





June 16, 2020

The AES Corporation

JP Morgan Energy, Power & Renewables Conference

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, the impact of the COVID-19 pandemic on our business, 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 the execution of PPAs, conversion of our backlog and growth from investments at investment levels and rates of return consistent with prior experience. For additional assumptions see Slide 33 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' 2019 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.

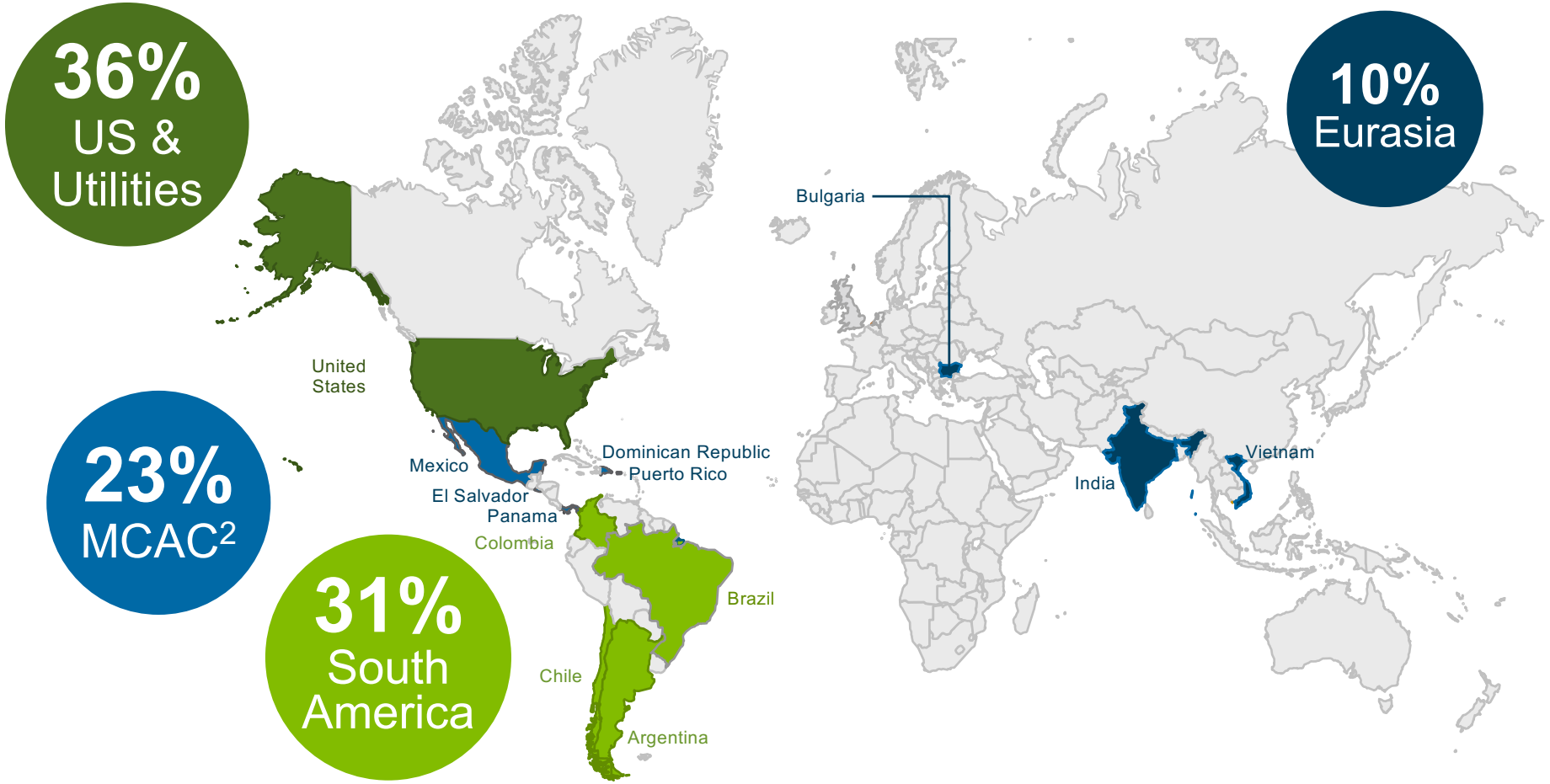
Executive Summary

- Resilient, predominantly contracted business model
- Impact from COVID-19:
  - Modest impact on 2020 Adjusted EPS[1]
  - No impact on 2020 Parent Free Cash Flow[1] expectation
  - No expected impact on longer-term outlook
- Continuing to lead the energy transition with sustainable growth in renewables and energy storage
- On track to achieve second investment grade rating in 2020
- Expect to generate $3.4 billion of discretionary cash through 2022, which we will invest to continue to deliver double-digit returns to our shareholders

1. A non-GAAP financial measure. See Appendix for definition. Impact on 2020 Adjusted EPS is expected to be $0.05, or 7%, as announced on Q1 earnings call in May.

Portfolio Managed in Four Strategic Business Units (SBUs)

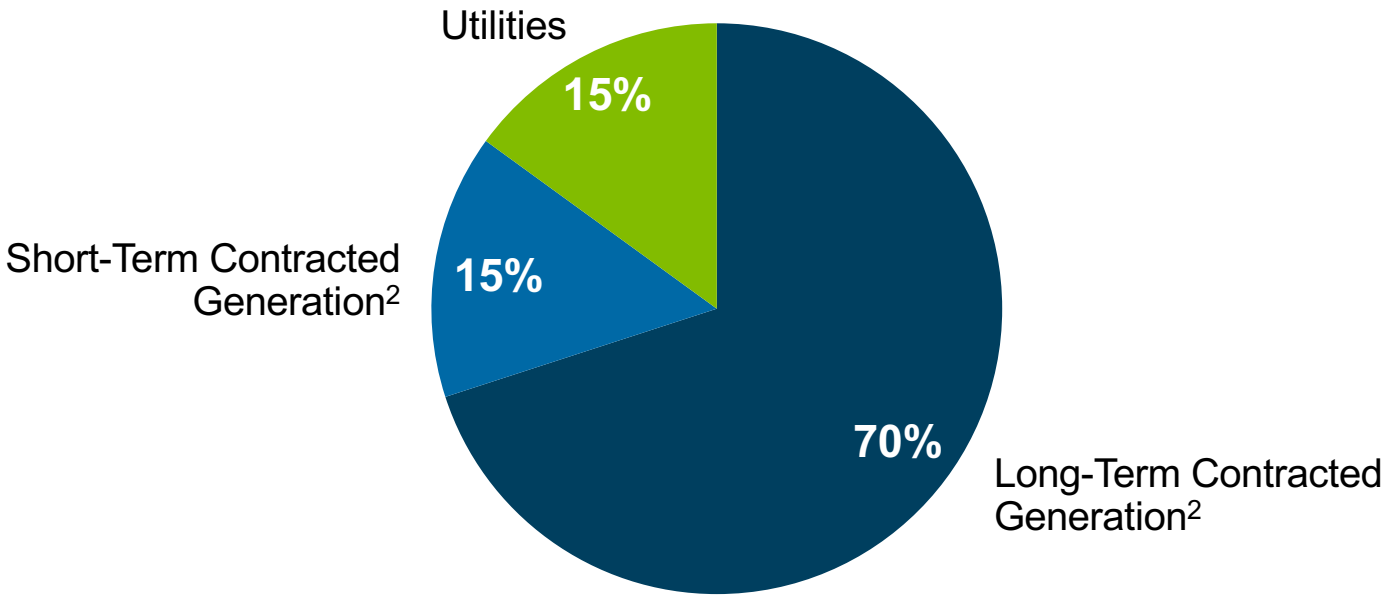
(%) = 2019 Adjusted Pre-Tax Contribution (PTC)[1]



1. A non-GAAP financial measure. See Appendix for definition and reconciliation. 2019 Adjusted PTC of $1.6 billion before Corporate charges of $0.4 billion.
2. Mexico, Central America and the Caribbean.

