The AES Corporation

Wolfe Research Utilities, Midstream & Clean Energy Conference 2023

September 2023

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 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 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' 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, except as required by law.

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.

Leading the Energy Transition

Renewables

- → Growing portfolio of solar, energy storage and onshore wind by 25-30 GW through 2027
- → #1 seller globally of clean energy to corporations through PPAs in 2021 and 2022[1]

Utilities

- → Expected 10% average annual rate base growth among the highest in the US utility sector
- → Rate base growth driven by aging infrastructure/fleet transition

Portfolio Transformation

- → Significantly reducing thermal portfolio while massively growing portfolio of renewables and utilities
- → Intend to have zero coal in by year-end 2025[2]

1. According to Bloomberg New Energy Finance.
2. Through asset sales, fuel conversions and retirements, while maintaining reliability and affordability, and subject to necessary approvals.

Competitive Advantages Drive Strong Returns and Confidence in Future Renewables Growth

Differentiated Products

→ 24/7 Carbon Free Energy

→ Customized premium structured solutions

→ Green flexible capacity

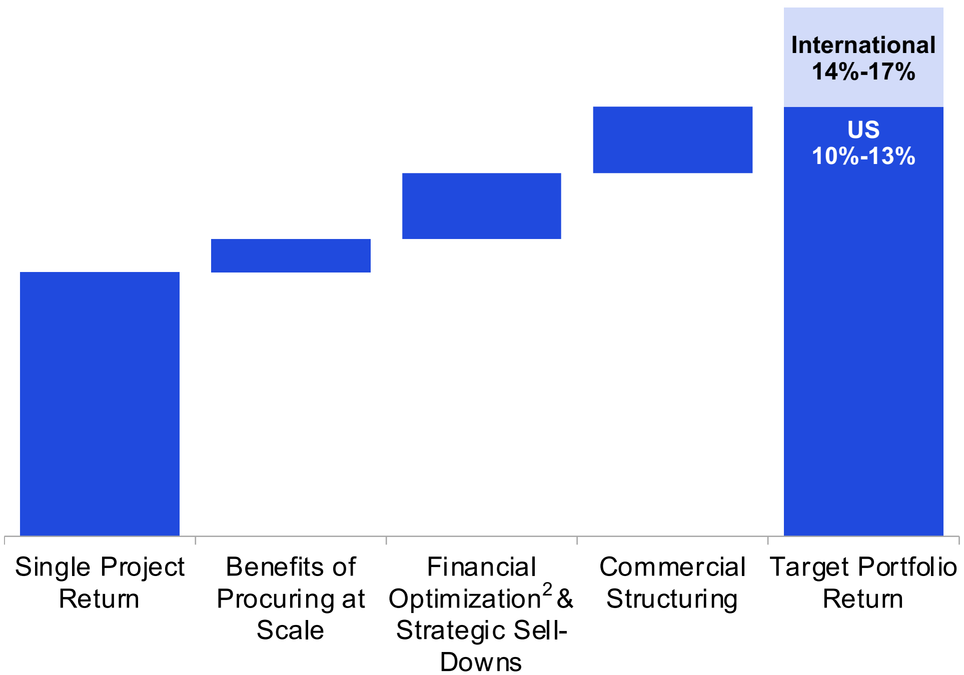
Strong Customer Relationships

→ Premier seller of renewables to corporates

→ Unique customer insights stemming from history of collaboration

→ Differentiated reputation in execution with customers

Targeted Leveraged After-Tax Returns[1] for Renewables



1. Represents the targeted range of after-tax returns for our development pipeline of anticipated projects, based on a number of assumptions, including commercial terms and tax rates.
2. Interest rate swaps typically executed concurrent with PPAs.

AES' Approach to Renewables Development: **Contracted Business Model**

Focused on long-term, US Dollar-denominated contracts with investment grade offtakers

Secure pricing for major equipment, construction and financing at time of PPA signing

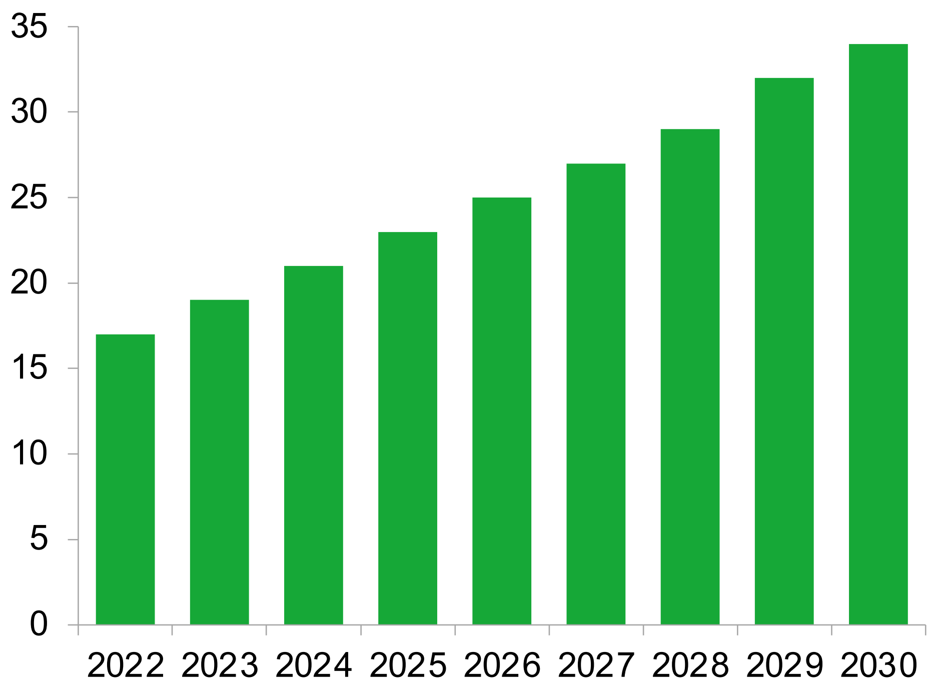
Multiyear partnerships with suppliers, EPC firms and financing institutions allow for preferential terms

238 MW Chevelon Butte Phase 1 in Arizona

Total Project Cost Known at Time of PPA Signing, Enabling Targeted Returns

AES' Approach to Renewables Development: **Premium Customer Base**

US Data Center Demand (GW) Expected to Grow 10% Annually Through 2030[1]



→ Focused on corporate customers, specifically large technology/data center providers

→ Nearly 50% of US renewables backlog with major technology companies

→ AES' track record of execution and ability to provide customized products highly valued

Demand from Premium Customers Provides Line of Sight into Future Growth

1. McKinsey & Company, "Investing in the Rising Data Center Economy," January 2023.

Low Risk Financing Structures

Financing Costs Priced into Renewables PPAs

- Interest rate swaps typically executed concurrent with signing of PPAs
- Long-term, strategic relationships with lenders and tax equity providers; construction warehouse and Master Indenture structures create efficiencies and lower costs

Non-Recourse Debt Model Utilized Across AES' Portfolio

- Over 80% of AES' outstanding debt is non-recourse, with the vast majority fixed interest rate
- No parent debt maturities before 2025

