincent W. Mathis
Secretary
AES Corp (AES)
4300 Wilson Boulevard
Suite 1100
Arlington, VA 22203
PH: 703-522-1315

Dear Mr. Mathis,

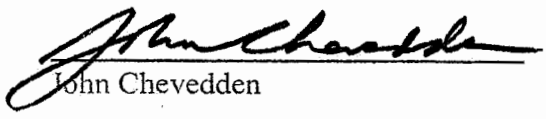
This Rule 14a-8 proposal is respectfully submitted in support of the long-term performance of our company.

This Rule 14a-8 proposal is intended as a low-cost method to improve company performance – especially compared to the substantial capitalization of our company.

This proposal is for the annual shareholder meeting. Rule 14a-8 requirements will be met including the continuous ownership of the required stock value until after the date of the respective shareholder meeting and presentation of the proposal at the annual meeting. This submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

Your consideration and the consideration of the Board of Directors is appreciated in support of the long-term performance of our company. Please acknowledge receipt of this proposal by email to ***
***

Sincerely,



John Chevedden

November 6, 2018

Date

cc: Megan Campbell <megan.campbell@aes.com
Ahmed Pasha <ahmed.pasha@aes.com>

[AES – Rule 14a-8 Proposal, November 6, 2018]
[This line and any line above it – *Not* for publication.]

Proposal [4] – Independent Board Chairman

Shareholders request our Board of Directors to adopt as a policy, and amend our governing documents as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. The Board would have the discretion to phase in this policy for the next Chief Executive Officer transition, implemented so it does not violate any existing agreement.

If the Board determines that a Chairman, who was independent when selected is no longer independent, the Board shall select a new Chairman who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chairman. This proposal requests that all the necessary steps be taken to accomplish the above.

This proposal topic won 50%-plus support at 5 major U.S. companies in 2013 including 73%-support at Netflix. These 5 majority votes would have been still higher if all shareholders had access to independent proxy voting advice.

It is important to improve the governance of our company at a time that our Corporate Governance Committee is apparently dedicated to claiming a leadership role in limiting the rights of shareholders. With Ms. Holly Koeppel as the chair of our Governance Committee, AES blocked shareholders from voting on a 2018 shareholder proposal for the holders 10% of shares to be able to call a special meeting. Apparently Ms. Koeppel was not very popular with shareholders afterwards. Ms. Koeppel received up to 28-times as many negative votes as other AES directors in 2018.

An independent Chairman is best positioned to build up the oversight capabilities of our directors while our CEO addresses the challenging day-to-day issues facing the company. The roles of Chairman and CEO are fundamentally different and should be held by 2 directors, a CEO and a Chairman who is completely independent of the CEO and our company.

Please vote yes:
Independent Board Chairman – Proposal [4]
[The line above – *Is* for publication.]

John Chevedden, *** sponsors this proposal.

Notes:
This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(I)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also: Sun Microsystems, Inc. (July 21, 2005).

The stock supporting this proposal will be held until after the annual meeting and the proposal will be presented at the annual meeting. Please acknowledge this proposal promptly by email
***

Johnson, Keishunn M.

From:	***
Sent:	Tuesday, November 6, 2018 9:37 PM
To:	Vincent Mathis
Cc:	Megan Campbell; Ahmed Pasha
Subject:	Rule 14a-8 Proposal (AES)``
Attachments:	CCE06112018_8.pdf

USE CAUTION: External Sender

Mr. Mathis,
Please see the attached rule 14a-8 proposal to improve corporate governance and enhance long-term shareholder value at de minimis up-front cost – especially considering the market capitalization of the company.
Sincerely,
John Chevedden

Exhibit B

Stockholder Proposal Related Correspondence With Proponent

Johnson, Keishunn M.

***

From:
Sent: Tuesday, November 6, 2018 9:37 PM
To: Vincent Mathis
Cc: Megan Campbell; Ahmed Pasha
Subject: Rule 14a-8 Proposal (AES)``
Attachments: CCE06112018_8.pdf

USE CAUTION: External Sender

Mr. Mathis,
Please see the attached rule 14a-8 proposal to improve corporate governance and enhance long-term shareholder value at de minimis up-front cost – especially considering the market capitalization of the company.
Sincerely,
John Chevedden

John Chevedden
***

Mr. Vincent W. Mathis
Secretary
AES Corp (AES)
4300 Wilson Boulevard
Suite 1100
Arlington, VA 22203
PH: 703-522-1315

Dear Mr. Mathis,

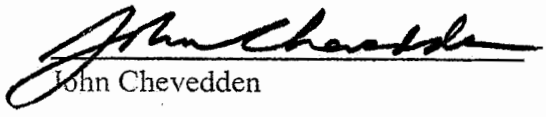
This Rule 14a-8 proposal is respectfully submitted in support of the long-term performance of our company.

This Rule 14a-8 proposal is intended as a low-cost method to improve company performance – especially compared to the substantial capitalization of our company.

This proposal is for the annual shareholder meeting. Rule 14a-8 requirements will be met including the continuous ownership of the required stock value until after the date of the respective shareholder meeting and presentation of the proposal at the annual meeting. This submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

Your consideration and the consideration of the Board of Directors is appreciated in support of the long-term performance of our company. Please acknowledge receipt of this proposal by email to ***
***

Sincerely,



John Chevedden

November 6, 2018

Date

cc: Megan Campbell <megan.campbell@aes.com
Ahmed Pasha <ahmed.pasha@aes.com>

[AES – Rule 14a-8 Proposal, November 6, 2018]
[This line and any line above it – *Not* for publication.]

Proposal [4] – Independent Board Chairman

Shareholders request our Board of Directors to adopt as a policy, and amend our governing documents as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. The Board would have the discretion to phase in this policy for the next Chief Executive Officer transition, implemented so it does not violate any existing agreement.

If the Board determines that a Chairman, who was independent when selected is no longer independent, the Board shall select a new Chairman who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chairman. This proposal requests that all the necessary steps be taken to accomplish the above.

This proposal topic won 50%-plus support at 5 major U.S. companies in 2013 including 73%-support at Netflix. These 5 majority votes would have been still higher if all shareholders had access to independent proxy voting advice.

It is important to improve the governance of our company at a time that our Corporate Governance Committee is apparently dedicated to claiming a leadership role in limiting the rights of shareholders. With Ms. Holly Koeppel as the chair of our Governance Committee, AES blocked shareholders from voting on a 2018 shareholder proposal for the holders 10% of shares to be able to call a special meeting. Apparently Ms. Koeppel was not very popular with shareholders afterwards. Ms. Koeppel received up to 28-times as many negative votes as other AES directors in 2018.

An independent Chairman is best positioned to build up the oversight capabilities of our directors while our CEO addresses the challenging day-to-day issues facing the company. The roles of Chairman and CEO are fundamentally different and should be held by 2 directors, a CEO and a Chairman who is completely independent of the CEO and our company.

Please vote yes:
Independent Board Chairman – Proposal [4]
[The line above – *Is* for publication.]

John Chevedden, *** sponsors this proposal.

Notes:
This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(I)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also: Sun Microsystems, Inc. (July 21, 2005).

The stock supporting this proposal will be held until after the annual meeting and the proposal will be presented at the annual meeting. Please acknowledge this proposal promptly by email
***

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Wednesday, November 7, 2018 7:31 AM
To: *** |
Cc: Ahmed Pasha; Paul Freedman
Subject: RE: Rule 14a-8 Proposal (AES)``

Dear Mr. Chevedden,

Confirming receipt of your proposal.

Regards,
Megan

Megan Campbell
Assistant Corporate Secretary
The AES Corporation
megan.campbell@aes.com

AES
we are the energy

***
From:
Sent: Tuesday, November 6, 2018 9:37 PM
To: Vincent Mathis <vincent.mathis@aes.com>
Cc: Megan Campbell <megan.campbell@aes.com>; Ahmed Pasha <ahmed.b.pasha@aes.com>
Subject: Rule 14a-8 Proposal (AES)``

USE CAUTION: External Sender

Mr. Mathis,
Please see the attached rule 14a-8 proposal to improve corporate governance and enhance long-term shareholder value at de minimis up-front cost – especially considering the market capitalization of the company.
Sincerely,
John Chevedden

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Friday, November 9, 2018 10:48 AM
To: *** j
Cc: Paul Freedman
Subject: AES Deficiency Notice
Attachments: Ltr to John Chevedden 11-8-18.pdf

Dear Mr. Chevedden,

Please find attached a Deficiency Notice and related attachments regarding the your stockholder proposal received on November 6, 2018.

Regards,
Megan

Megan Campbell
Assistant Corporate Secretary
The AES Corporation
703-682-6491
megan.campbell@aes.com

The AES Corporation
4300 Wilson Boulevard
Arlington, VA 22203
www.aes.com

November 8, 2018

VIA ELECTRONIC MAIL
Mr. John Chevedden
***

Dear Mr. Chevedden:

I am writing on behalf of The AES Corporation (the "Company"). On November 6, 2018, the Company received the stockholder proposal that you submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), for inclusion in the proxy statement for the Company's 2019 Annual Meeting of Stockholders (the "Proposal").

The Proposal contains certain procedural deficiencies, as set forth below, which the rules and regulations of the Securities and Exchange Commission ("SEC") require us to bring to your attention. Unless these deficiencies can be remedied in the appropriate timeframe required under applicable SEC rules, the Company will be entitled to exclude the Proposal from its proxy materials for the Company's 2019 Annual Meeting of Stockholders.

Proof of Ownership under Rule 14a-8(b)

Rule 14a-8(b) of the Exchange Act 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 securities entitled to vote on the proposal for at least one year as of the date that the stockholder proposal was submitted. The Company's stock records do not indicate that you are a record owner of sufficient shares of the Company's common stock (the "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, and received by, the Company.

To remedy this defect, you must submit sufficient proof of your continuous ownership of the requisite number of Shares for the one-year period preceding and including November 6, 2018, 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 bank) verifying that you continuously held the requisite number of Shares for the one-year period preceding and including November 6, 2018; or

(2) if you have filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4, and/or Form 5, or amendments to those documents or updated forms, reflecting your

ownership of the requisite number of 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 Shares for the one-year period preceding and including November 6, 2018.

If you intend to demonstrate your 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.), or an affiliate thereof. Under SEC Staff Legal Bulletin Nos. 14F and 14G, only DTC participants, or affiliates of DTC participants, are viewed as record holders of securities. You can confirm whether your broker or bank is a DTC participant or an affiliate of a DTC participant by asking your broker or bank or, in the case of DTC participants, by checking DTC's participant list, which is available at http://www.dtcc.com/client-center/dtc-directories. In these situations, stockholders need to obtain proof of ownership from the DTC participant or an affiliate of a DTC participant through which the securities are held, as follows:

(1) If the broker or bank is a DTC participant or an affiliate of a DTC participant, then you need to submit a written statement from the broker or bank verifying that you continuously held the requisite number of Shares for the one-year period preceding and including November 6, 2018.

(2) If the broker or bank is not a DTC participant or an affiliate of a DTC participant, then you need to submit proof of ownership from the DTC participant or affiliate of a DTC participant through which the Shares are held verifying that you continuously held the requisite number of Shares for the one-year period preceding and including November 6, 2018. If your broker is an introducing broker, you may also be able to learn the identity and telephone number of the DTC participant or affiliate of a DTC participant through your account statements, because the clearing broker identified on the account statements generally will be a DTC participant or an affiliate of a DTC participant. If the DTC participant or affiliate of a 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, 2018, the requisite number of Shares were continuously held: (i) one from your broker or bank confirming your ownership; and (ii) the other from the DTC participant or affiliate of a DTC participant confirming the broker or bank's ownership.

