

The AES Corporation

March 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 31 and the Appendix to this presentation. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES' filings with the Securities and Exchange Commission including but not limited to the risks discussed under Item 1A "Risk Factors" and Item 7: "Management's Discussion & Analysis" in AES' 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

Maximizing efficiency through reorganization yielding $100 million in additional annual savings

Reducing financial risk by prepaying $1 billion in Parent debt

Leveraging platforms by adding 4.4 GW of projects under construction

Reshaping portfolio through a balanced approach to reduce overall risk

We Are Well Positioned to:

Deliver 8% to 10% average annual growth in earnings[1] and Parent Free Cash Flow[1] through 2020

Achieve investment grade credit metrics in 2019

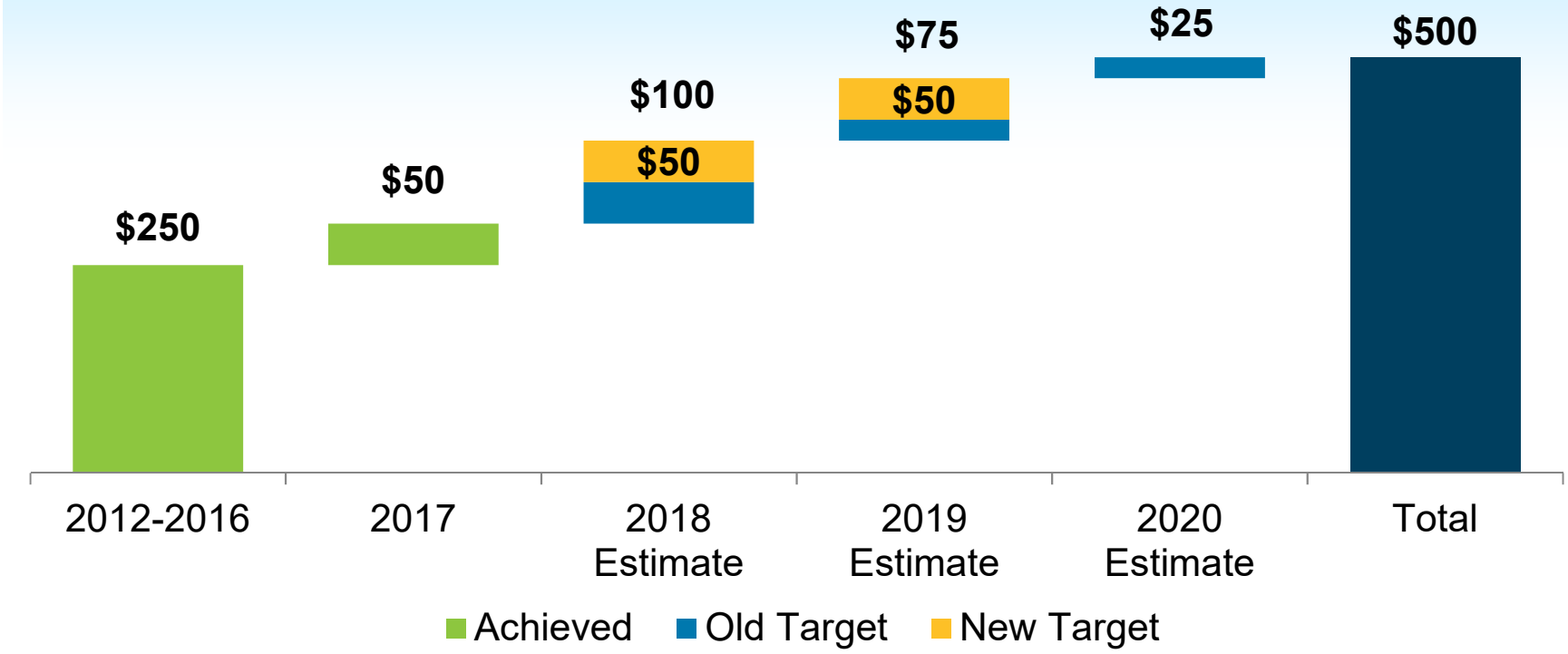
Reduce our carbon intensity by 25% from 2016-2020 and 50% by 2030

1. Earnings refers to Adjusted EPS (a non-GAAP financial measure). Parent Free Cash Flow is also a non-GAAP financial measure. See Appendix for definitions.

