


# The AES Corporation

March 2015

# 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 43 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" and Item 7: Management's Discussion & Analysis in AES' 2014 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.

# Value Proposition

- AES is trading at a discount relative to the utilities sector, despite comparable total return
  - Certain factors, including the global macro environment, poor hydrology and Maritza negotiations are weighing on the stock
  - Valuation comparison for European, U.S. utilities and YieldCos on Slides 24-26 in the Appendix
- Our value proposition
  - We have taken significant steps to mitigate the impact of these factors on our earnings
    - Reduced 2015 Adjusted EPS[1] guidance by $0.05, despite $0.18 of headwinds; maintained cash flow and long-term growth rates
  - Management track record of successful execution
    - Reducing risk by exiting non-core markets and recycling capital; improving profitability (one-third reduction in overhead); capital allocation (20% Parent debt reduction, 10% share count reduction and profitable platform expansions)
  - Highly visible growth through 2018
    - Largely funded construction program; $1.5 billion equity investment in existing construction program, 70% already funded; drives 6%-8% EPS growth in 2017-2018
    - 10%-15% annual free cash flow growth (2015-2018); average EPS growth ~5% annually (2015-2018)
  - Attractive free cash flow valuation
    - $1.175 billion Proportional Free Cash Flow in 2015, offers ~13% free cash flow yield[1,2]
  - Competitive dividend with above-average growth
    - $0.10 quarterly dividend (3.3% annual yield), expected to grow 10% annually

1. A non-GAAP financial measure. See Appendix for definition.
2. Based on mid-point of 2015 guidance of $1,000-$1,350 million and market cap of $8.6 billion.

# Who We Are: Executive Leadership Team



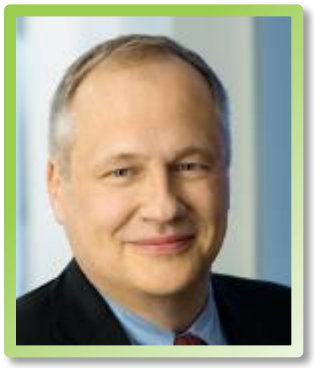
**Andrés Gluski**
President &
Chief Executive Officer



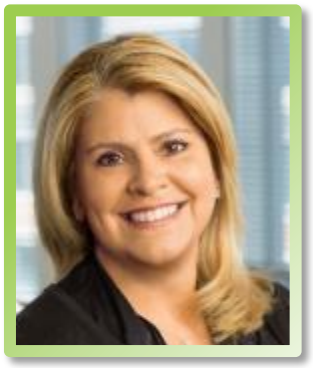
**Tom O'Flynn**
Executive Vice President &
Chief Financial Officer



**Bernerd Da Santos**
Chief Operating Officer &
Senior Vice President



**Michael Chilton**
Senior Vice President
of Global Engineering
& Construction



**Elizabeth Hackenson**
Chief Information Officer &
Senior Vice President of
Global Business Services



**Tish Mendoza**
Chief Human Resources
Officer & Senior Vice
President of Global Human
Resources & Internal
Communications



**Brian Miller**
Executive Vice President,
General Counsel &
Corporate Secretary

# Who We Are: Our Mission



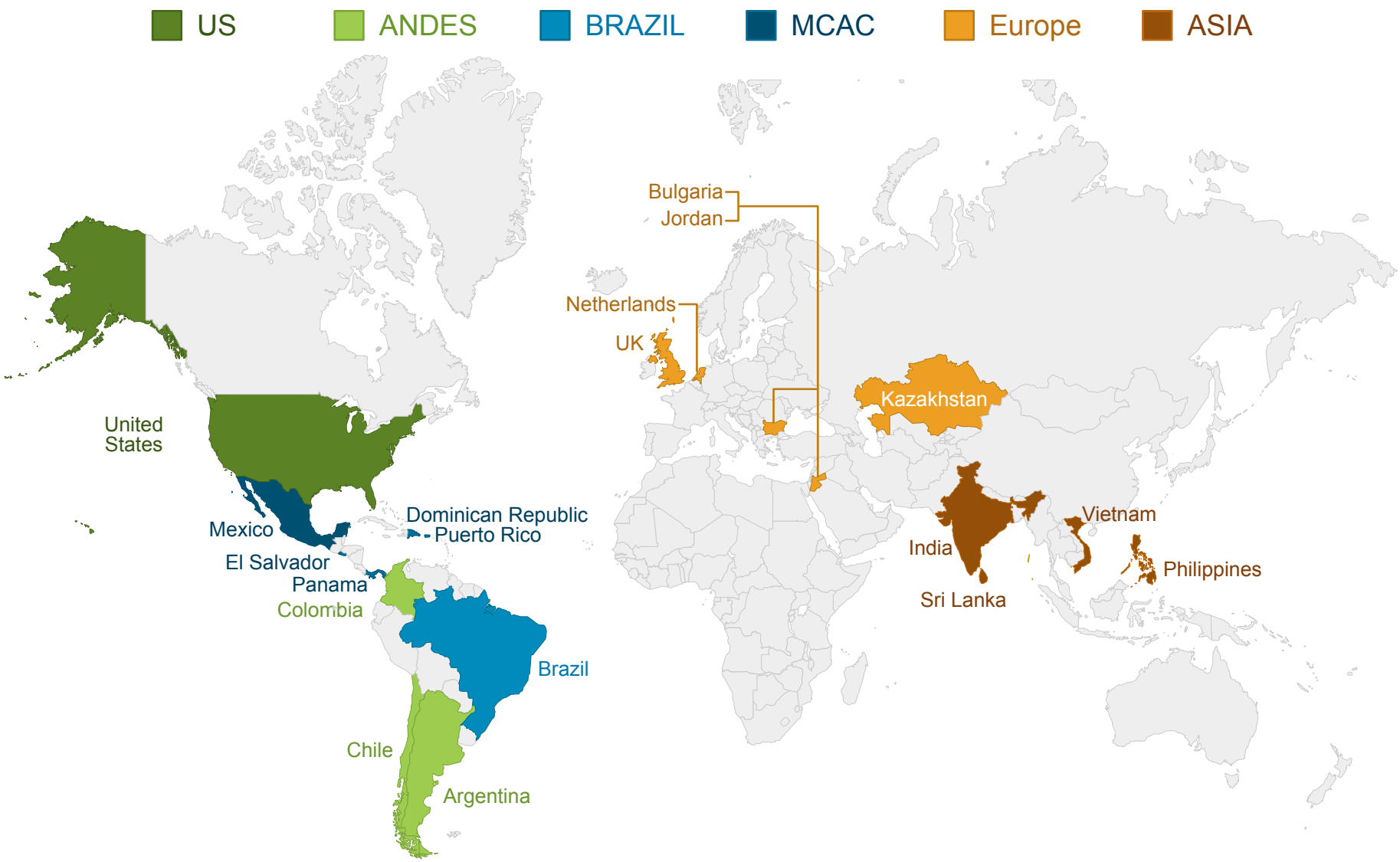
**Improving lives by providing safe, reliable and sustainable energy solutions in every market we serve**

