



1st Quarter Earnings Call

PPL Corporation
April 28, 2016



Cautionary Statements and Factors That May Affect Future Results



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

Agenda



1st Quarter 2016 Earnings Results and
Operational Overview

W. H. Spence

U.K. Incentive Revenues Update

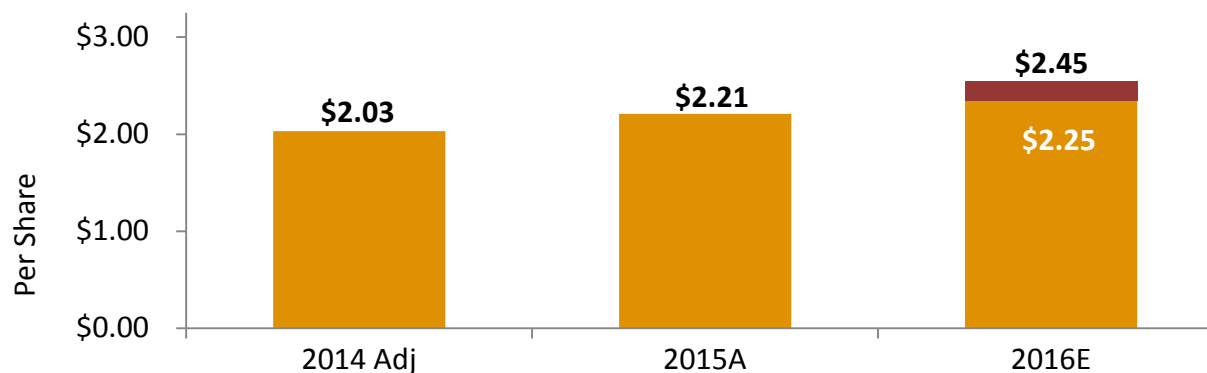
R. Symons

Segment Results and Financial Overview

V. Sorgi

Q&A

2016 Earnings Forecast



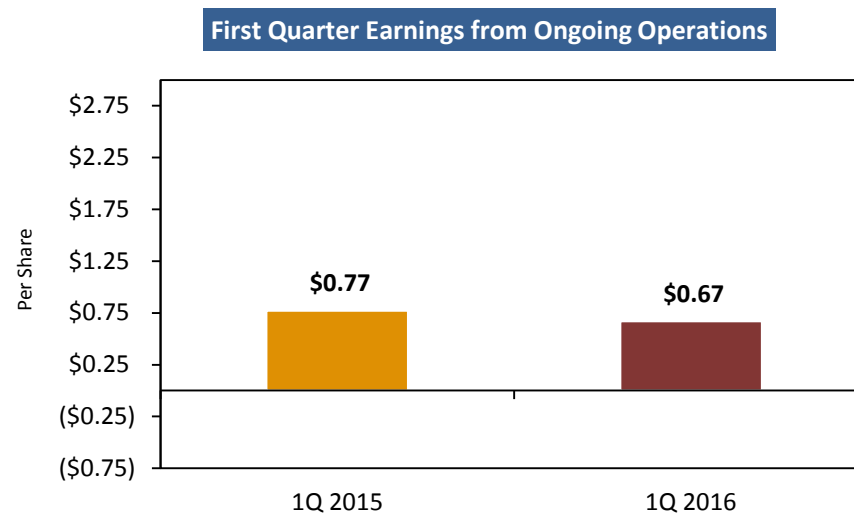
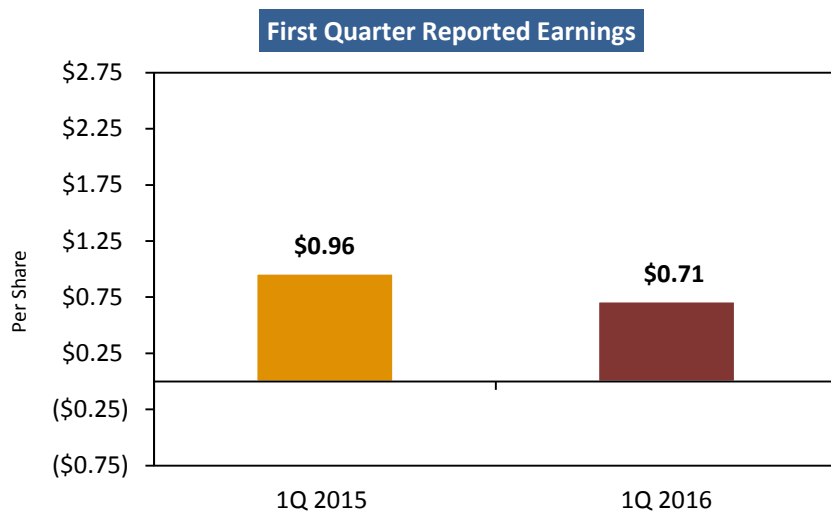
Segment	2014 Adjusted Ongoing	2015A Ongoing	2016E Ongoing
U.K. Regulated	\$1.37	\$1.44	\$1.43
Kentucky Regulated	0.47	0.51	0.57
PA Regulated	0.40	0.37	0.47
Corporate and Other	(0.21) ⁽¹⁾	(0.11)	(0.12)
Total⁽²⁾	\$2.03	\$2.21	\$2.35

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

(1) For 2014, earnings from ongoing operations reflects the full impact of dissynergies related to the spinoff of the Supply segment: Indirect O&M (\$0.07), Interest (\$0.05) and Depreciation (\$0.01).

(2) Earnings presented here exclude any earnings from the Supply segment. However, the Supply segment was part of PPL Corporation's consolidated reported earnings for the first five months of 2015.

Earnings Results



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

Operational Update

Pennsylvania

- \$350M Northeast Pocono Transmission Line In-Service

Kentucky

- Environmental Update
- Construction projects progressing as scheduled

U.K.

- Strong performance against RIIO-ED1 incentive targets

U.K. Incentive Revenues – Summary

- Annual performance above or below the Ofgem targets for Customer Minutes Lost (CML), Customer Interruptions (CI) and the Broad Measure of Customer Satisfaction Survey is rewarded or penalized on a 2-year lag (i.e. 2015/2016 earned performance is received in 2017/2018 revenue)
- WPD outperformed its 2015/2016 incentive targets and the rewards of \$107 million shown on the following slide represent estimates of the incentives to be collected in 2017/2018, including RPI adjustments
- Based on actual performance, PPL would expect to earn incentive revenues for 2017 and 2018 as follows:

	<u>2017</u>	<u>2018</u>
Current Estimate:	\$115M	\$85M - \$115M
Previous Estimate:	\$90M - \$110M	\$75M - \$105M

U.K. Incentive Revenue



In the 2015/16 regulatory year, WPD improved CML and CI performance metrics by approximately 8% over the 2014/15 regulatory year. This resulted in earning 77% of the maximum potential payout.

