Delivering today for a brighter tomorrow

Fourth Quarter Earnings Call

Thursday, February 22, 2018

ppl™

Cautionary Statements and Factors That May Affect Future Results

Any 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 such 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 Review & Outlook	Bill Spence
II.	2017 Financial Review	Vince Sorgi
III.	2018 Forecast & Updated Business Plan	Vince Sorgi
IV.	Closing Remarks and Q&A	Bill Spence

Executive Update

State of business in light of U.S. Tax Reform

What has changed	What has not changed
➢ Lower tax rate driven by U.S. tax reform ➢ Additional equity added to our plan to strengthen credit ➢ Increased cash distribution from the U.K. ➢ Excess currency hedge value to be used to help mitigate near term earnings and cash flow impacts	➢ 5-6% EPS growth through 2020 ➢ Commitment to dividend growth ▪ 4% dividend increase in 2018 ➢ Commitment to maintain solid credit ratings ➢ Plans to invest more than $15 billion in infrastructure through 2022 ➢ Operational excellence ➢ Delivering on commitments to customers and shareowners

Executive Overview

- **Delivered strong 2017 financial results of $2.25 per share; high end of range**
  - Exceeded midpoint of ongoing earnings forecast for 8th consecutive year
- **Announced 2018 guidance range of $2.20 - $2.40 per share**
- **5-6% compound annual EPS growth through 2020, despite the effects of U.S. tax reform**
  - Use of excess hedge value to help mitigate near term earnings and cash flow impacts
  - Includes incremental equity issuances to strengthen corporate credit metrics
  - Establishing new baseline of 2018 for EPS growth rate to coincide with tax reform
- **Dividend is secure and we are committed to dividend growth**
  - Increased annualized common stock dividend from $1.58 to $1.64 per share(1)
- **U.K. regulatory model a premium jurisdiction**
  - No material impact expected from RIIO-ED1 Mid-Period Review
  - WPD continues to be an industry leader and is well positioned for RIIO-ED2, which doesn't begin until April 2023

Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.
(1) Annualized dividend based on 2/22/2018 announced increase. Actual dividends to be determined by Board of Directors.

2017 Year in Review

Achieved the high-end of earnings from ongoing operations forecast range of $2.25 per share

- **Operational achievements**
  - Successfully executed on our ~$3.5 billion capital plan
  - Achieved all-time records in safety, reliability and customer service
  - U.K. on track to achieve performance against 2017/2018 incentive targets
  - New rates effective July 1, 2017 in Kentucky

- **ESG achievements**
  - Issued Climate Assessment Report examining the potential impact of climate policies on PPL
  - Participant in EEI ESG reporting template pilot
  - Established carbon reduction target of 70% from 2010 levels by 2050
  - Announced intent to respond to CDP's annual climate survey

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

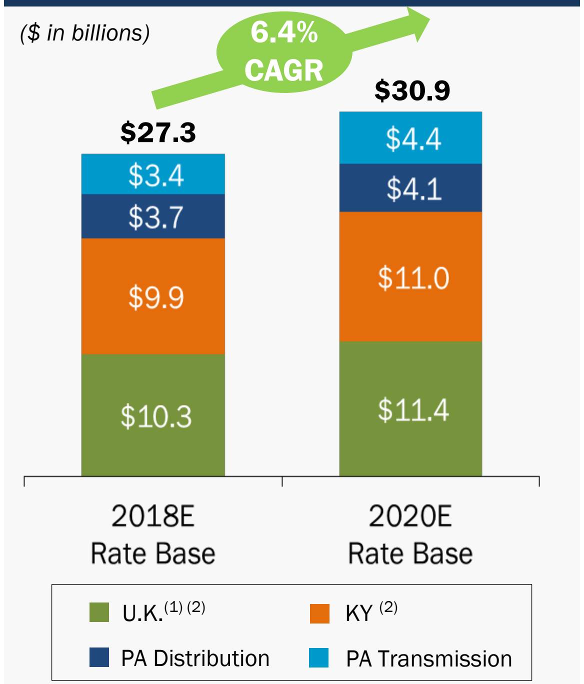
U.K. Regulatory Update

- **WPD consistently the top performer in the U.K., with strong track record of meeting commitments to stakeholders**
- **Mid-Period Review (MPR) not expected to materially impact WPD's plans**
  - PPL and WPD have responded to MPR consultation citing concerns for both investors and customers if scope of MPR is expanded
  - Ofgem to determine if an MPR will even occur; decision expected in Spring 2018
- **RIIO-2 Update: WPD well-positioned for future success**
  - Ofgem has reaffirmed that double-digit real returns on regulated equity (RORE) are acceptable for top-performing companies, even into RIIO-ED2
  - Ofgem has indicated the need to see more financial differentiation between the best performing and the worst performing DNOs
  - Final rules have not been set by Ofgem and all stakeholders will have an opportunity to provide views through the consultation process
  - Stakeholders favor keeping price controls simple and straightforward
  - There is ample time to prepare for changes in the next rate period
  - Draft Consultation for broad RIIO-2 gas and electricity framework expected Q1 2018

Prudent Investments, Timely Recovery Drive Growth Opportunity

Significant investment opportunities and constructive regulatory recovery mechanisms support 5-6% annual EPS growth target through 2020

Strong Regulated Rate Base Growth



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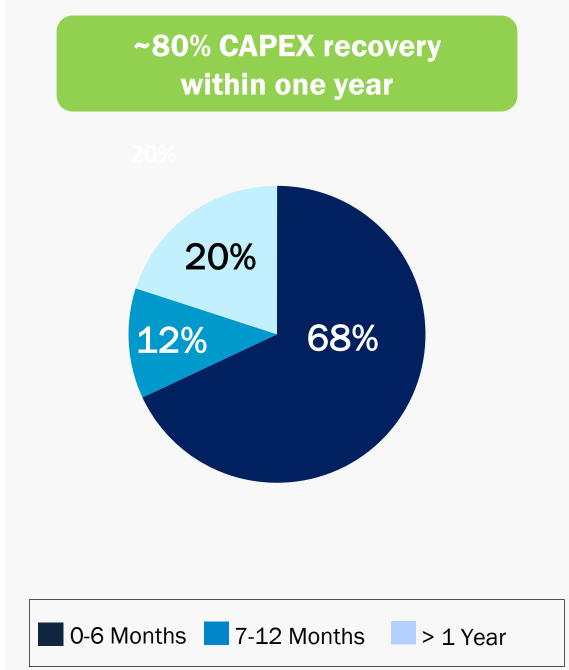
Timely Real-time CAPEX Recovery



Support 5-6% EPS CAGR

(1) For comparability based on assumed exchange rate of $1.35/£ for all years.
(2) Represents Regulatory Asset Value (RAV) for U.K. Represents utility capitalization for KY.
(3) Range reflective of 5-6% CAGR from 2018E midpoint. Does not represent earnings forecast or guidance for 2020. Based on assumed exchange rate of $1.40/£ on open positions for 2020.

