The AES Corporation

First Quarter 2024 Financial Review

May 3, 2024

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.

Results & Highlights

Financial Results

- → Q1 2024 Adjusted EBITDA[1] with Tax Attributes[2] of $863 million
- → Q1 2024 Adjusted EBITDA[1] of $635 million
- → Q1 2024 Adjusted EPS[1] of $0.50
- → Reaffirming 2024 guidance for all metrics and growth rates through 2027

Strategic Highlights

- → Signed a PPA with Amazon for an additional 1 GW of solar-plus-storage, for a total of 2 GW at Bellefield, making it the largest solar-plus-storage project in the US
- → Added 593 MW of renewables to operating portfolio, and remain fully on track to add 3.6 GW by the end of the year
- → AES Indiana received approval for its rate case, with ROE of 9.9%

Leading Position in Serving Technology Customers Provides us with a Competitive Advantage in Capturing Expected Future Growth

1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. Pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax expense allocated to tax equity investors.

2 GW Bellefield: Largest Solar + Storage Project in the US

- → 1 GW of solar + 1 GW of storage in California
- → 15-year contract with Amazon
- → Expected online in 2025-2026
- → Total of 3.1 GW of renewables under long-term contracts with Amazon

AES is one of the Largest Renewable Energy Providers to Amazon

AES is One of the Largest Developers Providing Energy Solutions to Technology Companies

Google

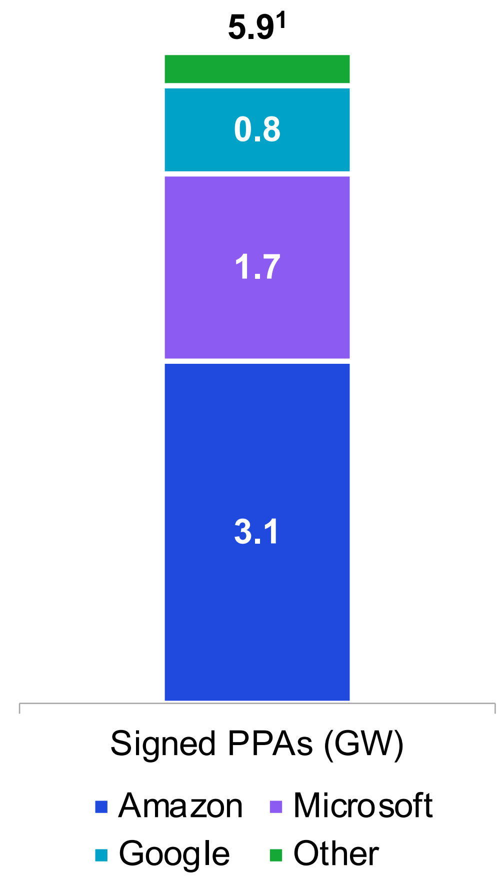
24/7 Carbon-Free Energy by 2030
→ Matching 100% of electricity with renewables

Microsoft

100/100/0 Commitment by 2030
→ Reaching 100% renewable energy by 2025

amazon

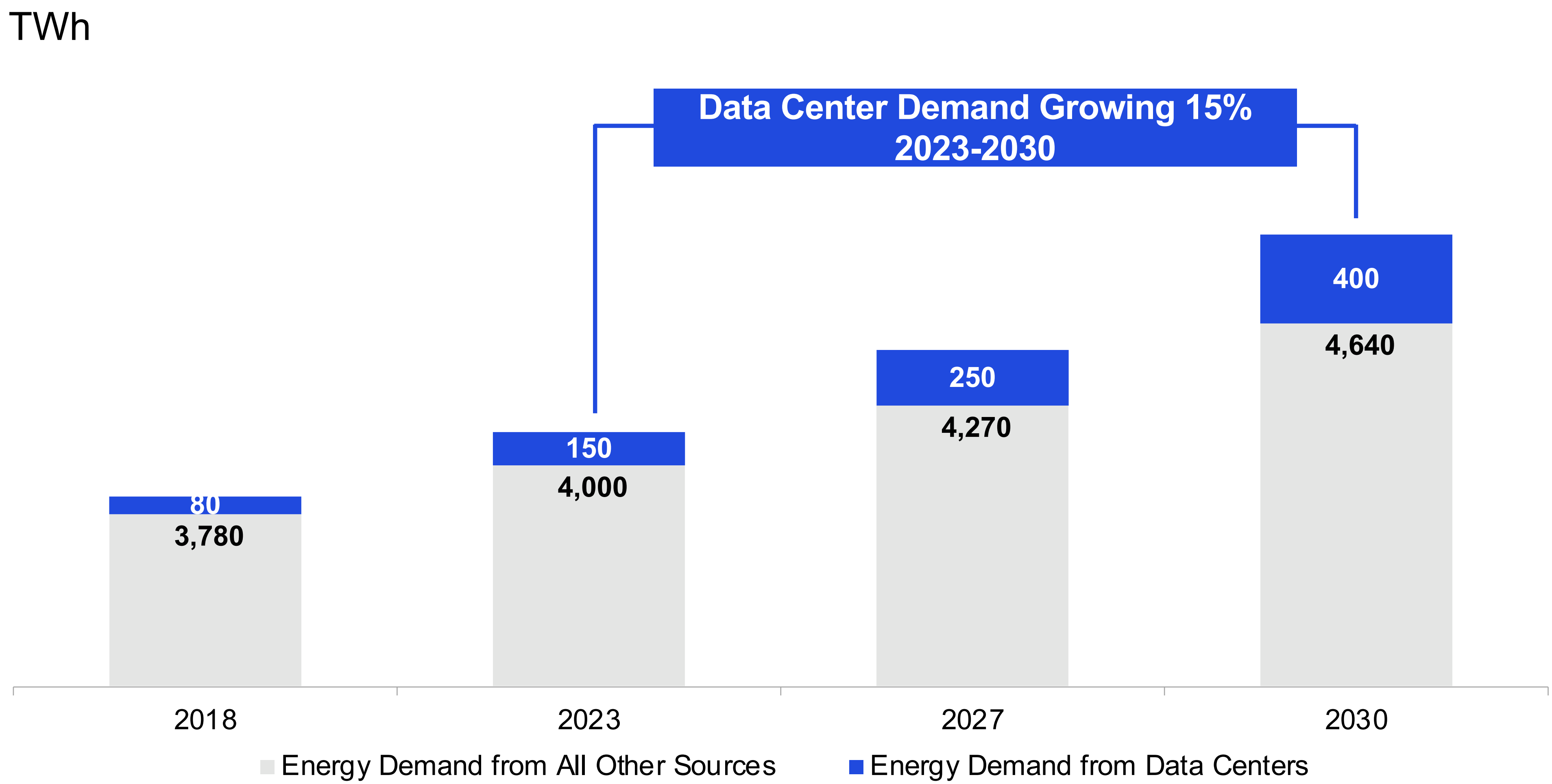
100% Renewable Energy by 2030
→ Powering operations with 100% renewable energy



>40% of AES' US Backlog is With Large Technology Companies

1. Includes projects that are in operation and backlog. Does not include more than 500 MW of contracts signed with utilities to serve data center customers.

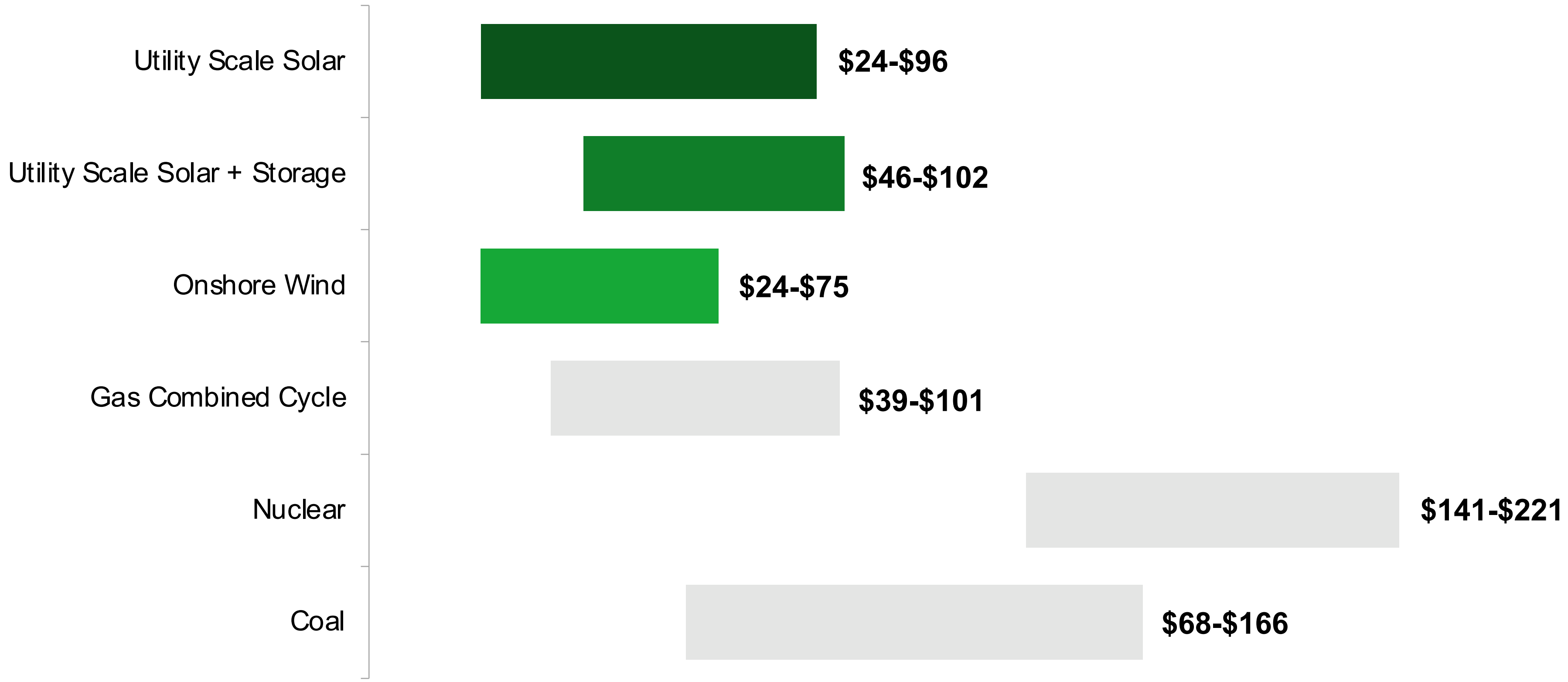
US Power Demand is Forecasted to Increase Substantially Through 2030



Source: McKinsey & Company.

