

The AES Corporation
Tom O'Flynn, EVP & CFO

Wolfe Power & Gas Leaders Conference
September 26, 2017

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 31 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' 2016 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.

AES Value Proposition: Above Average Growth at an Attractive Multiple

8%-10%
Growth in EPS and Free Cash Through 2020

+

~4.25%
Attractive Dividend Yield

=

>12%
Targeted Annual Total Return

Scale and Locational Advantage



Significant presence in **high-growth** markets

Long-Term Contract Generation & Utilities



80% of business with long-term contracts or utilities

Improved Risk and Credit Profiles

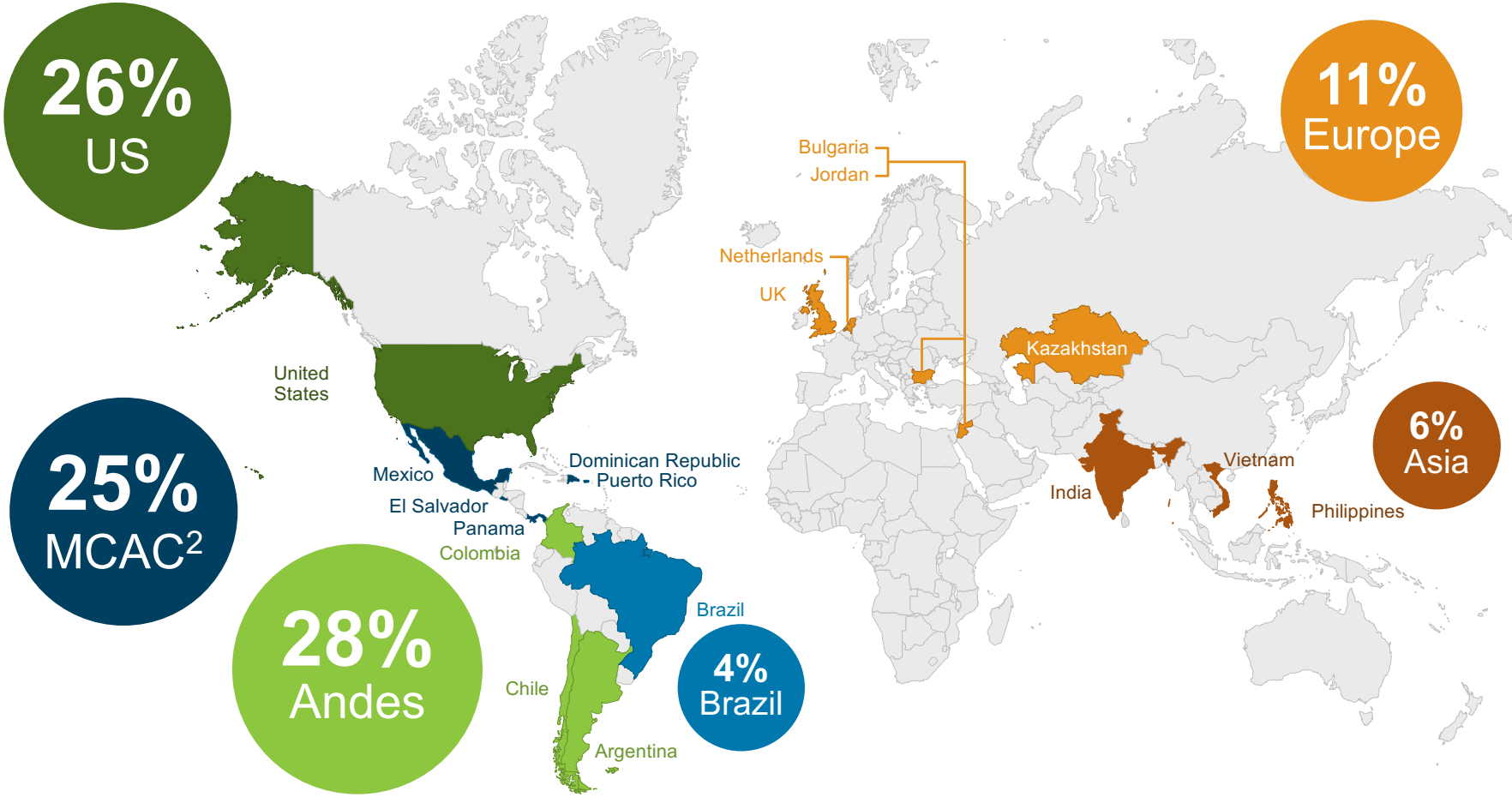


80% of business with U.S. Dollar-denominated cash flows

Targeting investment grade stats by **2020**

Business Managed in Six Strategic Business Units (SBUs)

% = 2017 Expected Adjusted Pre-Tax Contribution (PTC)[1]

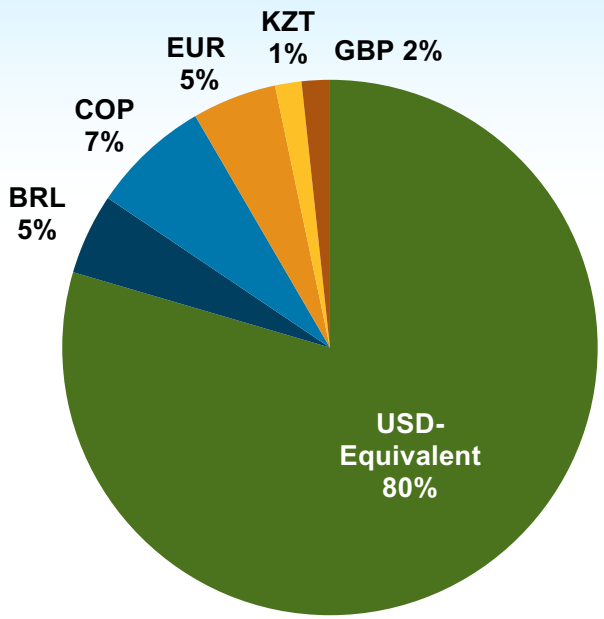


1. A non-GAAP financial measure. See Appendix for definition and reconciliation. 2017 Adjusted PTC of $1.5 billion before Corporate charges of $0.5 billion.
2. Mexico, Central America and the Caribbean.

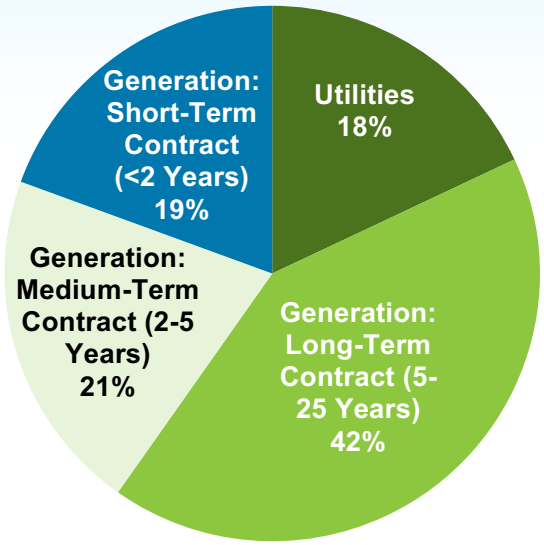
Portfolio ~80% Contracted and U.S. Dollar-Denominated

Percent of 2017 Adjusted PTC[1]

