

The AES Corporation
Second Quarter 2016 Financial Review

August 5, 2016

AES
we are the energy

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 59 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' 2015 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.

Reconciliation to U.S. GAAP Financial Information

The following presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934, as amended. Schedules are included herein that reconcile the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

Achieved Significant Milestones on Our Financial and Strategic Priorities

- YTD generated 57% of Proportional Free Cash Flow[1] guidance and 32% of Adjusted EPS[1] guidance, consistent with our comments on our Q1 call
- To continue de-risking our portfolio, announced or closed asset sales with proceeds of $540 million, well above target range of $200 to $300 million
- Brought on-line one-third of capacity under construction, or 2,414 MW of projects – on time and on budget
- Prepaid $300 million in Parent debt, exceeding full year target of $200 million, to accelerate credit improvement
- On track to achieve three-year, $150 million cost reduction and revenue enhancement goals
- In Bulgaria, received payment of all outstanding receivables and continue to get paid on time
- Making progress to resolve DP&L's pending rate case and are encouraged with recent regulatory developments in Ohio

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

Q2 and YTD 2016 Results in Line with Expectations

$ in Millions, Except Per Share Amounts

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2016 Guidance	% of 2016 Guidance Midpoint
Proportional Free Cash Flow[1]	$417	$62	$670	$327	$1,000-$1,350	57%
Consolidated Net Cash Provided by Operating Activities	$723	$153	$1,363	$590	$2,000-$2,900	56%
Adjusted EPS[1]	$0.17	$0.26	$0.32	$0.52	$0.95-$1.05	32%

- Q2 Proportional Free Cash Flow[1] results reflect collection of outstanding receivables in Bulgaria
- Q2 Adjusted EPS[1] driven by lower margins, reflecting lower contributions from our SBUs, primarily Brazil and MCAC, and the impact from the devaluation of foreign currencies

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

Macro Conditions in Our Markets Generally On Track

Energy Demand

- Still projecting negative growth in Brazil, despite a modest improvement since our Q1 call
- U.S. demand essentially flat
- See healthy energy demand growth of 4%-10% in most of our other markets

FX and Commodities

- After significant volatility in FX and commodities over the last couple of years, levels are stabilizing
- FX and commodity forward curves largely in line with our expectations as of our Q1 call
  - One exception is the ~10% depreciation of the British Pound as a result of Brexit
    - Largely hedged in the near-term
    - Exposure to Pound is only ~3% of annual Adjusted PTC[1]

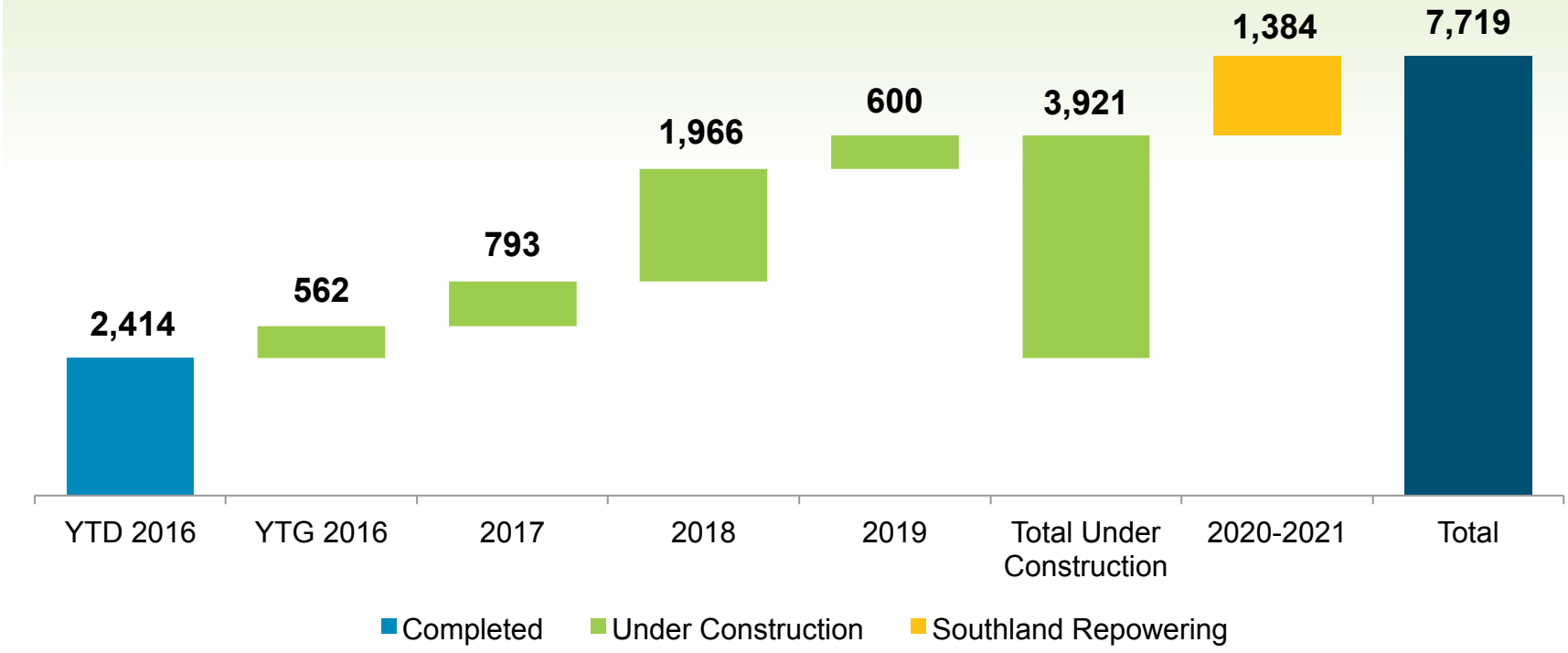
1. A non-GAAP financial measure. See Appendix for definition.

Executing on Our Strategy to Create Shareholder Value

- Announced sale of AES Sul, our most material distribution business in Brazil, for ~$470 million in equity proceeds to AES
  - Seeking regulatory approvals and expect to close before the end of the year
- Cornerstone of strategy in Brazil is to grow our generation business, Tietê, as Brazil offers reasonable inflation-adjusted returns for generation with long-term contracts
  - Focusing on wind and solar to help diversify Tietê's generation mix and allow us to take advantage of the $300-$500 million in untapped debt capacity at the business
- YTD, announced or closed asset sales with proceeds of $540 million
  - Since 2011, announced or closed asset sales with proceeds of $3.8 billion

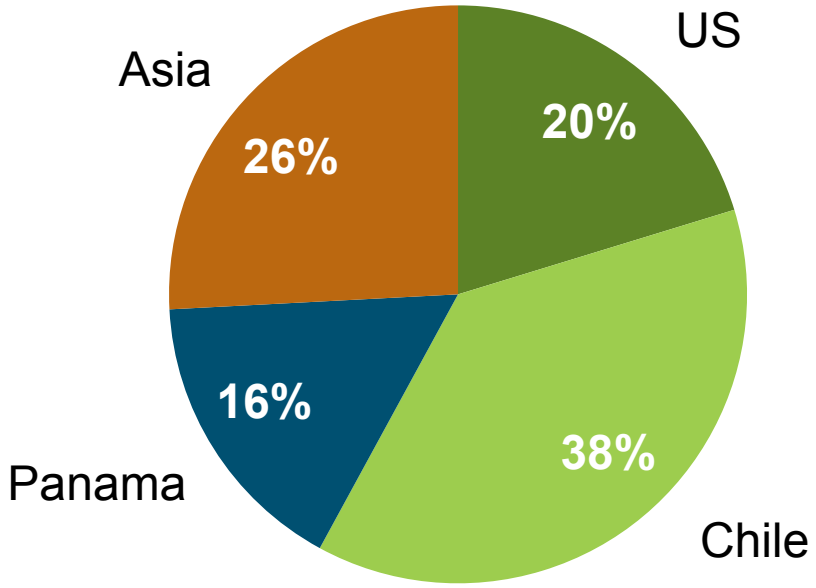
Year-to-Date, Brought On-Line 2,414 MW of Construction Projects – On Time and On Budget

Leveraging Our Platform for Long-Term Growth



Leveraging Our Platforms: $1.3 Billion in Equity for Projects Currently Under Construction Yields ~15% Return[1]

$7.8 Billion Total Cost; AES Equity Commitment of $1.3 Billion, of Which Only $250 Million is Still to be Funded



58% of Required Equity is for Projects at IPL (US) & Gener (Chile)

1. Based on 3-year average contributions from all projects under construction and IPL wastewater upgrades, once all projects under construction are completed.

Began Construction in Q2 on Colón in Panama

380 MW CCGT and 180,000 m^3 LNG Storage Tank and Regasification Facility



- Panama's first natural gas-fired generation plant
- Power plant contracted under a 10-year, U.S. Dollar-denominated PPA
- Closed $535 million of project financing with a consortium of banks, including IFC
- Leveraging our experience with our existing LNG facility in the Dominican Republic

- Completion of the CCGT in 2018 and the LNG facility in 2019
- Total project cost of ~$1 billion and AES equity of ~$200 million

World Leader in Battery-Based Energy Storage

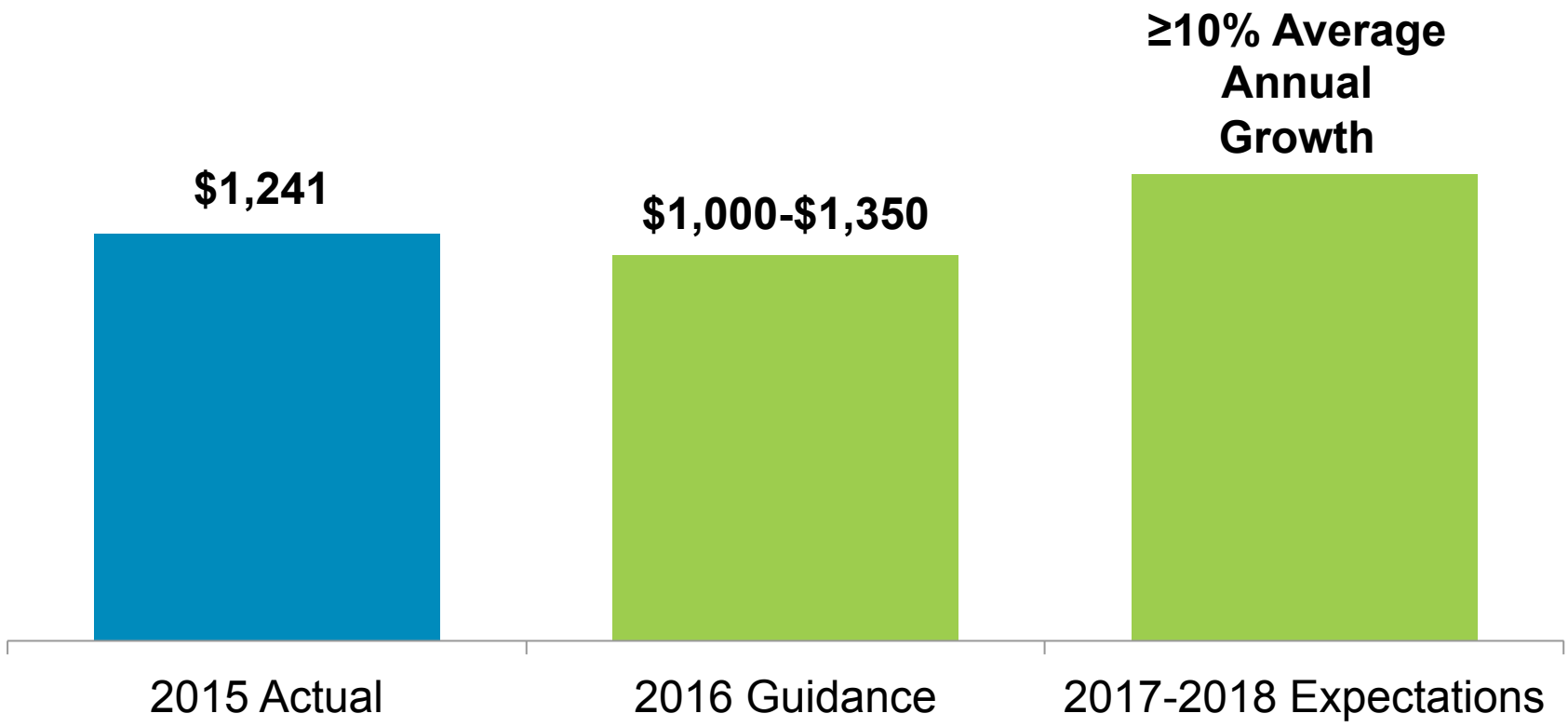
394 MW in Operation, Construction or Late Stage Development



- 136 MW in operation
- 30 MW under construction and coming on-line in 2016
- 228 MW in advanced stage development
- Growth through two business models:
  - AES-owned projects
  - Sales by AES and our channel partners to utilities and other customers