Renewables Offer the Lowest Levelized Cost of Energy (LCOE) of All Technologies[1]

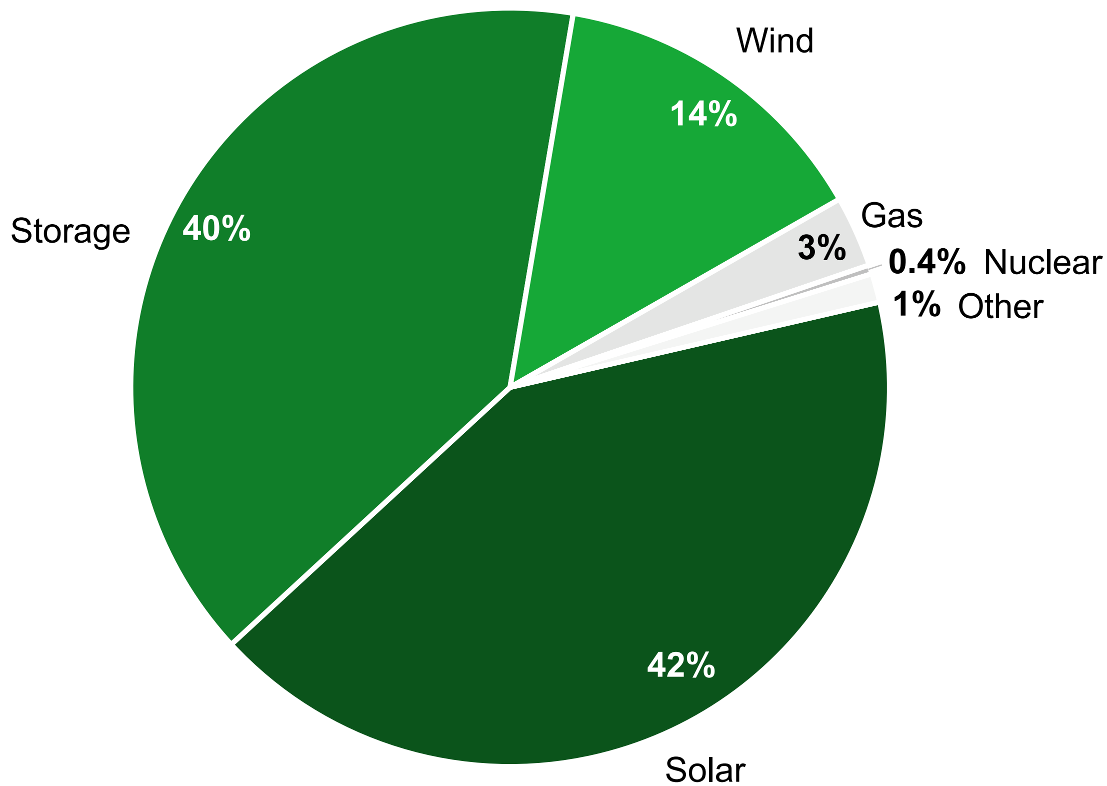
$/MWh, Unsubsidized, Assuming Zero Tax Attributes[2]



1. Lazard LCOE+, Levelized Cost of Energy Comparison – Unsubsidized Analysis, April 2023.
2. Pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties.

Renewables Represent 95% of Capacity in Interconnection Queues in the US[1]

Capacity in GW



1. Lawrence Berkeley National Laboratory, April 2024.

AES is Best Positioned to Serve Growing Demand for Renewables

AES’ Competitive Advantages

Scale

Innovation

Track Record

24/7 CFE PJM Retail, 500 MW

Delta, Mississippi, 185 MW

Raceway 1, California, 205 MW

Clear & Growing Demand for US Renewables Led to Increasing Our Return[1] Expectations to 12% to 15%

AES' Global Operating & Development Portfolio

66 GW Pipeline

- Includes at least partial land control for each project
- Interconnection filings for all projects in relevant markets

12.7 GW Backlog

- Signed contracts that are not yet operational, with 46% under construction
- 1.2 GW signed since Q4 earnings call in February
- 92% of major equipment for 2024 construction projects onsite, including nearly all solar modules

34.9 GW Operations

- 54% renewables
- Added 593 MW YTD
- Expect to add a total of 3.6 GW of new projects in FY 2024

1. On a levered, after-tax, cash basis.

Investment in US Utilities During Q1 2024 Increased ~100% Versus Q1 2023

aes Indiana

→ Received approval from the Indiana Utility Regulatory Commission (IURC) of rate case settlement

→ Closed acquisition of 106 MW Hoosier Wind project, providing long-term savings to customers and increasing portfolio of renewables

aes Ohio

→ ~80% of AES Ohio's planned investments through 2027 already approved or under FERC formula rate programs

Q1 2024 Financial Review

→ Q1 2024 results

→ 2024 guidance

→ 2024 Parent capital allocation

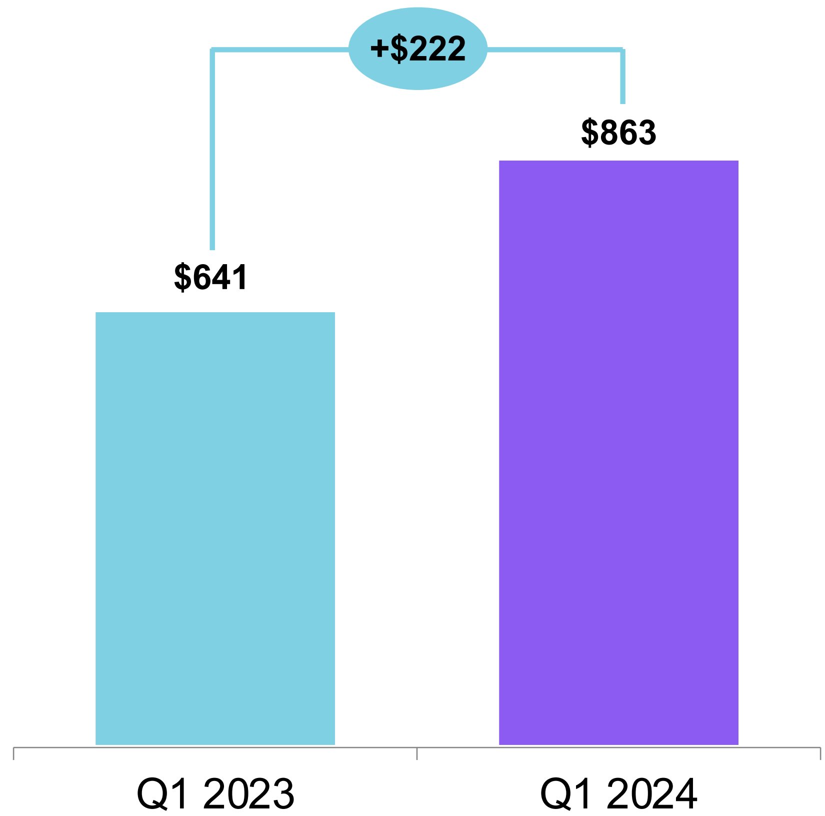
→ Our low-risk, highly efficient capital structure

Q1 2024 Financial Results

$ in Millions

→ Higher Adjusted EBITDA[1] with Tax Attributes[2] driven primarily by contributions from new businesses