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

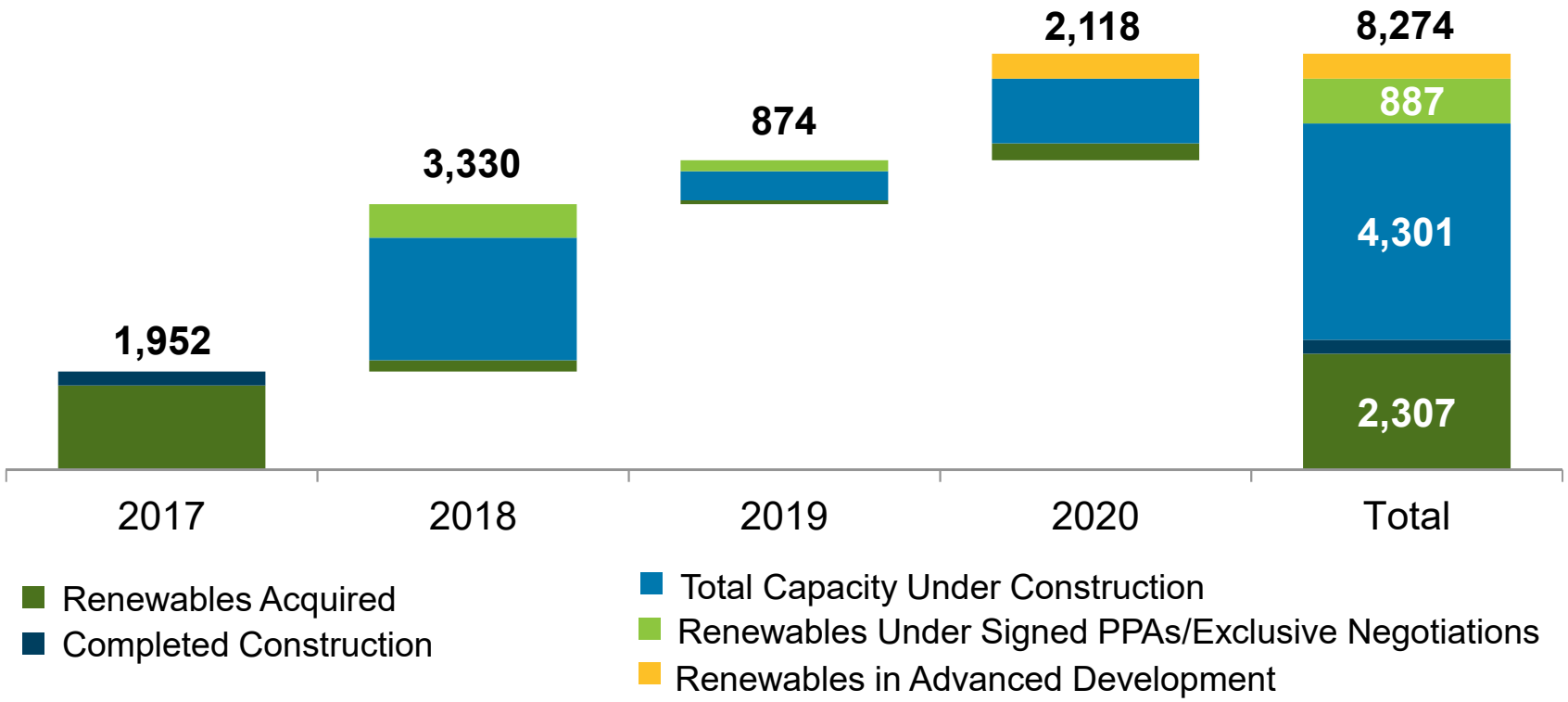
$ in Millions

Expect to Achieve $500 Million in Cost Savings by 2020



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



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

In 2017, Acquired 2.3 GW of Long-Term Contracted Renewables

U.S.: sPower (1.3 GW of Wind and Solar)



