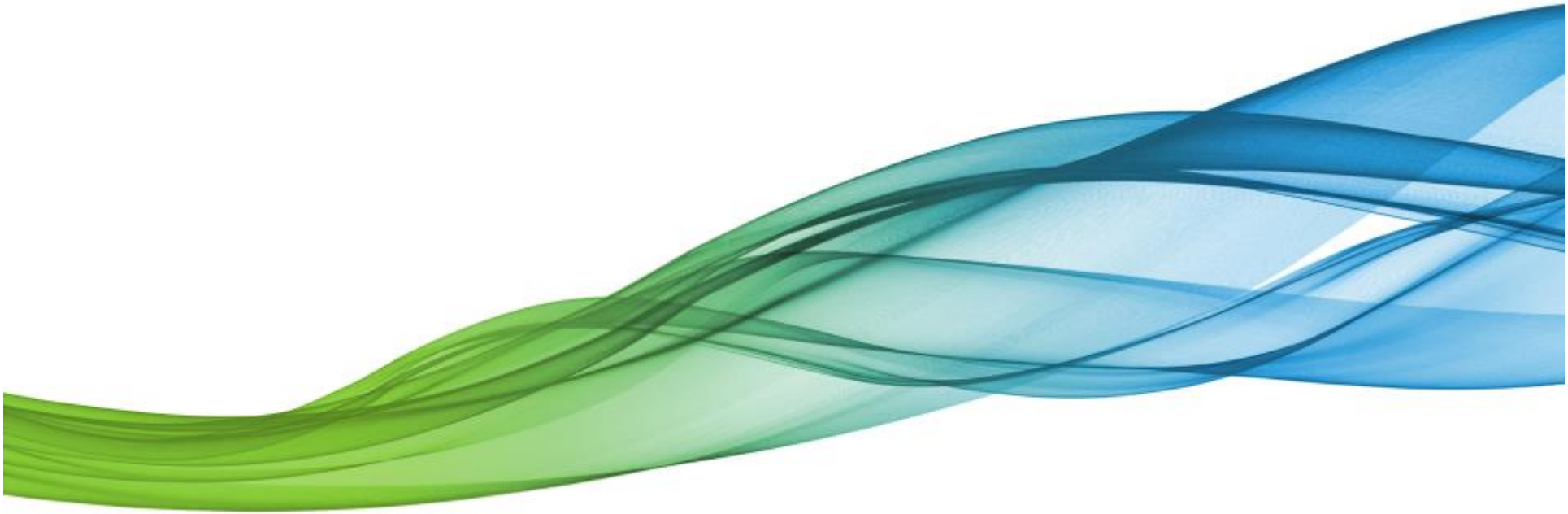
The AES Corporation
First Quarter 2015
Financial Review

May 11, 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 53 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.

First Quarter 2015 Earnings Call: Key Takeaways

- Accomplishing significant milestones on strategic objectives
  - Advancing $9 billion construction program, including commissioning 1,240 MW Mong Duong 2 project in Vietnam six months early
  - Signed agreements for sales of 100% of interest in Armenia Mountain wind project in Pennsylvania and 40% of interest in IPP4 power plant in Jordan, for a total of $105 million in equity proceeds
  - Invested $345 million to prepay and refinance near-term Parent debt maturities
  - Invested $42 million to repurchase shares; current outstanding authorization of $381 million, of which we expect to invest at least $281 million during 2015
- Addressing short-term issues in Bulgaria and India
- Generated $265 million in Proportional Free Cash Flow[1] and earned $0.25 Adjusted EPS[1]
- Reaffirming 2015 guidance ranges for all metrics
  - Proportional Free Cash Flow[1] of $1,000-$1,350 million
  - Adjusted EPS[1] of $1.25-$1.35
  - Mitigating impact from poor hydrology and proactively hedging impact from foreign currency

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

Maritza Signed Memorandum of Understanding with Offtaker, NEK

690 MW Coal-Fired Maritza Plant in Bulgaria



- Maritza and NEK agreed to:
  - Reduce the capacity payment to Maritza by 14%, or ~7% reduction in total revenue[1], through 2026 when the PPA expires
  - NEK will pay its full outstanding receivables ($236 million as of March 31, 2015, 65% of which is overdue for less than 90 days)
- Annual impact of ~$0.03 per share on Adjusted EPS[2] reflected in 2015 guidance and expectations through 2018
- Now expected to contribute ~5% of Adjusted Pre-Tax Contribution[2] from SBUs
- Binding agreement expected to be signed by Q3 2015

1. Includes capacity fee and fuel cost recovery.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation.

Re-Secured Rights to Coal Blocks

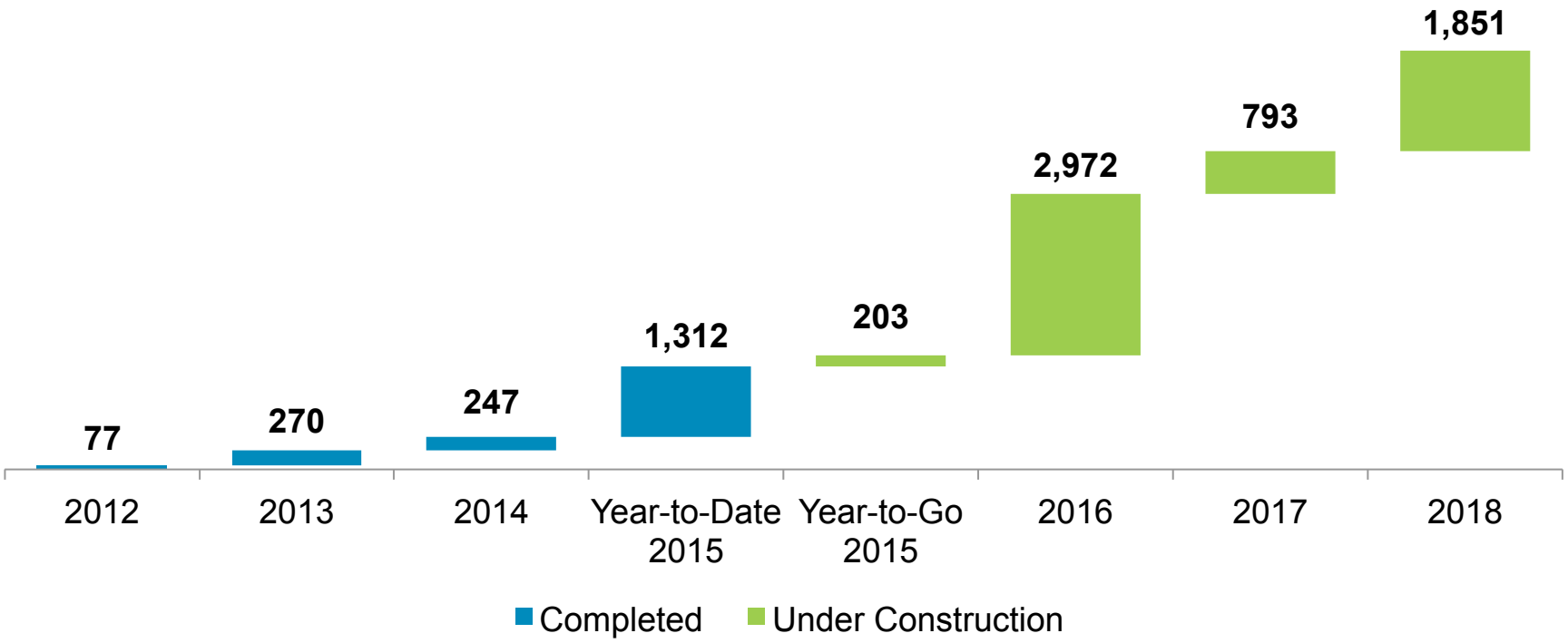
1,320 MW Coal-Fired OPGC 2 Under Construction in India

- In Q3 2014, the Supreme Court of India overturned allocations of 214 coal blocks, including OPGC 2
  - No impact on existing 420 MW OPGC 1 plant
- Recently, a new joint venture between OPGC and our partner, the Government of Odisha, re-secured rights to same coal blocks
- Coal blocks can support 2,640 MW of capacity, including OPGC 2



Leveraging Our Platforms: Year-to-Date 2015, Already Brought On-Line 87% Expected New Capacity of 1,525 MW

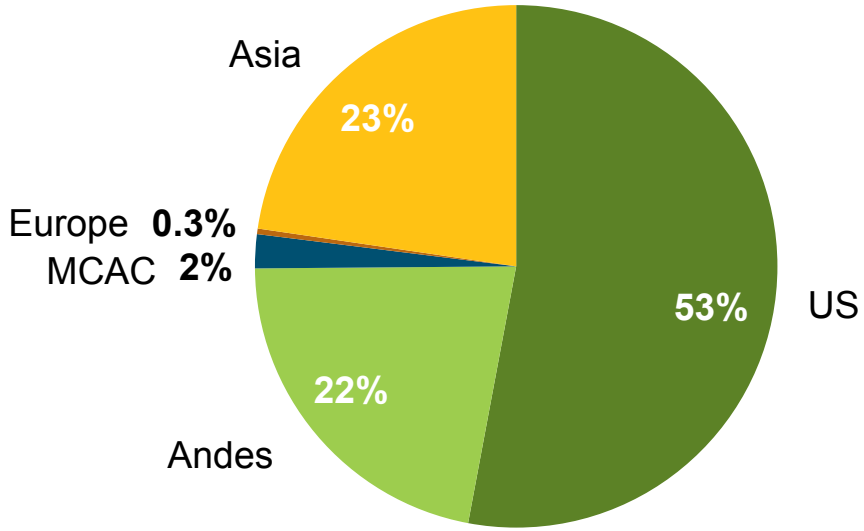
7,131 MW Expected to Come On-Line 2015-2018



