

The AES Corporation
Third Quarter 2017 Financial Review

November 2, 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 57 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.

Q3 2017 Financial Review Call

- Third quarter 2017 Adjusted EPS[1] of $0.24, reflecting impact of hurricane-related damages and a higher quarterly tax rate
- Reaffirming 2017 guidance and expectations through 2020
- Made significant progress on construction projects and integration of renewable acquisitions
- Accelerating and upsizing asset sales program – now targeting $2 billion in proceeds to AES from 2018-2020
  - Includes $1 billion in proceeds expected in 2018
- On track to achieve $400 million in annual cost savings and revenue enhancements by year-end 2020
  - Aggressively evaluating additional opportunities
  - New savings target to be announced on fourth quarter 2017 call

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

531 MW Alto Maipo Hydro Project in Chile

- As discussed on our previous call, the project has experienced construction difficulties
  - Terminated CNM, one of its two main contractors
    - Work currently being performed by Robbins – seeing significantly improved productivity
  - The project is now 58% complete
- Alto Maipo has made progress in addressing challenges – restructuring expected to be completed in the first quarter of 2018
  - Alto Maipo is in negotiations with various contractors for a fixed price, lump sum EPC contract
    - The new EPC contract would include substantial capital and performance commitments from the contractor
  - The restructuring would require:
    - Additional commitments from the lenders
    - Meaningful equity contribution from AES Gener, which would be tied to construction milestones
- Goal is to significantly reduce execution risk and preserve the value of Alto Maipo, while at the same time remaining disciplined with additional equity from AES Gener

Eagle Valley in Indiana

671 MW CCGT, COD[1]: 1H 2018



- Construction 99% complete and project is now in commissioning phase
- Recently achieved a major milestone with the first fire of a turbine

1. Commercial Operations Date.

Southland Repowering in California

1,284 MW CCGT; COD[1]: 1H 2020[2]



- 20-year PPAs with Southern California Edison
- California Public Utilities Commission recently approved capacity contracts for 2.5 GW of existing capacity, from June 2018 through 2020
  - Contracts will provide stable cash flows until new capacity comes on-line in 2020

1. Commercial Operations Date.
2. Does not include 100 MW of energy storage, which is expected to come on-line in the first half of 2021.

Reshaping Our Portfolio to Reduce Carbon Intensity and Improve Risk-Adjusted Returns to Shareholders

- Investing in natural gas and renewable projects with long-term, U.S. Dollar-denominated contracts
  - Reducing carbon intensity
  - Stronger growth opportunities
  - Lower cash flow and earnings volatility
- Earning attractive returns, driven by:
  - Investing in markets with lower renewable penetration and faster growth rates than the U.S.
  - Using local debt capacity in existing businesses
  - Bringing in partners to reduce our equity commitments, while providing management and development fees

In July, Closed the Acquisition of sPower, the Largest Independent Solar Developer in the U.S.

1.3 GW of Solar and Wind in Operation; 10 GW Development Pipeline



- Encouraged by high quality operating assets and development pipeline
- 10 GW solar development pipeline – expect to close on at least 500 MW annually in the U.S.

Note: Capacity shown in DC.

Re-Positioning Tietê in Brazil

611 MW of Renewable Capacity Added in 2017



- Closed acquisition of 386 MW Alto Sertão operational wind facility
- Finalized acquisition of 75 MW Boa Hora solar development project and recently signed agreement to acquire 150 MW Bauru solar complex
  - 20-year regulated contracts
  - Expected CODs[1] in 2018
- Real $1.6 billion to fund projects secured by tapping into Tietê's available debt capacity

1. Commercial Operations Date.

Strong 2.5 GW Development Pipeline in Mexico

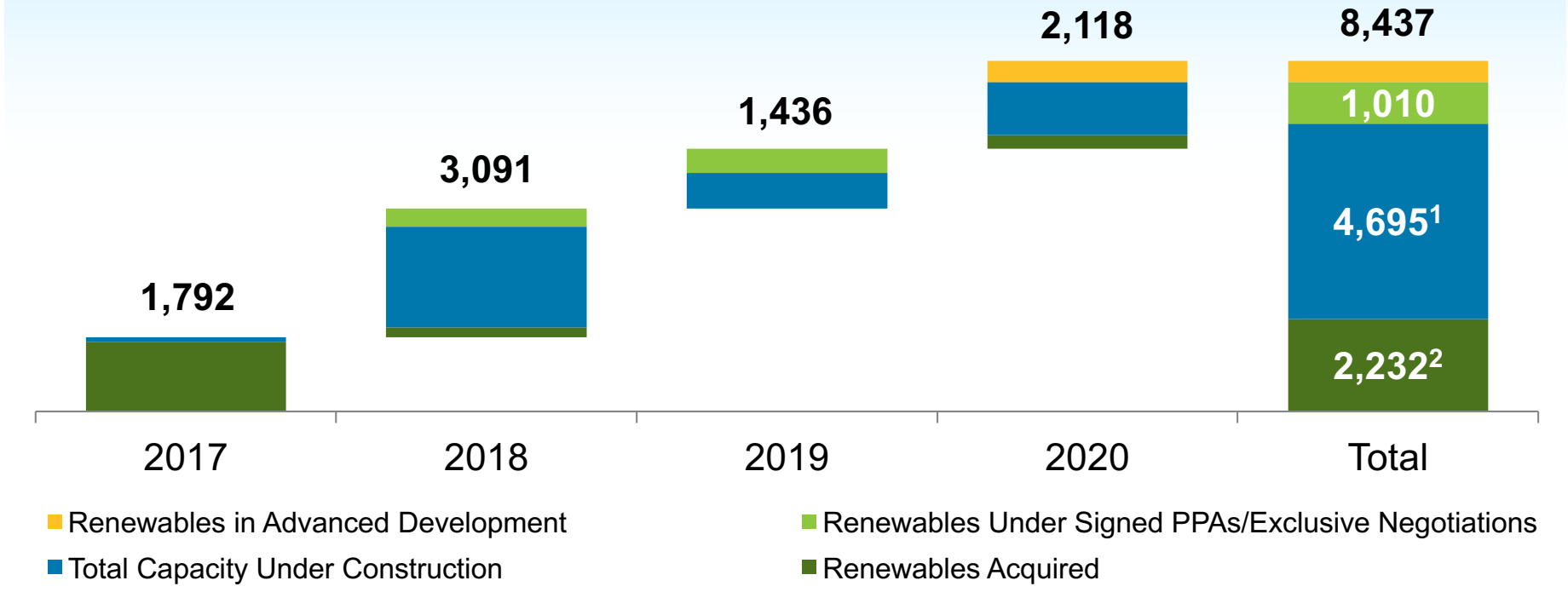
Recently Agreed to Acquire 306 MW Mesa La Paz Wind Development Project



- Partnering with, Grupo Bal, one of the largest business groups in Mexico
- Mesa La Paz
  - 25-year, U.S. Dollar-denominated PPA
  - Project site large enough to add up to 200 MW of solar
  - Financial close expected in early 2018 and begin construction shortly thereafter

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

Adding up to 8.4 GW of New Capacity Through 2020

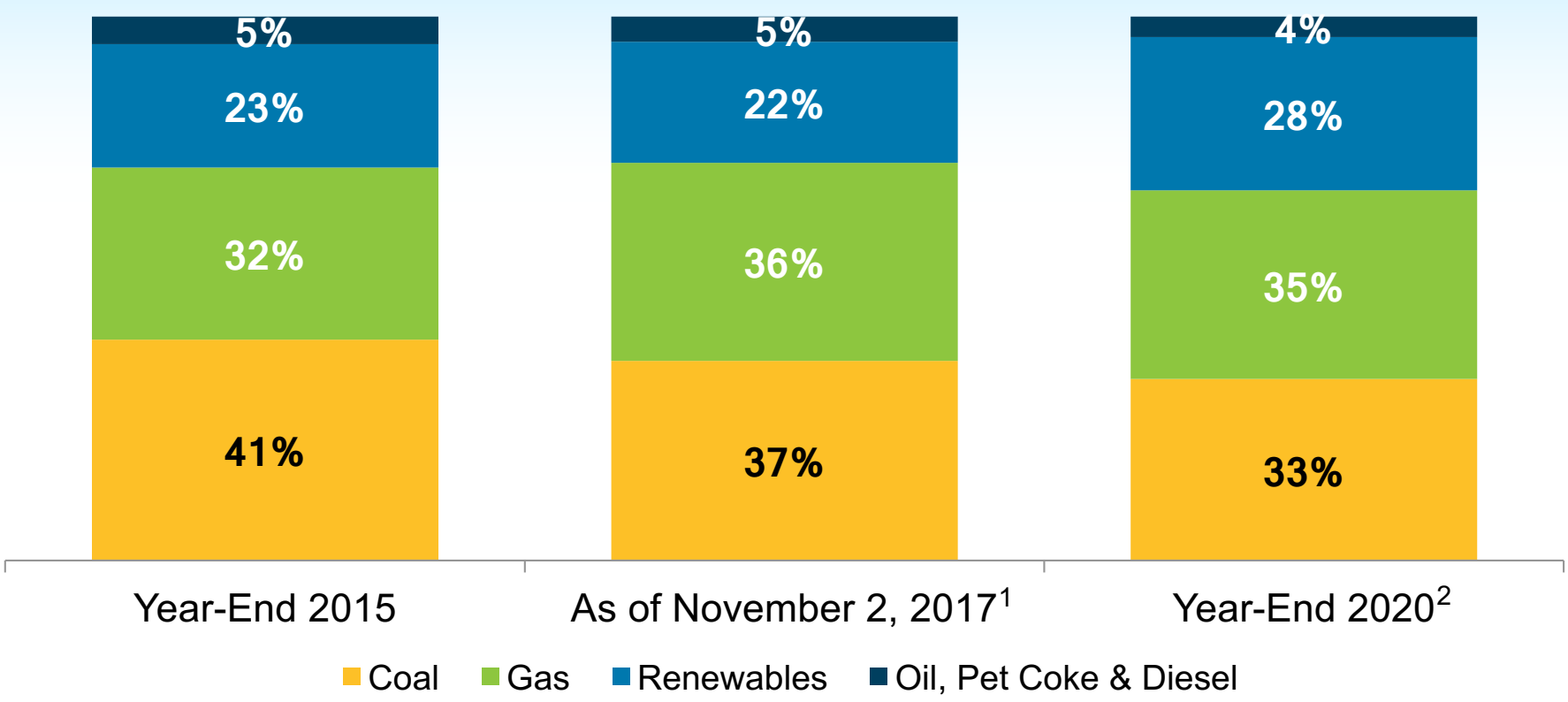


Note: sPower capacity shown in DC.

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), 100 MW sPower (US-CA), 64 MW Distributed Energy (US) and 10 MW Bosforo (El Salvador).
2. Includes: 1,145 MW sPower (solar, US), 386 MW Alto Sertão II (wind, Brazil), 306 MW Mesa La Paz (wind, Mexico), 150 MW Bauru (Brazil, solar), 142 MW sPower (wind, US), 75 MW Boa Hora (solar, Brazil) and 28 MW Na Pua Makani (wind, Hawaii).