II. 2017 Financial Review

Ongoing Earnings Results

Quarterly Results

	Q4 2017	Q4 2016	Change
PPL Reported Earnings	$ 0.11	$ 0.68	$ (0.57)
Less: Special Items	(0.44)	0.08	
PPL Ongoing Earnings	$ 0.55	$ 0.60	$ (0.05)
Pennsylvania Regulated	0.14	0.11	0.03
Kentucky Regulated	0.14	0.12	0.02
U.K. Regulated	0.29	0.40	(0.11)
Corporate and Other	(0.02)	(0.03)	0.01

Primarily due to higher income taxes due to a benefit recorded in the fourth quarter 2016 for the utilization of foreign tax credits and lower foreign currency exchange rates in 2017

Year-end Results

	2017	2016	Change
PPL Reported Earnings	$ 1.64	$ 2.79	$ (1.15)
Less: Special Items	(0.61)	0.34	
PPL Ongoing Earnings	$ 2.25	$ 2.45	$ (0.20)
Pennsylvania Regulated	0.51	0.50	0.01
Kentucky Regulated	0.57	0.58	(0.01)
U.K. Regulated	1.28	1.49	(0.21)
Corporate and Other	(0.11)	(0.12)	0.01

Year-over-year Drivers

Lower ongoing earnings primarily driven by:
- Lower foreign currency exchange rates
- Lower sales volumes
- Higher depreciation and interest from additional capital spending

Partially offset by:
- An April 1, 2016 price increase in the U.K.
- Lower U.K. O&M, including higher pension income
- Lower PA O&M
- Higher transmission margins in PA
- Higher base rates in KY beginning July 1st

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

Pennsylvania Regulated Segment Earnings Drivers

		Year-end
2016 EPS – Ongoing Earnings		$0.50
Gross margins	0.03	
Operation and maintenance	0.04	
Depreciation	(0.03)	
Financing costs	(0.01)	
Income taxes & other	(0.02)	
Total		0.01
2017 EPS – Ongoing Earnings		$0.51

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

Kentucky Regulated Segment Earnings Drivers

		Year-end
2016 EPS – Ongoing Earnings		$0.58
Gross margins	0.02	
Depreciation	(0.02)	
Income taxes & other	(0.01)	
Total		(0.01)
2017 EPS – Ongoing Earnings		$0.57

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

U.K. Regulated Segment Earnings Drivers

		Year-end
2016 EPS – Ongoing Earnings		$1.49
Gross margins	0.03	
Operation and maintenance	0.08	
Depreciation	(0.02)	
Financing costs	(0.03)	
Income Taxes	0.02	
Other	(0.02)	
Currency	(0.27)	
Total		(0.21)
2017 EPS – Ongoing Earnings		$1.28

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

III. 2018 Forecast Review and Updated Business Plan

U.S. Tax Reform

Prudent actions preserve expected 5-6% EPS growth rate and credit ratings

Impacts of Tax Reform

- Beneficial to our U.S. customers
- Reduced utility cash flows weaken corporate level credit metrics
- Lower tax rate reduces deductions for holding company interest
- Rate base expected to increase due to deferred tax adjustments
- Immaterial impact from move to territorial tax system for foreign entities

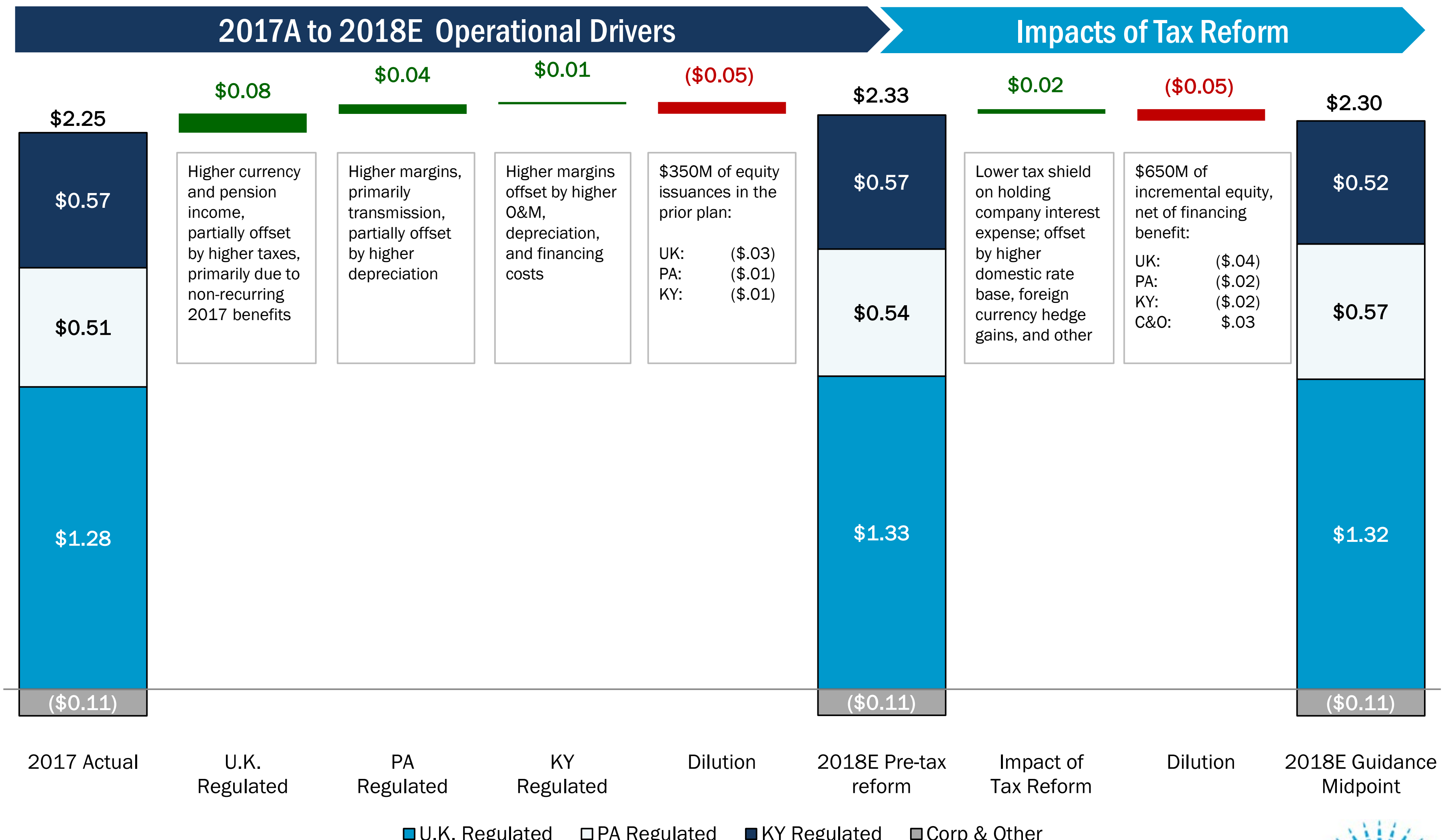
Planned Actions to Mitigate

- Expect to settle foreign currency hedges in respective years to help mitigate near-term earnings and cash flow impacts
- Added incrementally about $650 million of equity to 2018 to strengthen credit metrics