Debt/Adjusted EBITDA[1] Ratios Projected to Improve by 2027

- Calculations exclude construction debt and assume consistent cash balances through guidance period

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

US Utility Growth Rates Amongst the Highest in Sector

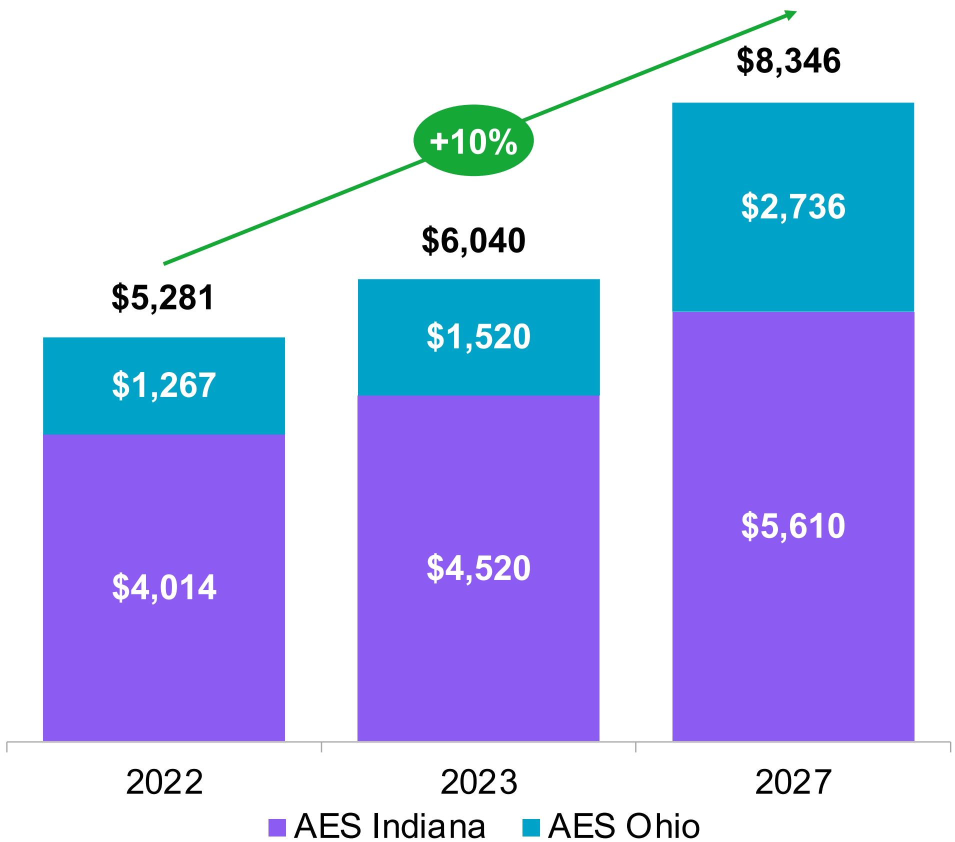
aes Indiana

- → $2.9 billion of planned investments to transform generation fleet and improve reliability of the grid
- → Nearly 80% already approved

aes Ohio

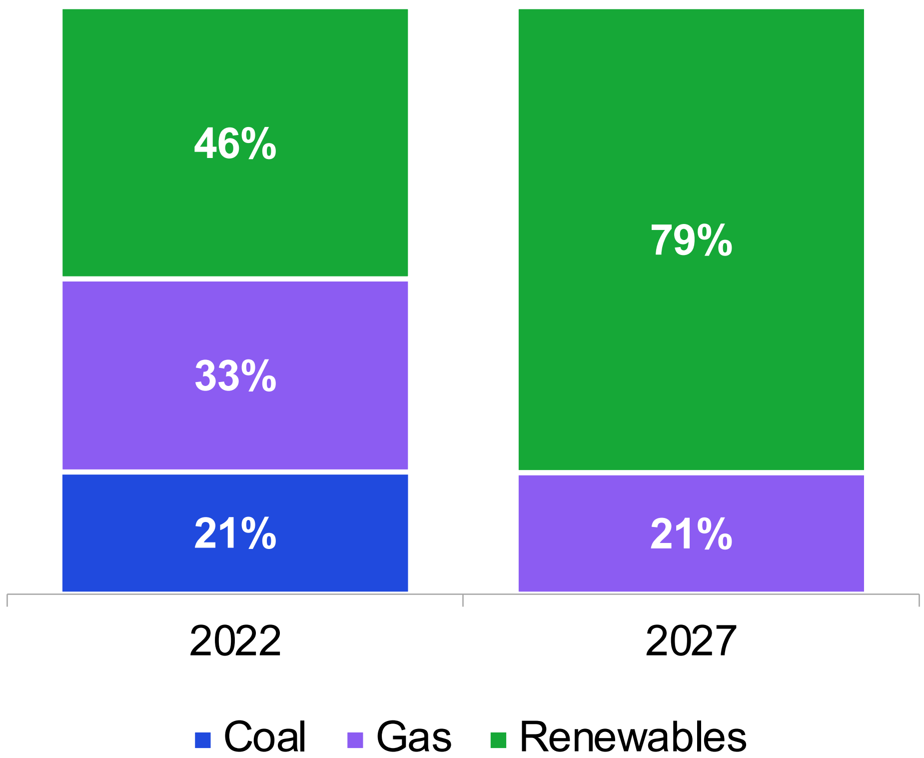
- → Investments to upgrade networks and improve reliability
- → New regulatory framework approved in August includes recovery of >90% of the planned $2.1 billion investments through riders or formula rates

Rate Base, $ in Millions



Significant Transformation of Portfolio Through Coal Exit and Tripling of Renewables Capacity

Capacity in GW



- → 2025: Intent to Exit Coal[1], While Tripling Renewables Capacity
- → 2030: Generation portfolio carbon intensity in line with a well below 2ºC scenario
- → 2040: Net zero carbon emissions from electricity sales[2]

Note: Excludes other fuel sources, such as oil and diesel.

1. Through asset sales, fuel conversions and retirements, while maintaining reliability and affordability, and subject to necessary approvals.
2. Initiated on March 3, 2021. Actions assume new policies that facilitate transition to low emissions energy systems, such as price on carbon. Includes Scope 1 and 2 emissions.