Sustainable and Growing Portfolio

Replacing Coal Capacity with Renewables and Natural Gas



1. Excludes DPL's 2,079 MW of coal-fired capacity, which we expect to exit by June 2018 and sPower's 1,287 MW acquired in July 2017.
2. Includes 8,437 MW of new capacity disclosed on Slide 11.

World Leader in Battery-Based Energy Storage

228 MW in Operation, 250 MW Under Construction or Contracted



- In the Dominican Republic, recently completed 20 MW at two sites
  - Performed flawlessly to ensure grid stayed on-line during Hurricanes Irma and Maria
- In Hawaii, helping island of Kauai reduce reliance on diesel generators by delivering 28 MW of solar and a 20 MW, 5-hour duration energy storage system

Partnering with Siemens on Fluence Joint Venture

New Global Energy Storage Technology and Services Company

FLUENCE
A Siemens and AES Company

- Received anti-trust approval from the European Commission in October and expect to close by the end of 2017
- Expect Fluence to deliver energy storage to commercial and industrial companies, utilities and power developers in 160 countries
- High-growth segment that is expected to grow ten-fold in five years, reaching at least 28 GW of installed capacity by 2022

Q3 2017 Financial Review

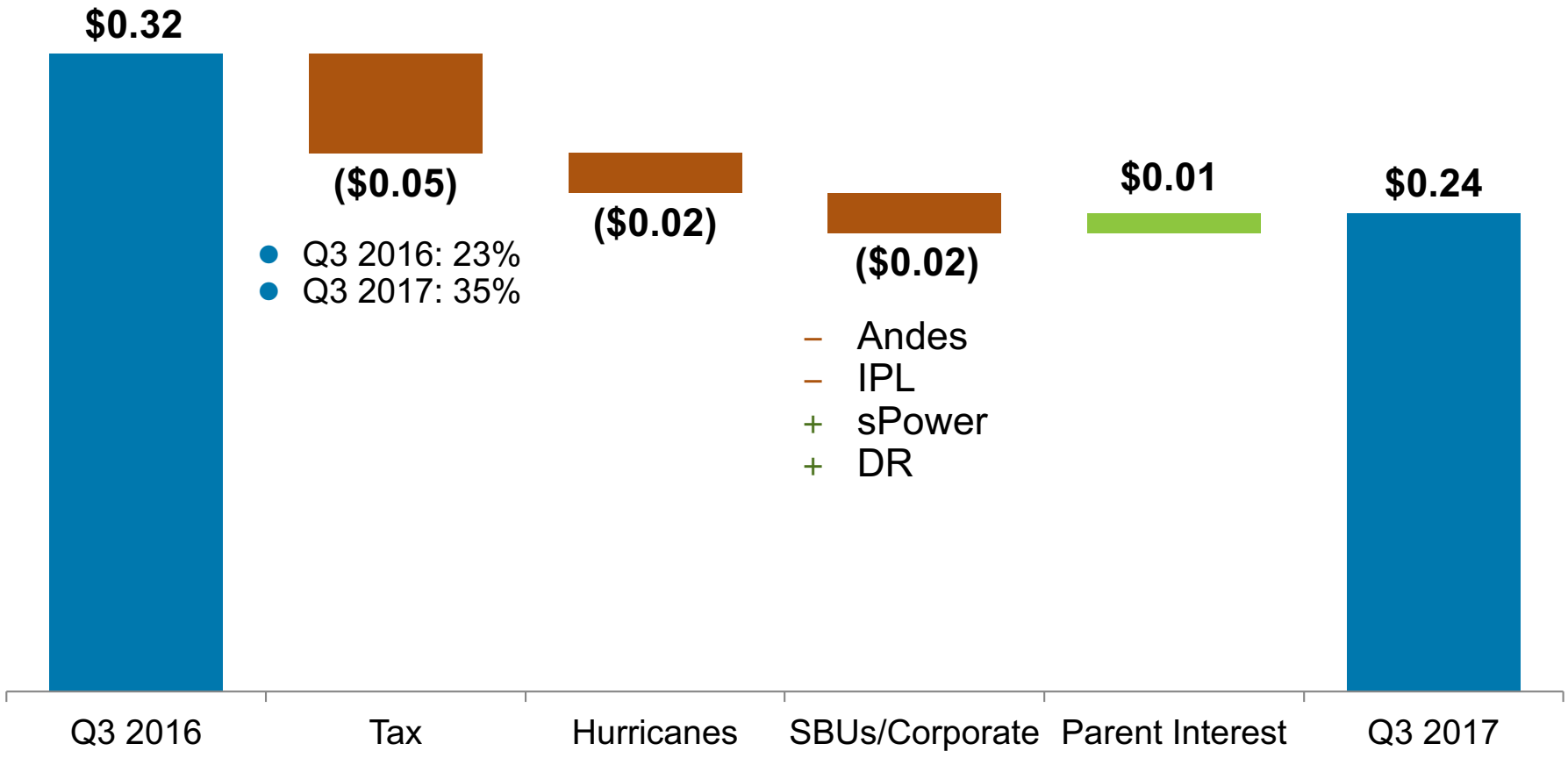
- Q3 2017 results
  - Adjusted EPS[1]
  - Consolidated Free Cash Flow[1] and Adjusted PTC[1] by Strategic Business Unit (SBU)
- 2017 Parent capital allocation plan
- 2017 Guidance and 2018-2020 expectations

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

Update on Impact of Hurricanes

- In October, disclosed estimated impact of $0.03 to $0.05 on 2017 Adjusted EPS[1] from recent hurricanes
  - Recognized $0.02 in the third quarter, mostly at corporate captive insurance business for damages to solar plants in Puerto Rico and U.S. Virgin Islands
- Since mid-October, AES Puerto Rico has been available to meet its obligations under its Power Purchase Agreement (PPA)
  - Capacity payments under PPA tied to availability
  - Once local transmission lines repaired, can resume delivering much-needed energy to the grid
- Federal and local officials prioritizing restoration of grid
  - Seeing progress on repair work; majority of the grid expected to be operational by the end of the year
- When the plant is re-connected to the grid, we expect to be dispatched since:
  - Lowest cost producer of energy
  - Highly reliable
  - Location critical to maintaining grid stability

Q3 2017 Adjusted EPS[1] Decreased $0.08



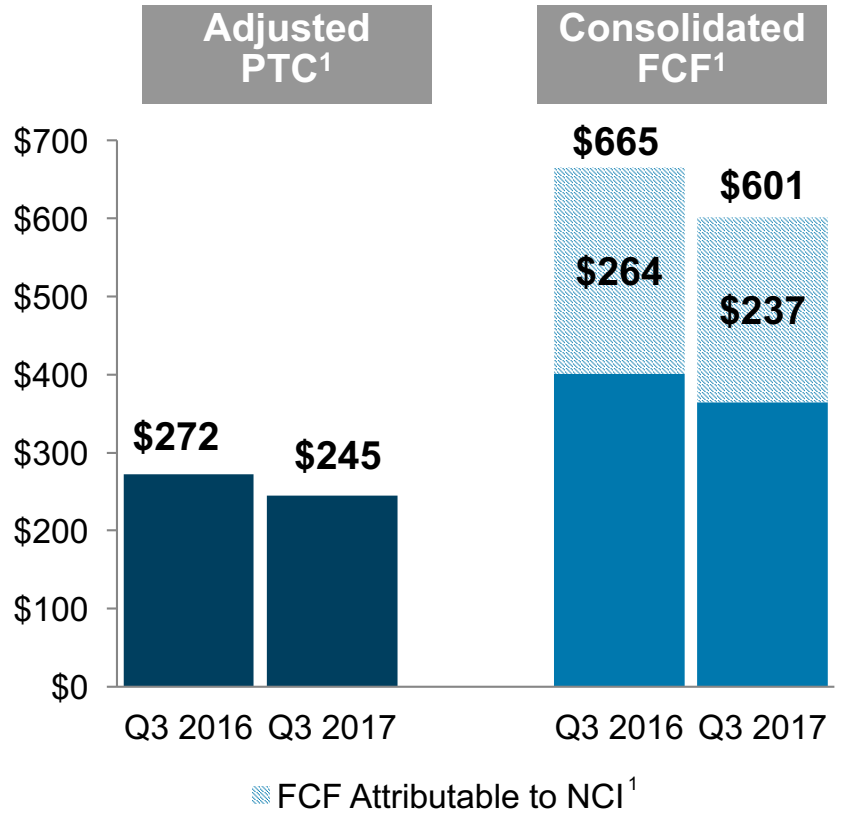
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results

$ in Millions

Adjusted PTC[1] Decreased $27; Consolidated FCF[1] Decreased $64

- Margins declined primarily due to hurricanes and Andes, partially offset by improved performance in MCAC, Eurasia and Brazil
- Lower Consolidated FCF[1] also reflects higher working capital requirements in Brazil, the US and MCAC



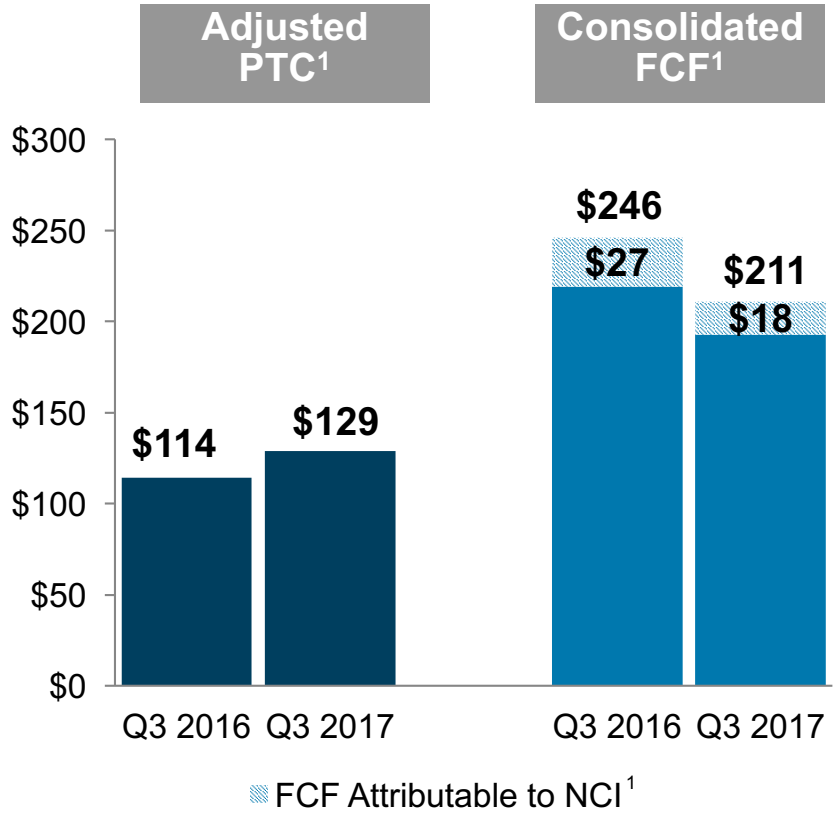
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: US SBU

