# Press Release

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## AES Achieves Key Strategic Milestones and Reaffirms Guidance Through 2025

**Strategic Accomplishments**

- Received regulatory approvals at US utilities, AES Indiana and AES Ohio, further enabling planned new investments of more than $2 billion to grow the rate base 9% annually through 2025
- Signed 1.8 GW of new PPAs for renewable energy projects, bringing total to 2.9 GW signed in year-to-date 2021 and increasing the backlog to 8.5 GW
- Accelerated decarbonization efforts at AES Andes with the voluntary retirement of an additional 1.1 GW of coal in Chile, to be replaced by 2.3 GW of contracted renewables
- Moody's changed the outlook on the Company's Ba1 credit rating to positive

**Q2 2021 Financial Highlights**

- Diluted EPS of $0.03, compared to $(0.13) in Q2 2020
- Adjusted EPS[1] of $0.31, compared to $0.25 in Q2 2020

**Financial Position and Outlook**

- Reaffirming 2021 Adjusted EPS[1] guidance range of $1.50 to $1.58
- Reaffirming 7% to 9% average annual growth target through 2025

**ARLINGTON, Va., August 4, 2021 –** The AES Corporation (NYSE: AES) today reported financial results for the quarter ended June 30, 2021.

"I am very pleased with our results for the first half of 2021," said Andrés Gluski, AES President and Chief Executive Officer. "We are on track to hit all of our financial and growth metrics for the year. Since our last earnings call in May, we signed 1.8 GW of renewables PPAs, more than 90% of which are in the US, for a total of 2.9 GW year-to-date, nearly double the amount we did in the same period last year. This puts our total backlog of signed projects at 8.5 GW, an all-time high. We see demand for renewables as very strong, especially for our structured around-the-clock carbon-free products. At the same time, we continue to make good progress on our decarbonization targets by also accelerating the retirement of coal plants and growing our energy efficiency and cloud-based businesses."

"Our financial performance for the first half of the year, combined with a positive outlook for the remainder of the year and beyond, lead us to reaffirm our full year 2021 guidance and our 7% to 9% average annual growth target in earnings and free cash flow through 2025," said Gustavo Pimenta, AES Executive Vice President and

Chief Financial Officer. "We are also excited to see Moody's changing AES' outlook on our Ba1 rating to positive, further validating the continuous improvement in our credit profile."

**Key Q2 2021 Financial Results**

Second quarter 2021 Diluted Earnings Per Share from Continuing Operations (Diluted EPS) was $0.03, an increase of $0.16 compared to second quarter 2020, primarily reflecting higher operating performance at the Company's US & Utilities Strategic Business Unit (SBU), gains from dispositions and acquisitions, and gains from early contract terminations in Chile. These positive drivers were partially offset by higher impairments, primarily at AES Andes in Chile, associated with the commitment to retire certain coal-fired plants.

Second quarter 2021 Adjusted Earnings Per Share[1] (Adjusted EPS, a non-GAAP financial measure) was $0.31, an increase of $0.06 compared to second quarter 2020, primarily reflecting contributions from new businesses, including renewables and the Southland repowering, higher demand at utilities, and Parent interest savings. These positive drivers were partially offset by lower contributions from Chile and a higher adjusted tax rate.

**Detailed Strategic Overview**

AES is leading the industry's transition to clean energy by investing in sustainable growth and innovative solutions. The Company is taking advantage of favorable trends in clean power generation, transmission and distribution, and LNG infrastructure to deliver superior results.

Through its presence in key growth markets, AES is well positioned to benefit from the global transition toward a more sustainable power generation mix.

- During the second quarter of 2021, the Company's US utilities, AES Indiana and AES Ohio, received regulatory approval further enabling the planned new investments of more than $2 billion, including:
  - Transmission, Distribution, Storage Improvement Charge (TDSIC) plan update and the 195 MW Hardy Hills solar project at AES Indiana; and
  - Smart Grid and FERC-regulated transmission rate at AES Ohio.
- In year-to-date 2021, the Company completed construction or the acquisition of 315 MW of renewables and energy storage, including:
  - 159 MW Mandacaru and Salinas wind facility in Brazil;
  - 75 MW of solar and solar plus energy storage in the US at AES Clean Energy;
  - 50 MW Bayasol solar facility in the Dominican Republic;
  - 21 MW of solar capacity in Panama; and
  - 10 MW Cuscatlan solar facility in El Salvador.
- Since the Company's first quarter 2021 earnings call in May, the Company has signed 1,824 MW of renewables and energy storage under long-term Power Purchase Agreements (PPA), including:
  - 757 MW of solar and energy storage at AES Clean Energy in the US;
  - Agreeing to acquire 612 MW of operating wind assets with near-term repowering plans to help New York State meet its aggressive renewables targets;
  - 295 MW of solar and energy storage at AES Indiana; and