The SEC's rules require that any 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 and paul.freedman@aes.com.

If you have any questions with respect to the foregoing, please contact me (703) 682-1159. For your reference, I am enclosing copies of Rule 14a-8 and Staff Legal Bulletin Nos. 14F and 14G.

Sincerely,

Paul Freedman
Senior Vice President and General Counsel

Enclosures

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

information after the termination of the solicitation.

(e) The security holder shall reimburse the reasonable expenses incurred by the registrant in performing the acts requested pursuant to paragraph (a) of this section.

NOTE 1 TO §240.14A–7. Reasonably prompt methods of distribution to security holders may be used instead of mailing. If an alternative distribution method is chosen, the costs of that method should be considered where necessary rather than the costs of mailing.

NOTE 2 TO §240.14A–7 When providing the information required by §240.14a–7(a)(1)(11), if the registrant has received affirmative written or implied consent to delivery of a single copy of proxy materials to a shared address in accordance with §240.14a–3(e)(1), it shall exclude from the number of record holders those to whom it does not have to deliver a separate proxy statement.

[57 FR 48292, Oct. 22, 1992, as amended at 59 FR 63684, Dec. 8, 1994; 61 FR 24657, May 15, 1996; 65 FR 65750, Nov. 2, 2000; 72 FR 4167, Jan. 29, 2007; 72 FR 42238, Aug. 1, 2007]

§240.14a–8 Shareholder proposals.

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) *Question 1:* What is a proposal? A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) *Question 2:* Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible? (1) In order to be eligible to submit a proposal, you must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§240.13d–101), Schedule 13G (§240.13d–102), Form 3 (§249.103 of this chapter), Form 4 (§249.104 of this chapter) and/or Form 5 (§249.105 of this

under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(i) *Question 9:* If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal? (1) Improper under state law: If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

NOTE TO PARAGRAPH (i)(1): Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2) *Violation of law:* If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

NOTE TO PARAGRAPH (i)(2): We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.

(3) *Violation of proxy rules:* If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including §240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4) *Personal grievance; special interest:* If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) *Relevance:* If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) *Absence of power/authority:* If the company would lack the power or authority to implement the proposal;

(7) *Management functions:* If the proposal deals with a matter relating to the company's ordinary business operations;

(8) *Director elections:* If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9) *Conflicts with company's proposal:* If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;

NOTE TO PARAGRAPH (i)(9): A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10) *Substantially implemented:* If the company has already substantially implemented the proposal;

NOTE TO PARAGRAPH (i)(10): A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant

express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our antifraud rule, §240.14a–9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under §240.14a–6.

[63 FR 29119, May 28, 1998; 63 FR 50622, 50623, Sept. 22, 1998, as amended at 72 FR 4168, Jan. 29, 2007; 72 FR 70456, Dec. 11, 2007; 73 FR 977, Jan. 4, 2008; 76 FR 6045, Feb. 2, 2011; 75 FR 56782, Sept. 16, 2010]

§240.14a–9 False or misleading statements.

(a) No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

(b) The fact that a proxy statement, form of proxy or other soliciting material has been filed with or examined by the Commission shall not be deemed a finding by the Commission that such material is accurate or complete or not false or misleading, or that the Commission has passed upon the merits of or approved any statement contained therein or any matter to be acted upon by security holders. No representation contrary to the foregoing shall be made.

(c) No nominee, nominating shareholder or nominating shareholder group, or any member thereof, shall cause to be included in a registrant's proxy materials, either pursuant to the Federal proxy rules, an applicable state or foreign law provision, or a registrant's governing documents as they relate to including shareholder nominees for director in a registrant's proxy materials, include in a notice on Schedule 14N (§240.14n–101), or include in any other related communication, any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to a solicitation for the same meeting or subject matter which has become false or misleading.

NOTE: The following are some examples of what, depending upon particular facts and circumstances, may be misleading within the meaning of this section.

a. Predictions as to specific future market values.

b. Material which directly or indirectly impugns character, integrity or personal reputation, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation.

U.S. Securities and Exchange Commission

Division of Corporation Finance
Securities and Exchange Commission

Shareholder Proposals

Staff Legal Bulletin No. 14F (CF)

Action: Publication of CF Staff Legal Bulletin

Date: October 18, 2011

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Supplementary Information: The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

Contacts: For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at https://tts.sec.gov/cgi-bin/corp_fin_interpretive.

A. The purpose of this bulletin

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- Brokers and banks that constitute "record" holders under Rule 14a-8 (b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- Common errors shareholders can avoid when submitting proof of ownership to companies;
- The submission of revised proposals;
- Procedures for withdrawing no-action requests regarding proposals submitted by multiple proponents; and
- The Division's new process for transmitting Rule 14a-8 no-action responses by email.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: SLB No. 14, SLB No. 14A, SLB No. 14B, SLB No. 14C, SLB No. 14D and SLB No. 14E.

B. The types of brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

1. Eligibility to submit a proposal under Rule 14a-8

To be eligible to submit a shareholder proposal, a shareholder must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the shareholder meeting for at least one year as of the date the shareholder submits the proposal. The shareholder must also continue to hold the required amount of securities through the date of the meeting and must provide the company with a written statement of intent to do so.[1]

The steps that a shareholder must take to verify his or her eligibility to submit a proposal depend on how the shareholder owns the securities. There are two types of security holders in the U.S.: registered owners and beneficial owners.[2] Registered owners have a direct relationship with the issuer because their ownership of shares is listed on the records maintained by the issuer or its transfer agent. If a shareholder is a registered owner, the company can independently confirm that the shareholder's holdings satisfy Rule 14a-8(b)'s eligibility requirement.

The vast majority of investors in shares issued by U.S. companies, however, are beneficial owners, which means that they hold their securities in book-entry form through a securities intermediary, such as a broker or a bank. Beneficial owners are sometimes referred to as "street name" holders. Rule 14a-8(b)(2)(i) provides that a beneficial owner can provide proof of ownership to support his or her eligibility to submit a proposal by submitting a written statement "from the 'record' holder of [the] securities (usually a broker or bank)," verifying that, at the time the proposal was submitted, the shareholder held the required amount of securities continuously for at least one year.[3]

2. The role of the Depository Trust Company

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 acting as a securities depository. Such brokers and banks are often referred to as "participants" in DTC.[4] The names of these DTC participants, however, do not appear as the registered owners of the securities deposited with DTC on the list of shareholders maintained by the company or, more typically, by its transfer agent. Rather, DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants. A company can request from DTC a "securities position listing" as of a specified date, which identifies the DTC participants having a position in the company's securities and the number of securities held by each DTC participant on that date.[5]

3. Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

In *The Hain Celestial Group, Inc.* (Oct. 1, 2008), we took the position that an introducing broker could be considered a "record" holder for purposes of

Rule 14a-8(b)(2)(i). An introducing broker is a broker that engages in sales and other activities involving customer contact, such as opening customer accounts and accepting customer orders, but is not permitted to maintain custody of customer funds and securities.[6] Instead, an introducing broker engages another broker, known as a "clearing broker," to hold custody of client funds and securities, to clear and execute customer trades, and to handle other functions such as issuing confirmations of customer trades and customer account statements. Clearing brokers generally are DTC participants; introducing brokers generally are not. As introducing brokers generally are not DTC participants, and therefore typically do not appear on DTC's securities position listing, *Hain Celestial* has required companies to accept proof of ownership letters from brokers in cases where, unlike the positions of registered owners and brokers and banks that are DTC participants, the company is unable to verify the positions against its own or its transfer agent's records or against DTC's securities position listing.

In light of questions we have received following two recent court cases relating to proof of ownership under Rule 14a-8[7] and in light of the Commission's discussion of registered and beneficial owners in the Proxy Mechanics Concept Release, we have reconsidered our views as to what types of brokers and banks should be considered "record" holders under Rule 14a-8(b)(2)(i). Because of the transparency of DTC participants' positions in a company's securities, we will take the view going forward that, for Rule 14a-8(b)(2)(i) purposes, only DTC participants should be viewed as "record" holders of securities that are deposited at DTC. As a result, we will no longer follow *Hain Celestial*.

We believe that taking this approach as to who constitutes a "record" holder for purposes of Rule 14a-8(b)(2)(i) will provide greater certainty to beneficial owners and companies. We also note that this approach is consistent with Exchange Act Rule 12g5-1 and a 1988 staff no-action letter addressing that rule,[8] under which brokers and banks that are DTC participants are considered to be the record holders of securities on deposit with DTC when calculating the number of record holders for purposes of Sections 12(g) and 15(d) of the Exchange Act.

Companies have occasionally expressed the view that, because DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants, only DTC or Cede & Co. should be viewed as the "record" holder of the securities held on deposit at DTC for purposes of Rule 14a-8(b)(2)(i). We have never interpreted the rule to require a shareholder to obtain a proof of ownership letter from DTC or Cede & Co., and nothing in this guidance should be construed as changing that view.

How can a shareholder determine whether his or her broker or bank is a DTC participant?

Shareholders and companies can confirm whether a particular broker or bank is a DTC participant by checking DTC's participant list, which is currently available on the Internet at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.ashx.

What if a shareholder's broker or bank is not on DTC's participant list?

The shareholder will need to obtain proof of ownership from the DTC participant through which the securities are held. The shareholder should be able to find out who this DTC participant is by asking the shareholder's broker or bank.[9]

If the DTC participant knows the shareholder's broker or bank's holdings, but does not know the shareholder's holdings, a shareholder could satisfy Rule 14a-8(b)(2)(i) by obtaining and submitting two proof of ownership statements verifying that, at the time the proposal was submitted, the required amount of securities were continuously held for at least one year – one from the shareholder's broker or bank confirming the shareholder's ownership, and the other from the DTC participant confirming the broker or bank's ownership.

How will the staff process no-action requests that argue for exclusion on the basis that the shareholder's proof of ownership is not from a DTC participant?

The staff will grant no-action relief to a company on the basis that the shareholder's proof of ownership is not from a DTC participant only if the company's notice of defect describes the required proof of ownership in a manner that is consistent with the guidance contained in this bulletin. Under Rule 14a-8(f)(1), the shareholder will have an opportunity to obtain the requisite proof of ownership after receiving the notice of defect.

C. Common errors shareholders can avoid when submitting proof of ownership to companies

In this section, we describe two common errors shareholders make when submitting proof of ownership for purposes of Rule 14a-8(b)(2), and we provide guidance on how to avoid these errors.

First, Rule 14a-8(b) requires a shareholder to provide proof of ownership that he or she has "continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal" (emphasis added).[10] We note that many proof of ownership letters do not satisfy this requirement because they do not verify the shareholder's beneficial ownership for the entire one-year period preceding and including the date the proposal is submitted. In some cases, the letter speaks as of a date *before* the date the proposal is submitted, thereby leaving a gap between the date of the verification and the date the proposal is submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the shareholder's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Second, many letters fail to confirm continuous ownership of the securities. This can occur when a broker or bank submits a letter that confirms the shareholder's beneficial ownership only as of a specified date but omits any reference to continuous ownership for a one-year period.

We recognize that the requirements of Rule 14a-8(b) are highly prescriptive and can cause inconvenience for shareholders when submitting proposals. Although our administration of Rule 14a-8(b) is constrained by the terms of

the rule, we believe that shareholders can avoid the two errors highlighted above by arranging to have their broker or bank provide the required verification of ownership as of the date they plan to submit the proposal using the following format:

> "As of [date the proposal is submitted], [name of shareholder] held, and has held continuously for at least one year, [number of securities] shares of [company name] [class of securities]."[11]

As discussed above, a shareholder may also need to provide a separate written statement from the DTC participant through which the shareholder's securities are held if the shareholder's broker or bank is not a DTC participant.