$ in Millions

Adjusted PTC[1] Increased $15
Consolidated FCF[1] Decreased $35

- Margins declined primarily due to lower weather-related demand at utilities
- Higher Adjusted PTC[1] also reflects the acquisition of sPower
- Lower Consolidated FCF[1] also reflects higher working capital requirements at DPL and IPL



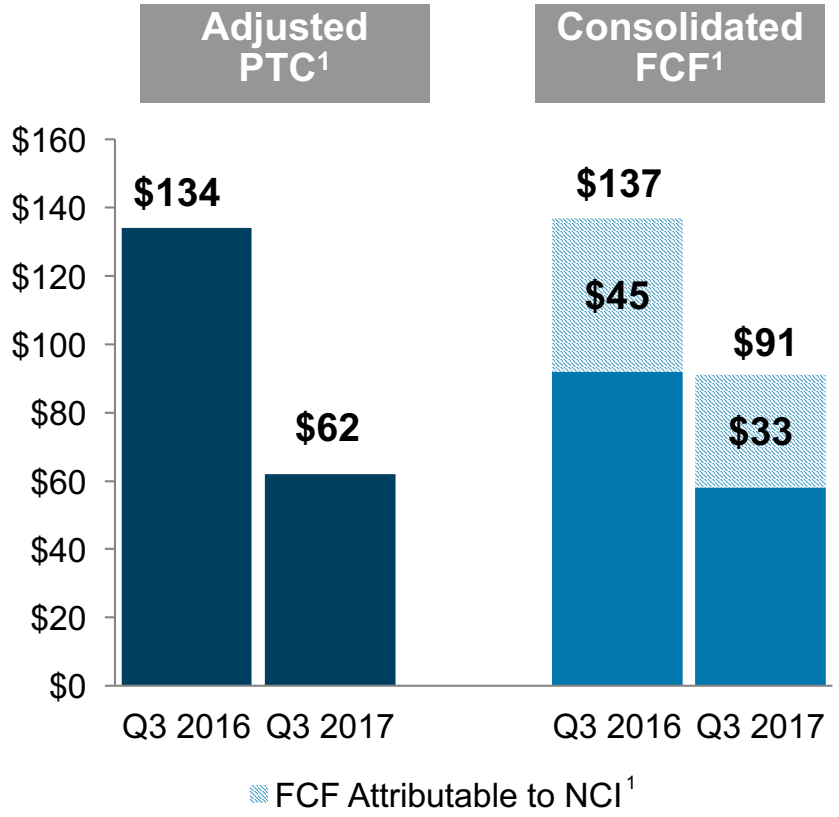
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: Andes SBU

$ in Millions

Adjusted PTC[1] Decreased $72; Consolidated FCF[1] Decreased $46

- Margins declined primarily due to lower availability as a result of planned outages and the impact from green taxes, partially offset by the completion of Cochrane Unit 2 in October 2016
- Lower Consolidated FCF[1] also reflects the timing impact of higher working capital requirements at Gener, partially offset by higher collections in Argentina



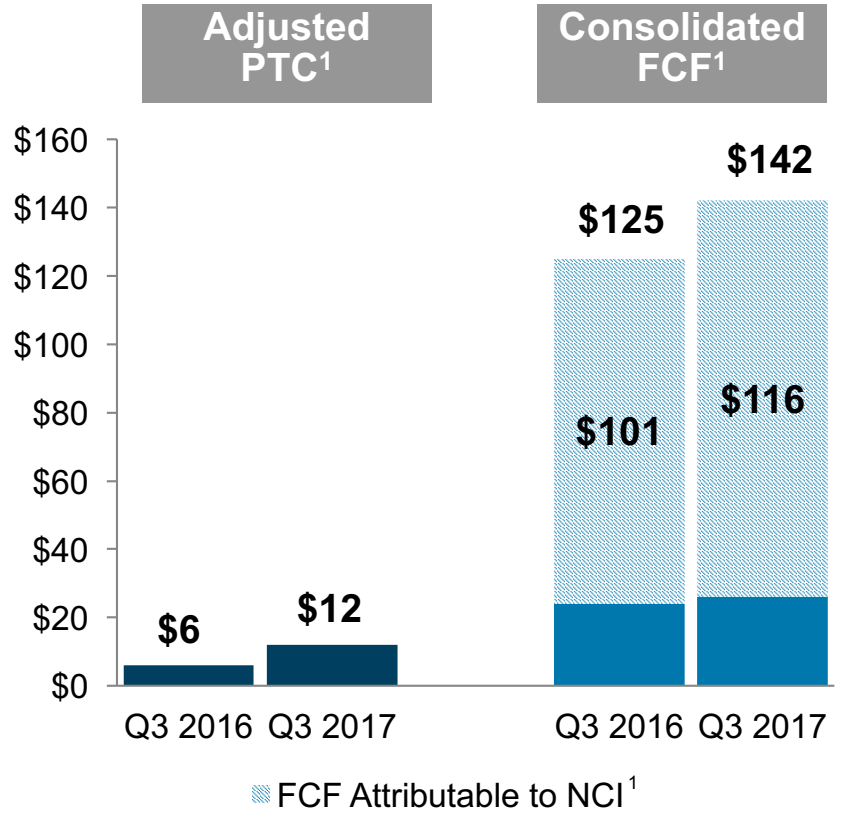
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: Brazil SBU

$ in Millions

Adjusted PTC[1] Increased $6; Consolidated FCF[1] Increased $17

- Margins improved primarily due to lower fixed costs, higher tariffs and recovery of taxes at Eletropaulo
- Consolidated FCF[1] also reflects lower collections due to the recovery of high purchased power costs in 2016 at Eletropaulo, partially offsetting higher margins



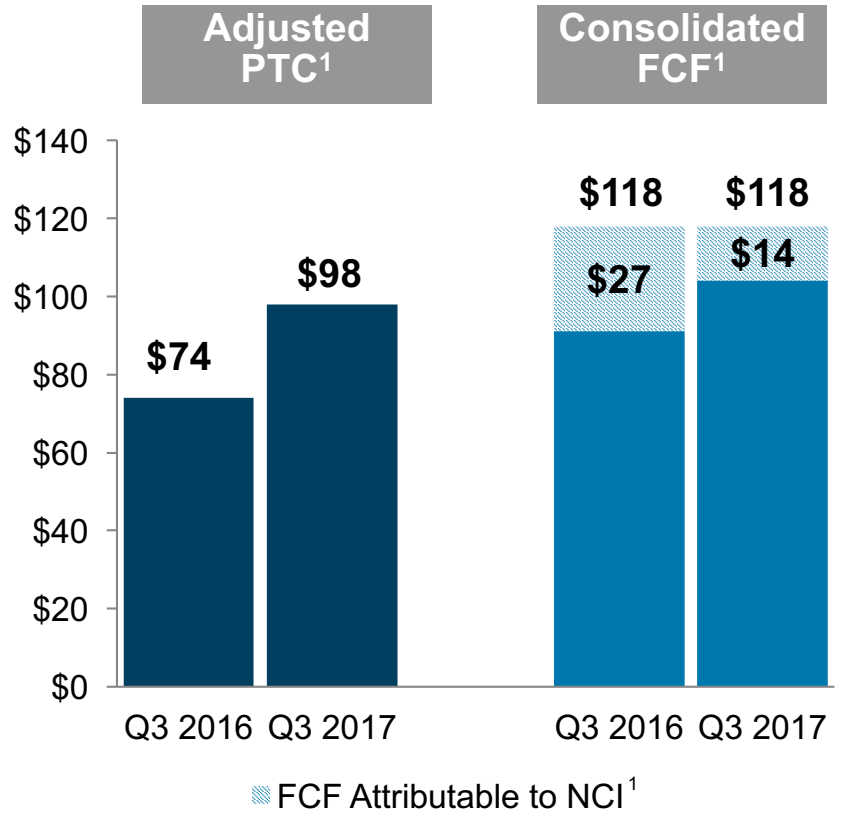
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: MCAC SBU

$ in Millions

Adjusted PTC[1] Increased $24; Consolidated FCF[1] Flat

- Margins improved primarily due to higher contracted sales and availability in the Dominican Republic, largely driven by the completion of DPP
- Consolidated FCF[1] also reflects lower collections in the Dominican Republic
  - In October, the outstanding receivable was settled in full



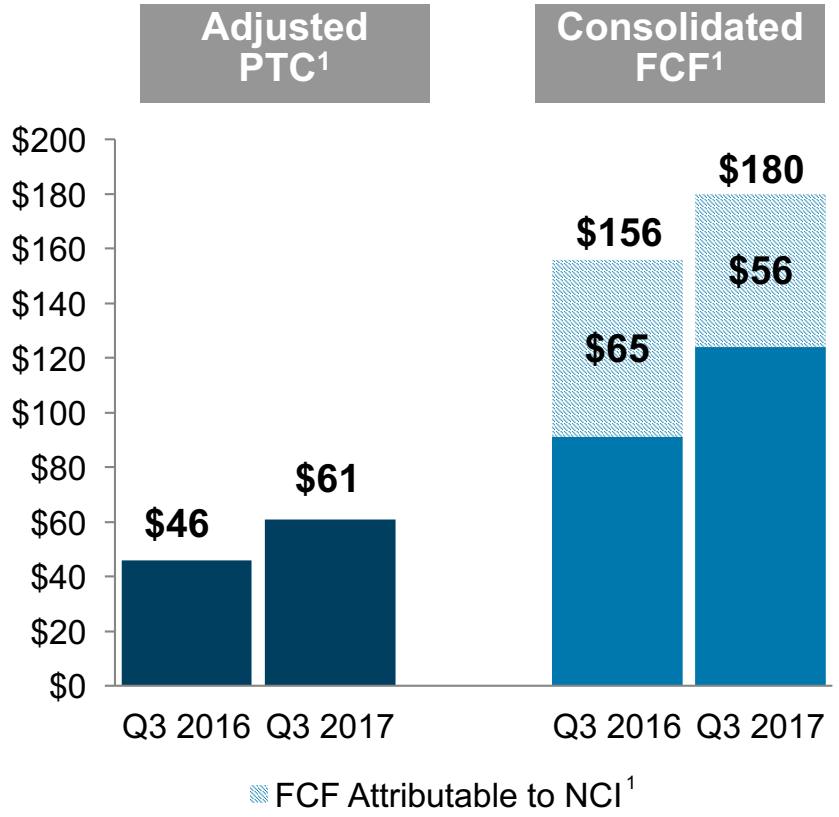
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q3 Financial Results: Eurasia SBU

$ in Millions

Adjusted PTC[1] Increased $15; Consolidated FCF[1] Increased $24

- Margins improved primarily due to higher energy and capacity prices at Ballylumford in the United Kingdom
- Higher Consolidated FCF[1] also reflects lower working capital requirements at Maritza in Bulgaria



