



EI Financial Conference

November 9-10, 2020



A century of people **powering** life.

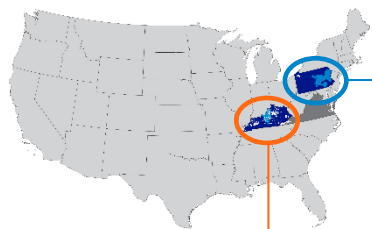
Cautionary Statements and Factors That May Affect Future Results

Statements made in this presentation about future operating results or other future events, including the process to sell PPL's U.K. business, 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 some of the 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. Unless otherwise expressly specified, the figures in this presentation do not reflect the effects of any sale of the U.K. business.

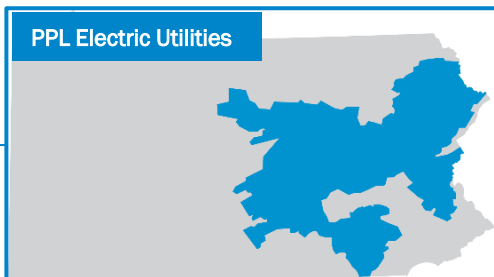
Management utilizes non-GAAP financial measures such as, "earnings from ongoing operations" or "ongoing earnings" in this presentation. For additional information on non-GAAP financial measures and reconciliations to the appropriate GAAP measure, refer to the Appendix of this presentation and PPL's earnings release.

PPL At A Glance

U.S. Utilities



PPL Electric Utilities



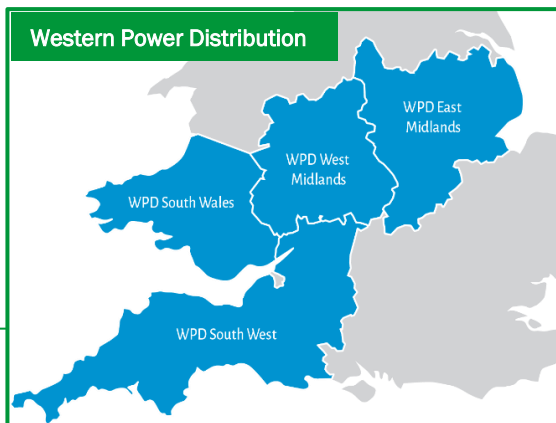
Louisville Gas & Electric Kentucky Utilities



U.K. Utilities



Western Power Distribution



7 High-Performing Utilities in Premium Regulatory Jurisdictions

\$21 billion

Market Capitalization ⁽¹⁾

\$7.8 billion

Operating Revenues ⁽²⁾

\$28 billion

Rate Base ⁽³⁾⁽⁴⁾

\$46 billion

Total Assets ⁽³⁾

299

Consecutive Quarterly Dividends Paid

80%

Carbon Reduction Goal 2010 - 2050

12,500

Employees

>10 million

Customers Served

(1) As of October 31, 2020.

(2) Annual operating revenues for the year ending December 31, 2019.

(3) As of December 31, 2019.

(4) Represents Regulatory Asset Value (RAV) for the U.K. and utility capitalization for Kentucky. U.K. based on exchange rate of \$1.30/£.

Our Vision and Long-term Strategy

Empowering economic vitality and quality of life



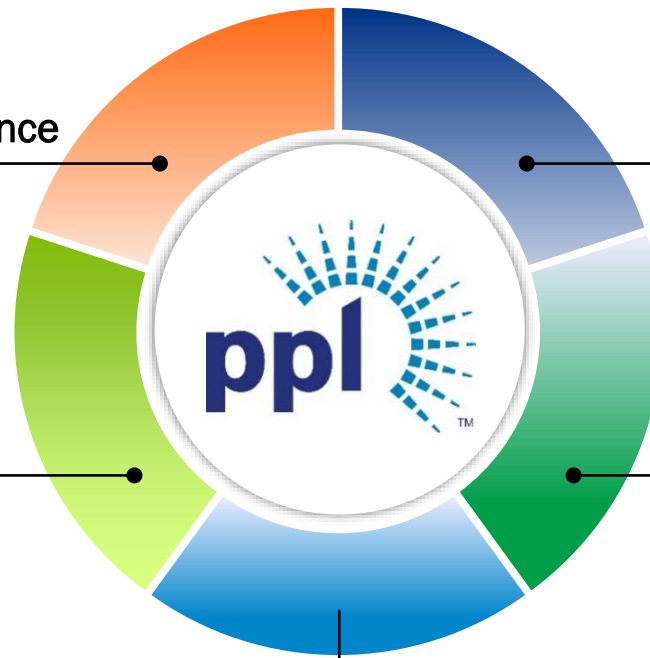
Deliver best-in-sector operational performance

Provide superior customer service



Invest in a sustainable energy future

Maintain a strong financial foundation



Engage and develop our people

Delivering Value for Customers and Shareowners

Investments support operational excellence while enhancing rate base growth

Pennsylvania Regulated

(Rate Base; \$ in billions)



2011A

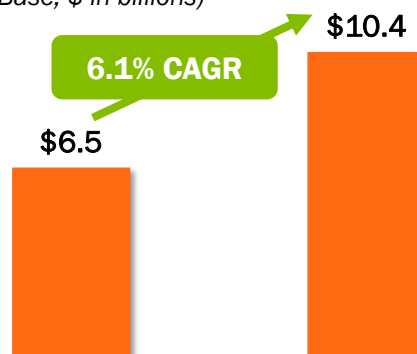
2019A

\$9.0B total capital invested over 2011 - 2019

- Significant focus on system hardening and advancing smart grid technology
- Developed innovative technologies to better integrate Distributed Energy Resources

Kentucky Regulated

(Rate Base; \$ in billions)



2011A

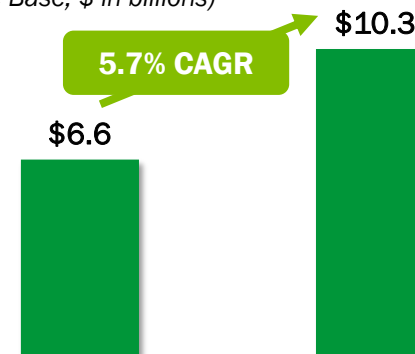
2019A

\$9.4B total capital invested over 2011 - 2019

- Upgraded our generation fleet; significantly reducing emissions
- Gas main replacement program
- System hardening and resiliency investments

U.K. Regulated ⁽¹⁾

(Rate Base; \$ in billions)



2011A

2019A

\$8.6B total capital invested over 2011 - 2019

- Reinforcing and replacing aging distribution infrastructure
- Supporting low-carbon technologies that facilitate U.K. transition to net zero emissions by 2050

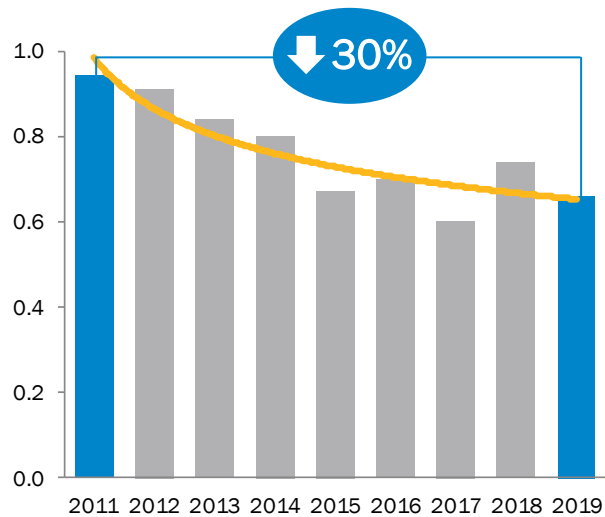
(1) Based on assumed exchange rate of \$1.30/£ in all years for comparability purposes.