	Max. Payout Target	Actual Performance	Max. Payout Reward	Earned Reward
<i>\$ millions</i>				
Customer Minutes Loss				
South Wales	11.2	20.7	\$12	\$5
South West	18.6	29.0	17	7
East Midlands	23.4	19.9	24	24
West Midlands	35.2	28.5	25	25
Total			\$78	\$61
Customer Interruptions				
South Wales	35.3	43.8	\$4	\$2
South West	40.0	47.8	6	3
East Midlands	38.8	41.7	9	7
West Midlands	72.6	63.3	10	9
Total			\$29	\$21
Broad Measure of Customer Service				
South Wales			\$5	\$4
South West			7	6
East Midlands			10	8
West Midlands			10	7
Total			\$32	\$25
Total 2015/16 U.K. Incentive Revenue			\$139	\$107

Based on assumed exchange rate of \$1.60/£.
Subject to Ofgem audit in November 2016.

Summary Financial Highlights

Ongoing Earnings Overview



	Q1 2016	Q1 2015	Change
Pennsylvania Regulated	\$0.14	\$0.13	\$0.01
Kentucky Regulated	0.16	0.16	0.00
U.K. Regulated	0.39	0.50	(0.11)
Corporate and Other	(0.02)	(0.02)	0.00
Total	<u>\$0.67</u>	<u>\$0.77</u>	<u>\$(0.10)</u>

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

Pennsylvania Regulated Segment Earnings Drivers



	1 st Quarter	
2015 EPS – Ongoing Earnings		\$0.13
Gross margins	0.03	
Operation and maintenance	(0.02)	
Depreciation	(0.01)	
Income Taxes	0.01	
Total		<u>0.01</u>
2016 EPS – Ongoing Earnings		<u>\$0.14</u>

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

Kentucky Regulated Segment Earnings Drivers



	1 st Quarter	
2015 EPS – Ongoing Earnings		\$0.16
Operation and maintenance	0.01	
Financing costs	(0.01)	
Total		<u>0.00</u>
2016 EPS – Ongoing Earnings		<u>\$0.16</u>

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

U.K. Regulated Segment Earnings Drivers



	1 st Quarter	
2015 EPS – Ongoing Earnings		\$0.50
Gross margins	(0.08)	
Operation and maintenance	0.01	
Depreciation	(0.01)	
Financing Costs	(0.01)	
Taxes and Other	0.01	
Currency	(0.03)	
Total		<u>(0.11)</u>
2016 EPS – Ongoing Earnings		<u>\$0.39</u>

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

Foreign Currency Hedging Status



GBP Foreign Currency	2016	2017	2018
Percentage Hedged	93%	89%	41%
Hedged Rate (GBP/USD)	\$1.54	\$1.58	\$1.56
Budgeted Rate on Open Position (GBP/USD)	\$1.60	\$1.60	\$1.60
EPS Sensitivities:			
Decrease in Rate (USD/GBP) ⁽¹⁾	Change in EPS		
0.05	\$0.00	(\$0.01)	(\$0.03)
0.10	(\$0.01)	(\$0.01)	(\$0.06)
0.15	(\$0.02)	(\$0.02)	(\$0.09)

Note: FX hedging status as of 4/11/2016.

(1) FX sensitivities do not reflect the potential risk mitigation from restriking existing hedges.

RPI Update and Sensitivity

RPI (Regulatory Year)	2015/16	2016/17	2017/18	2018/19
Budget RPI assumption	1.3%	2.3%	3.1%	3.1%
Current RPI actual/forecast ^(1,3)	1.1%	2.3%	3.1%	3.2%
RPI (Calendar Year)	2015	2016	2017	2018
Budget RPI assumption	1.5%	2.0%	2.8%	3.1%
Current RPI actual/forecast ^(2,3)	1.2%	2.1%	3.0%	3.2%
EPS Sensitivities:				
Decrease in 2015/2016 RPI (budget assumption 1.3%) ^(4,5)	Change in EPS			
0.5%	\$0.00	\$0.00	(\$0.02)	(\$0.01)

(1) Represents the average RPI index for April 2015 – March 2016 (2015/16). Source: Office of National Statistics:

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/mar2016>

(2) Represents 2015 actual. Source: Office of National Statistics:

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/dec2015>

(3) Represents March 2016 forecast. Source: U.K. HM Treasury RPI forecast: <https://www.gov.uk/government/collections/data-forecasts>

(4) Sensitivities include the net effect on revenue, O&M and interest expense on index-linked debt.

(5) 2015/2016 tariff was set using 2.6% RPI, subject to true-up in 2017/18 regulatory year. Amounts are reflected in the earnings forecast for the period.

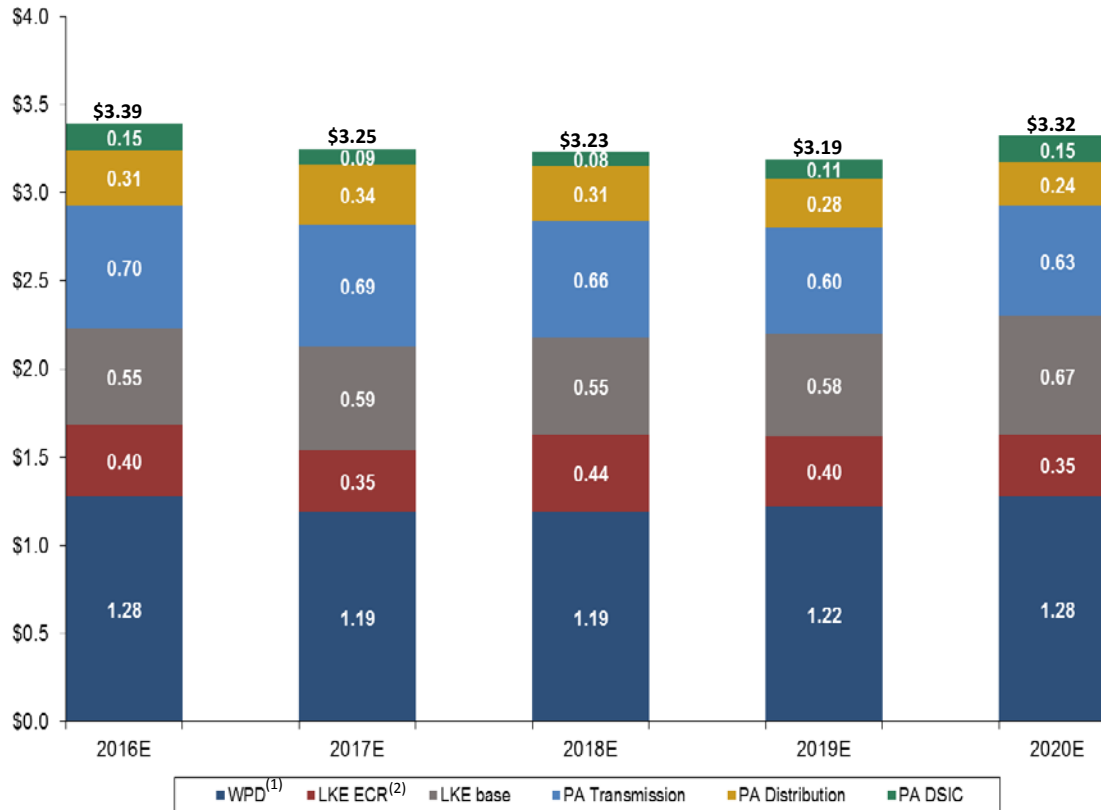
Appendix

Significant Ongoing Capital Expenditure Program



~\$16 billion of Capital Expenditures from 2016 – 2020 to strengthen safety and reliability of T&D systems and address environmental regulations in Kentucky.