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

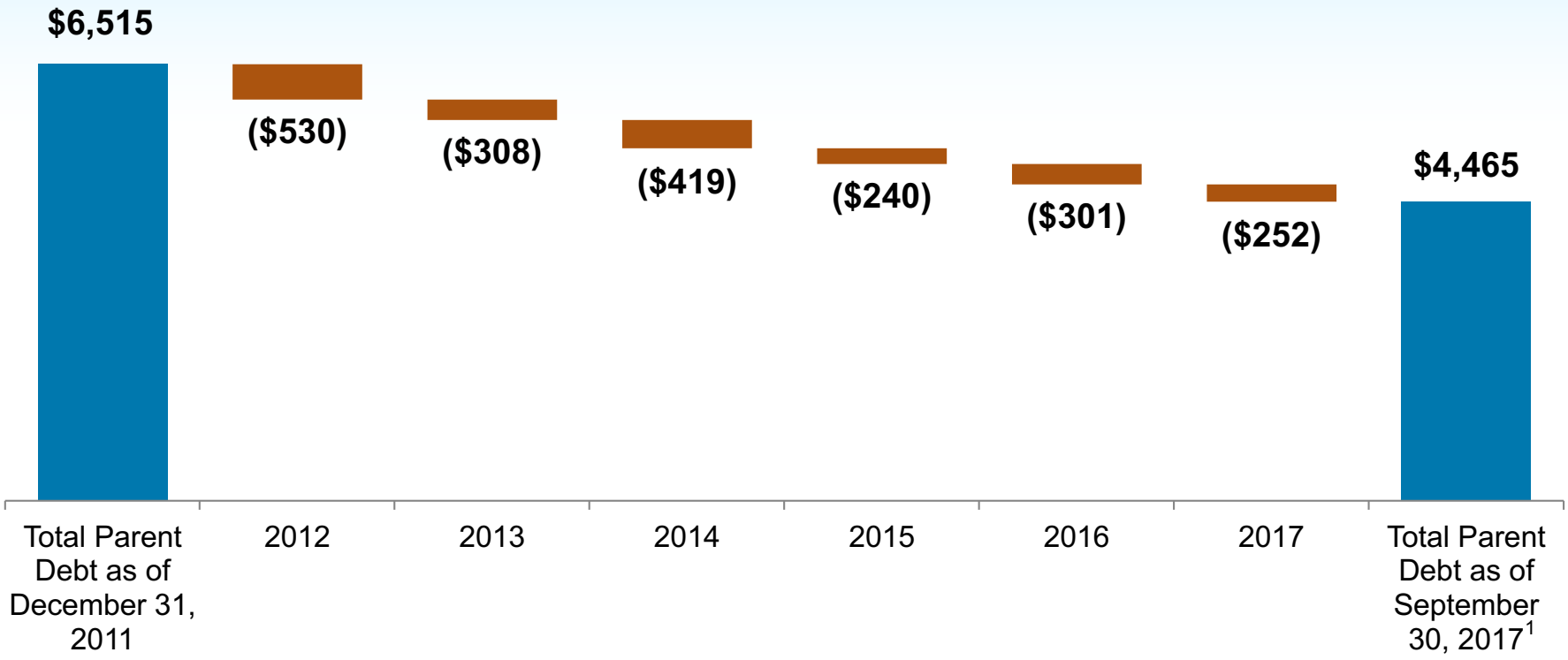
Resolution of Dayton Power & Light's (DP&L) Regulatory Filing

- Final ESP order issued by PUCO on October 20, 2017
  - March 2017 Stipulation was approved by PUCO with minor modification
  - Distribution Modernization Rider (DMR) of $105 million per year over three years with potential for two-year extension
  - PUCO expects DMR will enable DP&L to invest in regulated T&D asset base
- DPL committed to:
  - Exiting merchant generation
    - Selling or shutting down 100% of coal capacity by June 2018 (2.1 GW)
    - Began sale process for remaining generation by June 2018 (1 GW peakers)
  - Reducing debt

Taking Active Steps Towards DPL Becoming an Investment Grade, Growing T&D Business

Continuing to Improve Our Debt Profile

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

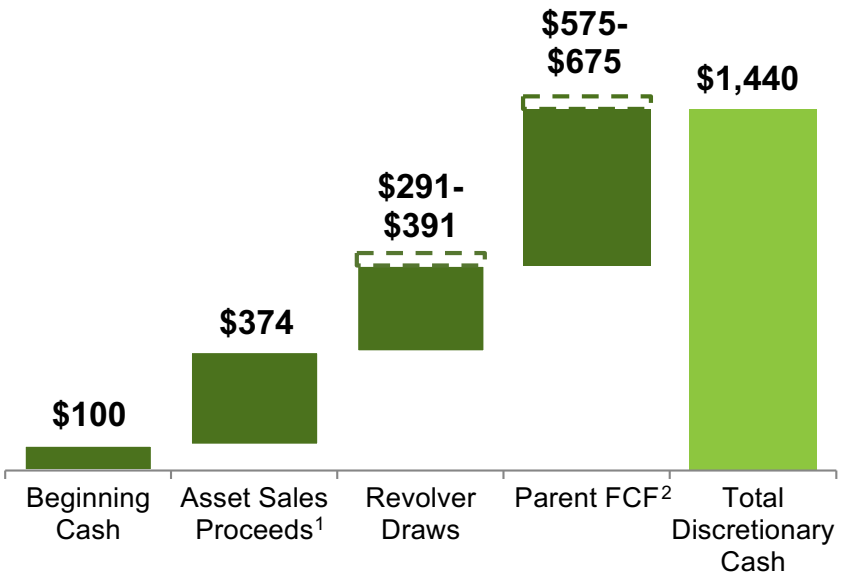


1. Excludes revolver draws of $540 million.

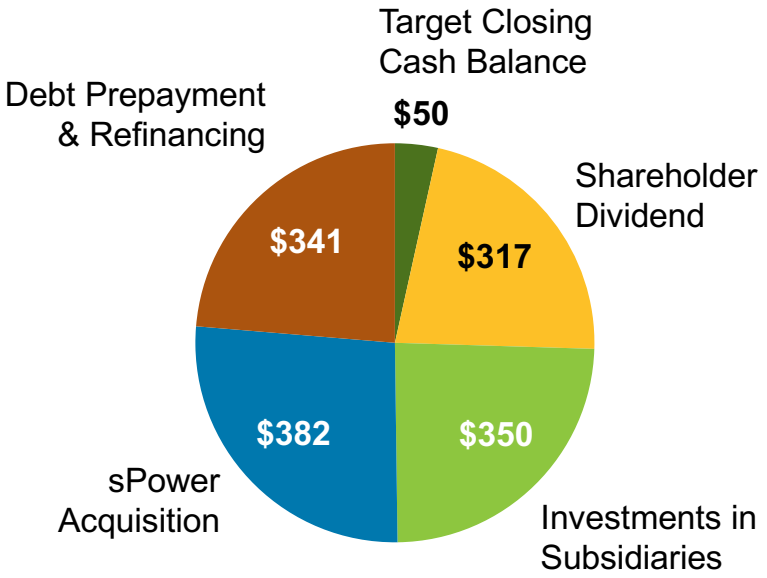
2017 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,440)



Discretionary Cash – Uses ($1,440)

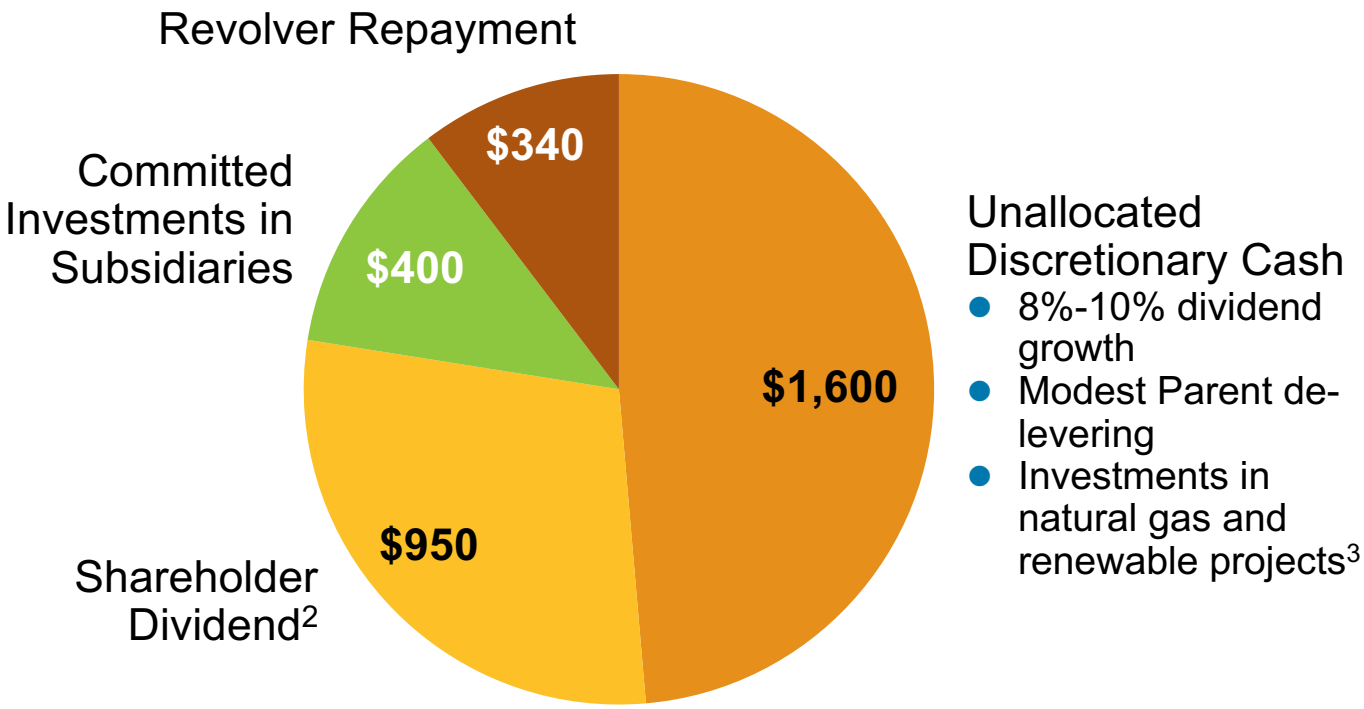


Maximizing Discretionary Cash to Increase Risk-Adjusted Returns for Shareholders

1. Includes: $295 million (Sul, Brazil), $55 million (sell-down of AES Dominicana, Dominican Republic) and $24 million (merchant coal, Kazakhstan).
2. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Allocating $3.3 Billion[1] Discretionary Cash 2018-2020 to Maximize Risk-Adjusted Returns

2018-2020; $ in Millions



Discretionary Cash Includes Half of $2 Billion Asset Sale Proceeds Target

1. Includes: $50 million beginning cash; $1,000 million asset sale proceeds; and Parent Free Cash Flow of approximately $2,230 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.
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 11.