Proportional Free Cash Flow[1]

$ in Millions



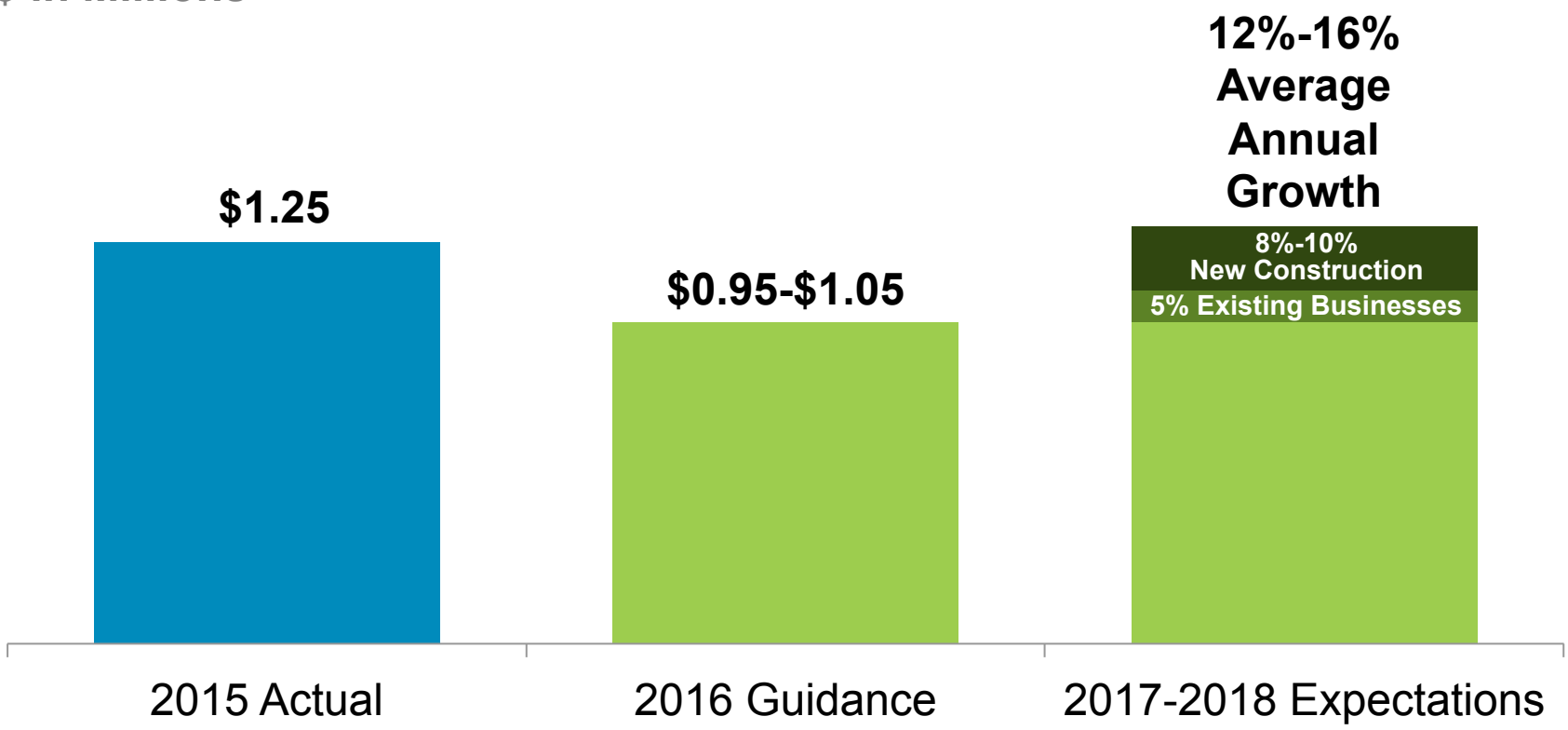
Free Cash Flow Yield Expected to Grow from 14% in 2016 to 17% in 2018[2]

Note: Guidance as of August 5, 2016.

1. A non-GAAP financial measure. See Appendix for definition.
2. Based on AES' share price of $12.41 on August 4, 2016.

Adjusted EPS[1,2] Growth Drivers

$ in Millions



2017-2018: Expect High End of 12%-16% Average Annual Growth Range

Note: Guidance as of August 5, 2016.

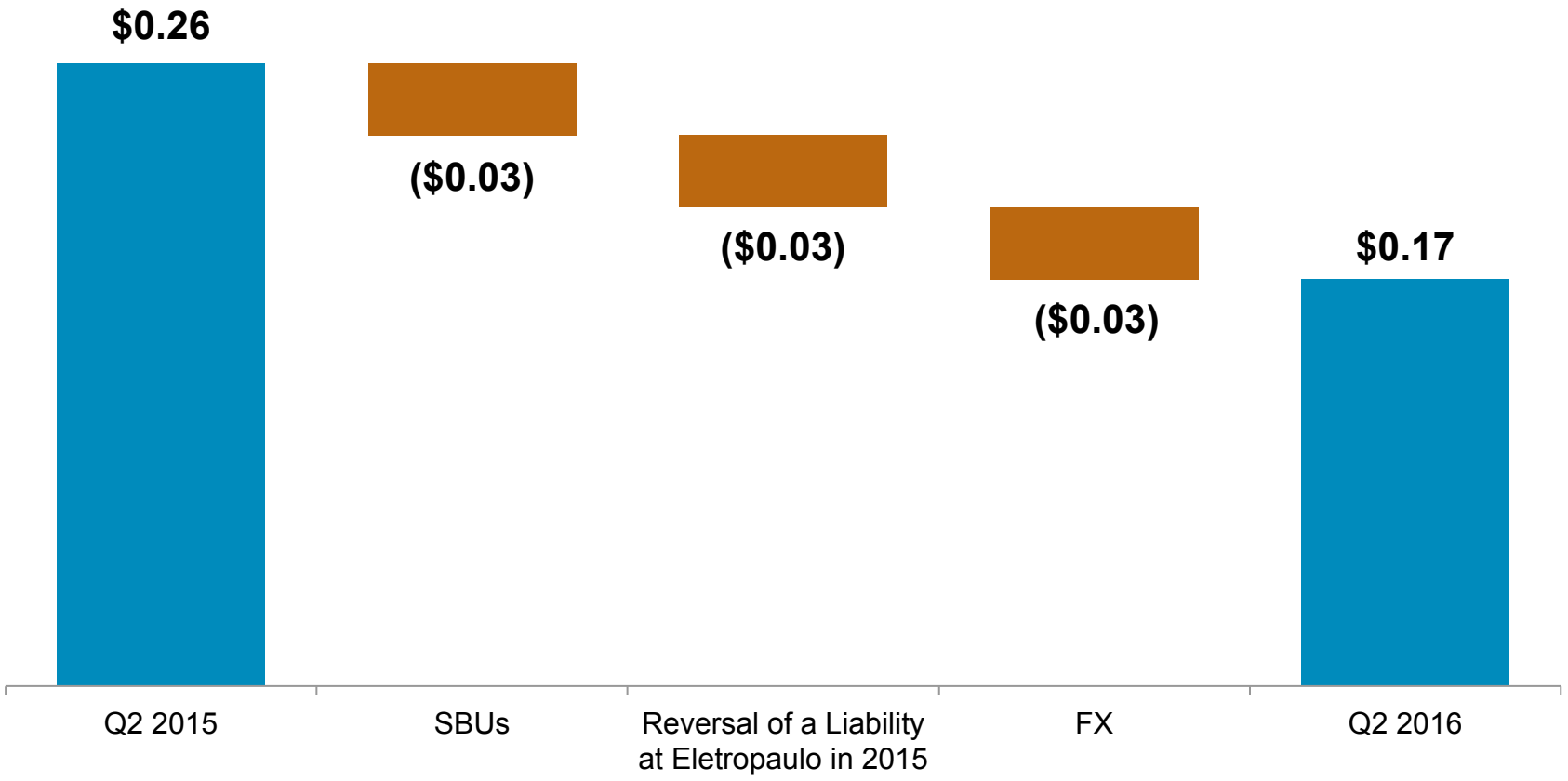
1. A non-GAAP financial measure. See Appendix for definition.
2. In providing its full year 2016 Adjusted EPS guidance, the Company notes that there could be differences between expected reported earnings and estimated operating earnings for matters such as, but not limited to: (a) unrealized gains related to derivative transactions, estimated to be $3 million; (b) unrealized foreign currency losses, estimated to be $7 million; (c) losses due to dispositions and acquisitions of business interests, estimated to be $6 million; (d) losses due to impairments, estimated to be $163 million, related to DP&L and Buffalo Gap 2; and (e) costs due to the early retirement of debt, estimated to be $5 million. The amounts set forth above are as of June 30, 2016. At this time, management is not able to estimate the aggregate impact, if any, of these items on reported earnings. Accordingly, the Company is not able to provide a corresponding GAAP equivalent for its Adjusted EPS guidance.

Q2 2016 Financial Review

- Q2 2016 results
  - Adjusted EPS[1]
  - Proportional Free Cash Flow[1] and Adjusted PTC[1] by Strategic Business Unit (SBU)
- 2016 Parent capital allocation plan
- 2016 Guidance and 2017-2018 expectations

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

Q2 2016 Adjusted EPS Decreased $0.09

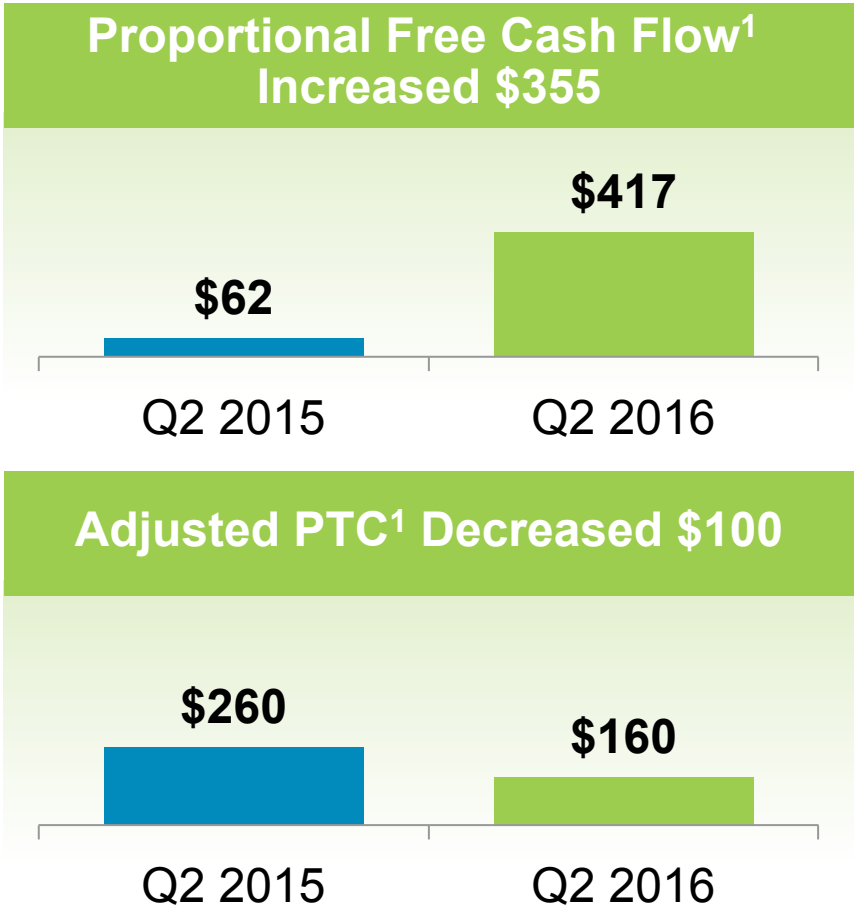


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q2 Financial Results

$ in Millions

- Higher Proportional Free Cash Flow[1] reflects:
  - + Settlement of outstanding receivables at Maritza in Bulgaria
- Offset by lower margin, primarily due to lower contributions from Brazil and MCAC