Resilience of Business Model

Percent of AES' Adjusted PTC[1]

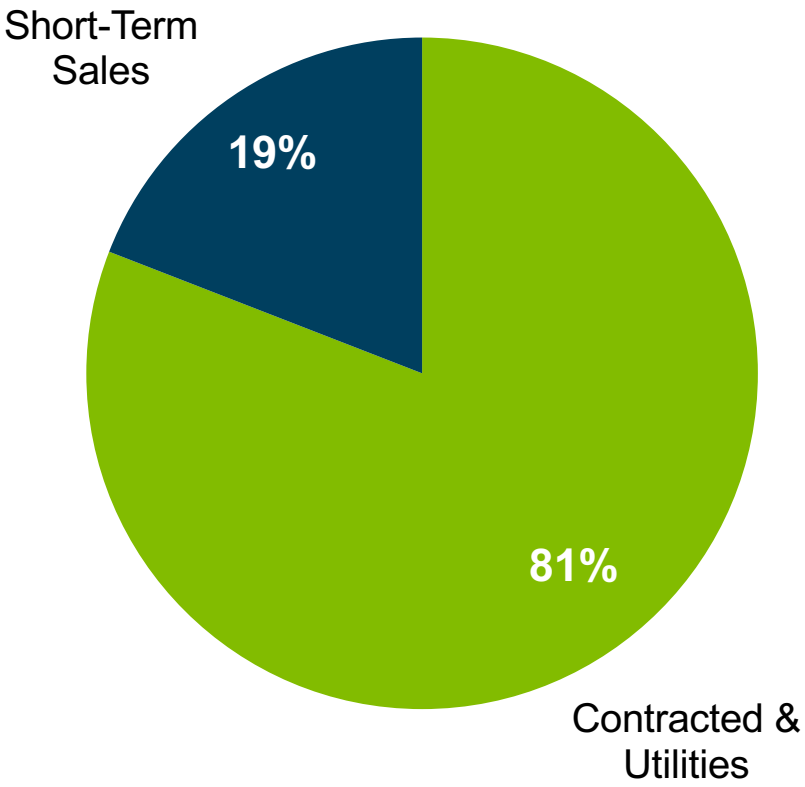


Average Remaining Contract Life of 14 Years

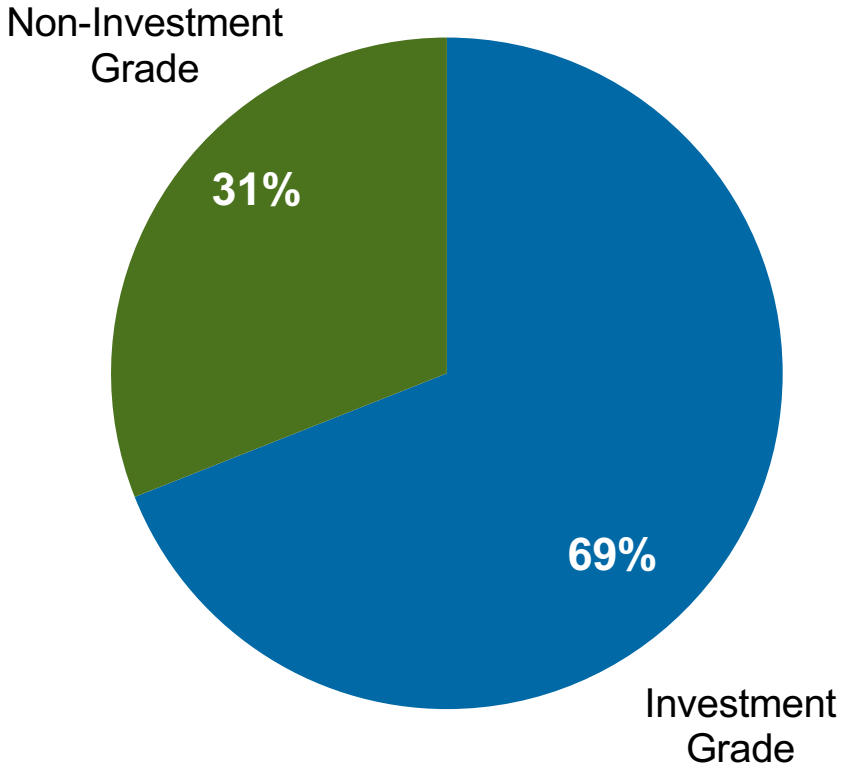
1. Adjusted PTC, a non-GAAP financial measure. See Appendix for definition.
2. Short-term is defined as the percent of Adjusted PTC that comes from businesses with average contracted periods of four years or less.

80% of Subsidiary Distributions from Utilities & Contracted Generation; 70% from Investment Grade Countries

2015-2019 Average % of Subsidiary Distributions from Utilities & Contracted Generation

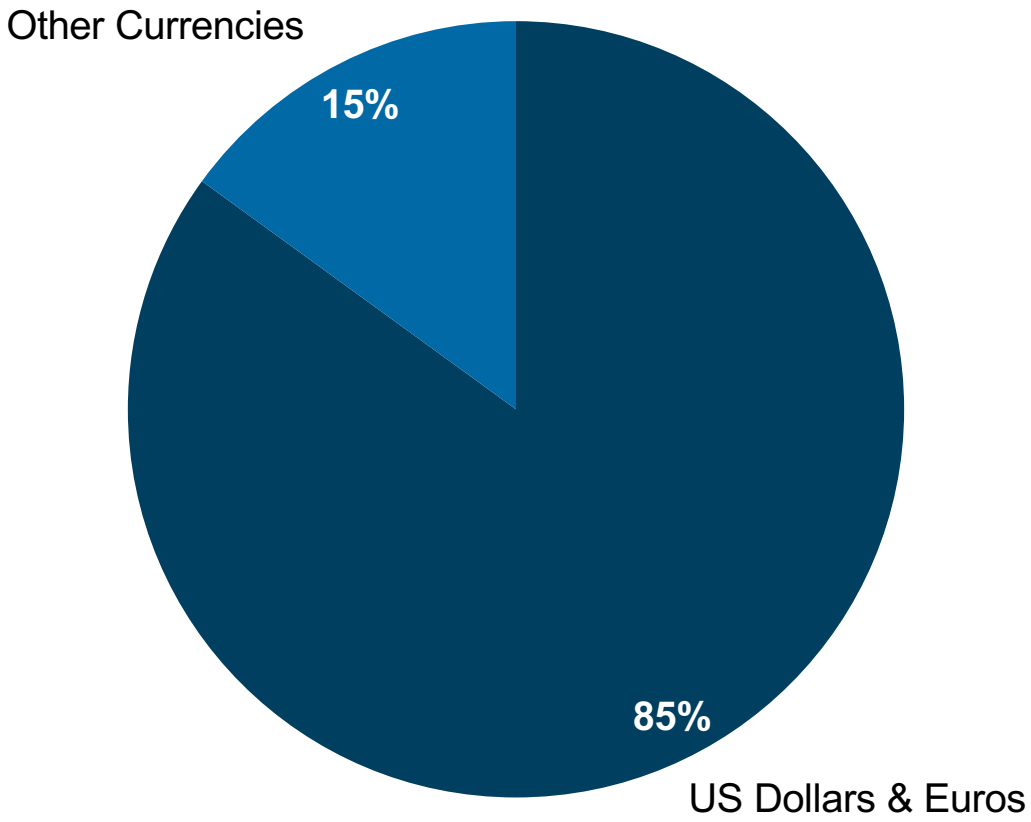


2015-2019 Average % of Subsidiary Distributions from Investment Grade Countries



Resilience of Business Model

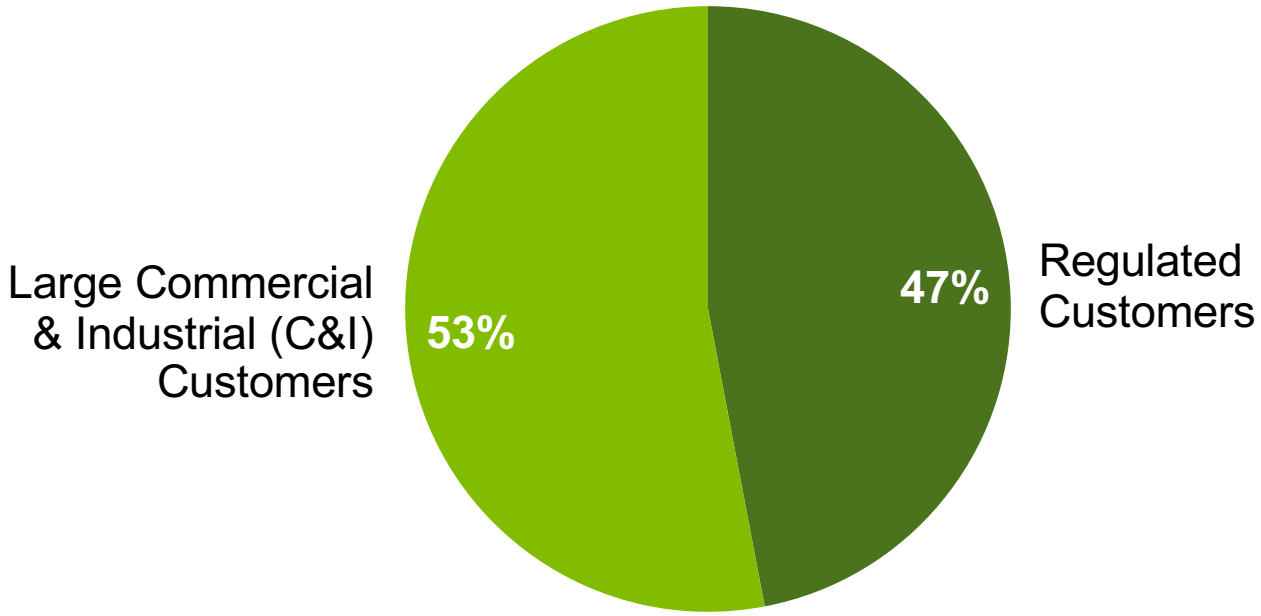
Majority of Long-Term Contracted Generation in US Dollars or Euros[1]



