

The AES Corporation
Third Quarter 2016 Financial Review

November 4, 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 58 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.

Q3 2016 Financial Review Call Agenda

- Q3 2016 highlights
- Key market trends and our strategy
- Regulatory developments at DPL in Ohio
- Q3 2016 financial review
- Parent capital allocation plan
- 2016 guidance and 2017-2018 expectations

Q3 and YTD 2016 Results in Line with Expectations

$ in Millions, Except Per Share Amounts

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FY 2016 Guidance[2]	% of 2016 Guidance Midpoint
Proportional Free Cash Flow[1]	$400	$621	$1,070	$948	$1,000-$1,350	91%
Consolidated Net Cash Provided by Operating Activities	$819	$915	$2,182	$1,505	$2,000-$2,900	89%
Adjusted EPS[1]	$0.32	$0.38	$0.64	$0.90	$0.95-$1.05	64%

- Year-to-date Proportional Free Cash Flow[1] results reflect collection of outstanding receivables in Bulgaria
- On track to achieve full year financial guidance

1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. See Appendix Slide 57 for reconciliation of guidance metrics, including year-to-date differences with GAAP earnings.

Capitalizing on Key Market Trends

- Significant growth potential in gas and renewable based generation
- Presence in markets with strong electricity demand growth
- Largely contracted existing platform and ongoing construction program offer strong and growing cash flow
- Scale, locational advantage, flexibility and track record of success in development and construction

Well Positioned To Integrate Low Carbon Generation Sources

Expanding LNG Infrastructure

380 MW CCGT and 180,000 m³ LNG Storage Tank and Regasification Facility

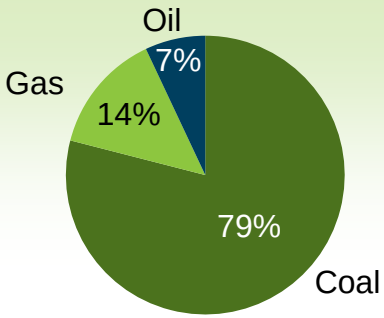


- Panama's first natural gas-fired generation plant
- Power plant contracted under a 10-year, U.S. Dollar-denominated PPA
- Well positioned to serve growing demand for natural gas in Central America for power generators, C&I customers and transportation industry

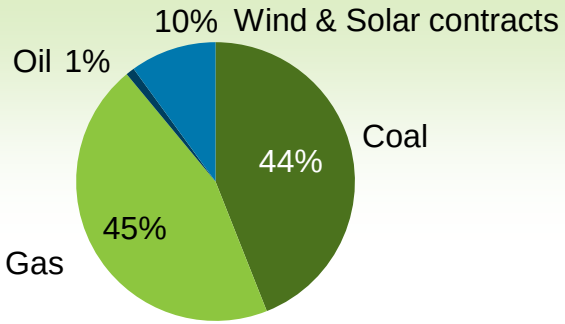
- Expect completion of the CCGT in 2018 and the LNG facility in 2019
- Total project cost of ~$1 billion and AES equity of ~$200 million

Indianapolis Power & Light (IPL) – Transforming IPL's Generation Fleet

IPL Generation Resources (MW): 2007



IPL Generation Resources (MW): Projected 2017



Key Highlights

- When the investment program is completed, 45% of IPL's portfolio will utilize cheaper, cleaner natural gas
  - 670 MW of new efficient gas capacity (COD 2017)
  - Converted 630 MW from coal to gas
  - Retired 260 MW of coal
- Remaining 1,700 MW coal assets are fully scrubbed

World Leader in Battery-Based Energy Storage

432 MW in Operation, Construction or Late Stage Development

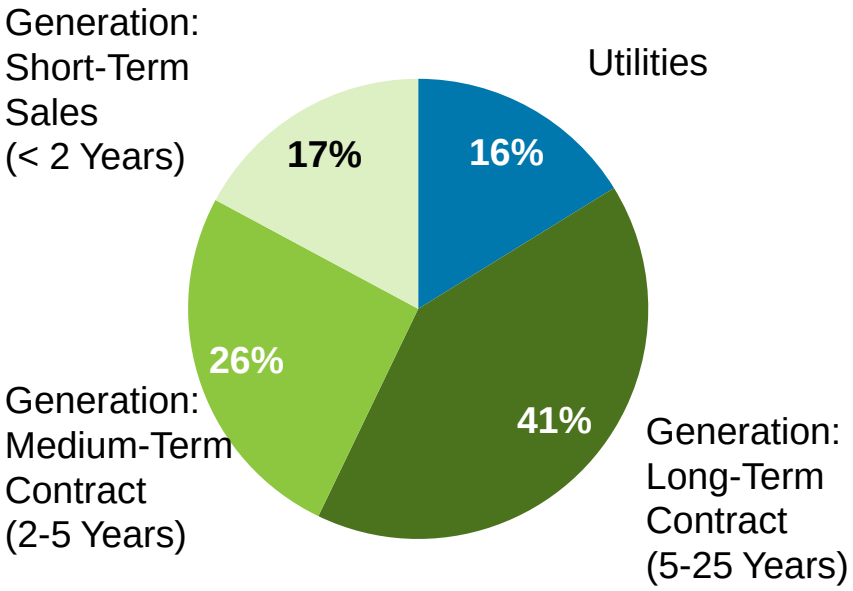


- 156 MW in operation
- 68 MW[1] under construction and coming on-line in next six months
- 208 MW in advanced stage development
- Growth through two business models:
  - AES-owned projects
  - Sales by AES and our channel partners to utilities and other customers

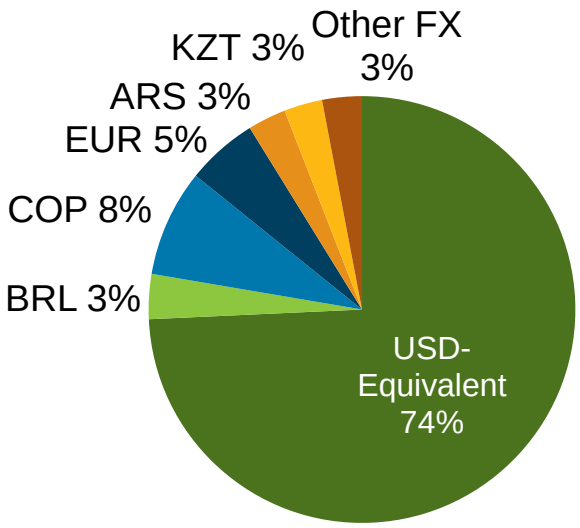
1. Total MW under construction includes 37.5 MW turnkey Advancion Energy Storage sale to SDG&E. Two site locations with total capacity of 37.5MW for 4 hours of duration.

Largely Contracted and U.S. Dollar-Denominated Portfolio

2016 Adjusted PTC[1] by Type of Business and Contract Length



2016 Adjusted PTC[1] by Currency Exposure



2016: Average Remaining Contract Term is 7 Years[2]; Increases to ~10 Years[2,3] by 2020 as New Projects Come On-Line

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.
2. Average of medium- and long-term contracts. PPA MW-weighted average is adjusted for AES' ownership stake.
3. Includes projects currently under construction and coming on-line before 2020, as well as the Southland re-powering project.

Well Positioned to Re-contract Expiring Contracts - Examples

- Dominican Republic: 850 MW in operation and 122 MW under construction
  - Contracts expiring 2016-2018; one third of capacity has already been re-contracted through 2022
  - Our businesses, mostly gas-fired plants, offer low-cost sources of generation compared to more expensive fuel oil-fired plants, which make up the majority of the system

- Philippines: 630 MW in operation and 335 MW under construction
  - Existing plant contracted through 2019; recently extended through 2022 pending regulatory approval
  - Expansion project (COD[1] 2019) already 50% contracted for 10 to 20 years
  - Our plants offer low-cost and reliable electricity in a capacity-short market with significant transmission constraints and high single-digit demand growth

- California: 1,284 MW re-powering project
  - Existing contracts to be replaced with already-signed 20-year contract
  - Expect to see growth in earnings and cash flows from this business once re-powered (COD[1] 2020)
  - Locational advantage in the transmission-constrained Western Los Angeles Basin

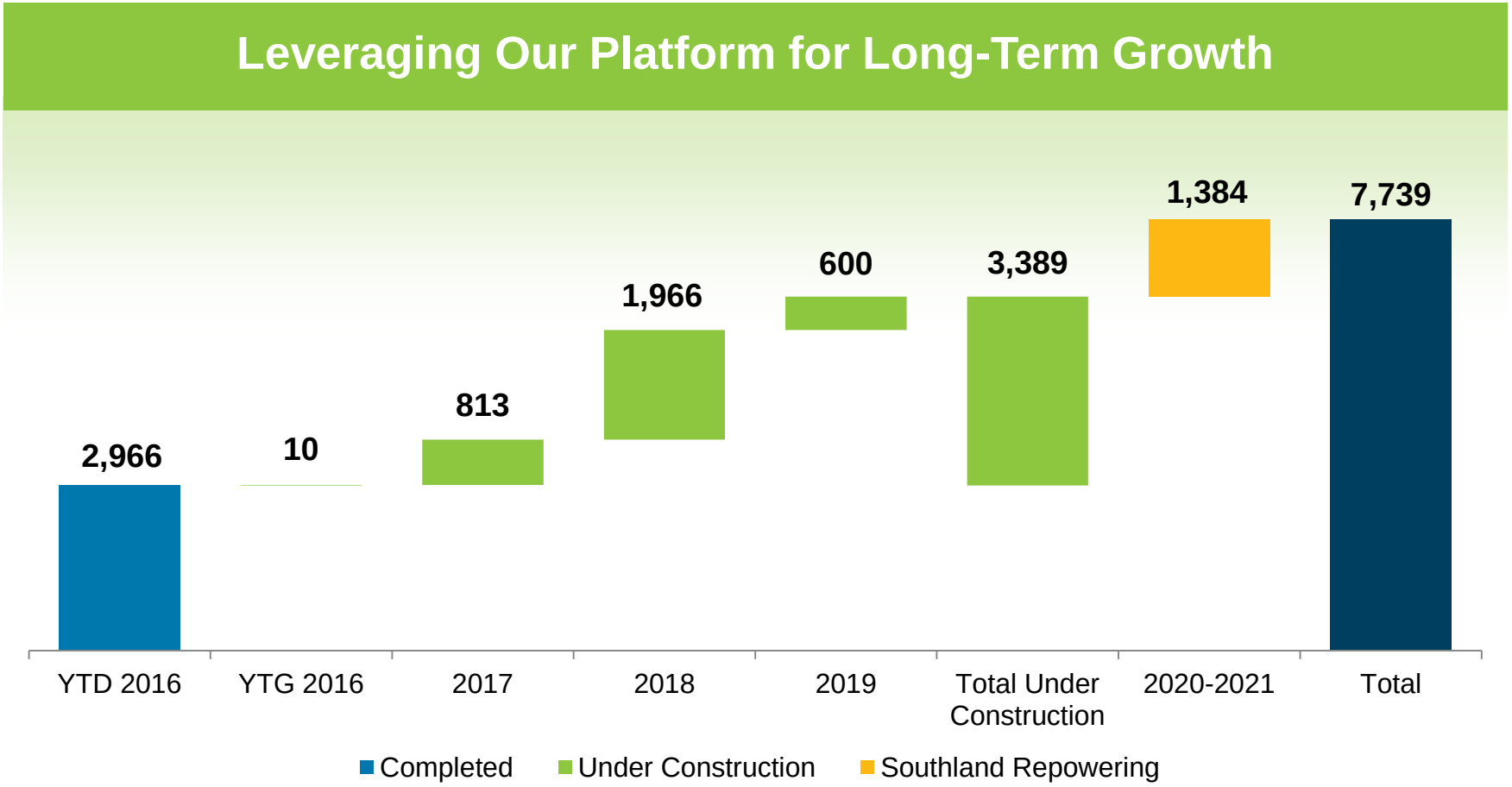
1. Commercial Operation Date

Chile Update

- AES Gener in Chile is largely contracted with average remaining contract life of 11 years; contracts begin to roll off in 2021 when 8% of contracts expire
- Recent auction for 20-year contracts starting from 2021/22 cleared at $48/MWh – significantly lower than market expectations, and below prior years' auction results which were higher than $70/MWh
  - We believe recent auction not necessarily indicative of the long-term price level
  - Assumptions underlying the recent auction outcome may have been aggressive on capital cost declines, load factors, and the all-in cost to support renewable assets with 24/7 load-following obligation
- AES' reliable and competitive portfolio is well positioned to meet Chilean energy needs

