



PPL 1st Quarter Earnings Call

May 8, 2020



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Cautionary Statements and Factors That May Affect Future Results

Statements made in this presentation about future operating results or other future events are forward-looking statements under the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from the forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix to this presentation and in the Company's SEC filings.

Agenda

- | | |
|-----------------------------|---------------|
| I. Executive Overview | Bill Spence |
| II. Financial Review | Joe Bergstein |
| III. Operational Review | Vince Sorgi |
| IV. Closing Remarks and Q&A | Bill Spence |

COVID-19: Our Strategy and Commitments

PPL is committed to the safety of our employees, customers, and communities, while maintaining our premier level of reliable service

➤ **Safety is #1 priority for employees and customers**

- Social distancing has been critical to success
- Transitioned to essential work only in the U.K.

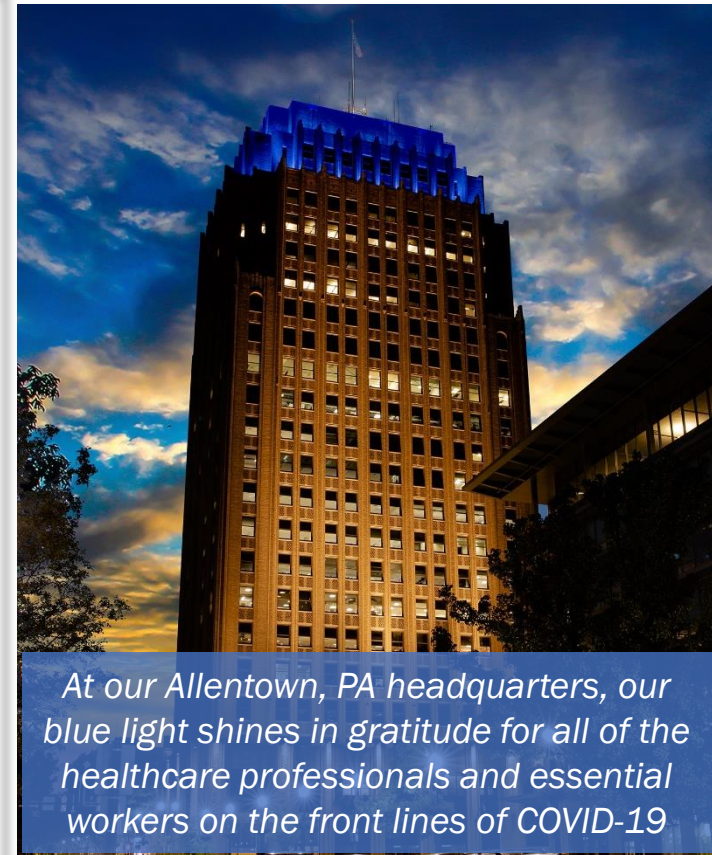
➤ **Maintaining superior levels of performance in safety, reliability, and customer service**

➤ **Enhanced liquidity position**

- Further strengthened to retain financial flexibility in the event of extended downturn

➤ **Providing support to our customers and communities**

- No shutoffs and flexible payment programs
- Pledged \$1.6 million in relief funds and support programs, primarily from our foundations



At our Allentown, PA headquarters, our blue light shines in gratitude for all of the healthcare professionals and essential workers on the front lines of COVID-19

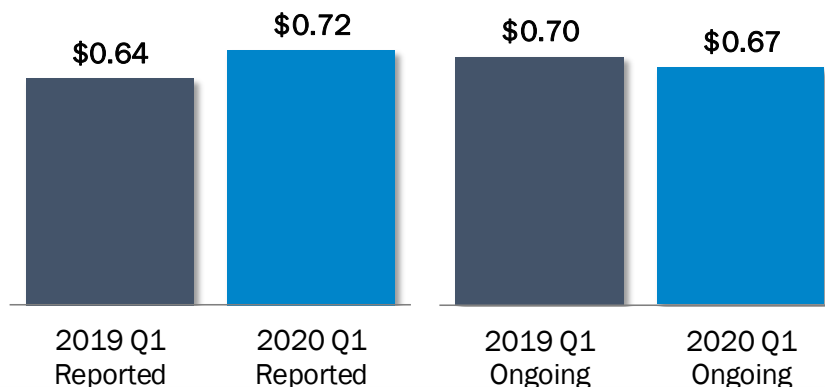
Q1 Executive Review

Q1 Highlights

- **Delivered Q1 2020 ongoing earnings results of \$0.67 per share vs. \$0.70 per share in Q1 2019**
 - Variance primarily driven by share dilution and mild Q1 2020 weather, partially offset by returns on capital investments
- **No change to 2020 forecast of \$2.40 to \$2.60 per share**
 - On-track through Q1; minimal impacts from COVID-19
 - Too early to clearly determine full scope and duration of potential implications
- **Maintained 2021 forecast of \$2.40 to \$2.60 per share**

Q1 Earnings Results

(Earnings Per Share)



Long-term Fundamental Value Intact

- **Capital plans and rate base growth**
 - ✓ 5-year forecasts remain on track
- **Attractive dividend yield**
 - ✓ Strong, predictable cash flow
- **Solid financial profile**
 - ✓ Stable, investment grade credit

Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.



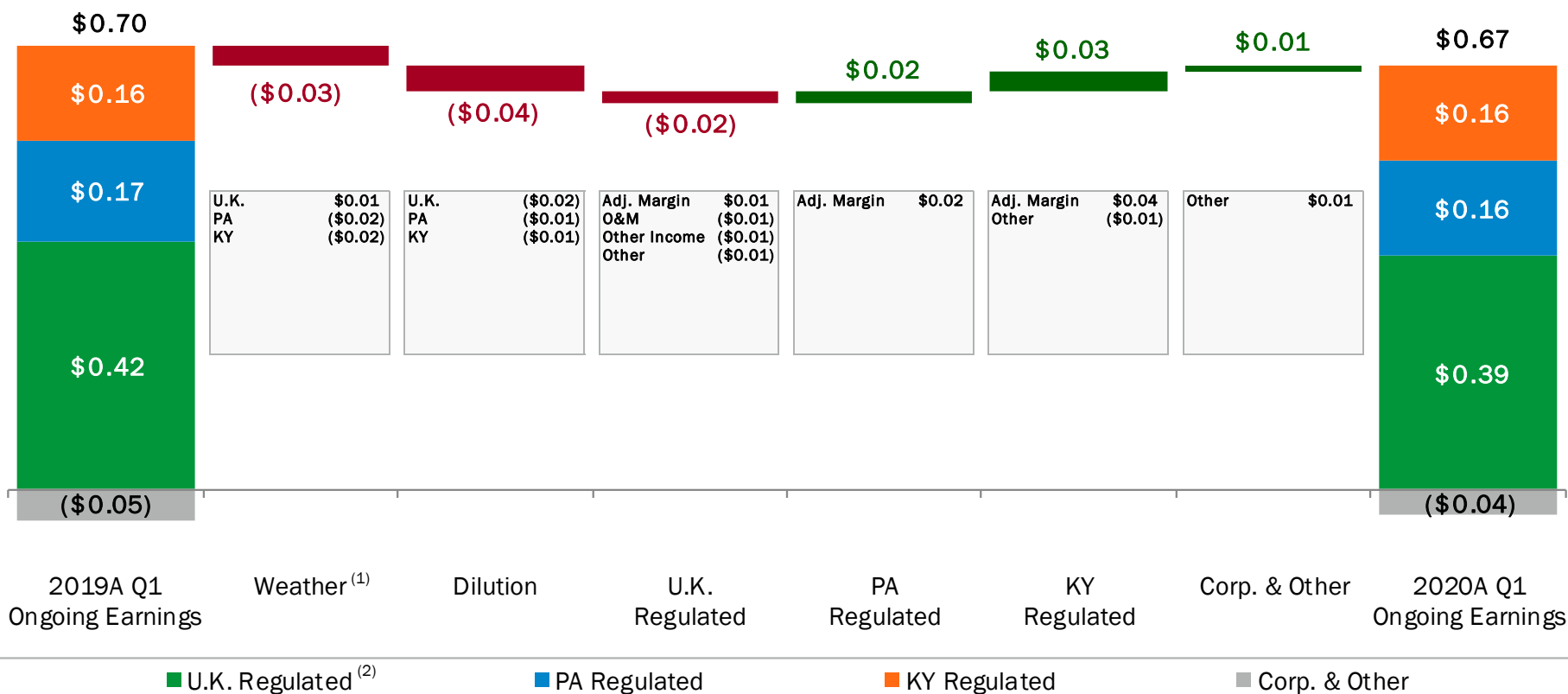
Financial Review



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Q1 2020 Financial Results

(Earnings Per Share)



Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.

(1) Reflects estimated impact of weather on sales volumes and related adjusted gross margins in the chart above.

(2) Reflects a weighted average exchange rate of \$1.33/£ for Q1 2020 vs. \$1.34/£ for Q1 2019.