Regulatory Updates

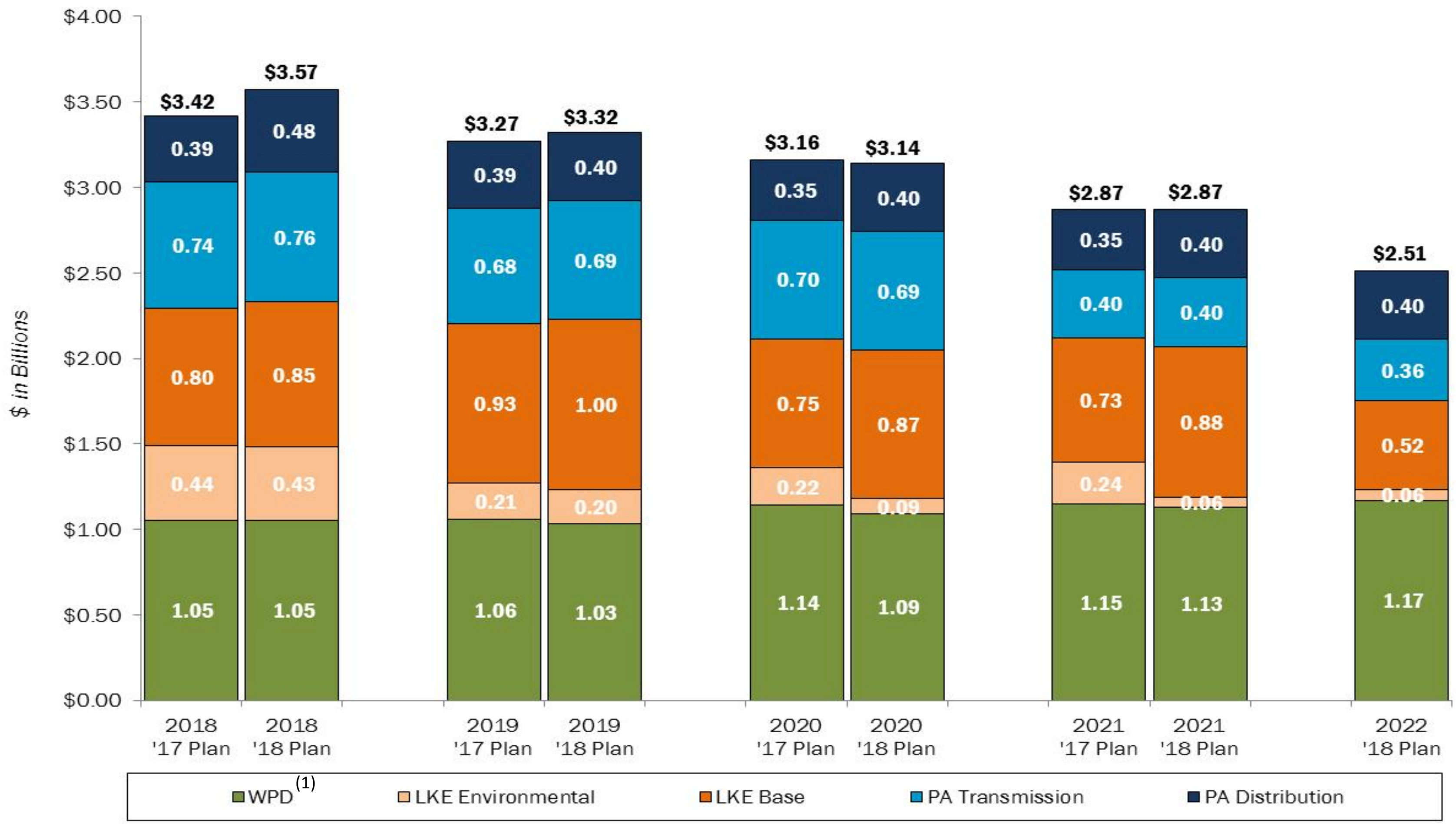
- Kentucky agreement on ratemaking treatment
- PA PUC has requested comments regarding the impact of tax reform on customer rates
- FERC guidance still pending

2017A to 2018E Ongoing Earnings Walk



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

2018 – 2022 Capital Plan and Comparison to Prior Year Capital Plan

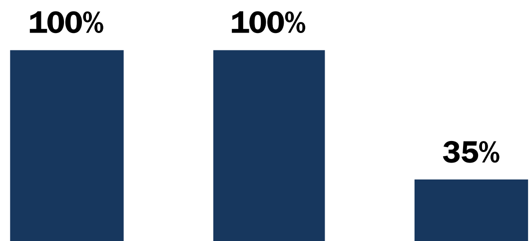


(1) Capital plans are based on assumed exchange rate of $1.35/£ for 2018-2019 and $1.40/£ for 2020-2022.

Foreign Currency Update

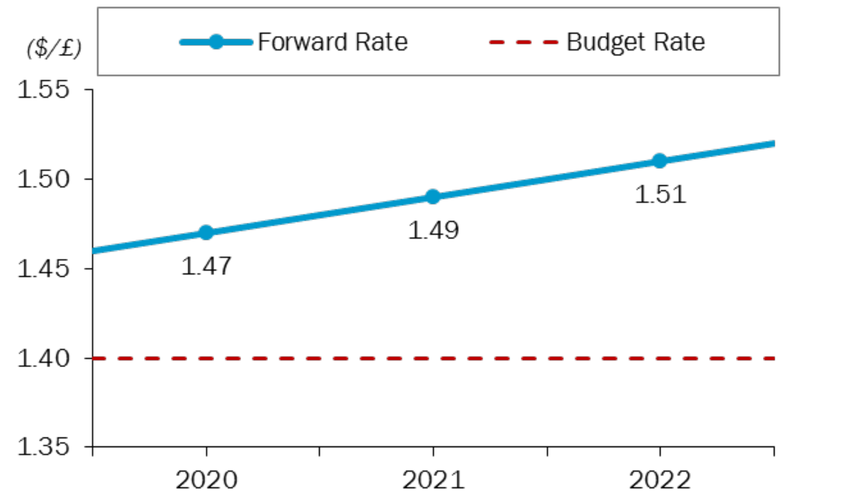
Currency hedging strategy positions PPL to achieve 5-6% EPS growth target

Managing Foreign Currency Risk[1]



