

An aerial night photograph of a city skyline. The image shows several large, multi-story buildings with illuminated windows. A prominent building in the center has a facade lit with purple and blue lights. To the left, a church with a tall, dark steeple is visible. The streets are lit with warm yellow lights, and the overall scene is a vibrant urban nightscape.

2<sup>nd</sup> Quarter Earnings Call

Energy **forward.**

Tuesday, August 6, 2019

# Cautionary Statements and Factors That May Affect Future Results



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



# Agenda



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



# Executive Overview



## Q2 2019 Highlights

- **Delivered Q2 2019 ongoing earnings results of \$0.58 per share**
- **On track to achieve financial targets**
  - Reaffirmed 2019 ongoing earnings guidance range of \$2.30 - \$2.50 per share
  - Reaffirmed 5-6% EPS growth rate through 2020<sup>(1)</sup>
  - Maintained 2021 earnings forecast range of \$2.50 - \$2.80 per share
- **Continued Operational Excellence**
  - PPL companies awarded 48<sup>th</sup> and 49<sup>th</sup> J.D. Power Awards, achieving top rankings in customer satisfaction
  - WPD ranked 1<sup>st</sup> in Stakeholder Engagement and Consumer Vulnerability for the 8<sup>th</sup> consecutive year
  - PPL Electric Utilities named 2019 Investor-Owned Utility of the Year and recognized as one of the most trusted utility brands in the U.S.<sup>(2)(3)</sup>
  - LG&E earned Safety Excellence award from AGA
- **Regulatory Update**
  - Continued engagement with Ofgem on RIIO-2

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

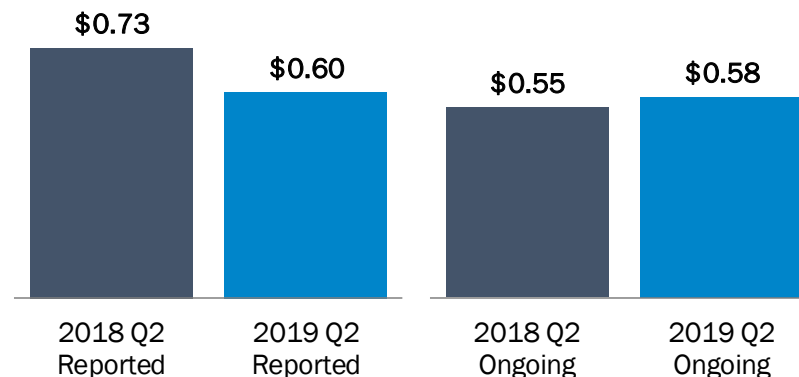
(1) Based on original midpoint of 2018 earnings guidance of \$2.30 per share.

(2) Investor-Owned Utility of the Year awarded by the Smart Electric Power Alliance (SEPA), recognizing PPL's development of its distributed energy resource management system.

(3) Most trusted utility brand recognition according to 2019 study from Escalent, a human behavior and analytics firm.

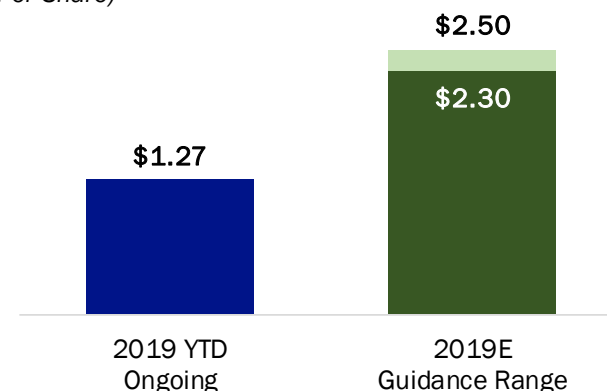
## Q2 Earnings Results

(Earnings Per Share)

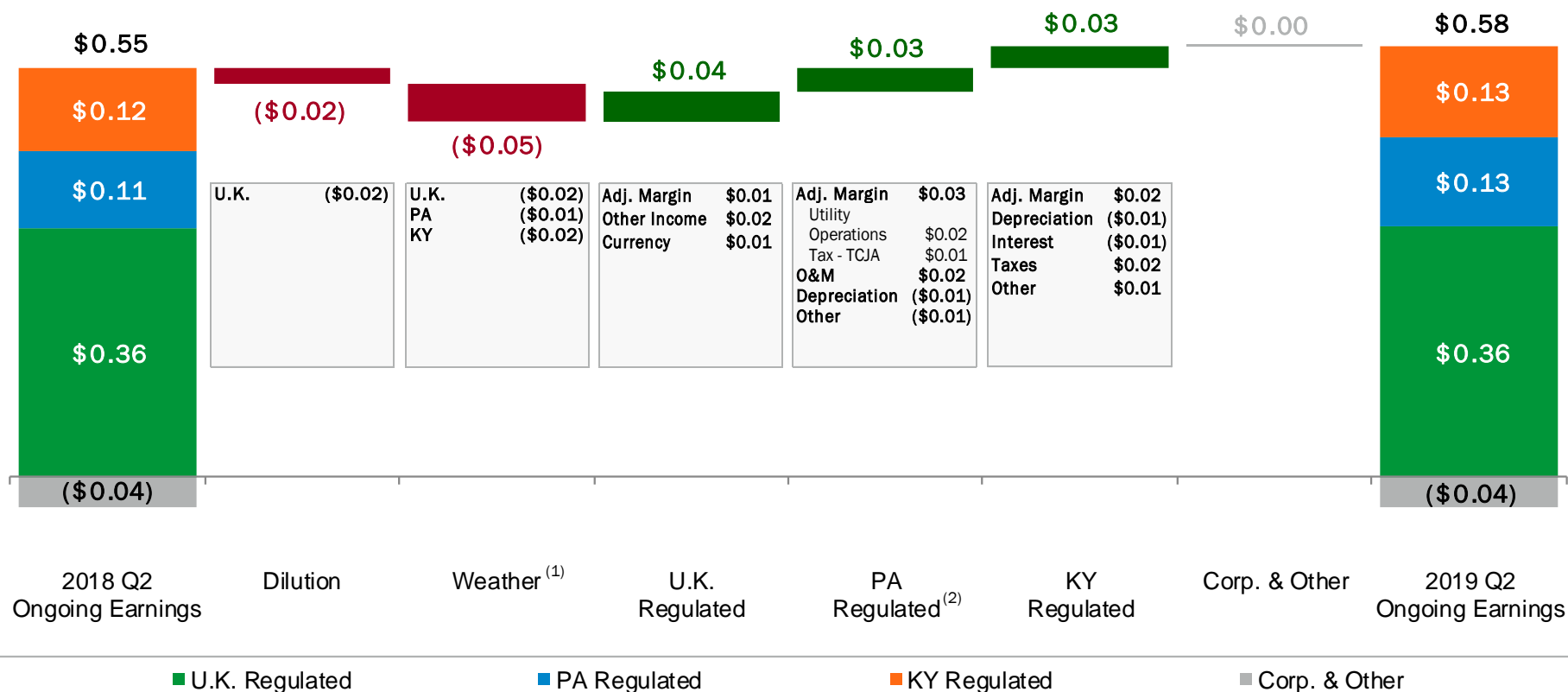


## 2019 YTD Earnings and Full Year Forecast

(Earnings Per Share)