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: 5,819 MW Under Construction Yield More Than 15% ROE[1]

77% of 5,819 MW Under Construction in the Americas



$7 Billion Total Cost; AES Equity of $1.3 Billion, of Which Only $400 Million is Unfunded

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: Achieved Commercial Operation Six Months Early

1,240 MW Coal-Fired Mong Duong 2 in Vietnam



- 25-year PPA with state-owned utility
- Amassed 18 million man-hours without a lost time incident
- Solid platform for growth in Vietnam

Leveraging Our Platforms: Mitigating Hydro Risk in Panama

Inaugurated 72 MW Heavy Fuel Oil-Fired Estrella del Mar Power Barge

- 5-year PPA with state-owned generation company
- Looking at similar opportunities in other countries in Latin America
  - Diversify fuel mix
  - Fulfill need for electricity in existing markets



Compelling Platform Expansion Opportunities in the Americas and Asia

- Future projects to be heavily weighted toward natural gas, renewables and energy storage
- Growth projects to continue to compete against share repurchases, in order to maximize risk-adjusted per share returns to shareholders
- Beyond 2018, expect to invest $300-$400 million of AES equity per year
  - Consistent with amount of equity being contributed annually to our projects currently under construction
  - Equity investment manageable, particularly with expected 10%-15% growth in free cash flow and recycling capital from additional asset sales

Development Project: Southland Repowering

1,384 MW of Gas-Fired and Energy Storage Capacity

- $1.9 billion total project cost
- 20-year PPAs
- On track to begin construction in 2017
- Expect to select EPC contractor and file final permitting amendments in the next six months



Adjacent Opportunity: LNG in the Dominican Republic

Developing Opportunities to Expand LNG Infrastructure



- Opportunity to add a second gas pipeline to AES' existing network, to replace up to 1,000 MW of oil-fired generation in the system
- Upgrading our LNG import terminal, will allow for re-shipment of LNG
- Both projects require modest equity investments, which we expect to fund with leverage capacity at our existing businesses in the Dominican Republic

Adjacent Opportunity: Desalination

Capitalizing on Our Portfolio

- Began construction of 200 m^3/hour desalination plant at our Angamos power plant in Chile
  - Potential to increase by 600 m^3/hour
- Timely and significant opportunity in Chile and emerging opportunities in Mexico and California, given challenges of water supply
- Experience in operating desalination plants



Adjacent Opportunity: Energy Storage

World Leader in Battery-Based Energy Storage



- Emerging opportunity
- Well positioned to take advantage
  - Global platform
  - Early mover
  - 8 years of experience
- 86 MW in operation in the United States and Chile
- 50 MW under construction in the United States, Chile and Europe
- 210 MW in late stage development, including 100 MW in California under a 20-year PPA

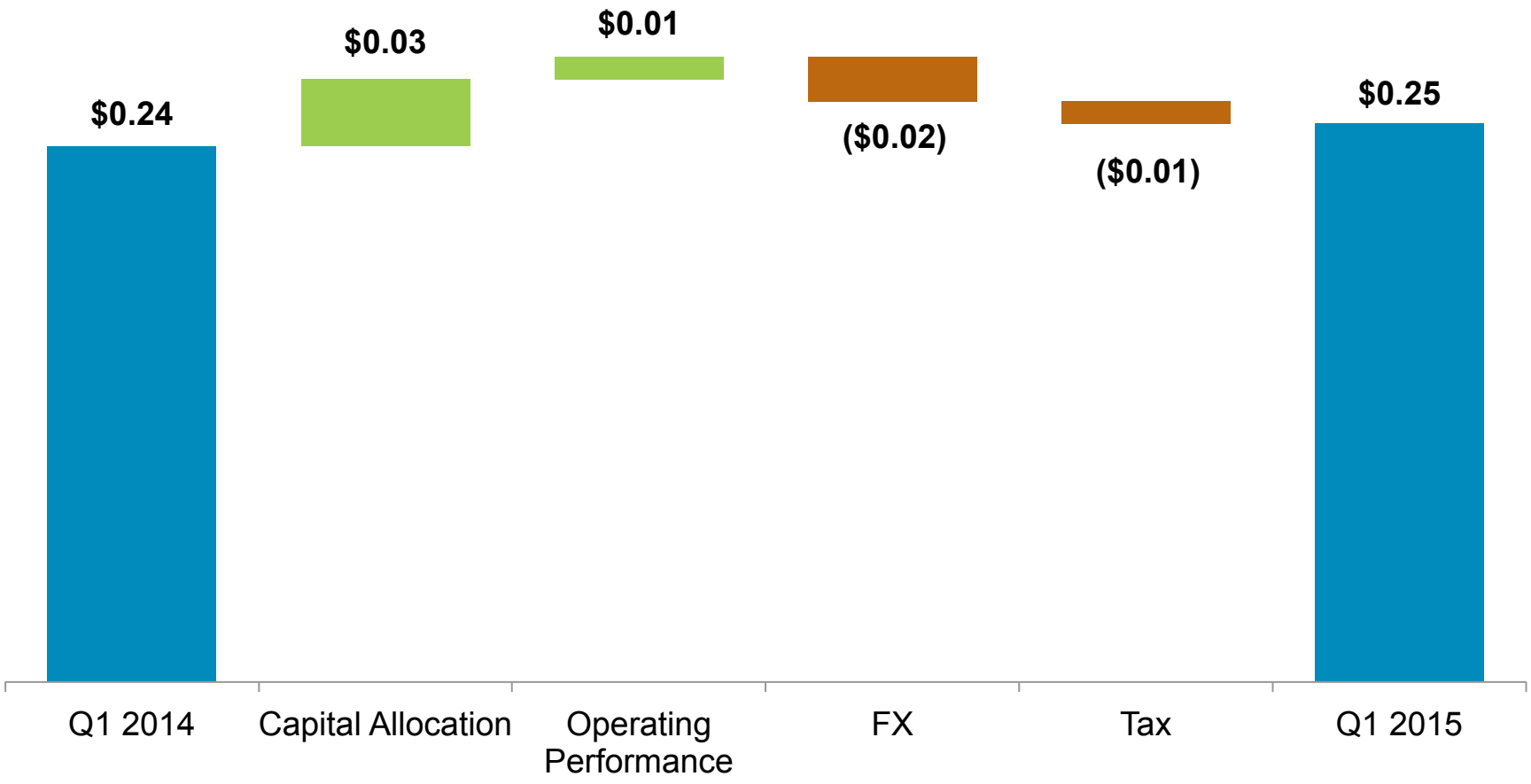
Note: Picture shows 20 MW Tait energy storage array in Ohio.

Q1 2015 Financial Review

- Q1 2015 results
  - Adjusted EPS[1]
  - Adjusted PTC[1] and Proportional Free Cash Flow by Strategic Business Unit (SBU)
- 2015 Parent capital allocation plan
- 2015 Guidance

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

Q1 2015 Adjusted EPS Increased $0.01

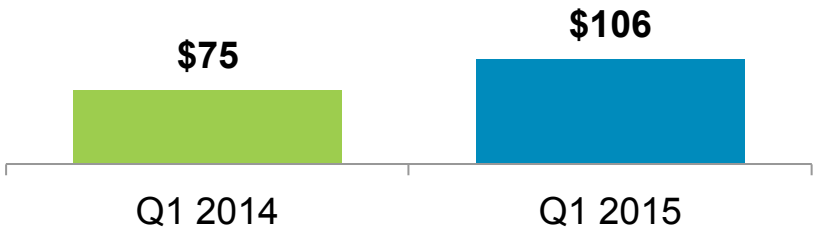


1. A non-GAAP financial measure. See Appendix for definition and reconciliation.

Q1 Financial Results: US SBU

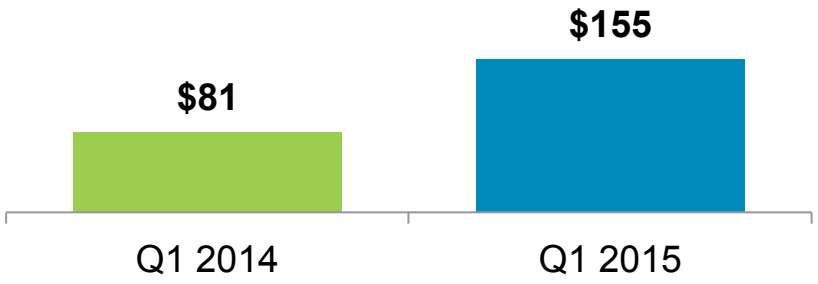
$ in Millions

Adjusted PTC[1] Increased $31



+ Better availability at DPL as a result of temporary forced outages and a lack of available gas in 2014

Proportional Free Cash Flow[1] Increased $74



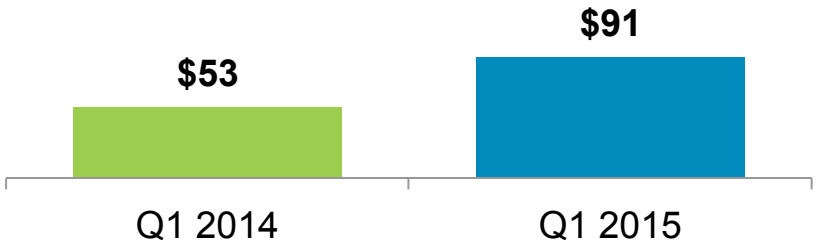
+ Lower working capital requirements
+ Higher operating performance