D. The submission of revised proposals

On occasion, a shareholder will revise a proposal after submitting it to a company. This section addresses questions we have received regarding revisions to a proposal or supporting statement.

1. A shareholder submits a timely proposal. The shareholder then submits a revised proposal before the company's deadline for receiving proposals. Must the company accept the revisions?

Yes. In this situation, we believe the revised proposal serves as a replacement of the initial proposal. By submitting a revised proposal, the shareholder has effectively withdrawn the initial proposal. Therefore, the shareholder is not in violation of the one-proposal limitation in Rule 14a-8 (c).[12] If the company intends to submit a no-action request, it must do so with respect to the revised proposal.

We recognize that in Question and Answer E.2 of SLB No. 14, we indicated that if a shareholder makes revisions to a proposal before the company submits its no-action request, the company can choose whether to accept the revisions. However, this guidance has led some companies to believe that, in cases where shareholders attempt to make changes to an initial proposal, the company is free to ignore such revisions even if the revised proposal is submitted before the company's deadline for receiving shareholder proposals. We are revising our guidance on this issue to make clear that a company may not ignore a revised proposal in this situation.[13]

2. A shareholder submits a timely proposal. After the deadline for receiving proposals, the shareholder submits a revised proposal. Must the company accept the revisions?

No. If a shareholder submits revisions to a proposal after the deadline for receiving proposals under Rule 14a-8(e), the company is not required to accept the revisions. However, if the company does not accept the revisions, it must treat the revised proposal as a second proposal and submit a notice stating its intention to exclude the revised proposal, as required by Rule 14a-8(j). The company's notice may cite Rule 14a-8(e) as the reason for excluding the revised proposal. If the company does not accept the revisions and intends to exclude the initial proposal, it would also need to submit its reasons for excluding the initial proposal.

3. If a shareholder submits a revised proposal, as of which date must the shareholder prove his or her share ownership?

A shareholder must prove ownership as of the date the original proposal is submitted. When the Commission has discussed revisions to proposals,[14] it has not suggested that a revision triggers a requirement to provide proof of ownership a second time. As outlined in Rule 14a-8(b), proving ownership includes providing a written statement that the shareholder intends to continue to hold the securities through the date of the shareholder meeting. Rule 14a-8(f)(2) provides that if the shareholder "fails in [his or her] promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of [the same shareholder's] proposals from its proxy materials for any meeting held in the following two calendar years." With these provisions in mind, we do not interpret Rule 14a-8 as requiring additional proof of ownership when a shareholder submits a revised proposal.[15]

E. Procedures for withdrawing no-action requests for proposals submitted by multiple proponents

We have previously addressed the requirements for withdrawing a Rule 14a-8 no-action request in SLB Nos. 14 and 14C. SLB No. 14 notes that a company should include with a withdrawal letter documentation demonstrating that a shareholder has withdrawn the proposal. In cases where a proposal submitted by multiple shareholders is withdrawn, SLB No. 14C states that, if each shareholder has designated a lead individual to act on its behalf and the company is able to demonstrate that the individual is authorized to act on behalf of all of the proponents, the company need only provide a letter from that lead individual indicating that the lead individual is withdrawing the proposal on behalf of all of the proponents.

Because there is no relief granted by the staff in cases where a no-action request is withdrawn following the withdrawal of the related proposal, we recognize that the threshold for withdrawing a no-action request need not be overly burdensome. Going forward, we will process a withdrawal request if the company provides a letter from the lead filer that includes a representation that the lead filer is authorized to withdraw the proposal on behalf of each proponent identified in the company's no-action request.[16]

F. Use of email to transmit our Rule 14a-8 no-action responses to companies and proponents

To date, the Division has transmitted copies of our Rule 14a-8 no-action responses, including copies of the correspondence we have received in connection with such requests, by U.S. mail to companies and proponents. We also post our response and the related correspondence to the Commission's website shortly after issuance of our response.

In order to accelerate delivery of staff responses to companies and proponents, and to reduce our copying and postage costs, going forward, we intend to transmit our Rule 14a-8 no-action responses by email to companies and proponents. We therefore encourage both companies and proponents to include email contact information in any correspondence to each other and to us. We will use U.S. mail to transmit our no-action response to any company or proponent for which we do not have email contact information.

Given the availability of our responses and the related correspondence on the Commission's website and the requirement under Rule 14a-8 for companies and proponents to copy each other on correspondence submitted to the Commission, we believe it is unnecessary to transmit copies of the related correspondence along with our no-action response. Therefore, we intend to transmit only our staff response and not the correspondence we receive from the parties. We will continue to post to the Commission's website copies of this correspondence at the same time that we post our staff no-action response.

[1] *See* Rule 14a-8(b).

[2] For an explanation of the types of share ownership in the U.S., see Concept Release on U.S. Proxy System, Release No. 34-62495 (July 14, 2010) [75 FR 42982] ("Proxy Mechanics Concept Release"), at Section II.A. The term "beneficial owner" does not have a uniform meaning under the federal securities laws. It has a different meaning in this bulletin as compared to "beneficial owner" and "beneficial ownership" in Sections 13 and 16 of the Exchange Act. Our use of the term in this bulletin is not intended to suggest that registered owners are not beneficial owners for purposes of those Exchange Act provisions. *See* Proposed Amendments to Rule 14a-8 under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Release No. 34-12598 (July 7, 1976) [41 FR 29982], at n.2 ("The term 'beneficial owner' when used in the context of the proxy rules, and in light of the purposes of those rules, may be interpreted to have a broader meaning than it would for certain other purpose[s] under the federal securities laws, such as reporting pursuant to the Williams Act.").

[3] If a shareholder has filed a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 reflecting ownership of the required amount of shares, the shareholder may instead prove ownership by submitting a copy of such filings and providing the additional information that is described in Rule 14a-8(b)(2)(ii).

[4] DTC holds the deposited securities in "fungible bulk," meaning that there are no specifically identifiable shares directly owned by the DTC participants. Rather, each DTC participant holds a pro rata interest or position in the aggregate number of shares of a particular issuer held at DTC. Correspondingly, each customer of a DTC participant – such as an individual investor – owns a pro rata interest in the shares in which the DTC participant has a pro rata interest. *See* Proxy Mechanics Concept Release, at Section II.B.2.a.

[5] *See* Exchange Act Rule 17Ad-8.

[6] *See* Net Capital Rule, Release No. 34-31511 (Nov. 24, 1992) [57 FR 56973] ("Net Capital Rule Release"), at Section II.C.

[7] *See KBR Inc. v. Chevedden*, Civil Action No. H-11-0196, 2011 U.S. Dist. LEXIS 36431, 2011 WL 1463611 (S.D. Tex. Apr. 4, 2011); *Apache Corp. v. Chevedden,* 696 F. Supp. 2d 723 (S.D. Tex. 2010). In both cases, the court concluded that a securities intermediary was not a record holder for purposes of Rule 14a-8(b) because it did not appear on a list of the

company's non-objecting beneficial owners or on any DTC securities position listing, nor was the intermediary a DTC participant.

[8] *Techne Corp.* (Sept. 20, 1988).

[9] In addition, if the shareholder's broker is an introducing broker, the shareholder's account statements should include the clearing broker's identity and telephone number. *See* Net Capital Rule Release, at Section II.C.(iii). The clearing broker will generally be a DTC participant.

[10] For purposes of Rule 14a-8(b), the submission date of a proposal will generally precede the company's receipt date of the proposal, absent the use of electronic or other means of same-day delivery.

[11] This format is acceptable for purposes of Rule 14a-8(b), but it is not mandatory or exclusive.

[12] As such, it is not appropriate for a company to send a notice of defect for multiple proposals under Rule 14a-8(c) upon receiving a revised proposal.

[13] This position will apply to all proposals submitted after an initial proposal but before the company's deadline for receiving proposals, regardless of whether they are explicitly labeled as "revisions" to an initial proposal, unless the shareholder affirmatively indicates an intent to submit a second, *additional* proposal for inclusion in the company's proxy materials. In that case, the company must send the shareholder a notice of defect pursuant to Rule 14a-8(f)(1) if it intends to exclude either proposal from its proxy materials in reliance on Rule 14a-8(c). In light of this guidance, with respect to proposals or revisions received before a company's deadline for submission, we will no longer follow *Layne Christensen Co.* (Mar. 21, 2011) and other prior staff no-action letters in which we took the view that a proposal would violate the Rule 14a-8(c) one-proposal limitation if such proposal is submitted to a company after the company has either submitted a Rule 14a-8 no-action request to exclude an earlier proposal submitted by the same proponent or notified the proponent that the earlier proposal was excludable under the rule.

[14] *See, e.g.*, Adoption of Amendments Relating to Proposals by Security Holders, Release No. 34-12999 (Nov. 22, 1976) [41 FR 52994].

[15] Because the relevant date for proving ownership under Rule 14a-8(b) is the date the proposal is submitted, a proponent who does not adequately prove ownership in connection with a proposal is not permitted to submit another proposal for the same meeting on a later date.

[16] Nothing in this staff position has any effect on the status of any shareholder proposal that is not withdrawn by the proponent or its authorized representative.

http://www.sec.gov/interps/legal/cfslb14f.htm

Home | Previous Page Modified: 10/18/2011

Division of Corporation Finance
Securities and Exchange Commission

Shareholder Proposals

Staff Legal Bulletin No. 14G (CF)

Action: Publication of CF Staff Legal Bulletin

Date: October 16, 2012

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Supplementary Information: The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

Contacts: For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at https://tts.sec.gov/cgi-bin/corp_fin_interpretive.

A. The purpose of this bulletin

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- the parties that can provide proof of ownership under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- the manner in which companies should notify proponents of a failure to provide proof of ownership for the one-year period required under Rule 14a-8(b)(1); and
- the use of website references in proposals and supporting statements.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: SLB No. 14, SLB No. 14A, SLB No. 14B, SLB No. 14C, SLB No. 14D, SLB No. 14E and SLB No. 14F.

B. Parties that can provide proof of ownership under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

1. Sufficiency of proof of ownership letters provided by affiliates of DTC participants for purposes of Rule 14a-8(b)(2)(i)

To be eligible to submit a proposal under Rule 14a-8, a shareholder must, among other things, provide documentation evidencing that the shareholder has continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the shareholder meeting for at least one year as of the date the shareholder submits the proposal. If the shareholder is a beneficial owner of the securities, which means that the securities are held in book-entry form through a securities intermediary, Rule 14a-8(b)(2)(i) provides that this documentation can be in the form of a "written statement from the 'record' holder of your securities (usually a broker or bank)...."

In SLB No. 14F, the Division described its view that only securities intermediaries that are participants in the Depository Trust Company ("DTC") should be viewed as "record" holders of securities that are deposited at DTC for purposes of Rule 14a-8(b)(2)(i). Therefore, a beneficial owner must obtain a proof of ownership letter from the DTC participant through which its securities are held at DTC in order to satisfy the proof of ownership requirements in Rule 14a-8.

During the most recent proxy season, some companies questioned the sufficiency of proof of ownership letters from entities that were not themselves DTC participants, but were affiliates of DTC participants.[1] By virtue of the affiliate relationship, we believe that a securities intermediary holding shares through its affiliated DTC participant should be in a position to verify its customers' ownership of securities. Accordingly, we are of the view that, for purposes of Rule 14a-8(b)(2)(i), a proof of ownership letter from an affiliate of a DTC participant satisfies the requirement to provide a proof of ownership letter from a DTC participant.