Focus on Continuous Operational Excellence

Our investments are delivering real value as customers experience fewer outages

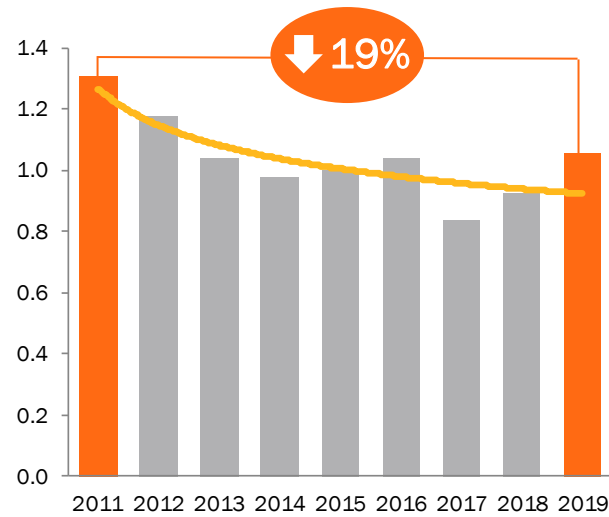
SAIFI: Pennsylvania Regulated ⁽¹⁾

(Avg. Outages per customer)



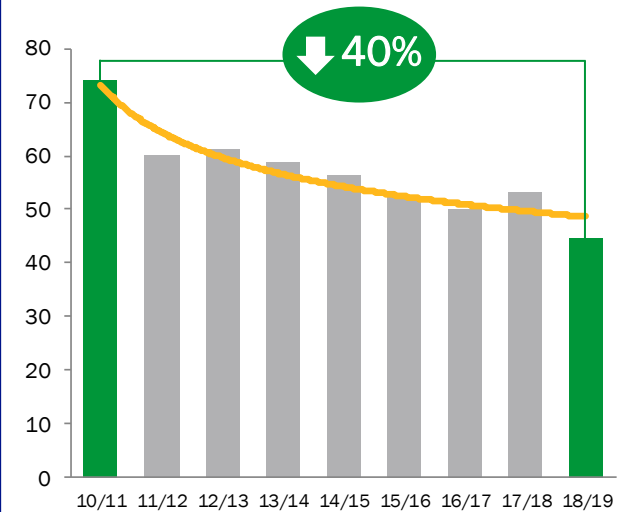
SAIFI: Kentucky Regulated ⁽¹⁾

(Avg. Outages per customer)



Interruptions: U.K. Regulated

(Outages per 100 customers)



(1) SAIFI - System Average Interruption Frequency Index: a measure which shows the average number of interruptions that a customer experiences over a specific period of time for each customer serviced.

Superior Customer Satisfaction

Consistently recognized as top-tier operators across all jurisdictions

Pennsylvania Regulated



27 J.D. Power Awards
for Customer
Satisfaction

- ✓ PPL Electric Utilities has won eight straight J.D. Power Awards for residential customer satisfaction

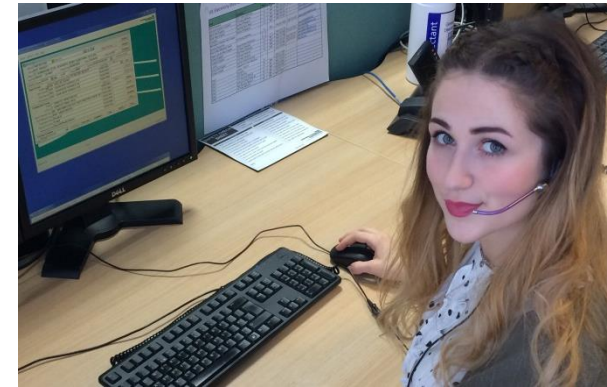
Kentucky Regulated



24 J.D. Power Awards
for Customer
Satisfaction

- ✓ KU ranked as top mid-sized utility in both Midwest residential and business customer satisfaction⁽²⁾
- ✓ LG&E ranked as top Midwest gas utility in business customer satisfaction⁽²⁾

U.K. Regulated



9 OUT OF **10** Score across
all WPD DNOs
in BMCS⁽¹⁾

- ✓ WPD has been awarded the Customer Service Excellence Standard since 1992 – the only energy company in the U.K. to do so⁽³⁾

(1) BMCS – Broad Measure of Customer Service; per Ofgem.

(2) 2019 J.D. Power Awards for Electric Utility Residential and Business Customer Satisfaction, Gas Utility Business Customer Satisfaction.

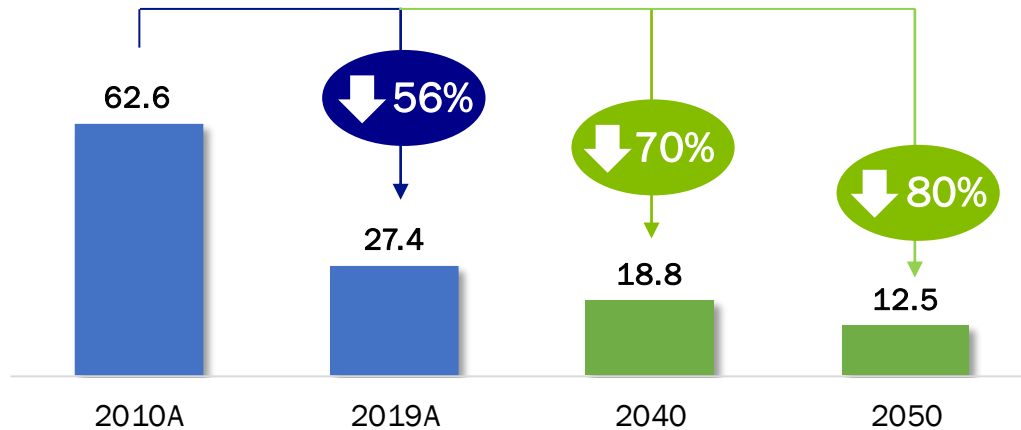
(3) Previously known as the Government's Charter Mark, the standard assesses multiple criteria related to customer service.

