The AES Corporation
Barclays CEO Energy-Power Conference
Andrew Vesey – COO, Global Utilities
September 5, 2012

Safe Harbor Disclosure

Certain statements in the following presentation regarding AES' business operations may constitute "forward-looking statements." 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 accurate projections of future interest rates, commodity prices and foreign currency pricing, continued normal or better levels of operating performance and electricity demand at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. For additional assumptions see Slide 25 and the Appendix to this presentation. 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 including but not limited to the risks discussed under Item 1A "Risk Factors" in AES' 2011 Annual Report on Form 10-K, as well as our other SEC filings. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Agenda

- Who We Are
- Plan to Unlock Shareholder Value
  - Optimize Capital Allocation
  - Improve Profitability
  - Narrow Geographic Focus
  - Deliver Results
- Future Growth

Key Highlights

Portfolio of Utilities & Generation Businesses in Key Markets

61% of 2012 Discretionary Cash Targeted for Debt Paydown & Share Buybacks

$100 Million G&A Expense Reduction Target Ahead of Schedule

$932 Million in Proceeds from Closed/ Announced Asset Sales

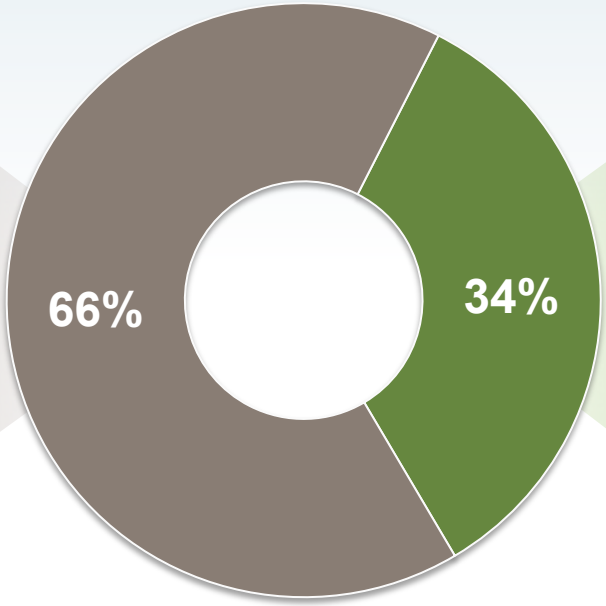
Attractive Development Pipeline in Core Markets

Who We Are: A Diversified Power Generation & Distribution Company

2012 Proportional Adjusted Gross Margin[1]: $3.5 Billion

Generation

- 37 Generation businesses
- 34 GW of generating capacity



Utilities

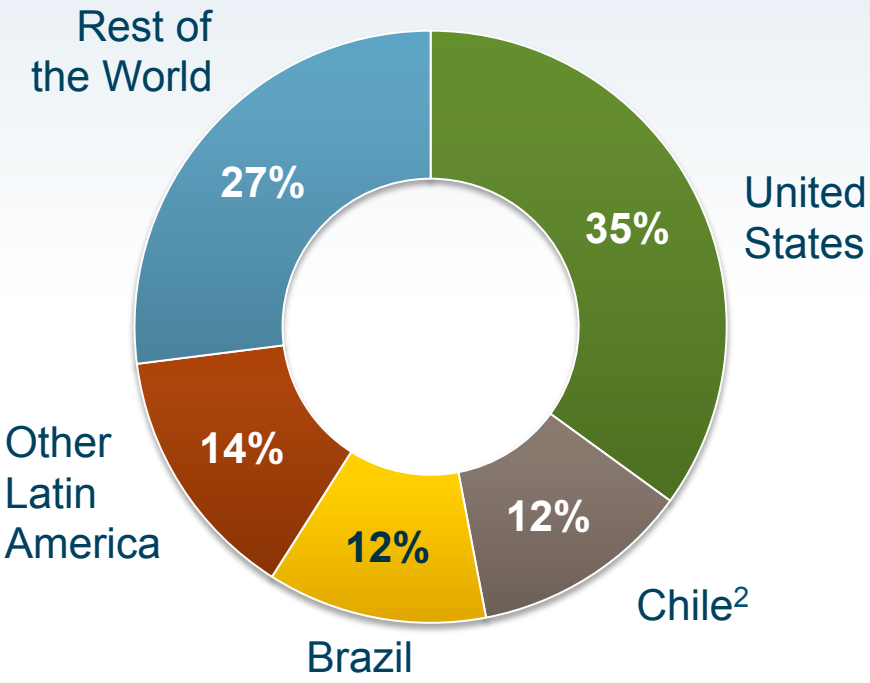
- 13 Utilities companies serving 12 million customers
- Operate 8 GW of generating capacity