# Q2 Financial Results



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

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

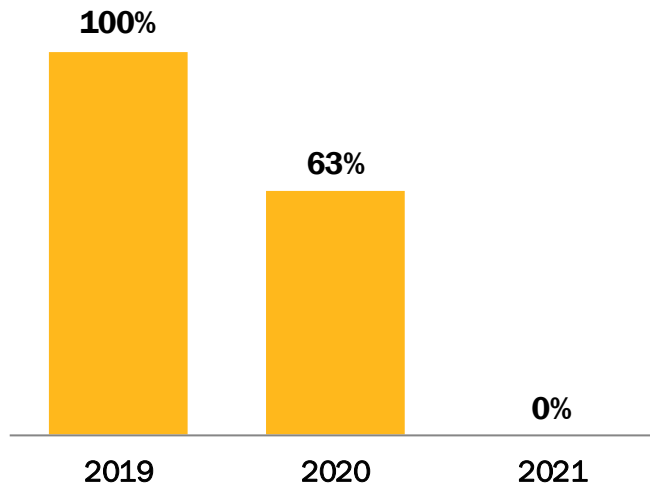
(2) PA Regulated's Q2 variance reflects \$0.01 from the timing impact related to U.S. tax reform.



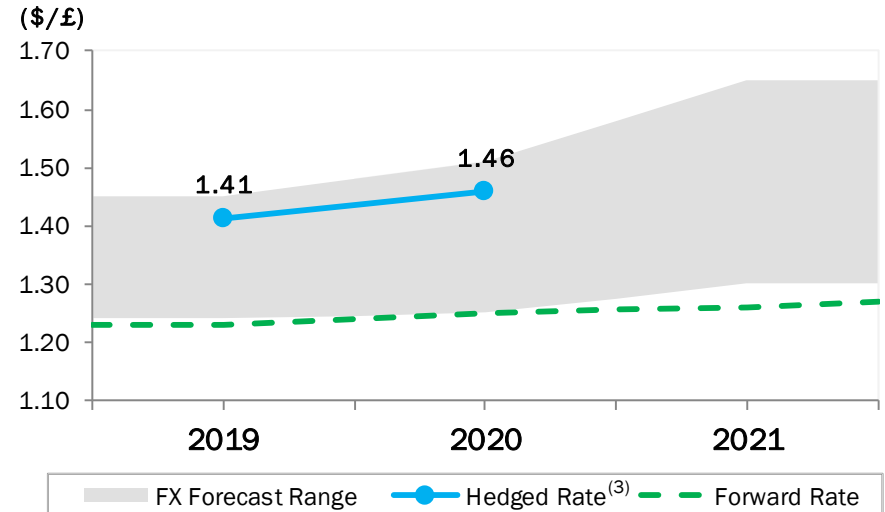


# Foreign Currency Update

## Foreign Currency Hedge Status <sup>(1)</sup>



## Forward Foreign Currency Rates <sup>(2)</sup>



- Increased 2020 hedge position to 63% from 55% during Q2
- Continue to utilize options for incremental hedges; options represent about one-third of the hedge portfolio for 2020

(1) PPL's foreign currency hedge status as of July 31, 2019.

(2) Forward foreign currency rates sourced from Bloomberg as of July 31, 2019. Forecast range reflects views from up to 14 financial institutions and does not represent PPL's internal forecast. Not all institutions provide forecasts for all periods.

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



# Appendix

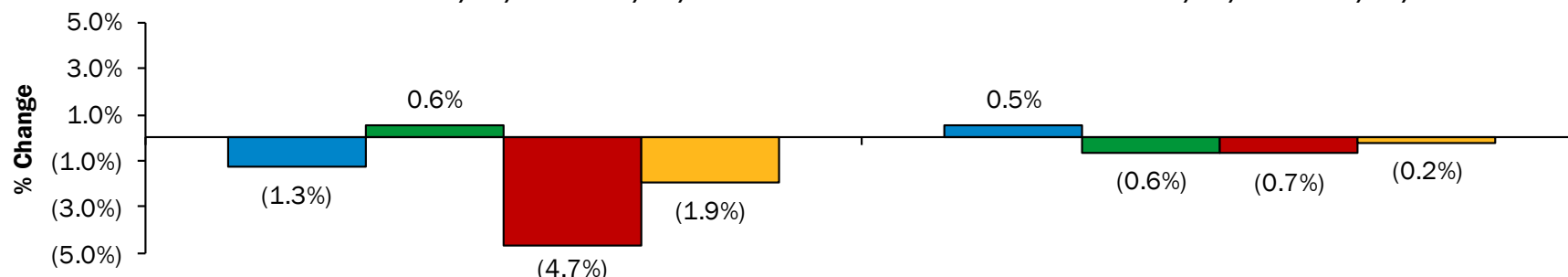
# U.S. Regulated Volume Variances



## Kentucky Regulated Weather-Normalized Retail Sales

3-months ended 6/30/2019 vs 6/30/2018

12-months ended 6/30/2019 vs 6/30/2018

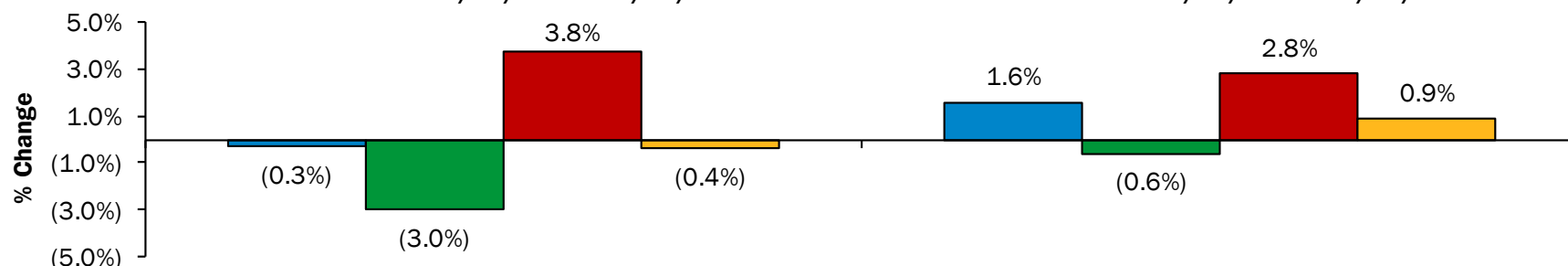


	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	(1.3%)	0.6%	(4.7%)	(1.9%)		0.5%	(0.6%)	(0.7%)	(0.2%)	
Actual	(13.4%)	(4.8%)	(4.7%)	(7.7%)		(1.8%)	(0.6%)	(0.7%)	(1.1%)	