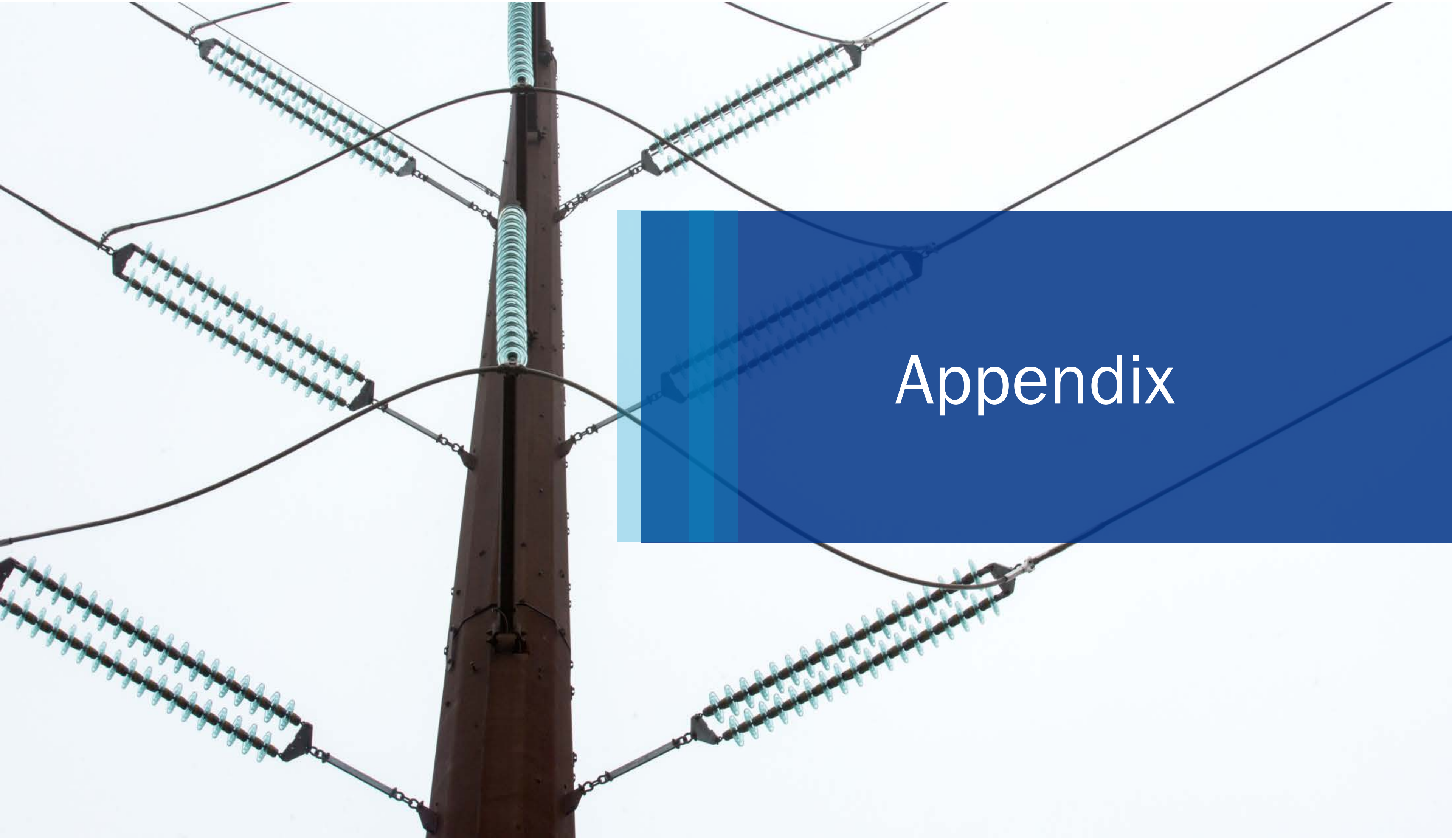
(GBP/USD)	2018	2019	2020[2]
Hedged Rate	1.34	1.39	1.46

Forward FX Rates vs. Budgeted FX Rates



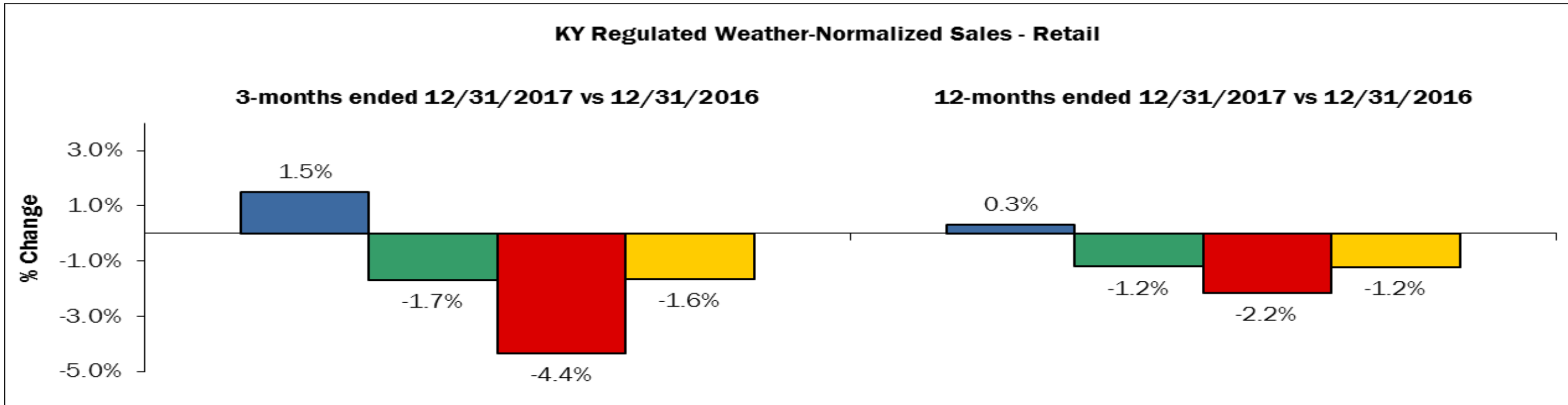
- Expect hedges to settle in respective years, helping to offset earnings and credit degradation from U.S. tax reform
- Increased our budgeted rate on open positions to $1.40/£ for 2020, conservative to forward rates

Note: Forward FX rates sourced from Bloomberg as of 2/20/2018.
(1) PPL's foreign currency hedge status as of 02/20/18.
(2) Budgeted rate of $1.40/£ on open positions for 2020.

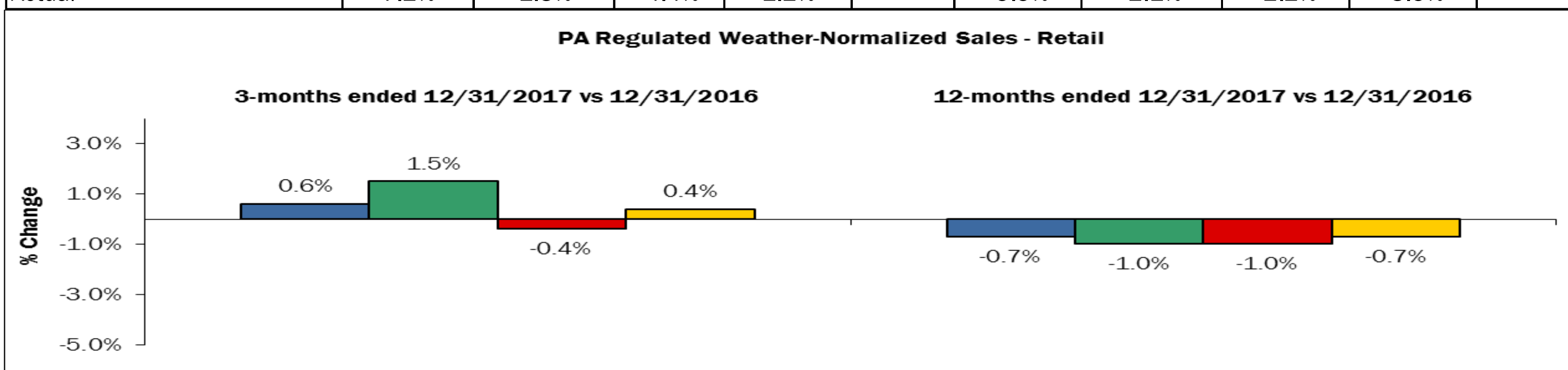


Appendix

U.S. Regulated Volume Variances



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	1.5%	-1.7%	-4.4%	-1.6%		0.3%	-1.2%	-2.2%	-1.2%	
Actual	7.2%	1.3%	-4.4%	1.2%		-5.5%	-2.1%	-2.2%	-3.5%	

