The AES Corporation

Fourth Quarter & Full Year 2022 Financial Review

February 27, 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.

2022 Strategic and Financial Highlights

→ 2022 Adjusted EPS[1] of $1.67 was above guidance range of $1.55 to $1.65

- Reaffirming 7% to 9% annualized growth target for Adjusted EPS[2] and Parent Free Cash Flow[3] through 2025, off a base year of 2020

→ Completed the construction or acquisition of operating projects totaling 1.9 GW, including 1 GW of new renewables in the US

→ Signed 5.2 GW of PPAs[4] for new renewables and energy storage projects in 2022, increasing backlog to 12.2 GW

→ Announced partnership with Air Products to develop, build, own and operate the largest green hydrogen production facility in the US

→ Worked to develop strong regulatory foundations for future growth at our US utilities

1. A non-GAAP financial measure. See Appendix for definition and for a description of the adjustments to reconcile Adjusted EPS to diluted EPS for 2022.
2. 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.
3. 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 Appendix for definition and a description of the adjustments to reconcile Parent Free Cash Flow to Net Cash Provided by Operating Activities at the Parent Company for 2022.
4. Power Purchase Agreement.

Added 2 GW of New Projects to Our Portfolio in 2022

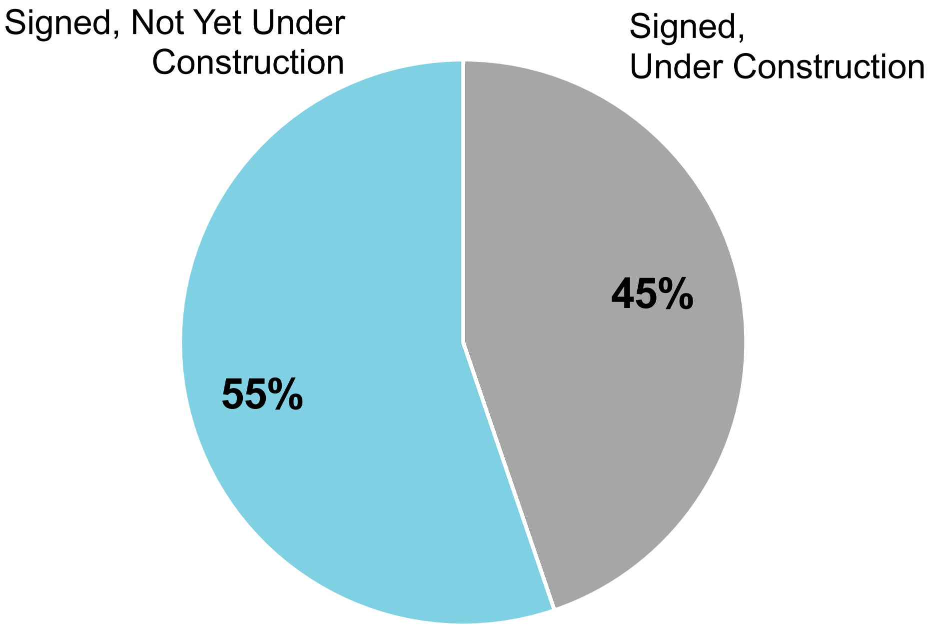
→ Includes doubling completed construction capacity in the United States versus 2021

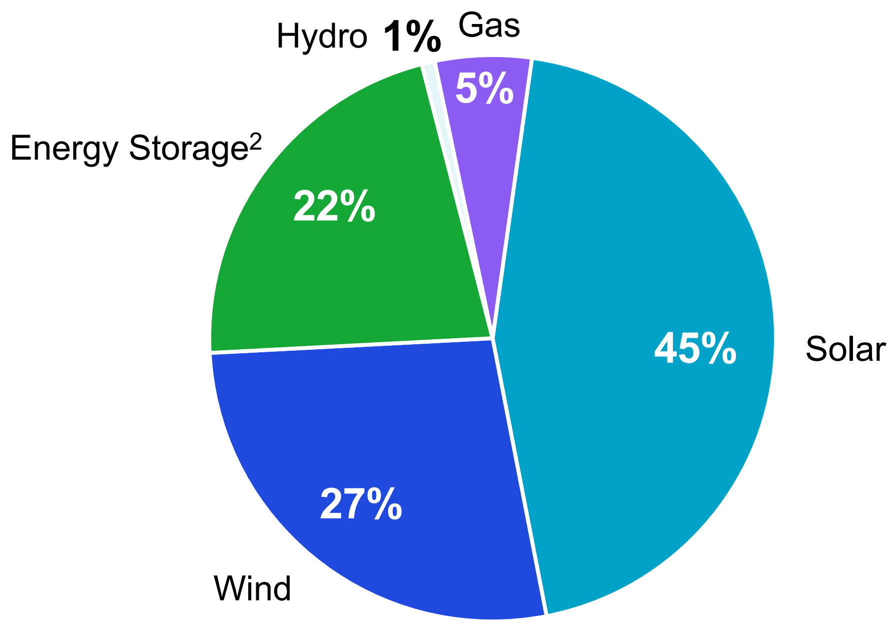
→ Success a result of developing people, processes, and strong supplier relationships

Added 5.2 GW to Our Backlog in 2022

Capacity in MW

12.2 GW Backlog[1] Under Long-Term PPAs

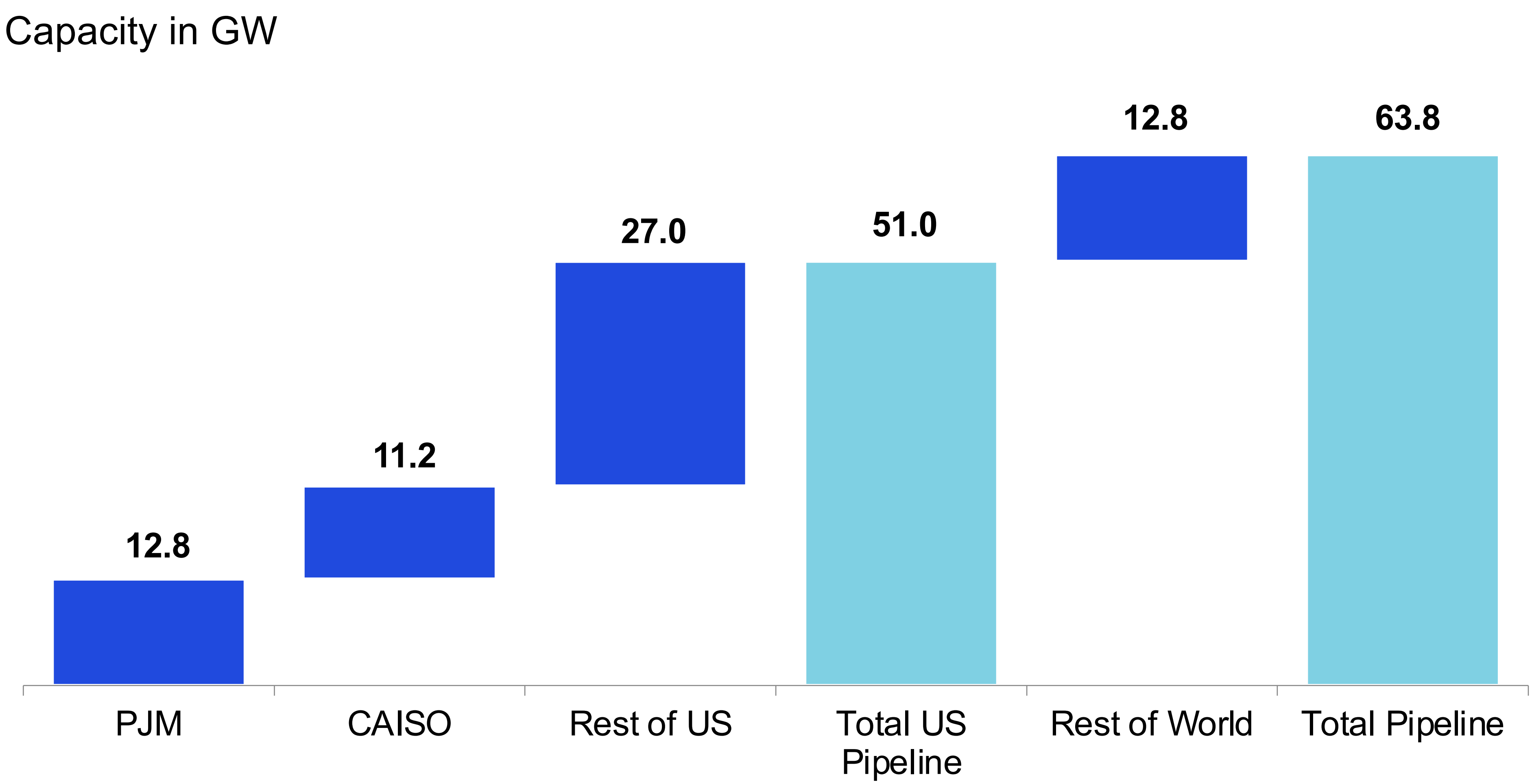




Recognized by BNEF as Top Seller of Clean Energy to Corporations Through PPAs Globally

1. As of February 26, 2023. US & Utilities: 6,273 MW; South America: 4,584 MW; MCAC: 1,322 MW.
2. Includes Energy Storage component of Solar + Storage facilities.

64 GW Development Pipeline[1] Provides Competitive Advantage for Future PPA Signings



1. As of December 31, 2022.

Established Ourselves as a Leader in Green Hydrogen

→ Partnership with Air Products to develop, build, own and operate largest green hydrogen production facility in the US

- Produce up to 200 metric tons/day of green hydrogen
- Includes ~1.4 GW of wind and solar
- Potential to serve ~4,000 trucks, representing <0.1% of current market for long-haul trucking

→ Builds on expertise we have developed in combining renewables to create around-the-clock carbon-free energy

Developed Strong Regulatory Foundations for Future Growth at US Utilities

aes Ohio

Electric Security Plan (ESP 4)

→ Goal: to establish a strong regulatory foundation for future investments

→ With the lowest T&D rates in Ohio across all customer categories, well-positioned for customer-centric investments

→ Ruling by the Public Utilities Commission of Ohio (PUCO) is expected this summer

Distribution Rate Case

→ Received a constructive regulatory outcome, including approval for an annual revenue increase of $75.6 million

aes Indiana

Integrated Resource Plan (IRP)

→ Includes a proposal to convert remaining units of AES Indiana's Petersburg coal plant to 1 GW of natural gas in 2025

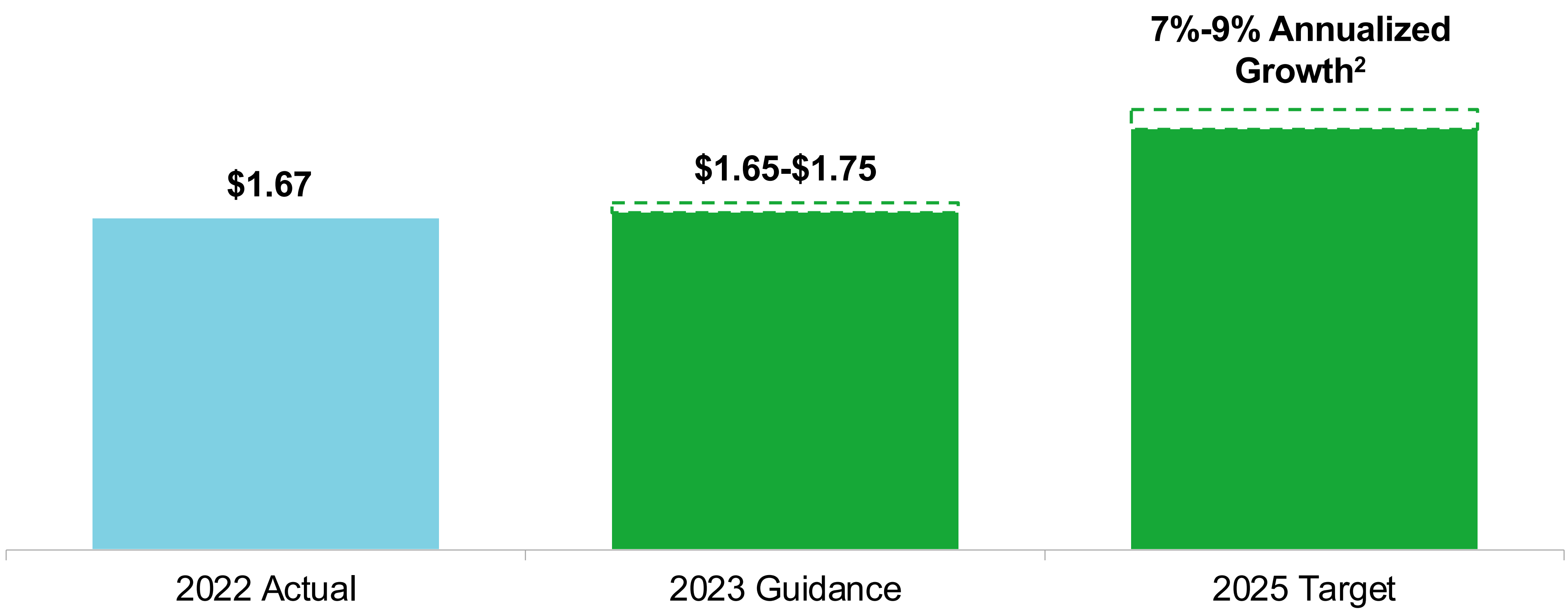
→ Potential to add up to 1.3 GW of renewables, including wind, solar and energy storage by 2027

