

The AES Corporation

Fourth Quarter & Full Year 2017 Financial Review

February 27, 2018

AES
we are the energy

Safe Harbor Disclosure

Certain statements in the following presentation regarding AES' business operations may constitute "forward-looking statements." Such forward-looking statements include, but are not limited to, those related to future earnings growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES' current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to, accurate projections of future interest rates, commodity prices and foreign currency pricing, continued normal or better levels of operating performance and electricity demand at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. For additional assumptions see Slide 58 and the Appendix to this presentation. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES' filings with the Securities and Exchange Commission including but not limited to the risks discussed under Item 1A "Risk Factors" and Item 7: "Management's Discussion & Analysis" in AES' 2017 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.

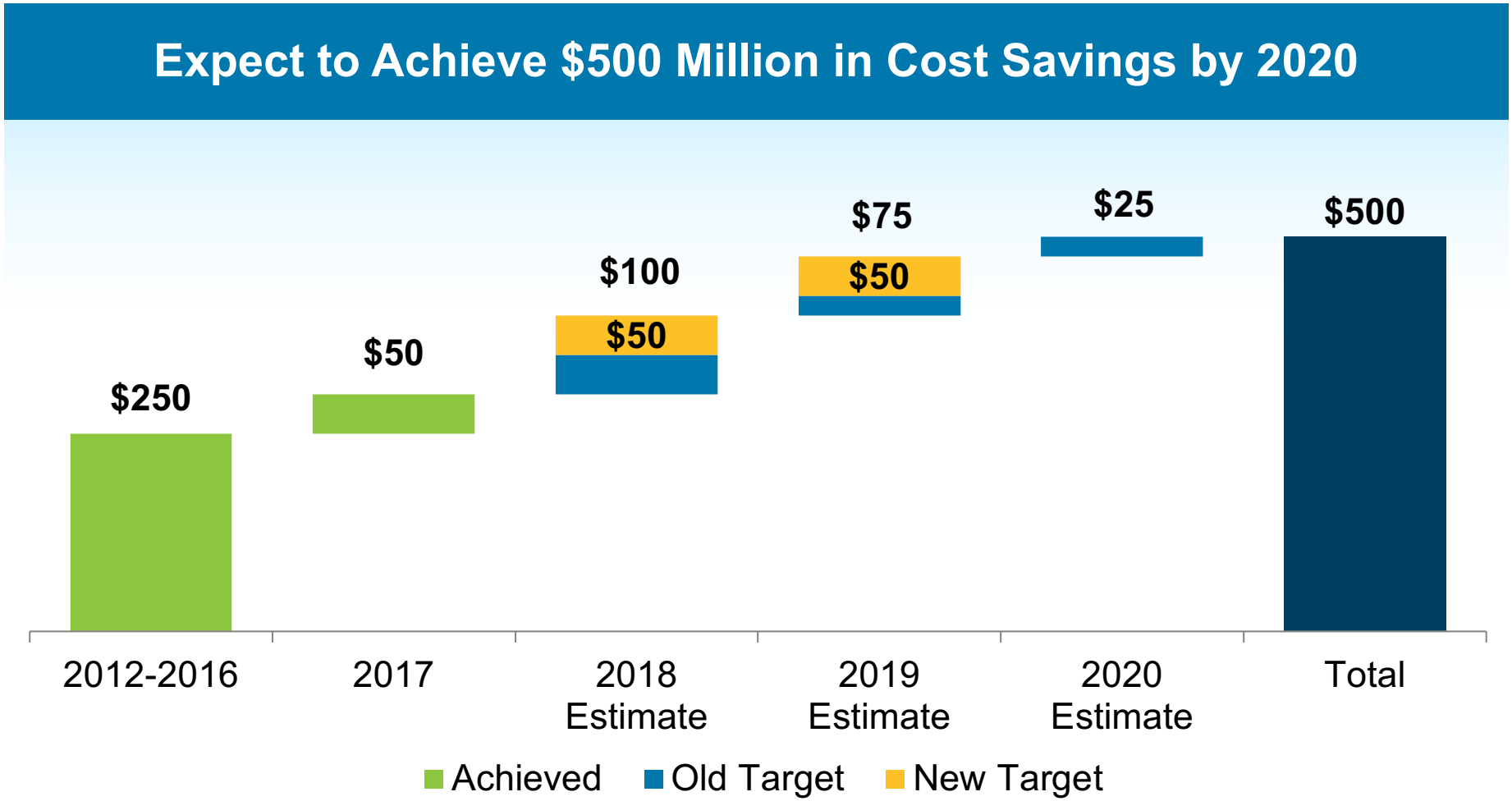
Continuing to Transform and Simplify, While Achieving Financial Objectives

- 2017 Adjusted EPS[1] of $1.08, toward the upper-end of guidance range
- Maximizing efficiency through reorganization yielding $100 million in additional annual cost savings
- Reducing financial risk by prepaying $1 billion in Parent debt in 1H 2018
- Leveraging platforms by adding 4.4 GW of projects under construction and coming on-line through 2021, as expected
- Reshaping portfolio through a balanced approach to reduce overall risk
  - In 2017, announced the exit of 4.3 GW of merchant coal-fired generation, acquired 2.3 GW of renewables with long-term contracts and launched the Fluence energy storage joint venture with Siemens
  - Improving clarity in financial results by reclassifying Eletropaulo, a utility in Brazil, as discontinued operations
- We are well positioned to:
  - Deliver 8% to 10% average annual growth in Adjusted EPS[1] and Parent Free Cash Flow[1] through 2020
  - Achieve investment grade credit metrics in 2019
  - Reduce our carbon intensity by 25% from 2016 to 2020

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

Maximizing Efficiency: Increasing Run Rate Cost Savings Target by $100 Million

$ in Millions



Leveraging Our Platforms: 531 MW Alto Maipo Hydro Project in Chile

- As discussed on our previous calls, the project has experienced construction delays and cost overruns
- Alto Maipo has negotiated a fixed price, lump sum EPC contract with Strabag, the project's main contractor for the entire project
  - Transfers all geological risk to Strabag
  - Includes material capital commitments from Strabag to fund additional costs
  - Requires concessions from project lenders and meaningful contributions from AES Gener, which are tied to construction milestones
  - Expect to receive approval from the lenders in the second quarter of 2018
- Once completed, Alto Maipo will diversify AES Gener's generation mix and provide a zero emission source of power in Chile's load center for many decades

Leveraging Our Platforms: Eagle Valley in Indiana

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



- Achieved full load in February 2018
- Expect to achieve COD[1] in the first half of 2018

1. Commercial Operations Date.

Leveraging Our Platforms: Southland Repowering in California

1,284 MW CCGT, COD[1]: 1H 2020
100 MW Energy Storage, COD[1] 1H 2021



- 20-year PPAs with Southern California Edison
- Construction proceeding as planned
- 100 MW of 4-hour duration energy storage – world's largest lithium-ion energy storage facility coming on-line in 1H 2021

1. Commercial Operations Date.

Leveraging Our Platforms: Colón in Panama

380 MW CCGT & 180,000 m^3 LNG Tank and Regasification Facility
COD[1]: 2H 2018 (CCGT) and 2019 (LNG)



- Expect to achieve first fire of CCGT in March 2018
- Making good progress on LNG tank and regasification facility

1. Commercial Operations Date.

Reshaping Our Portfolio to Deliver Attractive Returns to Shareholders and Reduce Carbon Exposure

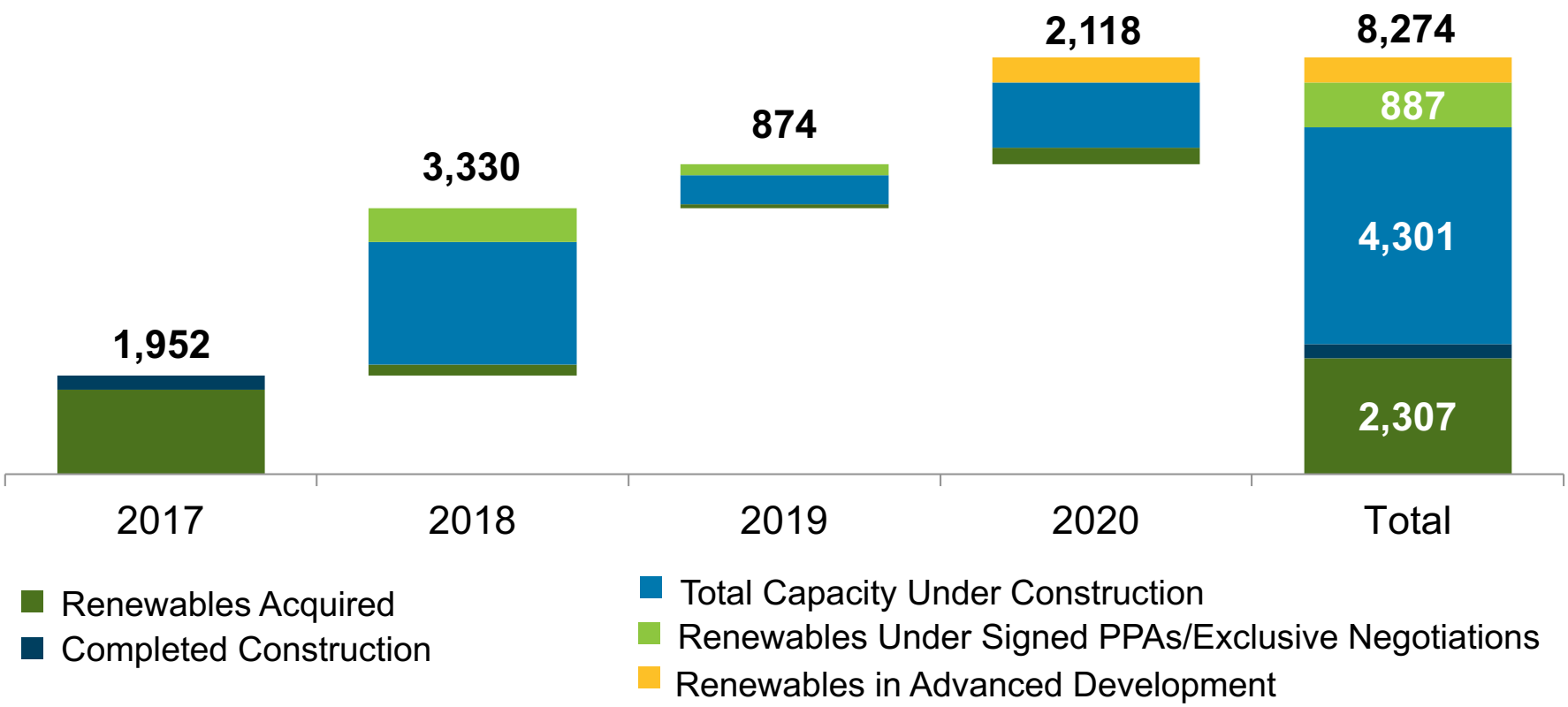
- Focused on renewable projects with long-term, U.S. Dollar-denominated contracts
- Earning attractive returns, driven by:
  - About half of our investments are in markets with lower renewable penetration and faster growth rates than the U.S.
  - Using business platforms and global scale to lower costs, such as PV panel and wind turbine purchases
  - Utilizing local debt capacity in our businesses to fund investments
  - Bringing in partners to reduce our equity commitments while providing management and development fees

In 2017, Acquired 2.3 GW of Long-Term Contracted Renewables; Offering New Innovative Energy Solutions

- In the U.S., closed on the acquisition of sPower with AIMCo (1.3 GW)
  - In 2018, sPower signed long-term PPAs for 562 MW of solar and wind to be completed in 2019 and 2020
- In Brazil, AES Tietê acquired 686 MW of wind and solar generation
- In Mexico, acquired the 306 MW Mesa La Paz wind development project, which has a 25-year, U.S. Dollar-denominated PPA
- In Hawaii, signed long-term PPAs for two solar plus storage facilities for a total of 47 MW of solar and 34 MW of 5-hour duration energy storage
- Closed on Fluence joint venture with Siemens
  - Fluence to deliver energy storage solutions and services in 160 countries
  - Goal is for Fluence to consolidate its position as market leader in this high-growth market that is expected to grow ten-fold in five years, reaching at least 28 GW of installed capacity by 2022

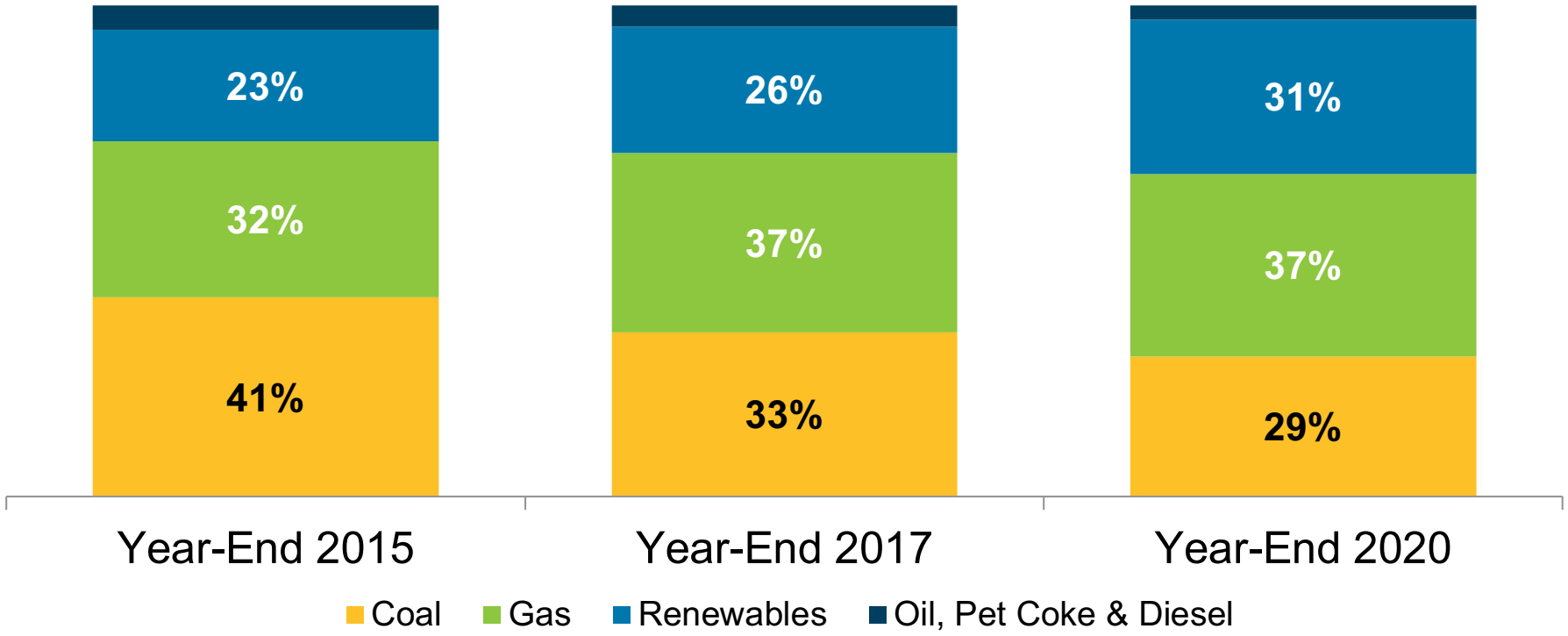
On Track to Complete Projects Under Construction; Making Significant Progress Toward Reshaping Our Portfolio

