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AES CORPORATION
Form 8-K
April 28, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20349

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 28, 2004

THE AES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation)

001-12291
(Commission File
Number)

54-1163725
(I.R.S Employer
Identification No.)

1001 North 19th Street, 20th Floor
Arlington, Virginia 22209
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code:
(703) 522-1315

NOT APPLICABLE
(Former Name or Former Address, if changed since last report)

Item 5. Other Events

AES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

Quarte

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(\$ in millions, except per share amounts)	March 2004

REVENUES	
Sales and services	\$2,257
OPERATING COSTS AND EXPENSES	
Cost of sales and services	1,577
Corporate and business development expenses	48
Other operating expense, net	14

Total operating costs and expenses	1,639

OPERATING INCOME	618
OTHER INCOME AND (EXPENSE)	
Interest expense, net	(424)
Other nonoperating expense, net	-
Foreign currency transaction (losses) gain	(8)
Loss on sale of investments	(1)
Equity in earnings of affiliates	16

INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	201
Income tax expense	64
Minority interest expense, net	63

INCOME FROM CONTINUING OPERATIONS	74
Loss from operations of discontinued components (net of income tax expense of \$2 and tax benefit of \$4, respectively)	(26)

INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	48
Cumulative effect of accounting change (net of income tax benefit of \$1)	-
	=====
NET INCOME	\$48
	=====
DILUTED EARNINGS PER SHARE:	
Income from continuing operations	\$0.12
Discontinued operations	(0.04)
Cumulative effect of accounting change	-

Total	\$0.08
	=====
Diluted weighted average shares outstanding (in millions)	633
	===

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AES CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET

(\$ in millions, except per share amounts)

March
20

Assets

Current Assets:

Cash and cash equivalents

Restricted cash

Short term investments

Accounts receivable, net of reserves of \$275 and \$291, respectively

Inventory

Receivable from affiliates

Deferred income taxes - current

Prepaid expenses

Other current assets

Current assets of held for sale and discontinued businesses

Total current assets

Property, Plant and Equipment:

Land

Electric generation and distribution assets

Accumulated depreciation

Construction in progress

Property, plant and equipment, net

Other assets:

Deferred financing costs, net

Investment in and advances to affiliates

Debt service reserves and other deposits

Goodwill, net

Deferred income taxes - noncurrent

Long-term assets of held for sale and discontinued businesses

Other assets

Total other assets

Total Assets

\$

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable

Accrued interest

Accrued and other liabilities

Current liabilities of held for sale and discontinued businesses

Recourse debt-current portion

Non-recourse debt-current portion

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Total current liabilities

Long-term liabilities:
Recourse debt
Non-recourse debt
Deferred income taxes
Long-term liabilities of held for sale and discontinued businesses
Pension liabilities
Other long-term liabilities

Total long-term liabilities

Minority Interest, including discontinued businesses of \$12 and \$12, respectively

Stockholders' equity:
Common stock
Additional paid-in capital
Accumulated deficit
Accumulated other comprehensive loss

Total stockholders' equity

Total Liabilities and Stockholders' Equity

AES CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(\$ in millions)

Operations

Net income
Adjustments:
Depreciation and amortization-- continuing and discontinued operations
Cumulative effect of change in accounting principle
Other non-cash (benefits)/charges
Working capital, (net)

Net cash provided by operating activities

Investing activities

Property additions
Proceeds from the sales of assets
Increase in restricted cash and other

Net cash used in investing activities

Financing activities

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Borrowings (repayments) under the revolving credit facilities, net
Issuance of non-recourse debt and other coupon bearing securities
Repayments of non-recourse debt and other coupon bearing securities
Payments for deferred financing costs
Issuance of common stock, net
Other financing

Net cash used in financing activities
Effect of exchange rate changes on cash

Total (decrease) increase in cash and cash equivalents
Increase in cash and cash equivalents of discontinued operations and
businesses held for sale
Cash and cash equivalents, beginning

Cash and cash equivalents, ending

Business Segment Results

Sales increased in all four business segments and the segment contribution to gross margin increased in the three largest segments.

- o In Contract Generation, AES's largest segment, sales grew 21% to \$868 million and gross margin improved 24% to \$359 million in the first quarter of 2004. Increases were due primarily to the addition of new generation plants and improved operating results at Gener in Chile, Kilroot in Northern Ireland and generation businesses in Brazil.
- o Large Utilities sales increased 17% to \$818 million and gross margin improved 18% to \$194 million for 2004. Increases were primarily driven by tariff increases at EDC and Eletropaulo along with lower fuel costs, reduced operating costs and favorable currency effects.
- o The Growth Distribution segment sales increased 24% to \$328 million and gross margin increased 26% to \$63 million, respectively, benefiting from improved tariffs and operating results, together with favorable currency effects and improved margins at distribution businesses in El Salvador.
- o Sales in Competitive Supply increased 6% to \$243 million while gross margin declined 7% to \$64 million, primarily as a result of lower capacity revenues and higher coal costs in New York during the first quarter of 2004.