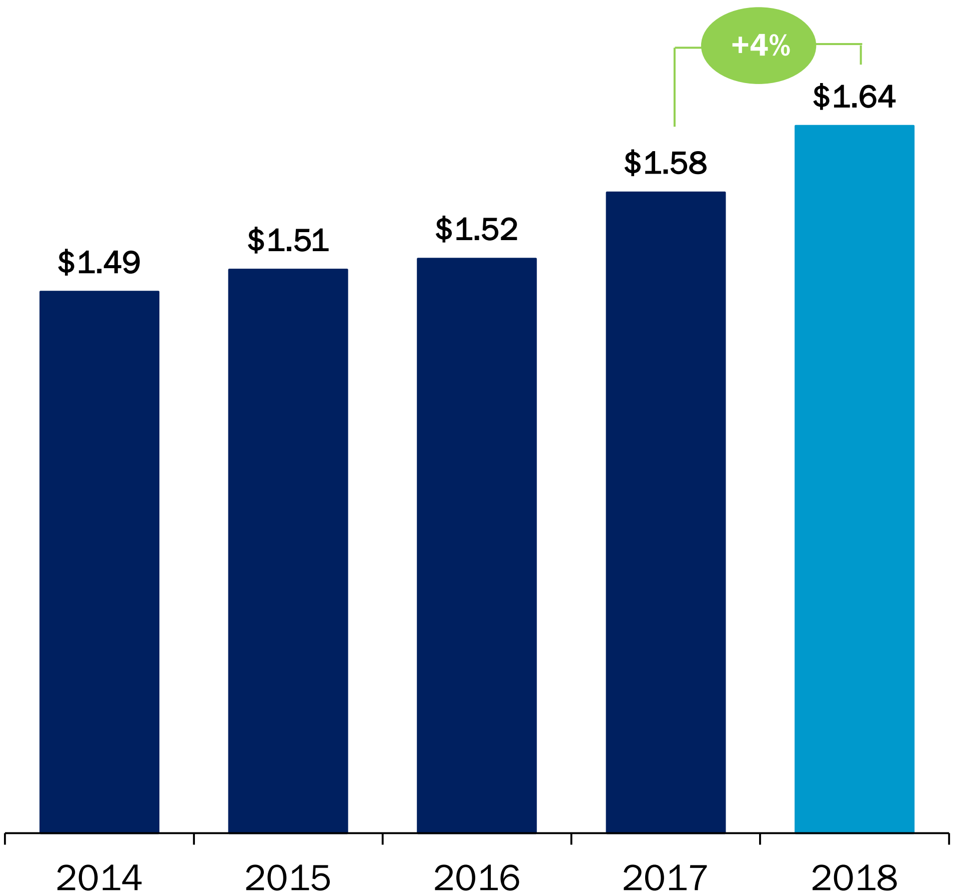


	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	0.6%	1.5%	-0.4%	0.4%		-0.7%	-1.0%	-1.0%	-0.7%	
Actual	4.8%	2.7%	-0.4%	2.7%		-2.8%	-1.3%	-1.0%	-1.8%	

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

Commitment to Dividend Growth

The dividend is a key component to PPL's investment proposition



- **We remain committed to dividend growth**
- **Increased annualized common stock dividend to $1.64 per share**(1)
- **We are increasing our expectation for cash repatriation from our U.K. operations to $300 - $500 million per year in support of corporate dividend**
  - Increased flexibility to repatriate cash created by U.S. tax reform

(1) Annualized dividend based on 02/22/2018 announced increase. Actual dividends to be determined by Board of Directors.

Assumptions to Achieve 5-6% EPS Growth 2018 Through 2020[1]

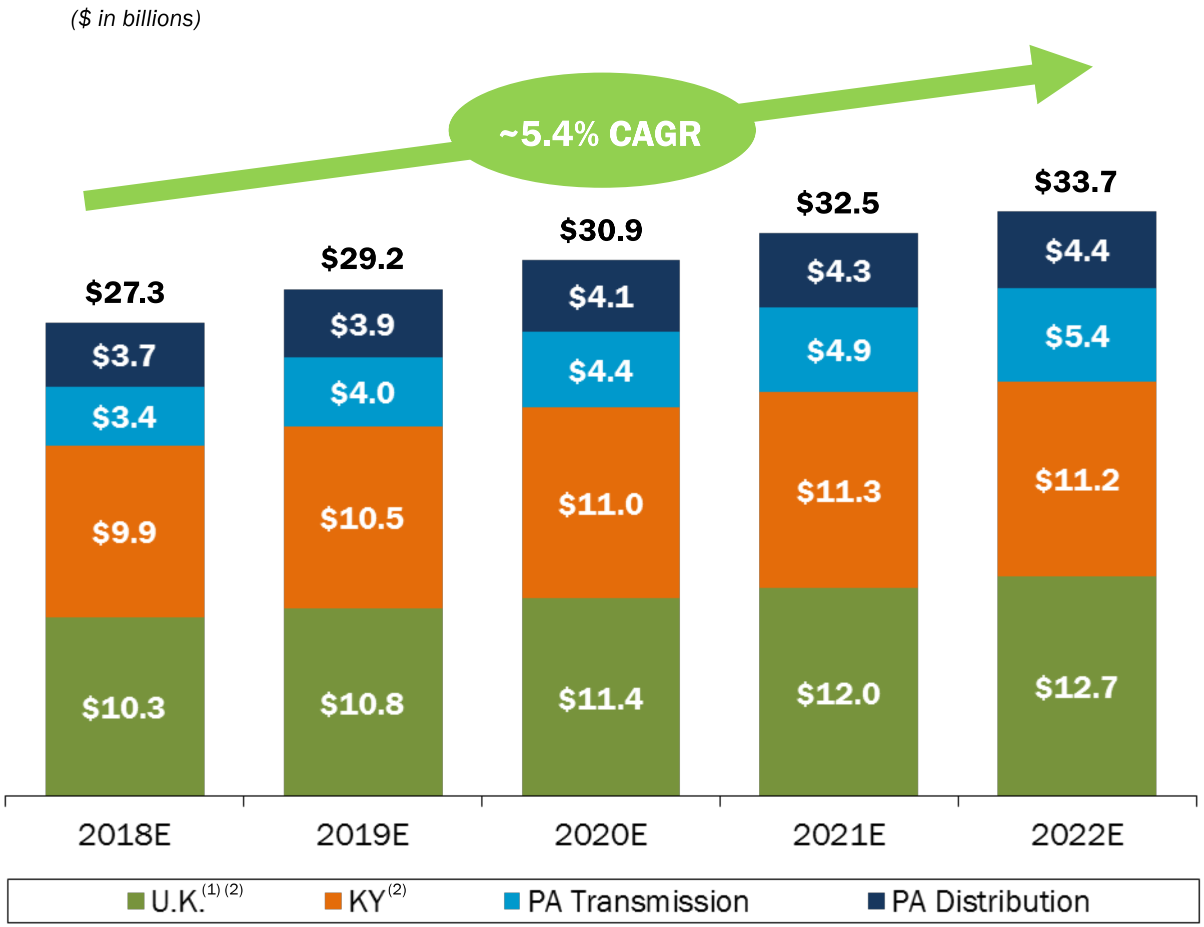
- **Key Corporate-level Assumptions:**
  - Continued dividend growth through 2020 with 4% increase from 2017 to 2018[2]
  - Equity issuances of about $1.0B in 2018; Equity issuances beyond 2018 will be dependent on a number of factors with an objective of maintaining current credit ratings