Currency Exposure



81% Utilities or Contract Generation

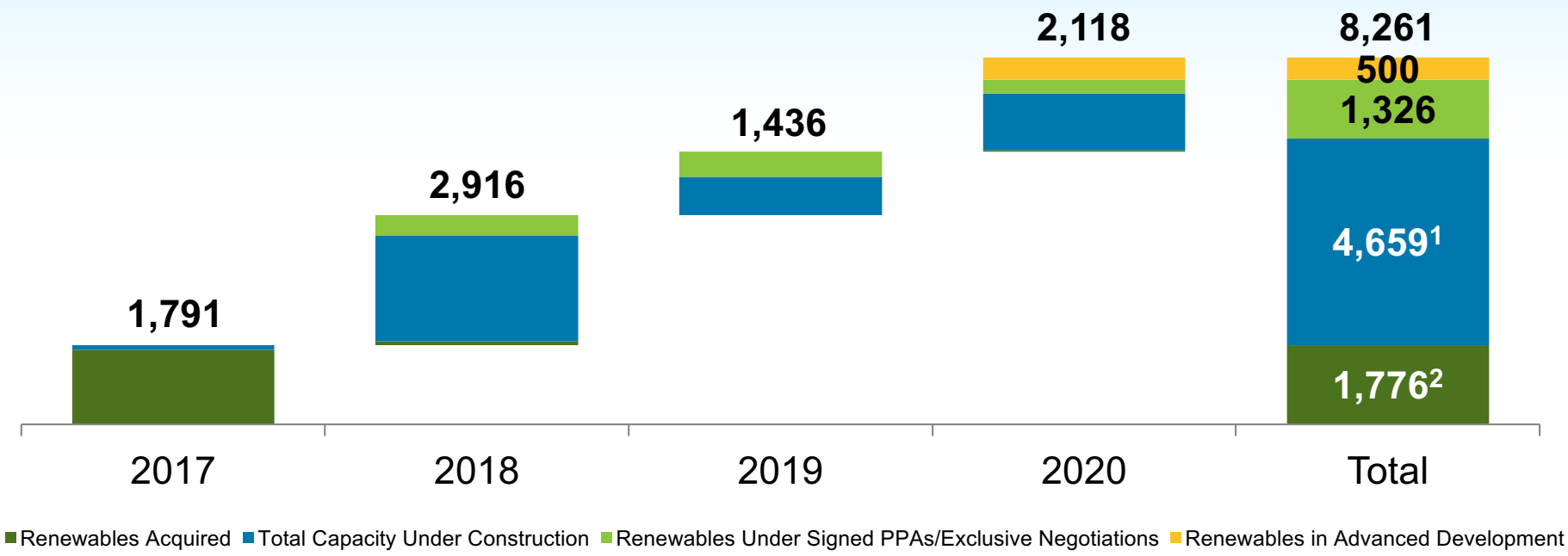


Average Remaining Contract Term is 6 Years[2], but Increases to ~10 Years[2,3] by 2020 as New Projects Come On-Line

1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. PPA MW-weighted average of medium- and long-term contracts that 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 expected on-line in 2020.

On Track to Complete Projects Under Construction; Making Significant Progress Toward Repositioning Our Portfolio

Adding up to 8.3 GW of New Capacity Through 2020



Note: Solar capacity shown in DC.

1. Includes: 1,320 MW OPGC 2 (India), 1,284 MW Southland Re-Powering (US-CA), 671 MW Eagle Valley (US-IN), 531 MW Alto Maipo (Chile), 380 MW Colón (Panama), 335 MW Masinloc 2 (Philippines), 79 MW sPower (US-CA), 39 MW Distributed Energy (US) and 20 MW Dominican Energy Storage (Dominican Republic).
2. Includes: 1,145 MW sPower (solar, US), 386 MW Alto Sertão (wind, Brazil), 142 MW sPower (wind, US), 75 MW Boa Hora (solar, Brazil) and 28 MW Na Pua Makani (wind, Hawaii).

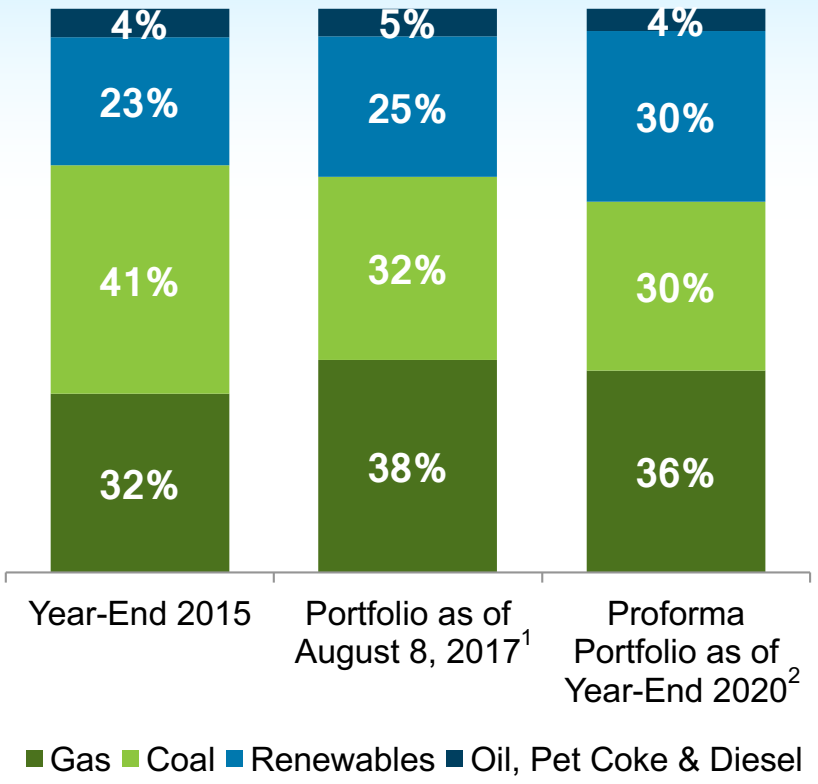
Joining Forces with Siemens to Create Fluence

New Global Energy Storage Technology and Services Company



Sustainable and Growing Portfolio

Replacing Coal Capacity with Renewables and Natural Gas



Top Quartile Ranking in DJSI

- Named to the Dow Jones Sustainability Index (DJSI) for North America for the fourth year in a row by RobecoSAM

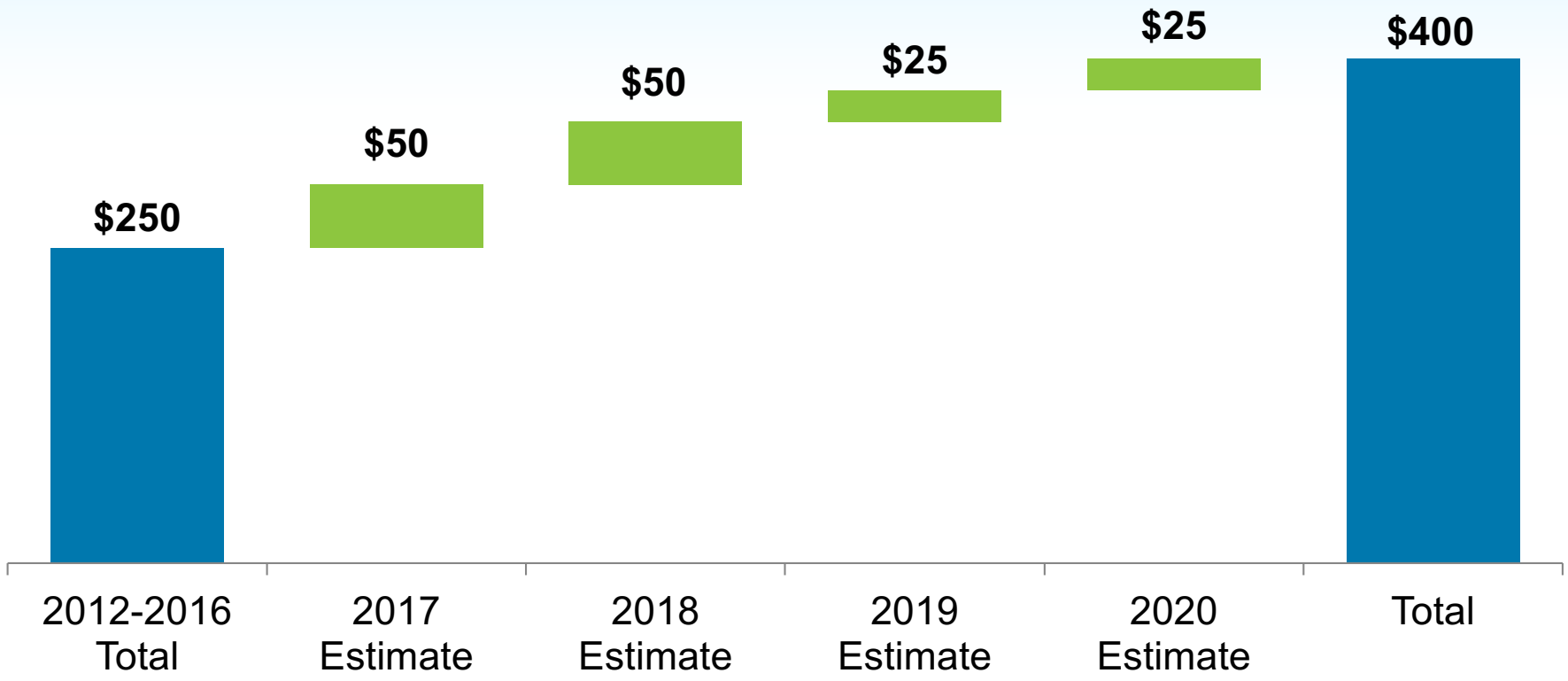
MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

1. Excludes DPL's 2,079 MW of coal-fired capacity, which we expect to exit by June 2018.
2. Includes 8,261 MW of new capacity disclosed on Slide 6.