Brazil: 686 MW of Wind and Solar



Mexico: 306 MW of Wind



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

Offering New Innovative Energy Solutions

Fluence Energy Storage Joint Venture with Siemens

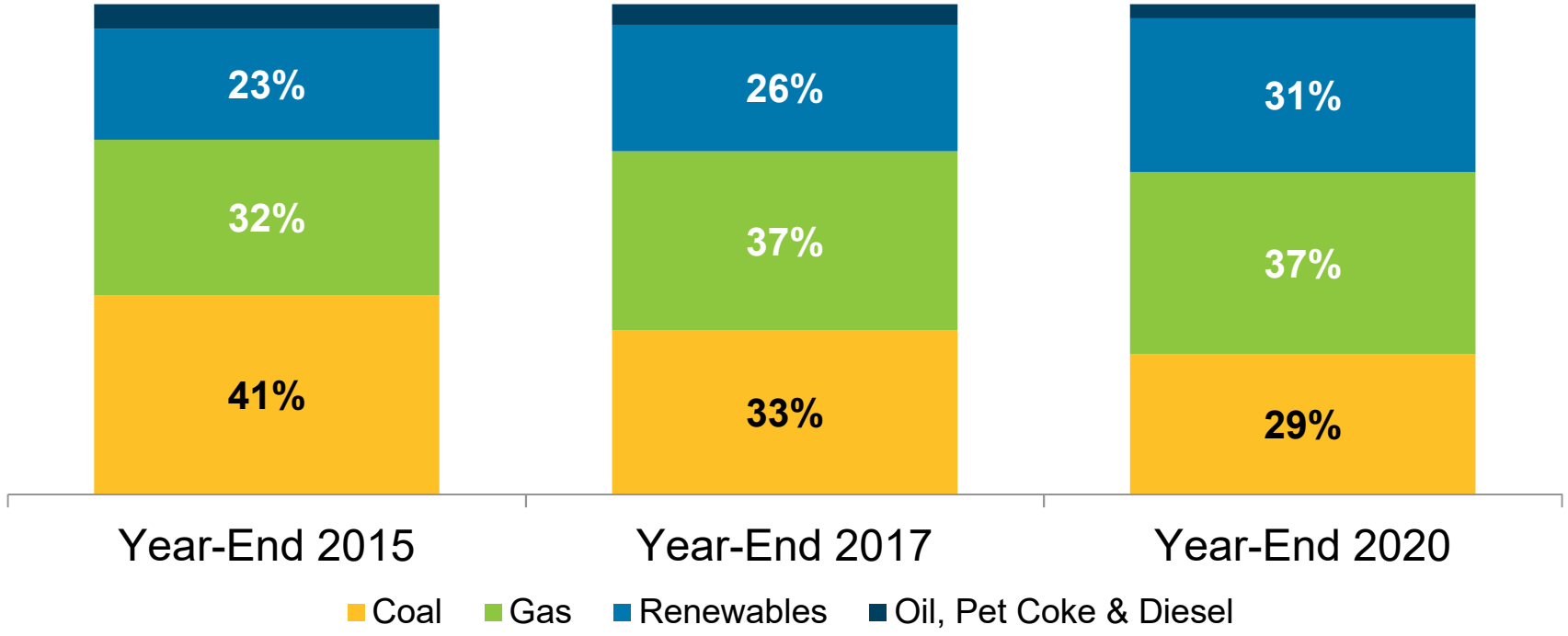


Solar Plus 5-Hour Duration Energy Storage



Balanced Approach to De-Risking Our Portfolio

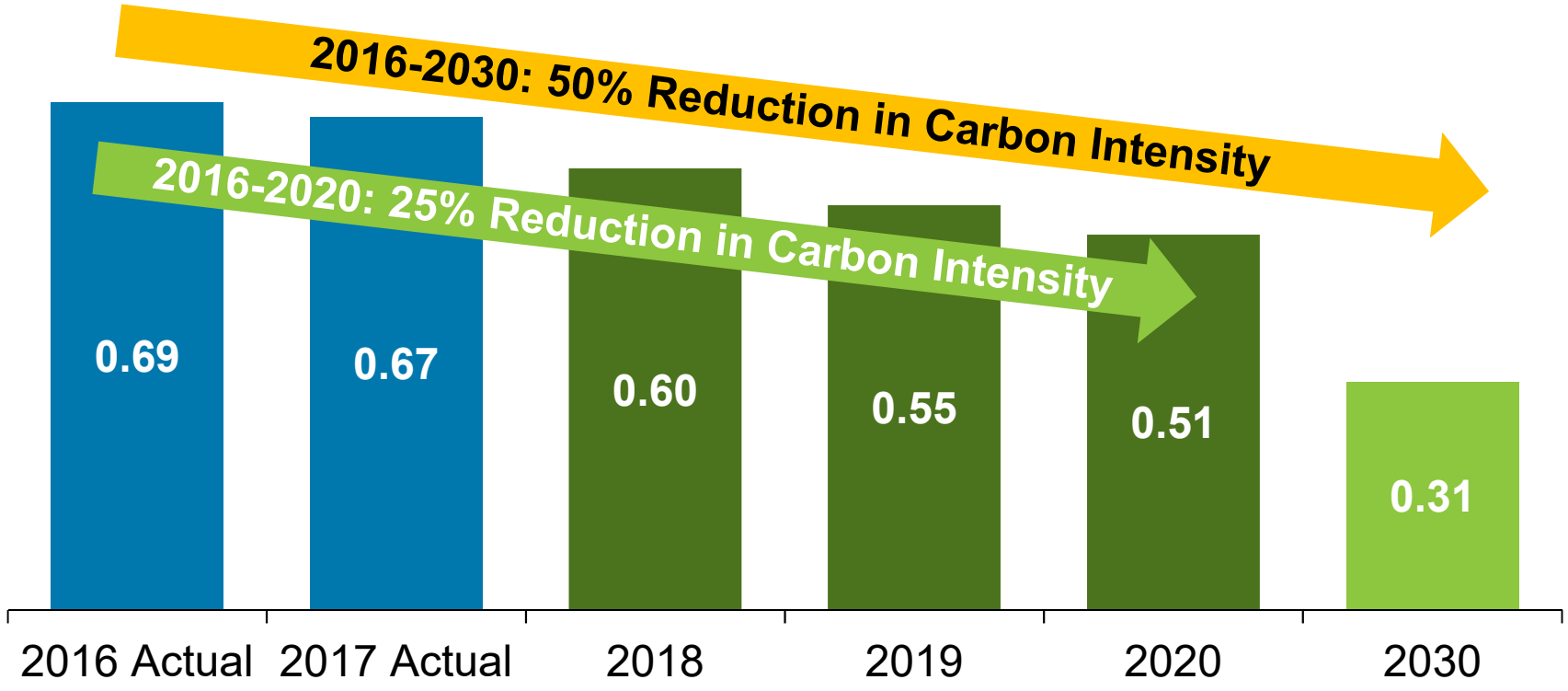
Replacing Coal Capacity with Renewables and Natural Gas



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)