# Who We Are: Our Business

**Leveraging our electricity platforms and knowledge to provide energy and infrastructure solutions**

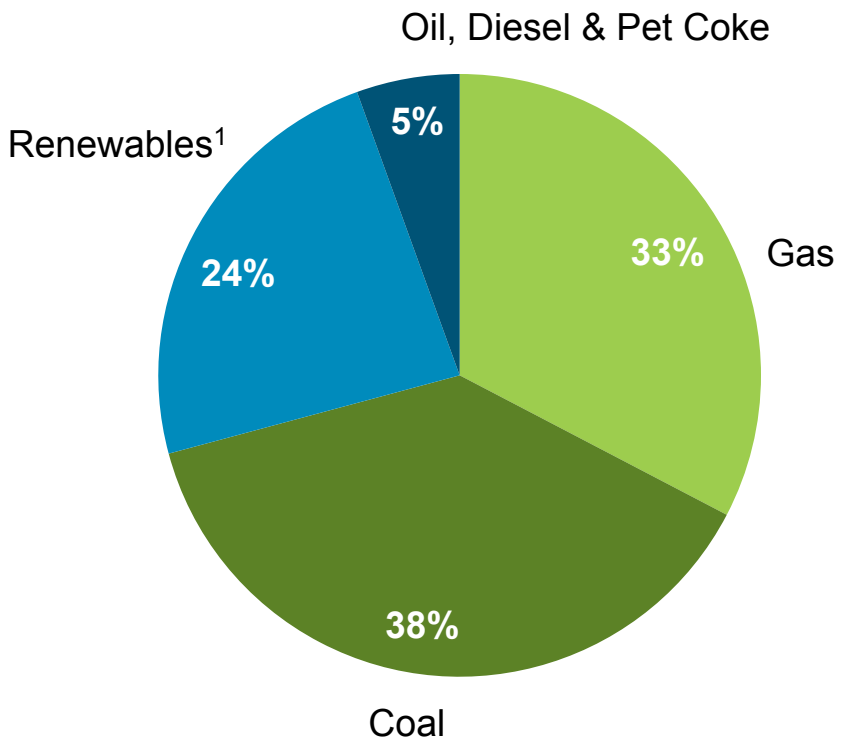


# Who We Are: Businesses Managed in Six Strategic Business Units (SBUs)

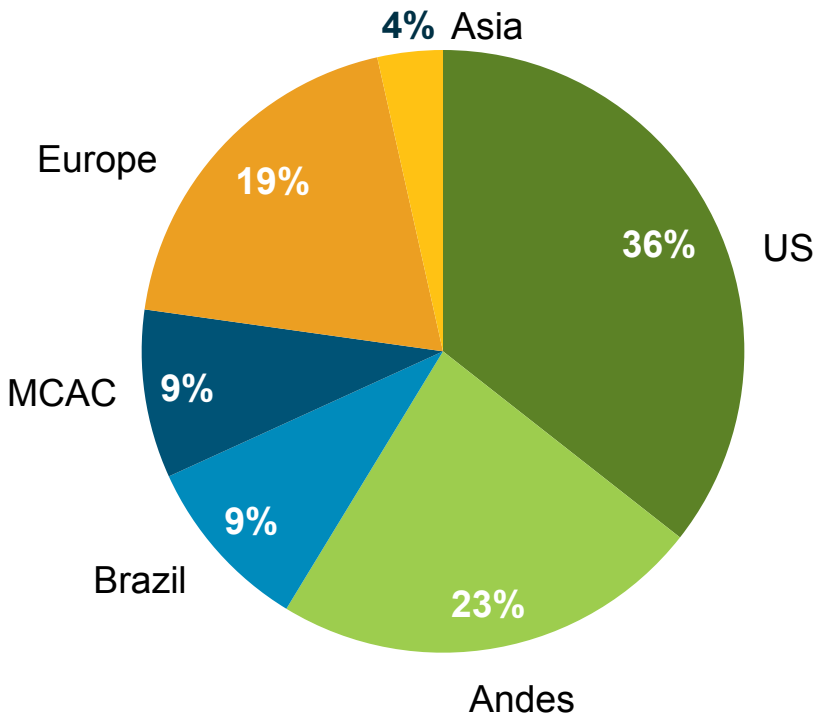


# Who We Are: 34,732 MW in Operation

## Fuel Type



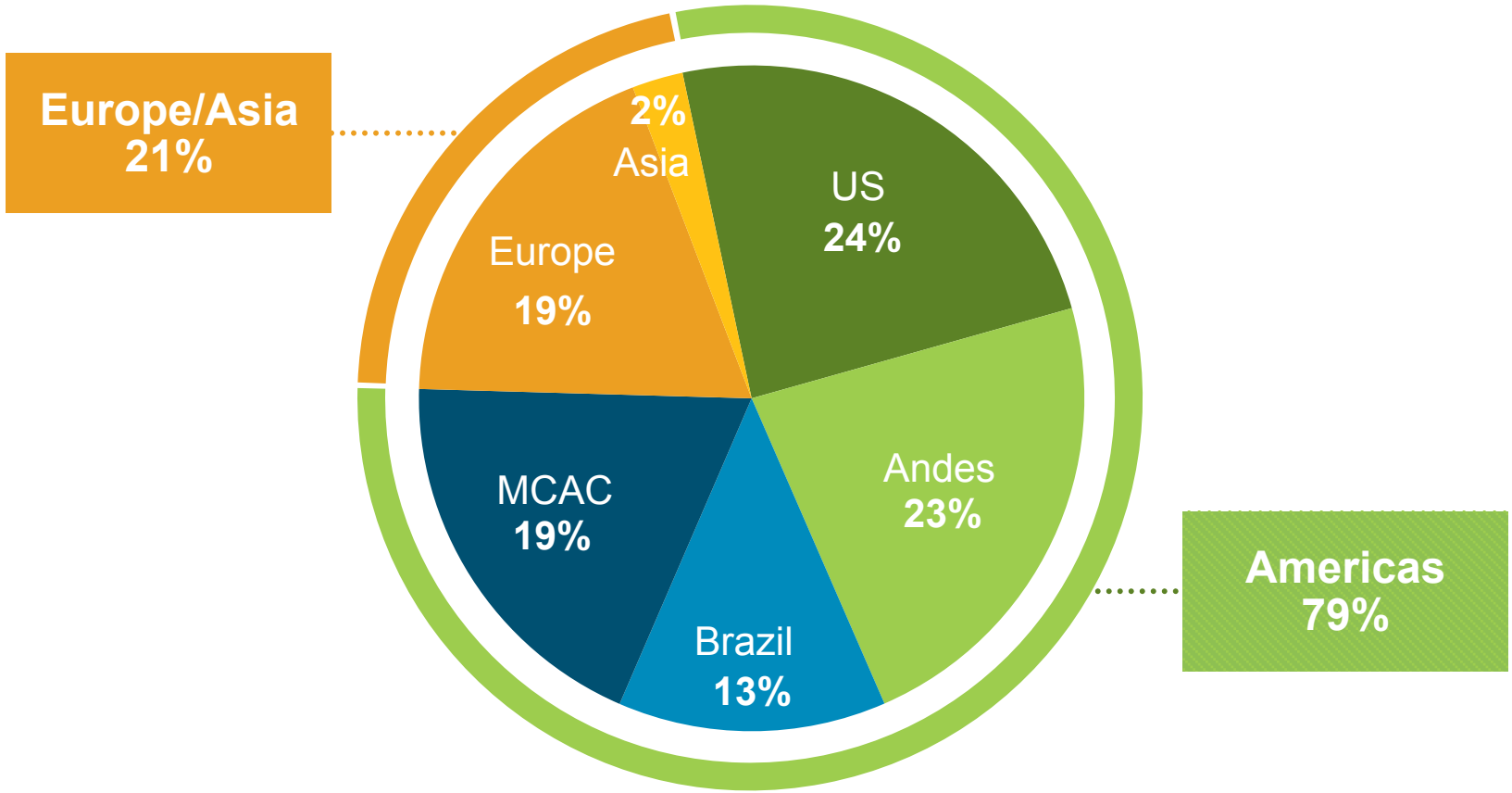

## SBU




1. Renewables includes: hydro, wind, energy storage, biomass and landfill gas.

# Who We Are: A Diversified Power Generation and Distribution Company

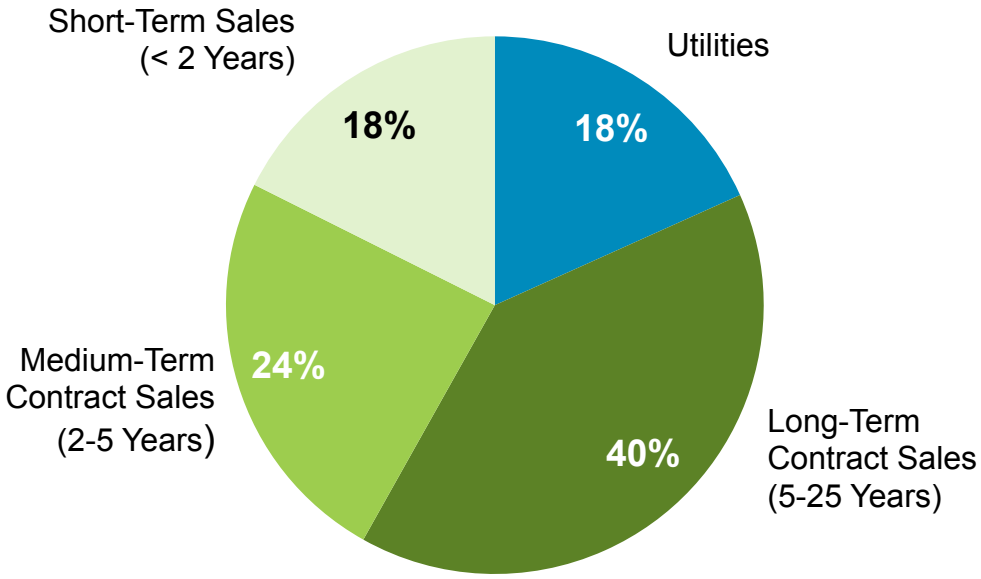
$ in Millions; $1.9 Billion Before Corporate Charges of $0.5 Billion




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

# Who We Are: 82% of Portfolio Businesses are Contracted or Utilities

## 2015 Adjusted PTC[1] by Contract Type



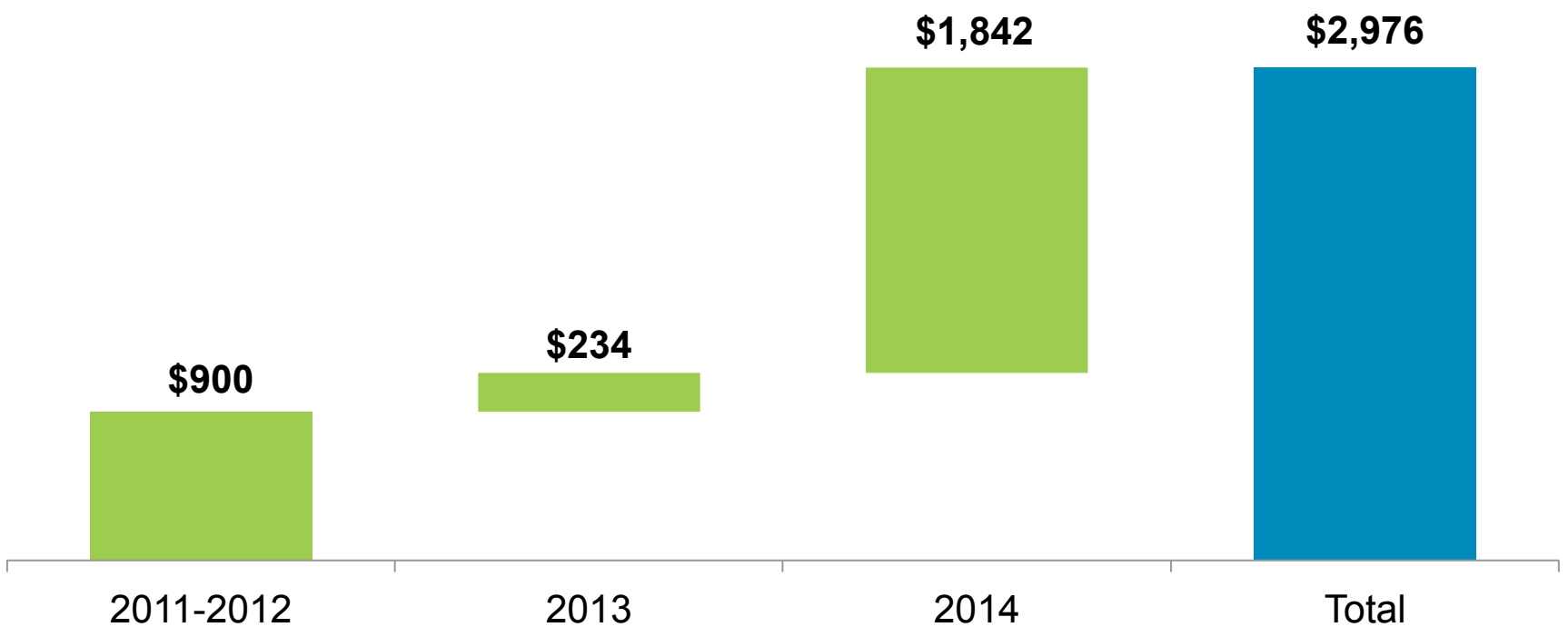

## Average Remaining Contract Term is 7 Years[2]

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Average of medium- and long-term contracts. PPA MW-weighted average is adjusted for AES' ownership stake.

# Reducing Complexity: Since September 2011, Exited 10 Countries

$ in Millions

## $3 Billion in Equity Proceeds from Asset Sales[1]

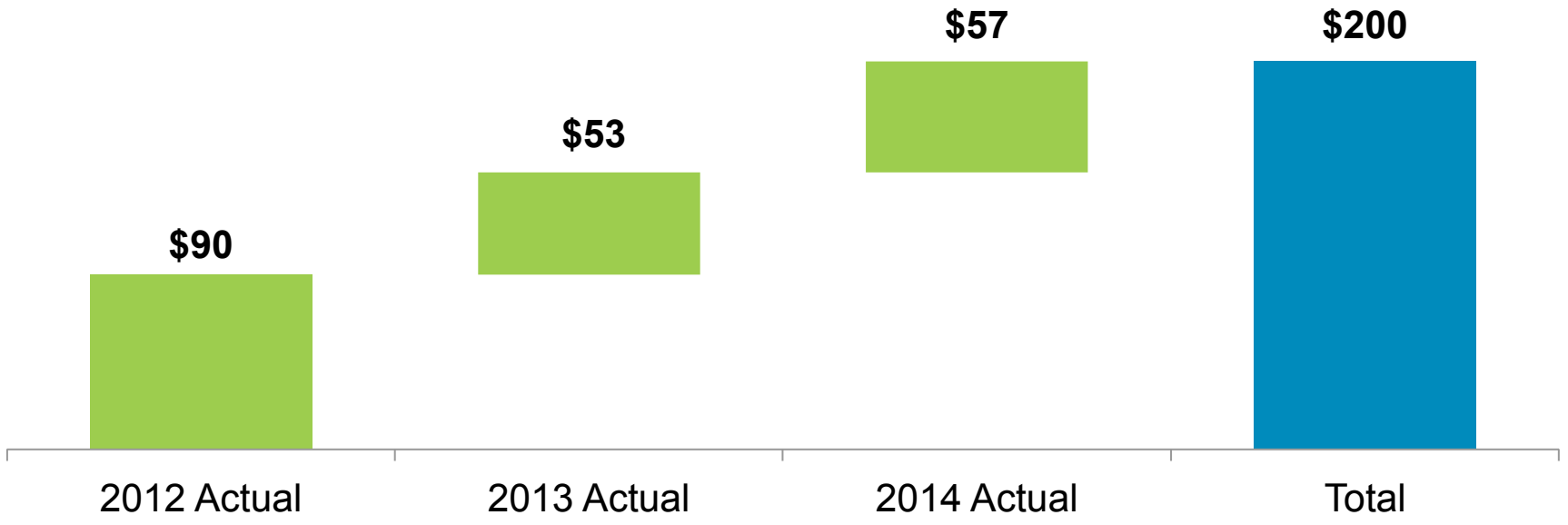



1. See Slide 38 for details.

# Performance Excellence: Improving Efficiencies Across Our Portfolio

$ in Millions

**Achieved Reduction of $200 in Global Overhead[1] One Year Early**

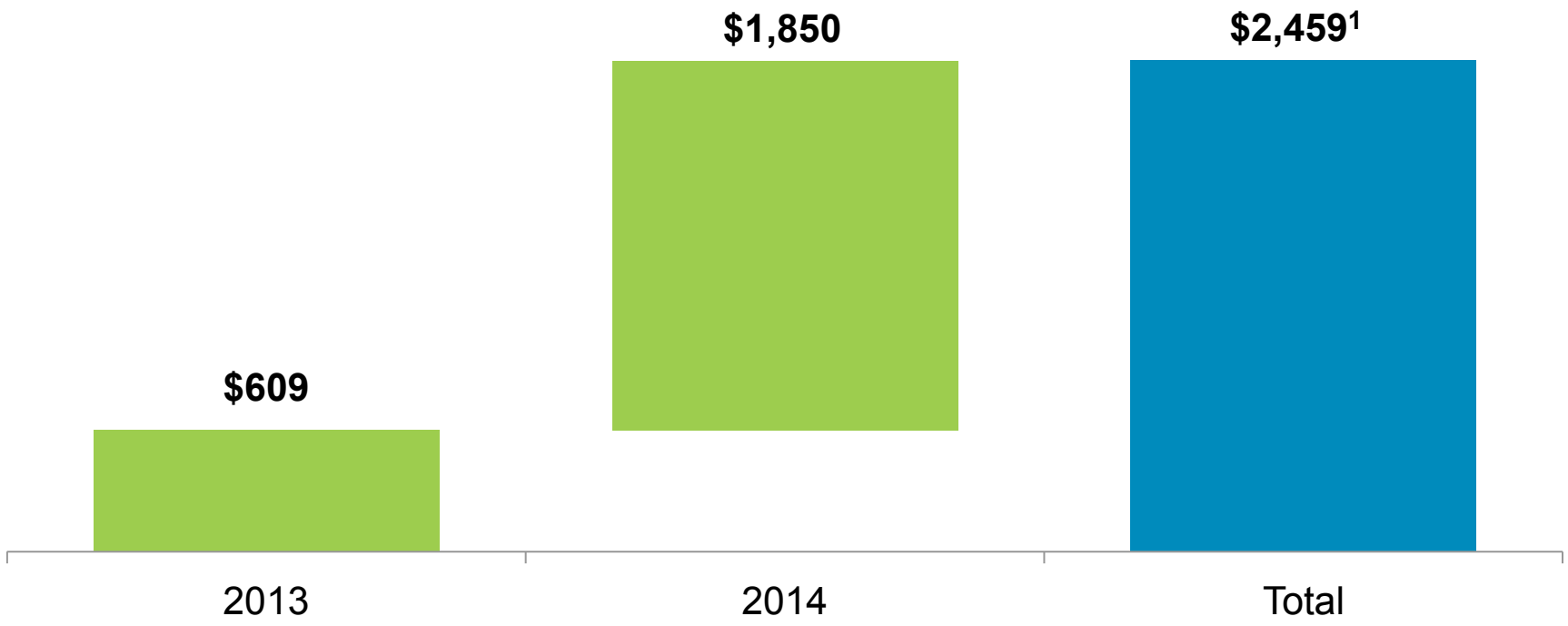



**Going Forward, Focusing on Additional Cost Savings Initiatives, Including O&M Reductions**

1. Cost reductions will be reflected in General and Administrative Expense (G&A), as well as Cost of Sales. Some of the previously reported 2012 and 2013 G&A Expense related to administrative costs at our SBUs has been reclassified to Cost of Sales.