1. Based on expected 2020 Adjusted PTC, a non-GAAP financial measure. See Appendix for definition.

Resilience of Business Model

Robust Operations in Latin America Due to Export-Oriented Customers and Availability-Based Regulated Revenues[1]

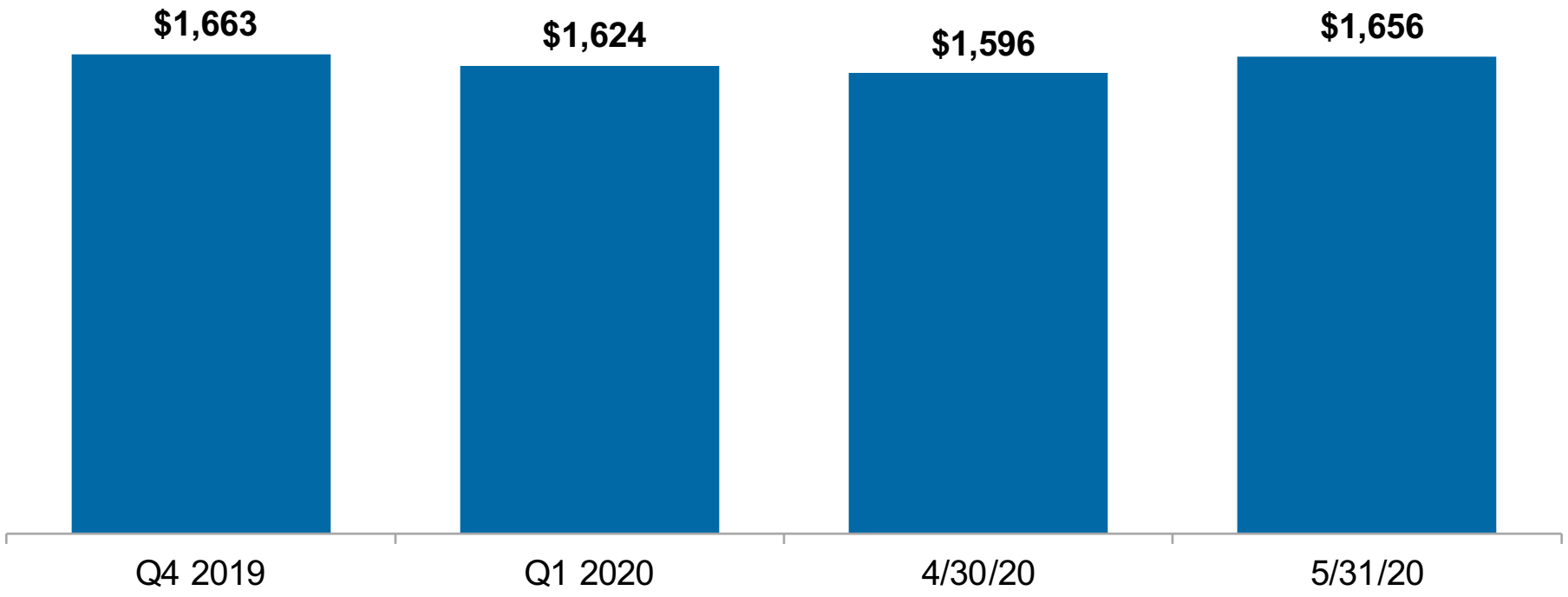


- >70% of large C&I customers are export-oriented mining and industrial companies
- ~40% of regulated customer revenue is not load following, mitigating volumetric risk

1. Based on expected 2020 Adjusted PTC, a non-GAAP financial measure. See Appendix for definition.

Receivables Remain Stable

Receivables Balance ($ in Millions)



Receivables and Days Sales Outstanding Remain in Line with 45-60 Day Standard Allowed Grace Period

Enhancing the Resilience of Our Portfolio

	2011	2019	Change
Impact from Movements in Foreign Currencies, Commodities and Hydrology[1]	$0.21	$0.05	**76%**
Countries with Operations	28	13	**15 or 54%**
Parent Debt ($ in Millions)	$6,515	$3,418	**$3,097 or 48%**
Issuer Credit Rating[2]	B+/BB-/B+	BB+/Ba1/BBB-	**2-3 notches**

1. Annual EPS at risk at a 95% confidence level.
2. Corporate rating.

Our Strategy

AES is Leading the Energy Transition

Sustainable Growth

- Benefitting from global transition toward a more sustainable generation mix
  - Adding 2-3 GW of renewables per year
  - Expanding LNG infrastructure in the Dominican Republic, Panama and Vietnam

Innovative Solutions

- Delivering innovative energy solutions
  - Fluence, Uplight, and a strategic alliance with Google

Superior Results

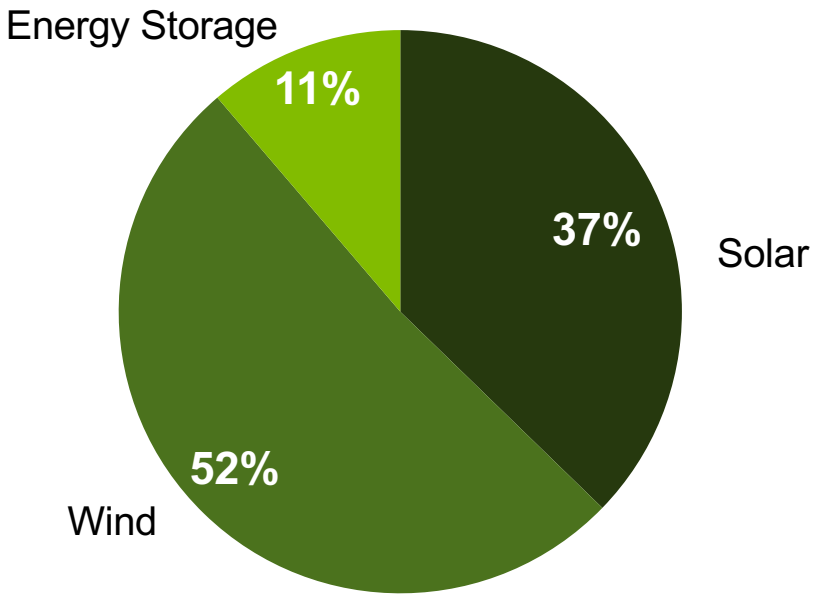
- Transforming our business mix to deliver superior results
  - Investment grade credit rating
  - Targeting a reduction in generation from coal to <30% by year-end 2020 and to <10% by 2030

7% to 9% Average Annual Growth in Adjusted EPS[1] and Parent Free Cash Flow[1] Through 2022

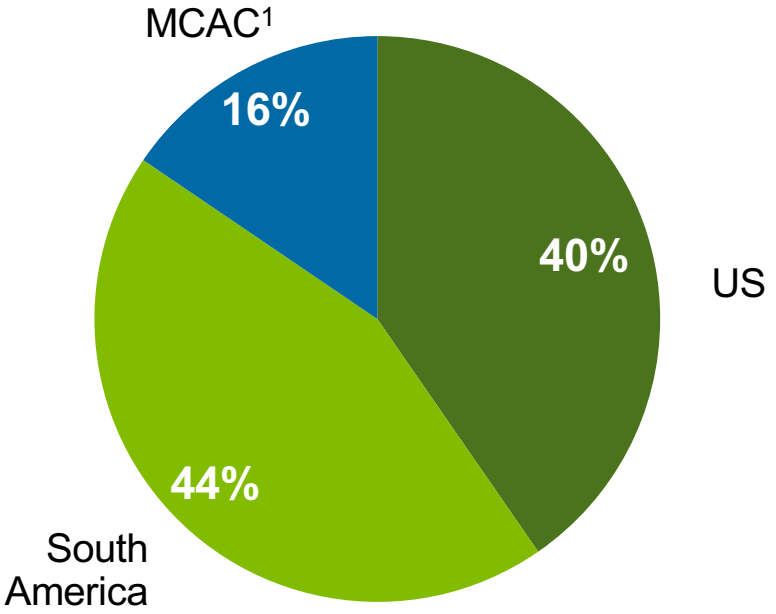
1. A non-GAAP financial measure. See Appendix for definition.