## Pennsylvania Regulated Weather-Normalized Retail Sales

3-months ended 6/30/2019 vs 6/30/2018

12-months ended 6/30/2019 vs 6/30/2018



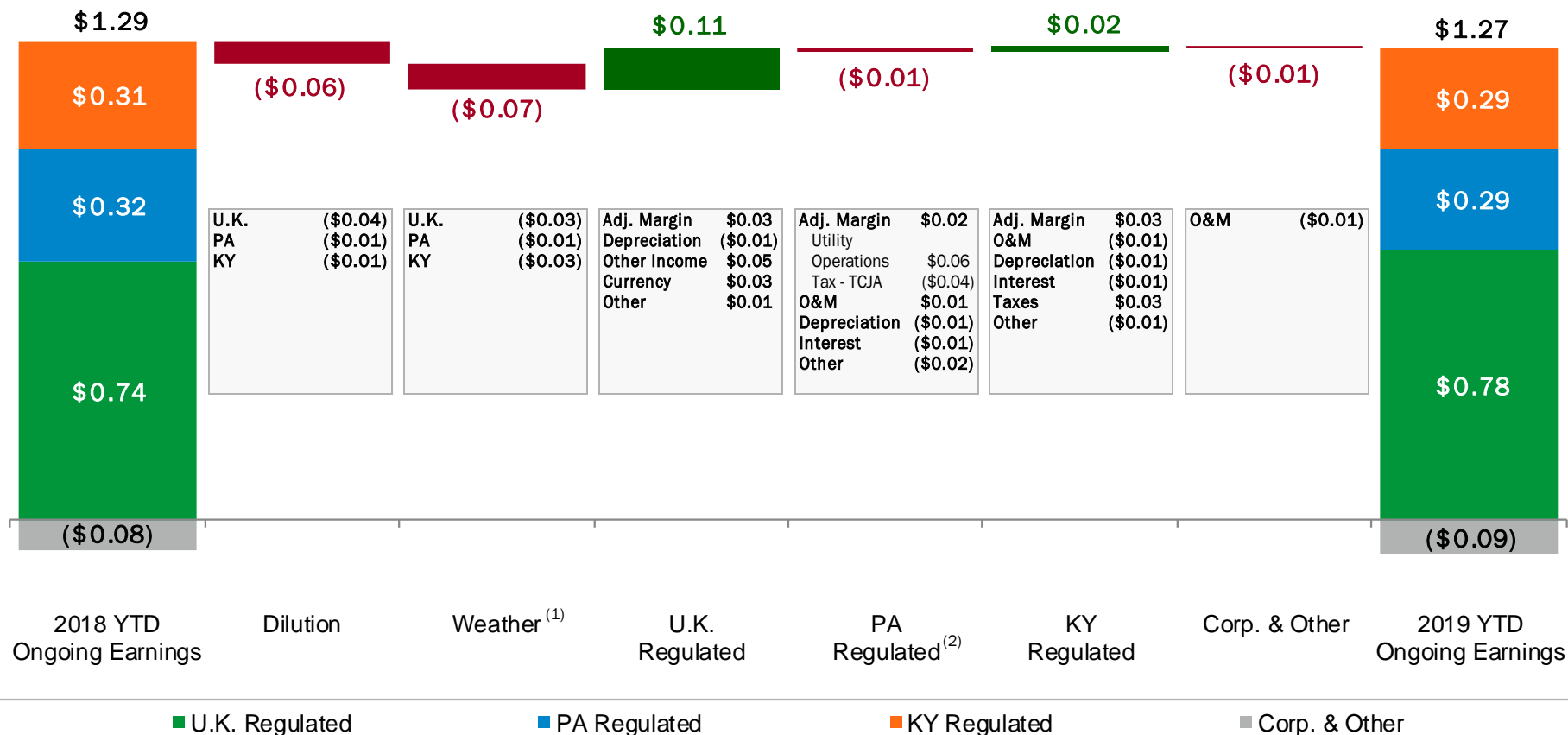
	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	(0.3%)	(3.0%)	3.8%	(0.4%)		1.6%	(0.6%)	2.8%	0.9%	
Actual	(6.2%)	(4.1%)	3.8%	(3.2%)		2.4%	(0.4%)	2.8%	1.3%	

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





# YTD Financial Results

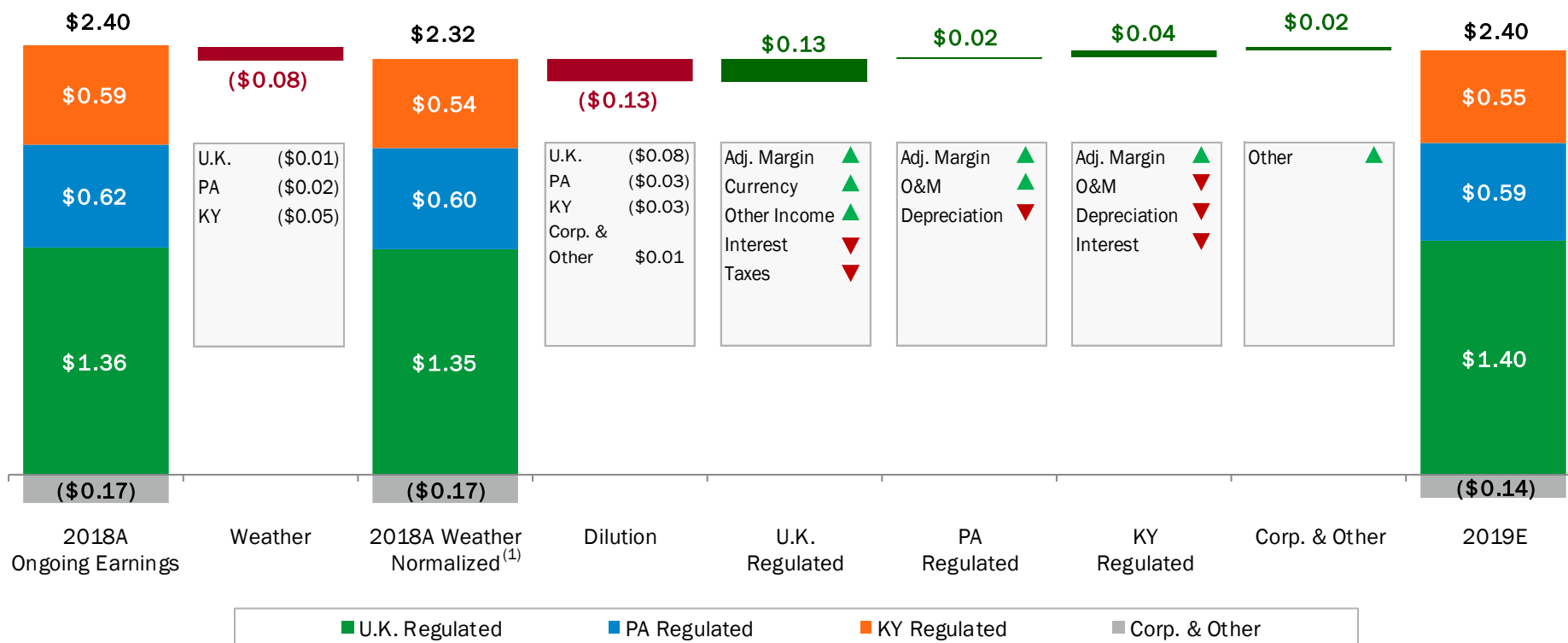


Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.

- (1) Reflects estimated impact of weather on sales volumes and related adjusted gross margins in the chart above.
- (2) PA Regulated's YTD variance reflects (\$0.04) related to reduced income taxes in rates as a result of U.S. tax reform.