Performance Excellence[1]

$ in Millions

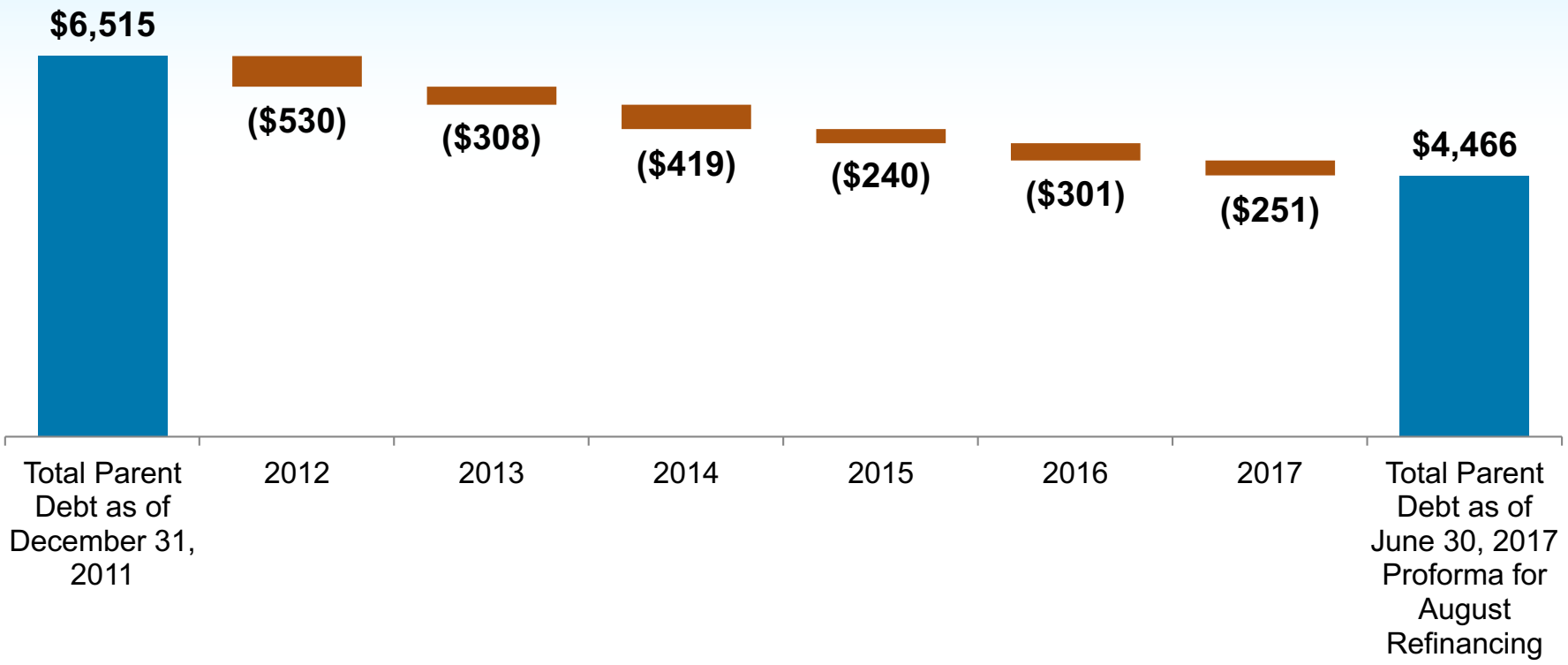
On Track to Achieve $400 Run Rate through 2020



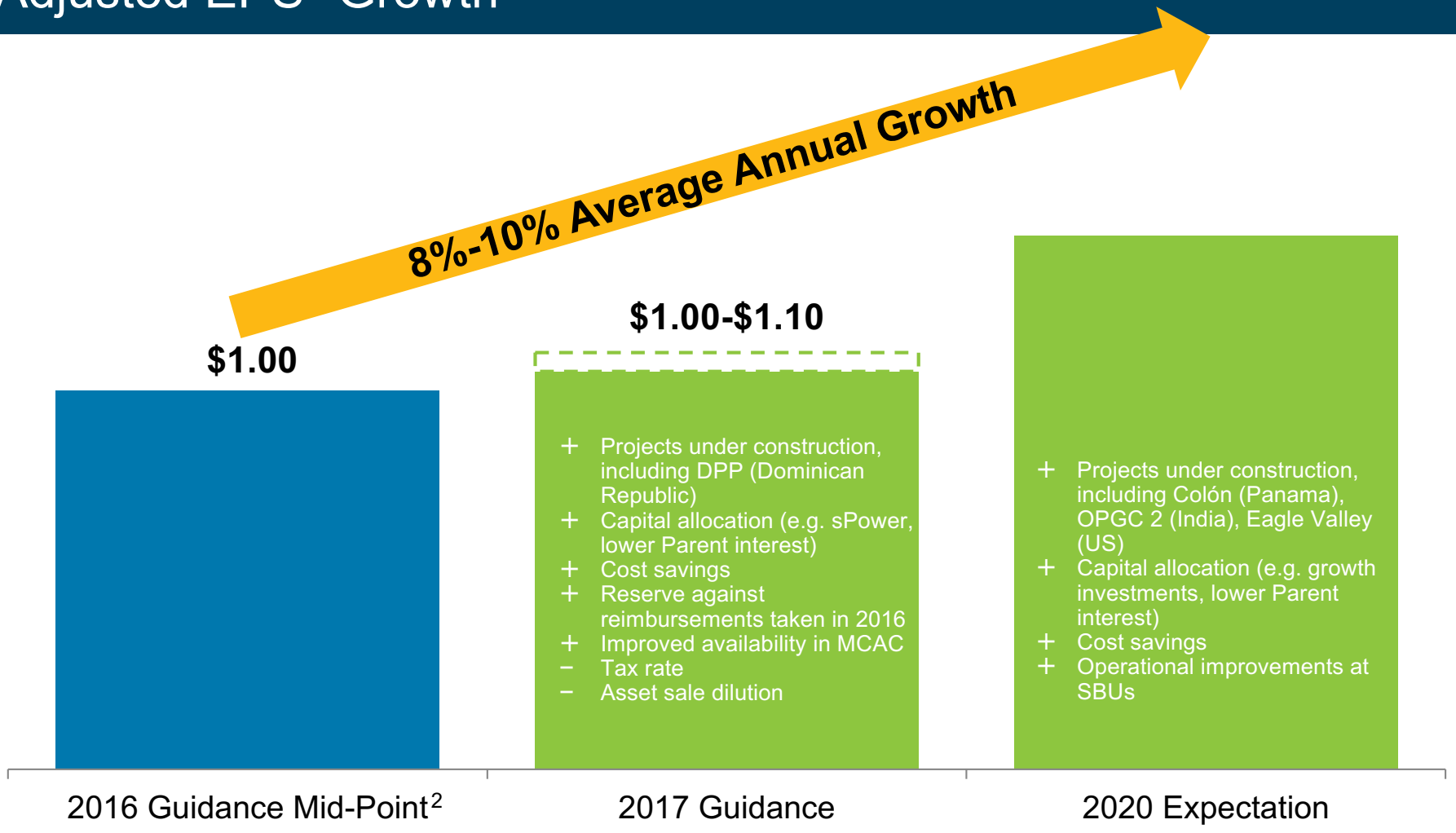
1. Cost reductions reflected in General and Administrative Expense (G&A), as well as Cost of Sales. Some of the previously reported 2012 and 2013 G&A Expense related to administrative costs at our SBUs has been reclassified to Cost of Sales.