# Expanding Access to Capital: Partnerships at the Project and Business Level

$ in Millions

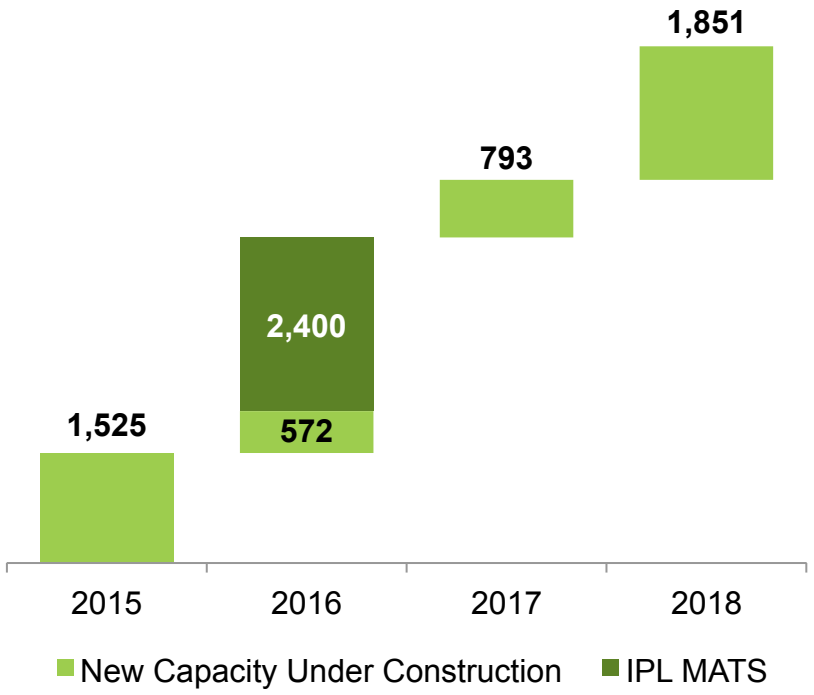


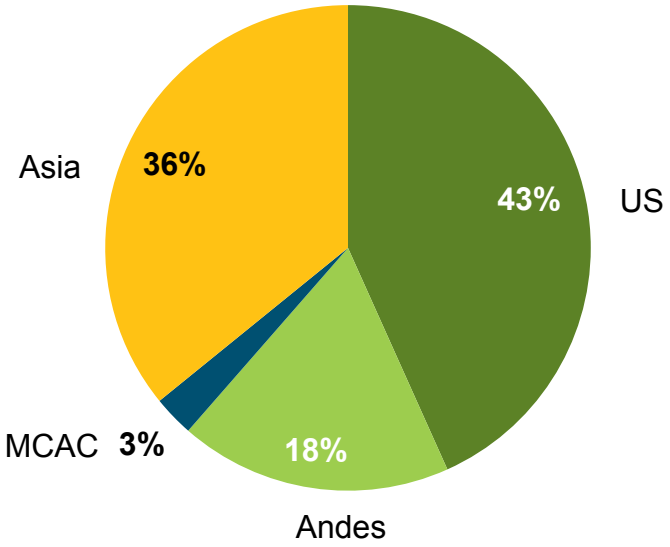

**Objective: Optimize Our Exposure, Improve Returns and Free-Up Capital**

1. See Slide 39 for details.

# Leveraging Our Platforms: Already Funded 70% of $1.5 Billion in Equity Commitments for Projects Under Construction

## 7,141 MW Under Construction Yield More Than 15% ROE[1]




1. Based on 2018 contributions from all projects under construction and IPL MATS upgrades. Assumes a full year contribution from Alto Maipo, which is expected to come on-line in 2H 2018. Weighted Average Return on Equity is net income divided by AES equity contribution.

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.

# Leveraging Our Platforms: Energy Storage & Distributed Energy Provide Additional Growth Opportunities

## Energy Storage




- The most comprehensive and accomplished fleet of battery-based energy storage in the world
- 228 MW of battery-based grid resources in operations or under construction

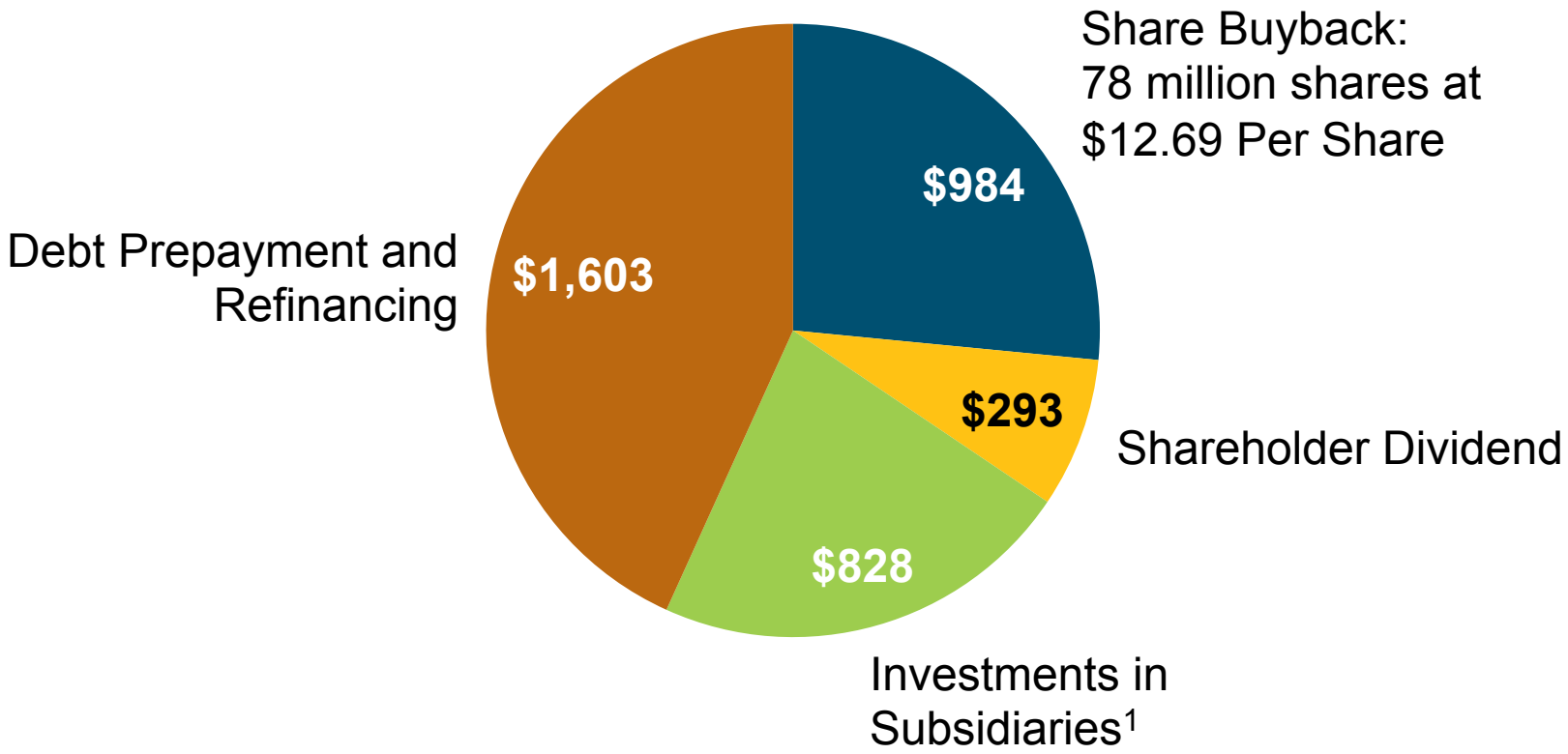
## Distributed Energy



- Positioned to capitalize on emerging opportunities in distributed solar PV projects across our portfolio, particularly in Latin America
- Focusing on large commercial and industrial customers
- More than 60 MW of distributed solar PV projects in operation across the U.S.

# Invested $3.7 Billion of Discretionary Cash in Shareholder Returns, Debt Paydown and Select Growth Projects

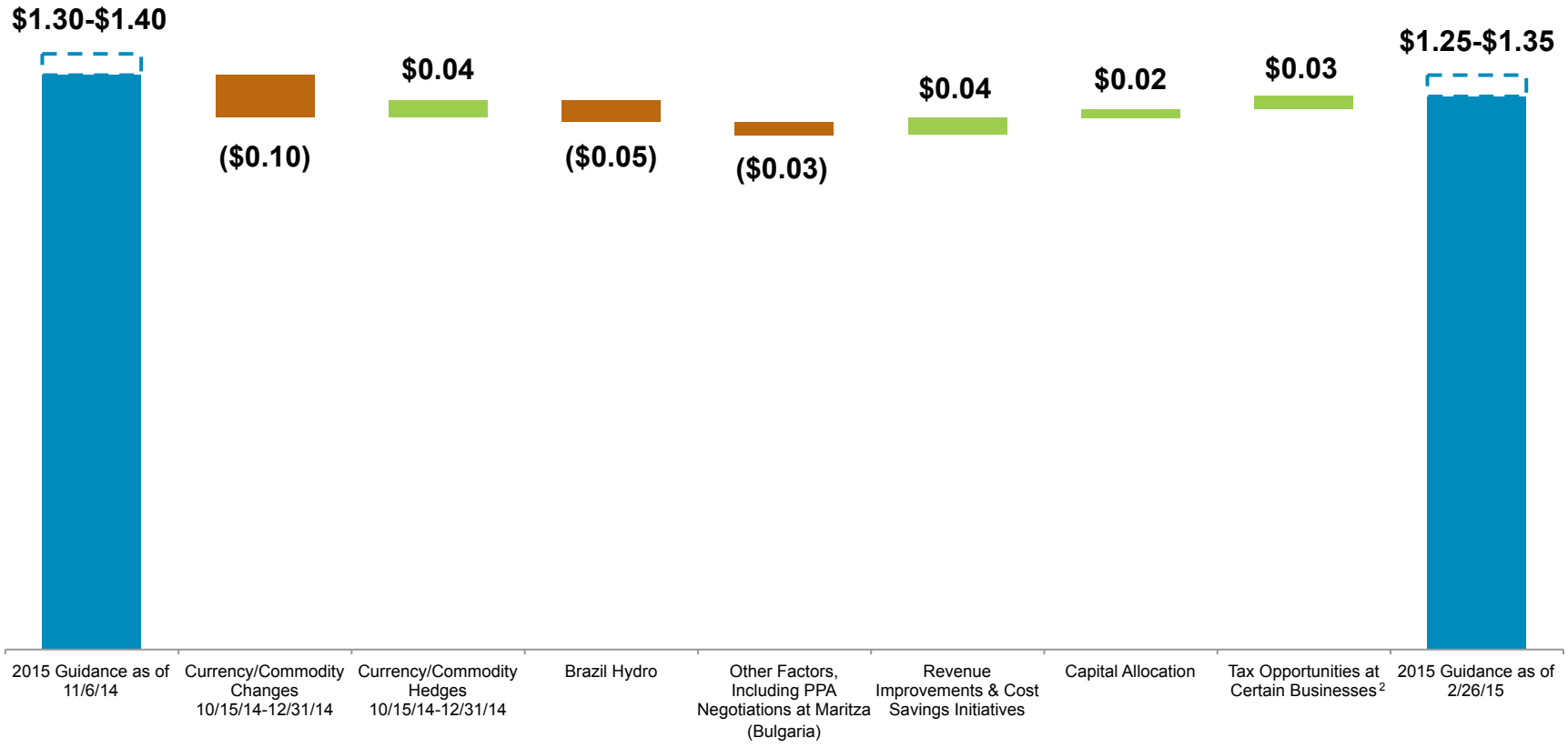
September 2011-December 2014; $ in Millions