Sustainable Growth: Signed Long-Term PPAs for 2.8 GW of Renewables in 2019

Technology



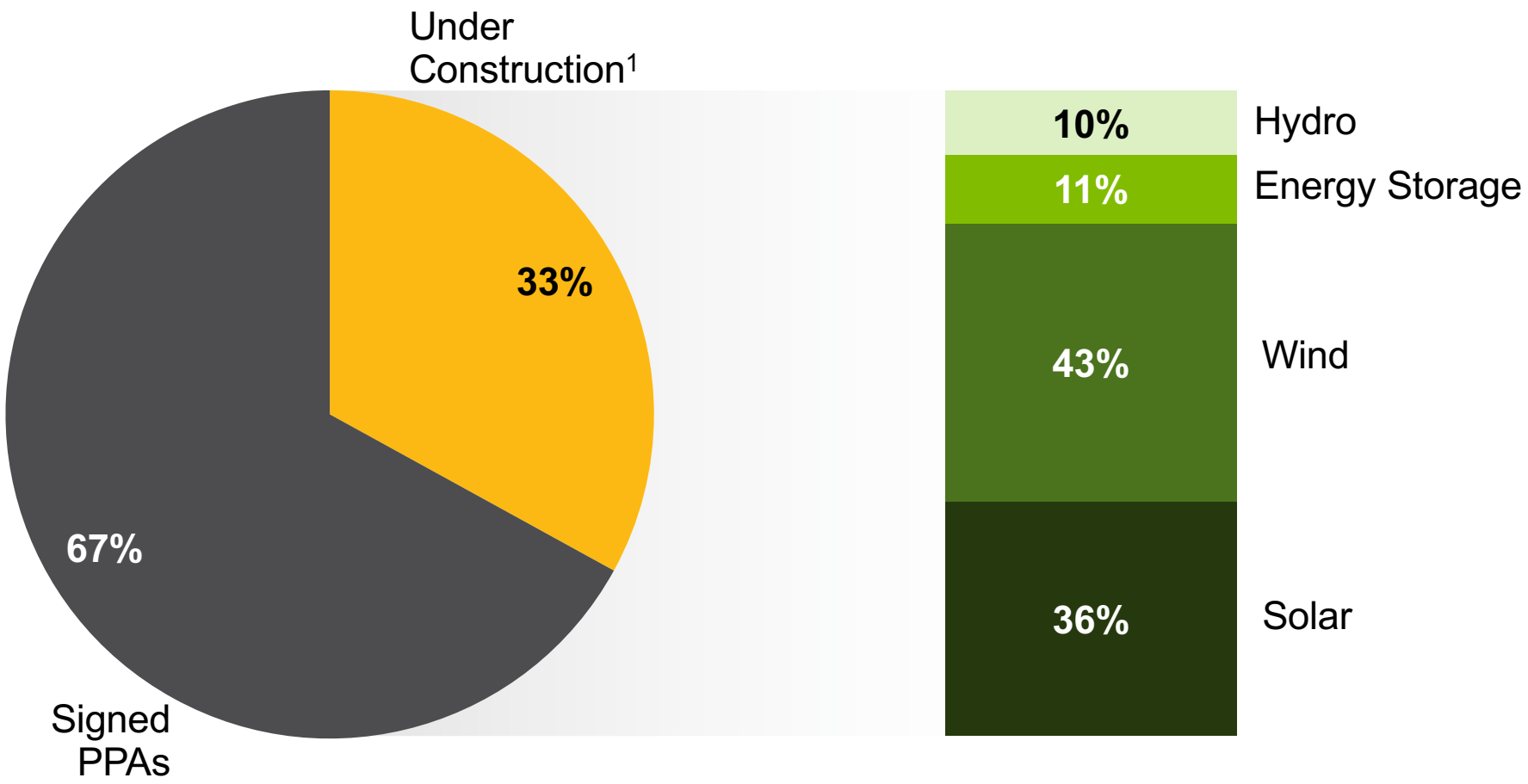
Geography



Focused on Long-Term, US Dollar-Denominated Contracts

1. Mexico, Central America and the Caribbean.

Sustainable Growth: 5.3 GW Backlog of Renewables



1. As of March 31, 2020.

Sustainable Growth: Innovation in Solar PV

Andes Solar in Chile

- Began commissioning world's most efficient solar project, Andes Solar
  - 37% capacity factor
  - Utilizing bifacial solar panels



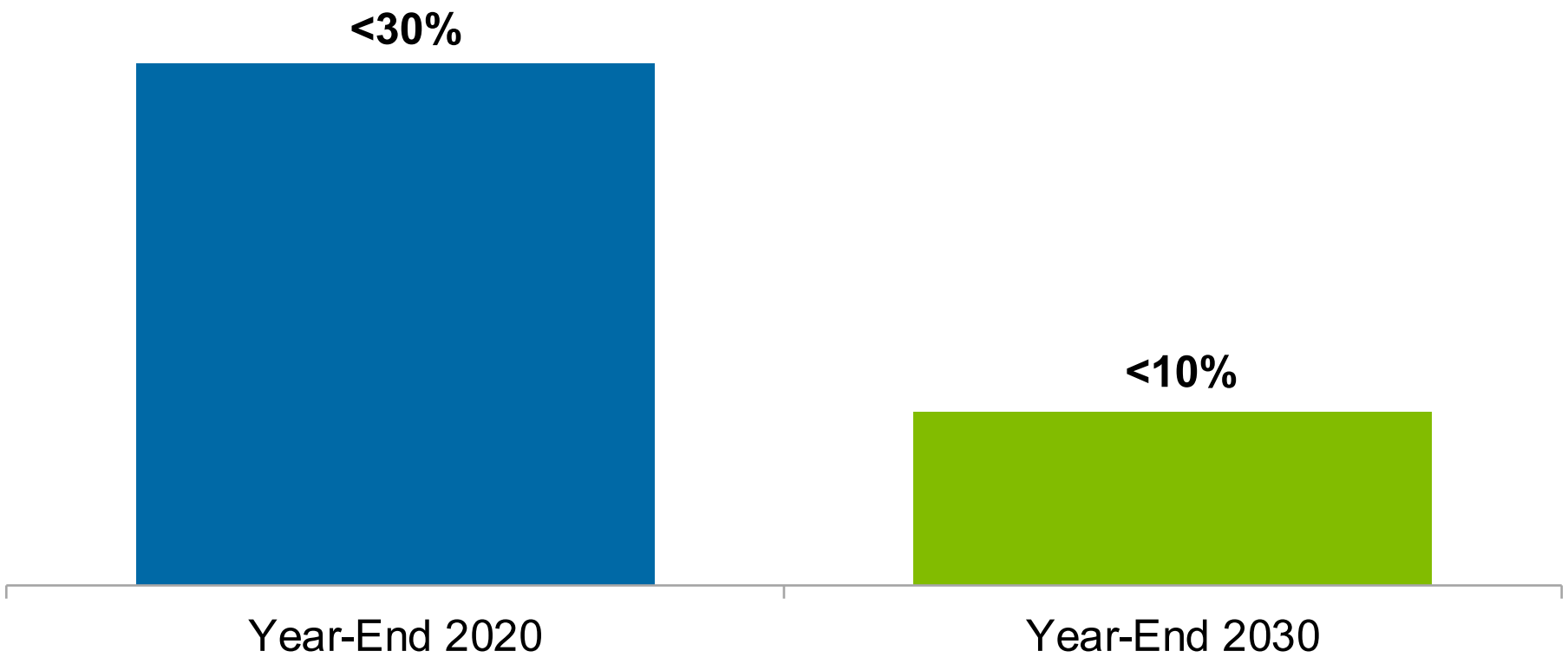
New Prefabricated Solar PV

- Beginning with 10 MW in Chile
- Reduces construction time by half
- Doubles energy output per acre



Sustainable Growth: Transforming Business Mix, While Delivering a Double-Digit Total Return[1]

Reducing Generation (MWh) from Coal to Below 30% by Year-End 2020 and to Less Than 10% by 2030[2]



1. 7% to 9% average annual growth in Adjusted EPS through 2022, plus ~3% dividend yield.
2. Based on expected portfolio as of year-end, including asset sales that are announced, but not yet closed at that time.