Key COVID-19 Risks and Mitigation

Estimate approximately (\$0.03) – (\$0.04) monthly EPS impact based on April's lockdown phase, primarily due to lower total electric sales in U.K. and Kentucky

Risk	Mitigating Factors
Customer Sales	<ul style="list-style-type: none">➤ Lower C&I sales being offset partially by stronger Residential sales➤ Impact on U.K. sales fully recoverable in 2 years (adjusted for inflation)➤ Fixed and demand charges reduce load sensitivities domestically➤ Substantial portion of PA margins (40%) under FERC Formula rates
Bad Debts	<ul style="list-style-type: none">➤ Limited risk in U.K.; networks bill suppliers vs. end-use customers➤ Stimulus packages in U.S. adding support for customers➤ Expect impacts in the U.S. to be recoverable, if significant
Capital Projects	<ul style="list-style-type: none">➤ U.K. "Totex" and efficiency mechanisms support continued RAV growth even if capital projects are delayed; minimal impact to revenue➤ No material changes to U.S. capital plans expected at this time
Liquidity and Financing	<ul style="list-style-type: none">➤ Significant credit facility availability across all segments➤ Incremental liquidity of \$1.4 billion at PPL Capital Funding in March/April➤ Able to defer capital spending, if necessary

Overview of Load Sensitivities and U.K. Decoupling

Majority of estimated load impact is recoverable via favorable decoupling mechanism in the U.K. (NPV neutral)

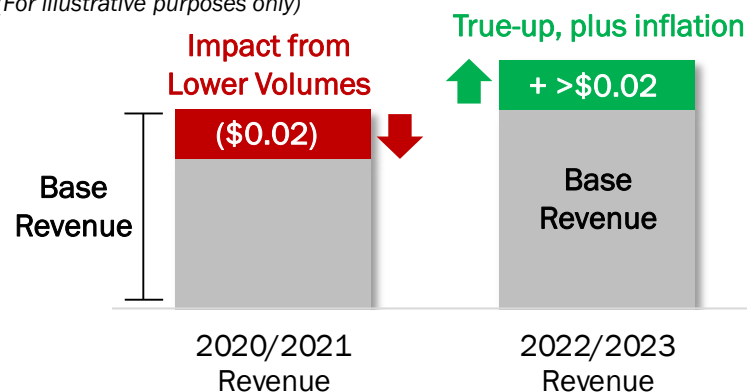
Load Observations & Sensitivities ⁽¹⁾

	U.K. ⁽²⁾	PA	KY
Load Observations ⁽³⁾			
Residential	+1 - 3%	+6 - 8%	+5 - 7%
C&I	(20 - 25%)	(15 - 20%)	(15 - 20%)
Annual EPS Sensitivity to 1% Change in Volumes			
Residential	+/- \$0.01	+/- \$0.005	+/- \$0.005
C&I	+/- \$0.01	+/- \$0.00	+/- \$0.01

Estimated EPS impact due to load based on April lockdown phase is approx. (\$0.02) – (\$0.03) per month

U.K. Decoupling Example ⁽⁴⁾

(For illustrative purposes only)



Approx. \$0.02 of the estimated EPS impact is recoverable in 2022/23, plus inflation, via U.K. tariff structure

(1) Estimated annual sensitivities rounded to the nearest \$0.005 per share. Estimated annual sensitivity for Pennsylvania C&I was not significant and rounds to \$0.00.

(2) Based on exchange rate of \$1.30/£.

(3) Reflects observations and estimates based on available data for March and April of 2020.

(4) Example reflects revenue impacts in USD assuming constant FX rates in both periods. Actual true-up values would occur in GBP and be translated at applicable FX rates.

Liquidity Update

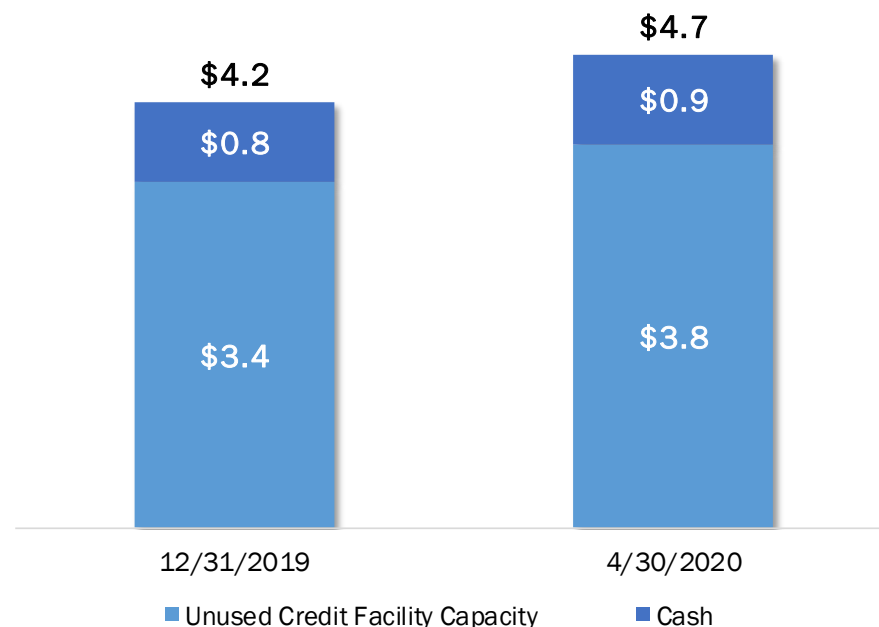
Strengthened liquidity well positions company to manage through downturn

Recent Liquidity Highlights

- **Added \$400 million of term loan credit facilities at PPL Capital Funding**
 - Provides flexibility given recent volatility in commercial paper markets
 - \$300 million due March 2021
 - \$100 million due March 2022
- **Issued \$1.0 billion of 10-year Senior Notes at PPL Capital Funding**
 - \$475 million pre-funds maturity of Kentucky holding company maturity in November 2020
 - Adds additional liquidity support; cash expected to be used to reduce outstanding short-term borrowings at operating companies

Liquidity Position at April 30, 2020⁽¹⁾⁽²⁾

(\$ in billions)



(1) U.K. based on assumed exchange rate of \$1.30/£ in all years for comparability purposes.

(2) Liquidity position does not include ~\$1 billion of accordion features within credit facilities.



Operational Review



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Operating in a COVID Environment

Well positioned to deliver our commitments to customers and shareowners



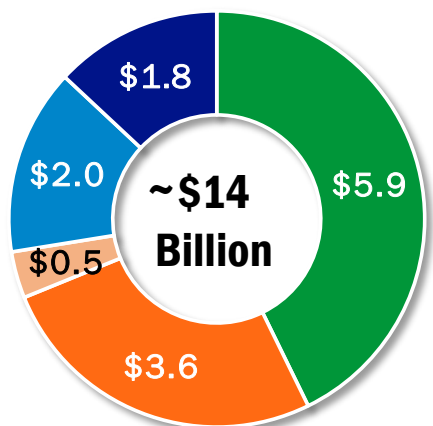
Key Operational Considerations

- **Ensuring safety for customers and employees**
 - ✓ Implemented robust work at home measures; minimal positive cases
 - ✓ Suspended service shutoffs for non-payment; waived late fees
 - ✓ Reconnected customers recently put offline
- **Supply chain remains intact**
 - ✓ Engaged alternate suppliers and increased storm-related inventory
 - ✓ Secured critical suppliers on lists of companies permitted to operate
- **Flexible, agile operations**
 - ✓ Flexible capital plan, no major project risk
 - ✓ Multi-jurisdictional operations able to share inventories and staff
- **Manageable regulatory calendar**
 - ✓ Commissions continue to operate effectively in remote environment

Visible Capital Plan Remains on Track

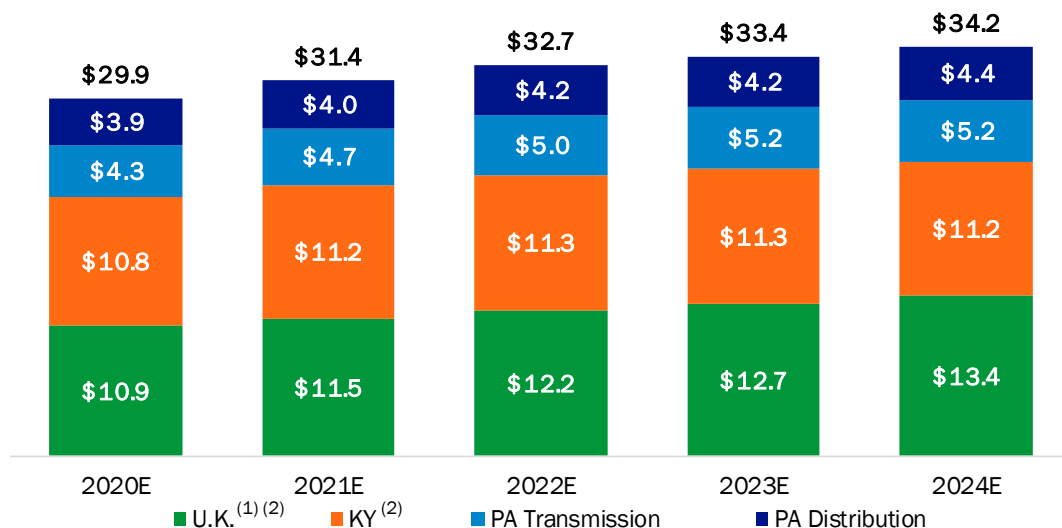
No material changes to capex plan or rate base forecast expected due to COVID

2020-2024E Capex Plan



■ U.K. (1) ■ KY ■ KY ECR
■ PA Distribution ■ PA Transmission

2020-2024E Rate Base



- U.S. capital plan on track with minimal project delays
- U.K. capital plan remains largely on plan over forecast period, although expect to experience some delays and deferrals in 2020 due to essential-work only to support the aggressive social distancing rules in the U.K.