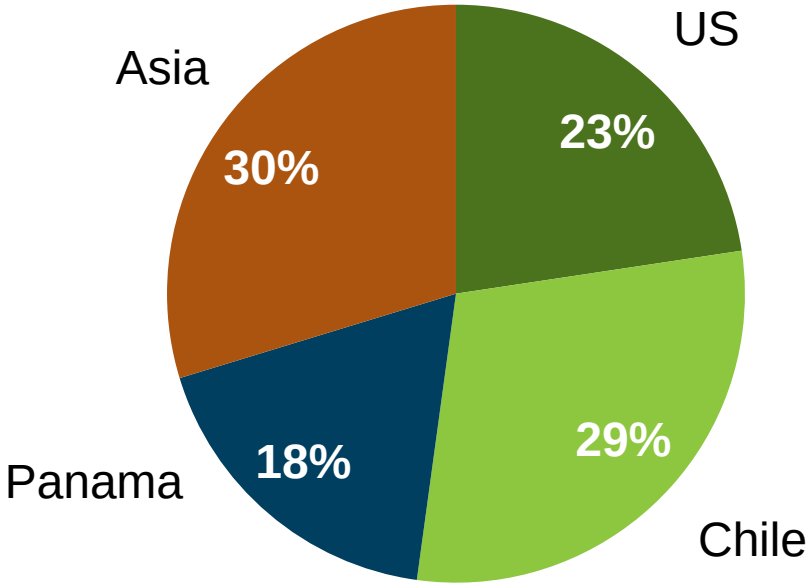
Year-to-Date, Brought On-Line 2,966 MW of Construction Projects – On Time and On Budget

3,389 MW Under Construction and Expected to Come On-Line Through 2019



Leveraging Our Platforms: $6.4 Billion Construction Program Funded with Combination of Debt and Equity

$1.1 Billion AES Equity Commitment, of Which Only $250 Million Is Still To Be Funded



Positioned to Deliver Attractive and Predictable Growth

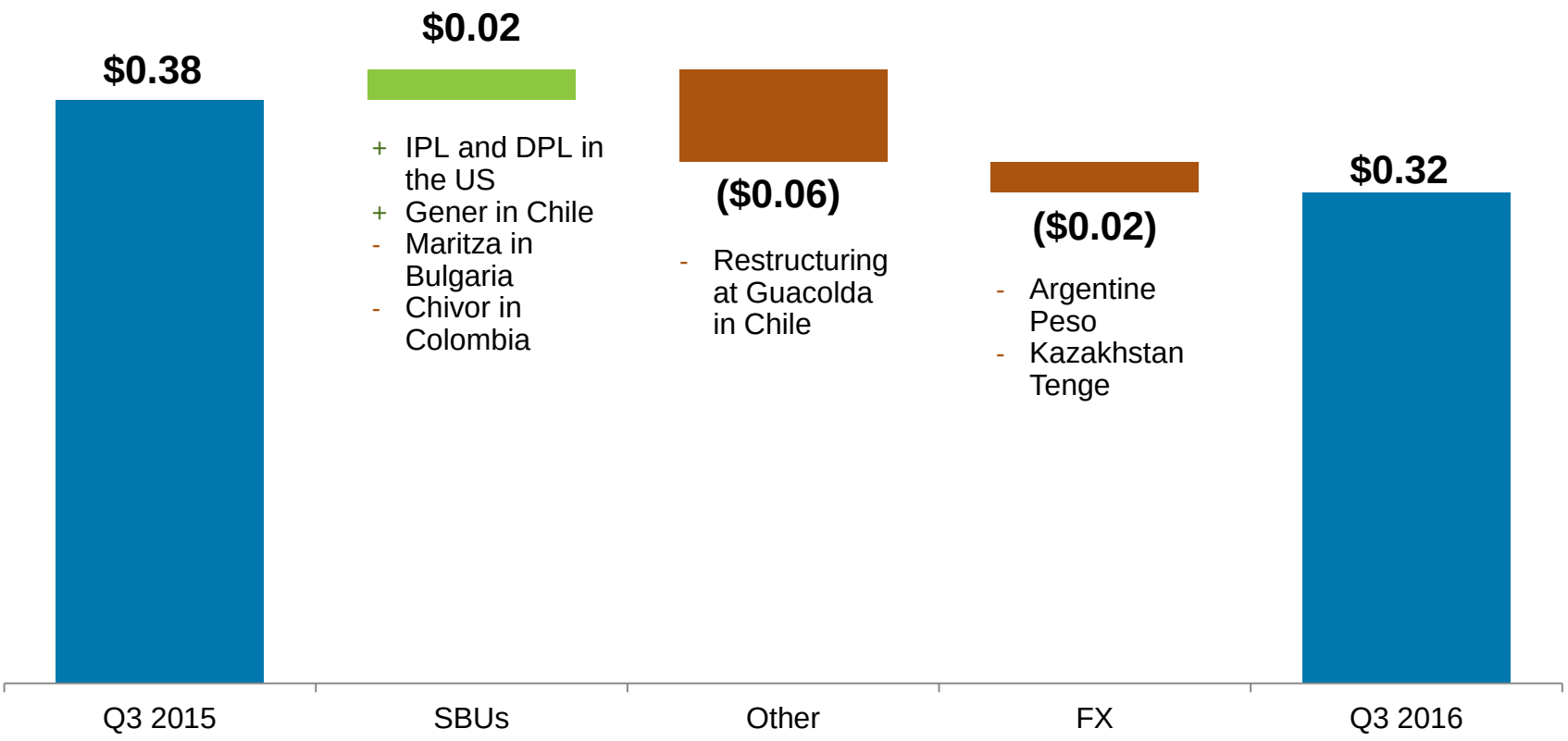
- Significantly reduced regulatory, political and hydrology risks
  - Exited eleven countries, raising $4 billion in asset sales proceeds since 2011
- Allocating discretionary cash to:
  - Earn attractive risk-adjusted return through platform expansions focusing on gas and renewable based generation projects
  - Reduce financial risk through continued de-levering; reduced Parent Debt by 28% since 2011
  - Returning cash to shareholders; initiated dividend and reduced share count by 16% since 2011

Q3 2016 Financial Review

- Q3 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.

Q3 2016 Adjusted EPS Decreased $0.06

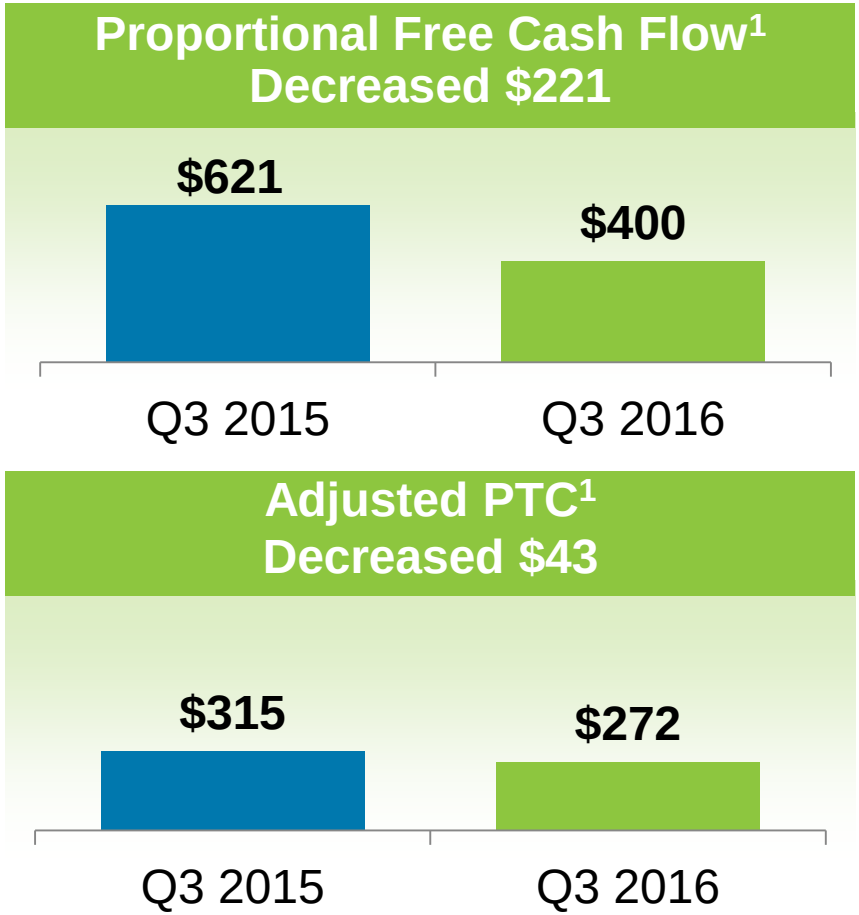


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results

$ in Millions

- Margin was slightly lower due to decreases in Europe and MCAC offset by Andes and US
- Lower Adjusted PTC[1] also reflects restructuring of Guacolda in Chile that benefitted the prior year
- Lower Proportional Free Cash Flow[1] also reflects the impact of working capital in MCAC, where we settled a large outstanding receivable in the prior year

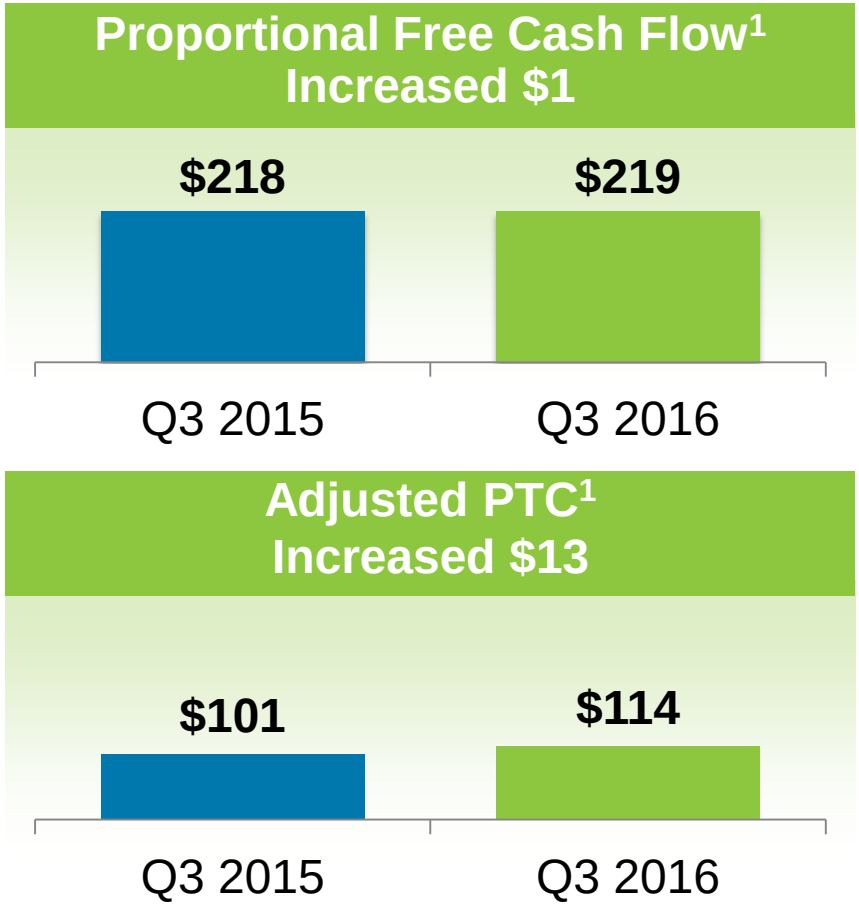


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: US SBU

$ in Millions

- Margin improved due to environmental upgrades and this year's rate case at IPL in Indiana and higher availability at DPL in Ohio