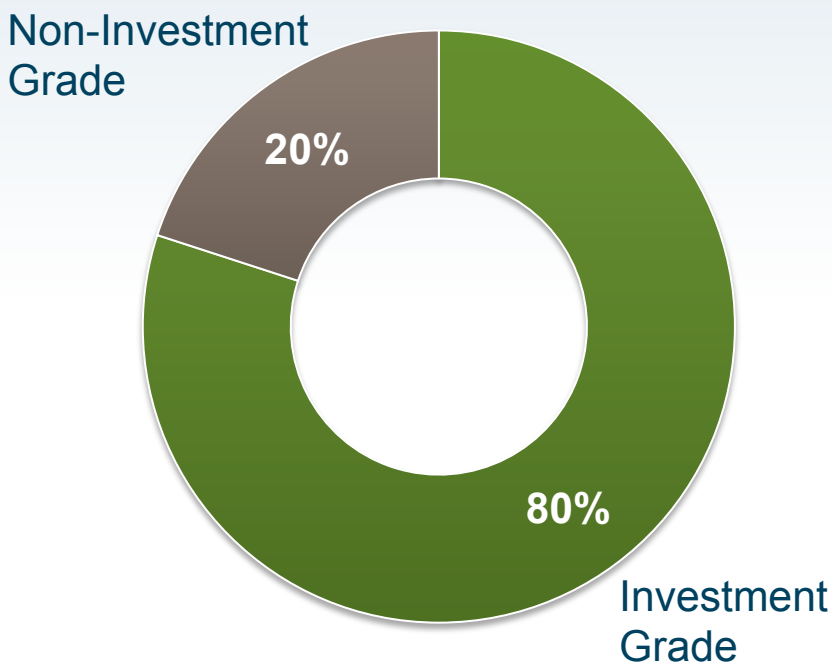
Commodity and Currency Risks Limited by Contracts & Regulatory Structures, as well as Diversification Across Geographies, Asset & Fuel Types

1. A non-GAAP financial measure. Midpoint of 2012 guidance given August 6, 2012. See Appendix for definition and reconciliation.

Who We Are: Significant Presence in U.S. & Key Latin American Markets

2012 Proportional Adjusted Gross Margin[1]: $3.5 Billion





Faster Demand Growth in Emerging Markets Combined with Cash Flow Stability of Developed Markets

1. A non-GAAP financial measure as reconciled above. Midpoint of 2012 guidance given August 6, 2012. See Appendix for definition and reconciliation.
2. AES' operations in Chile refers to AES Gener, which is publicly listed in Chile, with businesses in Chile, Colombia and Argentina.

Plan to Unlock Shareholder Value

Management Focus	Rationale
1. Optimize capital allocation	■ Invest cash to maximize total returns
2. Improve profitability	■ Cut costs and leverage footprint
3. Narrow our geographic focus	■ Exit non-strategic assets to simplify story ■ Grow in markets of choice where we have a competitive advantage

Focus on Delivering Attractive Risk-Adjusted Total Shareholder Return

Update on Plan to Unlock Shareholder Value: Optimize Capital Allocation

Investment Alternative	Execution September 2011 Through August 6, 2012
1. Debt repayment	■ $492 million repaid ◆ $295 million Recourse debt ◆ $197 million Non-Recourse debt (Brasiliana)[1]
2. Share buyback	■ 29.5 million shares repurchased by investing $341 million (average price of $11.57/share)
3. Dividend	■ First cash dividend since 1993 ■ $0.04/share to be paid in November 2012 ■ Annual basis: $120 million or approximately 1.3% yield

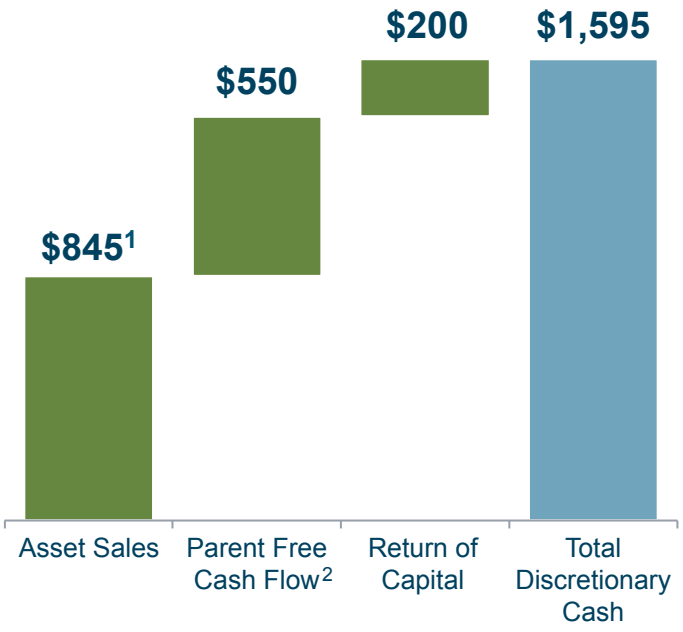
Since September 2011, Invested $833 Million in Our Balance Sheet

