# The AES Corporation

September 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.

# AES' Leading Position in the Energy Transition

**#1 Seller of Renewable Power to Corporate Customers[1]**

**Two of the Fastest Growing Utilities in the US**

**Gas Generation & Market Leading LNG Infrastructure Providing Steady Earnings and Cash Flow**

**Focusing on Innovation Drives Competitive Advantages and New Growth**


1. According to BNEF, AES was the largest seller of clean energy to corporations through PPAs in 2021 and 2022. In 2023, AES was the second largest, with 1.9 GW compared to Engie with 2.4 GW; however, BNEF noted that their methodology does not include energy storage in its ranking, where AES signed more than 1 GW in 2023.

# AES is Best Positioned to Serve Growing Demand from Data Centers

Google

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

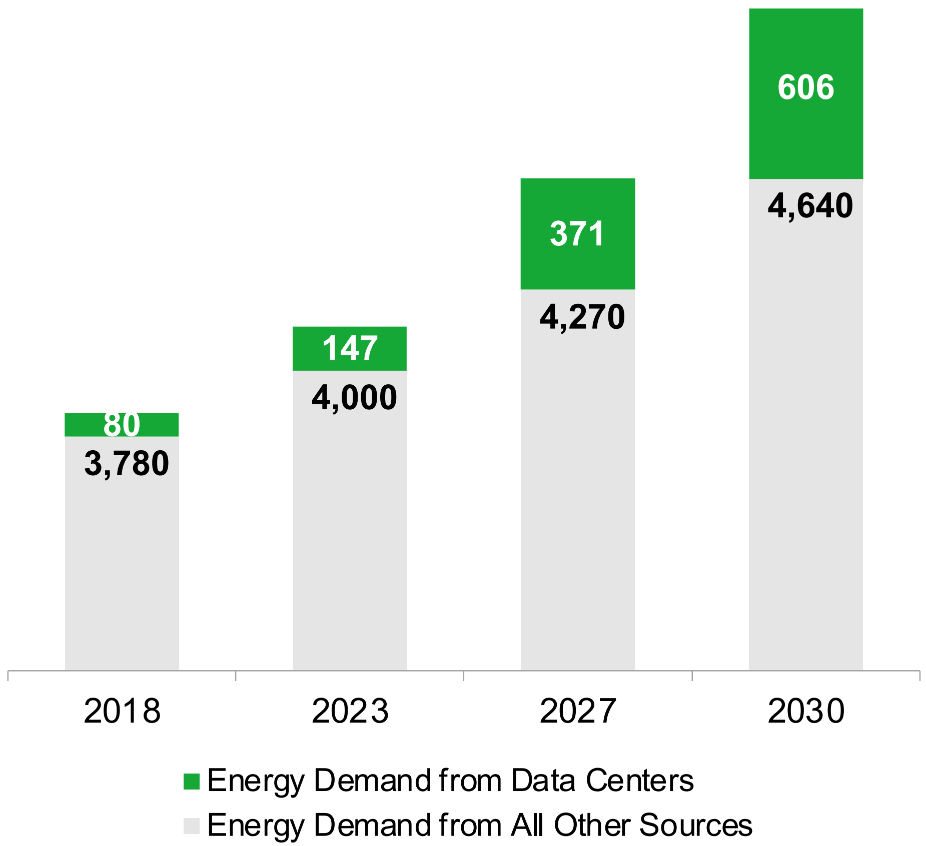
Microsoft

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

amazon

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

**Data Center Demand[1] Growing 22% Annually 2023-2030 (TWh)**




1. McKinsey & Company, July 2024. Data center demand previously expected to grow 15% from 2023 to 2030.

# The Sector Will Need All Solutions to Meet Such Explosive Growth, But Renewables are the Clear Winner

| | Existing Fossil | Existing Nuclear | Emerging Technologies | New Renewables |
|---|---|---|---|---|
| + | • No new capital required | • No new capital required | • Potential to meet reliability (e.g. geothermal, SMR)<br>• Can be combined with renewables | • Meets sustainability/ additionality goals<br>• Competitive and predictable LCOE[1]<br>• Deployable at scale |
| – | • Does not meet sustainability goals | • May not meet additionality goals<br>• Not scalable | • Longer lead time for technology development and for scale | • Requires new build |