Continued Growth Through Portfolio Transformation

Average Annual Adjusted EBITDA[1] Growth Rates by SBU[2,3] Through 2027

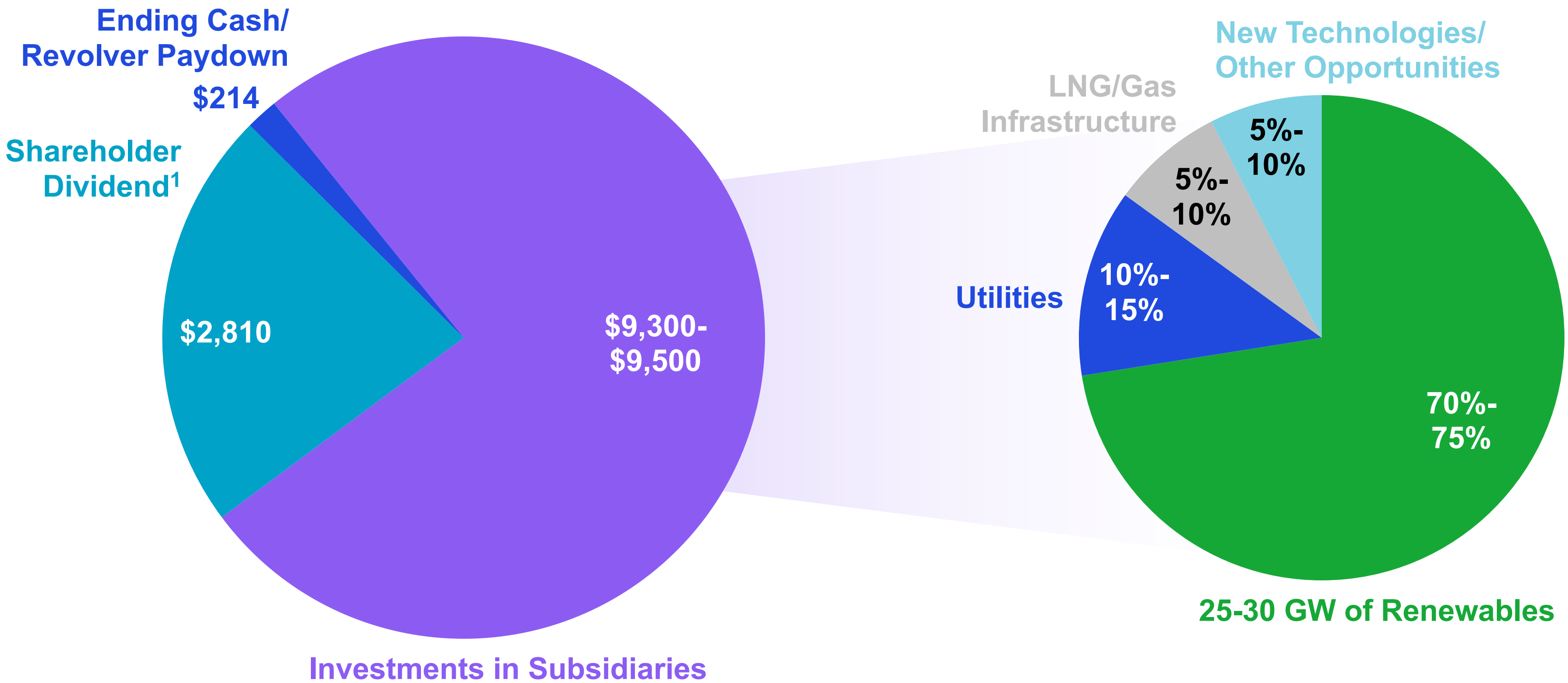
Renewables	19%-21%
Utilities	12%-14%
Energy Infrastructure	(15%)-(17%)

Metric	Average Annual Growth
Adjusted EBITDA[1]	3% to 5% in 2023-2027
Adjusted EBITDA[1] Excluding Energy Infrastructure SBU[2,4]	17% to 20% in 2023-2027
Adjusted EPS[5,6]	7% to 9% in 2020-2025
Adjusted EPS[5,6]	6% to 8% in 2023-2027

1. A non-GAAP financial measure. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Adjusted EBITDA guidance without unreasonable effort. See Appendix for definition and for a description of the adjustments to reconcile Adjusted EBITDA to Net Income for 2022.
2. Strategic Business Unit
3. From a base of the mid-point of 2023 Adjusted EBITDA guidance of $660 to $730 million for Renewables, $600 to $670 million for Utilities, and $1,450 to $1,620 million for Energy Infrastructure.
4. Average annual growth from a base of the mid-point of 2023 Adjusted EBITDA guidance of $2,600 to $2,900 million, excluding the mid-point of 2023 Adjusted EBITDA guidance of $1,450 to $1,620 million for the Energy Infrastructure SBU.
5. A non-GAAP financial measure. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Adjusted EPS guidance without unreasonable effort. See Appendix for definition and for a description of the adjustments to reconcile Adjusted EPS to Diluted EPS for 2022.
6. Average annual growth from a base of the mid-point of 2023 Adjusted EPS guidance of $1.65 to $1.75.

80%-90% of Parent Investments Allocated to Renewables & Utilities from 2023-2027

$ in Millions

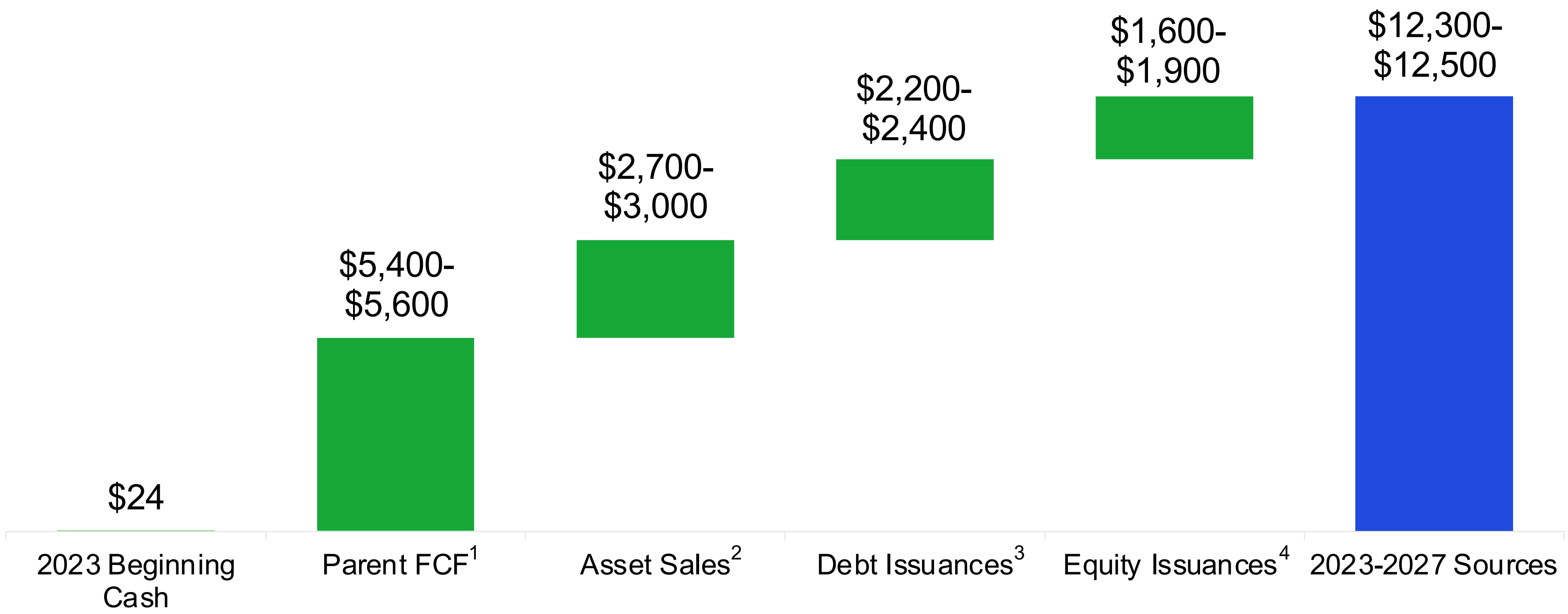


~80% of Investment Expected to be in the US

1. Assumes 2023 payment of $0.1659 per share each quarter on 669 million shares outstanding as of December 31, 2022 plus additional planned equity issuances, growing at 4%-6% per year through 2027, subject to Board approval. Also includes 6.875% coupon on $1 billion of equity units issued in March 2021, as well as planned hybrid issuances.