Reaffirming Expectations Through 2020

$ in Millions, Except Per Share Amounts

	FY 2017 Guidance	2020 Expectations
Adjusted EPS[1]	$1.00-$1.10 (expect lower half of the range)[2]	8%-10% growth off mid-point of 2016 guidance of $0.95-$1.05
Consolidated Net Cash Provided by Operating Activities	$2,000-$2,800	N/A
Consolidated Free Cash Flow[1]	$1,400-$2,000	8%-10% growth off mid-point of 2016 guidance of $1,300-$2,200

- 2017 guidance based on foreign currency and commodity forward curves as of September 30, 2017
- Expect a higher rate of Adjusted EPS[1] growth in 2018, in the low- to mid-teens, off mid-point of 2017 Adjusted EPS[1] guidance of $1.00-$1.10:
  - US: positive regulatory developments at DPL and growth in renewables
  - Andes: continued market reforms in Argentina, higher contracting levels at Angamos and higher generation in Colombia
  - MCAC: contributions from completed construction projects (DPP in the Dominican Republic and Colón CCGT in Panama)
  - Cost savings and revenue enhancement initiatives, as well as lower Parent interest

1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. As disclosed on October 9, 2017, reflecting $0.03-$0.05 impact of hurricanes.

Conclusion

- Accelerating and increasing asset sales program, to achieve $1 billion in proceeds by 2018 and a total of $2 billion by 2020
- On track to achieve target of $400 million in annual cost savings and revenue enhancements and aggressively pursuing additional savings to be announced on fourth quarter call
- Advancing on 5 GW of construction projects and aiming to resolve issues at Alto Maipo by the first quarter of 2018
- Pleased with acquisition of sPower and see many attractive renewable opportunities across our portfolio
- Expect Fluence energy storage joint venture with Siemens to close this year

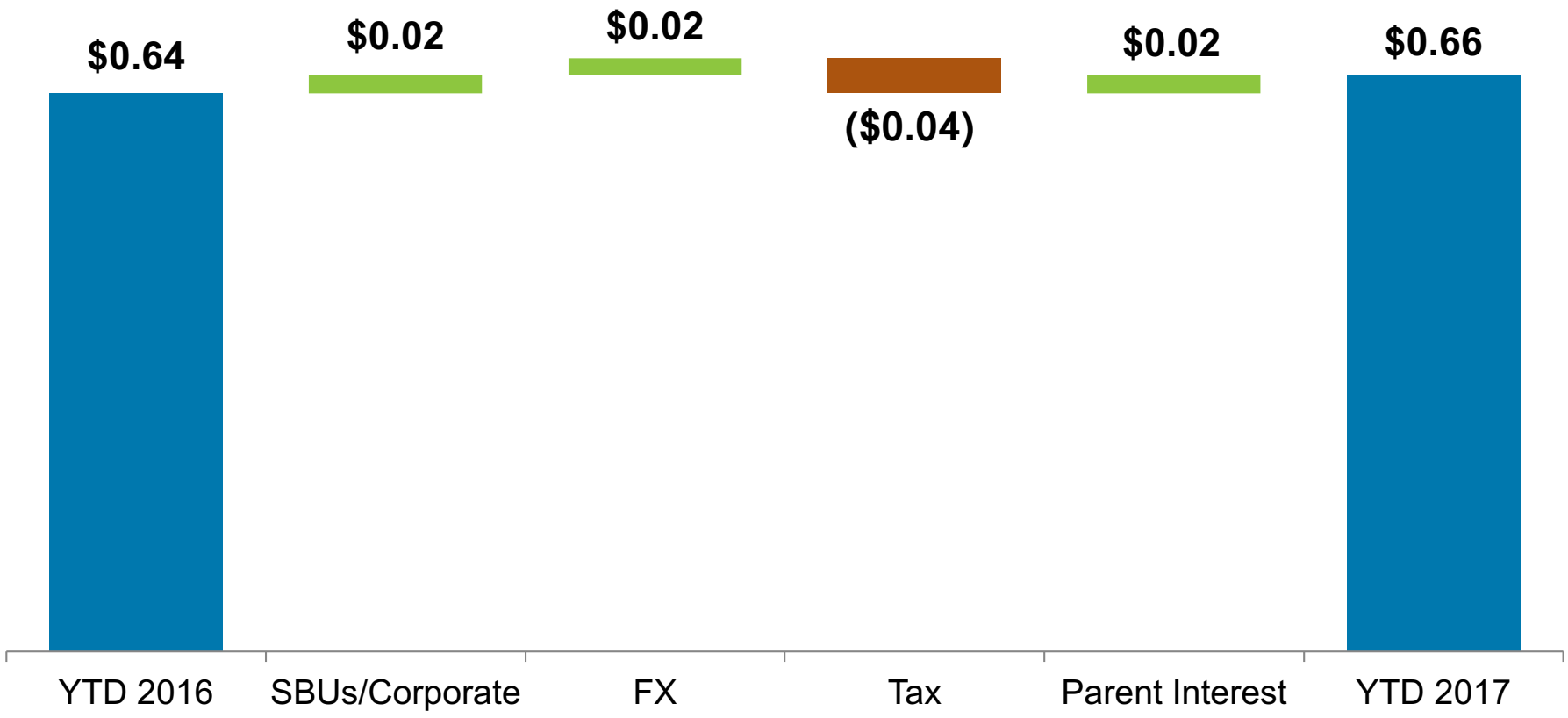
Results: Simpler Portfolio and Stronger Balance Sheet; Combined with Dividend, Expect to Deliver Total Shareholder Return of >12% Annually

Appendix

- YTD Adjusted EPS[1] — Slide 31
- Q3 and YTD Adjusted EPS[1] Roll-Up — Slide 32
- YTD Financial Results — Slides 33-38
- 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 44-46
- Currencies and Commodities — Slides 47-49
- AES Modeling Disclosures — Slide 50
- Construction Program — Slide 51
- Reconciliations — Slides 52-56
- Assumptions & Definitions — Slides 57-58

1. A non-GAAP financial measure.

YTD 2017 Adjusted EPS[1] Increased $0.02



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

Q3 and YTD 2017 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts

	Q3 2017	Q3 2016	Variance	YTD 2017	YTD 2016	Variance
Adjusted PTC[1]						
US	$129	$114	$15	$240	$257	($17)
Andes	$62	$134	($72)	$232	$279	($47)
Brazil	$12	$6	$6	$64	$18	$46
MCAC	$98	$74	$24	$256	$197	$59
Eurasia	$61	$46	$15	$218	$197	$21
Total SBUs	**$362**	**$374**	**($12)**	**$1,010**	**$948**	**$62**
Corp/Other	($117)	($102)	($15)	($332)	($331)	($1)
Total AES Adjusted PTC[1,2]	**$245**	**$272**	**($27)**	**$678**	**$617**	**$61**
Adjusted Effective Tax Rate	35%	23%		36%	32%	
Diluted Share Count	663	662		662	662	
ADJUSTED EPS[1]	**$0.24**	**$0.32**	**($0.08)**	**$0.66**	**$0.64**	**$0.02**

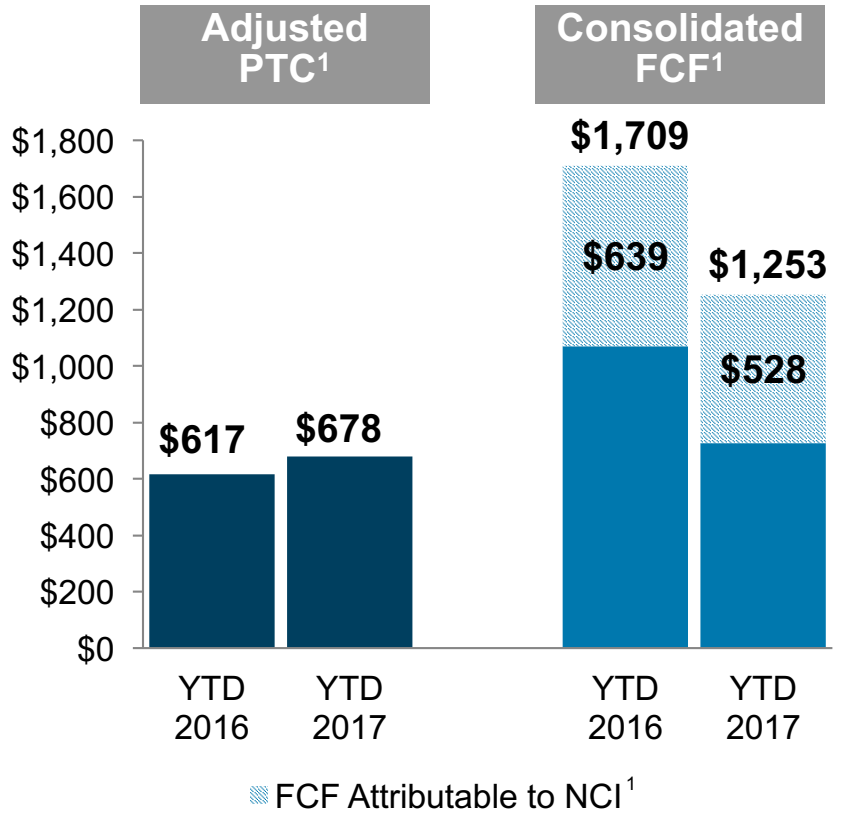
1. A non-GAAP financial measure. See Slides 53 and 54 for reconciliation to the nearest GAAP measure and “definitions”.
2. Includes $19 million and $10 million of after-tax equity in earnings for Q3 2017 and Q3 2016, respectively, and $32 million and $24 million for YTD 2017 and YTD 2016, respectively.

YTD Financial Results

$ in Millions

Adjusted PTC[1] Increased $61; Consolidated FCF[1] Decreased $456

- Higher margins reflect improved performance in MCAC, Eurasia and Brazil
- Lower Consolidated FCF[1] also reflects the receipt of overdue receivables at Maritza in Bulgaria in 2016, and higher working capital requirements in Brazil



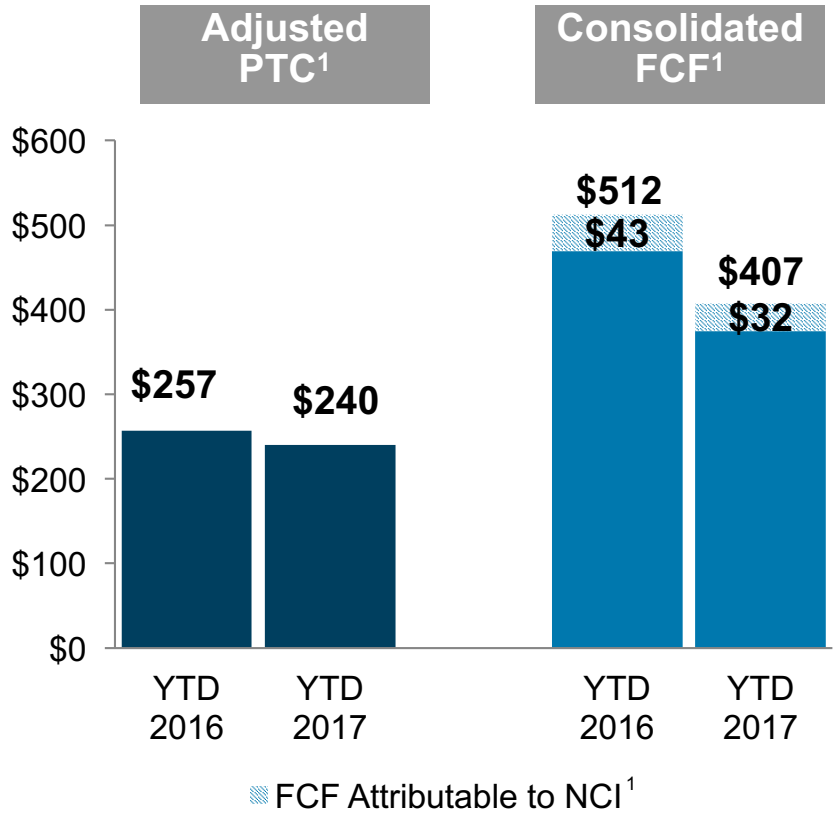
1. A non-GAAP financial measure. See Slides 52 and 54 for reconciliation to the nearest GAAP measure and "definitions".