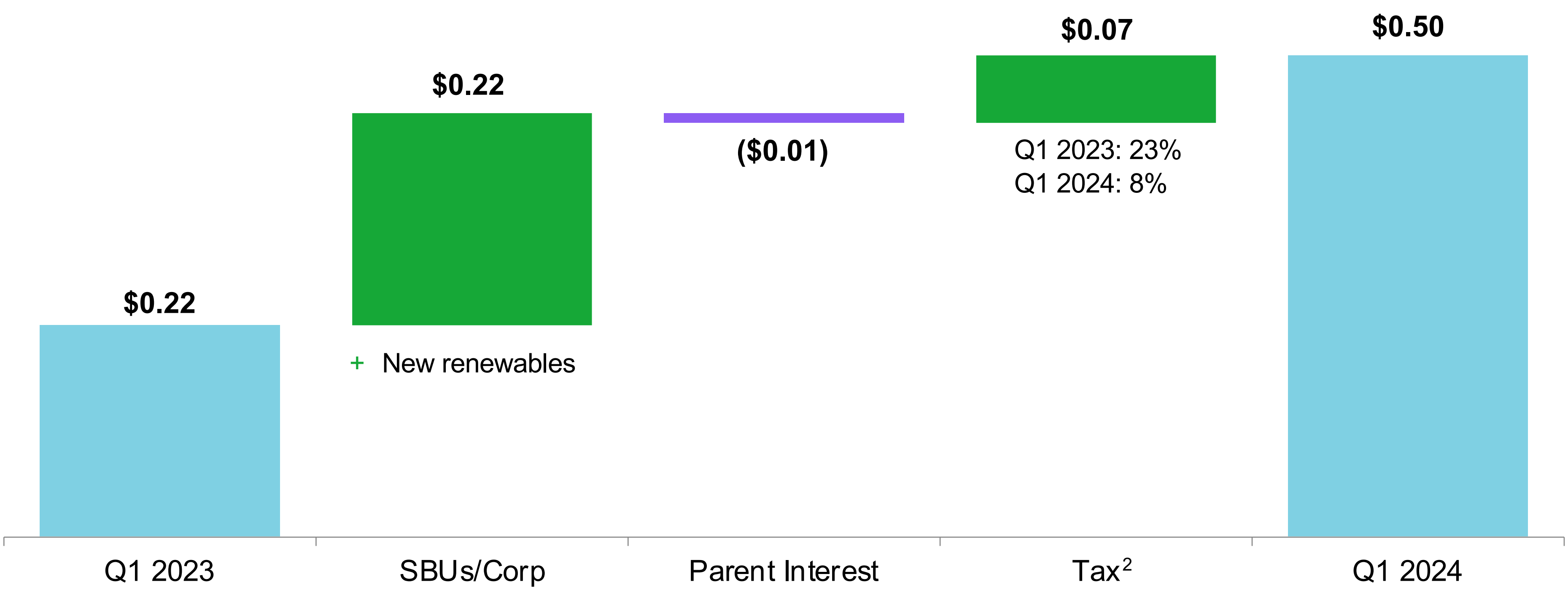
Adjusted EBITDA[1] with Tax Attributes[2]



1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. Pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties. Tax Attributes were $228 million and $13 million in Q1 2024 and 2023, respectively.

Q1 2024 Adjusted EPS[1] Increased $0.28

$ Per Share



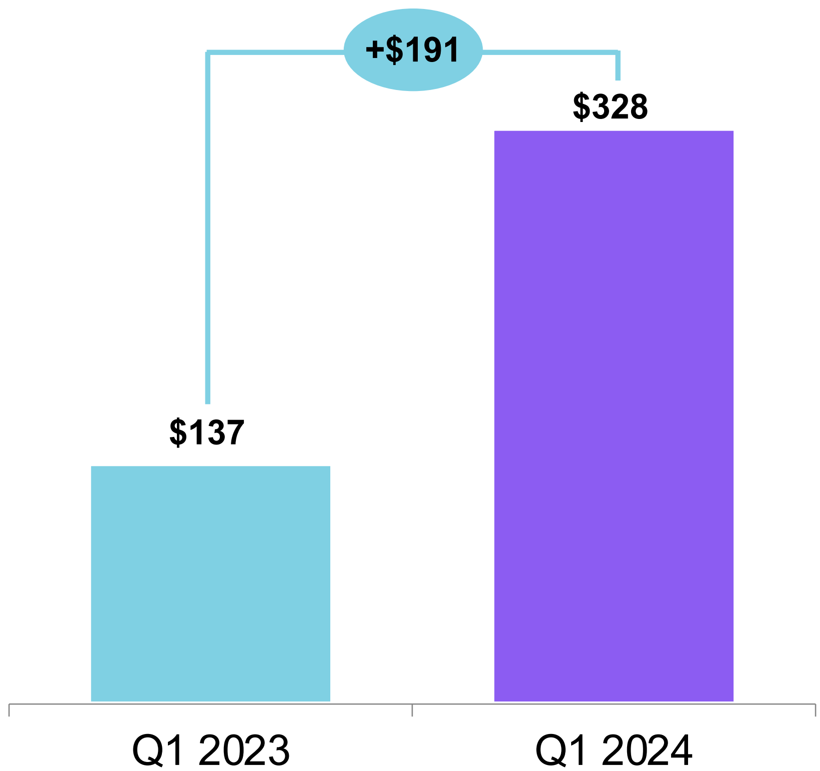
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. Excludes $0.07 benefit from US renewable tax credit transfers, which is included in the SBUs/Corp bar.

Q1 2024 Financial Results: Renewables

$ in Millions

- → Higher Adjusted EBITDA[1] with Tax Attributes[2] driven primarily by contributions from new businesses
- → Partially offset by lower renewable resource in Panama and Brazil

Adjusted EBITDA[1] with Tax Attributes[2]



1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.
2. Pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties. Tax Attributes for the Renewables SBU were $226 million and $13 million in Q1 2024 and 2023, respectively.

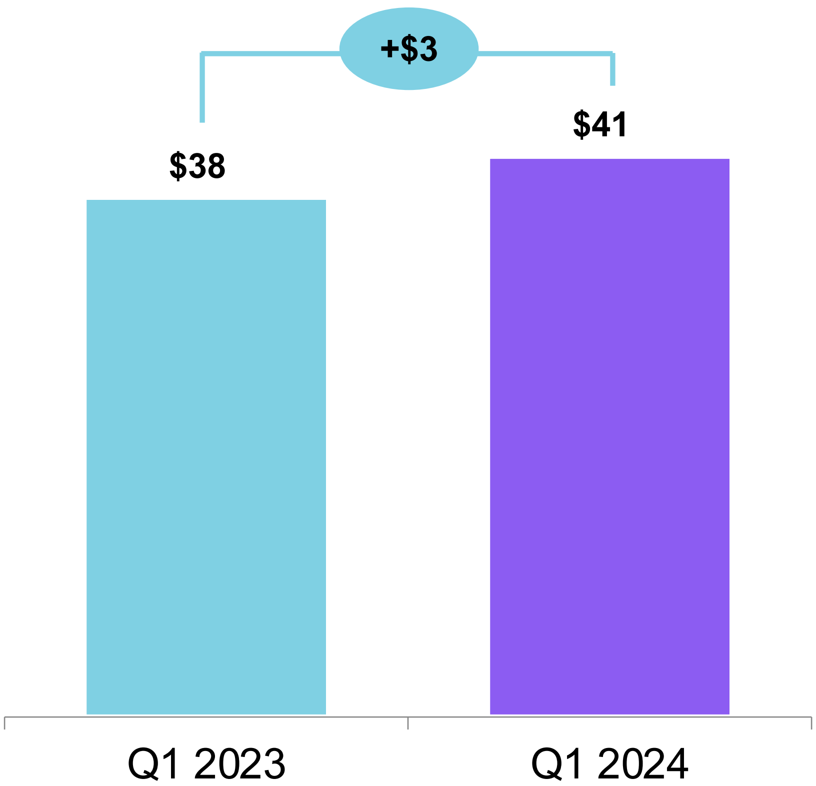
Q1 2024 Financial Results: Utilities

$ in Millions

→ Higher Adjusted PTC[1] driven primarily by:
  - Favorable weather in the US; and
  - Rate base growth

→ Partially offset by interest expense on new borrowings to fund growth

Adjusted PTC[1]



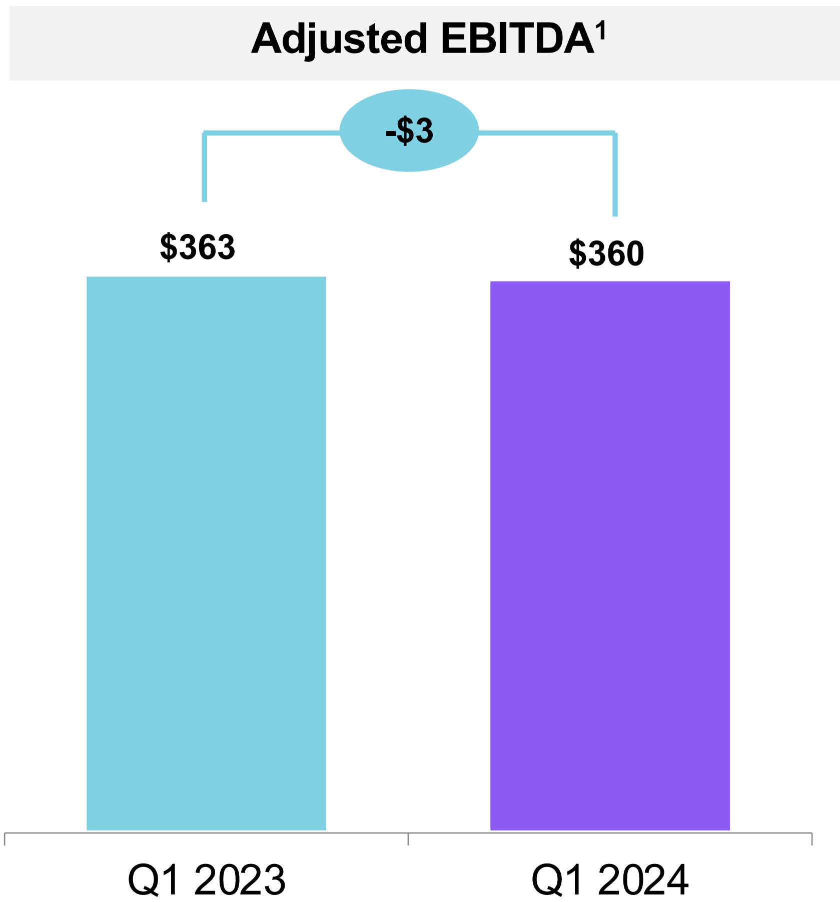
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q1 2024 Financial Results: Energy Infrastructure