    - 160 MW of wind in Brazil.
- In year-to-date 2021, the Company signed or agreed to acquire 2,912 MW of renewables and energy storage under long-term PPAs, bringing the Company's backlog to 8,471 MW, including:
    - 2,549 MW under construction and expected to come on-line through 2023; and
    - 5,922 MW signed under long-term PPAs, including a 10-year agreement to supply Google's data centers in Virginia with 500 MW of 24/7 carbon-free energy.
- The Company is making substantial progress toward achieving its aggressive coal reduction targets, including reducing coal generation to below 10% by year-end 2025.
    - In July 2021, AES Andes announced the retirement of 1.1 GW of coal-fired generation, bringing the Company's generation from coal to approximately 20% of total generation volume (proforma for announced asset sales and retirements).

**Update on Fluence**

AES with its partners, Siemens and Qatar Investment Authority (QIA), is considering strategic options for Fluence to raise additional capital to finance its continued growth, which may include a public offering of its common shares.

**Guidance and Expectations[1]**

The Company is reaffirming its 2021 Adjusted EPS[1] guidance of $1.50 to $1.58 and its 7% to 9% average annual growth rate target through 2025, from a base year of 2020.

[1] Adjusted EPS is a non-GAAP financial measure. See attached "Non-GAAP Measures" for definition of Adjusted EPS and a description of the adjustments to reconcile Adjusted EPS to Diluted EPS for the quarter ended June 30, 2021. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Adjusted EPS guidance without unreasonable effort.

**Non-GAAP Financial Measures**

See Non-GAAP Measures for definitions of Adjusted Earnings Per Share and Adjusted Pre-Tax Contribution, as well as reconciliations to the most comparable GAAP financial measures.

**Attachments**

Condensed Consolidated Statements of Operations, Segment Information, Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Cash Flows, Non-GAAP Financial Measures and Parent Financial Information.

**Conference Call Information**

AES will host a conference call on Thursday, August 5, 2021 at 9:00 a.m. Eastern Daylight Time (EDT). Interested parties may listen to the teleconference by dialing 1-888-317-6003 at least ten minutes before the start of the call. International callers should dial +1-412-317-6061. The Conference ID for this call is 0382752. Internet access to the conference call and presentation materials will be available on the AES website at www.aes.com by selecting “Investors” and then “Upcoming events.”

A webcast replay, as well as a replay in downloadable MP3 format, will be accessible at www.aes.com beginning shortly after the completion of the call.

**About AES**

The AES Corporation (NYSE: AES) is a Fortune 500 global power company accelerating the future of energy. Together with our many stakeholders, we're improving lives by delivering the greener, smarter energy solutions the world needs. Our diverse workforce is committed to continuous innovation and operational excellence, while partnering with our customers on their strategic energy transitions and continuing to meet their energy needs today. For more information, visit www.aes.com.

**Safe Harbor Disclosure**

This news release contains forward-looking statements within the meaning of the Securities Act of 1933 and of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES’ current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to, our expectations regarding the COVID-19 pandemic, accurate projections of future interest rates, commodity price and foreign currency pricing, continued normal levels of operating performance and electricity volume at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as the execution of PPAs, conversion of our backlog and growth investments at normalized investment levels and rates of return consistent with prior experience.

Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES’ filings with the Securities and Exchange Commission (the “SEC”), including, but not limited to, the risks discussed under Item 1A: “Risk Factors” and Item 7: "Management’s Discussion & Analysis" in AES’ 2020 Annual Report

on Form 10-K and in subsequent reports filed with the SEC. Readers are encouraged to read AES' filings to learn more about the risk factors associated with AES' business. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Any Stockholder who desires a copy of the Company's 2020 Annual Report on Form 10-K filed February 24, 2021 with the SEC may obtain a copy (excluding Exhibits) without charge by addressing a request to the Office of the Corporate Secretary, The AES Corporation, 4300 Wilson Boulevard, Arlington, Virginia 22203. Exhibits also may be requested, but a charge equal to the reproduction cost thereof will be made. A copy of the Form 10-K may be obtained by visiting the Company's website at www.aes.com.

**Website Disclosure**

AES uses its website, including its quarterly updates, as channels of distribution of Company information. The information AES posts through these channels may be deemed material. Accordingly, investors should monitor our website, in addition to following AES' press releases, quarterly SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about AES when you enroll your e-mail address by visiting the "Subscribe to Alerts" page of AES' Investors website. The contents of AES' website, including its quarterly updates, are not, however, incorporated by reference into this release.

**Disclosure Regarding Fluence**

This news release does not constitute an offer to sell or the solicitation of an offer to buy an securities of Fluence or any of its affiliates. Any offers, solicitations or offers to buy, or any sales of such securities will be made in accordance with the registration requirements of the Securities Act of 1933, as amended.

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**THE AES CORPORATION**

**Condensed Consolidated Statements of Operations (Unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (in millions, except per share amounts) | | | |
| Revenue: | | | | |
| Regulated | $ 672 | $ 624 | $ 1,379 | $ 1,336 |
| Non-Regulated | 2,028 | 1,593 | 3,956 | 3,219 |
| Total revenue | 2,700 | 2,217 | 5,335 | 4,555 |
| Cost of Sales: | | | | |
| Regulated | (580) | (535) | (1,162) | (1,127) |
| Non-Regulated | (1,392) | (1,158) | (2,781) | (2,397) |
| Total cost of sales | (1,972) | (1,693) | (3,943) | (3,524) |
| Operating margin | 728 | 524 | 1,392 | 1,031 |
| General and administrative expenses | (45) | (40) | (91) | (78) |
| Interest expense | (237) | (218) | (427) | (451) |
| Interest income | 73 | 64 | 141 | 134 |
| Loss on extinguishment of debt | (18) | (40) | (19) | (41) |
| Other expense | (4) | (3) | (20) | (7) |
| Other income | 183 | 9 | 226 | 54 |
| Gain (loss) on disposal and sale of business interests | 64 | (27) | 59 | (27) |
| Asset impairment expense | (872) | — | (1,345) | (6) |
| Foreign currency transaction gains (losses) | (2) | (6) | (37) | 18 |
| Other non-operating expense | — | (158) | — | (202) |
| INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES AND EQUITY IN EARNINGS OF AFFILIATES | (130) | 105 | (121) | 425 |
| Income tax benefit (expense) | 59 | (113) | 51 | (202) |
| Net equity in earnings (losses) of affiliates | (10) | 8 | (40) | 6 |
| INCOME (LOSS) FROM CONTINUING OPERATIONS | (81) | — | (110) | 229 |
| Gain from disposal of discontinued businesses | 4 | 3 | 4 | 3 |
| NET INCOME (LOSS) | (77) | 3 | (106) | 232 |
| Noncontrolling interests: | | | | |
| Less: Loss (income) from continuing operations attributable to noncontrolling interests and redeemable stock of subsidiaries | 105 | (86) | (14) | (171) |
| NET INCOME (LOSS) ATTRIBUTABLE TO THE AES CORPORATION | $ 28 | $ (83) | $ (120) | $ 61 |
| BASIC EARNINGS PER SHARE: | | | | |
| NET INCOME (LOSS) ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS | $ 0.04 | $ (0.12) | $ (0.18) | $ 0.09 |
| DILUTED EARNINGS PER SHARE: | | | | |
| NET INCOME (LOSS) ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS | $ 0.04 | $ (0.12) | $ (0.18) | $ 0.09 |
| DILUTED SHARES OUTSTANDING | 670 | 665 | 666 | 668 |