Internally Generated Cash and Asset Sale Proceeds will Fund Majority of Parent Cash Needs

$ in Millions



1. A non-GAAP financial measure. See Appendix for reconciliation and definition. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Parent Free Cash Flow expectation without unreasonable effort.
2. Announced sell-downs of US renewables, Jordan, and unannounced asset sales.
3. Includes debt-like hybrid instruments and $900 million debt issuance in May 2023.
4. Dependent on market conditions and could be replaced with additional asset sales.

Recent Accolades

Fast Company
World's Most Innovative Companies

BNEF #1 Seller Globally of Clean Energy to Corporations Through PPAs

WSJ Management
Top 250

Power Finance & Risk
Renewables Project of the Year

Great Place To Work Designation

Ethisphere **World's Most Ethical Companies 10-Time Honoree**

Dow Jones Sustainability Index
for North America

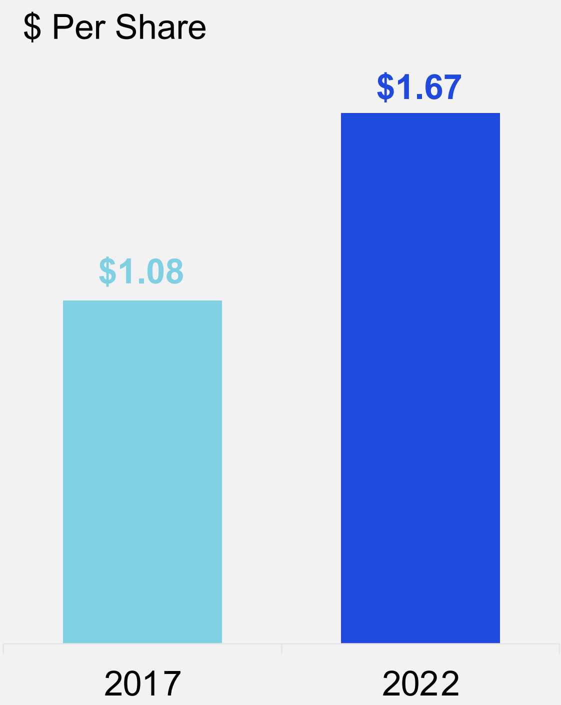
Newsweek and Statista **Top 25 Most Trusted Energy/Utility Companies**

Appendix

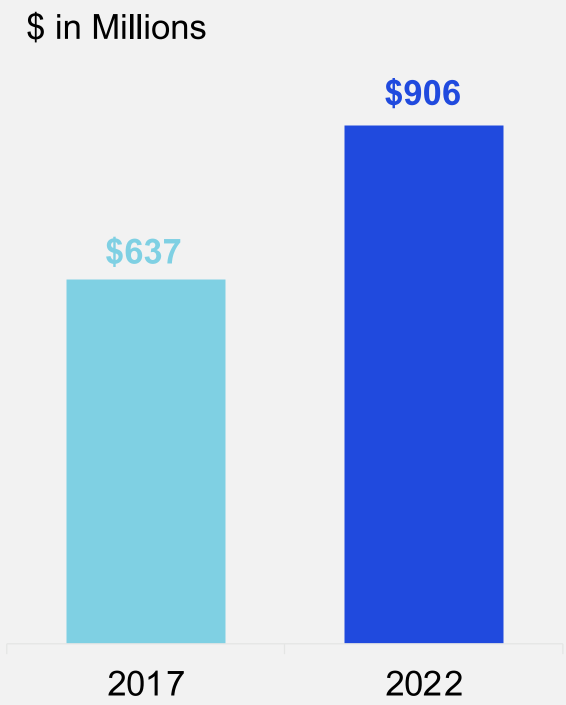
1. Includes 550 MW of pet coke and 1.5 GW of coal at AES Indiana.
2. While maintaining reliability and affordability, and subject to necessary approvals.
3. A non-GAAP financial measure.

5-Year Proven Track Record

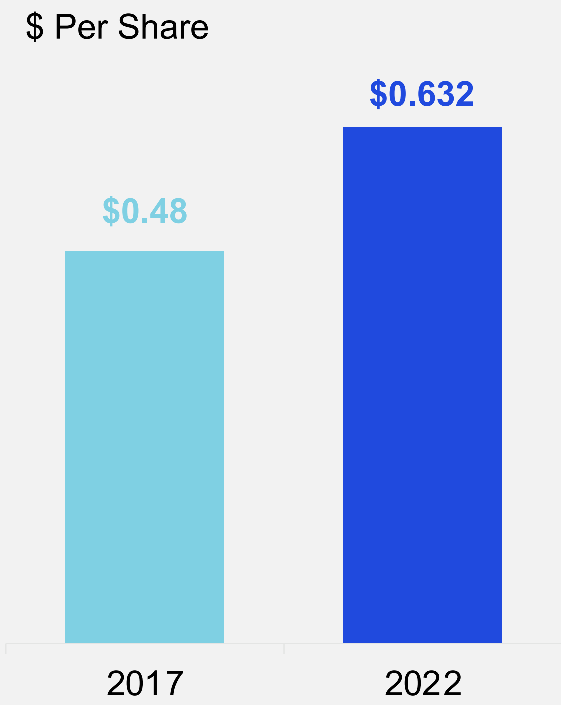
9% Growth in Adjusted EPS[1]



7% Growth in Parent Free Cash Flow[1]



6% Growth in Dividend



1. A non-GAAP financial measure. See "definitions" and Slides 25 and 26 for reconciliations.

Upsides Created by the Inflation Reduction Act (IRA)

	Market Upside	AES Advantage
Energy Communities	→ Significant number of projects become more attractive for customers	→ Large portion of the pipeline in energy communities
Extension of ITC[1]/PTC[2] for Solar and Wind	→ Potential market increase from current 30 GW to 70-80 GW	→ Pipeline of 51 GW in the US, one of the largest in the market
Hydrogen PTC[2]	→ Potential to expand the market to include all long-haul transport in the US	→ Leading the industry with $4 billion project with Air Products
Storage ITC[1]	→ Significant increase for market of stand-alone storage	→ Energy storage leader with longest track record in the market
Domestic Content Incentives	→ Incentivizes supply chains to move to the US	→ Early mover with launch of the US Solar Buyer Consortium in 2022