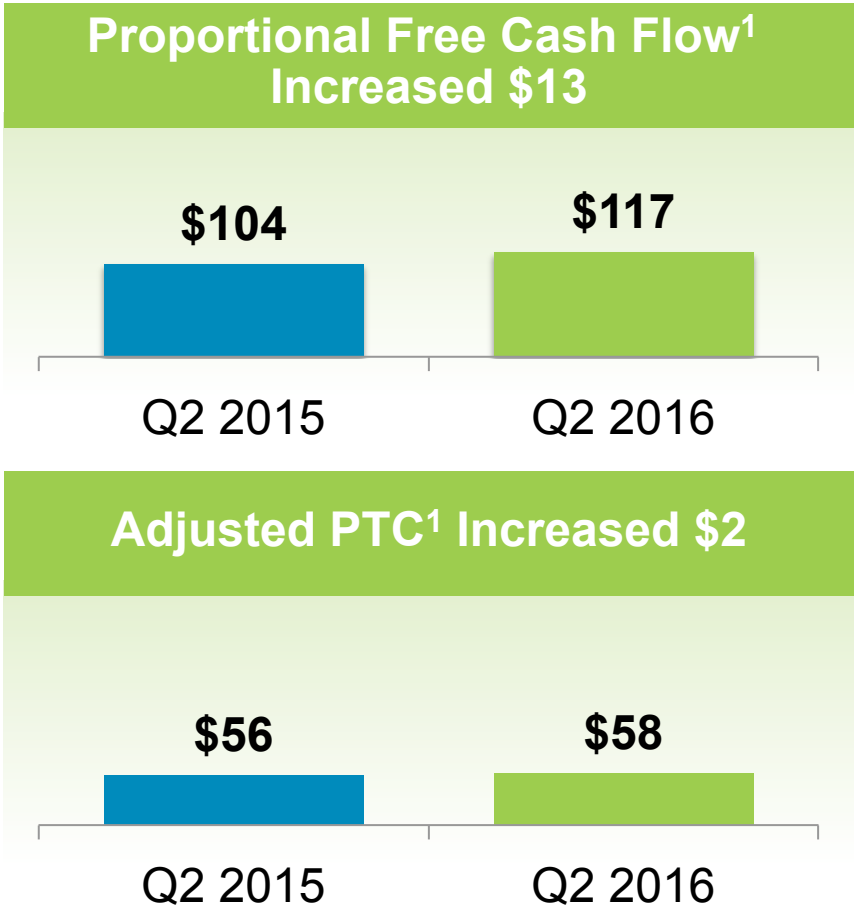


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q2 Financial Results: US SBU

$ in Millions

- Margin relatively flat, reflecting:
  - – DPL: lower wholesale prices and lower contributions from regulated customers
  - + Largely offset by higher contributions at IPL
- Higher Adjusted PTC[1] also reflects lower interest expense at DPL and IPL
- Higher Proportional Free Cash Flow[1] also reflects favorable working capital changes at IPL

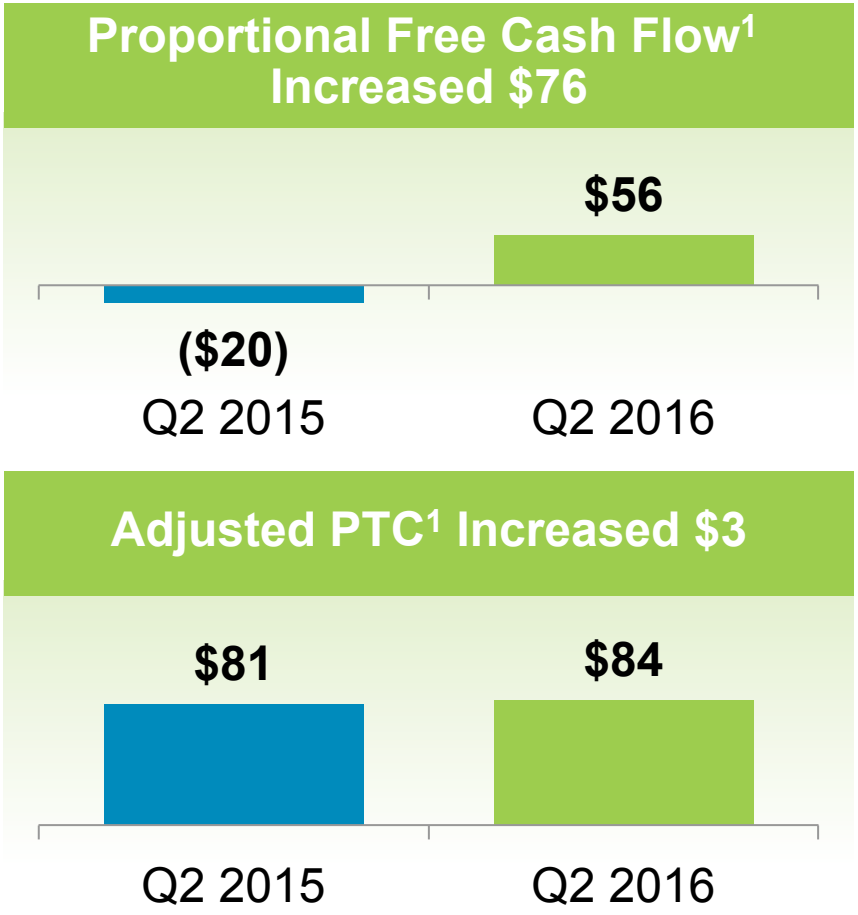


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q2 Financial Results: Andes SBU

$ in Millions

- Margin improved due to:
  - + Higher spot and contract sales, as well as lower maintenance at Gener in Chile
  - ▶ Partially offset by:
    - – Planned outages in Argentina
    - – Devaluation of the Colombian Peso and Argentine Peso
- Higher Proportional Free Cash Flow[1] also reflects higher collections in Argentina and at Gener



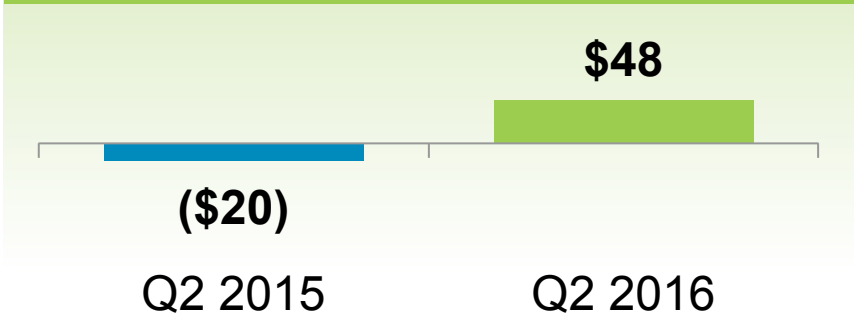
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q2 Financial Results: Brazil SBU

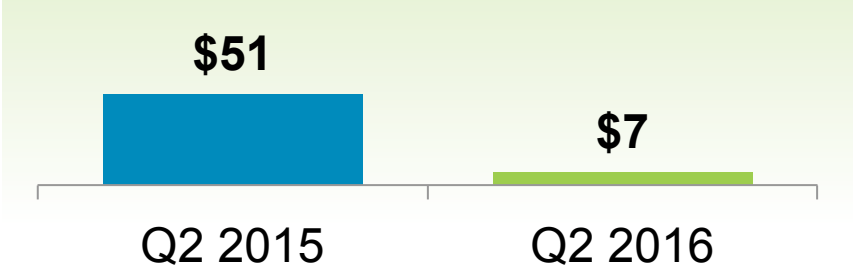
$ in Millions

- Higher Proportional Free Cash Flow[1] reflects higher collections at Eletropaulo and Sul
- Offset by lower margin due to:
  - Reversal of a liability at Eletropaulo that was favorable in 2015
  - Expiration of Tietê's PPA at the end of 2015
  - 12% devaluation of the Brazilian Real

Proportional Free Cash Flow[1] Increased $68



Adjusted PTC[1] Decreased $44



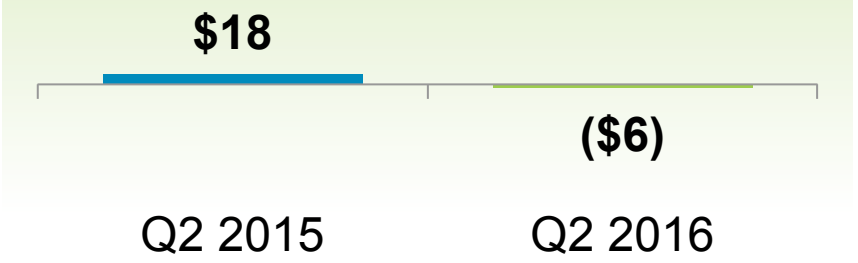
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q2 Financial Results: MCAC SBU

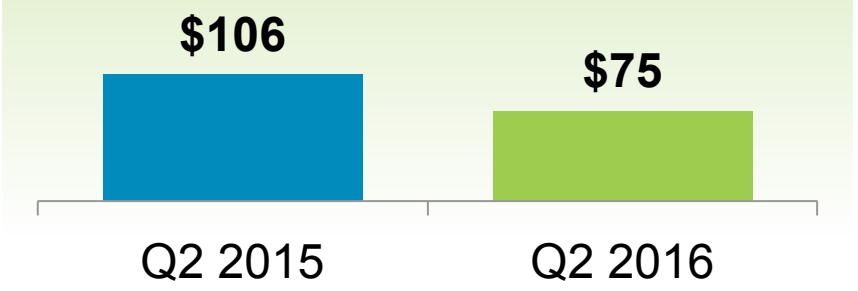
$ in Millions

- Margin declined due to:
  - Lower availability including a planned outage in the Dominican Republic
  - Lower third party gas sales in the Dominican Republic

Proportional Free Cash Flow[1] Decreased $24



Adjusted PTC[1] Decreased $31

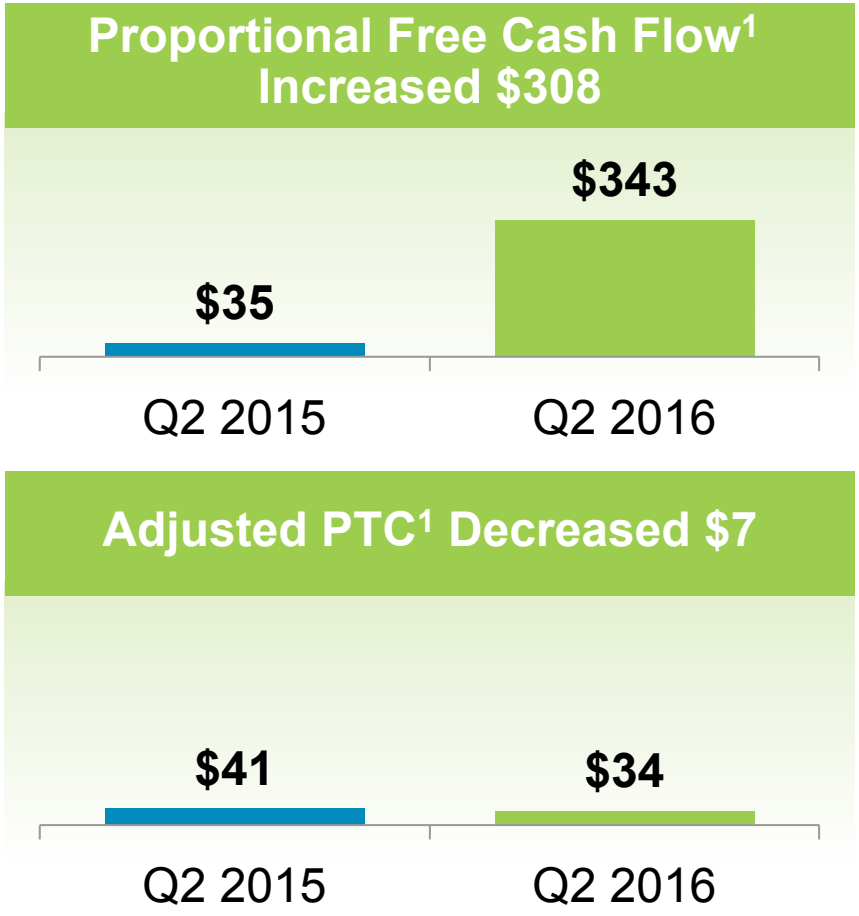


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q2 Financial Results: Europe SBU

$ in Millions

- Higher Proportional Free Cash Flow[1] reflects the settlement of $350 million in outstanding receivables at Maritza in Bulgaria
- Offset by lower margin due to the 45% devaluation of the Kazakhstan Tenge



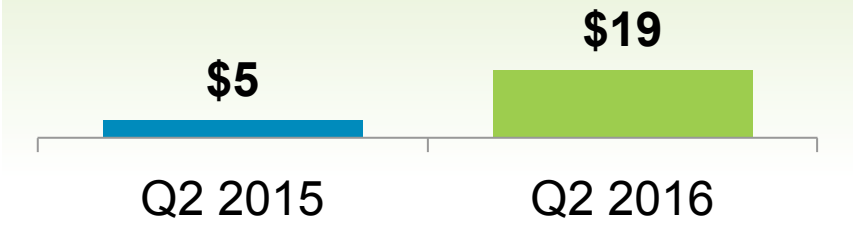
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q2 Financial Results: Asia SBU

