

The AES Corporation
Fourth Quarter & FY 2016 Financial Review

February 27, 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 67 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.

Q4 and Full Year 2016 Financial Review Call

- Delivered on 2016 guidance
- Positive developments across our businesses and markets
- Making good progress to conclude pending rate case at DPL in Ohio
- On track to achieve $350 million run rate cost savings through 2018
  - Targeting an additional $50 million in run rate savings by 2020
- Expect to complete 3,389 MW of projects under construction through 2019
- Continuing to exit non-core assets
  - Announced $500 million in proceeds in 2016, targeting at least $500 million in 2017
- sPower acquisition is accretive and will help reposition our portfolio
- Initiating 2017 guidance and expect to deliver 8% to 10% average annual growth in free cash flow, Adjusted EPS and shareholder dividend through 2020

Key Trends and Developments

GDP & Electricity Demand

- Rebound in commodity prices is helping GDP and electricity demand
  - In Brazil, demand expected to grow 1% in 2017 versus a decline of 3% in 2016
  - In Chile, demand expected to grow 2% to 3% versus 1% in 2016

Chile

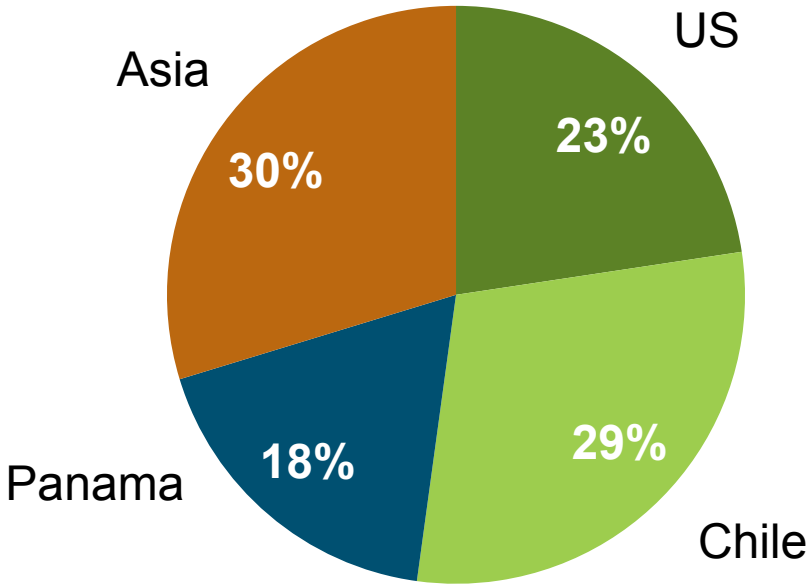
- More restrictive rules for long-term capacity auctions in Chile favor serious bids
  - Winning bidders who do not develop the projects they were awarded will face significant penalties

Argentina

- Encouraged by positive developments in Argentina
  - Government increased electricity tariff and linked generation tariff to U.S. Dollar
  - Recently raised $300 million, 7-year bond at 7.75% by utilizing a portion of the debt capacity at existing businesses
  - Receiving dividends from our businesses

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

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



Construction Update

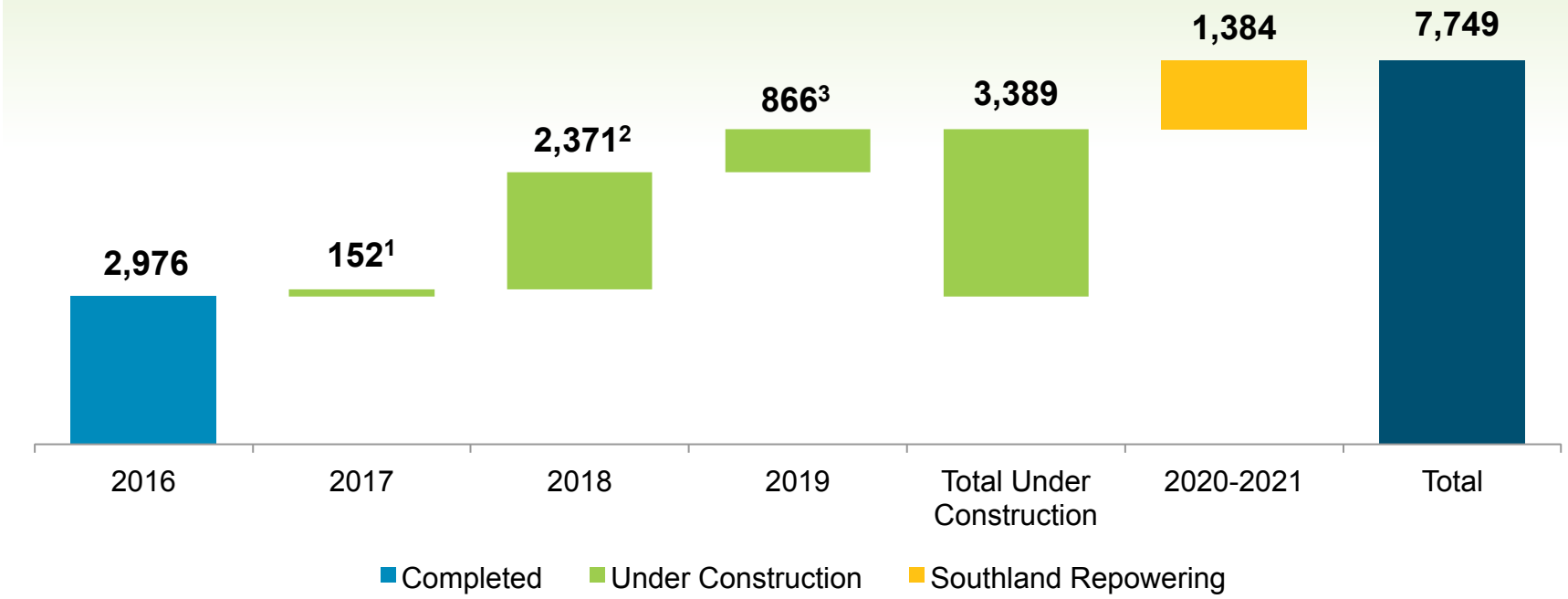
531 MW Alto Maipo Run-of-River Project in Chile

- 49% complete versus 40% at the time of third quarter call in November
- Continue to expect cost overruns of 10%-20% ($200-$400 million) of project cost
- Signed term sheet for financing commitments for up to 22% of project cost for cost overruns and contingencies
  - Brought in EPC contractor as a minority partner
  - Funded by a combination of project lenders, AES Gener, Minera los Pelambres and EPC contractor
  - No material change in project capital structure with 60% debt and 40% equity
- Continue to see long-term value in the project
  - Diversifies generation mix in Chile
  - Locational advantage
  - Long expected life

In 2016, Brought On-Line 2,976 MW of Construction Projects – On Time and On Budget

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

Leveraging Our Platform for Long-Term Growth



1. Includes: 122 MW DPP Conversion (Dominican Republic), 20 MW Dominican Energy Storage (Dominican Republic) and 10 MW Distributed Energy (US).
2. Includes: 1,320 MW OPGC 2 (India), 671 MW Eagle Valley CCGT (US) and 380 MW Colón (Panama).
3. Includes: 531 Alto Maipo (Chile) and 335 MW Masinloc 2 (Philippines).

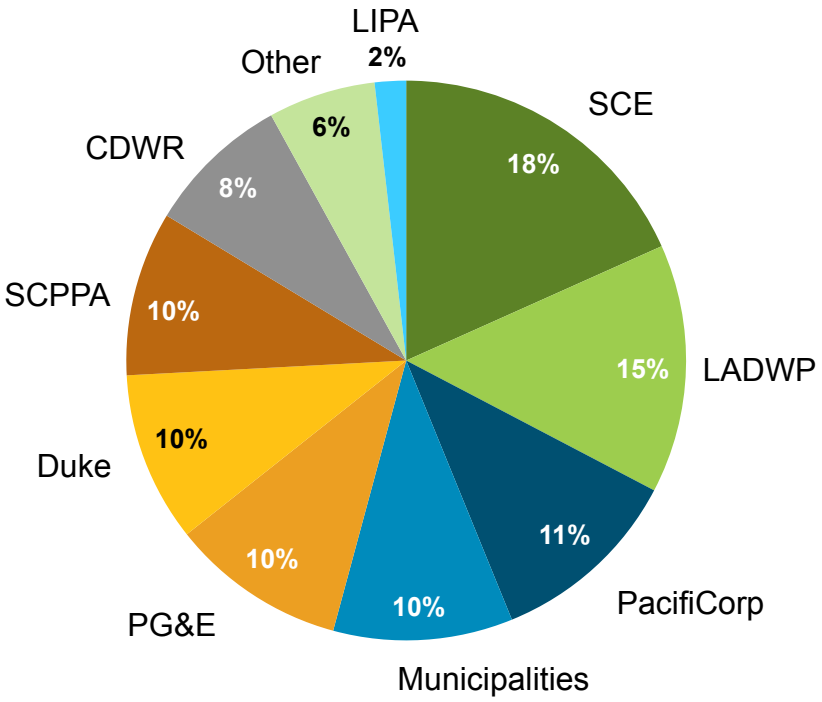
Attributes of Future Growth Projects

- Natural gas generation and infrastructure projects, as well as renewables
- Long-term, U.S. Dollar-denominated contracts
- Reduction of carbon intensity
- Offer attractive risk-adjusted returns

Focusing on Accretive and Credit-Positive Projects

sPower Acquisition: Redeploying Asset Sale Proceeds into Renewable Growth Platform

1,274 MW Solar and Wind Portfolio;
10,000 MW Renewable Development Pipeline



- 1,274 MW have 21-year contracts with A-rated, large utilities and end-users in U.S.
- Team of 90 professionals with extensive development, construction and operating experience
- Partnering with AIMCo, a $95 billion Canadian pension fund, as our 50% partner
- Funding our $382 million share of equity largely from cash on hand from the sale of Sul (Brazil)

Acquisition Provides Stable Cash Flows and Offers a Better Renewable Growth Platform

Tietê's Acquisition of Renova's Wind Business in Brazil

386 MW Alto de Sertão II Wind Business in State of Bahia

- Average remaining contract life of 18 years
- Will diversify Tietê's generation mix from 100% hydro and contribute stable cash flows
- R$650 million transaction enables Tietê to capitalize on its R$1.5 billion debt capacity

LNG in the Dominican Republic

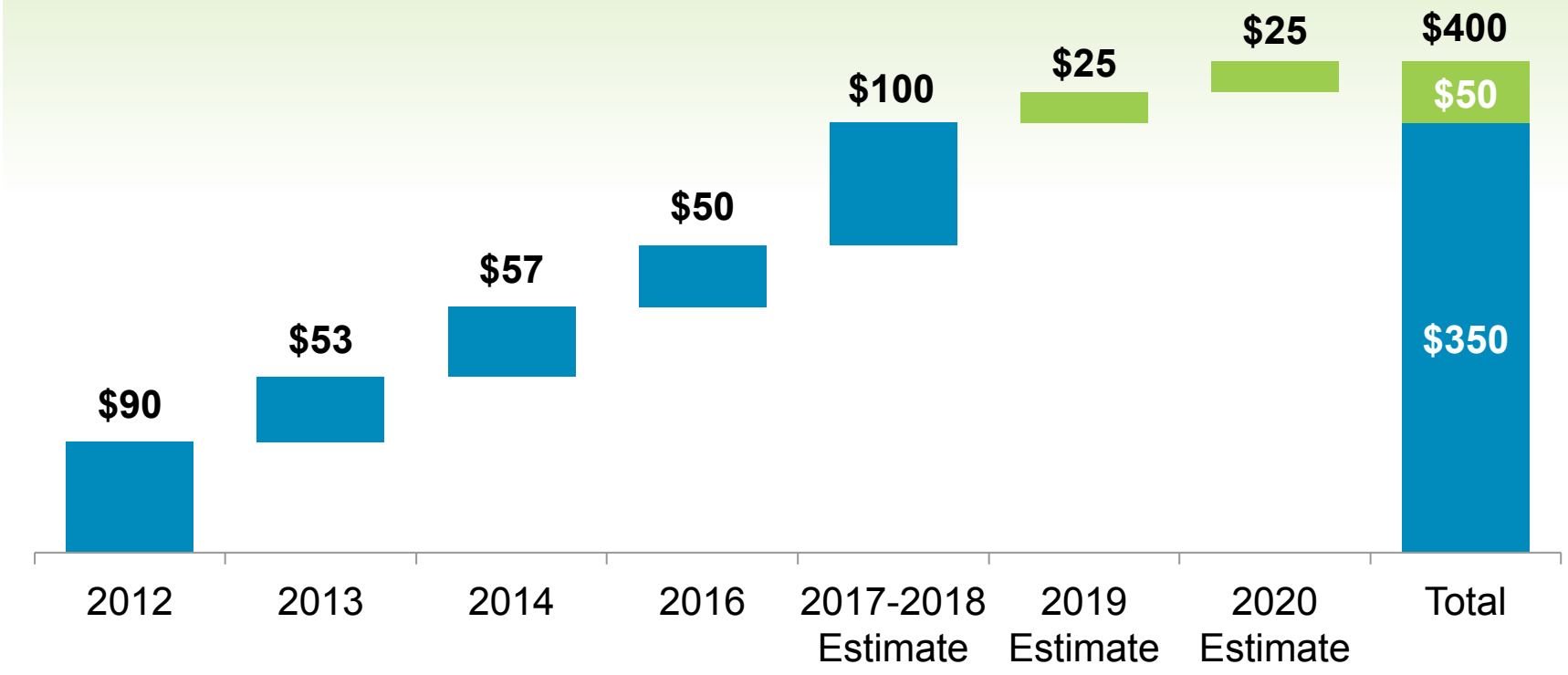
Partnership Agreement with ENGIE

- Follows previously signed supply agreement with ENGIE for Colón in Panama, which is currently under construction
- Jointly marketing 0.7 million tonnes per annum of LNG through the Andres terminal in the Dominican Republic
  - Currently utilize 50% of the capacity for existing power plants in the Dominican Republic
- Significant potential to maximize value of the terminal through sales to downstream customers in the Dominican Republic and the Caribbean
- Partnership with ENGIE positions us to offer long-term source of reliable energy at competitive prices to electric generation and industrial customers

Performance Excellence

$ in Millions

On Track to Achieve $350 Run Rate through 2018; Additional $50 Run Rate Expected by 2020

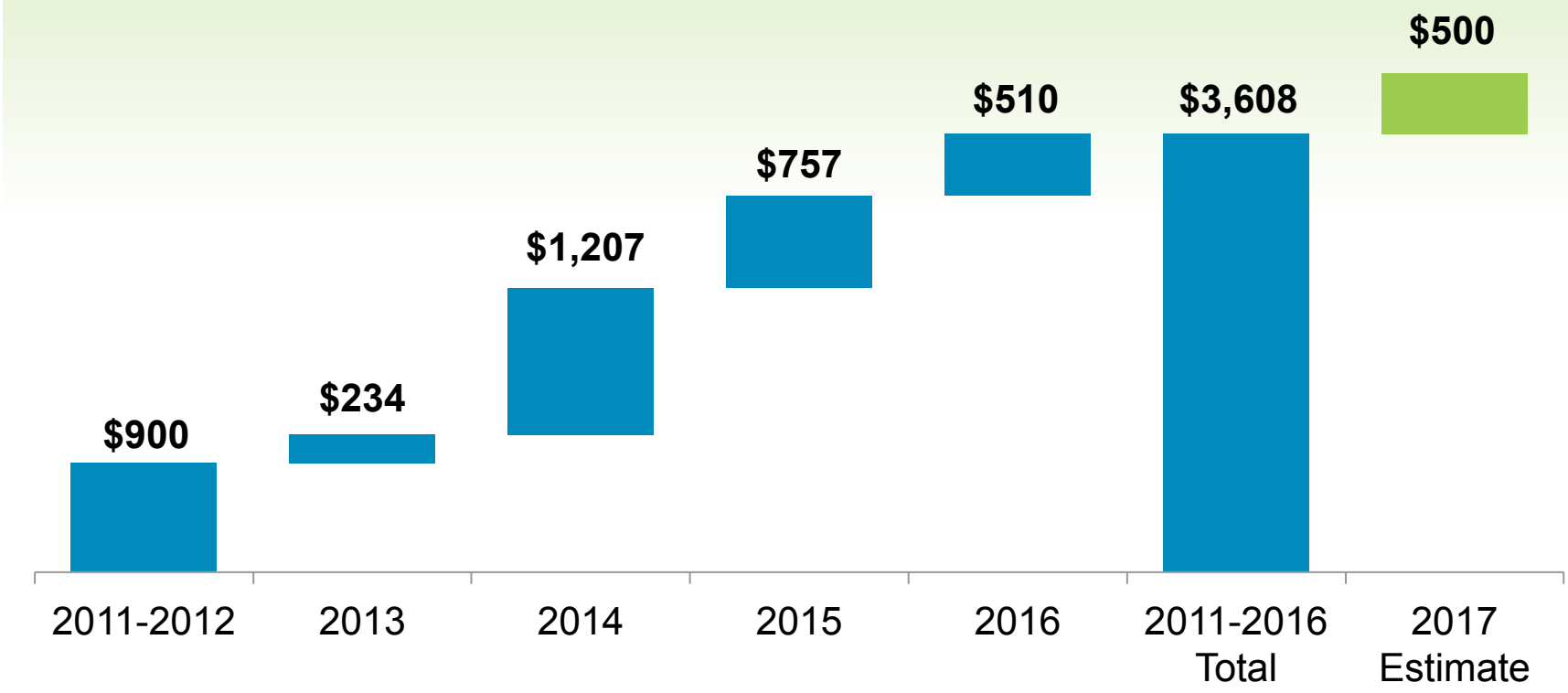


1. Cost reductions reflected in General and Administrative Expense (G&A), as well as Cost of Sales. Some of the previously reported 2012 and 2013 G&A Expense related to administrative costs at our SBUs has been reclassified to Cost of Sales.