1. Investment Tax Credit.
2. Production Tax Credit.

AES and Air Products Announced the Largest Green Hydrogen Project in the US

AIR PRODUCTS

partner and hydrogen off-taker

$4B

project capital requirements

$150-200m

AES share of project equity, COD in 2027

10%-13%

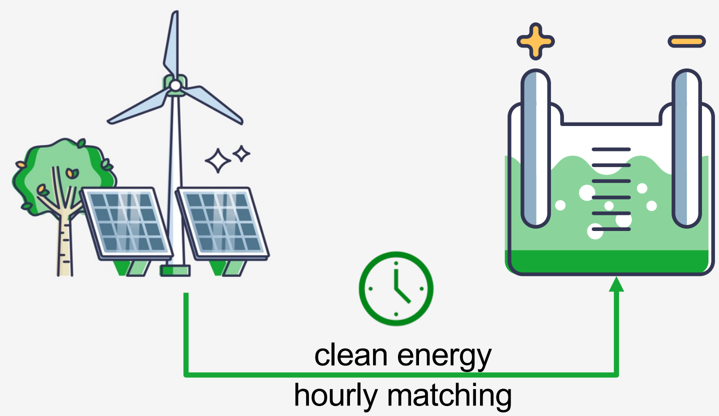
expected IRR

~1.4 GW

wind and solar capacity

200+ MT/D

green hydrogen production capacity

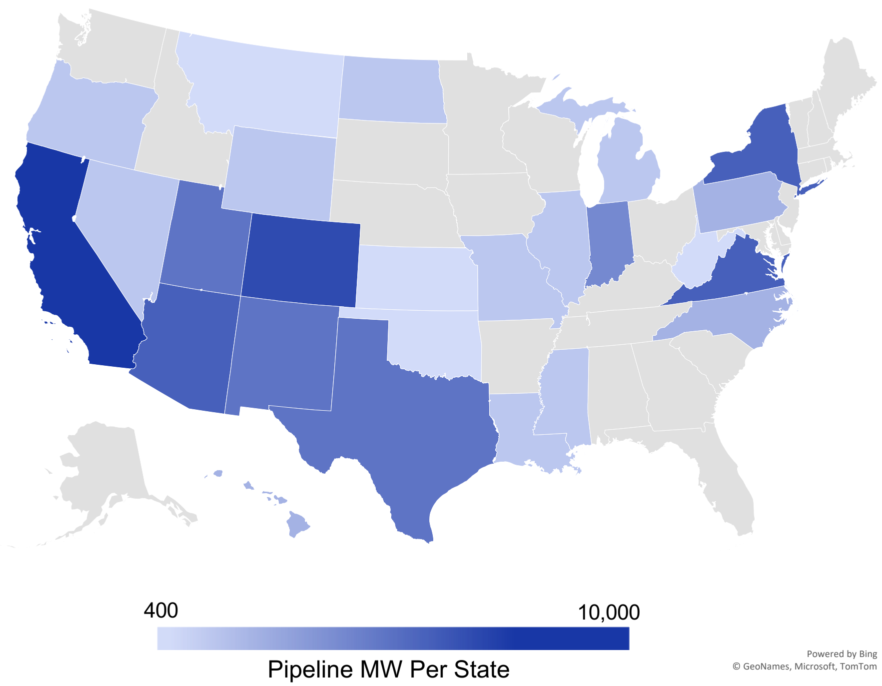


Opportunity to avoid 50m metric tons of CO_2 over project life, equivalent to avoiding 5 billion gallons of diesel

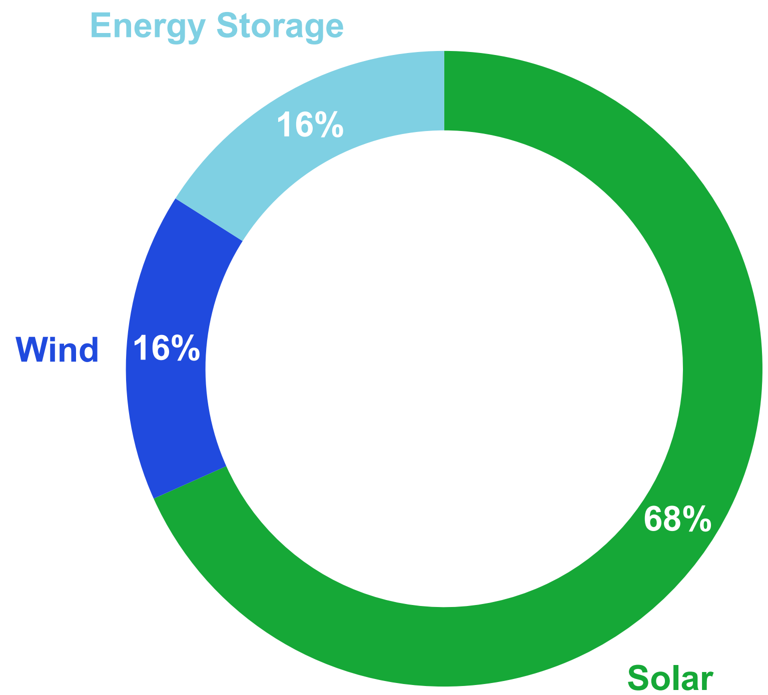
MT/D = metric tons per day

We Have a Sizable Project Footprint Within Strategic Areas of Focus

US Development Pipeline by State (51 GW)



Global Development Pipeline by Technology (61 GW[1])



1. Excludes 2.7 GW of gas in Vietnam.

aes Indiana $2.9 Billion of Planned Investments

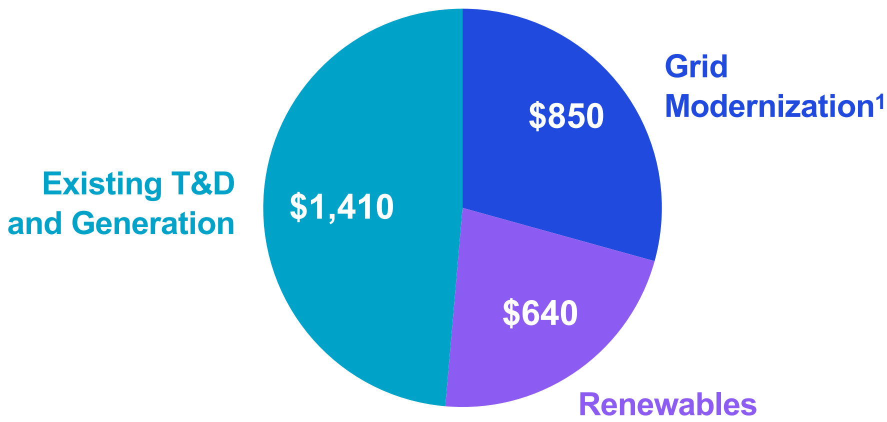
→ Continuing to invest to improve reliability and modernize the grid

- Grid Modernization: smart grid devices, replace/upgrade substations and 15kV lines