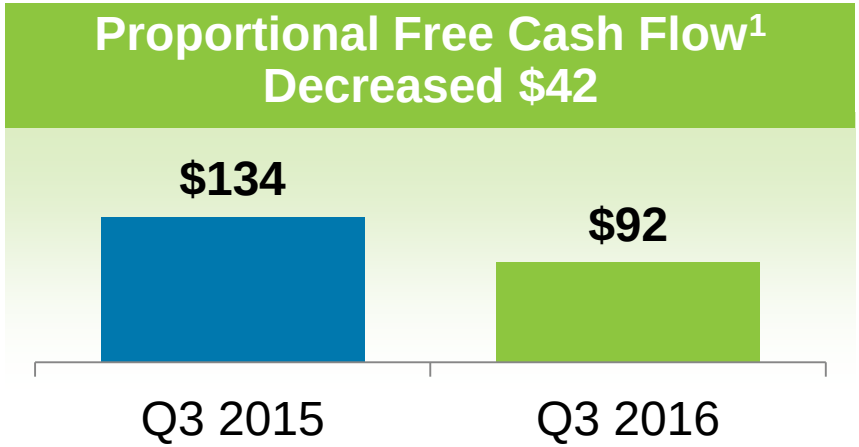


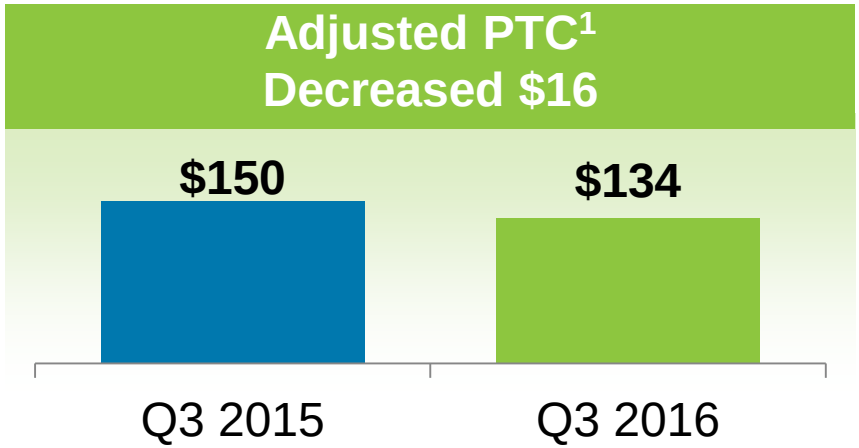
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: Andes SBU

$ in Millions

- Margin improved due to
  - \+ lower spot fuel and energy purchase costs and start of commercial operations at one unit of Cochrane in Chile
  - \- partially offset by lower energy prices and generation in Colombia and devaluation of the Argentine Peso
- Lower Adjusted PTC[1] also reflects restructuring of Guacolda in Chile that benefitted the prior year
- Lower Proportional Free Cash Flow[1] reflects lower VAT refunds in Chile from projects under construction



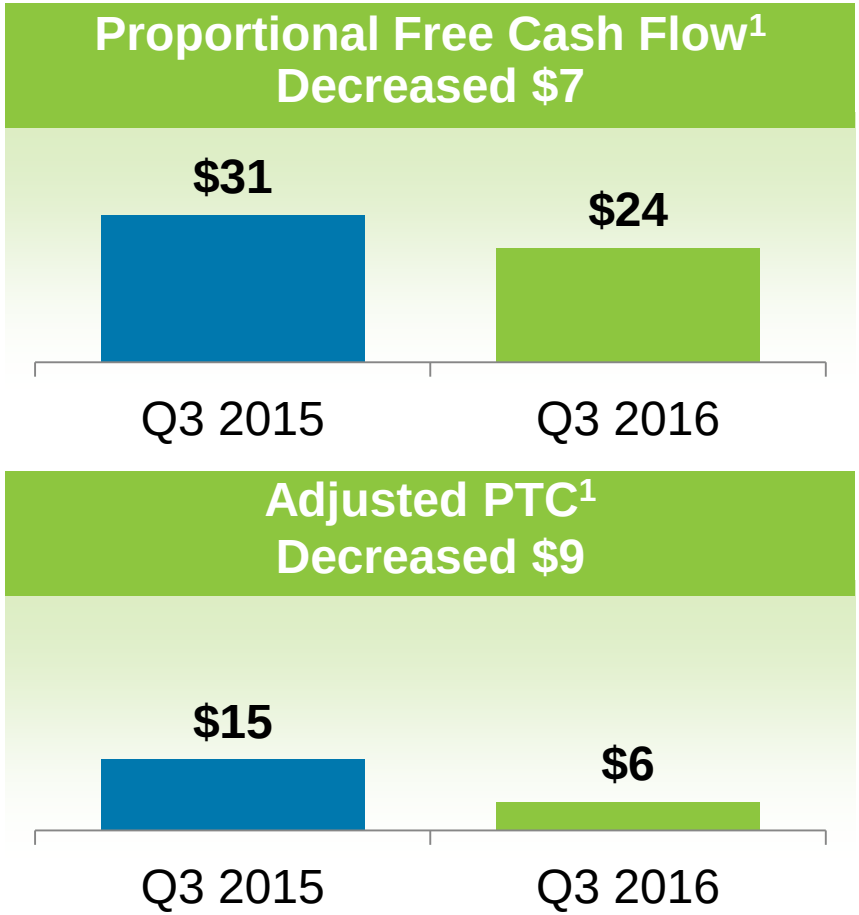


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: Brazil SBU

$ in Millions

- Margin declined due to the expiration of Tietê's PPA at the end of 2015

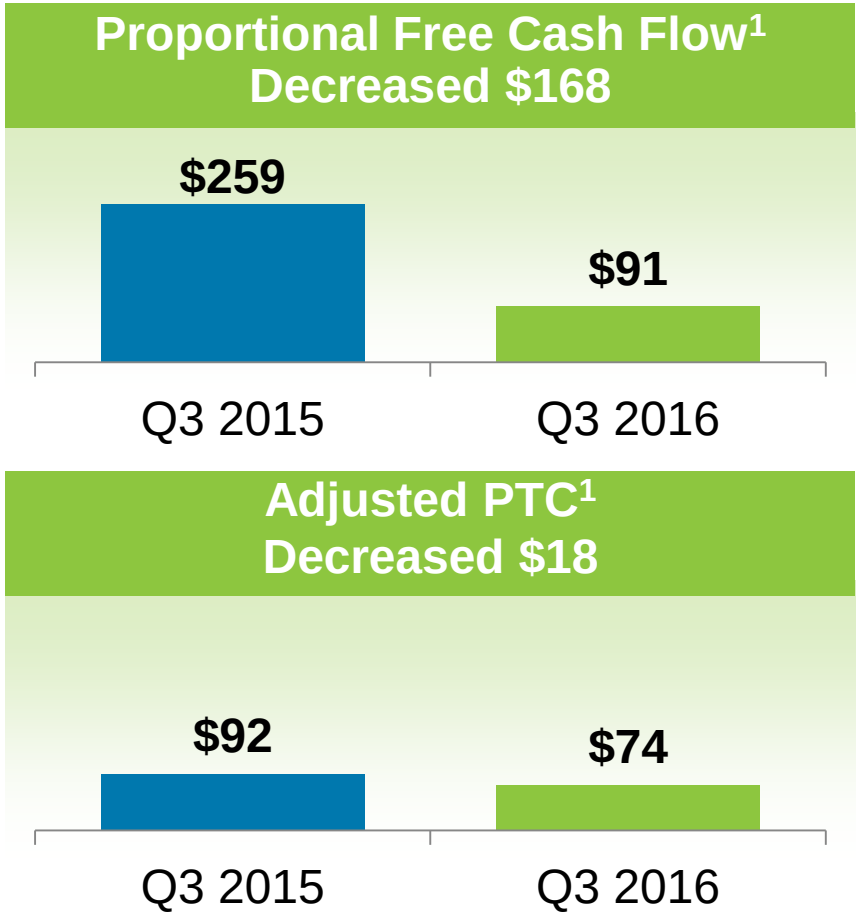


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: MCAC SBU

$ in Millions

- Margin declined primarily due to lower availability in Puerto Rico
- Lower Adjusted PTC[1] also reflects lower interest income on overdue receivables in the Dominican Republic
- Lower Proportional Free Cash Flow[1] also reflects a large settlement of overdue receivables in the Dominican Republic in the prior year

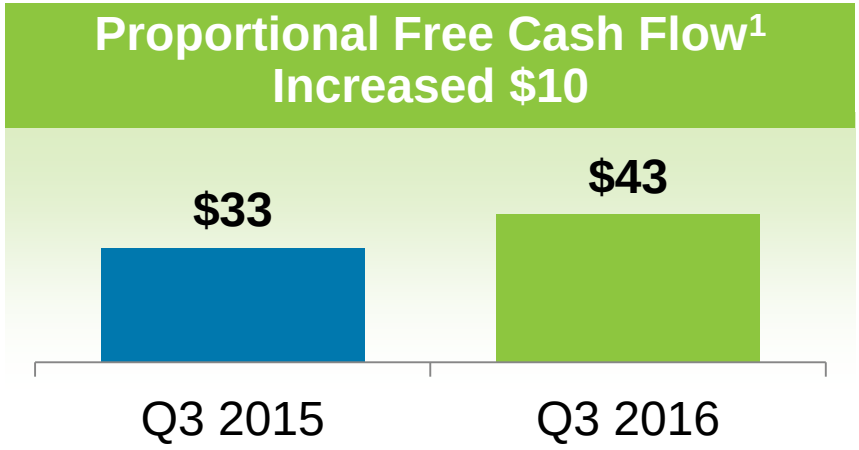


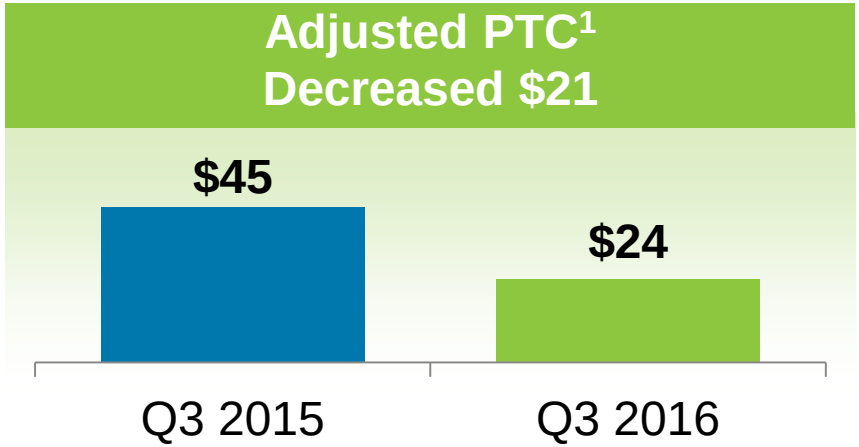
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: Europe SBU