**We Believe ~90% of the 60 GW[1] Demand by 2030 will be Met by Renewables (150 GW of Capacity)**

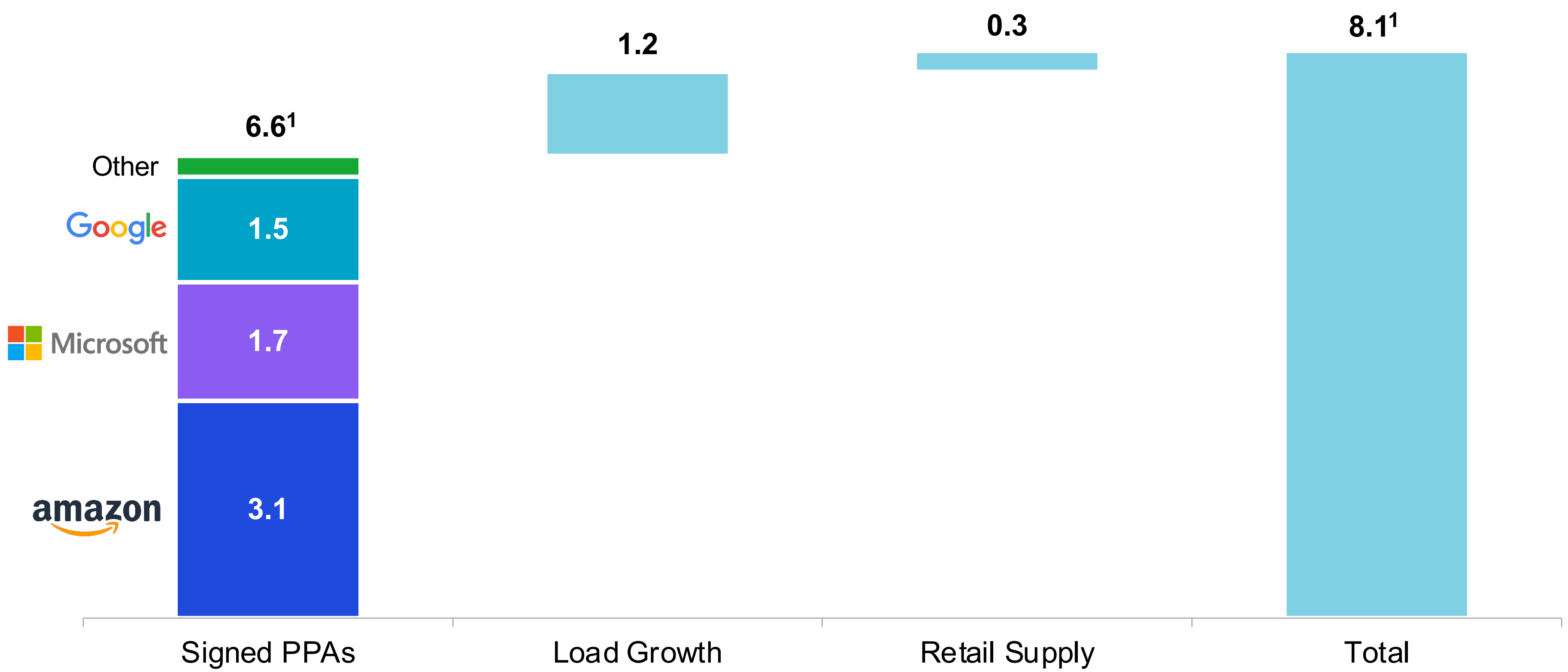
1. Levelized Cost of Electricity.

# AES' Competitive Advantages

| Scale | Innovation | Reputation |
|---|---|---|
| → Diverse operating portfolio and development pipeline to serve customers across geographies and technologies<br>→ Low-cost and resilient supply chain<br>• Scale enables best pricing and prioritized delivery | → Ability to develop and deliver customized commercial solutions to address customers' needs<br>→ Incorporation of new technologies to drive value | → Consistent delivery of projects on time and on budget<br>• We align equipment, financing and EPC arrangements at PPA signing<br>→ Trusted partner of choice |

# 8.1 GW Signed Directly with Technology Customers

## Capacity in GW




1. Includes agreements that have been signed directly with technology companies. PPAs are either in operation or in the backlog. Does not include more than 500 MW of contracts signed with utilities to serve data center customers.

# Recently Expanded Partnership with Google

Google

→ Signed 727 MW of hybrid wind and solar PPAs

- Expands into Texas to meet Google's growing data center demand
- Complementary technologies support Google's 24/7 Carbon Free Energy (CFE) goals
- Projects expected to come online in 2026-2027

→ Signed 310 MW retail supply agreement for Ohio data centers[1]

- Expands PJM retail footprint
- Opportunity to add renewable projects to meet growing load in Ohio