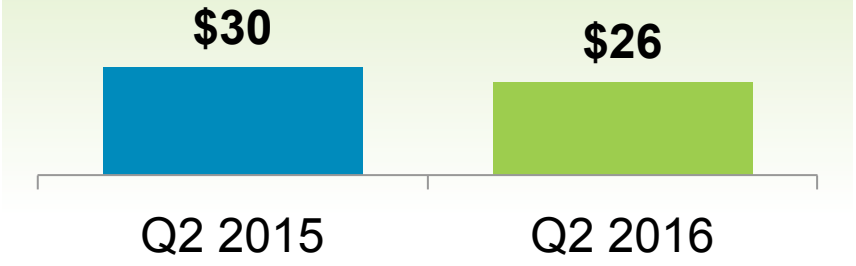
$ in Millions

- Higher Proportional Free Cash Flow[1] reflects lower working capital requirements at Mong Duong in Vietnam
- Margin was relatively flat

Proportional Free Cash Flow[1] Increased $14



Adjusted PTC[1] Decreased $4



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

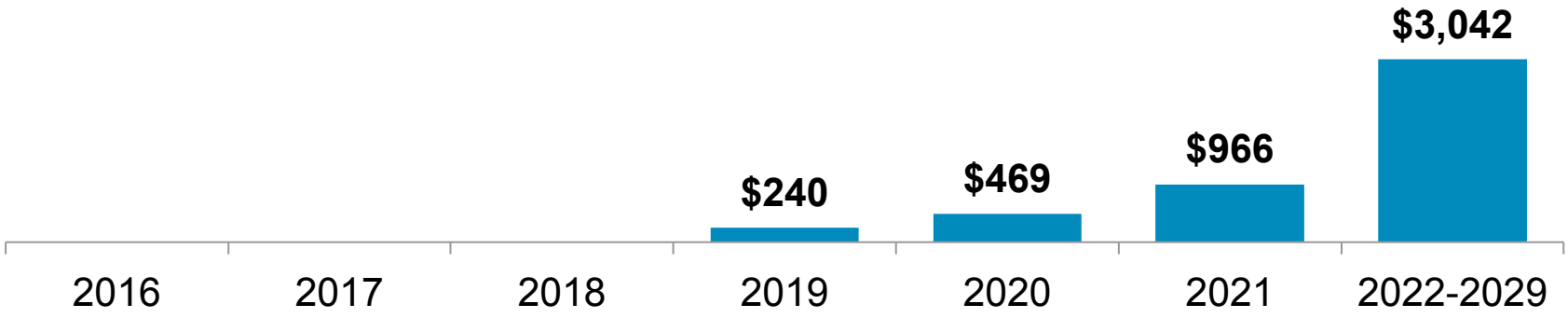
Business Update

Regulatory Developments in Ohio – Dayton Power & Light (DP&L)

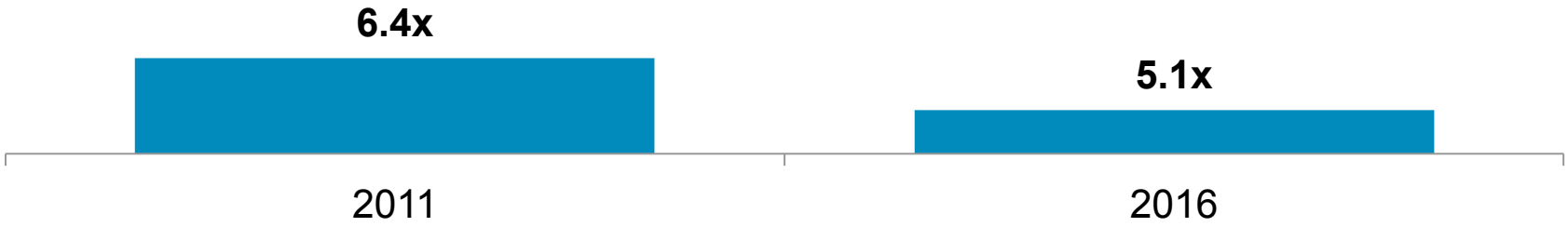
- On June 20, 2016, the Supreme Court of Ohio reversed the utility commission's prior approval of DP&L's current Electric Security Plan (ESP) (2014-2016)
  - ESP allowed DP&L to collect a non-bypassable Service Stability Rider (SSR) of ~$9.2 million per month
- The court remanded the case back to the utility commission, which now has jurisdiction
- On July 27, 2016, DP&L filed to withdraw its current ESP and requested that the utility commission revert to rates in effect prior to 2014
  - Currently pending before the commission
  - Expect a ruling in a matter of weeks on rates to be effective until new ESP is in place
- Filed new ESP in February 2016, which we continue to expect to be effective beginning in January 2017
  - Expect an outcome that will support the financial viability and credit profile of the business

Improving Our Debt Profile

No Parent Debt Maturities Until 2019[1]
($ in Millions, $4,717 Total Debt)



Improving Parent Leverage
Debt[2]/(Parent Free Cash Flow[3] + Interest)

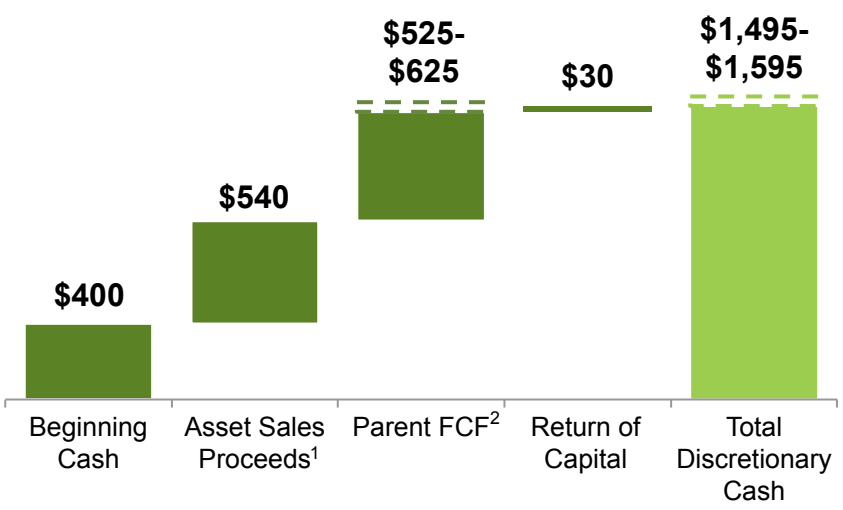


1. As of July 18, 2016. Excludes $60 million in temporary drawings on the revolver as of June 30, 2016.
2. Includes equity credit for a portion of our existing Trust Preferred III securities.
3. A non-GAAP financial measure. See Appendix for reconciliation and definition.

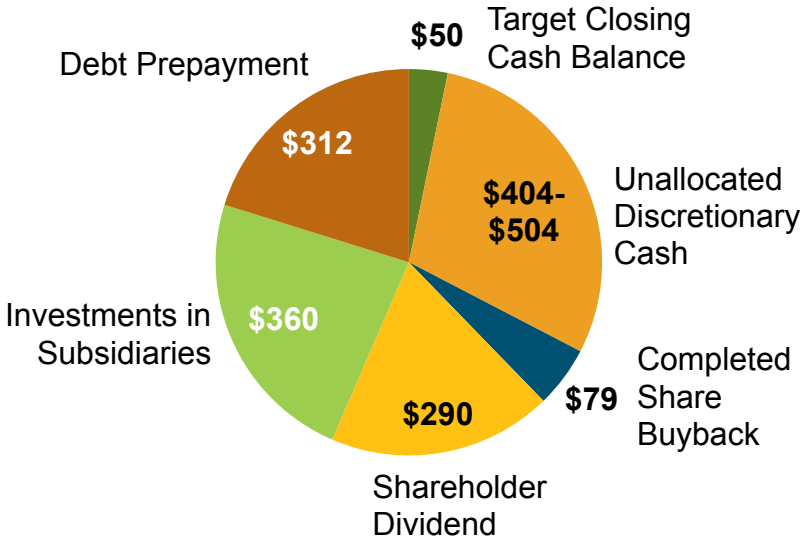
2016 Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,495-$1,595)



Discretionary Cash – Uses ($1,495-$1,595)



Maximizing Discretionary Cash to Increase Risk-Adjusted Returns for Shareholders

1. Includes announced asset sale proceeds of: $470 million (Sul, Brazil), $40 million (Sonel, Kribi and Dibamba, Cameroon), $21 million (IPP4 partnership, Jordan) and $9 million (Kelanitissa, Sri Lanka).
2. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Reaffirming 2016 Guidance and 2017-2018 Expectations

$ in Millions, Except Per Share Amounts

	2016	2017-2018
Proportional Free Cash Flow[1]	$1,000-$1,350	At least 10% average annual growth
Parent Free Cash Flow[1] Expectation	$525-$625	
Consolidated Net Cash Provided by Operating Activities	$2,000-$2,900	N/A
Adjusted EPS[1]	$0.95-$1.05	Expect higher end of 12%-16% average annual growth

- 2016 guidance is based on currency and commodity forward curves as of June 30, 2016
- As we discussed on our Q1 call, 2H 2016 will benefit from a few factors, including:
  - Lower scheduled maintenance
  - A lower effective tax rate
  - Realization of our cost savings initiative

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

Conclusion

- Executing on our priorities:
  - Exiting certain businesses at attractive valuations
  - Completed 2,414 MW projects on time and on budget
  - Improving credit profile
  - Collected outstanding receivables at Maritza in Bulgaria
- Continue to invest growing cash flow to reduce debt, in select growth projects and by offering a strong and growing dividend
- Remain confident in our ability to deliver strong free cash flow growth through 2018
  - Driven by 3,921 MW of projects under construction and our $150 million cost savings initiatives
- Well positioned to deliver sustainable growth beyond 2018 due to strong business platforms in attractive and growing markets, and leadership position in deploying new technologies

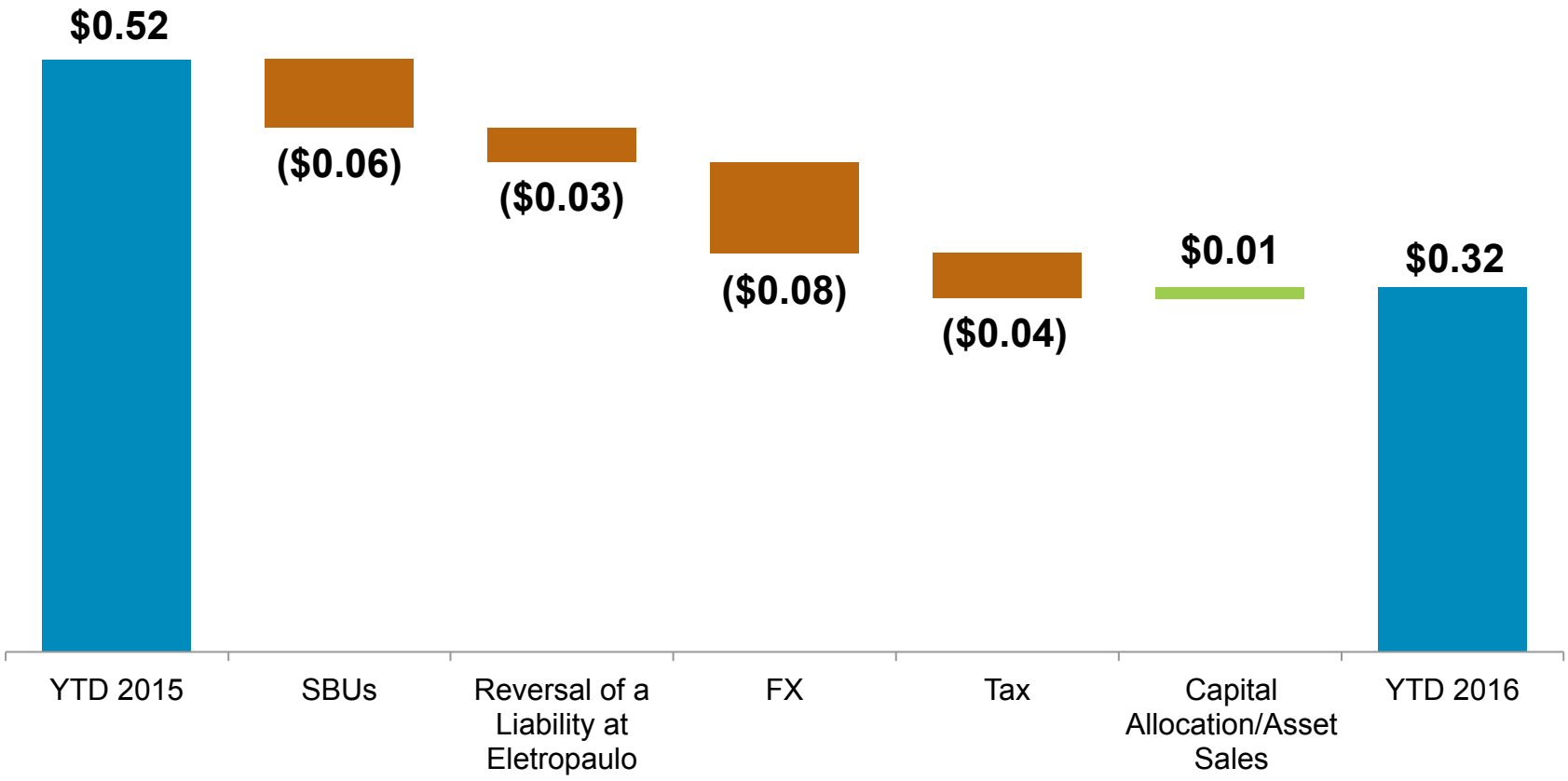
2017-2018: Expect to Deliver Average Annual Free Cash Flow Growth of at Least 10%

