Summer Reliability Presentation

May 14, 2013

Presentation team

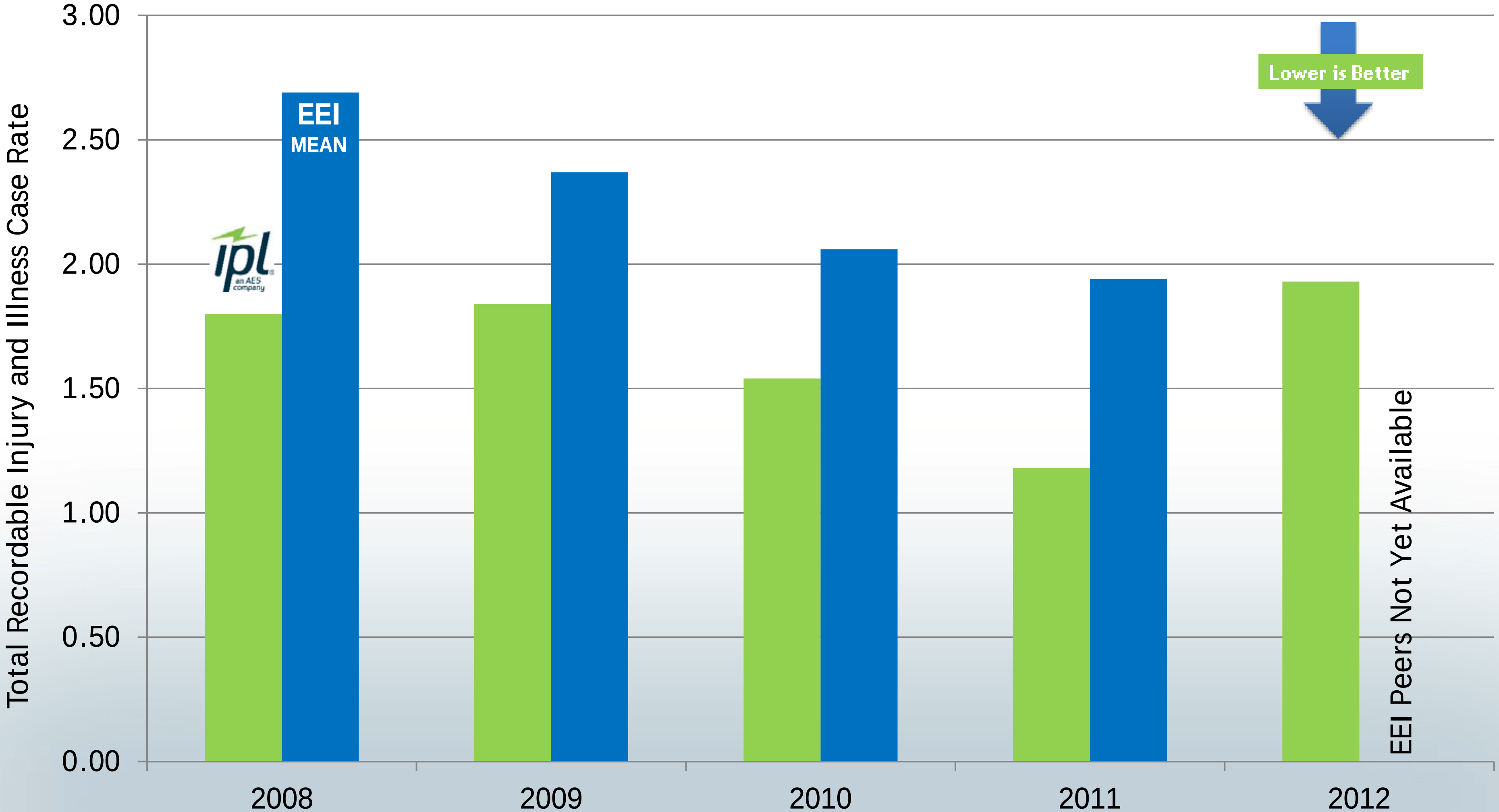
- Ken Zagzebski, President & CEO
- Kelly Huntington, SVP, CFO
- Joe Bentley, SVP, Customer Operations
- Kevin Crawford, SVP, Power Supply