Improving Our Debt Profile

Since 2011, Reduced Parent Debt by 31% or $2 Billion ($ in Millions)



Adjusted EPS[1] Growth

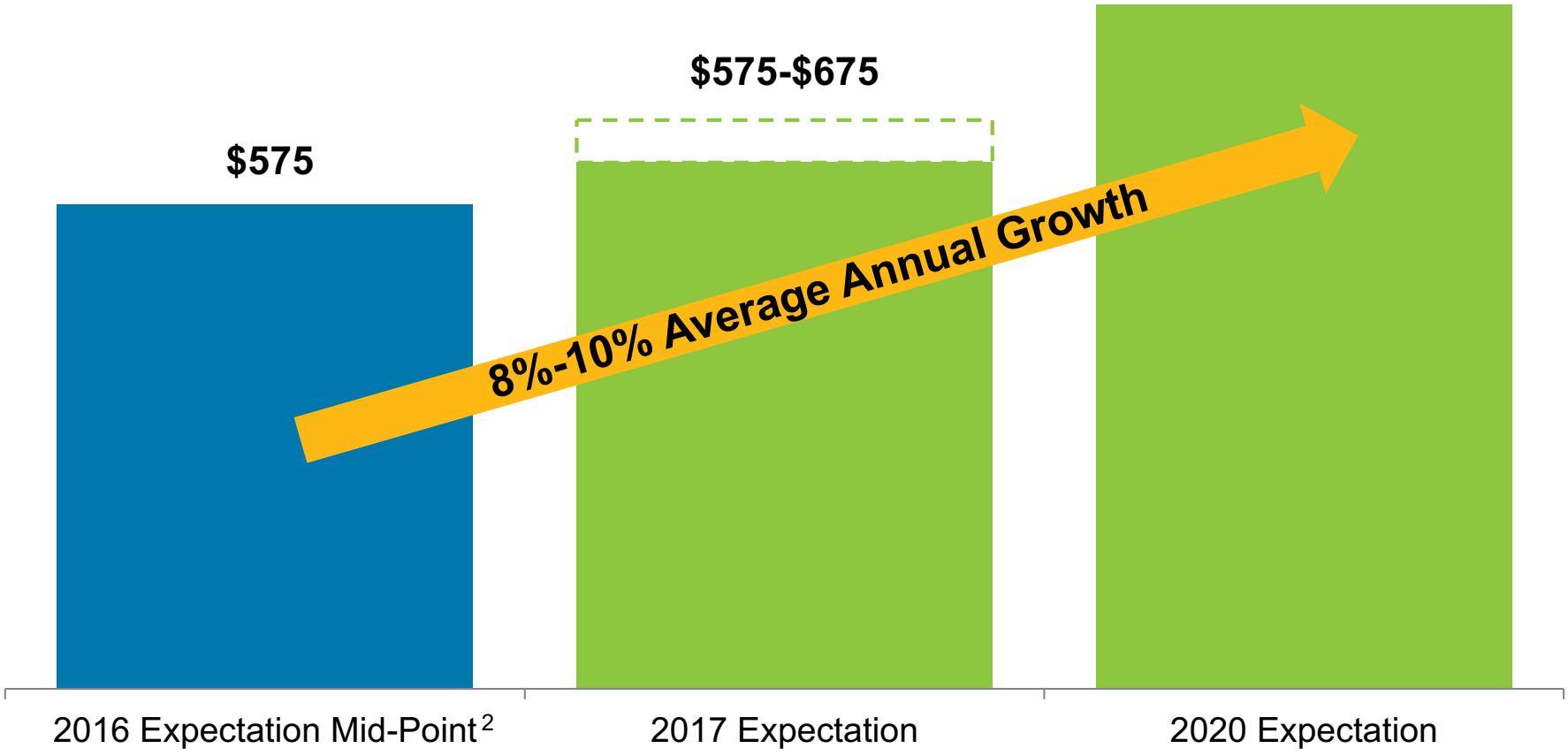


Growth in 2018 Adjusted EPS[1] Expected to be Higher than 8%-10% due to New Businesses Coming On-Line and Cost Savings

1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. 2016 Actual: $0.98.

Parent Free Cash Flow[1] Growth

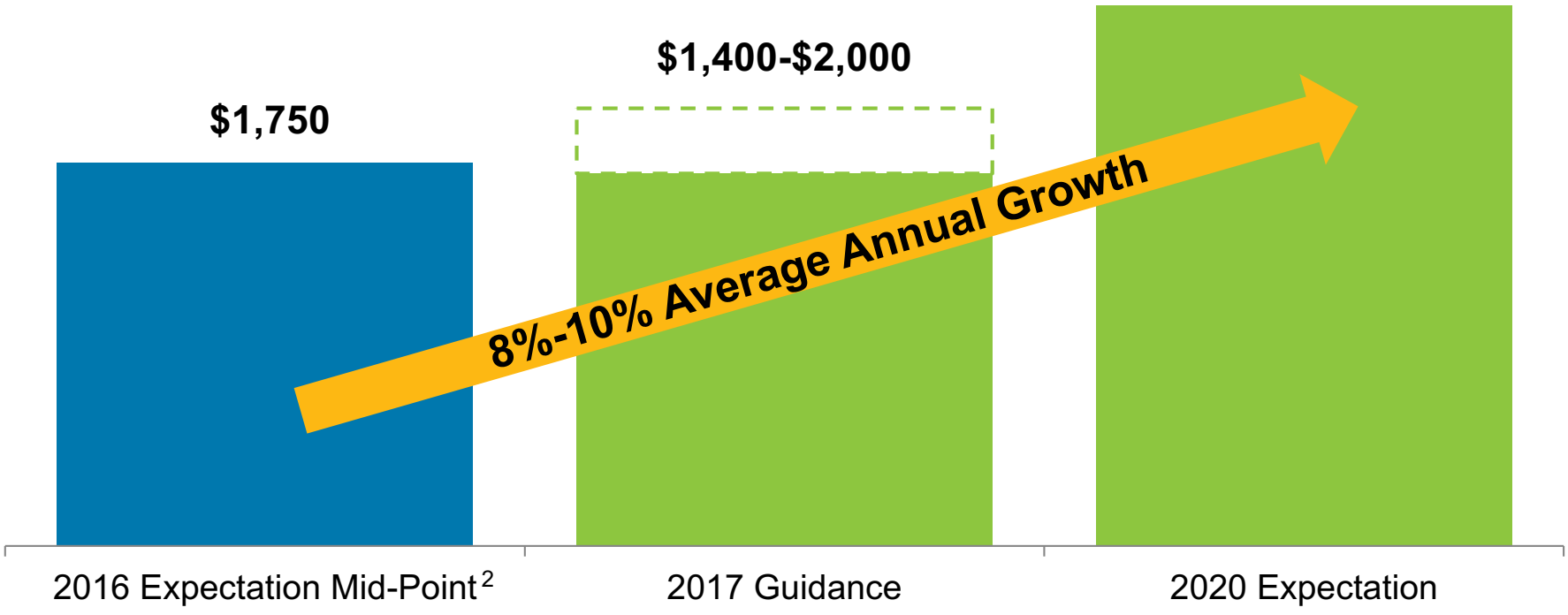
$ in Millions



1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. 2016 Actual: $579 million.

Consolidated Free Cash Flow[1] Growth

$ in Millions



Noncontrolling Interests Represent 30%-40% of Consolidated Free Cash Flow[1]

1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. 2016 Actual: $2,244 million.

AES Value Proposition: Above Average Growth at an Attractive Multiple

8%-10%
Growth in EPS and Free Cash Through 2020

+

~4.25%
Attractive Dividend Yield

=

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Targeted Annual Total Return

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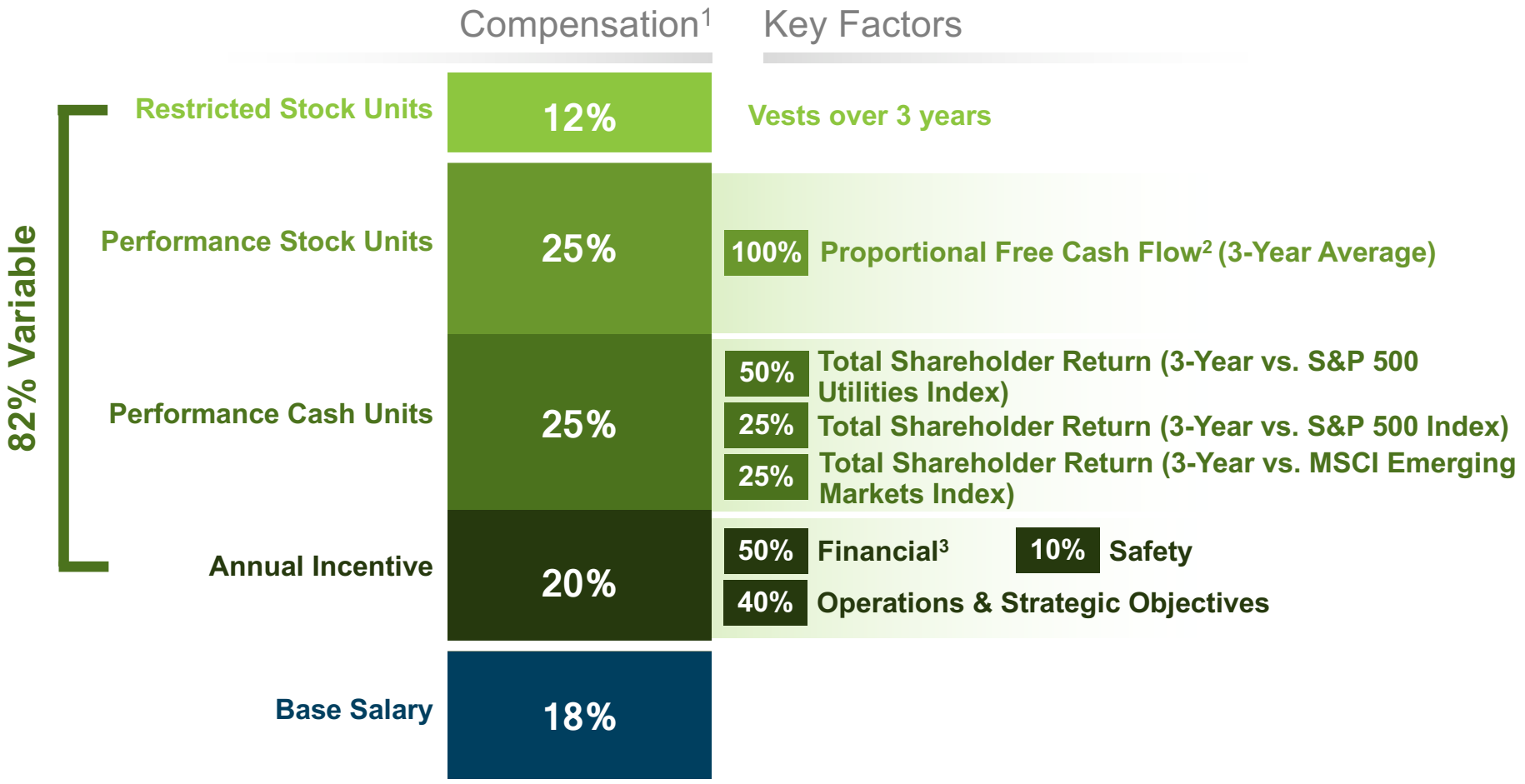
Targeting investment grade stats by **2020**