Continuing to Reshape Our Portfolio and Improve Overall Risk Profile

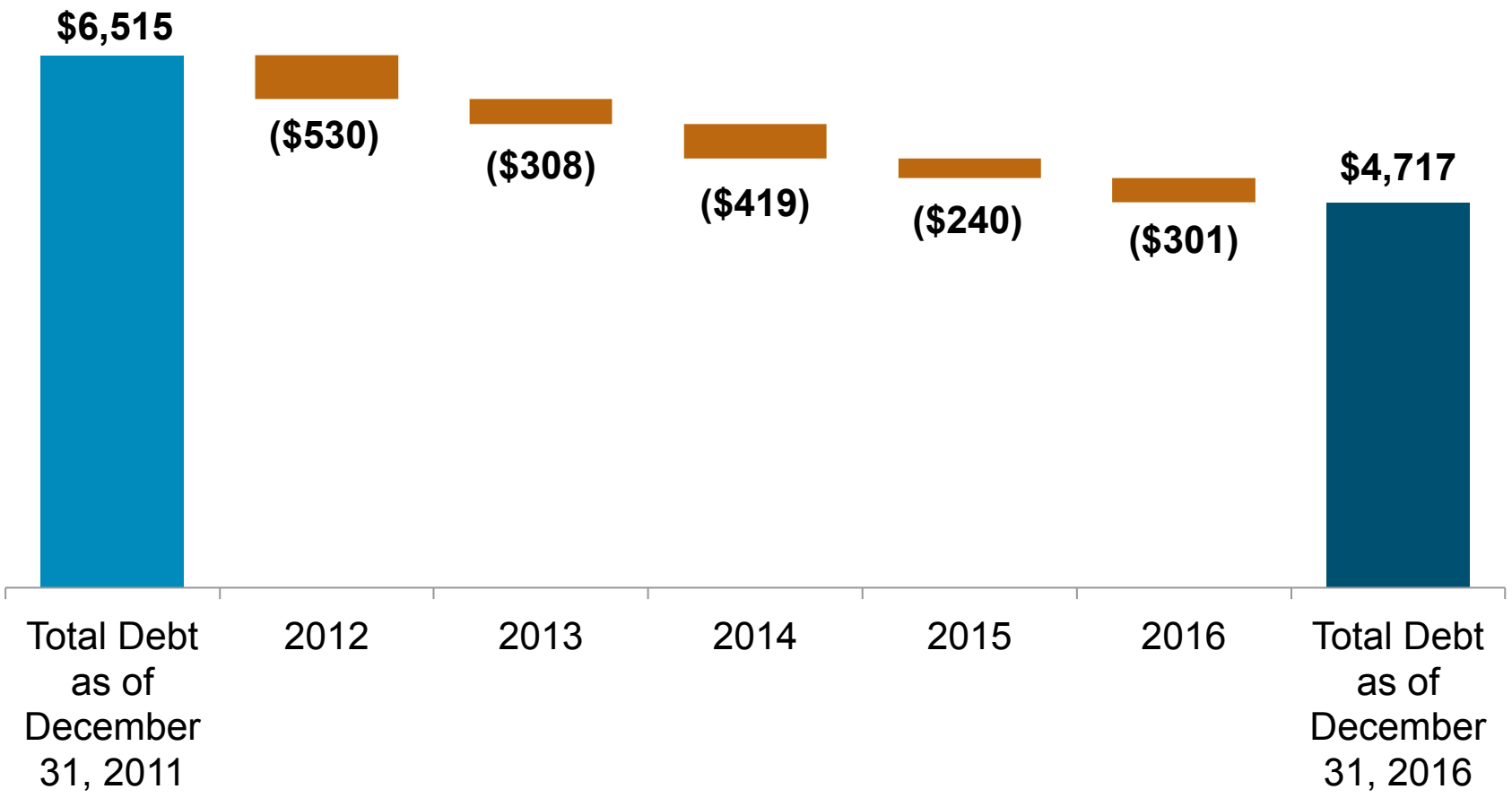
$ in Millions

Achieved $3.6 Billion in Asset Sale Proceeds; Expect at Least $500 Million in 2017



Reduced Parent Debt by 28% or $1.8 Billion

$ in Millions

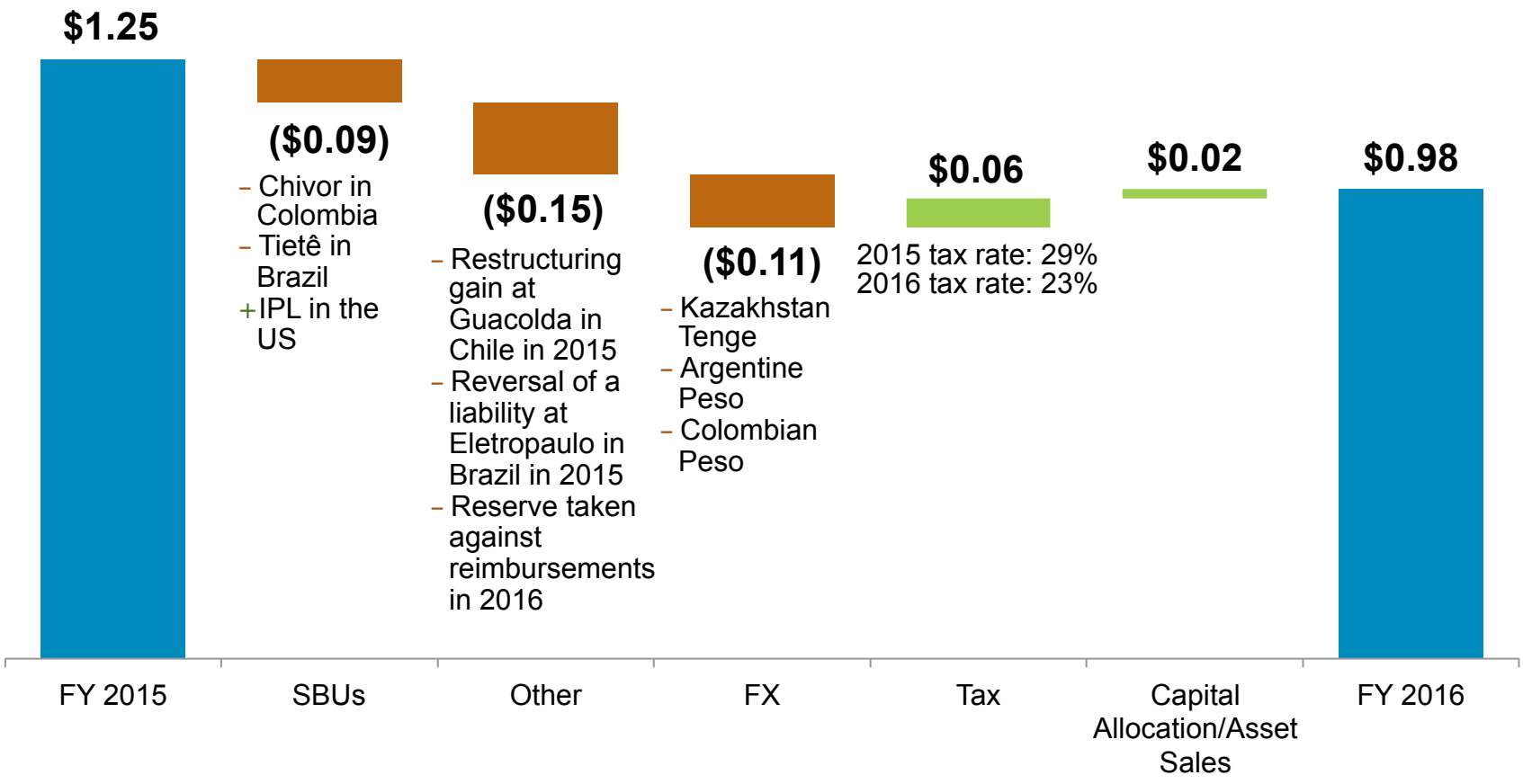


Q4 and Full Year 2016 Financial Review

- Q4 and FY 2016 results
  - Adjusted EPS[1]
  - Proportional Free Cash Flow[1] and Adjusted PTC[1] by Strategic Business Unit (SBU)
- 2016 Parent capital allocation plan
- 2017 Guidance and 2018-2020 expectations
- 2017 Parent capital allocation plan

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

Full Year 2016 Adjusted EPS[1] Decreased $0.27

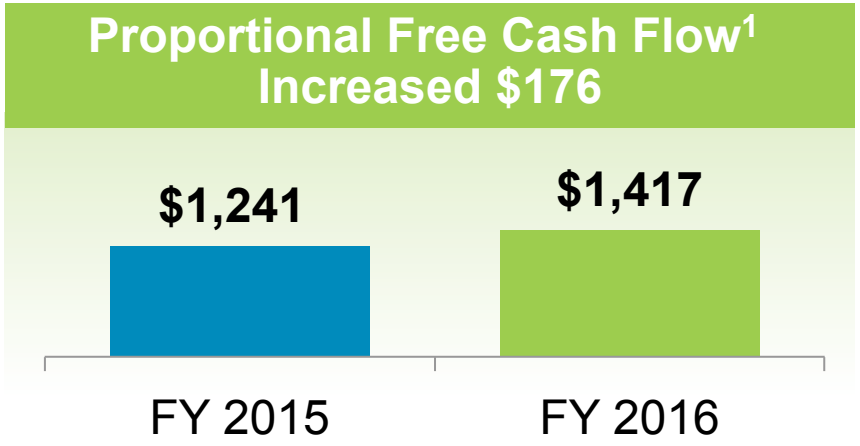


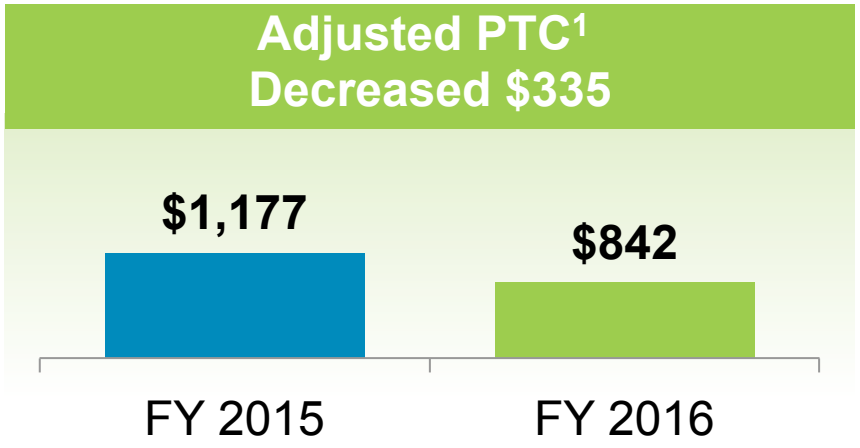
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results

$ in Millions

- Margins declined due to lower contributions primarily in the US, Brazil and Europe
- Lower Adjusted PTC[1] also reflects:
  - Restructuring of Guacolda in Chile that benefitted 2015
  - Reserve taken against reimbursements in 2016
- Higher Proportional Free Cash Flow[1] also reflects:
  - Settlement of overdue receivable at Maritza in Bulgaria in 2016
  - Higher collections at distribution businesses, Eletropaulo and Sul, in Brazil





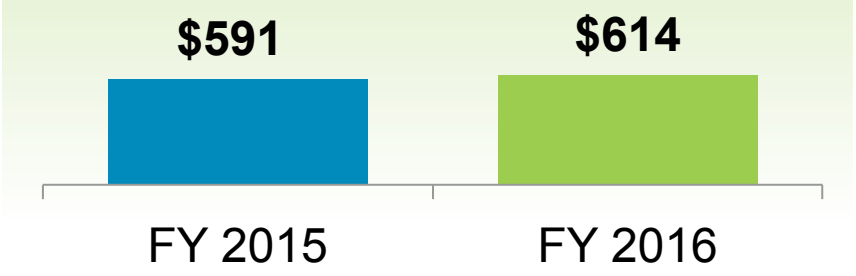
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: US SBU

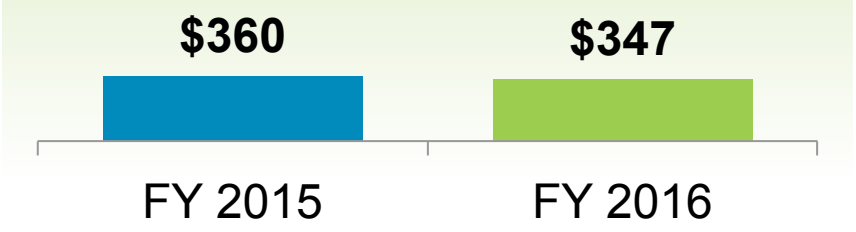
$ in Millions

- Margins declined primarily due to lower wholesale prices and lower contributions from regulated customers at DPL, partially offset by 2016's rate case and environmental upgrades at IPL
- Higher Proportional Free Cash Flow[1] also reflects lower working capital requirements, including lower fuel purchases associated with the conversion from coal-fired to gas-fired generation at IPL

Proportional Free Cash Flow[1] Increased $23



Adjusted PTC[1] Decreased $13



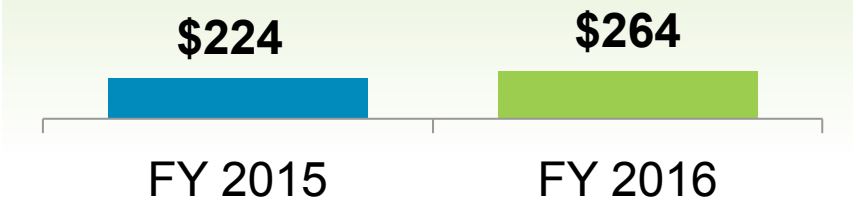
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: Andes SBU