(1) Based on exchange rate of \$1.30/£ in all years for comparability purposes.

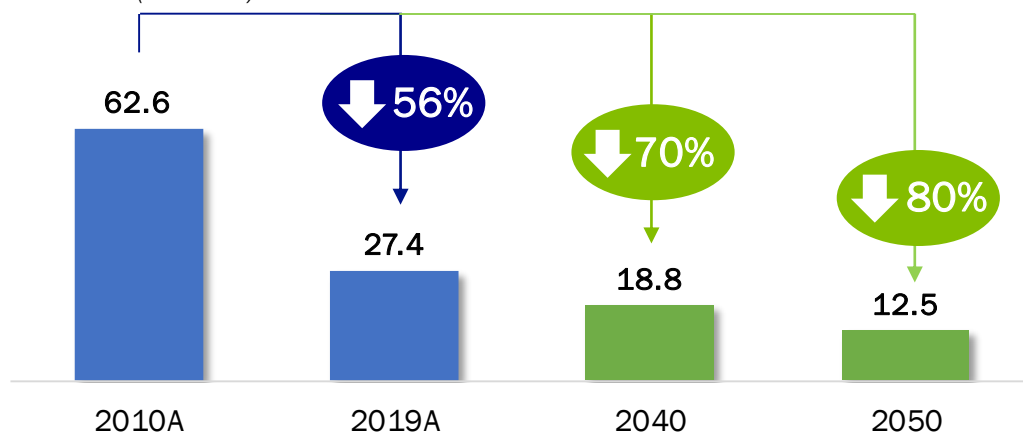
(2) Represents Regulatory Asset Value (RAV) for U.K. Represents utility capitalization for KY.

PPL's Clean Energy Strategy Remains Clear

Targeting significant carbon reductions to advance a cleaner energy future

PPL's Projected Carbon Emissions Over Time

Metric Tonnes (in millions)



- Current reduction targets meet objective of below 2° Celsius scenario and assumes current technology and current legislative and regulatory construct
- Further improvements in technology and/or renewable cost curves could result in even more aggressive reductions





Closing Remarks



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PPL is Well-Positioned for the Future

Stable, rate-regulated profile remains strong despite current challenges

- **Strong financial profile and operational agility**
 - Significant liquidity position to manage through extended downturn
 - Transparent, low-risk capital plan
- **Exceptional operational performance and customer satisfaction**
 - Continuing to deliver for our customers when they need us most
- **Substantial investment opportunities to advance a cleaner energy future**
 - 5-year, ~\$14 billion capital plan with clear path to future opportunities
- **Proven track record of delivering commitments to shareowners and customers**
 - Consistently supporting our communities and customers
 - 297 consecutive quarterly dividends





Appendix



A century of people **powering life.**

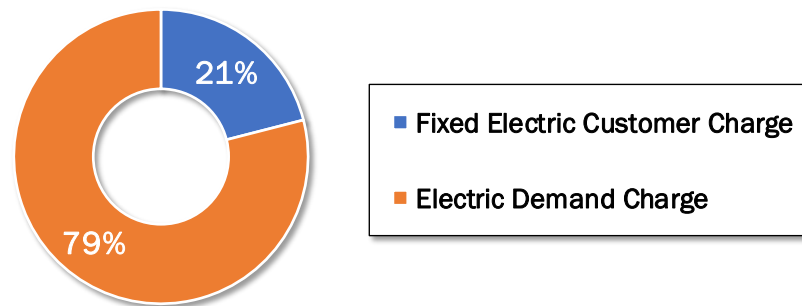
U.K. Load Profile and Sensitivities

U.K. volume variances are NPV neutral; decoupled and trued-up in 2 years

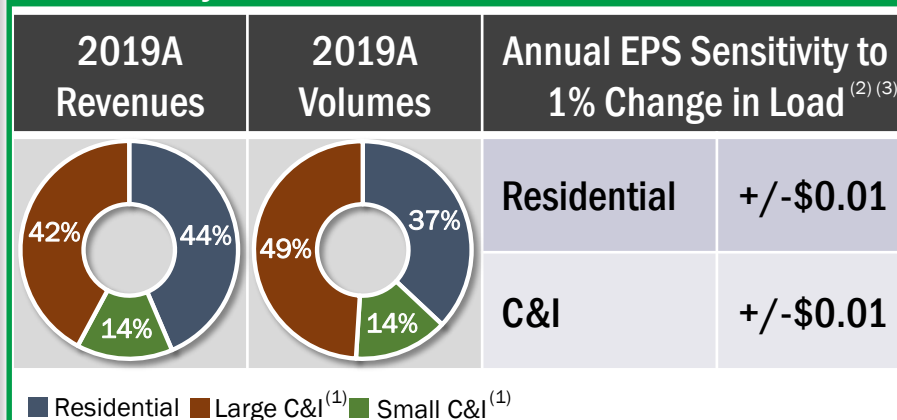
Key Considerations

- Any revenue under collection due to volume declines, including COVID, will be trued-up in tariff two years later, adjusted for inflation
- Approximately 45% of distribution revenues are from Residential customer class
- Retail margins by customer class for electric distribution service are less differentiated than U.S.

2019A Margin Breakdown



Sensitivity to Electric Distribution Sales Volumes



(1) "Large C&I" represents Commercial & Industrial (half-hourly metered) and "Small C&I" represents Small Commercial (non-half hourly metered). In the U.K., these measurement classes are grouped by demand levels.

(2) Estimated annual sensitivities rounded to the nearest \$0.005 per share.

(3) Based on exchange rate of \$1.30/£.

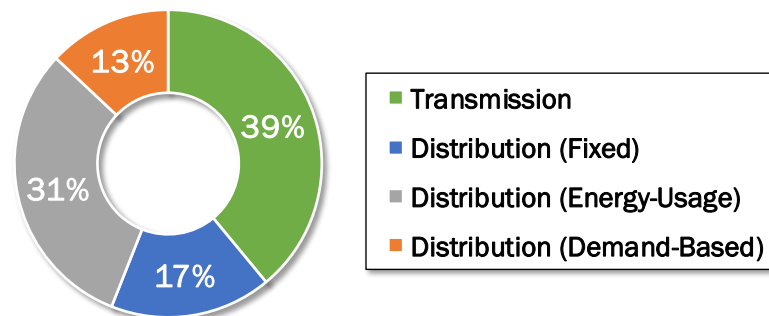
Pennsylvania Load Profile and Sensitivities

Fixed charges and formula rates make up a significant percentage of margin

Key Considerations

- Approx. 40% of margins are from Transmission business, under FERC-Formula rates
- 30% of margins are from fixed customer and demand-based distribution charges
- Approx. 75% of Electric Distribution revenues are from Residential customer class

2019A Margin Breakdown



Sensitivity to Electric Distribution Sales Volumes

2019A Revenues	2019A Volumes	Annual EPS Sensitivity to 1% Change in Load ⁽¹⁾	
		Residential	+/- \$0.005
		C&I ⁽²⁾	+/- \$0.00

■ Residential ■ Commercial ■ Industrial

(1) Estimated annual sensitivities rounded to the nearest \$0.005 per share.

(2) Estimated annual sensitivity for Pennsylvania C&I was not significant and rounds to \$0.00.

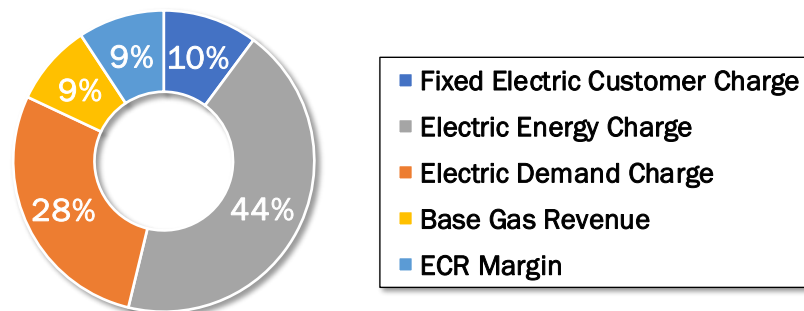
Kentucky Load Profile and Sensitivities

Revenue diversity, fixed and demand charges reduce sensitivity to load

Key Considerations

- Approx. 25% of margins are from fixed customer charges, riders and formula rates that are not sensitive to changes in volume
- Approx. 30% of margins are electric demand-based charges that mitigate some impact to changes in volume
- Terms of LG&E's and KU's tariffs partially mitigate the impact of short-term demand reductions

2019A Margin Breakdown



Sensitivity to Electric Distribution Sales Volumes

2019A Revenues ⁽¹⁾	2019A Volumes ⁽¹⁾	Annual EPS Sensitivity to 1% Change in Load ⁽²⁾	
		Residential	+/- \$0.005
		C&I	+/- \$0.01

■ Residential ■ Commercial ■ Industrial

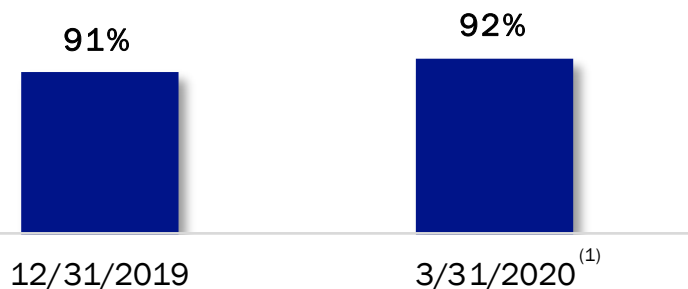
(1) Commercial includes customers classified as public authorities.