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

Q1 Financial Results: Andes SBU

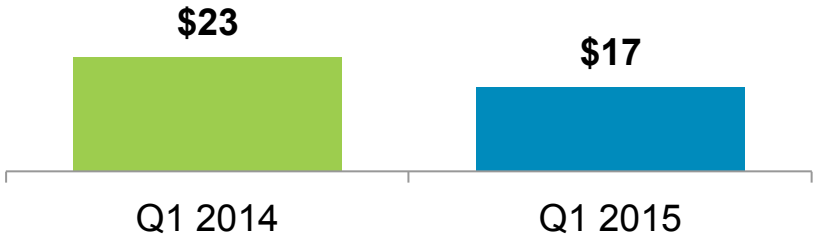
$ in Millions

Adjusted PTC[1] Increased $38



+ Better availability in Chile

Proportional Free Cash Flow[1] Decreased $6



– Timing of collections and higher maintenance capital expenditures

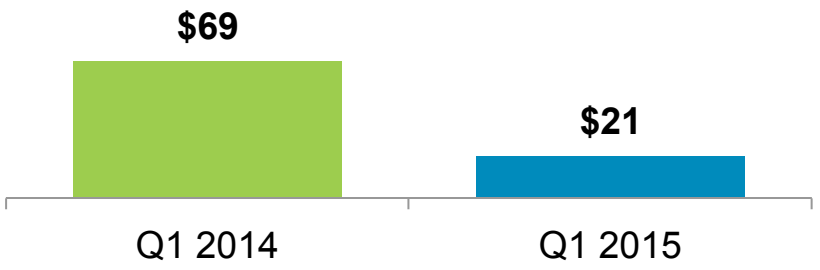
+ Better margins from improved plant availability in Chile

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

Q1 Financial Results: Brazil SBU

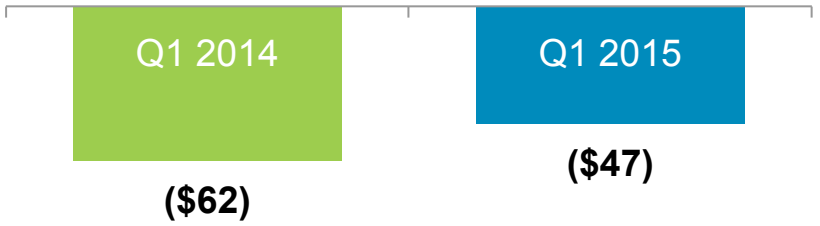
$ in Millions

Adjusted PTC[1] Decreased $48



- Increased purchased energy on the spot market at Tietê (seasonality)
- Lower sales and higher fixed costs at Sul
- Devaluation of the Brazilian Real

Proportional Free Cash Flow[1] Increased $15



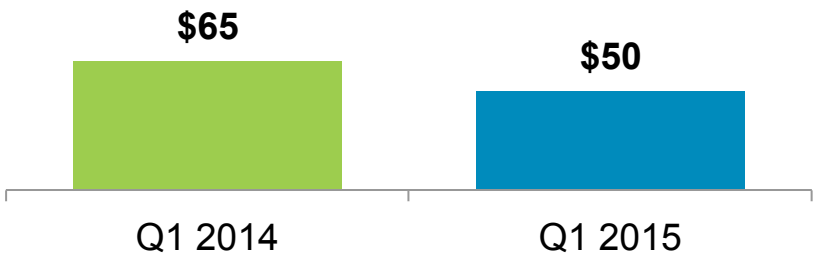
+ Improved working capital
- Lower operating performance

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

Q1 Financial Results: MCAC SBU

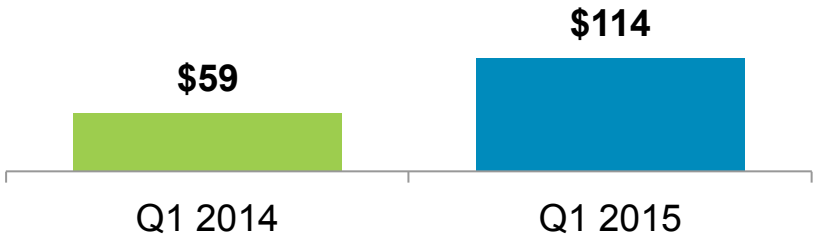
$ in Millions

Adjusted PTC[1] Decreased $15



- – Lower margins in the Dominican Republic
- + Improved hydrology in Panama

Proportional Free Cash Flow[1] Increased $55



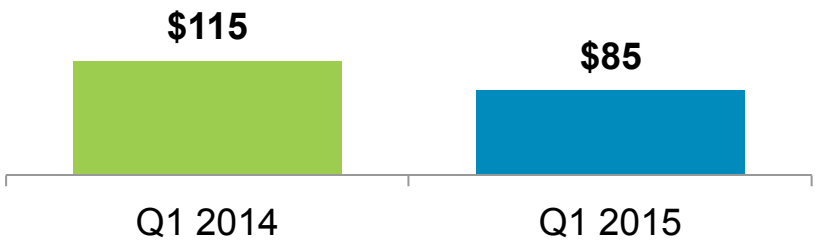
- + Improved working capital

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

Q1 Financial Results: Europe SBU

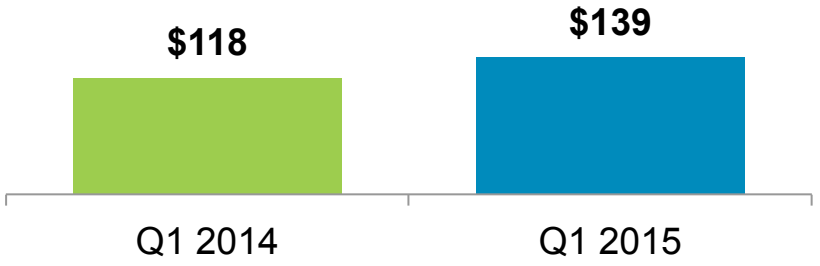
$ in Millions

Adjusted PTC[1] Decreased $30



- Lower contributions due to the sales of Ebute in Nigeria and wind businesses in the United Kingdom
- Unfavorable foreign currency exchange rates

Proportional Free Cash Flow[1] Increased $21



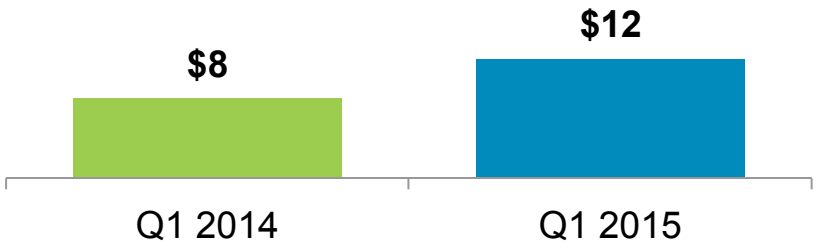
+ Higher collections at Maritza in Bulgaria
- Lower operating performance

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

Q1 Financial Results: Asia SBU

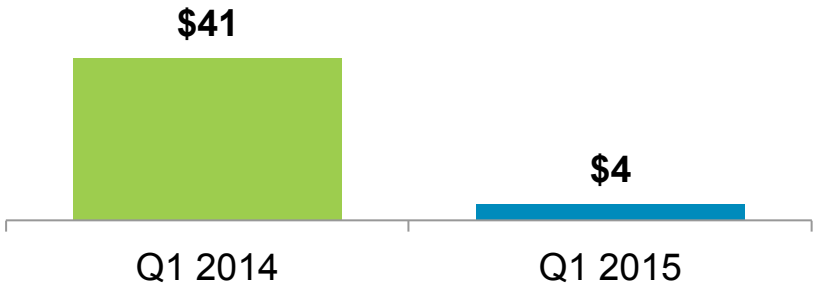
$ in Millions

Adjusted PTC[1] Increased $4



+ 2014 retroactive adjustment to spot prices in the Philippines
– Lower contributions from Masinloc in the Philippines due to the sale of 41% of the business

Proportional Free Cash Flow[1] Decreased $37



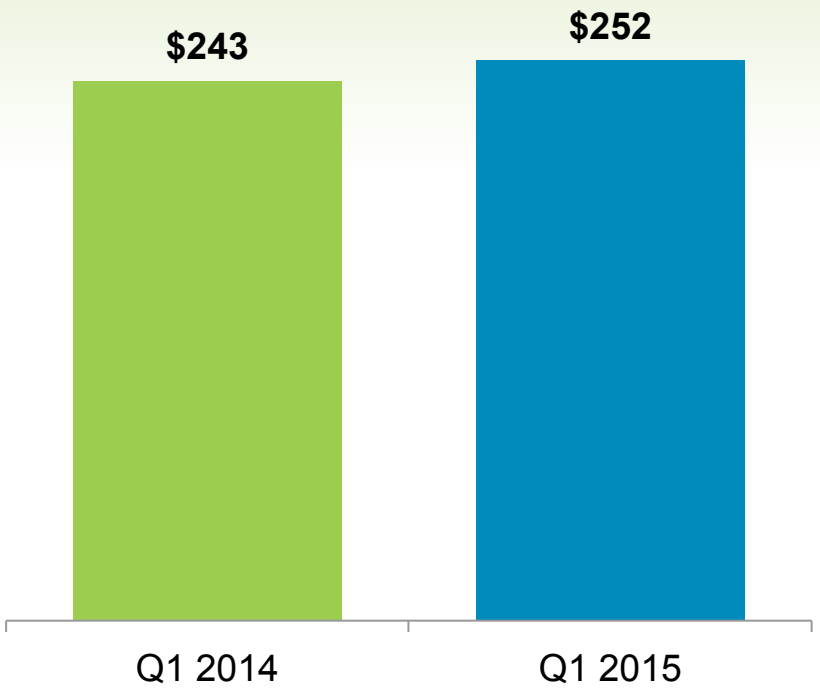
– Lower contributions from Masinloc in the Philippines due to the sale of 41% of the business
– Contractual time lag between billing and collections