**78% of Discretionary Cash Allocated to Deleveraging and Returning Cash to Shareholders**

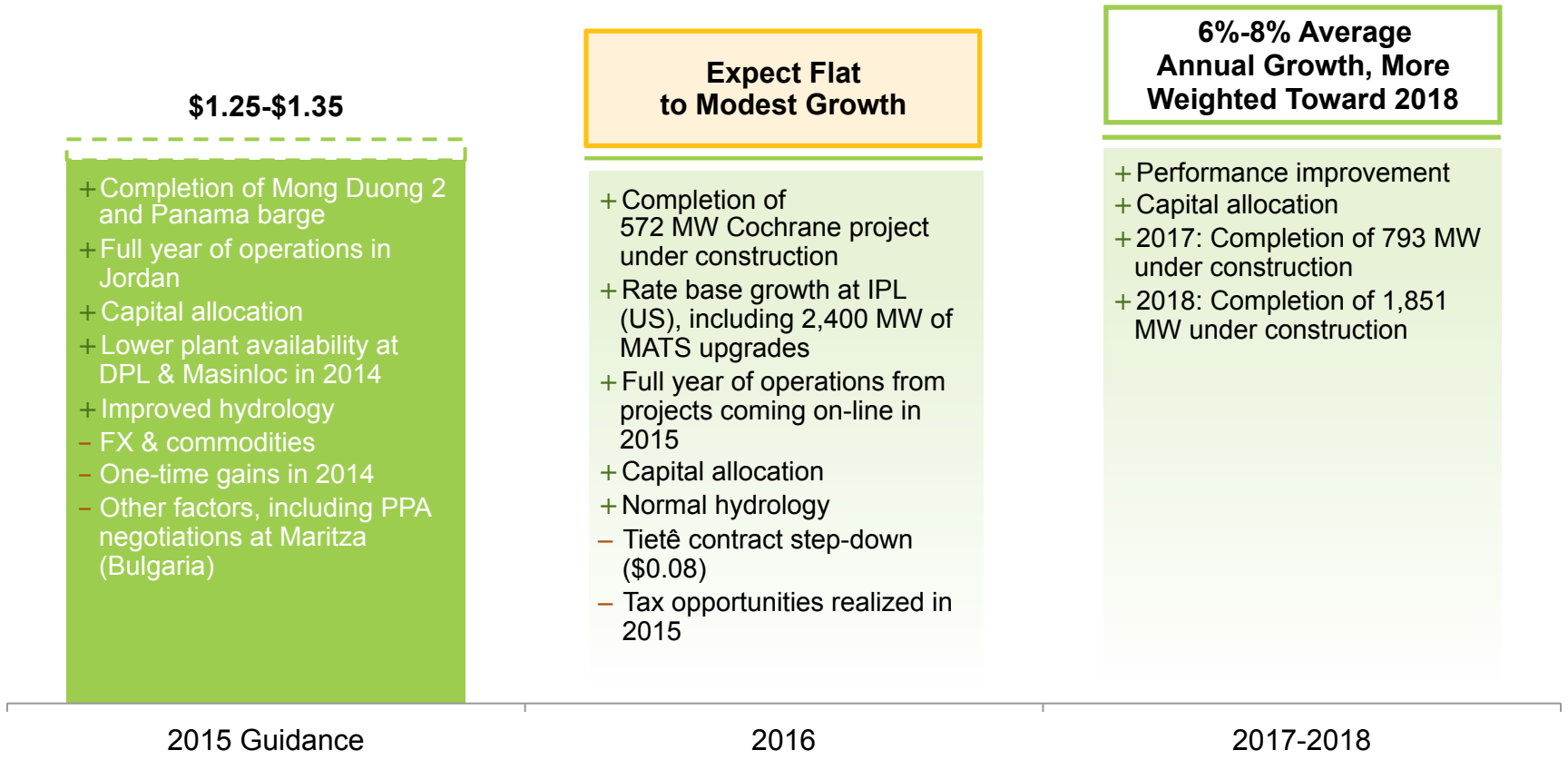
1. Excludes $2.3 billion investment in DPL.

# Taking Proactive Steps to Address Various Challenges: 2015 Adjusted EPS[1] Guidance Range of $1.25-$1.35




1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Related to non-consolidated businesses.

# Adjusted EPS[1] Growth Drivers

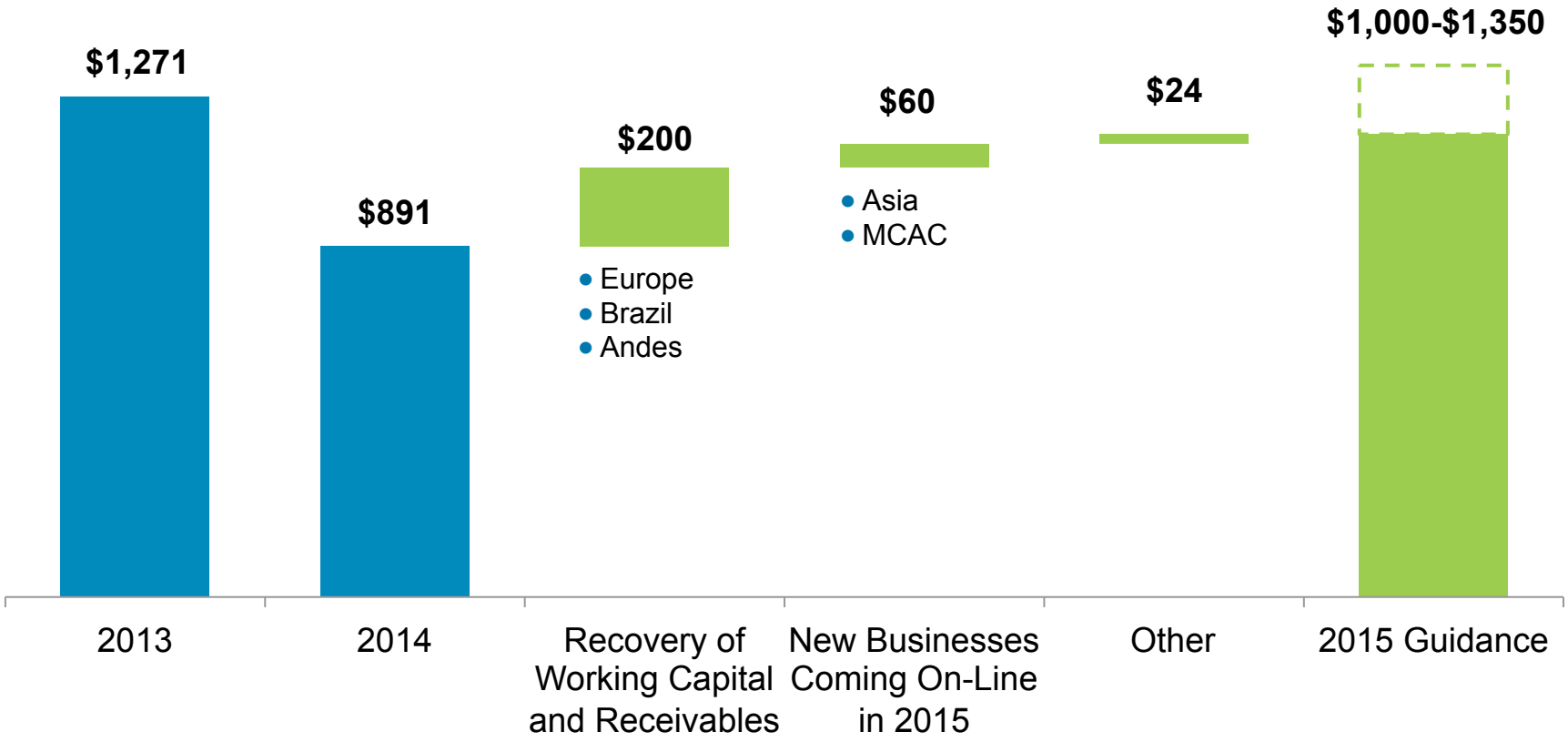



**Average Annual Total Return of ~8%[2]**

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Based on mid-point of 2015 Adjusted EPS guidance and growth rates, implying EPS growth of 5% (2015-2018) and current dividend yield of 3.3%.

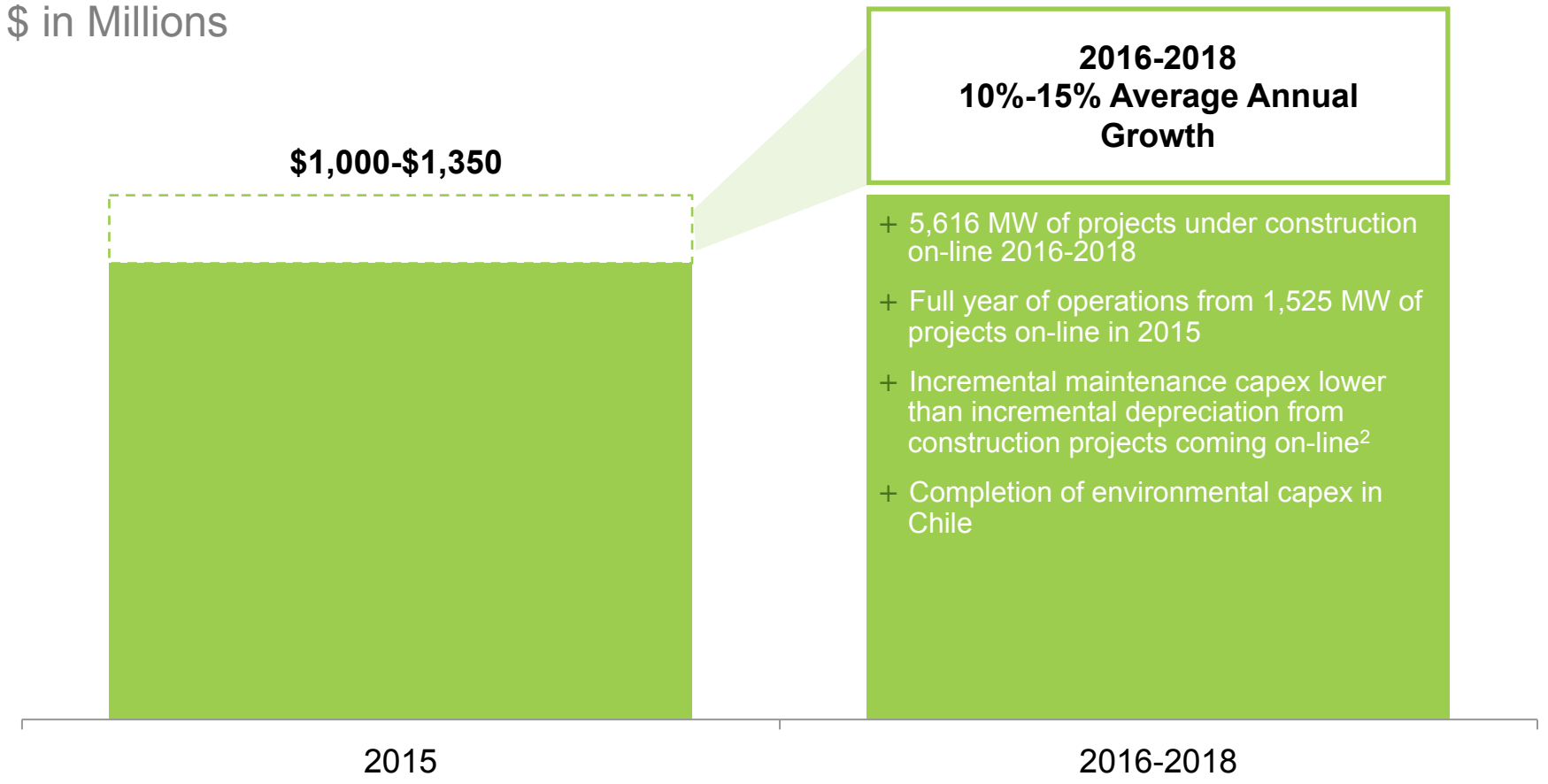
# 2015 Proportional Free Cash Flow[1] Guidance: Recovery of Working Capital/Receivables & New Businesses Drive Growth