Overview

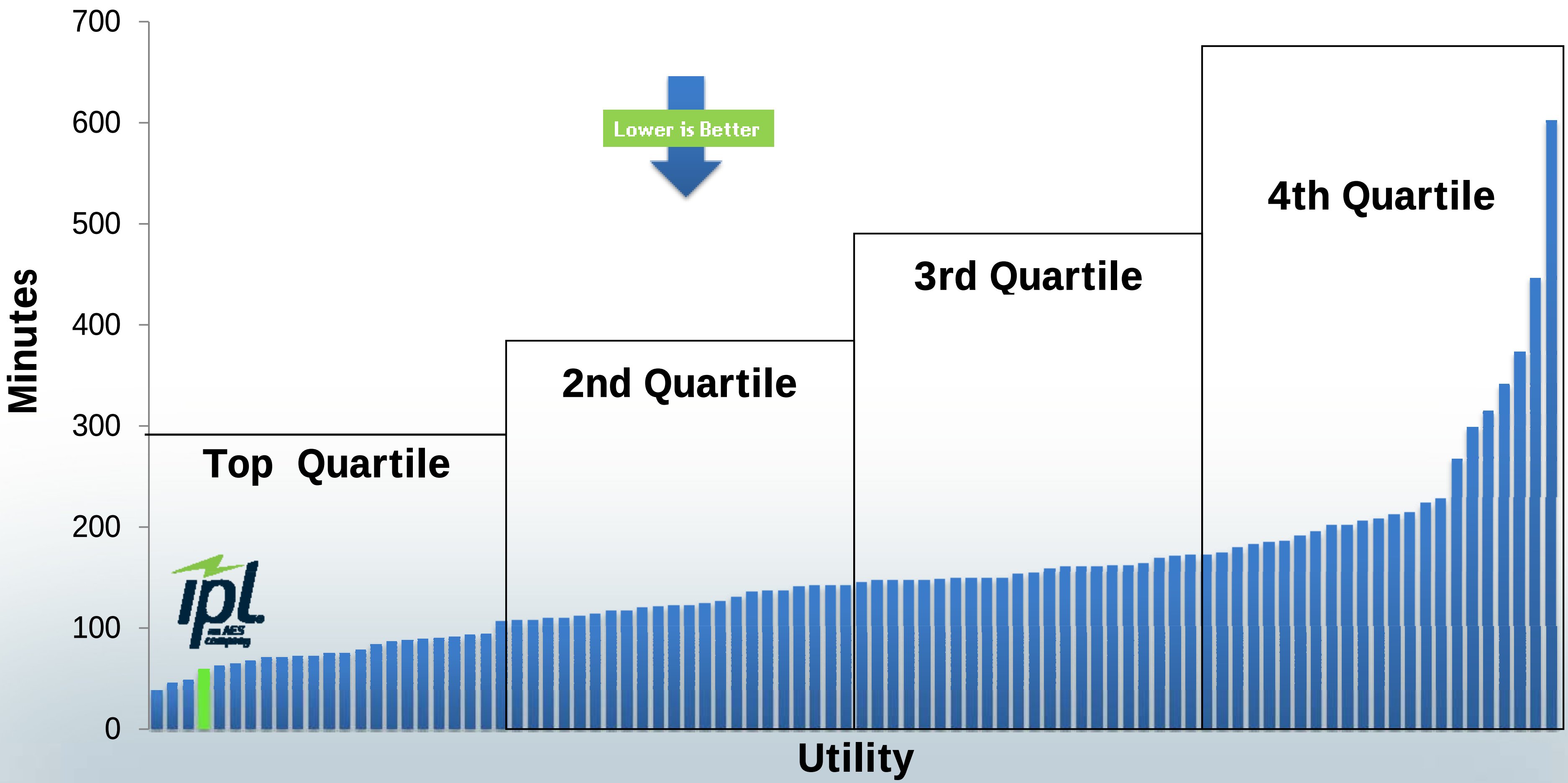
- The IPL Story
- Preparing for the Future
- Utility Regulation