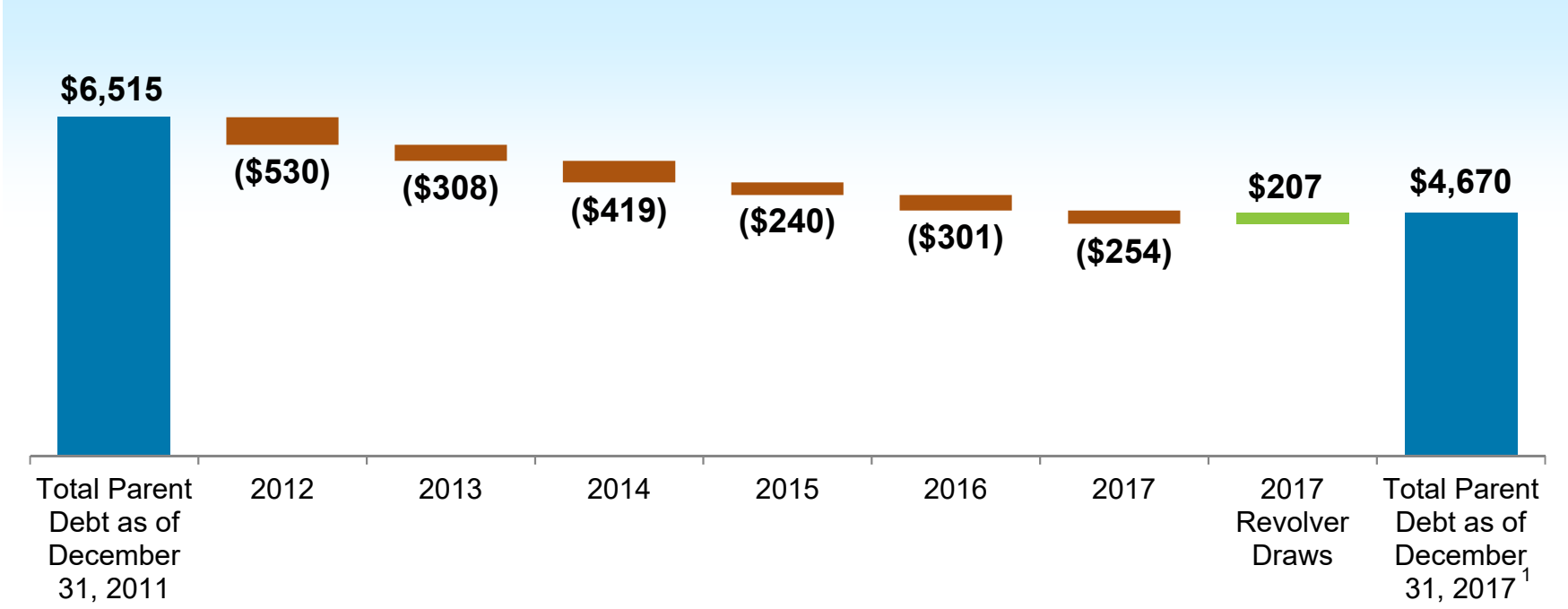
2016-2020: Reduction of 20 Million Tons of CO_2 Emissions

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)