- Reduces AES Indiana's CO_2 emissions per hour of electricity generated by two-thirds from 2018 to 2030

→ Important step towards both AES and AES Indiana fully transitioning away from coal and provides the opportunity for substantial additional investment at AES Indiana

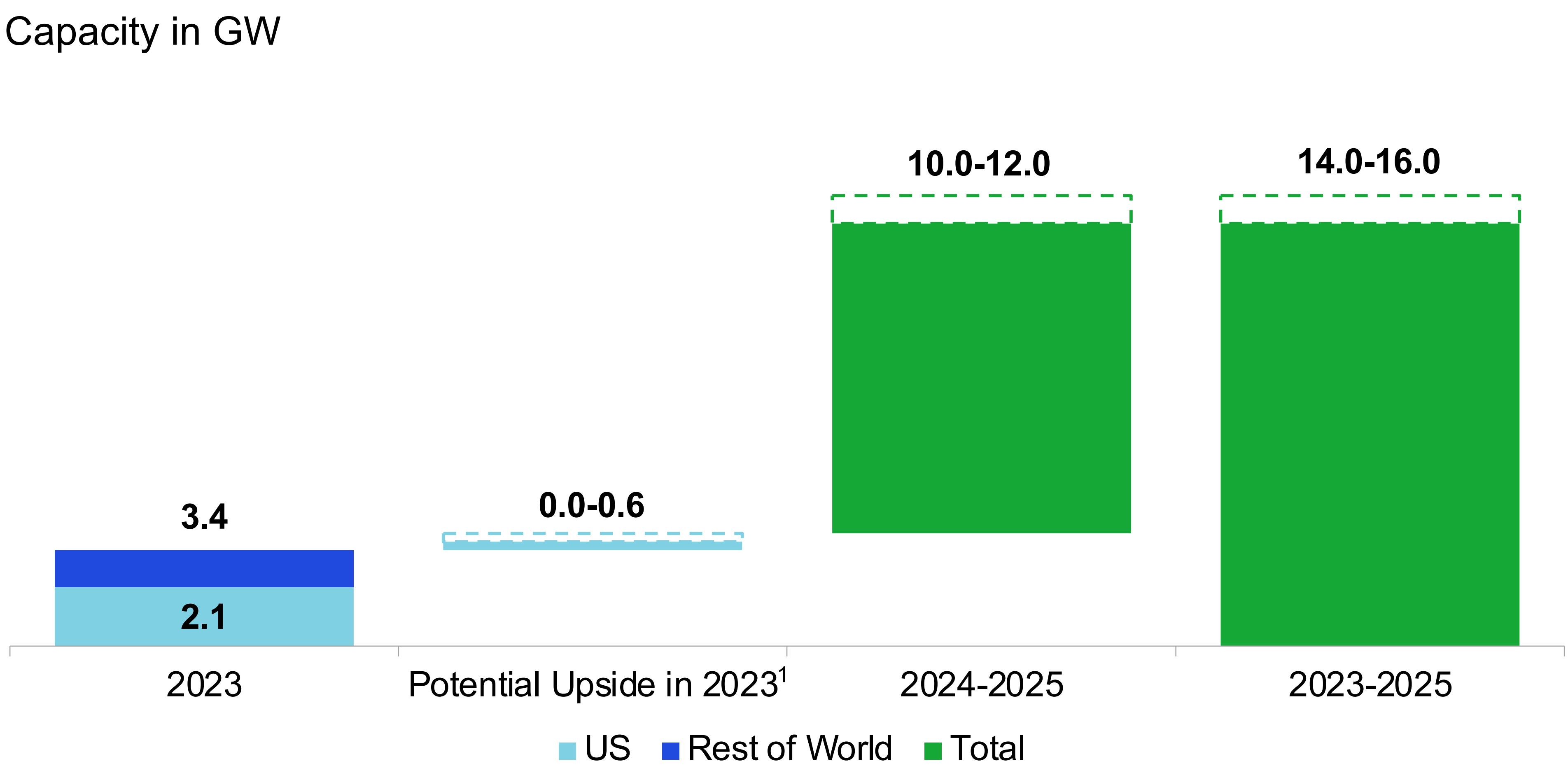
Expect to Grow Combined Rate Bases 9% Annually Through 2025

Initiating 2023 Adjusted EPS[1] Guidance and Reaffirming Annualized Growth Through 2025



1. 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 a description of the adjustments to reconcile Adjusted EPS to diluted EPS for 2022.
2. From a base of 2020 Adjusted EPS of $1.44.

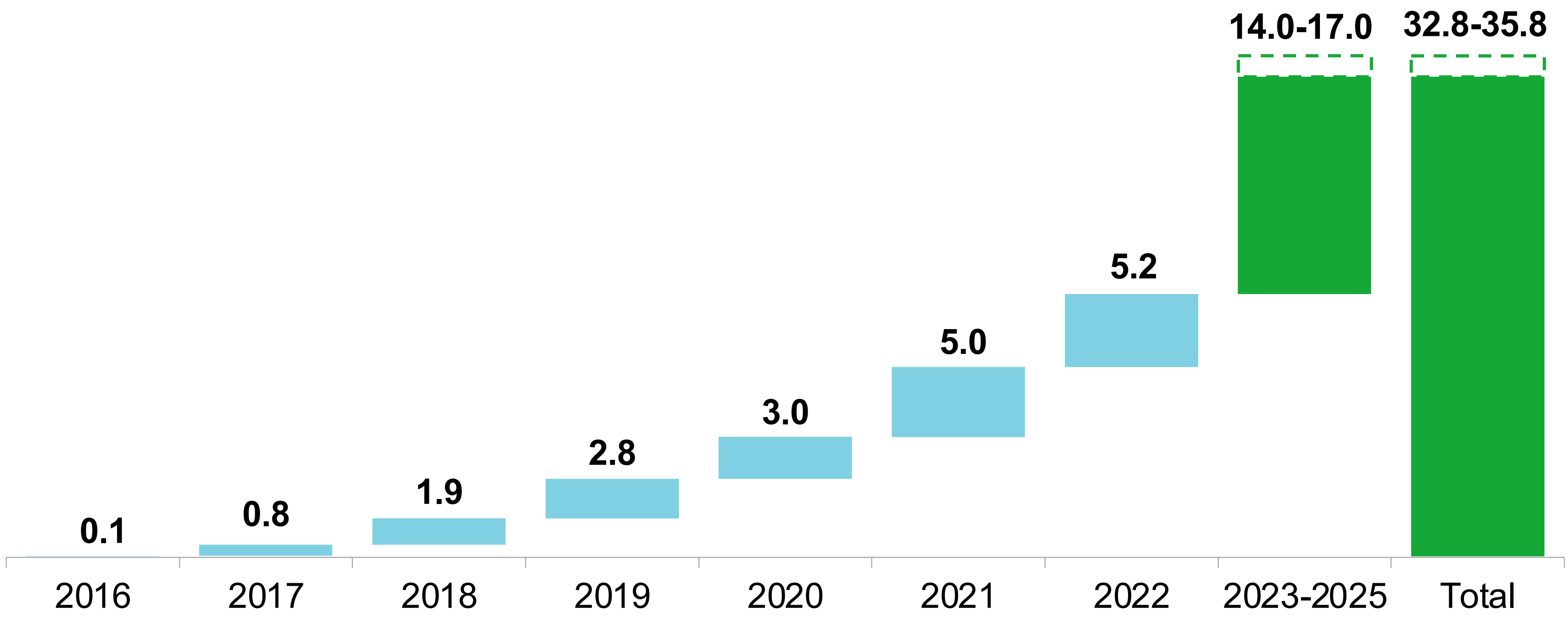
In 2023, Expect to Add 3.4 GW of New Projects to Our Portfolio, Including 2.1 GW in the US



1. Projects currently scheduled to come online in December 2023 could slip into 2024.

Expect to Maintain Strong Pace of PPA Signings

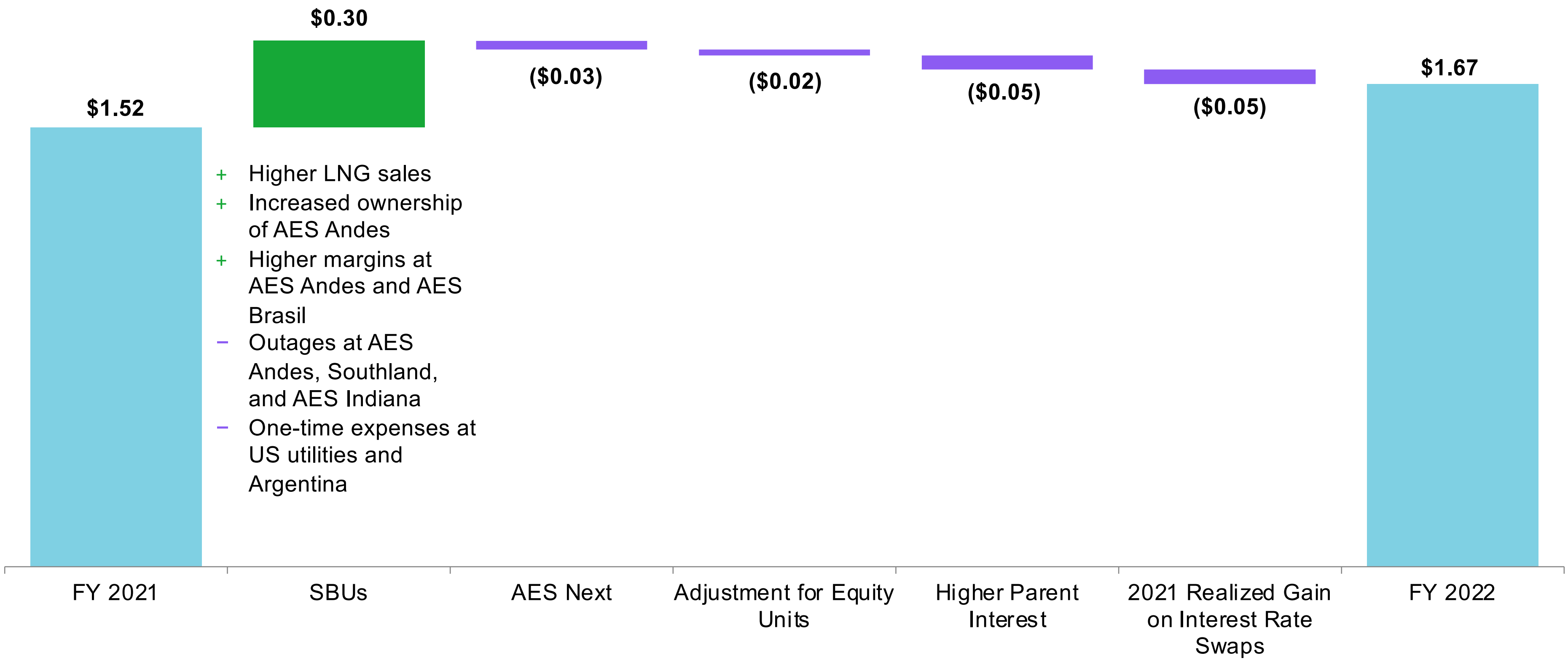
Capacity in GW



Q4 & FY 2022 Financial Review

- → 2022 results
- → 2022 Parent capital allocation
- → 2023 guidance and expectations