Adding up to 8.3 GW of New Capacity Through 2020



Balanced Approach to De-Risking Our Portfolio

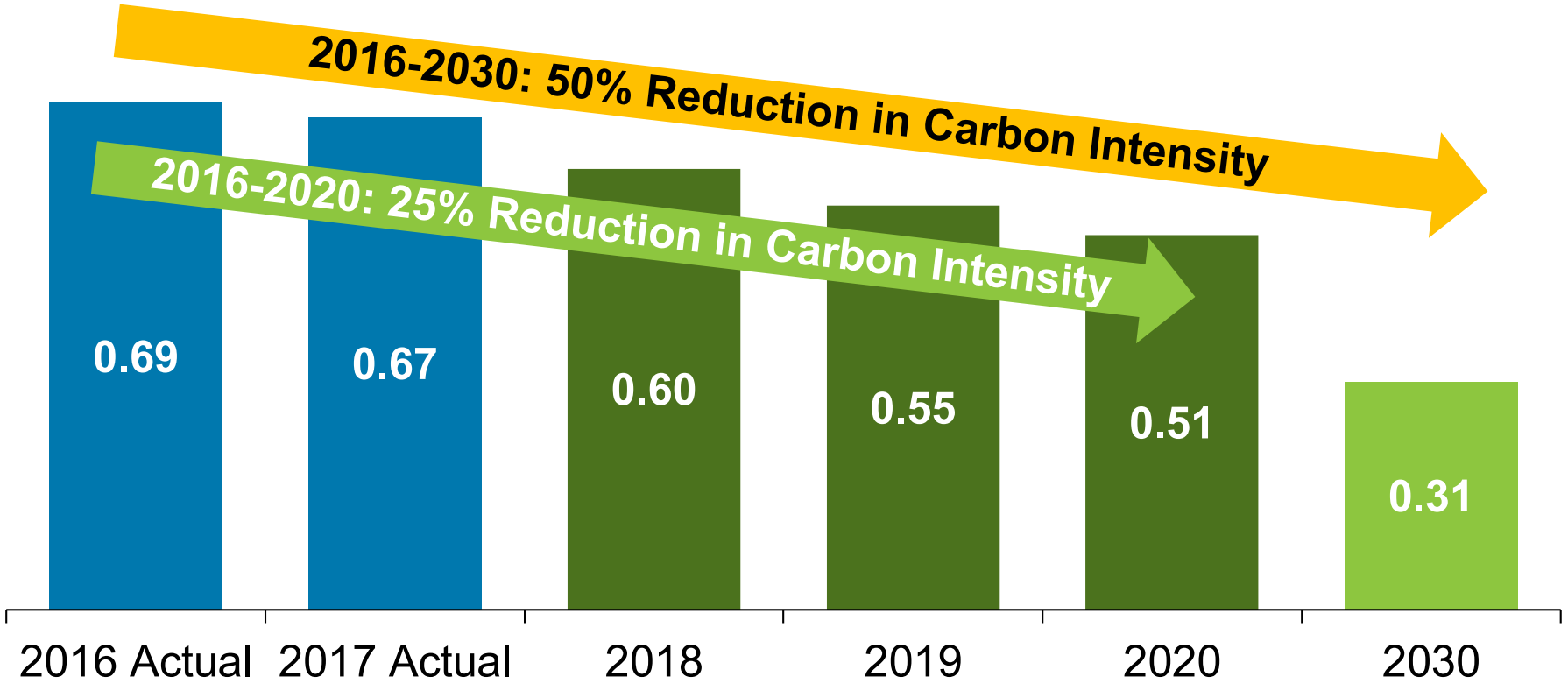
Replacing Coal Capacity with Renewables and Natural Gas



In 2017, Announced Exit of 4.3 GW, or 30%, of Coal-Fired Capacity

Establishing Carbon Intensity Reduction Targets

Carbon Intensity (Tons of CO_2/MWh of Generation)



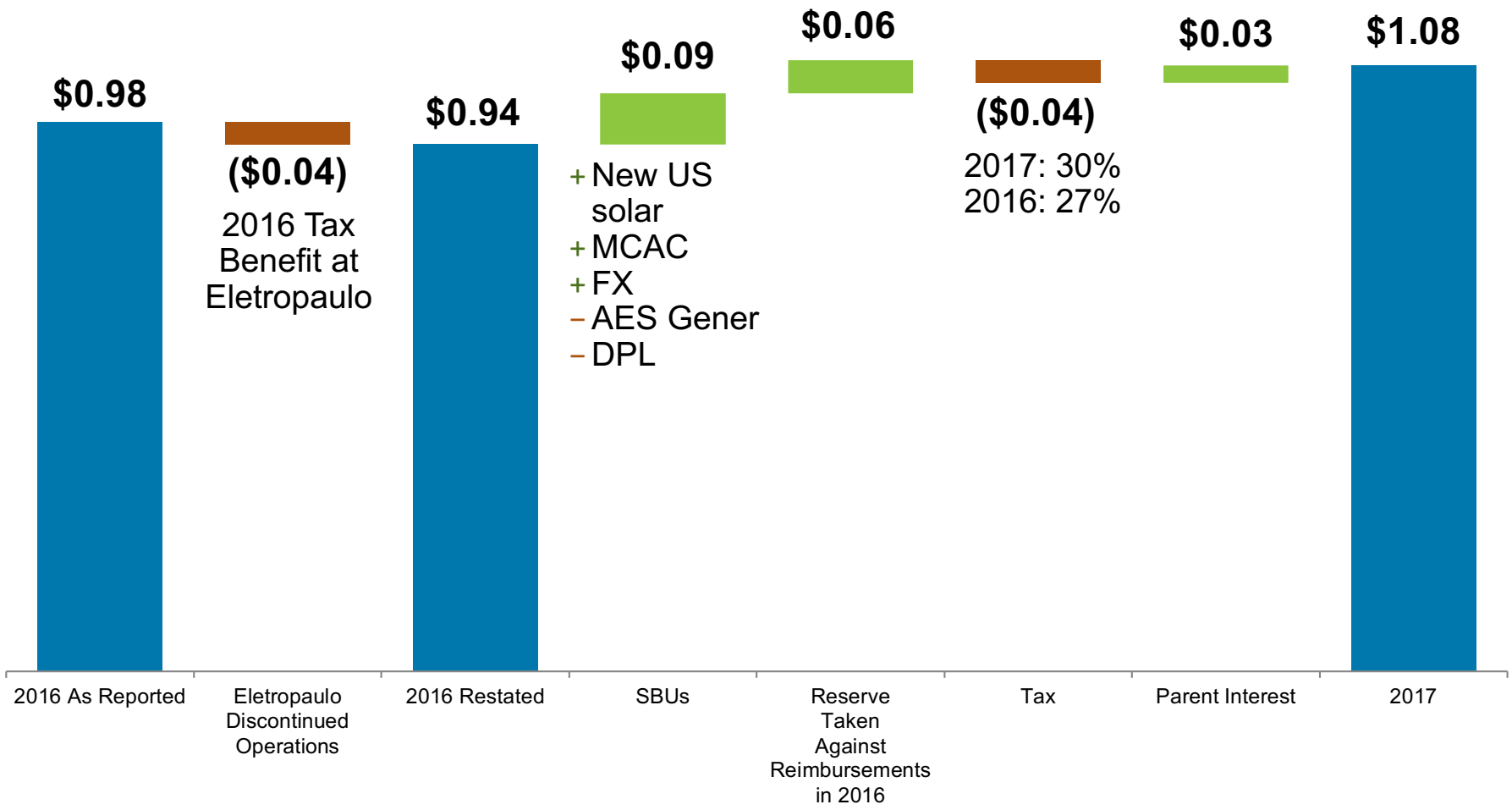
2016-2020: Reduction of 20 Million Tons of CO_2 Emissions

Q4 and Full Year 2017 Financial Review

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

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

Full Year 2017 Adjusted EPS[1] Increased $0.14



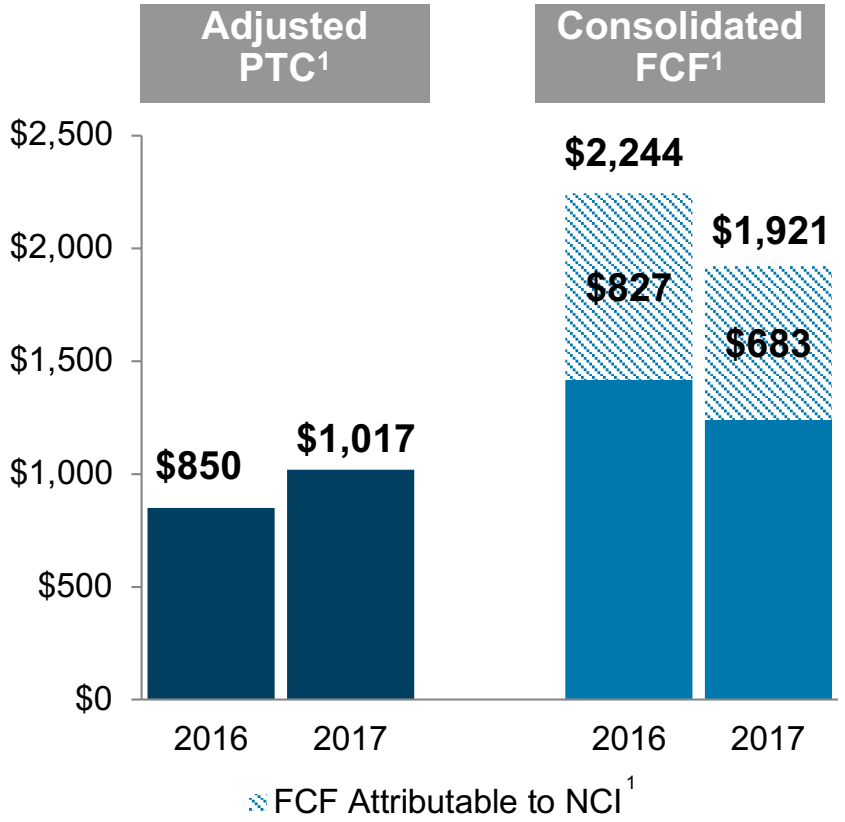
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results

$ in Millions

Adjusted PTC[1] Increased $167; Consolidated FCF[1] Decreased $323

- Margins improved primarily due to MCAC
- Higher Adjusted PTC[1] also reflects equity earnings from new solar projects in the US, a reserve taken against reimbursements in 2016 in MCAC and the successful settlement of a legal dispute in 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



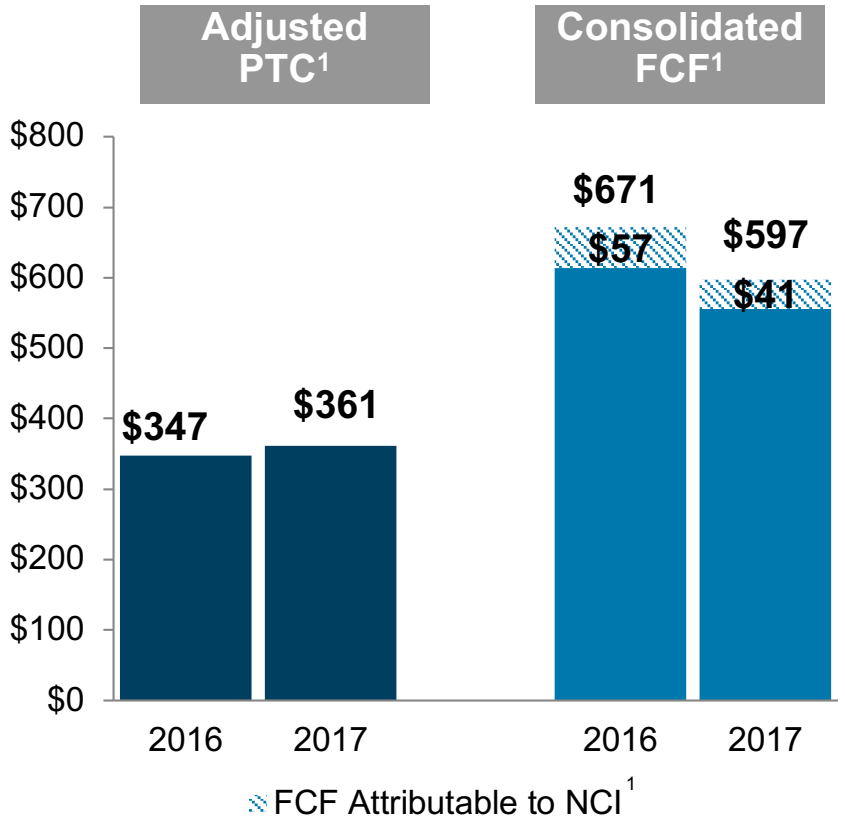
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: US SBU

$ in Millions

Adjusted PTC[1] Increased $14
Consolidated FCF[1] Decreased $74

- Margins were flat
- Higher Adjusted PTC[1] also reflects equity in earnings from new solar projects at sPower and distributed energy business
- Lower Consolidated FCF[1] also reflects increased working capital requirements at DPL, including higher payments for fuel and purchased power