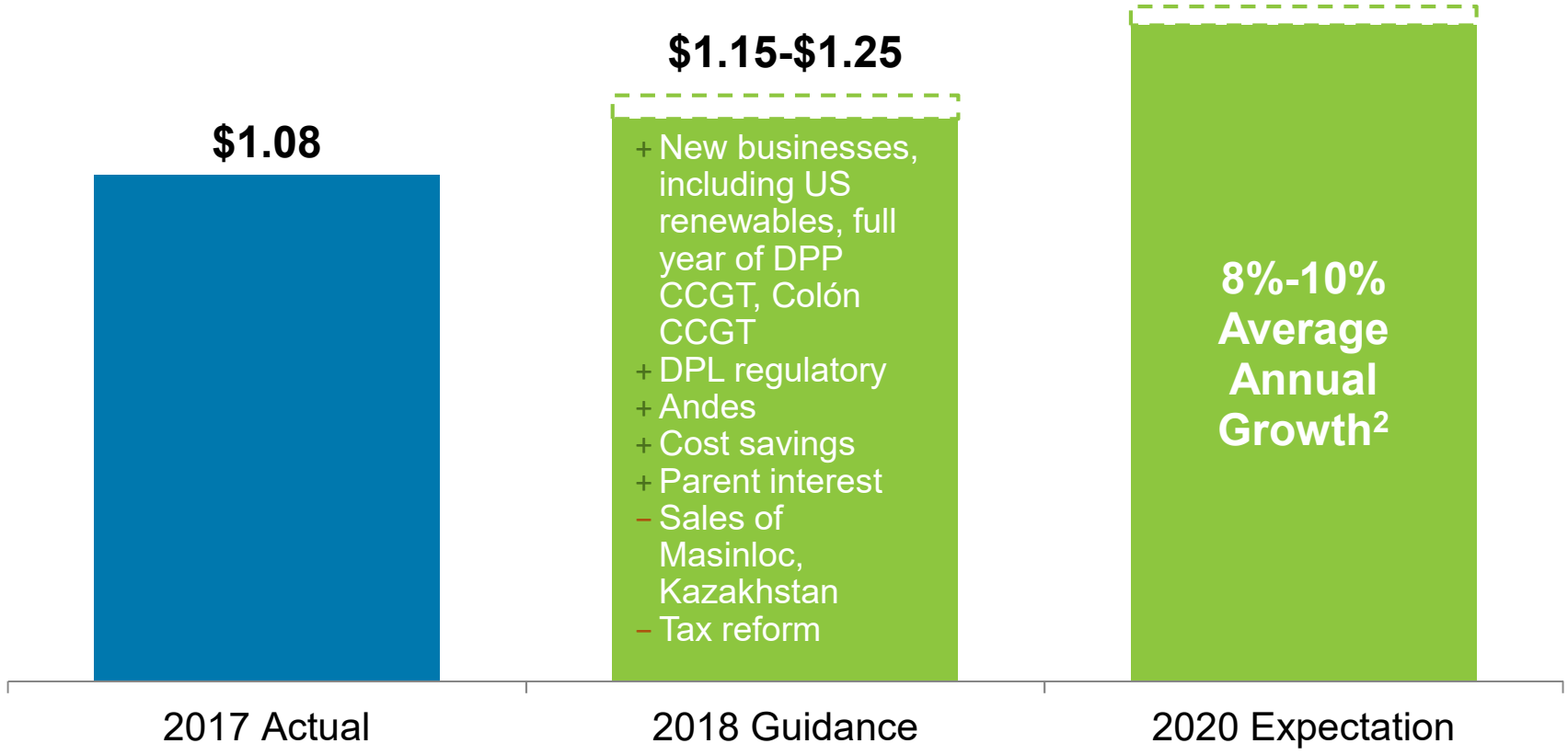


Prepaying $1 Billion in Parent Debt in 1H 2018, to Achieve Investment Grade

1. Excludes intercompany borrowings of approximately $200 million.

Adjusted EPS[1] Guidance and Expectations

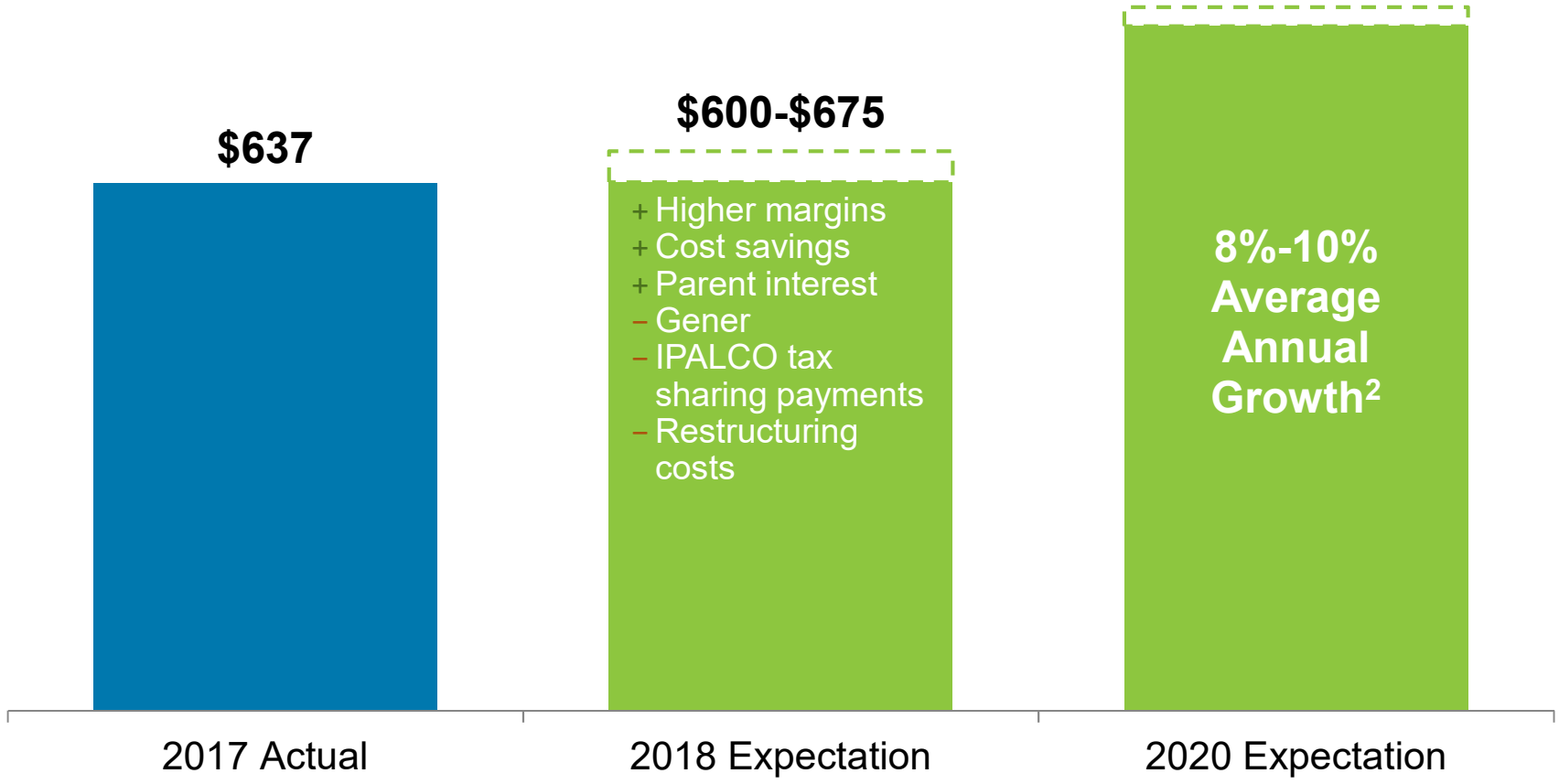
$ Per Share



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

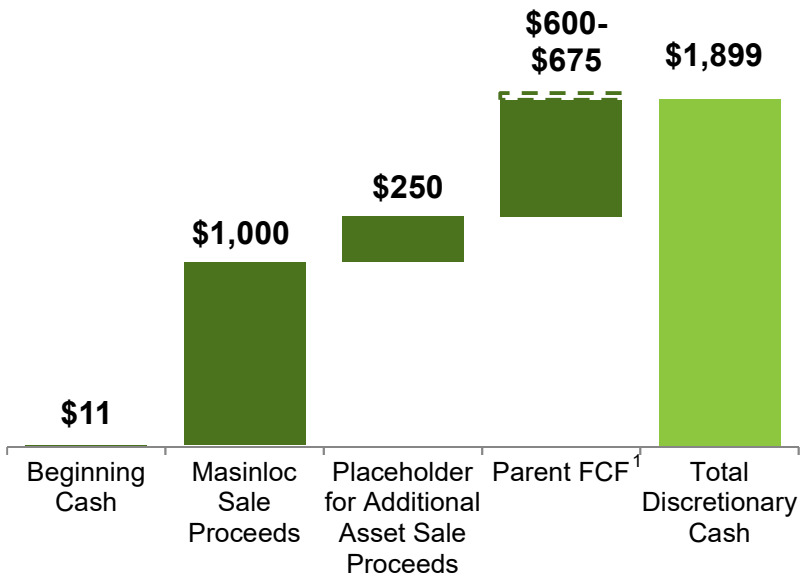


1. A non-GAAP financial measure. See Appendix for definition.
2. From 2017 Parent Free Cash Flow of $637 million, in line with prior expectation for 8% to 10% average annual growth through 2020 from the mid-point of its 2016 expectation of $525 to $625 million.