Innovative Solutions: Continued Rapid Growth in Energy Storage

AES Projects

- In April, sPower signed a 15-year PPA for 100 MW of four-hour duration energy storage
- Commissioning world's first virtual reservoir in Chile
  - 10 MW of five-hour duration batteries
  - Increasing to 250 MW
  - Additional opportunities in the US



Fluence

- Global market leader
  - 1.3 GW under construction
  - Total of 1,711 MW delivered or awarded through first quarter 2020
  - Projects in 21 countries and territories

FLUENCE
A Siemens and AES Company

Innovative Solutions: Uplight Provides Utilities with a Suite of Digital Solutions

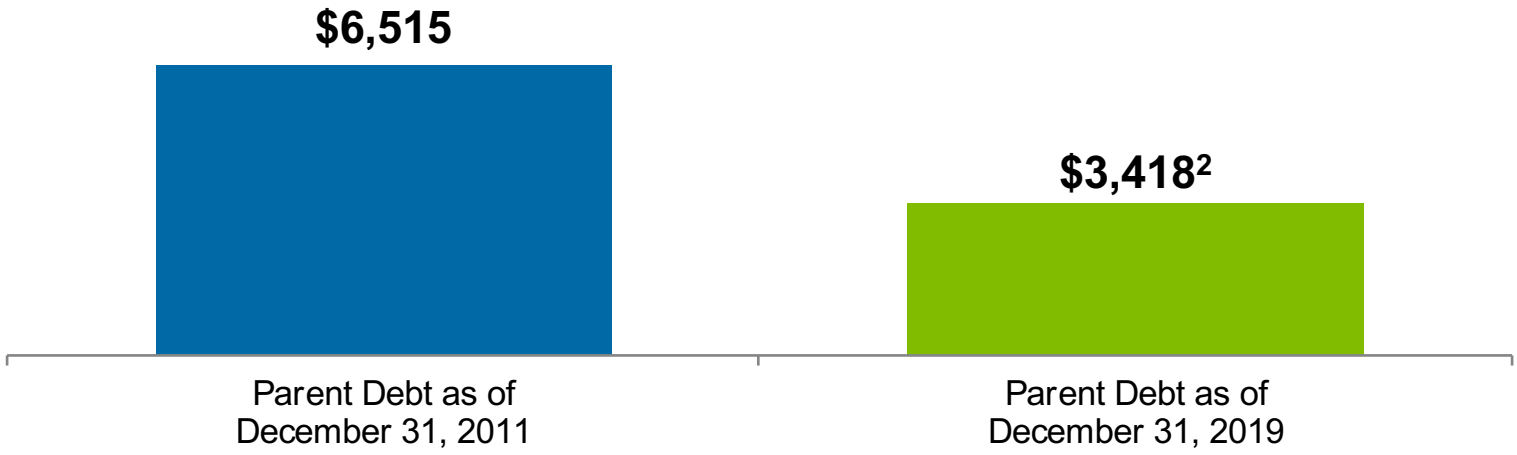


- Works with more than 80 electric and gas utilities
- Reaches more than 100 million households and businesses in the US
- Over $130 million in sales in 2019
  - Expect growth of 30% in 2020

Superior Results: Expect to Further Strengthen Investment Grade Metrics by Year-End 2020

$ in Millions

Since 2011, Parent Debt Reduced by Nearly Half



Parent Leverage[1]	6.4x	3.7x
FFO/Parent Debt	9.4%	21.2%

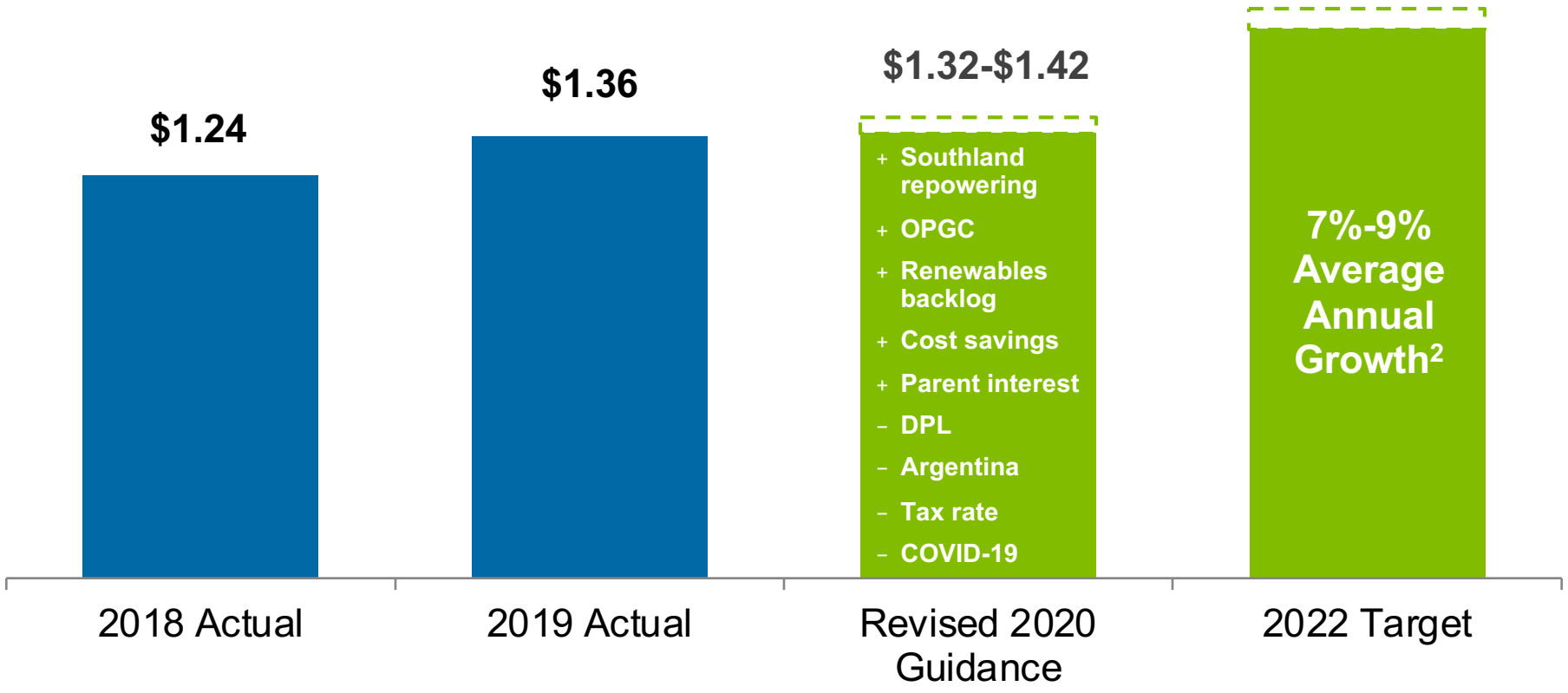
Already Achieved Investment Grade Metrics (Parent Leverage[1] <4x and FFO/Parent Debt >20%)

1. Parent Debt/Last Twelve Months Parent Free Cash Flow Before Interest.
2. Includes $180 million of temporary drawings under revolver.

Contains Forward-Looking Statements

Adjusted EPS[1] Guidance and Longer-Term Growth Rate Target

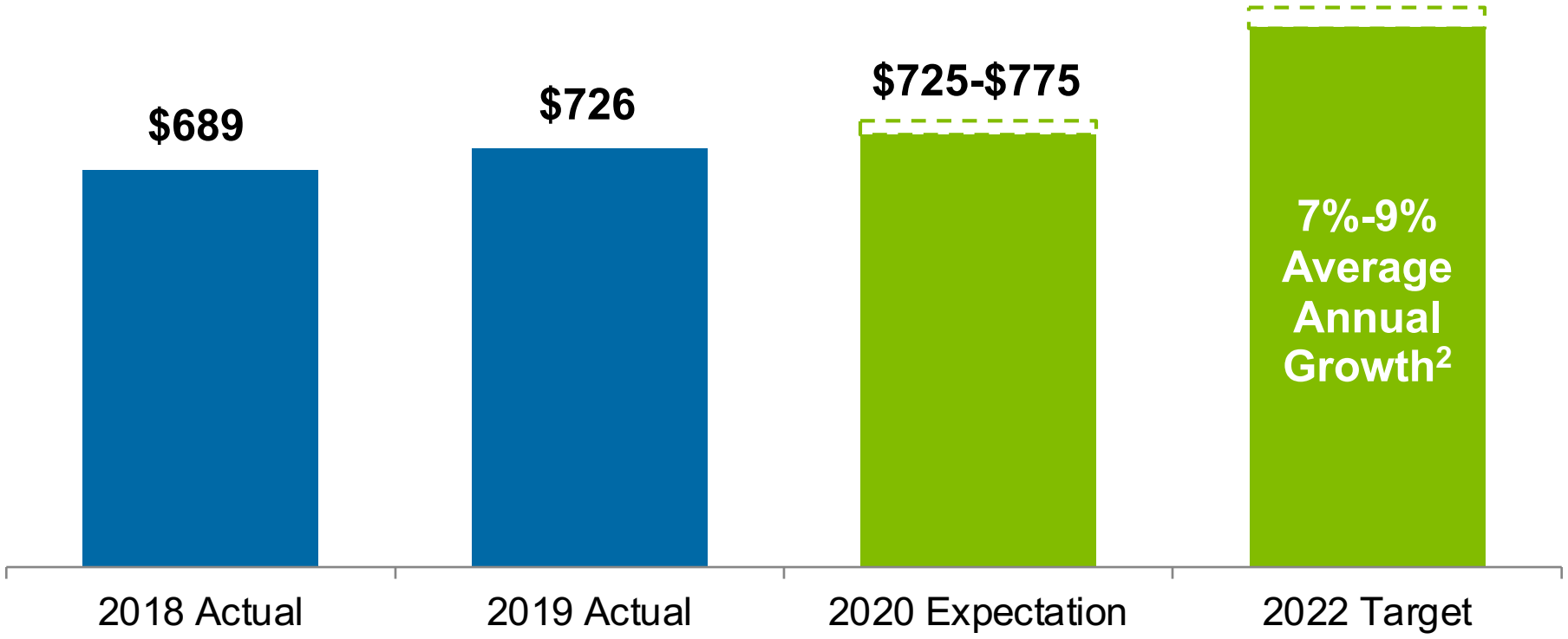
$ Per Share



1. A non-GAAP financial measure. See Appendix for definition. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Adjusted EPS guidance without unreasonable effort. See Slide 31 for a description of the adjustments to reconcile Adjusted EPS to diluted EPS for 2018-2019.
2. From a base of 2018 Adjusted EPS of $1.24.