PPL's Clean Energy Strategy

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 ⁽¹⁾ and assume current technology and current legislative and regulatory construct
- Further improvements in technology and/or renewable cost curves could result in even more aggressive reductions



(1) Based upon PPL's November 2017 climate assessment.

Announced Process to Sell U.K. Business

Strategic repositioning expected to be value accretive to shareowners and to better position the company for continued long-term value creation

- **Positioning PPL as a purely U.S. utility holding company**
 - Simplifying its business mix and enhancing corporate clarity
- **Use of proceeds would be focused on strengthening PPL's balance sheet and enhancing PPL's earnings growth, which could include supporting strategic growth opportunities in the U.S. and returning capital to shareowners**
 - Improving corporate credit metrics; targeting mid-teens FFO/debt
 - Providing greater financial flexibility to support strategic growth that advances a cleaner energy future in the U.S. and leverages company's superior operational excellence
- **WPD is expected to command a premium valuation**
 - Highly attractive collection of premier, rate-regulated U.K. electricity distribution businesses
 - Sale would maximize WPD's value to shareowners and enables buyer to influence RII0-ED2 business plans
- **Exploring both cash offers in WPD and potential exchange of U.S. utility assets**
- **Expect to announce a transaction in the first half of 2021**

Targeting Several Key Focus Areas

Clear focus on delivering long-term value for customers and shareowners

- **Delivering electricity safely, reliably and affordably**
 - Underpinned by innovation and operational improvement that drive PPL's premier customer service and satisfaction levels
 - Leveraging culture of operational excellence to further enhance value
- **Improving PPL's TSR performance; supported by strategic repositioning**
 - Simplifying PPL's business mix
 - Reducing leverage
 - Improving the earnings growth rate
 - Enhancing PPL's ability to invest in sustainable energy solutions
- **Reducing PPL's carbon footprint**
 - Declining cost of renewable energy potentially accelerates decarbonization of Kentucky fleet under regulatory oversight and with economic benefit for customers
- **Enhancing the diversity and inclusion culture of the company**
- **Building stronger communities in the areas we serve**

PPL Fact Sheet

CORPORATE DATA

Ticker symbol and stock exchange PPL-NYSE

At October 31, 2020

Average daily trading volume (1 month) 3.8 million shares

Closing Price \$27.50

52-week price range \$18.12 - \$36.83

Annualized dividend per share \$1.66 (\$0.4150/quarter)

Enterprise value \$44.5 billion

Market cap \$21.1 billion

At September 30, 2020

Total assets \$47.9 billion

Common shares outstanding 768.8 million

Book value per share \$17.80

Capitalization (\$ billions):

Total debt \$24.1 64%

Common equity \$13.7 36%

Total capitalization \$37.8 100%

Employees ~12,500

INVESTOR RELATIONS CONTACT INFORMATION

Andy Ludwig

Vice President – Investor Relations

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invrel@pplweb.com

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PPL is Committed to a Sustainable Energy Future

Energy and Environment



Advance a cleaner energy future

Encourage responsible stewardship in partnership with our customers and stakeholders to have a sustainable environmental impact

Build tomorrow's energy infrastructure



Invest in tomorrow's energy infrastructure by developing a more reliable, resilient and efficient grid that enables continued progress and a cleaner energy future

Social Responsibility



Exceed customer expectations

Provide energy safely, reliably and in an environmentally responsible manner at the lowest reasonable cost

Foster an exceptional workplace



Cultivate success by energizing an inclusive, respectful and diverse workplace that rewards performance, fosters professional development, encourages employee engagement and enables employees to achieve their full potential



Strengthen communities

Empower the success of future generations by helping to build strong communities today

Governance and Management



Create extraordinary shareowner value

Create long-term value for shareowners through fiscal discipline, continuous improvement, environmental stewardship and enduring strategic investments

Drive best-in-sector operational performance



Excel in safety, reliability, customer responsiveness and energy efficiency while maintaining a culture that fosters innovation

Committed to an Inclusive Corporate Culture

Fostering an environment that encourages employee engagement



AABRG

Foster an environment of inclusion within PPL for African Americans



CHRISTIAN BUSINESS RESOURCE GROUP

Encourage members to model Christian teachings in interactions with others



LEAD

Empower Latinos at work and in the community through initiatives

THE POWER NETWORK

Attract, develop, advance and retain women in our workforce



Promote professional and personal development, and share heritage and culture



Business Resource Groups⁽¹⁾



Honor employees who are currently serving or have served



Provide a place for LGBT employees and allies to share experiences



Optimize workforce readiness by engaging young professionals



Support the effectiveness and well-being of differently-abled employees

(1) Reflects Business Resource Groups in our Pennsylvania region; comparable groups exist at our operating subsidiaries.

Dedicated Community Partners

Committed to strengthening the communities in which we live, work, and serve



Activities Supporting our Community Empowerment

➤ Volunteering Efforts

- 64,000 employee volunteer hours in 2019

➤ Philanthropy

- PPL contributions to charitable organization totaled more than \$10.6 million in 2019

➤ Supporting Customers

- PPL provided \$2.6 million in financial assistance to more than 85,000 customers in 2019
- More than \$2 million donated for COVID-19 relief

➤ Powering Local Economies

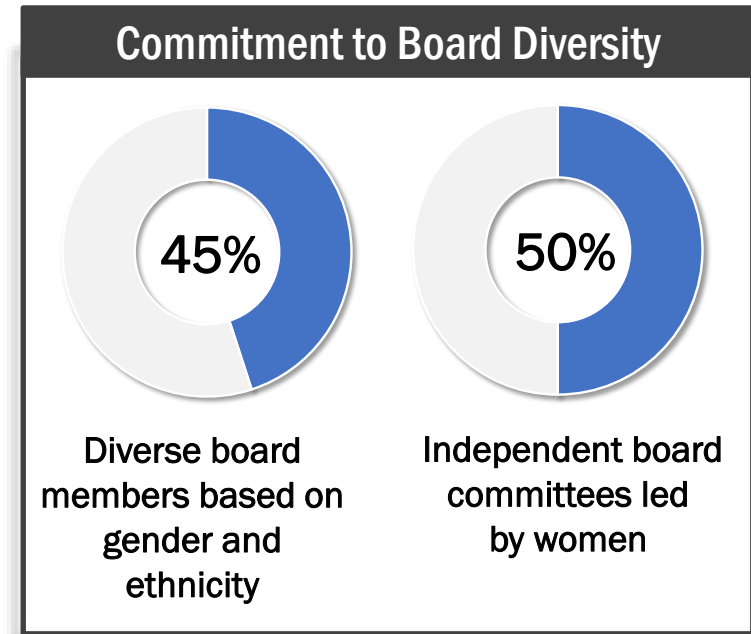
- LG&E and KU Economic Development Rider ⁽¹⁾
- WPD smart energy innovation partnership ⁽²⁾
- Employees serve on more than 150 community boards throughout central and eastern Pennsylvania

(1) LG&E and KU Economic Development Rider is an incentive rate for existing industry expansions, new project locations and redevelopment initiatives within the service area.