FY 2022 Adjusted EPS[1] Increased $0.15



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

FY 2022 Financial Results

$ in Millions

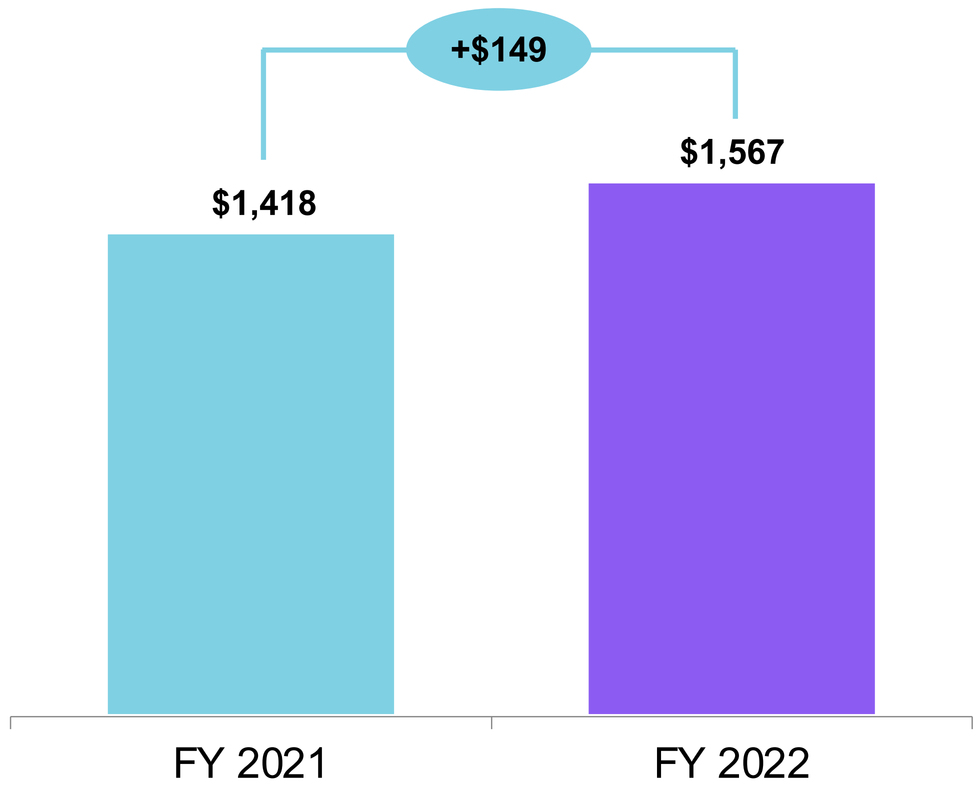
→ Higher Adjusted PTC[1] driven primarily by:

- Higher LNG sales;
- Increased ownership of AES Andes; and
- Higher margins at both AES Andes and AES Brasil

→ Partially offset by:

- One-time expenses at US utilities and Argentina;
- Outages at AES Andes, Southland, and AES Indiana;
- Prior year realized gain on interest rate swaps;
- Higher losses at AES Next; and
- Higher Parent interest

Adjusted PTC[1]



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

FY Financial Results: US & Utilities SBU

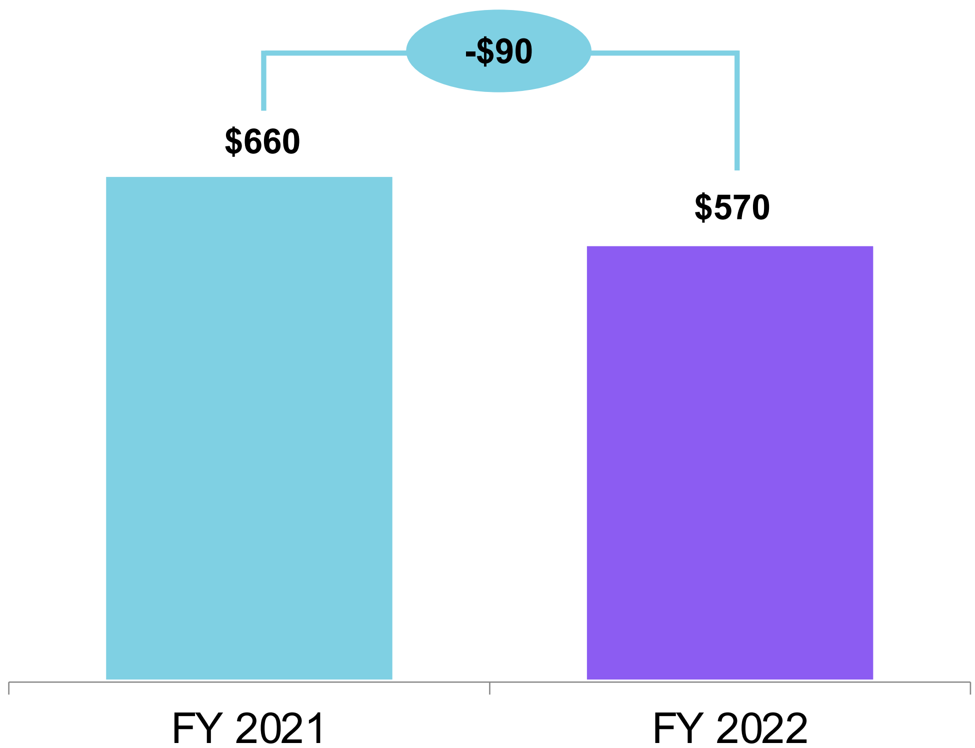
$ in Millions

→ Lower Adjusted PTC[1] driven primarily by:

- Recognition of one-time expenses from previously deferred purchased fuel and energy costs at US utilities;
- Outages at Southland Energy and AES Indiana;
- Higher development spending at AES Clean Energy; and
- Retirement of Hawaii coal plant

→ Partially offset by higher contributions from the Southland legacy units

Adjusted PTC[1]



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

FY Financial Results: South America SBU

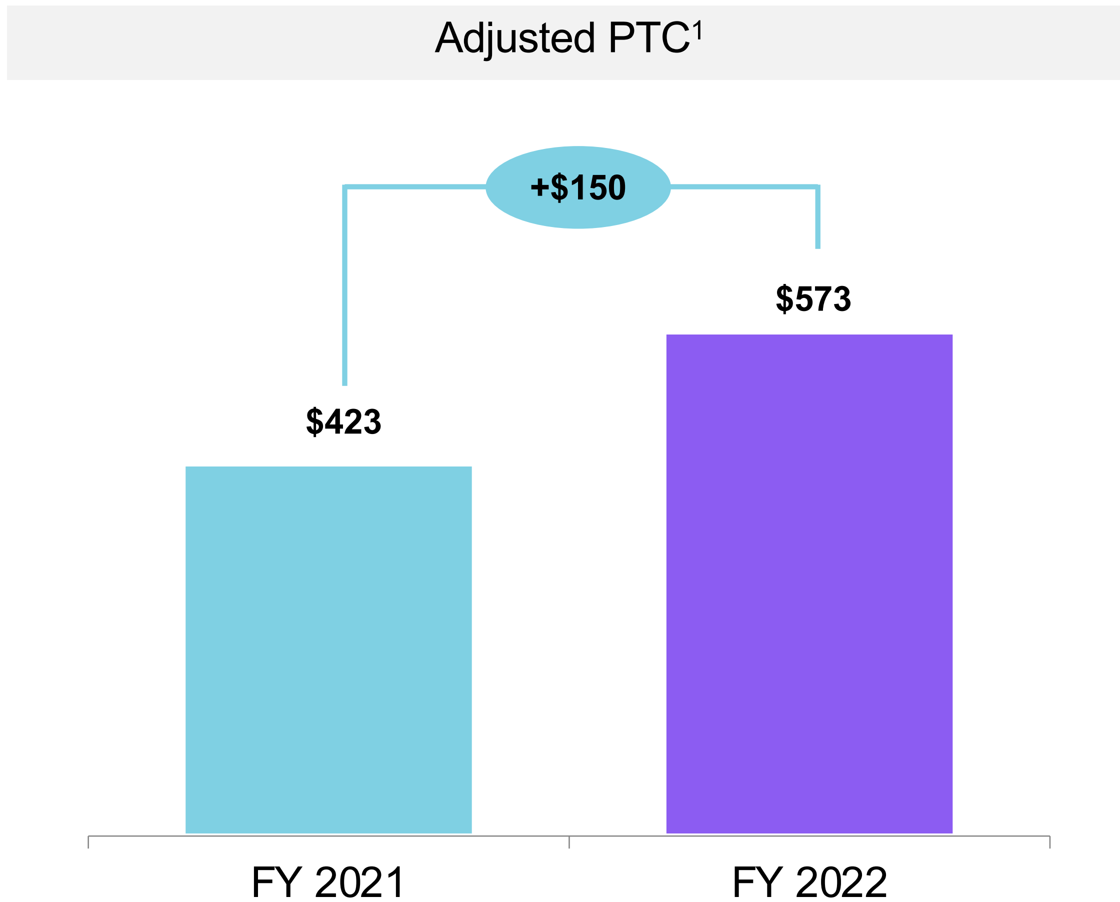
$ in Millions

→ Higher Adjusted PTC[1] driven primarily by:

- Increased ownership of AES Andes; and
- Higher margins at both AES Andes and AES Brasil

→ Partially offset by:

- 2021 Alto Maipo arbitration gain
- Outages at AES Andes; and
- Regulatory provision in Argentina

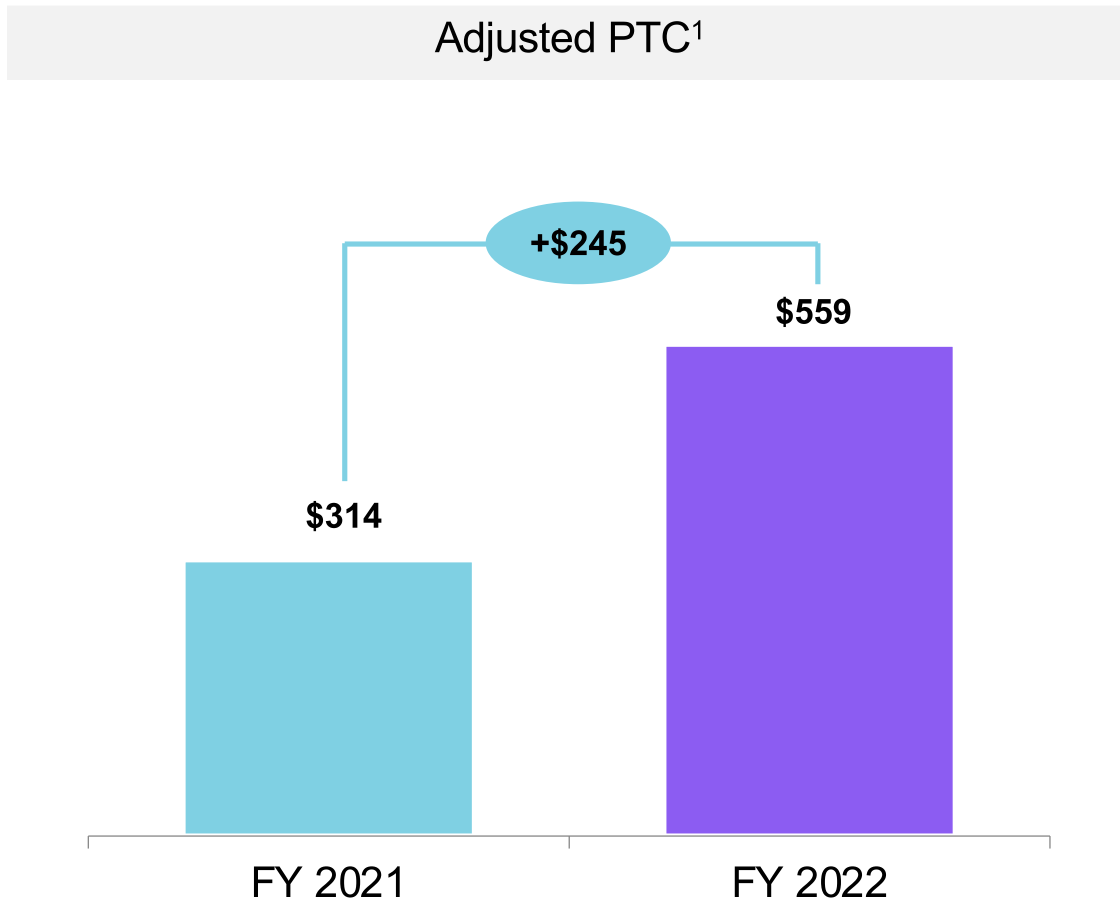


1. A non-GAAP financial measure. See Appendix for definition.

FY Financial Results: MCAC SBU

$ in Millions

- → Higher Adjusted PTC[1] driven primarily by higher LNG sales, mostly in Panama
- → Partially offset by the sale of the Itabo coal plant in the Dominican Republic in 2021