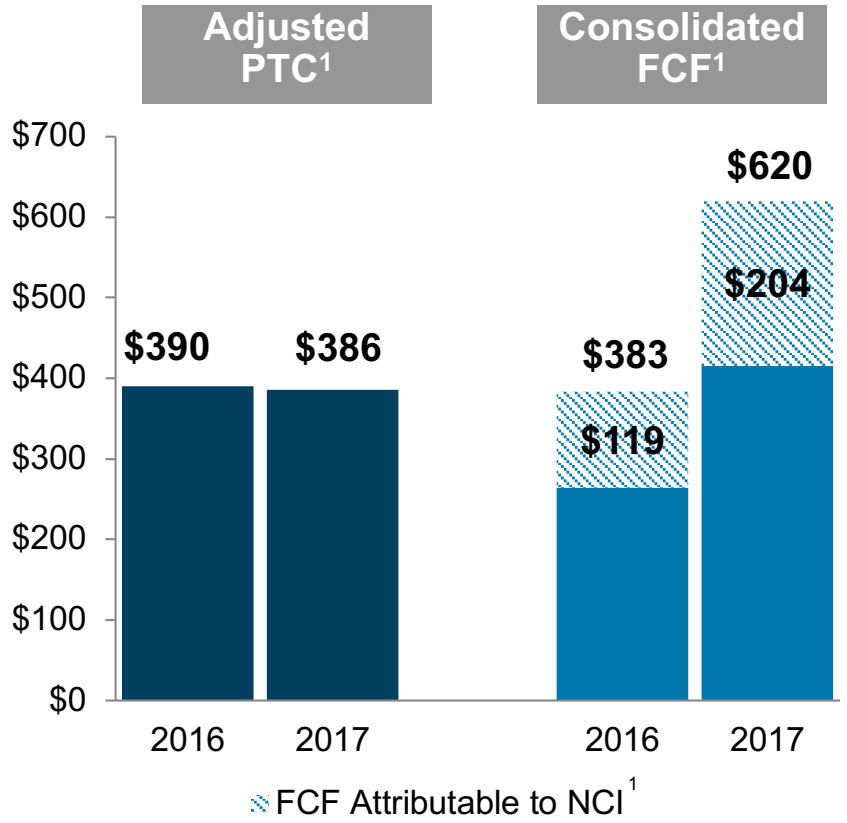
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: Andes SBU

$ in Millions

Adjusted PTC[1] Decreased $4; Consolidated FCF[1] Increased $237

- Margins improved slightly due to higher pricing in Argentina and a full year of operations at Cochrane in Chile, partially offset by the impact of green taxes and lower availability as a result of planned outages in Chile
- Lower Adjusted PTC[1] also reflects higher interest expense in Argentina
- Higher Consolidated FCF[1] also reflects the timing impact of lower working capital requirements at Gener



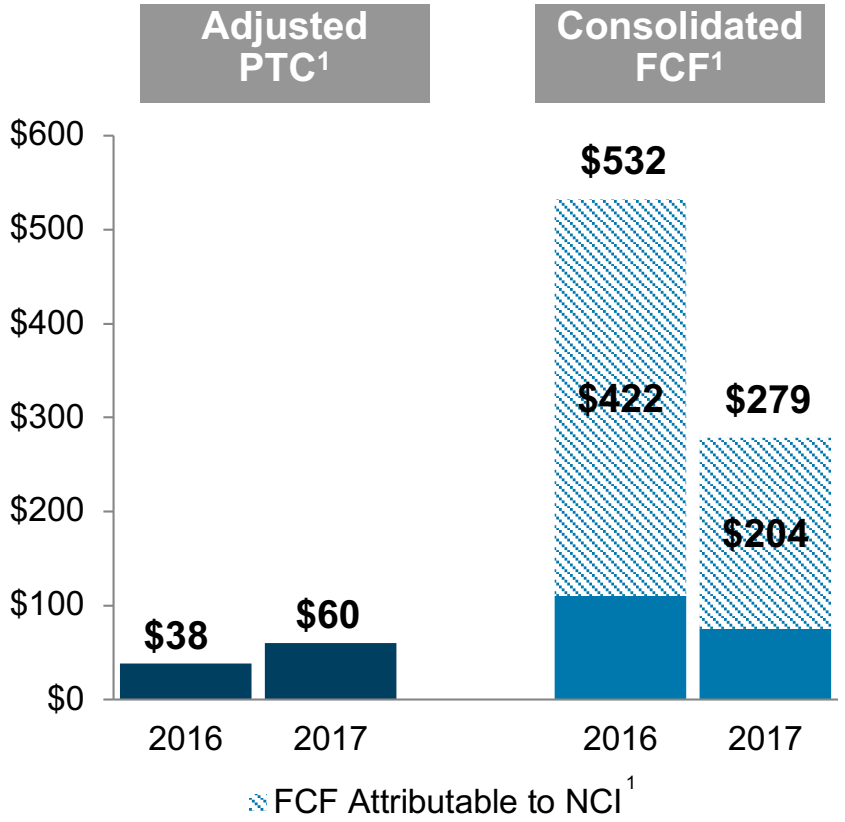
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: Brazil SBU

$ in Millions

Adjusted PTC[1] Increased $22; Consolidated FCF[1] Decreased $253

- Margins were flat
- 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



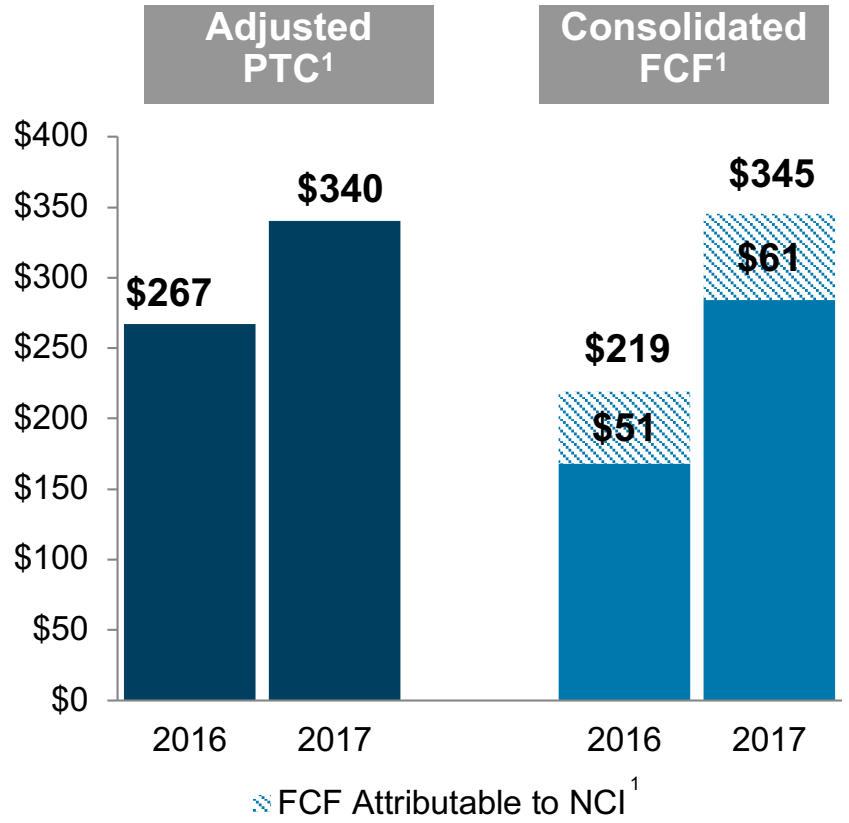
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: MCAC SBU

$ in Millions

Adjusted PTC[1] Increased $73; Consolidated FCF[1] Increased $126

- Margins improved primarily due to higher contracted sales in the Dominican Republic, largely driven by the completion of DPP, as well as higher availability in Mexico
- Higher Adjusted PTC[1] also reflects a reserve taken against reimbursements in 2016
- Higher Consolidated FCF[1] also reflects settlement in full of overdue receivables in the Dominican Republic



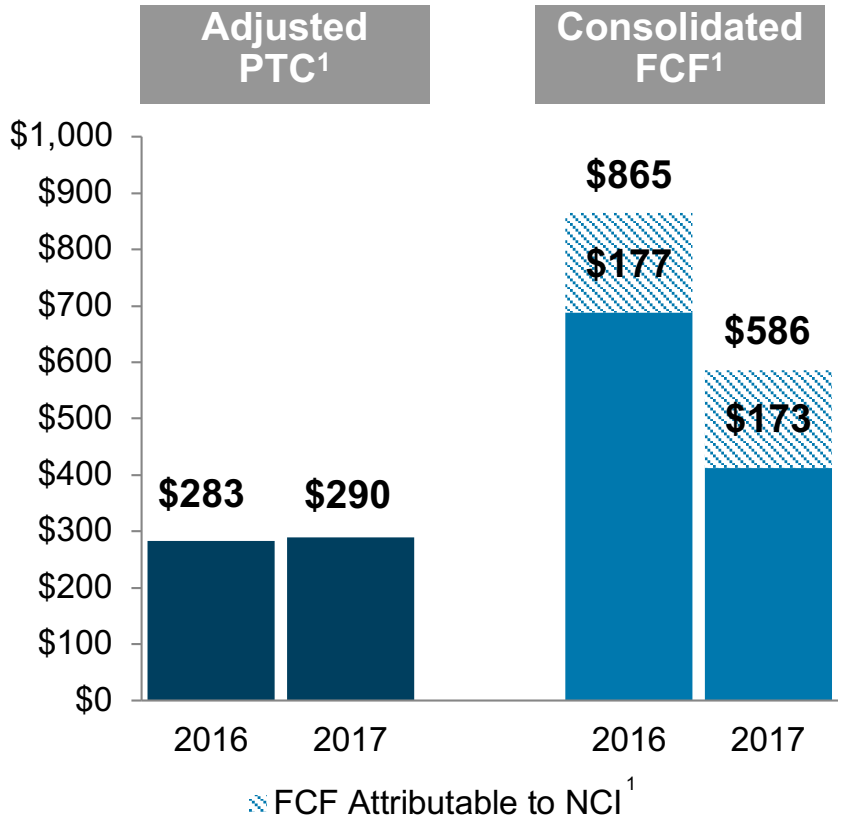
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Full Year Financial Results: Eurasia SBU

$ in Millions

Adjusted PTC[1] Increased $7; Consolidated FCF[1] Decreased $279

- Margins were flat
- Lower Consolidated FCF[1] also reflects the collection of overdue receivables at Maritza in Bulgaria in 2016



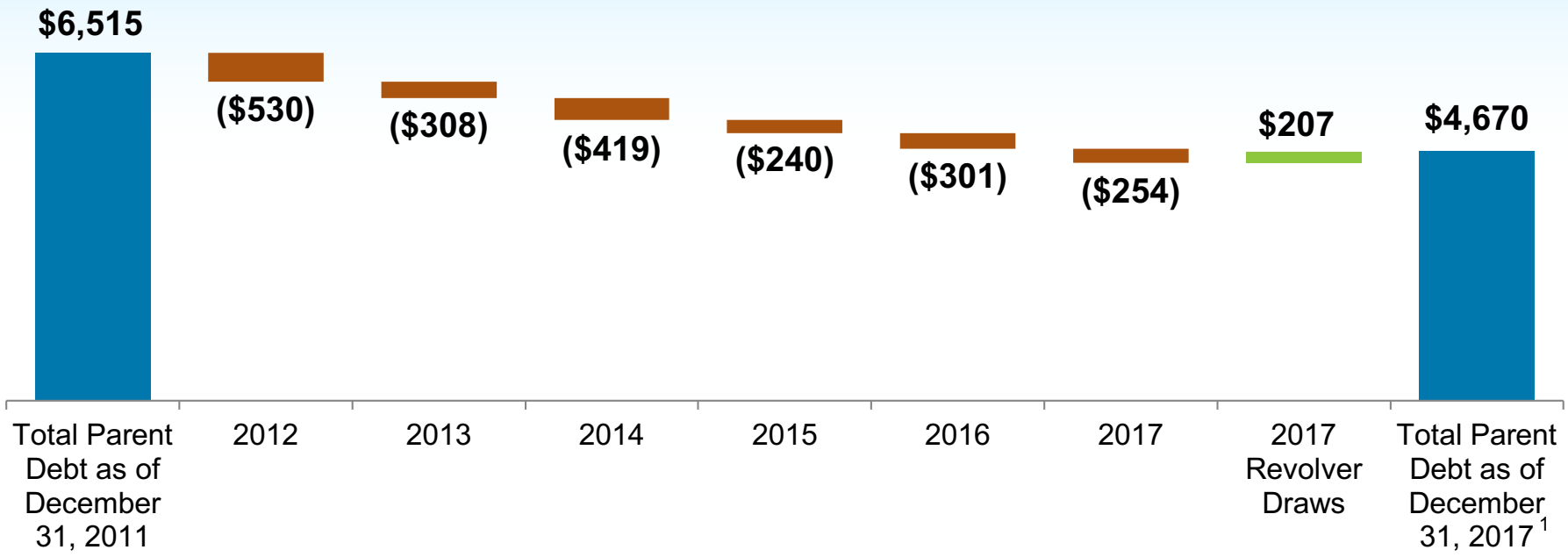
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Impact of U.S. Tax Reform

- One-time charge of $1.08 per share in 2017 largely due to deemed repatriation of foreign earnings
  - Non-cash due to significant NOL position
- Near-term impacts of $0.05 to $0.08
  - Lower tax shield due to Parent leverage
  - Global Intangible Low Taxed Income (GILTI)
    - Foreign earnings above a threshold now subject to U.S. tax
- Over the longer-term, tax reform can be beneficial
  - Territorial tax regime
- Actions taken to offset impacts

Continuing to Improve Our Debt Profile

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



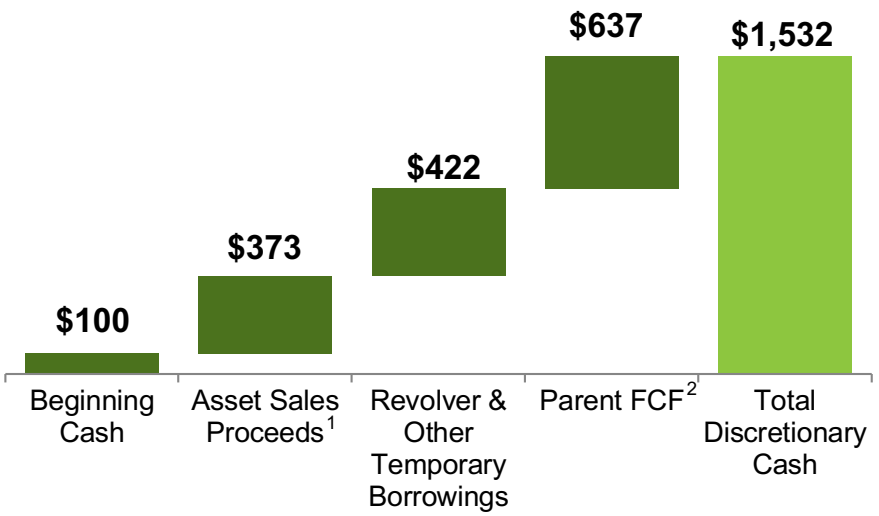
Prepaying $1 Billion in Parent Debt in 1H 2018, to Achieve Investment Grade