$ in Millions

- Margin declined due to contracted capacity price reduction at Maritza in Bulgaria and 36% devaluation of the Kazakhstan Tenge
- Higher Proportional Free Cash Flow[1] also reflects higher collections at Maritza



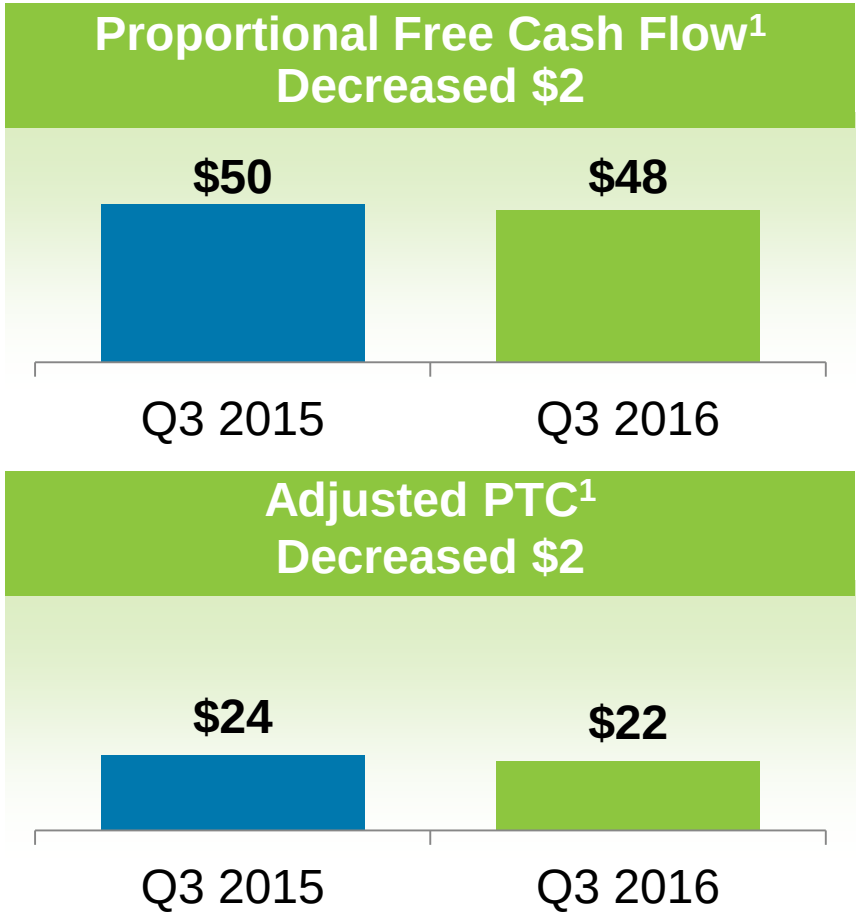


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: Asia SBU

$ in Millions

- Margin relatively flat



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

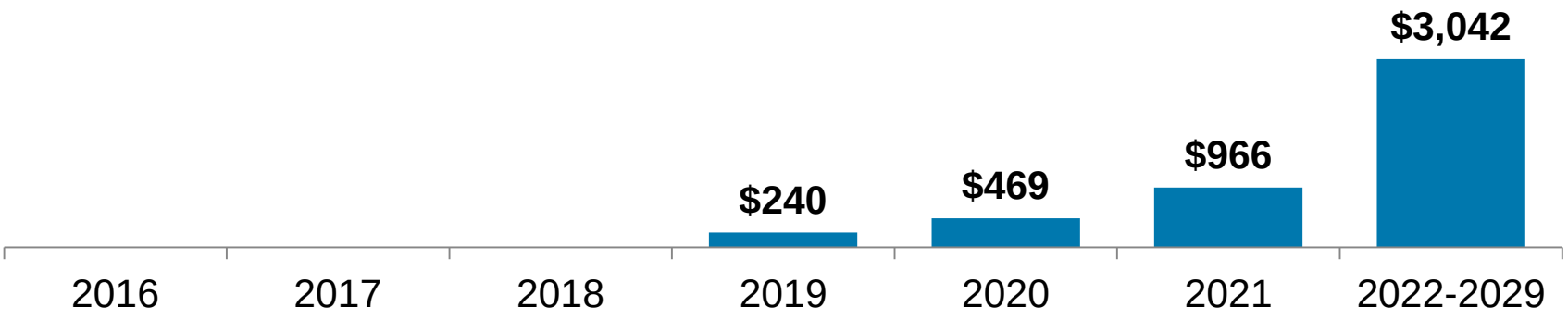
Business Update

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

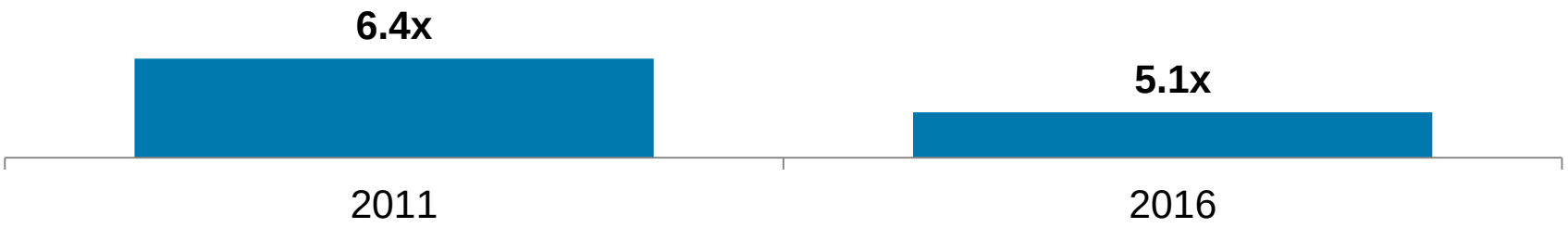
- Remain in active discussions with staff and intervenors
- In October, amended ESP filing to propose Distribution Modernization Rider of $145 per year over 7 years targeting Investment Grade rating at the utility
- Evidentiary hearings set to begin December 5, 2016
- Expect a ruling to be effective in the first quarter of 2017 that will support the financial viability and credit profile of the business

Improving Our Debt Profile

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



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

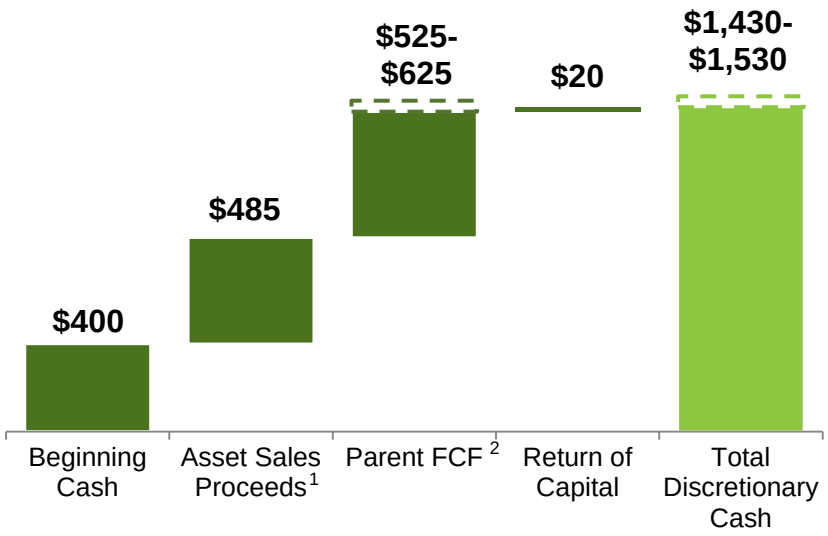


1. As of September 30, 2016. Excludes $275 million in temporary drawings on the revolver as of September 30, 2016.
2. Includes equity credit for a portion of our existing Trust Preferred III securities.
3. A non-GAAP financial measure. See Appendix for reconciliation and definition.

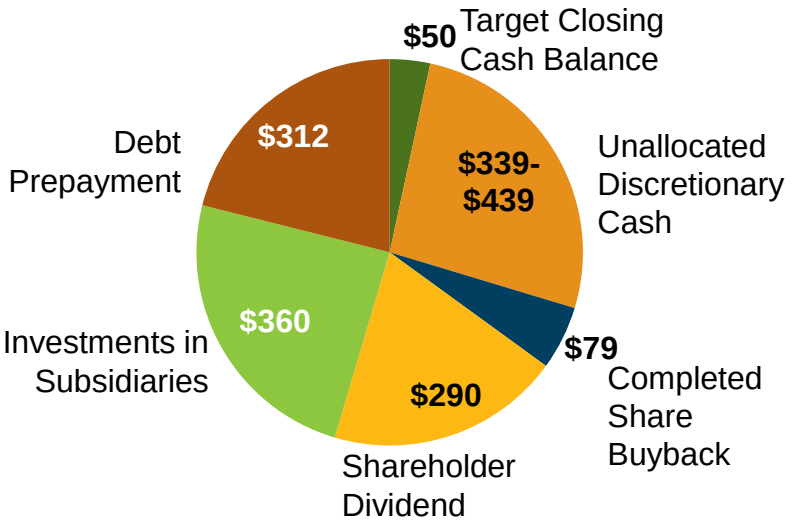
2016 Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,430-$1,530)



Discretionary Cash – Uses ($1,430-$1,530)



Maximizing Discretionary Cash to Increase Risk-Adjusted Returns for Shareholders

1. Includes announced asset sale proceeds of: $40 million (Sonel, Kribi and Dibamba, Cameroon), $21 million (IPP4 partnership, Jordan), $9 million (Kelanitissa, Sri Lanka) and $440 million (AES Sul, Brazil, which includes $25 million of dividend and is net of estimated working capital and transaction cost adjustments). A portion of the proceeds related to the sale of AES Sul will be received in 2017 after meeting the required notice period for distributions.
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[2]	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	Maintaining 12%-16% average annual growth

- 2016 guidance is based on currency and commodity forward curves as of September 30, 2016 and effective tax rate of a range of 29%-32%
- Expect growth to be stronger in 2018 than in 2017 as majority of our projects are coming on-line in 2018

1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. See Appendix Slide 57 for reconciliation of guidance metrics, including year-to-date differences with GAAP earnings.