1. AES owns 46% of its Brasiliana subsidiary. Debt reflects AES' ownership percentage.

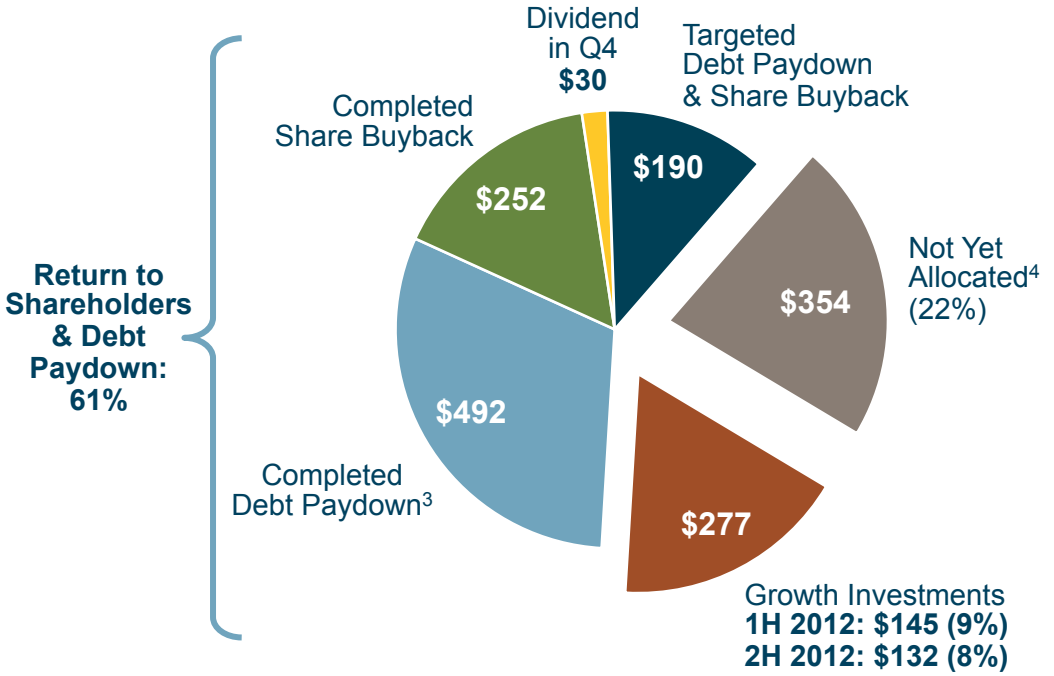
Balanced Approach to Capital Allocation in 2012

$ in Millions

Discretionary Cash – Sources ($1,595)



Discretionary Cash – Uses ($1,595)



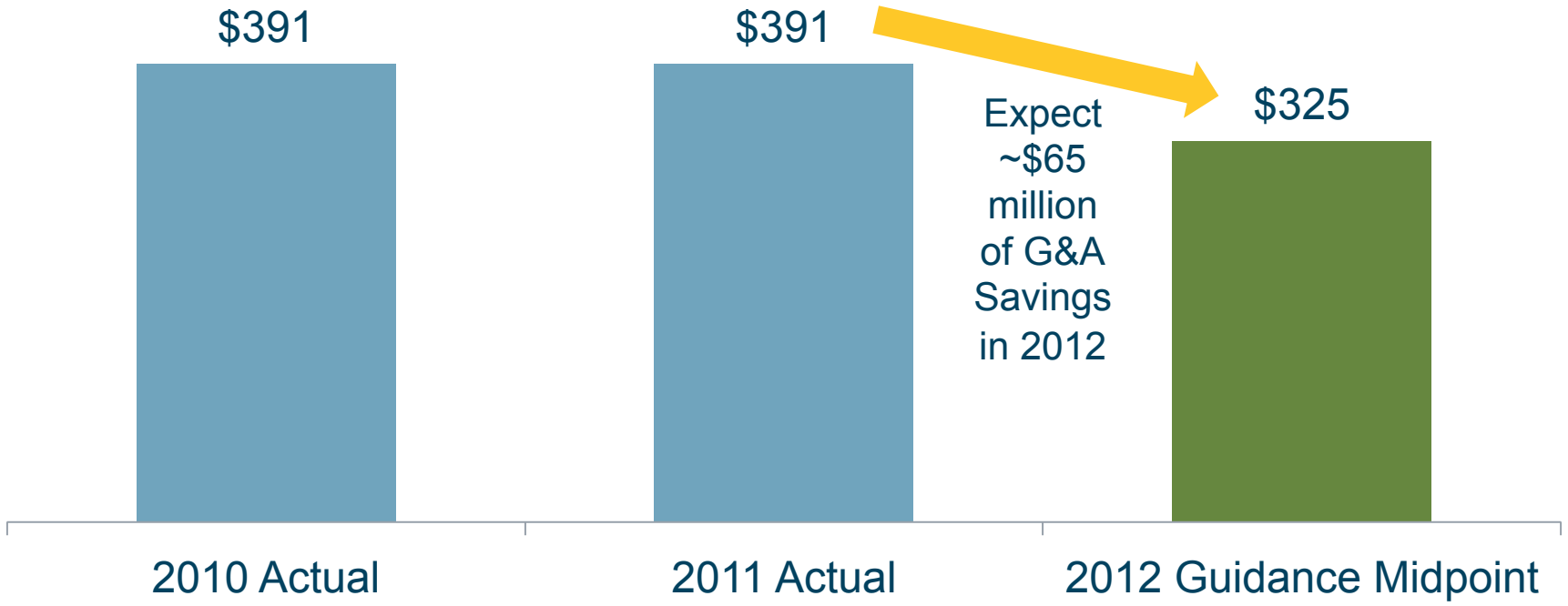
Unallocated Cash to Be Invested According to Capital Allocation Framework to Achieve Total Return Targets

1. Excludes ($87 million) dividend related to Atimus (Brazil Telecom), which is included in Parent Free Cash Flow.
2. Low end of 2012 parent free cash flow guidance range given on August 6, 2012. A non-GAAP financial measure. See Appendix for definition and reconciliation.
3. Completed $492 million debt paydown: $295 million corporate revolver and $197 million non-recourse debt.
4. Not yet allocated $354 million will be used for investment in growth, stock buyback and/or debt repayment.