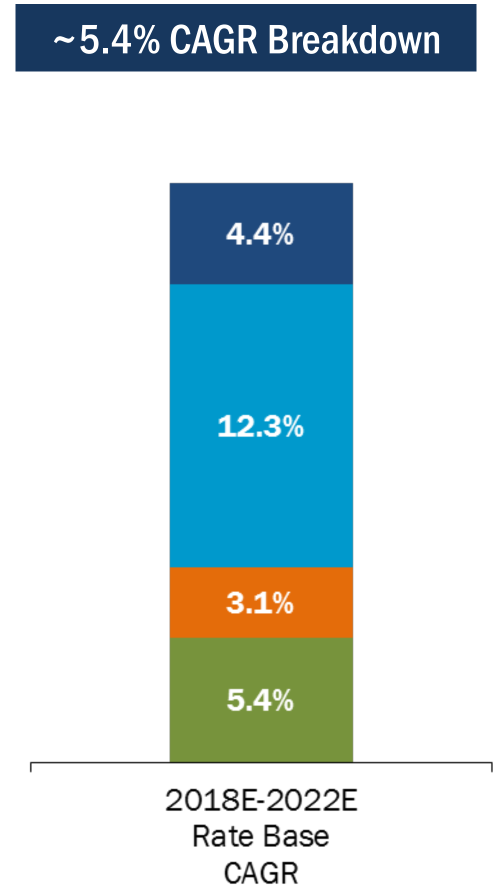
- **Domestic Growth Assumptions:**[1]
  - Net income growth of 8-10%[1]
  - Domestic rate base CAGR of 7.1%
  - PA transmission CAPEX of $1.4B at 11.68% base ROE; Project Compass not in plan
  - KY investment of $2.2B at 9.7% ROE

- **U.K. Growth Assumptions:**[1]
  - Net income growth of 7-9%[1]
  - Budgeted GBP foreign currency rate: $1.34/£(2018); $1.39/£(2019); $1.42/£(2020); 2020 open positions budgeted at $1.40/£
  - Expected rate base (RAV) CAGR of 5.2%
  - Higher pension income from annual contributions to pension plans
  - Incentive revenue assumptions: $100M (2018); $90-$110M (2019); $100-$120M (2020)
  - RPI (inflation rate): 3.3% (2018); 3.0% (2019 and 2020)
  - Annual cash repatriation between $300 – $500M

(1) Growth rates off of midpoint of 2018 ongoing earnings forecast of $2.30 per share.
(2) Subject to approval by the Board of Directors.

Projected Rate Base Growth





(1) For comparability based on assumed exchange rate of $1.35/£ for all years.
(2) Represents Regulatory Asset Value (RAV) for U.K. Represents utility capitalization for KY.

Funding Growth

U.S. operating cash flows plus U.K. dividend sufficient to fund PPL dividend. U.S. debt and equity issuances fund domestic utility growth. U.K. business completely self-funding.

($ in millions)

	2017A	2018E [1]
Domestic Cash from Operations	$1,826	$1,690
Domestic Maintenance Capex [2]	(777)	(860)
Dividend From U.K. Regulated	125	400
Cash Available for Distribution	**$1,174**	**$1,230**
Common Dividend	(1,072)	(1,165)
Cash Available for Reinvestment	**$102**	**$65**
Domestic Growth Capex	**($1,379)**	**($1,585)**
Debt Maturities	($70)	($250)
Debt Issuances and Change in Cash [3]	987	835
Equity Issuances	432	970
Other Investing & Financing Activities	(72)	(35)
Additional Funding Sources for Domestic Growth Capex	**$1,277**	**$1,520**

Note: Information provided on slide to be updated on an annual basis. See Appendix for the reconciliation of Domestic Cash Flows.

(1) Based on midpoint of projected 2018 earnings guidance and related assumptions.
(2) Represents book depreciation.
(3) Includes domestic issuances (short and long term), net of issue costs.

U.K. Regulated: Incentive Revenues

- Annual performance above or below the Ofgem targets for Customer Minutes Lost (CML), Customer Interruptions (CI), the Broad Measure of Customer Satisfaction Survey and Time to Connect is rewarded or penalized on a 2-year lag

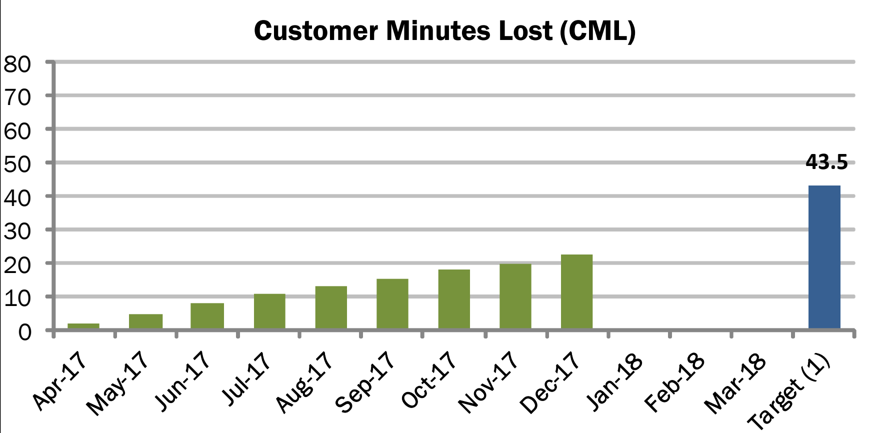
- On a calendar year basis, WPD projects incentive revenues as follows:

	2018	2019	2020
Current Estimate	$100M	$90M - $110M	$100M - $120M

- The following slides provide WPD's current and projected performance for the 2017/2018 regulatory year for quality of service and customer satisfaction incentive mechanisms

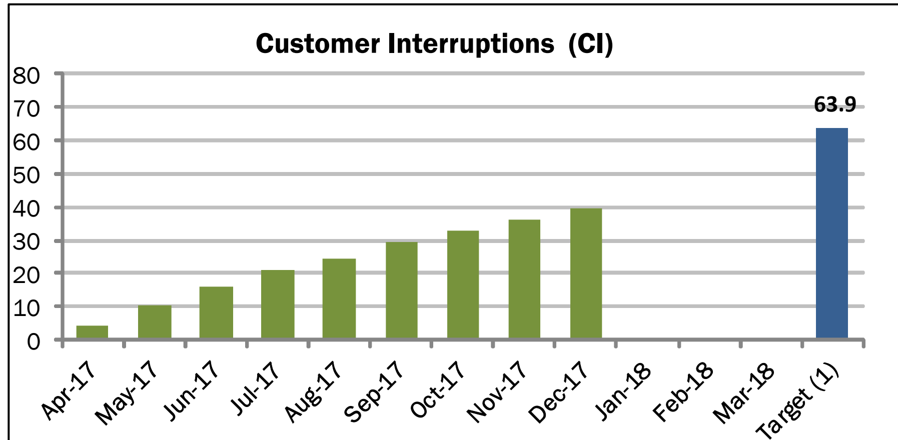
U.K. Regulated Incentive Revenue: Quality of Service

2017/2018 Year-to-date Performance



CML and Ofgem target are based on a weighted average of all four DNOs.

A measurement of the cumulative amount of minutes customers are without electricity.



CI and Ofgem target are based on a weighted average of all four DNOs.

A measurement of the cumulative amount of interruptions in a customer's electricity supply, per 100 customers.

- **While there are separate CML and CI performance targets, performance is combined when determining the total earned reward.**
- **WPD projects 2017/2018 incentive revenue of approximately £40M (in 2012/2013 prices).**

(1) Ofgem targets adjusted for YTD planned outages. Performance below the Ofgem target results in a reward. Performance above the Ofgem target results in a penalty.

U.K. Regulated Incentive Revenue: Customer Satisfaction

(2012/13 prices)	West Midlands	East Midlands	South Wales	South West	Total
Max reward/penalty	+/-£4.0M	+/-£4.0M	+/-£1.9M	+/-£2.8M	+/-£12.7M

- The Broad Measure of Customer Satisfaction Survey rewards or penalizes DNOs for the levels of customer satisfaction.
- Through December 2017, WPD's performance is near or at the max reward levels. WPD projects 2017/2018 incentive revenue of approximately £11M (in 2012/2013 prices).