Appendix

- Executive Compensation — Slide 16
- DPL ESP Settlement — Slide 17
- DPL Inc. Modeling Disclosures — Slide 18
- DP&L and DPL Inc. Debt Maturities — Slide 19
- 2017 Parent Capital Allocation — Slide 20
- 2017-2020 Parent Capital Allocation — Slides 21-22
- AES Modeling Disclosures — Slide 23
- Currencies and Commodities — Slides 24-26
- Construction Program — Slide 27
- Reconciliations — Slides 28-30
- Assumptions & Definitions — Slides 31-32

Executive Compensation Aligned with Shareholders' Interests



82% of Target Compensation is Tied to Stock Price and/or Business Performance

1. 2017 target compensation for CEO and other Executive Officers.
2. A non-GAAP financial metric. See "definitions".
3. 15% Proportional Free Cash Flow, 15% Adjusted EPS and 20% Parent Free Cash Flow.

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

- In March, reached settlement agreement with PUCO Staff and various intervenors on Electric Security Plan (ESP)
  - Distribution Modernization Rider of $105 million/year over three years with potential for two-year extension
  - Commenced sale process for Miami Fort, Zimmer and Conesville (1 GW)
- Post-hearing brief concluded May 15, 2017
- PUCO approval expected Q3 2017
- Committed to:
  - Exiting 100% of coal capacity by June 2018 (2.1 GW)
  - Exploring strategic options for remaining generation (1 GW peakers)
  - Reducing debt

Taking Active Steps Towards DPL Becoming a Stable and Growing T&D Business

DPL Inc. Modeling Disclosures

Based on Market Conditions and Hedged Position as of June 30, 2017

	Balance of Year 2017	Full Year 2018	Full Year 2019
Volume Production (TWh)	4.1	5.6	2.8
% Volume Hedged	~47%	~24%	~11%
Average Hedged Dark Spread ($/MWh)	$13.59	$17.41	N/A
EBITDA Generation Business[1] ($ in Millions)		~$45 to $50 per year	
EBITDA DPL Inc. including Generation and T&D ($ in Millions)		~$275 to $300 per year	
Reference Prices[2]			
Henry Hub Natural Gas ($/mmbtu)	$3.07	$2.99	$2.85
AEP-Dayton Hub ATC Prices ($/MWh)	$29	$30	$29
EBITDA Sensitivities (with Existing Hedges) ($ in Millions)			
+10% AD Hub Energy Price ATC ($/MWh)	$5	$13	$7
-10% AD Hub Energy Price ATC ($/MWh)	($5)	($10)	($6)

Note: Data assume the exit of Stuart and Killen mid-2018, Miami Fort and Zimmer mid-2017, and Conesville in early 2018.

1. Includes capacity premium performance results.
2. Balance of Year 2017 (July-December) and Full Year 2018-2019 based on forward curves as of June 30, 2017.

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

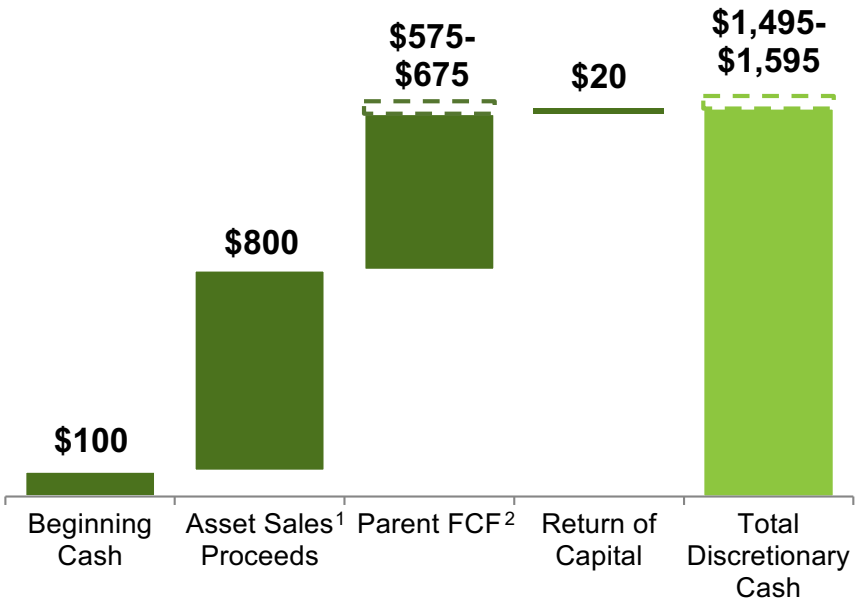
$ in Millions

Series	Interest Rate	Maturity	Amount Outstanding as of June 30, 2017	Amount Outstanding as of August 7, 2017	Remarks
2016 FMB Secured B Loan	**Variable**	**Aug. 2022**	**$442.8**	**$442.8**	• **Redeemable at 101% of par**
2006 OH Air Quality PCBs	4.8%	Sept. 2036	$91.9	$70.0	• Redeemable at par on any day
2015 Direct Purchase Tax Exempt TL	Variable	Aug. 2020 (put)	$200.0	$200.0	• Redeemable at par on any day
Total Pollution Control	**Various**	**Various**	**$291.9**	**$270.0**	
Wright-Patterson AFB Note	**4.2%**	**Feb. 2061**	**$17.9**	**$17.9**	• **No redemption option**
2015 DP&L Revolver	**Variable**	**July 2020**	-	-	• **Redeemable at par on any day**
Total DP&L			**$752.6**	**$730.7**	
2018 Term Loan	**Variable**	**May 2018**	**$112.5**	**$112.5**	• **No redemption penalty**
2019 Senior Unsecured	6.75%	Oct. 2019	$200.0	$200.0	• Callable at make-whole T+50
2021 Senior Unsecured	7.25%	Oct. 2021	$780.0	$780.0	• Callable at make-whole T+50
Total Senior Unsecured Bonds	**Various**	**Various**	**$980.0**	**$980.0**	
2015 DPL Revolver	**Variable**	**July 2020**	**-**	**-**	• **Redeemable at par on any day**
2001 Cap Trust II Securities	**8.125%**	**Sept. 2031**	**$15.6**	**$15.6**	• **Callable at make-whole T+25**
Total DPL Inc.			**$1,108.1**	**$1,108.1**	
TOTAL			**$1,860.7**	**$1,838.8**	