(2) WPD supports local energy plans and works collaboratively with local authorities and businesses as part of Energy Capital, a smart energy innovation partnership. Energy Capital facilitates public/private investment projects across the region.

Strong Corporate Governance

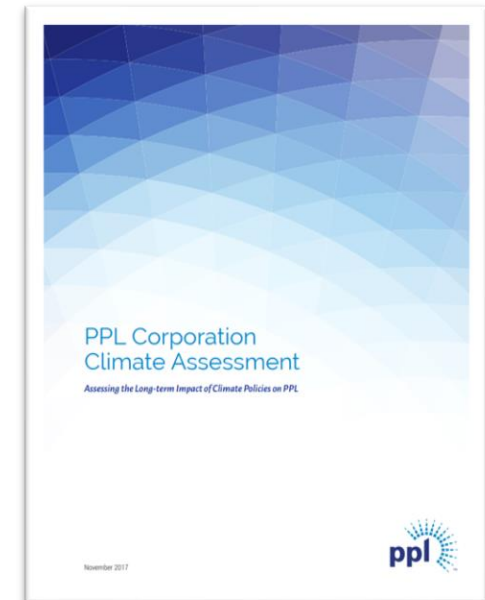
Designed to ensure long-term value for our shareowners and customers



- Corporate governance structure fosters accountability, provides strong alignment with shareowner interests, and demonstrates commitment to transparency
- Governance and Nominating Committee (GNC) responsible for overseeing PPL's practices and positions to further ESG performance and sustainability

Keeping Stakeholders Informed

Transparent and consistent reporting of sustainability strategy and performance



- 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.

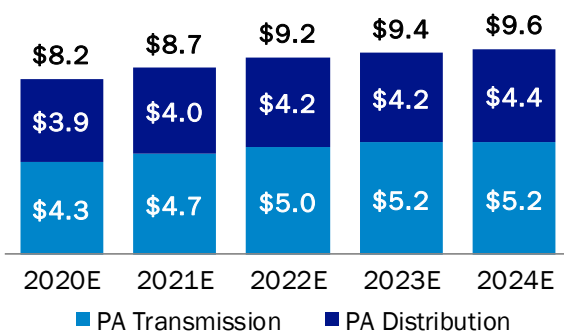
(3) CPA-Zicklin Index is produced by the Center for Political Accountability in conjunction with the Zicklin Center for Business Ethics Research at The Wharton School at the University of Pennsylvania.

Pennsylvania Regulated Overview

\$7.6 billion

Rate Base ⁽¹⁾

(\$ in billions)



1.4 million

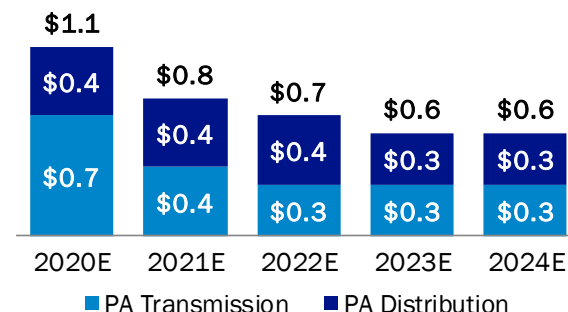
Customers



\$3.8 billion

Capex Plan

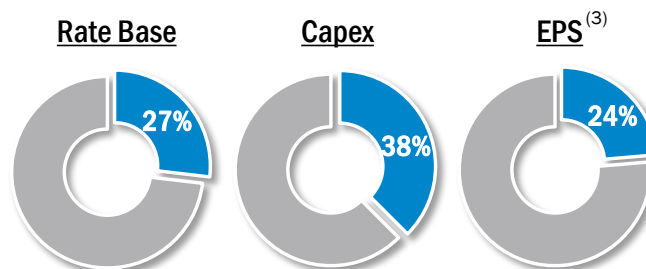
(\$ in billions)



PA Segment Highlights ⁽¹⁾

- Services provided:
 - Electric Distribution, Electric Transmission
- Service area: 10,000 square miles
- Electricity delivered: 37,024 GWh
- Operating revenues: \$2.4 billion
- Net income: \$458 million

PA Segment Proportion of PPL ⁽²⁾



Regulatory Attributes

- FERC Formula Rates
- DSIC Mechanism ⁽⁴⁾
- Smart Meter Rider
- Storm Cost Recovery
- Forward Test Year for Distribution rate cases
- Alternative Ratemaking
- Strong regulatory track record with PA PUC

(1) Actual as of December 31, 2019.

(2) Proportions based on 2019 year end actuals.

(3) Represents Earnings from Ongoing Operations, includes allocation from Corporate and Other for comparative purposes.

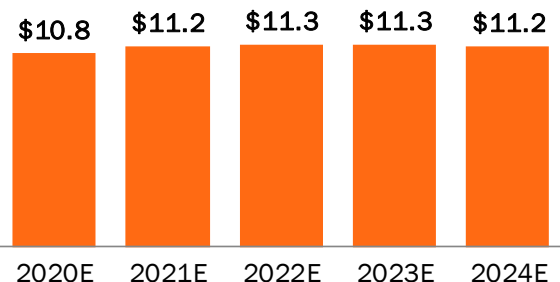
(4) DSIC - Distribution System Improvement Charge: automatic adjustment charge that enables PPL to recover certain infrastructure improvement costs between base rate cases.

Kentucky Regulated Overview

\$10.4 billion

Rate Base ⁽¹⁾

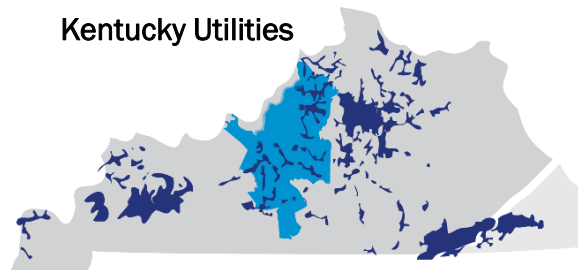
(\$ in billions)



1.3 million

Customers

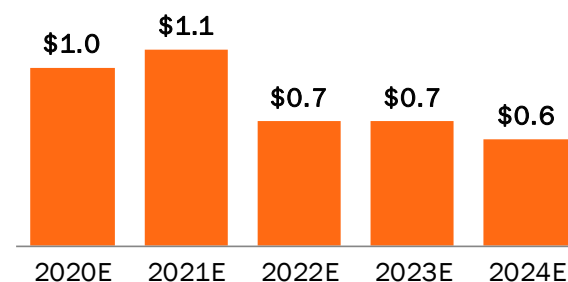
Louisville Gas & Electric
Kentucky Utilities