# 2019 Financial Outlook



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

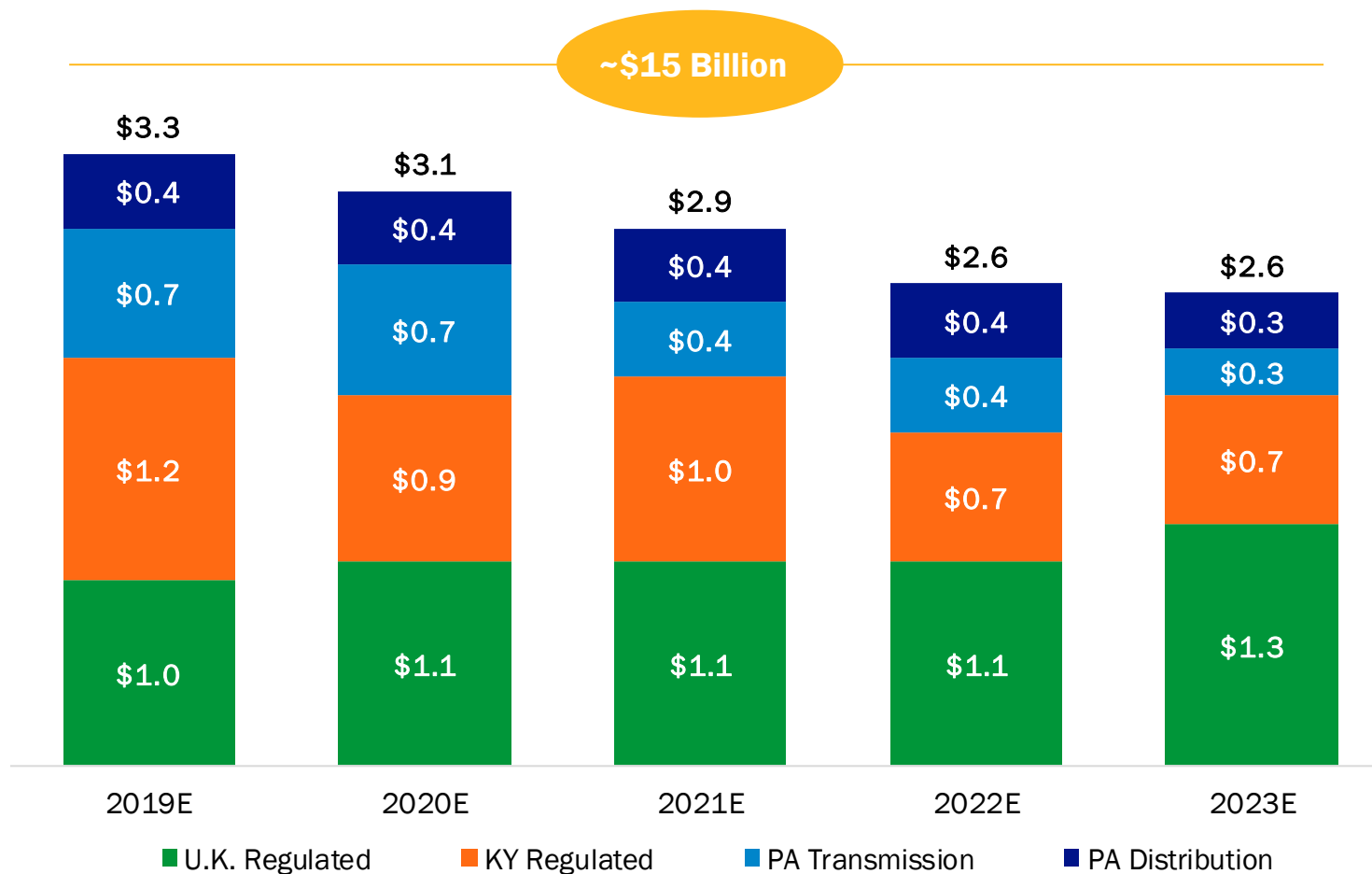
(1) Excludes the estimated impact of weather of \$0.08 per share for relative comparison.



# Capital Expenditure Plan



(\$ in billions)

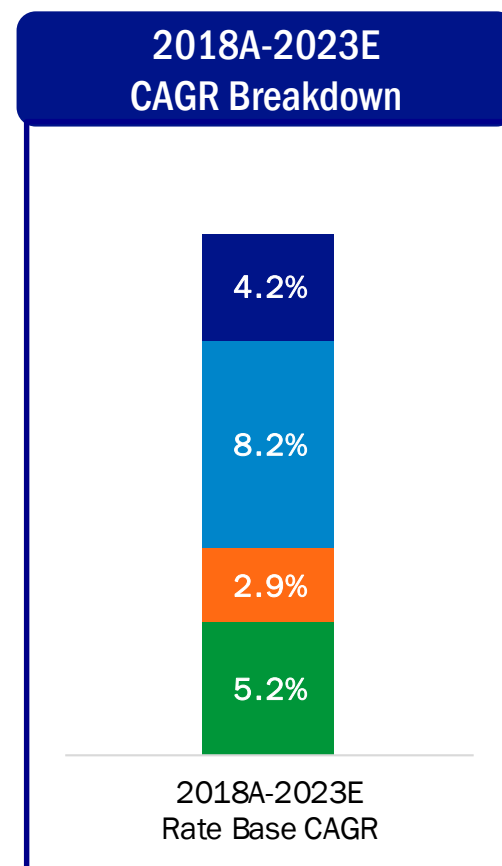
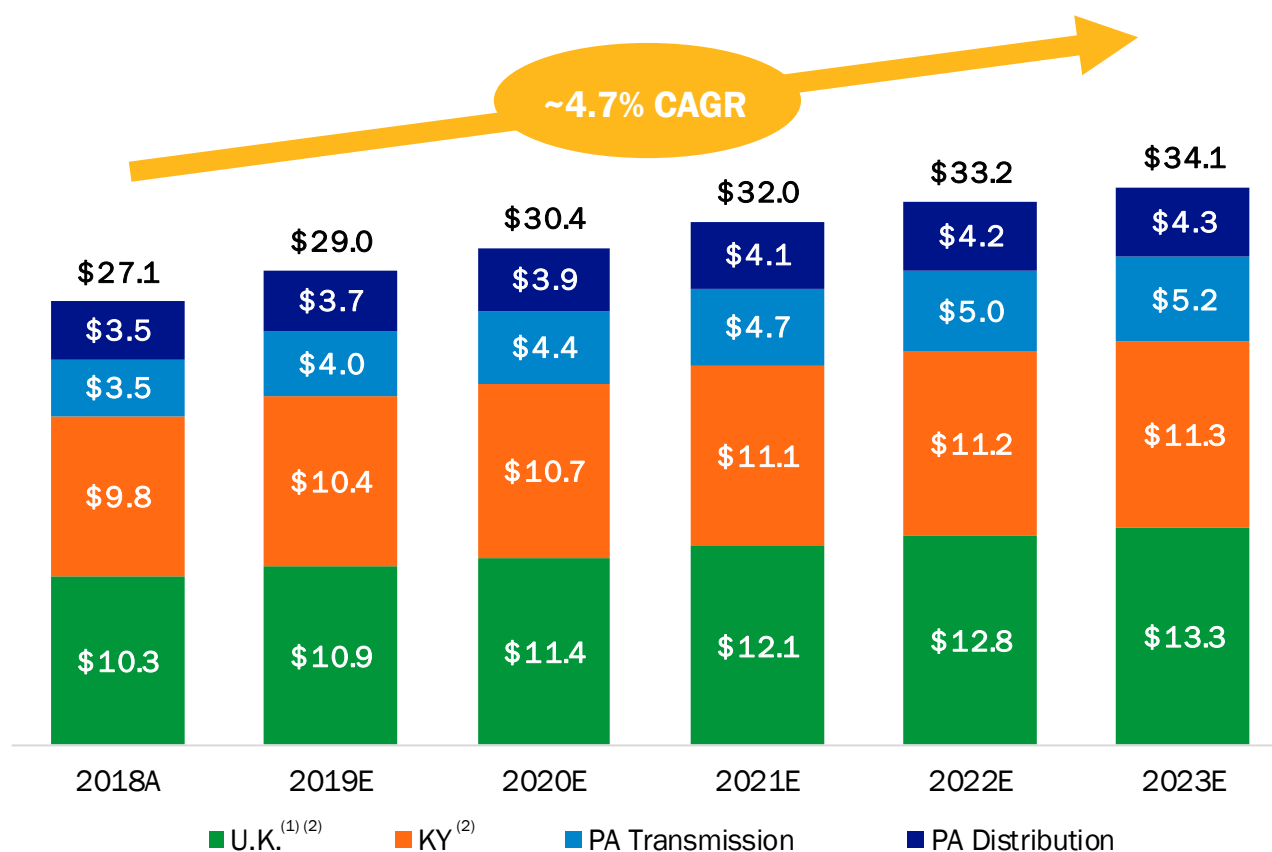