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

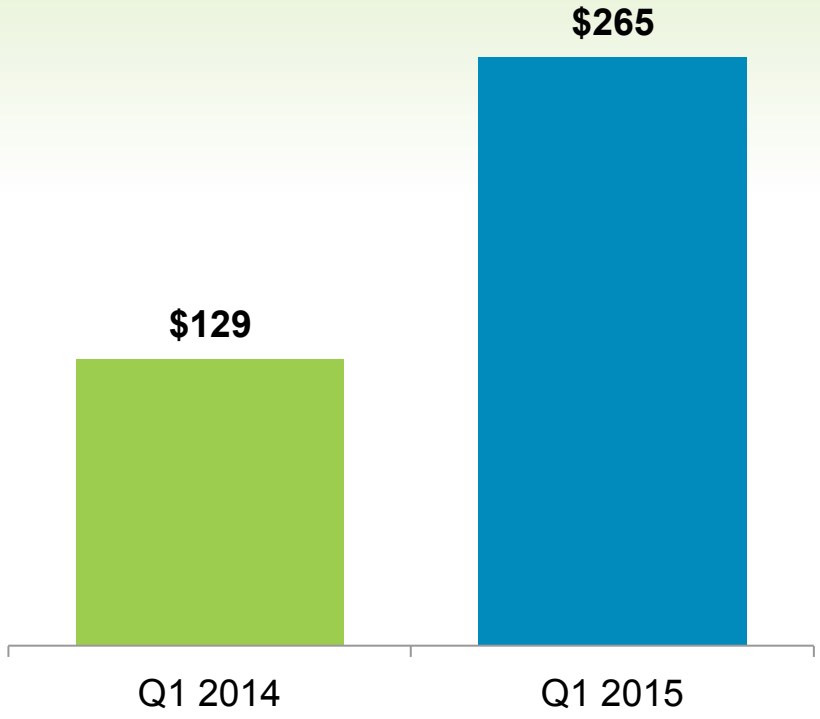
Q1 Financial Results Summary

$ in Millions

Adjusted PTC[1] Increased $9



Proportional Free Cash Flow[1] Increased $136

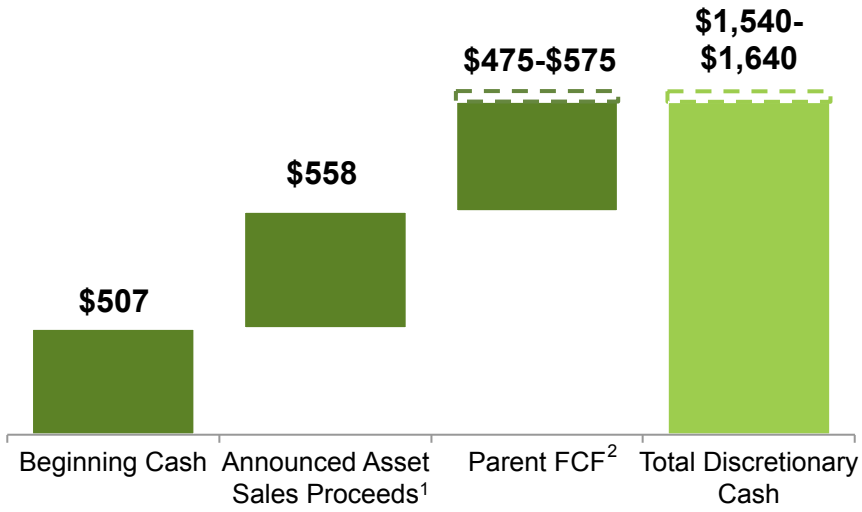


1. A non-GAAP financial measure. See Appendix for definition and reconciliation.

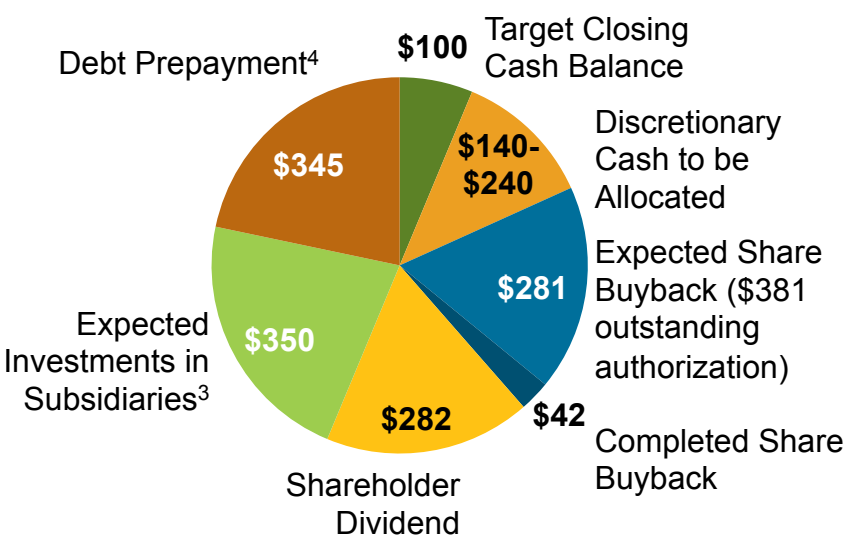
2015 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,540-$1,640)



Discretionary Cash – Uses ($1,540-$1,640)



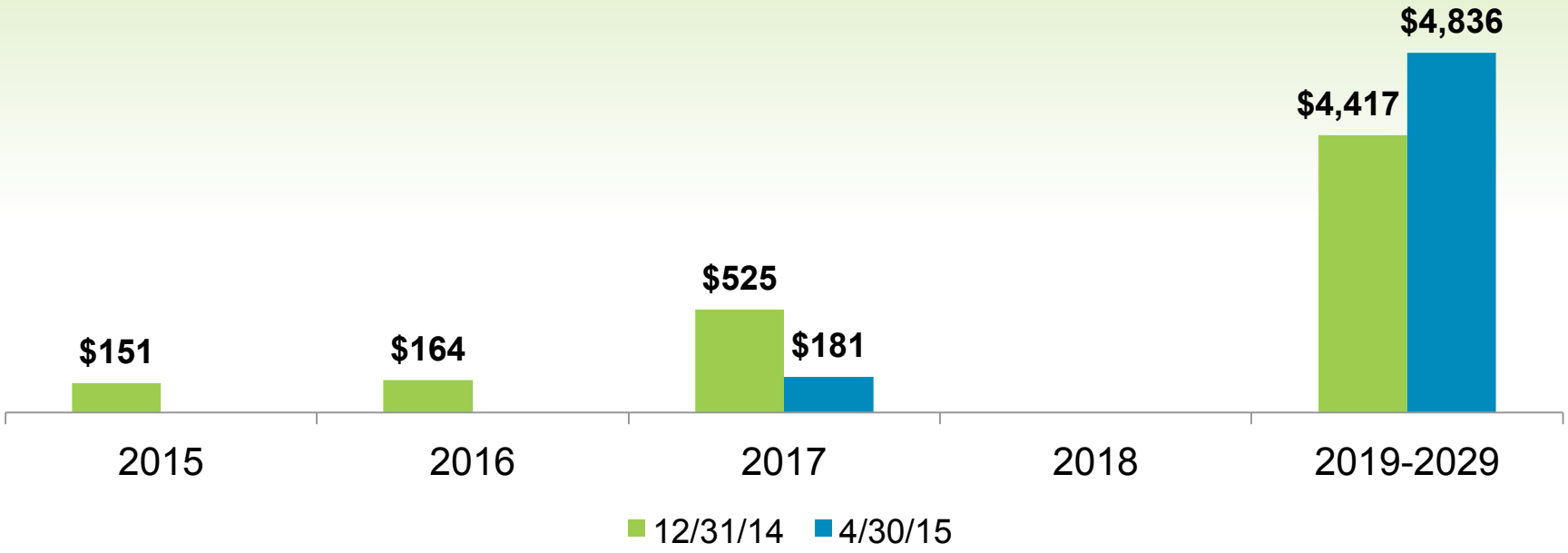
New Investments to Continue to Compete Against Share Repurchases

1. Includes announced asset sale proceeds of: $453 million (IPALCO, US partnership), $75 million (Armenia Mountain, US) and $30 million (IPP4, Jordan 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 was funded directly by CDPQ to IPALCO.
4. Includes $315 million Parent debt prepayment and costs associated with prepayment and refinancing near-term maturities.