(2) Estimated annual sensitivities rounded to the nearest \$0.005 per share.

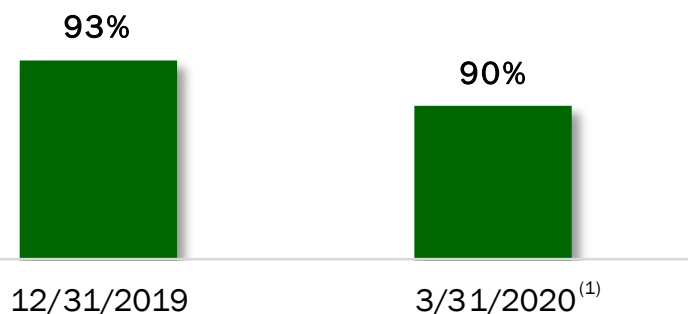
Pension Considerations

Pension plans continue to be well-funded despite market volatility

U.S. Pension Funded Status



U.K. Pension Funded Status⁽²⁾



Requirements and Updates

➤ U.S. Plans

- Liability driven investment strategy plus active management mitigated investment losses from recent volatility
- No changes to pension funding
 - Q1 2020 cash contributions to U.S. plans of \$52 million; satisfies requirements for 2020 calendar year

➤ U.K. Plans

- Investment mix and continued deficit funding supports funded status heading into the triennial review
 - Expect to file with Ofgem mid-year with a decision in Q4 of 2020

(1) Amount represents estimated fair value of plan assets and projected benefit obligation at March 31, 2020.

(2) Estimated pension funded status based on actuarial basis.

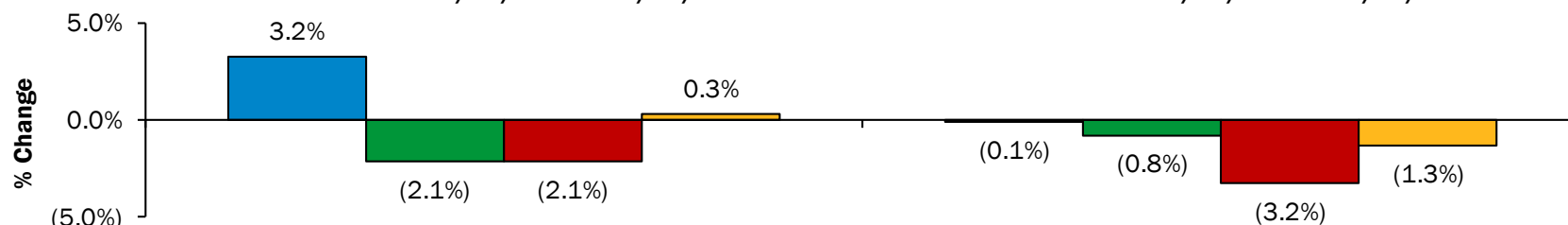
U.S. Regulated Volume Variances (Q1)

Sales volumes driven largely by weather in Q1; minimal COVID-19 impact

Kentucky Regulated Weather-Normalized Retail Sales

3-months ended 3/31/2020 vs. 3/31/2019

12-months ended 3/31/2020 vs. 3/31/2019

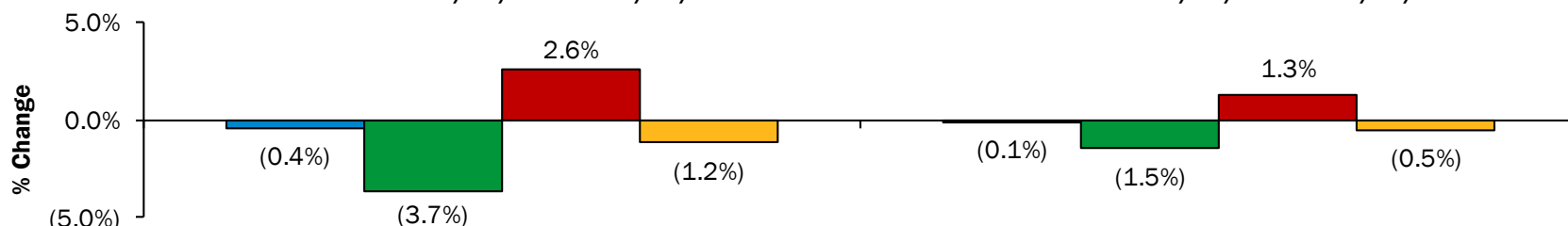


	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	3.2%	(2.1%)	(2.1%)	0.3%		(0.1%)	(0.8%)	(3.2%)	(1.3%)	
Actual	(8.4%)	(4.8%)	(2.1%)	(5.0%)		(5.1%)	(3.0%)	(3.2%)	(3.7%)	

Pennsylvania Regulated Weather-Normalized Retail Sales

3-months ended 3/31/2020 vs. 3/31/2019

12-months ended 3/31/2020 vs. 3/31/2019




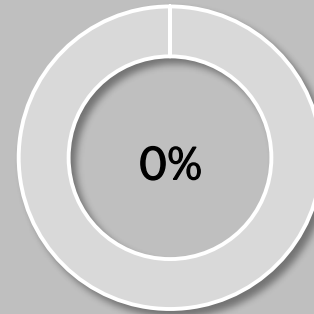
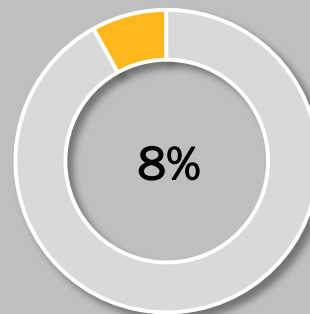
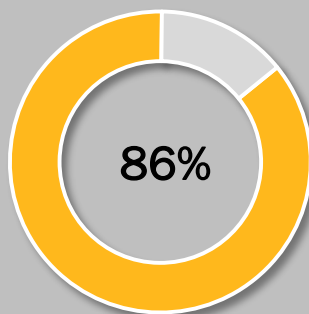
	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	(0.4%)	(3.7%)	2.6%	(1.2%)		(0.1%)	(1.5%)	1.3%	(0.5%)	
Actual	(10.8%)	(6.2%)	2.6%	(6.6%)		(5.6%)	(2.8%)	1.3%	(3.3%)	

Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other," which is not depicted on the charts above.

Foreign Currency Update

Foreign Currency Hedge Status⁽¹⁾

 Indicates percentage of ongoing earnings hedged



	2020	2021	2022
Average Hedge Rate ⁽²⁾	\$1.55/£	\$1.32/£	-

- 86% hedged for the remainder of 2020 with no material changes since February; options represent about one-third of the hedge portfolio
- Increased 2021 hedge position to 8% from 5%
- No changes in FX strategy given current environment

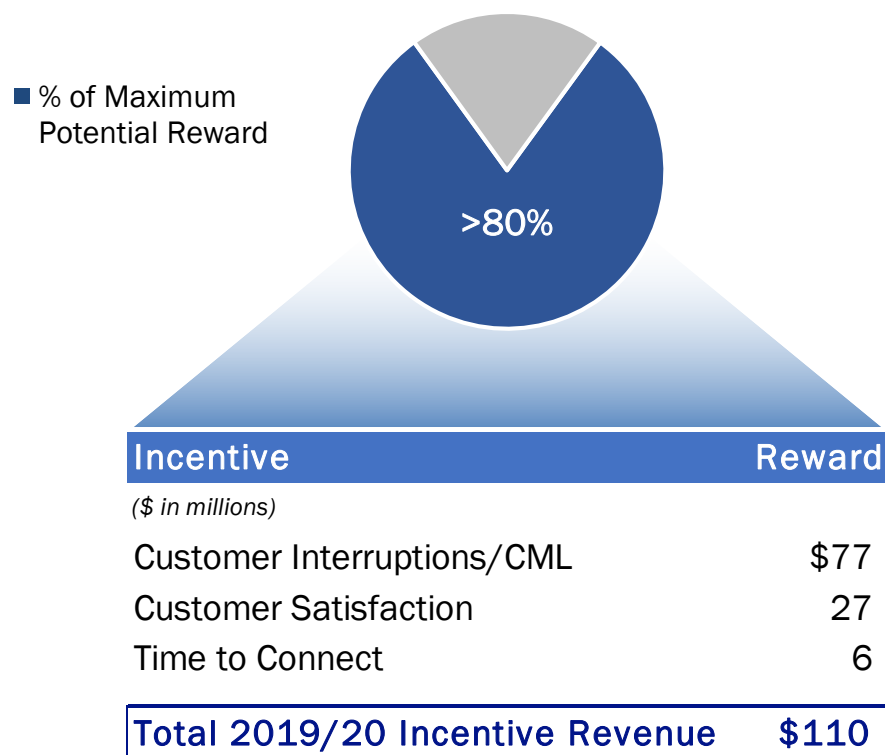
(1) PPL's foreign currency hedge status as of March 31, 2020 based on the midpoint of our 2020 ongoing earnings forecast range of \$2.40 - \$2.60.