1. Excluded from backlog of projects under signed long-term PPAs.

# Significant Growth Across US Utilities

→ >10% annual rate base growth at AES Indiana and AES Ohio

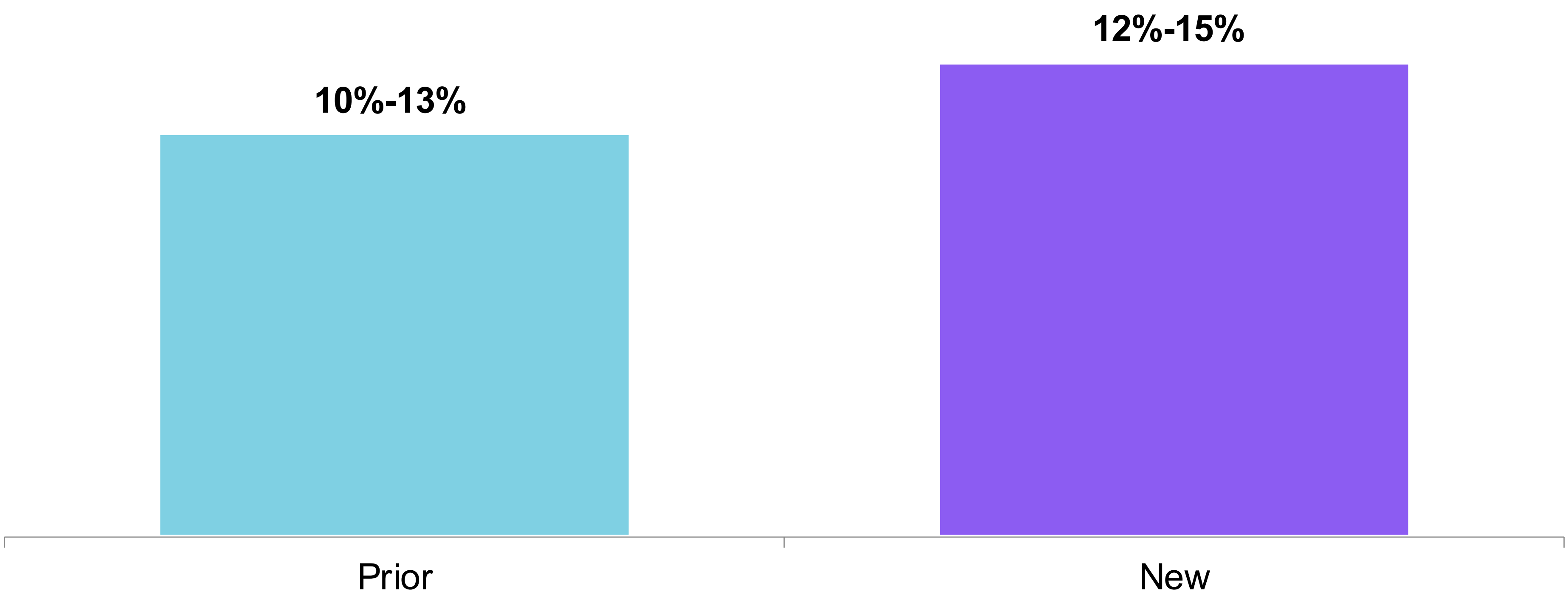
→ Recently announced agreements for 1.2 GW[1] of new load

- In advanced negotiations across several sites to add up to another 3 GW of new load
- Transformative for both utilities, with potential to increase peak load by >50% at AES Ohio and AES Indiana


1. Excluded from backlog of projects under signed long-term PPAs.

# Increased US Renewables' Project Returns[1] Due to Strong Market Demand

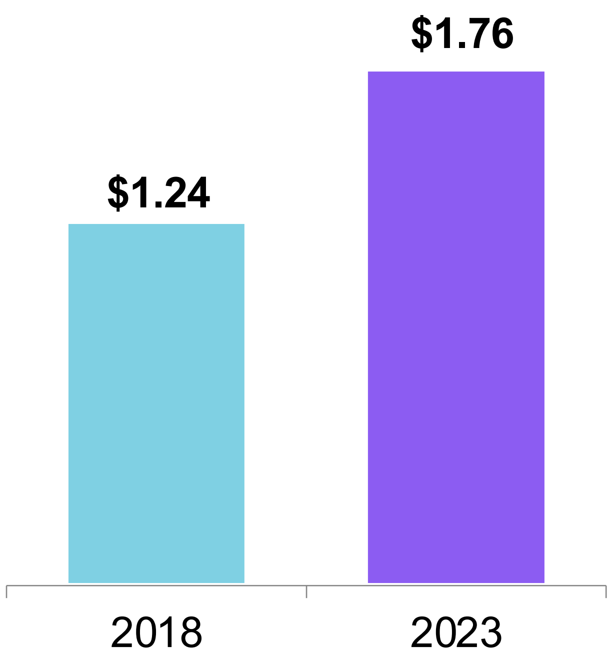
## Targeted Levered After-Tax Cash Returns