1. Excludes intercompany borrowings of approximately $200 million.

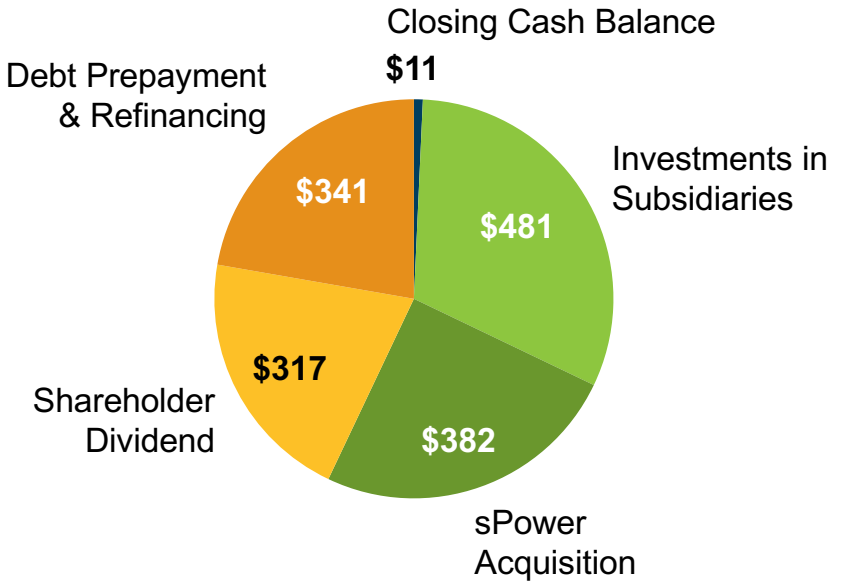
2017 Parent Capital Allocation

$ in Millions

Discretionary Cash – Sources ($1,532)



Discretionary Cash – Uses ($1,532)

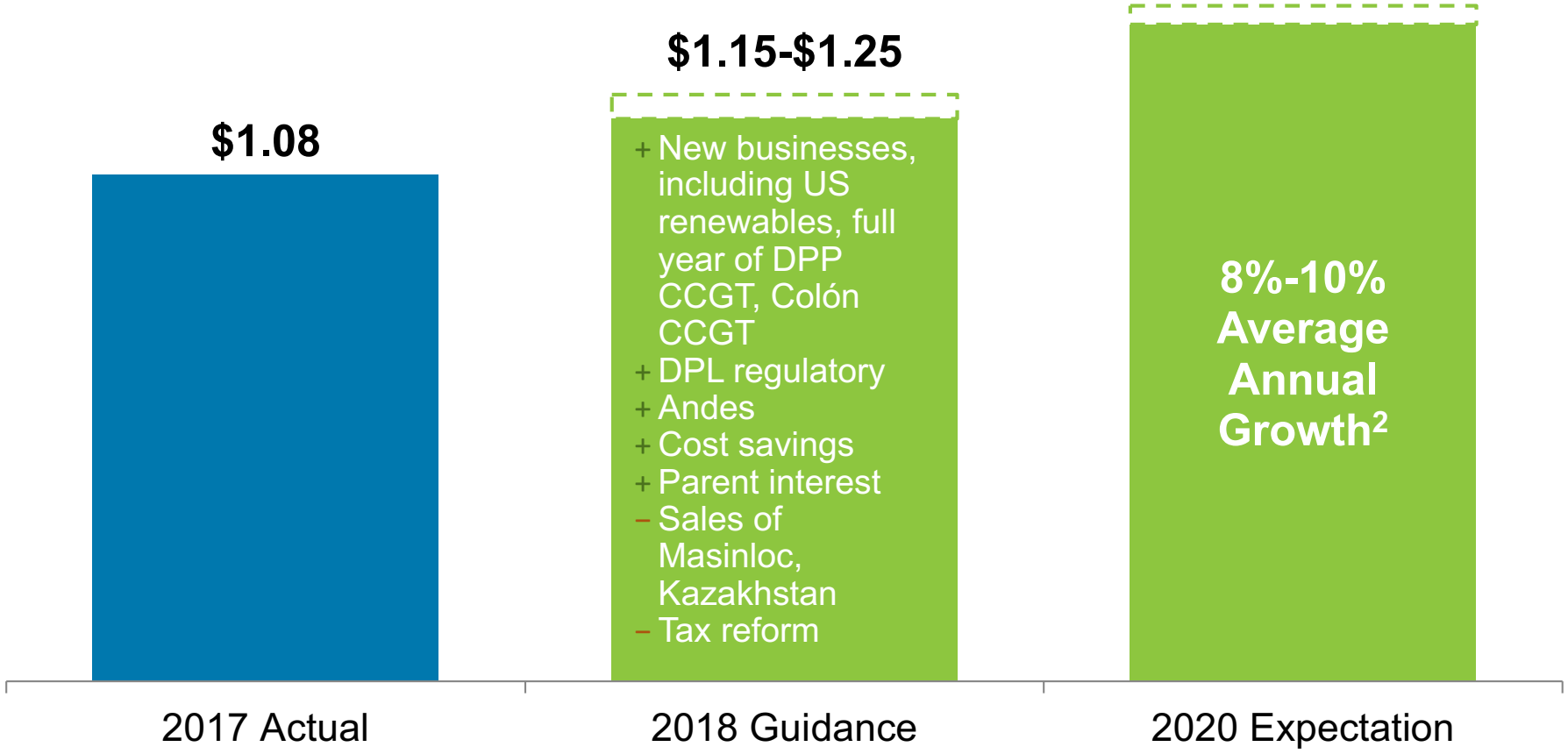


Discretionary Cash Allocated to Reduce Risk and Improve Total Return

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.

Adjusted EPS[1] Guidance and Expectations

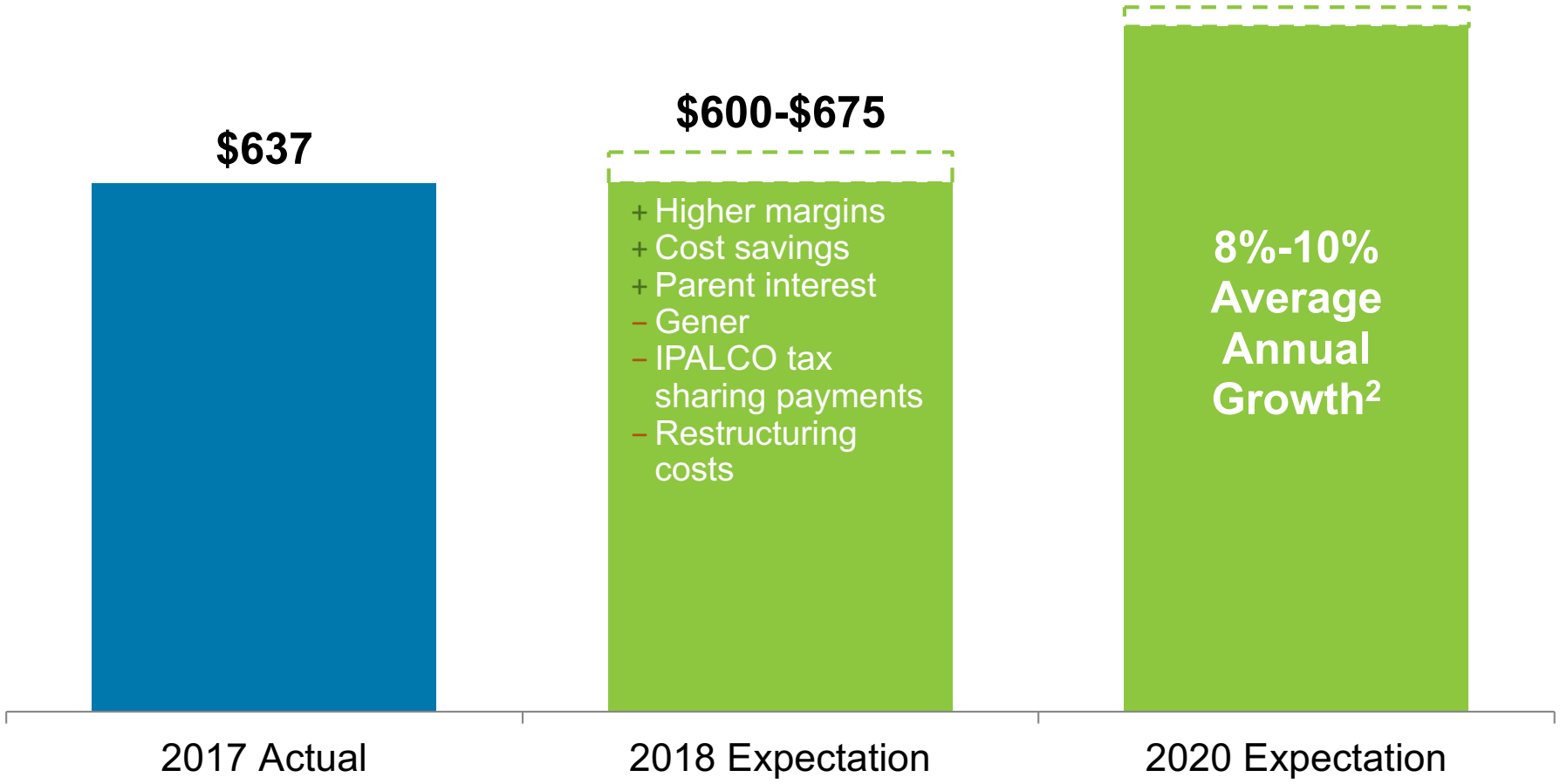
$ Per Share



1. A non-GAAP financial measure. See Appendix for definition.
2. From 2017 Adjusted EPS of $1.08, in line with prior expectation for 8% to 10% average annual growth through 2020 from the mid-point of its 2016 Adjusted EPS guidance of $0.95 to $1.05.

Parent Free Cash Flow[1] Expectations

$ in Millions

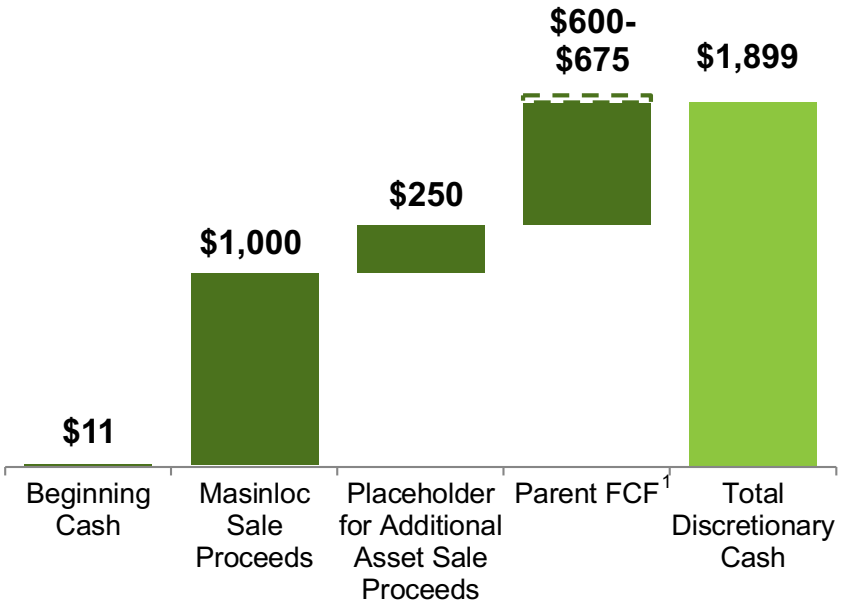


1. A non-GAAP financial measure. See Appendix for definition.
2. From 2017 Parent Free Cash Flow of $637 million, in line with prior expectation for 8% to 10% average annual growth through 2020 from the mid-point of its 2016 expectation of $525 to $625 million.

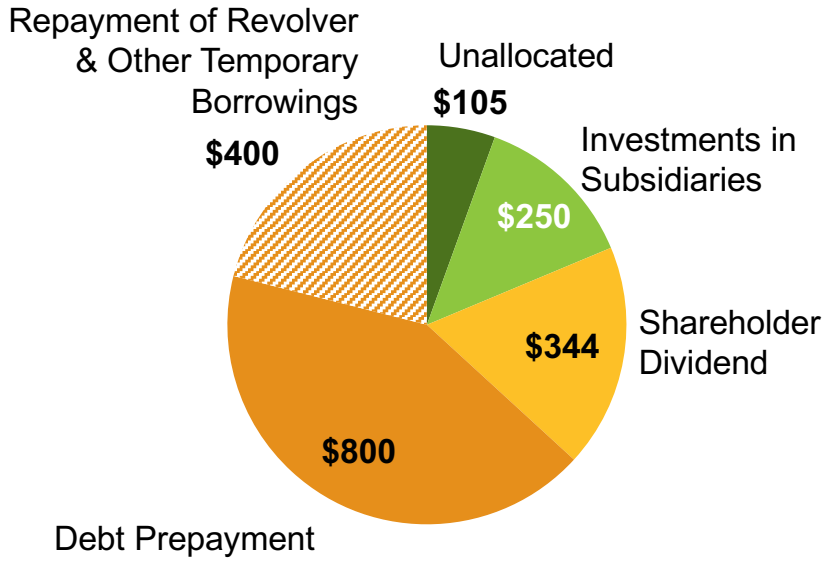
2018 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,899)



Discretionary Cash – Uses ($1,899)