(2) Hedge rates reflect a combination of average-rate forwards and options. Average hedge rates based on the average forward rate and the average floor on the options.

U.K. Regulated Incentive Revenues

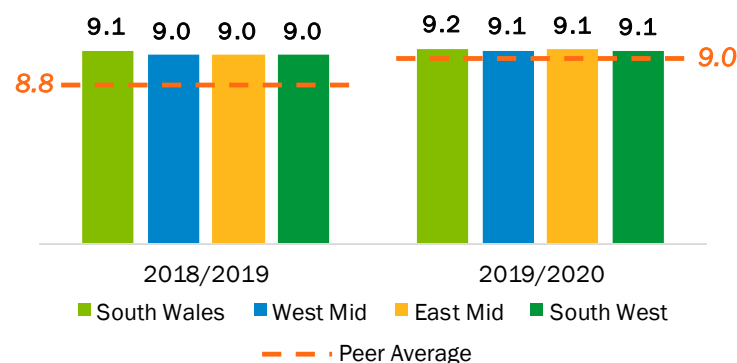
WPD continues to demonstrate how premier network operators deliver value for customers and shareowners

2019/20 Earned Incentive Revenue Summary ⁽¹⁾

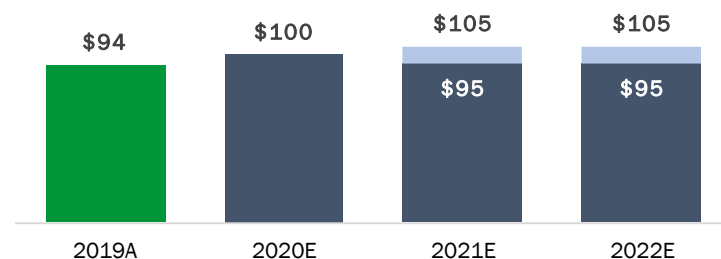


Excellent Customer Satisfaction Ratings

Customer Service Rating (10 point scale)



Incentive Revenues ⁽²⁾



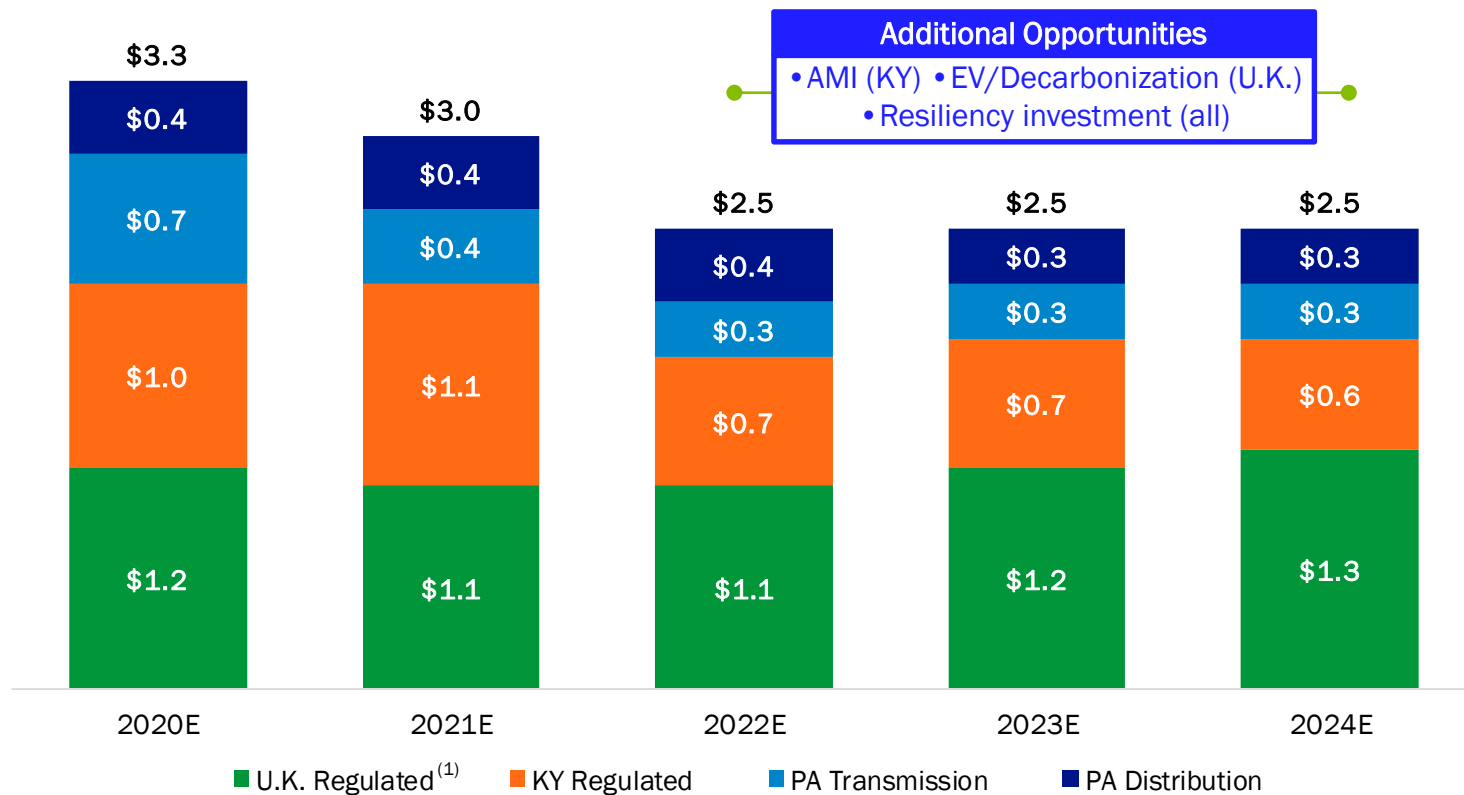
(1) Based on exchange rate of \$1.30/£. Rewards earned in 2019/20 are received in the 2021/22 regulatory year. Values are estimates and are expected to be finalized in the Ofgem annual report, which is expected to be released in Q4 2020.

(2) Based on calendar year revenues on an exchange rate of \$1.30/£ in all years for comparability purposes. The annual incentives are reflected in customer rates on a two-year lag from the time they are earned.

2020 – 2024 Capital Plan by Utility

Investing \$14 billion over next five years to advance a cleaner energy future

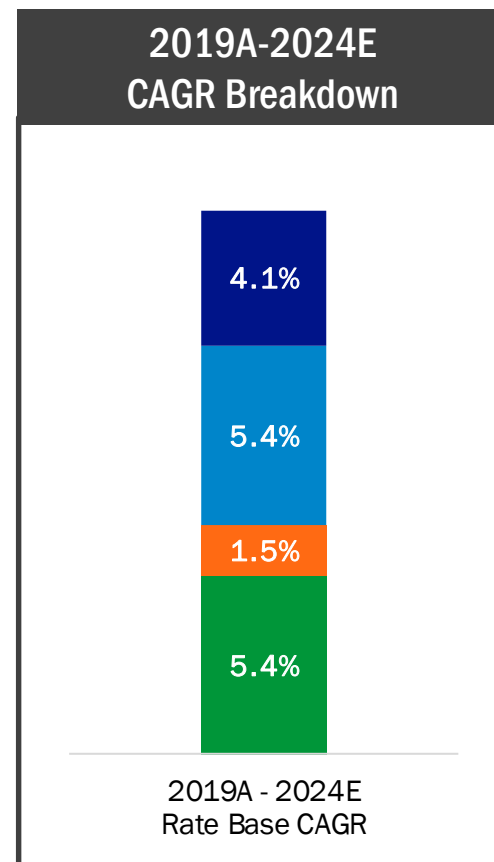
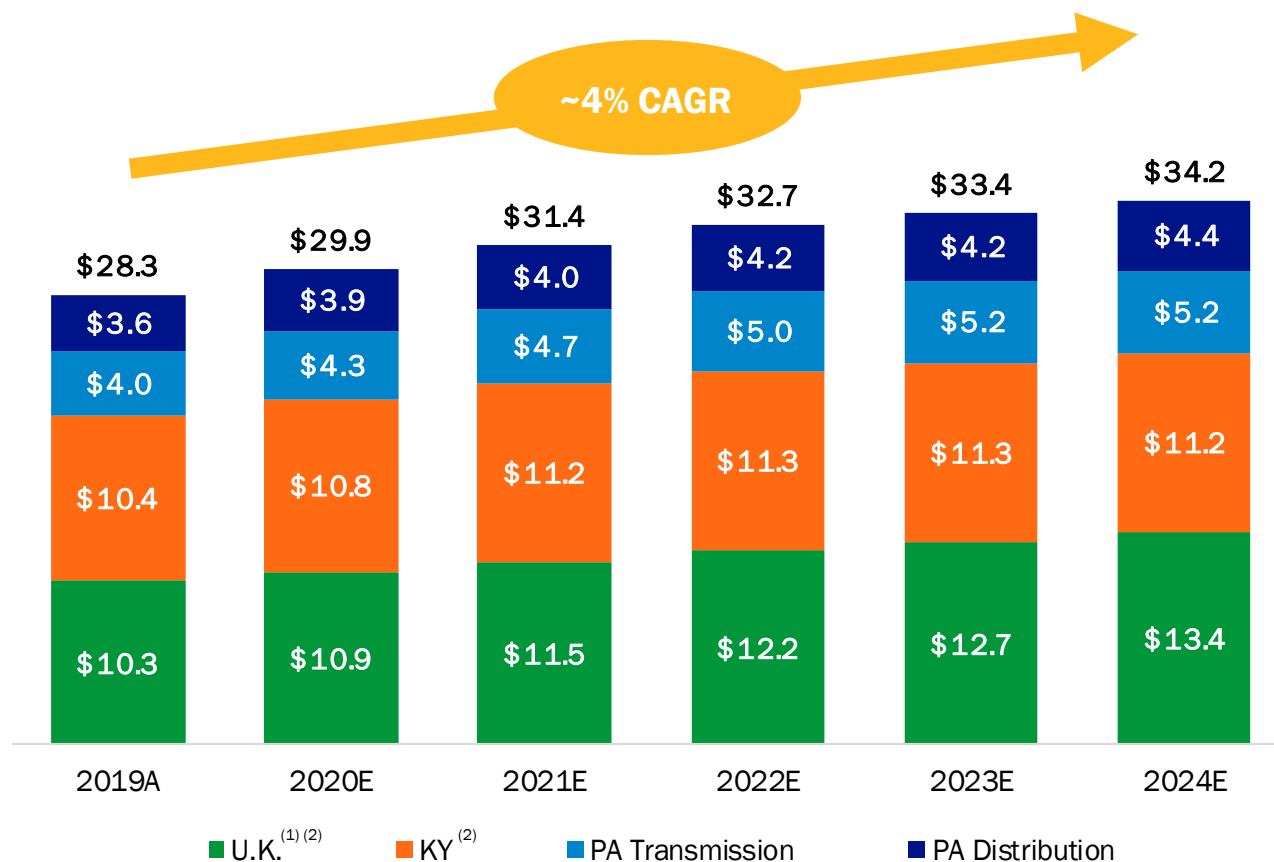
(\$ in billions)