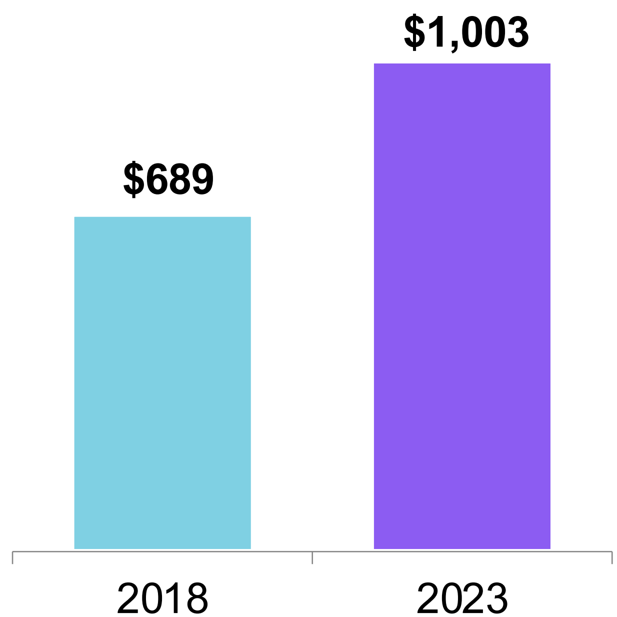

1. Increased in February 2024.

# Proven Track Record

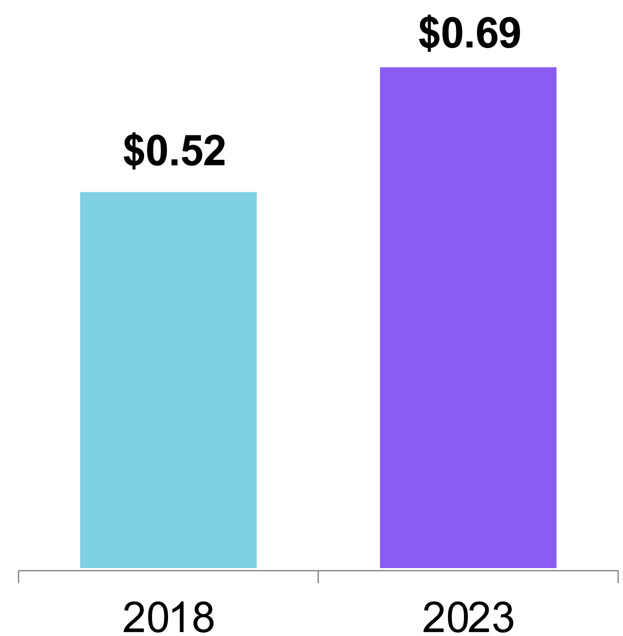
**7% Annual Growth in Adjusted EPS[1] ($ Per Share)**