(\$ in billions)



- Over 80% of Regulated capital expenditures earn returns subject to minimal or no lag
- PA – Implementation of \$471 million Smart Meter Program to be recovered through a rider mechanism (~\$406 million of Capital; ~\$65 million O&M)
- PA and KY – Continued focus on improving reliability in both Transmission and Distribution systems
- KY – Environmental spending in response to regulations for Mercury, SO₂, NO_x, Ozone, Particulates, Water Intake and Discharge and CCRs (does not include Clean Power Plan)
- U.K. – Continued focus on asset replacement, faults and overheads and general system reinforcement

Note: Corporate and Other capital expenditures average approximately \$10 million per year.

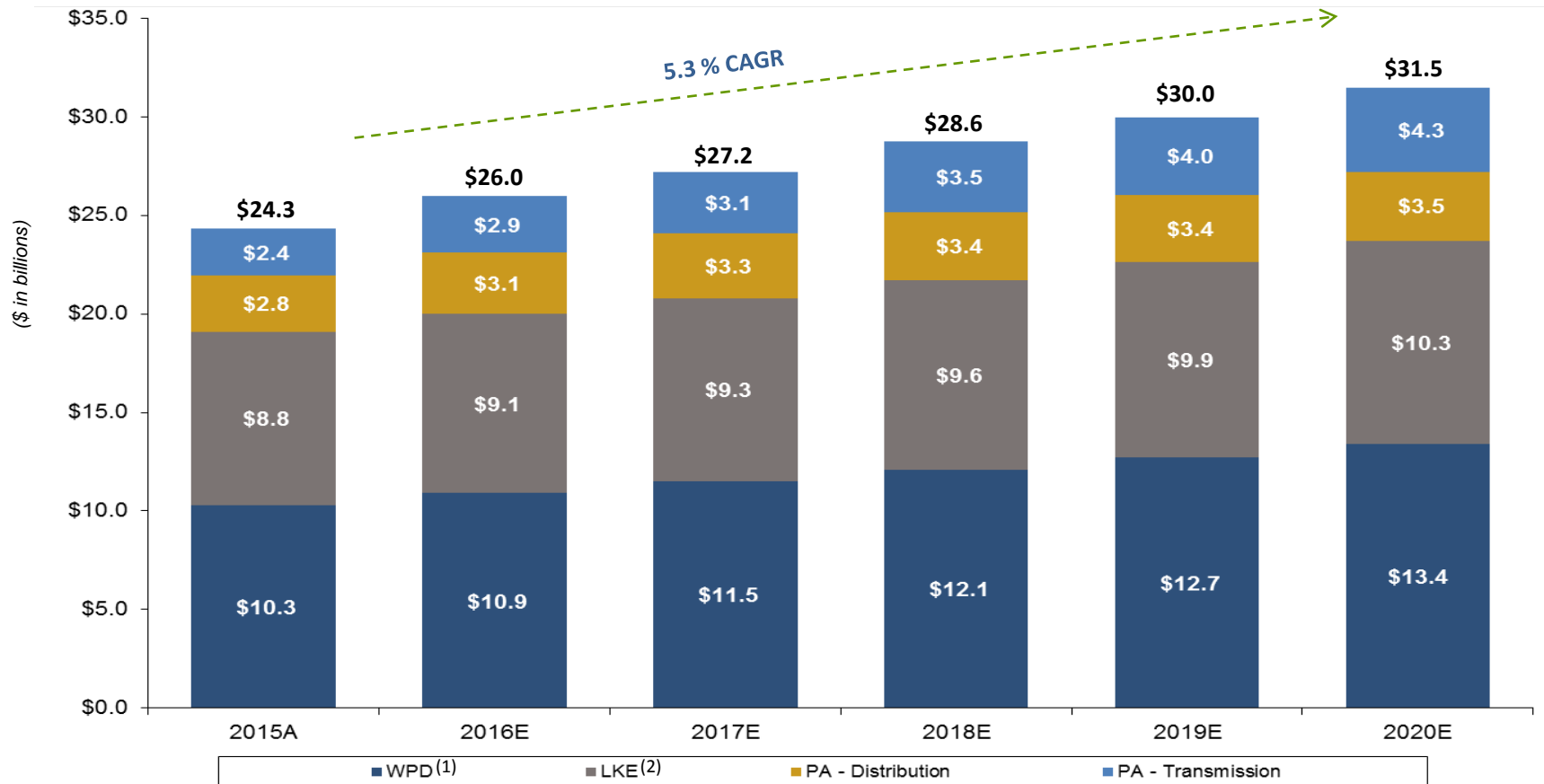
(1) Based on assumed exchange rate of \$1.60/£.

(2) Expect between 80% and 90% to receive timely returns via ECR mechanism based on historical experience and future projections.

Capital Plan is Driving Rate Base Growth



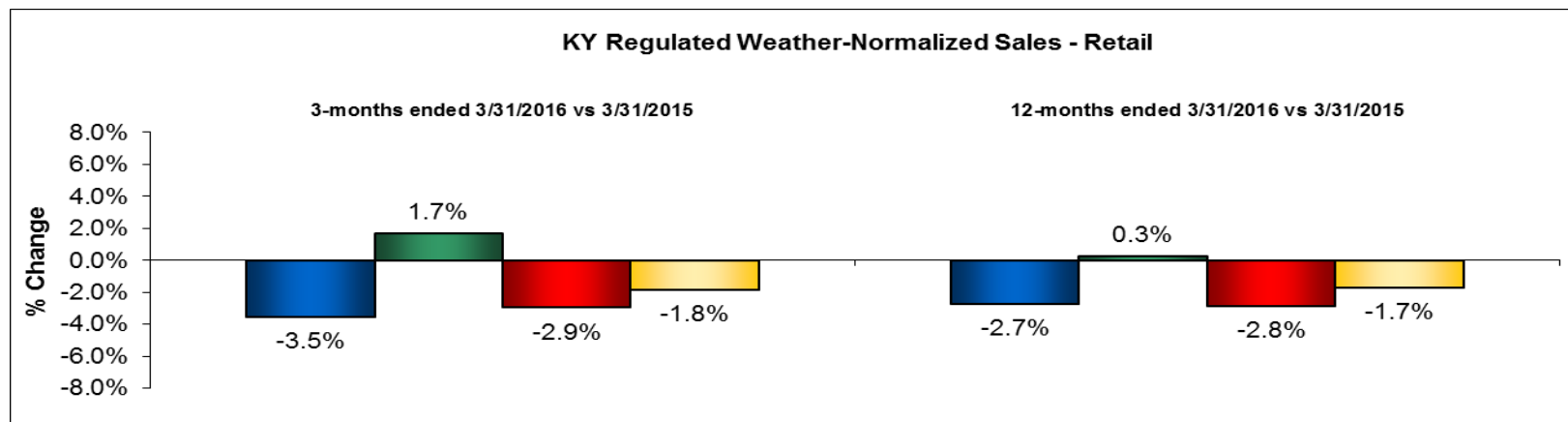
Strong regulated rate base growth will drive EPS growth.