Conclusion

Reshaping Our Business Mix

- Long-term, U.S. Dollar-denominated contracts
- Increasing focus on gas and renewables

Capitalizing on Our Advantaged Position

- Scale in key high-growth markets
- Low-cost provider with locational advantages

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we are the energy

Strengthening Our Balance Sheet

- Growing free cash flow
- Reducing debt
- Investment grade credit stats by 2020

Attractive Growth in All Key Metrics Through 2018

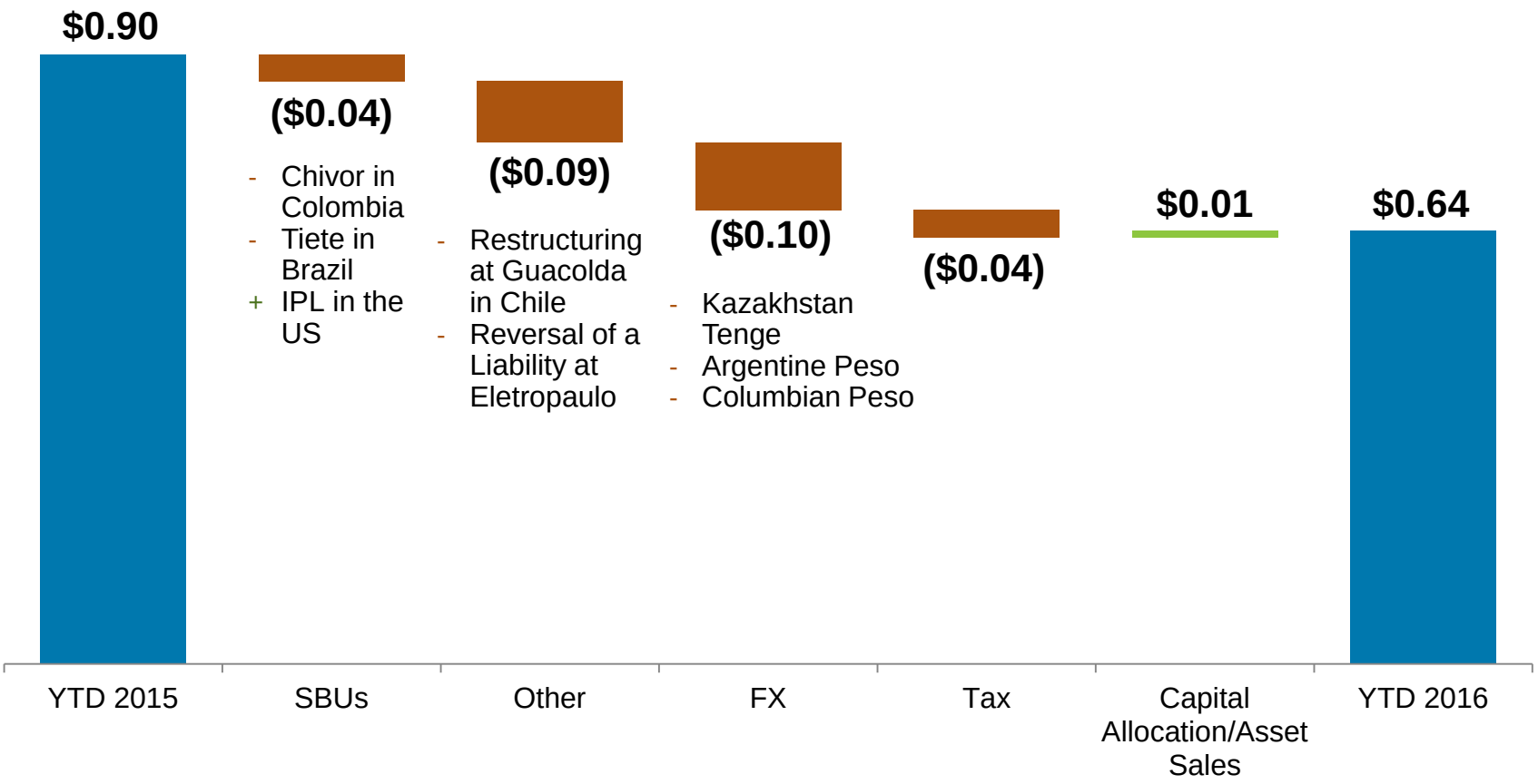
- Free cash flow
- Earnings per share
- Dividend

Appendix

- YTD Adjusted EPS[1] — Slide 30
- Q3 & YTD Adjusted EPS[1] Roll-Up — Slide 31
- YTD Proportional Free Cash Flow[1] & Adjusted PTC[1] — Slides 32-38
- Listed Subs & Public Filers — Slide 39
- SBU Modeling Disclosures — Slides 40-41
- DPL Inc. Modeling Disclosures — Slide 42
- DP&L and DPL Inc. Debt Maturities — Slide 43
- Parent Only Cash Flow — Slides 44-47
- Currencies and Commodities — Slides 48-50
- AES Modeling Disclosures — Slide 51
- Construction Program — Slide 52
- Reconciliations — Slides 53-57
- Assumptions & Definitions — Slides 58-60

1. A non-GAAP financial measure.

YTD 2016 Adjusted EPS[1] Decreased $0.26



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

Q3 and YTD 2016 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts

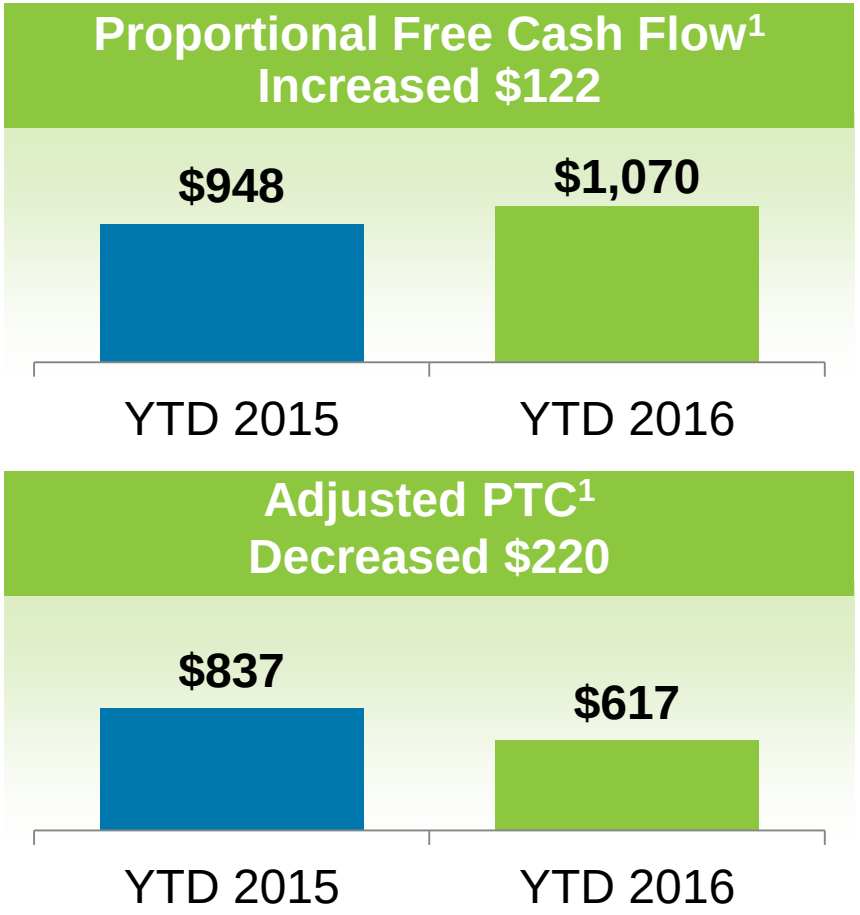
	Q3 2016	Q3 2015	Variance	YTD 2016	YTD 2015	Variance
Adjusted PTC[1]						
US	$114	$101	$13	$257	$263	($6)
Andes	$134	$150	($16)	$279	$322	($43)
Brazil	$6	$15	($9)	$18	$97	($79)
MCAC	$74	$92	($18)	$197	$248	($51)
Europe	$24	$45	($21)	$127	$171	($44)
Asia	$22	$24	($2)	$70	$66	$4
Total SBUs	**$374**	**$427**	**($53)**	**$948**	**$1,167**	**($219)**
Corp/Other	($102)	($112)	$10	($331)	($330)	($1)
Total AES Adjusted PTC[1,2]	**$272**	**$315**	**($43)**	**$617**	**$837**	**($220)**
Adjusted Effective Tax Rate	24%	22%		33%	28%	
Diluted Share Count	662	682		662	694	
ADJUSTED EPS[1]	**$0.32**	**$0.38**	**($0.06)**	**$0.64**	**$0.90**	**($0.26)**

1. A non-GAAP financial measure. See Slides 55 and 56 for reconciliation to the nearest GAAP measure and “definitions”.
2. Includes $10 million and $59 million of after-tax equity in earnings for Q3 2016 and Q3 2015, respectively, and $24 million and $77 million for YTD 2016 and YTD 2015, respectively.

YTD Financial Results

$ in Millions

- Margin declined due to lower contributions from the US, Brazil, Europe and MCAC
- Lower Adjusted PTC[1] also reflects:
  - \- Restructuring of Guacolda in Chile that benefitted the prior year
  - \+ Reduced interest expense at our US utilities
- Higher Proportional Free Cash Flow[1] also reflects:
  - \+ Settlement of outstanding receivables at Maritza in Bulgaria
  - \+ Higher collections at Eletropaulo and Sul in Brazil
  - \- Impact of working capital in MCAC, where we settled a large outstanding receivable in the prior year

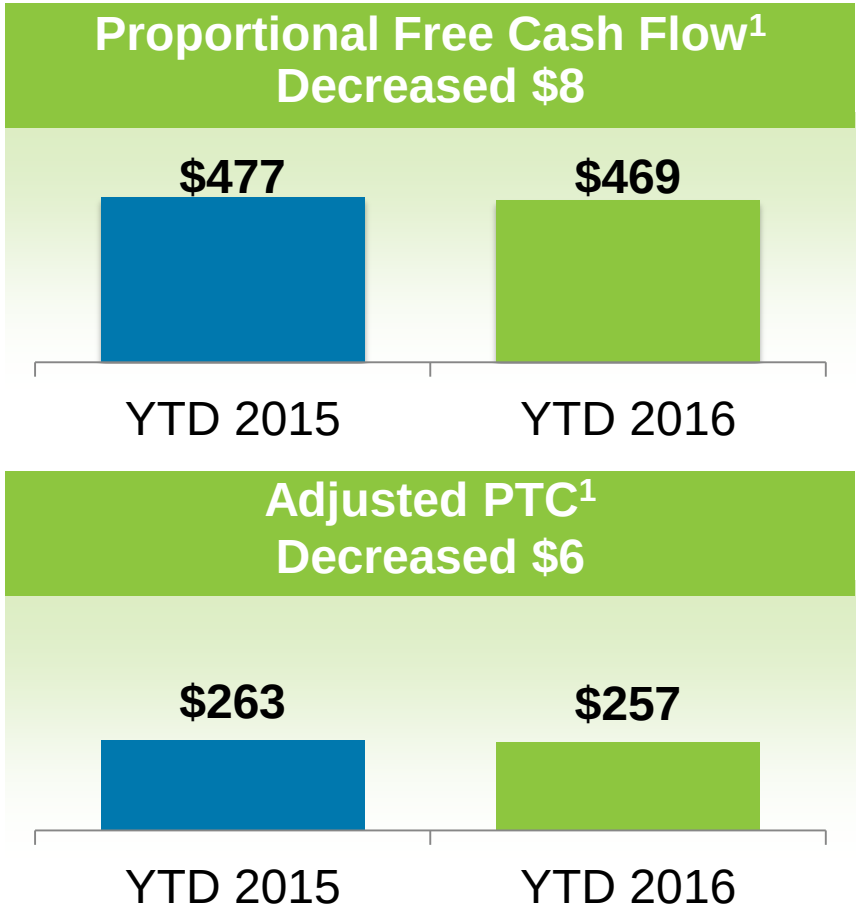


1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: US SBU

$ in Millions

- Margin declined primarily due to lower wholesale prices and lower contributions from regulated customers at DPL, partially offset by this year's rate case and environmental upgrades at IPL in Indiana