$ in Millions

→ Relatively flat Adjusted EBITDA[1] driven primarily by:
- Prior-year favorable LNG transactions; and
- Sell-down of gas and LNG businesses in Panama and the Dominican Republic

→ Partially offset by higher revenues due to the Warrior Run PPA monetization



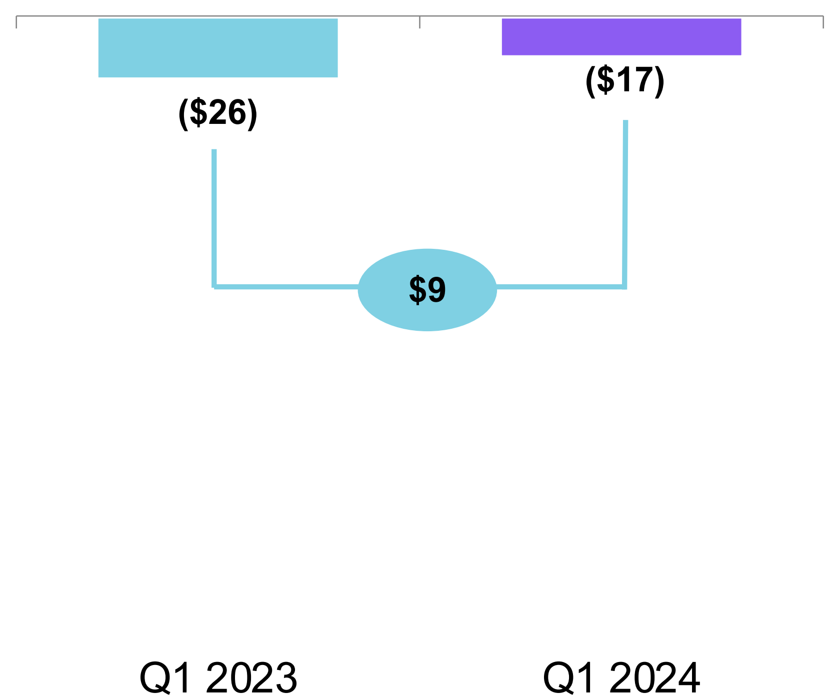
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Q1 2024 Financial Results: New Energy Technologies

$ in Millions

→ Higher Adjusted EBITDA[1] driven primarily by improved results at Fluence

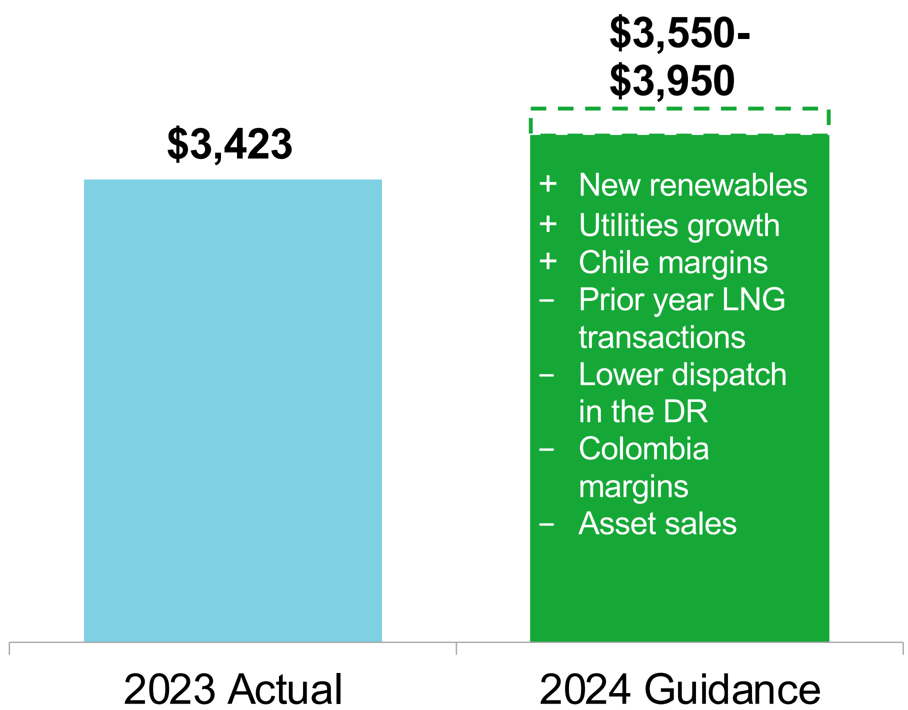
Adjusted EBITDA[1]



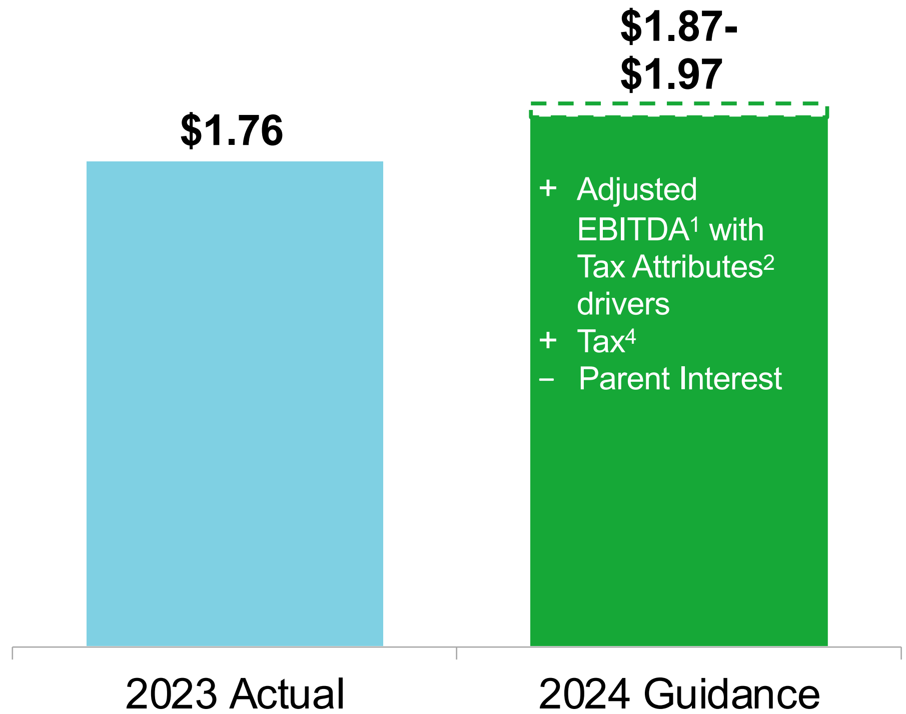
1. A non-GAAP financial measure. See Appendix for definition and reconciliation to the nearest GAAP measure.

Reaffirming 2024 Guidance

Adjusted EBITDA[1] with Tax Attributes[2] ($ in Millions)



Adjusted EPS[3] ($ Per Share)

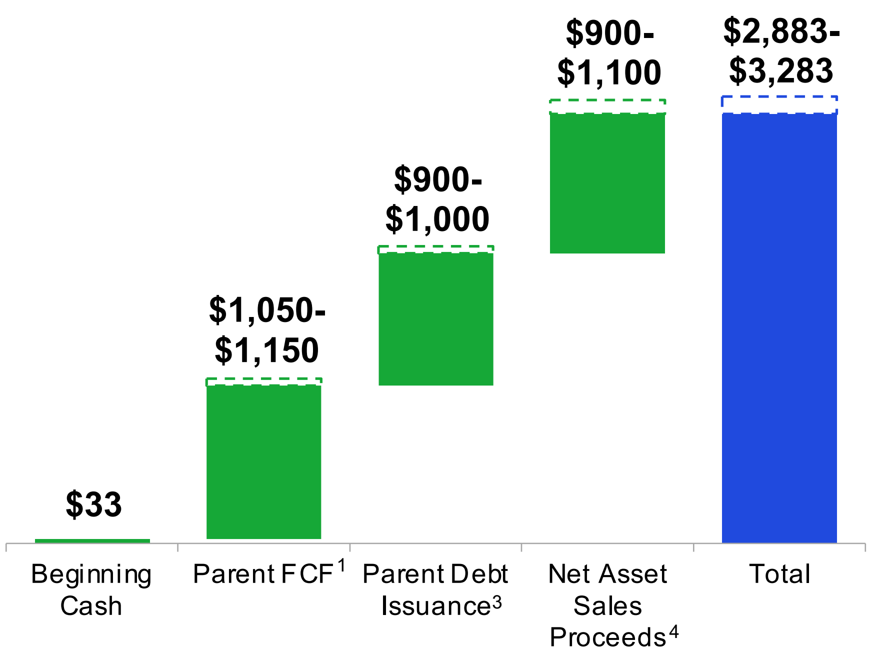


1. A non-GAAP financial measure. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Adjusted EBITDA guidance without unreasonable effort. See Appendix for definition and for a description of the adjustments to reconcile Adjusted EBITDA to net income for 2023.
2. Pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties.
3. 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 2023.
4. 2024 estimated adjusted tax rate of 23% to 25% versus 2023 adjusted tax rate of 28%. Excludes $0.34 benefit from US renewable tax credit transfers, which is included in Tax Attributes.

