



Delivering today for
a brighter tomorrow

2nd Quarter Earnings Call

Tuesday, August 7, 2018



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 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.

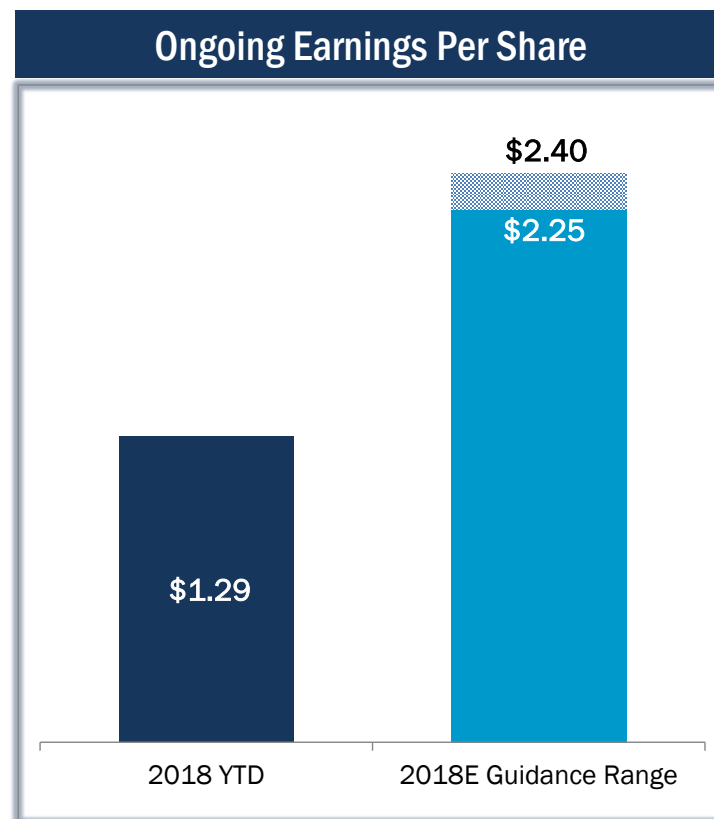
Agenda

- | | |
|---------------------------------|-------------|
| I. Executive Overview & Outlook | Bill Spence |
| II. Q2 2018 Financial Review | Vince Sorgi |
| III. Closing Remarks and Q&A | Bill Spence |

Executive Overview & Outlook

Strong quarter; Raising 2018 forecast to \$2.25 - \$2.40 from \$2.20 - \$2.40

- **Delivered 2nd quarter ongoing earnings of \$0.55 per share vs. \$0.52 in Q2 2017**
- **Executed \$1.7 billion equity forward to address impact of U.S. tax reform**
 - No additional equity needs in plan beyond annual DRIP and Compensation Programs (~\$100 million annually)
- **Operations driving value for customers**
 - J.D. Power Awards in both PA & KY
 - U.K. Stakeholder Engagement Reward for 7th Consecutive year
- **Increased 2018 ongoing earnings guidance midpoint to \$2.33 per share**
- **Reaffirmed 5-6% EPS growth rate through 2020⁽¹⁾**



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

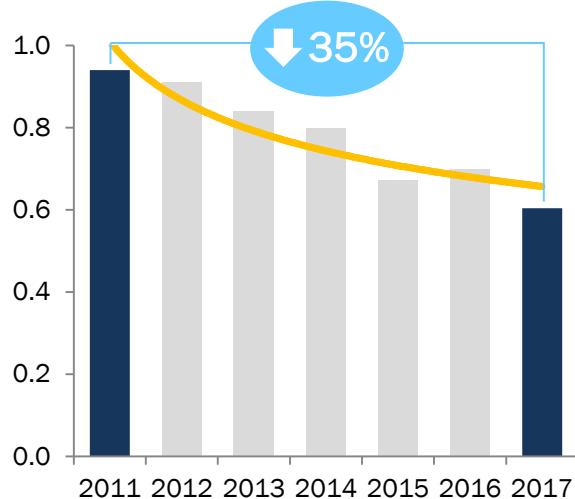
(1) Based on the midpoint of the original 2018 earnings guidance range of \$2.20 - \$2.40 per share.

Operational Update: Exceptional Operational Performance

Strong, improving reliability drives premier customer service rankings across all of PPL's regulatory jurisdictions

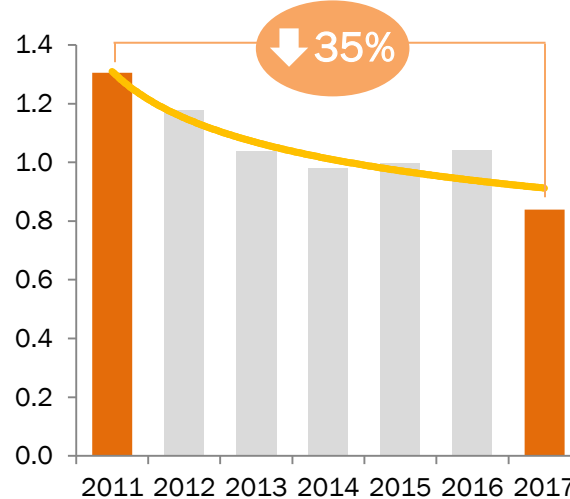
SAIFI: Pennsylvania Regulated ⁽¹⁾

(Avg. Outages per customer)



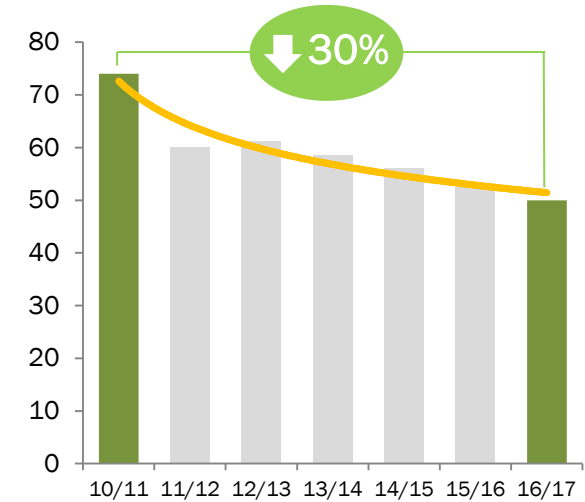
SAIFI: Kentucky Regulated ⁽¹⁾

(Avg. Outages per customer)



Interruptions: U.K. Regulated

(Outages per 100 customers)



26

**J.D. Power Awards
for Customer
Satisfaction**

21

**J.D. Power Awards
for Customer
Satisfaction**

Top 4

**Ranked
DNOs in
BMCS ⁽²⁾**

(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.