Appendix

- YTD Adjusted EPS[1] — Slide 28
- Q2 & YTD Adjusted EPS[1] Roll-Up — Slide 29
- YTD Proportional Free Cash Flow[1] & Adjusted PTC[1] — Slides 30-36
- Listed Subs & Public Filers — Slide 37
- SBU Modeling Disclosures — Slides 38-39
- DPL Inc. Modeling Disclosures — Slide 40
- DP&L and DPL Inc. Debt Maturities — Slide 41
- Parent Only Cash Flow — Slides 42-45
- Currencies and Commodities — Slides 46-48
- 2016 Adjusted PTC[1] Modeling Ranges — Slide 49
- AES Modeling Disclosures — Slide 50
- Key Assumptions for 2016 Guidance & 2017-2018 Expectations — Slide 51
- Construction Program — Slide 52
- Reconciliations — Slides 53-58
- Assumptions & Definitions — Slides 59-61

1. A non-GAAP financial measure.

YTD 2016 Adjusted EPS[1] Decreased $0.20



1. A non-GAAP financial measure. See Slide 56 for reconciliation to the nearest GAAP measure and "definitions".

Q2 and YTD 2016 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts

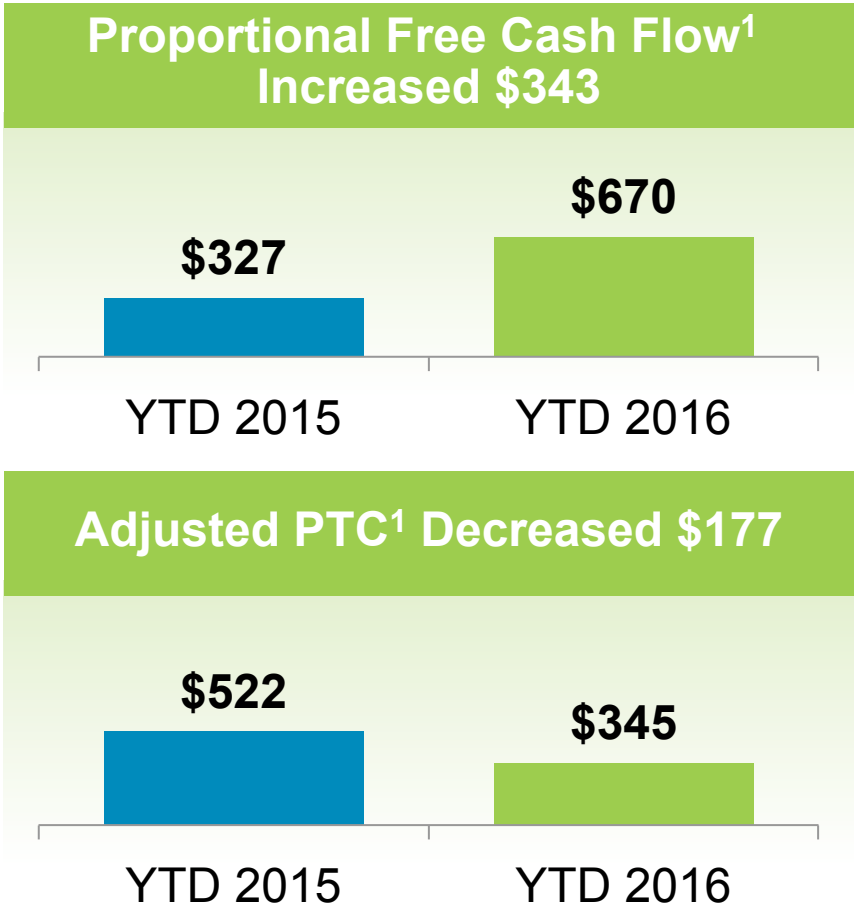
	Q2 2016	Q2 2015	Variance	YTD 2016	YTD 2015	Variance
Adjusted PTC[1]						
US	$58	$56	$2	$143	$162	($19)
Andes	$84	$81	$3	$145	$172	($27)
Brazil	$7	$51	($44)	$12	$82	($70)
MCAC	$75	$106	($31)	$123	$156	($33)
Europe	$34	$41	($7)	$103	$126	($23)
Asia	$26	$30	($4)	$48	$42	$6
Total SBUs	**$284**	**$365**	**($81)**	**$574**	**$740**	**($166)**
Corp/Other	($124)	($105)	($19)	($229)	($218)	($9)
Total AES Adjusted PTC[1,2]	**$160**	**$260**	**($100)**	**$345**	**$522**	**($177)**
Adjusted Effective Tax Rate	31%	30%		41%	31%	
Diluted Share Count	662	695		662	701	
ADJUSTED EPS[1]	**$0.17**	**$0.26**	**($0.09)**	**$0.32**	**$0.52**	**($0.20)**

1. A non-GAAP financial measure. See Slide 56 for reconciliation to the nearest GAAP measure and "definitions".
2. Includes $8 million and $5 million of after-tax equity in earnings for Q2 2016 and Q2 2015, respectively, and $14 million and $18 million for YTD 2016 and YTD 2015, respectively.

YTD Financial Results

$ in Millions

- Higher Proportional Free Cash Flow[1] reflects:
  - + Settlement of outstanding receivables at Maritza in Bulgaria
  - + Favorable working capital, primarily in Brazil and Andes
- Offset by lower margin due to lower contributions from the US, Brazil, Europe and MCAC



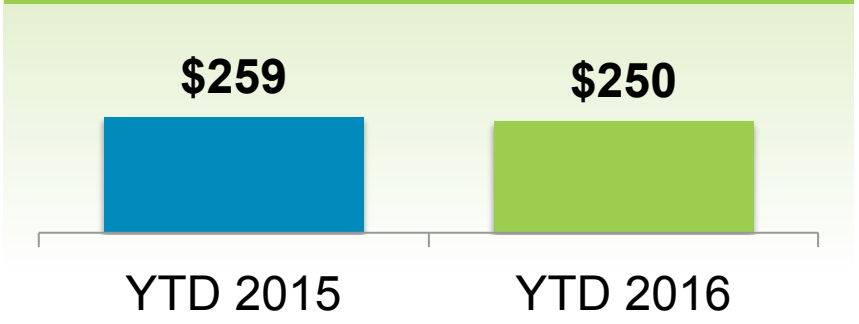
1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: US SBU

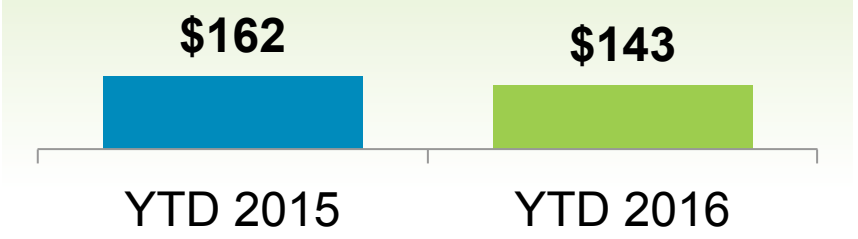
$ in Millions

- Margin declined primarily due to lower wholesale prices and lower contributions from regulated customers at DPL
- Lower Proportional Free Cash Flow[1] also reflects favorable working capital at IPL

Proportional Free Cash Flow[1] Decreased $9



Adjusted PTC[1] Decreased $19

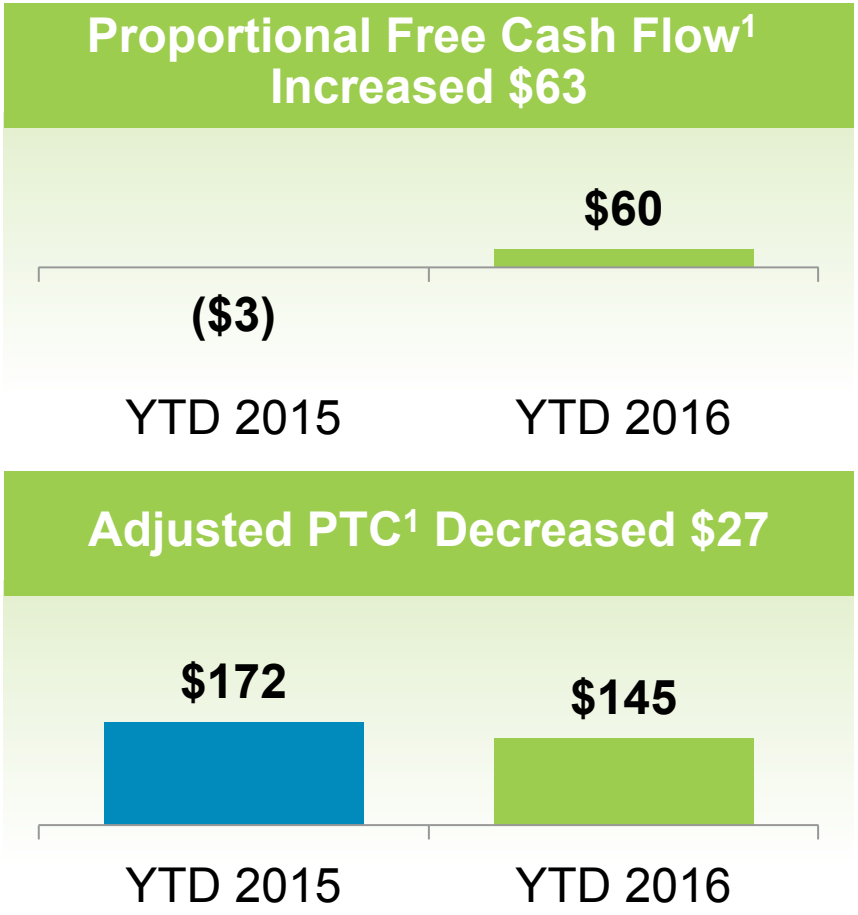


1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: Andes SBU

$ in Millions

- Higher Proportional Free Cash Flow[1] reflects:
  - + Higher collections in Argentina and in Colombia
- Offset by lower margin due to:
  - – 37% devaluation of the Argentine Peso and 17% devaluation of the Colombian Peso
  - – Timing of planned outages in Argentina

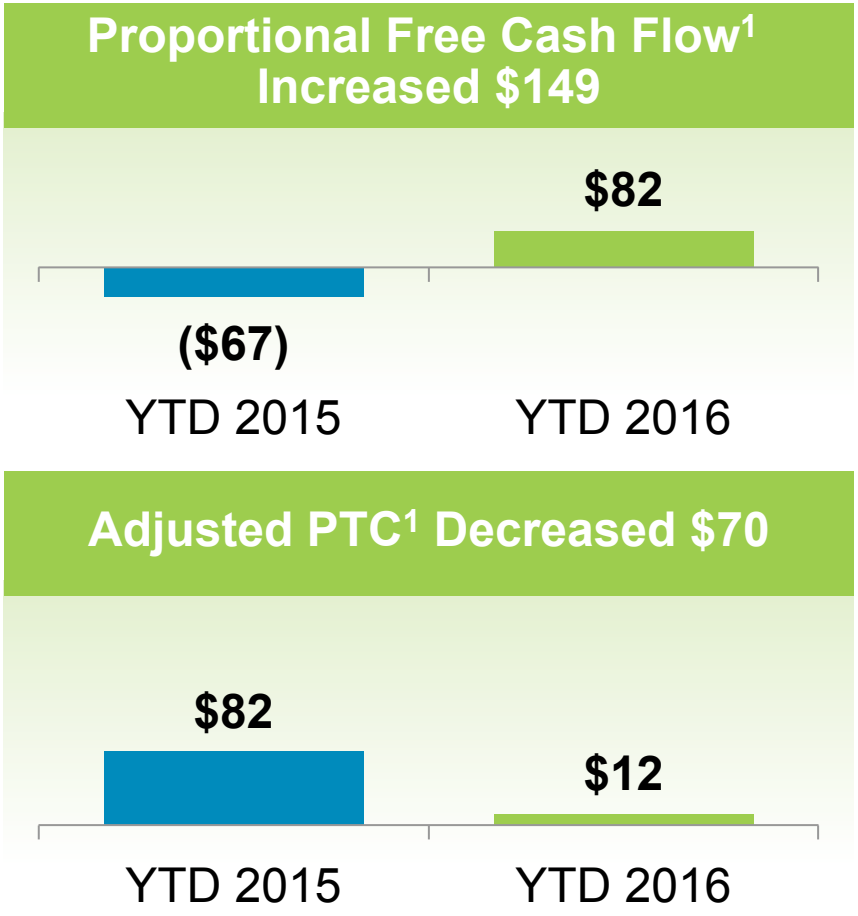


1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: Brazil SBU

$ in Millions

- Higher Proportional Free Cash Flow[1] reflects higher collections at Eletropaulo and Sul
- Offset by lower margin due to:
  - Reversal of a liability at Eletropaulo that was favorable in 2015
  - Expiration of Tietê's PPA at the end of 2015
  - 12% devaluation of the Brazilian Real