$ in Millions




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

# Beyond 2015, Proportional Free Cash Flow[1] Growth Largely Driven by Projects Under Construction Coming On-Line

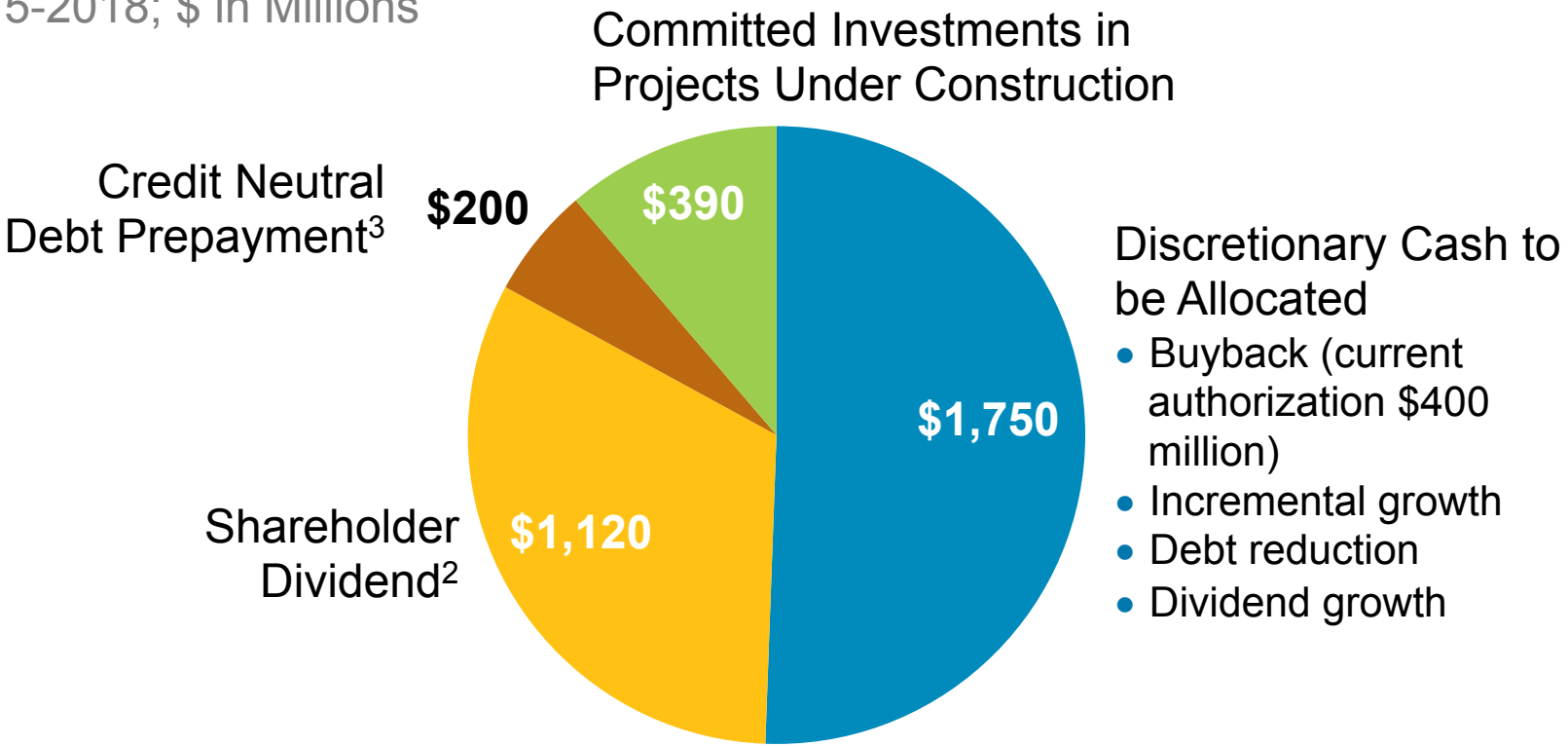



**Strong and Growing Proportional Free Cash Flow[1] Drives Capital Allocation Opportunities**

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Consistent with our current operating portfolio, where in 2014 proportional maintenance capex was $541 million and proportional depreciation was $972 million.

# Investment of $3.5 Billion[1] of Discretionary Cash Will Increase Shareholder Value

2015-2018; $ in Millions




**Additional Asset Sales Would Increase Available Discretionary Cash**

1. Includes: $507 million beginning cash; $633 million asset sale proceeds ($593 million from sale of a minority interest in IPALCO in the U.S. and $40 million from sale of Sonel, Kribi and Dibamba in Cameroon); and Parent Free Cash Flow of $2,300 million, which is based on a range of $475-$575 million in 2015, growing at the low-end of our 10%-15% cash flow growth rate through 2018.
2. Assumes constant 2015 dividend payment of $280 million each year through 2018.
3. To offset loss of subsidiary distributions due to sale of 30% indirect equity interest in IPALCO.

# Value Proposition

- We have taken significant steps to mitigate the impact of these factors on our earnings
  - Reduced 2015 Adjusted EPS[1] guidance by $0.05, despite $0.18 of headwinds; maintained cash flow and long-term growth rates
- Management track record of successful execution
  - Reducing risk by exiting non-core markets and recycling capital; improving profitability (one-third reduction in overhead); capital allocation (20% Parent debt reduction, 10% share count reduction and profitable platform expansions)
- Highly visible growth through 2018
  - Largely funded construction program; $1.5 billion equity investment in existing construction program, 70% already funded; drives 6%-8% EPS growth in 2017-2018
  - 10%-15% annual free cash flow growth (2015-2018); average EPS growth ~5% annually (2015-2018)
- Attractive free cash flow valuation
  - $1.175 billion Proportional Free Cash Flow in 2015, offers ~13% free cash flow yield[1,2]
- Competitive dividend with above-average growth
  - $0.10 quarterly dividend (3.3% annual yield), expected to grow 10% annually

1. A non-GAAP financial measure. See Appendix for definition.
2. Based on mid-point of 2015 guidance of $1,000-$1,350 million and market cap of $8.6 billion.

# Appendix


- Valuation — Slides 24-26
- Hydrology Impact on Adjusted EPS[1] — Slide 27
- Executive Compensation — Slide 28
- 2015 Adjusted PTC[1] Modeling Ranges — Slide 29
- Key Assumptions for 2015 Guidance — Slide 30
- 2015 Guidance Estimated Sensitivities — Slide 31
- Currency and Commodities — Slides 32-33
- 2015 Capital Allocation Plan — Slide 34
- Construction Program — Slide 35
- DPL Inc. Modeling Disclosures — Slide 36
- DP&L and DPL Inc. Debt Maturities — Slide 37
- Asset Sales — Slide 38
- Partnerships — Slide 39
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1. A non-GAAP financial measure.

# AES vs. European Utilities

| As of March 6, 2015 | Current Dividend Yield | LT Growth Rate | Total Return | P/E (2015) | Credit Rating |
|---|---|---|---|---|---|
| **AES** | **3.3%** | **5%[1]** | **~8%** | **9.5x** | **BB-** |
| E.On | 3.6% | -1.9% | 1.7% | 16.7x | A- |
| Enel | 4.0% | 0.3% | 4.3% | 12.7x | BBB |
| GDF | 5.3% | 5.8% | 11.1% | 14.8x | A |
| Iberdrola | 4.6% | 5.7% | 10.3% | 15.8x | BBB |
| National Grid | 5.0% | 3.4% | 8.4% | 15.5x | A- |
| **AVERAGE GROUP** | **~4.5%** | **~3%** | **~8%** | **15.2x** | |
| **European Utilities Index** | **4.7%** | | | **15.3x** | |

- Although AES carries a lower dividend yield than European utilities, its growth rate is slightly better than average (5% vs. 3%)
- For similar total return (8%), AES' dividend growth of 10% annually is faster than European utilities, suggesting the lower dividend yield will be made up over time
- Despite a competitive total return and faster dividend growth, AES stock sells at a 37% discount to the average European utility on P/E (9.5x vs. 15x)
- AES' credit rating is lower than peers, reflecting a relatively high amount of leverage and subordination of cash flow at the Parent; some of its largest businesses, such as Gener and IPL are investment grade rated

1. Based on mid-point of 2015 Adjusted EPS guidance and growth rates, implying EPS growth of 5% (2015-2018).

Source: FactSet and Bloomberg.

# AES vs. U.S. Utilities

| As of March 6, 2015 | Current Dividend Yield | LT Growth Rate | Total Return | P/E (2015) | Credit Rating |
|---|---|---|---|---|---|
| **AES** | **3.3%** | **5%[1]** | **~8%** | **9.5x** | **BB-** |
| Dominion | 3.7% | 6.4% | 10.3% | 18.8x | A- |
| Duke | 4.3% | 4.9% | 9.1% | 15.9x | BBB+ |
| NextEra | 3.1% | 6.4% | 9.5% | 17.5 | A- |
| PPL | 4.8% | 3.7% | 8.5% | 13.9x | BBB |
| Sempra | 2.6% | 7.6% | 10.2% | 22.1x | BBB+ |
| **AVERAGE GROUP** | **3.7%** | **5.8%** | **~9%** | **17.7x** | |
| **US Utilities Index** | **3.8%** | | | **16.1x** | |
| **S&P 500 Index** | **2.1%** | | | **17.5x** | |

- Similar to European utilities, AES' dividend yield is slightly lower than the U.S. peer group, but growth rates and total returns are similar
- However, AES stock sells a 46% discount to the peer group and a 41% discount to the U.S. utilities index
- AES' credit rating is lower than peers, reflecting a relatively high amount of leverage and subordination of cash flow at the Parent; some of its largest businesses, such as Gener and IPL are investment grade rated

1. Based on mid-point of 2015 Adjusted EPS guidance and growth rates, implying EPS growth of 5% (2015-2018).

Note: Five utilities shown are large cap growth-oriented utilities, most of which have international businesses.

Source: FactSet and Bloomberg.

# AES vs. YieldCos

| As of March 6, 2015 | Current Dividend Yield | Free Cash Flow Growth[1] | P/E (2015) | EV/EBITDA (2015) | Credit Rating |
|---|---|---|---|---|---|
| **AES** | **3.3%** | **10%-15%** | **9.5x** | **~7x** | **BB-** |
| Abengoa Yield | 5% | Low double-digit | 26.2x | 12.6x | |
| NextEra Energy Partners | 2.8% | 12%-15% | 33.6x | 13.6x | |
| NRG Yield | 3.4% | 15%-18% | 21.9x | 10.8x | BB+ |
| Pattern Energy | 5.4% | 10%-12% | 35.1x | 12.0x | |
| TerraForm Power | 3.8% | 19% | 46.3 | 14.1 | BB- |
| **AVERAGE YIELDCO** | **4.1%** | **>10%** | **~32x** | **~13x** | |

- Majority of AES' businesses are utilities and contracted generation, with long-term contracts and stable cash flows that are similar to assets favored by YieldCos
- Like YieldCos, AES has strong growth in cash flow and dividends; however, we have greater ability to grow our dividend through existing construction program, which has higher visibility than drop-down approach of YieldCos
- Yet AES stock trades at a substantial discount to the YieldCo average on both P/E and EV/EBITDA multiples
- Unlike European and US utilities, which are investment grade rated, only two YieldCos are currently rated and both are in BB category, same as AES