(2) BMCS - Broad Measure of Customer Service. Top 4 rankings in each year since acquiring the Midlands DNO's in April 2011.

U.K. Regulatory Update: RIIO-2 Framework Decision

Decision in line with expectations; WPD well-positioned for next price control

Highlighted Elements of RIIO-2 Framework Decision

- Length of RIIO-2 Price Control will be set at 5 years
- Change in inflation index used for calculation of RAV & returns (RPI to CPIH)⁽¹⁾
 - “Consumers and investors as a whole will be neither better nor worse off in net present value terms”⁽²⁾
- Economic asset life approach retained for RAV depreciation
- Early settlement (fast-tracking) option for electric distribution in RIIO-2
- Enhanced stakeholder engagement model
- Extended role of competition
 - Use transmission criteria of new, separable, high value projects (>£100m capex)
 - WPD currently has no planned projects of this significance

“...those that deliver great customer service at lower cost will be rewarded”⁽²⁾

(1) CPIH - Consumer Price Index including imputed housing costs.

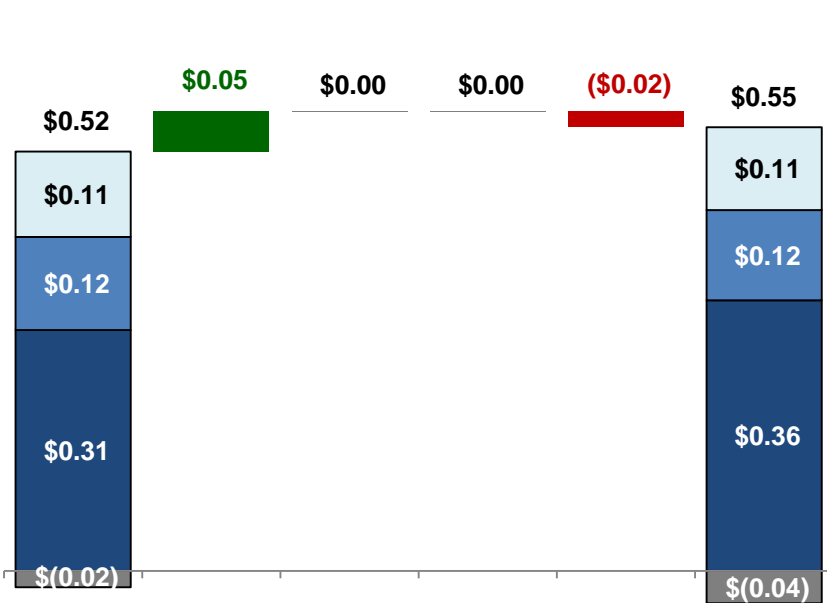
(2) Source: Ofgem RIIO-2 Framework Decision and associated investor presentation.



Q2 Financial Review

Ongoing Earnings Results Overview

Q2 Ongoing Earnings Walk



2017 Q2 Actual U.K. Regulated PA Regulated KY Regulated Corp & Other 2018 Q2 Actual

■ U.K. Regulated ■ KY Regulated □ PA Regulated ■ Corp & Other

YTD Ongoing Earnings Walk



2017 YTD Actual U.K. Regulated PA Regulated KY Regulated Corp & Other 2018 YTD Actual

■ U.K. Regulated ■ KY Regulated □ PA Regulated ■ Corp & Other

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



U.K. Regulated Segment Earnings Drivers

	Ongoing EPS
Q2 2017 U.K. Regulated Total	\$0.31
Quarter-over-quarter Drivers:	
Adjusted gross margins	0.02
Other Income	0.02
Income taxes	(0.02)
Currency	0.04
Dilution	(0.01)
Total Ongoing Earnings Drivers	0.05
Q2 2018 U.K. Regulated Total	\$0.36

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

Kentucky Regulated Segment Earnings Drivers

	Ongoing EPS
Q2 2017 Kentucky Regulated Total	\$0.12
Quarter-over-quarter Drivers:	
Adjusted gross margins ⁽¹⁾	0.02
Operation and maintenance	(0.03)
Depreciation	(0.02)
Income taxes & other ⁽¹⁾	0.03
Total Ongoing Earnings Drivers	0.00
Q2 2018 Kentucky Regulated Total	\$0.12

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

(1) Adjusted gross margins and income taxes & other drivers include offsetting variances of \$0.04 for the second quarter related to the estimated income tax savings owed to customers as a result of the TCJA enacted January 1, 2018.