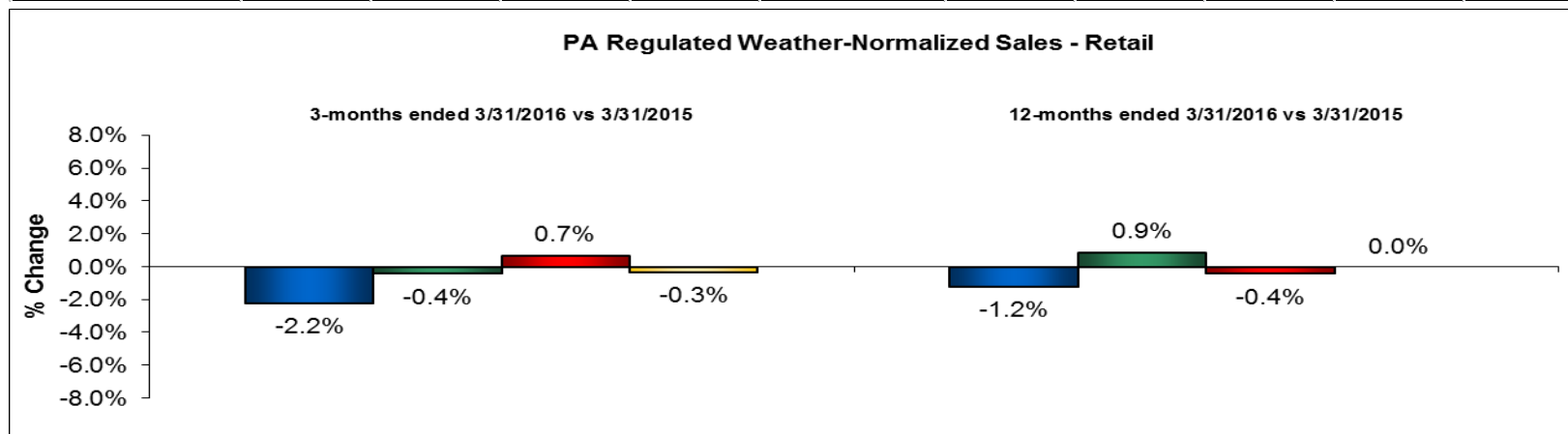
(1) Based on assumed exchange rate of \$1.60/£ for 2016 - 2020.

(2) Represents utility capitalization for LKE. Represents Regulatory Asset Value (RAV) for WPD.

U.S. Regulated Volume Variances



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	-3.5%	1.7%	-2.9%	-1.8%		-2.7%	0.3%	-2.8%	-1.7%	
Actual	-12.7%	-2.9%	-4.7%	-7.3%		-6.8%	-0.6%	-3.4%	-3.6%	



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	-2.2%	-0.4%	0.7%	-0.3%		-1.2%	0.9%	-0.4%	0.0%	
Actual	-17.2%	-3.8%	0.7%	-9.2%		-7.3%	0.3%	-0.4%	-2.8%	

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

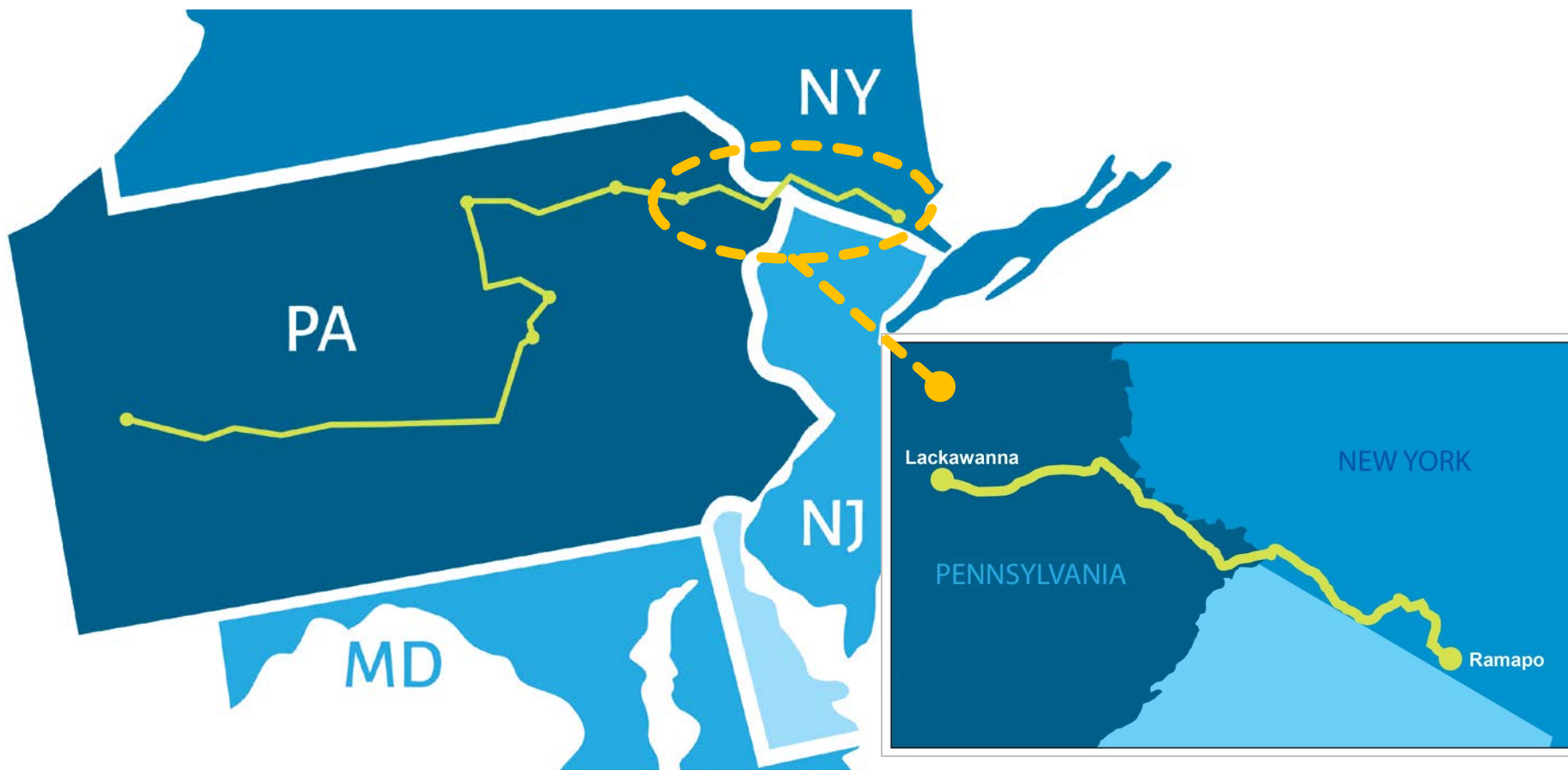
Project Compass Summary

Proposed First Segment:

- 95-mile initial segment from Blakely, PA to Ramapo, NY
 - PPL Electric filed interconnection request with NYISO on October 27th
 - Estimated cost of \$500 - \$600 million
 - Estimated in-service date in 2023
- Benefits as proposed include:
 - Substantial annual savings for NY customers
 - Economic development benefits
 - Grid reliability

Full Project Current Plan: 475-mile transmission line from Western PA to Southeastern NY at an estimated cost of \$3 – \$4 billion.