2. Adequacy of proof of ownership letters from securities intermediaries that are not brokers or banks

We understand that there are circumstances in which securities intermediaries that are not brokers or banks maintain securities accounts in the ordinary course of their business. A shareholder who holds securities through a securities intermediary that is not a broker or bank can satisfy Rule 14a-8's documentation requirement by submitting a proof of ownership letter from that securities intermediary.[2] If the securities intermediary is not a DTC participant or an affiliate of a DTC participant, then the shareholder will also need to obtain a proof of ownership letter from the DTC participant or an affiliate of a DTC participant that can verify the holdings of the securities intermediary.

C. Manner in which companies should notify proponents of a failure to provide proof of ownership for the one-year period required under Rule 14a-8(b)(1)

As discussed in Section C of SLB No. 14F, a common error in proof of ownership letters is that they do not verify a proponent's beneficial ownership for the entire one-year period preceding and including the date the proposal was submitted, as required by Rule 14a-8(b)(1). In some cases, the letter speaks as of a date *before* the date the proposal was submitted, thereby leaving a gap between the date of verification and the

date the proposal was submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the proponent's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Under Rule 14a-8(f), if a proponent fails to follow one of the eligibility or procedural requirements of the rule, a company may exclude the proposal only if it notifies the proponent of the defect and the proponent fails to correct it. In SLB No. 14 and SLB No. 14B, we explained that companies should provide adequate detail about what a proponent must do to remedy all eligibility or procedural defects.

We are concerned that companies' notices of defect are not adequately describing the defects or explaining what a proponent must do to remedy defects in proof of ownership letters. For example, some companies' notices of defect make no mention of the gap in the period of ownership covered by the proponent's proof of ownership letter or other specific deficiencies that the company has identified. We do not believe that such notices of defect serve the purpose of Rule 14a-8(f).

Accordingly, going forward, we will not concur in the exclusion of a proposal under Rules 14a-8(b) and 14a-8(f) on the basis that a proponent's proof of ownership does not cover the one-year period preceding and including the date the proposal is submitted unless the company provides a notice of defect that identifies the specific date on which the proposal was submitted and explains that the proponent must obtain a new proof of ownership letter verifying continuous ownership of the requisite amount of securities for the one-year period preceding and including such date to cure the defect. We view the proposal's date of submission as the date the proposal is postmarked or transmitted electronically. Identifying in the notice of defect the specific date on which the proposal was submitted will help a proponent better understand how to remedy the defects described above and will be particularly helpful in those instances in which it may be difficult for a proponent to determine the date of submission, such as when the proposal is not postmarked on the same day it is placed in the mail. In addition, companies should include copies of the postmark or evidence of electronic transmission with their no-action requests.

D. Use of website addresses in proposals and supporting statements

Recently, a number of proponents have included in their proposals or in their supporting statements the addresses to websites that provide more information about their proposals. In some cases, companies have sought to exclude either the website address or the entire proposal due to the reference to the website address.

In SLB No. 14, we explained that a reference to a website address in a proposal does not raise the concerns addressed by the 500-word limitation in Rule 14a-8(d). We continue to be of this view and, accordingly, we will continue to count a website address as one word for purposes of Rule 14a-8 (d). To the extent that the company seeks the exclusion of a website reference in a proposal, but not the proposal itself, we will continue to follow the guidance stated in SLB No. 14, which provides that references to website addresses in proposals or supporting statements could be subject to exclusion under Rule 14a-8(i)(3) if the information contained on the

website is materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules, including Rule 14a-9.[3]

In light of the growing interest in including references to website addresses in proposals and supporting statements, we are providing additional guidance on the appropriate use of website addresses in proposals and supporting statements.[4]

1. References to website addresses in a proposal or supporting statement and Rule 14a-8(i)(3)

References to websites in a proposal or supporting statement may raise concerns under Rule 14a-8(i)(3). In SLB No. 14B, we stated that the exclusion of a proposal under Rule 14a-8(i)(3) as vague and indefinite may be appropriate if neither the shareholders 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. In evaluating whether a proposal may be excluded on this basis, we consider only the information contained in the proposal and supporting statement and determine whether, based on that information, shareholders and the company can determine what actions the proposal seeks.

If a proposal or supporting statement refers to a website that provides information necessary for shareholders and the company to understand with reasonable certainty exactly what actions or measures the proposal requires, and such information is not also contained in the proposal or in the supporting statement, then we believe the proposal would raise concerns under Rule 14a-9 and would be subject to exclusion under Rule 14a-8(i)(3) as vague and indefinite. By contrast, if shareholders and the company can understand with reasonable certainty exactly what actions or measures the proposal requires without reviewing the information provided on the website, then we believe that the proposal would not be subject to exclusion under Rule 14a-8(i)(3) on the basis of the reference to the website address. In this case, the information on the website only supplements the information contained in the proposal and in the supporting statement.

2. Providing the company with the materials that will be published on the referenced website

We recognize that if a proposal references a website that is not operational at the time the proposal is submitted, it will be impossible for a company or the staff to evaluate whether the website reference may be excluded. In our view, a reference to a non-operational website in a proposal or supporting statement could be excluded under Rule 14a-8(i)(3) as irrelevant to the subject matter of a proposal. We understand, however, that a proponent may wish to include a reference to a website containing information related to the proposal but wait to activate the website until it becomes clear that the proposal will be included in the company's proxy materials. Therefore, we will not concur that a reference to a website may be excluded as irrelevant under Rule 14a-8(i)(3) on the basis that it is not yet operational if the proponent, at the time the proposal is submitted, provides the company with the materials that are intended for publication on the website and a representation that the website will become

operational at, or prior to, the time the company files its definitive proxy materials.

3. Potential issues that may arise if the content of a referenced website changes after the proposal is submitted

To the extent the information on a website changes after submission of a proposal and the company believes the revised information renders the website reference excludable under Rule 14a-8, a company seeking our concurrence that the website reference may be excluded must submit a letter presenting its reasons for doing so. While Rule 14a-8(j) requires a company to submit its reasons for exclusion with the Commission no later than 80 calendar days before it files its definitive proxy materials, we may concur that the changes to the referenced website constitute "good cause" for the company to file its reasons for excluding the website reference after the 80-day deadline and grant the company's request that the 80-day requirement be waived.

[1] An entity is an "affiliate" of a DTC participant if such entity directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the DTC participant.

[2] Rule 14a-8(b)(2)(i) itself acknowledges that the record holder is "usually," but not always, a broker or bank.

[3] Rule 14a-9 prohibits statements in proxy materials which, at the time and in the light of the circumstances under which they are made, are false or misleading with respect to any material fact, or which omit to state any material fact necessary in order to make the statements not false or misleading.

[4] A website that provides more information about a shareholder proposal may constitute a proxy solicitation under the proxy rules. Accordingly, we remind shareholders who elect to include website addresses in their proposals to comply with all applicable rules regarding proxy solicitations.

http://www.sec.gov/interps/legal/cfslb14g.htm

Home | Previous Page Modified: 10/16/2012

Johnson, Keishunn M.

From: Microsoft Outlook <MicrosoftExchange329e71ec88ae4615bbc36ab6ce41109e@aescloud.onmicrosoft.com>

To: ***

Sent: Friday, November 9, 2018 10:48 AM

Subject: Relayed: AES Deficiency Notice

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

***

Subject: AES Deficiency Notice

AES Deficiency Notice

Johnson, Keishunn M.

***

From:
Sent: Monday, November 19, 2018 9:05 PM
To: Vincent Mathis
Cc: Megan Campbell; Ahmed Pasha
Subject: Rule 14a-8 Proposal (AES) blb
Attachments: CCE19112018_7.pdf

USE CAUTION: External Sender

Mr. Mathis,
Please see the attached letter.
Sincerely,
John Chevedden

Personal Investing

P.O. Box 770001
Cincinnati, OH 45277-0045

November 19, 2018

John R Chevedden
***

To Whom It May Concern:

This letter is provided at the request of Mr. John R. Chevedden, a customer of Fidelity Investments.

Please accept this letter as confirmation that as of the date of this letter, Mr. Chevedden has continuously owned no fewer than the share quantity listed in the following table in the following security, since June 1st, 2017:

Security Name	CUSIP	Symbol	Share Quantity
AES Corp	00130H105	AES	250
Southern Co	842587107	SO	100
Pinnacle West Capital Corp	723484101	PNW	50
International Business Machines Corp	459200101	IBM	25
Wells Fargo & Co	949746101	WFC	100

These securities are registered in the name of National Financial Services LLC, a DTC participant (DTC number: 0226) and Fidelity Investments subsidiary.

I hope you find this information helpful. If you have any questions regarding this issue, please feel free to contact me by calling 800-397-9945 between the hours of 8:30 a.m. and 5:00 p.m. Eastern Standard Time (Monday through Friday) and entering my extension 13813 when prompted.

Sincerely,

Stormy Delehanty
Personal Investing Operations

Our File: W884345-19NOV18

Fidelity Brokerage Services LLC, Members NYSE, SIPC.

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Monday, December 3, 2018 11:26 AM
To: ***
Cc: Paul Freedman
Subject: AES Stockholder Proposal
Attachments: AES - 2018 Corporate Governance Guidelines (14a-8 Proposal Language).pdf

Dear Mr. Chevedden,

On November 6, 2018, The AES Corporation (the "Company") received the stockholder proposal that you submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, for inclusion in the proxy statement for the Company's 2019 Annual Meeting of Stockholders (the "Proposal"). The Proposal requests that the Company require that the Chair of the Board of Directors be an independent member of the Board whenever possible. As you may know, in 2003 the Company separated the offices of the Chairman of the Board and the Chief Executive Officer and since that time the Chairman of the Board has been an independent member of the Board. The Company is prepared to amend its Corporate Governance Guidelines to require that whenever possible, the Chairman of the Board shall be an Independent Director. I have included the proposed primary changes to the Corporate Governance Guidelines below (and attached a full copy of the proposed draft of the Corporate Governance Guidelines to this email). We respectfully request that you withdraw the Proposal contingent upon the Board's approval of amendments to the Corporate Governance Guidelines as presented in this email. **If you hereby agree to withdraw the Proposal contingent upon the Board's approval of amendments to the Company's Corporate Governance Guidelines (as proposed herein) prior to the Company's filing of its definitive proxy materials for the 2019 Annual Meeting of Stockholders, please respond "yes" to this email.**

Regards,
Megan Campbell

Megan Campbell
Assistant Corporate Secretary
The AES Corporation
703-682-6491
megan.campbell@aes.com

AES
we are the energy

Excerpt of Proposed Change to the Corporate Governance Guidelines:

The Board requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Chairman of the Board shall be selected by a majority vote of the

members of the Board. Ordinarily, the Chairman of the Board will serve as Chairman for no longer than four years. Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under **Independence of the Board**. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a Chairman of the Board who is not an Independent Director if there are no Independent Directors willing to serve as Chairman of the Board.

Corporate Governance Guidelines

of

The AES Corporation

~~October~~ [December] 2018

Corporate Governance Guidelines of The AES Corporation

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the "Board") of The AES Corporation (the "Company") to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or Bylaws of the Company. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

THE BOARD

The Board's Goals and Role of Directors

The business and affairs of the Company are subject to the direction and oversight of the Board. The Board's and the Company's goals are to help meet the world's need for electric power in ways that benefit all of our stakeholders, to build long-term value for the Company's shareholders, and to assure sustained performance and viability of the Company for its owners, employees and other individuals and organizations who depend on the Company.