\$4.1 billion

Capex Plan

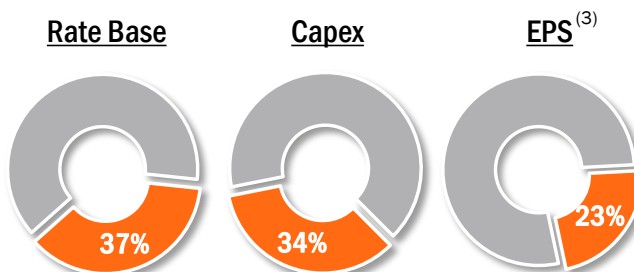
(\$ in billions)



KY Segment Highlights ⁽¹⁾

- Services provided:
 - Electric Distribution, Electric Transmission, Gas Distribution, Regulated Generation
- Service area: 9,400 square miles
- Electricity delivered: 31,368 GWh
- Operating revenues: \$3.2 billion
- Net income: \$436 million
- Operate approx. 7,500 MW of generation

KY Segment Proportion of PPL ⁽²⁾



Regulatory Attributes

- Environmental Cost Recovery (ECR) Mechanism ⁽⁴⁾
- Fuel Adjustment Clause
- Gas Line Tracker
- Forward Test Year for base rate cases
- Very competitive retail rates
- Strong regulatory track record with KPSC

(1) Actual as of December 31, 2019. Represents utility capitalization for Kentucky.

(2) Proportions based on 2019 year end actuals.

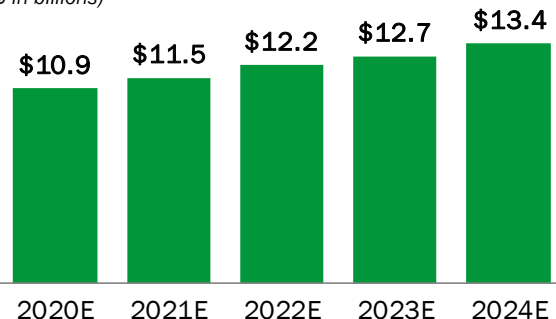
(3) Represents Earnings from Ongoing Operations, includes allocation from Corporate and Other for comparative purposes.

(4) Kentucky ECR provides near real-time recovery for approved environmental projects on the coal fleet.

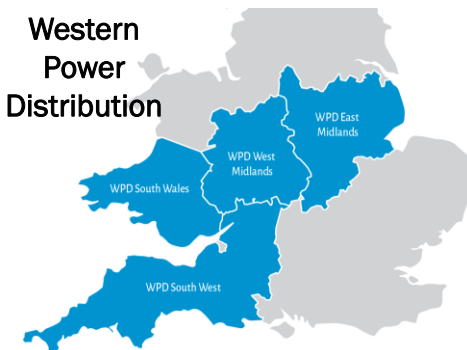
U.K. Regulated Overview

\$10.3 billion⁽¹⁾
Rate Base⁽²⁾⁽⁵⁾

(\$ in billions)

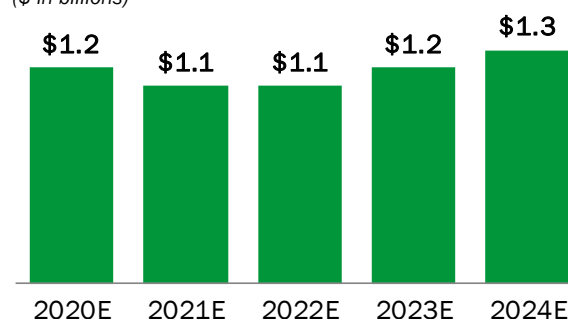


7.9 million
Customers



\$5.9 billion
Capex Plan⁽⁵⁾

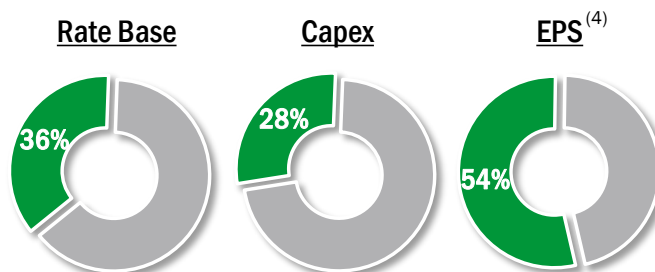
(\$ in billions)



U.K. Segment Highlights⁽¹⁾

- Services provided:
 - Electric Distribution
- Service area: 21,600 square miles
- Electricity delivered: 72,061 GWh
- Operating revenues: \$2.2 billion
- Net income: \$977 million
- U.K.'s largest distribution network operator

U.K. Segment Proportion of PPL⁽³⁾



Regulatory Attributes

- Pre-approved plan with base revenues set for 8 years; through March 2023
- Accelerated recovery of RAV
- Inflation indexed revenue model
- Real-time recovery of capex
- Performance incentives drive improvement
- 70% of cost efficiencies retained by company
- Strong regulatory track record with Ofgem

(1) Actual as of December 31, 2019.

(2) Represents Regulatory Asset Value (RAV) for the U.K.