Parent Free Cash Flow[1] Expectation and Longer-Term Growth Rate Target

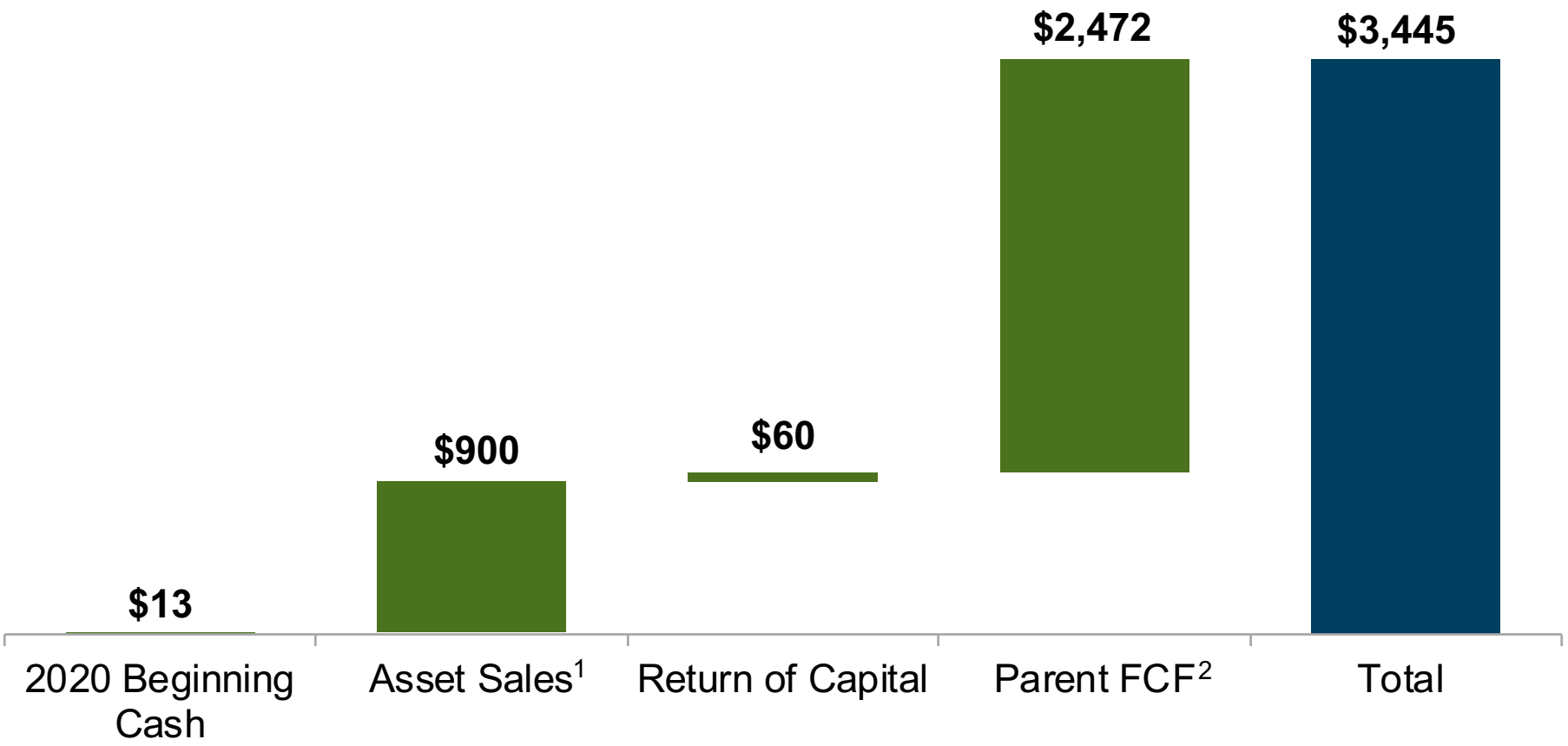
$ in Millions



1. A non-GAAP financial measure. See Appendix for definition. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Parent Free Cash Flow expectation without unreasonable effort. See Slide 32 for a description of the adjustments to reconcile Parent Free Cash Flow to Net Cash Provided by Operating Activities at the Parent Company for 2018-2019.
2. From a base of 2018 Parent Free Cash Flow of $689 million.

2020-2022: $3.4 Billion of Discretionary Cash Generation

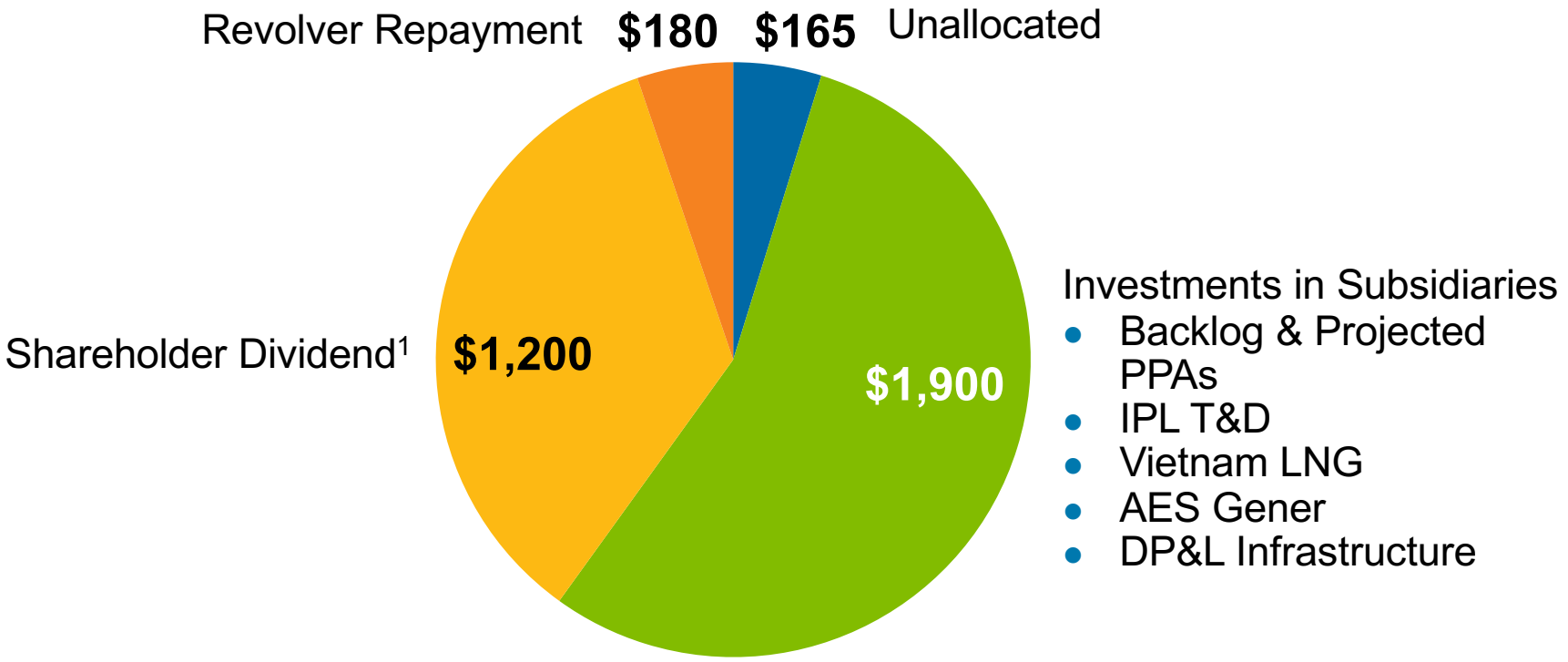
$ in Millions



1. Includes: ~$85 million pending sale of businesses in Jordan and proceeds from planned asset sales. Prior target was $2 billion from 2018-2022, of which $1.5 billion was completed in 2018-2019.
2. A non-GAAP financial measure. See Appendix for definition. For illustrative purposes, Parent Free Cash Flow assumes the low end of expectations.