To achieve these goals, the Board will provide oversight over both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer (the "CEO") and other senior management, and provide them constructive advice and feedback. The Board is also responsible for oversight to ensure that the Company's management and employees operate in a legal and ethically responsible manner, which includes a responsibility to ensure that adequate procedures and controls are in place to foster compliance with applicable laws, rules and regulations governing the Company's businesses. When it is appropriate or necessary, it is the Board's responsibility to remove the CEO and to select his or her successor. The Board is authorized to retain outside advisors as necessary and appropriate to assist the Board. To achieve the Company's goals, the Board shall also be guided by the five shared values that shape the Company's culture: Safety, Integrity, Agility, Excellence, and Fun.

Selection of the Chairman of the Board

The Board requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Chairman of the Board shall be selected by a majority vote of the members of the Board. Ordinarily, the Chairman of the Board will serve as Chairman for no longer than four years. Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under **Independence of the Board**. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a Chairman of the Board who is not an Independent Director if there are no Independent Directors willing to serve as Chairman of the Board.

Size of the Board

The Board generally shall have no fewer than 9 and no more than 12 directors. The Board is expressly permitted to modify this range if necessary during transition periods. This range

permits diversity of experience without hindering effective discussion or diminishing individual accountability.

Selection of New Directors

The Governance Committee is responsible for identifying, evaluating and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Governance Committee shall consider any advice and recommendations offered by the Chief Executive Officer, the Chairman of the Board, and other Board members. The Board is responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders.

Board Membership Criteria

Nominees for director are selected on the basis of, among other things, experience, knowledge, skills, diversity, expertise, integrity, ability to make independent analytical inquiries, understanding of the Company's global business environment and willingness to devote adequate time and effort to Board responsibilities.

The Governance Committee is responsible for assessing the appropriate balance of criteria required of Board members and to review annually such assessment with the Board.

Each non-employee director is expected to accumulate and maintain equity ownership in the Company having a value of at least five times the director's annual cash Board retainer by the fifth anniversary of his or her election to the Board. In determining whether a non-employee director has satisfied this Guideline, all vested stock and equity interests held by such director, or to which such director is otherwise entitled, will be taken into consideration, including, without limitation, shares of stock in the Company, the "in-the-money" value of options to purchase stock in the Company, and stock units (regardless of whether such units are settled for stock and/or cash). The Governance Committee shall review compliance with these guidelines on an annual basis.

Other Public Company Directorships

Directors shall advise the Chairman of the Board and the Chairman of the Governance Committee in advance of accepting an invitation to serve on other public company boards of directors. Non-employee directors may not serve on more than five (5) public boards of directors, including the Company's Board, and members of the Financial Audit Committee may not serve on more than three (3) Financial Audit Committees of public boards, including the Company's Financial Audit Committee. Directors who also serve as chief executive officers of publicly-traded companies should not serve on more than two public company boards, in addition to their employer's board provided, however, that service on the public company board of a subsidiary of the employer in which the employer owns, directly or indirectly, in excess of 50% of the equity interests of such subsidiary will not be counted for this purpose.

Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors ~~("Independent Directors")~~ under the listing standards of the New York Stock Exchange (the "NYSE") and all applicable independence standards of the Securities Exchange Act of 1934, as amended, and any regulations and rules promulgated thereunder. The Board shall review, at least annually, the relationships that each director has with the Company (either directly or as a shareholder or officer of an organization that has a relationship with the Company). Only those directors whom the Board affirmatively determines, based on its annual review, are independent as prescribed under the listing standards of the NYSE will be considered to be "Independent Directors."

No more than 2 management executives may serve on the Board at the same time.

Lead Independent Director

If the Chairman of the Board is not an Independent Director, the Company's Independent Directors shall designate one of the Independent Directors on the Board to serve as the Lead Independent Director (the "Lead Independent Director"). If the Chairman of the Board is an Independent Director, then he or she shall serve as Lead Independent Director. The Lead Independent Director's duties include coordinating the activities of the Independent Directors, coordinating the agenda for and moderating sessions of the Board's Independent Directors, and facilitating communications among the other members of the Board.

In performing the duties described above, the Lead Independent Director shall consult with the Chairs of the appropriate Board committees and solicit their participation, in order to avoid diluting the authority or responsibilities of such committee Chairs.

Alternate Lead Independent Director

The Company's Independent Directors may designate one of the Independent Directors on the Board to serve as the Alternate Lead Independent Director (the "Alternate Lead Independent Director"). In the event that the Lead Independent Director is for any reason unable to fulfill his or her duties, the Alternate Lead Independent Director shall assume the duties of the Lead Independent Director. If the Chairman of the Board is the Lead Independent Director and is unable to fulfill his or her duties, the Alternate Lead Independent Director will assume the duties of both Chairman of the Board and Lead Independent Director.

Change in Status of a Director's Present Job Responsibility or Health

The Board does not believe that a non-employee director who retires or experiences an employment position change since becoming a member of the Board should necessarily leave the Board. The Board requires, however, that promptly following such an event, the director notify the Governance Committee in writing and submit a letter of resignation. The Board is not obligated to accept a submission of resignation upon a notification of change in position if such submission is proffered. Directors also are required to notify the Governance Committee promptly of a change in health status that could have a material effect on the ability of the director to perform his/her duties as a member of the Board.

Upon receipt of an above notification of a change in status of a director's present job responsibility or health, the Governance Committee shall review the continued appropriateness of the affected director remaining on the Board under the circumstances and make a recommendation to the Board regarding continued service. The affected director shall act in accordance with the Board's determination following such review.

Director Tenure

Each director is elected to serve a one-year term. At the end of each such one-year term, a director may be nominated to serve an additional one-year term. An individual director's re-nomination is dependent upon such director's performance. Ordinarily, a director will be nominated with the expectation that he or she will serve a minimum of four consecutive one-year terms and that no director will serve more than fifteen cumulative one-year terms. However, the Board may determine to waive the policy regarding fifteen one-year terms from time to time. Nothing set forth in this section, including the tenure references contained herein, is intended, nor should it be considered to alter or modify any shareholder rights regarding the election of directors.

Board Compensation

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Board believes that compensation for non-employee directors should be sufficiently competitive to attract and retain fully qualified directors. Director compensation will encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Governance Committee will review no less frequently than every two years, the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, operating in a comparable industry and/or with equivalent complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, which may include any charitable contributions by the Company to organizations with which a director is affiliated, consistent with Company policy. Changes to director compensation recommended by the Governance Committee will be proposed to the full Board for consideration and approval.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a non-management member may receive from the Company.

Separate Sessions of Non-Management Directors and Sessions of Independent Directors

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis, but no fewer than four times a year. The Independent Directors of the Company shall meet in executive session without any non-Independent Directors on a regularly scheduled basis, but no fewer than four times a year. The Lead Independent Director shall preside at such executive sessions.

Self-Evaluation by the Board

The Governance Committee will sponsor an annual self-assessment of the Board's performance, as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board believes the Board can make a better contribution to the Company and a third party may be hired to assist at the Governance Committee's recommendation. The Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for nomination to the Board and making recommendations to the Board with respect to assignments of Board members to various committees. Individual Board member evaluations will also be included in the annual Board self-assessment process.

Strategic Direction of the Company

The management of the Company formulates, proposes and implements strategic choices. The Board's role is to review, approve and/or to propose modifications to strategic direction and evaluate results. However, as a practical matter, the Board and management will be better able to carry out their respective responsibilities for strategic development if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members.

Board Access to Management, Employees and Advisors

Board members shall have complete access to the Company's management and, as appropriate, to the Company's employees and outside advisors. Board members will use judgment to assure that this access does not negatively affect the business operations of the Company.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring other members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

Preparation for Board Meetings

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting are to be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to attend meetings of the Board and committees on which such director sits, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting. Directors also are expected to review Board materials provided prior to meetings and be prepared to participate and contribute in a productive manner at Board and committee meetings.

Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. Except in extraordinary cases, each director shall refer all inquiries from institutional investors, other shareholders, analysts, the press or customers to the Chief Executive Officer or his or her designee.

Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal offices, internal auditors, and independent auditors. Each director is encouraged to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

BOARD MEETINGS

Frequency of Meetings

There shall be five or more regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

Selection of Agenda Items for Board Meetings

The Chairman of the Board, in consultation with the Lead Independent Director and the Chief Executive Officer, shall annually prepare a "Board of Directors Master Agenda." This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chairman of the Board, in consultation with the Lead Independent Director and the Chief Executive Officer, may adjust the agenda to include special items not contemplated during the initial preparation of the annual Master Agenda.

Upon completion, a copy of the Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have four (4) standing committees: Financial Audit, Governance, Compensation, and Innovation and Technology Committee. The purpose and responsibilities of these four (4) standing committees shall be outlined in committee charters adopted by the Board. The Board is permitted to form new committee(s) and/or disband current committee(s), although no disbandment by the Board of a committee required by applicable law or regulation is permissible. In addition, the Board may determine to form ad hoc or special committees from time to time, and determine the compensation, composition and areas of competence of such committees.

Independence of Board Committees

Each of the Financial Audit Committee, the Governance Committee and the Compensation Committee shall be composed entirely of Independent Directors as required to satisfy all applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

Assignment and Rotation of Committee Members

The Governance Committee shall annually review the committee assignments and shall consider the rotation of the Chairman of the Board and members of the committees with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors. The Governance Committee shall be responsible, after it completes its annual review and thereafter consults with the Chairman of the Board and the Lead Independent Director regarding its review, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Governance Committee's recommendations, the Board shall be responsible for appointing the Chairman of the Board, Lead Independent Director (if different from the Chairman of the Board), Alternate Lead Independent Director (if applicable), and members to the committees on an annual basis.

LEADERSHIP DEVELOPMENT

Selection of the Chief Executive Officer

The Board is responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community, and willingness to devote the necessary time and effort to make the Company successful.

Evaluation of Chief Executive Officer

The Board will provide the Chief Executive Officer with an annual performance review for the prior year by the second regularly scheduled meeting of the Board each fiscal year. The evaluation may occur in accordance with Section IV.A. of the Compensation Committee Charter or as set forth below. The following steps, which will be subject to the oversight of the Governance Committee, will be utilized to carry out this review:

- The Chief Executive Officer will develop a self-evaluation at the end of each fiscal year that is based upon, among other matters, mutually agreed upon goals that are established among the Board and the CEO at the time of the CEO's immediately prior annual evaluation, and the Chief Executive Officer will provide this self-evaluation to the Compensation Committee and full Board within one month of the end of the fiscal year, either orally or in writing.

- With this information, each non-management director will provide his or her assessment to the Compensation Committee. These assessments should include the director's appraisal of:

    - The Company's performance and the Chief Executive Officer's contribution to it, both compared to competitors and the Company's own strategic goals;

    - Achievement of personal goals set by the Chief Executive Officer for the year, as part of his or her self-evaluation; and

    - Other aspects of the Chief Executive Officer's performance which the non-management directors deem relevant.

The Compensation Committee will synthesize these assessments and report a summary of this information to the non-management directors in executive session by the second regularly scheduled meeting of the Board each fiscal year. After agreement by the non-management directors to the evaluation, the chairs of the Board's committees, unless an alternative process is determined for a specific year, will meet with the Chief Executive Officer to discuss the Board's assessment and to receive the Chief Executive Officer's reaction to the evaluation.

Succession Planning

The Board shall plan for and assist in the development of management for succession to the position of the Chief Executive Officer and other senior management positions. In addition, the Board or a committee designated by the Board shall discuss and review, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company if some or all of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary. The short-term succession plan and long-term management development plans shall be reviewed no less than annually after adoption.

Management Development

The Board shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid-level managers throughout the Company.

Johnson, Keishunn M.

From: Microsoft Outlook <MicrosoftExchange329e71ec88ae4615bbc36ab6ce41109e@aescloud.onmicrosoft.com>

To: ***

Sent: Monday, December 3, 2018 11:26 AM

Subject: Relayed: AES Stockholder Proposal

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

***

Subject: AES Stockholder Proposal

AES Stockholder Proposal

Johnson, Keishunn M.