Update on Plan to Unlock Shareholder Value: Improve Profitability

$ in Millions

General & Administrative Expense



Projected 2012 Savings Increased to $65 Million; Cumulative Target of $100 Million[1] in Annual Savings by End of 2013

1.$100 million in savings will include savings realized in cost of sales in addition to G&A.

Update on Plan to Unlock Shareholder Value: Narrow Geographic Focus

Business	AES Share of Proceeds ($ Millions)		Remarks
Atimus (Brazil Telecom)	$284[2]	$798 closed	Non-core asset; Paid down $197 million[2] in debt at Brasiliana subsidiary
Bohemia (Czech Republic)	$12		Completed exit from non-core Market
Edes and Edelap (Argentina)	$4		Underperforming business
Cartagena[1] (Spain)	$229		No expansion potential
Red Oak (U.S.)	$142		No expansion potential
Ironwood (U.S.)	$85		
French Wind (France)	$42		Non-core market
JHRH (China)	$48	$134 signed	Non-core market; expected to close late 2012
Yangcheng & China Wind (China)	$86		Non-core market; expected to close late 2012
Total	**$932**		

Businesses Sold at a P/E Multiple of More Than 20x 2011 Adjusted Earnings[3]

1. Sold 80% of our interest to GDF Suez in February 2012. GDF Suez has the option to buy the remaining 20% interest in 2013.
2. AES owns 46% of its Brasiliana subsidiary. Proceeds and debt reflect AES' ownership percentage.
3. Excludes China asset sales, as these businesses reported $9 million in losses in 2011.

Delivering Results: Expect to Achieve Significant Growth in Adjusted EPS[1] & Proportional Free Cash Flow[1] in 2012

Adjusted EPS[1,2]



Proportional Free Cash Flow[1] ($ in Millions)



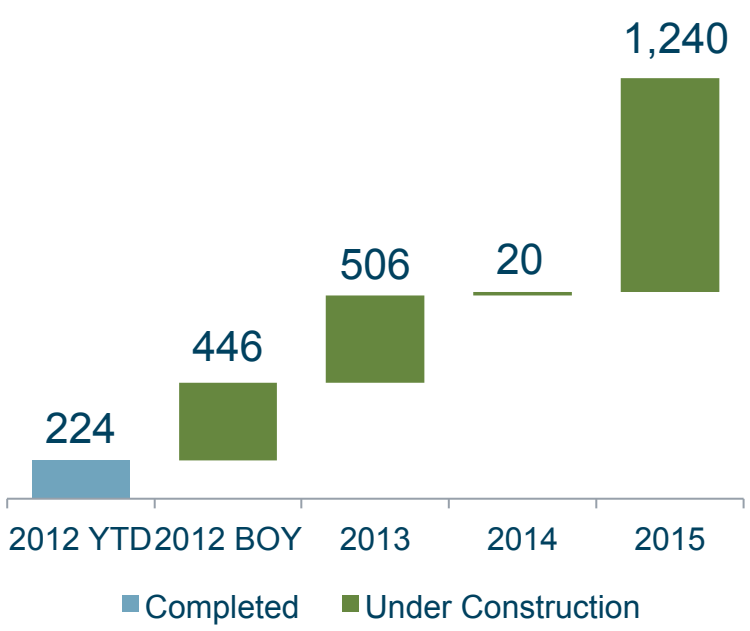
2012 Growth Largely Driven by Contributions from New Businesses Added in 2011

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Diluted earnings per share from continuing operations was $0.59 in 2011.
3. Based on the lower end and midpoint of the guidance range.

Construction Program Contributes Near-Term Growth

Long-Term Debt Committed; AES Equity Contributions Funded

2,436 Gross MW On-Line by Year[1]



- 2012 additions include:
  - 394 MW Trinidad Unit 2, of which AES owns 10%
  - 276 MW renewable projects
- 2013 additions include:
  - 270 MW Campiche (Chile)
  - 216 MW Kribi (Cameroon)
  - 20 MW Sixpenny Wood (UK)
- 2014 addition represents 20 MW Tunjita (Colombia)
- 2015 addition represents 1,240 MW Mong Duong II (Vietnam)

1. As of August 24, 2012; 1,136 proportional MW. See Slide 24 for details of projects under construction.

Note: The totals represent projections and there can be no assurance that we will complete construction of these projects or that completion will occur in the timeframes set forth above. For discussion of risks involved in the development process, see Item 1-A: Risk Factors – Our business is subject to substantial development uncertainties in our 2011 Form 10-K.