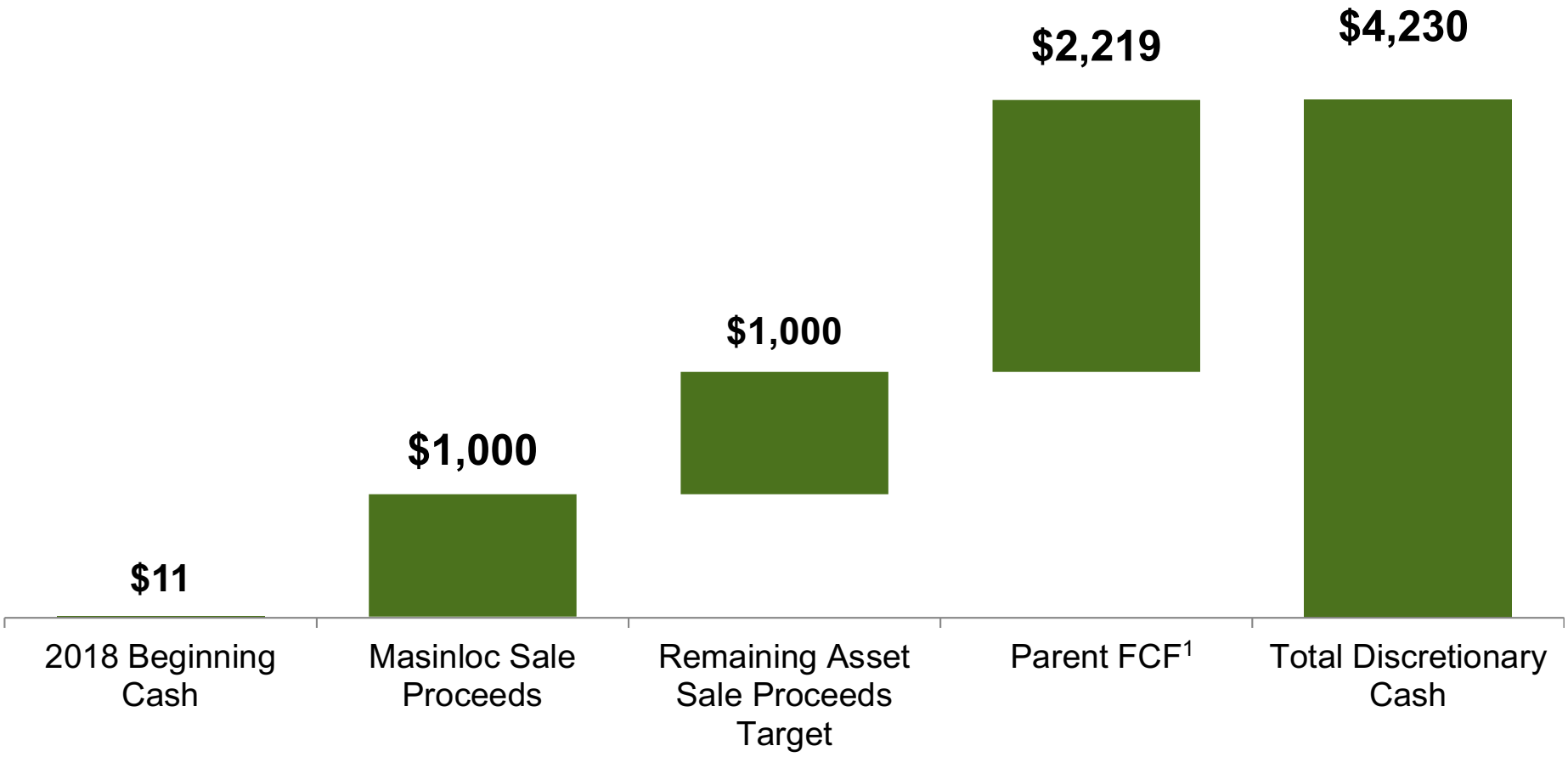


Maximizing Discretionary Cash to Increase Risk-Adjusted Returns for Shareholders

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

$4.2 Billion in Discretionary Cash Being Generated 2018-2020

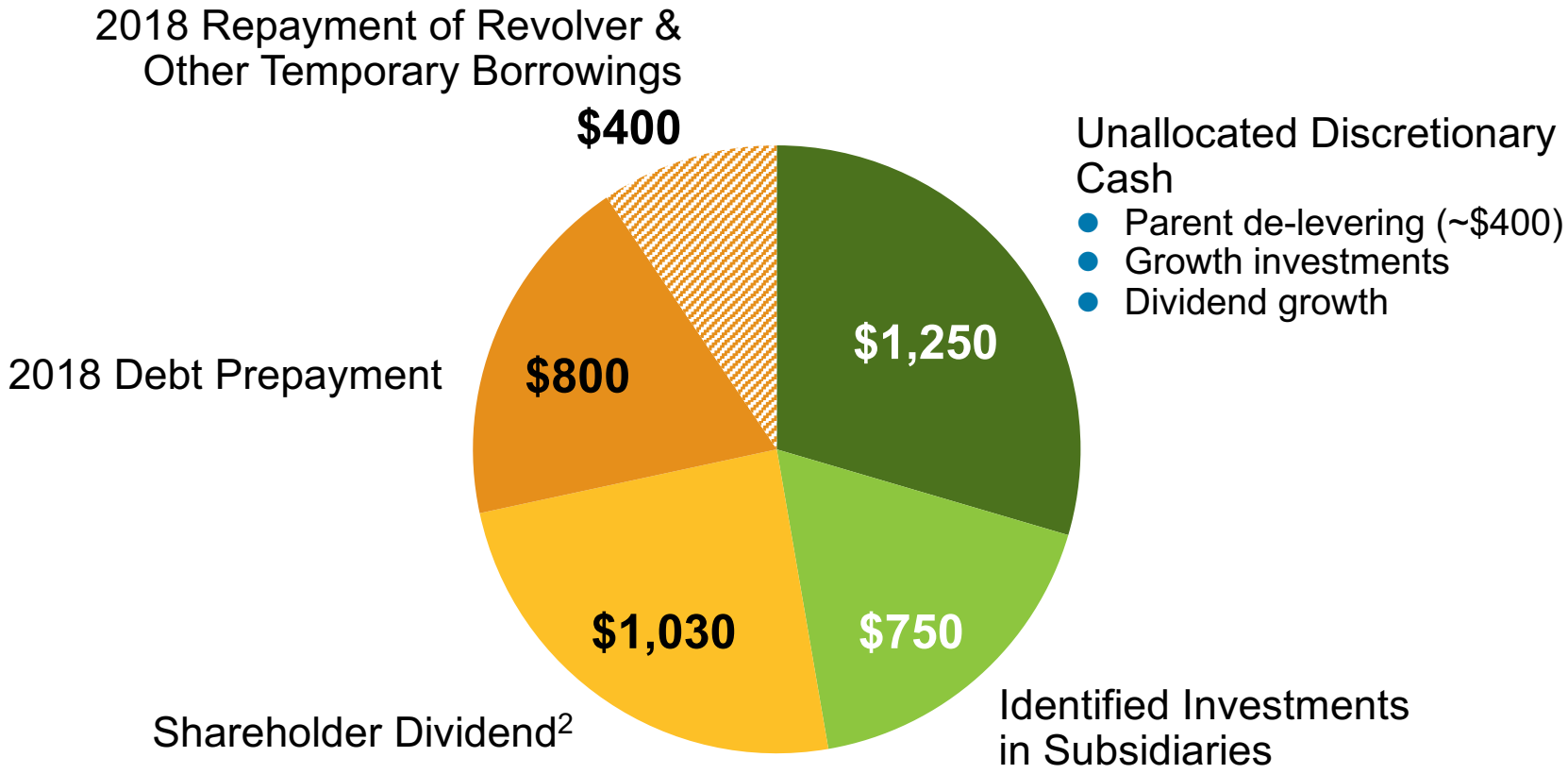
$ in Millions



1. A non-GAAP financial measure. See Appendix for definition. Parent Free Cash Flow based on the mid-point of 2018 expectation of $638, plus $1,581 for 2019-2020 (based on the mid-point of our 8%-10% average annual growth rate off 2017 actual of $637).

2018-2020: Allocating $4.2 Billion[1] Discretionary Cash to Maximize Risk-Adjusted Returns

$ in Millions



Allocating a Significant Portion of Discretionary Cash to Achieve Investment Grade and to Shareholder Dividend

1. Includes: $11 beginning cash; $2,000 asset sale proceeds; and Parent Free Cash Flow of approximately $2,219. Parent Free Cash Flow based on the mid-point of 2018 expectation of $638, plus $1,581 for 2019-2020 (based on the mid-point of our 8%-10% average annual growth rate off 2017 actual of $637).
2. Assumes constant payment of $0.13 per share each quarter on 660 million shares outstanding.

Offering Sustainable and Attractive Returns to Shareholders

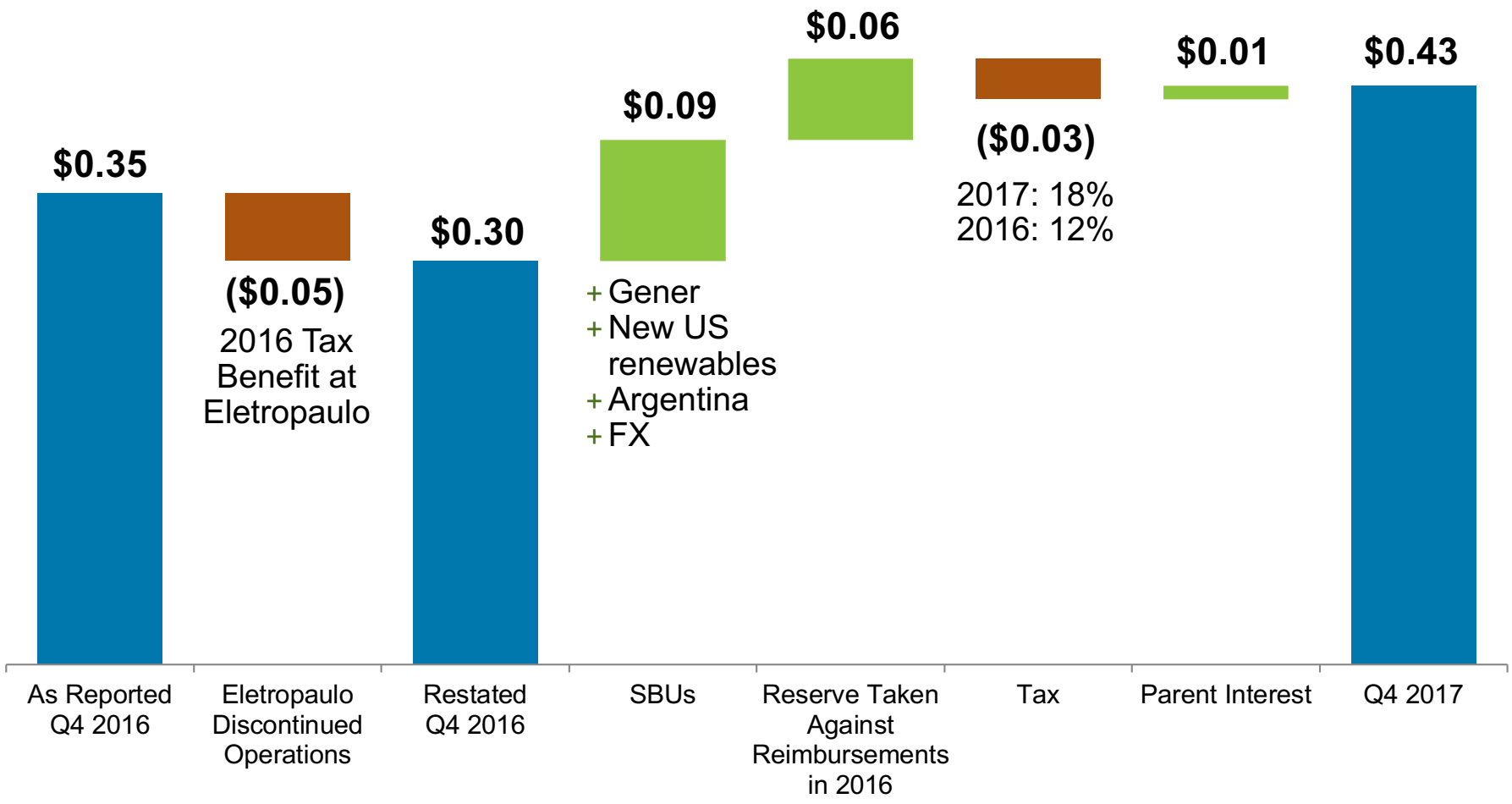
- Maximizing efficiency through reorganization yielding $100 million in additional annual cost savings
- Reducing financial risk by prepaying $1 billion in Parent debt in 1H 2018
- Leveraging platforms by adding 4.4 GW of projects under construction and coming on-line through 2021, as expected
- Reshaping portfolio through a balanced approach to reduce overall risk
  - In 2017, announced the exit of 4.3 GW of merchant coal-fired generation, acquired 2.3 GW of renewables with long-term contracts and launched the Fluence energy storage joint venture with Siemens
  - Improving clarity in financial results by reclassifying Eletropaulo, a utility in Brazil, as discontinued operations
- We are well positioned to:
  - Deliver 8% to 10% average annual growth in Adjusted EPS[1] and Parent Free Cash Flow[1] through 2020
  - Achieve investment grade credit metrics in 2019
  - Reduce our carbon intensity by 25% from 2016 to 2020

Appendix

- Q4 Adjusted EPS[1] — Slide 32
- Q4 and FY Adjusted EPS[1] Roll-Up — Slide 33
- Q4 Financial Results — Slides 34-39
- Listed Subs & Public Filers — Slide 40
- SBU Modeling Disclosures — Slides 41-43
- DP&L and DPL Inc. Debt Maturities — Slide 44
- Parent Only Cash Flow — Slides 45-47
- Currencies and Commodities — Slides 48-50
- AES Modeling Disclosures — Slide 51
- FY 2018 Adjusted PTC[1] Modeling Ranges — Slide 52
- Construction Program — Slide 53
- Reconciliations — Slides 54-57
- Assumptions & Definitions — Slides 58-59

1. A non-GAAP financial measure.

Q4 2017 Adjusted EPS[1] Increased $0.13



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

Q4 and FY 2017 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts

	Q4 2017	Q4 2016	Variance	FY 2017	FY 2016	Variance
Adjusted PTC[1]						
US	$121	$90	$31	$361	$347	$14
Andes	$154	$111	$43	$386	$390	($4)
Brazil	$4	$12	($8)	$60	$38	$22
MCAC	$84	$70	$14	$340	$267	$73
Eurasia	$72	$86	($14)	$290	$283	$7
Total SBUs	**$435**	**$369**	**$66**	**$1,437**	**$1,325**	**$112**
Corp/Other	($88)	($144)	$56	($420)	($475)	$55
Total AES Adjusted PTC[1,2]	**$347**	**$225**	**$122**	**$1,017**	**$850**	**$167**
Adjusted Effective Tax Rate	18%	12%		30%	27%	
Diluted Share Count	662	663		662	662	
ADJUSTED EPS[1]	**$0.43**	**$0.30**	**$0.13**	**$1.08**	**$0.94**	**$0.14**