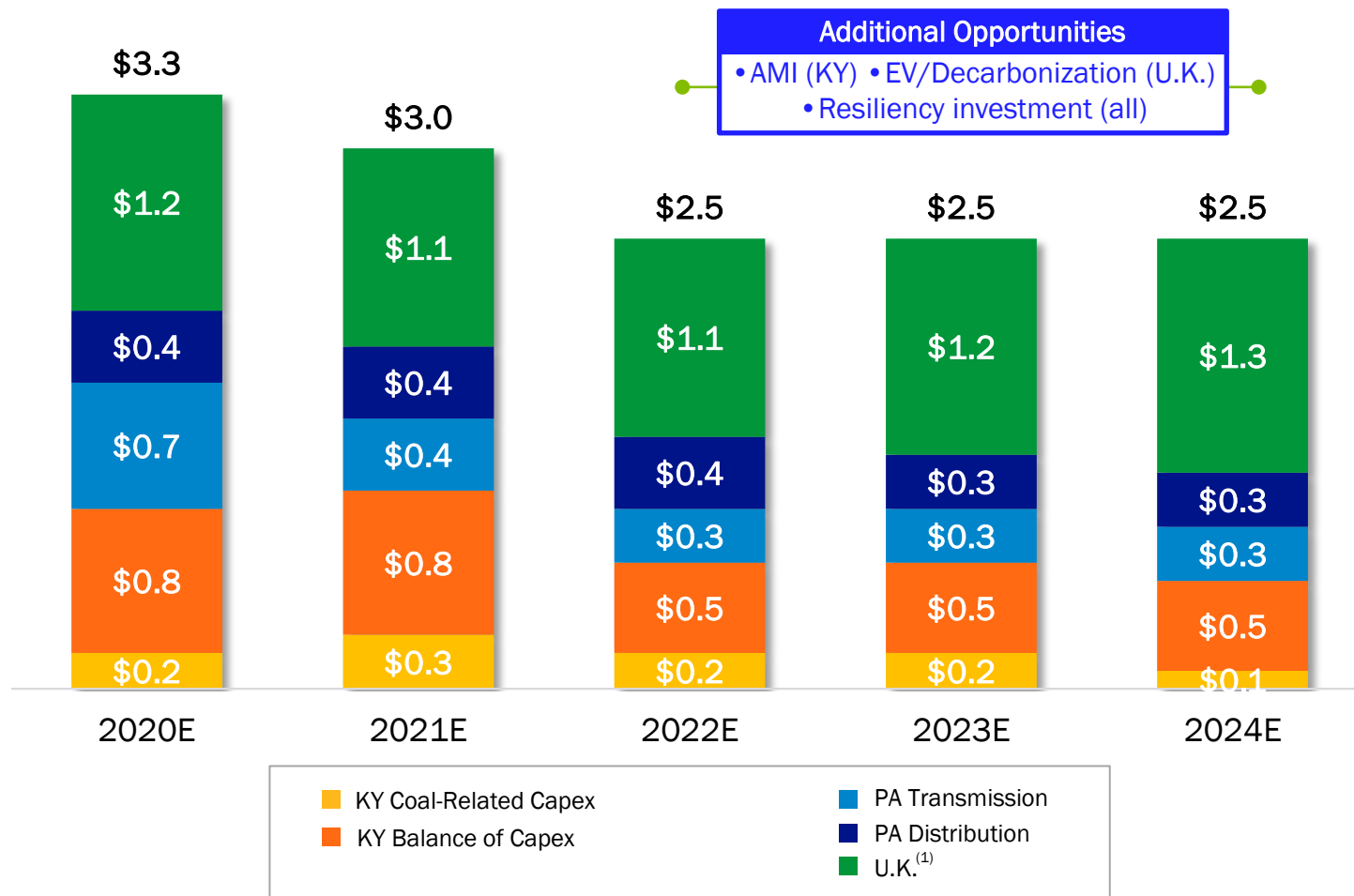
(3) Proportions based on 2019 year end actuals.

(4) Represents Earnings from Ongoing Operations, includes allocation from Corporate and Other for comparative purposes.

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

2020 – 2024 Capital Plan by Utility

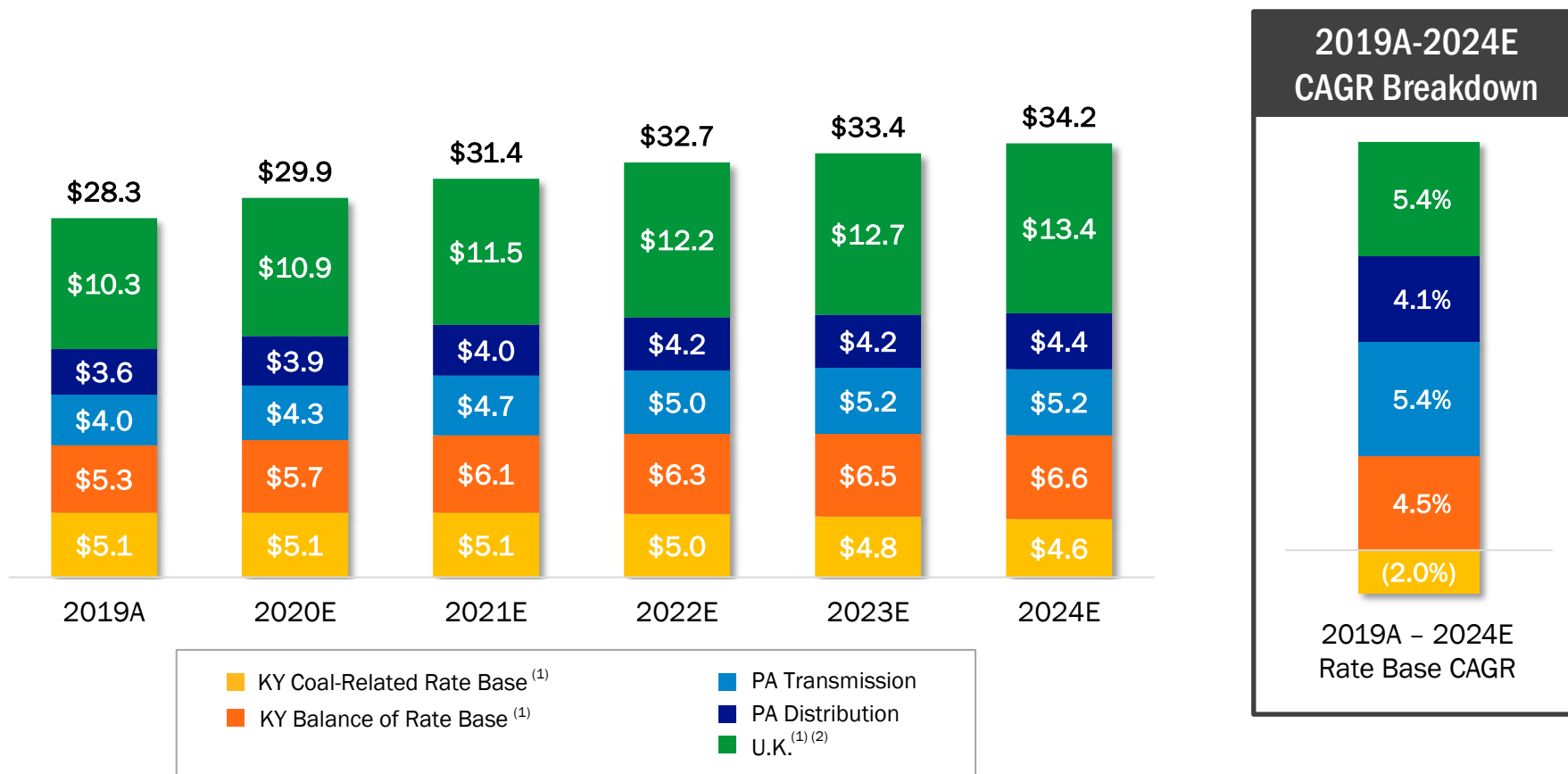
(\$ in billions)



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

Projected Rate Base Growth

(\$ in billions)



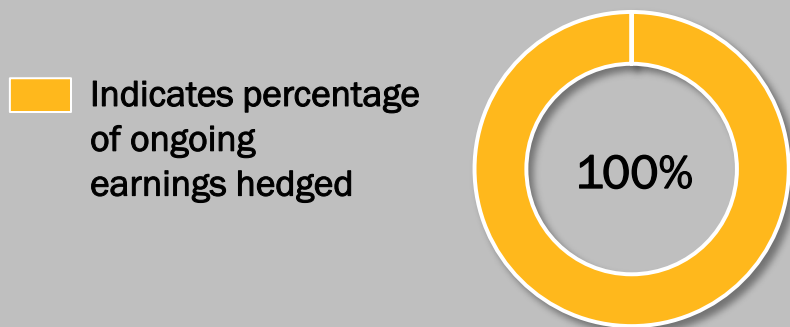
Note: Rate base represents end of calendar year values.