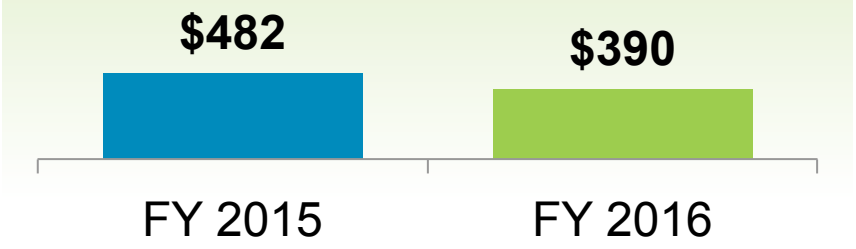
$ in Millions

- Margins declined primarily due to lower energy prices in Colombia and the devaluation of the Colombian and Argentine Pesos
- Lower Adjusted PTC[1] also reflects restructuring of Guacolda in Chile that benefitted 2015
- Higher Proportional Free Cash Flow[1] also reflects higher collections in Argentina and Colombia

Proportional Free Cash Flow[1] Increased $40



Adjusted PTC[1] Decreased $92



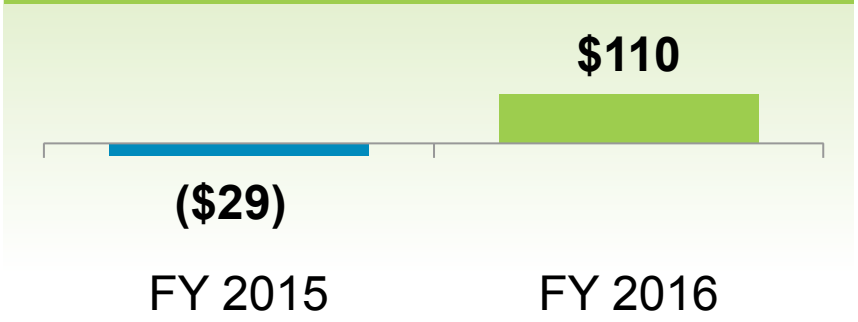
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: Brazil SBU

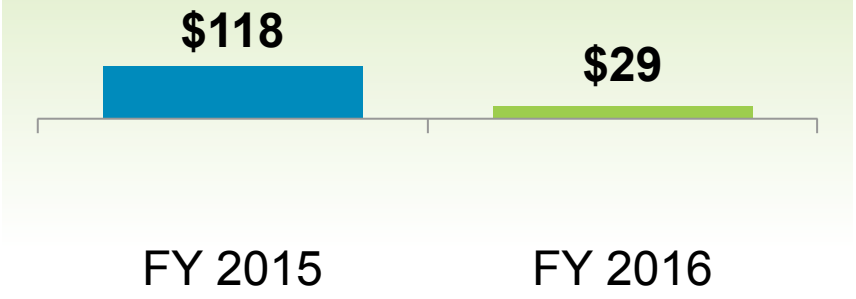
$ in Millions

- Margin declined due to:
  - Expiration of Tietê's PPA at end of 2015
  - Reversal of a liability at Eletropaulo that was favorable in 2015
- Higher Proportional Free Cash Flow[1] also reflects higher collections at Eletropaulo and Sul

Proportional Free Cash Flow[1] Increased $139



Adjusted PTC[1] Decreased $89

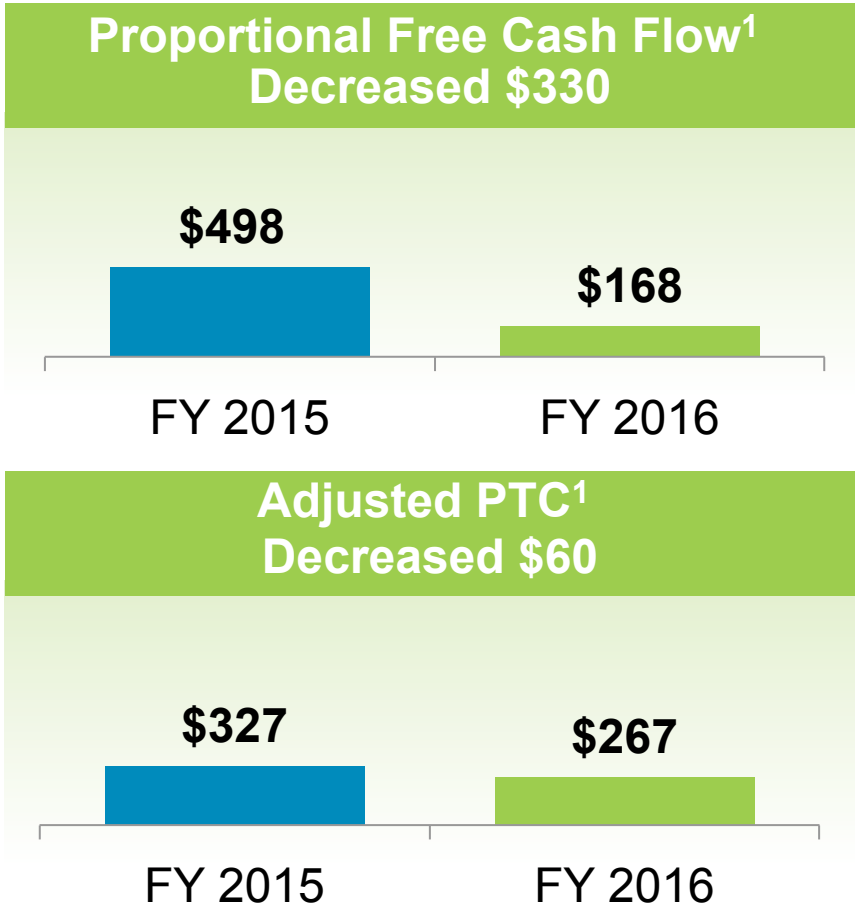


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: MCAC SBU

$ in Millions

- Margins declined primarily due to lower availability stemming from completed outages in Mexico
- Lower Adjusted PTC[1] also reflects reserve taken against reimbursements in 2016
- Lower Proportional Free Cash Flow[1] also reflects a large settlement of overdue receivables in the Dominican Republic in 2015



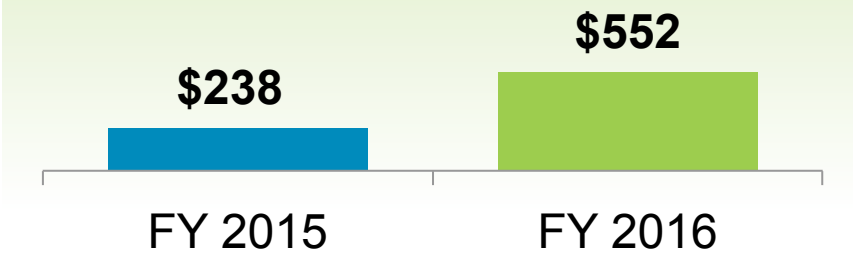
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: Europe SBU

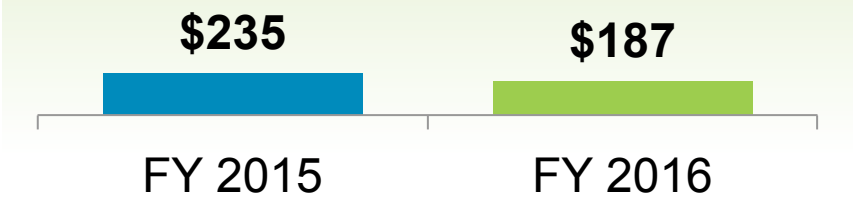
$ in Millions

- Margins declined due to the 35% devaluation of the Kazakhstan Tenge, and a contracted capacity price reduction at Maritza in Bulgaria following the successful settlement of overdue receivables in 2016
- Higher Proportional Free Cash Flow[1] also reflects the settlement of receivables at Maritza

Proportional Free Cash Flow[1] Increased $314



Adjusted PTC[1] Decreased $48

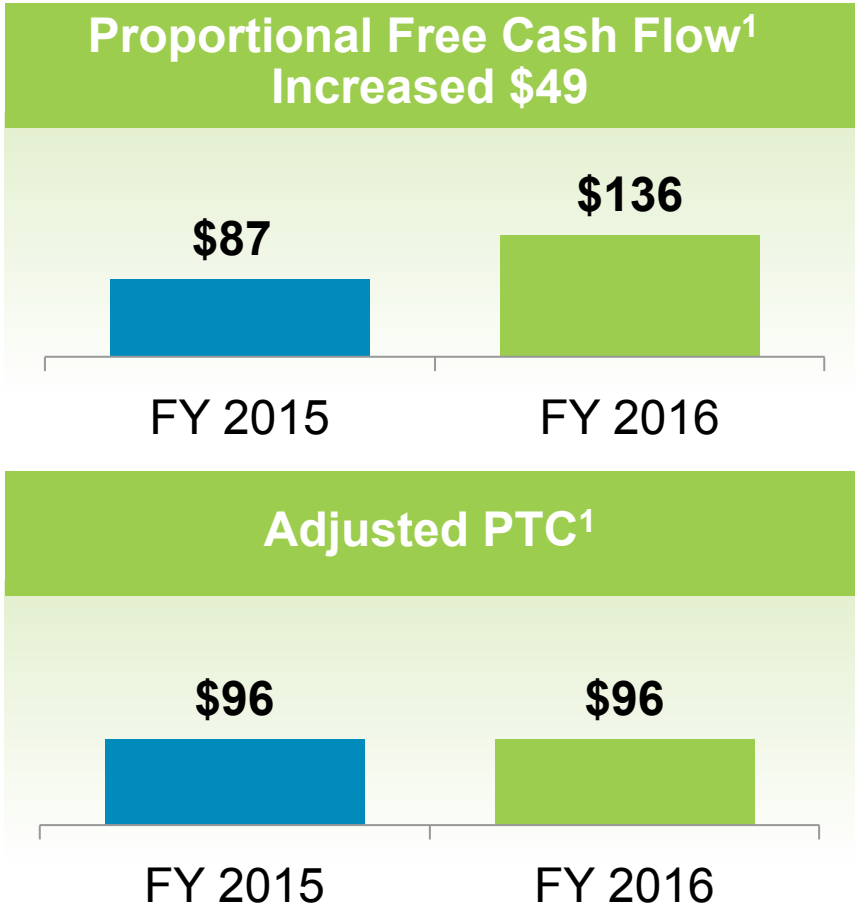


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: Asia SBU

$ in Millions

- Higher Proportional Free Cash Flow[1] reflects steady margins and lower working capital requirements at Mong Duong in Vietnam, following commencement of operations in 2015



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

Business Update

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

- Remain in active discussions with PUCO Staff and intervenors on ESP filing
- In January, reached settlement agreement with various intervenors on ESP filing
  - Staff was not a party to agreement
- Plan proposes riders of $125 million per year over five years, earmarked for debt reduction and investment in distribution infrastructure
  - Distribution Modernization Rider (DMR): $90 million per year for debt reduction
  - Distribution Investment Rider (DIR-B): $35 million per year for distribution investment
- Plan also calls for DP&L to exit 2.1 GW of coal generation
- Evidentiary hearings set to begin March 8, 2017
- Expect a ruling to be effective in late Q2 2017 or early Q3 2017 that will support the progression towards becoming a stable and growing T&D business

Tax Reform Update

AES is Well Positioned

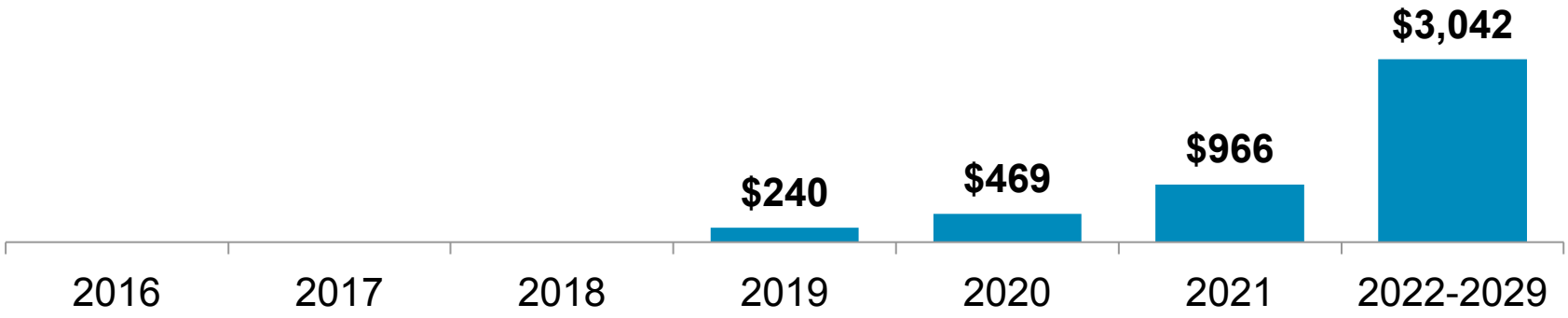
- No material cash consequences
- Diverse global portfolio
- Overall impact could be slightly positive to slightly negative
- Recurring EPS impacts driven by:
  - – Interest deduction
  - + Rate change
  - + International rules

Key Tax Reform Uncertainties

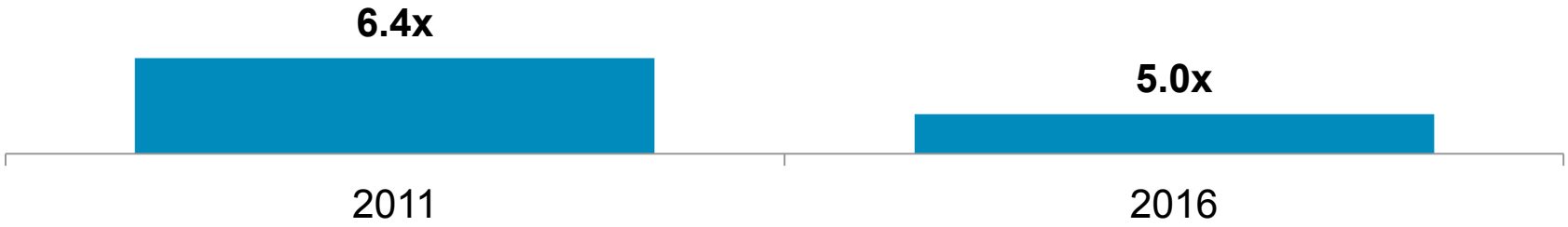
- Lower tax rate
- Interest deductibility
- Immediate expensing
- One-time tax on foreign earnings
- Territorial or worldwide regime

Improving Our Debt Profile

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



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

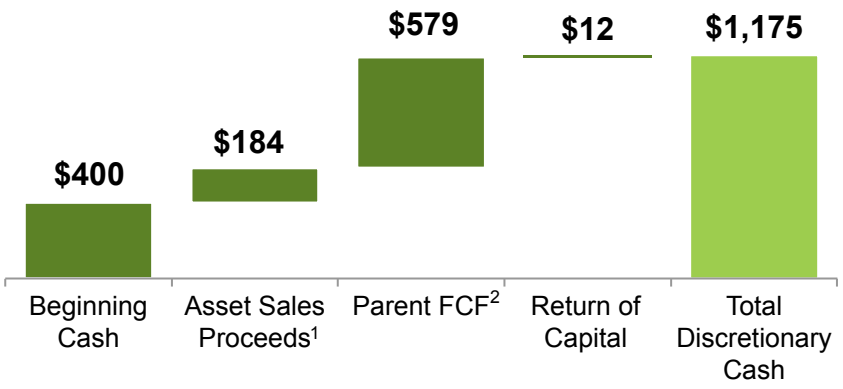


1. As of December 31, 2016.
2. Includes equity credit for a portion of our existing Trust Preferred III securities.
3. A non-GAAP financial measure. See Appendix for reconciliation and definition.