YTD Financial Results: US SBU

$ in Millions

Adjusted PTC[1] Decreased $17; Consolidated FCF[1] Decreased $105

- Margins declined primarily due to reversion to prior ESP rates at DPL in Ohio, and an accrual associated with the 2016 rate order at IPL
- Lower Adjusted PTC[1] also reflects a contract termination in 2016, related to DPL's competitive retail business; partially offset by the acquisition of sPower
- Lower Consolidated FCF[1] also reflects increased working capital requirements at DPL, including higher purchased power and fuel costs



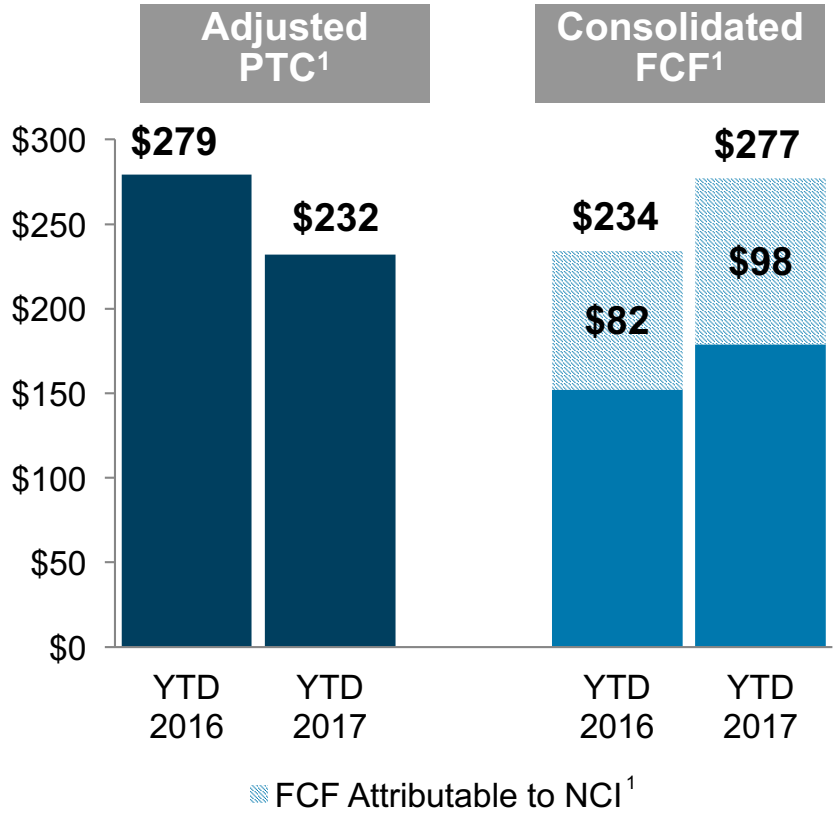
1. A non-GAAP financial measure. See "definitions".

YTD Financial Results: Andes SBU

$ in Millions

Adjusted PTC[1] Decreased $47; Consolidated FCF[1] Increased $43

- Margins declined primarily due to lower availability as a result of planned outages and the impact from green taxes, partially offset by the completion of Cochrane Unit 2 in October 2016 and higher pricing in Argentina
- Higher Consolidated FCF[1] also reflects higher collections in Argentina



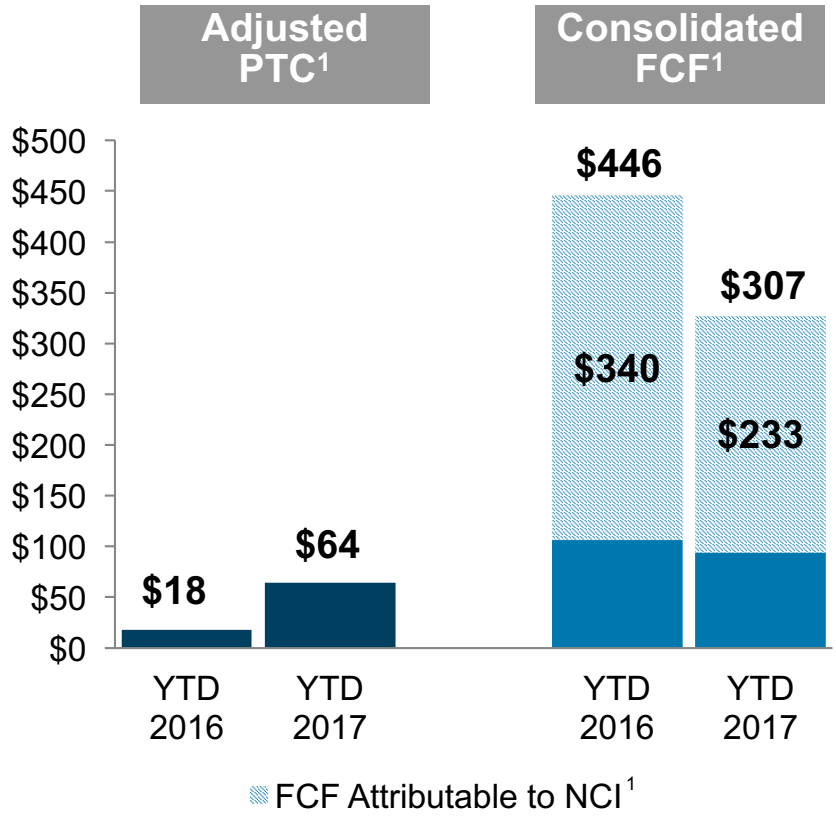
1. A non-GAAP financial measure. See “definitions”.

YTD Financial Results: Brazil SBU

$ in Millions

Adjusted PTC[1] Increased $46; Consolidated FCF[1] Decreased $139

- Margins improved primarily due to higher tariffs, lower fixed costs, and recovery of taxes at Eletropaulo
- Higher Adjusted PTC[1] also reflects the successful settlement of a legal dispute at Uruguaiana
- Lower Consolidated FCF[1] also reflects the impact from the recovery of high purchased power costs in 2016 at Eletropaulo



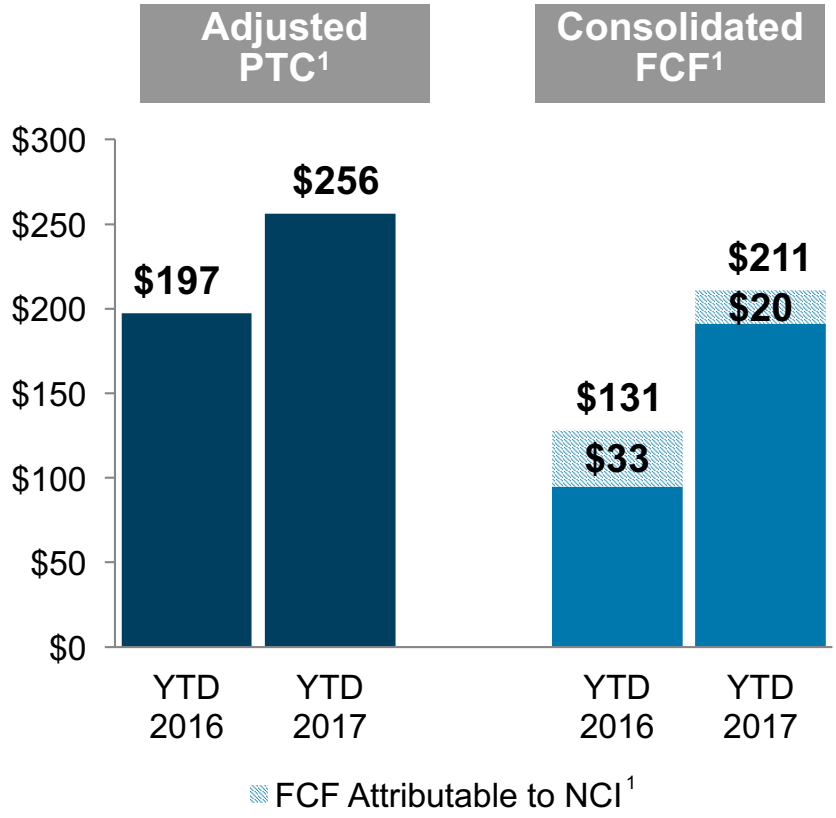
1. A non-GAAP financial measure. See “definitions”.

YTD Financial Results: MCAC SBU

$ in Millions

Adjusted PTC[1] Increased $59; Consolidated FCF[1] Increased $80

- Margins improved primarily due to higher contracted sales and availability in the Dominican Republic, largely driven by the completion of DPP, as well as higher availability in Mexico



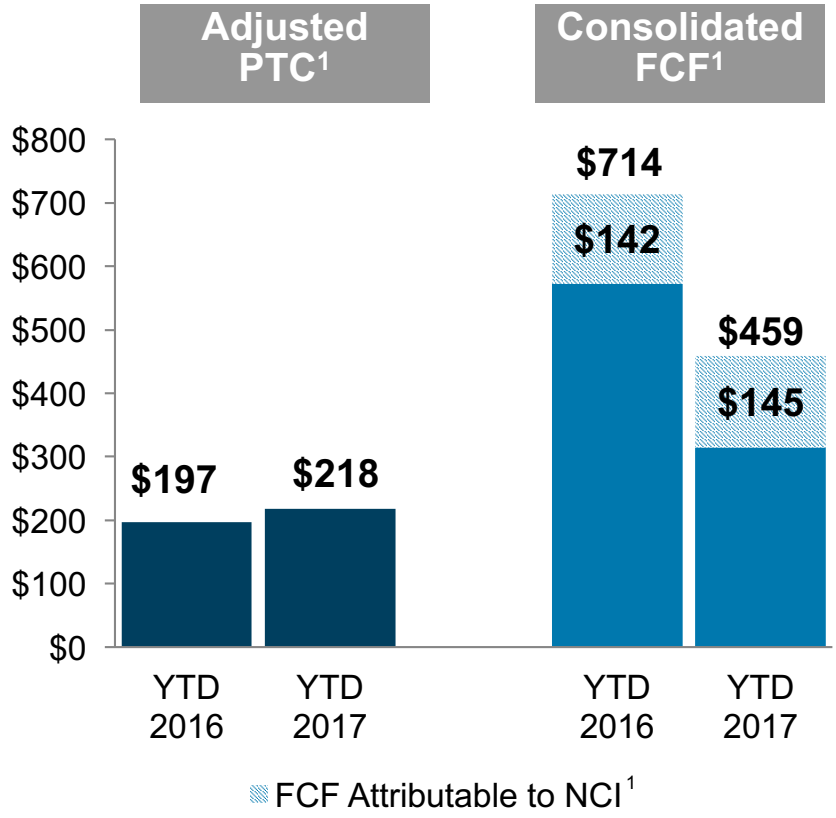
1. A non-GAAP financial measure. See “definitions”.