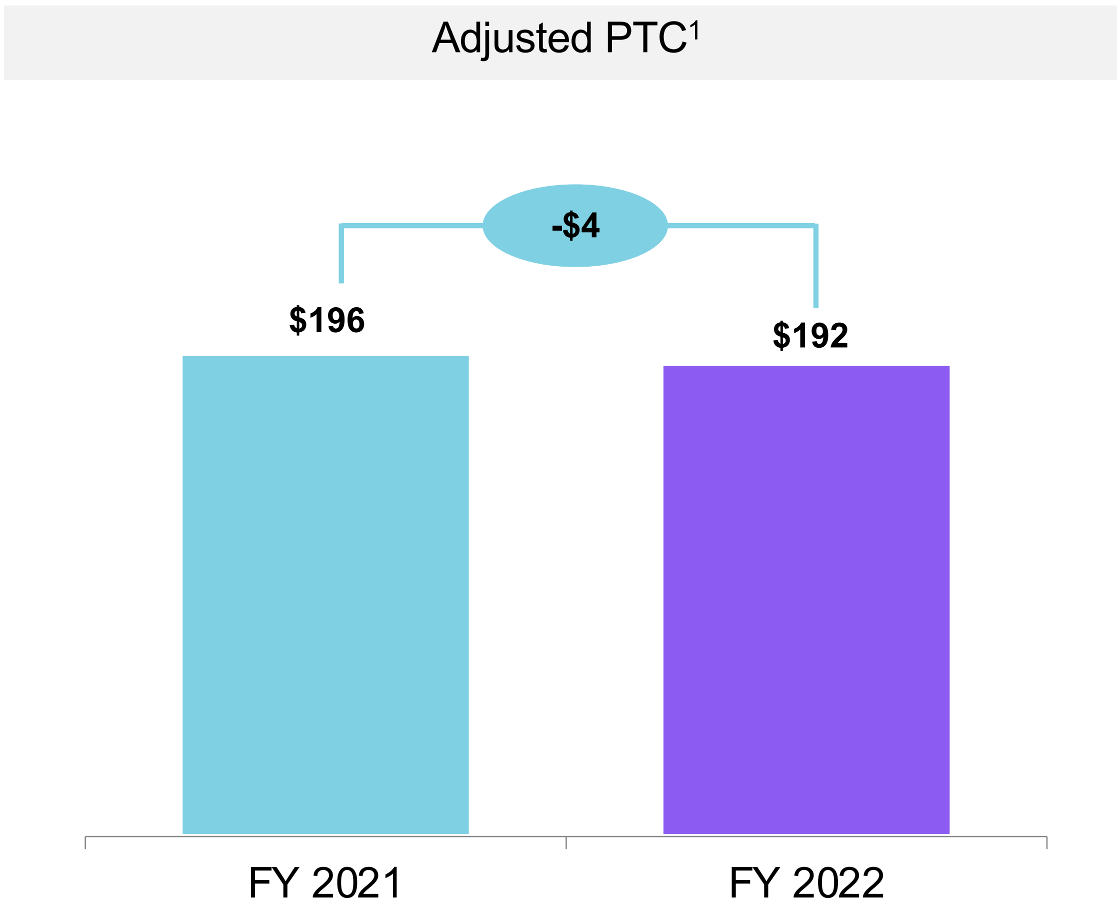


1. A non-GAAP financial measure. See Appendix for definition.

FY Financial Results: Eurasia SBU

$ in Millions

→ Relatively flat Adjusted PTC[1] driven primarily by higher interest expense from higher debt balances
→ Partially offset by higher power prices at Bulgaria wind

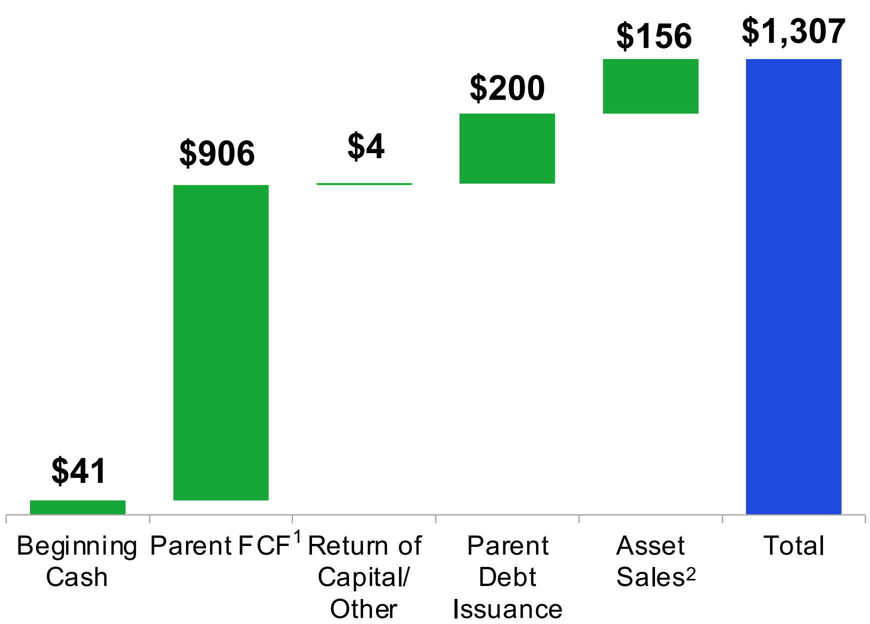


1. A non-GAAP financial measure. See Appendix for definition.

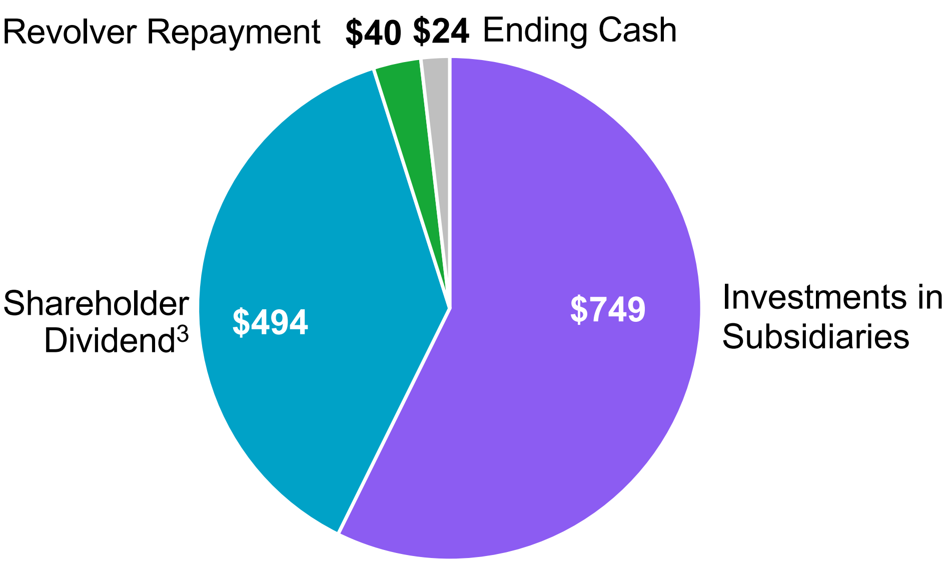
2022 Parent Capital Allocation

$ in Millions

Discretionary Cash – Sources ($1,307)



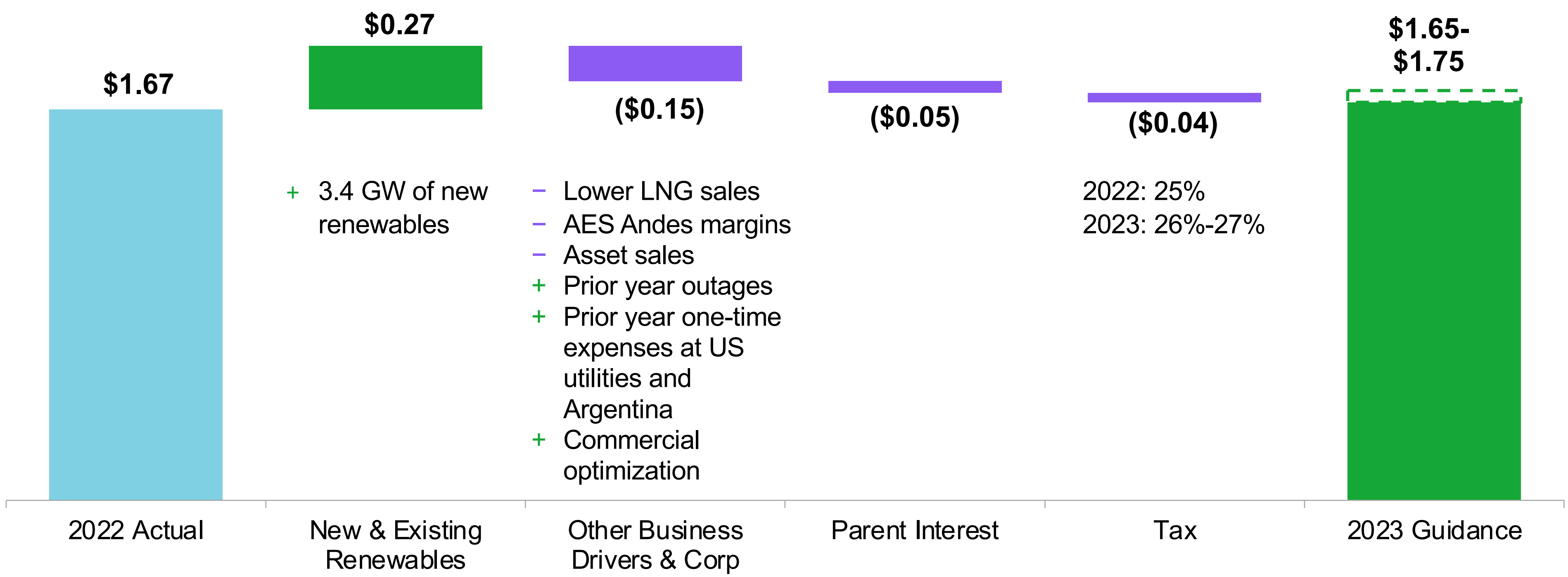
Discretionary Cash – Uses ($1,307)



1. A non-GAAP financial measure. See Appendix for definition.
2. Southland sell-down includes $35 million used to repay project debt.
3. Includes 2022 payment of $0.1580 per share each quarter on 667 million shares outstanding as of December 31, 2021, and 6.875% coupon on $1 billion of equity units issued in March 2021.

Initiating 2023 Adjusted EPS[1] Guidance; Reaffirming 7%-9% Annualized Growth Through 2025[2]

$ Per Share



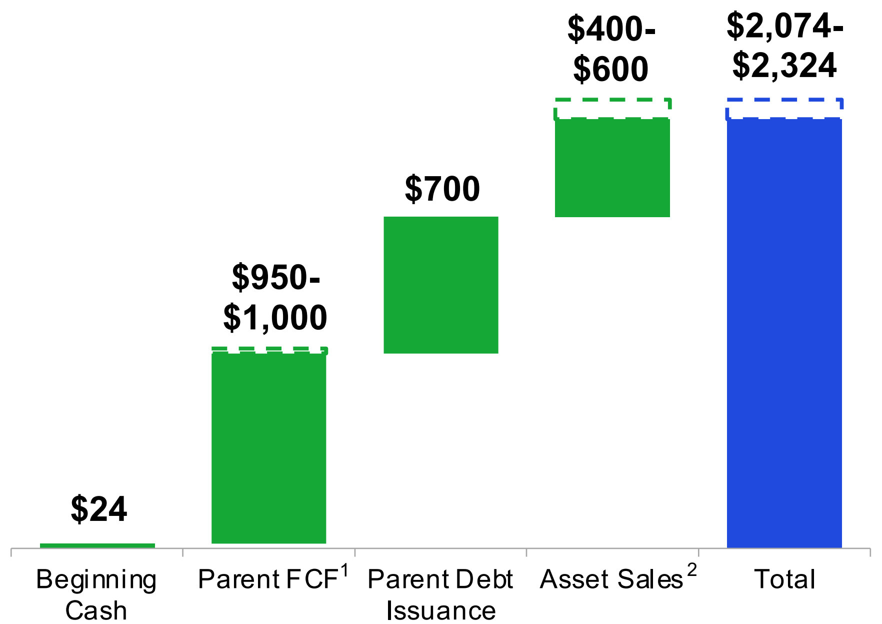
Excludes up to $0.10 of Potential Upside from Completion of an Additional 600 MW of Renewables

1. 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 a description of the adjustments to reconcile Adjusted EPS to diluted EPS for 2022.
2. From a base of 2020 Adjusted EPS of $1.44.