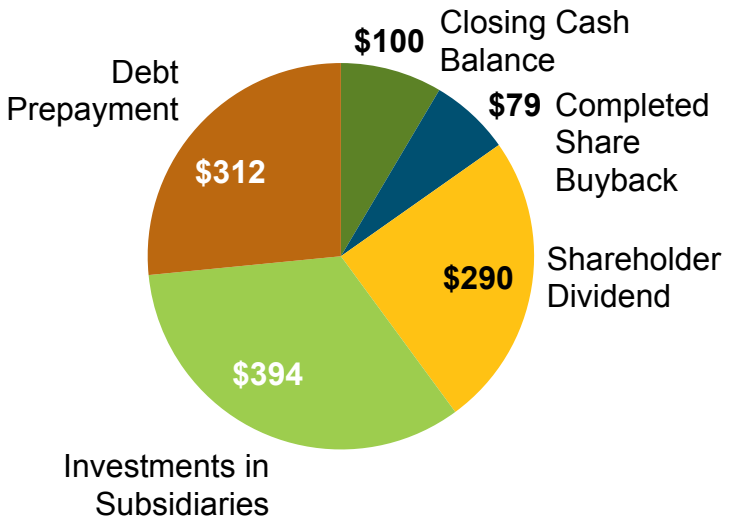
2016 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,175)



Discretionary Cash – Uses ($1,175)



Maximizing Discretionary Cash to Increase Risk-Adjusted Returns for Shareholders

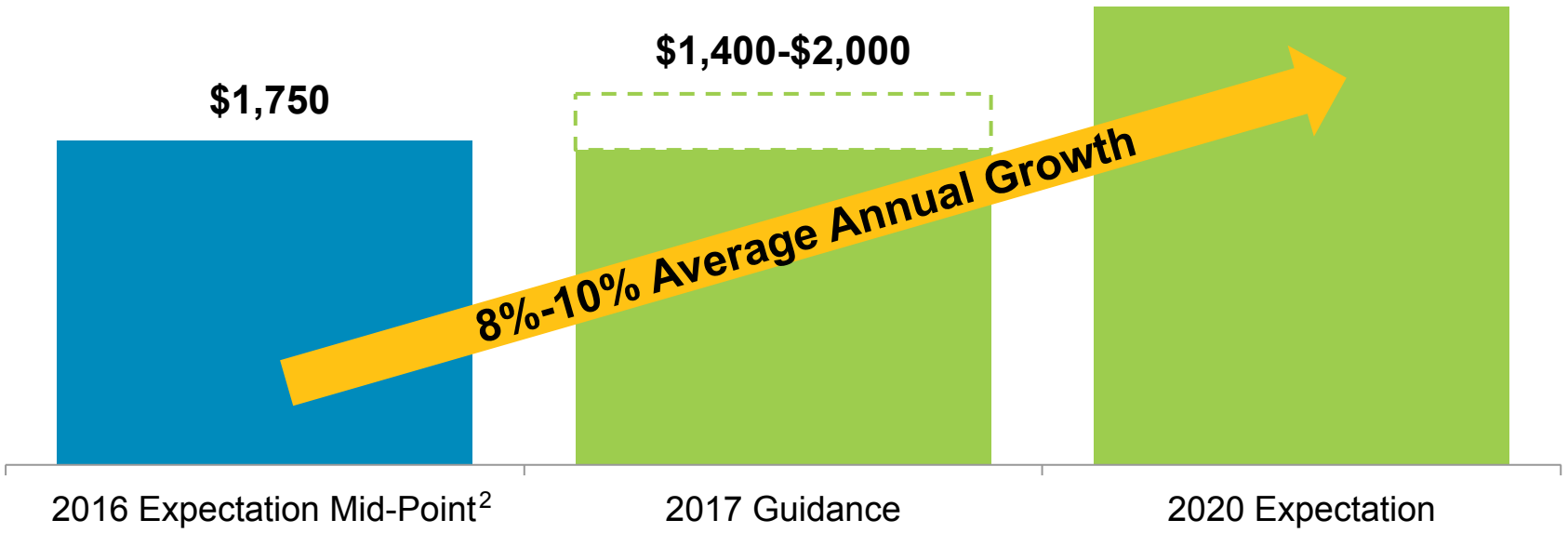
1. Includes asset sale proceeds of: $40 million (Sonel, Kribi and Dibamba, Cameroon), $21 million (IPP4 partnership, Jordan), $9 million (Kelanitissa, Sri Lanka) and $114 million (AES Sul, Brazil). Approximately $300 million of the proceeds related to the sale of Sul will be received in 2017 after meeting the required notice period for distributions.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

2017 Guidance Assumptions

- Based on foreign currency and commodity forward curves as of December 31, 2016
- Effective tax rate of 31%-33%
- At least $500 million in equity proceeds from asset sales in 2017 that will be reallocated in 2017 and 2018
- Dilution impact from the timing of planned asset sales is expected to be $0.03-$0.04
- As a part of the Company's strategic shift to reduce AES' exposure to the Brazilian distribution business, 2017 guidance assumes deconsolidation of Eletropaulo

Consolidated Free Cash Flow[1] Growth

$ in Millions

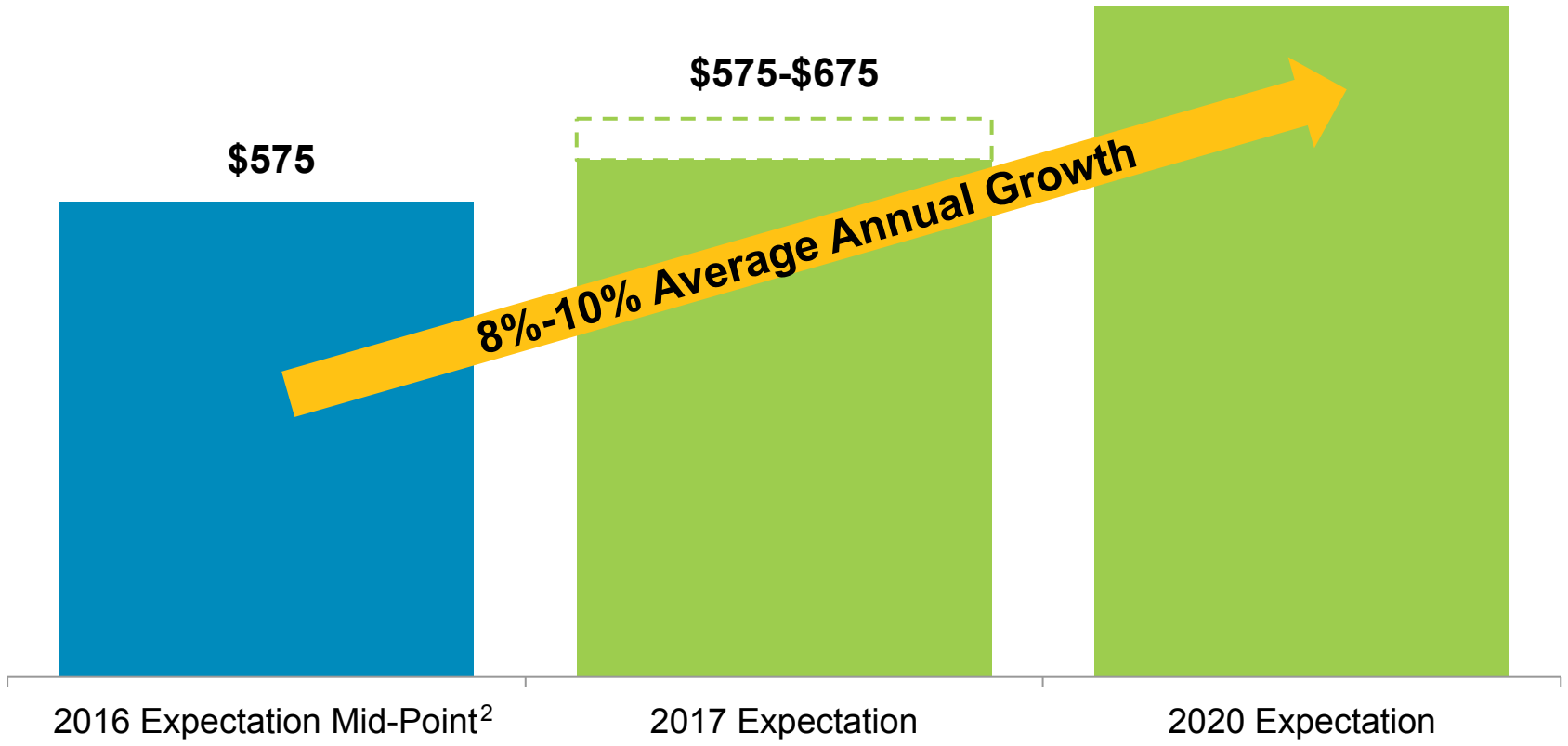


Noncontrolling Interests Represent 30%-40%

1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. 2016 Actual: $2,215 million.

Parent Free Cash Flow[1] Growth

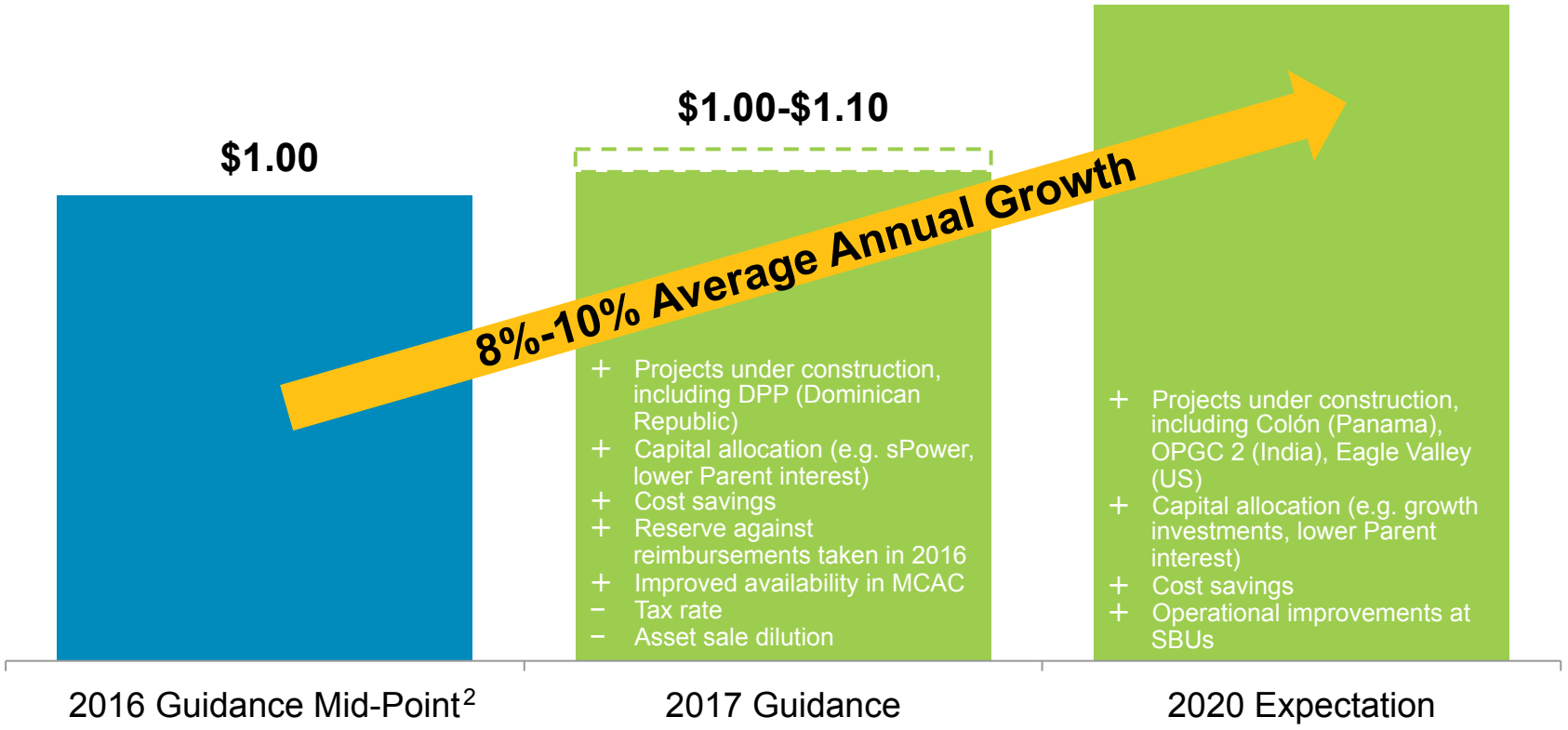
$ in Millions



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

Adjusted EPS[1] Growth

$ in Millions

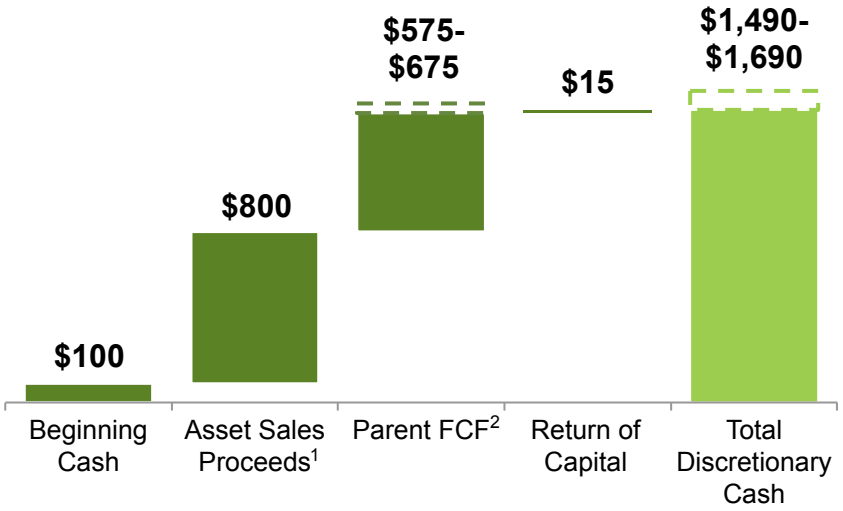


1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. 2016 Actual: $0.98 million.