The IPL Story

IPL puts safety first

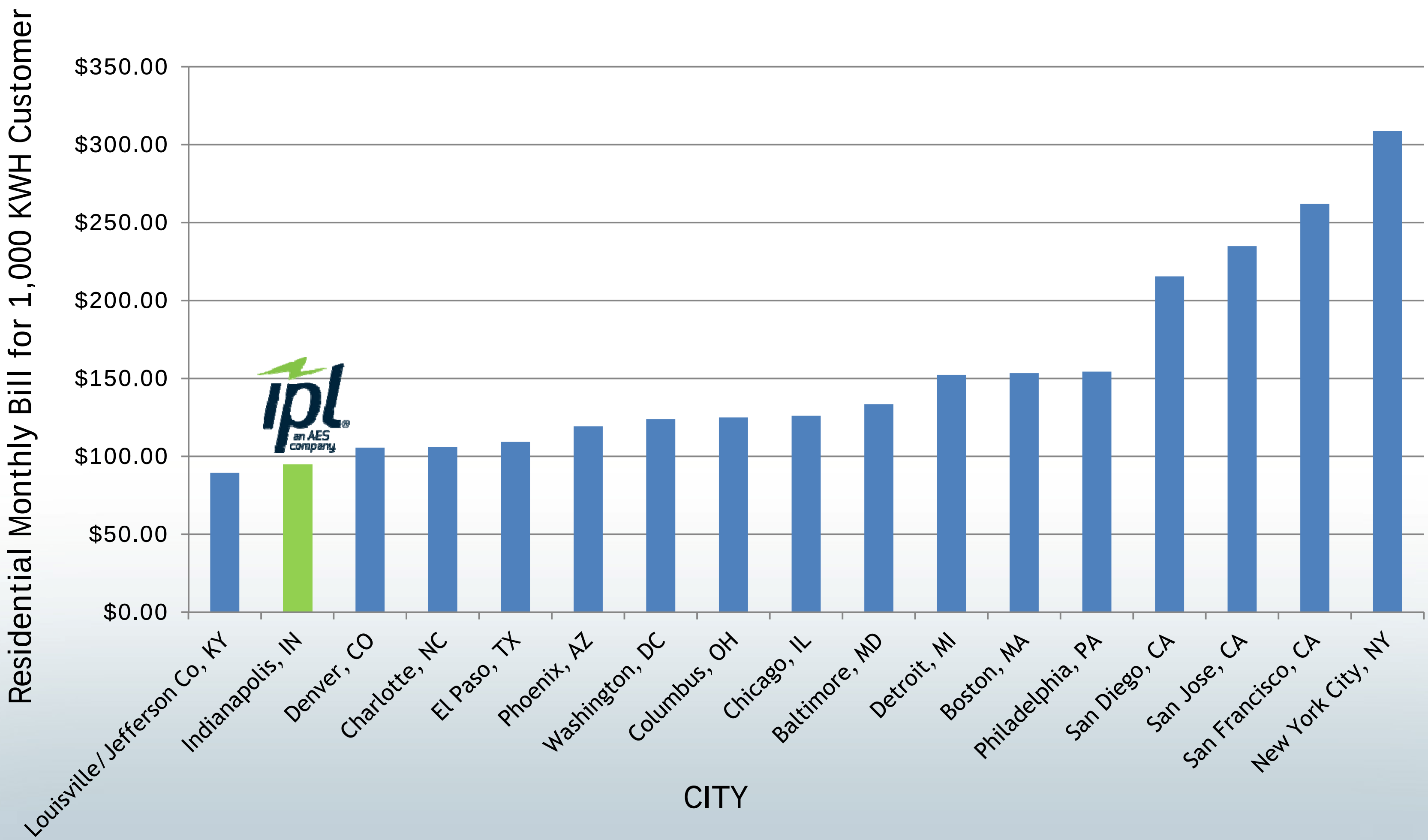


IPL is ranked in the top 5% for reliability



Results based on SAIDI from latest IEEE benchmarking data

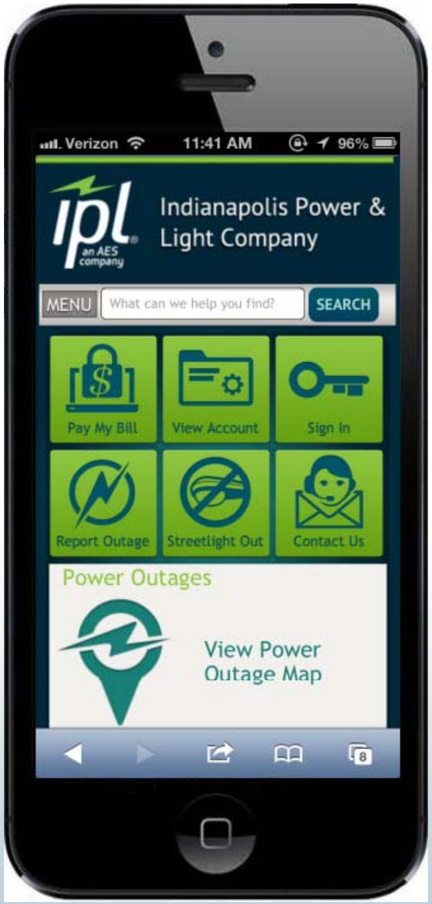
IPL customers have affordable rates



Source: 2012 Residential Bill Comparison of 20 Largest U.S. Cities With Investor-Owned Utilities | 2012 KB Parrish Report