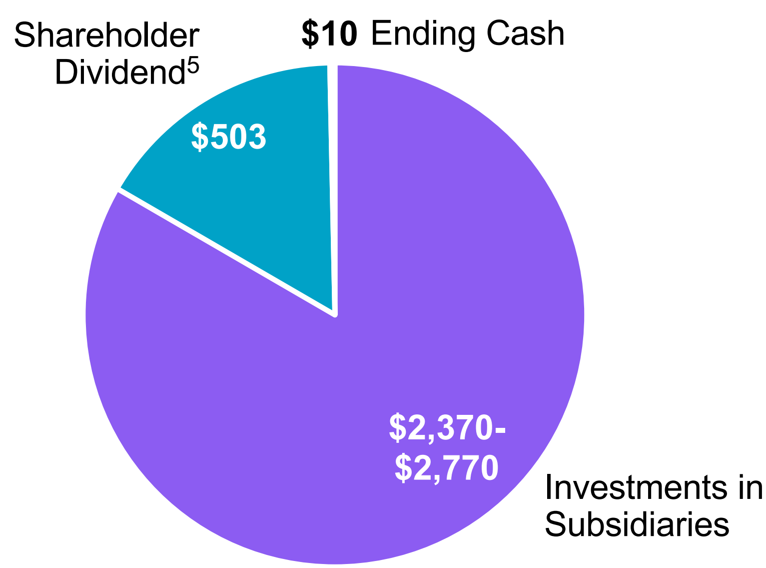
2024 Parent Capital Allocation Plan: Expect 6% to 8% Parent Free Cash Flow[1] Growth Through 2027[2]

$ in Millions

Discretionary Cash – Sources ($2,883-$3,283)



Discretionary Cash – Uses ($2,883-$3,283)



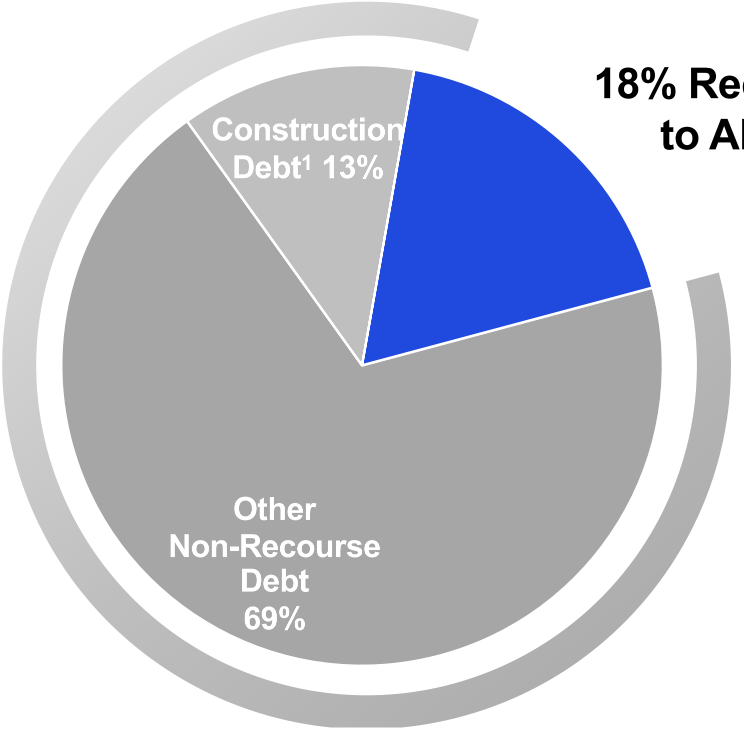
1. A non-GAAP financial measure. See Appendix for definition. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Parent Free Cash Flow expectation without unreasonable effort. See Appendix for definition and a description of the adjustments to reconcile Parent Free Cash Flow to Net Cash Provided by Operating Activities at the Parent Company for 2023.
2. Targeted average annual growth through 2027 from a base of 2023 guidance of $950 to $1,000 million.
3. Includes short-term revolving debt and potential hybrid issuance.
4. Sell-down of Jordan and unannounced asset sales. Proceeds to AES Corporation net of subsidiary level reinvestment of proceeds, taxes, fees and subsidiary debt repayment.
5. Includes 2024 payment of $0.1725 per share each quarter on 670 million shares outstanding as of December 31, 2023, and 6.875% coupon on $1 billion of equity units issued in March 2021, which were converted into common stock in February 2024.

Substantial Majority of Outstanding Debt is Non-Recourse to AES Corp.

Total Debt

82% Non-Recourse Debt

→ Financing secured by underlying project(s) alone with no broader risk to AES Corp.



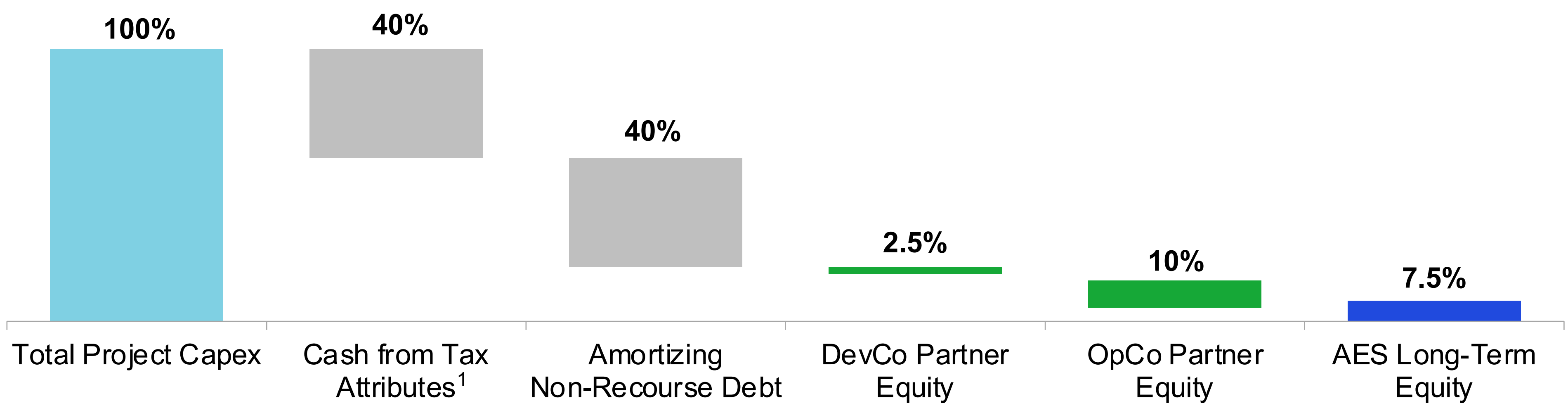
18% Recourse Debt to AES Corp.

Nearly 90% of Long-Term Debt[2] is Fixed or Hedged

1. Includes AES Clean Energy Construction Warehouse and Bellefield Construction Facility. Approximately half of our US construction debt is expected to be repaid with tax attributes once a project comes online.
2. Excludes revolvers, commercial paper and construction debt.

Capital-Efficient Renewables Funding Model

Example of a US Renewables Project Sources & Uses (% of Project Capex)



Cash from Tax Attributes[1]
- → Monetized when project comes online; used to repay portion of construction debt

Amortizing Non-Recourse Debt
- → Fixed rate, self-amortizing, investment grade-rated
- → Interest rate hedged at PPA signing

DevCo Partner Equity
- → Development partnership with AIMCo

OpCo Partner Equity
- → Sell down project at a premium post-COD to recover most (if not all) remaining equity investment

1. Pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties.

Key Takeaways

Strong First Quarter Results, in Line with Expectations

Resilient Business Model

Strong & Accelerating Demand for Renewables

Appendix

Parent Only Cash Flow & Liquidity	Slides 25-27
Recourse & Non-Recourse Debt	Slides 28-31
Q1 Adjusted EPS[1] Roll-Up	Slide 32
Listed Subsidiaries & Public Filers	Slides 33-34
AES Modeling Disclosures	Slides 35-38
2024 SBU Modeling Ranges	Slide 39
Currencies and Commodities	Slides 40-41
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Reconciliations	Slides 43-46
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1. A non-GAAP financial measure. See “definitions”.