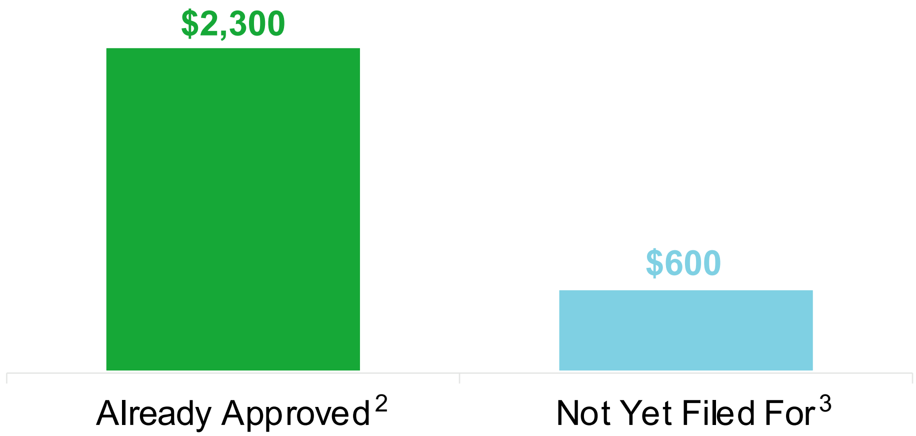
→ Transforming our generation fleet

- Hardy Hills: 195 MW solar
- Petersburg Energy Center: 250 MW solar + 45 MW energy storage
- Petersburg 3&4 proposed conversion from coal to natural gas
- Pending RFPs offer additional investment opportunities

2023-2027 Investments, $ in Millions



Status of Regulatory Approval, $ in Millions



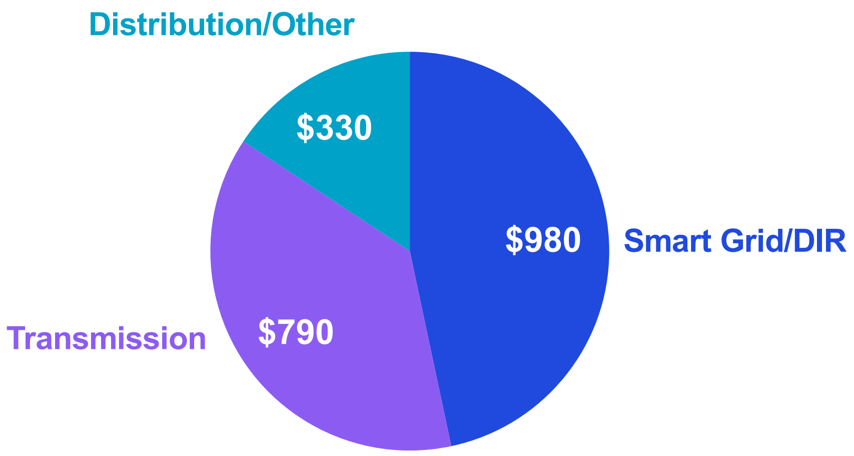
1. Grid modernization investments are recovered under the TDSIC (Transmission, Distribution and Storage System Improvement Charge) tracker.
2. Includes renewable projects with CPCNs, TDISC and maintenance capital already reflected in base rates.
3. Relates to potential projects without explicit Commission approval or base growth capital to be recouped in next rate review.

aes Ohio — $2.1 Billion of Planned Investments

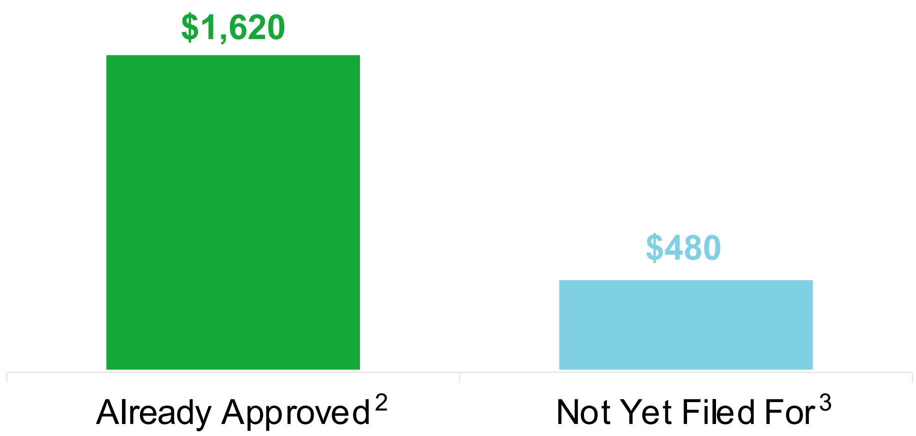
→ Investments are necessary to upgrade networks and improve reliability

- Smart Grid Rider: smart meters, distribution/substation automation, ADMS[1]
- Distribution Investment Rider (DIR): replacing poles and cables at/near end of life, system hardening
- Transmission/other: supporting economic growth (Honda/LGES plant), new and expanded substations

2023-2027 Investments, $ in Millions



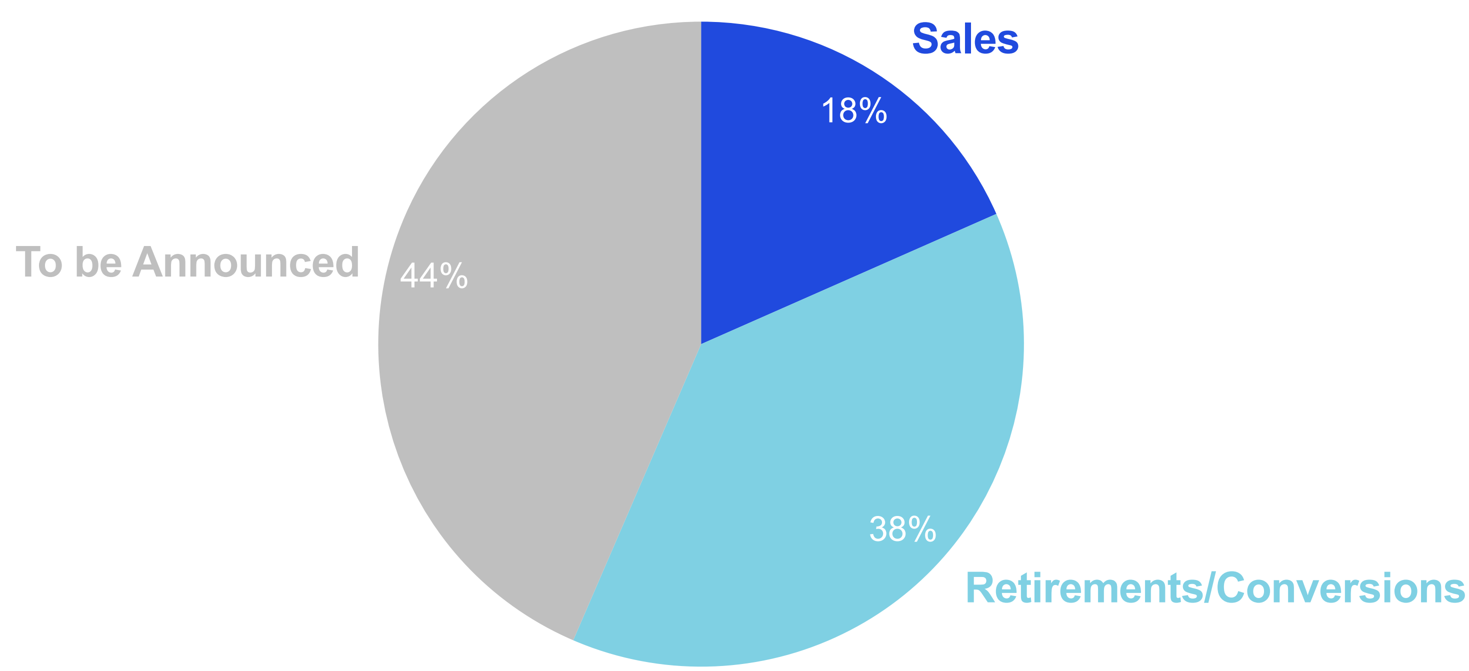
Status of Regulatory Approval, $ in Millions



1. Advanced distribution management system
2. Includes approved smart grid investments ($190 million), distribution investment rider eligible capex agreed to in ESP4 ($500 million), transmission investments ($790 million subject to FERC) and maintenance capital already reflected in base rates.
3. Relates to potential projects without explicit Commission approval or base growth capital to be recouped in next rate review.