Future Growth Examples: Strong Near-Term Growth Pipeline in Chile (AES Gener)



Cochrane (532 MW Coal-Fired)

- Adjacent to Angamos facility; plant site owned by Angamos
- Includes 20 MW battery storage facility (BESS)
- Environmental permit and maritime concession granted
- Preliminary works in progress



Guacolda V (152 MW Coal-Fired)

- Environmental permit for plant granted
- Adjacent to existing four Guacolda units; plant site owned by Guacolda
- Preliminary works in progress



Alto Maipo (531 MW Run-of-River Hydro)

- 50 km East of Santiago
- Environmental, water and civil works permits obtained
- Preliminary works in progress



Note: For discussion of risks involved in the development process, see Item 1-A: Risk Factors – Our business is subject to substantial development uncertainties in our 2011 Form 10-K.

Modest Growth Outlook for 2013; Stronger Growth Expected in 2014 and 2015

2013 Drivers: Modest Growth

- – Lower capacity prices in PJM (set by earlier capacity auctions)
- – Foreign exchange headwinds
- – DP&L (lower gas prices and cumulative impact of customer switching)
- \+ Capital allocation (including share repurchases done in 2012)
- \+ Cost reductions (full year of 2012 reductions; partial year of incremental reductions in 2013)
- ? Unknown – DP&L rate case settlement

2014-2015 Drivers: Stronger Growth

- \+ Higher capacity prices in PJM (set by earlier capacity auctions)
- \+ Contributions from construction projects
  - Campiche and Kribi in 2013
  - Tunjita in 2014
  - Mong Duong in 2015
- \+ Improved earnings profile of wind portfolio
- \+ Organic growth, including recovery in Brazil, Chile and Colombia
- \+ Value creation through capital allocation

Plan to Provide 2013 Guidance No Later Than Q4 2012 Earnings Call (February 2013)

Targeting Average Annual Total Return of 8% to 10% (2013-2015)[1]

Expect Total Return to be Achieved Through a Combination of:	
Adjusted EPS[1] Growth	■ Adjusted EPS[2] growth of 7% to 9% on average (may be higher/lower in some years) ■ Organic growth at existing businesses ■ Completion of construction pipeline through 2015 ■ Planned cost reductions ■ Discretionary cash invested in debt paydown and share repurchases ◆ Growth investments and acquisitions would need to be accretive to the base case
+	
Dividend Yield	■ $120 million annual dividend – first quarterly dividend of $0.04 to be paid in November 2012
Relative Contributions of Earnings Growth & Dividend Yield May Vary	

Committed to Delivering 8% to 10% Total Return CAGR (2013-2015)[1] Through Earnings Growth & Dividend Yield

1.Off 2012 base.
2.A non-GAAP financial measure. Guidance given August 6, 2012. See Appendix for definition and reconciliation.

Key Takeaways

- Unlocking the value by executing on a comprehensive plan to:
  - Optimize capital allocation
  - Narrow geographic focus
  - Grow profitability
- Committed to delivering attractive risk-adjusted returns to shareholders
  - Declared a dividend in Q3 2012, with first payment in November 2012
  - Targeting 8%-10% average 3-year annual total return target (CAGR for 2013 through 2015)

Appendix

- Key Assumptions for 2012 Guidance — Slide 18
- Drivers of 2012 Adjusted EPS Guidance — Slide 19
- Year-Over-Year Growth in 2H 2012 Adjusted EPS — Slide 20
- 2012 Guidance Estimated Sensitivities — Slide 21
- Reconciliation of 2012 Guidance — Slide 22
- Contributions of New Businesses by Quarter — Slide 23
- Projects Under Construction — Slide 24
- Assumptions & Definitions — Slides 25-27

Key Assumptions for 2012 Guidance[1]

- Foreign currency and commodity assumptions from the forward curve as of June 30, 2012
- Effective tax rate in low 30% range, generally in line with 2011, which includes anticipated extension of CFC look-thru benefits
- Includes the impacts of announced and closed asset sales as of August 3, 2012, including Argentine utilities, Brazil Telecom, 80% of our interest in the Cartagena plant in Spain, Bohemia plant in the Czech Republic, Red Oak and Ironwood in the United States, China wind, coal and hydro assets and French wind portfolio
- Allocation of discretionary cash consistent with Slide 8

1. Guidance updated August 6, 2012.

Drivers of 2012 Adjusted EPS[1] Guidance

Reaffirming 2012 Adjusted EPS[1] Guidance of $1.22 to $1.30 – Expect Low End of Guidance Range