(1) Based on assumed exchange rate of \$1.30/£ in all years for comparability purposes.

Projected Rate Base Growth

(\$ in billions)



Note: Rate base represents end of calendar year values.

(1) Based on assumed exchange rate of \$1.30/£ in all years for comparability purposes.

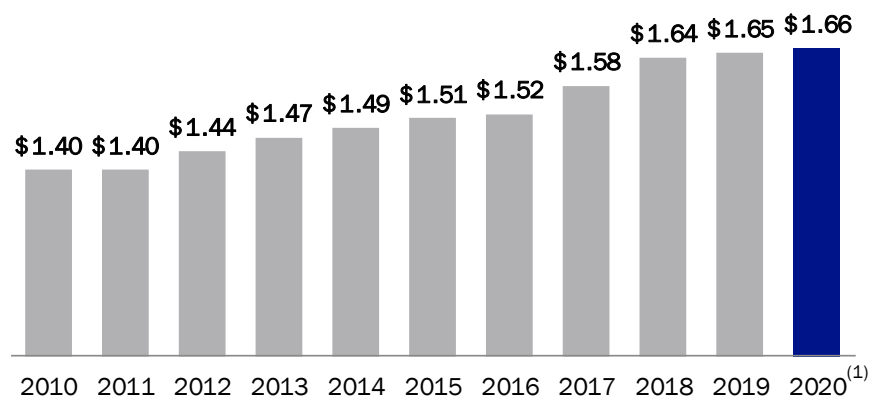
(2) Represents Regulatory Asset Value (RAV) for U.K. and utility capitalization for KY.

Dividend Profile

PPL's dividend is an important component to total shareowner return

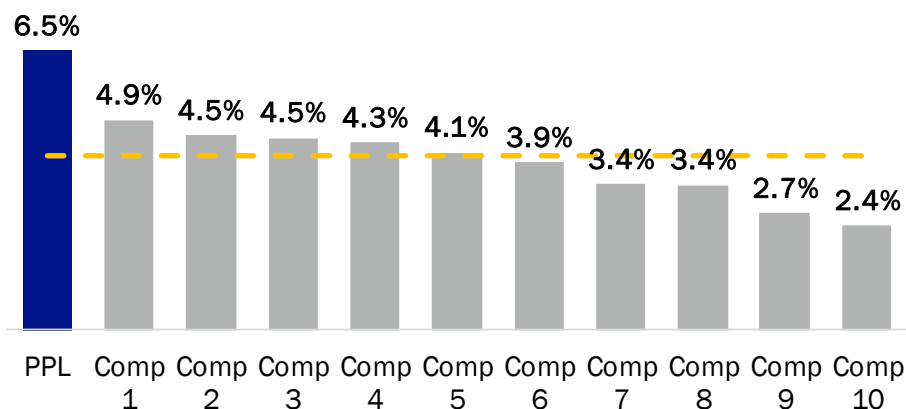
10-Year Dividend History

(\$ per share)



PPL Dividend Yield vs. Large Cap Utilities⁽²⁾

Large Cap Utility Average: 4.1%



- PPL has a long-standing history of paying dividends to shareowners
 - April 1st dividend represents the 297th consecutive quarterly dividend paid
- PPL's dividend offers an attractive yield with growth in today's low rate environment

(1) Annualized dividend based on February 14, 2020 announced increase. Actual dividends to be determined by Board of Directors.

(2) Dividend yield calculated based on share prices and annualized dividends as of April 30, 2020.

U.K. Regulated: True-up Mechanisms

➤ TRU Adjustment

- Tariffs are set using a forecasted RPI as determined by HM Treasury
- Forecasted RPI is trued up to actuals and the corresponding revenue adjustment is collected from or returned to customers two regulatory years later

➤ MOD Adjustment

- On an annual basis, certain components of base revenue are updated for financial adjustments including tax, pension, cost of debt and legacy price control adjustments
- MOD adjustment also includes the Totex Incentive Mechanism which allows WPD to retain 70% of any cost savings against the RIIO-ED1 business plan and bear 70% of any cost over-runs
- Similar to TRU, most MOD components result in a revenue adjustment two regulatory years later

➤ Correction Factor (K-factor) Adjustment

- A K-factor is created if set tariffs or delivered volumes do not recover allowed revenue for a regulatory year
- Over and under-recoveries are included in allowed revenues two regulatory years later

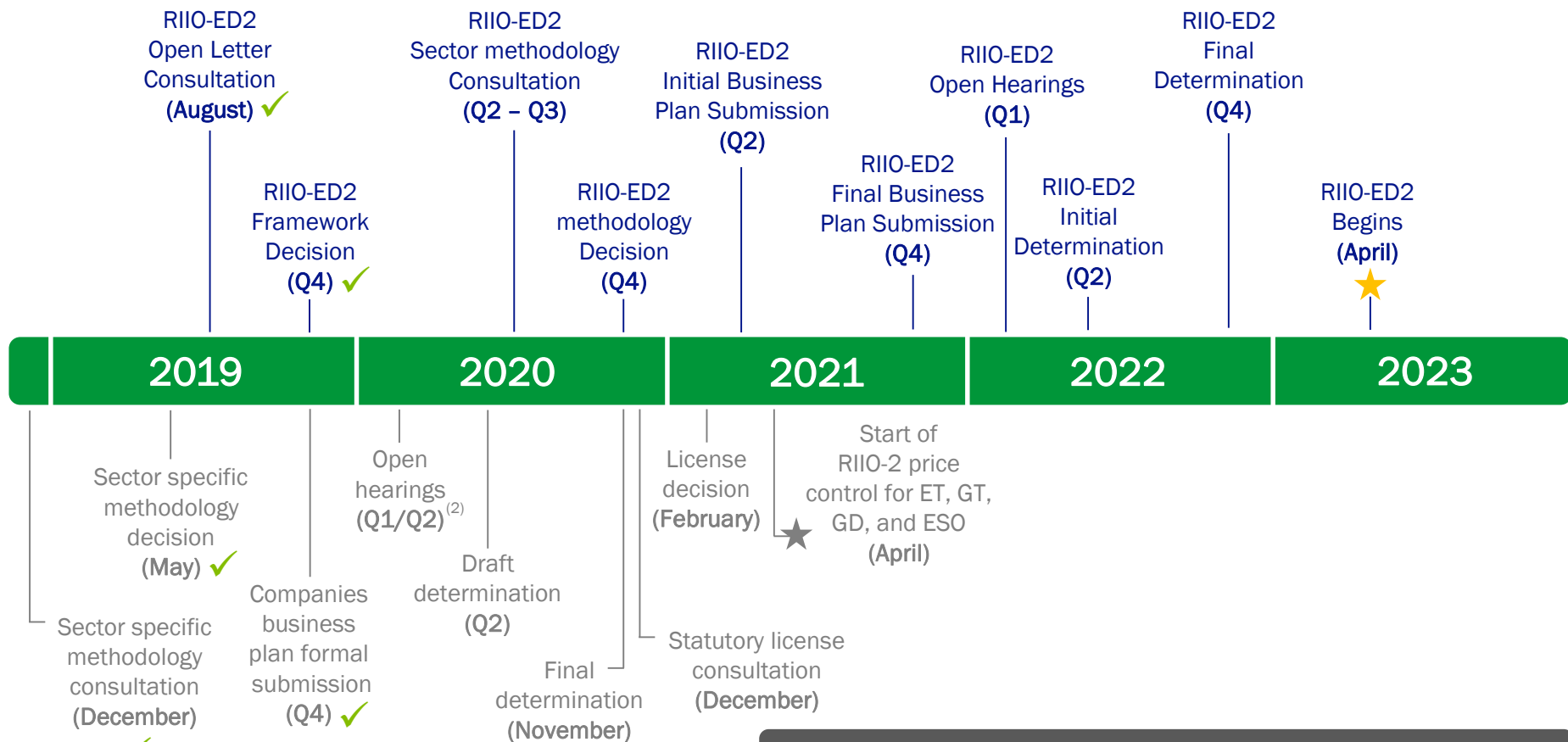
Adjustments included in current forecast			
(\$ in millions, pre-tax)	2020	2021	2022 ⁽¹⁾
TRU	\$0	(\$10)	
MOD	(\$90)	(\$150)	
K-factor	(\$10)	\$10	
Total	(\$100)	(\$150)	(\$130) - (\$180)