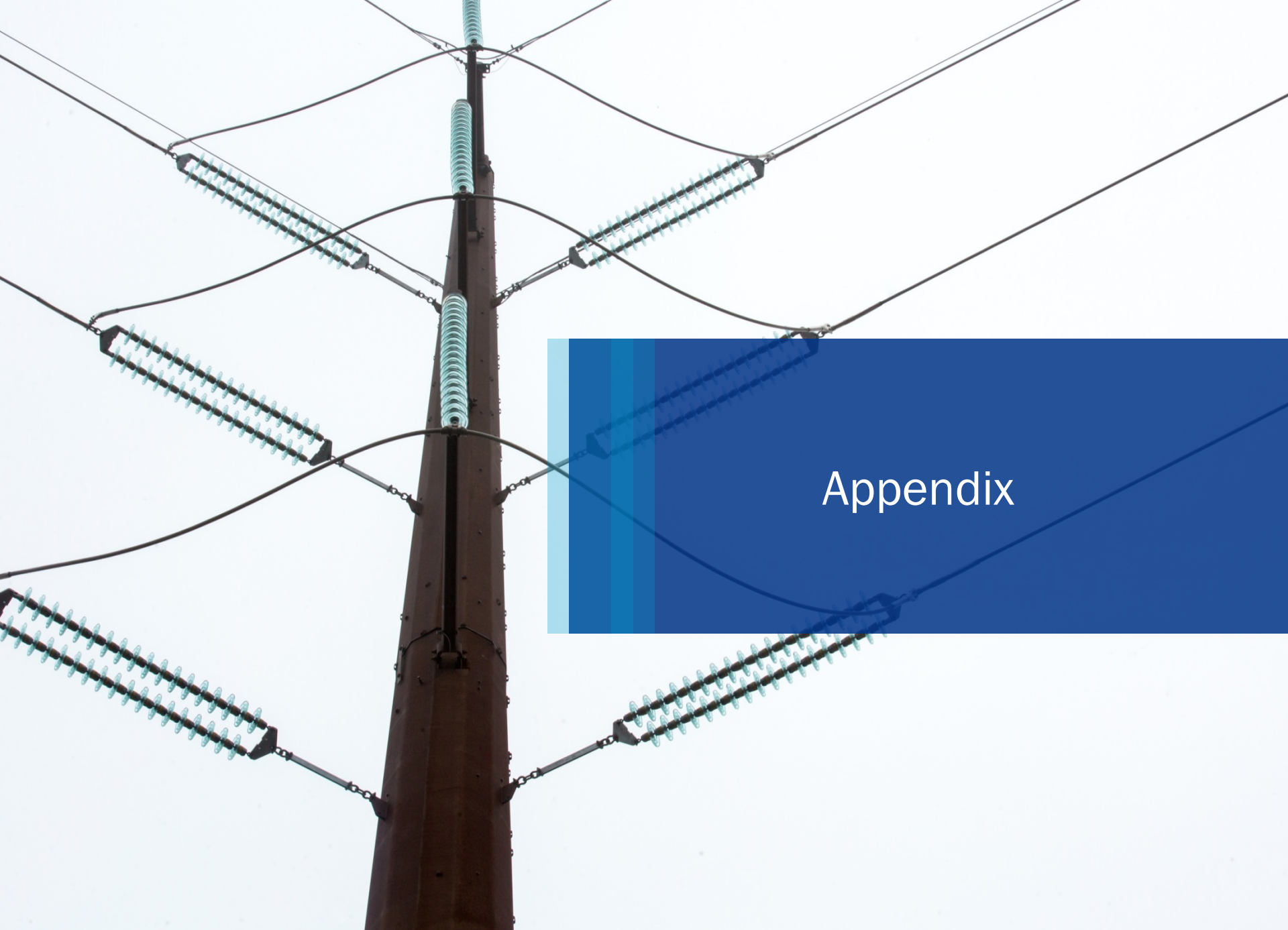
Pennsylvania Regulated Segment Earnings Drivers

	Ongoing EPS
Q2 2017 Pennsylvania Regulated Total	\$0.11
Quarter-over-quarter Drivers:	
Adjusted gross margins ⁽¹⁾	(0.01)
Depreciation	(0.01)
Income taxes and other ⁽²⁾	0.02
Total Ongoing Earnings Drivers	0.00
Q2 2018 Pennsylvania Regulated Total	\$0.11

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

(1) The second quarter adjusted gross margins variance includes (\$0.03) related to lower distribution revenues from income tax savings as a result of the TCJA enacted January 1, 2018. This variance is primarily offset in income taxes and other. Note that (\$0.02) of this variance is related to the first quarter timing of the Pennsylvania's Public Utility Commission rate order on the TCJA.

(2) The income taxes and other variance includes \$0.02 related to the impact of the TCJA, which is offset in adjusted gross margins.



Appendix

Earnings Results Summary

	Q2 2018	Q2 2017	Change	Primary Q2 Drivers ⁽¹⁾
PPL Reported Earnings	\$ 0.73	\$ 0.43	\$ 0.30	▲ Adjusted gross margins \$0.03
Less: Special Items	0.18	(0.09)		▲ Currency 0.04
PPL Ongoing Earnings	\$ 0.55	\$ 0.52	\$ 0.03	▲ Income taxes & other 0.05
Pennsylvania Regulated	0.11	0.11	-	▼ O&M (0.05)
Kentucky Regulated	0.12	0.12	-	▼ Depreciation (0.03)
U.K. Regulated	0.36	0.31	0.05	▼ Dilution (0.01)
Corporate and Other	(0.04)	(0.02)	(0.02)	

	YTD 2018	YTD 2017	Change	Primary YTD Drivers ⁽¹⁾
PPL Reported Earnings	\$ 1.38	\$ 1.01	\$ 0.37	▲ Adjusted gross margins \$0.10
Less: Special Items	0.09	(0.13)		▲ Currency 0.06
PPL Ongoing Earnings	\$ 1.29	\$ 1.14	\$ 0.15	▲ Other Income 0.04
Pennsylvania Regulated	0.32	0.22	0.10	▲ Income taxes & other 0.03
Kentucky Regulated	0.31	0.26	0.05	▼ Depreciation (0.03)
U.K. Regulated	0.74	0.76	(0.02)	▼ Financing costs (0.03)
Corporate and Other	(0.08)	(0.10)	0.02	▼ O&M (0.02)

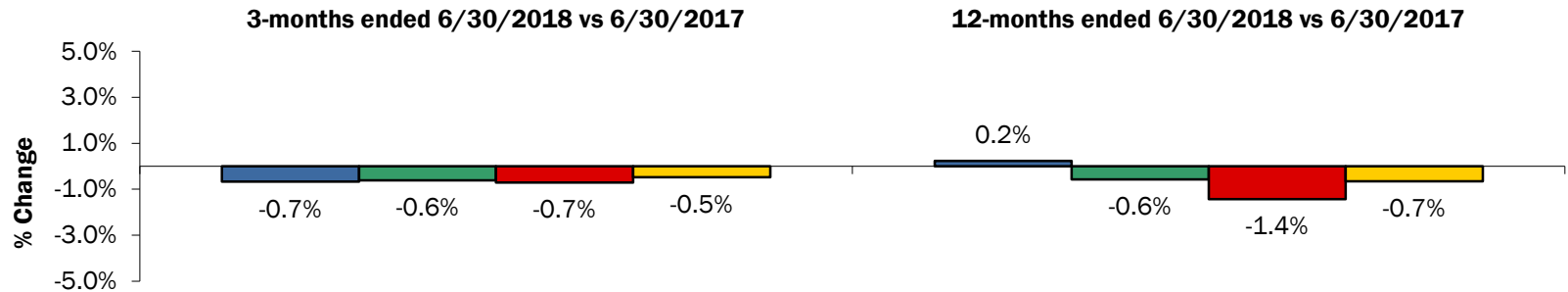
Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.