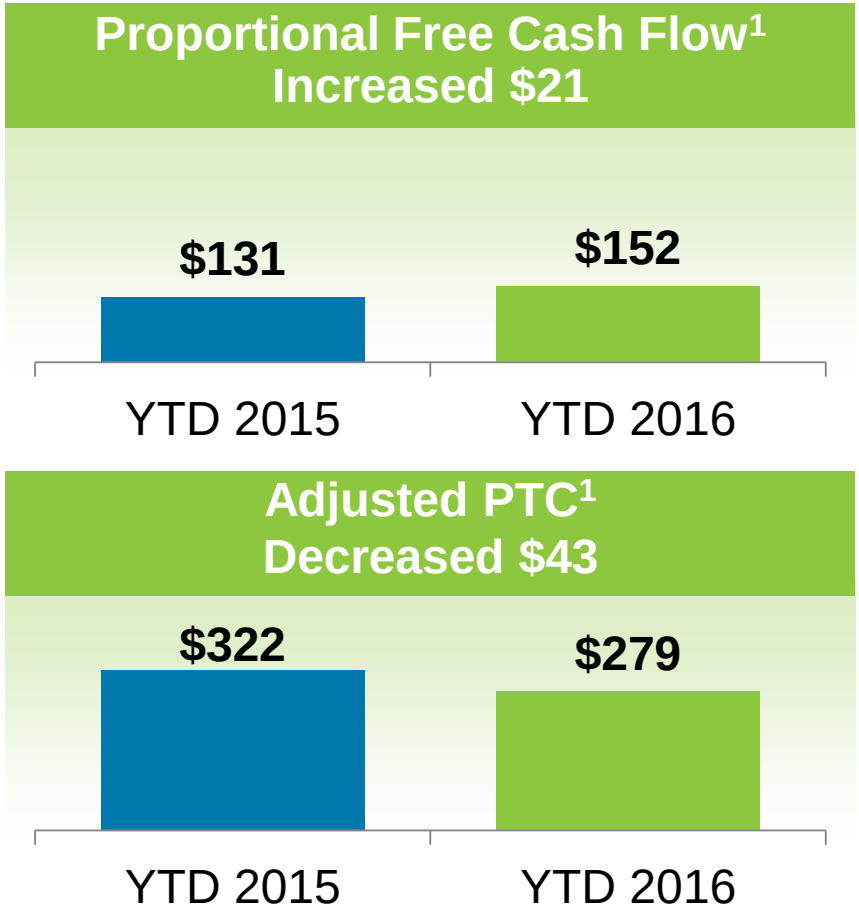


1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: Andes SBU

$ in Millions

- Margin improved due to:
  - + Lower spot fuel and energy purchase costs and start of commercial operations at one unit of Cochrane in Chile
  - – Partially offset by lower energy prices in Colombia and the devaluation of the Colombian and Argentine Pesos
- Lower Adjusted PTC[1] also reflects restructuring of Guacolda in Chile that benefitted the prior year

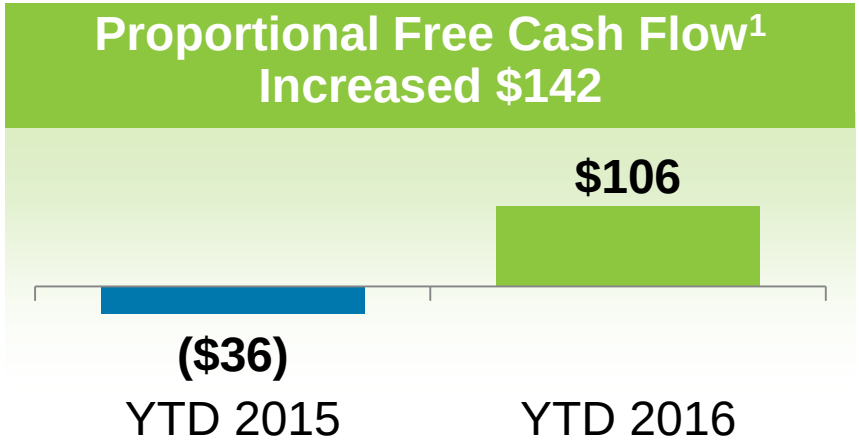


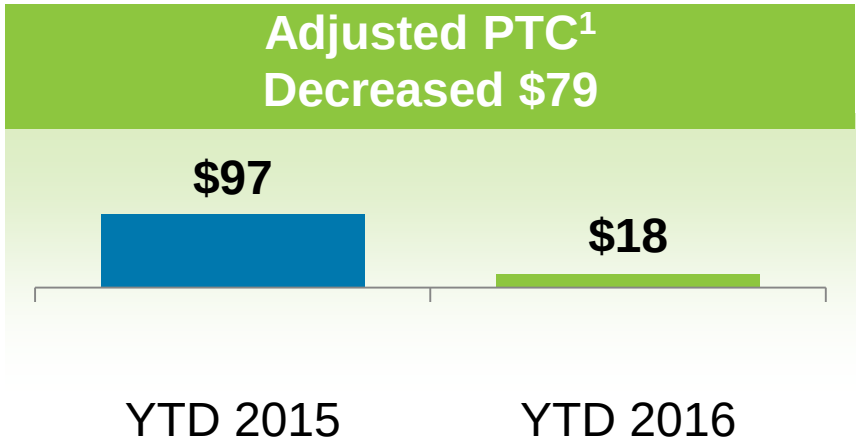
1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

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:
  - Expiration of Tietê's PPA at the end of 2015
  - Reversal of a liability at Eletropaulo that was favorable in 2015



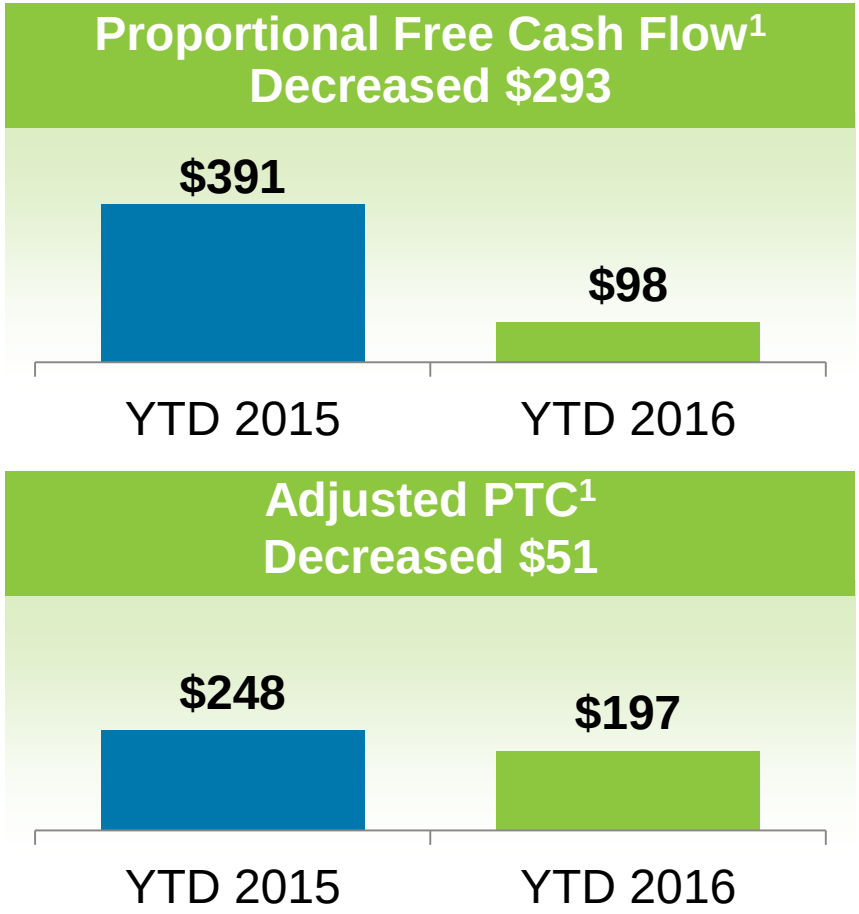


1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: MCAC SBU

$ in Millions

- Margin declined due to:
  - Lower availability due to completed outages in Mexico and Puerto Rico
- Lower Proportional Free Cash Flow[1] also reflects a large settlement of overdue receivables in the Dominican Republic in the prior year

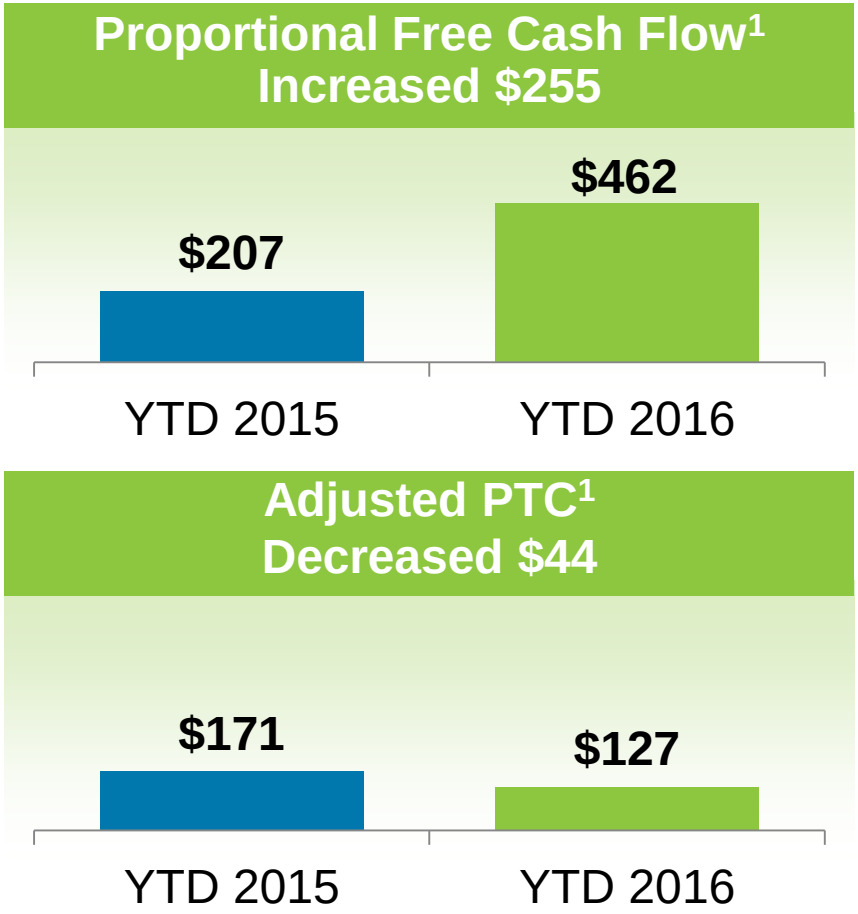


1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: Europe SBU

$ in Millions

- Higher Proportional Free Cash Flow[1] reflects the settlement of outstanding receivables at Maritza in Bulgaria this year
- Offset by lower margin due to the 43% devaluation of the Kazakhstan Tenge, and a contracted capacity price reduction at Maritza following successful settlement of receivables