**8% Annual Growth in Parent Free Cash Flow[1] ($ in Millions)**



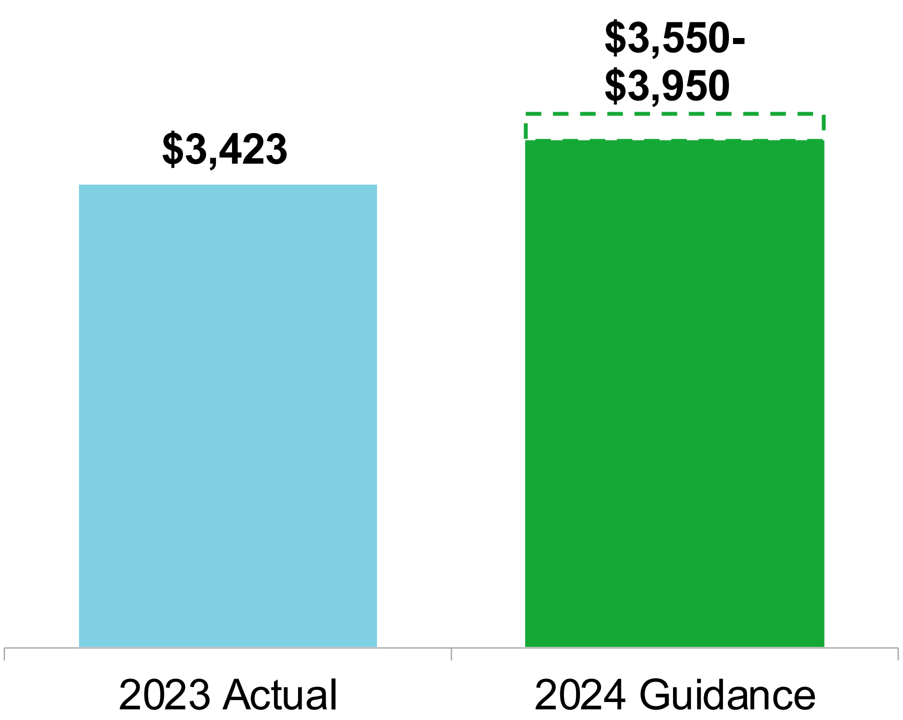

**6% Annual Growth in Dividend ($ Per Share)**



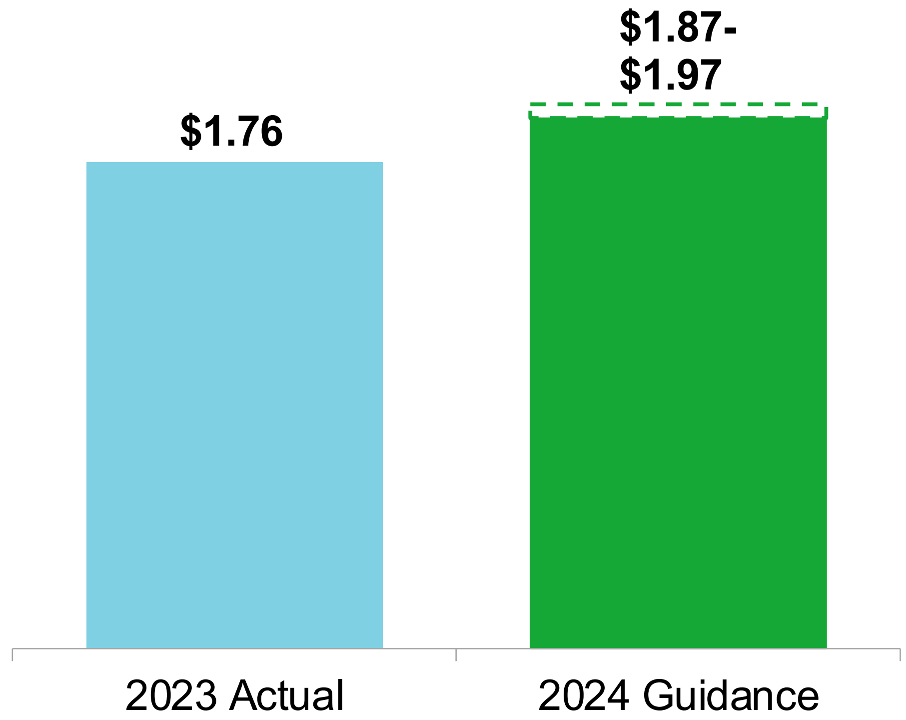

1. A non-GAAP financial measure. See Appendix for definition and reconciliation.

# Expect to be in Top Half of 2024 Adjusted EBITDA[1] with Tax Attributes[2] Expectations[3] & Adjusted EPS[1] Guidance[2]

**Adjusted EBITDA[2] with Tax Attributes[3] ($ in Millions)**



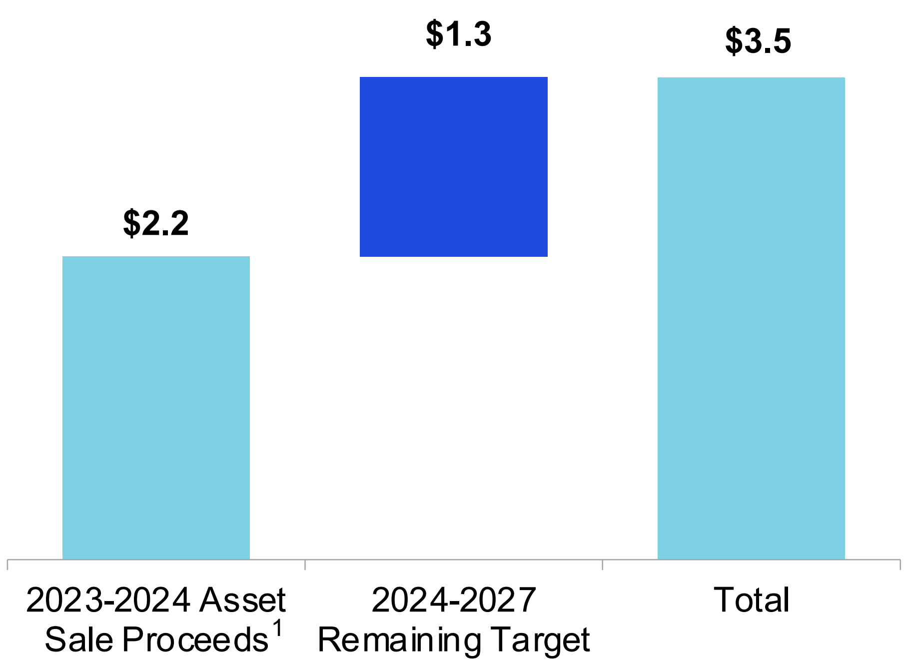

**Adjusted EPS[4] ($ Per Share)**




1. Reaffirmed on August 2, 2024.
2. 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.
3. 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.
4. 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.