IPL is enhancing the customer experience

- New IPL call center now offers improved VOIP phone system
- Website improvements and mobile upgrades
- Awarded leader in customer satisfaction



IPL people invest in the community

IPL Day in the Parks | 7 Indy parks this June

9th year as sponsor of IPL 500 Festival Parade

Partnership with George Washington HS

IPL supports alternative energy sources

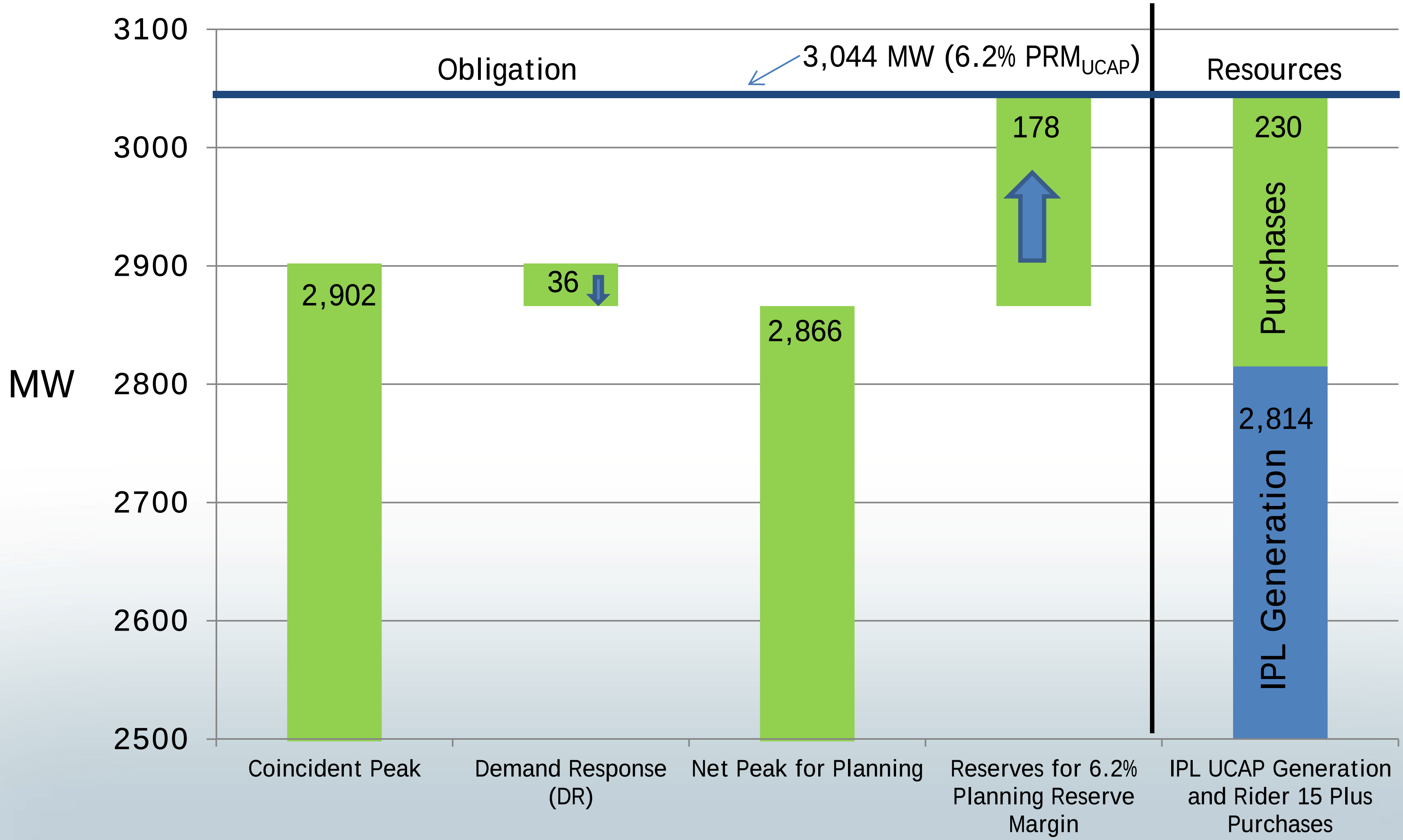
8th in nation in wind capacity / customer