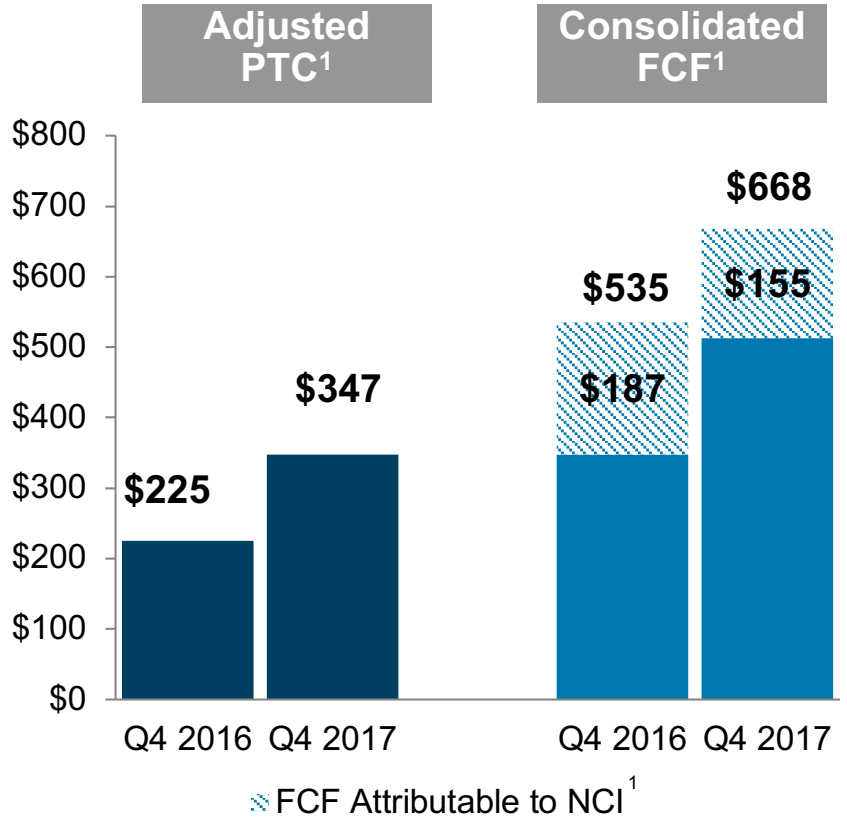
1. A non-GAAP financial measure. See Slides 54 and 55 for reconciliation to the nearest GAAP measure and “definitions”.
2. Includes $34 million and $7 million of after-tax equity in earnings for Q4 2017 and Q4 2016, respectively, and $66 million and $31 million for FY 2017 and FY 2016, respectively.

Q4 Financial Results

$ in Millions

Adjusted PTC[1] Increased $122; Consolidated FCF[1] Increased $133

- Margins improved primarily in Andes
- Higher Adjusted PTC[1] also reflects equity earnings from new solar projects the U.S., and a reserve taken against reimbursements in 2016
- Higher Consolidated FCF[1] also reflects lower working capital requirements in Andes



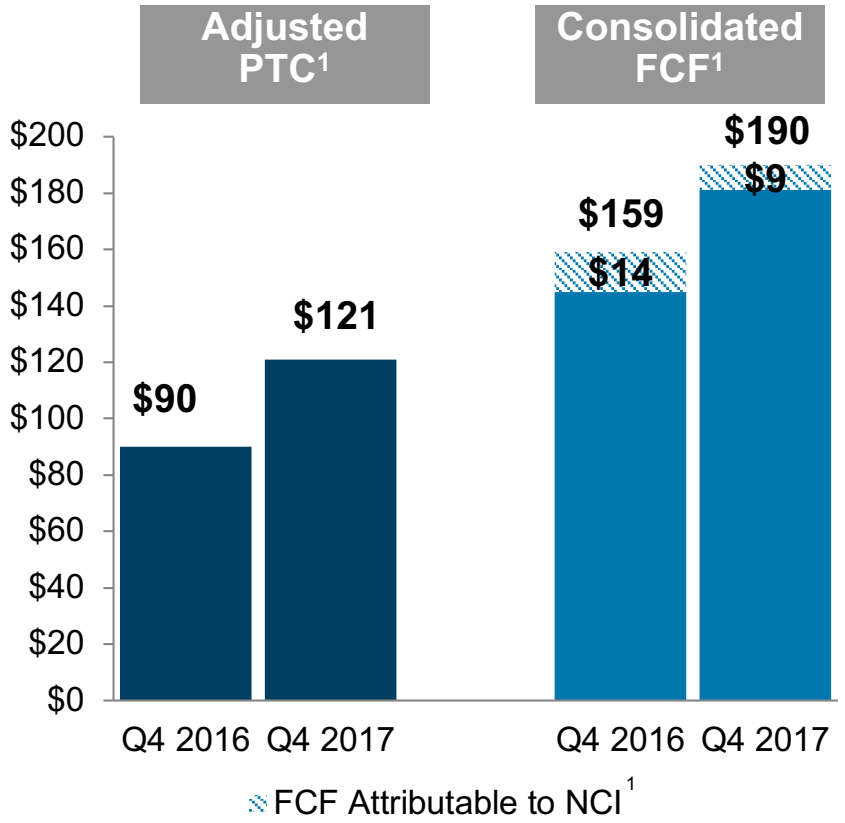
1. A non-GAAP financial measure. See Slides 55 and 56 for reconciliation to the nearest GAAP measure and "definitions".

Q4 Financial Results: US SBU

$ in Millions

Adjusted PTC[1] Increased $31; Consolidated FCF[1] Increased $31

- Margins were flat
- Higher Adjusted PTC[1] also reflects equity in earnings from new solar projects at sPower and distributed energy business
- Higher Consolidated FCF[1] also reflects lower interest payments at IPL and lower capex at DPL



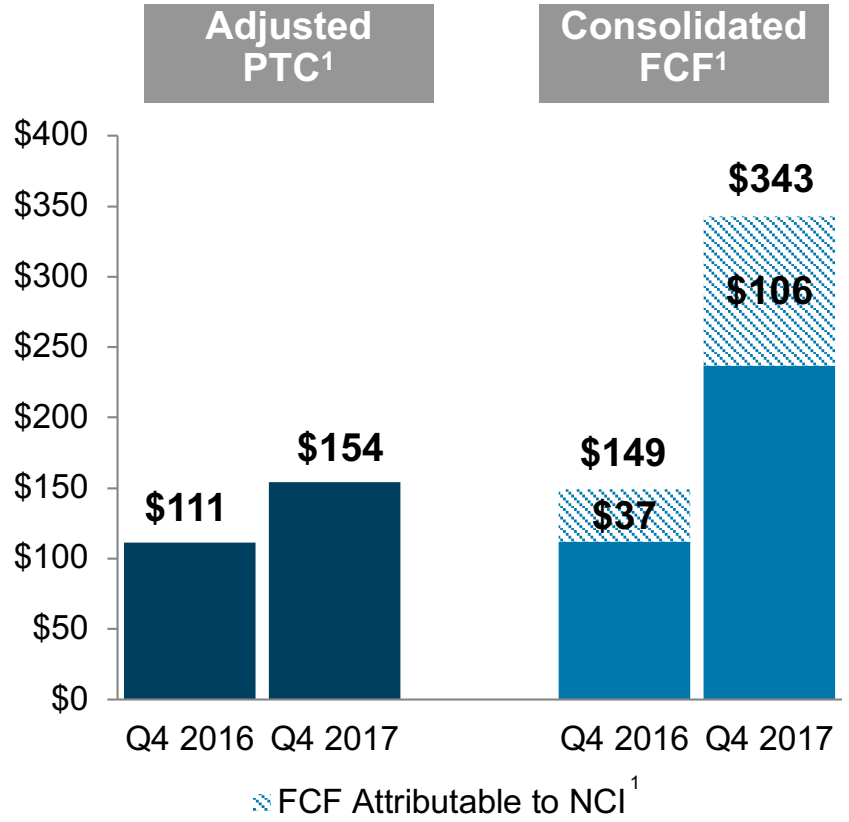
1. A non-GAAP financial measure. See “definitions”.

Q4 Financial Results: Andes SBU

$ in Millions

Adjusted PTC[1] Increased $43; Consolidated FCF[1] Increased $194

- Margins improved primarily due to higher contracted pricing and commencement of operations at Cochrane at Gener in Chile, and higher pricing in Argentina
- Higher Consolidated FCF[1] also reflects lower working capital requirements at Gener



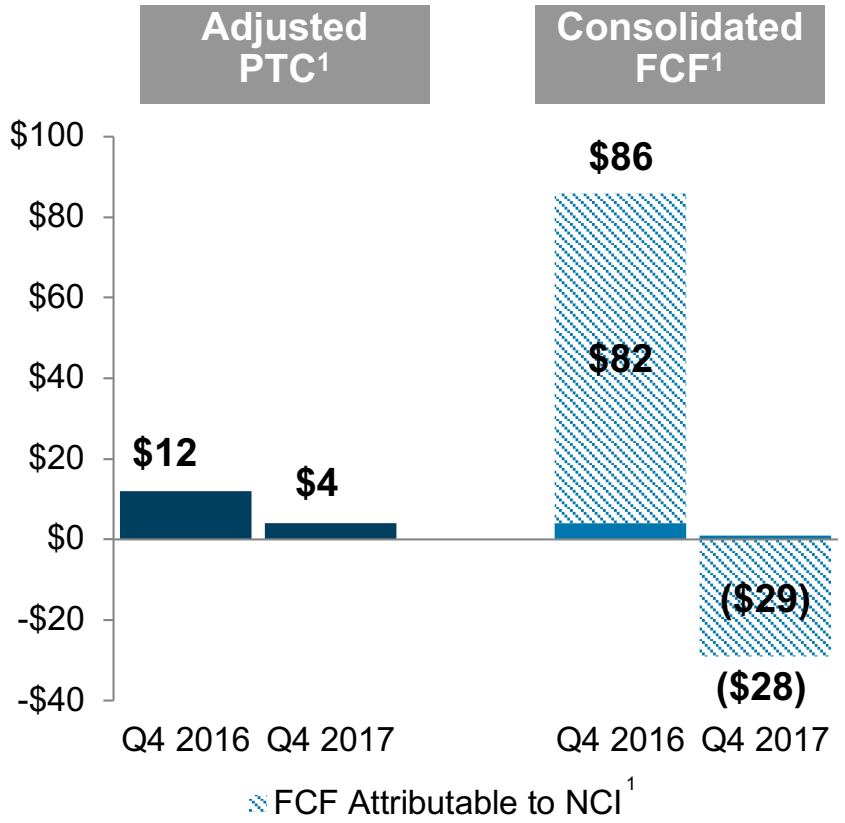
1. A non-GAAP financial measure. See “definitions”.

Q4 Financial Results: Brazil SBU

$ in Millions

Adjusted PTC[1] Decreased $8; Consolidated FCF[1] Decreased $114

- Margins were flat
- Lower Adjusted PTC[1] also reflects higher interest expense at Tiete
- Lower Consolidated FCF[1] also reflects higher working capital requirements at Eletropaulo



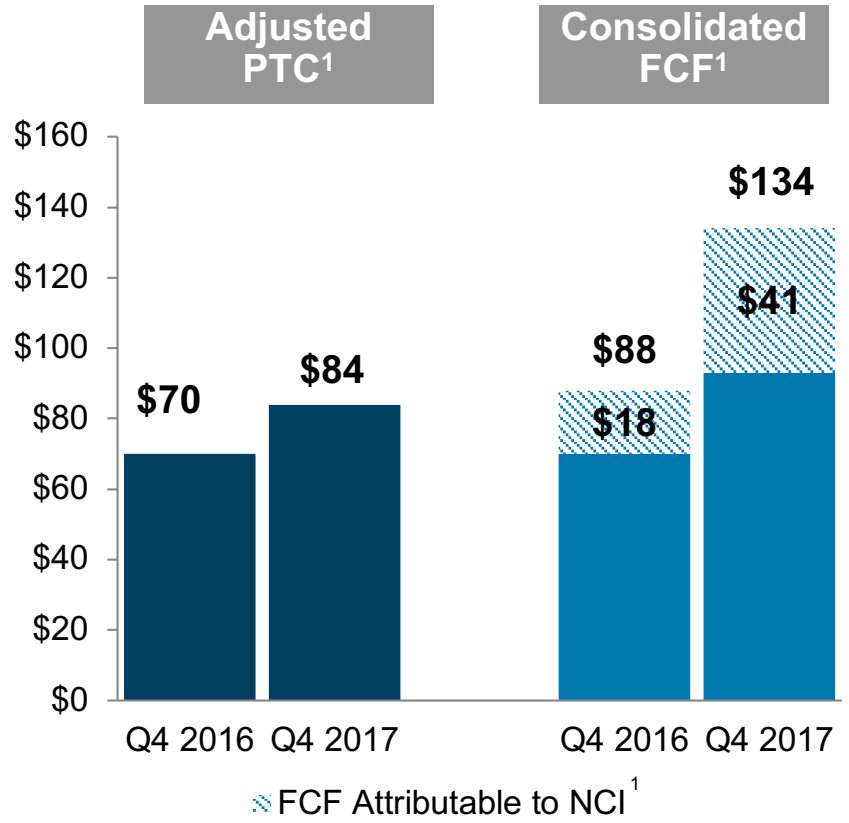
1. A non-GAAP financial measure. See “definitions”.

Q4 Financial Results: MCAC SBU

$ in Millions

Adjusted PTC[1] Increased $14; Consolidated FCF[1] Increased $46

- Margins were flat
- Higher Adjusted PTC[1] also reflects a reserve taken against reimbursements in 2016
- Higher Consolidated FCF[1] also reflects settlement of overdue receivables in the Dominican Republic



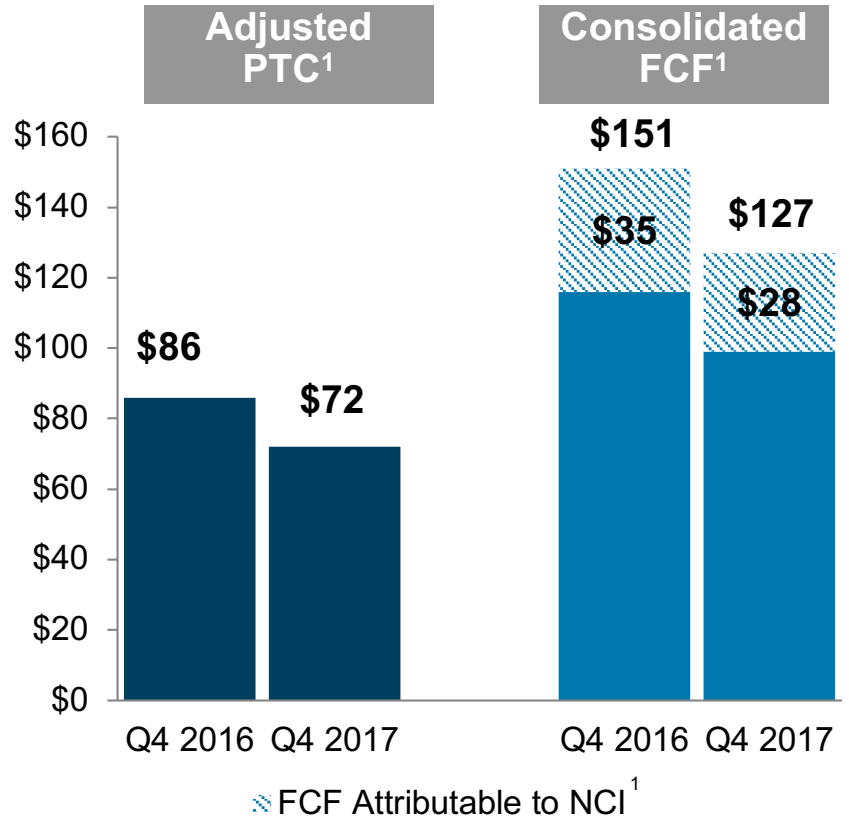
1. A non-GAAP financial measure. See “definitions”.