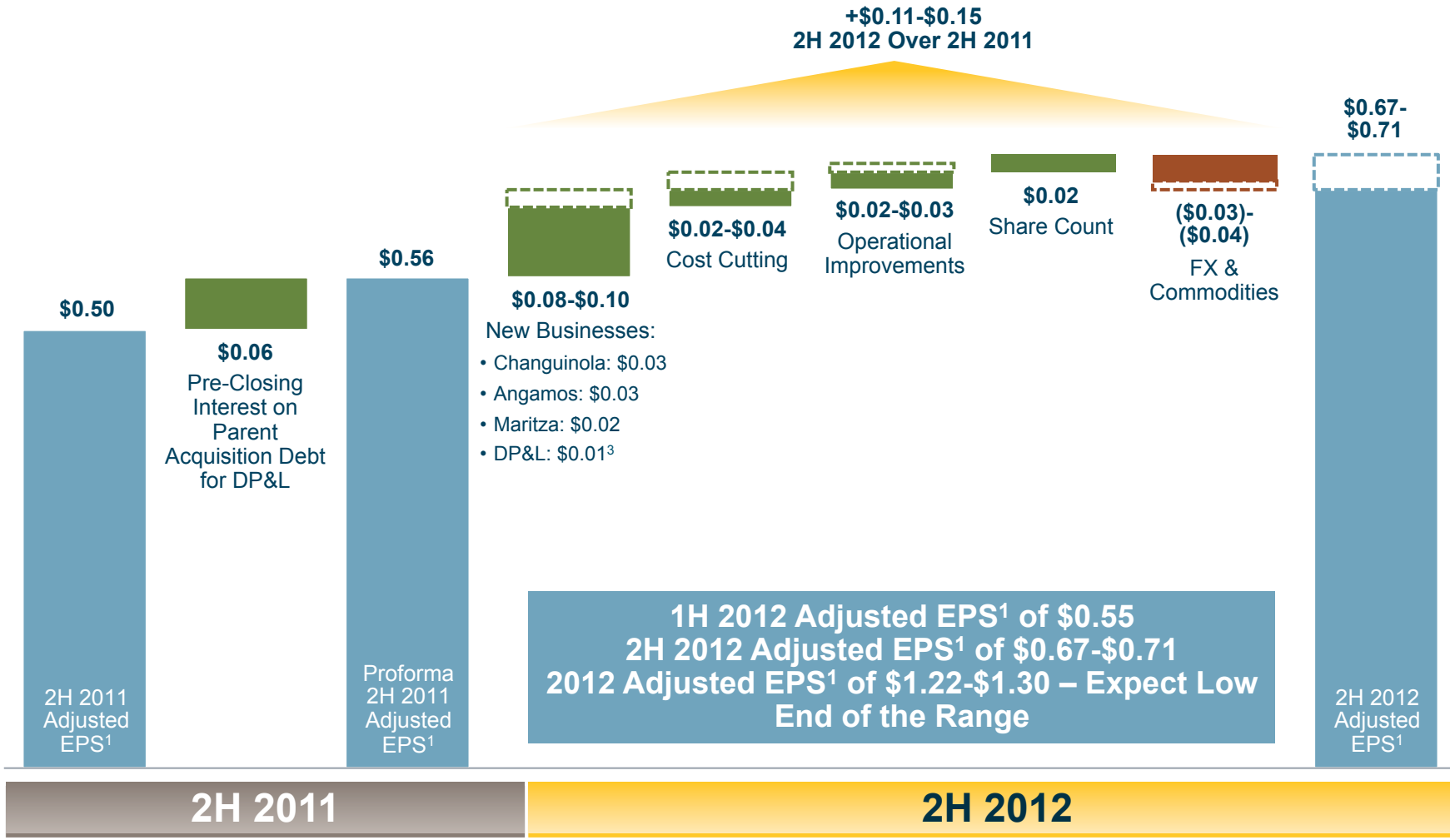
Since Q1 2012 Earnings Call, Key Drivers of 2012 Guidance:

Positive	Negative
+ Accelerated capital allocation	– FX and commodity movements
+ Increase in 2012 cost cutting	– Eletropaulo tariff final outcome
+ Operational improvements	

- For key assumptions, see Slide 18

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.

Year-Over-Year Growth in 2H 2012 Adjusted EPS[1] Driven by New Businesses Added in Late 2011 & Corporate Initiatives[2]



1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Drivers are subject to uncertainties and there can be no assurance that they can be achieved. For further discussion of risks associated with our business, see Risk Factors in our Form 10-K and MD&A in Form 10-Q.
3. Net of approximately $0.06 of interest on Parent acquisition debt; excludes one-time non-cash purchase accounting impact.

2012 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over a 12-month period is equal to change in EPS of approximately $0.02

Currencies

- 10% appreciation in USD against the following key currencies is equal to the following negative EPS impacts:

	2012	
	Average Rate	Sensitivity
Brazilian Real (BRL)	2.04	$0.010
Argentine Peso (ARS)	5.03	$0.005
Euro (EUR)	1.27	$0.005
Philippine Peso (PHP)	42.1	$0.005

Commodity Sensitivity

	2012	
	Average Rate	Sensitivity
Newcastle Coal (Sensitivity $10/ton)	$92/ton	$0.010 negative correlation
NYMEX Coal (Sensitivity $10/ton)	$57/ton	
IPE Brent Crude Oil (Sensitivity $10/barrel)	$98/bbl	$0.005 positive correlation
NYMEX WTI Crude Oil (Sensitivity $10/barrel)	$86/bbl	
Henry Hub Natural Gas (Sensitivity $1/mmbtu)	$2.9/mmbtu	$0.020 positive correlation
UK National Balancing Point Gas (Sensitivity $1/mmbtu)	£0.59/therm	

Note: Guidance given August 6, 2012. Sensitivities are provided on a standalone basis, assuming no change in the other factors, to illustrate the magnitude and direction of changing market factors on AES results. Estimates show the impact on 2012 adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. 2012 guidance is based on currency and commodity forward curves and forecasts as of June 30, 2012. There are inherent uncertainties in the forecasting process and actual results may differ from projections. The Company undertakes no obligation to update the guidance presented today. Please see Item 3A of the Form 10-Q for a more complete discussion of this topic. AES has exposure to multiple coal, oil, and natural gas indices; forward curves are provided for representative liquid markets. Sensitivities are rounded to the nearest ½ cent per share.