1st in Central Region in solar capacity*

* 100 MW of solar contracts, if completed.
Approved by IURC under Rate REP

Indianapolis is electric vehicle ready

IPL is prepared to meet the summer reliability needs of its customers



Preparing for the Future

New EPA rules will continue to drive price increases

Risk	State of Rulemaking	Expected Compliance Timing	Key Issues
Cross-State Air Pollution Rule (CSAPR) / Replacement Rule	• CAIR remains in effect until new rule	Jan 2014	• Further NOx and SOx reductions • Further pressure on small units
Utility Mercury and Air Toxic Standards (MATS)	• Final rule issued April 2012	Apr 2016	• Stringent mercury, PM limits • Install controls on large units
NPDES Limits	• New metal limits in permit renewal	Sep 2017	• Requires treatment of FGD, Ash, and Other Wastewater
Ash	• EPA proposed rule: May 2010 • Final Rule: Q3 2013 or later	Dec 2017	• Possible hazardous waste designation • Upgrade / close ponds & landfills
Cooling Tower Intake (316b)	• Final rule scheduled for June 2013	Jun 2018	• Reduce impact on fish • Install cooling towers or upgrade intakes

- There is also potential for greenhouse gas regulation

Planning for the future | generation

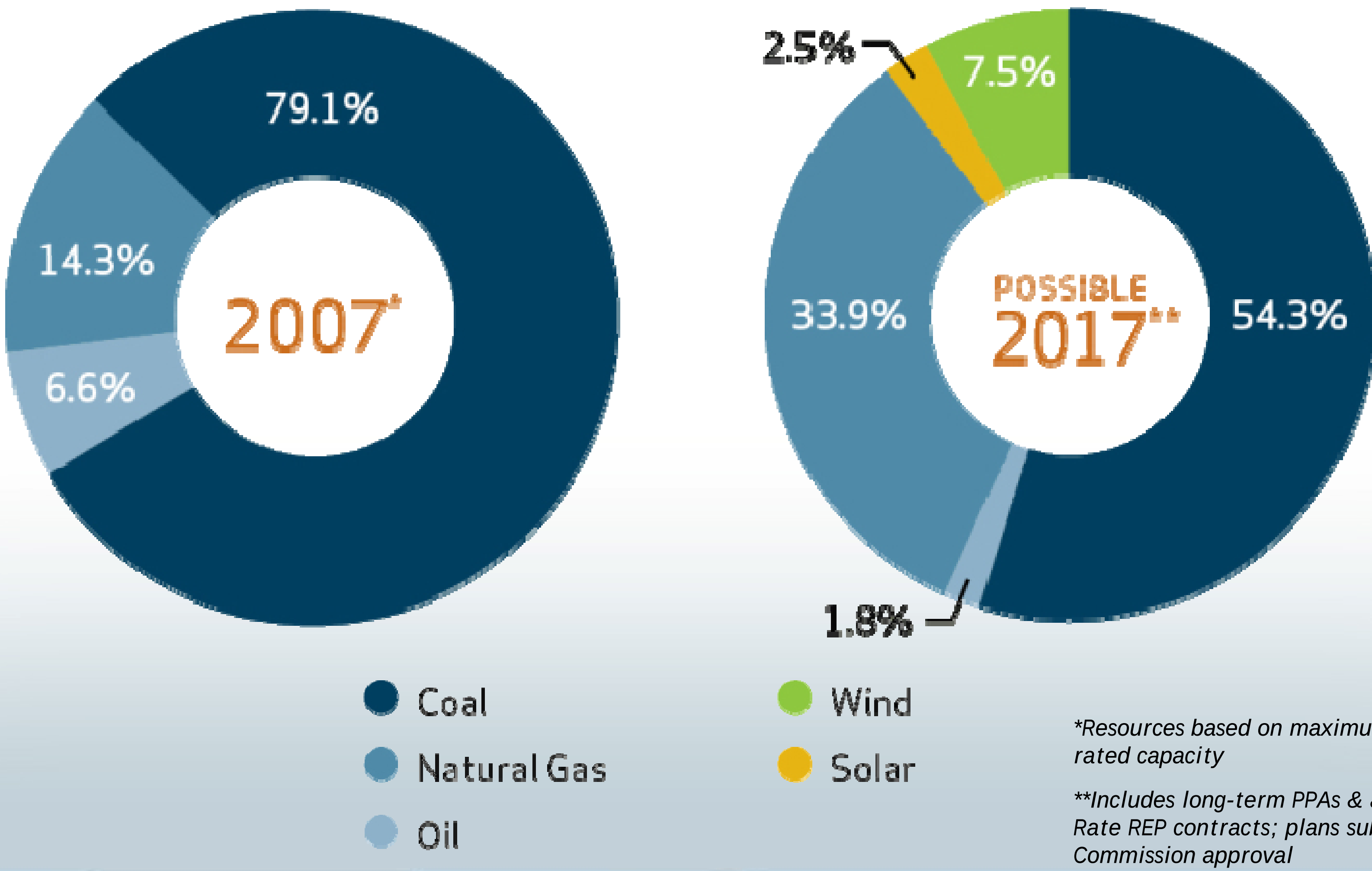
- Modernizing large, efficient base-load coal units
- Diversifying portfolio by retiring or refueling less efficient coal & oil units and replacing with CCGT
- Investing prudently in wind and solar resources