From: ***
Sent: Monday, December 3, 2018 10:41 PM
To: Megan Campbell
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
Thank you for the detailed information.
Are the Corporate Governance Guidelines of The AES Corporation accessible through the AES website.
John Chevedden

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Tuesday, December 4, 2018 9:33 AM
To: ***
Cc: Paul Freedman
Subject: RE: Stockholder Proposal (AES)

Dear Mr. Chevedden,

Yes, they are accessible here on the bottom third of the page along with the Committee charters: https://www.aes.com/about-us/board-of-directors-and-committees/default.aspx . Please note the changes proposed in my email yesterday have not yet been adopted by the Board of Directors and will not be include in the Corporate Governance Guidelines on the website.

Megan

From: ***
Sent: Monday, December 3, 2018 10:41 PM
To: Megan Campbell <megan.campbell@aes.com>
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
Thank you for the detailed information.
Are the Corporate Governance Guidelines of The AES Corporation accessible through the AES website.
John Chevedden

Johnson, Keishunn M.

***

From:
Sent: Wednesday, December 5, 2018 9:26 AM
To: Megan Campbell
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
Thank you for the additional information.
John Chevedden

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Monday, December 10, 2018 1:58 PM
To: ***
Cc: Paul Freedman
Subject: RE: Stockholder Proposal (AES)
Attachments: AES Stockholder Proposal

Dear Mr. Chevedden,

I am following up on my email from Monday, December 3, 2018 (attached here). Would you like to schedule a call to discuss? If so, please provide dates and times which you are available.

Regards,
Megan

***

From:
Sent: Wednesday, December 5, 2018 9:26 AM
To: Megan Campbell <megan.campbell@aes.com>
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
Thank you for the additional information.
John Chevedden

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Monday, December 3, 2018 11:26 AM
To: ***
Cc: Paul Freedman
Subject: AES Stockholder Proposal
Attachments: AES - 2018 Corporate Governance Guidelines (14a-8 Proposal Language).pdf

Dear Mr. Chevedden,

On November 6, 2018, The AES Corporation (the "Company") received the stockholder proposal that you submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, for inclusion in the proxy statement for the Company's 2019 Annual Meeting of Stockholders (the "Proposal"). The Proposal requests that the Company require that the Chair of the Board of Directors be an independent member of the Board whenever possible. As you may know, in 2003 the Company separated the offices of the Chairman of the Board and the Chief Executive Officer and since that time the Chairman of the Board has been an independent member of the Board. The Company is prepared to amend its Corporate Governance Guidelines to require that whenever possible, the Chairman of the Board shall be an Independent Director. I have included the proposed primary changes to the Corporate Governance Guidelines below (and attached a full copy of the proposed draft of the Corporate Governance Guidelines to this email). We respectfully request that you withdraw the Proposal contingent upon the Board's approval of amendments to the Corporate Governance Guidelines as presented in this email. **If you hereby agree to withdraw the Proposal contingent upon the Board's approval of amendments to the Company's Corporate Governance Guidelines (as proposed herein) prior to the Company's filing of its definitive proxy materials for the 2019 Annual Meeting of Stockholders, please respond "yes" to this email.**

Regards,
Megan Campbell

Megan Campbell
Assistant Corporate Secretary
The AES Corporation
703-682-6491
megan.campbell@aes.com

AES
we are the energy

Excerpt of Proposed Change to the Corporate Governance Guidelines:

The Board requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Chairman of the Board shall be selected by a majority vote of the

members of the Board. Ordinarily, the Chairman of the Board will serve as Chairman for no longer than four years. Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under **Independence of the Board**. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a Chairman of the Board who is not an Independent Director if there are no Independent Directors willing to serve as Chairman of the Board.

Corporate Governance Guidelines

of

The AES Corporation

~~October~~ [December] 2018

Corporate Governance Guidelines of The AES Corporation

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the "Board") of The AES Corporation (the "Company") to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or Bylaws of the Company. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

THE BOARD

The Board's Goals and Role of Directors

The business and affairs of the Company are subject to the direction and oversight of the Board. The Board's and the Company's goals are to help meet the world's need for electric power in ways that benefit all of our stakeholders, to build long-term value for the Company's shareholders, and to assure sustained performance and viability of the Company for its owners, employees and other individuals and organizations who depend on the Company.

To achieve these goals, the Board will provide oversight over both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer (the "CEO") and other senior management, and provide them constructive advice and feedback. The Board is also responsible for oversight to ensure that the Company's management and employees operate in a legal and ethically responsible manner, which includes a responsibility to ensure that adequate procedures and controls are in place to foster compliance with applicable laws, rules and regulations governing the Company's businesses. When it is appropriate or necessary, it is the Board's responsibility to remove the CEO and to select his or her successor. The Board is authorized to retain outside advisors as necessary and appropriate to assist the Board. To achieve the Company's goals, the Board shall also be guided by the five shared values that shape the Company's culture: Safety, Integrity, Agility, Excellence, and Fun.

Selection of the Chairman of the Board

The Board requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Chairman of the Board shall be selected by a majority vote of the members of the Board. Ordinarily, the Chairman of the Board will serve as Chairman for no longer than four years. Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under **Independence of the Board**. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a Chairman of the Board who is not an Independent Director if there are no Independent Directors willing to serve as Chairman of the Board.

Size of the Board

The Board generally shall have no fewer than 9 and no more than 12 directors. The Board is expressly permitted to modify this range if necessary during transition periods. This range

permits diversity of experience without hindering effective discussion or diminishing individual accountability.

Selection of New Directors

The Governance Committee is responsible for identifying, evaluating and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Governance Committee shall consider any advice and recommendations offered by the Chief Executive Officer, the Chairman of the Board, and other Board members. The Board is responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders.

Board Membership Criteria

Nominees for director are selected on the basis of, among other things, experience, knowledge, skills, diversity, expertise, integrity, ability to make independent analytical inquiries, understanding of the Company's global business environment and willingness to devote adequate time and effort to Board responsibilities.

The Governance Committee is responsible for assessing the appropriate balance of criteria required of Board members and to review annually such assessment with the Board.

Each non-employee director is expected to accumulate and maintain equity ownership in the Company having a value of at least five times the director's annual cash Board retainer by the fifth anniversary of his or her election to the Board. In determining whether a non-employee director has satisfied this Guideline, all vested stock and equity interests held by such director, or to which such director is otherwise entitled, will be taken into consideration, including, without limitation, shares of stock in the Company, the "in-the-money" value of options to purchase stock in the Company, and stock units (regardless of whether such units are settled for stock and/or cash). The Governance Committee shall review compliance with these guidelines on an annual basis.

Other Public Company Directorships

Directors shall advise the Chairman of the Board and the Chairman of the Governance Committee in advance of accepting an invitation to serve on other public company boards of directors. Non-employee directors may not serve on more than five (5) public boards of directors, including the Company's Board, and members of the Financial Audit Committee may not serve on more than three (3) Financial Audit Committees of public boards, including the Company's Financial Audit Committee. Directors who also serve as chief executive officers of publicly-traded companies should not serve on more than two public company boards, in addition to their employer's board provided, however, that service on the public company board of a subsidiary of the employer in which the employer owns, directly or indirectly, in excess of 50% of the equity interests of such subsidiary will not be counted for this purpose.

Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors ~~("Independent Directors")~~ under the listing standards of the New York Stock Exchange (the "NYSE") and all applicable independence standards of the Securities Exchange Act of 1934, as amended, and any regulations and rules promulgated thereunder. The Board shall review, at least annually, the relationships that each director has with the Company (either directly or as a shareholder or officer of an organization that has a relationship with the Company). Only those directors whom the Board affirmatively determines, based on its annual review, are independent as prescribed under the listing standards of the NYSE will be considered to be "Independent Directors."

No more than 2 management executives may serve on the Board at the same time.

Lead Independent Director

If the Chairman of the Board is not an Independent Director, the Company's Independent Directors shall designate one of the Independent Directors on the Board to serve as the Lead Independent Director (the "Lead Independent Director"). If the Chairman of the Board is an Independent Director, then he or she shall serve as Lead Independent Director. The Lead Independent Director's duties include coordinating the activities of the Independent Directors, coordinating the agenda for and moderating sessions of the Board's Independent Directors, and facilitating communications among the other members of the Board.

In performing the duties described above, the Lead Independent Director shall consult with the Chairs of the appropriate Board committees and solicit their participation, in order to avoid diluting the authority or responsibilities of such committee Chairs.

Alternate Lead Independent Director

The Company's Independent Directors may designate one of the Independent Directors on the Board to serve as the Alternate Lead Independent Director (the "Alternate Lead Independent Director"). In the event that the Lead Independent Director is for any reason unable to fulfill his or her duties, the Alternate Lead Independent Director shall assume the duties of the Lead Independent Director. If the Chairman of the Board is the Lead Independent Director and is unable to fulfill his or her duties, the Alternate Lead Independent Director will assume the duties of both Chairman of the Board and Lead Independent Director.

Change in Status of a Director's Present Job Responsibility or Health

The Board does not believe that a non-employee director who retires or experiences an employment position change since becoming a member of the Board should necessarily leave the Board. The Board requires, however, that promptly following such an event, the director notify the Governance Committee in writing and submit a letter of resignation. The Board is not obligated to accept a submission of resignation upon a notification of change in position if such submission is proffered. Directors also are required to notify the Governance Committee promptly of a change in health status that could have a material effect on the ability of the director to perform his/her duties as a member of the Board.

Upon receipt of an above notification of a change in status of a director's present job responsibility or health, the Governance Committee shall review the continued appropriateness of the affected director remaining on the Board under the circumstances and make a recommendation to the Board regarding continued service. The affected director shall act in accordance with the Board's determination following such review.

Director Tenure

Each director is elected to serve a one-year term. At the end of each such one-year term, a director may be nominated to serve an additional one-year term. An individual director's re-nomination is dependent upon such director's performance. Ordinarily, a director will be nominated with the expectation that he or she will serve a minimum of four consecutive one-year terms and that no director will serve more than fifteen cumulative one-year terms. However, the Board may determine to waive the policy regarding fifteen one-year terms from time to time. Nothing set forth in this section, including the tenure references contained herein, is intended, nor should it be considered to alter or modify any shareholder rights regarding the election of directors.

Board Compensation

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Board believes that compensation for non-employee directors should be sufficiently competitive to attract and retain fully qualified directors. Director compensation will encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Governance Committee will review no less frequently than every two years, the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, operating in a comparable industry and/or with equivalent complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, which may include any charitable contributions by the Company to organizations with which a director is affiliated, consistent with Company policy. Changes to director compensation recommended by the Governance Committee will be proposed to the full Board for consideration and approval.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a non-management member may receive from the Company.

Separate Sessions of Non-Management Directors and Sessions of Independent Directors

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis, but no fewer than four times a year. The Independent Directors of the Company shall meet in executive session without any non-Independent Directors on a regularly scheduled basis, but no fewer than four times a year. The Lead Independent Director shall preside at such executive sessions.

Self-Evaluation by the Board

The Governance Committee will sponsor an annual self-assessment of the Board's performance, as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board believes the Board can make a better contribution to the Company and a third party may be hired to assist at the Governance Committee's recommendation. The Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for nomination to the Board and making recommendations to the Board with respect to assignments of Board members to various committees. Individual Board member evaluations will also be included in the annual Board self-assessment process.

Strategic Direction of the Company

The management of the Company formulates, proposes and implements strategic choices. The Board's role is to review, approve and/or to propose modifications to strategic direction and evaluate results. However, as a practical matter, the Board and management will be better able to carry out their respective responsibilities for strategic development if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members.