Note: U.K. capital plan is based on assumed exchange rates of \$1.35/£ for 2019 and \$1.40/£ for 2020-2023.



# Projected Rate Base Growth

(\$ in billions)



(1) Based on assumed exchange rate of \$1.35/£ in all years for comparability purposes.

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



# Prudent Investments, Timely Recovery Drive 5-6% EPS Growth Through 2020



## Strong Rate Base Growth

*Supported by constructive regulatory recovery mechanisms*

### 5-7% CAGR

Rate Base CAGR 2018-2020

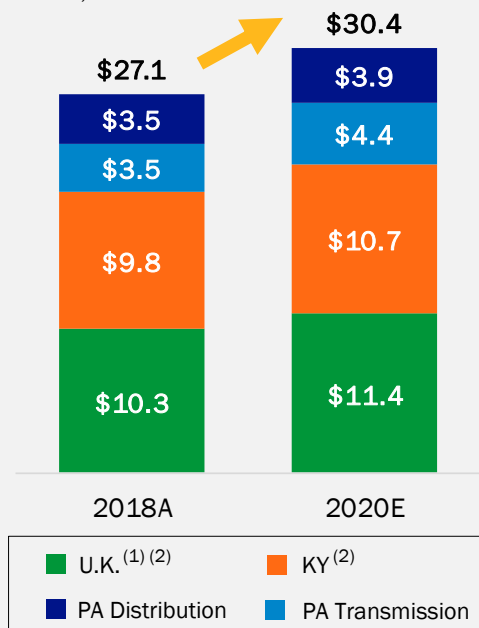
### ~80% Capex

Earns Return within 1 year

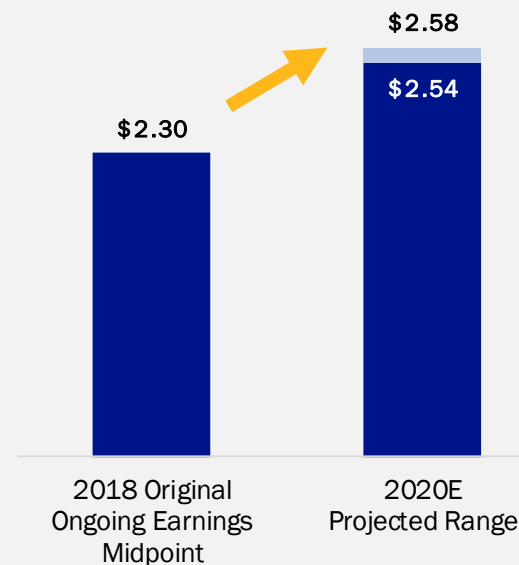
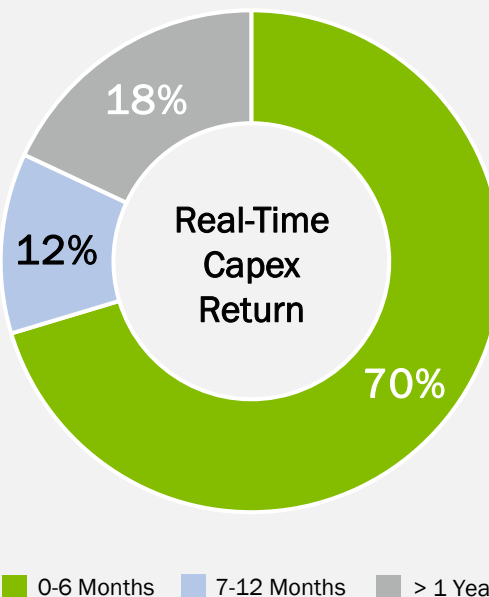
### EPS Growth

2018-2020

(\$ in billions)



+



(1) Based on exchange rate of \$1.35/£ in all years for comparability purposes.

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



# Commitment to Dividend Growth

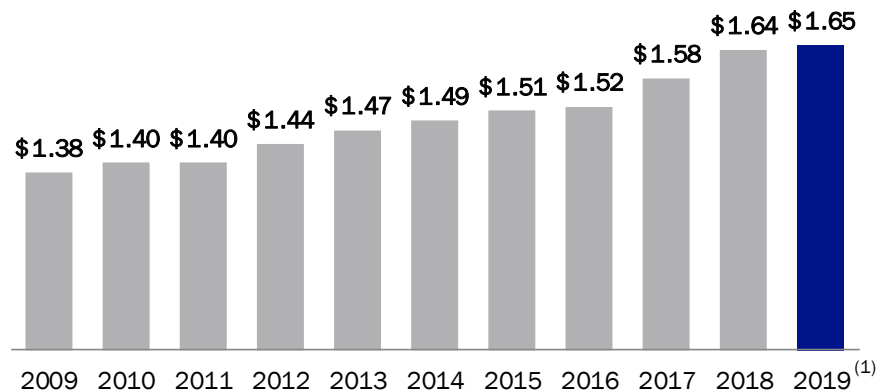


## Delivers consistent dividend

Dividends are a key component to PPL's investment proposition

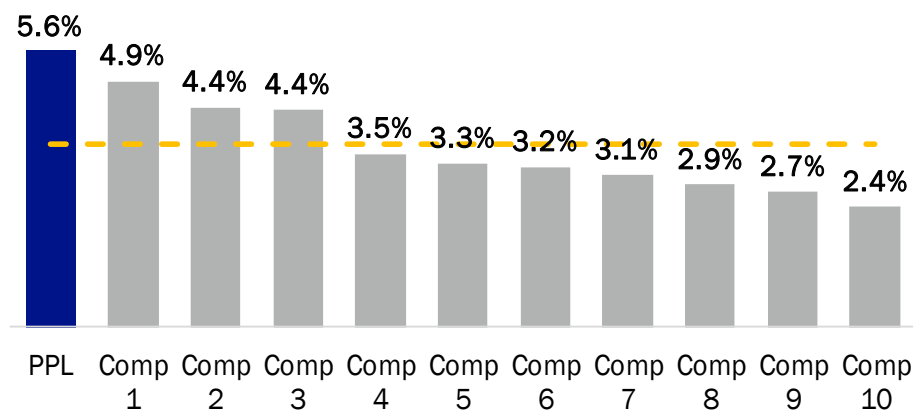
### 10-Year Dividend History

(\$ per share)



### PPL Dividend Yield vs. Large Cap Utilities <sup>(2)</sup>

Large Cap Utility Average: 3.7%



### ➤ PPL has a long standing history of paying dividends to shareholders

- July 1<sup>st</sup> dividend represents the 294<sup>th</sup> consecutive quarterly dividend paid

(1) Annualized dividend based on February 14, 2019 announced increase. Actual dividends to be determined by Board of Directors.