# More Than Halfway[1] Toward $3.5 Billion Asset Sale Proceeds Target for 2023-2027

$ in Billions




→ Announced sale of AES Brasil in May 2024

- Proceeds of ~$640 million to be used to fund growth in renewables and US utilities
- Simplification of portfolio
- Expected to close in late Q3 or early Q4 2024

1. Includes closed and signed asset sales.

# Appendix

# PPAs Signed in YTD 2024[1]

| Project | Location | Technology | Gross MW | AES Equity Interest | Expected COD[2] | 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[3] | US-KY | Solar | 50 | N/A | 2H 2027 | N/A |
| Brookside | US-NY | Solar | 100 | 75% | 1H 2027 | 20 |
| AES Clean Energy | US-TX | Wind/Solar | 727 | 75%-100% | 1H 2026-1H 2027 | 15 |
| Crossvine | US-IN | Solar | 85 | 70% | 2H 2026 | N/A[4] |
| | | Energy Storage | 85 | | | |
| Total YTD 2024 | | | 2,209 | | | |

1. Through August 2, 2024.
2. Commercial Operations Date.
3. Project contracted for transfer to a utility at commencement of construction under a Develop Transfer Agreement (DTA). Not included in the backlog.
4. AES Indiana rate base asset.

# Reconciliation of 2018 Adjusted PTC and Adjusted EPS[1]

| $ in Millions, Except Per Share Amounts | FY 2018 Net of NCI[2] | FY 2018 Per Share (Diluted) Net of NCI[2] |
|---|---|---|
| Income (Loss) from Continuing Operations, Net of Tax, Attributable to AES and Diluted EPS | $985 | $1.48 |
| Add: Income Tax Expense Attributable to AES | $563 | |
| Pre-Tax Contribution | $1,548 | |
| Adjustments | | |
| Unrealized Derivative and Equity Securities Losses (Gains) | $33 | $0.05 |
| Unrealized Foreign Currency Losses (Gains) | $51 | $0.09[3] |
| Disposition/Acquisition Losses (Gains) | ($934) | ($1.41)[4] |
| Impairment Expense | $307 | $0.46[5] |
| Losses (Gains) on Extinguishment of Debt | $180 | $0.27[6] |
| Restructuring Costs | - | - |
| U.S. Tax Law Reform Impact | - | $0.18[7] |
| Less: Net Income Tax Expense (Benefit) | - | $0.12[8] |
| Adjusted PTC[1] & Adjusted EPS[1] | $1,185 | $1.24 |

1. A Non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to unrealized FX losses of $22 million, or $0.03 per share, associated with the devaluation of long-term receivables denominated in Argentine pesos, and unrealized FX losses of $14 million, or $0.02 per share, on intercompany receivables denominated in Euros and British pounds at the Parent Company.
4. Amount primarily relates to gain on sale of Masinloc of $772 million, or $1.16 per share, gain on sale of CTNG of $86 million, or $0.13 per share, gain on sale of Electrica Santiago of $36 million, or $0.05 per share, gain on remeasurement of contingent consideration at AES Oahu of $32 million, or $0.05 per share, gain on sale related to the Company's contribution of AES Advancion energy storage to the Fluence joint venture of $23 million, or $0.03 per share and realized derivative gains associated with the sale of Eletropaulo of $21 million, or $0.03 per share; partially offset by loss on disposal of the Beckjord facility and additional shutdown costs related to Stuart and Killen at DPL of $21 million, or $0.03 per share.
5. Amount primarily relates to asset impairments at Shady Point of $157 million, or $0.24 per share, and Nejapa of $37 million, or $0.06 per share, and other-than-temporary impairment of Guacolda of $96 million, or $0.14 per share.
6. Amount primarily relates to loss on early retirement of debt at the Parent Company of $171 million, or $0.26 per share.
7. Amount relates to a SAB 118 charge to finalize the provisional estimate of one-time transition tax on foreign earnings of $194 million, or $0.29 per share, partially offset by a SAB 118 income tax benefit to finalize the provisional estimate of remeasurement of deferred tax assets and liabilities to the lower corporate tax rate of $77 million, or $0.11 per share.
8. Amount primarily relates to the income tax expense under the GILTI provision associated with the gains on sales of business interests, primarily Masinloc, of $97 million, or $0.15 per share, and income tax expense associated with gains on sale of CTNG of $36 million, or $0.05 per share and Electrica Santiago of $13 million, or $0.02 per share; partially offset by income tax benefits associated with the loss on early retirement of debt at the Parent Company of $36 million, or $0.05 per share, and income tax benefits associated with the impairment at Shady Point of $33 million, or $0.05 per share.