2020-2022: $3.4 Billion of Discretionary Cash Available for Allocation

$ in Millions



Delivering Value by Allocating $3.4 Billion of Discretionary Cash

1. Assumes 2020 payment of $0.1433 per share each quarter on 664 million shares outstanding as of December 31, 2019, growing at 5% per year through 2022.

Conclusion

- Resilient, predominantly contracted business model
- COVID-19 impact limited
- Continuing to lead the energy transition with sustainable growth in renewables and energy storage
- On track to achieve second investment grade rating in 2020
- Expect to generate $3.4 billion of discretionary cash through 2022, which we will invest to continue to deliver double-digit returns to our shareholders

Appendix

- Currencies and Commodities — Slides 25-27
- 2020 Adjusted PTC[1] Modeling Ranges — Slide 28
- AES Modeling Disclosures — Slide 29
- Renewables Under Long-Term Contracts (PPAs) — Slide 30
- Reconciliations — Slides 31-32
- Assumptions & Definitions — Slides 33-34

1. A non-GAAP financial measure.

Year-to-Go 2020 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps increase in interest rates over 2020 is forecasted to have a change in Adjusted EPS of approximately ($0.020)

Currencies

10% appreciation of USD against following currencies is forecasted to have the following Adjusted EPS impacts:	Year-to-Go 2020	
	Average Rate	Sensitivity
Argentine Peso (ARS) [2]	73.4	($0.010)
Brazilian Real (BRL) [2]	4.60	Less than ($0.005)
Chilean Peso (CLP)	851	Less than $0.005
Colombian Peso (COP)	4,105	($0.005)
Euro (EUR)	1.11	($0.005)
Indian Rupee (INR)	77.32	Less than ($0.005)
Mexican Peso (MXN)	24.14	$0.010

Commodity

10% increase in commodity prices is forecasted to have the following Adjusted EPS impacts:	Year-to-Go 2020	
	Average Rate	Sensitivity
IPE Brent Crude Oil	$30.76/bbl	Less than $0.005
NYMEX Henry Hub Natural Gas	$1.99/mmbtu	($0.005)
Rotterdam Coal (API 2)	$51.3/ton	Less than ($0.005)
US Power – SP15	$30.83/MWh	$0.010

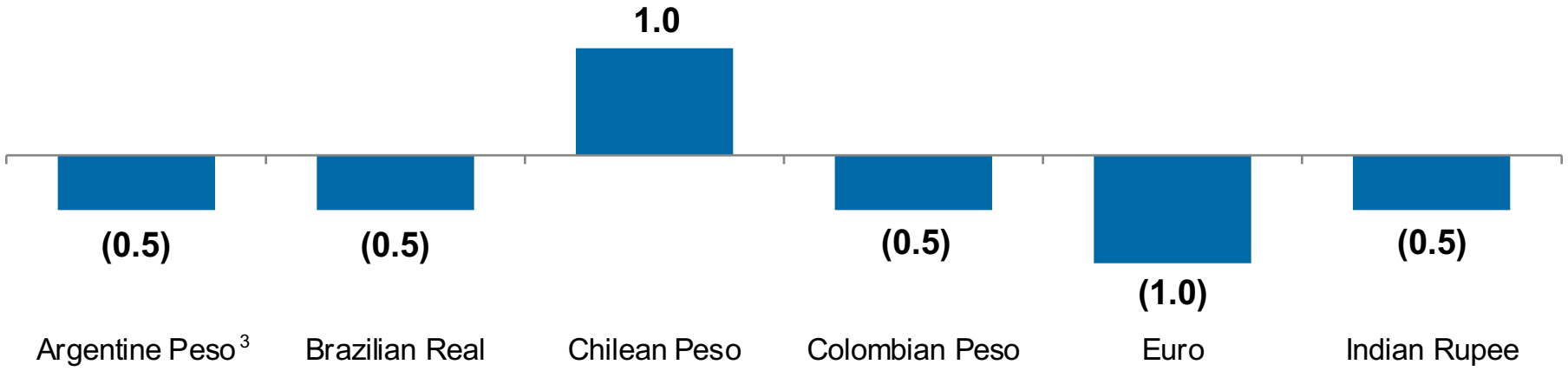
Note: Guidance reaffirmed on May 7, 2020. Sensitivities are provided on a standalone basis, assuming no change in the other factors, to illustrate the magnitude and direction of changing key market factors on AES' results. Estimates show the impact on year-to-go 2020 Adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. Full year 2020 guidance is based on currency and commodity forward curves and forecasts as of March 31, 2020. 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, natural gas and power indices; forward curves are provided for representative liquid markets. Sensitivities are rounded to the nearest $0.005 per share.

1. The move is applied to the floating interest rate portfolio balances as of March 31, 2020.
2. Argentine Peso and Brazilian Real sensitivities are based on AES internal FX rate assessment.

Foreign Exchange (FX) Risk Before Hedges

Cents Per Share, Exposures Before Hedges

Full Year 2022 Adjusted EPS[1] FX Sensitivity[2]



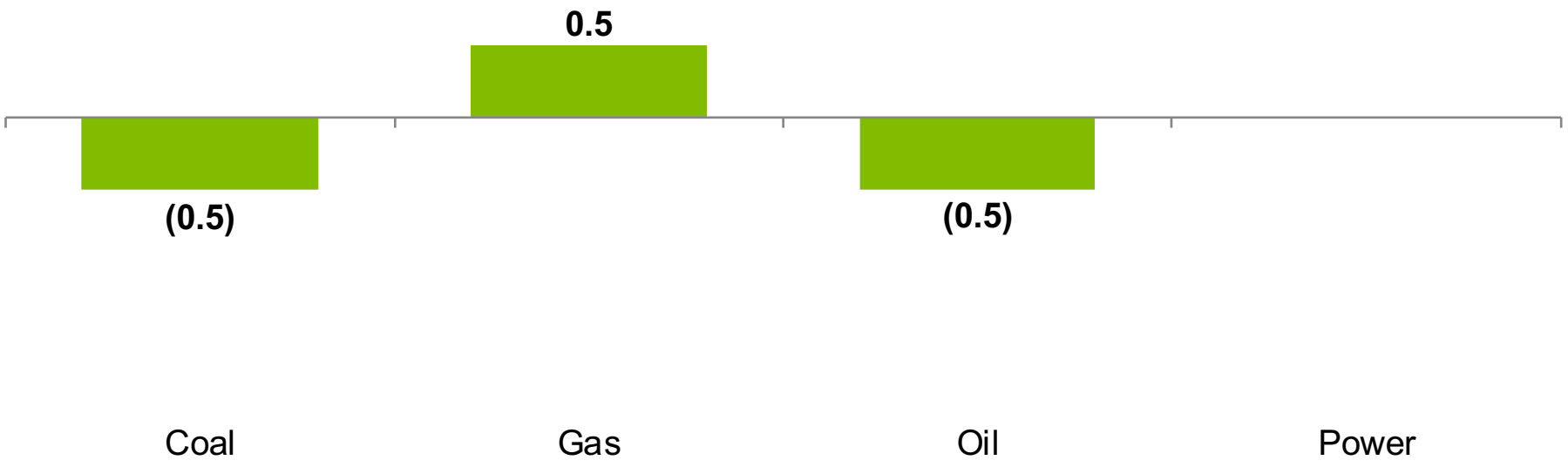
- 2022 FX risk for 10% US Dollar appreciation against foreign currency, before impact of financial hedge instruments
- Estimated realized FX moves include inflation adjustments earned through contracts in Argentina and Colombia; historic analysis indicates that such adjustments could offset FX risk by at least 64% in Argentina and 94% in Colombia over a 3-year period

1. A non-GAAP financial measure. See “definitions”.
2. Sensitivity represents full year 2022 exposure as of December 31, 2019.
3. Argentine Peso 2022 sensitivity based on AES internal FX rate assessment (Average USD/ARS rate = 91) due to lack of liquidity in forward market.

Commodity Risk

Cents Per Share

Full Year 2022 Adjusted EPS[1] Commodity Sensitivity[2]



1. A non-GAAP financial measure. See “definitions”.
2. Sensitivities assumes fuel moves 10% relative to commodities as of December 31, 2019. Adjusted EPS is negatively correlated to coal and oil price movement, and positively correlated gas and power price movements.