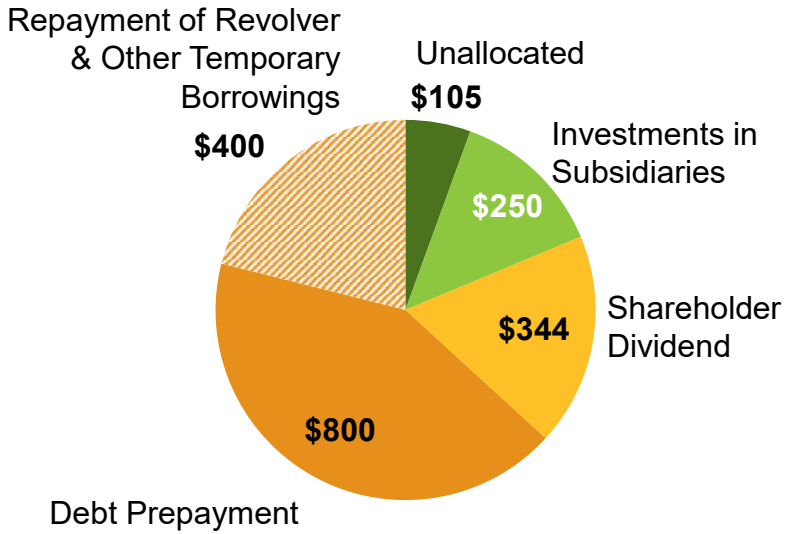
2018 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($1,899)



Discretionary Cash – Uses ($1,899)