Q4 Financial Results: Eurasia SBU

$ in Millions

Adjusted PTC[1] Decreased $14; Consolidated FCF[1] Decreased $24

- Margins declined primarily due to the exit of Kazakhstan



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

FY 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]		Tietê[2]	
$ in Millions	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
US GAAP RECONCILIATION								
AES Business Unit Adjusted Earnings[1,3]	**$80**	**$93**	**$43**	**$52**	**$154**	**$167**	**$24**	**$26**
Adjusted PTC[1,3] Public Filer (Stand-alone)	**$118**	**$135**	**$69**	**$91**	**$238**	**$269**	**$34**	**$36**
Impact of AES Differences from Public Filings	-	($4)	($2)	-	$3	$1	-	-
AES Business Unit Adjusted PTC[1]	**$118**	**$131**	**$67**	**$91**	**$241**	**$270**	**$34**	**$36**
Unrealized Derivatives Gains	-	-	$2	$4	$3	$2	-	-
Unrealized Foreign Currency Gains	-	-	-	-	$1	$2	-	$1
Impairment Losses	-	-	($176)	($859)	-	-	-	-
Disposition/Acquisition Gains (Losses)	-	-	($11)	$22	-	-	($1)	-
Losses on Extinguishment of Debt	($6)	-	($3)	($3)	($19)	($3)	($1)	-
Restructuring Costs	($4)	-	($3)	-	($2)	-	-	-
Non-Controlling Interest before Tax	$50	$57	-	-	$127	$138	$111	$123
Income Tax Benefit/(Expenses)	($49)	($59)	$24	$260	($127)	($157)	($43)	($47)
US GAAP Income/(Loss) from Continuing Operations[4]	**$109**	**$129**	**($100)**	**($485)**	**$224**	**$252**	**$100**	**$113**
Adjustment to Depreciation & Amortization[5]					($40)	($40)	($14)	($14)
Adjustment to Taxes					($13)	$50	$10	$10
Other Adjustments					$1	($5)	($2)	($6)
IFRS Net Income					**$198**	**$257**	**$94**	**$103**
BRL-USD Implied Exchange Rate							3.1814	3.4687

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.
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.

FY 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	$361	$258	($31)	$227	-	-	-	$437	($64)	$373
DPL	$67	$110	-	$110	-	-	-	$103	-	$103
IPL	$118	$101	($30)	$71	-	-	-	$208	($62)	$146
Andes	$386	$205	($69)	$136	$50	($3)	$47	$250	($92)	$158
AES Gener	$241	$175	($69)	$106	$7	($3)	$4	$239	($91)	$148
Brazil	$60	$92	($68)	$24	$45	($26)	$19	$51	($39)	$12
Tietê	$34	$69	($52)	$17	$28	($21)	$7	$40	($30)	$10
MCAC	$340	$168	($25)	$143	$18	($4)	$14	$172	($39)	$133
Eurasia	$290	$167	($66)	$101	$130	($63)	$67	$127	($29)	$98
Subtotal	**$1,437**	**$890**	**($259)**	**$631**	**$243**	**($96)**	**$147**	**$1,037**	**$263**	**$774**
Corp/Other	($420)	$280	-	$280	$1	-	$1	$9	-	$9
TOTAL	**$1,017**	**$1,170**	**($259)**	**$911**	**$244**	**($96)**	**$148**	**$1,046**	**$263**	**$783**

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

FY 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	$5,471	($787)	$4,684	$374	($10)	$364
DPL	$1,715	-	$1,715	$26	-	$26
IPL	$2,626	($788)	$1,838	$33	($10)	$23
Andes	$4,017	($1,499)	$2,518	$392	($112)	$280
AES Gener	$3,686	($1,498)	$2,188	$277	($111)	$166
Brazil	$1,065	($806)	$259	$532	($375)	$157
Tietê	$727	($551)	$176	$379	($287)	$92
MCAC	$2,717	($538)	$2,179	$388	($77)	$311
Eurasia	$2,069	($792)	$1,277	$365	($118)	$247
Subtotal	**$15,339**	**($4,422)**	**$10,917**	**$2,051**	**($692)**	**$1,359**
Corp/Other	$4,631	-	$4,631	$161	-	$161
TOTAL	**$19,970**	**($4,422)**	**$15,548**	**$2,212**	**($692)**	**$1,520**

Q4 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	$121	$72	($8)	$64	-	-	-	$107	($16)	$91
DPL	$23	$29	-	$29	-	-	-	$24	-	$24
IPL	$29	$24	($7)	$17	-	-	-	$52	($16)	$36
Andes	$154	$49	($16)	$33	$13	($1)	$12	$62	($23)	$39
AES Gener	$93	$40	($16)	$24	$2	($1)	$1	$60	($23)	$37
Brazil	$4	$35	($26)	$9	$9	($6)	$3	$17	($13)	$4
Tietê	$3	$23	($17)	$6	$6	($4)	$2	$11	($8)	$3
MCAC	$84	$45	($8)	$37	$4	($1)	$3	$42	($9)	$33
Eurasia	$72	$40	($16)	$24	$33	($16)	$17	$30	($6)	$24
Subtotal	**$435**	**$241**	**($74)**	**$167**	**$59**	**($24)**	**$35**	**$258**	**($67)**	**$191**
Corp/Other	($88)	$69	-	$69	-	-	-	$3	-	$3
TOTAL	**$347**	**$310**	**($74)**	**$236**	**$59**	**($24)**	**$35**	**$261**	**($67)**	**$194**

1. A non-GAAP financial measure. See reconciliation to the nearest GAAP measure on Slide 54 and “definitions”.

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

$ in Millions

Series	Interest Rate	Maturity	Amount Outstanding as of Dec. 31, 2017	Remarks
2016 FMB Secured B Loan	**Variable**	**Aug. 2022**	**$440.55**	• **Redeemable at 101% of par**
2015 Direct Purchase Tax Exempt TL	Variable	Aug. 2020 (put)	$200.00	• Redeemable at par on any day
Total Pollution Control	**Various**	**Various**	**$200.00**	
Wright-Patterson AFB Note	**4.2%**	**Feb. 2061**	**$17.82**	• **No redemption option**
2015 DP&L Revolver	**Variable**	**July 2020**	**$10.00**	• **Redeemable at par on any day**
Total DP&L			**$668.37**	
2018 Term Loan	**Variable**	**May 2018**	**$70.00**	• **No redemption penalty**
2019 Senior Unsecured	6.75%	Oct. 2019	$200.00	• Callable at make-whole T+50
2021 Senior Unsecured	7.25%	Oct. 2021	$780.00	• Callable at make-whole T+50
Total Senior Unsecured Bonds	**Various**	**Various**	**$980.00**	
2015 DPL Revolver	**Variable**	**July 2020**	**$0.00**	• **Redeemable at par on any day**
2001 Cap Trust II Securities	**8.125%**	**Sept. 2031**	**$15.57**	• **Callable at make-whole T+25**
Total DPL Inc.			**$1,065.57**	
TOTAL			**$1,733.94**	

Parent Sources and Uses of Liquidity

$ in Millions	Q4		FY	
	2017	2016	2017	2016
Sources				
Total Subsidiary Distributions[1]	$459	$426	$1,203	$1,112
Proceeds from Asset Sales, Net	($6)	$114	$373	$184
Financing Proceeds, Net	-	-	$1,014	$495
Increased/(Decreased) Credit Facility Commitments	-	-	$300	-
Issuance of Common Stock, Net	-	-	$1	$1
Total Returns of Capital Distributions & Project Financing Proceeds	($67)	$12	-	$30
Beginning Parent Company Liquidity[2]	$632	$561	$894	$1,138
TOTAL SOURCES	**$1,018**	**$1,113**	**$3,785**	**$2,960**
Uses				
Repayments of Debt	($1)	-	($1,355)	($807)
Shareholder Dividend	($79)	($73)	($317)	($290)
Repurchase of Equity	-	-	-	($79)
Investments in Subsidiaries, Net	($149)	($25)	($863)	($394)
Cash for Development, Selling, General & Administrative and Taxes	($45)	($41)	($275)	($228)
Cash Payments for Interest	($69)	($79)	($290)	($305)
Changes in Letters of Credit and Other, Net	$194	($1)	$184	$37
Ending Parent Company Liquidity[2]	($869)	($894)	($869)	($894)
TOTAL USES	**($1,018)**	**($1,113)**	**($3,785)**	**($,2960)**

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

Q4 and Full Year 2017 Subsidiary Distributions[1]

$ in Millions

Subsidiary Distributions[1] by SBU		
	Q4 2017	FY 2017
US	$180	$379
Andes	$62	$326
Brazil	$24	$35
MCAC	$81	$120
Eurasia	$78	$302
Corporate & Other[2]	$34	$41
TOTAL	**$459**	**$1,203**

Top Ten Subsidiary Distributions[1] by Business							
Q4 2017				FY 2017			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
sPower (US)	$73	Mong Duong (Eurasia)	$26	Argentina (Andes)	$165	sPower (US)	$73
US Holdco (US)	$63	Brazil (Brazil)	$24	AES Gener (Andes)	$161	Mong Duong (Eurasia)	$51
AES Gener (Andes)	$62	Panama (MCAC)	$21	US Holdco (US)	$144	Global Insurance	$41
IPALCO (US)	$39	Masinloc (Eurasia)	$20	IPALCO (US)	$139	Panama (MCAC)	$37
Global Insurance	$33	TEG TEP (MCAC)	$18	Maritza (Eurasia)	$138	Brazil (Brazil)	$35

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

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

$ in Millions

	Quarter Ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Total Subsidiary Distributions[1] to Parent & QHCs[3]	$459	$160	$375	$209
Total Return of Capital Distributions to Parent & QHCs[3]	($67)	$2	$66	-
Total Subsidiary Distributions[1] & Returns of Capital to Parent	**$392**	**$162**	**$441**	**$209**

	Balance as of			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Cash at Parent & QHCs[3]	$11	$81	$127	$52
Availability Under Credit Facilities	$858	$551	$1,093	$667
Ending Liquidity	**$869**	**$632**	**$1,220**	**$719**

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

Full Year 2018 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps move in interest rates over year-to-go 2018 is forecasted to have a change in EPS of approximately $0.025

Currencies

10% appreciation in USD against the following key currencies is forecasted to have the following negative EPS impacts:	2018	
	Average Rate	Sensitivity
Brazilian Real (BRL)	3.39	Less than $0.005, Long Exposure
Colombian Peso (COP)	3,030	$0.005, Long Exposure
Euro (EUR)	1.22	Less than $0.005, Long Exposure
Great British Pound (GBP)	1.36	Less than $0.005, Long Exposure
Argentine Peso (ARS)	20.77	($0.005), Short Exposure
Chilean Peso (CLP)	617	Less than ($0.005), Short Exposure

Commodity

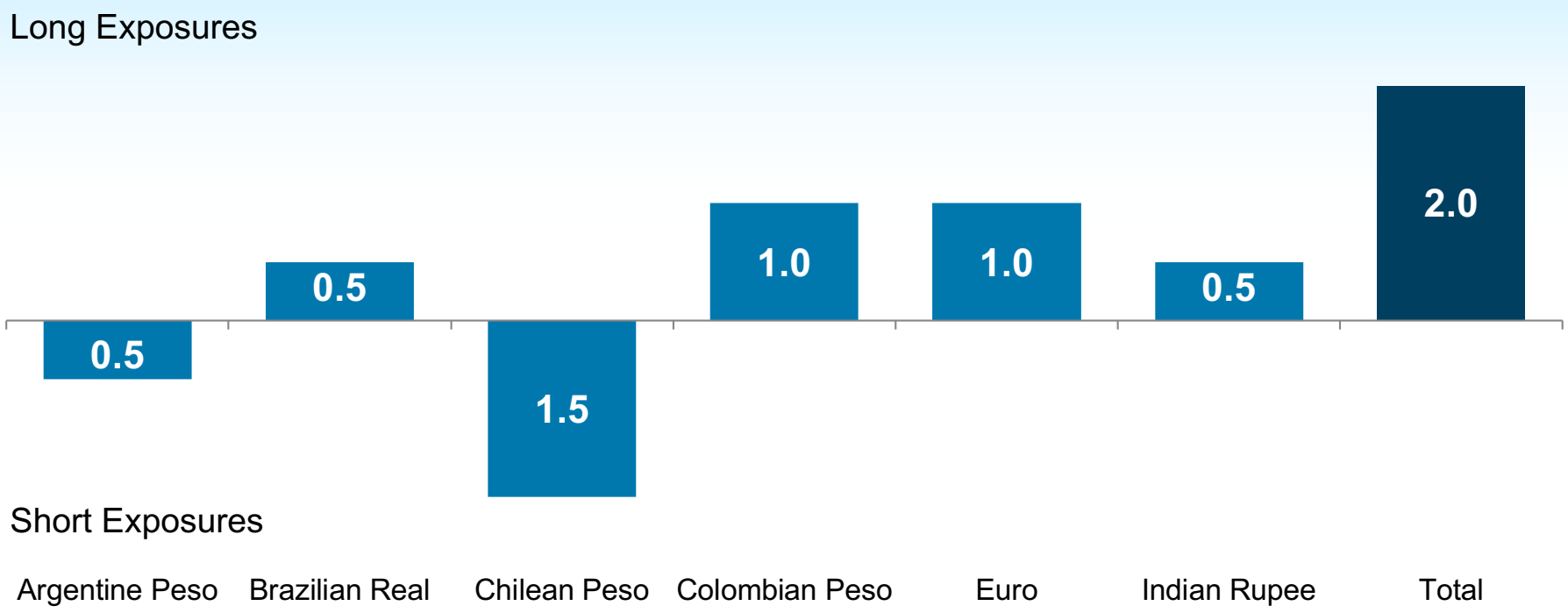
10% increase in commodity prices is forecasted to have the following EPS impacts:	2018	
	Average Rate	Sensitivity
Illinois Basin Coal	$37/ton	$0.010, Short Exposure
Rotterdam Coal (API 2)	$90/ton	
NYMEX WTI Crude Oil	$66/bbl	$0.005, Long Exposure
IPE Brent Crude Oil	$60/bbl	
NYMEX Henry Hub Natural Gas	$2.8/mmbtu	Less than $0.005, Long Exposure
UK National Balancing Point Natural Gas	£0.5/therm	
US Power (DPL) – PJM AD Hub	$31/MWh	$0.010, Long Exposure

Note: Guidance provided on February 27, 2018. 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 2018 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 2018 guidance is based on currency and commodity forward curves and forecasts as of December 31, 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-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 $0.005 cent per share.