YTD Financial Results: Eurasia SBU

$ in Millions

Adjusted PTC[1] Increased $21; Consolidated FCF[1] Decreased $255

- Margins improved primarily due to higher energy and capacity margins at Ballylumford in the United Kingdom
- Lower Consolidated FCF[1] also reflects the collection of overdue receivables at Maritza in Bulgaria in 2016



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

Q3 2017 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 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016
US GAAP RECONCILIATION										
AES Business Unit Adjusted Earnings[1,3]	**$27**	**$33**	**$20**	**$17**	**$32**	**$63**	**$4**	**($1)**	**$4**	**$8**
Adjusted PTC[1,3] Public Filer (Stand-alone)	**$39**	**$50**	**$33**	**$27**	**$37**	**$89**	**$7**	**($4)**	**$4**	**$12**
Impact of AES Differences from Public Filings	-	-	-	-	$2	-	-	-	-	-
AES Business Unit Adjusted PTC[1]	**$39**	**$50**	**$33**	**$27**	**$39**	**$89**	**$7**	**($4)**	**$4**	**$12**
Unrealized Derivatives (Losses)/Gains	-	-	($1)	$1	$1	$1	-	-	-	-
Unrealized Foreign Currency Transaction Losses	-	-	-	-	-	($4)	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Disposition/Acquisition Gains	-	-	($1)	-	-	-	-	-	($1)	-
Loss on Extinguishment of Debt	($6)	-	($3)	-	($1)	-	-	-	-	-
Non-Controlling Interest before Tax	$15	$23	-	-	$22	$43	$36	($22)	$13	$37
Income Tax Benefit/(Expenses)	($15)	($25)	($6)	($12)	($4)	($40)	($17)	$17	($4)	($16)
US GAAP Income/(Loss) from Continuing Operations[4]	**$33**	**$48**	**$22**	**$16**	**$57**	**$89**	**$26**	**($9)**	**$12**	**$33**
Adjustment to Depreciation & Amortization[5]					($11)	($10)	($7)	($6)	($3)	($4)
Adjustment to Regulatory Liabilities & Assets					-	-	-	-	-	-
Adjustment to Taxes[6]					($20)	$14	$1	($11)	$2	$2
Other Adjustments					$2	($5)	$4	$16	$1	($1)
IFRS Net Income					**$28**	**$88**	**$24**	**($10)**	**$12**	**$30**
BRL-USD Implied Exchange Rate							3.1495	3.3037	3.1605	3.2458

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 goodwill tax benefit resulting from the restructuring of Brazilian subsidiaries that increased tax basis in long-term assets (Eletropaulo) and depreciation for the difference in cost basis of PP&E (Eletropaulo and Tietê).

Q3 2017 Modeling Disclosures

$ in Millions

	Adjusted PTC[1]	Interest Expense			Interest Income			Depreciation & Amortization		
		Consolidated	Attributable to NCI	Ownership-Adjusted	Consolidated	Attributable to NCI	Ownership-Adjusted	Consolidated	Attributable to NCI	Ownership-Adjusted
US	$129	$64	($8)	$56	-	-	-	$111	($15)	$96
DPL	$39	$27	-	$27	-	-	-	$26	-	$26
IPL	$33	$26	($8)	$18	-	-	-	$53	($16)	$37
Andes	$62	$53	($18)	$35	$12	($1)	$11	$64	($24)	$40
AES Gener	$27	$44	($17)	$27	$1	($1)	-	$53	($21)	$32
Brazil	$12	$83	($67)	$16	$50	($40)	$10	$48	($39)	$9
Tietê	$4	$18	($14)	$4	$9	($7)	$2	$10	($8)	$2
Eletropaulo	$7	$56	($46)	$10	$38	($32)	$6	$34	($28)	$6
MCAC	$98	$43	($6)	$37	$5	($1)	$4	$45	($11)	$34
Eurasia	$61	$43	($17)	$26	$33	($16)	$17	$32	($8)	$24
Subtotal	**$362**	**$286**	**($116)**	**$170**	**$100**	**($58)**	**$42**	**$300**	**($97)**	**$203**
Corp/Other	($117)	$67	-	$67	$1	-	$1	$3	-	$3
TOTAL	**$245**	**$353**	**($116)**	**$237**	**$101**	**($58)**	**$43**	**$303**	**($97)**	**$206**

1. A non-GAAP financial measure. See reconciliation to the nearest GAAP measure on Slide 53 and “definitions”.

Q3 2017 Modeling Disclosures

$ in Millions

	Total Debt			Cash & Cash Equivalents, Restricted Cash, Short-Term Investments, Debt Service Reserves & Other Deposits		
	Consolidated	Attributable to NCI	Ownership-Adjusted	Consolidated	Attributable to NCI	Ownership-Adjusted
US	$5,323	($779)	$4,544	$418	($8)	$410
DPL	$1,807	-	$1,807	$25	-	$25
IPL	$2,598	($780)	$1,818	$29	($9)	$20
Andes	$4,224	($1,573)	$2,651	$565	($176)	$389
AES Gener	$3,828	($1,550)	$2,278	$347	($161)	$186
Brazil[1]	$2,204	($1,750)	$454	$1,049	($788)	$261
Tietê	$756	($572)	$184	$361	($273)	$88
Eletropaulo	$1,093	($909)	$184	$531	($442)	$89
MCAC	$2,680	($487)	$2,193	$474	($76)	$398
Eurasia	$2,648	($1,078)	$1,570	$490	($177)	$313
Subtotal	**$17,079**	**($5,667)**	**$11,412**	**$2,996**	**$1,225**	**$1,771**
Corp/Other	$4,958	-	$4,958	$188	-	$188
TOTAL	**$22,037**	**($5,667)**	**$16,370**	**$3,184**	**$1,225**	**$1,959**

1. In addition to total debt, Eletropaulo has $1,165 million of pension plan liabilities. AES owns 17% of Eletropaulo.

DPL Inc. Modeling Disclosures

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

	Balance of Year 2017	Full Year 2018	Full Year 2019
Volume Production (TWh)	2.6	4.2	1.5
% Volume Hedged	~29%	~35%	N/A
Average Hedged Dark Spread ($/MWh)	$13.82	$17.13	N/A
EBITDA Generation Business[1] ($ 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)	$3.04	$3.05	$2.89
AEP-Dayton Hub ATC Prices ($/MWh)	$29	$31	$29
EBITDA Sensitivities (with Existing Hedges) ($ in Millions)			
+10% AD Hub Energy Price ATC ($/MWh)	$5	$9	$4
-10% AD Hub Energy Price ATC ($/MWh)	($5)	($9)	($4)

Note: Data assume the exit of Stuart, Killen, Conesville mid-2018, Miami Fort and Zimmer Q4 2017.

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

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

$ in Millions

Series	Interest Rate	Maturity	Amount Outstanding as of Sept. 30, 2017	Amount Outstanding as of Oct. 16, 2017	Remarks
2016 FMB Secured B Loan	**Variable**	**Aug. 2022**	**$441.7**	**$441.7**	• **Redeemable at 101% of par**
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**	**$200.0**	**$200.0**	
Wright-Patterson AFB Note	**4.2%**	**Feb. 2061**	**$17.9**	**$17.9**	• **No redemption option**
2015 DP&L Revolver	**Variable**	**July 2020**	**$15.0**	**-**	• **Redeemable at par on any day**
Total DP&L			**$674.6**	**$659.6**	
2018 Term Loan	**Variable**	**May 2018**	**$106.3**	**$106.3**	• **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**	**$50.0**	**$62.5**	• **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.			**$1,151.9**	**$1,164.4**	
TOTAL			**$1,826.5**	**$1,824.0**	

Parent Sources and Uses of Liquidity

$ in Millions	Q3		YTD	
	2017	2016	2017	2016
Sources				
Total Subsidiary Distributions[1]	$160	$265	$744	$686
Proceeds from Asset Sales, Net	$55	$1	$379	$53
Financing Proceeds, Net	$495	-	$1,014	$495
Increased/(Decreased) Credit Facility Commitments	-	-	$300	-
Issuance of Common Stock, Net	$1	$1	$1	$1
Total Returns of Capital Distributions & Project Financing Proceeds	$2	$4	$68	$35
Beginning Parent Company Liquidity[2]	$1,220	$763	$894	$1,137
TOTAL SOURCES	**$1,933**	**$1,034**	**$3,400**	**$2,407**
Uses				
Repayments of Debt	($494)	($196)	($1,353)	($807)
Shareholder Dividend	($79)	($72)	($238)	($218)
Repurchase of Equity	-	-	-	($79)
Investments in Subsidiaries, Net	($569)	($95)	($714)	($343)
Cash for Development, Selling, General & Administrative and Taxes	($58)	($33)	($231)	($187)
Cash Payments for Interest	($61)	($73)	($221)	($225)
Changes in Letters of Credit and Other, Net	($40)	($4)	($11)	$13
Ending Parent Company Liquidity[2]	($632)	($561)	($632)	($561)
TOTAL USES	**($1,933)**	**($1,034)**	**($3,400)**	**($2,407)**

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

Q3 2017 Subsidiary Distributions[1]

$ in Millions

Subsidiary Distributions[1] by SBU		
	Q3 2017	YTD 2017
US	$43	$199
Andes	$19	$263
Brazil	$6	$11
MCAC	$22	$39
Eurasia	$69	$225
Corporate & Other[2]	$1	$7
TOTAL	**$160**	**$744**

Top Ten Subsidiary Distributions[1] by Business							
Q3 2017				YTD 2017			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Maritza (Eurasia)	$48	Southland (US)	$9	Alicura (Andes)	$164	Mong Duong (Eurasia)	$25
IPALCO (US)	$30	Gener (Andes)	$8	Maritza (Eurasia)	$130	Altai (Eurasia)	$24
Panama (MCAC)	$17	Elsta (Eurasia)	$7	IPALCO (US)	$100	Elsta (Eurasia)	$24
Altai (Eurasia)	$11	AES Brazil (Brazil)	$6	Gener (Andes)	$99	Panama (MCAC)	$17
Alicura (Andes)	$11	Itabo (MCAC)	$4	US Holdco (US)	$81	Itabo (MCAC)	$13

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

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

$ in Millions

	Quarter Ended			
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$160	$375	$209	$426
Total Return of Capital Distributions to Parent & QHCs[3]	$2	$66	-	$12
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$162**	**$441**	**$209**	**$438**

	Balance as of			
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Cash at Parent & QHCs[3]	$81	$127	$52	$100
Availability Under Credit Facilities	$551	$1,093	$667	$794
Ending Liquidity	**$632**	**$1,220**	**$719**	**$894**