# Reconciliation of 2023 Adjusted PTC and Adjusted EPS[1]

| $ in Millions, Except Per Share Amounts | FY 2023 | |
|---|---|---|
| | 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 | $242 | $0.34 |
| Add: Income Tax Expense from Continuing Operations Attributable to AES | $206 | |
| Pre-Tax Contribution | $448 | |
| Adjustments | | |
| Unrealized Derivative and Equity Securities Losses | $41 | $0.06[3] |
| Unrealized Foreign Currency Losses | $301 | $0.42[4] |
| Disposition/Acquisition Losses (Gains) | ($79) | ($0.11)[5] |
| Impairment Losses | $877 | $1.23[6] |
| Loss on Extinguishment of Debt | $70 | $0.10[7] |
| Less: Net Income Tax Benefit | - | ($0.28)[8] |
| Adjusted PTC[1] & Adjusted EPS[1] | $1,658 | $1.76 |

1. A Non-GAAP financial measure. See "definitions".
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to unrealized derivative losses due to the termination of a PPA of $72 million, or $0.10 per share and net unrealized derivative losses at AES Clean Energy of $20 million, or $0.03 per share, offset by net unrealized derivative gains at the Energy Infrastructure SBU of $46 million, or $0.06 per share.
4. Amount primarily relates to unrealized foreign currency losses in Argentina of $262 million, or $0.37 per share, mainly associated with the devaluation of long-term receivables denominated in Argentine pesos, and unrealized foreign currency losses at AES Andes of $25 million, or $0.03 per share.
5. Amount primarily relates to the gain on sale of Fluence shares of $136 million, or $0.19 per share, partially offset by costs due to early plant closure at the Ventanas 2 and Norgener coal-fired plants in Chile of $37 million, or $0.05 per share and at Warrior Run of $6 million, or $0.01 per share, and day-one losses recognized at commencement of sales-type leases at AES Renewable Holdings of $20 million, or $0.03 per share.
6. Amount primarily relates to asset impairments at Warrior Run of $198 million, or $0.28 per share, at New York Wind of $139 million, or $0.20 per share, the Norgener coal-fired plant in Chile of $136 million, or $0.19 per share, at TEG and TEP of $76 million and $58 million, respectively, or $0.19 per share, AES Clean Energy development projects of $114 million, or $0.16 per share, at Mong Duong of $88 million, or $0.12 per share, at Jordan of $21 million, or $0.03 per share, and at the GAF Projects at AES Renewable Holdings of $18 million, or $0.03 per share, and a goodwill impairment at the TEG TEP reporting unit of $12 million, or $0.02 per share.
7. Amount primarily relates to losses incurred at AES Andes due to early retirement of debt of $46 million, or $0.07 per share, and loss on early retirement of debt at AES Hispanola Holdings BV of $10 million, or $0.01 per share.
8. Amount primarily relates to income tax benefits associated with the asset impairments at Warrior Run of $46 million, or $0.06 per share, at the Norgener coal-fired plant in Chile of $37 million, or $0.05 per share, at New York Wind of $32 million, or $0.05 per share, at TEG and TEP of $27 million, or $0.04 per share, and at AES Clean Energy development projects of $26 million, or $0.04 per share; income tax benefits associated with the recognition of unrealized losses due to the termination of a PPA of $17 million, or $0.02 per share; and income tax benefits associated with losses incurred at AES Andes due to early retirement of debt of $13 million, or $0.02 per share; partially offset by income tax expense associated with the gain on sale of Fluence shares of $31 million, or $0.04 per share.

# Reconciliation of YTD Adjusted PTC and Adjusted EPS[1]

| | YTD 2024 | | YTD 2023 | |
|---|---|---|---|---|
| $ 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 from Continuing Operations, Net of Tax, Attributable to AES and Diluted EPS | $617 | $0.87 | $112 | $0.16 |
| Add: Income Tax Expense (Benefit) from Continuing Operations Attributable to AES | ($86) | | $35 | |
| Pre-Tax Contribution | $531 | | $147 | |
| Adjustments | | | | |
| Unrealized Derivatives, Equity Securities, and Financial Assets and Liabilities (Gains) | ($138) | ($0.19)[3] | ($6) | ($0.01)[4] |
| Unrealized Foreign Currency Losses | $3 | - | $64 | $0.09[5] |
| Disposition/Acquisition Gains | $19 | $0.03[6] | $13 | $0.02 |
| Impairment Losses | $140 | $0.20[7] | $173 | $0.24[8] |
| Loss on Extinguishment of Debt and Troubled Debt Restructuring | $54 | $0.07[9] | $4 | $0.01 |
| Less: Net Income Tax Expense | - | ($0.09)[10] | - | ($0.08)[11] |
| Adjusted PTC[1] & Adjusted EPS[1] | $609 | $0.89 | $395 | $0.43 |