Board Access to Management, Employees and Advisors

Board members shall have complete access to the Company's management and, as appropriate, to the Company's employees and outside advisors. Board members will use judgment to assure that this access does not negatively affect the business operations of the Company.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring other members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

Preparation for Board Meetings

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting are to be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to attend meetings of the Board and committees on which such director sits, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting. Directors also are expected to review Board materials provided prior to meetings and be prepared to participate and contribute in a productive manner at Board and committee meetings.

Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. Except in extraordinary cases, each director shall refer all inquiries from institutional investors, other shareholders, analysts, the press or customers to the Chief Executive Officer or his or her designee.

Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal offices, internal auditors, and independent auditors. Each director is encouraged to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

BOARD MEETINGS

Frequency of Meetings

There shall be five or more regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

Selection of Agenda Items for Board Meetings

The Chairman of the Board, in consultation with the Lead Independent Director and the Chief Executive Officer, shall annually prepare a "Board of Directors Master Agenda." This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chairman of the Board, in consultation with the Lead Independent Director and the Chief Executive Officer, may adjust the agenda to include special items not contemplated during the initial preparation of the annual Master Agenda.

Upon completion, a copy of the Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have four (4) standing committees: Financial Audit, Governance, Compensation, and Innovation and Technology Committee. The purpose and responsibilities of these four (4) standing committees shall be outlined in committee charters adopted by the Board. The Board is permitted to form new committee(s) and/or disband current committee(s), although no disbandment by the Board of a committee required by applicable law or regulation is permissible. In addition, the Board may determine to form ad hoc or special committees from time to time, and determine the compensation, composition and areas of competence of such committees.

Independence of Board Committees

Each of the Financial Audit Committee, the Governance Committee and the Compensation Committee shall be composed entirely of Independent Directors as required to satisfy all applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

Assignment and Rotation of Committee Members

The Governance Committee shall annually review the committee assignments and shall consider the rotation of the Chairman of the Board and members of the committees with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors. The Governance Committee shall be responsible, after it completes its annual review and thereafter consults with the Chairman of the Board and the Lead Independent Director regarding its review, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Governance Committee's recommendations, the Board shall be responsible for appointing the Chairman of the Board, Lead Independent Director (if different from the Chairman of the Board), Alternate Lead Independent Director (if applicable), and members to the committees on an annual basis.

LEADERSHIP DEVELOPMENT

Selection of the Chief Executive Officer

The Board is responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community, and willingness to devote the necessary time and effort to make the Company successful.

Evaluation of Chief Executive Officer

The Board will provide the Chief Executive Officer with an annual performance review for the prior year by the second regularly scheduled meeting of the Board each fiscal year. The evaluation may occur in accordance with Section IV.A. of the Compensation Committee Charter or as set forth below. The following steps, which will be subject to the oversight of the Governance Committee, will be utilized to carry out this review:

- The Chief Executive Officer will develop a self-evaluation at the end of each fiscal year that is based upon, among other matters, mutually agreed upon goals that are established among the Board and the CEO at the time of the CEO's immediately prior annual evaluation, and the Chief Executive Officer will provide this self-evaluation to the Compensation Committee and full Board within one month of the end of the fiscal year, either orally or in writing.

- With this information, each non-management director will provide his or her assessment to the Compensation Committee. These assessments should include the director's appraisal of:

    - The Company's performance and the Chief Executive Officer's contribution to it, both compared to competitors and the Company's own strategic goals;

    - Achievement of personal goals set by the Chief Executive Officer for the year, as part of his or her self-evaluation; and

    - Other aspects of the Chief Executive Officer's performance which the non-management directors deem relevant.

The Compensation Committee will synthesize these assessments and report a summary of this information to the non-management directors in executive session by the second regularly scheduled meeting of the Board each fiscal year. After agreement by the non-management directors to the evaluation, the chairs of the Board's committees, unless an alternative process is determined for a specific year, will meet with the Chief Executive Officer to discuss the Board's assessment and to receive the Chief Executive Officer's reaction to the evaluation.

Succession Planning

The Board shall plan for and assist in the development of management for succession to the position of the Chief Executive Officer and other senior management positions. In addition, the Board or a committee designated by the Board shall discuss and review, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company if some or all of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary. The short-term succession plan and long-term management development plans shall be reviewed no less than annually after adoption.

Management Development

The Board shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid-level managers throughout the Company.

Johnson, Keishunn M.

From: ***
Sent: Tuesday, December 11, 2018 9:19 AM
To: Megan Campbell
Subject: Re: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
I will forward a suggested modification of the Guidelines tonight.
John Chevedden

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Tuesday, December 11, 2018 9:40 AM
To:
Subject: RE: Stockholder Proposal (AES)

We look forward to receiving it.

***

From:
Sent: Tuesday, December 11, 2018 9:19 AM
To: Megan Campbell <megan.campbell@aes.com>
Subject: Re: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
I will forward a suggested modification of the Guidelines tonight.
John Chevedden

Johnson, Keishunn M.

From:	***
Sent:	Tuesday, December 11, 2018 10:43 PM
To:	Megan Campbell
Subject:	Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
This is suggested revised text.
John Chevedden

Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under Independence of the Board. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a temporary Chairman of the Board who is not an independent Director to serve while the Board is seeking an independent Chairman of the Board.

Having a temporary non independent Chairman of the Board would be subject to shareholder ratification at each annual meeting that this practice is in effect.

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Wednesday, December 12, 2018 2:30 PM
To:
***
Cc: Paul Freedman
Subject: RE: Stockholder Proposal (AES)

Dear Mr. Chevedden,

Thank you for your response. The Company is prepared to accept the revised text you proposed on December 11, 2018 with a slight modification to the language regarding the ratification of the temporary non-independent chairman which I have highlighted below in yellow. If you are in agreement with the language below we respectfully request that you withdraw the Proposal contingent upon the Board's approval of amendments to the Corporate Governance Guidelines as presented in this email. **If you hereby agree to withdraw the Proposal contingent upon the Board's approval of amendments to the Company's Corporate Governance Guidelines (as proposed herein) prior to the Company's filing of its definitive proxy materials for the 2019 Annual Meeting of Stockholders, please respond "yes" to this email by 3:00pm Eastern Time on December 13, 2018.**

Regards,
Megan

Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under **Independence of the Board**. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a temporary Chairman of the Board who is not an Independent Director to serve while the Board is seeking an Independent Chairman of the Board. If a temporary non-Independent Director is serving as Chairman of the Board at the time of the Company's annual meeting of stockholders, the Company shall request that its stockholders vote on a proposal to ratify that a non-Independent Director continue to serve as Chairman of the Board while the Board is seeking an independent Chairman of the Board.

***

From:
Sent: Tuesday, December 11, 2018 10:43 PM
To: Megan Campbell <megan.campbell@aes.com>
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
This is suggested revised text.
John Chevedden

Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under Independence of the Board. If the Board determines that a Chairman who was an

Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a temporary Chairman of the Board who is not an independent Director to serve while the Board is seeking an independent Chairman of the Board.

Having a temporary non independent Chairman of the Board would be subject to shareholder ratification at each annual meeting that this practice is in effect.

Johnson, Keishunn M.

From: ***
Sent: Thursday, December 13, 2018 12:44 AM
To: Megan Campbell <megan.campbell@aes.com>
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
This is a minor modification of your text.
Sincerely
John Chevedden

Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under **Independence of the Board**. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a temporary Chairman of the Board who is not an Independent Director to serve while the Board is seeking an Independent Chairman of the Board. If a temporary non-Independent Director is serving as Chairman of the Board at the time of any Company annual meeting of stockholders, the Company shall request that its stockholders vote on a proposal to ratify that a non-Independent Director continue to serve as Chairman of the Board while the Board is seeking an independent Chairman of the Board.

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Thursday, December 13, 2018 8:21 AM
To: ***
Cc: Paul Freedman
Subject: RE: Stockholder Proposal (AES)

Dear Mr. Chevedden,

We agree to your proposed modification below. Please send me an email affirmatively withdrawing the Independent Board Chairman proposal you submitted to The AES Corporation (AES) on November 6, 2018 for inclusion in AES' definitive proxy materials for the 2019 Annual Meeting of Stockholders (2019 Annual Meeting) subject to AES' Corporate Governance Guidelines being modified, as shown below, and posted on AES' website prior to the filing of AES' definitive proxy materials for the 2019 Annual Meeting. Please kindly respond by **noon eastern time today** to mitigate any further costs to the Company.

Regards,
Megan

Megan Campbell
Assistant Corporate Secretary
The AES Corporation
703-682-6491
megan.campbell@aes.com

AES
we are the energy

***

From:
Sent: Thursday, December 13, 2018 12:44 AM
To: Megan Campbell <megan.campbell@aes.com>
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
This is a minor modification of your text.
Sincerely

Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under **Independence of the Board**. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a temporary Chairman of the Board who is not an Independent Director to serve while the Board is seeking an Independent Chairman of the Board. If a temporary non-Independent Director is serving as Chairman of the Board at the time of any Company annual meeting of stockholders, the Company shall request that its stockholders vote on a proposal to ratify that a non-Independent Director continue to serve as Chairman of the Board while the Board is seeking an independent Chairman of the Board.

Johnson, Keishunn M.

From: ***
Sent: Thursday, December 13, 2018 12:10 PM
To: Megan Campbell
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
When would the Board approve the amendment.
John Chevedden

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Thursday, December 13, 2018 12:26 PM
To:
***
Cc: Paul Freedman
Subject: RE: Stockholder Proposal (AES)

Dear Mr. Chevedden,

The Board has contingently approved the changes pending your withdrawal. Please let me know as soon as possible today if you agree to withdraw your Independent Board Chairman proposal.

Regards,
Megan

Megan Campbell
Assistant Corporate Secretary
The AES Corporation
703-682-6491
megan.campbell@aes.com

***

From:
Sent: Thursday, December 13, 2018 12:10 PM
To: Megan Campbell <megan.campbell@aes.com>
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
When would the Board approve the amendment.
John Chevedden

Johnson, Keishunn M.

From: ***
Sent: Thursday, December 13, 2018 10:34 PM
To: Megan Campbell
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
When would the new policy be on the company website.
John Chevedden

Johnson, Keishunn M.

From: Megan Campbell <megan.campbell@aes.com>
Sent: Friday, December 14, 2018 6:03 AM
To: ***
Cc: Paul Freedman
Subject: RE: Stockholder Proposal (AES)

Dear Mr. Chevedden,

I will have the amended Corporate Governance Guidelines on the Company website within a week and will provide you confirmation.

Regards,
Megan

-----Original Message----- ***
From:
Sent: Thursday, December 13, 2018 10:34 PM
To: Megan Campbell <megan.campbell@aes.com>
Subject: Stockholder Proposal (AES)

USE CAUTION: External Sender

Dear Ms. Campbell,
When would the new policy be on the company website.
John Chevedden

Exhibit C

AES Corporate Governance Guidelines

Corporate Governance Guidelines

of

The AES Corporation

December 2018

Corporate Governance Guidelines of The AES Corporation

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the "Board") of The AES Corporation (the "Company") to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or Bylaws of the Company. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

THE BOARD

The Board's Goals and Role of Directors

The business and affairs of the Company are subject to the direction and oversight of the Board. The Board's and the Company's goals are to help meet the world's need for electric power in ways that benefit all of our stakeholders, to build long-term value for the Company's shareholders, and to assure sustained performance and viability of the Company for its owners, employees and other individuals and organizations who depend on the Company.