Note: Based on assumed exchange rates of \$1.30/£ in all years.

(1) Does not yet reflect estimates for potential sales volume true-up due to COVID-19.

U.K. Regulated: RIIO-2 Projected Timelines

Proposed Electricity Distribution Timeline⁽¹⁾



Transmission and Gas Distribution Timeline

(1) Based on indicative timeline published in Ofgem's RIIO-ED2 Framework Decision dated December 2019.

(2) Open hearings for transmission and gas distribution have been postponed at this time; remaining timeline on track.

Debt Maturities

(\$ in Millions)	2020	2021	2022	2023	2024	2025 and Beyond	Total
PPL Capital Funding	\$0	\$0	\$900	\$600	\$350	\$3,780	\$5,630
PPL Electric Utilities ⁽¹⁾	\$0	\$400	\$474	\$90	\$0	\$3,075	\$4,039
LG&E and KU Energy	\$475	\$250	\$0	\$0	\$0	\$0	\$725
Louisville Gas & Electric ⁽¹⁾	\$0	\$292	\$0	\$0	\$0	\$1,732	\$2,024
Kentucky Utilities ⁽¹⁾	\$500	\$132	\$0	\$13	\$0	\$1,997	\$2,642
WPD plc ⁽³⁾	\$0	\$500	\$0	\$650	\$65	\$657	\$1,872
WPD Operating Companies ⁽²⁾⁽³⁾	\$195	\$0	\$0	\$910	\$520	\$4,586	\$6,211
Total	\$1,170	\$1,574	\$1,374	\$2,263	\$935	\$15,827	\$23,143

Note: As of April 30, 2020.

(1) Amounts reflect the timing of any put option on municipal bonds that may be put by the holders before the bonds' final maturities.

(2) Includes WPD (East Midlands) plc, WPD (West Midlands) plc, WPD (South Wales) plc and WPD (South West) plc.

(3) U.K. translated at \$1.30/£.

Liquidity Profile

Entity	Facility	Expiration Date	Capacity (Millions)	Borrowed (Millions)	Letters of Credit & Commercial Paper Issued (Millions)	Unused Capacity (Millions)
PPL Capital Funding	Syndicated Credit Facility	Jan-2024	\$1,450	\$0	\$49	\$1,401
	Term Loan Credit Facility	Mar-2022	100	100	0	0
	Term Loan Credit Facility	Mar-2021	300	300	0	0
	Bilateral Credit Facility	Mar-2021	50	0	0	50
	Uncommitted Credit Facility	Mar-2021	50	0	15	35
			\$1,950	\$400	\$65	\$1,485
PPL Electric Utilities	Syndicated Credit Facility	Jan-2024	\$650	\$0	\$1	\$649
Louisville Gas & Electric	Syndicated Credit Facility	Jan-2024	\$500	\$175	\$25	\$300
Kentucky Utilities	Syndicated Credit Facility	Jan-2024	\$400	\$100	\$24	\$276
WPD ⁽²⁾	WPD plc Syndicated Credit Facility	Jan-2023	£210	£159	£0	£49 ⁽¹⁾
	WPD (South West) Syndicated Credit Facility	Jul-2021	245	146	0	99
	WPD (East Midlands) Syndicated Credit Facility	Jul-2021	300	0	0	300
	WPD (West Midlands) Syndicated Credit Facility	Jul-2021	300	0	0	300
	Uncommitted Credit Facilities		100	0	4	96
			£1,155	£305	£4	£844
Consolidated PPL Corp.			\$5,002	\$1,071	\$119	\$3,808

Note: As of April 30, 2020.

(1) The unused capacity reflects the amount borrowed in GBP of £161 million as of the date borrowed.

(2) Based on assumed exchange rate of \$1.30/£ for comparability purposes.

PPL's Credit Ratings

PPL Corporation		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	NR	NR
Long-term Issuer	A-	Baa2
Outlook	Stable	Stable

PPL Capital Funding		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	BBB+	Baa2
Long-term Issuer	A-	NR
Outlook	Stable	Stable

WPD Holding Company		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	BBB+	Baa3
Long-term Issuer	A-	Baa3
Outlook	Stable	Stable

LKE Holding Company		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	BBB+	Baa1
Long-term Issuer	A-	Baa1
Outlook	Stable	Stable

WPD Operating Companies		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	A-	Baa1
Long-term Issuer	A-	Baa1
Outlook	Stable	Stable

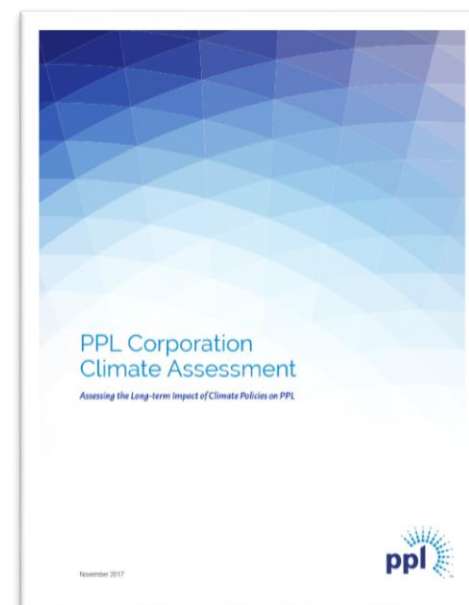
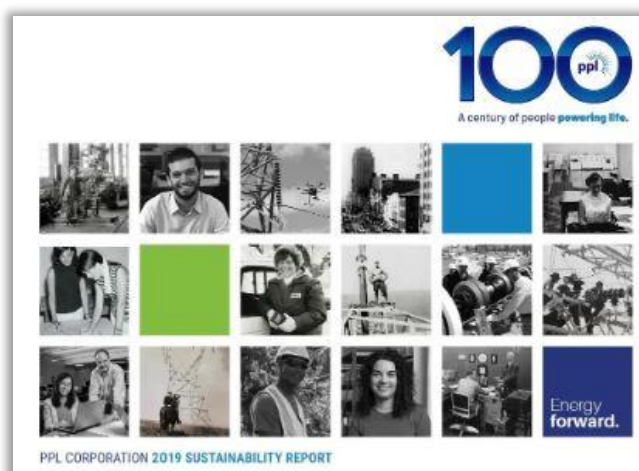
LKE Operating Companies		
Credit Rating	S&P	Moody's
Secured	A	A1
Unsecured	NR	NR
Long-term Issuer	A-	A3
Outlook	Stable	Stable

PPL Electric Utilities		
Credit Rating	S&P	Moody's
Secured	A	A1
Unsecured	NR	NR
Long-term Issuer	A-	A3
Outlook	Stable	Stable

Note: As of March 31, 2020.

Voluntary ESG Disclosures

Extensive and transparent reporting keeps stakeholders informed



- TCFD, SASB disclosure mapping ^{(1) (2)}
- CPA-Zicklin political disclosure ⁽³⁾
- Responsive to Sustainalytics, MSCI, ISS, and other ratings

(1) TCFD: Task Force on Climate-related Financial Disclosures.

(2) SASB: Sustainability Accounting Standards Board.

(3) CPA-Zicklin Index is produced by the Center for Political Accountability in conjunction with the Zicklin Center for Business Ethics Research at The Wharton School at the University of Pennsylvania.