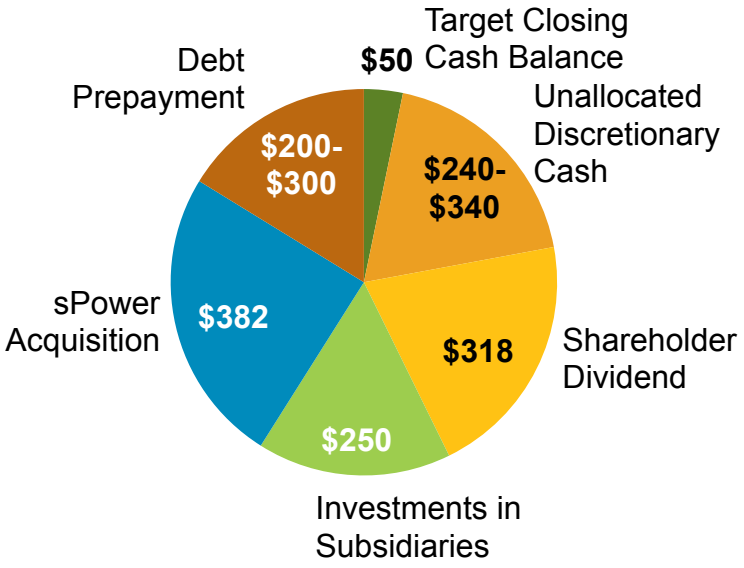
2017 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,490-$1,690)



Discretionary Cash – Uses ($1,490-$1,690)

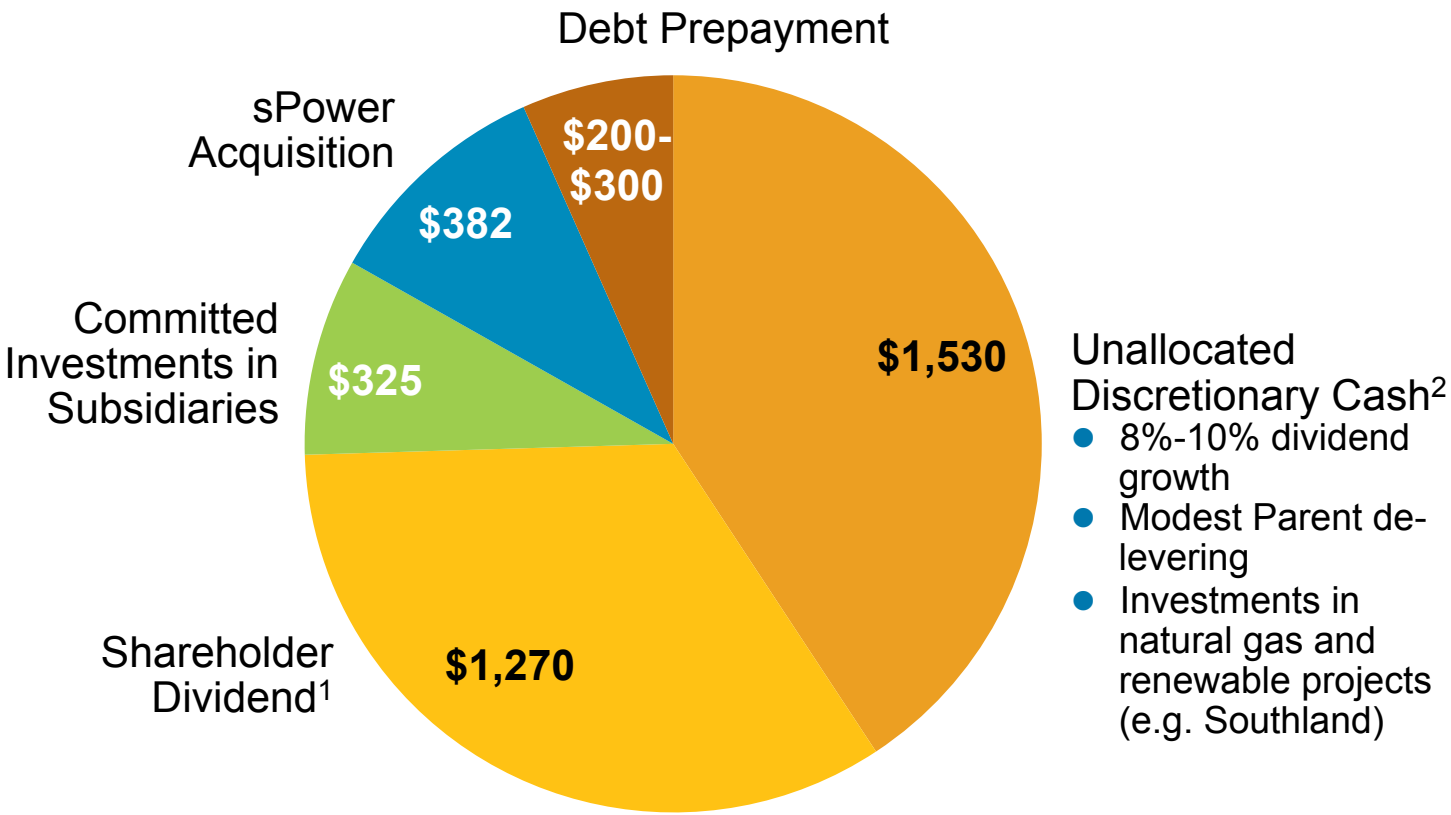


Maximizing Discretionary Cash to Increase Risk-Adjusted Returns for Shareholders

1. Includes announced asset sale proceeds of: approximately $300 million (Sul, Brazil) and at least $500 million asset sale proceeds target.
2. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Allocating $3.7 Billion Discretionary Cash Through 2020 to Maximize Risk-Adjusted Returns

2017-2020; $ in Millions



Note: Guidance as of February 27, 2017.

1. Assumes constant payment of $0.12 per share each quarter on 662 million shares outstanding.
2. Assumes sources as follows: Parent Free Cash Flow of $2.8 billion, which is based on the mid-point of 2016 expectation of $575 million, growing at 9% through 2020; approximately $800 million in asset sale proceeds (approximately $300 million from sale of Sul in Brazil and at least $500 million asset sale proceeds target in 2017); and $100 million closing cash balance as of December 31, 2016.

Conclusion

Reshaping Our Business Mix

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

Capitalizing on Our Advantaged Position

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

AES
we are the energy

Strengthening Our Balance Sheet

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

8%-10% Growth in All Key Metrics Through 2020

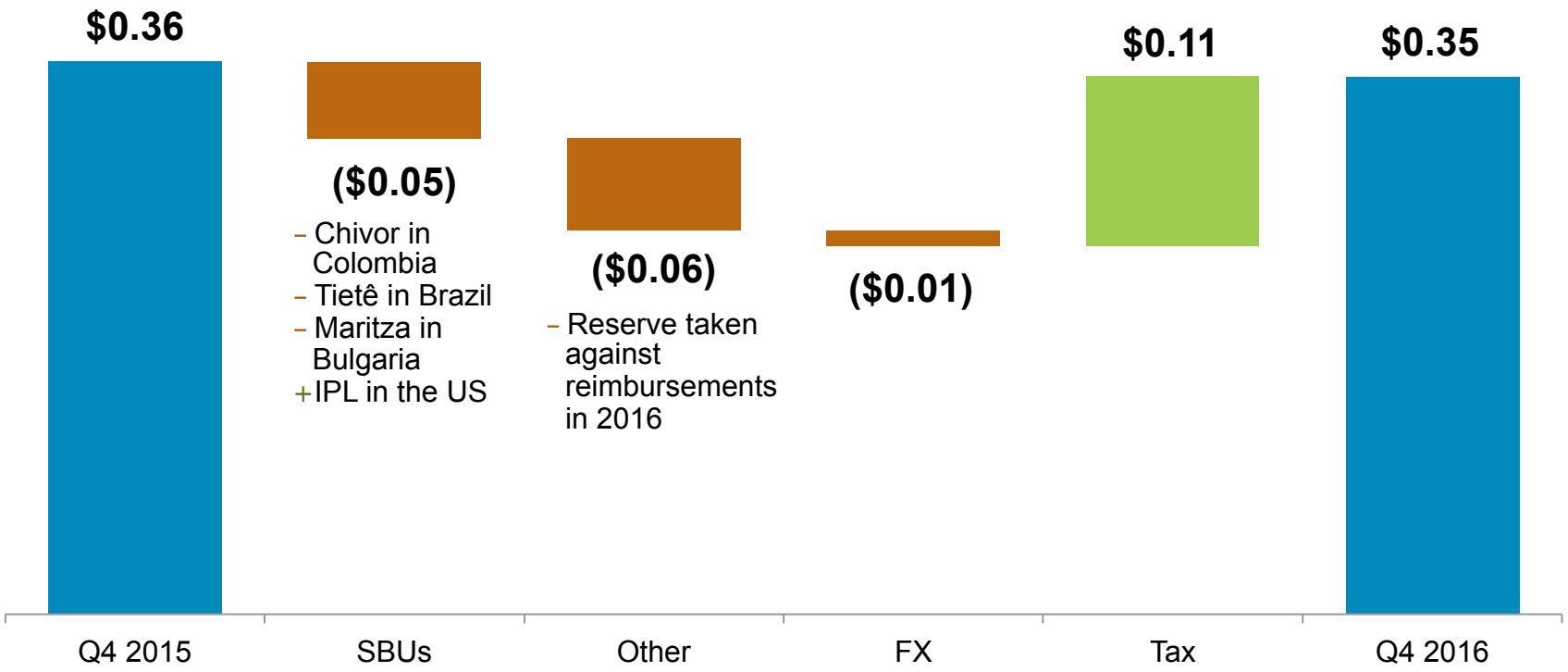
- Free cash flow
- Earnings per share
- Dividend

Appendix

- Q4 Adjusted EPS[1] — Slide 36
- Q4 & Full Year Adjusted EPS[1] Roll-Up — Slide 37
- Q4 Proportional Free Cash Flow[1] & Adjusted PTC[1] — Slides 38-44
- Listed Subs & Public Filers — Slide 45
- SBU Modeling Disclosures — Slides 46-48
- DPL Inc. Modeling Disclosures — Slide 49
- DP&L and DPL Inc. Debt Maturities — Slide 50
- Parent Only Cash Flow — Slides 51-54
- Currencies and Commodities — Slides 55-57
- AES Modeling Disclosures — Slide 58
- Full Year 2017 Adjusted PTC[1] Modeling Ranges — Slide 59
- Construction Program — Slide 60
- Reconciliations — Slides 61-66
- Assumptions & Definitions — Slides 67-69

1. A non-GAAP financial measure.

Q4 2016 Adjusted EPS[1] Decreased $0.01



1. A non-GAAP financial measure. See Slide 63 for reconciliation to the nearest GAAP measure and "definitions".

Q4 and Full Year 2016 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts

	Q4 2016	Q4 2015	Variance	FY 2016	FY 2015	Variance
Adjusted PTC[1]						
US	$90	$97	($7)	$347	$360	($13)
Andes	$111	$160	($49)	$390	$482	($92)
Brazil	$11	$21	($10)	$29	$118	($89)
MCAC	$70	$79	($9)	$267	$327	($60)
Europe	$60	$64	($4)	$187	$235	($48)
Asia	$26	$30	($4)	$96	$96	-
Total SBUs	**$368**	**$451**	**($83)**	**$1,316**	**$1,618**	**($302)**
Corp/Other	($143)	($111)	($32)	($474)	($441)	($33)
Total AES Adjusted PTC[1,2]	**$225**	**$340**	**($115)**	**$842**	**$1,177**	**($335)**
Adjusted Effective Tax Rate	(3%)	30%	(33%)	23%	29%	(6%)
Diluted Share Count	659	674	(15)	662	689	(27)
ADJUSTED EPS[1]	**$0.35**	**$0.36**	**($0.01)**	**$0.98**	**$1.25**	**($0.27)**

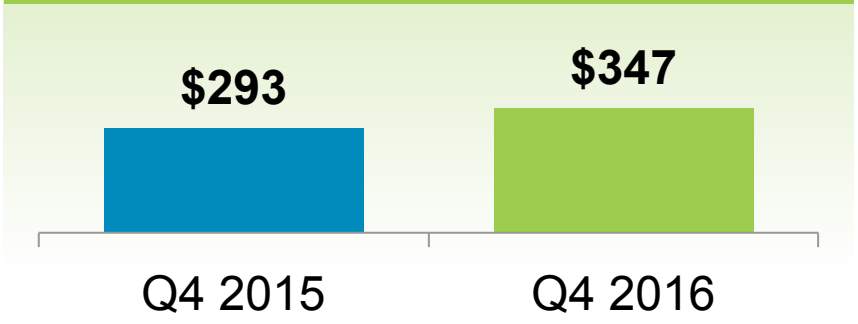
1. A non-GAAP financial measure. See Slides 63 and 64 for reconciliation to the nearest GAAP measure and “definitions”.
2. Includes $7 million and $10 million of after-tax equity in earnings for Q4 2016 and Q4 2015, respectively, and $31 million and $87 million for FY 2016 and FY 2015, respectively.

Q4 Financial Results

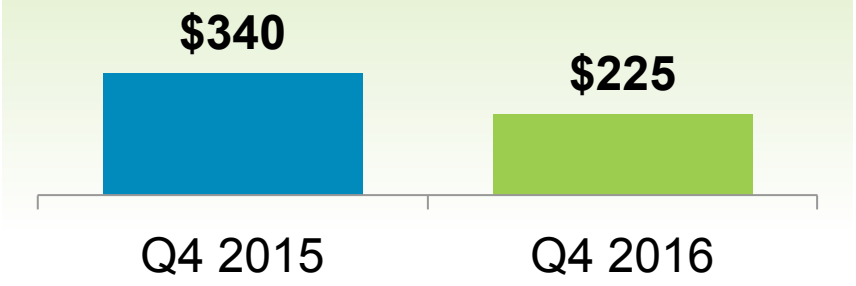
$ in Millions

- Margins declined due to lower contributions in Andes, US and Brazil
- Lower Adjusted PTC[1] also reflects reserve taken against reimbursements in 2016
- Higher Proportional Free Cash Flow[1] also reflects higher collections in Bulgaria and in Andes

Proportional Free Cash Flow[1] Increased $54



Adjusted PTC[1] Decreased $115



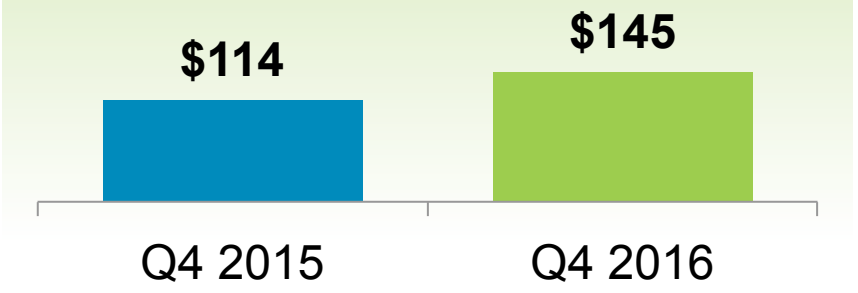
1. A non-GAAP financial measure. See Slides 61 and 63 for reconciliation to the nearest GAAP measure and "definitions".

Q4 Financial Results: US SBU

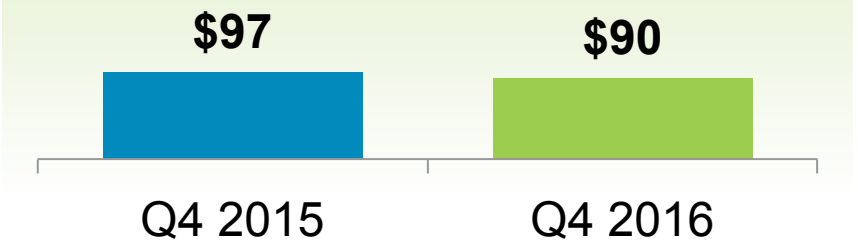
$ in Millions

- Margins declined due to higher depreciation at Southland, as well as lower wholesale prices and lower contributions from regulated customers at DPL
- Higher Proportional Free Cash Flow[1] also reflects lower working capital requirements at DPL, including the impact of inventory optimization efforts

Proportional Free Cash Flow[1] Increased $31



Adjusted PTC[1] Decreased $7

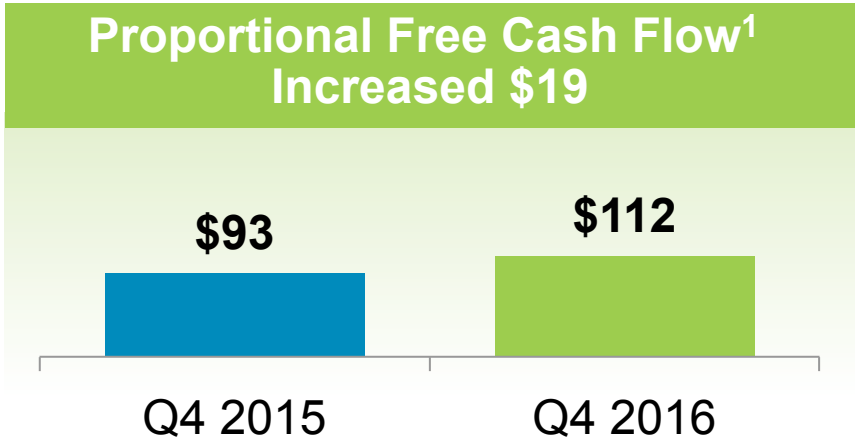


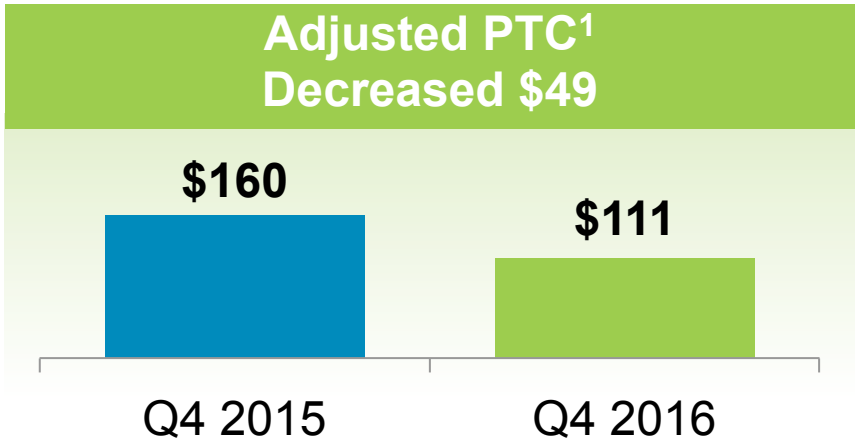
1. A non-GAAP financial measure. See Slides 61 and 63 for reconciliation to the nearest GAAP measure and "definitions".