Reduced 2015-2018 Parent Debt Maturities from $840 Million to $181 Million

$ in Millions

Prepaid $315 Million & Refinanced Majority of Near-Term Maturities with Long-Term Debt

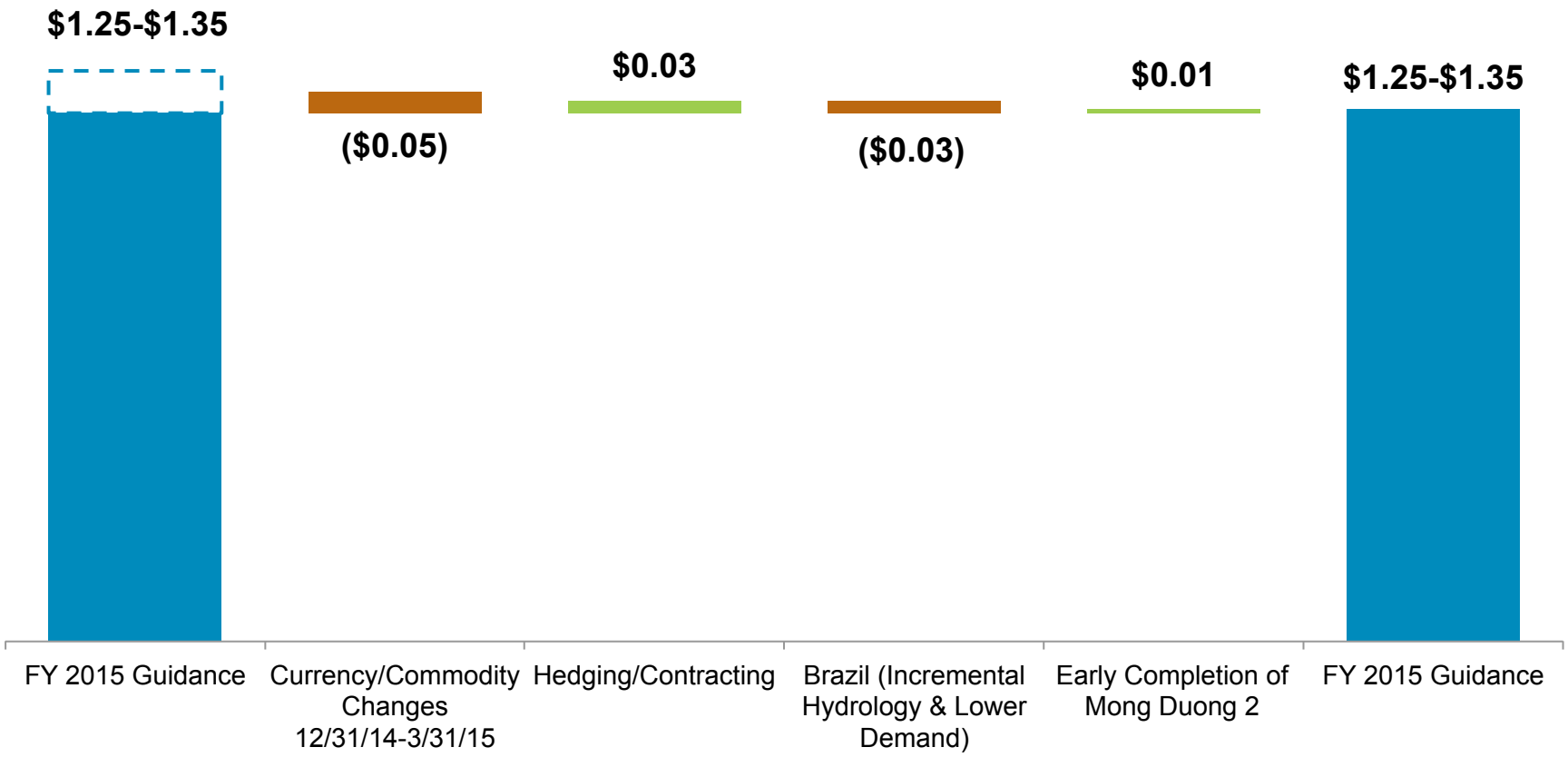


Since 2011, Reduced Parent Debt by $1.5 Billion, or 23%

Key Assumptions for 2015 Guidance

- Currency and commodity forward curves as of March 31, 2015
- Current hydrological outlook in Latin America
  - In line with expectations, except in Brazil
  - No rationing expected in 2015 in Brazil
  - Now expect $0.07 per share impact from poor hydrology in Brazil versus $0.05 previously
- Expected decline in demand at Sul in Brazil

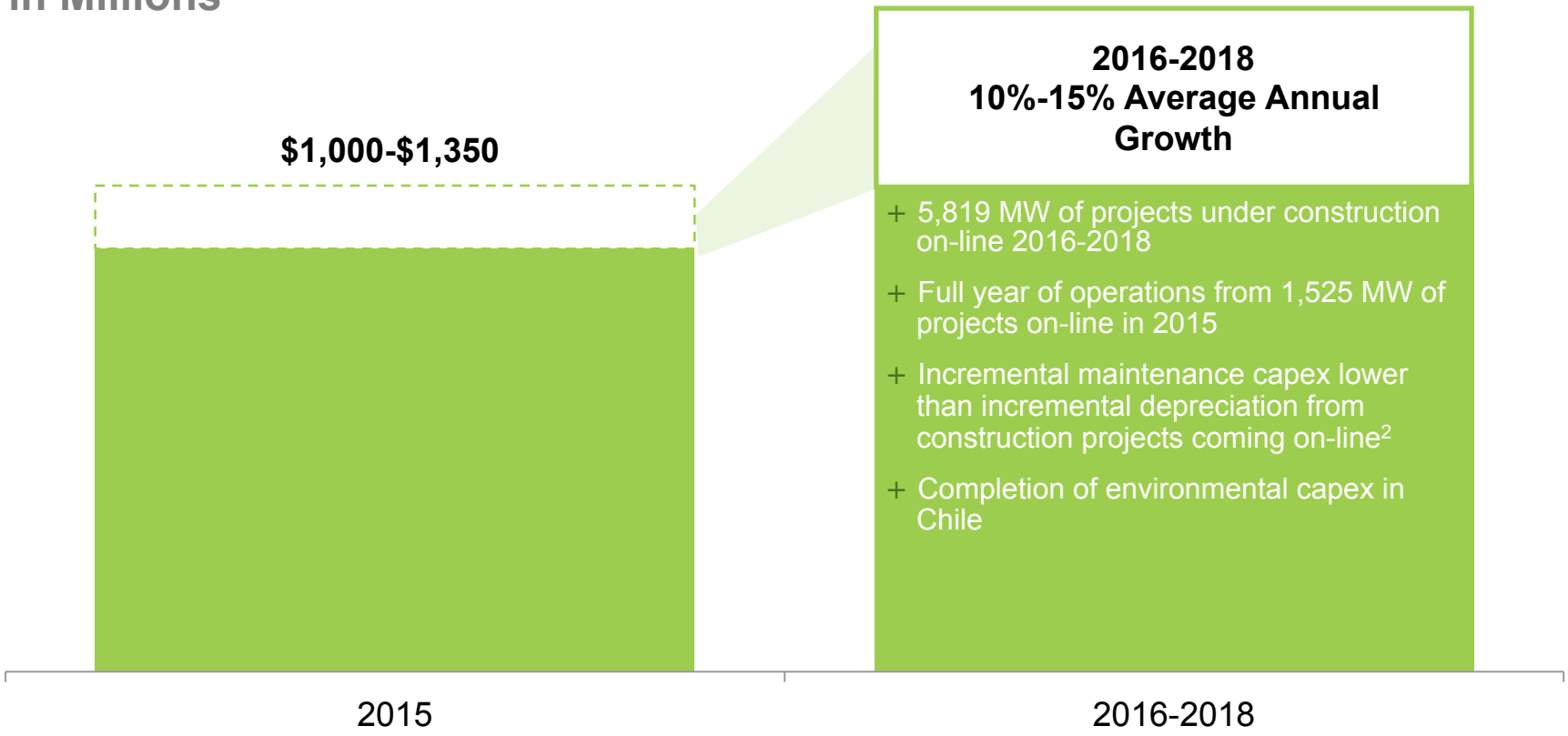
Reaffirming 2015 Adjusted EPS[1] Guidance Range



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

Reaffirming 2015 Proportional Free Cash Flow[1] Guidance

$ in Millions



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.

Progress on Priorities for 2015

Priority	Status	
	On Track	Completed
Pull all levers to achieve our financial objectives, despite headwinds from poor hydrology in Brazil and lower FX and commodity prices	✓	
Complete 1,240 MW Mong Duong project in Vietnam, which will be a major contributor to our growth		✓
Resolve Maritza's (Bulgaria) outstanding receivables and renegotiate our PPA	✓	
Continue to execute on our platform expansion opportunities and bring in financial partners	✓	
Reduce Parent debt and improve our credit profile by prepaying and refinancing near-term maturities		✓
Allocate our discretionary capital to maximize shareholder returns, by competing growth projects against share repurchases	✓	

Appendix

- Listed Subs & Public Filers — Slide 31
- SBU Modeling Disclosures — Slides 32-33
- DPL Inc. Modeling Disclosures — Slide 34
- DP&L and DPL Inc. Debt Maturities — Slide 35
- Parent Only Cash Flow — Slides 36-38
- Asset Sales — Slide 39
- Partnerships — Slide 40
- 2015 Adjusted PTC[1] Modeling Ranges — Slide 41
- Hydrology — Slide 42
- Currency and Commodities — Slides 43-45
- AES Modeling Disclosures — Slide 46
- Adjusted EPS[1] Growth — Slide 47
- Construction Program — Slide 48
- Reconciliations — Slides 49-52
- Assumptions & Definitions — Slides 53-55

1. A non-GAAP financial measure.

Q1 2015 Adjusted PTC[1]: Reconciliation to Public Financials of Listed Subsidiaries & Public Filers

This table provides financial data of those operating subsidiaries of AES that are publicly listed or have publicly filed financial information on a stand-alone basis. The table provides a reconciliation of the subsidiary's Adjusted PTC as it is included in AES consolidated Adjusted PTC with the subsidiary's income/(loss) from continuing operations under US GAAP and the subsidiary's locally IFRS reported net income, if applicable. Readers should consult the subsidiary's publicly filed reports for further details of such subsidiary's results of operations.