Project Compass



Kentucky Environmental Controls



Control Device			Low Nox Burners	SCR/SNCR	Scrubbers	Closed Cycle Cooling Tower	Dry Handling/ Disposal/ Beneficial Use	Baghouses
Addresses		Mw of Capacity	NO _x	NO _x	SO ₂	Water Intake	Coal Combustion Residuals (CCRs)	Particulates and Hg (with PAC injection)
Trimble County	Unit 1	383 ⁽²⁾	✓	✓	✓	✓	(1)	✓
	Unit 2	549 ⁽²⁾	✓	✓	✓	✓	(1)	✓
Ghent	Unit 1	474	✓	✓	✓	✓	✓	✓
	Unit 2	495	✓	✓	✓	✓	✓	✓
	Unit 3	485	✓	✓	✓	✓	✓	✓
	Unit 4	465	✓	✓	✓	✓	✓	✓
Brown	Unit 1	106	✓	(4)	✓	✓	(1)	(4)
	Unit 2	166	✓	(4)	✓	✓	(1)	(4)
	Unit 3	410	✓	✓	✓	✓	(1)	✓
Mill Creek	Unit 1	300	✓	(4)	✓	(4)	✓	✓
	Unit 2	297	✓	(4)	✓	✓	✓	✓
	Unit 3	391	✓	✓	✓	✓	✓	(3)
	Unit 4	477	✓	✓	✓	✓	✓	✓

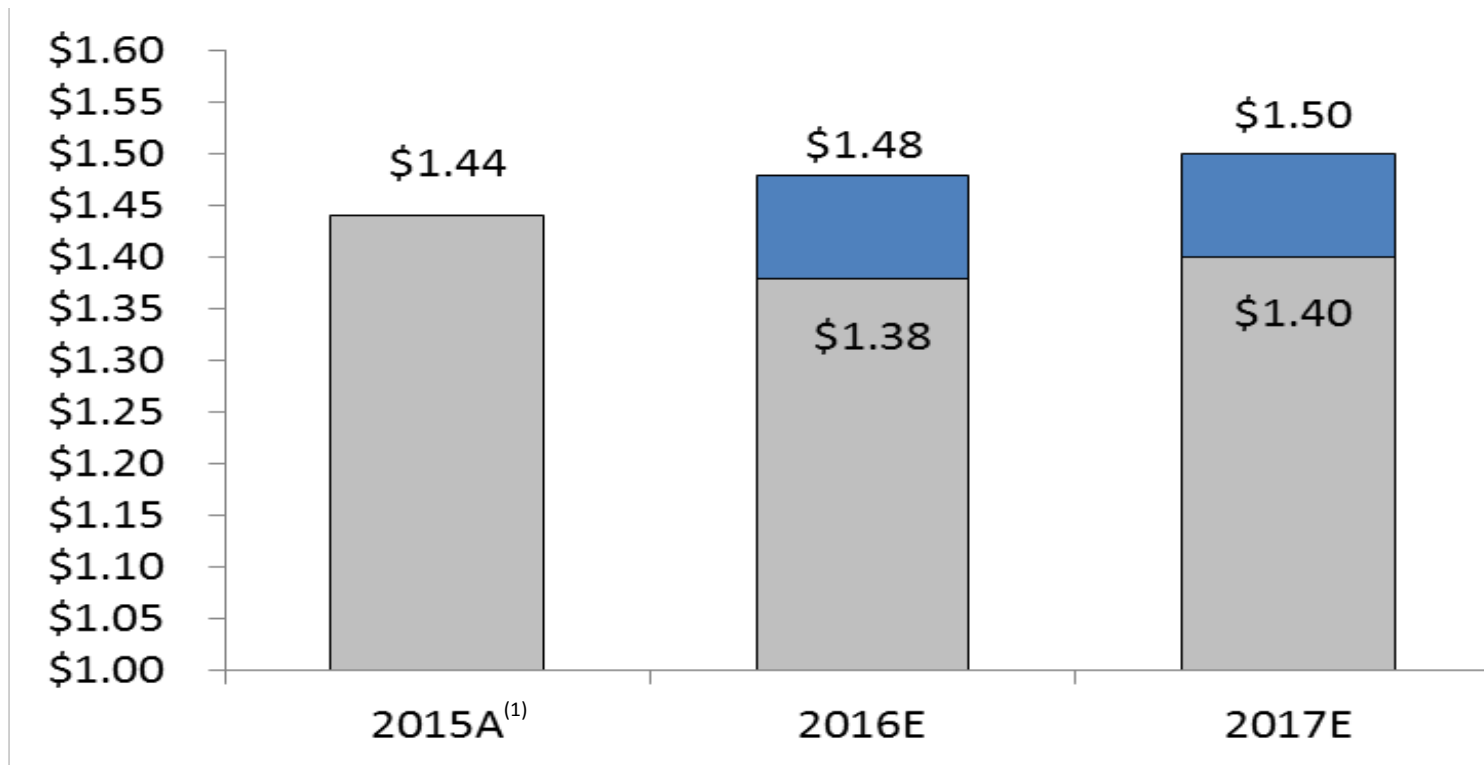
✓ = Installed

- (1) Dry handling disposal construction approved by KPSC and permitting or construction underway at Trimble and Brown. Portions of Ghent systems are operational at this time as other construction activity continues.
- (2) Ratings represent LKE's 75% ownership of Trimble Units 1&2.
- (3) Mill Creek 3's commissioning scheduled to start in June 2016.
- (4) Standards are station- and/or company-based. KU and LG&E Systems are already in compliance.

U.K. Regulated Segment EPS Projection



(\$ Per Share)