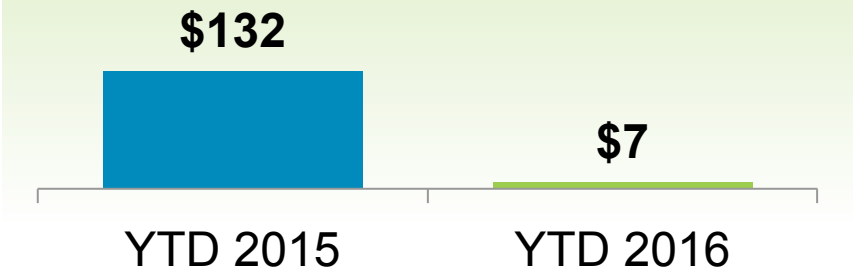
1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: MCAC SBU

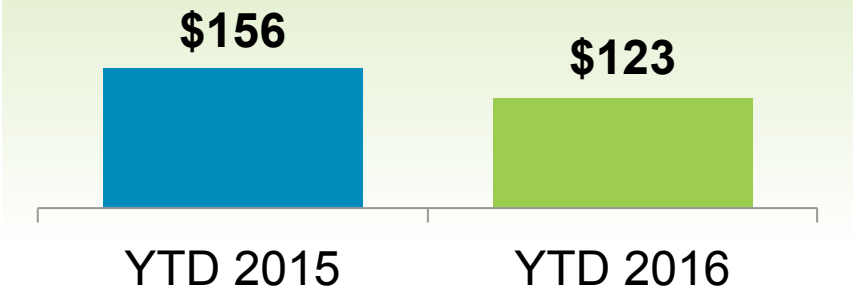
$ in Millions

- Margin declined due to:
  - Lower availability in Mexico
  - Poor hydrology in Panama
- Lower Proportional Free Cash Flow[1] also reflects lower collections in Puerto Rico and the Dominican Republic

Proportional Free Cash Flow[1] Decreased $125



Adjusted PTC[1] Decreased $33

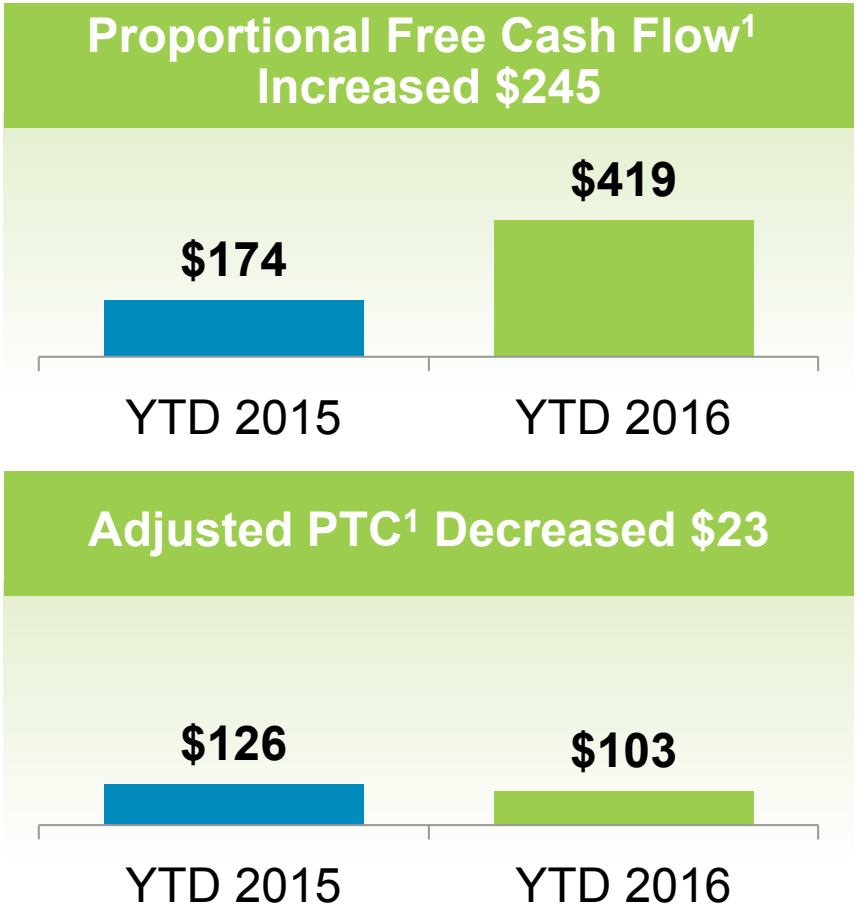


1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: Europe SBU

$ in Millions

- Higher Proportional Free Cash Flow[1] reflects the settlement of $350 million in outstanding receivables at Maritza in Bulgaria
- Offset by lower margin due to:
  - 45% devaluation in the Kazakhstan Tenge



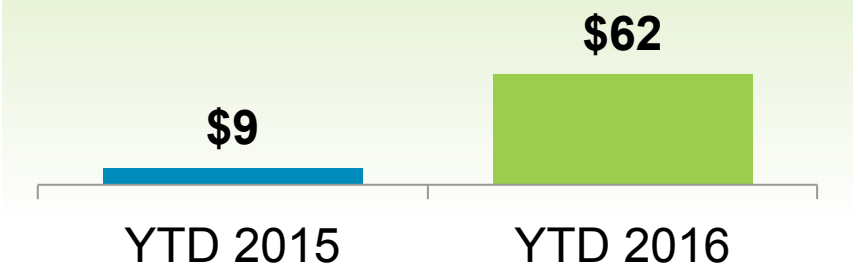
1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: Asia SBU

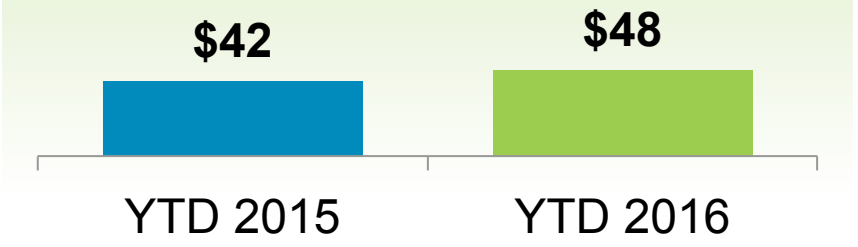
$ in Millions

- Margin improved slightly due to the commencement of operations at Mong Duong in Vietnam in April 2015
- Higher Proportional Free Cash Flow[1] also reflects lower working capital requirements at Mong Duong

Proportional Free Cash Flow[1] Increased $53



Adjusted PTC[1] Increased $6



1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

Q2 2016 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	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015
US GAAP Reconciliation										
AES Business Unit Adjusted Earnings[1,3]	**$21**	**$7**	**$4**	**$18**	**$48**	**$35**	**($2)**	**$20**	**$7**	**$10**
Adjusted PTC[1,3] Public Filer (Stand-alone)	**$31**	**$7**	**$7**	**$21**	**$72**	**$56**	**($2)**	**$29**	**$10**	**$15**
Impact of AES Differences from Public Filings	-	-	$1	-	-	($1)	-	-	-	-
AES Business Unit Adjusted PTC[1]	**$31**	**$7**	**$8**	**$21**	**$72**	**$55**	**($2)**	**$29**	**$10**	**$15**
Unrealized Derivatives (Losses)/Gains	-	-	$4	-	$1	$1	-	-	-	-
Unrealized Foreign Currency Transaction Losses	-	-	-	-	-	($5)	-	-	$1	-
Impairment Losses	-	-	($235)	-	-	-	-	-	-	-
Disposition/Acquisition Gains	-	-	-	$1	-	-	-	-	-	-
Loss on Extinguishment of Debt	-	($15)	-	-	$3	($4)	-	-	-	-
Non-Controlling Interest before Tax	$13	($1)	-	-	$36	$19	($9)	$155	$36	$51
Income Tax Benefit/(Expenses)	($14)	$4	$87	-	($38)	($27)	$3	($56)	($15)	($21)
US GAAP Income/(Loss) from Continuing Operations[4]	**$30**	**($5)**	**($136)**	**$22**	**$74**	**$39**	**($8)**	**$128**	**$32**	**$45**
IFRS Reconciliation										
Adjustment to Depreciation & Amortization[5]					($10)	($9)	($7)	($21)	($3)	($3)
Adjustment to Regulatory Liabilities & Assets					-	-	-	($160)[6]	-	-
Adjustment to Taxes[7]					$8	$2	($5)	$48	$1	-
Other Adjustments					($6)	($1)	$22	$20	($1)	($3)
IFRS Net Income					**$66**	**$31**	**$2**	**$15**	**$29**	**$39**
BRL-USD Implied Exchange Rate							1.8735	3.2831	3.5316	3.2424

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. In Q2 2015, Adjustment to Regulatory Liabilities & Assets represents the reversal of a regulatory contingency in 2015.
7. Adjustment to taxes represents mainly differences relating to the depreciation for the difference in cost basis of PP&E (Eletropaulo and Tietê).

Q2 2016 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	$58	$59	($7)	$52	-	-	-	$122	($19)	$103
DPL	$8	$26	-	$26	-	-	-	$36	-	$36
IPL	$31	$23	($7)	$16	-	-	-	$58	($17)	$41
Andes	$84	$43	($11)	$32	$17	($1)	$16	$50	($16)	$34
AES Gener	$72	$36	($12)	$24	$2	($1)	$1	$48	($16)	$32
Brazil	$7	$122	($101)	$21	$85	($70)	$15	$34	($28)	$6
Tietê	$10	$21	($16)	$5	$6	($4)	$2	$8	($6)	$2
Eletropaulo	($2)	$100	($84)	$16	$77	($65)	$12	$27	($23)	$4
MCAC	$75	$40	($6)	$34	$3	($1)	$2	$41	($10)	$31
Europe	$34	$17	($4)	$13	-	-	-	$30	($4)	$26
Asia	$26	$28	($14)	$14	$33	($16)	$17	$8	($4)	$4
Subtotal	**$284**	**$309**	**($143)**	**$166**	**$138**	**($88)**	**$50**	**$285**	**($81)**	**$204**
Corp/Other	($124)	$81	-	$81	-	-	-	$3	-	$3
TOTAL	**$160**	**$390**	**($143)**	**$247**	**$138**	**($88)**	**$50**	**$288**	**($81)**	**$207**

1. A non-GAAP financial measure. See reconciliation to the nearest GAAP measure on Slide 55 and “definitions”.

Q2 2016 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	$5,034	($751)	$4,283	$252	($18)	$234
DPL	$1,923	-	$1,923	$107	-	$107
IPL	$2,498	($575)	$1,749	$47	($14)	$33
Andes	$4,138	($1,702)	$2,436	$487	($218)	$269
AES Gener	$3,939	($1,701)	$2,238	$460	($218)	$242
Brazil[1]	$1,591	($1,300)	$291	$755	($598)	$157
Tietê	$431	($327)	$104	$121	($92)	$29
Eletropaulo	$1,160	($973)	$187	$570	($478)	$92
MCAC	$2,412	($334)	$2,078	$594	($109)	$485
EMEA	$1,038	($259)	$779	$231	($31)	$200
Asia	$1,658	($812)	$846	$249	($118)	$131
Subtotal	**$15,871**	**($5,158)**	**$10,713**	**$2,568**	**($1,092)**	**$1,476**
Corp/Other	$4,909	-	$4,909	$191	-	$191
TOTAL	**$20,780**	**($5,158)**	**$15,622**	**$2,759**	**($1,092)**	**$1,667**

1. In addition to total debt, Eletropaulo has $848 million of pension plan liabilities. AES owns 16% of Eletropaulo.

DPL Inc. Modeling Disclosures

Based on Market Conditions and Hedged Position as of June 30, 2016

	Balance of Year 2016	Full Year 2017	Full Year 2018
Volume Production (TWh)	7.5	14.2	14.0
% Volume Hedged	~61%	~56%	0%
Average Hedge Dark Spread ($/MWh)	$14.05	$11.81	N/A
EBITDA Generation Business[1] ($ in Millions)	$80 to $120 per year		
EBITDA DPL Inc. including Generation and T&D ($ in Millions)	~$340 to $350 million per year		
Reference Prices[2]			
Henry Hub Natural Gas ($/mmbtu)	$3.04	$3.18	$3.02
AEP-Dayton Hub ATC Prices ($/MWh)	$31	$32	$31
EBITDA Sensitivities (with Existing Hedges) ($ in Millions)			
+10% AD Hub Energy Price ATC ($/MWh)	$9	$20	$44
-10% AD Hub Energy Price ATC ($/MWh)	-$9	-$20	-$44

1. Includes capacity premium performance results.
2. Balance of Year 2016 (July-December), Full Year 2017 and Full Year 2018 based on forward curves as of June 30, 2016.