IPL's Proposed Eagle Valley CCGT

Planning for the future | T&D

- Upgrading transmission to support new generation needs
- Continuously investing through disciplined asset management
- Deploying Smart Grid technologies
  - Automated distribution devices
  - Smart meters

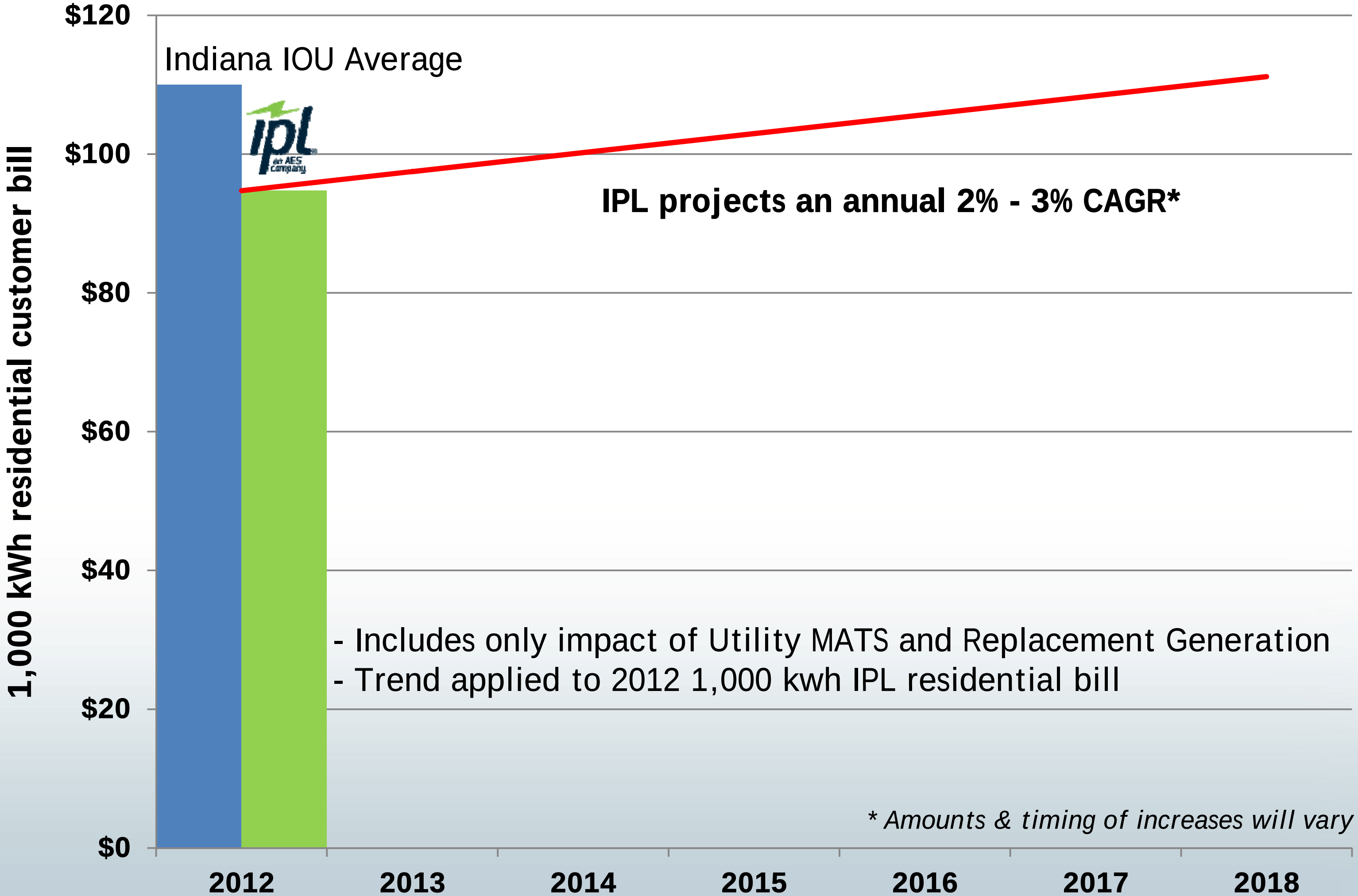
Adapting our generation portfolio to respond to EPA rules and market dynamics