Overall, consolidated sales increased 18% to \$2.3 billion for 2004 and total gross margin from the four operating segments increased 19% over 2003 to \$680 million. Of the first quarter 2004 total segment gross margin, 53% was from Contract Generation, 29% from Large Utilities, 9% from Growth Distribution and 9% from Competitive Supply.

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SEGMENT INFORMATION

(\\$ in millions) Quarter Ended
March 31,
2004

BUSINESS SEGMENTS

REVENUES

Contract Generation	\$868
Competitive Supply	243
Large Utilities	818
Growth Distribution	328

Total sales	2,257
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GROSS MARGIN

Contract Generation	\$359
Competitive Supply	64
Large Utilities	194
Growth Distribution	63

Total gross margin	680
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INCOME BEFORE INCOME TAXES AND MINORITY INTEREST

Contract Generation	\$190
Competitive Supply	55
Large Utilities	117
Growth Distribution	31
Corporate	(192)

Total income before income taxes	201
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GEOGRAPHIC SEGMENTS

REVENUES

North America	\$546
Caribbean	390
South America	879
Europe/Africa	275
Asia	167

Total sales	2,257
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INCOME BEFORE INCOME TAXES AND MINORITY INTEREST

North America	\$118
Caribbean	61
South America	92
Europe/Africa	57

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Asia	65
Corporate	(192)

Total income before income taxes	201

The AES Corporation
Parent Financial Information

Parent only data: last four quarters
(\$ in millions)

	June 30, 2003 Actual	4 Septem 20 Act
	-----	-----
Total subsidiary distributions & returns of capital to Parent		
Subsidiary distributions to Parent	\$ 773	\$
Net distributions to/(from) QHCs (1)	208	
	-----	-----
Subsidiary distributions	981	
Returns of capital distributions to Parent	54	
Net returns of capital distributions to/(from) QHCs (1)	6	
	-----	-----
Returns of capital distributions	60	
Combined distributions & return of capital received	1,041	
Less: combined net distributions & returns of capital to/(from) QHCs (1)	(214)	
	-----	-----
Total subsidiary distributions & returns of capital to Parent	\$ 827	\$
	=====	=====

Parent only data: quarterly
(\$ in millions)

	June 30, 2003 Actual	Septem 20 Act
	-----	-----
Total subsidiary distributions & returns of capital to Parent		
Subsidiary distributions to Parent	\$ 312	\$
Net distributions to/(from) QHCs (1)	(12)	
	-----	-----
Subsidiary distributions	300	
Returns of capital distributions to Parent	24	
Net returns of capital distributions to/(from) QHCs (1)	6	
	-----	-----
Returns of capital distributions	30	
Combined distributions & return of capital received	330	
Less: combined net distributions & returns of capital to/(from) QHCs (1)	6	
	-----	-----

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Total subsidiary distributions & returns of capital to Parent		\$	336	\$
		=====		=====

Liquidity (2) (\$ in millions)	March 31, 2003 Actual	June 30, 2003 Actual	Balance Sept 20 Act
	-----	-----	-----
Cash at Parent	\$ 395	\$ 923	\$
Availability under revolver	28	39	
Cash at QHCs (1)	66	29	
	-----	-----	-----
Ending liquidity	\$ 489	\$ 991	\$
	=====	=====	=====

- (1) The cash held at qualifying holding companies (QHCs) represents cash sent to subsidiaries of the company domiciled outside of the US. Such subsidiaries had no contractual restrictions on their ability to send cash to AES, the parent company. Cash at those subsidiaries was used for investment and related activities outside of the US. These investments included equity investments and loans to other foreign subsidiaries as well as development and general costs and expenses incurred outside the US. Since the cash held by these qualifying holding companies is available to the parent, AES uses the combined measure of subsidiary distributions to parent and qualified holding companies as a useful measure of cash available to the parent to meet its international liquidity needs.
- (2) AES believes that unconsolidated parent company liquidity is important to the liquidity position of AES as a Parent company because of the non-recourse nature of most of AES's indebtedness.

Item 12. Results of Operations and Financial Condition

On April 28, 2004, The AES Corporation issued a press release setting forth its first quarter financial results. A copy of the release is attached hereto as Exhibit 99.1 and incorporated by reference solely in Item 12 of this Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The AES Corporation

Date: April 28, 2004

By: /s/ Vincent W. Mathis

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Name: Vincent W. Mathis
Title: Assistant General Counsel

INDEX TO EXHIBITS

Exhibit No. -----	Description -----
99.1	Press Release dated April 28, 2004