Parent Sources and Uses of Liquidity

$ in Millions	Q1 2023	Q1 2024
Sources		
Total Subsidiary Distributions[1]	$356	$386
Proceeds from Asset Sales, Net	$98	$15
Financing Proceeds, Net	-	-
Increased/(Decreased) Credit Facility Commitments	-	-
Total Returns of Capital Distributions & Project Financing Proceeds	$56	$1
Beginning Parent Company Liquidity[2]	$1,165	$1,409
Total Sources	$1,675	$1,811
Uses		
Shareholder Dividend	($129)	($133)
Investments in Subsidiaries, Net	($304)	($856)
Cash for Development, Selling, General & Administrative and Taxes	($113)	($120)
Cash Payments for Interest	($61)	($61)
Changes in Letters of Credit and Other, Net	$19	$91
Ending Parent Company Liquidity[2]	($1,087)	($732)
Total Uses	($1,675)	($1,811)

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

Q1 FY 2024 Subsidiary Distributions[1]

$ in Millions

Subsidiary Distributions[1] by SBU	Q1 2024
Renewables	$49
Utilities	$19
Energy Infrastructure	$318
New Energy Technologies	-
Corporate[2]	-
Total	$386

Top Subsidiary Distributions[1] by Business

Q1 2024

Business	Amount	Business	Amount
US Generation (Energy Infrastructure)	$286	Mesa La Paz (Renewables)	$6
AES Clean Energy (Renewables)	$38	Amman East (Energy Infrastructure)	$5
AES Indiana (Utilities)	$19	Kavarna (Renewables)	$4
Southland (Energy Infrastructure)	$16	Mong Duong (Energy Infrastructure)	$1
Integrated Energy (Energy Infrastructure)	$10	Puerto Rico (Energy Infrastructure)	$1

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

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

$ in Millions

	Quarter Ended			
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Total Subsidiary Distributions[1] to Parent & QHCs[2]	$386	$536	$311	$205
Total Return of Capital Distributions to Parent & QHCs[2]	$1	$78	$60	-
Total Subsidiary Distributions[1] & Returns of Capital to Parent	$387	$614	$371	$205

	Balance as of			
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Cash at Parent & QHCs[2]	$90	$33	$51	$35
Availability Under Credit Facilities	$642	$1,376	$857	$883
Ending Liquidity	$732	$1,409	$908	$918

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

Recourse Debt Summary

$ in Millions, Except Percentages; as of March 31, 2024

	SBU	Principal Balance	Interest Rate	Maturity	Ratings Moody's/S&P/Fitch
Parent Revolver	Corporate	$110	Term SOFR + 1.750%	8/23/27	Baa3/BBB-/BBB-
Commercial Paper	Corporate	$720	Variable	N/A	P3/A3/F3
Senior Variable Rate Term Loan	Corporate	$200	Term SOFR + 1.125%	9/30/24	N/A
3.300% Senior Unsecured Notes due 2025	Corporate	$900	3.300%	7/15/25	Baa3/BBB-/BBB-
1.375% Senior Unsecured Notes due 2026	Corporate	$800	1.375%	1/15/26	Baa3/BBB-/BBB-
5.450% Senior Unsecured Notes due 2028	Corporate	$900	5.450%	6/1/28	Baa3/BBB-/BBB-
3.950% Senior Unsecured Notes due 2030	Corporate	$700	3.950%	7/15/30	Baa3/BBB-/BBB-
2.450% Senior Unsecured Notes due 2031	Corporate	$1,000	2.450%	1/15/31	Baa3/BBB-/BBB-
Total Recourse Debt[1] (as of March 31, 2024)		$5,330			

Note: Ratings as of March 31, 2024. To request an Excel version of this table, please contact Max Trask at max.trask@aes.com.

1. These balances do not reflect unamortized discounts and other accounting adjustments that are used to calculate the book value of the debt. Certain amounts may vary slightly from other presentations due to rounding.

Q1 2024 Non-Recourse Debt[1] Schedule

$ in Millions, Except Percentages; as of March 31, 2024

SBU/Business	Country/State	Ownership Percentage	March 31, 2024 Total Balance	Debt Maturity and Amortization Schedule						March 31, 2024 Total Balance (Ownership-Adjusted)
				2024	2025	2026	2027	2028	2029 and Thereafter	
Renewables										
AES Clean Energy	US-Various	84%	6,327	1,045	564	3,043	898	16	761	5,322
AES Brasil (AES Tietê)	Brazil	46%	2,300	251	441	131	426	114	937	1,061
Changuinola	Panama	90%	41	3	8	30	-	-	-	37
Chivor	Colombia	100%	151	65	26	26	26	3	5	151
DR Renewables	Dominican Republic	65%	249	5	11	12	14	14	193	161
Jordan Solar	Jordan	36%	11	-	1	1	1	1	7	4
Kavarna	Bulgaria	89%	47	7	9	4	4	3	20	42
Puerto Rico Solar	US-Puerto Rico	100%	26	2	3	3	3	3	12	26
Total Renewables			**9,152**	**1,378**	**1,063**	**3,250**	**1,372**	**154**	**1,935**	**6,804**
Utilities										
AES Indiana (IPALCO)	US-Indiana	70%	4,084	445	40	90	-	-	3,509	2,859
AES Ohio (Dayton Power & Light)	US-Ohio	100%	2,022	170	415	-	140	93	1,204	2,022
El Salvador	El Salvador	79%	421	59	33	24	147	1	157	334
Total Utilities			**6,527**	**674**	**488**	**114**	**287**	**94**	**4,870**	**5,215**

Note: To request an Excel version of this table, please contact Max Trask at max.trask@aes.com.

1. These balances do not reflect unamortized discounts and other accounting adjustments that are used to calculate the book value of the debt. Certain amounts may vary slightly from other presentations due to rounding. Does not include temporary drawings under revolvers of $195 million at US utilities.

Q4 2023 Non-Recourse Debt[1] Schedule

$ in Millions, Except Percentages; as of March 31, 2024

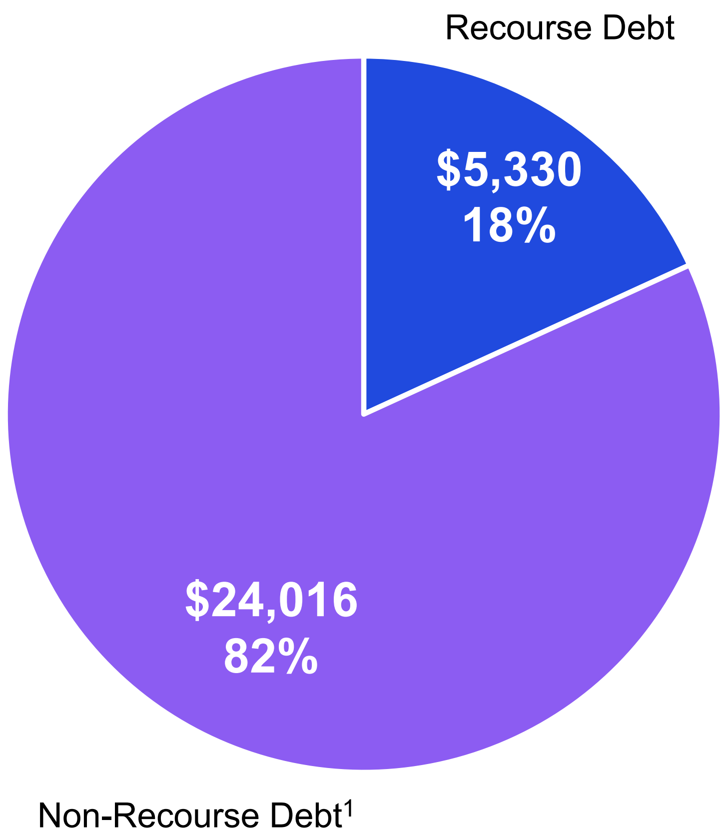
SBU/Business	Country/State	Ownership Percentage	March 31, 2024 Total Balance	Debt Maturity and Amortization Schedule						March 31, 2024 Total Balance (Ownership-Adjusted)
				2024	2025	2026	2027	2028	2029 And Thereafter	
Energy Infrastructure										
AES Andes (AES Gener)	Chile	99%	2,256	91	154	248	518	-	1,245	2,242
AES Argentina	Argentina	100%	236	38	76	-	122	-	-	236
AES Panama	Panama	100%	1,356	47	20	22	25	25	1,217	1,356
Andres	Dominican Republic	74%	692	162	25	26	7	472	-	512
Angamos	Chile	99%	33	6	6	6	6	6	3	33
Colon	Panama	65%	61	12	32	17	-	-	-	40
Cochrane	Chile	59%	710	60	66	67	44	67	406	422
Los Mina	Dominican Republic	65%	260	-	-	-	260	-	-	169
Maritza East I	Bulgaria	100%	162	69	93	-	-	-	-	162
Mong Duong	Vietnam	100%	115	10	105	-	-	-	-	115
Puerto Rico	US-Puerto Rico	100%	135	-	-	23	13	99	-	135
Southland Energy	US-California	55%	1,909	53	85	93	98	100	1,480	1,044
TEG TEP	Mexico	100%	145	42	35	36	32	-	-	145
US Generation	US-Various	100%	267	267	-	-	-	-	-	267
Total Energy Infrastructure			**8,337**	**857**	**697**	**538**	**1,125**	**769**	**4,351**	**6,878**
Total Non-Recourse Debt[1] Across All SBUs			**24,016**	**2,909**	**2,248**	**3,902**	**2,784**	**1,017**	**11,156**	**18,897**

Note: To request an Excel version of this table, please contact Max Trask at max.trask@aes.com.

1. These balances do not reflect unamortized discounts and other accounting adjustments that are used to calculate the book value of the debt. Certain amounts may vary slightly from other presentations due to rounding. Does not include temporary drawings under revolvers of $195 million at US utilities.