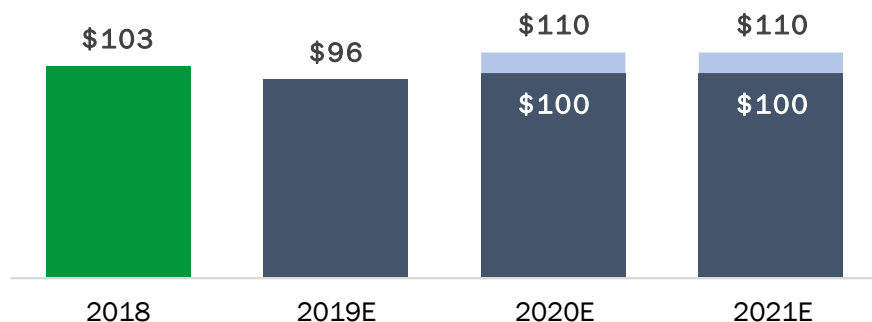
(2) Dividend yield calculated based on share prices and annualized dividends as of July 31, 2019.

# U.K. Regulated Incentive Revenues



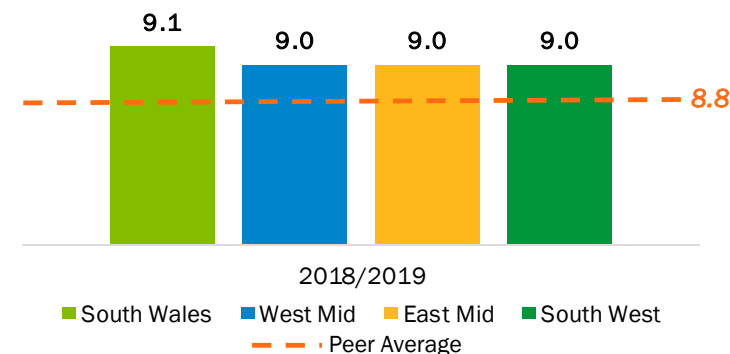
*WPD continues to demonstrate how premier network operators deliver value for customers and shareowners*

## Incentive Revenues <sup>(1)</sup>



## 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 \$1.35/£ in all years for comparability purposes. Annual incentives are reflected in customer rates on a two-year lag from the time they are earned.



# U.K. Regulated: True-up Mechanisms



## ➤ TRU Adjustment

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

## ➤ MOD Adjustment

- On an annual basis, certain components of base revenue are updated for financial adjustments including tax, pension, cost of debt and legacy price control adjustments
- MOD adjustment also includes the Totex Incentive Mechanism which allows WPD to retain 70% of any cost savings against the RII0-ED1 business plan and bear 70% of any cost over-runs
- Similar to TRU, most MOD components result in a revenue adjustment two regulatory years later

## ➤ Correction Factor (K-factor) Adjustment

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

Adjustments included in current forecast			
(\$ in millions, pre-tax)	2019	2020	2021
TRU	\$0	\$0	
MOD	(\$50)	(\$100)	
K-factor	(\$10)	(\$30)	
Total	(\$60)	(\$130)	(\$190) - (\$240)

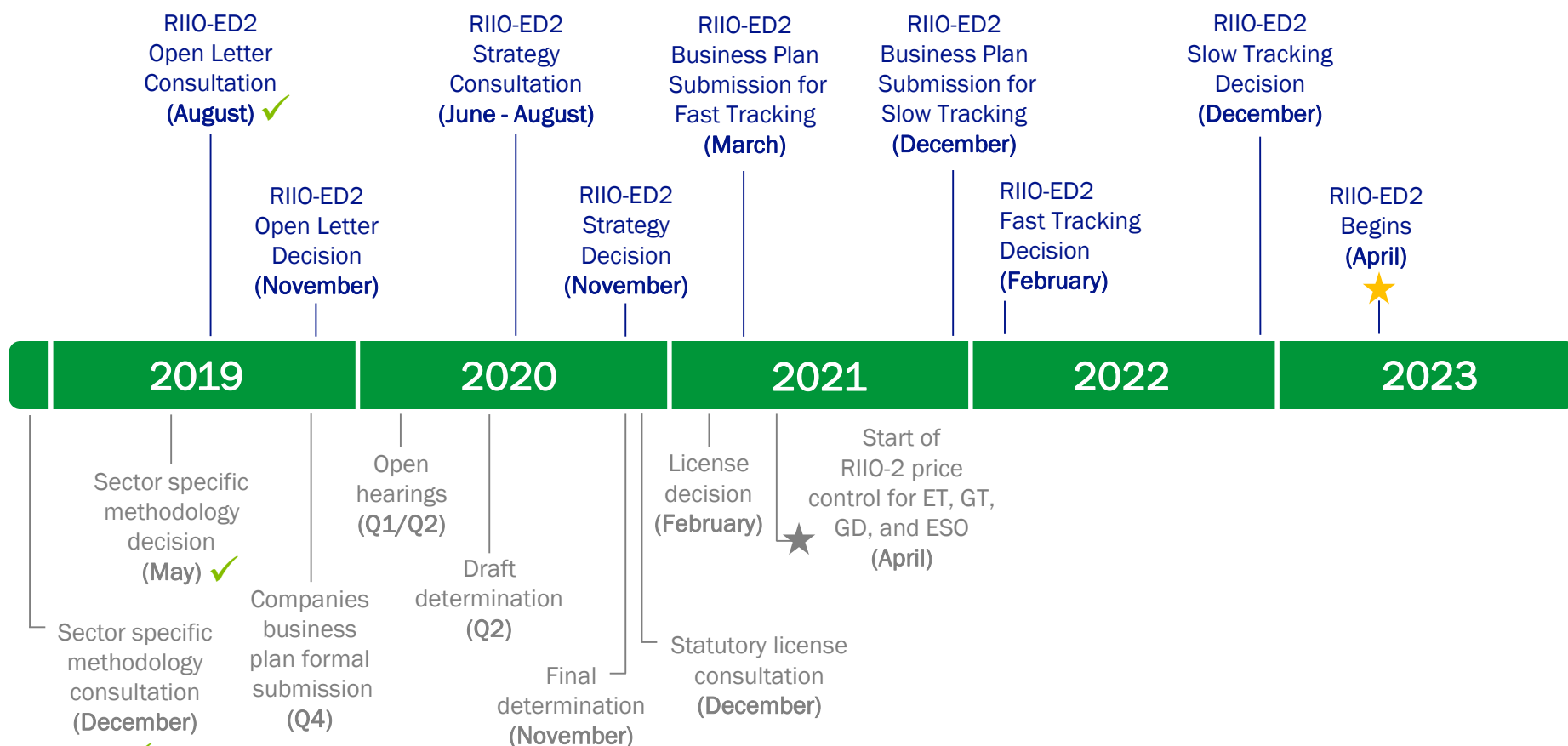
Note: Based on assumed exchange rates of \$1.35/£ for 2019 and \$1.40/£ for 2020 and 2021.