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

$ in Millions

Series	Interest Rate	Maturity	Amount Outstanding as of June 30, 2016	Remarks
2013 First Mortgage Bonds	**1.875%**	**Sept. 2016**	**$445.0**	• **Callable at make-whole T+20**
2005 Boone County, KY PCBs	4.7%	Jan. 2028	-	• Retired on July 1, 2015
2005 OH Air Quality PCBs	4.8%	Jan. 2034	-	• Retired on Aug. 3, 2015
2005 OH Water Quality PCBs	4.8%	Jan. 2034	-	• Retired on July 1, 2015
2006 OH Air Quality PCBs	4.8%	Sept. 2036	$100.0	• Non-callable; at par in Sept. 2016
2008 OH Air Quality PCBs (VDRNs)	Variable	Nov. 2040	-	• Retired on Aug. 3, 2015
2015 Direct Purchase Tax Exempt TL	Variable	Aug. 2020 (put)	$200.0	• Redeemable at par on any day
Total Pollution Control	**Various**	**Various**	**$300.0**	
Wright-Patterson AFB Note	**4.2%**	**Feb. 2061**	**$18.0**	• **No prepayment option**
2015 DP&L Revolver	**Variable**	**July 2020**	-	• **Pre-payable on any day**
DP&L Preferred	**3.8%**	**N/A**	**$22.9**	• **Redeemable at pre-established premium**
Total DP&L			**$785.9**	
2018 Term Loan	**Variable**	**May 2018**	**$125.0**	• **No prepayment penalty**
2016 Senior Unsecured	6.5%	Oct. 2016	$57.0	• Callable make-whole T+50
2019 Senior Unsecured	6.75%	Oct. 2019	$200.0	• Callable at make-whole T+50
2021 Senior Unsecured	7.25%	Oct. 2021	$780.0	• Callable at make-whole T+50
Total Senior Unsecured Bonds	**Various**	**Various**	**$1,037.0**	
2015 DPL Revolver	**Variable**	**July 2020**	**-**	• **Pre-payable on any day**
2001 Cap Trust II Securities	**8.125%**	**Sept. 2031**	**$15.6**	• **Non-callable**
Total DPL Inc.			**$1,177.6**	
TOTAL			**$1,963.5**	

Parent Sources and Uses of Liquidity

$ in Millions	Q2		YTD	
	2016	2015	2016	2015
SOURCES				
Total Subsidiary Distributions[1]	$337	$235	$422	$409
Proceeds from Asset Sales, Net	$42	-	$53	$236
Financing Proceeds, Net	$495	$570	$495	$570
Increased/(Decreased) Credit Facility Commitments	-	-	-	-
Issuance of Common Stock, Net	-	$5	-	$5
Total Returns of Capital Distributions & Project Financing Proceeds	$14	$8	$31	$8
Beginning Parent Company Liquidity[2]	$675	$1,031	$1,137	$1,246
Total Sources	**$1,563**	**$1,849**	**$2,138**	**$2,474**
USES				
Repayments of Debt	($495)	($579)	($611)	($915)
Shareholder Dividend	($72)	($70)	($145)	($141)
Repurchase of Equity	-	($271)	($79)	($306)
Investments in Subsidiaries, Net	($109)	($18)	($248)	($65)
Cash for Development, Selling, General & Administrative and Taxes	($70)	($55)	($154)	($115)
Cash Payments for Interest	($78)	($80)	($152)	($166)
Changes in Letters of Credit and Other, Net	$24	$3	$14	$13
Ending Parent Company Liquidity[2]	($763)	($779)	($763)	($779)
Total Uses	**($1,563)**	**($1,849)**	**($2,138)**	**($2,474)**

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

Q2 and YTD 2016 Subsidiary Distributions[1]

$ in Millions

Subsidiary Distributions[1] by SBU		
	Q2 2016	YTD 2016
US	$97	$118
Andes	$31	$42
Brazil	$33	$65
MCAC	$5	$9
Europe	$148	$156
Asia	$1	$10
Corporate & Other[2]	$22	$22
TOTAL	**$337**	**$422**

Top Ten Subsidiary Distributions[1] by Business							
Q2 2016				YTD 2016			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Maritza (Europe)	$108	Altai (Europe)	$24	Maritza (Europe)	$108	Altai (Europe)	$24
US Holdco (US)	$54	Global Insurance (Corp)	$20	AES Holdings Brasil (Brazil)	$65	Global Insurance (Corp)	$20
IPALCO (US)	$34	Ballylumford (Europe)	$12	US Holdco (US)	$54	Ballylumford (Europe)	$12
AES Holdings Brasil (Brazil)	$33	Mountain View I & II (US)	$5	IPALCO (US)	$52	AES Argentina (Andes)	$11
Gener (Andes)	$31	Amman East II (Europe)	$4	Gener (Andes)	$31	Kelanitissa (Asia)	$9

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

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

$ in Millions

	Quarter Ended			
	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$337	$85	$555	$93
Total Return of Capital Distributions to Parent & QHCs[3]	$14	$16	-	-
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$351**	**$101**	**$555**	**$93**

	Balance as of			
	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Cash at Parent & QHCs[3]	$30	$17	$400	$6
Availability Under Credit Facilities	$733	$658	$738	$625
Ending Liquidity	**$763**	**$675**	**$1,138**	**$631**

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

Reconciliation of Parent Leverage

$ in Millions

	2011	2016
Parent Free Cash Flow[1] (a)	$586	$575
Interest (b)	$390	$300
Parent Free Cash Flow[1] before Interest (a + b)	**$976**	**$875**
Debt[2]	$6,256	$4,458
DEBT[2]/(PARENT FREE CASH FLOW[1] + INTEREST)	**6.4x**	**5.1x**

1. A non-GAAP financial measure. See “definitions”.
2. Includes equity credit for a portion of our existing Trust Preferred III securities.

2016 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over year-to-go 2016 is equal to a change in EPS of approximately $0.010

Currencies

10% appreciation in USD against the following key currencies is equal to the following negative EPS impacts:	2016 YTG	
	Average Rate	Sensitivity
Argentine Peso (ARS)	15.71	$0.005
Brazilian Real (BRL)	3.33	Less than $0.005
Colombian Peso (COP)	2,984	Less than $0.005
Euro (EUR)	1.12	Less than $0.005
Great British Pound (GBP)	1.35	Less than $0.005
Kazakhstan Tenge (KZT)	347.6	Less than $0.005

Commodity Sensitivity

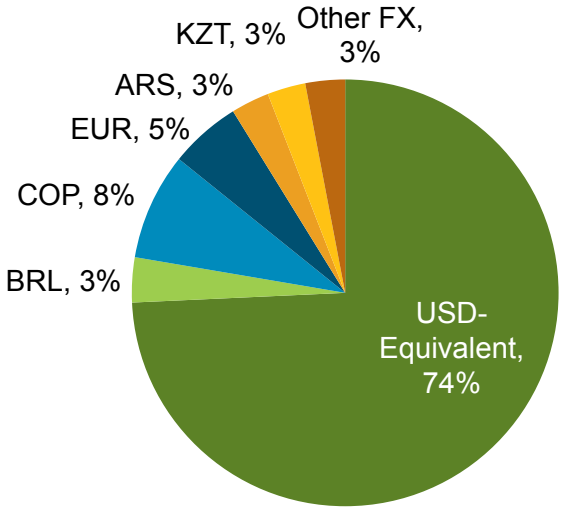
10% increase in commodity prices is forecasted to have the following EPS impacts:	2016 YTG	
	Average Rate	Sensitivity
NYMEX Coal	$40/ton	$0.010, negative correlation
Rotterdam Coal (API 2)	$57/ton	
NYMEX WTI Crude Oil	$49/bbl	Less than $0.005, positive correlation
IPE Brent Crude Oil	$50/bbl	
NYMEX Henry Hub Natural Gas	$3.0/mmbtu	Less than $0.005, positive correlation
UK National Balancing Point Natural Gas	£0.39/therm	
US Power (DPL) – PJM AD Hub	$ 31/MWh	$0.010, positive correlation

Note: Guidance provided on August 5, 2016. 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 the year-to-go 2016 Adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. Full year 2016 guidance is based on currency and commodity forward curves and forecasts as of June 30, 2016. 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.

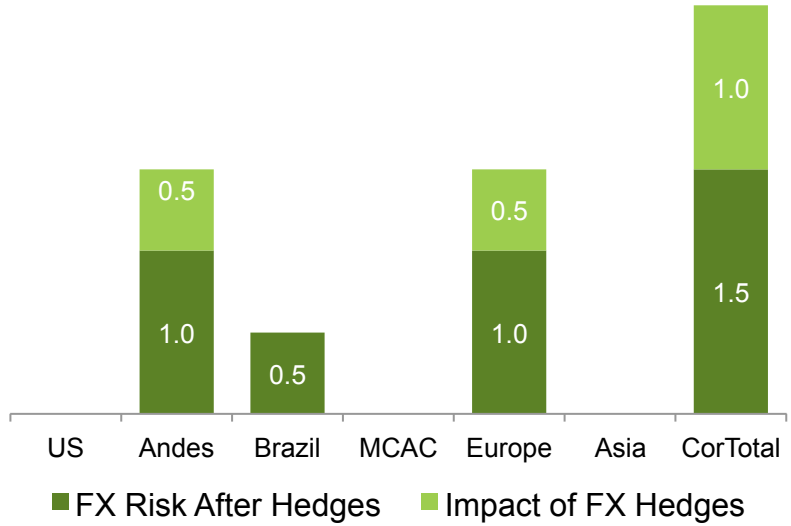
1. The move is applied to the floating interest rate portfolio balances as of June 30, 2016.

2016 Foreign Exchange (FX) Risk Mitigated Through Structuring of Our Businesses and Active Hedging

2016 Adjusted PTC[1] by Currency



2016 Full Year FX Sensitivity[2,3] by SBU (Cents Per Share)

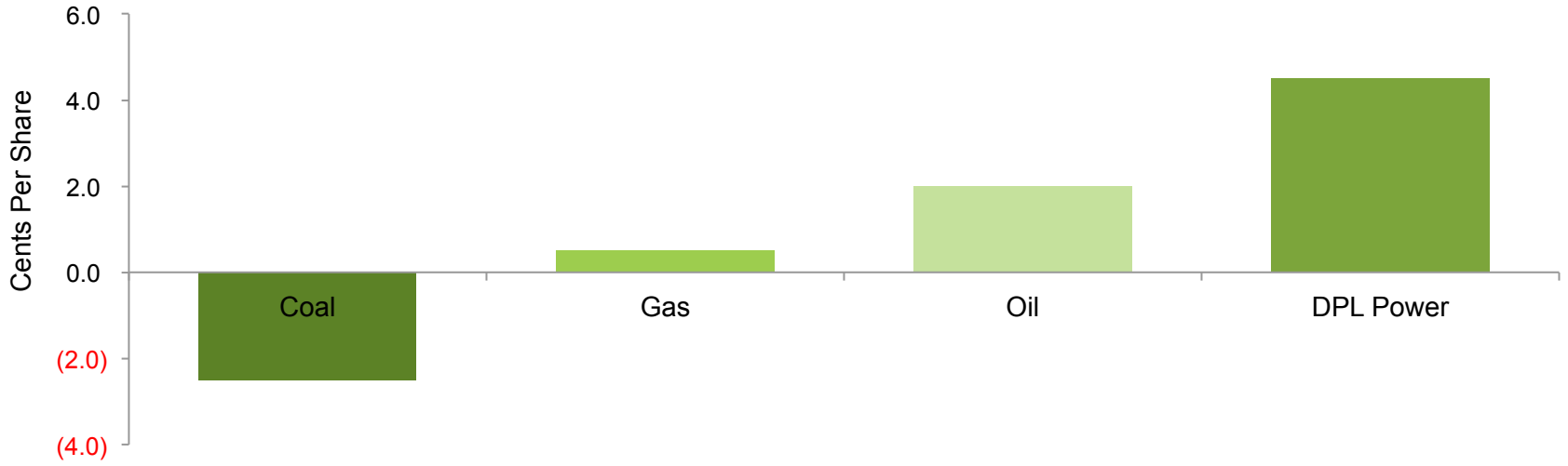


- 2016 correlated FX risk after hedges is $0.015 for 10% USD appreciation
- 74% of 2016 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our contracts
- FX risk mitigated on a rolling basis by shorter-term active FX hedging programs

1. Before Corporate Charges. A non-GAAP financial measure. See “definitions”.
2. Sensitivity represents full year 2016 exposure to a 10% appreciation of USD relative to foreign currency as of December 31, 2015.
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 US Power and Oil in Medium- to Long-Term

Full Year 2018 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.