**THE AES CORPORATION**

**Strategic Business Unit (SBU) Information**

**(Unaudited)**

| (in millions) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **REVENUE** | | | | |
| US and Utilities SBU | $ 972 | $ 913 | $ 1,921 | $ 1,884 |
| South America SBU | 964 | 711 | 1,848 | 1,423 |
| MCAC SBU | 490 | 381 | 1,025 | 813 |
| Eurasia SBU | 277 | 214 | 547 | 439 |
| Corporate and Other | 37 | 114 | 61 | 142 |
| Eliminations | (40) | (116) | (67) | (146) |
| Total Revenue | $ 2,700 | $ 2,217 | $ 5,335 | $ 4,555 |

# THE AES CORPORATION
## Condensed Consolidated Balance Sheets (Unaudited)

| | June 30, 2021 | December 31, 2020 |
|---|---|---|
| | (in millions, except share and per share data) | |
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 1,213 | $ 1,089 |
| Restricted cash | 404 | 297 |
| Short-term investments | 282 | 335 |
| Accounts receivable, net of allowance for doubtful accounts of $10 and $13, respectively | 1,374 | 1,300 |
| Inventory | 445 | 461 |
| Prepaid expenses | 114 | 102 |
| Other current assets, net of allowance of $0 | 868 | 726 |
| Current held-for-sale assets | 830 | 1,104 |
| Total current assets | 5,530 | 5,414 |
| NONCURRENT ASSETS | | |
| Property, Plant and Equipment: | | |
| Land | 415 | 417 |
| Electric generation, distribution assets and other | 24,786 | 26,707 |
| Accumulated depreciation | (7,970) | (8,472) |
| Construction in progress | 5,351 | 4,174 |
| Property, plant and equipment, net | 22,582 | 22,826 |
| Other Assets: | | |
| Investments in and advances to affiliates | 793 | 835 |
| Debt service reserves and other deposits | 409 | 441 |
| Goodwill | 1,110 | 1,061 |
| Other intangible assets, net of accumulated amortization of $365 and $330, respectively | 900 | 827 |
| Deferred income taxes | 300 | 288 |
| Other noncurrent assets, net of allowance of $21 and $21, respectively | 1,892 | 1,660 |
| Noncurrent held-for-sale assets | 1,211 | 1,251 |
| Total other assets | 6,615 | 6,363 |
| TOTAL ASSETS | $ 34,727 | $ 34,603 |
| **LIABILITIES AND EQUITY** | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 948 | $ 1,156 |
| Accrued interest | 199 | 191 |
| Accrued non-income taxes | 207 | 257 |
| Deferred income | 139 | 438 |
| Accrued and other liabilities | 927 | 1,223 |
| Non-recourse debt, including $337 and $336, respectively, related to variable interest entities | 1,345 | 1,430 |
| Current held-for-sale liabilities | 572 | 667 |
| Total current liabilities | 4,337 | 5,362 |
| NONCURRENT LIABILITIES | | |
| Recourse debt | 3,374 | 3,446 |
| Non-recourse debt, including $3,953 and $3,918, respectively, related to variable interest entities | 15,290 | 15,005 |
| Deferred income taxes | 1,121 | 1,100 |
| Other noncurrent liabilities | 3,259 | 3,241 |
| Noncurrent held-for-sale liabilities | 800 | 857 |
| Total noncurrent liabilities | 23,844 | 23,649 |
| Commitments and Contingencies | | |
| Redeemable stock of subsidiaries | 1,149 | 872 |
| EQUITY | | |
| THE AES CORPORATION STOCKHOLDERS' EQUITY | | |
| Preferred stock (without par value, 50,000,000 shares authorized; 1,043,500 issued and outstanding at June 30, 2021) | 1,043 | — |
| Common stock ($0.01 par value, 1,200,000,000 shares authorized; 818,662,357 issued and 666,329,509 outstanding at June 30, 2021 and 818,398,654 issued and 665,370,128 outstanding at December 31, 2020) | 8 | 8 |
| Additional paid-in capital | 7,211 | 7,561 |
| Accumulated deficit | (800) | (680) |
| Accumulated other comprehensive loss | (2,347) | (2,397) |
| Treasury stock, at cost (152,332,848 and 153,028,526 shares at June 30, 2021 and December 31, 2020, respectively) | (1,850) | (1,858) |
| Total AES Corporation stockholders' equity | 3,265 | 2,634 |
| NONCONTROLLING INTERESTS | 2,132 | 2,086 |
| Total equity | 5,397 | 4,720 |
| TOTAL LIABILITIES AND EQUITY | $ 34,727 | $ 34,603 |