**Resources based on maximum summer rated capacity*

***Includes long-term PPAs & anticipated Rate REP contracts; plans subject to Commission approval*

Impact of the EPA Utility MATS rule and replacement generation



Indiana legislation and regulation create a positive regulatory environment

- Attracting capital is necessary to reliably serve customers
- Regulatory consistency and certainty
- Senate Bill 560
  - Provides additional flexibility
  - Will not materially change IPL plans
  - No immediate plans to file TDSIC

Utility Regulation

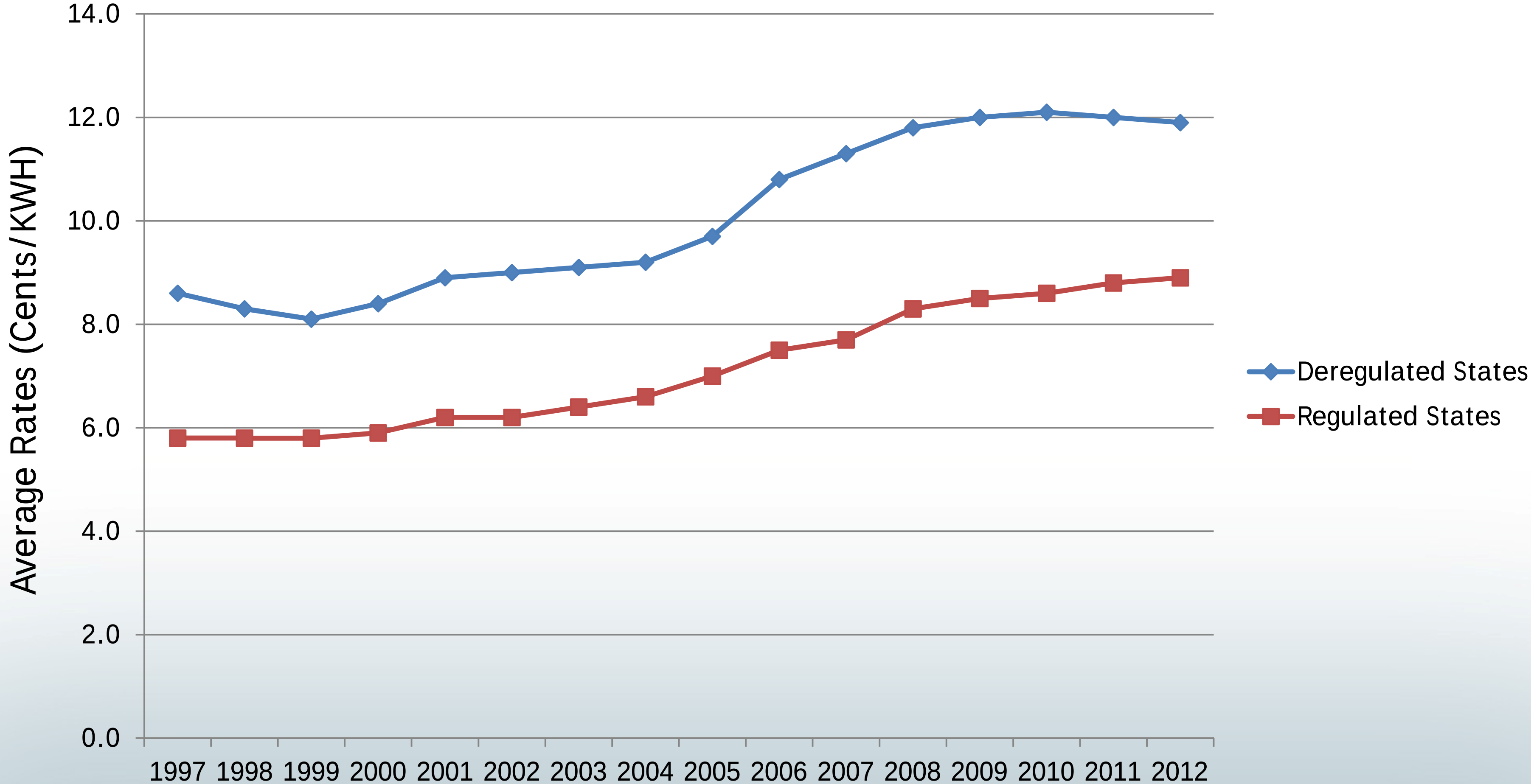
Indiana's current regulatory structure serves customers well