To achieve these goals, the Board will provide oversight over both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer (the "CEO") and other senior management, and provide them constructive advice and feedback. The Board is also responsible for oversight to ensure that the Company's management and employees operate in a legal and ethically responsible manner, which includes a responsibility to ensure that adequate procedures and controls are in place to foster compliance with applicable laws, rules and regulations governing the Company's businesses. When it is appropriate or necessary, it is the Board's responsibility to remove the CEO and to select his or her successor. The Board is authorized to retain outside advisors as necessary and appropriate to assist the Board. To achieve the Company's goals, the Board shall also be guided by the five shared values that shape the Company's culture: Safety, Integrity, Agility, Excellence, and Fun.

Selection of the Chairman of the Board

The Board requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Chairman of the Board shall be selected by a majority vote of the members of the Board. Ordinarily, the Chairman of the Board will serve as Chairman for no longer than four years. Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under **Independence of the Board**. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a Chairman of the Board who is not an Independent Director if there are no Independent Directors willing to serve as Chairman of the Board.

Size of the Board

The Board generally shall have no fewer than 9 and no more than 12 directors. The Board is expressly permitted to modify this range if necessary during transition periods. This range permits

diversity of experience without hindering effective discussion or diminishing individual accountability.

Selection of New Directors

The Governance Committee is responsible for identifying, evaluating and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Governance Committee shall consider any advice and recommendations offered by the Chief Executive Officer, the Chairman of the Board, and other Board members. The Board is responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders.

Board Membership Criteria

Nominees for director are selected on the basis of, among other things, experience, knowledge, skills, diversity, expertise, integrity, ability to make independent analytical inquiries, understanding of the Company's global business environment and willingness to devote adequate time and effort to Board responsibilities.

The Governance Committee is responsible for assessing the appropriate balance of criteria required of Board members and to review annually such assessment with the Board.

Each non-employee director is expected to accumulate and maintain equity ownership in the Company having a value of at least five times the director's annual cash Board retainer by the fifth anniversary of his or her election to the Board. In determining whether a non-employee director has satisfied this Guideline, all vested stock and equity interests held by such director, or to which such director is otherwise entitled, will be taken into consideration, including, without limitation, shares of stock in the Company, the "in-the-money" value of options to purchase stock in the Company, and stock units (regardless of whether such units are settled for stock and/or cash). The Governance Committee shall review compliance with these guidelines on an annual basis.

Other Public Company Directorships

Directors shall advise the Chairman of the Board and the Chairman of the Governance Committee in advance of accepting an invitation to serve on other public company boards of directors. Non-employee directors may not serve on more than five (5) public boards of directors, including the Company's Board, and members of the Financial Audit Committee may not serve on more than three (3) Financial Audit Committees of public boards, including the Company's Financial Audit Committee. Directors who also serve as chief executive officers of publicly-traded companies should not serve on more than two public company boards, in addition to their employer's board provided, however, that service on the public company board of a subsidiary of the employer in which the employer owns, directly or indirectly, in excess of 50% of the equity interests of such subsidiary will not be counted for this purpose.

Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors under the listing standards of the New York Stock Exchange (the "NYSE") and all applicable

independence standards of the Securities Exchange Act of 1934, as amended, and any regulations and rules promulgated thereunder. The Board shall review, at least annually, the relationships that each director has with the Company (either directly or as a shareholder or officer of an organization that has a relationship with the Company). Only those directors whom the Board affirmatively determines, based on its annual review, are independent as prescribed under the listing standards of the NYSE will be considered to be "Independent Directors."

No more than 2 management executives may serve on the Board at the same time.

Lead Independent Director

If the Chairman of the Board is not an Independent Director, the Company's Independent Directors shall designate one of the Independent Directors on the Board to serve as the Lead Independent Director (the "Lead Independent Director"). If the Chairman of the Board is an Independent Director, then he or she shall serve as Lead Independent Director. The Lead Independent Director's duties include coordinating the activities of the Independent Directors, coordinating the agenda for and moderating sessions of the Board's Independent Directors, and facilitating communications among the other members of the Board.

In performing the duties described above, the Lead Independent Director shall consult with the Chairs of the appropriate Board committees and solicit their participation, in order to avoid diluting the authority or responsibilities of such committee Chairs.

Alternate Lead Independent Director

The Company's Independent Directors may designate one of the Independent Directors on the Board to serve as the Alternate Lead Independent Director (the "Alternate Lead Independent Director"). In the event that the Lead Independent Director is for any reason unable to fulfill his or her duties, the Alternate Lead Independent Director shall assume the duties of the Lead Independent Director. If the Chairman of the Board is the Lead Independent Director and is unable to fulfill his or her duties, the Alternate Lead Independent Director will assume the duties of both Chairman of the Board and Lead Independent Director.

Change in Status of a Director's Present Job Responsibility or Health

The Board does not believe that a non-employee director who retires or experiences an employment position change since becoming a member of the Board should necessarily leave the Board. The Board requires, however, that promptly following such an event, the director notify the Governance Committee in writing and submit a letter of resignation. The Board is not obligated to accept a submission of resignation upon a notification of change in position if such submission is proffered. Directors also are required to notify the Governance Committee promptly of a change in health status that could have a material effect on the ability of the director to perform his/her duties as a member of the Board.

Upon receipt of an above notification of a change in status of a director's present job responsibility or health, the Governance Committee shall review the continued appropriateness of the affected director remaining on the Board under the circumstances and make a recommendation to the Board

regarding continued service. The affected director shall act in accordance with the Board's determination following such review.

Director Tenure

Each director is elected to serve a one-year term. At the end of each such one-year term, a director may be nominated to serve an additional one-year term. An individual director's re-nomination is dependent upon such director's performance. Ordinarily, a director will be nominated with the expectation that he or she will serve a minimum of four consecutive one-year terms and that no director will serve more than fifteen cumulative one-year terms. However, the Board may determine to waive the policy regarding fifteen one-year terms from time to time. Nothing set forth in this section, including the tenure references contained herein, is intended, nor should it be considered to alter or modify any shareholder rights regarding the election of directors.

Board Compensation

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Board believes that compensation for non-employee directors should be sufficiently competitive to attract and retain fully qualified directors. Director compensation will encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Governance Committee will review no less frequently than every two years, the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, operating in a comparable industry and/or with equivalent complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, which may include any charitable contributions by the Company to organizations with which a director is affiliated, consistent with Company policy. Changes to director compensation recommended by the Governance Committee will be proposed to the full Board for consideration and approval.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a non-management member may receive from the Company.

Separate Sessions of Non-Management Directors and Sessions of Independent Directors

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis, but no fewer than four times a year. The Independent Directors of the Company shall meet in executive session without any non-Independent Directors on a regularly scheduled basis, but no fewer than four times a year. The Lead Independent Director shall preside at such executive sessions.

Self-Evaluation by the Board

The Governance Committee will sponsor an annual self-assessment of the Board's performance, as well as the performance of each committee of the Board, the results of which will be discussed

with the full Board and each committee. The assessment should include a review of any areas in which the Board believes the Board can make a better contribution to the Company and a third party may be hired to assist at the Governance Committee's recommendation. The Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for nomination to the Board and making recommendations to the Board with respect to assignments of Board members to various committees. Individual Board member evaluations will also be included in the annual Board self-assessment process.

Strategic Direction of the Company

The management of the Company formulates, proposes and implements strategic choices. The Board's role is to review, approve and/or to propose modifications to strategic direction and evaluate results. However, as a practical matter, the Board and management will be better able to carry out their respective responsibilities for strategic development if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members.

Board Access to Management, Employees and Advisors

Board members shall have complete access to the Company's management and, as appropriate, to the Company's employees and outside advisors. Board members will use judgment to assure that this access does not negatively affect the business operations of the Company.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring other members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

Preparation for Board Meetings

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting are to be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to attend meetings of the Board and committees on which such director sits, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting. Directors also are expected to review Board materials provided prior to meetings and be prepared to participate and contribute in a productive manner at Board and committee meetings.

Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. Except in extraordinary cases, each director shall refer all inquiries from institutional investors, other shareholders, analysts, the press or customers to the Chief Executive Officer or his or her designee.

Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal offices, internal auditors, and independent auditors. Each director is encouraged to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

BOARD MEETINGS

Frequency of Meetings

There shall be five or more regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

Selection of Agenda Items for Board Meetings

The Chairman of the Board, in consultation with the Lead Independent Director and the Chief Executive Officer, shall annually prepare a "Board of Directors Master Agenda." This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chairman of the Board, in consultation with the Lead Independent Director and the Chief Executive Officer, may adjust the agenda to include special items not contemplated during the initial preparation of the annual Master Agenda.

Upon completion, a copy of the Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have four (4) standing committees: Financial Audit, Governance, Compensation, and Innovation and Technology Committee. The purpose and responsibilities of these four (4) standing committees shall be outlined in committee charters adopted by the Board. The Board is permitted to form new committee(s) and/or disband current committee(s), although no disbandment by the Board of a committee required by applicable law or regulation is permissible. In addition, the Board may determine to form ad hoc or special committees from time to time, and determine the compensation, composition and areas of competence of such committees.

Independence of Board Committees

Each of the Financial Audit Committee, the Governance Committee and the Compensation Committee shall be composed entirely of Independent Directors as required to satisfy all applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

Assignment and Rotation of Committee Members

The Governance Committee shall annually review the committee assignments and shall consider the rotation of the Chairman of the Board and members of the committees with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors. The Governance Committee shall be responsible, after it completes its annual review and thereafter consults with the Chairman of the Board and the Lead Independent Director regarding its review, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Governance Committee's recommendations, the Board shall be responsible for appointing the Chairman of the Board, Lead Independent Director (if different from the Chairman of the Board), Alternate Lead Independent Director (if applicable), and members to the committees on an annual basis.

LEADERSHIP DEVELOPMENT

Selection of the Chief Executive Officer

The Board is responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community, and willingness to devote the necessary time and effort to make the Company successful.

Evaluation of Chief Executive Officer

The Board will provide the Chief Executive Officer with an annual performance review for the prior year by the second regularly scheduled meeting of the Board each fiscal year. The evaluation may occur in accordance with Section IV.A. of the Compensation Committee Charter or as set forth below. The following steps, which will be subject to the oversight of the Governance Committee, will be utilized to carry out this review:

- The Chief Executive Officer will develop a self-evaluation at the end of each fiscal year that is based upon, among other matters, mutually agreed upon goals that are established among the Board and the CEO at the time of the CEO's immediately prior annual evaluation, and the Chief Executive Officer will provide this self-evaluation to the Compensation Committee and full Board within one month of the end of the fiscal year, either orally or in writing.

- With this information, each non-management director will provide his or her assessment to the Compensation Committee. These assessments should include the director's appraisal of:

    - The Company's performance and the Chief Executive Officer's contribution to it, both compared to competitors and the Company's own strategic goals;

    - Achievement of personal goals set by the Chief Executive Officer for the year, as part of his or her self-evaluation; and

    - Other aspects of the Chief Executive Officer's performance which the non-management directors deem relevant.

The Compensation Committee will synthesize these assessments and report a summary of this information to the non-management directors in executive session by the second regularly scheduled meeting of the Board each fiscal year. After agreement by the non-management directors to the evaluation, the chairs of the Board's committees, unless an alternative process is determined for a specific year, will meet with the Chief Executive Officer to discuss the Board's assessment and to receive the Chief Executive Officer's reaction to the evaluation.

Succession Planning

The Board shall plan for and assist in the development of management for succession to the position of the Chief Executive Officer and other senior management positions. In addition, the Board or a committee designated by the Board shall discuss and review, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company if some or all of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary. The short-term succession plan and long-term management development plans shall be reviewed no less than annually after adoption.

Management Development

The Board shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid-level managers throughout the Company.