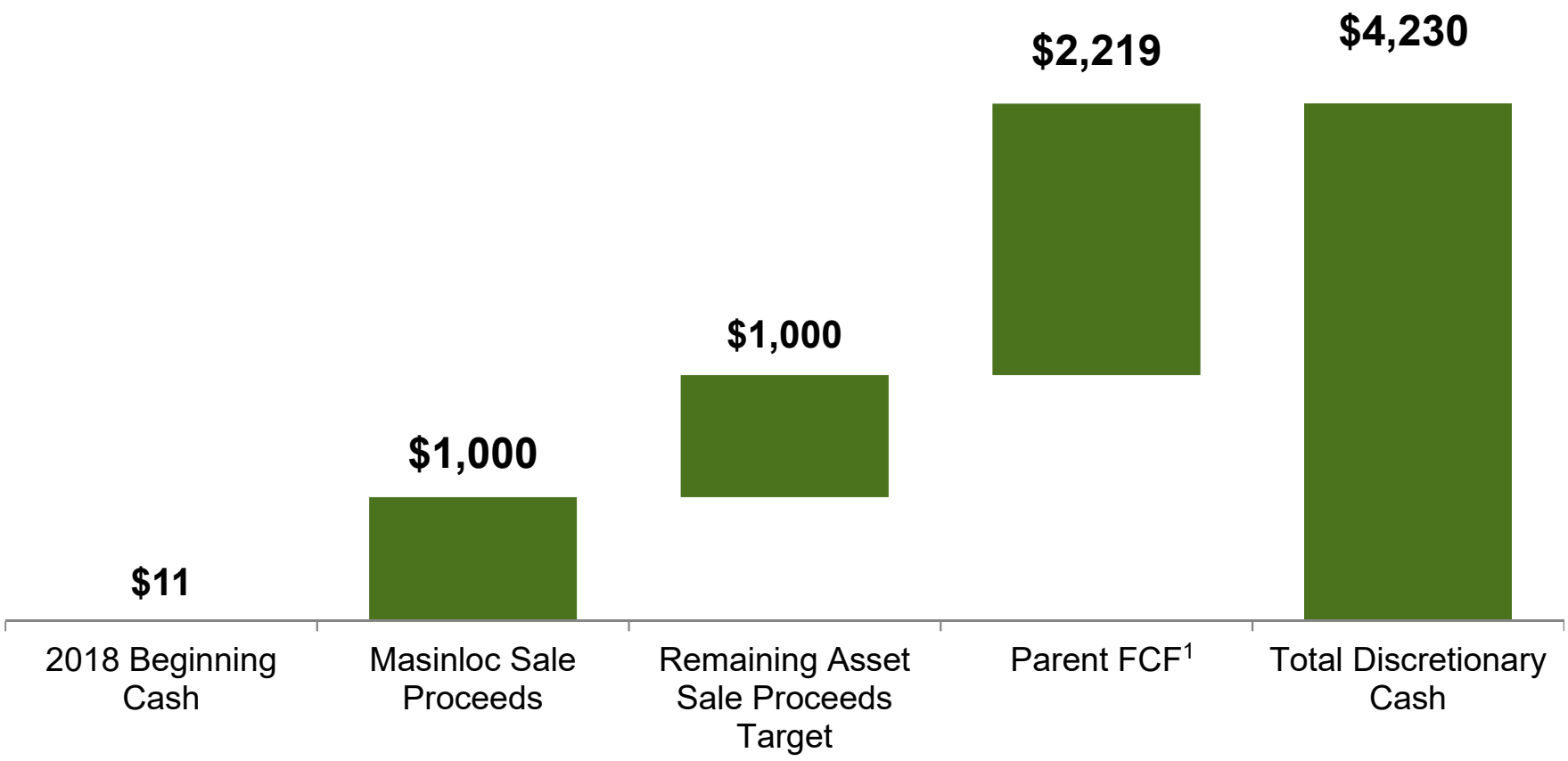


Maximizing Discretionary Cash to Increase Risk-Adjusted Returns for Shareholders

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

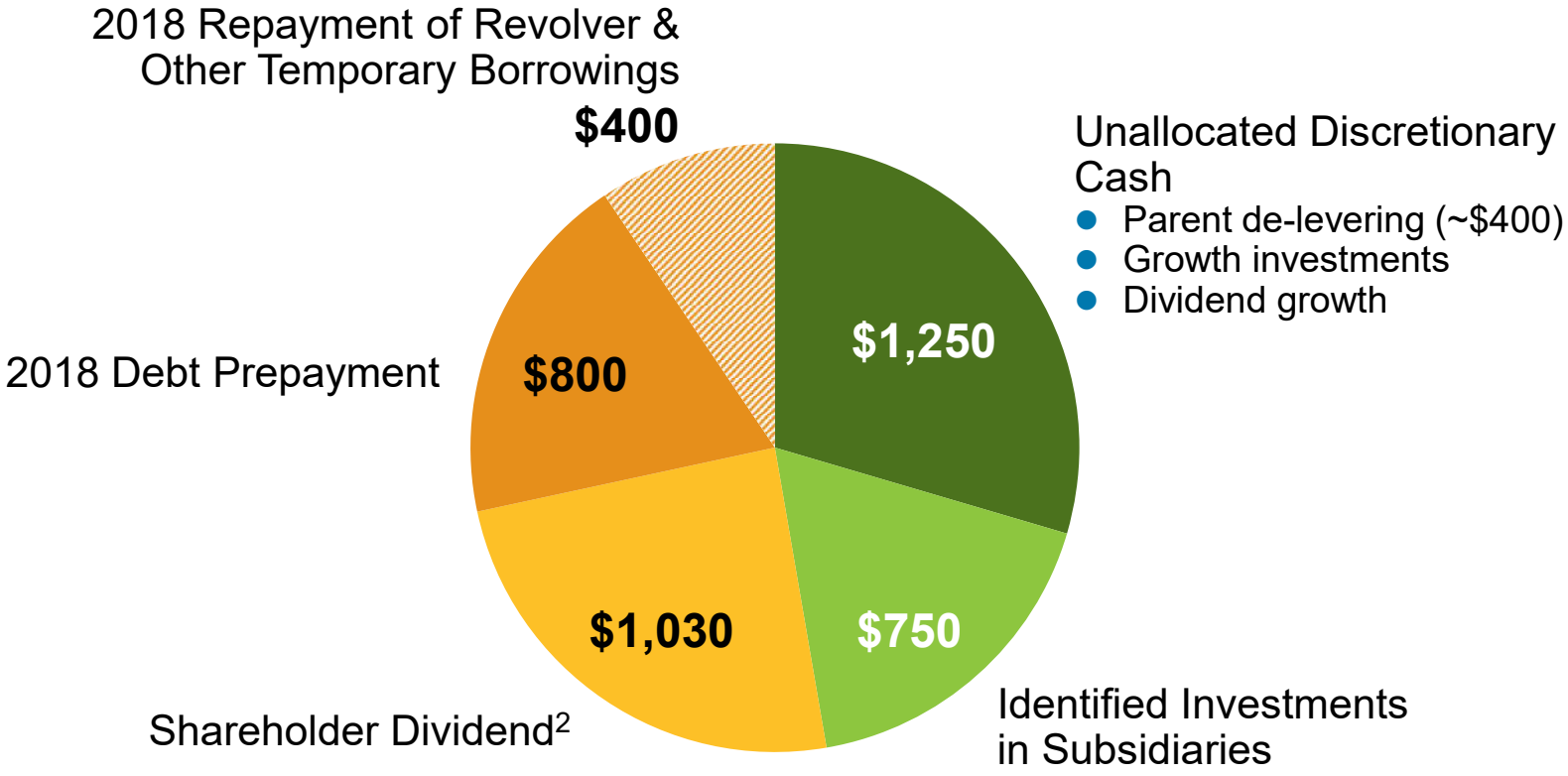
$ in Millions



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.

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1. Earnings refers to Adjusted EPS (a non-GAAP financial measure). Parent Free Cash Flow is also a non-GAAP financial measure. See Appendix for definitions.

Appendix

- Currencies and Commodities — Slides 23-25
- AES Modeling Disclosures — Slide 26
- FY 2018 Adjusted PTC[1] Modeling Ranges — Slide 27
- Construction Program — Slide 28
- Reconciliations — Slides 29-30
- Assumptions & Definitions — Slides 31-32