**THE AES CORPORATION**
**Condensed Consolidated Statements of Cash Flows**
**(Unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (in millions) | | (in millions) | |
| OPERATING ACTIVITIES: | | | | |
| Net income (loss) | $ (77) | $ 3 | $ (106) | $ 232 |
| Adjustments to net income (loss): | | | | |
| Depreciation and amortization | 263 | 271 | 538 | 539 |
| Loss (gain) on disposal and sale of business interests | (64) | 27 | (59) | 27 |
| Impairment expense | 872 | 158 | 1,345 | 208 |
| Deferred income taxes | (94) | 52 | (73) | 54 |
| Loss on extinguishment of debt | 18 | 40 | 19 | 41 |
| Loss (gain) on sale and disposal of assets | 4 | 2 | 20 | (40) |
| Gain on remeasurement to acquisition date fair value | (176) | — | (212) | — |
| Loss of affiliates, net of dividends | 10 | (6) | 46 | 2 |
| Other | 186 | 23 | 263 | 23 |
| Changes in operating assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (41) | 10 | (120) | (30) |
| (Increase) decrease in inventory | (7) | (69) | 7 | (46) |
| (Increase) decrease in prepaid expenses and other current assets | (35) | 56 | (13) | 33 |
| (Increase) decrease in other assets | (23) | 4 | 8 | (75) |
| Increase (decrease) in accounts payable and other current liabilities | 45 | 18 | (292) | (81) |
| Increase (decrease) in income tax payables, net and other tax payables | (347) | (103) | (439) | (67) |
| Increase (decrease) in deferred income | (165) | 10 | (307) | 39 |
| Increase (decrease) in other liabilities | (18) | (49) | (21) | (39) |
| Net cash provided by operating activities | 351 | 447 | 604 | 820 |
| INVESTING ACTIVITIES: | | | | |
| Capital expenditures | (567) | (386) | (999) | (962) |
| Acquisitions of business interests, net of cash and restricted cash acquired | (81) | (74) | (81) | (84) |
| Proceeds from the sale of business interests, net of cash and restricted cash sold | 58 | 44 | 58 | 44 |
| Sale of short-term investments | 59 | 87 | 316 | 341 |
| Purchase of short-term investments | (128) | (186) | (258) | (463) |
| Contributions and loans to equity affiliates | (109) | (63) | (173) | (178) |
| Other investing | 10 | (48) | (8) | (59) |
| Net cash used in investing activities | (758) | (626) | (1,145) | (1,361) |
| FINANCING ACTIVITIES: | | | | |
| Borrowings under the revolving credit facilities | 206 | 124 | 998 | 1,318 |
| Repayments under the revolving credit facilities | (139) | (643) | (932) | (958) |
| Issuance of recourse debt | — | 1,597 | 7 | 1,597 |
| Repayments of recourse debt | — | (1,578) | (7) | (1,596) |
| Issuance of non-recourse debt | 393 | 1,507 | 700 | 1,913 |
| Repayments of non-recourse debt | (619) | (671) | (939) | (763) |
| Payments for financing fees | (7) | (41) | (12) | (46) |
| Distributions to noncontrolling interests | (112) | (77) | (129) | (99) |
| Acquisitions of noncontrolling interests | (4) | — | (17) | — |
| Contributions from noncontrolling interests | 1 | — | 95 | — |
| Issuance of preferred shares in subsidiaries | 151 | — | 151 | — |
| Issuance of preferred stock | (2) | — | 1,015 | — |
| Dividends paid on AES common stock | (100) | (95) | (200) | (190) |
| Payments for financed capital expenditures | (3) | (29) | (4) | (39) |
| Other financing | (76) | 34 | (44) | 21 |
| Net cash provided by financing activities | (311) | 128 | 682 | 1,158 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 18 | (5) | (4) | (37) |
| (Increase) decrease in cash, cash equivalents and restricted cash of held-for-sale businesses | 120 | (47) | 62 | (45) |
| Total increase in cash, cash equivalents and restricted cash | (580) | (103) | 199 | 535 |
| Cash, cash equivalents and restricted cash, beginning | 2,606 | 2,210 | 1,827 | 1,572 |
| Cash, cash equivalents and restricted cash, ending | $ 2,026 | $ 2,107 | $ 2,026 | $ 2,107 |
| SUPPLEMENTAL DISCLOSURES: | | | | |
| Cash payments for interest, net of amounts capitalized | $ 239 | $ 295 | $ 406 | $ 458 |
| Cash payments for income taxes, net of refunds | 322 | 124 | 372 | 176 |
| SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES: | | | | |
| Non-cash consideration transferred for the Clean Energy transaction | $ (20) | $ — | 99 | — |