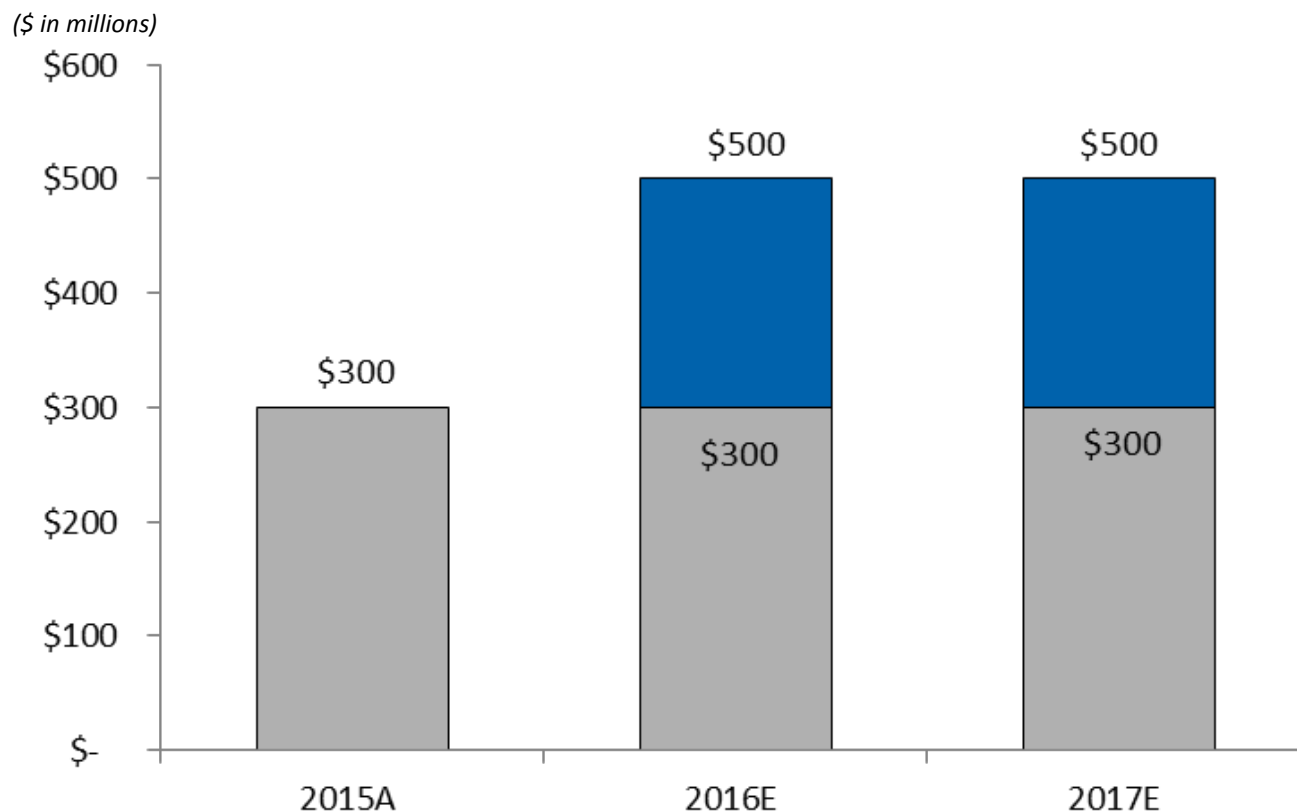
Note: Assumes foreign currency exchange rate of \$1.60/£ for 2016E and 2017E on open positions.

(1) 2015 represents earnings from ongoing operations. See Appendix for the reconciliation of reported earnings (loss) to earnings from ongoing operations.

U.K. Regulated Segment Cash Repatriation



Flexible strategy for meaningful U.K. cash repatriation.



Note: Assumes foreign currency exchange rate of \$1.60/£ for 2016E and 2017E.

Funding the Growth



**Strong domestic operating cash flows plus the U.K. dividend sufficient to fund the PPL dividend.
Domestic debt and equity issuances fund domestic utility growth.**

	2014A ⁽¹⁾	2015A ⁽²⁾	2016E
Domestic Cash from Operations	\$2,145	\$1,546	\$1,615
Domestic Maintenance Capex ⁽³⁾	(900)	(640)	(707)
Dividend From UK Regulated	263	319	400
Cash Available for Distribution	\$1,508	\$1,225	\$1,308
Common Dividend	(967)	(1,004)	(1,025)
Cash Available for Reinvestment	\$541	\$221	\$283
 Domestic Growth Capex	 (\$1,816)	 (\$1,650)	 (\$1,407)
 Debt Maturities	 (\$546)	 (\$1,000)	 \$0
Debt Issuances and Change in Cash ⁽⁴⁾	(71)	2,139	1,076
Equity Issuances	1,063	175	80
Other Investing & Financing Activities	829 ⁽⁵⁾	115	(32)
Additional Funding Sources for Domestic Growth Capex	\$1,275	\$1,429	\$1,124

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

(1) Includes results of PPL Energy Supply, LLC.

(2) Actuals for 2015 do not include activity related to PPL Energy Supply, LLC for any portion of the year, except a planned \$191 million dividend.

(3) Represents book depreciation.

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

(5) Includes approximately \$900 million of proceeds from sale of the Montana hydros.

Debt Maturities



(\$ in millions)	2016	2017	2018	2019	2020
PPL Capital Funding	\$0	\$0	\$250	\$0	\$0
PPL Electric Utilities ⁽¹⁾	0	224	0	0	100
LG&E and KU Energy	0	0	0	0	475
Louisville Gas & Electric ⁽²⁾	25	194	98	40	0
Kentucky Utilities	0	0	0	0	500
WPD	460	100	0	0	209
Total	\$485	\$518	\$348	\$40	\$1,284

Note: As of March 31, 2016.

(1) PPL Electric Utilities has municipal bonds that may be put by the holders before the bonds' final maturities. These amounts reflect the timing of any put option in 2017.

(2) Louisville Gas & Electric has several municipal bonds that may be put by the holders before the bonds' final maturities. These amounts reflect the timing of any put option in 2016 through 2019.

Liquidity Profile



Strong liquidity position to fund current operations and growth.

Entity	Facility	Expiration Date	Capacity (Millions)	Letters of Credit & Commercial Paper Issued (Millions)	Borrowed (Millions)	Unused Capacity (Millions)
PPL Capital Funding	Syndicated Credit Facility	Nov-2018	\$300	\$73	\$0	\$227
	Syndicated Credit Facility	Jan-2021	700	700	0	0
	Bilateral Credit Facility	Mar-2017 ⁽¹⁾	150	17	0	133
			\$1,150	\$790	\$0	\$360
PPL Electric Utilities	Syndicated Credit Facility	Jan-2021	\$400	\$126	\$0	\$274
LG&E and KU Energy (LKE)	Syndicated Credit Facility	Oct-2018	\$75	\$0	\$0	\$75
Louisville Gas & Electric	Syndicated Credit Facility	Dec-2020	\$500	\$82	\$0	\$418
Kentucky Utilities	Syndicated Credit Facility	Dec-2020	\$400	\$34	\$0	\$366
	Letter of Credit Facility	Oct-2017	198	198	0	0
			\$598	\$232	\$0	\$366
WPD	WPD plc Syndicated Credit Facility	Jan-2021	£210	£0	£138	£72
	WPD (South West) Syndicated Credit Facility	Jul-2020	245	0	0	245
	WPD (East Midlands) Syndicated Credit Facility	Jul-2020	300	0	37	263
	WPD (West Midlands) Syndicated Credit Facility	Jul-2020	300	0	0	300
	Uncommitted Credit Facilities		40	4	0	36
			£1,095	£4	£175	£916

Note: As of March 31, 2016.

(1) In March 2016, PPL amended and extended the credit facility agreement to March 2017.

Strong Credit Ratings



Strong credit profile at our utilities, holding companies and PPL Corporation.