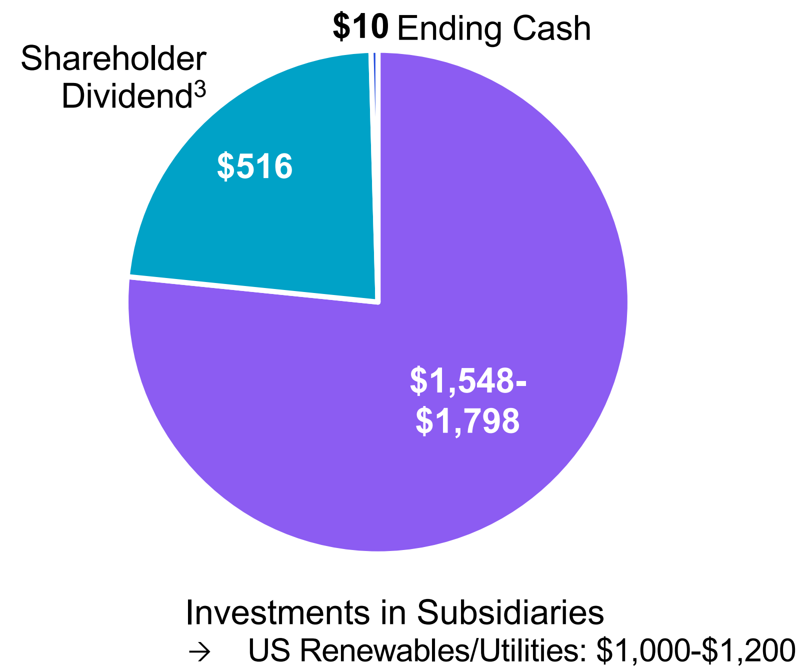
2023 Parent Capital Allocation Plan

$ in Millions

Discretionary Cash – Sources ($2,074-$2,324)



Discretionary Cash – Uses ($2,074-$2,324)



1. A non-GAAP financial measure. See Appendix for definition.
2. Announced sell-downs of US renewables, Jordan and unannounced asset sales.
3. Includes 2023 payment of $0.1659 per share each quarter on 669 million shares outstanding as of December 31, 2022, and 6.875% coupon on $1 billion of equity units issued in March 2021.

Key Takeaways

→ Met or exceeded targets for Adjusted EPS[1] and Parent Free Cash Flow[2]

- Reaffirming 7% to 9% annualized growth target for Adjusted EPS[1] and Parent Free Cash Flow[2] through 2025, off a base year of 2020

→ Signed more PPAs and added more renewables than ever before

→ Recognized for the second year in a row by BNEF as the top developer worldwide selling clean energy to corporations through PPAs

→ Launched first mega-scale green hydrogen project in the US

→ Developed regulatory foundations to enable US utilities to grow 9% annually through 2025

→ Well-positioned for future growth

- Focused on executing on construction program and further developing pipeline of future projects
- On track to exit coal by the end of 2025

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2. 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 Appendix for definition and a description of the adjustments to reconcile Parent Free Cash Flow to Net Cash Provided by Operating Activities at the Parent Company for 2022.

Appendix

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

Parent Sources and Uses of Liquidity

$ in Millions	Q4 2022	Q4 2021	FY 2022	FY 2021
Sources				
Total Subsidiary Distributions[1]	$753	$477	$1,298	$1,166
Proceeds from Asset Sales, Net	$156	-	$156	$65
Financing Proceeds, Net	-	($3)	$197	$1,010
Increased/(Decreased) Credit Facility Commitments	-	-	$250	$250
Issuance of Common Stock, Net	-	-	-	-
Total Returns of Capital Distributions & Project Financing Proceeds	-	$1	$487	$1
Beginning Parent Company Liquidity[2]	$422	$1,513	$877	$924
Total Sources	$1,331	$1,988	$3,265	$3,416
Uses				
Repayments of Debt	-	-	-	-
Shareholder Dividend	($123)	($118)	($494)	($450)
Investments in Subsidiaries, Net	$10	($992)	($1,236)	($1,767)
Cash for Development, Selling, General & Administrative and Taxes	($38)	$1	($254)	($235)
Cash Payments for Interest	($21)	($1)	($138)	($92)
Changes in Letters of Credit and Other, Net	$6	-	$22	$5
Ending Parent Company Liquidity[2]	($1,165)	($878)	($1,165)	($877)
Total Uses	($1,331)	($1.988)	($3,265)	($3,416)

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

Q4 & FY 2022 Subsidiary Distributions[1]

$ in Millions

Subsidiary Distributions[1] by SBU	Q4 2022	FY 2022
US & Utilities	$109	$422
South America	$135	$274
MCAC	$396	$425
Eurasia	$65	$108
Corporate & Other[2]	$48	$69
Total	$753	$1,298

Top Ten Subsidiary Distributions[1] by Business

Q4 2022				FY 2022			
Business	Amount	Business	Amount	Business	Amount	Business	Amount
Panama (MCAC)	$258	Los Mina (MCAC)	$50	Panama (MCAC)	$261	Southland (US & Utilities)	$84
AES Andes (South America)	$127	Maritza East (Eurasia)	$29	AES Andes (South America)	$257	Los Mina (MCAC)	$74
AES Clean Energy (US & Utilities)	$99	Kavarna (Eurasia)	$19	AES Clean Energy (US & Utilities)	$197	Global Insurance (Corp & Other)	$67
Andres (MCAC)	$88	Mong Duong (Eurasia)	$16	AES Indiana (US & Utilities)	$102	Maritza East (Eurasia)	$59
Global Insurance (Corp & Other)	$57	AES Brasil (South America)	$7	Andres (MCAC)	$89	US Holdco (US & Utilities)	$27

1. See "definitions".
2. Corporate & Other includes Global Insurance.

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

$ in Millions

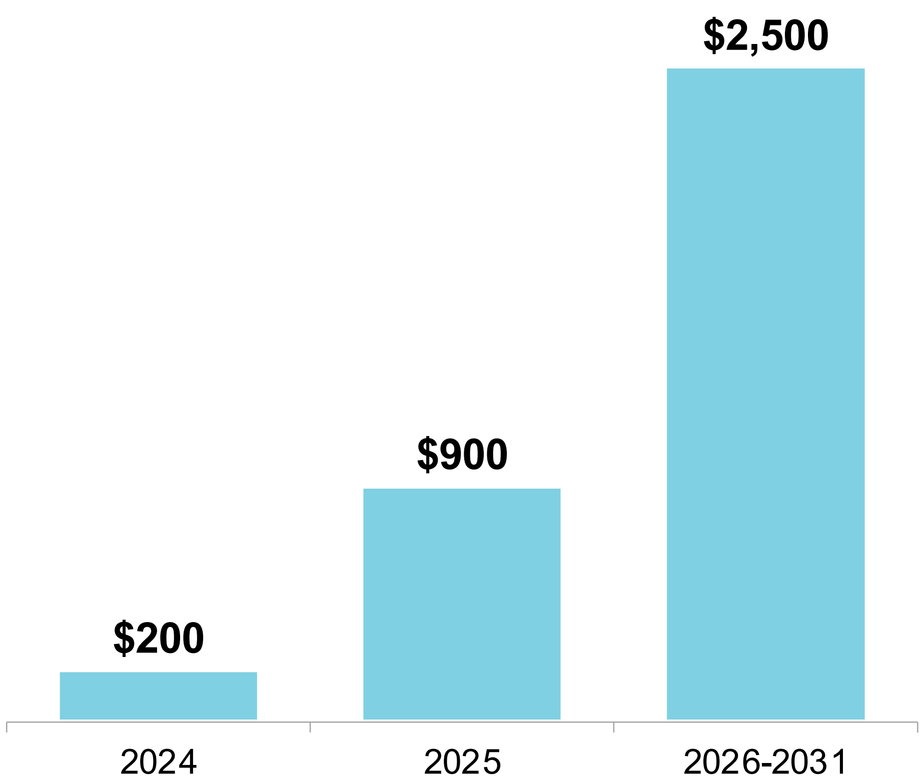
	Quarter Ended			
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Total Subsidiary Distributions[1] to Parent & QHCs[2]	$753	$69	$311	$165
Total Return of Capital Distributions to Parent & QHCs[2]	-	-	-	-
Total Subsidiary Distributions[1] & Returns of Capital to Parent	$753	$69	$311	$165

	Balance as of			
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Cash at Parent & QHCs[2]	$24	$48	$29	$17
Availability Under Credit Facilities	$1,141	$374	$414	$621
Ending Liquidity	$1,165	$422	$443	$638

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

Most Recourse Debt[1] Maturities in 2025 and Beyond

$ in Millions, as of December 31, 2022

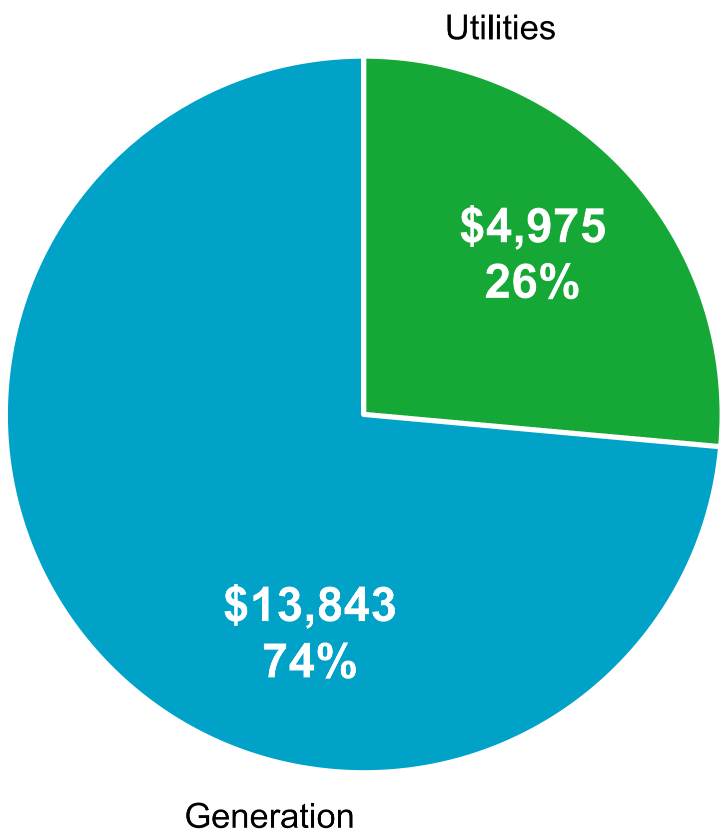


	Recourse Debt
Weighted Average All-in Cost	2.82%
Weighted Average Maturity	5.3 years
Percentage Fixed or Hedged	94%
Percentage in Functional Currency	100%

1. Does not include temporary drawings under revolvers of $325 million at Parent Company.

$18.8 Billion of Non-Recourse Debt[1]

$ in Millions, as of December 31, 2022

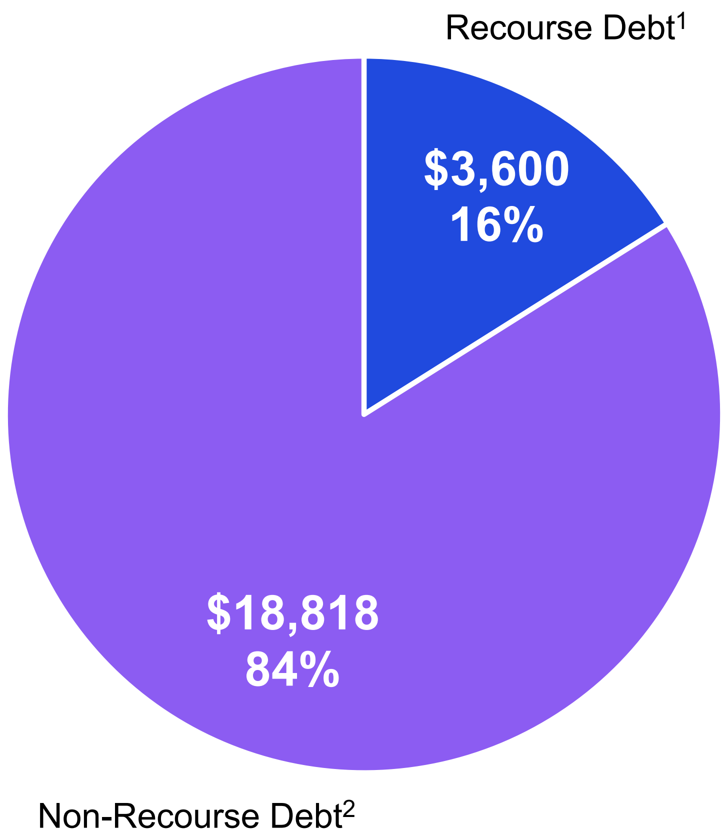


	Non-Recourse Debt
Weighted Average All-in Cost	5.37%
Weighted Average Maturity	9.4 years
Percentage Fixed or Hedged	69%
Percentage in Functional Currency	~100%

1. Does not include temporary drawings under revolvers of $155 million at US Utilities.

Vast Majority of Interest Rate Exposure is Hedged Through Swaps or Contractual Arrangements

$ in Millions, as of December 31, 2022



	Recourse Debt	Non-Recourse Debt
Weighted Average All-in Cost	2.82%	5.37%
Weighted Average Maturity	5.3 years	9.4 years
Percentage Fixed or Hedged	94%	69%
Percentage in Functional Currency	100%	~100%

1. Does not include temporary drawings under revolvers of $325 million at Parent Company.
2. Does not include temporary drawings under revolvers of $155 million at US Utilities.