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)	Year-to-Date March 31, 2020				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 340	\$ 127	\$ 118	\$ (31)	\$ 554
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of (\$11)	42				42
Talen litigation costs, net of tax of \$1				(2)	(2)
Total Special Items	42	-	-	(2)	40
Earnings from Ongoing Operations	<u>\$ 298</u>	<u>\$ 127</u>	<u>\$ 118</u>	<u>\$ (29)</u>	<u>\$ 514</u>

After-Tax (Unaudited) (per share - diluted)	Year-to-Date March 31, 2020				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 0.44	\$ 0.16	\$ 0.16	\$ (0.04)	\$ 0.72
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	0.05				0.05
Total Special Items	0.05	-	-	-	0.05
Earnings from Ongoing Operations	<u>\$ 0.39</u>	<u>\$ 0.16</u>	<u>\$ 0.16</u>	<u>\$ (0.04)</u>	<u>\$ 0.67</u>

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)	Year-to-Date March 31, 2019				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 264	\$ 117	\$ 121	\$ (36)	\$ 466
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of \$11	(40)				(40)
Talen litigation costs, net of tax of \$0				(2)	(2)
Total Special Items	(40)	-	-	(2)	(42)
Earnings from Ongoing Operations	<u>\$ 304</u>	<u>\$ 117</u>	<u>\$ 121</u>	<u>\$ (34)</u>	<u>\$ 508</u>

After-Tax (Unaudited) (per share - diluted)	Year-to-Date March 31, 2019				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 0.36	\$ 0.16	\$ 0.17	\$ (0.05)	\$ 0.64
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	(0.06)				(0.06)
Total Special Items	(0.06)	-	-	-	(0.06)
Earnings from Ongoing Operations	<u>\$ 0.42</u>	<u>\$ 0.16</u>	<u>\$ 0.17</u>	<u>\$ (0.05)</u>	<u>\$ 0.70</u>

Adjusted Gross Margins Summary

(Unaudited) (millions of dollars, except share data)	Three Months Ended March 31,			Per Share Diluted (after-tax)
	2020	2019	Change	
U.K. Adjusted Gross Margins	\$ 575	\$ 546	\$ 29	\$ 0.03
Less: Impact of changes in foreign currency exchange rates			9	0.01
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 20	\$ 0.02
Kentucky Adjusted Gross Margins	\$ 547	\$ 530	\$ 17	\$ 0.02
Pennsylvania Adjusted Gross Margins				
Distribution	\$ 242	\$ 260	\$ (18)	\$ (0.02)
Transmission	159	143	16	0.02
Total Pennsylvania Adjusted Gross Margins	\$ 401	\$ 403	\$ (2)	\$ (0.00)

Reconciliation of Adjusted Gross Margins to Operating Income

(Unaudited) (millions of dollars)	Three Months Ended March 31, 2020					Three Months Ended March 31, 2019				
	U.K. Adjusted Gross Margins	KY Adjusted Gross Margins	PA Adjusted Gross Margins	Other	Operating Income	U.K. Adjusted Gross Margins	KY Adjusted Gross Margins	PA Adjusted Gross Margins	Other	Operating Income
Operating Revenues	\$ 605	\$ 825	\$ 608	\$ 16	\$ 2,054	\$ 574	\$ 845	\$ 645	\$ 15	\$ 2,079
Operating Expenses										
Fuel		163			163		194			194
Energy purchases		57	144		201		79	171		250
Other operation and maintenance	30	21	23	402	476	28	22	31	409	490
Depreciation		37	12	268	317		19	10	255	284
Taxes, other than income			28	52	80		1	30	49	80
Total Operating Expenses	30	278	207	722	1,237	28	315	242	713	1,298
Total	<u>\$ 575</u>	<u>\$ 547</u>	<u>\$ 401</u>	<u>\$ (706)</u>	<u>\$ 817</u>	<u>\$ 546</u>	<u>\$ 530</u>	<u>\$ 403</u>	<u>\$ (698)</u>	<u>\$ 781</u>

Reconciliation of PPL's Earnings Forecast

After-Tax (Unaudited) (per share - diluted)	2020 Forecast Range		
	Midpoint	High	Low
Estimate of Reported Earnings	\$ 2.55	\$ 2.65	\$ 2.45
Less: Special Items (expense) benefit: ⁽¹⁾			
Foreign currency economic hedges	0.05	0.05	0.05
Total Special Items	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>
Forecast of Earnings from Ongoing Operations	<u><u>\$ 2.50</u></u>	<u><u>\$ 2.60</u></u>	<u><u>\$ 2.40</u></u>

(1) Reflects only special items recorded through March 31, 2020. PPL is not able to forecast special items for future periods.

Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future earnings, cash flows, dividends, financing, regulation and corporate strategy, are “forward-looking statements” within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: the novel coronavirus pandemic or other pandemic health events or other catastrophic events and their effect on financial markets, economic conditions and our businesses ; market demand for energy in our U.S. service territories; weather conditions affecting customer energy usage and operating costs; the effect of any business or industry restructuring; the profitability and liquidity of PPL Corporation and its subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of our facilities; the length of scheduled and unscheduled outages at our generating plants; environmental conditions and requirements and the related costs of compliance; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset or business acquisitions and dispositions; any impact of severe weather on our business; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; capital market conditions and decisions regarding capital structure; the impact of state, federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation against PPL Corporation and its subsidiaries; stock price performance; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation or its subsidiaries conduct business, including any potential effects of threatened or actual cyberattack, terrorism, or war or other hostilities; British pound sterling to U.S. dollar exchange rates; new state, federal or foreign legislation, including new tax legislation; and the commitments and liabilities of PPL Corporation and its subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with factors and other matters discussed in PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.



Definitions of non-GAAP Financial Measures

Management utilizes "Earnings from Ongoing Operations" as a non-GAAP financial measure that should not be considered as an alternative to reported earnings, or net income, an indicator of operating performance determined in accordance with GAAP. PPL believes that Earnings from Ongoing Operations is useful and meaningful to investors because it provides management's view of PPL's earnings performance as another criterion in making investment decisions. In addition, PPL's management uses Earnings from Ongoing Operations in measuring achievement of certain corporate performance goals, including targets for certain executive incentive compensation. Other companies may use different measures to present financial performance.

Earnings from Ongoing Operations is adjusted for the impact of special items. Special items are presented in the financial tables on an after-tax basis with the related income taxes on special items separately disclosed. Income taxes on special items, when applicable, are calculated based on the statutory tax rate of the entity where the activity is recorded. Special items may include items such as:

- Unrealized gains or losses on foreign currency economic hedges (as discussed below).
- Gains and losses on sales of assets not in the ordinary course of business.
- Impairment charges.
- Significant workforce reduction and other restructuring effects.
- Acquisition and divestiture-related adjustments.
- Other charges or credits that are, in management's view, non-recurring or otherwise not reflective of the company's ongoing operations.

Unrealized gains or losses on foreign currency economic hedges include the changes in fair value of foreign currency contracts used to hedge GBP-denominated anticipated earnings. The changes in fair value of these contracts are recognized immediately within GAAP earnings. Management believes that excluding these amounts from Earnings from Ongoing Operations until settlement of the contracts provides a better matching of the financial impacts of those contracts with the economic value of PPL's underlying hedged earnings.

Definitions of non-GAAP Financial Measures

Management also utilizes the following non-GAAP financial measures as indicators of performance for its businesses:

"U.K. Adjusted Gross Margins" is a single financial performance measure of the electricity distribution operations of the U.K. Regulated segment. In calculating this measure, direct costs such as connection charges from National Grid, which owns and manages the electricity transmission network in England and Wales, and Ofgem license fees (recorded in "Other operation and maintenance" on the Statements of Income) are deducted from operating revenues, as they are costs passed through to customers. As a result, this measure represents the net revenues from the delivery of electricity across WPD's distribution network in the U.K. and directly related activities.

"Kentucky Adjusted Gross Margins" is a single financial performance measure of the electricity generation, transmission and distribution operations of the Kentucky Regulated segment, as well as the Kentucky Regulated segment's distribution and sale of natural gas. In calculating this measure, fuel, energy purchases and certain variable costs of production (recorded in "Other operation and maintenance" on the Statements of Income) are deducted from operating revenues. In addition, certain other expenses, recorded in "Other operation and maintenance", "Depreciation" and "Taxes, other than income" on the Statements of Income, associated with approved cost recovery mechanisms are offset against the recovery of those expenses, which are included in revenues. These mechanisms allow for direct recovery of these expenses and, in some cases, returns on capital investments and performance incentives. As a result, this measure represents the net revenues from electricity and gas operations.

"Pennsylvania Adjusted Gross Margins" is a single financial performance measure of the electricity transmission and distribution operations of the Pennsylvania Regulated segment. In calculating this measure, utility revenues and expenses associated with approved recovery mechanisms, including energy provided as a PLR, are offset with minimal impact on earnings. Costs associated with these mechanisms are recorded in "Energy purchases," "Other operation and maintenance," (which are primarily Act 129, Storm Damage and Universal Service program costs), "Depreciation" (which is primarily related to the Act 129 Smart Meter program) and "Taxes, other than income," (which is primarily gross receipts tax) on the Statements of Income. This measure represents the net revenues from the Pennsylvania Regulated segment's electricity delivery operations.

These measures are not intended to replace "Operating Income," which is determined in accordance with GAAP, as an indicator of overall operating performance. Other companies may use different measures to analyze and report their results of operations. Management believes these measures provide additional useful criteria to make investment decisions. These performance measures are used, in conjunction with other information, by senior management and PPL's Board of Directors to manage operations and analyze actual results compared with budget.

Reconciliations of adjusted gross margins for future periods are not provided as certain items excluded from Operating Income are inherently subject to change and are not significant.