Q4 Financial Results: Andes SBU

$ in Millions

- Margins primarily due to lower energy prices in Colombia
- Lower Adjusted PTC[1] also reflects
- Higher Proportional Free Cash Flow[1] also reflects higher collections in Argentina and Colombia





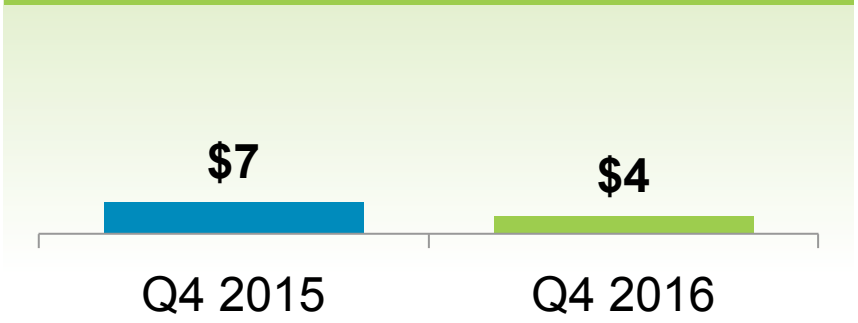
1. A non-GAAP financial measure. See Slides 61 and 63 for reconciliation to the nearest GAAP measure and "definitions".

Q4 Financial Results: Brazil SBU

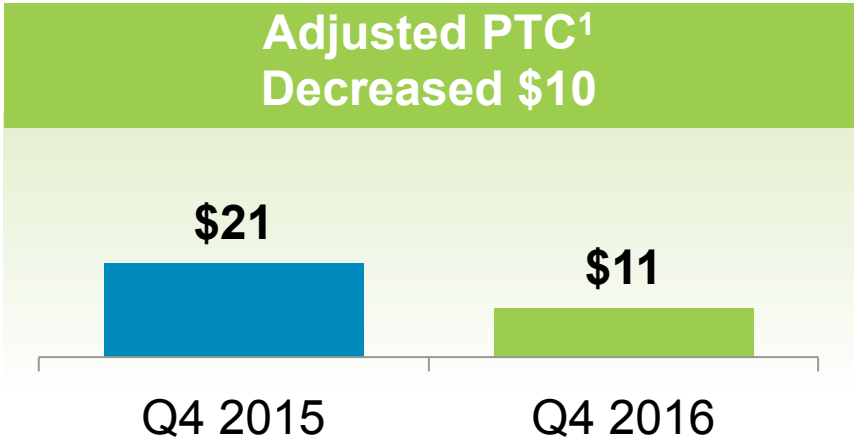
$ in Millions

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

Proportional Free Cash Flow[1] Decreased $3



Adjusted PTC[1] Decreased $10

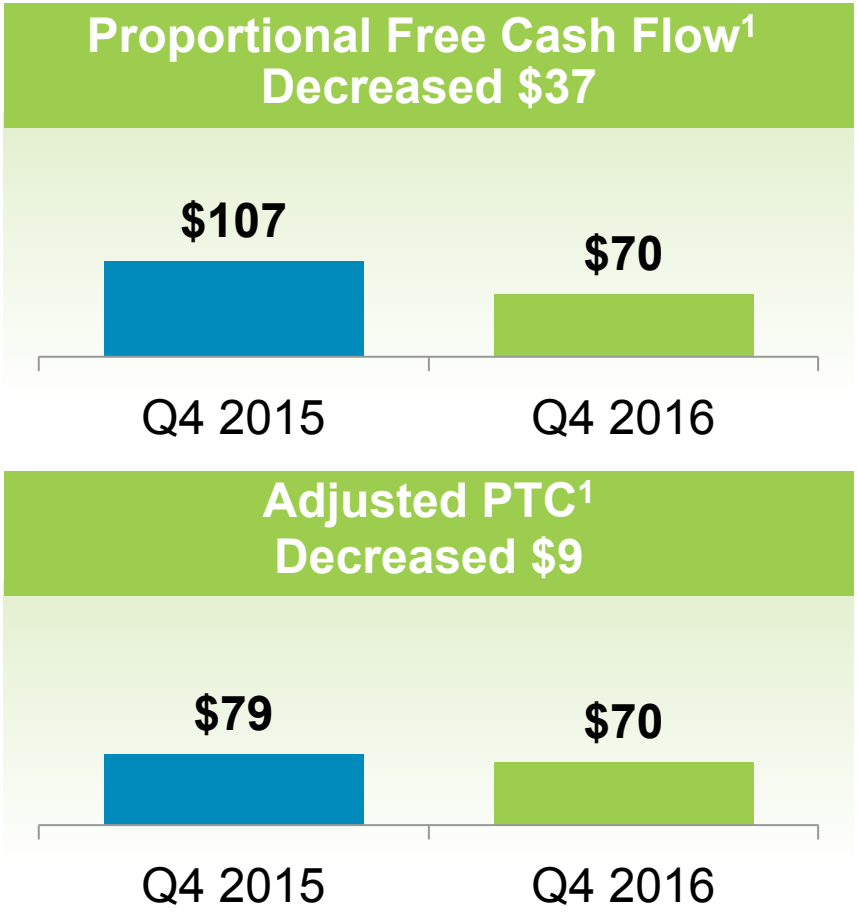


1. A non-GAAP financial measure. See Slides 61 and 63 for reconciliation to the nearest GAAP measure and "definitions".

Q4 Financial Results: MCAC SBU

$ in Millions

- Margins improved due to higher contracted and spot energy sales in the Dominican Republic
- Lower Adjusted PTC[1] also reflects reserve taken against reimbursements in 2016
- Lower Proportional Free Cash Flow[1] also reflects timing of spot LNG cargoes in the Dominican Republic

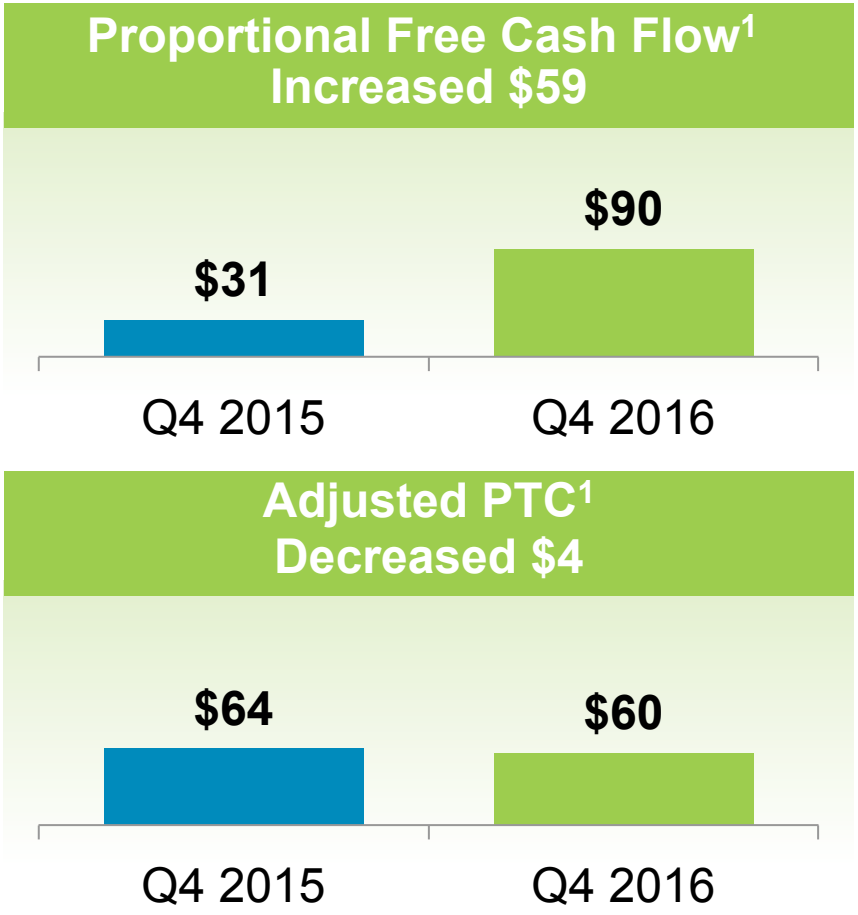


1. A non-GAAP financial measure. See Slides 61 and 63 for reconciliation to the nearest GAAP measure and "definitions".

Q4 Financial Results: Europe SBU

$ in Millions

- Margins declined due to a contracted capacity price reduction at Maritza in Bulgaria following the settlement of overdue receivables in 2016
- Higher Proportional Free Cash Flow[1] also reflects improved collections at Maritza



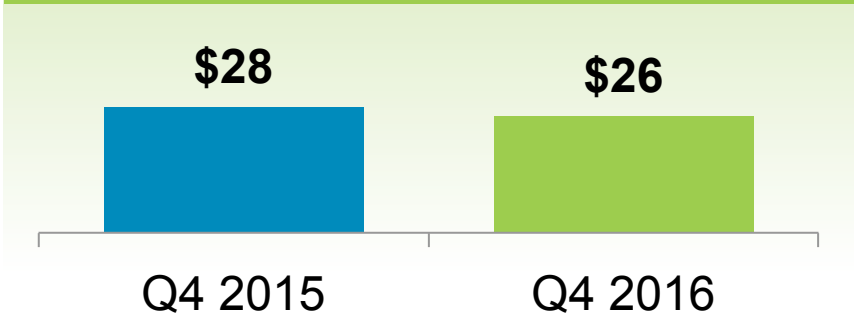
1. A non-GAAP financial measure. See Slides 61 and 63 for reconciliation to the nearest GAAP measure and "definitions".

Q4 Financial Results: Asia SBU

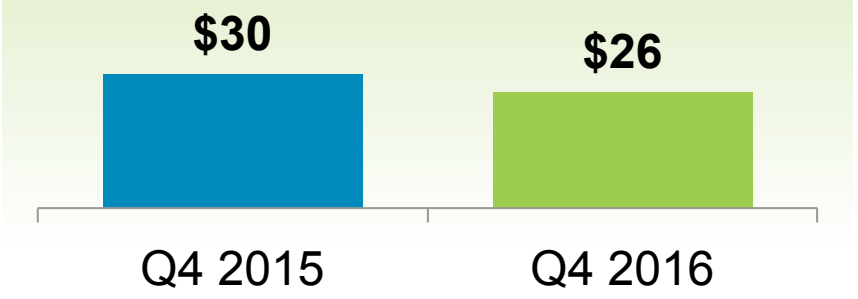
$ in Millions

- Margins were stable
- Lower Adjusted PTC[1] also reflects lower interest income at Mong Duong in Vietnam

Proportional Free Cash Flow[1] Decreased $2



Adjusted PTC[1] Decreased $4



1. A non-GAAP financial measure. See Slides 61 and 63 for reconciliation to the nearest GAAP measure and "definitions".

FY 2016 Adjusted PTC[1]: Reconciliation to Public Financials of Listed Subsidiaries & Public Filers

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

AES SBU/Reporting Country	US				Andes/Chile		Brazil			
AES Company	IPL		DPL		AES Gener[2]		Eletropaulo[2]		Tietê[2]	
$ in Millions	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
US GAAP Reconciliation										
AES Business Unit Adjusted Earnings[1,3]	**$93**	**$58**	**$52**	**$79**	**$167**	**$232**	**$28**	**$17**	**$26**	**$55**
Adjusted PTC[1,3] Public Filer (Stand-alone)	**$135**	**$88**	**$91**	**$104**	**$269**	**$342**	**($8)**	**$26**	**$36**	**$82**
Impact of AES Differences from Public Filings	($4)	$4	-	-	$1	$2	-	-	-	-
AES Business Unit Adjusted PTC[1]	**$131**	**$92**	**$91**	**$104**	**$270**	**$344**	**($8)**	**$26**	**$36**	**$82**
Unrealized Derivatives (Losses)/Gains	-	-	$4	($6)	$2	$4	-	-	-	-
Unrealized Foreign Currency Transaction Losses	-	-	-	-	$2	$12	-	-	$1	($1)
Impairment Losses	-	-	($859)	($317)	-	-	-	-	-	-
Disposition/Acquisition Gains	-	-	$22	$1	-	-	-	-	-	-
Loss on Extinguishment of Debt	-	($17)	($3)	($2)	($3)	($21)	-	-	-	-
Non-Controlling Interest before Tax	$57	$20	-	$1	$138	$129	($40)	$139	$123	$263
Income Tax Benefit/(Expenses)	($59)	($33)	$260	($19)	($157)	($146)	$219	($56)	($47)	($114)
US GAAP Income/(Loss) from Continuing Operations[4]	**$129**	**$62**	**($485)**	**($238)**	**$252**	**$322**	**$171**	**$109**	**$113**	**$230**
Adjustment to Depreciation & Amortization[5]					($40)	($42)	($25)	($41)	($14)	($14)
Adjustment to Regulatory Liabilities & Assets					-	-	-	($157)	-	-
Adjustment to Taxes[6]					$50	$15	($217)	$38	$10	$6
Other Adjustments					($5)	($45)	$78	$85	($6)	($2)
IFRS Net Income					**$258**	**$250**	**$7**	**$34**	**$103**	**$220**
BRL-USD Implied Exchange Rate							3.1414	2.9470	3.4687	3.3027

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).