(1) Both adjusted gross margins and income taxes & other drivers include offsetting variances of \$0.06 in Q2 and \$0.10 YTD related to the estimated income tax savings owed to customers as a result of the TCJA enacted January 1, 2018.



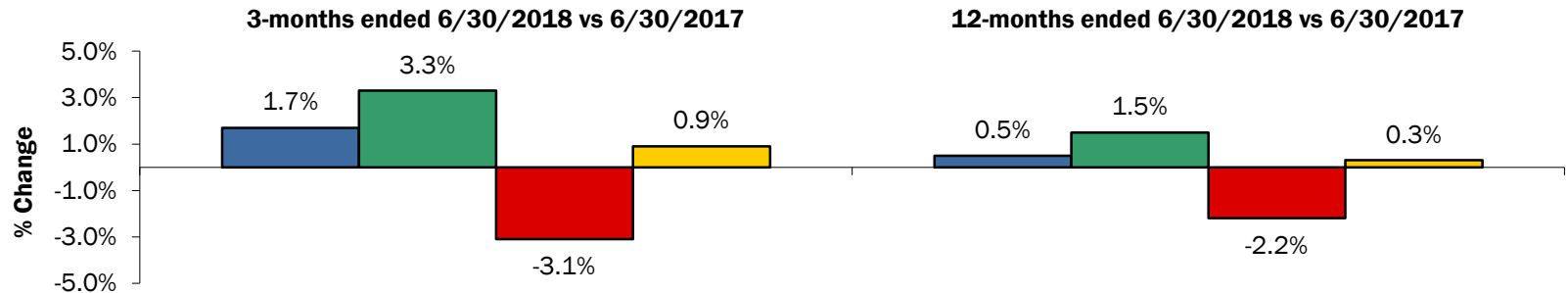
U.S. Regulated Volume Variances

Kentucky Regulated Weather-Normalized Retail Sales



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	-0.7%	-0.6%	-0.7%	-0.5%		0.2%	-0.6%	-1.4%	-0.7%
Actual	14.2%	4.1%	-0.7%	5.7%		5.8%	0.4%	-1.4%	1.6%

Pennsylvania Regulated Weather-Normalized Retail Sales



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	1.7%	3.3%	-3.1%	0.9%		0.5%	1.5%	-2.2%	0.3%
Actual	8.4%	4.8%	-3.1%	4.1%		2.9%	1.9%	-2.2%	1.5%

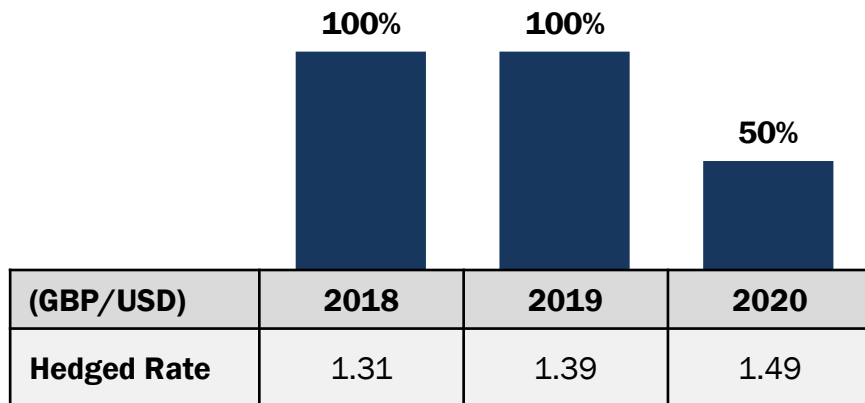
Note: Total includes Residential, Commercial and Industrial customer classes as well as "Other," which is not depicted on the charts above.



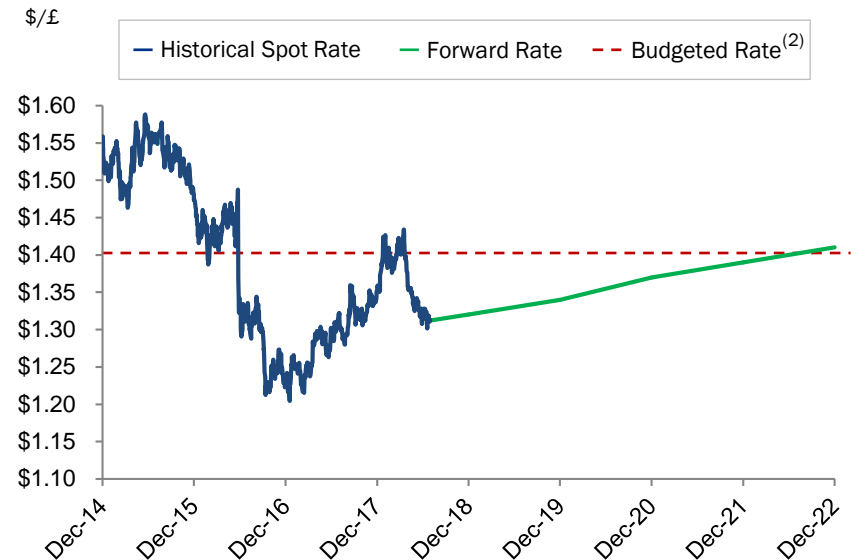
Foreign Currency Update

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

Managing Foreign Currency Risk ⁽¹⁾



Historical & Forward Foreign Currency Rates



Note: Historical and Forward FX rates sourced from Bloomberg as of 7/31/2018.