Full Year 2016 Adjusted PTC[1] Modeling Ranges

$ in Millions

SBU	2016 Adjusted PTC Modeling Ranges as of 2/24/16[1]	Drivers of Growth Versus 2015
US	$380-$405	+ Better availability in Hawaii + Lower fixed costs – Commodities – Expiration of Buffalo Gap PPA
Andes	$375-$405	– Guacolda restructuring – FX
Brazil	$20-$50	– Tietê contract step-down – Eletropaulo cable reversal in 2015 – Lower demand, higher interest rates and FX
MCAC	$300-$330	+ Full year of oil-fired barge in Panama – Ancillary services in the Dominican Republic – Commodities
Europe	$130-$175	– Commodities – FX – Maritza PPA negotiations
Asia	$85-$105	+ Full year of Mong Duong
Total SBUs	**$1,290-$1,470**	
Corp/Other	($390)-($455)	
Total AES Adjusted PTC[1,2]	**$900-$1,015**	

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

AES Modeling Disclosures

$ in Millions

	2016 Assumptions
Parent Company Cash Flow Assumptions	
Subsidiary Distributions (a)	$1,060-$1,160
Cash Interest (b)	$300
Cash for Development, General & Administrative and Tax (c)	$235
Parent Free Cash Flow[1] (a – b – c)	$525-$625

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

Key Assumptions for Guidance

- 2016-2018
  - Currency and commodity forward curves as of June 30, 2016
  - Full year 2016 tax rate of 31%-33% and 2017-2018 tax rate in the low- to mid-30% range
  - $150 million cost savings and revenue enhancement initiative

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

Attractive Returns from 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 2016-2019									
Cochrane	Chile	40%	Coal	532	2H 2016	$1,365	$142		
Eagle Valley CCGT	US-IN	70%	Gas	671	1H 2017	$590	$186		
DPP Conversion	Dominican Republic	90%	Gas	122	1H 2017	$260	$0		
IPL Wastewater	US-IN	70%	Coal		2H 2017	$224	$71		Environmental (NPDES) upgrades of 1,864 MW
OPGC 2	India	49%	Coal	1,320	1H 2018	$1,585	$227		
Colón	Panama	50%	Gas	380	1H 2018	$995	$205		Regasification and LNG storage tank expected on-line in 2019
Alto Maipo	Chile	40%	Hydro	531	2H 2018/ 1H 2019	$2,053	$335		
Masinloc 2	Philippines	51%	Coal	335	1H 2019	$740	$110		
Total				**3,891**		**$7,812**	**$1,276**		
ROE[1]								**~15%**	**Weighted average; net income divided by AES equity contribution**
CASH YIELD[1]								**~15%**	**Weighted average; subsidiary distributions divided by AES equity contribution**

1. Based on projections. See our 2015 Form 10-K for further discussion of development and construction risks. Based on 3-year average contributions from all projects under construction and IPL wastewater upgrades, once all projects under construction are completed.

Reconciliation of Q2 Capex and Free Cash Flow[1]

$ in Millions

	Consolidated Q2	
	2016	2015
Operational Capex (a)	$158	$157
Environmental Capex (b)	$68	$82
Maintenance Capex (a + b)	$226	$239
Growth Capex (c)	$466	$352
Total Capex[2] (a + b + c)	**$692**	**$591**

	Consolidated Q2		Proportional[1] Q2	
	2016	2015	2016	2015
Operating Cash Flow	$723	$153	$539	$165
Add: Capital Expenditures Related to Service Concession Assets	$2	$51	$1	$26
Less: Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	($171)	($174)	($123)	($129)
Free Cash Flow[1]	**$554**	**$30**	**$417**	**$62**

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

Reconciliation of YTD Capex and Free Cash Flow[1]

$ in Millions

	Consolidated YTD	
	2016	2015
Operational Capex (a)	$320	$306
Environmental Capex (b)	$155	$130
Maintenance Capex (a + b)	$475	$436
Growth Capex (c)	$867	$816
Total Capex[2] (a + b + c)	**$1,342**	**$1,252**

	Consolidated YTD		Proportional[1] YTD	
	2016	2015	2016	2015
Operating Cash Flow	$1,363	$590	$902	$540
Add: Capital Expenditures Related to Service Concession Assets	$26	$71	$13	$36
Less: Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	($345)	($332)	($245)	($249)
Free Cash Flow[1]	**$1,044**	**$329**	**$670**	**$327**

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

Reconciliation of Q2 Adjusted PTC[1] and Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	Q2 2016		Q2 2015	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]
Income (Loss) from Continuing Operations Attributable to AES and Diluted EPS	($103)	($0.16)	$79	$0.11
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	($42)		$49	
Pre-Tax Contribution	($145)		$128	
Adjustments				
Unrealized Derivative Losses/(Gains)	$30	$0.04	($2)	-
Unrealized Foreign Currency Transaction Losses/(Gains)	$17	$0.02	($4)	-
Disposition/Acquisition Losses/(Gains)	$17	$0.03[8]	($4)	($0.01)
Impairment Losses	$235	$0.36[9]	$30	$0.04[10]
Loss on Extinguishment of Debt	$6	$0.01	$112	$0.16[11]
Less: Net Income Tax Benefit[3,4,5,6,7]		($0.13)		($0.04)
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$160**	**$0.17**	**$260**	**$0.26**

1. A non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. The per share income tax benefit (expense) associated with unrealized derivative (gains) losses were $0.01 and $0.00 in the three months ended June 30, 2016 and 2015, respectively.
4. The per share income tax benefit (expense) associated with unrealized foreign currency transaction (gains) losses were $0.01 and $(0.01) in the three months ended June 30, 2016 and 2015, respectively.
5. The per share income tax benefit (expense) associated with disposition/acquisition (gains) losses were $0.00 and $0.00 in the three months ended June 30, 2016 and 2015, respectively.
6. The per share income tax benefit (expense) associated with impairment losses were $0.11 and $0.00 in the three months ended June 30, 2016 and 2015, respectively.
7. The per share income tax benefit (expense) associated with loss on extinguishment of debt were $0.00 and $0.05 in the three months ended June 30, 2016 and 2015, respectively.
8. Amount primarily relates to the loss from the deconsolidation of UK Wind of $20 million, or $0.03 per share.
9. Amount primarily relates to the asset impairment at DPL of $235 million, or $0.36 per share.
10. Amount primarily relates to the asset impairment at UK Wind of $37 million ($30 million, or $0.04 per share, net of NCI).
11. Amount primarily relates to the loss on early retirement of debt at the Parent Company of $85 million, or $0.12 per share; and at IPL of $19 million ($15 million, or $0.02 per share, net of NCI).

Reconciliation of YTD Adjusted PTC[1] and Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	YTD 2016		YTD 2015	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]
Income (Loss) from Continuing Operations Attributable to AES and Diluted EPS	$32	$0.05	$228	$0.33
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	$19		$103	
Pre-Tax Contribution	$51		$331	
Adjustments				
Unrealized Derivative Losses/Gains	($4)	-	($17)	($0.02)
Unrealized Foreign Currency Transaction Losses/(Gains)	$9	-	$43	$0.06
Disposition/Acquisition Losses/(Gains)	($2)	-[8]	($9)	($0.01)
Impairment Losses	$285	$0.43[9]	$36	$0.05[10]
Loss on Extinguishment of Debt	$6	$0.01	$138	$0.20[11]
Less: Net Income Tax Benefit[3,4,5,6,7]		($0.17)		($0.09)
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$345**	**$0.32**	**$522**	**$0.52**

1. A non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. The per share income tax benefit (expense) associated with unrealized derivative (gains) losses were $0.00 and $0.00 in the six months ended June 30, 2016 and 2015, respectively.
4. The per share income tax benefit (expense) associated with unrealized foreign currency transaction (gains) losses were $0.00 and $0.03 in the six months ended June 30, 2016 and 2015, respectively.
5. The per share income tax benefit (expense) associated with disposition/acquisition (gains) losses were $(0.01) and $0.00 in the six months ended June 30, 2016 and 2015, respectively.
6. The per share income tax benefit (expense) associated with impairment losses were $0.18 and $0.00 in the six months ended June 30, 2016 and 2015, respectively.
7. The per share income tax benefit (expense) associated with loss on extinguishment of debt were $0.00 and $0.06 in the six months ended June 30, 2016 and 2015, respectively.
8. Amount primarily relates to the loss from the deconsolidation of UK Wind of $20 million, or $0.03 per share; and the gain from the sale of DPLER of $22 million, or $0.03 per share.
9. Amount primarily relates to the asset impairment at DPL of $235 million, or $0.36 per share; and at Buffalo Gap II of $159 million ($49 million, or $0.07 per share, net of NCI).
10. Amount primarily relates to the asset impairment at UK Wind of $37 million ($30 million, or $0.04 per share, net of NCI).
11. Amount primarily relates to the loss on early retirement of debt at the Parent Company of $111 million, or $0.16 per share; and at IPL of $19 million ($15 million, or $0.02 per share, net of NCI).

Reconciliation of 2016 Guidance

$ in Millions, Except Per Share Amounts

2016 Guidance	
Proportional Free Cash Flow[1]	$1,000-$1,350
Consolidated Net Cash Provided by Operating Activities	$2,000-$2,900
Adjusted EPS[1]	$0.95-$1.05

Reconciliation	Consolidated	Adjustment Factor	Proportional
Consolidated Net Cash Provided by Operating Activities (a)	$2,000-$2,900	$500-$1,050	$1,500-$1,850
Maintenance & Environmental Capital Expenditures (b)	$600-$800	$200	$400-$600
Free Cash Flow[1] (a - b)	$1,300-$2,200	$300-$850	$1,000-$1,350

- Commodity and foreign currency exchange rates and forward curves as of June 30, 2016

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

Reconciliation of Net Debt[1] as of June 30, 2016

$ in Millions

Recourse Debt (Current)	-
Non-Recourse Debt (Current)	$1,610
Recourse Debt (Noncurrent)	$4,909
Non-Recourse Debt (Noncurrent)	$14,261
Total Debt	**$20,780**
LESS	
Cash & Cash Equivalents	$1,265
Restricted Cash	$250
Short-Term Investments	$544
Debt Service Reserves & Other Deposits	$700
Total	**$2,759**
NET DEBT	**$18,021**

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 Key Performance Indicators (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 Free Cash Flow** – The Company defines Proportional Free Cash Flow as cash flows from operating activities (adjusted for service concession asset capital expenditures), less maintenance capital expenditures (including non-recoverable environmental capital expenditures and net of reinsurance proceeds), adjusted for the estimated impact of noncontrolling interests. The proportionate share of cash flows and related adjustments attributable to noncontrolling interests in our subsidiaries comprise the proportional adjustment factor. Upon the Company's adoption of the accounting guidance for service concession arrangements effective January 1, 2015, capital expenditures related to service concession assets that would have been classified as investing activities on the Condensed Consolidated Statement of Cash Flows are now classified as operating activities.
  The Company excludes environmental capital expenditures that are expected to be recovered through regulatory, contractual or other mechanisms. An example of recoverable environmental capital expenditures is IPL's investment in MATS-related environmental upgrades that are recovered through a tracker.
  The GAAP measure most comparable to proportional free cash flow is cash flows from operating activities. We believe that proportional free cash flow better reflects the underlying business performance of the Company, as it measures the cash generated by the business, after the funding of maintenance capital expenditures, that may be available for investing or repaying debt or other purposes. Factors in this determination include the impact of noncontrolling interests, where AES consolidates the results of a subsidiary that is not wholly owned by the Company.
- **Proportional Metrics –** The Company is a holding company that derives its income and cash flows from the activities of its subsidiaries, some of which are not wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure) to account for the Company's ownership interest.
  Proportional metrics present the Company's estimate of its share in the economics of the underlying metric. The Company believes that the Proportional metrics are useful to investors because they exclude the economic share in the metric presented that is held by non-AES shareholders. For example, Operating Cash Flow is a GAAP metric which presents the Company's cash flow from operations on a consolidated basis, including operating cash flow allocable to noncontrolling interests. Proportional Operating Cash Flow removes the share of operating cash flow allocable to noncontrolling interests and therefore may act as an aid in the valuation the Company. 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 noncontrolling interests for each entity by its corresponding consolidated cash flow metric and are totaled to the resulting figures. For example, Parent Company A owns 20% of Subsidiary Company B, a consolidated subsidiary. Thus, Subsidiary Company B has an 80% noncontrolling interest. Assuming a consolidated net cash flow from operating activities of $100 from Subsidiary B, the proportional adjustment factor for Subsidiary B would equal $80 (or $100 x 80%). The Company calculates the proportional adjustment factor for each consolidated business in this manner and then sums these amounts to determine the total proportional adjustment factor used in the reconciliation. The proportional adjustment factor may differ from the proportion of income attributable to noncontrolling 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.