Intent to Exit 6.8 GW[1] of Remaining Coal[2] by Year-End 2025

Capacity in MW

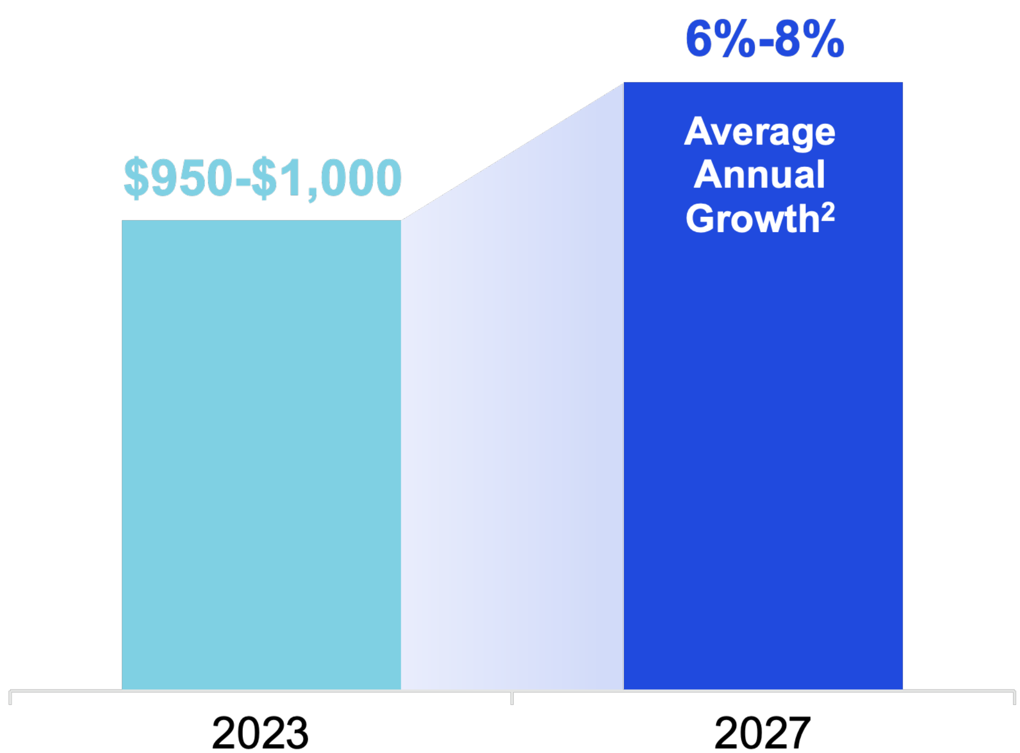


Expect <30% of Generation from Coal in 2023/2024

1. Includes 550 MW of pet coke and 1.1 GW of coal at AES Indiana.
2. While maintaining reliability and affordability, and subject to necessary approvals.

Parent Free Cash Flow[1] Expected to Grow at 6% to 8% Annually

$ in Millions



- New Renewables (+)
- Utilities Rate Base Growth (+)
- Coal Exit[3]/Asset Sales (−)
- Higher Parent Interest (−)

Investment Grade Rated by All Three Major Credit Rating Agencies

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 guidance without unreasonable effort. See "definitions" and Slide 26 for a description of the adjustments to reconcile Parent Free Cash Flow to Net Cash Provided by Operating Activities at the Parent Company for 2022.
2. From a base of 2023 Parent Free Cash Flow guidance of $950 to $1,000 million.
3. Through asset sales, fuel conversions and retirements, while maintaining reliability and affordability, and subject to necessary approvals.

Reconciliation of 2022 Adjusted EBITDA[1] and 2022 Adjusted EBITDA with Tax Attributes[2]

$ in Millions	2022
Net Income	($505)
Income Tax Expense	$265
Interest Expense	$1,117
Interest Income	($389)
Depreciation and Amortization	$1,053
EBITDA	$1,541
Less: Income from discontinued operations	-
Less: Adjustment for Noncontrolling Interests and Redeemable Stock of Subsidiaries[1]	($704)
Less: Income Tax Expense (Benefit), Interest Expense (Income) and Depreciation and Amortization from Equity Affiliates	$126
Interest Income Recognized Under Service Concession Arrangements	$77
Unrealized Derivative and Equity Securities Losses (Gains)	$131
Unrealized Foreign Currency Losses (Gains)	$42
Disposition/Acquisition Losses	$40
Impairment Losses	$1,658
Loss on Extinguishment of Debt	$20
Net gains from early contract terminations at Angamos	-
Total Adjusted EBITDA	$2,931
Tax Attributes[2]	$267
Total Adjusted EBITDA with Tax Attributes	$3,198

1. A non-GAAP financial measure. See "Definitions".
2. Pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax expense allocated to tax equity investors

Reconciliation of 2020 Adjusted PTC[1] and Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	FY 2020	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]
Income (Loss) from Continuing Operations, Net of Tax, Attributable to AES and Diluted EPS	$43	$0.06
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	$130	
Pre-Tax Contribution	$173	
Adjustments		
Unrealized Derivative and Equity Securities Losses	$3	$0.01
Unrealized Foreign Currency (Gains)	($10)	($0.01)
Disposition/Acquisition Losses	$112	$0.17[3]
Impairment Losses	$928	$1.39[4]
Loss on Extinguishment of Debt	$223	$0.33[5]
Net Gains from Early Contract Terminations at Angamos	($182)	($0.27)[6]
U.S. Tax Law Reform Impact	-	$0.02[7]
Less: Net Income Tax Benefit	-	($0.26)[8]
Adjusted PTC[1] & Adjusted EPS[1]	$1,247	$1.44