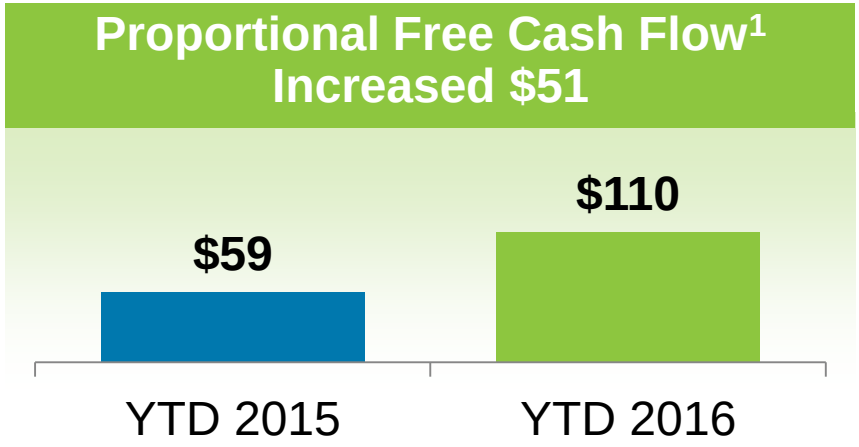


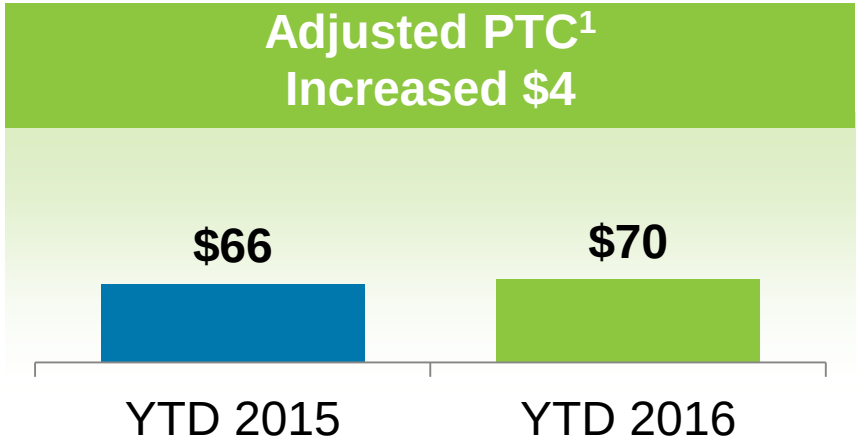
1. A non-GAAP financial measure. See Slides 54 and 56 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: Asia SBU

$ in Millions

- Margin improved due to 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





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

Q3 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	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
US GAAP Reconciliation										
AES Business Unit Adjusted Earnings[1,3]	**$33**	**$20**	**$17**	**$12**	**$63**	**$92**	**($1)**	**-**	**$8**	**$11**
Adjusted PTC[1,3] Public Filer (Stand-alone)	**$50**	**$35**	**$27**	**$14**	**$89**	**$119**	**($4)**	**($1)**	**$12**	**$17**
Impact of AES Differences from Public Filings	-	-	-	-	-	-	-	-	-	-
AES Business Unit Adjusted PTC[1]	**$50**	**$35**	**$27**	**$14**	**$89**	**$119**	**($4)**	**($1)**	**$12**	**$17**
Unrealized Derivatives (Losses)/Gains	-	-	$1	($3)	$1	$3	-	-	-	-
Unrealized Foreign Currency Transaction Losses	-	-	-	-	($4)	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Disposition/Acquisition Gains	-	-	-	-	-	-	-	-	-	-
Loss on Extinguishment of Debt	-	($2)	-	($2)	-	($14)	-	-	-	-
Non-Controlling Interest before Tax	$23	$12	-	$1	$43	$40	($22)	($9)	$37	$59
Income Tax Benefit/(Expenses)	($25)	($16)	($12)	($1)	($40)	($24)	$17	$3	($16)	($25)
US GAAP Income/(Loss) from Continuing Operations[4]	**$48**	**$29**	**$16**	**$9**	**$89**	**$124**	**($9)**	**($7)**	**$33**	**$51**
IFR($8)S Reconciliation										
Adjustment to Depreciation & Amortization[5]					($10)	($10)	($6)	($8)	($4)	($4)
Adjustment to Regulatory Liabilities & Assets					-	-	-	-	-	-
Adjustment to Taxes[6]					$14	$1	($11)	($4)	$2	$1
Other Adjustments					($5)	($15)	$16	$18	($1)	($1)
IFRS Net Income					**$88**	**$100**	**($10)**	**($1)**	**$30**	**$47**
BRL-USD Implied Exchange Rate							3.3037	3.5366	3.2458	3.5295

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 taxes represents mainly differences relating to the depreciation for the difference in cost basis of PP&E (Eletropaulo and Tietê).

Q3 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	$114	$60	($7)	$53	-	-	-	$115	($18)	$97
DPL	$27	$27	-	$27	-	-	-	$29	-	$29
IPL	$50	$24	($7)	$17	-	-	-	$55	($17)	$38
Andes	$134	$46	($16)	$30	$13	-	$13	$57	($20)	$37
AES Gener	$89	$44	($16)	$28	$2	($1)	$1	$55	($20)	$35
Brazil	$6	$86	($71)	$15	$61	($50)	$11	$37	($30)	$7
Tietê	$12	$17	($13)	$4	$8	($6)	$2	$8	($6)	$2
Eletropaulo	($4)	$69	($58)	$11	$51	($43)	$8	$30	($25)	$5
MCAC	$74	$42	($7)	$35	$2	-	$2	$42	($10)	$32
Europe	$24	$18	($4)	$14	-		-	$30	($5)	$25
Asia	$22	$28	($14)	$14	$34	($17)	$17	$8	($4)	$4
Subtotal	**$374**	**$280**	**($119)**	**$161**	**$110**	**($67)**	**$43**	**$289**	**($87)**	**$202**
Corp/Other	($102)	$74	-	$74	-	-	-	$3	-	$3
TOTAL	**$272**	**$354**	**($119)**	**$235**	**$110**	**($67)**	**$43**	**$292**	**($87)**	**$205**

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

Q3 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	$5,067	($758)	$4,309	$354	($21)	$333
DPL	$1,914	-	$1,914	$133	-	$133
IPL	$2,523	($757)	$1,766	$54	($16)	$38
Andes	$4,163	($1,715)	$2,448	$494	($201)	$293
AES Gener	$3,942	($1,714)	$2,228	$459	($201)	$258
Brazil[1]	$1,551	($1,266)	$285	$806	($620)	$186
Tietê	$428	($324)	$104	$156	($118)	$38
Eletropaulo	$1,122	($941)	$181	$565	($474)	$91
MCAC	$2,398	($334)	$2,064	$494	($81)	$413
EMEA	$1,007	($255)	$752	$182	($32)	$150
Asia	$1,701	($833)	$868	$320	($154)	$166
Subtotal	**$15,887**	**($5,161)**	**$10,726**	**$2,650**	**($1,109)**	**$1,541**
Corp/Other	$4,944	-	$4,944	$206	-	$206
TOTAL	**$20,831**	**($5,161)**	**$15,670**	**$2,856**	**($1,109)**	**$1,747**

1. In addition to total debt, Eletropaulo has $831 million of pension plan liabilities. AES owns 16% of Eletropaulo.

DPL Inc. Modeling Disclosures

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

	Balance of Year 2016	Full Year 2017	Full Year 2018
Volume Production (TWh)	3.4	13.9	13.4
% Volume Hedged	~58%	~57%	0%
Average Hedged Dark Spread ($/MWh)	$10.93	$12.95	N/A
EBITDA Generation Business[1] ($ in Millions)	$70 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)	$3.00	$3.09	2.91
AEP-Dayton Hub ATC Prices ($/MWh)	$29	$31	$29
EBITDA Sensitivities (with Existing Hedges) ($ in Millions)			
+10% AD Hub Energy Price ATC ($/MWh)	$4	$19	$39
-10% AD Hub Energy Price ATC ($/MWh)	($4)	($19)	($39)

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

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

$ in Millions

Series	Interest Rate	Maturity	Amount Outstanding as of September 30, 2016	Remarks
2016 FMB Secured B Loan	**Variable**	**Aug. 2022**	**$445.0**	• **Redeemable at 101% of par**
2006 OH Air Quality PCBs	4.8%	Sept. 2036	$100.0	• Non-callable; at par in Sept. 2016
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[1]**	• **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[1]	• 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**	

1. Subsequent to September 30, 2016, all of DP&L Preferred shares ($22.9 million) and DPL, Inc. 2016 Senior Unsecured Bonds ($57 million) were redeemed in full.

Parent Sources and Uses of Liquidity

$ in Millions	Q3		YTD	
	2016	2015	2016	2015
SOURCES				
Total Subsidiary Distributions[1]	$265	$93	$686	$502
Proceeds from Asset Sales, Net	$1	$90	$53	$326
Financing Proceeds, Net	-	-	$495	$570
Increased/(Decreased) Credit Facility Commitments	-	-	-	-
Issuance of Common Stock, Net	$1	-	$1	$5
Total Returns of Capital Distributions & Project Financing Proceeds	$4	-	$35	$8
Beginning Parent Company Liquidity[2]	$763	$779	$1,137	$1,246
Total Sources	**$1,034**	**$962**	**$2,407**	**$2,657**
USES				
Repayments of Debt	($196)	-	($807)	($915)
Shareholder Dividend	($72)	($68)	($218)	($209)
Repurchase of Equity	-	($101)	($79)	($407)
Investments in Subsidiaries, Net	($95)	($7)	($343)	($72)
Cash for Development, Selling, General & Administrative and Taxes	($33)	($63)	($187)	($178)
Cash Payments for Interest	($73)	($74)	($225)	($240)
Changes in Letters of Credit and Other, Net	($4)	($18)	$13	($5)
Ending Parent Company Liquidity[2]	($561)	($631)	($561)	($631)
Total Uses	**($1,034)**	**($962)**	**($2,407)**	**($2,657)**

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

Q3 and YTD 2016 Subsidiary Distributions[1]

$ in Millions

Subsidiary Distributions[1] by SBU		
	Q3 2016	YTD 2016
US	$41	$159
Andes	$29	$72
Brazil	$8	$72
MCAC	$123	$132
Europe	$46	$202
Asia	$17	$28
Corporate & Other[2]	$1	$21
TOTAL	**$265**	**$686**

Top Ten Subsidiary Distributions[1] by Business							
Q3 2016				YTD 2016			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Andres (MCAC)	$88	Mong Duong (Asia)	$17	Maritza East (Europe)	$143	US Holdco (US)	$54
Maritza East (Europe)	$35	Itabo (MCAC)	$12	Andres (MCAC)	$89	Altai (Europe)	$24
IPALCO (US)	$34	Elsta (Europe)	$8	IPALCO (US)	$86	Global Insurance (Corp)	$20
Gener (Andes)	$26	AES Holdings Brazil (Brazil)	$8	AES Holdings Brazil (Brazil)	$72	Mong Duong (Asia)	$19
Panama (MCAC)	$17	Mountain View I &II (US)	$6	Gener (Andes)	$57	Panama (MCAC)	$17

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

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

$ in Millions

	Quarter Ended			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$265	$337	$85	$555
Total Return of Capital Distributions to Parent & QHCs[3]	$4	$14	$16	-
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$269**	**$351**	**$101**	**$555**

	Balance as of			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Cash at Parent & QHCs[3]	$42	$30	$17	$400
Availability Under Credit Facilities	$519	$733	$658	$738
Ending Liquidity	**$561**	**$763**	**$675**	**$1,138**

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 $0.005

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)	15.82	Less than $0.005
Brazilian Real (BRL)	3.32	Less than $0.005
Colombian Peso (COP)	2,913	Less than $0.005
Euro (EUR)	1.13	Less than $0.005
Great British Pound (GBP)	1.30	Less than $0.005
Kazakhstan Tenge (KZT)	340	Less than $0.005

Commodity Sensitivity

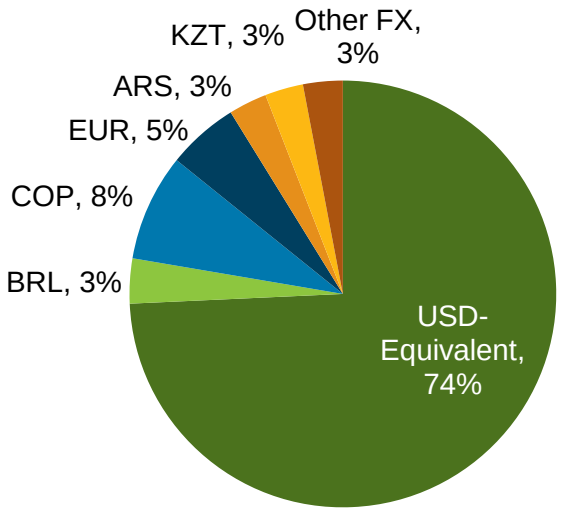
10% increase in commodity prices is forecasted to have the following EPS impacts:	2016 YTG	
	Average Rate	Sensitivity
NYMEX Coal	$43/ton	$0.005, negative correlation
Rotterdam Coal (API 2)	$69/ton	
NYMEX WTI Crude Oil	$48/bbl	Less than $0.005, positive correlation
IPE Brent Crude Oil	$49/bbl	
NYMEX Henry Hub Natural Gas	$3.0/mmbtu	Less than $0.005, positive correlation
UK National Balancing Point Natural Gas	£0.42/therm	
US Power (DPL) – PJM AD Hub	$ 29/MWh	$0.005, positive correlation

Note: Guidance provided on November 4, 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 September 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.