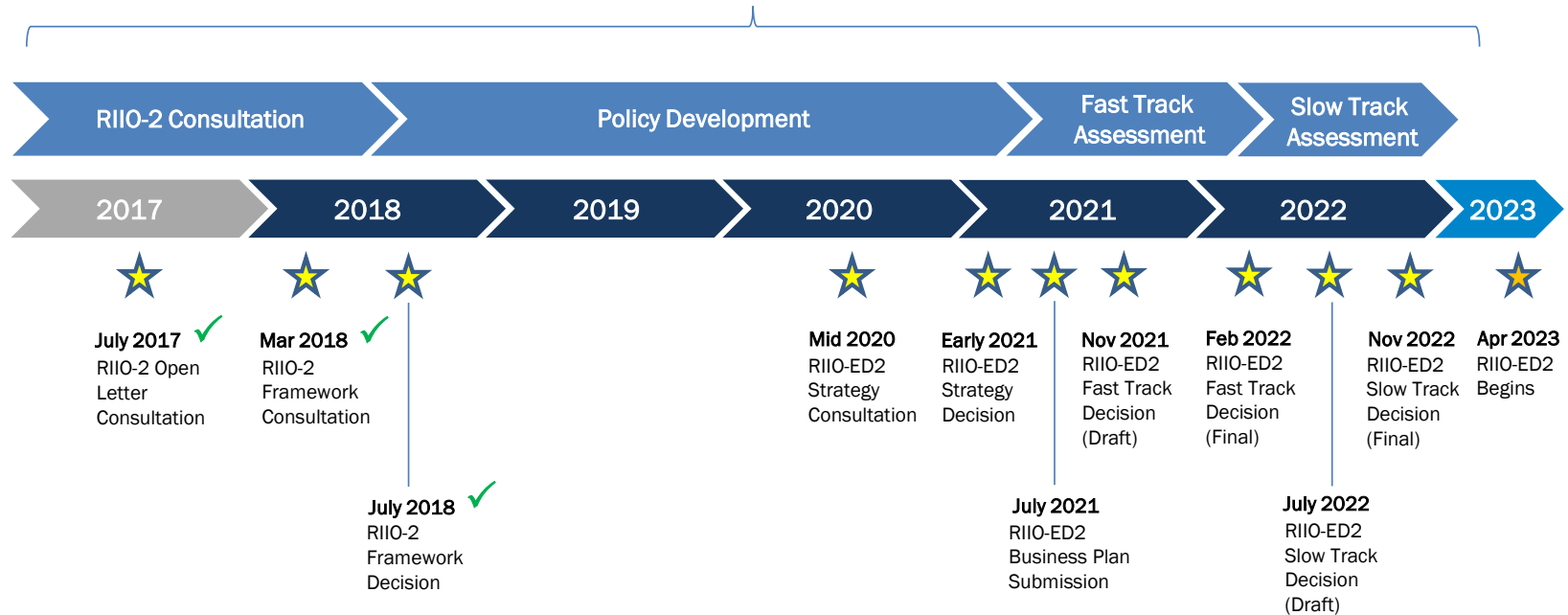
(1) PPL's foreign currency hedge status as of 7/31/2018.

(2) Budgeted rate of \$1.40/£ on open positions for 2020.

U.K. Regulated: Expected Ofgem RII0-ED2 Timeline

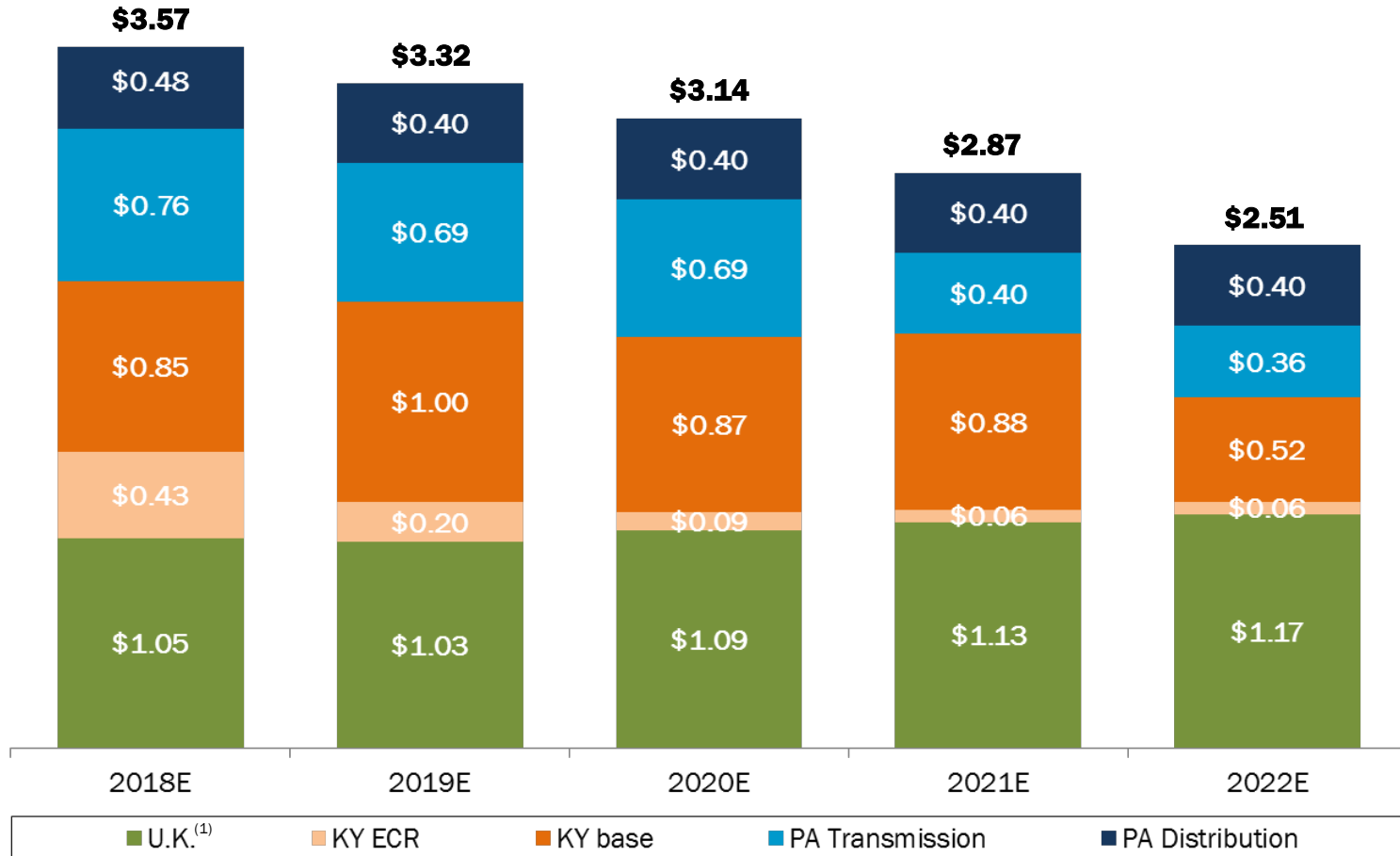
RIIO-ED2 Indicative Timetable

RIIO-ED2 Preparation and Implementation



Capital Expenditure Plan

(\$ in billions)