1. A Non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to loss on sale of Uruguaiana of $85 million, or $0.13 per share, loss on sale of the Kazakhstan HPPs of $30 million, or $0.05 per share, as a result of the final arbitration decision, and advisor fees associated with the successful acquisition of additional ownership interest in AES Brasil of $9 million, or $0.01 per share; partially offset by gain on sale of OPGC of $23 million, or $0.03 per share.
4. Amount primarily relates to asset impairments at AES Andes of $527 million, or $0.79 per share, other-than-temporary impairment of OPGC of $201 million, or $0.30 per share, impairments at our Guacolda and sPower equity affiliates, impacting equity earnings by $85 million, or $0.13 per share, and $57 million, or $0.09 per share, respectively; impairment at AES Hawaii of $38 million, or $0.06 per share, and impairment at Panama of $15 million, or $0.02 per share.
5. Amount primarily relates to losses on early retirement of debt at the Parent Company of $146 million, or $0.22 per share, DPL of $32 million, or $0.05 per share, Angamos of $17 million, or $0.02 per share, and Panama of $11 million, or $0.02 per share.
6. Amounts relate to net gains at Angamos associated with the early contract terminations with Minera Escondida and Minera Spence of $182 million, or $0.27 per share.
7. Amount represents adjustment to tax law reform remeasurement due to incremental deferred taxes related to DPL of $16 million, or $0.02 per share.
8. Amount primarily relates to income tax benefits associated with the impairments at AES Andes and Guacolda of $164 million, or $0.25 per share, and income tax benefits associated with losses on early retirement of debt at the Parent Company of $31 million, or $0.05 per share; partially offset by income tax expense related to net gains at Angamos associated with the early contract terminations with Minera Escondida and Minera Spence of $49 million, or $0.07 per share.

Reconciliation of 2022 Adjusted PTC[1] and Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	FY 2022	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]
Income (Loss) from Continuing Operations, Net of Tax, Attributable to AES and Diluted EPS	($546)	($0.77)
Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	$210	
Pre-Tax Contribution	($336)	
Adjustments		
Unrealized Derivative and Equity Securities Losses (Gains)	$128	$0.18[3]
Unrealized Foreign Currency Losses	$42	$0.07[4]
Disposition/Acquisition Losses	$40	$0.06[5]
Impairment Losses	$1,658	$2.33[6]
Loss on Extinguishment of Debt	$35	$0.05[7]
Less: Net Income Tax Benefit	-	($0.25)[8]
Adjusted PTC[1] & Adjusted EPS[1]	$1,567	$1.67

1. A Non-GAAP financial measure. See "definitions".
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to unrealized losses on power swaps at Southland Energy of $109 million, or $0.15 per share.
4. Amount primarily relates to unrealized foreign currency losses in Argentina of $39 million, or $0.05 per share, mainly associated with the devaluation of long-term receivables denominated in Argentine pesos.
5. Amount primarily relates to costs on disposition of AES Gilbert, including the recognition of an allowance on the sales-type lease receivable, of $10 million, or $0.01 per share, and a day-one loss recognized at commencement of a sales-type lease at AES Waikoloa Solar of $5 million, or $0.01 per share.
6. Amount primarily relates to goodwill impairments at AES Andes of $644 million, or $0.91 per share, and at AES El Salvador of $133 million, or $0.19 per share, other-than-temporary impairment at sPower of $175 million, or $0.25, as well as long-lived asset impairments at Maritza of $468 million, or $0.66 per share, at TEG TEP of $191 million, or $0.27 per share, and at Jordan of $28 million, or $0.04 per share.
7. Amount primarily relates to losses on early retirement of debt due to refinancing at AES Renewable Holdings of $12 million, or $0.02 per share, at AES Clean Energy of $5 million, or $0.01 per share, at Mong Duong of $4 million, or $0.01 per share, and at TEG TEP of $4 million, or $0.01 per share.
8. Amount primarily relates to the income tax benefits associated with the impairment at Maritza of $48 million, or $0.07 per share, the income tax benefits associated with the other-than-temporary impairment at sPower of $39 million, or $0.06 per share, the income tax benefits associated with the impairment at TEG TEP of $34 million, or $0.05, and the income tax benefits associated with the unrealized losses on power swaps at Southland Energy of $24 million, or $0.03 per share.

Reconciliation of Parent Free Cash Flow[1]

$ in Millions	2022	2021	2020
Net Cash Provided by Operating Activities at the Parent Company[2]	$434	$570	$434
Subsidiary Distributions to QHCs Excluded from Schedule 1[3]	$257	$47	$198
Subsidiary Distributions Classified in Investing Activities[4]	$366	$290	$238
Parent-Funded SBU Overhead and Other Expenses Classified in Investing Activities[5]	($149)	($69)	($85)
Other	($2)	$1	($8)
Parent Free Cash Flow[1]	$906	$839	$777

1. Parent Free Cash Flow (a non-GAAP financial measure) should not be construed as an alternative to Consolidated Net Cash Provided by Operating Activities, which is determined in accordance with US GAAP. Parent Free Cash Flow is the primary, recurring source of cash that is available for use by the Parent Company. 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. Management uses Parent Free Cash Flow to determine the cash available to pay dividends, repay recourse debt, make equity investments, fund share buybacks, pay Parent Company hedging costs and make foreign exchange settlements. We believe that Parent Free Cash Flow is useful to investors because it better reflects the Parent Company's cash available to make growth investments, pay shareholder dividends, and make principal payments on recourse debt. Factors in this determination include availability of subsidiary distributions to the Parent Company and the Company's investment plan.
2. Refer to Net Cash Provided by Operating Activities at the Parent Company as reported at Part IV—Item 15—Schedule I—Condensed Financial Information of Registrant included in the Company's most recent 10-K filed with the SEC.
3. Subsidiary distributions received by Qualified Holding Companies ("QHCs") excluded from Schedule 1. Subsidiary Distributions should not be construed as an alternative to Consolidated Net Cash Provided by Operating Activities, which is determined in accordance with US 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 Consolidated 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.
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.
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 EBITDA, a non-GAAP measure, is defined by the Company as earnings before interest income and expense, taxes, depreciation and amortization, adjusted for the impact of NCI, interest, taxes, depreciation and amortization of our equity affiliates, and adding-back interest income recognized under service concession; 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 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) net gains at Angamos, one of our businesses in the Energy Infrastructure SBU, associated with the early contract terminations with Minera Escondida and Minera Spence.

Adjusted EBITDA with Tax Attributes, a non-GAAP financial measure, is defined as Adjusted EBITDA, adding back the pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax expense allocated to tax equity investors.

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) net gains at Angamos, one of our businesses in the South America SBU, associated with the early contract terminations with Minera Escondida and Minera Spence; 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 to include the 2021 tax benefit on reversal of uncertain tax positions effectively settled upon the closure of the Company's 2017 U.S. tax return exam.

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) net gains at Angamos, one of our businesses in the South America SBU, associated with the early contract terminations with Minera Escondida and Minera Spence. 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 Consolidated Net Cash Provided by Operating Activities, which is determined in accordance with US GAAP. Parent Free Cash Flow is the primary, recurring source of cash that is available for use by the Parent Company. 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. Management uses Parent Free Cash Flow to determine the cash available to pay dividends, repay recourse debt, make equity investments, fund share buybacks, pay Parent Company hedging costs and make foreign exchange settlements. We believe that Parent Free Cash Flow is useful to investors because it better reflects the Parent Company’s cash available to make growth investments, pay shareholder dividends, and make principal payments on recourse debt. Factors in this determination include availability of subsidiary distributions to the Parent Company and the Company’s investment plan.

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 Consolidated 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 Consolidated 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.