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

$ in Millions, as of March 31, 2024



	Recourse Debt	Non-Recourse Debt[1]
Weighted Average All-in Cost	3.86%	5.80%
Weighted Average Maturity	3.8 years	8.0 years
Long-Term Debt[2] Percentage Fixed or Hedged	100%	85%
Percentage in Functional Currency	100%	~100%

1. Does not include temporary drawings under revolvers of $195 million at US utilities.
2. Does not include $5.5 billion of construction debt, temporary drawings under revolvers and commercial paper issuance

Q1 Adjusted EPS[1] Roll-Up

$ in Millions, Except Per Share Amounts

	Q1 2024	Q1 2023	Variance
Adjusted PTC[1]			
Renewables	$135	$32	$103
Utilities	$41	$38	$3
Energy Infrastructure	$227	$211	$16
New Energy Technologies[2]	($18)	($28)	$10
Corporate	($49)	($49)	-
Total AES Adjusted PTC[1,3]	$336	$204	$132
Adjusted Effective Tax Rate	(7%)	23%	
Diluted Share Count	712	712	
Adjusted EPS[1]	$0.50	$0.22	$0.28

1. A non-GAAP financial measure. See Slide 43 for reconciliation to the nearest GAAP measure and "definitions".
2. Includes $15 million and $22 million of losses from AES Next for the three months ended March 31, 2024 and 2023, respectively.
3. Includes $11 million and $23 million of adjusted after-tax equity in losses for the three months ended March 31, 2024 and 2023, respectively.

Q1 Adjusted PTC[1]: Reconciliation to Public Financials of Listed Subsidiaries & Public Filers

AES SBU/Reporting Country	Utilities/US			
AES Company	IPL		DPL	
$ in Millions	Q1 2024	Q1 2023	Q1 2024	Q1 2023
US GAAP Reconciliation				
AES Business Unit Adjusted Earnings[1,2]	$12	$13	$3	$1
Adjusted PTC[1,3] Public Filer (Stand-alone)	$14	$17	$4	$2
Impact of AES Differences from Public Filings	-	-	-	-
AES Business Unit Adjusted PTC[1]	$14	$17	$4	$2
Unrealized Derivatives and Equity Security Gains (Losses)	-	-	$1	-
Disposition/Acquisition Gains (Losses)	-	-	-	-
Non-Controlling Interest before Tax	$3	$7	-	-
Income Tax Benefit (Expense)	($4)	($5)	($2)	($1)
US GAAP Income from Continuing Operations[3]	$13	$19	$3	$1

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. Total Adjusted PTC, US GAAP Income (Loss) 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.
3. Represents the income/(loss) from continuing operations of the subsidiary included in the consolidated operating results of AES under US GAAP.

Q1 Adjusted EBITDA[1]: Reconciliation to Public Financials of Listed Subsidiaries & Public Filers

AES SBU/Reporting Country	Renewables & Energy Infrastructure/Chile		Renewables/Brazil	
AES Company	AES Andes[2]		AES Brasil[2]	
$ in Millions	Q1 2024	Q1 2023	Q1 2024	Q1 2023
US GAAP Reconciliation				
Adjusted EBITDA[1,3] Public Filer (Stand-alone)	$127	$177	$32	$35
Impact of AES Differences from Public Filings	-	-	-	-
AES Business Unit Adjusted EBITDA[1]	$127	$177	$32	$35
Less: Adjustment for noncontrolling interests and redeemable stock of subsidiaries	($33)	$12	($39)	($44)
Less: Income tax expense (benefit), interest expense (income) and depreciation and amortization from equity affiliates	-	-	$1	$1
Unrealized derivative and equity securities losses (gains)	$1	$3	($7)	$5
Unrealized foreign currency losses (gains)	($7)	$17	$13	($19)
Disposition/acquisition losses	$2	-	$5	$6
Impairment losses	-	-	-	-
Losses on extinguishment of debt	$13	-	-	-
EBITDA	$151	$145	$59	$86
Income Tax Expenses	$22	$27	$3	$11
Interest Expense	$43	$51	$61	$54
Interest Income	($15)	($18)	($13)	($29)
Depreciation and Amortization	$39	$38	$34	$29
Net Income (Loss)	$62	$47	($26)	$21
Adjustment to Depreciation & Amortization[5]	($2)	($11)	($2)	($1)
Adjustment to Taxes	$9	$2	$1	$5
Other Adjustments	($6)	($5)	$6	($13)
IFRS Net Income (Loss)	$63	$33	($21)	$12
BRL-USD Implied Exchange Rate			4.9515	5.1954

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 EBITDA as it is included in AES consolidated Adjusted EBITDA with the subsidiary's income/(loss) from continuing operations under US GAAP and the subsidiary's locally IFRS reported net income (loss), 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 EBITDA, 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.

Q1 2024 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
Renewables	$135	$88	($70)	$18	$31	($10)	$21	$108	($32)	$76
Utilities[2]	$41	$73	($15)	$58	$3	-	$3	$111	($26)	$85
DPL	$4	$20	-	$20	$1	-	$1	$23	-	$23
IPL	$14	$44	($14)	$30	$2	-	$2	$80	($24)	$56
Energy Infrastructure	$227	$138	($13)	$125	$65	($18)	$47	$91	($23)	$68
New Energy Technologies	($18)	-	-	-	$1	-	$1	-	-	-
Corporate	($49)	$58	-	$58	$5	-	$5	$2	-	$2
Total	$336	$357	($98)	$259	$105	($28)	$77	$312	($81)	$231

1. A non-GAAP financial measure. See Slide 43 for reconciliation to the nearest GAAP measure and "definitions".
2. Also includes El Salvador.

Q1 2024 Modeling Disclosures

$ in Millions

	Total Debt as of March 31, 2024			2027 Forecasted Total Debt		
	Consolidated	Attributable to NCI	Ownership-Adjusted	Consolidated	Attributable to NCI	Ownership-Adjusted
Renewables*	$9,269	($2,374)	$6,895	$16,200-$17,800	($6,000)-($6,600)	$10,200-$11,200
Utilities[1]	$6,735	($1,379)	$5,356	$6,100-$6,700	($1,000)-($1,200)	$5,100-$5,500
DPL	$2,008	-	$2,008			
IPL	$4,317	($1,295)	$3,022			
Energy Infrastructure	$8,299	($1,442)	$6,857	$6,300-$6,900	($1,500)-($1,700)	$4,800-$5,200
New Energy Technologies	$1	-	$1	-	-	-
Corporate	$5,295	-	$5,295	$5,600-$6,100	-	$5,600-$6,100
Total	$29,599	($5,195)	$24,404	$34,200-$37,500	($8,500)-($9,500)	$25,700-$28,000
Includes Non-Recourse AES Clean Energy Construction Warehouse and Bellefield Construction Facility:						
Total Balance	$3,740	($935)	$2,805	$3,750-$4,250	($950)-($1,050)	$2,800-$3,200
Portion Repaid with Tax Credit Monetization	~$1,800	~($450)	~$1,350	$1,800-$2,000	($450)-($500)	$1,350-$1,500

1. Also includes El Salvador.

Q1 2024 Modeling Disclosures

$ in Millions

	Cash & Cash Equivalents, Restricted Cash, Short-Term Investments, Debt Service Reserves & Other Deposits		
	Consolidated	Attributable to NCI	Ownership-Adjusted
Renewables	$1,244	($404)	$840
Utilities[1]	$503	($137)	$366
DPL	$24	-	$24
IPL	$435	($131)	$304
Energy Infrastructure	$885	($175)	$710
New Energy Technologies	$4	-	$4
Corporate	$312	-	$312
Total	$2,948	($716)	$2,232

1. Also includes El Salvador.

AES Modeling Disclosures

$ in Millions

	2024
Subsidiary Distributions (a)	$1,500-$1,600
Cash Interest (b)	($195)
Corporate / Parent-Funded SBU Overhead	($220)
Business Development/Taxes	($35)
Cash for Development, General & Administrative and Tax (c)	($255)
Parent Free Cash Flow[1] (a – b – c)	$1,050-$1,150

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".

2024 SBU Modeling Ranges

$ in Millions

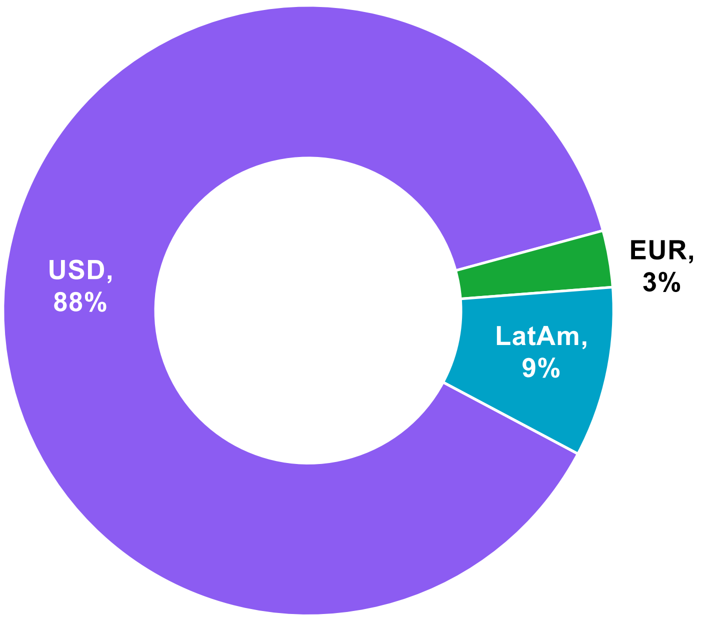
	2023 Adjusted EBITDA[1]	2024 Adjusted EBITDA[1] Modeling Ranges as of 2/27/24	Drivers of Growth Versus 2023
Renewables	$645	$670-$750	+ New projects − Colombia margins
Utilities	$678	$690-$770	+ Rate base growth
Energy Infrastructure	$1,531	$1,380-$1,540	− Prior year LNG transactions − Lower dispatch in the Dominican Republic − Announced asset sales in the Dominican Republic, Panama, and Jordan + Chile margins
New Energy Technologies	($62)	($20)-($30)	+ Improving results at Fluence − 2023 sell-down of Fluence ownership
Total SBUs	$2,792	$2,720-$3,030	
Corporate	$20	($120)-($130)	− Unannounced asset sales
Adjusted EBITDA[1]	$2,812	$2,600-$2,900	

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 2023.