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

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 $0.01

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)	3.19	Less than $0.005
Colombian Peso (COP)	2,959	Less than $0.005
Euro (EUR)	1.19	Less than $0.005
Great British Pound (GBP)	1.34	Less than $0.005
Kazakhstan Tenge (KZT)	345	Less than $0.005

Commodity Sensitivity

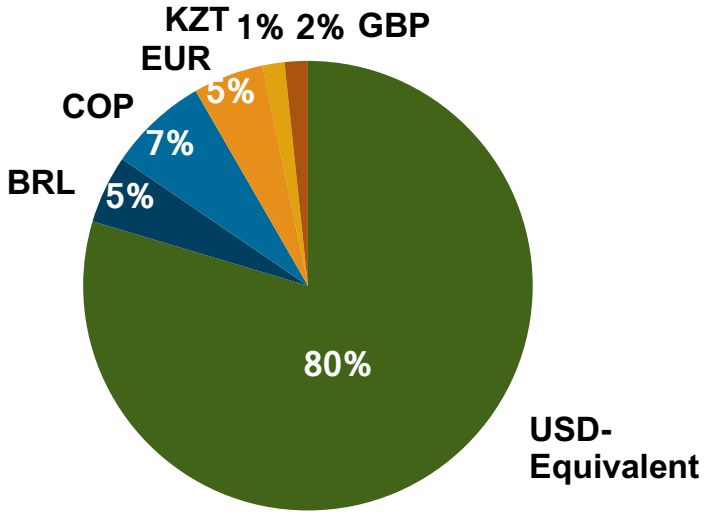
10% increase in commodity prices is forecasted to have the following EPS impacts:	Balance of Year 2017	
	Average Rate	Sensitivity
Illinois Basin Coal	$36/ton	Less than $0.005, positive correlation
Rotterdam Coal (API 2)	$87/ton	
NYMEX WTI Crude Oil	$52/bbl	Less than $0.005, positive correlation
IPE Brent Crude Oil	$57/bbl	
NYMEX Henry Hub Natural Gas	$3.1/mmbtu	Less than $0.005, negative correlation
UK National Balancing Point Natural Gas	£0.5/therm	
US Power (DPL) – PJM AD Hub	$ 29/MWh	$0.005, positive correlation

Note: Guidance provided on November 2, 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 September 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.

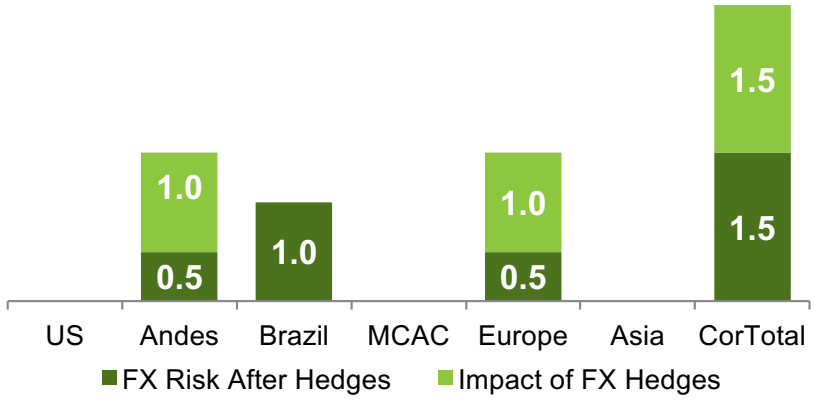
1. The move is applied to the floating interest rate portfolio balances as of September 30, 2017.

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)

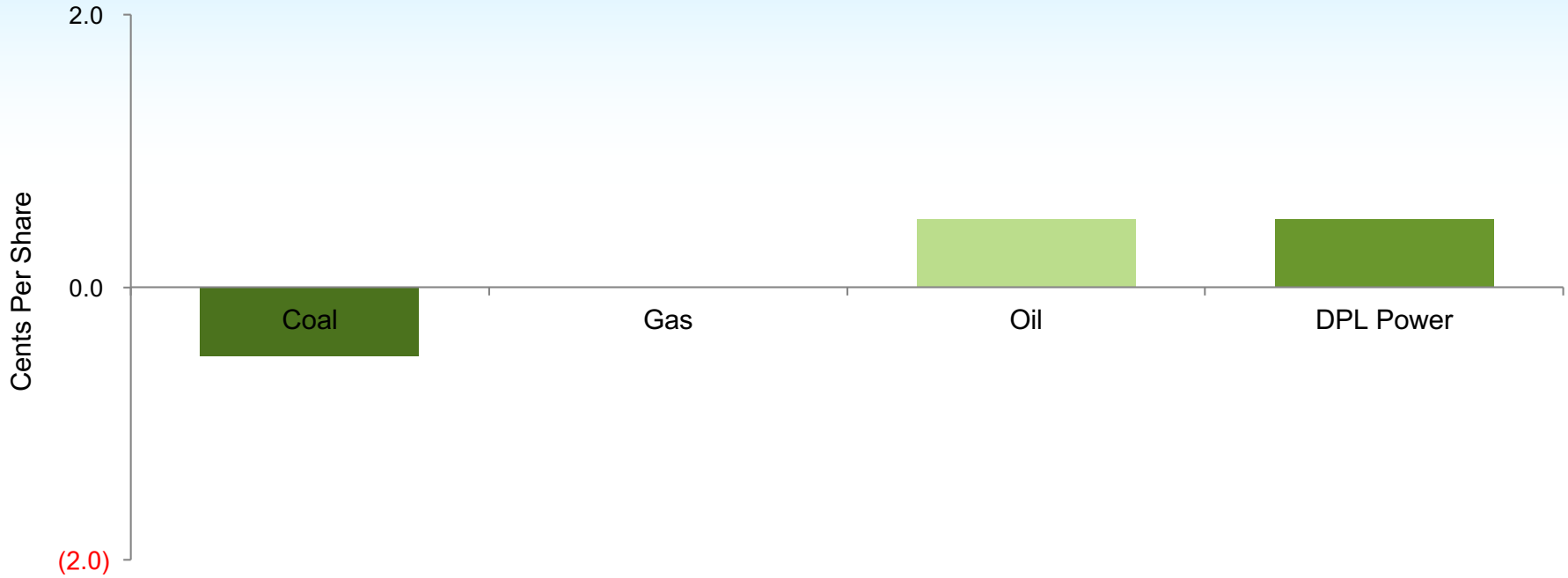


- 2017 correlated FX risk after hedges is $0.015 for 10% USD appreciation
- 80% of 2017 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our contracts
- FX risk mitigated on a rolling basis by shorter-term active FX hedging programs

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.

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”.

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									
Eagle Valley CCGT	US-IN	70%	Gas	671	1H 2018	$613	$193		
Colón	Panama	50%	Gas	380	2H 2018	$995	$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	$2,287	$329		
Total				**4,521**		**$8,760**	**$1,477**		
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 Q3 and YTD Capex and Free Cash Flow[1]

$ in Millions

	Q3		YTD	
	2017	2016	2017	2016
Operational Capex (a)	$140	$144	$434	$464
Environmental Capex (b)	$18	$43	$57	$198
Maintenance Capex (a + b)	$158	$187	$491	$662
Growth Capex (c)	$345	$349	$1,196	$1,216
TOTAL CAPEX[2] (a + b + c)	**$503**	**$536**	**$1,687**	**$1,878**

	Q3		YTD	
	2017	2016	2017	2016
Operating Cash Flow	$735	$819	$1,689	$2,182
Add: Capital Expenditures Related to Service Concession Assets	$3	$1	$5	$27
Less: Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	($137)	($155)	($441)	($500)
CONSOLIDATED FREE CASH FLOW[1]	**$601**	**$665**	**$1,253**	**$1,709**

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 2017		Q3 2016	
	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, Net of Tax, Attributable to AES and Diluted EPS	$152	$0.23	$176	$0.26
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	$71		$47	
Pre-Tax Contribution	$223		$223	
Adjustments				
Unrealized Derivative Losses (Gains)	($8)	($0.01)	$5	-
Unrealized Foreign Currency Transaction Losses (Gains)	($21)	($0.03)	$3	$0.01
Disposition/Acquisition Losses (Gains)	$1	-	($3)	-
Impairment Expense	$2	-	$24	$0.03[3]
Losses (Gains) on Extinguishment of Debt	$48	$0.07[4]	$20	$0.04[5]
Less: Net Income Tax (Benefit)	-	($0.02)[6]	-	($0.02)
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$245**	**$0.24**	**$272**	**$0.32**

1. Non-GAAP financial measures. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to the asset impairment at Buffalo Gap I of $78 million ($23 million, or $0.03 per share, net of NCI).
4. Amount primarily relates to the losses on early retirement of debt at the Parent Company of $38 million, or $0.06 per share.
5. 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.
6. Amount primarily relates to the income tax benefit associated with losses on early retirement of debt of $16 million, or $0.02 per share in the three months ended September 30, 2017.

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

$ in Millions, Except Per Share Amounts	YTD 2017		YTD 2016	
	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, Net of Tax, Attributable to AES and Diluted EPS	$181	$0.27	$208	$0.31
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	$144		$66	
Pre-Tax Contribution	$325		$274	
Adjustments				
Unrealized Derivative Losses (Gains)	($7)	($0.01)	$1	-
Unrealized Foreign Currency Transaction Losses (Gains)	($54)	($0.07)	$12	$0.01
Disposition/Acquisition Losses (Gains)	$107	$0.16[3]	($5)	-[4]
Impairment Expense	$264	$0.40[5]	$309	$0.47[6]
Losses (Gains) on Extinguishment of Debt	$43	$0.06[7]	$26	$0.05[8]
Less: Net Income Tax (Benefit)	-	($0.15)[9]	-	($0.20)[9]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$678**	**$0.66**	**$617**	**$0.64**

1. Non-GAAP financial measures. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to loss on sale of Kazakhstan CHPs of $48 million, or $0.07 per share, realized derivative losses associated with the sale of Sul of $38 million, or $0.06 per share; costs associated with early plant closure of DPL of $20 million, or $0.03 per share.
4. Net impact of zero 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 asset impairment at Kazakhstan hydroelectric plants of $92 million, or $0.14 per share, at Kazakhstan CHPs of $94 million, or $0.14 per share, and DPL of $66 million, or $0.10 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 losses on early retirement of debt at the Parent Company of $92 million, or $0.14 per share, partially offset by the the gain on early retirement of debt at Alicura of $65 million, or $0.10 per share.
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 the income tax benefit associated with asset impairment losses of $82 million, or $0.12 per share and $123 million, or $0.19 per share in the nine months ended September 30, 2017 and 2016, respectively.

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 2017 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 September 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 September 30, 2017, the impact of these items was as follows: (a) unrealized gains or losses related to derivative transactions represent a gain of $5 million, (b) unrealized foreign currency gains or losses represent a gain of $34 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 $83 million, (d) losses due to impairments of $182 million and (e) gains, losses and costs due to the early retirement of debt represent a loss of $29 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.
- **NCI** is defined as noncontrolling interests.
- **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.