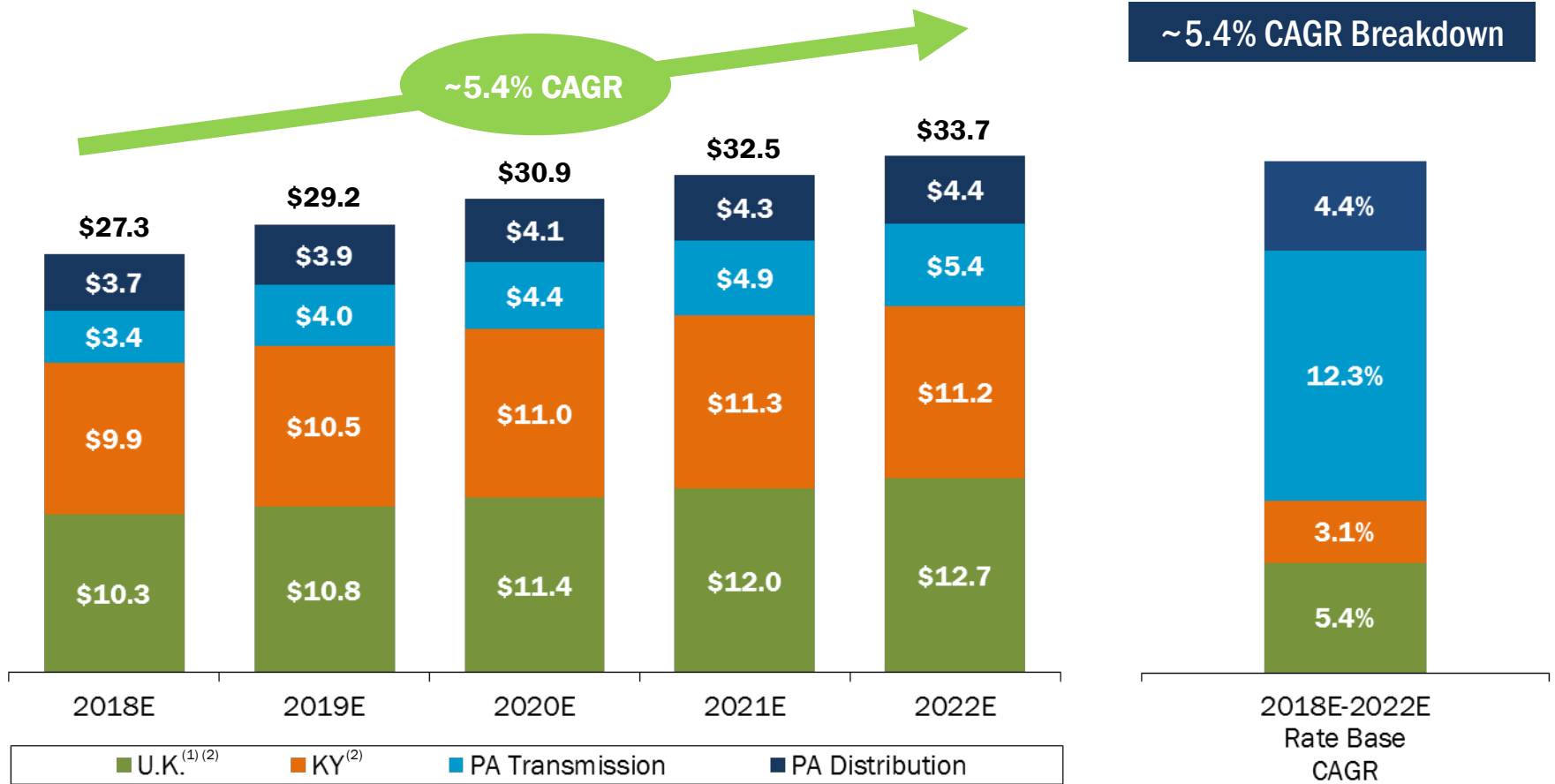


(1) Capital plans are based on assumed exchange rate of \$1.35/£ for 2018-2019 and \$1.40/£ for 2020-2022.



Projected Rate Base Growth

(\$ in billions)



(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.



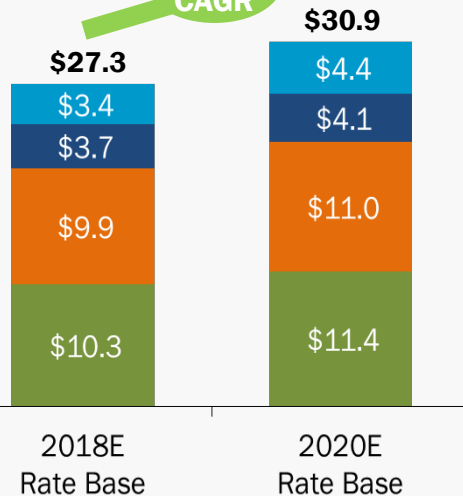
Prudent Investments, Timely Recovery Drive Growth Opportunity

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

Strong Regulated Rate Base Growth

(\$ in billions)

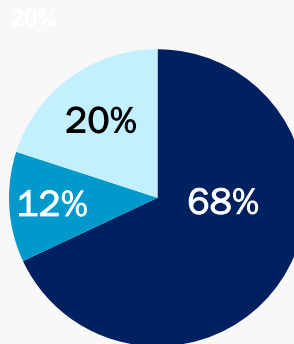
6.4%
CAGR



■ U.K. (1) (2) ■ KY (2)
■ PA Distribution ■ PA Transmission

Timely Real-time CAPEX Recovery

~80% CAPEX recovery within one year



■ 0-6 Months ■ 7-12 Months ■ > 1 Year

Support 5-6% EPS CAGR

5-6%
EPS 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.

(3) Range reflective of 5-6% CAGR from original 2018E ongoing earnings guidance midpoint of \$2.30 per share. Does not represent earnings forecast or guidance for 2020. Based on assumed exchange rate of \$1.40/£ on open positions for 2020.