FY 2016 Modeling Disclosures

$ in Millions

	Adjusted PTC[1]	Interest Expense			Interest Income			Depreciation & Amortization		
		Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional
US	$347	$236	($28)	$208	-	-	-	$471	$73	$398
DPL	$91	$105	-	$105	-	-	-	$130	-	$130
IPL	$131	$94	($28)	$66	-	-	-	$218	($65)	$153
Andes	$390	$178	($57)	$121	$56	($3)	$53	$218	($75)	$143
AES Gener	$270	$162	($57)	$105	$9	($3)	$6	$210	($75)	$135
Brazil	$29	$365	($300)	$65	$257	($205)	$52	$145	($119)	$26
Tietê	$36	$66	($50)	$16	$25	($19)	$6	$33	($25)	$8
Eletropaulo	($8)	$296	($248)	$48	$218	($183)	$35	$112	($94)	$18
MCAC	$267	$163	($22)	$141	$11	($2)	$9	$165	($39)	$126
Europe	$187	$68	($16)	$52	$5	($1)	$4	$116	($17)	$99
Asia	$96	$111	($54)	$57	$134	($66)	$68	$33	($16)	$17
Subtotal	**$1,316**	**$1,121**	**($477)**	**$644**	**$463**	**($277)**	**$186**	**$1,148**	**($339)**	**$809**
Corp/Other	($474)	$310	-	$310	$1	-	$1	$12	-	$12
TOTAL	**$842**	**$1,431**	**($477)**	**$954**	**$464**	**($277)**	**$187**	**$1,160**	**($339)**	**$821**

1. A non-GAAP financial measure. See reconciliation to the nearest GAAP measure on Slide 64 and “definitions”.

FY 2016 Modeling Disclosures

$ in Millions

	Total Debt			Cash & Cash Equivalents, Restricted Cash, Short-Term Investments, Debt Service Reserves & Other Deposits		
	Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional
US	$5,052	($766)	$4,286	$260	($18)	$242
DPL	$1,858	-	$1,858	$84	-	$84
IPL	$2,549	$764	$1,785	$37	($11)	$26
Andes	$4,126	$1,712	$2,414	$534	($193)	$341
AES Gener	$3,919	$1,712	$2,207	$479	($193)	$286
Brazil[1]	$1,446	($1,178)	$268	$1,068	($569)	$499
Tietê	$437	($331)	$106	$179	($136)	$43
Eletropaulo	$1,010	($847)	$163	$483	($405)	$78
MCAC	$2,522	($376)	$2,146	$446	($84)	$362
EMEA	$948	($250)	$698	$183	($33)	$150
Asia	$1,698	($832)	$866	$226	($108)	$118
Subtotal	**$15,792**	**($5,114)**	**$10,678**	**$2,717**	**($1,005)**	**$1,712**
Corp/Other	$4,671	-	$4,671	$255	-	$255
TOTAL	**$20,463**	**($5,114)**	**$15,349**	**$2,972**	**($1,005)**	**$1,967**

1. In addition to total debt, Eletropaulo has $831 million of pension plan liabilities. AES owns 17% of Eletropaulo.

Q4 2016 Modeling Disclosures

$ in Millions

	Adjusted PTC[1]	Interest Expense			Interest Income			Depreciation & Amortization		
		Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional	Consolidated	Adjustment Factor	Proportional
US	$90	$59	($7)	$52	-	-	-	$115	($17)	$98
DPL	$23	$27	-	$27	-	-	-	$31	-	$31
IPL	$23	$25	($8)	$17	-	-	-	$52	($15)	$37
Andes	$111	$49	($18)	$31	$13	($1)	$12	$62	($23)	$39
AES Gener	$65	$47	($18)	$29	$2	($1)	$1	$59	($22)	$37
Brazil	$11	$77	($63)	$14	$48	($33)	$15	$42	($34)	$8
Tietê	$7	$15	($11)	$4	$5	($4)	$1	$10	($8)	$2
Eletropaulo	($1)	$61	($51)	$10	$34	($29)	$5	$32	($27)	$5
MCAC	$70	$41	($6)	$35	$4	($1)	$3	$42	($10)	$32
Europe	$60	$16	($4)	$12	-	-	-	$28	($4)	$24
Asia	$26	$28	($14)	$14	$33	($16)	$17	$8	($4)	$4
Subtotal	**$368**	**$270**	**($112)**	**$158**	**$98**	**($51)**	**$47**	**$297**	**($92)**	**$205**
Corp/Other	($143)	$74	-	$74	$1	-	$1	$2	-	$2
TOTAL	**$225**	**$344**	**($112)**	**$232**	**$99**	**($51)**	**$48**	**$299**	**($92)**	**$207**

1. A non-GAAP financial measure. See reconciliation to the nearest GAAP measure on Slide 63 and “definitions”.

DPL Inc. Modeling Disclosures

Based on Market Conditions and Hedged Position as of December 31, 2016

	Full Year 2017	Full Year 2018	Full Year 2019
Volume Production (TWh)	12.8	11.7	12.3
% Volume Hedged	~62%	~8%	0%
Average Hedged Dark Spread ($/MWh)	$13.09	$15.17	N/A
EBITDA Generation Business[1] ($ in Millions)		~$70 to $90 per year	
EBITDA DPL Inc. including Generation and T&D ($ in Millions)		~$330 to $360 per year	
Reference Prices[2]			
Henry Hub Natural Gas ($/mmbtu)	$3.63	$3.14	$2.87
AEP-Dayton Hub ATC Prices ($/MWh)	$32	$31	$29
EBITDA Sensitivities (with Existing Hedges) ($ in Millions)			
+10% AD Hub Energy Price ATC ($/MWh)	$14	$33	$36
-10% AD Hub Energy Price ATC ($/MWh)	($14)	($33)	($36)

Note: Includes output of existing generation assets as of December 31, 2016, excluding Stuart unit 1. Data does not assume the exit of 2.1 GW of coal generation as contemplated in DP&L's ESP proceeding.

1. Includes capacity premium performance results.
2. Full Year 2017-2019 based on forward curves as of December 31, 2016.

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

$ in Millions

Series	Interest Rate	Maturity	Amount Outstanding as of December 31, 2016	Remarks
2016 FMB Secured B Loan	**Variable**	**Aug. 2022**	**$445.0**	• **Redeemable at 101% of par**
2006 OH Air Quality PCBs	4.8%	Sept. 2036	$100.0	• Non-callable; at par in Sept. 2016
2015 Direct Purchase Tax Exempt TL	Variable	Aug. 2020 (put)	$200.0	• Redeemable at par on any day
Total Pollution Control	**Various**	**Various**	**$300.0**	
Wright-Patterson AFB Note	**4.2%**	**Feb. 2061**	**$18.0**	• **No prepayment option**
2015 DP&L Revolver	**Variable**	**July 2020**	-	• **Pre-payable on any day**
DP&L Preferred	**3.8%**	**N/A**	**$0.0**	• **Redeemed in Q4 2016**
Total DP&L			**$763.0**	
2018 Term Loan	**Variable**	**May 2018**	**$125.0**	• **No prepayment penalty**
2016 Senior Unsecured	6.5%	Oct. 2016	$0.0	• Retired in Q4 2016
2019 Senior Unsecured	6.75%	Oct. 2019	$200.0	• Callable at make-whole T+50
2021 Senior Unsecured	7.25%	Oct. 2021	$780.0	• Callable at make-whole T+50
Total Senior Unsecured Bonds	**Various**	**Various**	**$980.0**	
2015 DPL Revolver	**Variable**	**July 2020**	**-**	• **Pre-payable on any day**
2001 Cap Trust II Securities	**8.125%**	**Sept. 2031**	**$15.6**	• **Non-callable**
Total DPL Inc.			**$1,120.6**	
TOTAL			**$1,883.6**	

Parent Sources and Uses of Liquidity

$ in Millions	Q4		FY	
	2016	2015	2016	2015
SOURCES				
Total Subsidiary Distributions[1]	$426	$555	$1,112	$1,057
Proceeds from Asset Sales, Net	$114	$211	$184	$537
Financing Proceeds, Net	-	-	$495	$570
Increased/(Decreased) Credit Facility Commitments	-	-	-	-
Issuance of Common Stock, Net	-	-	$1	$5
Total Returns of Capital Distributions & Project Financing Proceeds	$12	-	$30	$8
Beginning Parent Company Liquidity[2]	$561	$631	$1,138	$1,246
Total Sources	**$1,113**	**$1,397**	**$2,960**	**$3,423**
USES				
Repayments of Debt	-	-	($807)	($915)
Shareholder Dividend	($73)	($67)	($290)	($276)
Repurchase of Equity	-	($73)	($79)	($481)
Investments in Subsidiaries, Net	($25)	($42)	($394)	($114)
Cash for Development, Selling, General & Administrative and Taxes	($41)	($30)	($228)	($208)
Cash Payments for Interest	($79)	($78)	($305)	($319)
Changes in Letters of Credit and Other, Net	($1)	$31	$37	$28
Ending Parent Company Liquidity[2]	($894)	($1,138)	($894)	($1,138)
Total Uses	**($1,113)**	**($1,397)**	**($2,960)**	**($3,423)**

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

Q4 and Full Year 2016 Subsidiary Distributions[1]

$ in Millions

Subsidiary Distributions[1] by SBU		
	Q4 2016	FY 2016
US	$136	$295
Andes	$5	$76
Brazil	$31	$104
MCAC	$154	$286
Europe	$38	$240
Asia	$41	$69
Corporate & Other[2]	$21	$42
TOTAL	**$426**	**$1,112**

Top Ten Subsidiary Distributions[1] by Business							
Q4 2016				FY 2016			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Mountain View IV (US)	$60	Sul (Brazil)	$29	Maritza East (Europe)	$153	Mountain View IV (US)	$60
Andres (MCAC)	$57	Mong Duong (Asia)	$28	Andres (MCAC)	$146	Gener (Andes)	$57
US Holdco (US)	$44	Global Insurance (Corp & Other)	$21	IPALCO (US)	$116	Mong Duong (Asia)	$46
Changuinola (MCAC)	$36	TEG TEP (MCAC)	$20	US Holdco (US)	$99	Global Insurance (Corp & Other)	$41
IPALCO (US)	$30	Altai (Europe)	$16	AES Holdings Brazil (Brazil)	$75	Altai (Europe)	$40

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

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

$ in Millions

	Quarter Ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$426	$265	$337	$85
Total Return of Capital Distributions to Parent & QHCs[3]	$12	$4	$14	$16
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$438**	**$269**	**$351**	**$101**

	Balance as of			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Cash at Parent & QHCs[3]	$100	$42	$30	$17
Availability Under Credit Facilities	$794	$519	$733	$658
Ending Liquidity	**$894**	**$561**	**$763**	**$675**

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

Reconciliation of Parent Leverage

$ in Millions

	2011	2016
Parent Free Cash Flow[1] (a)	$586	$579
Interest (b)	$390	$305
Parent Free Cash Flow[1] before Interest (a + b)	**$976**	**$884**
Debt[2]	$6,256	$4,458
DEBT[2]/(PARENT FREE CASH FLOW[1] + INTEREST)	**6.4x**	**5.0x**

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

Full Year 2017 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over year-to-go 2017 is equal to a change in EPS of approximately $0.025

Currencies

10% appreciation in USD against the following key currencies is equal to the following negative EPS impacts:	2017	
	Average Rate	Sensitivity
Brazilian Real (BRL)	3.42	$0.01
Colombian Peso (COP)	3,098	$0.005
Euro (EUR)	1.06	Less than $0.005
Great British Pound (GBP)	1.24	Less than $0.005
Kazakhstan Tenge (KZT)	350	$0.005

Commodity Sensitivity

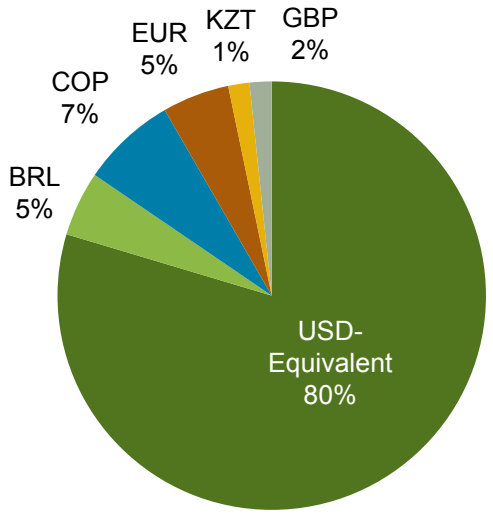
10% increase in commodity prices is forecasted to have the following EPS impacts:	2017	
	Average Rate	Sensitivity
Illinois Basin Coal	$37/ton	$0.01, negative correlation
Rotterdam Coal (API 2)	$70/ton	
NYMEX WTI Crude Oil	$56/bbl	$0.005, positive correlation
IPE Brent Crude Oil	$58/bbl	
NYMEX Henry Hub Natural Gas	$3.6/mmbtu	$0.005, positive correlation
UK National Balancing Point Natural Gas	£0.5/therm	
US Power (DPL) – PJM AD Hub	$ 32/MWh	$0.015, positive correlation

Note: Guidance provided on February 27, 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 full year 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 December 31, 2016. There are inherent uncertainties in the forecasting process and actual results may differ from projections. The Company undertakes no obligation to update the guidance presented today. Please see Item 1 of the Form 10-K for a more complete discussion of this topic. AES has exposure to multiple coal, oil, and natural gas, and power indices; forward curves are provided for representative liquid markets. Sensitivities are rounded to the nearest ½ cent per share.

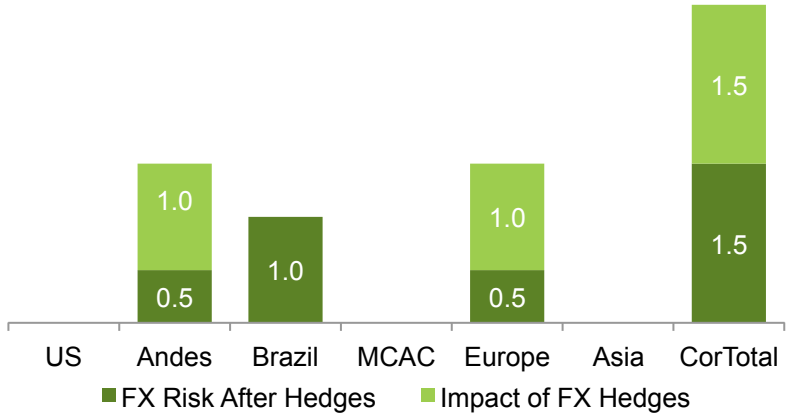
1. The move is applied to the floating interest rate portfolio balances as of December 31, 2016.

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)

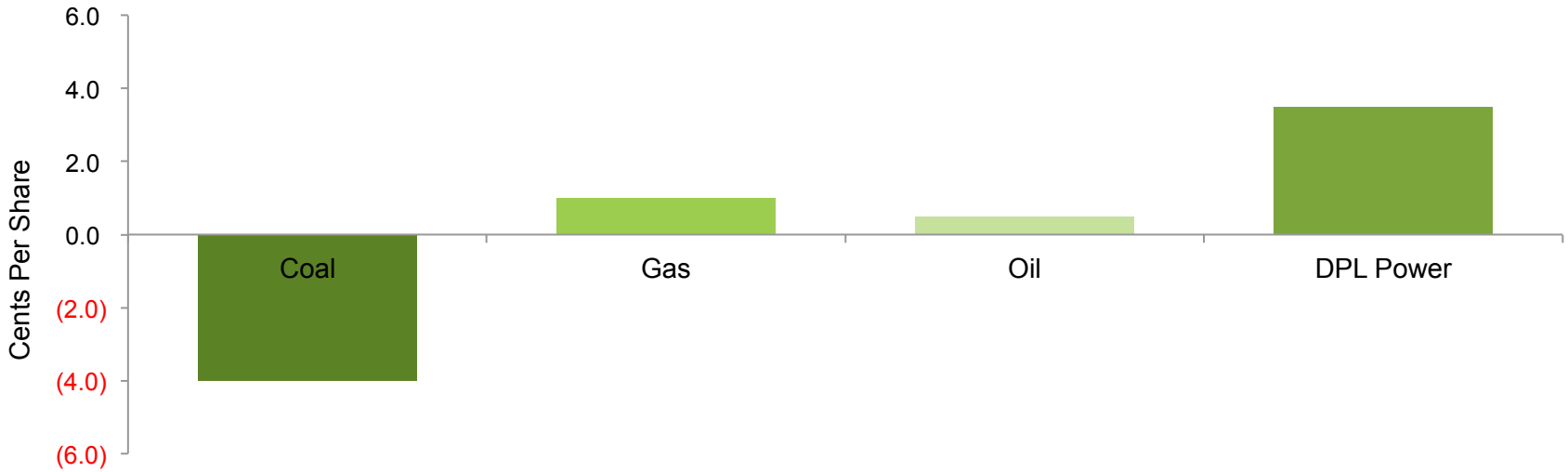


- 2017 correlated FX risk after hedges is $0.015 for 10% USD appreciation
- 80% of 2017 earnings effectively USD
  - USD-based economies (i.e. U.S., Panama)
  - Structuring of our contracts
- FX risk mitigated on a rolling basis by shorter-term active FX hedging programs

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



- Mostly hedged through 2019, more open positions in the longer-term is the primary driver of increase in commodity sensitivity

1. A non-GAAP financial measure. See “definitions”.
2. Domestic and International sensitivities are combined and assumes each fuel category moves 10%. Adjusted EPS is negatively correlated to coal price movement, and positively correlated to gas, oil and power price movements.