1. A non-GAAP financial measure.

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

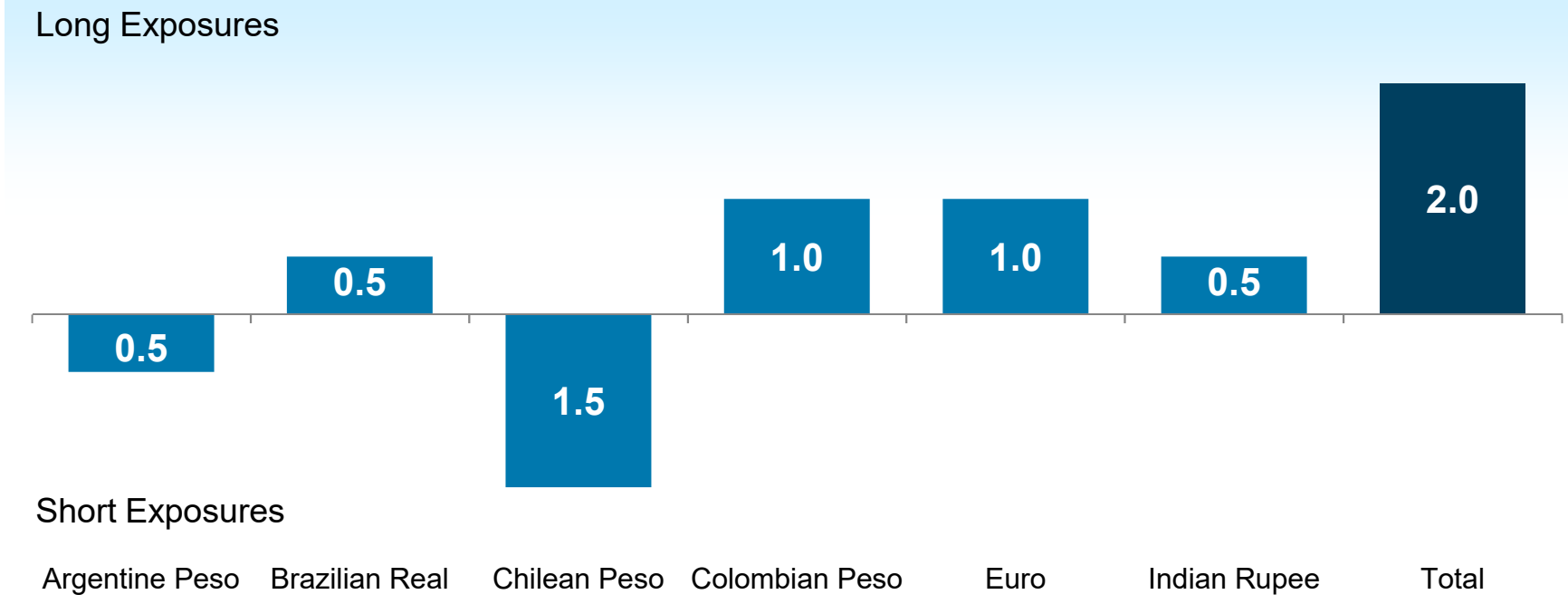
10% increase in commodity prices is forecasted to have the following EPS impacts:	2018	
	Average Rate	Sensitivity
Illinois Basin Coal	$37/ton	$0.010, Short Exposure
Rotterdam Coal (API 2)	$90/ton	
NYMEX WTI Crude Oil	$66/bbl	$0.005, Long Exposure
IPE Brent Crude Oil	$60/bbl	
NYMEX Henry Hub Natural Gas	$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)

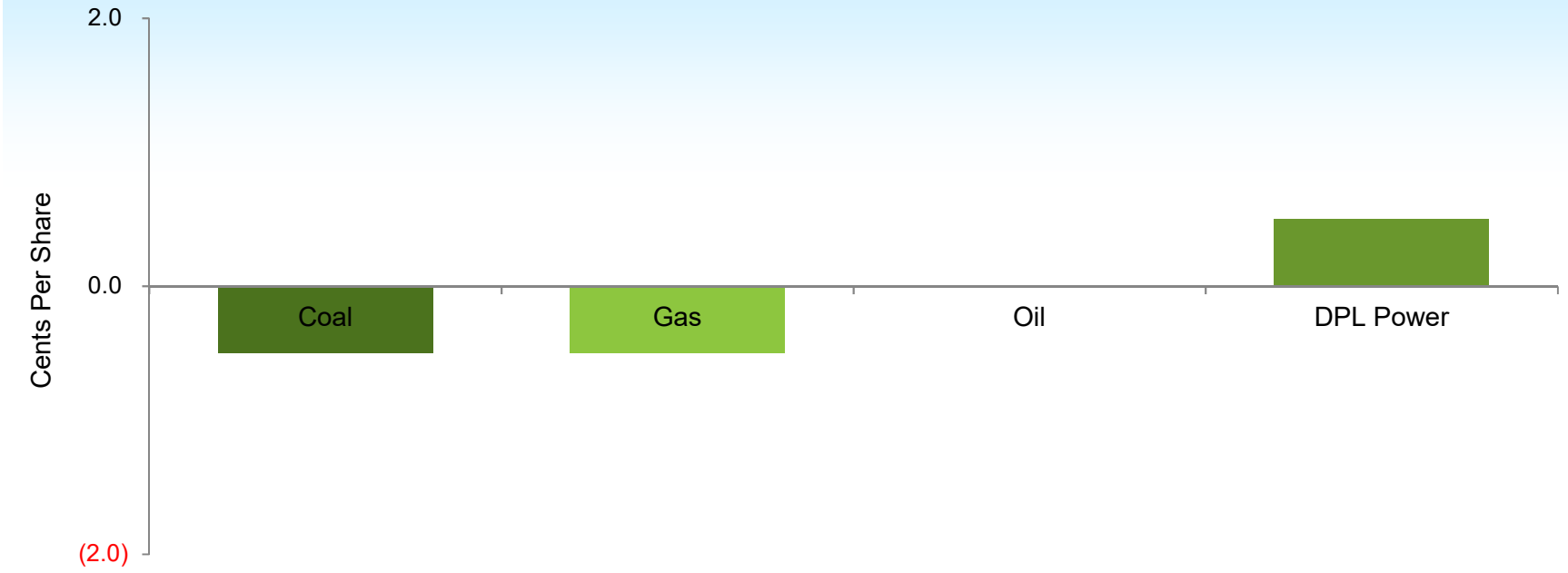


- 2020 correlated FX risk before hedges is $0.02 for 10% USD appreciation
- FX risk mitigated on a rolling basis by active FX hedging

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 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 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.