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 $59 million, or $0.08 per share, unrealized gains on foreign currency derivatives at Corporate of $37 million, or $0.05 per share, and unrealized gains on cross currency swaps in Brazil of $28 million, or $0.04 per share.
4. Amount primarily relates to unrealized derivative gains at the Energy Infrastructure SBU of $87 million, or $0.12 per share, partially offset by the recognition of unrealized losses due to the termination of a PPA of $72 million, or $0.10 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 $49 million, or $0.07 per share, and unrealized foreign currency losses at AES Andes due to the depreciation Colombian peso of $31 million, or $0.04 per share.
6. Amount primarily relates to day-one losses at commencement of sales-type leases at AES Renewable Holdings of $63 million, or $0.09 per share, and the loss on partial sale of our ownership interest in Amman East and IPP4 in Jordan of $10 million, or $0.01 per share, partially offset by a gain on dilution of ownership in Uplight due to its acquisition of AutoGrid of $52 million, or $0.07 per share.
7. Amount primarily relates to impairment at Brazil of $103 million, or $0.14 per share, and impairment at Mong Duong of $22 million, or $0.03 per share.
8. Amount primarily relates to asset impairments at the Norgener coal-fired plant in Chile of $136 million, or $0.19 per share, and the GAF Projects at AES Renewable Holdings of $18 million, or $0.03 per share.
9. Amount primarily relates to losses incurred at AES Andes due to early retirement of debt $29 million, or $0.04 per share, and costs incurred due to troubled debt restructuring at Puerto Rico of $20 million, or $0.03 per share.
10. Amount primarily relates to income tax benefits associated with the tax over book investment basis differences related to the AES Brasil held-for-sale classification of $59 million, or $0.08 per share.
11. Amount primarily relates to income tax benefits associated with the asset impairment at the Norgener coal-fired plant in Chile of $33 million, or $0.05 per share, and income tax benefits associated with the recognition of unrealized losses due to the termination of a PPA of $18 million, or $0.02 per share.

# Reconciliation of YTD Adjusted EBITDA[1]

| $ in Millions | YTD 2024 | YTD 2023 |
|---|---|---|
| Net Income (Loss) | $239 | $170 |
| Income Tax Expense (Benefit) | ($51) | $70 |
| Interest Expense | $746 | $640 |
| Interest Income | ($193) | ($254) |
| Depreciation and Amortization | $620 | $550 |
| EBITDA | $1,361 | $1,176 |
| Less: Adjustment for Noncontrolling Interests and Redeemable Stock of Subsidiaries[1] | ($242) | ($325) |
| Less: Income Tax Expense (Benefit), Interest Expense (Income) and Depreciation and Amortization from Equity Affiliates | $61 | $66 |
| Interest Income Recognized Under Service Concession Arrangements | $33 | $36 |
| Unrealized Derivatives, Equity Securities, and Financial Assets and Liabilities Losses (Gains) | ($138) | ($7) |
| Unrealized Foreign Currency Losses | $3 | $64 |
| Disposition/Acquisition Gains | $19 | $13 |
| Impairment Losses | $140 | $173 |
| Loss on Extinguishment of Debt and Troubled Debt Restructuring | $50 | $1 |
| Adjusted EBITDA[1] | $1,287 | $1,197 |
| Tax Attributes | $419 | $51 |
| Adjusted EBITDA with Tax Attributes[2] | $1,706 | $1,248 |

| | | |
|---|---|---|
| Renewables SBU | $244 | $290 |
| Utilities SBU | $396 | $310 |
| Energy Infrastructure SBU | $670 | $645 |
| New Energy Technologies SBU | ($31) | ($39) |
| Corporate | $8 | ($9) |
| Total Adjusted EBITDA | $1,287 | $1,197 |

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 Parent Free Cash Flow[1]

| $ in Millions | 2018 | 2023 |
|---|---|---|
| Net Cash Provided by Operating Activities at the Parent Company[2] | $409 | $608 |
| Subsidiary Distributions to QHCs Excluded from Schedule 1[3] | $117 | $247 |
| Subsidiary Distributions Classified in Investing Activities[4] | $267 | $179 |
| Parent-Funded SBU Overhead and Other Expenses Classified in Investing Activities[5] | ($84) | ($31) |
| Other | ($20) | - |
| Parent Free Cash Flow[1] | $689 | $1,003 |

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. 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 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.