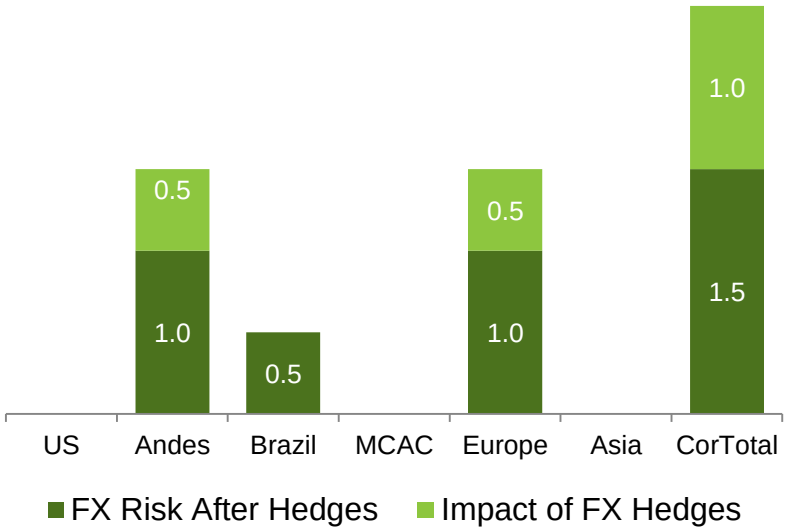
1. The move is applied to the floating interest rate portfolio balances as of September 30, 2016.

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

2016 Adjusted PTC[1] by Currency Exposure



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

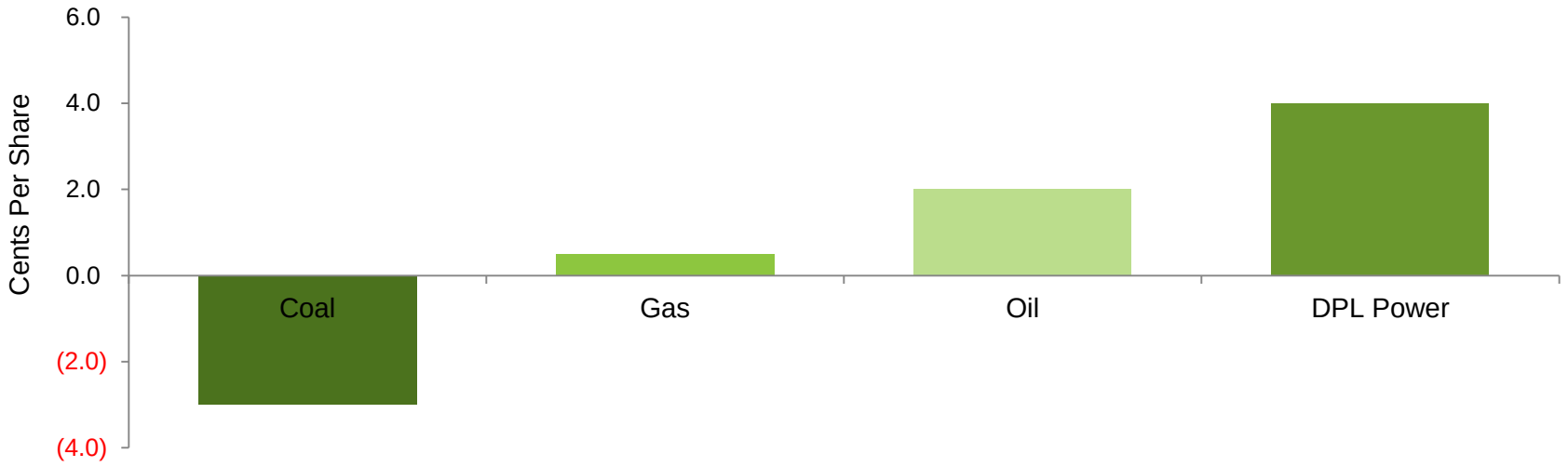


- 2016 correlated FX risk after hedges is $0.015 for 10% USD appreciation
- 74% of 2016 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our contracts
- FX risk mitigated on a rolling basis by shorter-term active FX hedging programs

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. In the Medium to Long Term, Long on US Power and Oil.

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.

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”.

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									
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		Excluding expected 10%-20% cost over-run
Masinloc 2	Philippines	51%	Coal	335	1H 2019	$740	$110		
Total				**3,359**		**$6,447**	**$1,134**		
ROE[1]								**~14%**	**Weighted average; net income divided by AES equity contribution**
CASH YIELD[1]								**~14%**	**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 Q3 Capex and Free Cash Flow[1]

$ in Millions

	Consolidated Q3	
	2016	2015
Operational Capex (a)	$144	$111
Environmental Capex (b)	$43	$63
Maintenance Capex (a + b)	$187	$174
Growth Capex (c)	$349	$371
Total Capex[2] (a + b + c)	**$536**	**$545**

	Consolidated Q3		Proportional[1] Q3	
	2016	2015	2016	2015
Operating Cash Flow	$819	$915	$506	$677
Add: Capital Expenditures Related to Service Concession Assets	$1	$77	$1	$39
Less: Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	$155	$128	$107	$95
Free Cash Flow[1]	**$665**	**$864**	**$400**	**$621**

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)	$464	$417
Environmental Capex (b)	$198	$193
Maintenance Capex (a + b)	$662	$610
Growth Capex (c)	$1,216	$1,187
Total Capex[2] (a + b + c)	**$1,878**	**$1,797**

	Consolidated YTD		Proportional[1] YTD	
	2016	2015	2016	2015
Operating Cash Flow	$2,182	$1,505	$1,408	$1,216
Add: Capital Expenditures Related to Service Concession Assets	$27	$148	$14	$76
Less: Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	$500	$460	$352	$344
Free Cash Flow[1]	**$1,709**	**$1,193**	**$1,070**	**$948**

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

Reconciliation of Q3 Adjusted PTC[1] and Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	Q3 2016		Q3 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	$176	$0.26[3]	$175	$0.26
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	$47		$10	
Pre-Tax Contribution	$223		$185	
Adjustments				
Unrealized Derivative Losses/(Gains)	$5	-	($12)	($0.02)
Unrealized Foreign Currency Transaction Losses/(Gains)	$3	$0.01	$5	$0.01
Disposition/Acquisition Losses/(Gains)	($3)	-	($23)	($0.03)[4]
Impairment Losses	$24	$0.03[5]	$139	$0.20[6]
Loss on Extinguishment of Debt	$20	$0.04[7]	$21	$0.03
Less: Net Income Tax Benefit		($0.02)		($0.07)[8]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$272**	**$0.32**	**$315**	**$0.38**

1. A non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Diluted EPS calculation includes income from continuing operations, net of tax, of $176 million less the $5 million adjustment to retained earnings to record the DP&L redeemable preferred stock at its redemption value as of September 30, 2016.
4. Amount primarily relates to the gain on sale of Armenia Mountain of $22 million, or $0.03 per share.
5. Amount primarily relates to the asset impairment at Buffalo Gap I of $78 million ($23 million, or $0.03 per share, net of NCI).
6. Amount primarily relates to asset impairments at Buffalo Gap III of $118 million ($27 million, or $0.04 per share, net of NCI); and $113 million at Kilroot ($112 million, or $0.16 per share, net of NCI).
7. Amount primarily relates to losses on early retirement of debt at the Parent Company of $17 million, or $0.02 per share; and an adjustment of $5 million, or $0.01 per share to record the DP&L redeemable preferred stock at its redemption value.
8. Amount primarily relates to the per share income tax benefit associated with impairment losses of $46 million, or $0.06 in the three months ended September 30, 2015.

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	$208	$0.31[3]	$403	$0.58
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	$66		$113	
Pre-Tax Contribution	$274		$516	
Adjustments				
Unrealized Derivative Losses/(Gains)	$1	-	($29)	($0.04)
Unrealized Foreign Currency Transaction Losses/(Gains)	$12	$0.01	$48	$0.07
Disposition/Acquisition Losses/(Gains)	($5)	-[4]	($32)	($0.05)[5]
Impairment Losses	$309	$0.47[6]	$175	$0.25[7]
Loss on Extinguishment of Debt	$26	$0.05[8]	$159	$0.23[9]
Less: Net Income Tax Benefit		($0.20)[10]		($0.14)[11]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$617**	**$0.64**	**$837**	**$0.90**

1. A non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Diluted EPS calculation includes income from continuing operations, net of tax, of $208 million less the $5 million adjustment to retained earnings to record the DP&L redeemable preferred stock at its redemption value as of September 30, 2016.
4. Amount primarily relates to the gain on sale of DPLER of $22 million, or $0.03 per share; offset by the loss on deconsolidation of UK Wind of $20 million, or $0.03 per share.
5. Amount primarily relates to the gain on sale of Armenia Mountain of $22 million, or $0.03 per share.
6. Amount primarily relates to asset impairments at DPL of $235 million, or $0.36 per share; $159 million at Buffalo Gap II ($49 million, or $0.07 per share, net of NCI); and $78 million at Buffalo Gap I ($23 million, or $0.03 per share, net of NCI).
7. Amount primarily relates to asset impairments at Buffalo Gap III of $118 million ($27 million, or $0.04 per share, net of NCI); $113 million at Kilroot ($112 million, or $0.16 per share, net of NCI); and $38 million at UK Wind ($30 million or $0.04 per share, net of NCI).
8. Amount primarily relates to losses on early retirement of debt at the Parent Company of $19 million, or $0.03 per share; and an adjustment of $5 million, or $0.01 per share, to record the DP&L redeemable preferred stock at its redemption value.
9. Amount primarily relates to losses on early retirement of debt at the Parent Company of $113 million, or $0.16 per share; and $22 million at IPL ($16 million or $0.02 per share, net of NCI).
10. Amount primarily relates to the per share income tax benefit associated with impairment losses of $123 million, or $0.19 in the nine months ended September 30, 2016.
11. Amount primarily relates to the per share income tax benefit associated with losses on extinguishment of debt of $51 million, or $0.08 and impairment losses of $48 million, or $0.07 in the nine months ended September 30, 2015.

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, 2]	$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 September 31, 2016

1. A non-GAAP financial measure. See “definitions”.
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 losses related to derivative transactions, estimated to have no impact on Adjusted EPS; (b) unrealized foreign currency losses, estimated to be $12 million; (c) gains due to dispositions and acquisitions of business interests, estimated to be $3 million; (d) losses due to impairments, estimated to be $186 million, related to DP&L and Buffalo Gap I & II; and (e) costs due to the early retirement of debt, estimated to be $18 million. The amounts set forth above are as of September 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.

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.