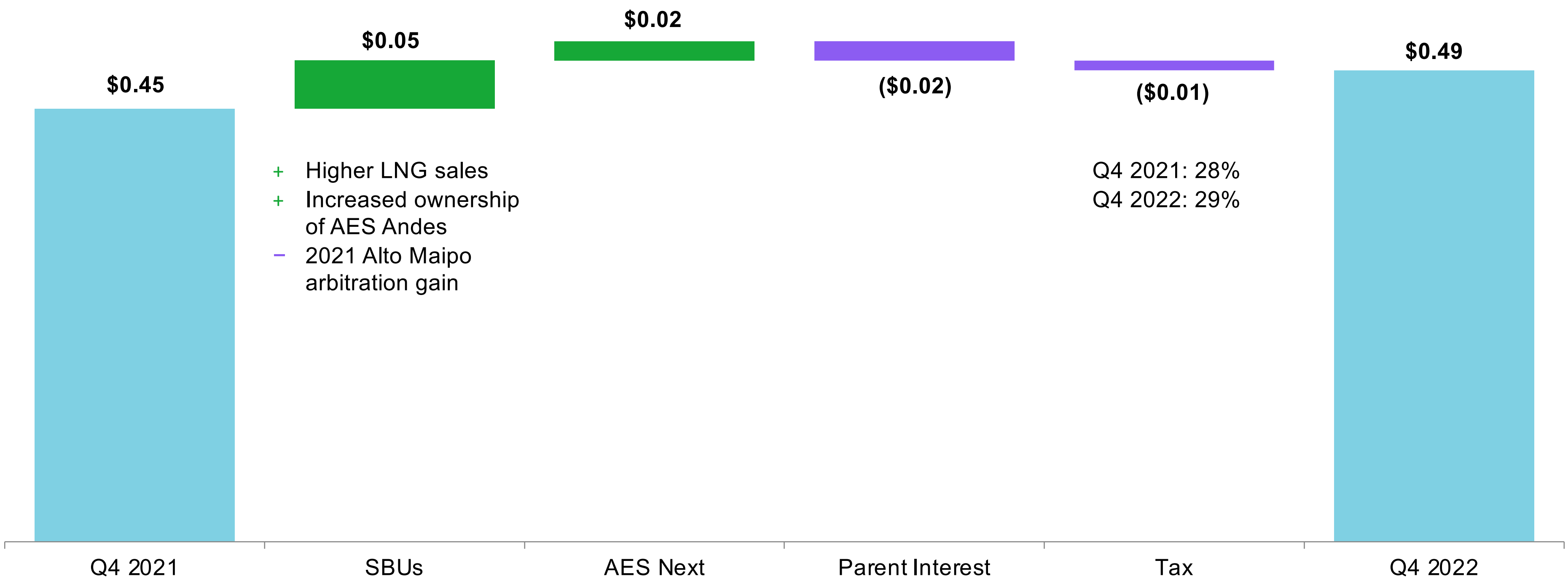
Q4 & FY Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts

	Q4 2022	Q4 2021	Variance	FY 2022	FY 2021	Variance
Adjusted PTC[1]						
US & Utilities	$251	$234	$17	$570	$660	($90)
South America	$198	$156	$42	$573	$423	$150
MCAC	$137	$101	$36	$559	$314	$245
Eurasia	$38	$52	($14)	$192	$196	($4)
Total SBUs	$624	$543	$81	$1,894	$1,593	$301
Corp/Other[2]	($137)	($103)	($34)	($327)	($175)	($152)
Total AES Adjusted PTC[1,3]	$487	$440	$47	$1,567	$1,418	$149
Adjusted Effective Tax Rate	29%	28%		25%	25%	
Diluted Share Count	710	710		711	703	
Adjusted EPS[1]	$0.49	$0.45		$1.67	$1.52	

1. A non-GAAP financial measure. See Slides 44-45 for reconciliation to the nearest GAAP measure and "definitions".
2. Includes $24 million and $45 million of losses from AES Next for the three months ended December 31, 2022 and 2021, respectively, and $119 million and $85 million of losses for the twelve months ended December 31, 2022 and 2021, respectively.
3. Includes $5 million and $41 million of adjusted after-tax equity in losses for three and twelve months ended December 31, 2022, respectively, and $7 million and $21 million of adjusted after-tax equity in earnings of for the three and twelve months ended December 31, 2021, respectively.

Q4 2022 Adjusted EPS[1] Increased $0.04



1. A non-GAAP financial measure. See Slide 44 for reconciliation to the nearest GAAP measure and "definitions".

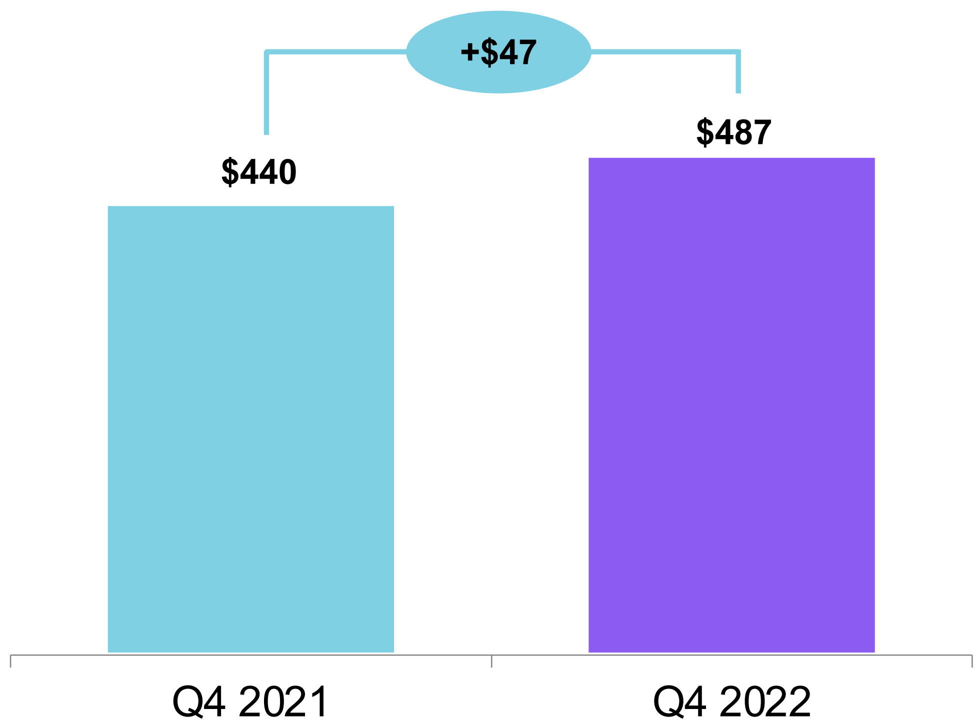
Q4 2022 Financial Results

$ in Millions

→ Higher Adjusted PTC[1] driven primarily by:
- Favorable LNG transactions;
- Increased ownership of AES Andes; and
- Lower losses at AES Next

→ Partially offset by:
- 2021 Alto Maipo arbitration gain; and
- Higher Parent interest

Adjusted PTC[1]



1. A non-GAAP financial measure. See Slide 44 for reconciliation to the nearest GAAP measure and "definitions".

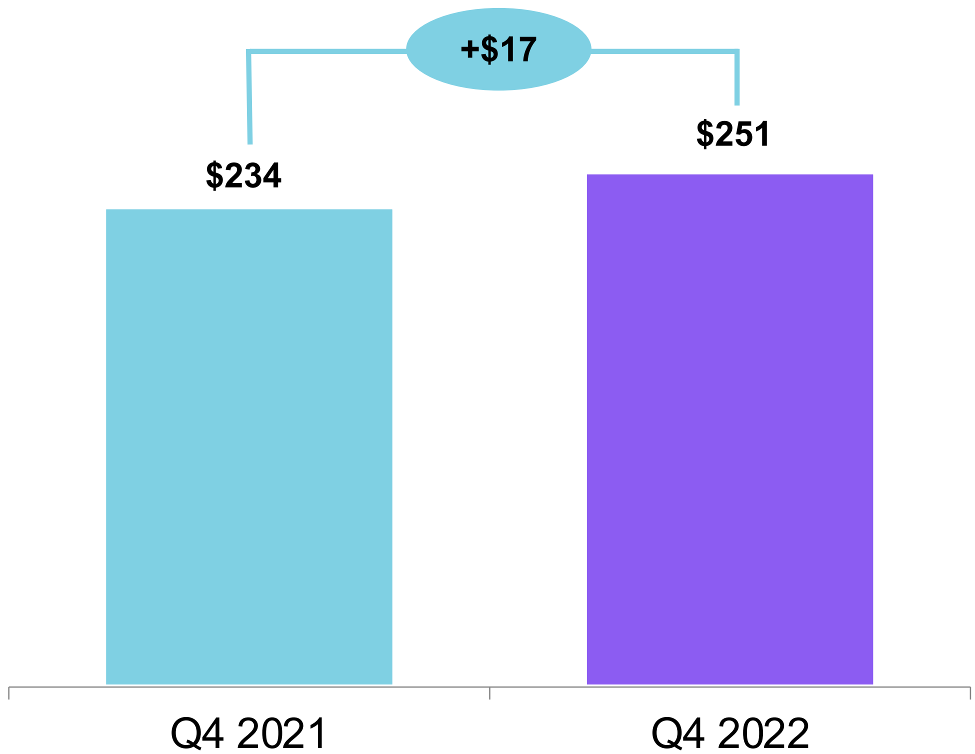
Q4 Financial Results: US & Utilities SBU

$ in Millions

→ Higher Adjusted PTC[1] driven primarily by:
- Higher contributions from Southland Legacy
- Higher demand at AES Indiana

→ Partially offset by the retirement of our Hawaii coal plant

Adjusted PTC[1]



1. A non-GAAP financial measure. See "definitions".

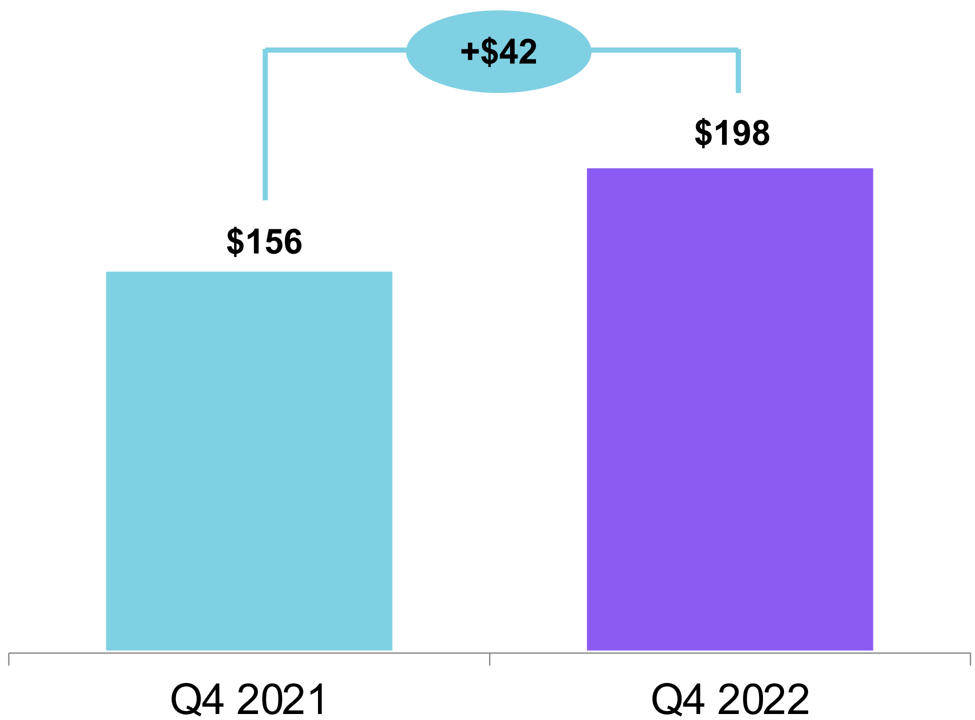
Q4 Financial Results: South America SBU

$ in Millions

→ Higher Adjusted PTC[1] driven primarily by:
- Increased ownership of AES Andes; and
- Higher margins at both AES Andes and AES Brasil