- Customers benefit from fair and stable prices as well as high reliability
- Integrated resource planning is a transparent and open process
- Decisions to build are made after a comprehensive process (CPCN)
- Investment follows states like Indiana with stable, predictable regulation

Deregulation has provided no real long term benefit to customers

- Rates in states that have adopted retail competition have risen faster than in states with traditional regulation
- Law of supply and demand always applies
  - Customers exposed to price volatility
- Long-term investment in base-load capacity unsupported in such an environment

Deregulation has provided no real long term benefit to customers



Source: Energy Information Administration, Forms EIA-861 and EIA-826

Letting a third-party recommend who builds generation does not add value

- Existing process already requires the selection of reasonably least cost resources
- Duplicative to the existing Indiana process
- Will slow down and add costs to the development of new generation

Deregulation does not change the fundamentals of electricity markets

- Environmental regulation, fuel price spreads, balance of supply & demand, and utility management ultimately drive electricity prices
- RTOs play a meaningful role by providing markets and access to the transmission grid
- Indiana and its consumers have benefited from Commission oversight and the decision of policymakers to maintain a regulated structure

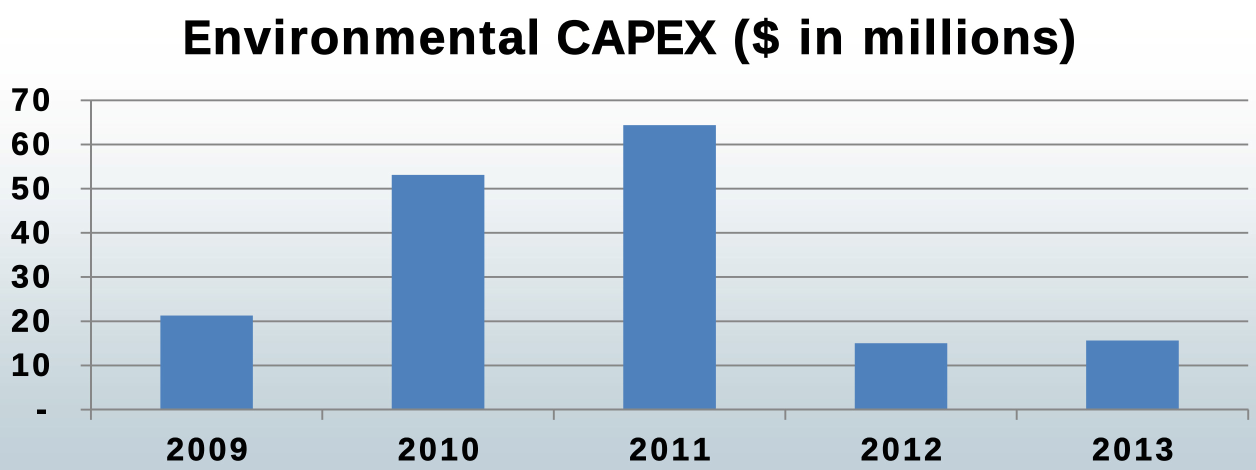
The IPL mission

Improving lives by providing safe, reliable and affordable energy solutions in the communities we serve.

Appendix

EPA compliance is a driver for increasing prices

- Environmental CAPEX from 2009-2013 is $170M to date
- Of a current 1000 kwh residential bill, $7.50 out of a $95.00 bill is for environmental



IPL is recognized for customer satisfaction

- "Highest Customer Satisfaction With Business Electric Service in the Midwestern U.S. among Midsize Utilities"

Indianapolis Power & Light Company received the highest numerical score among midsize utilities in the Midwestern region in the proprietary J.D. Power and Associates 2013 Electric Utility Business Customer Satisfaction StudySM based on 25,794 total online interviews ranking 12 providers in the Midwest (IA, IL, IN, KS, KY, MN, MO, NE, ND, OH, SD, WI). Proprietary study results are based on experiences and perceptions of business users surveyed April-June and September-December 2012. Your experiences may vary. Visit jdpower.com .