Assumptions to Achieve 5-6% EPS Growth 2018 Through 2020⁽¹⁾

➤ Key Corporate-Level Assumptions:

- Continued dividend growth through 2020 with a 4% increase from 2017 to 2018⁽²⁾
- Approximately \$2.0B of equity issuances through 2020 (including \$1.7B equity forward transaction executed in May 2018)

➤ 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
- 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: \$1.31/£(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 based off of midpoint of original 2018 ongoing earnings forecast of \$2.30 per share.

(2) Subject to approval by the Board of Directors.

U.K. Regulated: TRU and MOD 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 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)

Funding Growth

(\$ 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 and 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 original 2018 earnings guidance and related assumptions.

(2) Represents book depreciation.

(3) Includes domestic issuances (short and long term), net of issue costs.



Debt Maturities

(\$ in Millions)	2018	2019	2020	2021	2022	2023 and Beyond	Total
PPL Capital Funding	\$0	\$0	\$0	\$0	\$800	\$3,730	\$4,530
PPL Electric Utilities ⁽¹⁾	0	0	100	400	474	2,765	3,739
LG&E and KU Energy	0	0	475	250	0	0	725
Louisville Gas & Electric ⁽¹⁾	0	434	0	98	0	1,293	1,824
Kentucky Utilities ⁽¹⁾	0	96	500	0	0	1,755	2,351
WPD plc	0	0	0	500	0	867	1,367
WPD Operating Companies ⁽²⁾	0	0	199	0	0	5,773	5,973
Total	\$0	\$530	\$1,274	\$1,248	\$1,274	\$16,183	\$20,509

Note: As of June 30, 2018.

(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.



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-2023	\$950	\$0	\$950	\$0
	Syndicated Credit Facility	Nov-2018	300	0	49	251
	Bilateral Credit Facility	Mar-2019	100	0	20	80
			<u>\$1,350</u>	<u>\$0</u>	<u>\$1,019</u>	<u>\$331</u>
PPL Electric Utilities	Syndicated Credit Facility	Jan-2023	\$650	\$0	\$1	\$649
LG&E and KU Energy (LKE)	Syndicated Credit Facility	Oct-2018	\$75	\$0	\$0	\$75
Louisville Gas & Electric	Syndicated Credit Facility	Jan-2023	\$500	\$0	\$183	\$317
	Term Loan Facility	Oct-2019	200	200	0	0
			<u>\$700</u>	<u>\$200</u>	<u>\$183</u>	<u>\$317</u>
Kentucky Utilities	Syndicated Credit Facility	Jan-2023	\$400	\$0	\$133	\$267
	Letter of Credit Facility	Oct-2020	198	0	198	0
			<u>\$598</u>	<u>\$0</u>	<u>\$331</u>	<u>\$267</u>
WPD	WPD plc Syndicated Credit Facility	Jan-2023	£210	£150	£0	£60 ⁽¹⁾
	WPD plc Term Loan Facility	Dec-2018	130	130	0	0
	WPD (South West) Syndicated Credit Facility	Jul-2021	245	0	0	245
	WPD (East Midlands) Syndicated Credit Facility	Jul-2021	300	99	0	201
	WPD (West Midlands) Syndicated Credit Facility	Jul-2021	300	34	0	266
	Uncommitted Credit Facilities		130	0	4	126
			<u>£1,315</u>	<u>£413</u>	<u>£4</u>	<u>£898</u>

Note: As of June 30, 2018.

(1) 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 June 30, 2018.



Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)	2nd Quarter June 30, 2018					Year-to-Date June 30, 2018				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
	Reported Earnings	\$ 394	\$ 77	\$ 75	\$ (31)	\$ 515	\$ 591	\$ 210	\$ 223	\$ (57)
Less: Special Items (expense) benefit:										
Foreign currency economic hedges, net of tax of (\$37), (\$20)	140				140	75				75
Kentucky state tax reform		(9)			(9)		(9)			(9)
Total Special Items	<u>140</u>	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>75</u>	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>66</u>
Earnings from Ongoing Operations	<u>\$ 254</u>	<u>\$ 86</u>	<u>\$ 75</u>	<u>\$ (31)</u>	<u>\$ 384</u>	<u>\$ 516</u>	<u>\$ 219</u>	<u>\$ 223</u>	<u>\$ (57)</u>	<u>\$ 901</u>

After-Tax (Unaudited) (per share - diluted)	2nd Quarter June 30, 2018					Year-to-Date June 30, 2018				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
	Reported Earnings	\$ 0.55	\$ 0.11	\$ 0.11	\$ (0.04)	\$ 0.73	\$ 0.84	\$ 0.30	\$ 0.32	\$ (0.08)
Less: Special Items (expense) benefit:										
Foreign currency economic hedges	0.19				0.19	0.10				0.10
Kentucky state tax reform		(0.01)			(0.01)		(0.01)			(0.01)
Total Special Items	<u>0.19</u>	<u>(0.01)</u>	<u>-</u>	<u>-</u>	<u>0.18</u>	<u>0.10</u>	<u>(0.01)</u>	<u>-</u>	<u>-</u>	<u>0.09</u>
Earnings from Ongoing Operations	<u>\$ 0.36</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>	<u>\$ (0.04)</u>	<u>\$ 0.55</u>	<u>\$ 0.74</u>	<u>\$ 0.31</u>	<u>\$ 0.32</u>	<u>\$ (0.08)</u>	<u>\$ 1.29</u>

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)	2nd Quarter June 30, 2017					Year-to-Date June 30, 2017				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
	Reported Earnings	\$ 148	\$ 79	\$ 77	\$ (12)	\$ 292	\$ 434	\$ 174	\$ 156	\$ (69)
Less: Special Items (expense) benefit:										
Foreign currency economic hedges, net of tax of \$34, \$46	(64)				(64)	(85)				(85)
Adjustment to investment, net of tax of \$0, \$0							(1)			(1)
Total Special Items	<u>(64)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64)</u>	<u>(85)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(86)</u>
Earnings from Ongoing Operations	<u>\$ 212</u>	<u>\$ 79</u>	<u>\$ 77</u>	<u>\$ (12)</u>	<u>\$ 356</u>	<u>\$ 519</u>	<u>\$ 175</u>	<u>\$ 156</u>	<u>\$ (69)</u>	<u>\$ 781</u>