→ Partially offset by:
- 2021 Alto Maipo arbitration gain

Adjusted PTC[1]

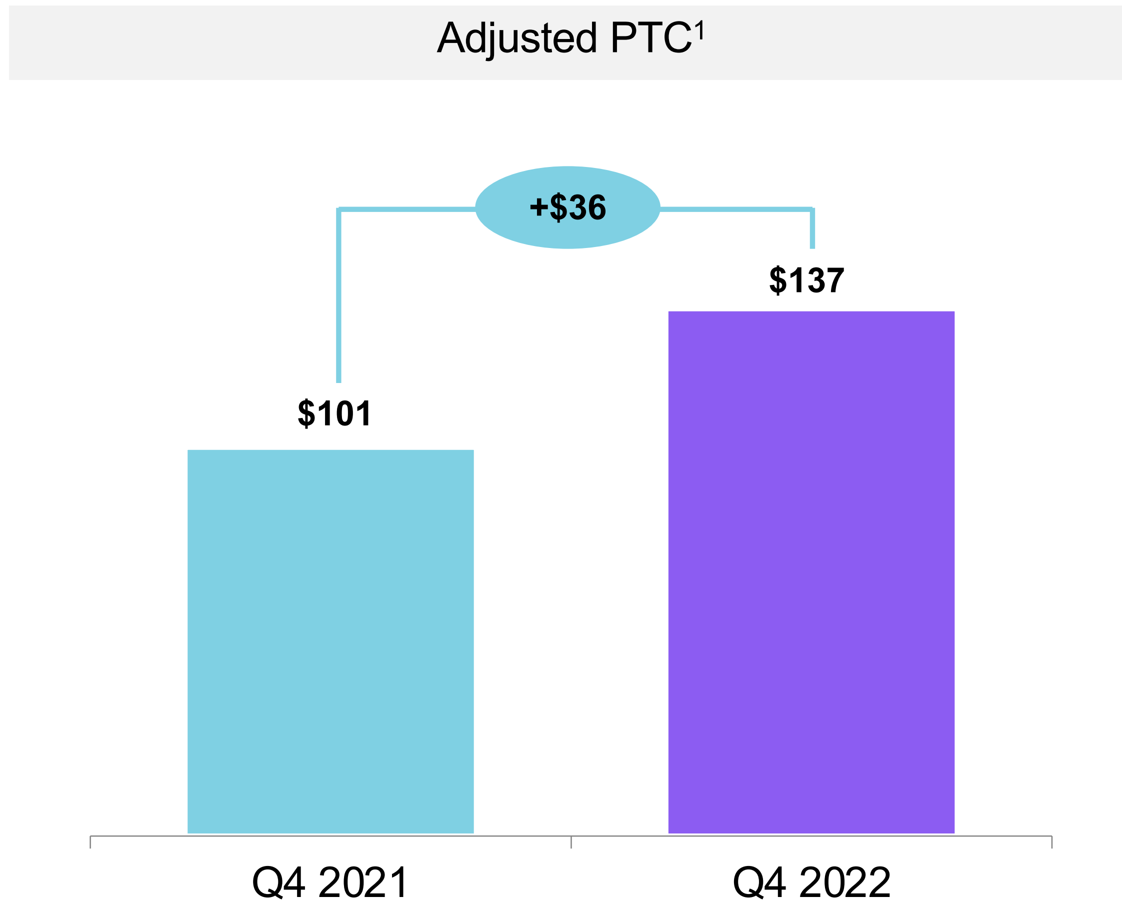


1. A non-GAAP financial measure. See “definitions”.

Q4 Financial Results: MCAC SBU

$ in Millions

→ Higher Adjusted PTC[1] driven primarily by higher LNG sales, mostly in Panama



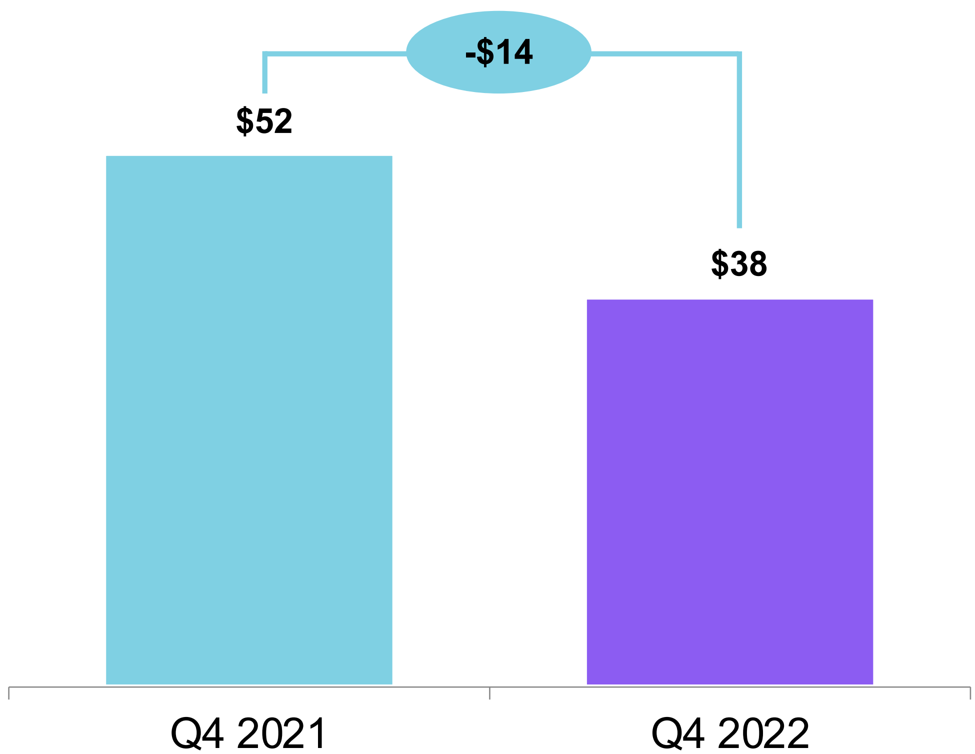
1. A non-GAAP financial measure. See "definitions".

Q4 Financial Results: Eurasia SBU

$ in Millions

→ Lower Adjusted PTC[1] driven primarily by:
- Lower contributions from Bulgaria; and
- Higher interest expense

Adjusted PTC[1]



1. A non-GAAP financial measure. See "definitions".

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

AES SBU/Reporting Country	US & Utilities/US				South America/Chile		South America/Brazil	
AES Company	IPL		DPL		AES Andes[2]		AES Brasil[2]	
$ in Millions	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
US GAAP Reconciliation								
AES Business Unit Adjusted Earnings[1,3]	$65	$77	($4)	$22	$330	$246	$18	$42
Adjusted PTC[1,3] Public Filer (Stand-alone)	$81	$97	($13)	$21	$497	$343	$26	($3)
Impact of AES Differences from Public Filings	-	-	-	-	$3	$3	-	-
AES Business Unit Adjusted PTC[1]	$81	$97	($13)	$21	$500	$346	$26	($3)
Unrealized Derivatives and Equity Security Gains (Losses)	-	-	($2)	$1	($8)	$23	($17)	($2)
Unrealized Foreign Currency Gains (Losses)	-	-	-	-	($16)	($12)	$12	-
Impairment Expense	-	-	-	-	($645)	($540)	-	-
Disposition/Acquisition Gains (Losses)	-	$3	$1	-	($8)	($1,441)	-	-
Losses on Extinguishment of Debt	-	-	-	-	($1)	($19)	($4)	$2
Net gains from early contract terminations at Angamos	-	-	-	-	-	$256	-	
Non-Controlling Interest before Tax	$39	$48	-	-	$50	($539)	$41	$4
Income Tax Expenses	($22)	($28)	$10	$1	($174)	$296	($16)	$96
US GAAP Income from Continuing Operations[4]	$98	$120	($4)	$23	($302)	($1,630)	$42	$97
Adjustment to Depreciation & Amortization[5]					($45)	($44)	($4)	($8)
Adjustment to Taxes					$28	$56	$4	$10
Other Adjustments					$631	$550	($15)	($5)
IFRS Net Income					$312	($1,068)	$27	$94
BRL-USD Implied Exchange Rate							5.3645	5.3285

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

1. A non-GAAP financial measure. Reconciliation provided above. See "definitions" for descriptions of adjustments.
2. The listed subsidiary is a public filer in its home country and reports its financial results locally under IFRS. Accordingly certain adjustments presented under IFRS Reconciliation are required to account for differences between US GAAP and local IFRS standards.
3. Total Adjusted PTC, US GAAP Income from continuing operations and intervening adjustments are calculated before the elimination of inter-segment transactions such as revenue and expenses related to the transfer of electricity from AES generation plants to AES utilities.
4. Represents the income/(loss) from continuing operations of the subsidiary included in the consolidated operating results of AES under US GAAP.
5. Adjustment to depreciation and amortization expense represents additional expense required due primarily to basis differences of long-lived and intangible assets under IFRS for each reporting period.

FY 2022 Modeling Disclosures

$ in Millions

	Adjusted PTC[1]	Interest Expense			Interest Income			Depreciation & Amortization		
		Consolidated	Attributable to NCI	Ownership-Adjusted	Consolidated	Attributable to NCI	Ownership-Adjusted	Consolidated	Attributable to NCI	Ownership-Adjusted
US & Utilities	$570	$331	($69)	$262	$50	($10)	$40	$574	($126)	$448
DPL	($13)	$68	-	$68	-	-	-	$80	-	$80
IPL	$81	$131	($39)	$92	$1	-	$1	$267	($80)	$187
South America	$573	$342	($96)	$246	$177	($42)	$135	$267	($77)	$190
AES Andes	$500	$130	($18)	$112	$30	-	$30	$148	($27)	$121
AES Brasil	$26	$126	($68)	$58	$60	($33)	$27	$86	($49)	$37
MCAC	$559	$150	($10)	$140	$8	($1)	$7	$155	($23)	$132
Eurasia	$192	$107	($33)	$74	$151	($74)	$77	$44	($3)	$41
Subtotal	$1,894	$930	($208)	$722	$386	($127)	$259	$1,040	($229)	$811
Corp/Other	($327)	$187	-	$187	$3	-	$3	$12	-	$12
Total	$1,567	$1,117	($208)	$909	$389	($127)	$262	$1,052	($229)	$823

1. A non-GAAP financial measure. See Slide 45 for reconciliation to the nearest GAAP measure and "definitions".

FY 2022 Modeling Disclosures

$ in Millions

	Total Debt			Cash & Cash Equivalents, Restricted Cash, Short-Term Investments, Debt Service Reserves & Other Deposits		
	Consolidated	Attributable to NCI	Ownership-Adjusted	Consolidated	Attributable to NCI	Ownership-Adjusted
US & Utilities	$10,004	($2,296)	$7,708	$979	($157)	$822
DPL	$1,691	-	$1,691	$31	-	$31
IPL	$3,017	($905)	$2,112	$202	($61)	$141
South America	$5,162	($1,387)	$3,775	$1,123	($481)	$642
AES Andes	$2,852	($319)	$2,533	$189	($13)	$176
AES Brasil	$1,631	($856)	$775	$630	($343)	$287
MCAC	$2,596	($135)	$2,461	$248	($41)	$207
Eurasia	$1,391	$2	$1,393	$307	($36)	$271
Subtotal	$19,153	($3,816)	$15,337	$2,657	($715)	$1,942
Corp/Other	$4,345	-	$4,345	$160	($1)	$159
Total	$23,498	($3,816)	$19,682	$2,817	($716)	$2,101

AES Modeling Disclosures

$ in Millions

	2023
Subsidiary Distributions (a)	$1,350-$1,400
Cash Interest (b)	($175)
Corporate Overhead	($115)
Parent-Funded SBU Overhead	($100)
Business Development/Taxes	($10)
Cash for Development, General & Administrative and Tax (c)	($225)
Parent Free Cash Flow[1] (a – b – c)	$950-$1,000

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".