2020 Adjusted PTC Modeling Ranges

$ in Millions

SBU	2020 Adjusted PTC Modeling Ranges as of 5/7/20[1]	Drivers of Growth Versus 2019
US and Utilities	$535-$580	+ Southland Repowering + Renewables – DPL – Lower demand
South America	$455-$490	– Argentina – Lower demand + Green Blend and Extend in Chile + Brazil hydrology
MCAC	$325-$345	– Insurance recovery in 2019 – Lower demand
Eurasia	$170-$185	+ OPGC
Total SBUs	**$1,485-$1,600**	
Corporate & Other[2]	($260)-($280)	+ Cost savings + Lower interest expense
Total AES Adjusted PTC[1,2]	**$1,225-$1,320**	

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

AES Modeling Disclosures

$ in Millions

	2020
Subsidiary Distributions (a)	**$1,075-$1,125**
Cash Interest (b)	**($175)**
Corporate Overhead	($90)
Parent-Funded SBU Overhead	($80)
Business Development/Taxes	($5)
Cash for Development, General & Administrative and Tax (c)	**($175)**
Parent Free Cash Flow[1] (a – b – c)	**$725-$775**

1. A non-GAAP financial measure. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Parent Free Cash Flow expectation without unreasonable effort. See “definitions”.

PPAs Signed in YTD 2020

Project	Location	Technology	Gross MW	AES Equity Interest	Expected COD[1]	PPA Length (Years)
AES Gener	Chile	Solar	131	67%	1H 2021-1H 2022	10-21
		Wind	391			
AES DE	US-Various	Solar	7	100%	1H-2H 2021	20
		Energy Storage	1			
sPower – CPA	US-CA	Energy Storage	100	50%	2H 2021	15
Penonomé I	Panama	Wind	55	49%	In Operation	3
Total YTD 2020			**685**			

1. Commercial Operations Date.

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

$ in Millions, Except Per Share Amounts	FY 2019		FY 2018	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]
Income from Continuing Operations, Net of Tax, Attributable to AES and Diluted EPS	$302	$0.45	$985	$1.48
Add: Income Tax Expense from Continuing Operations Attributable to AES	$250		$563	
Pre-Tax Contribution	$552		$1,548	
Adjustments				
Unrealized Derivative and Equity Securities Losses	$113	$0.17[3]	$33	$0.05
Unrealized Foreign Currency Losses	$36	$0.05[4]	$51	$0.09[5]
Disposition/Acquisition Losses (Gains)	$12	$0.02[6]	($934)	($1.41)[7]
Impairment Expense	$406	$0.61[8]	$307	$0.46[9]
Loss on Extinguishment of Debt	$121	$0.18[10]	$180	$0.27[11]
U.S. Tax Law Reform Impact	-	($0.01)	-	$0.18[12]
Less: Net Income Tax Expense (Benefit)	-	($0.11)[13]	-	$0.12[14]
Adjusted PTC[1] & Adjusted EPS[1]	**$1,240**	**$1.36**	**$1,185**	**$1.24**

1. A Non-GAAP financial measure. See "definitions".
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to unrealized derivative losses in Argentina of $89 million, or $0.13 per share, mainly associated with foreign currency derivatives on government receivables.
4. Amount primarily relates to unrealized FX losses in Argentina of $25 million, or $0.04 per share, mainly associated with the devaluation of long-term receivables denominated in Argentine pesos, and unrealized FX losses at the Parent Company of $12 million, or $0.02 per share, mainly associated with intercompany receivables denominated in Euro.
5. Amount primarily relates to unrealized FX losses of $22 million, or $0.03 per share, associated with the devaluation of long-term receivables denominated in Argentine pesos, and unrealized FX losses of $14 million, or $0.02 per share, on intercompany receivables denominated in Euro and British pounds at the Parent Company.
6. Amount primarily relates to losses recognized at commencement of sales-type leases at Distributed Energy of $36 million, or $0.05 per share, and loss on sale of Kilroot and Ballylumford of $31 million, or $0.05 per share; partially offset by gain on sale of a portion of our interest in sPower's operating assets of $28 million, or $0.04 per share, gain on disposal of Stuart and Killen at DPL of $20 million, or $0.03 per share, and gain on sale of ownership interest in Simple Energy as part of the Uplight merger of $12 million, or $0.02 per share.
7. Amount primarily relates to gain on sale of Masinloc of $772 million, or $1.16 per share, gain on sale of CTNG of $86 million, or $0.13 per share, gain on sale of Electrica Santiago of $36 million, or $0.05 per share, gain on remeasurement of contingent consideration at AES Oahu of $32 million, or $0.05 per share, gain on sale related to the Company's contribution of AES Advancion energy storage to the Fluence joint venture of $23 million, or $0.03 per share, and realized derivative gains associated with the sale of Eletropaulo of $21 million, or $0.03 per share; partially offset by loss on disposal of the Beckjord facility and additional shutdown costs related to Stuart and Killen at DPL of $21 million, or $0.03 per share.
8. Amount primarily relates to asset impairments at Kilroot and Ballylumford of $115 million, or $0.17 per share and Hawaii of $60 million, or $0.09 per share; impairments at our Guacolda and sPower equity affiliates, impacting equity earnings by $105 million, or $0.16 per share, and $21 million, or $0.03 per share, respectively; and other-than-temporary impairment of OPGC of $92 million, or $0.14 per share.
9. Amount primarily relates to asset impairments at Shady Point of $157 million, or $0.24 per share, and Nejapa of $37 million, or $0.06 per share, and other-than-temporary impairment of Guacolda of $96 million, or $0.14 per share.
10. Amount primarily relates to losses on early retirement of debt at DPL of $45 million, or $0.07 per share, AES Gener of $35 million, or $0.05 per share, Mong Duong of $17 million, or $0.03 per share, and Colon of $14 million, or $0.02 per share.
11. Amount primarily relates to loss on early retirement of debt at the Parent Company of $171 million, or $0.26 per share.
12. Amount relates to a SAB 118 charge to finalize the provisional estimate of one-time transition tax on foreign earnings of $194 million, or $0.29 per share, partially offset by a SAB 118 income tax benefit to finalize the provisional estimate of remeasurement of deferred tax assets and liabilities to the lower corporate tax rate of $77 million, or $0.11 per share.
13. Amount primarily relates to income tax benefits associated with the impairments at OPGC of $23 million, or $0.03 per share, Guacolda of $13 million, or $0.02 per share, Hawaii of $13 million, or $0.02 per share, and Kilroot and Ballylumford of $11 million, or $0.02 per share, and income tax benefits associated with losses on early retirement of debt of $24 million, or $0.04 per share; partially offset by an adjustment to income tax expense related to 2018 gains on sales of business interests, primarily Masinloc, of $25 million, or $0.04 per share.
14. Amount primarily relates to the income tax expense under the GILTI provision associated with the gains on sales of business interests, primarily Masinloc, of $97 million, or $0.15 per share, and income tax expense associated with gains on sale of CTNG of $36 million, or $0.05 per share and Electrica Santiago of $13 million, or $0.02 per share; partially offset by income tax benefits associated with the loss on early retirement of debt at the Parent Company of $36 million, or $0.05 per share, and income tax benefits associated with the impairment at Shady Point of $33 million, or $0.05 per share.

Reconciliation of Parent Free Cash Flow[1]

$ in Millions

	2019	2018
Net Cash Provided by Operating Activities at the Parent Company[2]	**$583**	**$409**
Subsidiary Distributions to QHCs Excluded from Schedule 1[3]	$183	$117
Subsidiary Distributions Classified in Investing Activities[4]	$60	$267
Parent-Funded SBU Overhead and Other Expenses Classified in Investing Activities[5]	($97)	($84)
Other	($3)	($20)
Parent Free Cash Flow[1]	**$726**	**$689**

1. A non-GAAP financial measure. See “definitions”.
2. Refer to Part IV—Item 15—Schedule I—Condensed Financial Information of Registrant of the Company's 2019 10-K filed with the SEC on February 27, 2020.
3. Subsidiary distributions received by Qualified Holding Companies ("QHCs") excluded from Schedule 1. See “definitions”.
4. Subsidiary distributions that originated from the results of operations of an underlying investee but were classified as investing activities when received by the relevant holding company included in Schedule 1. See “definitions”.
5. Net cash payments for parent-funded SBU overhead, business development, taxes, transaction costs, and capitalized interest that are classified as investing activities or excluded from Schedule 1.

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 have 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 and equity securities; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and the tax impact from the repatriation of sales proceeds, and gains and losses recognized at commencement of sales-type leases; (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 and related regulations and any subsequent period adjustments related to enactment effects.
- **Adjusted Pre-Tax Contribution**, a non-GAAP financial measure, is defined as pre-tax income from continuing operations attributable to The AES Corporation excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses related to derivative transactions and equity securities; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and gains and losses recognized at commencement of sales-type leases; (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.
- **NCI** is defined as noncontrolling interests.
- **Parent Company Liquidity** (a non-GAAP financial measure) is defined as as cash available to the Parent Company, including cash at qualified holding companies ("QHCs"), plus available borrowings under our existing credit facility. The cash held at qualified holding companies represents cash sent to subsidiaries of the Company domiciled outside of the U.S. Such subsidiaries have no contractual restrictions on their ability to send cash to the Parent Company.
- **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.