# THE AES CORPORATION
# NON-GAAP FINANCIAL MEASURES
# (Unaudited)
## RECONCILIATION OF ADJUSTED PRE-TAX CONTRIBUTION (PTC) AND ADJUSTED EPS

Adjusted PTC is defined as pre-tax income from continuing operations attributable to The AES Corporation excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses related to derivative transactions and equity securities; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; (e) gains, losses and costs due to the early retirement of debt; and (f) net gains at Angamos, one of our businesses in the South America SBU, associated with the early contract terminations with Minera Escondida and Minera Spence. Adjusted PTC also includes net equity in earnings of affiliates on an after-tax basis adjusted for the same gains or losses excluded from consolidated entities.

Adjusted EPS is defined as diluted earnings per share from continuing operations excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses related to derivative transactions and equity securities; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and the tax impact from the repatriation of sales proceeds, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; (e) gains, losses and costs due to the early retirement of debt; (f) net gains at Angamos, one of our businesses in the South America SBU, associated with the early contract terminations with Minera Escondida and Minera Spence; and (g) tax benefit or expense related to the enactment effects of 2017 U.S. tax law reform and related regulations and any subsequent period adjustments related to enactment effects.

The GAAP measure most comparable to Adjusted PTC is income from continuing operations attributable to AES. The GAAP measure most comparable to Adjusted EPS is diluted earnings per share from continuing operations. We believe that Adjusted PTC and Adjusted EPS better reflect the underlying business performance of the Company and are considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to unrealized gains or losses related to derivative transactions or equity securities remeasurement, unrealized foreign currency gains or losses, losses due to impairments, strategic decisions to dispose of or acquire business interests or retire debt, and the non-recurring nature of the impact of the early contract terminations at Angamos, which affect results in a given period or periods. In addition, for Adjusted PTC, earnings before tax represents the business performance of the Company before the application of statutory income tax rates and tax adjustments, including the effects of tax planning, corresponding to the various jurisdictions in which the Company operates. Adjusted PTC and Adjusted EPS should not be construed as alternatives to income from continuing operations attributable to AES and diluted earnings per share from continuing operations, which are determined in accordance with GAAP.

| | Three Months Ended June 30, 2021 | | | Three Months Ended June 30, 2020 | | | Six Months Ended June 30, 2021 | | | Six Months Ended June 30, 2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Net of NCI [1] | Per Share (Diluted) Net of NCI | | Net of NCI [1] | Per Share (Diluted) Net of NCI | | Net of NCI [1] | Per Share (Diluted) Net of NCI | | Net of NCI [1] | Per Share (Diluted) Net of NCI | |
| | (in millions, except per share amounts) | | | | | | | | | | | |
| **Income (loss) from continuing operations, net of tax, attributable to AES and Diluted EPS** | **$ 24** | **$ 0.03** | | **$ (86)** | **$ (0.13)** | | **$ (124)** | **$ (0.19)** | | **$ 58** | **$ 0.09** | |
| Add: Income tax expense (benefit) from continuing operations attributable to AES | (24) | | | 81 | | | (60) | | | 136 | | |
| Pre-tax contribution | **$ —** | | | **$ (5)** | | | **$ (184)** | | | **$ 194** | | |
| **Adjustments** | | | | | | | | | | | | |
| Unrealized derivative and equity securities losses (gains) | $ 8 | $ 0.01 | | $ 14 | $ 0.02 | | $ 77 | $ 0.12 | (2) | $ (2) | $ — | |
| Unrealized foreign currency losses | (12) | (0.02) | | (12) | (0.01) | | (6) | (0.01) | | (3) | — | |
| Disposition/acquisition losses (gains) | (229) | (0.34) | (3) | 29 | 0.04 | (4) | (244) | (0.37) | (5) | 30 | 0.04 | (4) |
| Impairment losses | 628 | 0.94 | (6) | 168 | 0.25 | (7) | 1,103 | 1.65 | (8) | 221 | 0.33 | (9) |
| Loss on extinguishment of debt | 18 | 0.03 | (10) | 44 | 0.07 | (11) | 24 | 0.04 | (10) | 48 | 0.07 | (11) |
| Net gains from early contract terminations at Angamos | (110) | (0.16) | (12) | — | — | | (220) | (0.33) | (12) | — | — | |
| U.S. Tax Law Reform Impact | | — | | | 0.02 | (13) | | — | | | 0.02 | (13) |
| Less: Net income tax benefit | | (0.18) | (14) | | (0.01) | | | (0.32) | (15) | | (0.01) | |
| **Adjusted PTC and Adjusted EPS** | **$ 303** | **$ 0.31** | | **$ 238** | **$ 0.25** | | **$ 550** | **$ 0.59** | | **$ 488** | **$ 0.54** | |