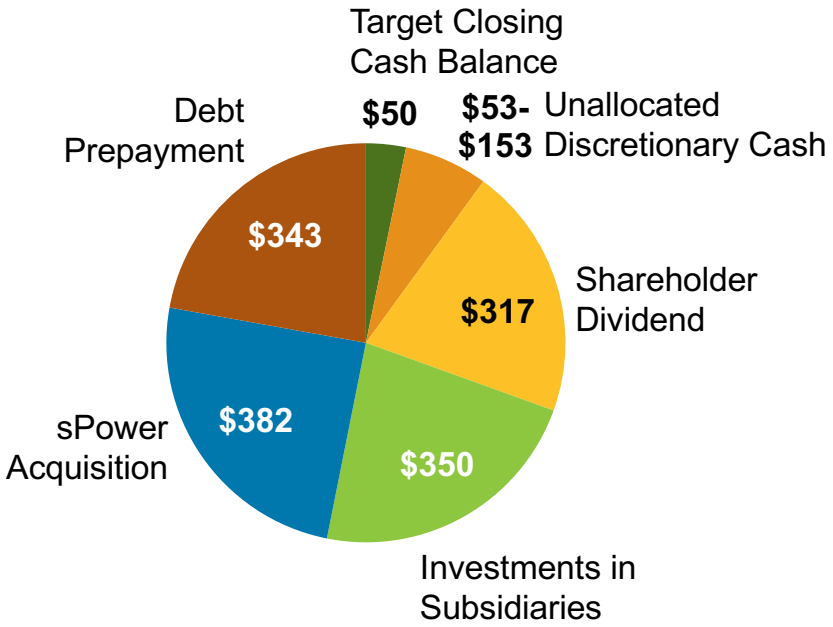
2017 Parent Capital Allocation Plan

$ in Millions

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



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

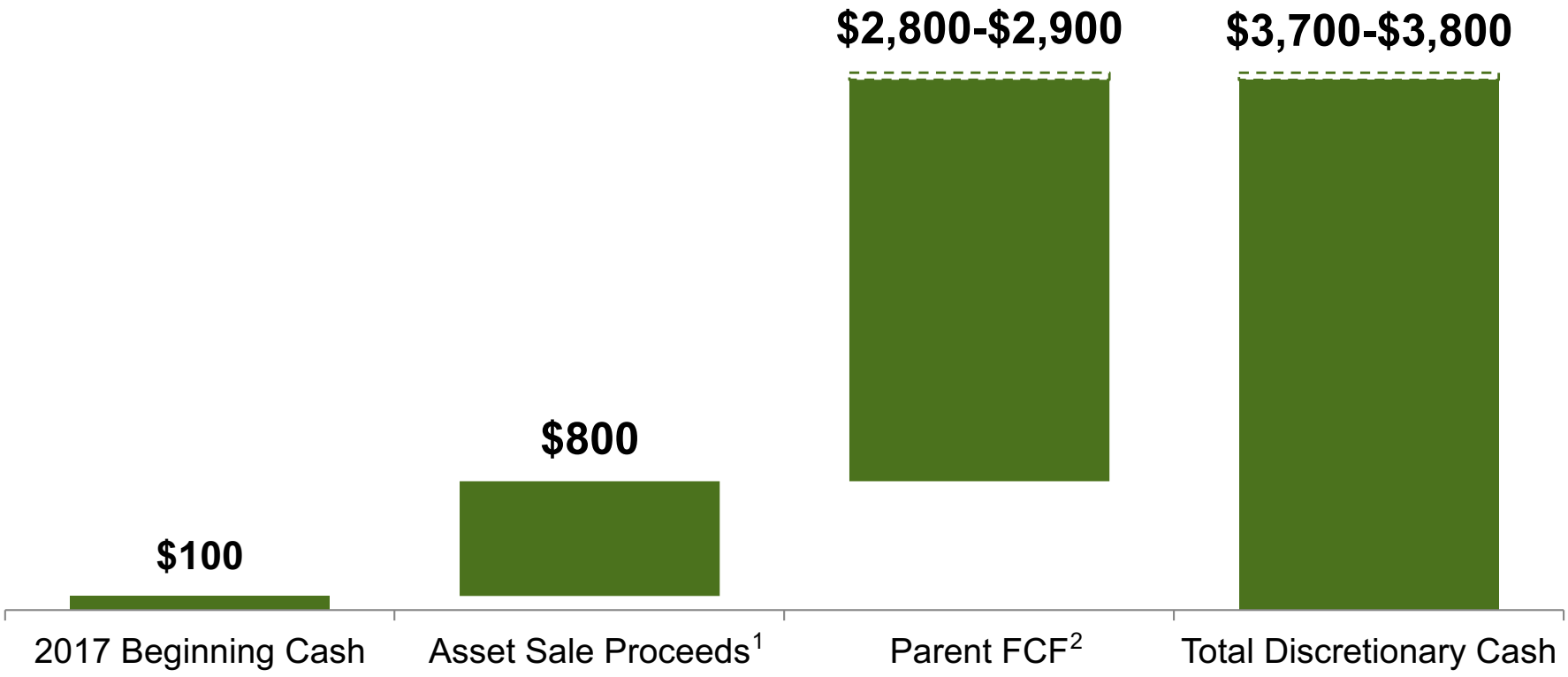


Maximizing Discretionary Cash to Increase Risk-Adjusted Returns for Shareholders

1. Includes: completed $300 million (Sul, Brazil) and $500 million asset sale proceeds target.
2. A non-GAAP financial measure. See Slide 23 for reconciliation to the nearest GAAP measure and "definitions".

$3.8 Billion in Discretionary Cash Being Generated Through 2020

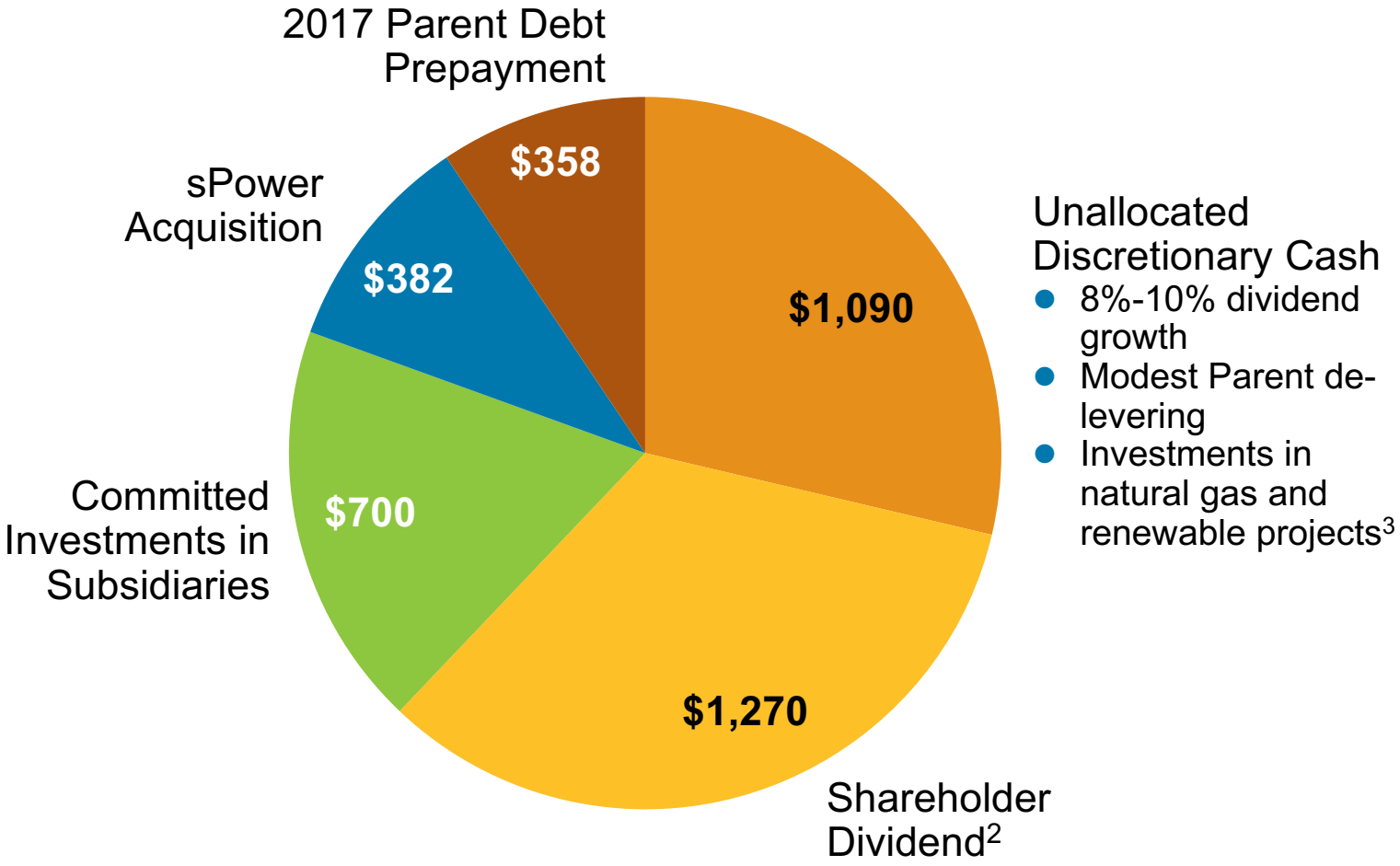
2017-2020; $ in Millions



1. Includes: completed $300 million (Sul, Brazil) and $500 million asset sale proceeds target.
2. A non-GAAP financial measure. See “definitions”. Based on the mid-point of 2017 guidance of $625 million, growing at the mid-point of our 8%-10% average annual growth rate through 2020. Does not include additional asset sale proceeds.