# U.K. Regulated: RIIO-2 Projected Timelines



## Electricity Distribution Timeline<sup>(1)</sup>



## Transmission and Gas Distribution Timeline

(1) Ofgem will consult on the need for Fast Tracking in RIIO-ED2 as part of the strategy consultation in June 2020. The electricity distribution timeline shown here represents the events following an Ofgem decision that allows Fast Tracking.



# Funding Growth



(\$ in millions)

	2018A	2019E <sup>(1)</sup>
Domestic Cash from Operations	\$1,905	\$1,800
Domestic Maintenance Capex <sup>(2)</sup>	(844)	(950)
Dividend From U.K. Regulated	399	400
<b>Cash Available for Distribution</b>	<b>\$1,460</b>	<b>\$1,250</b>
Common Dividend	(1,133)	(1,200)
<b>Cash Available for Reinvestment</b>	<b>\$327</b>	<b>\$50</b>
 <b>Domestic Growth Capex</b>	 <b>(\$1,470)</b>	 <b>(\$1,250)</b>
 Debt Maturities	 (\$277)	 (\$200)
Debt Issuances, Change in Short Term Debt, and Change in Cash <sup>(3)</sup>	1,028	350
Equity Issuances	689	1,150
Other Investing and Financing Activities	(297)	(100)
<b>Additional Funding Sources for Domestic Growth Capex</b>	<b>\$1,143</b>	<b>\$1,200</b>

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 2019 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)	2019	2020	2021	2022	2023	2024 and Beyond	Total
PPL Capital Funding	\$0	\$0	\$0	\$800	\$600	\$3,130	\$4,530
PPL Electric Utilities <sup>(1)</sup>	0	100	400	474	90	2,675	3,739
LG&E and KU Energy	0	475	250	0	0	0	725
Louisville Gas & Electric <sup>(1)</sup>	40	0	292	0	0	1,692	2,024
Kentucky Utilities <sup>(1)</sup>	96	500	0	0	13	2,033	2,642
WPD plc	0	0	500	0	632	707	1,839
WPD Operating Companies <sup>(2)</sup>	0	189	0	0	884	4,624	5,697
<b>Total</b>	<b>\$136</b>	<b>\$1,264</b>	<b>\$1,442</b>	<b>\$1,274</b>	<b>\$2,219</b>	<b>\$14,861</b>	<b>\$21,196</b>

Note: As of June 30, 2019.

(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-2024	\$1,450	\$0	\$1,014	\$436
	Bilateral Credit Facility	Mar-2020	100	0	15	85
			\$1,550	\$0	\$1,029	\$521
PPL Electric Utilities	Syndicated Credit Facility	Jan-2024	\$650	\$0	\$186	\$464
Louisville Gas & Electric	Syndicated Credit Facility	Jan-2024	\$500	\$0	\$96	\$404
Kentucky Utilities	Syndicated Credit Facility	Jan-2024	\$400	\$0	\$0	\$400
	Letter of Credit Facility	Oct-2020	198	0	198	0
			\$598	\$0	\$198	\$400
WPD	WPD plc Syndicated Credit Facility	Jan-2023	£210	£158	£0	£52
	WPD (South West) Syndicated Credit Facility	Jul-2021	245	0	0	245
	WPD (East Midlands) Syndicated Credit Facility	Jul-2021	300	81	0	219
	WPD (West Midlands) Syndicated Credit Facility	Jul-2021	300	33	0	267
	Uncommitted Credit Facilities		100	0	4	96
			£1,155	£272	£4	£879

Note: As of June 30, 2019.



# 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, 2019.



# Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations



After-Tax (Unaudited) (millions of dollars)	2nd Quarter June 30, 2019					Year-to-Date June 30, 2019				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 284	\$ 97	\$ 94	\$ (34)	\$ 441	\$ 548	\$ 214	\$ 215	\$ (70)	\$ 907
Less: Special Items (expense) benefit:										
Foreign currency economic hedges, net of tax of (\$7), \$4	24				24	(16)				(16)
Talen litigation costs, net of tax of \$1, \$1				(1)	(1)				(3)	(3)
Other, net of tax of \$1, \$1	(4)				(4)	(4)				(4)
<b>Total Special Items</b>	20	-	-	(1)	19	(20)	-	-	(3)	(23)
<b>Earnings from Ongoing Operations</b>	<u>\$ 264</u>	<u>\$ 97</u>	<u>\$ 94</u>	<u>\$ (33)</u>	<u>\$ 422</u>	<u>\$ 568</u>	<u>\$ 214</u>	<u>\$ 215</u>	<u>\$ (67)</u>	<u>\$ 930</u>

After-Tax (Unaudited) (per share - diluted)	2nd Quarter June 30, 2019					Year-to-Date June 30, 2019				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 0.39	\$ 0.13	\$ 0.13	\$ (0.05)	\$ 0.60	\$ 0.75	\$ 0.29	\$ 0.29	\$ (0.09)	\$ 1.24
Less: Special Items (expense) benefit:										
Foreign currency economic hedges	0.04				0.04	(0.02)				(0.02)
Talen litigation costs				(0.01)	(0.01)					
Other	(0.01)				(0.01)	(0.01)				(0.01)
<b>Total Special Items</b>	0.03	-	-	(0.01)	0.02	(0.03)	-	-	-	(0.03)
<b>Earnings from Ongoing Operations</b>	<u>\$ 0.36</u>	<u>\$ 0.13</u>	<u>\$ 0.13</u>	<u>\$ (0.04)</u>	<u>\$ 0.58</u>	<u>\$ 0.78</u>	<u>\$ 0.29</u>	<u>\$ 0.29</u>	<u>\$ (0.09)</u>	<u>\$ 1.27</u>



# 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
<b>Reported Earnings</b>	\$ 394	\$ 77	\$ 75	\$ (31)	\$ 515	\$ 591	\$ 210	\$ 223	\$ (57)	\$ 967
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)
<b>Total Special Items</b>	140	(9)	-	-	131	75	(9)	-	-	66
<b>Earnings from Ongoing Operations</b>	<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
<b>Reported Earnings</b>	\$ 0.55	\$ 0.11	\$ 0.11	\$ (0.04)	\$ 0.73	\$ 0.84	\$ 0.30	\$ 0.32	\$ (0.08)	\$ 1.38
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)
<b>Total Special Items</b>	0.19	(0.01)	-	-	0.18	0.10	(0.01)	-	-	0.09
<b>Earnings from Ongoing Operations</b>	<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)	Twelve Months Ended December 31, 2018				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 1,114	\$ 411	\$ 431	\$ (129)	\$ 1,827
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of (\$39)	148				148
U.S. tax reform	3	2		(5)	-
Kentucky state tax reform		(9)			(9)
IT transformation, net of tax of \$2			(5)		(5)
Talen litigation costs, net of tax of \$2				(7)	(7)
Death benefit, net of tax of \$1	(5)				(5)
<b>Total Special Items</b>	<u>146</u>	<u>(7)</u>	<u>(5)</u>	<u>(12)</u>	<u>122</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 968</u>	<u>\$ 418</u>	<u>\$ 436</u>	<u>\$ (117)</u>	<u>\$ 1,705</u>