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

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

Foreign Currency Update

Foreign Currency Hedge Status



- Remaining 2020 hedge position at 100% compared to 95% at the end of the second quarter
- Average hedge rate decreased to \$1.45/£ from \$1.47/£

	2020 ⁽¹⁾
Average Hedge Rate ⁽²⁾	\$1.45/£

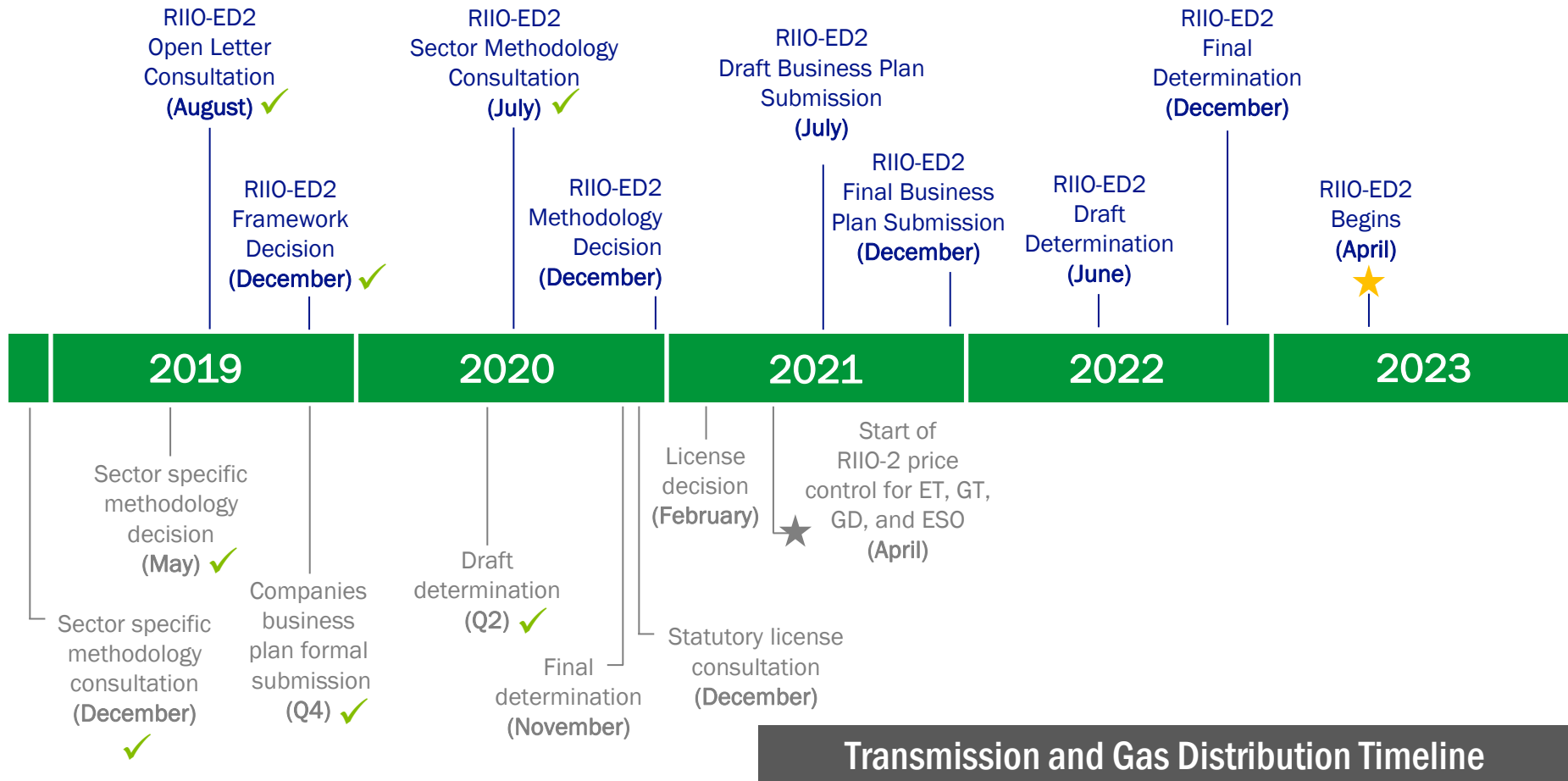
Note: As of September 30, 2020.

(1) Foreign currency hedge status based on the midpoint of PPL's 2020 ongoing earnings forecast range of \$2.40 - \$2.50 per share.

(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 RII0-2 Projected Timelines

Proposed Electricity Distribution Timeline ⁽¹⁾



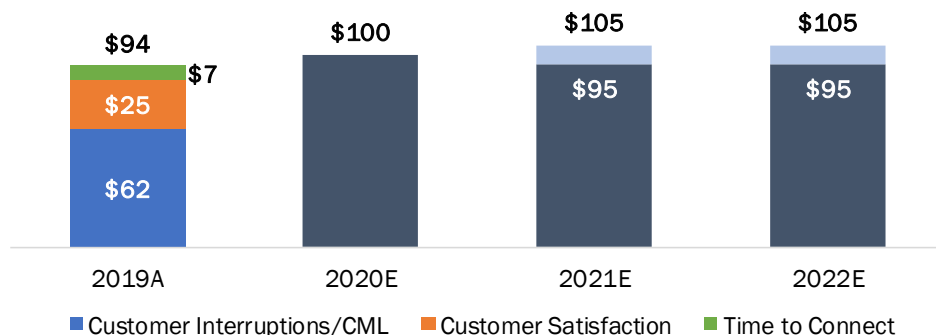
Transmission and Gas Distribution Timeline

(1) Based on timeline published in Ofgem's RII0-ED2 Methodology Consultation dated July 2020.

U.K. Regulated Incentive Revenues

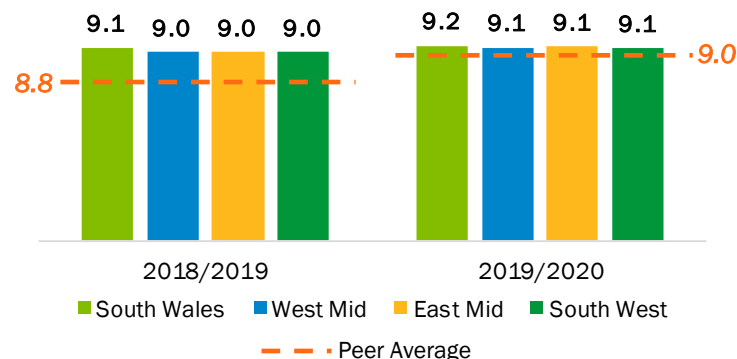
WPD continues to demonstrate how premier network operators deliver value for customers and shareowners

Incentive Revenues ⁽¹⁾



Excellent Customer Satisfaction Ratings

Customer Service Rating (10 point scale)