U.K. Regulated: RPI Update and Sensitivity

- **RPI affects three primary financial drivers for WPD: Revenue, O&M and Interest Expense**
  - **Revenue:** In November 2017, tariffs were set for the 2019/20 regulatory year using forecasted RPI for that period. Differences between actual and forecasted RPI are trued-up in future regulatory year tariffs. Each November, one additional year of tariffs will be set.
  - **O&M:** RPI primarily impacts adjustments to wages, including contract labor with a compounding effect realized in future periods.
  - **Interest Expense:** Approximately 14% of total U.K. debt is RPI index-linked debt (~$1B). The lower the RPI, the lower the interest expense and vice versa.

RPI Update and Sensitivity				
RPI (Regulatory Year)	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Budget RPI assumption	3.8%	3.1%	3.0%	3.0%
Current RPI forecast(1)	3.7%	3.1%	3.1%	3.2%
RPI (Calendar Year)		**2018**	**2019**	**2020**
Budget RPI assumption		3.3%	3.0%	3.0%
Current RPI forecast(1)		3.3%	3.1%	3.2%
Increase in 2017/2018 RPI (2)			**EPS Sensitivity**	
0.5%		$0.00	$0.00	$0.01

(1) Represents January 2018 forecast. Source: U.K. HM Treasury RPI forecast: https://www.gov.uk/government/collections/data-forecasts.
(2) Sensitivities include the net effect on revenue, O&M and interest expense on index-linked debt.

TRU and MOD Adjustments

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 demand 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

Adjustments included in current forecast			
($ in millions, pre-tax)	2018	2019	2020
TRU	($20)	$0	$0
MOD	($40)	($60)	($90)
Total	($60)	($60)	($90)

U.K. Regulated: Expected Ofgem RIIO Timelines

RIIO-ED1 Indicative Timetable

2016 | 2017 | 2018

ED1 running | RIIO-ED1 Mid-period review (MPR)

- **Sept 2017** DPCR5 Close-out Substantially Concluded
- **Nov 2017** RIIO-ED1 MPR "Needs" Consultation
- **April 2018** RIIO-ED1 MPR Decision (Go/No Go)
- **Aug 2018** RIIO-ED1 MPR Consultation
- **Nov/Dec 2018** RIIO-ED1 MPR Concludes

RIIO-ED2 Indicative Timetable

RIIO-ED2 Preparation and Implementation

2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023

Consultation | Policy development | Fast-track assessment | Slow-track assessment

- **Q3 2017** RIIO-2 Open Letter Consultation
- **Q1 2018** RIIO-2 Strategy Consultation (Draft)
- **Q2 2018** RIIO-2 Strategy Consultation (Final)
- **Mid 2020** RIIO-ED2 Strategy Consultation
- **Early 2021** RIIO-ED2 Strategy Decision
- **July 2021** RIIO-ED2 Business Plan Submission
- **Nov 2021** RIIO-ED2 Fast Track Decision (Draft)
- **Feb 2022** RIIO-ED2 Fast Track Decision (Final)
- **July 2022** RIIO-ED2 Slow Track Decision (Draft)
- **Nov 2022** RIIO-ED2 Slow Track Decision (Final)
- **Apr 2023** RIIO-ED2 Starts

Pennsylvania Transmission: Project Compass[1]

Proposed First Segment

- **95-mile initial segment from Lackawanna, PA to Ramapo, NY**
  - Interconnection request filed with NYISO
  - Estimated cost of $500 - $600 million[2]
  - Proposed in-service date in 2023
- **Benefits as proposed include:**
  - Significant energy cost savings for NY customers
  - Enables access to renewables
  - Grid resiliency and reliability
  - Economic development benefits

Future Project Plan

- **Approximately 475-mile transmission lines in PA and extending to NY**
- **Estimated cost of $3 – $4 billion[2]**

(1) Project subject to regulatory approvals and change until final development.
(2) Project Compass not included in PPL's 5-year capital plan.

Kentucky Regulated: Multi-Year Focus on Closing Ash Ponds

Making prudent investments to reduce our impact on the environment

Trimble County Generating Station

- Investing approximately $0.8 billion to comply with EPA rules through 2022
- Cap and close ash ponds
- Build process water treatment facilities
- Complete additional phase of dry-ash landfill project
- Expected completion: 2023
- Waste/water treatment

Debt Maturities

($ in Millions)	2018	2019	2020	2021	2022
PPL Capital Funding	$250	$0	$0	$0	$800
PPL Electric Utilities[(1)]	0	0	100	400	474
LG&E and KU Energy	0	0	475	250	0
Louisville Gas & Electric[(1)]	98	334 [(2)]	0	0	0
Kentucky Utilities[(1)]	0	96	500	0	0
WPD	0	0	203	500	0
Total	**$348**	**$430**	**$1,278**	**$1,150**	**$1,274**

Note: As of December 31, 2017.

(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) In January 2018, LG&E borrowed the remaining $100 million available under its $200 million term loan facility expiring in October 2019.

Liquidity Profile

Entity	Facility	Expiration Date	Capacity (Millions)	Letters of Credit & Commercial Paper Issued (Millions)	Borrowed (Millions)	Unused Capacity (Millions)
PPL Capital Funding	Syndicated Credit Facility	Nov-2018	$300	$0	$0	$300
	Syndicated Credit Facility	Jan-2022 (1)	950	230	0	720
	Bilateral Credit Facility	Mar-2018	150	18	0	132
			$1,400	$248	$0	$1,152
PPL Electric Utilities	Syndicated Credit Facility	Jan-2022 (1)	$650	$1	$0	$649
LG&E and KU Energy (LKE)	Syndicated Credit Facility	Oct-2018	$75	$0	$0	$75
Louisville Gas & Electric	Syndicated Credit Facility	Jan-2022 (1)	$500	$199	$0	$301
	Term Loan Facility	Oct-2019	$200	$0	$100 (2)	$100
			$700	$199	$100	$401
Kentucky Utilities	Syndicated Credit Facility	Jan-2022 (1)	$400	$45	$0	$355
	Letter of Credit Facility	Oct-2020	198	198	0	0
			$598	$243	$0	$355
WPD	WPD plc Syndicated Credit Facility	Jan-2022	£210	£0	£148	£60 (3)
	WPD (South West) Syndicated Credit Facility	Jul-2021	245	0	0	245
	WPD (East Midlands) Syndicated Credit Facility	Jul-2021	300	0	180	120
	WPD (West Midlands) Syndicated Credit Facility	Jul-2021	300	0	120	180
	Uncommitted Credit Facilities		100	4	0	96
			£1,155	£4	£448	£701

Note: As of December 31, 2017.

(1) Effective January 26, 2018, the expiration dates on these syndicated facilities have been extended to January 2023.

(2) In January 2018, LG&E borrowed the remaining $100 million available under its term loan facility expiring in October 2019.

(3) The unused capacity reflects the amount borrowed in GBP of £150 million as of the date borrowed.

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 December 31, 2017.