After-Tax (Unaudited) (per share - diluted)	Twelve Months Ended December 31, 2018				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 1.57	\$ 0.58	\$ 0.61	\$ (0.18)	\$ 2.58
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	0.21				0.21
U.S. tax reform	0.01				0.01
Kentucky state tax reform		(0.01)			(0.01)
IT transformation			(0.01)		(0.01)
Talen litigation costs				(0.01)	(0.01)
Death benefit	(0.01)				(0.01)
<b>Total Special Items</b>	<u>0.21</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>0.18</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 1.36</u>	<u>\$ 0.59</u>	<u>\$ 0.62</u>	<u>\$ (0.17)</u>	<u>\$ 2.40</u>

# Adjusted Gross Margins Summary



(Unaudited) (millions of dollars, except share data)	Three Months Ended June 30,			Per Share Diluted (after-tax)
	2019	2018	Change	
U.K. Adjusted Gross Margins	\$ 500	\$ 538	\$ (38)	\$ (0.04)
Less: Impact of changes in foreign currency exchange rates			(31)	(0.03)
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ (7)	\$ (0.01)
Kentucky Adjusted Gross Margins	\$ 484	\$ 481	\$ 3	\$ 0.00
Pennsylvania Adjusted Gross Margins				
Distribution	\$ 204	\$ 192	\$ 12	\$ 0.01
Transmission	142	137	5	0.01
Total Pennsylvania Adjusted Gross Margins	\$ 346	\$ 329	\$ 17	\$ 0.02

(Unaudited) (millions of dollars, except share data)	Six Months Ended June 30,			Per Share Diluted (after-tax)
	2019	2018	Change	
U.K. Adjusted Gross Margins	\$ 1,046	\$ 1,111	\$ (65)	\$ (0.08)
Less: Impact of changes in foreign currency exchange rates			(69)	(0.08)
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 4	\$ 0.00
Kentucky Adjusted Gross Margins	\$ 1,014	\$ 1,016	\$ (2)	\$ (0.00)
Pennsylvania Adjusted Gross Margins				
Distribution	\$ 464	\$ 470	\$ (6)	\$ 0.00
Transmission	285	273	12	0.01
Total Pennsylvania Adjusted Gross Margins	\$ 749	\$ 743	\$ 6	\$ 0.01



# Reconciliation of Year-to-Date Adjusted Gross Margins to Operating Income



(Unaudited) (millions of dollars)	Three Months Ended June 30, 2019					Six Months Ended June 30, 2019				
	U.K. Adjusted Gross Margins	KY Adjusted Gross Margins	PA Adjusted Gross Margins	Other	Operating Income	U.K. Adjusted Gross Margins	KY Adjusted Gross Margins	PA Adjusted Gross Margins	Other	Operating Income
Operating Revenues	\$ 531	\$ 732	\$ 521	\$ 19	\$ 1,803	\$ 1,105	\$ 1,577	\$ 1,166	\$ 34	\$ 3,882
Operating Expenses										
Fuel		168			168		362			362
Energy purchases		27	110	1	138		106	281	1	388
Other operation and maintenance	31	23	31	397	482	59	45	62	806	972
Depreciation		29	12	259	300		48	22	514	584
Taxes, other than income		1	22	52	75		2	52	101	155
Total Operating Expenses	31	248	175	709	1,163	59	563	417	1,422	2,461
Total	\$ 500	\$ 484	\$ 346	\$ (690)	\$ 640	\$ 1,046	\$ 1,014	\$ 749	\$ (1,388)	\$ 1,421

(Unaudited) (millions of dollars)	Three Months Ended June 30, 2018					Six Months Ended June 30, 2018				
	U.K. Adjusted Gross Margins	KY Adjusted Gross Margins	PA Adjusted Gross Margins	Other	Operating Income	U.K. Adjusted Gross Margins	KY Adjusted Gross Margins	PA Adjusted Gross Margins	Other	Operating Income
Operating Revenues	\$ 574	\$ 743	\$ 517	\$ 14	\$ 1,848	\$ 1,179	\$ 1,615	\$ 1,156	\$ 24	\$ 3,974
Operating Expenses										
Fuel		189			189		403			403
Energy purchases		33	115		148		113	276		389
Other operation and maintenance	36	23	43	404	506	68	48	69	789	974
Depreciation		17	8	248	273		34	16	492	542
Taxes, other than income			22	52	74		1	52	104	157
Total Operating Expenses	36	262	188	704	1,190	68	599	413	1,385	2,465
Total	\$ 538	\$ 481	\$ 329	\$ (690)	\$ 658	\$ 1,111	\$ 1,016	\$ 743	\$ (1,361)	\$ 1,509

# Reconciliation of PPL's Earnings Forecast



After-Tax (Unaudited) (per share - diluted)	2019 Forecast					
	Midpoint					Forecast Range
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	High 2019
<b>Estimate of Reported Earnings</b>	\$ 1.37	\$ 0.55	\$ 0.59	\$ (0.14)	\$ 2.37	\$ 2.47
Less: Special Items (expense) benefit: <sup>(1)</sup>						
Foreign currency economic hedges	(0.02)				(0.02)	(0.02)
Other	(0.01)				(0.01)	(0.01)
<b>Total Special Items</b>	<u>(0.03)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.03)</u>	<u>(0.03)</u>
<b>Forecast of Earnings from Ongoing Operations</b>	<u>\$ 1.40</u>	<u>\$ 0.55</u>	<u>\$ 0.59</u>	<u>\$ (0.14)</u>	<u>\$ 2.40</u>	<u>\$ 2.50</u>

(1) Reflects only special items recorded through June 30, 2019. PPL is not able to forecast special items for future periods.



# Reconciliation of Domestic Cash Flows



Year Ended December 2018  
(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	\$1,905								
Domestic Maintenance Capex	(844)								
Dividend From U.K. Regulated	\$399								
<b>Cash Available for Distribution</b>	<b>\$1,460</b>								
Common Dividend	(1,133)								
<b>Cash Available for Reinvestment</b>	<b>\$327</b>	<b>\$844</b>	<b>(\$399)</b>	<b>\$1,133</b>	<b>-</b>	<b>\$1</b>	<b>\$915</b>	<b>\$2,821</b>	Net cash provided by operating activities
<b>Domestic Growth Capex</b>	<b>(\$1,470)</b>	<b>(\$844)</b>			<b>(\$112)</b>		<b>(\$935)</b>	<b>(\$3,361)</b>	Net cash used in investing activities
Debt Maturities	(277)								
Debt Issuances, Change in Short Term Debt, and Change in Cash	1,028								
Equity Issuances	689								
Other Investing & Financing Activities	(297)								
<b>Additional Funding Sources for Domestic Growth Capex</b>	<b>\$1,143</b>	<b>-</b>	<b>\$399</b>	<b>(\$1,133)</b>	<b>\$112</b>	<b>\$190</b>	<b>(\$21)</b>	<b>\$690</b>	Net cash provided by financing activities
						-	(18)	(18)	Effect of exchange rates on cash and cash equivalents
						<b>\$191</b>	<b>(\$59)</b>	<b>\$132</b>	Net increase in cash and cash equivalents

Note: For 2019, 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 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, 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.