AES Modeling Disclosures

$ in Millions

	2017 Assumptions
Parent Company Cash Flow Assumptions	
Subsidiary Distributions (a)	$1,145-$1,245
Cash Interest (b)	$280
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”.

Full Year 2017 Adjusted PTC[1] Modeling Ranges

$ in Millions

SBU	2017 Adjusted PTC Modeling Ranges as of 2/27/17[1]	Drivers of Growth Versus 2016
US	$365-$415	+ New businesses, including sPower
Andes	$400-$450	+ Argentina reforms + Higher contracting levels at Chivor
Brazil	$60-$80	+ Gain on legal settlement
MCAC	$350-$400	+ COD of DPP + Higher availability in Puerto Rico and Mexico + Reserve taken against reimbursements in 2016
Europe	$145-$175	– Lower generation volume in the United Kingdom
Asia	$80-$100	– Lower tariff in India
Total SBUs	**$1,400-$1,620**	
Corp/Other	($450)-($525)	
Total AES Adjusted PTC[1,2]	**$950-$1,095**	

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

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 2017-2019									
DPP Conversion	Dominican Republic	90%	Gas	122	1H 2017	$260	$0		
IPL Wastewater	US-IN	70%	Coal		2H 2017	$224	$71		Environmental (NPDES) upgrades of 1,864 MW
Eagle Valley CCGT	US-IN	70%	Gas	671	1H 2018	$590	$186		
Colón	Panama	50%	Gas	380	1H 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	40%	Hydro	531	1H 2019	$2,053	$335		Excluding expected 10%-20% cost overrun
Masinloc 2	Philippines	51%	Coal	335	1H 2019	$740	$110		
Total				**3,359**		**$6,447**	**$1,134**		
ROE[1]								**~14%**	**Weighted average; net income divided by AES equity contribution**
CASH YIELD[1]								**~14%**	**Weighted average; subsidiary distributions divided by AES equity contribution**

1. Based on projections. See our 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 Q4 Capex and Free Cash Flow[1]

$ in Millions

	Consolidated Q4	
	2016	2015
Operational Capex (a)	$160	$195
Environmental Capex (b)	$33	$129
Maintenance Capex (a + b)	$193	$324
Growth Capex (c)	$387	$337
Total Capex[2] (a + b + c)	**$580**	**$661**

	Consolidated Q4		Proportional[1] Q4	
	2016	2015	2016	2015
Operating Cash Flow	$702	$629	$458	$441
Add: Capital Expenditures Related to Service Concession Assets	$2	$17	$1	$8
Less: Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	$169	$212	$112	$156
Free Cash Flow[1]	**$535**	**$434**	**$347**	**$293**

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

Reconciliation of FY Capex and Free Cash Flow[1]

$ in Millions

	Consolidated FY	
	2016	2015
Operational Capex (a)	$624	$612
Environmental Capex (b)	$231	$322
Maintenance Capex (a + b)	$855	$934
Growth Capex (c)	$1,603	$1,524
Total Capex[2] (a + b + c)	**$2,458**	**$2,458**

	Consolidated FY		Proportional[1] FY	
	2016	2015	2016	2015
Operating Cash Flow	$2,884	$2,134	$1,866	$1,657
Add: Capital Expenditures Related to Service Concession Assets	$29	$165	$15	$84
Less: Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex	$669	$672	$464	$500
Free Cash Flow[1]	**$2,244**	**$1,627**	**$1,417**	**$1,241**

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

Reconciliation of Q4 Adjusted PTC[1] and Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	Q4 2016		Q4 2015	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]
(Loss) from Continuing Operations Attributable to AES and Diluted EPS	($200)	($0.30)	($72)	($0.11)
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	($214)		$162	
Pre-Tax Contribution	($414)		$90	
Adjustments				
Unrealized Derivative (Gains)	($10)	($0.02)	($138)	($0.20)
Unrealized Foreign Currency Transaction Losses	$9	$0.01	$50	$0.07
Disposition/Acquisition (Gains)/Losses	$12	$0.02[3]	($10)	($0.01)
Impairment Losses	$624	$0.95[4]	$328	$0.49[5]
Loss on Extinguishment of Debt	$3	-	$20	$0.03[6]
Less: Net Income Tax (Benefit)/Expense	-	($0.31)[7]	-	$0.09[8]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$224**	**$0.35**	**$340**	**$0.36**

1. Non-GAAP financial measures. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to the losses associated with the sale of SUL of $10 million, or $0.02 per share.
4. Amount primarily relates to asset impairments at DPL of $624 million, or $0.94 per share.
5. Amount primarily relates to asset impairments at DPL of $317 million, or $0.47 per share.
6. Amount primarily relates to the loss on early retirement of debt at Andres of $11 million ($10 million, or $0.01 per share, net of NCI).
7. Amount primarily relates to the per share income tax benefit associated with losses on impairment of $209 million, or $0.32 per share.
8. Amount primarily relates to the per share income tax benefit associated with unrealized derivatives of $49 million, or $0.07 per share.

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

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

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

1. A non-GAAP financial measure. See “definitions”.
2. In providing its full year 2016 Adjusted EPS guidance, the Company notes that there could be differences between expected reported earnings and estimated operating earnings for matters such as, but not limited to: (a) unrealized losses related to derivative transactions, estimated to have no impact on Adjusted EPS; (b) unrealized foreign currency losses, estimated to be $12 million; (c) gains due to dispositions and acquisitions of business interests, estimated to be $3 million; (d) losses due to impairments, estimated to be $186 million, related to DP&L and Buffalo Gap I & II; and (e) costs due to the early retirement of debt, estimated to be $18 million. The amounts set forth above are as of September 30, 2016. At this time, management is not able to estimate the aggregate impact, if any, of these items on reported earnings. Accordingly, the Company is not able to provide a corresponding GAAP equivalent for its Adjusted EPS guidance.

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 December 31, 2016

1. A non-GAAP financial measure. See “definitions”.
2. 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 for matters such as, but not limited to: (a) unrealized losses related to derivative transactions; (b) unrealized foreign currency losses; (c) gains due to dispositions and acquisitions of business interests; (d) losses due to impairments; and (e) costs due to the early retirement of debt. At this time, management is not able to estimate the aggregate impact, if any, of these items on reported earnings. Accordingly, the Company is not able to provide a corresponding GAAP equivalent for its Adjusted EPS guidance.

Assumptions

Forecasted financial information is based on certain material assumptions. Such assumptions include, but are not limited to: (a) no unforeseen external events such as wars, depressions, or economic or political disruptions occur; (b) businesses continue to operate in a manner consistent with or better than prior operating performance, including achievement of planned productivity improvements including benefits of global sourcing, and in accordance with the provisions of their relevant contracts or concessions; (c) new business opportunities are available to AES in sufficient quantity to achieve its growth objectives; (d) no material disruptions or discontinuities occur in the Gross Domestic Product (GDP), foreign exchange rates, inflation or interest rates during the forecast period; and (e) material business-specific risks as described in the Company's SEC filings do not occur individually or cumulatively. In addition, benefits from global sourcing include avoided costs, reduction in capital project costs versus budgetary estimates, and projected savings based on assumed spend volume which may or may not actually be achieved. Also, improvement in certain Key Performance Indicators (KPIs) such as equivalent forced outage rate and commercial availability may not improve financial performance at all facilities based on commercial terms and conditions. These benefits will not be fully reflected in the Company's consolidated financial results.

The cash held at qualified holding companies ("QHCs") represents cash sent to subsidiaries of the Company domiciled outside of the U.S. Such subsidiaries had no contractual restrictions on their ability to send cash to AES, the Parent Company, however, cash held at qualified holding companies does not reflect the impact of any tax liabilities that may result from any such cash being repatriated to the Parent Company in the U.S. Cash at those subsidiaries was used for investment and related activities outside of the U.S. These investments included equity investments and loans to other foreign subsidiaries as well as development and general costs and expenses incurred outside the U.S. Since the cash held by these QHCs is available to the Parent, AES uses the combined measure of subsidiary distributions to Parent and QHCs as a useful measure of cash available to the Parent to meet its international liquidity needs. AES believes that unconsolidated parent company liquidity is important to the liquidity position of AES as a parent company because of the non-recourse nature of most of AES' indebtedness.

Definitions

- **Adjusted Earnings Per Share** (a non-GAAP financial measure) is defined as diluted earnings per share from continuing operations excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) gains or losses due to dispositions and acquisitions of business interests, (d) losses due to impairments, and (e) costs due to the early retirement of debt, adjusted for the same gains or losses excluded from consolidated entities. The GAAP measure most comparable to Adjusted EPS is diluted earnings per share from continuing operations. AES believes that Adjusted EPS better reflects the underlying business performance of the Company and is considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to unrealized gains or losses related to derivative transactions, unrealized foreign currency gains or losses, losses due to impairments and strategic decisions to dispose or acquire business interests or retire debt, which affect results in a given period or periods. Adjusted EPS should not be construed as an alternative to diluted earnings per share from continuing operations, which is determined in accordance with GAAP.
- **Adjusted Pre-Tax Contribution** (a non-GAAP financial measure) represents pre-tax income from continuing operations attributable to AES excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses related to derivative transactions, (b) unrealized foreign currency gains or losses, (c) gains or losses due to dispositions and acquisitions of business interests, (d) losses due to impairments, and (e) costs due to the early retirement of debt, adjusted for the same gains or losses excluded from consolidated entities. It includes net equity in earnings of affiliates, on an after-tax basis. The GAAP measure most comparable to Adjusted PTC is income from continuing operations attributable to AES. AES believes that Adjusted PTC better reflects the underlying business performance of the Company and is considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to unrealized gains or losses related to derivative transactions, unrealized foreign currency gains or losses, losses due to impairments and strategic decisions to dispose or acquire business interests or retire debt, which affect results in a given period or periods. Earnings before tax represents the business performance of the Company before the application of statutory income tax rates and tax adjustments, including the affects of tax planning, corresponding to the various jurisdictions in which the Company operates. Adjusted PTC should not be construed as an alternative to income from continuing operations attributable to AES, which is determined in accordance with GAAP.
- **Free Cash Flow** (a non-GAAP financial measure) is defined as net cash from operating activities (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.
- **Net Debt** (a non-GAAP financial measure) is defined as current and non-current recourse and non-recourse debt less cash and cash equivalents, restricted cash, short term investments, debt service reserves and other deposits. AES believes that net debt is a useful measure for evaluating our financial condition because it is a standard industry measure that provides an alternate view of a company's indebtedness by considering the capacity of cash. It is also a required component of valuation techniques used by management and the investment community.
- **Parent Company Liquidity** (a non-GAAP financial measure) is defined as cash at the Parent Company plus availability under corporate credit facilities plus cash at qualified holding companies ("QHCs"). AES believes that unconsolidated Parent Company liquidity is important to the liquidity position of AES as a Parent Company because of the non-recourse nature of most of AES' indebtedness.
- **Parent Free Cash Flow** (a non-GAAP financial measure) should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Parent Free Cash Flow is equal to Subsidiary Distributions less cash used for interest costs, development, general and administrative activities, and tax payments by the Parent Company. Parent Free Cash Flow is used for dividends, share repurchases, growth investments, recourse debt repayments, and other uses by the Parent Company.

Definitions (Continued)

- **Proportional Free Cash Flow** – The Company defines Proportional Free Cash Flow as cash flows from operating activities (adjusted for service concession asset capital expenditures), less maintenance capital expenditures (including non-recoverable environmental capital expenditures and net of reinsurance proceeds), adjusted for the estimated impact of noncontrolling interests. The proportionate share of cash flows and related adjustments attributable to noncontrolling interests in our subsidiaries comprise the proportional adjustment factor. Upon the Company's adoption of the accounting guidance for service concession arrangements effective January 1, 2015, capital expenditures related to service concession assets that would have been classified as investing activities on the Condensed Consolidated Statement of Cash Flows are now classified as operating activities.
  The GAAP measure most comparable to proportional free cash flow is cash flows from operating activities. We believe that proportional free cash flow better reflects the underlying business performance of the Company, as it measures the cash generated by the business, after the funding of maintenance capital expenditures, that may be available for investing or repaying debt or other purposes. Factors in this determination include the impact of noncontrolling interests, where AES consolidates the results of a subsidiary that is not wholly owned by the Company.
- **Proportional Metrics –** The Company is a holding company that derives its income and cash flows from the activities of its subsidiaries, some of which are not wholly-owned by the Company. Accordingly, the Company has presented certain financial metrics which are defined as Proportional (a non-GAAP financial measure) to account for the Company's ownership interest.
  Proportional metrics present the Company's estimate of its share in the economics of the underlying metric. The Company believes that the Proportional metrics are useful to investors because they exclude the economic share in the metric presented that is held by non-AES shareholders. For example, Operating Cash Flow is a GAAP metric which presents the Company's cash flow from operations on a consolidated basis, including operating cash flow allocable to noncontrolling interests. Proportional Operating Cash Flow removes the share of operating cash flow allocable to noncontrolling interests and therefore may act as an aid in the valuation the Company. Beginning in Q1 2015, the definition was revised to also exclude cash flows related to service concession assets.
  Proportional metrics are reconciled to the nearest GAAP measure. Certain assumptions have been made to estimate our proportional financial measures. These assumptions include: (i) the Company's economic interest has been calculated based on a blended rate for each consolidated business when such business represents multiple legal entities; (ii) the Company's economic interest may differ from the percentage implied by the recorded net income or loss attributable to noncontrolling interests or dividends paid during a given period; (iii) the Company's economic interest for entities accounted for using the hypothetical liquidation at book value method is 100%; (iv) individual operating performance of the Company's equity method investments is not reflected and (v) inter-segment transactions are included as applicable for the metric presented.
  The proportional adjustment factor, proportional maintenance capital expenditures (net of reinsurance proceeds) and proportional non-recoverable environmental capital expenditures are calculated by multiplying the percentage owned by noncontrolling interests for each entity by its corresponding consolidated cash flow metric and are totaled to the resulting figures. For example, Parent Company A owns 20% of Subsidiary Company B, a consolidated subsidiary. Thus, Subsidiary Company B has an 80% noncontrolling interest. Assuming a consolidated net cash flow from operating activities of $100 from Subsidiary B, the proportional adjustment factor for Subsidiary B would equal $80 (or $100 x 80%). The Company calculates the proportional adjustment factor for each consolidated business in this manner and then sums these amounts to determine the total proportional adjustment factor used in the reconciliation. The proportional adjustment factor may differ from the proportion of income attributable to noncontrolling interests as a result of (a) non-cash items which impact income but not cash and (b) AES' ownership interest in the subsidiary where such items occur.
- **Subsidiary Liquidity** (a non-GAAP financial measure) is defined as cash and cash equivalents and bank lines of credit at various subsidiaries.
- **Subsidiary Distributions** should not be construed as an alternative to Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Subsidiary Distributions are important to the Parent Company because the Parent Company is a holding company that does not derive any significant direct revenues from its own activities but instead relies on its subsidiaries' business activities and the resultant distributions to fund the debt service, investment and other cash needs of the holding company. The reconciliation of the difference between the Subsidiary Distributions and Net Cash Provided by Operating Activities consists of cash generated from operating activities that is retained at the subsidiaries for a variety of reasons which are both discretionary and non-discretionary in nature. These factors include, but are not limited to, retention of cash to fund capital expenditures at the subsidiary, cash retention associated with non-recourse debt covenant restrictions and related debt service requirements at the subsidiaries, retention of cash related to sufficiency of local GAAP statutory retained earnings at the subsidiaries, retention of cash for working capital needs at the subsidiaries, and other similar timing differences between when the cash is generated at the subsidiaries and when it reaches the Parent Company and related holding companies.