Limited Exposure to Fluctuations in Foreign Currency

2024-2026 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)
Euro (EUR)	($7)
Colombian Peso (COP)	($15)
Chilean Peso (CLP)	$9
Brazilian Real (BRL)	($3)
Others	~$0
% of Annualized Adjusted PTC[2]	-1.38%

($28) Million Annualized Adjusted PTC[3] Impact From 10% Appreciation of USD

1. 10% USD appreciation relative to currency market forward curves as of March 31, 2024. 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 March 31, 2024.
3. As of March 31, 2024. A non-GAAP financial measure. See “definitions”.

2024 Guidance Estimated Sensitivities

	10% appreciation of USD against following currencies is forecasted to have the following Adjusted EPS impacts:	2024	
		Average Rate	Sensitivity
Currencies	Argentine Peso (ARS)[1]	1157.57	~ ($0.02)
	Brazilian Real (BRL)	5.07	Less than ($0.005)
	Chilean Peso (CLP)	982.21	Less than $0.005
	Colombian Peso (COP)	3925.79	~ ($0.01)
	Dominican Peso (DOP)	59.55	~ $0.015
	Euro (EUR)	1.08	Less than ($0.005)
	Mexican Peso (MXN)	16.97	Less than $0.01

	10% increase in commodity prices is forecasted to have the following Adjusted EPS impacts:	2024	
		Average Rate[3]	Sensitivity
Commodities	NYMEX Henry Hub Natural Gas[2]	$2.38/mmbtu	~ ($0.005)
	Rotterdam Coal (API 2)[2]	$117.71/ton	Less than $0.005
	US Power – SP15 ATC	$50.06/MWh	Less than $0.015

Note: Guidance reaffirmed on of February 27, 2024 . 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, 2024. Estimates show the impact on year-to-go 2024 Adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. Year to go 2024 guidance is based on currency and commodity forward curves and forecasts as of March 31, 2024 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. Argentine Peso sensitivities are based on AES internal FX rate assessment.
2. Sensitivity assumes no change in power prices.
3. Average Rate for 2024 based on market forward curve as of March 31, 2024

PPAs Signed in YTD 2024

Project	Location	Technology	Gross MW	AES Equity Interest	Expected COD[1]	PPA Length (Years)
Bellefield 2	US-CA	Solar	500	75%	2H 2026	15
		Energy Storage	500			
West Camp Expansion	US-AZ	Wind	100	75%	2H 2025	20
Madison	US-VA	Solar	63	75%	2H 2024	15
Henderson Solar[2]	US-KY	Solar	50	N/A	2H 2027	N/A
Total YTD 2024			1,213			

1. Commercial Operations Date.
2. Project contracted for transfer to a utility at commencement of construction under a Develop Transfer Agreement (DTA). Not included in the backlog.

Reconciliation of Q1 Adjusted PTC and Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	Q1 2024		Q1 2023	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]
Income from Continuing Operations, Net of Tax, Attributable to AES and Diluted EPS	$432	$0.61	$151	$0.21
Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES	($19)		$51	
Pre-Tax Contribution	$413		$202	
Adjustments				
Unrealized Derivatives, Equity Securities, and Financial Assets and Liabilities Gains	($85)	($0.12)[3]	($39)	($0.06)[4]
Unrealized Foreign Currency Losses (Gains)	($9)	($0.01)	$31	$0.04[5]
Disposition/Acquisition Gains	($43)	($0.06)[6]	($3)	-
Impairment Losses	$26	$0.04[7]	$9	$0.01
Loss on Extinguishment of Debt and Troubled Debt Restructuring	$34	$0.04[8]	$4	$0.01
Less: Net Income Tax Expense	-	-	-	$0.01
Adjusted PTC[1] & Adjusted EPS[1]	$336	$0.50	$204	$0.22

1. A Non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to net unrealized derivative gains at the Energy Infrastructure SBU of $68 million, or $0.10 per share.
4. Amount primarily relates to unrealized derivative gains at the Energy Infrastructure SBU of $48 million, or $0.07 per share.
5. Amount primarily relates to unrealized foreign currency losses mainly associated with the devaluation of long-term receivables denominated in Argentine pesos of $25 million, or $0.03 per share.
6. Amount primarily relates to gain on dilution of ownership in Uplight due to its acquisition of AutoGrid of $52 million, or $0.07 per share, partially offset by the loss on partial sale of our ownership interest in Amman East and IPP4 in Jordan of $10 million, or $0.01 per share.
7. Amount primarily relates to impairment at Mong Duong of $19 million, or $0.03 per share.
8. Amount primarily relates to costs incurred due to troubled debt restructuring at Puerto Rico of $19 million, or $0.03 per share.

Reconciliation of Q1 Adjusted EBITDA[1]

$ in Millions	Q1 2024	Q1 2023
Net Income	$278	$189
Income Tax Expense (Benefit)	($16)	$72
Interest Expense	$357	$330
Interest Income	($105)	($123)
Depreciation and Amortization	$312	$273
EBITDA	$826	$741
Less: Adjustment for Noncontrolling Interests and Redeemable Stock of Subsidiaries[1]	($162)	($170)
Less: Income Tax Expense (Benefit), Interest Expense (Income) and Depreciation and Amortization from Equity Affiliates	$33	$39
Interest Income Recognized Under Service Concession Arrangements	$17	$18
Unrealized Derivatives, Equity Securities, and Financial Assets and Liabilities Gains	($86)	($39)
Unrealized Foreign Currency Losses (Gains)	($9)	$32
Disposition/Acquisition Gains	($43)	($3)
Impairment Losses	$26	$9
Loss on Extinguishment of Debt and Troubled Debt Restructuring	$32	$1
Adjusted EBITDA[1]	$635	$628
Tax Attributes	$228	$13
Adjusted EBITDA with Tax Attributes[2]	$863	$641

Renewables SBU	$102	$124
Utilities SBU	$182	$162
Energy Infrastructure SBU	$360	$363
New Energy Technologies SBU	($17)	($26)
Corporate	$8	$5
Total Adjusted EBITDA	$635	$628

1. The allocation of earnings to tax equity investors from both consolidated entities and equity affiliates is removed from Adjusted EBITDA.
2. Adjusted EBITDA with Tax Attributes includes the impact of the share of Investment Tax Credits, Production Tax Credits, and depreciation deductions allocated to tax equity investors under the HLBV accounting method and recognized as Net Loss Attributable to Noncontrolling Interests and Redeemable Stock of Subsidiaries on the Condensed Consolidated Statements of Operations. It also includes the tax benefit recorded from tax credits retained or transferred to third parties. The tax attributes are related to the Renewables and Utilities SBUs.

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 Parent Free Cash Flow[1]

$ in Millions	2023	2022	2021	2020
Net Cash Provided by Operating Activities at the Parent Company[2]	$608	$434	$570	$434
Subsidiary Distributions to QHCs Excluded from Schedule 1[3]	$247	$257	$47	$198
Subsidiary Distributions Classified in Investing Activities[4]	$179	$366	$290	$238
Parent-Funded SBU Overhead and Other Expenses Classified in Investing Activities[5]	($31)	($149)	($69)	($85)
Other	-	($2)	$1	($8)
Parent Free Cash Flow[1]	$1,003	$906	$839	$777

1. Parent Free Cash Flow is a non-GAAP financial measure. See "definitions".
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. See "definitions"
4. Subsidiary distributions that originated from the results of operations of an underlying investee but were classified as investing activities when received by the relevant holding company included in Schedule 1.
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, and financial assets and liabilities measured using the fair value option; (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; and (e) gains, losses and costs due to the early retirement of debt or troubled debt restructuring.

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 deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties.

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, and financial assets and liabilities measured using the fair value option; (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; and (e) gains, losses and costs due to the early retirement of debt or troubled debt restructuring.

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, and financial assets and liabilities measured using the fair value option; (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; and (e) gains, losses and costs due to the early retirement of debt or troubled debt restructuring.

NCI is defined as noncontrolling interests.

Parent Company Liquidity (a non-GAAP financial measure) is defined as cash available to the Parent Company, including cash at qualified holding companies (“QHCs”), plus available borrowings under our existing credit facility and commercial paper program. 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.