Allocating $3.8 Billion[1] Discretionary Cash Through 2020 to Maximize Risk-Adjusted Returns

2017-2020; $ in Millions



1. Includes: $100 million beginning cash; $800 million asset sale proceeds; and Parent Free Cash Flow of $2,900 million, which is based on the mid-point of 2017 guidance of $625 million, growing at the mid-point of our 8%-10% average annual growth rate through 2020. Does not include additional asset sale proceeds.
2. Assumes constant payment of $0.12 per share each quarter on 662 million shares outstanding.
3. Includes investments in renewable development projects in 2018-2020 shown on Slide 6.

AES Modeling Disclosures

$ in Millions

Parent Company Cash Flow Assumptions	2017
Subsidiary Distributions (a)	$1,150-$1,265
Cash Interest (b)	$285-$300
Corporate Overhead	$150
Parent-Funded SBU Overhead	$100
Business Development	$40
Cash for Development, General & Administrative and Tax (c)	$290
PARENT FREE CASH FLOW[1] (a – b – c)	**$575-$675**

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

2017 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over year-to-go 2017 is forecasted to have a change in EPS of approximately $0.015

Currencies

10% appreciation in USD against the following key currencies is forecasted to have the following negative EPS impacts:	Balance of Year 2017	
	Average Rate	Sensitivity
Brazilian Real (BRL)	3.38	Less than $0.005
Colombian Peso (COP)	3,089	Less than $0.005
Euro (EUR)	1.15	Less than $0.005
Great British Pound (GBP)	1.31	Less than $0.005
Kazakhstan Tenge (KZT)	341	Less than $0.005

Commodity Sensitivity

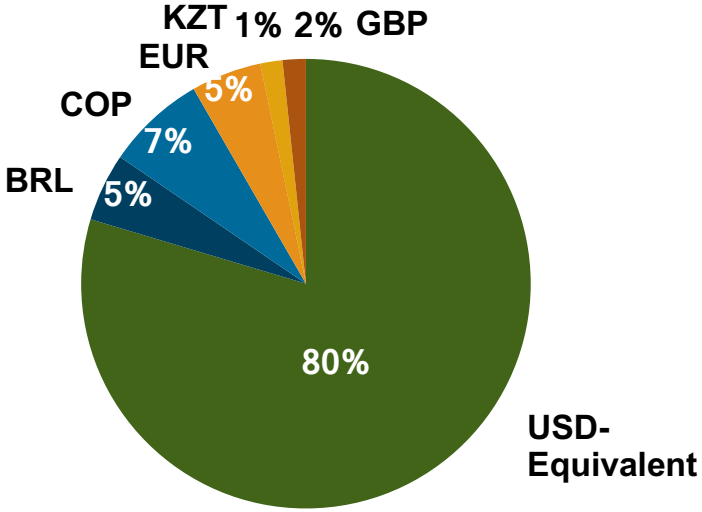
10% increase in commodity prices is forecasted to have the following EPS impacts:	Balance of Year 2017	
	Average Rate	Sensitivity
Illinois Basin Coal	$34/ton	Less than $0.005, negative correlation
Rotterdam Coal (API 2)	$78/ton	
NYMEX WTI Crude Oil	$46/bbl	Less than $0.005, positive correlation
IPE Brent Crude Oil	$49/bbl	
NYMEX Henry Hub Natural Gas	$3.1/mmbtu	Less than $0.005, negative correlation
UK National Balancing Point Natural Gas	£0.4/therm	
US Power (DPL) – PJM AD Hub	$ 29/MWh	$0.005, positive correlation

Note: Guidance provided on August 8, 2017. Sensitivities are provided on a standalone basis, assuming no change in the other factors, to illustrate the magnitude and direction of changing market factors on AES' results. Estimates show the impact on year-to-go 2017 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 2017 guidance is based on currency and commodity forward curves and forecasts as of June 30, 2017. 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. Please see Item 1 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 $0.005 cent per share.

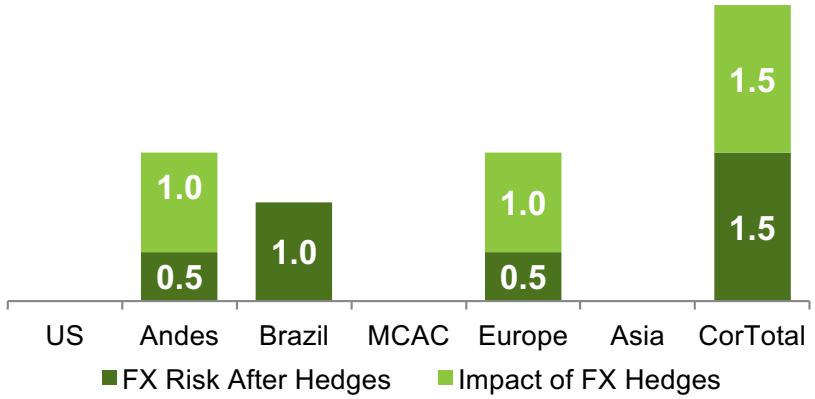
1. The move is applied to the floating interest rate portfolio balances as of June 30, 2017.

2017 Foreign Exchange (FX) Risk Mitigated Through Structuring of Our Businesses and Active Hedging

2017 Adjusted PTC[1] by Currency Exposure



2017 Full Year FX Sensitivity[2,3] by SBU (Cents Per Share)

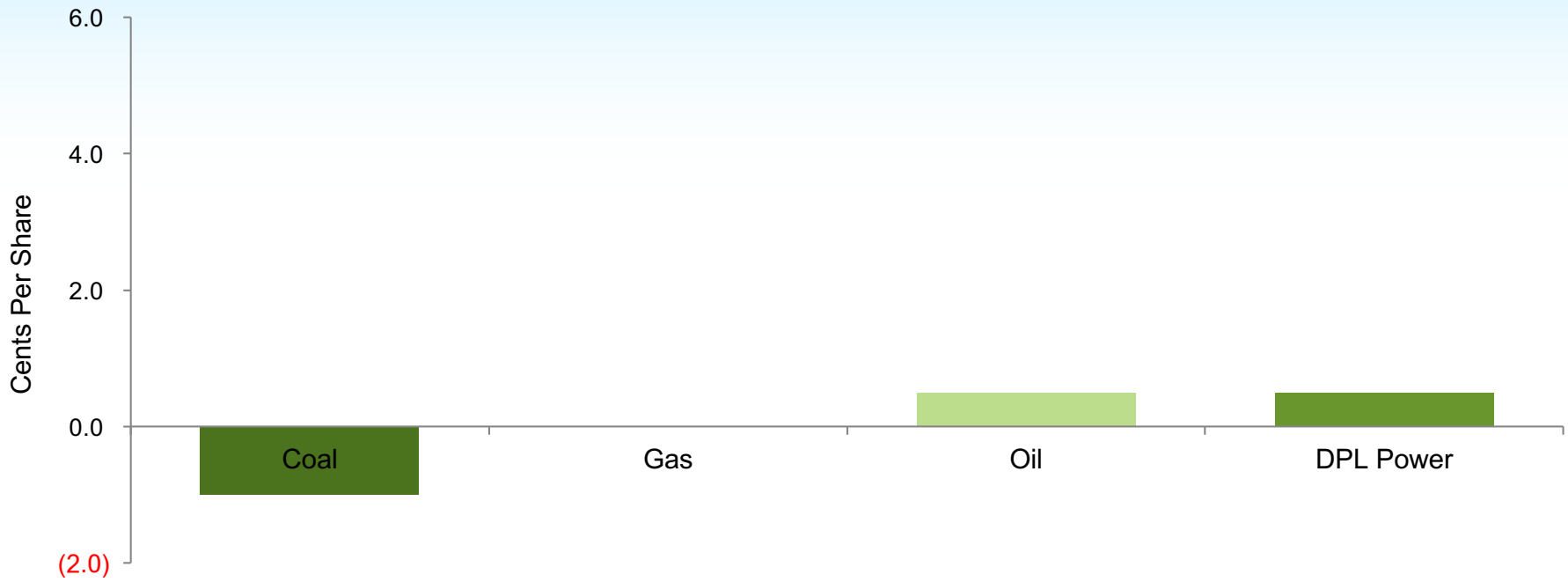


- 2017 correlated FX risk after hedges is $0.015 for 10% USD appreciation
- 80% of 2017 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our contracts
- FX risk mitigated on a rolling basis by shorter-term active FX hedging programs

1. Before Corporate Charges. A non-GAAP financial measure. See “definitions”.
2. Sensitivity represents full year 2017 exposure to a 10% appreciation of USD relative to foreign currency as of December 31, 2016.
3. Andes includes Argentina and Colombia businesses only due to limited translational impact of USD appreciation to Chilean businesses.