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	NR	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

Reconciliation of Segment Reported Earnings (Loss) to Earnings from Ongoing Operations



After-Tax (Unaudited)
(millions of dollars)

Reported Earnings (Loss)

Less: Special Items (expense) benefit:

Foreign currency-related economic hedges

Spinoff of the Supply segment

Total Special Items

Earnings from Ongoing Operations

Year-to-Date March 31, 2016				
U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total Corp.
\$ 289	\$ 112	\$ 94	\$ (14)	\$ 481
	24			24
			(1)	(1)
24			(1)	23
<u>\$ 265</u>	<u>\$ 112</u>	<u>\$ 94</u>	<u>\$ (13)</u>	<u>\$ 458</u>

After-Tax (Unaudited)
(per share - diluted)

Reported Earnings (Loss)

Less: Special Items (expense) benefit:

Foreign currency-related economic hedges

Total Special Items

Earnings from Ongoing Operations

Year-to-Date March 31, 2016				
U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total Corp.
\$ 0.43	\$ 0.16	\$ 0.14	\$ (0.02)	\$ 0.71
	0.04			0.04
0.04				0.04
<u>\$ 0.39</u>	<u>\$ 0.16</u>	<u>\$ 0.14</u>	<u>\$ (0.02)</u>	<u>\$ 0.67</u>

Reconciliation of Segment Reported Earnings (Loss) to Earnings from Ongoing Operations



After-Tax (Unaudited) (millions of dollars)	Year-to-Date March 31, 2015					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops.	Total Corp.
Reported Earnings (Loss)	\$ 375	\$ 109	\$ 87	\$ (19)	\$ 95	\$ 647
Less: Special Items (expense) benefit:						
Foreign currency-related economic hedges	37					37
Spinoff of the Supply segment:						
Discontinued operations					95	95
Employee transitional services				(2)		(2)
Transition and transaction costs				(3)		(3)
Separation benefits				(1)		(1)
WPD Midlands acquisition-related adjustment	2					2
Total Special Items	<u>39</u>			<u>(6)</u>	<u>95</u>	<u>128</u>
Earnings from Ongoing Operations	<u>\$ 336</u>	<u>\$ 109</u>	<u>\$ 87</u>	<u>\$ (13)</u>	<u>\$</u>	<u>\$ 519</u>

After-Tax (Unaudited) (per share - diluted)	Year-to-Date March 31, 2015					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops.	Total Corp.
Reported Earnings (Loss)	\$ 0.56	\$ 0.16	\$ 0.13	\$ (0.03)	\$ 0.14	\$ 0.96
Less: Special Items (expense) benefit:						
Foreign currency-related economic hedges	0.06					0.06
Spinoff of the Supply segment:						
Supply segment earnings					0.14	0.14
Transition and transaction costs				(0.01)		(0.01)
Total Special Items	<u>0.06</u>			<u>(0.01)</u>	<u>0.14</u>	<u>0.19</u>
Earnings from Ongoing Operations	<u>\$ 0.50</u>	<u>\$ 0.16</u>	<u>\$ 0.13</u>	<u>\$ (0.02)</u>	<u>\$</u>	<u>\$ 0.77</u>

Reconciliation of Segment Reported Earnings (Loss) to Earnings from Ongoing Operations



After-Tax (Unaudited)
Year-to-Date December 31, 2015

Reported Earnings (Loss)

Less: Special Items (expense) benefit:

Foreign currency-related economic hedges

Spinoff of the Supply segment:

Discontinued operations

Transition and transaction costs

Employee transitional services

Other:

Change in U.K. tax rate

Settlement of certain income tax positions

Certain valuation allowances

LKE acquisition-related adjustment

Total Special Items

Earnings from Ongoing Operations

(per share - diluted)					
U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops. ⁽¹⁾	Total Corp.
\$ 1.66	\$ 0.48	\$ 0.37	\$ (0.14)	\$ (1.36)	\$ 1.01
	0.08				0.08
				(1.36)	(1.36)
			(0.02)		(0.02)
			(0.01)		(0.01)
	0.11				0.11
	0.03				0.03
		(0.02)			(0.02)
		(0.01)			(0.01)
	0.22	(0.03)	(0.03)	(1.36)	(1.20)
\$ 1.44	\$ 0.51	\$ 0.37	\$ (0.11)		\$ 2.21

(1) Includes an \$879 million charge reflecting the difference between PPL's recorded value for the Supply segment and the estimated fair value determined in accordance with applicable accounting rules under GAAP.

Reconciliation of Segment Reported Earnings (Loss) to Earnings from Ongoing Operations (Adjusted)



After-Tax (Unaudited) Year-to-Date December 31, 2014	(per share - diluted) ⁽¹⁾					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other ⁽²⁾	Disc. Ops. ⁽²⁾	Total Corp.
Reported Earnings (Loss)	\$ 1.48	\$ 0.47	\$ 0.39	\$ (0.18)	\$ 0.45	\$ 2.61
Less: Special Items (expense) benefit:						
Foreign currency-related economic hedges	0.19					0.19
Spinoff of the Supply segment:						
Supply segment earnings					0.46	0.46
Discontinued operations adjustments				(0.01)	0.01	
Change in tax valuation allowances				(0.07)		(0.07)
Transition and transaction costs					(0.02)	(0.02)
Separation benefits				(0.02)		(0.02)
Other:						
Change in WPD line loss accrual	(0.08)					(0.08)
Separation benefits			(0.01)			(0.01)
Total Special Items	<u>0.11</u>		<u>(0.01)</u>	<u>(0.10)</u>	<u>0.45</u>	<u>0.45</u>
Dissynergies-spinoff of Supply segment expense (benefit): ⁽³⁾						
Indirect operation and maintenance				0.07		0.07
Interest expense				0.05		0.05
Depreciation				0.01		0.01
Total dissynergies-spinoff of Supply segment				<u>0.13</u>		<u>0.13</u>
Earnings from Ongoing Operations (Adjusted)	<u>\$ 1.37</u>	<u>\$ 0.47</u>	<u>\$ 0.40</u>	<u>\$ (0.21)</u>	<u>\$</u>	<u>\$ 2.03</u>

(1) The "If-Converted Method" has been applied to PPL's 2011 Equity Units, resulting in \$9 million of interest charges (after-tax) being added back to earnings and approximately 11 million shares of PPL Common Stock being treated as outstanding. Both adjustments are only for purposes of calculating diluted earnings per share.

(2) Certain amounts have been reclassified to reflect the Supply segment as a discontinued operation.

(3) Represents 2014 costs allocated to the Supply segment that remained with PPL after the spinoff of the Supply segment.

Reconciliation of PPL's Forecast of Reported Earnings (Loss) to Earnings from Ongoing Operations



After-Tax (Unaudited)

Reported Earnings (Loss)

Less: Special Items (expense) benefit:

Foreign currency-related economic hedges

Total Special Items

Earnings from Ongoing Operations

Forecast (per share - diluted)						
2016 Midpoint						
U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	High 2016	Low 2016
\$ 1.47	\$ 0.57	\$ 0.47	\$ (0.12)	\$ 2.39	\$ 2.49	\$ 2.29
0.04				0.04	0.04	0.04
0.04				0.04	0.04	0.04
<u>\$ 1.43</u>	<u>\$ 0.57</u>	<u>\$ 0.47</u>	<u>\$ (0.12)</u>	<u>\$ 2.35</u>	<u>\$ 2.45</u>	<u>\$ 2.25</u>