[1] NCI is defined as Noncontrolling Interests.

(2) Amount primarily relates to unrealized derivative losses in Argentina mainly associated with foreign currency derivatives on government receivables of $41 million, or $0.06 per share, and net unrealized derivative losses on power and commodities swaps at Southland of $32 million, or $0.05 per share.

(3) Amount primarily relates to an adjustment on the gain on remeasurement of our equity interest in sPower to acquisition-date fair value of $176 million, or $0.26, and gain on Fluence issuance of shares of $61 million, or $0.09 per share.

(4) Amount primarily relates to loss on sale of the Kazakhstan HPPs of $30 million, or $0.05 per share, as result of the final arbitration decision.

(5) Amount primarily relates to an adjustment on the gain on remeasurement of our equity interest in sPower to acquisition-date fair value of $212 million, or $0.32, and gain on Fluence issuance of shares of $61 million, or $0.09 per share, partially offset by day-one loss recognized at commencement of a sales-type lease at AES Distributed Energy of $13 million, or $0.02 per share.

(6) Amount primarily relates to asset impairments at AES Andes of $540 million, or $0.81 per share, at Mountain View of $67 million, or $0.10 per share, and at sPower of $20 million, or $0.03 per share.

(7) Amount primarily relates to other-than-temporary impairment of OPGC of $158 million, or $0.24 per share, and impairments at our sPower equity affiliate, impacting equity earnings by $10 million, or $0.01 per share.

(8) Amount primarily relates to asset impairments at AES Andes of $540 million, or $0.81 per share, at Puerto Rico of $475 million, or $0.71 per share, at Mountain View of $67 million, or $0.10 per share, and at sPower of $21 million, or $0.03 per share.

(9) Amount primarily relates to other-than-temporary impairment of OPGC of $201 million, or $0.30 per share, and impairments at our sPower equity affiliate, impacting equity earnings by $15 million, or $0.02 per share.

(10) Amount primarily relates to loss on early retirement of debt at Andres and Los Mina of $15 million, or $0.02 per share.

(11) Amount primarily relates to loss on early retirement of debt at the Parent Company of $37 million, or $0.06 per share.

(12) Amount relates to net gains at Angamos associated with the early contract terminations with Minera Escondida and Minera Spence of $110 million, or $0.16 per share and $220 million, or $0.33 per share for the three and six months ended June 30, 2021, respectively.

(13) Amount represents adjustment to tax law reform remeasurement due to incremental deferred taxes related to DPL of $16 million, or $0.02 per share.

(14) Amount primarily relates to income tax benefits associated with the impairments at AES Andes of $195 million, or $0.29 per share and at Mountain View of $21 million, or $0.03, partially offset by income tax expense related to net gains at Angamos associated with the early contract terminations with Minera Escondida and Minera Spence of $51 million, or $0.08 per share, income tax expense related to the gain on remeasurement of our equity interest in sPower to acquisition-date fair value of $39 million, or $0.06 per share, and income tax expense related to the gain on Fluence issuance of shares of $13 million, or $0.02 per share.