1.The move is applied to the floating interest rate portfolio balances as of June 30, 2012.

Reconciliation of 2012 Guidance, Including Proportional Metrics

$ in Millions, Except Earnings Per Share	2012 Guidance (Given 8/6/12)[1]		
	Consolidated	Adjustment Factors[2]	Proportional[2]
Income Statement Elements			
Diluted Earnings Per Share from Continuing Operations	$1.22-$1.30		
Adjusted Earnings Per Share Factors[2]	($0.00)[3]		
Adjusted Earnings Per Share[2]	$1.22-$1.30[3]		
Cash Flow Elements			
Net Cash from Operating Activities	$2,900-$3,100	$975	$1,925-2,125
Operational Capital Expenditures (a)	$1,050-$1,125	$300	$725-$850
Environmental Capital Expenditures (b)	$100-$125	$25	$75-$100
Maintenance Capital Expenditures (a + b)	$1,150-$1,250	$325	$800-$950
Free Cash Flow[2]	$1,700-$1,900	$650	$1,050-$1,250
Subsidiary Distributions[4]	$1,325-$1,525		
Reconciliation of Parent Free Cash Flow			
Subsidiary Distributions[4] (c)	$1,325-$1,525		
Cash Interest (d)	$450-$500		
Cash for Development, General & Administrative and Tax (e)	$325-$375		
Parent Free Cash Flow (c – d – e)	$550-$650		
Reconciliation of Free Cash Flow[2]			
Net Cash from Operating Activities	$2,900-$3,100	$975	$1,925-$2,125
Less: Maintenance Capital Expenditures	$1,150-$1,250	$325	$800-$950
Free Cash Flow[2]	$1,700-$1,900	$650	$1,050-$1,250
Reconciliation of Adjusted Gross Margin[2]			
Gross Margin	$3,600-$3,800	$950	$2,650-$2,850
Plus: Depreciation & Amortization	$1,400-$1,500	$350	$1,050-$1,150
Less: General & Administrative	$300-$350	-	$300-$350
Adjusted Gross Margin[2]	$4,725-$4,925	$1,300	$3,425-$3,625

1. 2012 guidance is based on expectations for future foreign exchange rates and commodity prices as of June 30, 2012.
2. A non-GAAP financial measure as reconciled above. See “definitions.”
3. Reconciliation of Adjusted EPS includes derivative losses of $0.07, currency losses of $0.02, debt retirement losses of $0.01, impairment losses of $0.08, and disposition gains of $0.18.
4. See “definitions.”

Year-Over-Year Adjusted EPS[1] Contributions of New Businesses by Quarter

	Q1 2012 Actual	Q2 2012 Actual	2H 2012 Estimate	Total
Maritza (Bulgaria)	$0.04	$0.02	$0.02	$0.08
Angamos (Chile)	$0.00	($0.015)	$0.03	$0.01
Changuinola (Panama)	$0.01	$0.04	$0.03	$0.08
DP&L (U.S.)[2]	$0.01	($0.005)	$0.01	$0.01
Total	**$0.06**	**$0.04**	**$0.09**	**$0.19**

1. A Non-GAAP financial measure. See “definitions”.
2. Net of Parent interest costs; excludes one-time non-cash purchase accounting charge.

2,212 MW Under Construction as of August 24, 2012

	Generation (Thermal)				Generation (Renewables)			
	Trinidad	Chile	Cameroon	Vietnam	US-Puerto Rico	UK	UK	Colombia
Project	Trinidad	Campiche	Kribi	Mong Duong II	AES Solar	Drone Hill	Sixpenny Wood	Tunjita
% Owned	10%	71%	56%	51%	50%	100%	100%	71%
Type	Gas	Coal	Gas	Coal	Solar	Wind	Wind	Hydro
Gross MW	394 MW[1]	270 MW	216 MW	1,240 MW	24 MW	28.6 MW	20 MW	20 MW
Expected Commercial Operations Date	2H 2012	1H 2013	2013	2H 2015	2H 2012	2H 2012	2013	2H 2014

1.394 MW Unit 1 came on-line during Q3 2011.

Note: These are some of our construction projects. Other projects not currently on this slide, whether developed through acquisitions or otherwise, may be brought on-line before these projects. In addition, some of these examples may not close or be completed as anticipated, or they may be delayed, due to uncertainty inherent in the development process.

Assumptions

Forecasted financial information is based on certain material assumptions. Such assumptions include, but are not limited to: (a) no unforeseen external events such as wars, depressions, or economic or political disruptions occur; (b) businesses continue to operate in a manner consistent with or better than prior operating performance, including achievement of planned productivity improvements including benefits of global sourcing, and in accordance with the provisions of their relevant contracts or concessions; (c) new business opportunities are available to AES in sufficient quantity to achieve its growth objectives; (d) no material disruptions or discontinuities occur in the Gross Domestic Product (GDP), foreign exchange rates, inflation or interest rates during the forecast period; and (e) material business-specific risks as described in the Company's SEC filings do not occur individually or cumulatively. In addition, benefits from global sourcing include avoided costs, reduction in capital project costs versus budgetary estimates, and projected savings based on assumed spend volume which may or may not actually be achieved. Also, improvement in certain KPIs such as equivalent forced outage rate and commercial availability may not improve financial performance at all facilities based on commercial terms and conditions. These benefits will not be fully reflected in the Company's consolidated financial results.