1. Based on UBS research dated March 2, 2015 and BAML research note dated March 2, 2015.

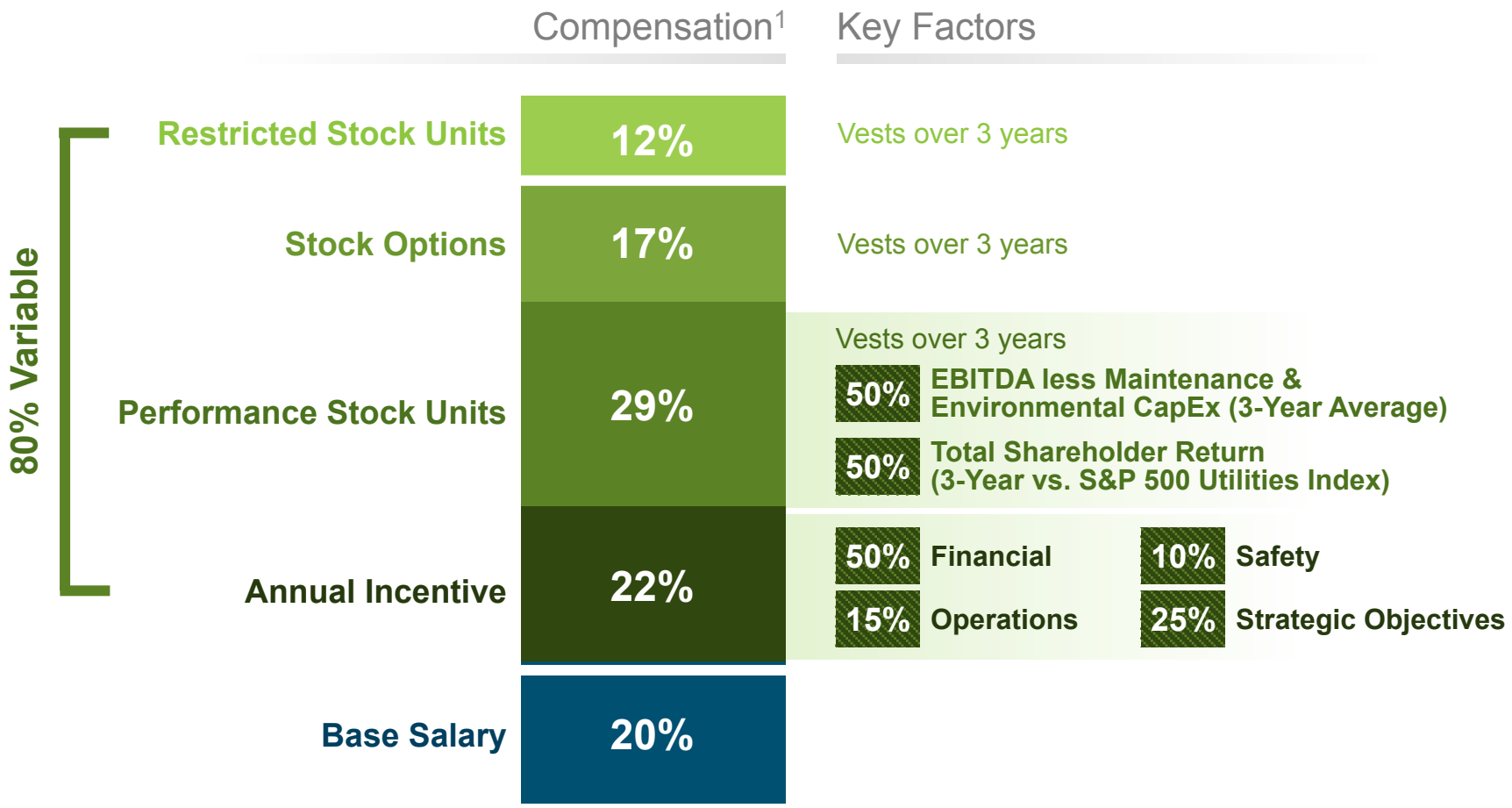
Source: FactSet, Bloomberg and sell-side research notes.

# Hydro Conditions Improving Except in Brazil

| | Colombia, Chile & Argentina | Panama | Brazil | TOTAL |
|---|---|---|---|---|
| | • Chivor in Colombia had stronger inflows versus the rest of the country, leading to favorable short-term sales at attractive prices for 2014<br>• Inflows currently 92% of long-term average in Colombia<br>• Expect normal hydro conditions in 2015 | • Inflows have improved to ~100% of long-term average<br>• Spot prices down 65% to $100/MWh<br>• Expect normal hydro conditions in 2015 | • Expect 2015 hydro conditions to be worse than 2014<br>• Expect to cover 15%-17% of contract commitment from the spot market in 2015 versus 10% in 2014<br>• Government has capped spot prices at R$388/MWh in 2015 vs. R$823/MWh in 2014 | |
| FY 2013 Adjusted EPS[1] Impact | ($0.02) | ($0.10) | ($0.01) | ($0.13) |
| FY 2014 Adjusted EPS[1] Impact | $0.03 | ($0.06) | ($0.07) | ($0.10) |
| FY 2015 Adjusted EPS[1] Impact | - | - | ($0.05)[2] | ($0.05) |

1. A non-GAAP financial measure. See Slide 40 for reconciliation and “definitions”. Impact on Adjusted EPS is relative to normal hydrology.
2. Does not include any impact from potential rationing, which could be an additional $0.05 per share.

# Executive Compensation Aligned with Shareholders' Interests




**80% of Target Compensation is Tied to Stock Price and/or Business Performance**

1. 2015 target compensation for CEO and other Executive Officers.

# Full Year 2015 Adjusted PTC[1] Modeling Ranges

$ in Millions

| SBU | Prior 2015 Adjusted PTC[1] Modeling Range[2] (Provided 11/6/14) | Current 2015 Adjusted PTC[1] Modeling Range[2] (Provided 2/26/15) | Drivers of Growth Versus 2014 |
|---|---|---|---|
| US | $450-$490 | $450-$490 | + Lower outages<br>– Continued transition to market prices at DPL |
| Andes | $390-$430 | $425-$465 | + Higher contributions from Gener in Chile<br>– Hydrology in Colombia |
| Brazil | $200-$230 | $145-$175 | – One-time gain at Sul in Q2 2014<br>– FX |
| MCAC | $395-$435 | $380-$420 | + Hydrology in Panama<br>+ Oil-fired barge in Panama<br>– Ancillary services in the Dominican Republic |
| Europe | $260-$300 | $225-$265 | – Sale of Ebute<br>– One-time gain in Kazakhstan in Q2 2014<br>– FX<br>– UK margins<br>– Maritza PPA negotiation |
| Asia | $60-$80 | $80-$100 | + Masinloc performance<br>+ Mong Duong on-line |
| **Total SBUs** | **$1,755-$1,965** | **$1,705-$1,915** | |
| Corp/Other | ($500)-($540) | ($500)-($540) | |
| **Total AES Adjusted PTC[1,2]** | **$1,255-$1,425** | **$1,205-$1,375** | |

1. A non-GAAP financial metric. See “definitions”.
2. Total AES Adjusted PTC includes after-tax adjusted equity in earnings.

# Key Assumptions for 2015 Guidance

- No rationing in Brazil
- Currency and commodity forward curves as of December 31, 2014
- 31% to 33% effective tax rate, which assumes that the CFC look-through rule is extended
  - If not extended, the impact could be negative $0.04-$0.06 on Adjusted EPS[1], with no impact on cash flow due to sufficient U.S. NOLs

1. A non-GAAP financial measure. See “definitions”.

# 2015 Guidance Estimated Sensitivities

## Interest Rates[1]

- 100 bps move in interest rates over FY 2015 is equal to a change in EPS of approximately $0.03

## Currencies

| 10% appreciation in USD against the following key currencies is equal to the following negative EPS impacts: | 2015 | |
|---|---|---|
| | Average Rate | Sensitivity |
| Argentine Peso (ARS) | 10.12 | Less than $0.005 |
| Brazilian Real (BRL) | 2.79 | $0.015 |
| Colombian Peso (COP) | 2,412 | $0.010 |
| Euro (EUR) | 1.21 | $0.010 |
| Great British Pound (GBP) | 1.56 | Less than $0.005 |
| Kazakhstan Tenge (KZT) | 211.8 | $0.005 |

## Commodity Sensitivity

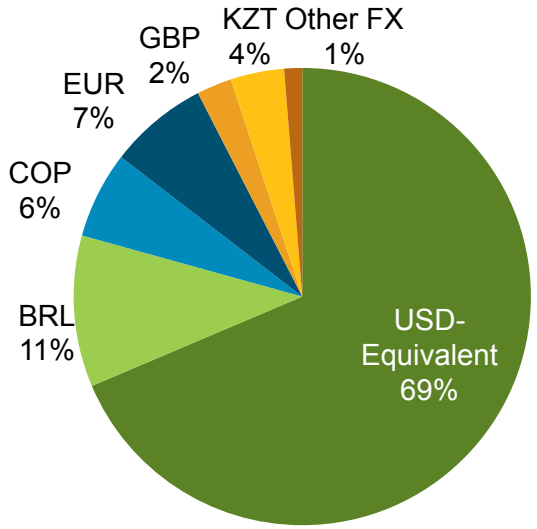
| 10% increase in commodity prices is forecasted to have the following EPS impacts: | 2015 | |
|---|---|---|
| | Average Rate | Sensitivity |
| NYMEX Coal | $51/ton | $0.010, negative correlation |
| Rotterdam Coal (API 2) | $66/ton | |
| NYMEX WTI Crude Oil | $56/bbl | $0.010, positive correlation |
| IPE Brent Crude Oil | $61/bbl | |
| NYMEX Henry Hub Natural Gas | $3.0/mmbtu | $0.015, positive correlation |
| UK National Balancing Point Natural Gas | £0.49/therm | |
| US Power – PJM AD Hub | $35.5/MWh | $0.010, positive correlation |

Note: Guidance provided on February 26, 2015. 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 full year 2015 adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. 2015 guidance is based on currency and commodity forward curves and forecasts as of December 31, 2014. 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 3 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.

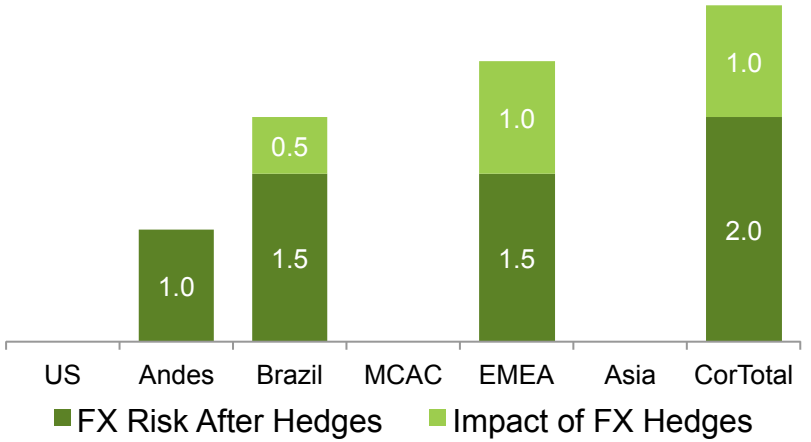
1. The move is applied to the floating interest rate portfolio balances as of December 31, 2014.

# 2015 Foreign Exchange (FX) Risk Mitigated Through Structuring of Our Businesses and Active Hedging

## 2015 Adjusted PTC[1] by Currency




## 2015 Full Year FX Sensitivity[2,3] by SBU (Cents Per Share)

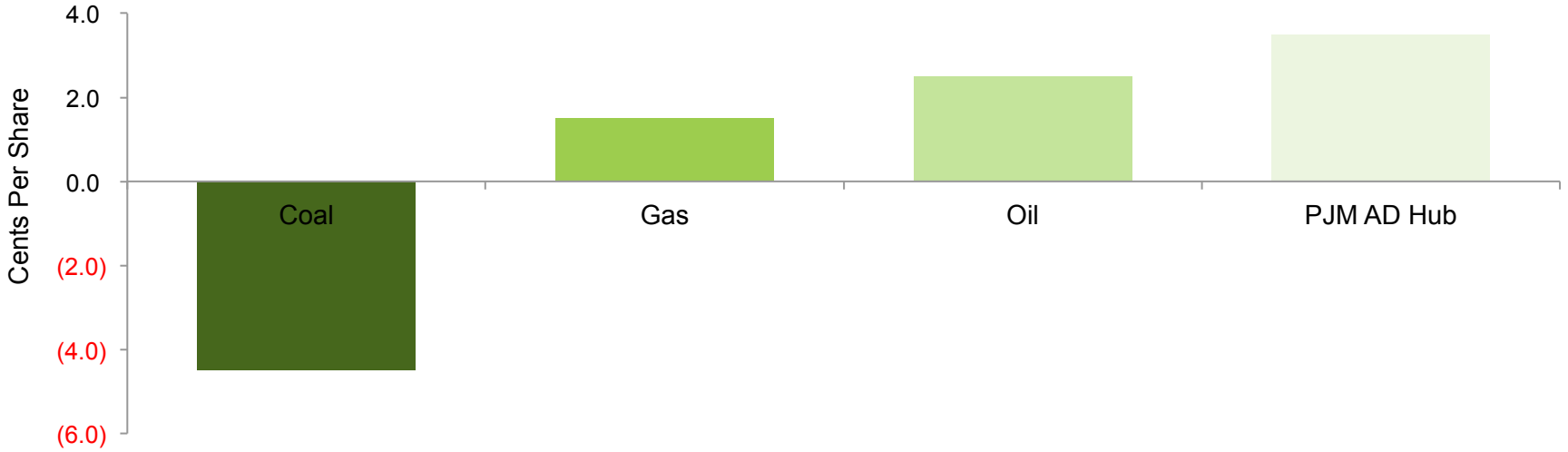



- 2015 correlated FX risk after hedges is $0.02 for 10% USD appreciation
- 69% of 2015 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our PPAs
- FX risk mitigated on 12-month rolling basis by shorter-term active FX hedging programs

1. Before Corporate Charges. A non-GAAP financial measure. See “definitions”.
2. Sensitivity represents full year 2015 exposure to a 10% appreciation of USD relative to foreign currency as of December 31, 2014.
3. Andes includes Argentina and Colombia businesses only due to limited translational impact of USD appreciation to Chilean businesses.