(15) Amount primarily relates to income tax benefits associated with the impairments at AES Andes of $195 million, or $0.29 per share, at at Puerto Rico of $114 million, or $0.17 per share, and at Mountain View of $21 million, or $0.03, partially offset by income tax expense related to net gains at Angamos associated with the early contract terminations with Minera Escondida and Minera Spence of $79 million, or $0.12 per share, income tax expense related to the gain on remeasurement of our equity interest in sPower to acquisition-date fair value of $46 million, or $0.07 per share, and income tax expense related to the gain on Fluence issuance of shares of $13 million, or $0.02 per share.

**The AES Corporation**

Parent Financial Information

**Parent only data: last four quarters**

| *(in millions)* | 4 Quarters Ended | | | |
|---|---|---|---|---|
| **Total subsidiary distributions & returns of capital to Parent** | **June 30, 2021 Actual** | **March 31, 2021 Actual** | **December 31, 2020 Actual** | **September 30, 2020 Actual** |
| Subsidiary distributions[1] to Parent & QHCs | $ 966 | $ 1,203 | $ 1,145 | $ 1,206 |
| Returns of capital distributions to Parent & QHCs | (118) | 45 | 45 | 182 |
| **Total subsidiary distributions & returns of capital to Parent** | **$ 848** | **$ 1,248** | **$ 1,190** | **$ 1,388** |

**Parent only data: quarterly**

| *(in millions)* | Quarter Ended | | | |
|---|---|---|---|---|
| **Total subsidiary distributions & returns of capital to Parent** | **June 30, 2021 Actual** | **March 31, 2021 Actual** | **December 31, 2020 Actual** | **September 30, 2020 Actual** |
| Subsidiary distributions[1] to Parent & QHCs | $ 164 | $ 247 | $ 335 | $ 220 |
| Returns of capital distributions to Parent & QHCs | — | — | (118) | — |
| **Total subsidiary distributions & returns of capital to Parent** | **$ 164** | **$ 247** | **$ 217** | **$ 220** |

| *(in millions)* | Balance at | | | |
|---|---|---|---|---|
| **Parent Company Liquidity[2]** | **June 30, 2021 Actual** | **March 31, 2021 Actual** | **December 31, 2020 Actual** | **September 30, 2020 Actual** |
| Cash at Parent & Cash at QHCs[3] | $ 373 | $ 565 | $ 71 | $ 26 |
| Availability under credit facilities | 941 | 916 | 853 | 274 |
| **Ending liquidity** | **$ 1,314** | **$ 1,481** | **$ 924** | **$ 300** |

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(1) Subsidiary distributions received by Qualified Holding Companies ("QHCs") excluded from Schedule 1. Subsidiary Distributions should not be construed as an alternative to Consolidated Net Cash Provided by Operating Activities, which is determined in accordance with US GAAP. Subsidiary Distributions are important to the Parent Company because the Parent Company is a holding company that does not derive any significant direct revenues from its own activities but instead relies on its subsidiaries' business activities and the resultant distributions to fund the debt service, investment and other cash needs of the holding company. The reconciliation of the difference between the Subsidiary Distributions and Consolidated Net Cash Provided by Operating Activities consists of cash generated from operating activities that is retained at the subsidiaries for a variety of reasons which are both discretionary and non-discretionary in nature. These factors include, but are not limited to, retention of cash to fund capital expenditures at the subsidiary, cash retention associated with non-recourse debt covenant restrictions and related debt service requirements at the subsidiaries, retention of cash related to sufficiency of local GAAP statutory retained earnings at the subsidiaries, retention of cash for working capital needs at the subsidiaries, and other similar timing differences between when the cash is generated at the subsidiaries and when it reaches the Parent Company and related holding companies.

(2) Parent Company Liquidity is defined as cash available to the Parent Company, including cash at qualified holding companies (QHCs), plus available borrowings under our existing credit facility. 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' indebtedness.

(3) The cash held at QHCs represents cash sent to subsidiaries of the company domiciled outside of the US. Such subsidiaries have 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 QHCs is available to the Parent, AES uses the combined measure of subsidiary distributions to Parent and QHCs as a useful measure of cash available to the Parent to meet its international liquidity needs.