1. The move is applied to the floating interest rate portfolio balances as of December 31, 2017.

Foreign Exchange (FX) Risk Before Hedges

Full Year 2020 FX Sensitivity by Currency[1] (Cents Per Share, Exposures Before Hedges)

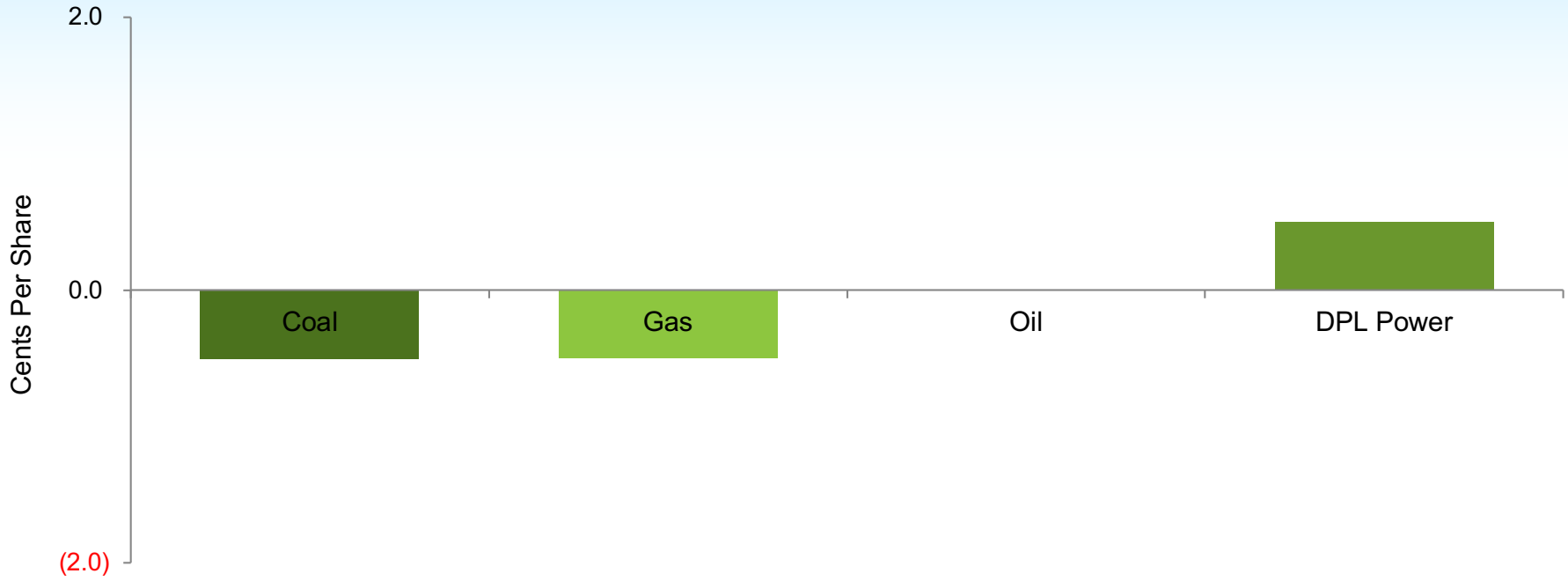


- 2020 correlated FX risk before hedges is $0.02 for 10% USD appreciation
- FX risk mitigated on a rolling basis by active FX hedging

1. Sensitivity represents full year 2020 exposure to a 10% appreciation of USD relative to foreign currency as of December 31, 2017.

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

Full Year 2020 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	2018
Subsidiary Distributions (a)	$1,203	$1,100-$1,175
Cash Interest (b)	($290)	($260)
Corporate Overhead	($179)	($140)
Parent-Funded SBU Overhead	($93)	($90)
Business Development	($4)	($10)
Cash for Development, General & Administrative and Tax (c)	($276)	($240)
PARENT FREE CASH FLOW[1] (a – b – c)	**$637**	**$600-$675**

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

2018 Adjusted PTC Modeling Ranges

$ in Millions

SBU	2018 Adjusted PTC Modeling Ranges as of 2/27/18[1]	Drivers of Growth Versus 2017
US	$350-$390	+ Solar + DPL regulatory – Pass through of tax reform at IPL
Andes	$510-$560	+ Argentina reforms + Higher generation at Chivor + Higher generation in Chile
Brazil	$20-$30	– 2017 gain on legal settlement
MCAC	$390-$440	+ Full year of DPP CCGT + 2017 impact of hurricanes
Eurasia	$180-$210	– Masinloc – Kazakhstan
Total SBUs	**$1,450-$1,630**	
Corporate & Other[2]	($340)-($380)	+ G&A savings + Parent interest
TOTAL AES ADJUSTED PTC[1,2]	**$1,110-$1,250**	

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 2017-2020									
Eagle Valley CCGT	US-IN	70%	Gas	671	1H 2018	$613	$193		
Colón	Panama	50%	Gas	380	2H 2018	$1,003	$196		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		
Southland Repowering	US-CA	100%	Gas	1,284	1H 2020	$2,287	$329		Excludes 100 MW of energy storage expected to come on-line in 1H 2021
Total				**4,186**		**$8,001**	**$1,358**		
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 2017 Form 10-K for further discussion of development and construction risks. Based on 3-year average contributions from all projects under construction, once all projects under construction are completed.

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

$ in Millions, Except Per Share Amounts	Q4 2017		Q4 2016	
	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, Net of Tax, Attributable to AES and Diluted EPS	($683)	($1.03)	($232)	($0.35)
Add: Income Tax Expense (Benefit) Attributable to AES	$689		($181)	
Pre-Tax Contribution	$6		($413)	
Adjustments				
Unrealized Derivative (Gains) Losses	$4	$0.01	($10)	($0.02)
Unrealized Foreign Currency (Gains) Losses	($6)	($0.01)	$10	$0.01
Disposition/Acquisition Losses	$14	$0.02	$11	$0.02
Impairment Losses	$279	$0.42[3]	$624	$0.95[4]
Losses on Extinguishment of Debt	$19	$0.03[5]	$3	-
Restructuring Costs	$31	$0.05	-	-
U.S. Tax Law Reform Impact	-	$1.08[6]	-	-
Less: Net Income Tax Benefit	-	($0.14)[7]	-	($0.31)[8]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$347**	**$0.43**	**$225**	**$0.30**

1. Non-GAAP financial measures. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to asset impairment at Laurel Mountain of $121 million, or $0.18 per share and DPL of $109 million, or $0.17 per share.
4. Amount primarily relates to asset impairments at DPL of $624 million, or $0.94 per share.
5. Amount primarily relates to losses on early retirement of debt at AES Gener of $20 million, or $0.02 per share.
6. Amount relates to a one-time transition tax on foreign earnings of $675 million, or $1.02 per share and the remeasurement of deferred tax assets and liabilities to lower corporate tax rates of $39 million, or $0.06 per share.
7. Amount primarily relates to the income tax benefit associated with asset impairment losses and restructuring costs of $66 million, or $0.10 and $10 million or $0.02 per share respectively for the three months ended December 31, 2017.
8. Amount primarily relates to the income tax benefit associated with losses on impairment of $209 million, or $0.32 per share in the three months ended December 31, 2016.

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

$ in Millions, Except Per Share Amounts	FY 2017		FY 2016	
	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, Net of Tax, Attributable to AES and Non-GAAP Diluted EPS	($507)	($0.76)[3]	($20)	($0.04)
Add: Income Tax Expense (Benefit) Attributable to AES	$828		($111)	
Pre-Tax Contribution	$321		($131)	
Adjustments				
Unrealized Derivative Gains	($3)	-	($9)	($0.01)
Unrealized Foreign Currency (Gains) Losses	($59)	($0.10)	$22	$0.03
Disposition/Acquisition Losses	$123	$0.19[4]	$6	$0.01[5]
Impairment Losses	$542	$0.82[6]	$933	$1.41[7]
Losses on Extinguishment of Debt	$62	$0.09[8]	$29	$0.05[9]
Restructuring Costs	$31	$0.05	-	-
U.S. Tax Law Reform Impact	-	$1.08[10]	-	-
Less: Net Income Tax Benefit	-	($0.29)[11]	-	($0.51)[12]
ADJUSTED PTC[1] & ADJUSTED EPS[1]	**$1,017**	**$1.08**	**$850**	**$0.94**

1. Non-GAAP financial measures. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. In calculating diluted loss per share under GAAP of ($0.77), the Company excluded common stock equivalents from the weighted average shares as their inclusion would be anti-dilutive. However, for purposes of calculating Adjusted EPS, the impact of dilutive common stock equivalents of $0.01 was included, resulting in Non-GAAP diluted loss per share of ($0.76)..
4. Amount primarily relates to loss on sale of Kazakhstan CHPs of $49 million, or $0.07 per share, realized derivative losses associated with the sale of Sul of $38 million, or $0.06 per share, loss on sale of Kazakhstan Hydroelectric plants of $33 million, or $0.05 per share, costs associated with early plant closure of DPL of $24 million, or $0.04 per share; partially offset by gain on Masinloc contingent consideration of $23 million, or $0.03 per share and gain on sale of Zimmer and Miami Fort of $13 million, or $0.02 per share.
5. 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.
6. Amount primarily relates to asset impairment at Kazakhstan CHPs of $94 million, or $0.14 per share, at Kazakhstan hydroelectric plants of $92 million, or $0.14 per share, at Laurel Mountain of $121 million, or $0.18 per share, at DPL of $175 million, or $0.27 per share and at Kilroot of $37 million, or $0.05 per share.
7. 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).
8. Amount primarily relates to losses on early retirement of debt at the Parent Company of $92 million, or $0.14 per share, at AES Gener of $20 million, or $0.02 per share, at IPALCO of $9 million or 0.01 per share; partially offset by a gain on early retirement of debt at Alicura of $65 million, or $0.10 per share.
9. Amount primarily relates to the loss on early retirement of debt at the Parent Company of $19 million, or $0.03 per share.
10. Amount relates to a one-time transition tax on foreign earnings of $675 million, or $1.02 per share and the remeasurement of deferred tax assets and liabilities to lower corporate tax rates of $39 million, or $0.06 per share.
11. Amount primarily relates to the income tax benefit associated with asset impairment losses of $148 million, or $0.22 per share in the twelve months ended December 31, 2017.
12. Amount primarily relates to the income tax benefit associated with asset impairment of $332 million, or $0.50 per share in the twelve months ended December 31, 2016.

Reconciliation of Q4 and Full Year Capex and Free Cash Flow[1]

$ in Millions

	Q4		FY	
	2017	2016	2017	2016
Operational Capex (a)	$130	$160	$564	$624
Environmental Capex (b)	$20	$33	$77	$231
Maintenance Capex (a + b)	$150	$193	$641	$855
Growth Capex (c)	$519	$387	$1,715	$1,603
TOTAL CAPEX (a + b + c)	**$669**	**$580**	**$2,356**	**$2,458**

	Q4		FY	
	2017	2016	2017	2016
Operating Cash Flow	$800	$702	$2,489	$2,884
Add: Capital Expenditures Related to Service Concession Assets[2]	$1	$2	$6	$29
Less: Maintenance Capex, net of Reinsurance Proceeds and Non-Recoverable Environmental Capex[3]	($133)	($169)	($574)	($669)
CONSOLIDATED FREE CASH FLOW[1]	**$668**	**$535**	**$1,921**	**$2,244**

1. A non-GAAP financial measure as reconciled above. See “definitions”.
2. Service concession asset expenditures are included in Operating Cash Flow, but are excluded from Free Cash Flow.
3. Excludes IPALCO’s recoverable environmental capital expenditures of $15 million and $24 million for the three months ended December 31, 2017 and December 31, 2016, respectively, as well as, $54 million and $186 million for the years ended December 31, 2017 and 2016 respectively.

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 December 31, 2017, the impact of these items was as follows: (a) unrealized gains or losses related to derivative transactions represent a gain of $3 million; (b) unrealized foreign currency gains or losses represent a gain of $60 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 of the repatriation of sales proceeds represent a loss of $114 million; (d) losses due to impairments of $394 million; (e) gains, losses and costs due to the early retirement of debt represent a loss of $42 million; (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts, relocations, and office consolidation of $21 million; and (g) tax benefit or expense related to the enactment effects of 2017 U.S. tax law reform of $714 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, (e) gains, losses and costs due to the early retirement of debt, (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts, relocations, and office consolidation; and (g) tax benefit or expense related to the enactment effects of 2017 U.S. tax law reform. The GAAP measure most comparable to Adjusted EPS is diluted earnings per share from continuing operations. We believe 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 of or acquire business interests, retire debt or implement restructuring initiatives, 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. For the year ending December 31, 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; costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts, relocations, and office consolidation; and tax benefit or expense related to the enactment effects of 2017 U.S. tax law reform.
- **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, (d) losses due to impairments, (e) gains, losses and costs due to the early retirement of debt, and (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts, relocations, and office consolidation. 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 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 of or acquire business interests, retire debt or implement restructuring initiatives, 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 an alternative to income from continuing operations attributable to AES, which is determined in accordance with GAAP. For the year ending December 31, 2017, the definition was revised to exclude associated benefits and costs due to dispositions and acquisitions of business interests, including early plant closures, and costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts, relocations, and office consolidation.
- **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.