Commodity Exposure is Mostly Hedged in the Medium- to Long-Term

Full Year 2019 Adjusted EPS[1] Commodity Sensitivity[2] for 10% Change in Commodity Prices



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.

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 2017-2020									
IPL Wastewater	US-IN	70%	Coal		2H 2017	$224	$71		Environmental (NPDES) upgrades of 1,864 MW
Eagle Valley CCGT	US-IN	70%	Gas	671	1H 2018	$613	$193		
Colón	Panama	50%	Gas	380	1H 2018	$996	$205		Regasification and LNG storage tank expected on-line in 2019
OPGC 2	India	49%	Coal	1,320	2H 2018	$1,585	$227		
Alto Maipo	Chile	62%	Hydro	531	1H 2019	$2,513	$413		
Masinloc 2	Philippines	51%	Coal	335	1H 2019	$740	$110		
Southland Repowering	US-CA	100%	Gas	1,284	1H 2020	$2,314	$350		
Total				**4,621**		**$8,984**	**$1,568**		
ROE[1]								**~12%**	**Weighted average; net income divided by AES equity contribution**
CASH YIELD[1]								**~13%**	**Weighted average; subsidiary distributions divided by AES equity contribution**

1. Based on projections. See our 2016 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 Full Year Adjusted PTC[1] and Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	FY 2016		FY 2015	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]
Income from Continuing Operations Attributable to AES and Diluted EPS	$8	$0.00[3]	$331	$0.48
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	($148)		$275	
Pre-Tax Contribution	($140)		$606	
Adjustments				
Unrealized Derivative (Gains)	($9)	($0.02)	($166)	($0.24)
Unrealized Foreign Currency Transaction Losses	$23	$0.04	$96	$0.14
Disposition/Acquisition (Gains)/Losses	$6	$0.01[4]	($42)	($0.06)[5]
Impairment Losses	$933	$1.41[6]	$504	$0.73[7]
Loss on Extinguishment of Debt	$29	$0.05[8]	$179	$0.26[9]
Less: Net Income Tax (Benefit)	-	($0.51)[10]	-	($0.06)[11]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$842**	**$0.98**	**$1,177**	**$1.25**

1. Non-GAAP financial measures. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Diluted EPS calculation includes income from continuing operations, net of tax, of $8 million less the $5 million adjustment to retained earnings to record the DP&L redeemable preferred stock at its redemption value as of December 31, 2016.
4. Amount primarily relates to the loss on deconsolidation of UK Wind of $20 million, or $0.03 per share and losses associated with the sale of Sul of $10 million, or $0.02; partially offset by the gain on sale of DPLER of $22 million, or $0.03 per share.
5. Amount primarily relates to the gains on the sale of Armenia Mountain of $22 million, or $0.03 per share and from the sale of Solar Spain and Solar Italy of $7 million, or $0.01 per share.
6. Amount primarily relates to asset impairments at DPL of $859 million, or $1.30 per share; $159 million at Buffalo Gap II ($49 million, or $0.07 per share, net of NCI); and $77 million at Buffalo Gap I ($23 million, or $0.03 per share, net of NCI).
7. Amount primarily relates to the goodwill impairment at DPL of $317 million, or $0.46 per share, and asset impairments at Kilroot of $121 million ($119 million, or $0.17 per share, net of NCI), at Buffalo Gap III of $116 million ($27 million, or $0.04 per share, net of NCI), and at U.K. Wind (Development Projects) of $38 million ($30 million, or $0.04 per share, net of NCI).
8. Amount primarily relates to the loss on early retirement of debt at the Parent Company of $19 million, or $0.03 per share.
9. Amount primarily relates to the loss on early retirement of debt at the Parent Company of $116 million, or $0.17 per share and at IPL of $22 million ($17 million, or $0.02 per share, net of NCI).
10. Amount primarily relates to the per share income tax benefit associated with asset impairment of $332 million, or $0.50 per share.
11. Amount primarily relates to the per share income tax benefit associated with losses on extinguishment of debt of $55 million, or $0.08 per share.

Reconciliation of 2016 Guidance

$ in Millions, Except Per Share Amounts

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

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

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

1. A non-GAAP financial measure. See “definitions”.
2. Actual 2016 Adjusted EPS was $0.98. The above range is provided as a base for future growth rates. Reconciliation of Adjusted EPS may be found in the Company’s 2016 Form 10-K.

Reconciliation of 2017 Guidance

$ in Millions, Except Per Share Amounts

2017 Guidance	
Consolidated Net Cash Provided by Operating Activities	$2,000-$2,800
Consolidated Free Cash Flow[1]	$1,400-$2,000
Adjusted EPS[1, 2]	$1.00-$1.10

Reconciliation	
Consolidated Net Cash Provided by Operating Activities (a)	$2,000-$2,800
Maintenance & Environmental Capital Expenditures (b)	$600-$800
Consolidated Free Cash Flow[1] (a - b)	$1,400-$2,000

- Commodity and foreign currency exchange rates and forward curves as of June 30, 2017

1. A non-GAAP financial measure. See “definitions”.
2. The Company is not able to provide a corresponding GAAP equivalent for its Adjusted EPS guidance. In providing its full year 2017 Adjusted EPS guidance, the Company notes that there could be differences between expected reported earnings and estimated operating earnings, including the items listed below. Therefore, management is not able to estimate the aggregate impact, if any, of these items on reported earnings. As of June 30, 2017, the impact of these items was as follows: (a) unrealized gains or losses related to derivative transactions represent a loss of $1 million, (b) unrealized foreign currency gains or losses represent a gain of $17 million, (c) gains or losses and associated benefits and costs due to dispositions and acquisitions of business interests, including early plant closures, and the tax impact from the repatriation of sales proceeds represent a loss of $87 million, (d) losses due to impairments of $181 million and (e) gains, losses and costs due to the early retirement of debt represent a gain of $3 million.

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 and associated benefits and costs due to dispositions and acquisitions of business interests, including early plant closures, and the tax impact from the repatriation of sales proceeds, (d) losses due to impairments, and (e) gains, losses and costs due to the early retirement of debt. The GAAP measure most comparable to adjusted EPS is diluted earnings per share from continuing operations. We believe that adjusted EPS better reflect the underlying business performance of the Company and are 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 of or acquire business interests or retire debt, which affect results in a given period or periods. Adjusted EPS should not be construed as alternatives to income from continuing operations attributable to AES and diluted earnings per share from continuing operations, which are determined in accordance with GAAP. Beginning in the first quarter of 2017, the definition was revised to exclude associated benefits and costs due to acquisitions, dispositions and early plant closures, including the tax impact of decisions made at the time of sale to repatriate proceeds.
- **Adjusted Pre-Tax Contribution** (a non-GAAP financial measure) is defined as pre-tax income from continuing operations attributable to AES excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) gains or losses and associated benefits and costs due to dispositions and acquisitions of business interests, including early plant closures, and the tax impact from the repatriation of sales proceeds, (d) losses due to impairments, and (e) gains, losses and costs due to the early retirement of debt. Adjusted PTC also includes net equity in earnings of affiliates on an after-tax basis adjusted for the same gains or losses excluded from consolidated entities. The GAAP measure most comparable to adjusted PTC is income from continuing operations attributable to AES. We believe that adjusted PTC better reflect the underlying business performance of the Company and are 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 of or acquire business interests or retire debt, which affect results in a given period or periods. In addition, for adjusted PTC, earnings before tax represents the business performance of the Company before the application of statutory income tax rates and tax adjustments, including the effects of tax planning, corresponding to the various jurisdictions in which the Company operates. Adjusted PTC should not be construed as alternatives to income from continuing operations attributable to AES and diluted earnings per share from continuing operations, which are determined in accordance with GAAP. Beginning in the first quarter of 2017, the definition was revised to exclude associated benefits and costs due to acquisitions, dispositions and early plant closures, including the tax impact of decisions made at the time of sale to repatriate proceeds.
- **Free Cash Flow** (a non-GAAP financial measure) is defined as net cash from operating activities (adjusted for service concession asset capital expenditures) 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 generated by the business after the funding of maintenance capital expenditures that may be available for investing in growth opportunities 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.
- **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.
- **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.