AES SBU/Reporting Country	US				Andes/Chile		Brazil			
AES Company	IPL		DPL		AES Gener[2]		Eletropaulo[2]		Tietê[2]	
$ in Millions	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014
US GAAP Reconciliation										
Business Unit Adjusted Earnings to AES [1,3]	**21**	**23**	**30**	**2**	**50**	**40**	**2**	**3**	**18**	**38**
AES Business Unit Adjusted PTC[1]	**33**	**34**	**43**	**3**	**66**	**50**	**2**	**5**	**27**	**56**
Impact of AES Adjustments excluded from Public Filings	-	-	-	-	-	-	-	-	-	-
Adjusted PTC[1,3] Public Filer (Stand-alone)	**33**	**34**	**43**	**3**	**66**	**50**	**2**	**5**	**27**	**56**
Unrealized Derivatives (Losses)/Gains	-	-	(1)	(6)	-	-	-	-	-	-
Unrealized Foreign Currency Transaction Losses	-	-	-	-	3	(8)	-	-	(1)	-
Impairment Losses	-	-	-	(147)	-	-	-	-	-	-
Disposition/Acquisition Gains	-	-	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	-	(1)	-	-	-	-
Non-Controlling Interest before Tax	1	1	-	-	26	17	9	29	86	179
Income Tax Benefit/(Expenses)	(12)	(11)	(13)	(99)	(23)	(15)	(3)	(11)	(36)	(77)
US GAAP Income/(Loss) from Continuing Operations[4]	**22**	**24**	**29**	**(249)**	**72**	**43**	**8**	**23**	**76**	**158**
IFRS Reconciliation										
Adjustment to Depreciation & Amortization[5]					(12)	(13)	(9)	(10)	(4)	(6)
Adjustment to Regulatory Liabilities & Assets[6]							-	(159)	-	-
Adjustment to Taxes[7]					(2)	3	(6)	49	-	-
Other Adjustments					(10)	(12)	24	24	1	(1)
IFRS Net Income					**48**	**21**	**17**	**(73)**	**73**	**151**
BRL-USD Implied Exchange Rate							2.7161	2.5002	2.7386	2.3668

1. A non-GAAP financial measure. Reconciliation provided above. See "definitions" for descriptions of adjustments.
2. The listed subsidiary is a public filer in its home country and reports its financial results locally under IFRS. Accordingly certain adjustments presented under IFRS Reconciliation are required to account for differences between US GAAP and local IFRS standards.
3. Total Adjusted PTC, US GAAP Income from continuing operations and intervening adjustments are calculated before the elimination of inter-segment transactions such as revenue and expenses related to the transfer of electricity from AES generation plants to AES utilities within Brazil.
4. Represents the income/(loss) from continuing operations of the subsidiary included in the consolidated operating results of AES under US GAAP.
5. Adjustment to depreciation and amortization expense represents additional expense required due primarily to basis differences of long-lived and intangible assets under IFRS for each reporting period.
6. Adjustment to regulatory assets and liabilities in Brazil is required for Q1 2014. IFRS began recognizing such assets or liabilities beginning in Q4 2014.
7. Adjustment to taxes represents mainly differences relating to the regulatory assets and liabilities impact on revenue (Eletropaulo) and depreciation for the difference in cost basis of PP&E (Eletropaulo and Tiete).

Q1 2015 Modeling Disclosures

$ in Millions

	Adjusted PTC[1]	Interest Expense			Interest Income			Depreciation & Amortization		
		Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional
US[2]	**$106**	**$69**	**($3)**	**$66**	**-**	**-**	**-**	**$113**	**($6)**	**$107**
DPL	$43	$30	-	$30	-	-	-	$35	-	$35
IPL	$33	$27	($3)	$24	-	-	-	$48	($6)	$42
Andes	**$91**	**$36**	**($10)**	**$26**	**$16**	**($1)**	**$15**	**$47**	**($13)**	**$34**
AES Gener	$66	$32	($9)	$23	$3	($1)	$2	$44	($13)	$31
Brazil	**$21**	**$99**	**($65)**	**$34**	**$60**	**($41)**	**$19**	**$53**	**($34)**	**$19**
Tietê	$27	$17	($13)	$4	$4	($3)	$1	$12	($9)	$3
Eletropaulo	$2	$62	($52)	$10	$41	($34)	$7	$30	($25)	$5
MCAC	**$50**	**$44**	**($6)**	**$38**	**$6**	**($1)**	**$5**	**$36**	**($8)**	**$28**
Europe	**$85**	**$18**	**($3)**	**$15**	**-**	**-**	**-**	**$35**	**($4)**	**$31**
Asia	**$12**	**$8**	**($4)**	**$4**	**$7**	**($3)**	**$4**	**$8**	**($4)**	**$4**
Subtotal	**$365**	**$274**	**($91)**	**$183**	**$89**	**($46)**	**$43**	**$292**	**($69)**	**$223**
Corp/Other	**($113)**	**$89**	**-**	**89**	**$1**	**-**	**$1**	**$6**	**-**	**$6**
TOTAL	**$252**	**$363**	**($91)**	**$272**	**$90**	**($46)**	**$44**	**$298**	**($69)**	**$229**

1. A non-GAAP financial measure. See reconciliation on Slide 49 and “definitions”.

Q1 2015 Modeling Disclosures

$ in Millions

	Total Debt			Cash & Cash Equivalents, Restricted Cash, Short-Term Investments, Debt Service Reserves & Other Deposits		
	Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional
US	**$4,889**	**($309)**	**$4,580**	**$259**	**($5)**	**$254**
DPL	$2,160	-	$2,160	$66	-	$66
IPL	$2,063	($309)	$1,754	$31	($5)	$26
Andes	**$3,492**	**($1,230)**	**$2,262**	**$323**	**($114)**	**$209**
AES Gener	$3,307	($1,230)	$2,077	$293	($114)	$179
Brazil[1]	**$1,956**	**($1,248)**	**$708**	**$799**	**($560)**	**$239**
Tietê	$498	($377)	$121	$89	($67)	$22
Eletropaulo	$1,037	($870)	$167	$504	($420)	$84
MCAC	**$2,290**	**($324)**	**$1,966**	**$517**	**($89)**	**$428**
EMEA	**$1,161**	**($219)**	**$942**	**$185**	**($32)**	**$153**
Asia	**$1,630**	**($799)**	**$831**	**$70**	**($27)**	**$43**
Subtotal	**$15,418**	**($4,129)**	**$11,289**	**$2,153**	**($827)**	**$1,326**
Corp/Other	**$4,983**	**-**	**$4,983**	**$490**	**-**	**$490**
TOTAL	**$20,401**	**($4,129)**	**$16,272**	**$2,643**	**($827)**	**$1,816**

1. In addition to total debt, Eletropaulo has $890 million of pension plan liabilities. AES owns 16% of Eletropaulo.

DPL Inc. Modeling Disclosures

Based on Market Conditions and Hedged Position as of March 31, 2015

	Balance of Year 2015	Full Year 2016	Full Year 2017
Volume Production (TWh)	10	14	13
% Volume Hedged	~67%	~51%	~16%
Average Hedge Dark Spread ($/MWh)	$13.16	$11.27	$13.03
EBITDA Generation Business[1,2] ($ 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)	2.8	3.1	3.4
AEP-Dayton Hub ATC Prices ($/MWh)	33	35	35
EBITDA Sensitivities (with Existing Hedges)[3] ($ in Millions)			
+10% Henry Hub Natural Gas	$6	$16	$26
-10% Henry Hub Natural Gas	-$5	-$14	-$24

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 2015 sensitivities are for balance of the year.

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

$ in Millions

Series	Interest Rate	Maturity	Amount Outstanding as of March 31, 2015	Remarks
2013 First Mortgage Bonds	**1.875%**	**September 2016**	**$445.0**	• **Callable at make-whole T+20**
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
2006 OH Air Quality Pollution Control	4.8%	September 2036	$100.0	• Non-callable; callable at par in Sep 2016
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**	**$18.1**	• **No contractual prepayment option**
DP&L Preferred	**3.8%**	**N/A**	**$22.9**	• **Redeemable at pre-established premium**
Total DP&L			**$900.4**	
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			**$2,186.0**	

Parent Sources & Uses of Liquidity

$ in Millions	Q1	
	2015	2014
SOURCES		
Total Subsidiary Distributions[1]	$175	$232
Proceeds from Asset Sales, Net	$236	$33
Financing Proceeds, Net	-	$743
Increased/(Decreased) Credit Facility Commitments	-	-
Issuance of Common Stock, Net	-	$1
Total Returns of Capital Distributions & Project Financing Proceeds	-	$9
Beginning Parent Company Liquidity[2]	$1,246	$931
Total Sources	**$1,657**	**$1,949**
USES		
Repayments of Debt	($336)	($866)
Shareholder Dividend	($70)	($36)
Repurchase of Equity	($35)	-
Investments in Subsidiaries, Net	($46)	($29)
Cash for Development, Selling, General & Administrative and Taxes	($60)	($112)
Cash Payments for Interest	($86)	($81)
Changes in Letters of Credit and Other, Net	$7	-
Ending Parent Company Liquidity[2]	($1,031)	($825)
Total Uses	**($1,657)**	**($1,949)**

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

Q1 2015 Subsidiary Distributions[1]

Subsidiary Distributions[1] by SBU	
$ in Millions	Q1 2015
US	$118
Andes	-
Brazil	-
MCAC	$41
Europe	$16
Asia	-
Corporate & Other[2]	-
TOTAL	**$175**

Top Ten Subsidiary Distributions[1] by Business			
Q1 2015			
Business	Amount	Business	Amount
US Holdco (US)	$94	Elsta (Europe)	$8
TEG TEP (MCAC)	$23	Nejapa (MCAC)	$6
IPALCO (US)	$15	Ebute (Europe)	$5
Andres (MCAC)	$11	Amman East (Europe)	$3
Laurel Mountain (US)	$8	Puerto Rico (MCAC)	$0.2

1. See “definitions”.
2. Corporate & Other includes Global Insurance and solar.

Reconciliation of Subsidiary Distributions[1] & Parent Liquidity[2]

$ in Millions

	Quarter Ended			
	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$175	$414	$295	$210
Total Return of Capital Distributions to Parent & QHCs[3]	-	$18	$31	$26
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$175**	**$432**	**$326**	**$236**

	Balance as of			
	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Cash at Parent & QHCs[3]	$292	$507	$229	$15
Availability Under Credit Facilities	$739	$739	$799	$679
Ending Liquidity	**$1,031**	**$1,246**	**$1,028**	**$694**

1. See “definitions”.
2. A non-GAAP financial measure. See “definitions”.
3. Qualified Holding Company. See “assumptions”.