FY 2023 Guidance Estimated Sensitivities

Interest Rates[1]

100 bps increase in interest rates over 2023 is forecasted to have a change in Adjusted EPS of ($0.01)

Currencies

10% appreciation of USD against following currencies is forecasted to have the following Adjusted EPS impacts:	FY 2023	
	Average Rate	Sensitivity
Argentine Peso (ARS)[2]	257.75	~($0.02)
Brazilian Real (BRL)	5.46	Less than ($0.005)
Chilean Peso (CLP)	868.58	~$0.01
Colombian Peso (COP)	5029.17	Less than ($0.005)
Dominican Peso (DOP)	56.57	~$0.02
Euro (EUR)	1.08	Less than ($0.005)
Mexican Peso (MXN)	20.15	~$0.015

Commodities

10% increase in commodity prices is forecasted to have the following Adjusted EPS impacts:	FY 2023	
	Average Rate	Sensitivity
IPE Brent Crude Oil[3]	$84.27/bbl	Less than ($0.01)
NYMEX Henry Hub Natural Gas[3]	$4.26/mmbtu	Less than ($0.005)
Rotterdam Coal (API 2)[3]	$186.60/ton	Less than ($0.005)
US Power – SP15	$111.88/MWh	Less than $0.005

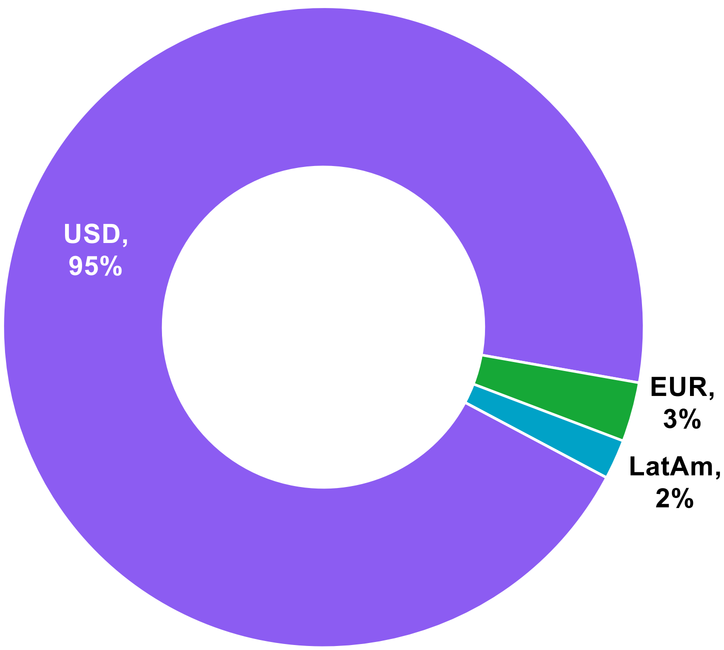
Note: Guidance issued on February 27, 2023. Sensitivities are provided on a standalone basis, assuming no change in the other factors, to illustrate the magnitude and direction of changing key market factors on AES guidance issued on February 27, 2023. Estimates show the impact on full year 2023 Adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. Full year 2023 guidance is based on currency and commodity forward curves and forecasts as of December 30, 2022. 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 December 30, 2022.
2. Argentine Peso sensitivities are based on AES internal FX rate assessment.
3. Sensitivity assumes no change in power prices.

Limited Exposure to Fluctuations in Foreign Currency

2023-2026 Cumulative Exposure

Composition by Currency



Annualized Impact[1] of 10% USD Appreciation on Adjusted PTC[2,3] After Hedging

Non-USD Currencies	$ in Millions
Argentine Peso (ARS)	($12.0)
Euro (EUR)	($6.0)
Colombian Peso (COP)	($2.0)
Chilean Peso (CLP)	$12.0
Brazilian Real (BRL)	($3.0)
Others	~$0
% of Annualized Adjusted PTC[2]	~0%

($0.015) Annualized EPS Impact From 10% Appreciation of USD

1. 10% USD appreciation relative to currency market forward curves as of December 30, 2022. Exception: Argentine Peso and Brazilian Real forward curves are based on AES internal FX rate assessment. Sensitivities are rounded to the nearest $1 million. Excludes inflation adjustments earned through contracts in Argentina and Colombia in the first 12 months.
2. Annualized values are cumulative exposure as of December 30, 2022.
3. As of December 30, 2022. A non-GAAP financial measure. See “definitions”.

PPAs Signed in FY 2022

Project	Location	Technology	Gross MW	AES Equity Interest	Expected COD[1]	PPA Length (Years)
AES Clean Energy (ACE)	US-Various	Solar	1,428	75%	1H 2023-2H 2026	10-30
		Wind	401			
		Energy Storage	162			
AES Puerto Rico	US-PR	Solar	355	100%	1H 2025	25
		Energy Storage	208			
AES Andes	Chile/Colombia	Solar	639	99%	2H 2022-2H 2027	10-20
		Wind	445			
		Energy Storage	691			
AES Brasil[2]	Brazil	Wind	524	44%	In Operation[3]/ 1H 2025	13-20
AES Dominicana	Dominican Republic	Wind	50	85%	In Operation[4]	15
AES Panama	Panama	Solar	250	49%	1H 2024-2H 2025	20
Total FY 2022			5,153			

1. Commercial Operations Date.
2. Announced by AES Brasil in March 2022 for a total of 114 MW signed in December 2021-January 2022.
3. Acquired in November 2022.
4. Acquired in June 2022.

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

	Q4 2022		Q4 2021	
$ in Millions, Except Per Share Amounts	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]	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	($903)	($1.27)	($632)	($0.89)
Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	$61		($122)	
Pre-Tax Contribution	($842)		($754)	
Adjustments				
Unrealized Derivative and Equity Securities Losses (Gains)	$130	$0.18[3]	($25)	($0.04)[4]
Unrealized Foreign Currency Losses	$19	$0.03[5]	$9	$0.01
Disposition/Acquisition Losses	$4	$0.01	$1,138	$1.60[6]
Impairment Losses	$1,161	$1.63[7]	$32	$0.05[8]
Loss on Extinguishment of Debt	$15	$0.02[9]	$40	$0.06[10]
U.S. Tax Law Reform Impact	-	-	-	($0.25)[11]
Less: Net Income Tax Benefit	-	($0.11)[12]	-	($0.09)[13]
Adjusted PTC[1] & Adjusted EPS[1]	$487	$0.49	$440	$0.45

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 $97 million, or $0.14 per share.
4. Amount primarily relates to unrealized gains on commodities swaps at Integrated Energy of $23 million, or $0.03 per share.
5. Amount primarily relates to unrealized foreign currency losses in Argentina of $20 million, or $0.03 per share, mainly associated with the devaluation of long-term receivables denominated in Argentine pesos.
6. Amount primarily relates to loss on deconsolidation of Alto Maipo of $1.5 billion, or $2.07 per share, and additional loss on Uplight transaction with shareholders of $14 million, or $0.02 per share; partially offset by a gain on initial public offering of Fluence of $325 million, or $0.46 per share, and a gain on remeasurement of our equity interest in sPower to acquisition-date fair value of $35 million, or $0.05 per share.
7. 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 impairment at TEG TEP of $191 million, or $0.27 per share.
8. Amount primarily relates to asset impairments at Buffalo Gap of $22 million, or $0.03 per share, and at Laurel Mountain of $7 million, or $0.01 per share.
9. 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.
10. Amount primarily relates to loss on early retirement of debt at AES Brasil of $27 million, or $0.04 per share, and at Argentina of $9 million, or $0.01 per share.
11. Amount relates to net gains at Angamos associated with the early contract terminations with Minera Escondida and Minera Spence of $256 million, or $0.37 per share.
12. Amount primarily relates to income tax benefits associated with the impairments at TEG TEP of $57 million, or $0.09 per share, and the income tax benefits associated with the other-than-temporary impairment at sPower of $39 million, or $0.06 per share.
13. Amount primarily relates to income tax benefits associated with the loss on deconsolidation of Alto Maipo of $209 million, or $0.29 per share; partially offset by income tax expense associated with the gain on initial public offering of Fluence of $73 million, or $0.10 per share, income tax expense adjustments associated with the impairments of Puerto Rico and AES Andes of $50 million, or $0.07 per share, and $28 million, or $0.04 per share, respectively, and income tax expense associated with the gain on remeasurement of our equity interest in sPower of $8 million, or $0.01 per share.

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

$ in Millions, Except Per Share Amounts	FY 2022		FY 2021	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]	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)	($413)	($0.59)
Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	$210		($31)	
Pre-Tax Contribution	($336)		($444)	
Adjustments				
Unrealized Derivative and Equity Securities Losses (Gains)	$128	$0.18[3]	($1)	-
Unrealized Foreign Currency Losses	$42	$0.07[4]	$14	$0.02
Disposition/Acquisition Losses	$40	$0.06[5]	$861	$1.22[6]
Impairment Losses	$1,658	$2.33[7]	$1,153	$1.65[8]
Loss on Extinguishment of Debt	$35	$0.05[9]	$91	$0.13[10]
Net Gains from Early Contract Terminations at Angamos	-	-	($256)	($0.37)[11]
U.S. Tax Law Reform Act	-	-	-	($0.25)[12]
Less: Net Income Tax Benefit	-	($0.25)[13]	-	($0.29)[14]
Adjusted PTC[1] & Adjusted EPS[1]	$1,567	$1.67	$1,418	$1.52

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 loss on deconsolidation of Alto Maipo of $1.5 billion, or $2.09 per share, loss on Uplight transaction with shareholders of $25 million, or $0.04 per share, and a day-one loss recognized at commencement of a sales-type lease at AES Renewable Holdings of $13 million, or $0.02 per share, partially offset by gain on initial public offering of Fluence of $325 million, or $0.46 per share, gain on remeasurement of our equity interest in sPower to acquisition-date fair value of $249 million, or $0.35 per share, gain on Fluence issuance of shares of $60 million, or $0.09 per share, and gain on sale of Guacolda of $22 million, or $0.03 per share.
7. 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.
8. Amount primarily relates to asset impairments at AES Andes of $540 million, or $0.77 per share, at Puerto Rico of $475 million, or $0.68 per share, at Mountain View of $67 million, or $0.10 per share, at our sPower equity affiliate, impacting equity earnings by $24 million, or $0.03 per share, at Buffalo Gap of $22 million, or $0.03 per share, at Clean Energy of $14 million, or $0.02 per share, and at Laurel Mountain of $7 million, or $0.01 per share.
9. 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.
10. Amount primarily relates to losses on early retirement of debt at AES Brasil of $27 million, or $0.04 per share, at Argentina of $17 million, or $0.02 per share, at AES Andes of $15 million, or $0.02 per share, and at Andres and Los Mina of $15 million, or $0.02 per share.
11. Amount relates to net gains at Angamos associated with the early contract terminations with Minera Escondida and Minera Spence of $256 million, or $0.37 per share.
12. Amount relates to the tax benefit on reversal of uncertain tax positions effectively settled upon closure of the Company's 2017 U.S. tax return exam of $176 million, or $0.25 per share.
13. 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.
14. Amount primarily relates to income tax benefits associated with the loss on deconsolidation of Alto Maipo of $209 million, or $0.30 per share, income tax benefits associated with the impairments at AES Andes of $146 million, or $0.21 per share, at Puerto Rico of $20 million, or $0.03 per share, and at Mountain View of $15 million, or $0.02 per share, partially offset by income tax expense associated with the gain on initial public offering of Fluence of $73 million, or $0.10 per share, income tax expense related to net gains at Angamos associated with the early contract terminations with Minera Escondida and Minera Spence of $69 million, or $0.10 per share, and income tax expense associated with the gain on remeasurement of our equity interest in sPower of $55 million, or $0.08 per share.

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

	FY 2020	
$ in Millions, Except Per Share Amounts	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 Parent Free Cash Flow[1]

$ in Millions	2022	2021	2020	2019
Net Cash Provided by Operating Activities at the Parent Company[2]	$434	$570	$434	$583
Subsidiary Distributions to QHCs Excluded from Schedule 1[3]	$257	$47	$198	$183
Subsidiary Distributions Classified in Investing Activities[4]	$366	$290	$238	$60
Parent-Funded SBU Overhead and Other Expenses Classified in Investing Activities[5]	($149)	($69)	($85)	($97)
Other	($2)	$1	($8)	($3)
Parent Free Cash Flow[1]	$906	$839	$777	$726

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 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.