# Commodity Exposure is Largely Hedged Through 2016, Long on Natural Gas and Oil in Medium- to Long-Term

## Full Year 2017 Adjusted EPS[1] Commodity Sensitivity[2] for 10% Change in Commodity Prices



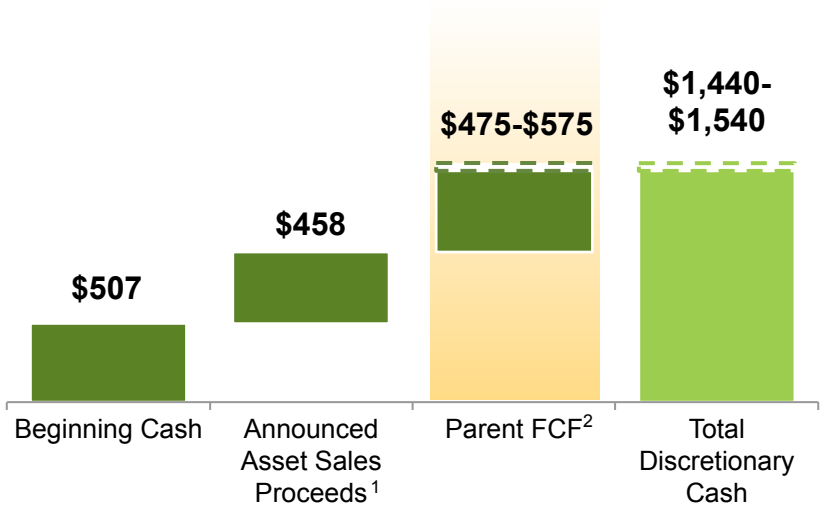

- Mostly hedged through 2016, more open positions in a longer term is the primary driver of increase in commodity sensitivity
- Coal exposure is largely at DPL and UK; gas exposure is largely in UK; oil exposure is largely in the Dominican Republic; PJM AD Hub exposure is at DPL
- Based on commodity forward curves and forecasts as of December 31, 2014

1. A non-GAAP financial measure. See “definitions”.
2. Domestic and International sensitivities are combined and assumes each fuel category moves 10%. Adjusted EPS is negatively correlated to coal price movement, and positively correlated to gas, oil and power price movements.

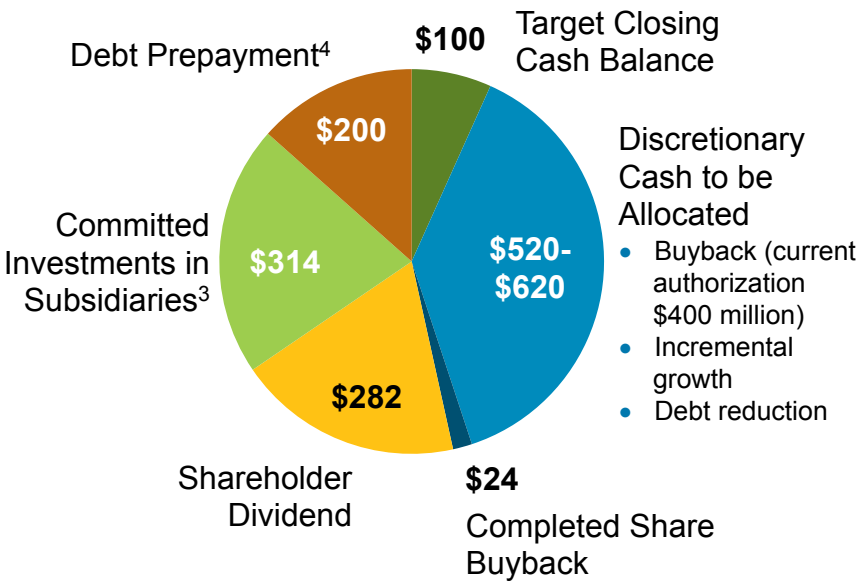
# 2015 Parent Capital Allocation Plan

$ in Millions

## Discretionary Cash – Sources ($1,440-$1,540)




## Discretionary Cash – Uses ($1,440-$1,540)




**New Growth Investments Will Compete Against Share Repurchases**

1. Includes announced asset sale proceeds of: $458 million (IPALCO partnership).
2. A non-GAAP financial metric. See Appendix for definition and reconciliation.
3. Includes $214 million investment by IPALCO minority partner CDPQ in 2015 that will be funded directly by CDPQ to IPALCO.
4. To offset loss of subsidiary distributions due to sale of 30% direct and indirect interests in IPALCO.

# Attractive Returns from 2015-2018 Construction Pipeline

## $ in Millions, Unless Otherwise Stated

| Project | Country | AES Ownership | Fuel | Gross MW | Expected COD | Total Capex | Total AES Equity | ROE | Comments |
|---|---|---|---|---|---|---|---|---|---|
| **Construction Projects Coming On-Line 2014-2018** | | | | | | | | | |
| Tunjita | Colombia | 71% | Hydro | 20 | 1H 2015 | $67 | $2[1] | | Lease capital structure at Chivor |
| Warrior Run ES | US-MD | 100% | Energy Storage | 20 | 1H 2015 | $8 | $8 | | |
| Estrella del Mar I | Panama | 50% | Fuel Oil | 72 | 1H 2015 | $50 | $8 | | |
| Guacolda V | Chile | 35% | Coal | 152 | 2H 2015 | $454 | $48 | | |
| Mong Duong 2 | Vietnam | 51% | Coal | 1,240 | 2H 2015 | $1,948 | $249 | | |
| Andes Solar | Chile | 71% | Solar | 21 | 2H 2015 | $44 | $22 | | |
| IPL MATS | US-IN | 85%[2] | Coal | | 1H 2016 | $511 | $230 | | Environmental (MATS) upgrades of 2,400 MW |
| Cochrane | Chile | 42% | Coal<br>Energy Storage | 532<br>40 | 2H 2016 | $1,350 | $130 | | |
| Eagle Valley CCGT | US-IN | 85%[2] | Gas | 671 | 1H 2017 | $585 | $263 | | |
| DPP Conversion | Dominican Republic | 92% | Gas | 122 | 1H 2017 | $260 | $0 | | |
| OPGC 2 | India | 49% | Coal | 1,320 | 1H 2018 | $1,600 | $225 | | |
| Alto Maipo | Chile | 42% | Hydro | 531 | 2H 2018 | $2,050 | $335 | | |
| **ROE[3] IN 2018** | | | | | | | | **>15%** | **Weighted average; net income divided by AES equity contribution** |
| **CASH YIELD[3] IN 2018** | | | | | | | | **~16%** | **Weighted average; subsidiary distributions divided by AES equity contribution** |

1. AES equity contribution equal to 71% of AES Gener's equity contribution to the project.
2. CDPQ will invest an additional $349 million in IPALCO through 2016, in exchange for a 17.65% equity stake, funding existing growth and environmental projects at Indianapolis Power & Light Company (IPL). After completion of these transactions, CDPQ's direct and indirect interests in IPALCO will total 30%, AES will own 85% of AES US Investments, and AES US Investments will own 82.35% of IPALCO.
3. Based on projections. See our 2014 Form 10-K for further discussion of development and construction risks. Based on 2018 contributions from all projects under construction and IPL MATS upgrades. Assumes a full year contribution from Alto Maipo, which is expected to come on-line in 2H 2018.

# DPL Inc. Modeling Disclosures

## Based on Market Conditions and Hedged Position as of December 31, 2014

| | Full Year 2015 | Full Year 2016 | Full Year 2017 |
|---|---|---|---|
| Volume Production (TWh) | 14 | 14 | 13 |
| % Volume Hedged | ~67% | ~35% | ~9% |
| EBITDA Generation Business[1,2] ($ in Millions) | | $100 to $110 per year | |
| EBITDA DPL Inc. including Generation and T&D ($ in Millions) | | ~ $350 per year | |
| **Reference Prices** | | | |
| Henry Hub Natural Gas ($/mmbtu) | 3.0 | 3.5 | 3.8 |
| AEP-Dayton Hub ATC Prices ($/MWh) | 35.5 | 35 | 36 |
| **EBITDA Sensitivities (with Existing Hedges)[3] ($ in Millions)** | | | |
| +10% Henry Hub Natural Gas | $8 | $23 | $33 |
| -10% Henry Hub Natural Gas | -$5 | -$20 | -$31 |

1. Includes DPL's competitive retail segment.
2. Excludes capacity premium performance uplift.
3. Gas price sensitivities are based on an calculated gas-power relationship. There is some degree of asymmetry considering dispatch capabilities of units.

# Non-Recourse Debt at DP&L and DPL Inc.

$ in Millions

| Series | Interest Rate | Maturity | Amount Outstanding as of December 31, 2014 | Remarks |
|---|---|---|---|---|
| **2013 First Mortgage Bonds** | **1.875%** | **September 2016** | **$445.0** | • **Callable at make-whole T+20** |
| 2006 OH Air Quality Pollution Control | 4.8% | September 2036 | $100.0 | • Non-callable; callable at par in Sep 2016 |
| 2005 Boone County, KY Pollution Control | 4.7% | January 2028 | $35.3 | • Non-callable; callable at par in July 2015 |
| 2005 OH Air Quality Pollution Control | 4.8% | January 2034 | $137.8 | • Non-callable; callable at par in July 2015 |
| 2005 OH Water Quality Pollution Control | 4.8% | January 2034 | $41.3 | • Non-callable; callable at par in July 2015 |
| 2008 OH Air Quality Pollution Control VDRNs | Variable | November 2040 | $100.0 | • Callable at par |
| **Total Pollution Control** | **Various** | **Various** | **$414.4** | |
| **Wright-Patterson AFB Note** | **4.2%** | **February 2061** | **$18.3** | • **No contractual prepayment option** |
| **DP&L Preferred** | **3.8%** | **N/A** | **$22.9** | • **Redeemable at pre-established premium** |
| **Total DP&L** | | | **$900.6** | |
| **2018 Term Loan** | **Variable** | **May 2018** | **$160.0** | • **No prepayment penalty** |
| 2016 Senior Unsecured | 6.50% | October 2016 | $130.0 | • Callable make-whole T+50 |
| 2019 Senior Unsecured | 6.75% | October 2019 | $200.0 | • Callable at make-whole T+50 |
| 2021 Senior Unsecured | 7.25% | October 2021 | $780.0 | • Callable at make-whole T+50 |
| **Total Senior Unsecured** | **Various** | **Various** | **$1,110** | |
| **2001 Cap Trust II Securities** | **8.125%** | **September 2031** | **$15.6** | • **Non-callable** |
| **Total DPL Inc.** | | | **$1,285.6** | |
| **TOTAL** | | | **$2,186.2** | |

# Reducing Complexity: Since September 2011, Exited 10 Countries

$ in Millions

| Business | Country | Proceeds to AES | | | | Remarks |
|---|---|---|---|---|---|---|
| | | September 2011-December 2012 | 2013 | 2014 | Total | |
| Atimus (Telecom) | Brazil | $284 | | | $284 | Non-core asset; Paid down $197 million[1] in debt at Brasiliana subsidiary |
| Bohemia | Czech Republic | $12 | | | $12 | Limited growth |
| Edes and Edelap | Argentina | $4 | | | $4 | Underperforming businesses |
| Cartagena | Spain | $229 | $24 | | $253 | No expansion potential |
| Red Oak and Ironwood | U.S. | $228 | | | $228 | No expansion potential |
| French Wind | France | $42 | | | $42 | Limited growth/no competitive advantage |
| Hydro, Coal and Wind | China | $87 | $46 | | $133 | Limited growth/no competitive advantage |
| Tisza II | Hungary | $14 | | | $14 | Limited growth/no competitive advantage |
| Two Distribution Companies | Ukraine | | $108 | | $108 | Limited growth/no competitive advantage |
| Trinidad | Trinidad | | $30 | | $30 | Limited growth/no competitive advantage |
| Wind Turbines | U.S. | | $26 | | $26 | No suitable project |
| Sonel, Dibamba and Kribi | Cameroon | | | $202[2] | $202 | |
| Wind Project & Pipeline | India & Poland | | | $16 | $16 | |
| 3 Wind Projects | U.S. | | | $27 | $27 | Limited growth |
| Silver Ridge Power (Solar) | Various | | | $178 | $178 | |
| Masinloc Partnership | Philippines | | | $443 | $443 | Strategic partnership |
| 4 Wind Projects | United Kingdom | | | $161 | $161 | |
| Dominicana Partnership | Dominican Republic | | | $84 | $84 | Strategic partnership |
| Turkey JV | Turkey | | | $125 | $125 | |
| IPALCO Partnership | U.S.-Indiana | | | $595[3] | $595[3] | Strategic partnership |
| Ebute | Nigeria | | | $11 | $11 | Limited growth/no competitive advantage |
| **TOTAL** | | **$900** | **$234** | **$1,842** | **$2,976** | |

1. AES owns 46% of its Brasiliana subsidiary. Proceeds and debt reflect AES' ownership percentage.
2. $40 million to be received in 2016.
3. $351 million to be received in 2015-2016.