Reducing Complexity: Since September 2011, Exited 10 Countries

$ in Millions

Business	Country	Proceeds to AES					Remarks
		September 2011-December 2012	2013	2014	2015	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			$162		$202[2]	
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	
Ebute	Nigeria			$11		$11	Limited growth/no competitive advantage
IPALCO Partnership	U.S.-Indiana				$461	$595[3]	Strategic partnership
IPP4	Jordan				$30	$30	
Armenia Mountain	U.S.-Pennsylvania				$75	$75	Limited growth
TOTAL		**$900**	**$234**	**$1,207**	**$566**	**$3,081**	

1. AES owns 46% of its Brasiliana subsidiary. Proceeds and debt reflect AES' ownership percentage.
2. $40 million to be received in 2016.
3. $134 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	2015	Total
Cochrane	Chile	Mitsubishi Corporation	$145			$145
Alto Maipo	Chile	Antofagasta Minerals	$361			$361
Silver Ridge Power (Solar)	Various	Google	$103			$103
Guacolda	Chile	Global Infrastructure Partners (GIP)		$728		$728
Masinloc	Philippines	EGCO		$443		$443
AES Dominicana	Dominican Republic	Estrella-Linda		$84		$84
IPALCO	U.S.	CDPQ			$461	$595[1]
IPP4	Jordan	Nebras Power			$30	$30
TOTAL			**$609**	**$1,255**	**$491**	**$2,489**

1. $134 million to be received in 2015-2016.

Full Year 2015 Adjusted PTC[1] Modeling Ranges

$ in Millions

SBU	2015 Adjusted PTC[1] Modeling Ranges[2]	Drivers of Growth Versus 2014
US	$450-$490	+ Lower outages – Continued transition to market prices at DPL
Andes	$425-$465	+ Higher contributions from Gener in Chile – Hydrology in Colombia
Brazil	$145-$175	– One-time gain at Sul in Q2 2014 – FX
MCAC	$380-$420	+ Hydrology in Panama + Oil-fired barge in Panama – Ancillary services in the Dominican Republic
Europe	$225-$265	– Sale of Ebute – One-time gain in Kazakhstan in Q2 2014 – FX – UK margins – Maritza PPA negotiation
Asia	$80-$100	+ Masinloc performance + Mong Duong on-line
Total SBUs	**$1,705-$1,915**	
Corp/Other	($500)-($540)	
Total AES Adjusted PTC[1,2]	**$1,205-$1,375**	

1. A non-GAAP financial metric. See “definitions”.
2. Total AES Adjusted PTC includes after-tax adjusted equity in earnings. Provided on February 26, 2015.

Hydrology

	Colombia, Chile & Argentina	Panama	Brazil	TOTAL
	• In 2014, Chivor in Colombia had stronger inflows versus the rest of the country, leading to favorable short-term sales at attractive prices • Inflows currently close to long-term average in Colombia • Expect normal hydro conditions in 2015	• Inflows have improved to close to long-term average • Spot prices down more than half to $100/MWh • Expect normal hydro conditions in 2015	• Expect 2015 hydro conditions to be worse than 2014 • Expect to cover 17%-19% of contract commitment from the spot market in 2015 versus 10% in 2014 • 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	-	-	($0.07)	($0.07)

1. A non-GAAP financial measure. See “definitions”. Impact on Adjusted EPS is relative to normal hydrology.

Year-to-Go 2015 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over year-to-go 2015 is equal to a change in EPS of approximately $0.02
- 10% appreciation in USD against the following key currencies is equal to the following negative EPS impacts:

Currencies

	2015	
	Average Rate	Sensitivity
Argentine Peso (ARS)	9.69	Less than $0.005
Brazilian Real (BRL)	3.32	$0.005
Colombian Peso (COP)	2,637	$0.005
Euro (EUR)	1.08	$0.005
Great British Pound (GBP)	1.48	Less than $0.005
Kazakhstan Tenge (KZT)	210.3	$0.005

Commodity Sensitivity

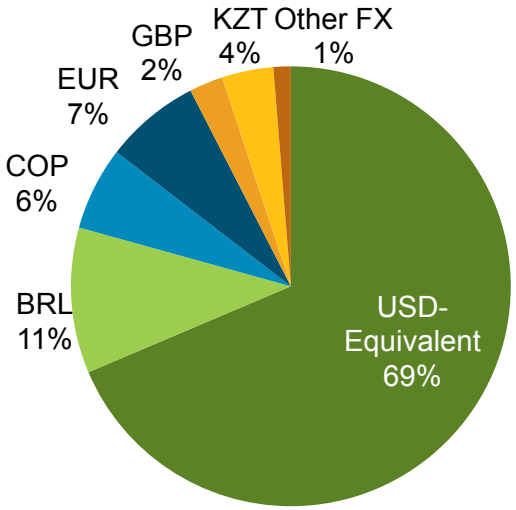
10% increase in commodity prices is forecasted to have the following EPS impacts:	2015	
	Average Rate	Sensitivity
NYMEX Coal	$50/ton	$0.010, negative correlation
Rotterdam Coal (API 2)	$58/ton	
NYMEX WTI Crude Oil	$51/bbl	$0.005, positive correlation
IPE Brent Crude Oil	$58/bbl	
NYMEX Henry Hub Natural Gas	$2.8/mmbtu	$0.005, positive correlation
UK National Balancing Point Natural Gas	£0.47/therm	
US Power (DPL) – PJM AD Hub	$ 33/MWh	$0.010, positive correlation

Note: Guidance provided on May 11, 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 year-to-go 2015 adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. Year-to-go 2015 guidance is based on currency and commodity forward curves and forecasts as of March 31, 2015. 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, and power indices; forward curves are provided for representative liquid markets. Sensitivities are rounded to the nearest ½ cent per share.

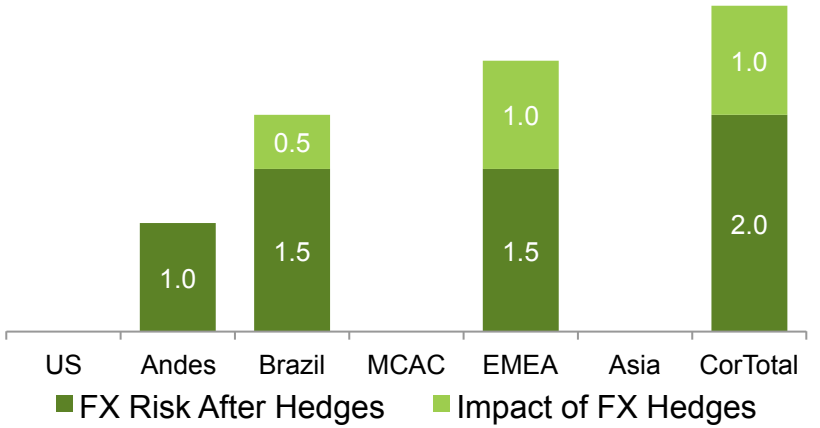
1. The move is applied to the floating interest rate portfolio balances as of March 31, 2015.

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)

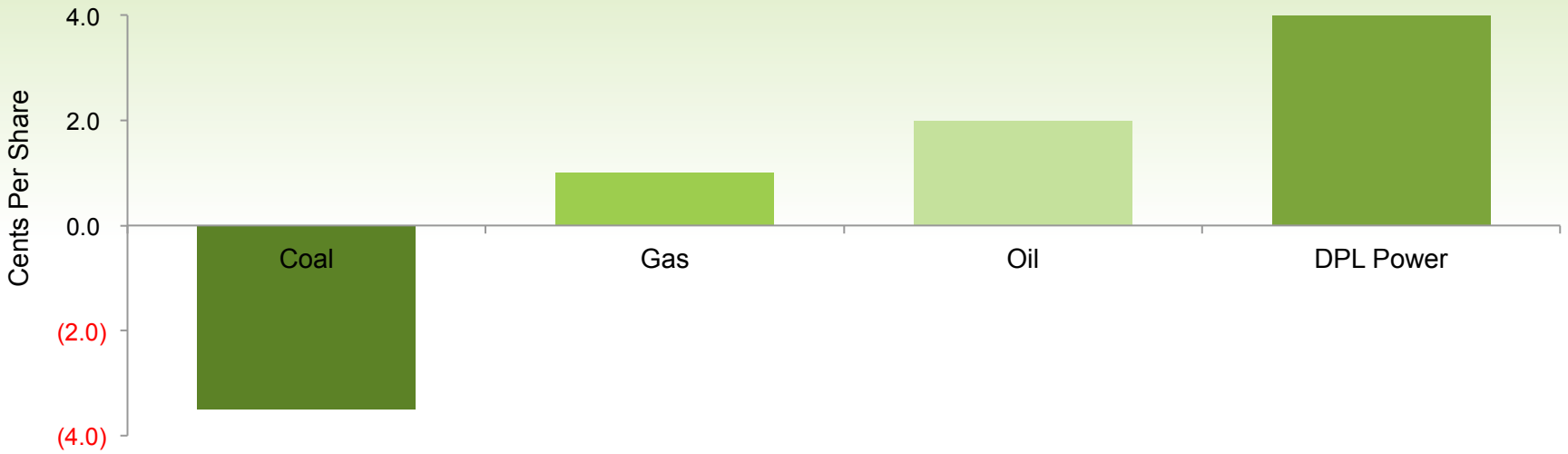


- 2015 correlated FX risk after hedges is $0.02 for 10% USD appreciation
- 69% of 2015 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our PPAs
- FX risk mitigated on 12-month rolling basis by shorter-term active FX hedging programs

1. Before Corporate Charges. A non-GAAP financial measure. See "definitions" and Slide 51 for reconciliation.
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

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.