Gross Margins Summary



(Unaudited) (millions of dollars, except share data)	Three Months Ended March 31,			Per Share Diluted (after-tax)
	2016	2015	Change	
U.K. Gross Margins	<u>\$ 557</u>	<u>\$ 657</u>	\$ (100)	\$ (0.12)
Impact of changes in foreign currency exchange rates			<u>(31)</u>	<u>(0.04)</u>
Change in U.K. Gross Margins excluding impact of foreign currency exchange rates			<u>\$ (69)</u>	<u>\$ (0.08)</u>
 KY Gross Margins	 <u>\$ 525</u>	 <u>\$ 522</u>	 <u>\$ 3</u>	 <u>\$ -</u>
 PA Gross Delivery Margins				
Distribution	\$ 258	\$ 242	\$ 16	\$ 0.02
Transmission	<u>107</u>	<u>93</u>	<u>14</u>	<u>0.01</u>
Total	<u>\$ 365</u>	<u>\$ 335</u>	<u>\$ 30</u>	<u>\$ 0.03</u>

Reconciliation of First Quarter Margins to Operating Income



(Unaudited) (millions of dollars)	Three Months Ended March 31, 2016					Three Months Ended March 31, 2015				
	U.K. Gross Margins	Kentucky Gross Margins	PA Gross Delivery Margins	Other	Operating Income	U.K. Gross Margins	Kentucky Gross Margins	PA Gross Delivery Margins	Other	Operating Income
Operating Revenues	\$ 584	\$ 826	\$ 585	\$ 16	\$ 2,011	\$ 686	\$ 899	\$ 630	\$ 15	\$ 2,230
Operating Expenses										
Fuel		198		(1)	197		253			253
Energy purchases		66	167		233		92	227	10	329
Energy purchases from affiliate								9	(9)	
Other operation and maintenance	27	24	25	374	450	29	24	26	377	456
Depreciation		12		217	229		7		209	216
Taxes, other than income		1	28	50	79		1	33	52	86
Total Operating Expenses	27	301	220	640	1,188	29	377	295	639	1,340
Total	<u>\$ 557</u>	<u>\$ 525</u>	<u>\$ 365</u>	<u>\$ (624)</u>	<u>\$ 823</u>	<u>\$ 657</u>	<u>\$ 522</u>	<u>\$ 335</u>	<u>\$ (624)</u>	<u>\$ 890</u>

Reconciliation of Domestic Cash Flows



Year Ended December 2015 (Millions of Dollars)								
	Domestic Cash from Operations	Cash Available for Distribution	Cash Available for Reinvestment	Domestic Growth Capex	Additional Funding Sources for Domestic Growth Capex	Reconciling Items		PPL Consolidated Statement of Cash Flows
						PPL Global, LLC	Other	
Net cash provided by operating activities - continuing operations	\$ 1,546 ⁽¹⁾					\$ 871	\$ (183) ⁽¹⁾	\$ 2,234
Net cash used in investing activities - continuing operations		\$ (640)		\$ (1,650)	\$ 115	(1,226)		(3,401)
Net cash provided by financing activities - continuing operations			\$ (1,004)		707	533	246 ⁽²⁾	482
Net cash distributions to parent from discontinued operations							132	132
Effect of exchange rates on cash and cash equivalents						(10)		(10)
Domestic (increase) decrease in cash and cash equivalents		319 ⁽³⁾			607 ⁽⁴⁾		(926)	
	\$ 1,546	→ 1,546						
		\$ 1,225	→ 1,225					
Total			\$ 221	\$ (1,650)	\$ 1,429	\$ 168	\$ (731)	\$ (563)

Year Ended December 2014 (Millions of Dollars)								
	Domestic Cash from Operations	Cash Available for Distribution	Cash Available for Reinvestment	Domestic Growth Capex	Additional Funding Sources for Domestic Growth Capex	Reconciling Items		PPL Consolidated Statement of Cash Flows
						PPL Global, LLC	Other	
Net cash provided by operating activities	\$ 2,145 ⁽⁵⁾					\$ 1,184	\$ 74 ⁽⁵⁾	\$ 3,403
Net cash used in investing activities		\$ (900)		\$ (1,816)	\$ 829	(1,442)		(3,329)
Net cash provided by financing activities			\$ (967)		1,451	(86)	185 ⁽²⁾	583
Effect of exchange rates on cash and cash equivalents						(8)		(8)
Domestic (increase) decrease in cash and cash equivalents		263 ⁽³⁾			(1,005) ⁽⁴⁾		742	
	\$ 2,145	→ 2,145						
		\$ 1,508	→ 1,508					
Total			\$ 541	\$ (1,816)	\$ 1,275	\$ (352)	\$ 1,001	\$ 649

Note: For 2016, 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.

- (1) Domestic Cash from Operations includes a \$191 million PPL Energy Supply, LLC dividend and realized gains of \$37 million on U.K. earnings hedges, partially offset by \$45 million of discontinued hedges associated with the spinoff of the Supply segment.
- (2) Primarily represents PPL Global, LLC items that eliminate in PPL's consolidation.
- (3) Represents dividend from U.K. Regulated and the realized impact of associated net investment hedges.
- (4) Represents domestic change in cash and cash equivalents, and excludes the adjustments to Domestic Cash from Operations referenced here.
- (5) Domestic Cash from Operations includes realized losses of \$74 million on U.K. earnings hedges.

Forward-Looking Information Statement



Statements contained in this presentation, including statements with respect to future earnings, cash flows, 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, including the ability of PPL Corporation to realize all or a significant portion of the anticipated cost savings from the corporate restructuring following the Supply business spinoff; the profitability and liquidity of PPL Corporation and its subsidiaries; new accounting requirements or new interpretations or applications of existing requirements; operating performance of our facilities; the length of scheduled and unscheduled outages at our generating plants; environmental conditions and requirements and the related costs of compliance; system conditions and operating costs; development of new projects, markets and technologies; performance of new ventures; asset or business acquisitions and dispositions; any impact of hurricanes or other severe weather on our business; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; capital market conditions and decisions regarding capital structure; the impact of state, federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation against PPL Corporation and its subsidiaries; stock price performance; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation or its subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; British pound sterling to U.S. dollar exchange rates; new state, federal or foreign legislation, including new tax legislation; and the commitments and liabilities of PPL Corporation and its subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with 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, and it should not be considered as an alternative to reported earnings, or net income, which is an indicator of operating performance determined in accordance with U.S. generally accepted accounting principles (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. PPL's management also uses earnings from ongoing operations in measuring certain corporate performance goals. Other companies may use different measures to present financial performance.

"Earnings from ongoing operations" is adjusted for the impact of special items. Special items include:

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

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



Definitions of Non-GAAP Financial Measures

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

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

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

"Pennsylvania Gross Delivery Margins" is a single financial performance measure of the electricity transmission and distribution delivery 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), and "Taxes, other than income," which is primarily gross receipts tax. This performance measure includes PLR energy purchases by PPL Electric from PPL EnergyPlus, which are reflected in "Energy purchases from affiliate" in the reconciliation tables. As a result of the June 2015 spinoff of PPL Energy Supply and the formation of Talen Energy, PPL EnergyPlus (renamed Talen Energy Marketing) is no longer an affiliate of PPL Electric. PPL Electric's purchases from Talen Energy Marketing subsequent to May 31, 2015 are reflected in "Energy Purchases" in the reconciliation tables. 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.