The cash held at qualified holding companies ("QHCs") represents cash sent to subsidiaries of the Company domiciled outside of the U.S. Such subsidiaries had no contractual restrictions on their ability to send cash to AES, the Parent Company, however, cash held at qualified holding companies does not reflect the impact of any tax liabilities that may result from any such cash being repatriated to the Parent Company in the U.S. Cash at those subsidiaries was used for investment and related activities outside of the U.S. These investments included equity investments and loans to other foreign subsidiaries as well as development and general costs and expenses incurred outside the U.S. 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. 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.

Definitions

Non-GAAP Financial Measures

- **Adjusted Earnings Per Share** (a non-GAAP financial measure) is defined as diluted earnings per share from continuing operations excluding gains or losses of the consolidated entity due to (a) mark-to-market amounts related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) significant gains or losses due to dispositions and acquisitions of business interests, (d) significant losses due to impairments, and (e) costs due to the early retirement of debt. The GAAP measure most comparable to Adjusted EPS is diluted earnings per share from continuing operations. AES believes that adjusted earnings per share better reflects the underlying business performance of The AES Corporation (the "Company"), and is considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to mark-to-market gains or losses related to derivative transactions, currency gains or losses, losses due to impairments and strategic decisions to dispose or acquire business interests or retire debt which affect results in a given period or periods. Adjusted earnings per share should not be construed as an alternative to diluted earnings per share from continuing operations, which is determined in accordance with GAAP.
  For the three and six months ended June 30, 2012, the Company refined its process for computing the tax effects of adjusted EPS items for interim periods. Accordingly, the Company has also reflected the refined process in the comparative three and six months ended June 30, 2011.
- **Adjusted Gross Margin** (a non-GAAP financial measure) is defined as gross margin plus depreciation and amortization less general and administrative expenses. AES believes adjusted gross margin is a useful measure for evaluating and comparing the operating performance of its businesses because it includes the direct operating costs of its business including overhead related expenses and excludes potential differences caused by variations in capital structures affecting interest income and expense, tax positions, such as the impact of changes in effective tax rates and the impact of depreciation and amortization expense.
- **Free Cash Flow** (a non-GAAP financial measure) is defined as net cash from operating activities less maintenance capital expenditures (including environmental capital expenditures), net of reinsurance proceeds from third parties. AES believes that free cash flow is a useful measure for evaluating our financial condition because it represents the amount of cash provided by operations less maintenance capital expenditures as defined by our businesses, that may be available for investing or for repaying debt. Free cash flow should not be construed as an alternative to net cash from operating activities, which is determined in accordance with GAAP.
- **Net Debt** (a non-GAAP financial measure) is defined as current and non-current recourse and non-recourse debt less cash and cash equivalents, restricted cash, short term investments, debt service reserves and other deposits. AES believes that net debt is a useful measure for evaluating our financial condition because it is a standard industry measure that provides an alternate view of a company's indebtedness by considering the capacity of cash. It is also a required component of valuation techniques used by management and the investment community.
- **Parent Company Liquidity** (a non-GAAP financial measure) is defined as cash at the Parent Company plus availability under corporate credit facilities plus cash at qualified holding companies ("QHCs"). 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.
- **Parent Free Cash Flow** (a non-GAAP financial measure) should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Parent Free Cash Flow is equal to Subsidiary Distributions less cash used for interest costs, development, general and administrative activities, and tax payments by the Parent Company. Parent Free Cash Flow is used for dividends, share repurchases, growth investments, recourse debt repayments, and other uses by the Parent Company.
- **Proportional Metrics –** The Company is a holding company that derives its income and cash flows from the activities of its subsidiaries, some of which are not wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure) to account for the Company's ownership interest.
  Proportional metrics present the Company's estimate of its share in the economics of the underlying metric. The Company believes that the Proportional metrics are useful to investors because they exclude the economic share in the metric presented that is held by non-AES shareholders. For example, Operating Cash Flow is a GAAP metric which presents the Company's cash flow from operations on a consolidated basis, including operating cash flow allocable to noncontrolling interests. Proportional Operating Cash Flow removes the share of operating cash flow allocable to noncontrolling interests and therefore may act as an aid in the valuation the Company.
  Proportional metrics are reconciled to the nearest GAAP measure. Certain assumptions have been made to estimate our proportional financial measures. These assumptions include: (i) the Company's economic interest has been calculated based on a blended rate for each consolidated business when such business represents multiple legal entities; (ii) the Company's economic interest may differ from the percentage implied by the recorded net income or loss attributable to noncontrolling interests or dividends paid during a given period; (iii) the Company's economic interest for entities accounted for using the hypothetical liquidation at book value method is 100%; (iv) individual operating performance of the Company's equity method investments is not reflected and (v) inter-segment transactions are included as applicable for the metric presented.
- **Subsidiary Liquidity** (a non-GAAP financial measure) is defined as cash and cash equivalents and bank lines of credit at various subsidiaries.

Definitions, Cont'd.

- **Subsidiary Distributions** should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with 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 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.