After-Tax (Unaudited) (per share - diluted)	2nd Quarter June 30, 2017					Year-to-Date June 30, 2017				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
	Reported Earnings	\$ 0.22	\$ 0.12	\$ 0.11	\$ (0.02)	\$ 0.43	\$ 0.63	\$ 0.26	\$ 0.22	\$ (0.10)
Less: Special Items (expense) benefit:										
Foreign currency economic hedges	(0.09)				(0.09)	(0.13)				(0.13)
Total Special Items	<u>(0.09)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.09)</u>	<u>(0.13)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.13)</u>
Earnings from Ongoing Operations	<u>\$ 0.31</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>	<u>\$ (0.02)</u>	<u>\$ 0.52</u>	<u>\$ 0.76</u>	<u>\$ 0.26</u>	<u>\$ 0.22</u>	<u>\$ (0.10)</u>	<u>\$ 1.14</u>

Adjusted Gross Margin Summary

(Unaudited) (millions of dollars, except share data)	Three Months Ended June 30,			Per Share Diluted (after-tax)
	2018	2017	Change	
U.K. Adjusted Gross Margins	\$ 538	\$ 469	\$ 69	\$ 0.08
Impact of changes in foreign currency exchange rates			47	0.06
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 22	\$ 0.02
KY Adjusted Gross Margins	\$ 481	\$ 466	\$ 15	\$ 0.02
PA Adjusted Gross Margins				
Distribution	\$ 192	\$ 219	\$ (27)	\$ (0.03)
Transmission	137	115	22	0.02
Total PA Adjusted Gross Margins	\$ 329	\$ 334	\$ (5)	\$ (0.01)

(Unaudited) (millions of dollars, except share data)	Six Months Ended June 30,			Per Share Diluted (after-tax)
	2018	2017	Change	
U.K. Adjusted Gross Margins	\$ 1,111	\$ 1,005	\$ 106	\$ 0.13
Impact of changes in foreign currency exchange rates			101	0.12
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 5	\$ 0.01
KY Adjusted Gross Margins	\$ 1,016	\$ 973	\$ 43	\$ 0.05
PA Adjusted Gross Margins				
Distribution	\$ 470	\$ 477	\$ (7)	\$ (0.01)
Transmission	273	223	50	0.05
Total PA Adjusted Gross Margins	\$ 743	\$ 700	\$ 43	\$ 0.04

Reconciliation of Adjusted Gross Margins to Operating Income

(Unaudited) (millions of dollars)	Three Months Ended June 30, 2018					Three Months Ended June 30, 2017				
	U.K.	Kentucky	PA	Other	Operating Income	U.K.	Kentucky	PA	Other	Operating Income
	Adjusted Gross Margins	Adjusted Gross Margins	Adjusted Gross Margins			Adjusted Gross Margins	Adjusted Gross Margins	Adjusted Gross Margins		
Operating Revenues	\$ 574	\$ 743	\$ 517	\$ 14	\$ 1,848	\$ 491	\$ 723	\$ 500	\$ 11	\$ 1,725
Operating Expenses										
Fuel		189			189		183			183
Energy purchases		33	115		148		29	107		136
Other operation and maintenance	36	23	43	404	506	22	26	31	353	432
Depreciation		17	8	248	273		16	5	225	246
Taxes, other than income			22	52	74		3	23	44	70
Total Operating Expenses	36	262	188	704	1,190	22	257	166	622	1,067
Total	<u>\$ 538</u>	<u>\$ 481</u>	<u>\$ 329</u>	<u>\$ (690)</u>	<u>\$ 658</u>	<u>\$ 469</u>	<u>\$ 466</u>	<u>\$ 334</u>	<u>\$ (611)</u>	<u>\$ 658</u>

(Unaudited) (millions of dollars)	Six Months Ended June 30, 2018					Six Months Ended June 30, 2017				
	U.K.	Kentucky	PA	Other	Operating Income	U.K.	Kentucky	PA	Other	Operating Income
	Adjusted Gross Margins	Adjusted Gross Margins	Adjusted Gross Margins			Adjusted Gross Margins	Adjusted Gross Margins	Adjusted Gross Margins		
Operating Revenues	\$ 1,179	\$ 1,615	\$ 1,156	\$ 24	\$ 3,974	\$ 1,050	\$ 1,532	\$ 1,073	\$ 21	\$ 3,676
Operating Expenses										
Fuel		403			403		374			374
Energy purchases		113	276		389		98	253		351
Other operation and maintenance	68	48	69	789	974	45	52	60	745	902
Depreciation		34	16	492	542		32	9	447	488
Taxes, other than income		1	52	104	157		3	51	91	145
Total Operating Expenses	68	599	413	1,385	2,465	45	559	373	1,283	2,260
Total	<u>\$ 1,111</u>	<u>\$ 1,016</u>	<u>\$ 743</u>	<u>\$ (1,361)</u>	<u>\$ 1,509</u>	<u>\$ 1,005</u>	<u>\$ 973</u>	<u>\$ 700</u>	<u>\$ (1,262)</u>	<u>\$ 1,416</u>



Reconciliation of PPL's Forecast of Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (per share - diluted)	2018 Forecast						
	Midpoint					Forecast Range	
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	High 2018	Low 2018
Reported Earnings	\$ 1.43	\$ 0.55	\$ 0.58	\$ (0.14)	\$ 2.42	\$ 2.49	\$ 2.34
Less: Special Items (expense) benefit:							
Foreign currency economic hedges	0.10				0.10	0.10	0.10
Kentucky state tax reform		(0.01)			(0.01)	(0.01)	(0.01)
Total Special Items	<u>0.10</u>	<u>(0.01)</u>	<u>-</u>	<u>-</u>	<u>0.09</u>	<u>0.09</u>	<u>0.09</u>
Earnings from Ongoing Operations	<u>\$ 1.33</u>	<u>\$ 0.56</u>	<u>\$ 0.58</u>	<u>\$ (0.14)</u>	<u>\$ 2.33</u>	<u>\$ 2.40</u>	<u>\$ 2.25</u>

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 cyber attack, 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).
- 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, 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 Adjusted 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 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.