# Expanding Access to Capital: Strategic Partners Have Invested $2.5 Billion in Our Subsidiaries

$ in Millions

| Business | Country | Strategic Partner | 2013 | 2014 |
|---|---|---|---|---|
| Cochrane | Chile | Mitsubishi Corporation | $145 | |
| Alto Maipo | Chile | Antofagasta Minerals | $361 | |
| Silver Ridge Power (Solar) | Various | Google | $103 | |
| Guacolda | Chile | Global Infrastructure Partners (GIP | | $728 |
| Masinloc | Philippines | EGCO | | $443 |
| AES Dominicana | Dominican Republic | Estrella-Linda | | $84 |
| IPALCO | U.S. | CDPQ | | $595 |
| **TOTAL** | | | **$609** | **$1,850** |

# Reconciliation of Full Year Adjusted PTC[1] & Adjusted EPS[1]

| *$ in Millions, Except Per Share Amounts* | FY 2014 | | FY 2013 | |
|---|---|---|---|---|
| | Net of NCI[2] | Per Share (Diluted) Net of NCI[2] and Tax | Net of NCI[2] | Per Share (Diluted) Net of NCI[2] and Tax |
| Loss (Income) from Continuing Operations Attributable to AES and Diluted EPS | $789 | $1.09 | $284 | $0.38 |
| Add Back Income Tax Expense from Continuing Operations Attributable to AES | $228 | | $156 | |
| Pre-Tax Contribution | $1,017 | | $440 | |
| **Adjustments** | | | | |
| Unrealized Derivative (Gains)/Losses[3] | ($135) | ($0.12) | ($57) | ($0.05) |
| Unrealized Foreign Currency Transaction (Gains)/Losses[4] | $110 | $0.14 | $41 | $0.02 |
| Disposition/Acquisition (Gains)/Losses | ($361) | ($0.59)[5] | ($30) | ($0.03)[6] |
| Impairment Losses | $416 | $0.53[7] | $588 | $0.75[8] |
| Loss on Extinguishment of Debt | $274 | $0.25[9] | $225 | $0.22[10] |
| **ADJUSTED PTC[1] & ADJUSTED EPS[1]** | **$1,321** | **$1.30** | **$1,207** | **$1.29** |

1. A non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests
3. Unrealized derivative (gains) losses were net of income tax per share of $(0.07) and $(0.02) in 2014 and 2013 respectively.
4. Unrealized foreign currency transaction (gains) losses were net of income tax per share of $0.02 and $0.02 in 2014 and 2013 respectively.
5. Amount primarily relates to the gain from the sale of a noncontrolling interest in Masinloc of $283 million ($283 million, or $0.39 per share, net of income tax per share of $0.00), the gain from the sale of the UK wind projects of $78 million ($78 million, or $0.11 per share, net of income tax per share of $0.00), the loss from the sale of Ebute of $6 million ($6 million, or $0.01 per share, net of income tax per share of $0.00), the loss from the liquidation of AgCert International of $1 million (net benefit of $18 million, or $0.03 per share, including income tax per share of $0.03), the tax benefit of $24 million ($0.03 per share) related to the Silver Ridge Power transaction, the tax benefit of $18 million ($0.02 per share) associated with the agreement executed in December 2014 to sell a noncontrolling interest in IPALCO, and the tax benefit of $7 million ($0.01 per share) associated with the sale of a noncontrolling interest in our Dominican Republic businesses.
6. Amount primarily relates to the gain from the sale of the remaining 20% of our interest in Cartagena for $20 million ($15 million, or $0.02 per share, net of income tax per share of $0.01) as well as the gain from the sale of Trinidad for $3 million ($4 million, or $0.01 per share, net of income tax per share of $0.00).
7. Amount primarily relates to the goodwill impairments at DPLER of $136 million ($136 million, or $0.19 per share, net of income tax per share of $0.00), and at Buffalo Gap of $28 million ($28 million, or $0.04 per share, net of income tax per share of $0.00), and asset impairments at Ebute of $67 million ($64 million, or $0.09 per share, net of noncontrolling interest of $3 million and of income tax per share of $0.00), at DPL of $12 million ($7 million, or $0.01 per share, net of income tax per share of $0.01), at Newfield of $12 million ($6 million, or $0.01 per share, net of noncontrolling interest of $6 million and of income tax per share of $0.00), and at Elsta of $41 million ($31 million, or $0.04 per share, net of income tax per share of $0.01), as well as the other-than-temporary impairments of our equity method investment at Silver Ridge Power of $42 million ($27 million, or $0.04 per share, net of income tax per share of $0.02), and at Entek of $86 million ($86 million, or $0.12 per share, net of income tax per share of $0.00).
8. Amount primarily relates to the goodwill impairments at DPL of $307 million ($307 million, or $0.41 per share, net of income tax per share of $0.00), at Ebute of $58 million ($58 million, or $0.08 per share, net of income tax per share of $0.00) and at Mountain View of $7 million ($7 million, or $0.01 per share, net of income tax per share of $0.00). Amount also includes an other-than-temporary impairment of our equity method investment at Elsta of $129 million ($128 million, or $0.17 per share, net of income tax per share of $0.00) and asset impairments at Beaver Valley of $46 million ($30 million, or $0.04 per share, net of income tax per share of $0.02), at DPL of $26 million ($17 million, or $0.02 per share, net of income tax per share of $0.01), at Itabo (San Lorenzo) of $16 million ($6 million, or $0.01 per share, net of noncontrolling interest of $8 million and of income tax per share of $0.00), at El Salvador for $4 million ($4 million, or $0.01 per share, net of income tax per share of $0.00).
9. Amount primarily relates to the loss on early retirement of debt at the Parent Company of $200 million ($130 million, or $0.18 per share, net of income tax per share of $0.10), at DPL of $31 million ($20 million, or $0.03 per share, net of income tax per share of $0.02), at Electrica Angamos of $20 million ($11 million, or $0.02 per share, net of noncontrolling interest of $6 million and of income tax per share of $0.00), at UK wind projects of $18 million ($15 million, or $0.02 per share, net of income tax per share of $0.00), at Warrior Run of $8 million ($5 million, or $0.01 per share, net of income tax per share of $0.00) and at Gener of $7 million ($4 million, or $0.01 per share, net of noncontrolling interest of $2 million and of income tax per share of $0.00).
10. Amount primarily relates to the loss on early retirement of debt at Parent Company of $165 million ($107 million, or $0.14 per share, net of income tax per share of $0.08), at Masinloc of $43 million ($39 million, or $0.05 per share, net of income tax per share of $0.00) and Changuinola of $14 million ($10 million, or $0.01 per share, net of income tax per share of $0.01).

# Reconciliation of Full Year Capex and Free Cash Flow[1]

| *$ in Millions* | Consolidated Full Year | |
|---|---|---|
| | 2014 | 2013 |
| Operational Capex (a) | $666 | $760 |
| Environmental Capex (b) | $241 | $211 |
| Maintenance Capex (a + b) | $907 | $971 |
| Growth Capex (c) | $1,637 | $1,608 |
| **Total Capex[2] (a + b + c)** | **$2,544** | **$2,579** |

| *$ in Millions* | Consolidated Full Year | | Proportional[1] Full Year | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Operating Cash Flow | $1,791 | $2,715 | $1,432 | $1,881 |
| Less Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex | $744 | $861 | $541 | $610 |
| **Free Cash Flow[1]** | **$1,047** | **$1,854** | **$891** | **$1,271** |

1. A non-GAAP financial measure as reconciled above. See “definitions”.
2. Includes capital expenditures under investing and financing activities.

# Reconciliation of 2015 Guidance

$ in Millions, Except Per Share Amounts

| 2015 Guidance | |
|---|---|
| Adjusted EPS[1] | $1.25-$1.35 |
| Proportional Free Cash Flow[1] | $1,000-$1,350 |
| Consolidated Net Cash Provided by Operating Activities | $1,900-$2,700 |

| Reconciliation | Consolidated | Adjustment Factor | Proportional |
|---|---|---|---|
| Consolidated Net Cash Provided by Operating Activities (a) | $1,900-$2,700 | $300-$750 | $1,600-$1,950 |
| Maintenance & Environmental Capital Expenditures (b) | $650-$950 | $200 | $450-$750 |
| Free Cash Flow[1] (a - b) | $1,100-$1,900 | $100-$550 | $1,000-$1,350 |

- Commodity and foreign currency exchange rates forward curves as of December 31, 2014

1. A non-GAAP financial measure. See “definitions”.

# 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

- **Adjusted Earnings Per Share** (a non-GAAP financial measure) 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, (b) unrealized foreign currency gains or losses, (c) gains or losses due to dispositions and acquisitions of business interests, (d) losses due to impairments, and (e) costs due to the early retirement of debt, adjusted for the same gains or losses excluded from consolidated entities. The GAAP measure most comparable to Adjusted EPS is diluted earnings per share from continuing operations. AES believes that Adjusted EPS better reflects the underlying business performance of the Company and is 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, unrealized foreign 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 EPS should not be construed as an alternative to diluted earnings per share from continuing operations, which is determined in accordance with GAAP.
- **Adjusted Pre-Tax Contribution** (a non-GAAP financial measure) represents pre-tax income from continuing operations attributable to AES 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, (b) unrealized foreign currency gains or losses, (c) gains or losses due to dispositions and acquisitions of business interests, (d) losses due to impairments, and (e) costs due to the early retirement of debt, adjusted for the same gains or losses excluded from consolidated entities. It includes net equity in earnings of affiliates, on an after-tax basis. The GAAP measure most comparable to Adjusted PTC is income from continuing operations attributable to AES. AES believes that Adjusted PTC better reflects the underlying business performance of the Company and is 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, unrealized foreign 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. Earnings before tax represents the business performance of the Company before the application of statutory income tax rates and tax adjustments, including the affects of tax planning, corresponding to the various jurisdictions in which the Company operates. Adjusted PTC should not be construed as an alternative to income from continuing operations attributable to AES, which is determined in accordance with GAAP.
- **Free Cash Flow** (a non-GAAP financial measure) is defined as net cash from operating activities less maintenance capital expenditures (including non-recoverable 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.

# Definitions (Continued)

- **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.
  The proportional adjustment factor, proportional maintenance capital expenditures (net of reinsurance proceeds), and proportional non-recoverable environmental capital expenditures are calculated by multiplying the percentage owned by non-controlling interests for each entity by its corresponding consolidated cash flow metric and adding up the resulting figures. For example, the Company owns approximately 70% of AES Gener, its subsidiary in Chile. Assuming a consolidated net cash flow from operating activities of $100 from AES Gener, the proportional adjustment factor for AES Gener would equal approximately $30 (or $100 x 30%). The Company calculates the proportional adjustment factor for each consolidated business in this manner and then adds these amounts together to determine the total proportional adjustment factor used in the reconciliation. The proportional adjustment factor may differ from the proportion of income attributable to non-controlling interests as a result of (a) non-cash items which impact income but not cash and (b) AES' ownership interest in the subsidiary where such items occur.
- **Subsidiary Liquidity** (a non-GAAP financial measure) is defined as cash and cash equivalents and bank lines of credit at various subsidiaries.
- **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.