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)	4th Quarter December 31, 2017					Year-to-Date December 31, 2017				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	$ 92	$ (13)	$ 108	$ (109)	$ 78	$ 652	$ 286	$ 359	$ (169)	$ 1,128
Less: Special Items (expense) benefit:										
Foreign currency economic hedges, net of tax of ($6), $59	11				11	(111)				(111)
Spinoff of the Supply segment, net of tax of $0, ($1)									4	4
Other:										
U.S. tax reform	(122)	(112)	10	(97)	(321)	(122)	(112)	10	(97)	(321)
Settlement of indemnification agreement, net of tax of ($2), ($2)		4			4		4			4
Adjustment to investment, net of tax of $0, $0							(1)			(1)
Total Special Items	(111)	(108)	10	(97)	(306)	(233)	(109)	10	(93)	(425)
Earnings from Ongoing Operations	$ 203	$ 95	$ 98	$ (12)	$ 384	$ 885	$ 395	$ 349	$ (76)	$ 1,553

After-Tax (Unaudited) (per share - diluted)	4th Quarter December 31, 2017					Year-to-Date December 31, 2017				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	$ 0.13	$ (0.01)	$ 0.15	$ (0.16)	$ 0.11	$ 0.95	$ 0.42	$ 0.52	$ (0.25)	$ 1.64
Less: Special Items (expense) benefit:										
Foreign currency economic hedges	0.02				0.02	(0.15)				(0.15)
Other:										
U.S. tax reform	(0.18)	(0.16)	0.01	(0.14)	(0.47)	(0.18)	(0.16)	0.01	(0.14)	(0.47)
Settlement of indemnification agreement		0.01			0.01		0.01			0.01
Total Special Items	(0.16)	(0.15)	0.01	(0.14)	(0.44)	(0.33)	(0.15)	0.01	(0.14)	(0.61)
Earnings from Ongoing Operations	$ 0.29	$ 0.14	$ 0.14	$ (0.02)	$ 0.55	$ 1.28	$ 0.57	$ 0.51	$ (0.11)	$ 2.25

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)	4th Quarter December 31, 2016					Year-to-Date December 31, 2016				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	$ 331	$ 84	$ 75	$ (25)	$ 465	$ 1,246	$ 398	$ 338	$ (80)	$ 1,902
Less: Special Items (expense) benefit:										
Foreign currency economic hedges, net of tax of ($31), $4	57				57	(8)				(8)
Spinoff of the Supply segment, net of tax of $1, $2				(1)	(1)				(3)	(3)
Other:										
Settlement of foreign currency contracts, net of tax of ($108)						202				202
Change in U.K. tax rate						37				37
Total Special Items	57			(1)	56	231			(3)	228
Earnings from Ongoing Operations	$ 274	$ 84	$ 75	$ (24)	$ 409	$ 1,015	$ 398	$ 338	$ (77)	$ 1,674

After-Tax (Unaudited) (per share - diluted)	4th Quarter December 31, 2016					Year-to-Date December 31, 2016				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	$ 0.48	$ 0.12	$ 0.11	$ (0.03)	$ 0.68	$ 1.83	$ 0.58	$ 0.50	$ (0.12)	$ 2.79
Less: Special Items (expense) benefit:										
Foreign currency economic hedges	0.08				0.08	(0.01)				(0.01)
Other:										
Settlement of foreign currency contracts						0.30				0.30
Change in U.K. tax rate						0.05				0.05
Total Special Items	0.08				0.08	0.34				0.34
Earnings from Ongoing Operations	$ 0.40	$ 0.12	$ 0.11	$ (0.03)	$ 0.60	$ 1.49	$ 0.58	$ 0.50	$ (0.12)	$ 2.45

Gross Margin Summary

(Unaudited) (millions of dollars, except share data)	Twelve Months Ended December 31, 2017	2016	Change	Per Share Diluted (after-tax)
U.K. Gross Margins	$ 1,952	$ 2,067	$ (115)	$ (0.14)
Impact of changes in foreign currency exchange rates			(145)	(0.17)
U.K. Gross Margins excluding impact of foreign currency exchange rates			$ 30	$ 0.03
KY Gross Margins	$ 2,038	$ 2,009	$ 29	$ 0.02
PA Gross Margins				
Distribution	$ 958	$ 960	$ (2)	$ -
Transmission	487	454	33	0.03
Total PA Gross Margins	$ 1,445	$ 1,414	$ 31	$ 0.03

Reconciliation of Year-to-date Margins to Operating Income

(Unaudited) (millions of dollars)	Twelve Months Ended December 31, 2017 U.K. Gross Margins	Kentucky Gross Margins	PA Gross Margins	Other	Operating Income	Twelve Months Ended December 31, 2016 U.K. Gross Margins	Kentucky Gross Margins	PA Gross Margins	Other	Operating Income
Operating Revenues	$ 2,050	$ 3,156	$ 2,195	$ 46	$ 7,447	$ 2,165	$ 3,141	$ 2,156	$ 55	$ 7,517
Operating Expenses										
Fuel		759			759		791			791
Energy purchases		178	507		685		171	535		706
Other operation and maintenance	98	111	120	1,306	1,635	98	109	108	1,430	1,745
Depreciation		64	21	923	1,008		56		870	926
Taxes, other than income		6	102	184	292		5	99	197	301
Total Operating Expenses	98	1,118	750	2,413	4,379	98	1,132	742	2,497	4,469
Total	$ 1,952	$ 2,038	$ 1,445	$ (2,367)	$ 3,068	$ 2,067	$ 2,009	$ 1,414	$ (2,442)	$ 3,048

Reconciliation of Domestic Cash Flows

Year Ended December 2017 (millions of dollars)									
Presentation of Funding Growth		Reclassifications				Adjustments	PPL Global, LLC	PPL Consolidated Statement of Cash Flows	
Description	non-GAAP Amount	Domestic Maint. Capex	Dividend From U.K. Regulated	Common Dividend	Other Investing	Domestic Change in Cash	Statement of Cash Flows	GAAP Amount	Description
Domestic Cash from Operations	$1,826								
Domestic Maintenance Capex	(777)								
Dividend From U.K. Regulated	125								
Cash Available for Distribution	**$1,174**								
Common Dividend	(1,072)								
Cash Available for Reinvestment	**$102**	$777	($125)	$1,072		($1)	$636	$2,461	Net cash provided by operating activities
Domestic Growth Capex	**($1,379)**	($777)			$9		($1,009)	($3,156)	Net cash used in investing activities
Debt Maturities	(70)								
Debt Issuances and Change in Cash	987								
Equity Issuances	432								
Other Investing & Financing Activities	(72)								
Additional Funding Sources for Domestic Growth Capex	**$1,277**		$125	($1,072)	($9)	$98	$405	$824	Net cash provided by financing activities
							15	15	Effect of exchange rates on cash and cash equivalents
						$97	$47	$144	Net increase in cash and cash equivalents

Note: For 2018, due to the generalized and forward-looking nature of this information, the Company has not reconciled the presented non-GAAP financial measures to the most directly comparable GAAP financial measures.

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: market demand for energy in our 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 hurricanes or other 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 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. All forward-looking statements should be considered in light of these important factors and in conjunction with the factors and other matters 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 effective tax rate of the entity where the activity is recorded. Special items include:

- Unrealized gains or losses on foreign currency economic hedges (as discussed below).
- Spinoff of the Supply segment.
- 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. 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 Gross Margins" is a single financial performance measure of the electricity generation, transmission and distribution operations of the Kentucky Regulated segment, LKE, LG&E and KU, as well as the Kentucky Regulated segment's, LKE's and LG&E'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 Gross Margins" is a single financial performance measure of the electricity transmission and distribution operations of the Pennsylvania Regulated segment and PPL Electric. 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 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 and PPL Electric'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 margins for future periods are not provided as certain items excluded from Operating Income are inherently subject to change and are not significant.