➤ **WPD has the ability to earn annual incentive revenues for strong operational performance:**

- Customer Interruptions/Minutes Lost – rewards or penalizes DNOs for managing and reducing power outage frequency and duration
- The Broad Measure of Customer Service – rewards or penalizes DNOs based on supply interruptions, connections and general inquiries, complaints, stakeholder engagement, and delivery of social obligations
- Time to Connect – incentive rewards DNOs for reducing connection times against Ofgem targets

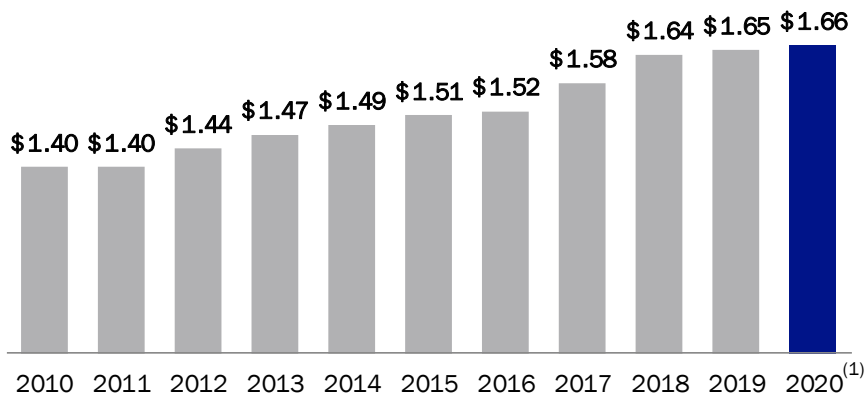
(1) Based on calendar year revenues on an exchange rate of \$1.30/£ in all years for comparability purposes. Annual incentives are reflected in customer rates on a two-year lag from the time they are earned.

Dividend Profile

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

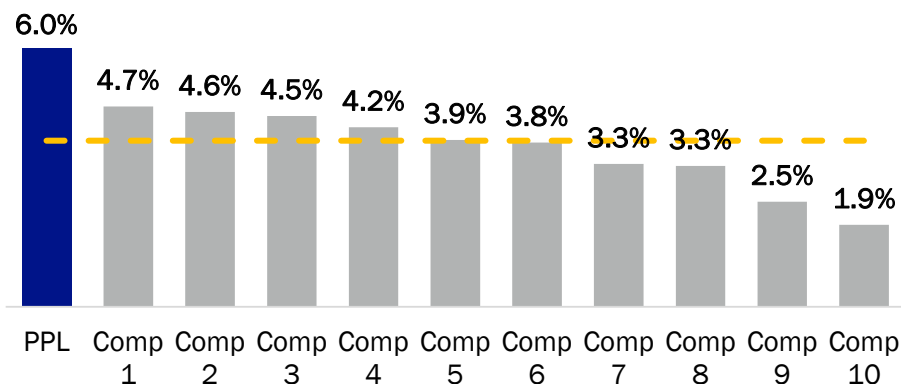
10-Year Dividend History

(\$ per share)



PPL Dividend Yield vs. Large Cap Utilities⁽²⁾

Large Cap Utility Average: 3.9%



- PPL has a long-standing history of paying dividends to shareowners
 - October 1st dividend represents the 299th consecutive quarterly dividend paid
- PPL's dividend offers an attractive yield with growth in today's low rate environment

Note: There is no change in the dividend as of a result of the announced sale process of the U.K. business. There is no assurance that the announced sale process will result in the consummation of the sale. The Board of Directors will assess the dividend at the appropriate time in connection with a resulting transaction.

(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 October 31, 2020.

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⁾⁽²⁾	\$0	\$400	\$474	\$90	\$0	\$3,075	\$4,039
LG&E and KU Energy	\$0	\$250	\$0	\$0	\$0	\$0	\$250
Louisville Gas & Electric ⁽¹⁾	\$0	\$292	\$0	\$0	\$0	\$1,732	\$2,024
Kentucky Utilities ⁽¹⁾	\$0	\$132	\$0	\$13	\$0	\$2,497	\$2,642
WPD plc ⁽³⁾	\$0	\$500	\$0	\$668	\$67	\$670	\$1,905
WPD Operating Companies ⁽³⁾⁽⁴⁾⁽⁵⁾	\$201	\$0	\$0	\$936	\$535	\$4,724	\$6,396
Total	\$201	\$1,574	\$1,374	\$2,307	\$952	\$16,478	\$22,886

Note: As of September 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) On October 1, 2020, PPL Electric Utilities issued \$250 million of First Mortgage Bonds Floating Rate Series due in 2023.

(3) U.K. segment's pound-denominated debt translated at \$1.34/£ as reflected in PPL Corporation's balance sheet.

(4) On October 7, 2020, WPD South Wales issued £250 million of Senior Notes due in 2035, which will be used to repay the November 2020 maturity and for general corporate purposes.

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

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	\$0	\$1,450
	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	\$15	\$1,535
PPL Electric Utilities	Syndicated Credit Facility	Jan-2024	\$650	\$0	\$281	\$369
Louisville Gas & Electric	Syndicated Credit Facility	Jan-2024	\$500	\$0	\$206	\$294
Kentucky Utilities	Syndicated Credit Facility	Jan-2024	\$400	\$0	\$139	\$261
	Total U.S. Credit Facilities		\$3,500	\$400	\$641	\$2,459
WPD	WPD plc Syndicated Credit Facility	Jan-2023	£210	£150	£0	£58 ⁽¹⁾
	WPD (South West) Syndicated Credit Facility	May-2023	220	118	0	102
	WPD (South Wales) Syndicated Credit Facility	May-2023	125	0	0	125
	WPD (East Midlands) Syndicated Credit Facility	May-2023	250	0	0	250
	WPD (West Midlands) Syndicated Credit Facility	May-2023	250	64	0	186
	Uncommitted Credit Facilities		100	0	4	96
	Total U.K. Credit Facilities		£1,155	£332	£4	£817

Note: As of September 30, 2020.

(1) The unused capacity reflects the amount borrowed in GBP of £152 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 September 30, 2020.

Forward-Looking Information Statement

Statements contained in this presentation, including statements with respect to future earnings, cash flows, dividends, financing, regulation and corporate strategy, including the process to sell PPL Corporation's U.K. business, 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 COVID-19 pandemic or other pandemic health events or other catastrophic events, including severe weather, and their effect on financial markets, economic conditions and our businesses; asset or business acquisitions and dispositions, including our ability to successfully execute our plan to divest PPL Corporation's U.K. business within the anticipated timeframe or on any particular terms, if at all, or that such plan may not yield the anticipated benefits; 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; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; capital market conditions, including interest rates, and decisions regarding capital structure; the impact of state, federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation involving PPL Corporation and its subsidiaries; stock price performance; the market prices of debt and 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 or regulatory developments, 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.