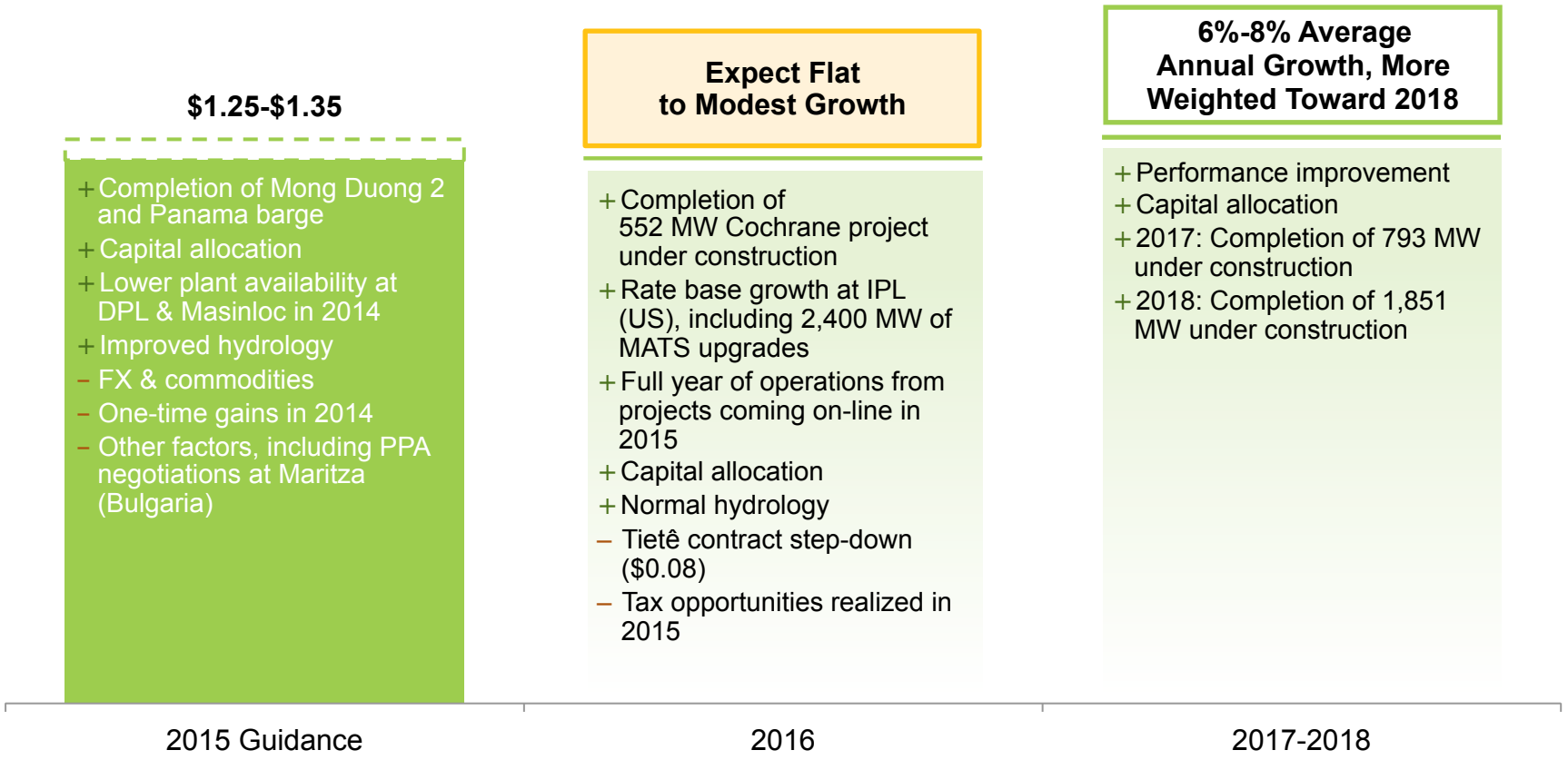
AES Modeling Disclosures

$ in Millions

	2015 Assumptions
Parent Company Cash Flow Assumptions	
Subsidiary Distributions (a)	$1,075-$1,175
Cash Interest (b)	$350
Cash for Development, General & Administrative and Tax (c)	$250
Parent Free Cash Flow[1] (a – b – c)	$475-$575

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

Adjusted EPS[1] Growth Drivers



Average Annual Total Return of 8%[2]

1. A non-GAAP financial measure. See "definitions".
2. Based on implied Adjusted EPS growth of 5%-6% and dividend yield of 2.75%.

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 2015-2018									
Guacolda V	Chile	35%	Coal	152	2H 2015	$454	$48		
Andes Solar	Chile	71%	Solar	21	2H 2015	$44	$22		
Tunjita	Colombia	71%	Hydro	20	1H 2016	$67	$2[1]		Lease capital structure at Chivor
IPL MATS	US-IN	75%[2]	Coal		1H 2016	$511	$230		Environmental (MATS) upgrades of 2,400 MW
Cochrane	Chile	42%	Coal	532	2H 2016	$1,350	$130		
Eagle Valley CCGT	US-IN	75%[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								**~14%**	**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 $134 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.

Reconciliation of Q1 Adjusted PTC[1] & Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	Q1 2015		Q1 2014	
	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	$142	$0.20	($47)	($0.07)
Add Back Income Tax Expense from Continuing Operations Attributable to AES	$50		($25)	
Pre-Tax Contribution	$192		($72)	
Adjustments				
Unrealized Derivative (Gains)/Losses[3]	($15)	($0.01)	($10)	($0.01)
Unrealized Foreign Currency Transaction (Gains)/Losses[4]	$47	$0.03	$26	$0.02
Disposition/Acquisition (Gains)/Losses	($5)	($0.01)	($1)	-
Impairment Losses	$6	$0.01	$166	$0.17[5]
Loss on Extinguishment of Debt	$27	$0.03[6]	$134	$0.13[7]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$252**	**$0.25**	**$243**	**$0.24**

1. A non-GAAP financial measure as reconciled above. See “definitions”.
2. NCI is defined as noncontrolling Interests.
3. Unrealized derivative (gains) losses were net of income tax per share of $(0.01) and $(0.01) in the three months ended March 31, 2015 and 2014, respectively.
4. Unrealized foreign currency transaction (gains) losses were net of income tax per share of $0.03 and $0.01 in the three months ended March 31, 2015 and 2014, respectively.
5. Amount primarily relates to the goodwill impairments at DPLER of $136 million ($93 million, or $0.13 per share, net of income tax per share of $0.06), at Buffalo Gap of $18 million ($18 million, or $0.03 per share, net of income tax per share of $0.00) and asset impairment at DPL $12 million ($8 million, or $0.01 per share, net of income tax per share of $0.00).
6. Amount primarily relates to the loss on early retirement of debt at the Parent Company of $26 million ($18 million, or $0.03 per share, net of income tax per share of $0.01).
7. Amount primarily relates to the loss on early retirement of debt at the Parent Company of $132 million ($91 million, or $0.13 per share, net of income tax per share of $0.06).

Reconciliation of Q1 Capex and Free Cash Flow[1]

$ in Millions

	Consolidated Q1	
	2015	2014
Operational Capex (a)	$149	$137
Environmental Capex (b)	$48	$33
Maintenance Capex (a + b)	$197	$170
Growth Capex (c)	$464	$407
Total Capex[2] (a + b + c)	**$661**	**$577**

	Consolidated Q1		Proportional[1] Q1	
	2015	2014	2015	2014
Operating Cash Flow	$437	$221	$385[3]	$241[3]
Less: Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	($158)	($148)	($120)	($112)
Free Cash Flow[1]	**$279**	**$73**	**$265**	**$129**

1. A non-GAAP financial measure as reconciled above. See “definitions”.
2. Includes capital expenditures under investing and financing activities.
3. Beginning in Q1 2015, the definition of proportional operating cash flow was revised to also exclude cash flows related to service concession assets.

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 March 31, 2015

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

Reconciliation of Net Debt[1] as of March 31, 2015

$ in Millions

Non-Recourse Debt (Current)	$1,831
Recourse Debt (Current)	-
Non-Recourse Debt (Noncurrent)	$13,625
Recourse Debt (Noncurrent)	$4,945
Total Debt	**$20,401**
LESS	
Cash & Cash Equivalents	$1,337
Restricted Cash	$318
Short-Term Investments	$582
Debt Service Reserves & Other Deposits	$406
Total	**$2,643**
NET DEBT	**$17,758**

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. Beginning in Q1 2015, the definition was revised to also exclude cash flows related to service concession assets.
  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.