

PPL CORPORATION

Poised for growth.

Investing in our future.



1st Quarter Earnings Call • May 4th, 2017

Cautionary Statements and Factors That May Affect Future Results

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

Agenda

First Quarter Earnings Results, 2017 Earnings
Forecast and Operational Overview

Bill Spence

U.K. Incentive Revenue Update

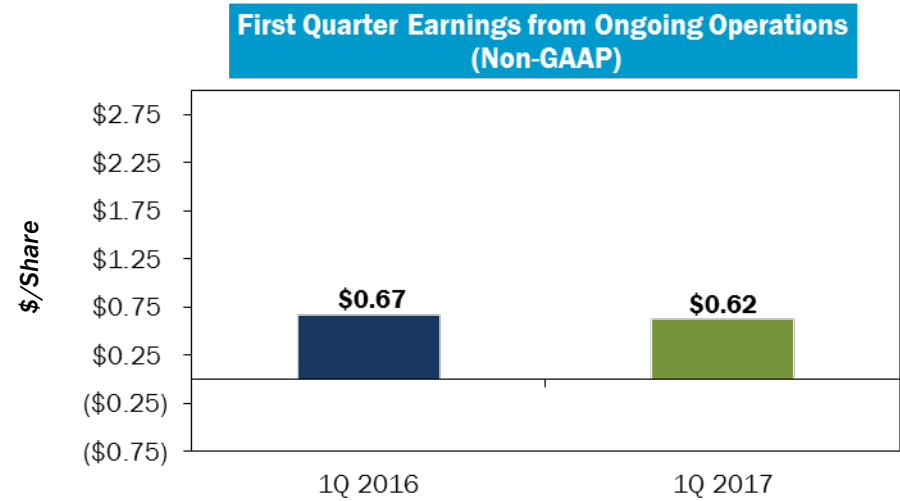
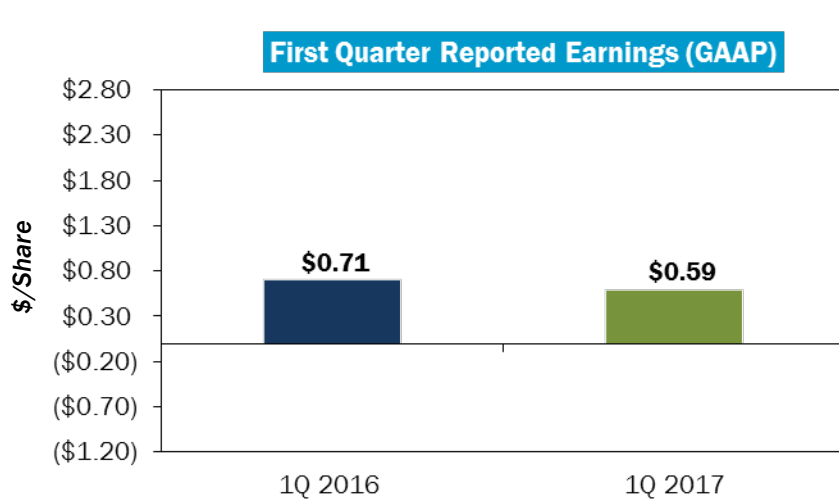
Robert Symons

Segment Results and Financial Overview

Vince Sorgi

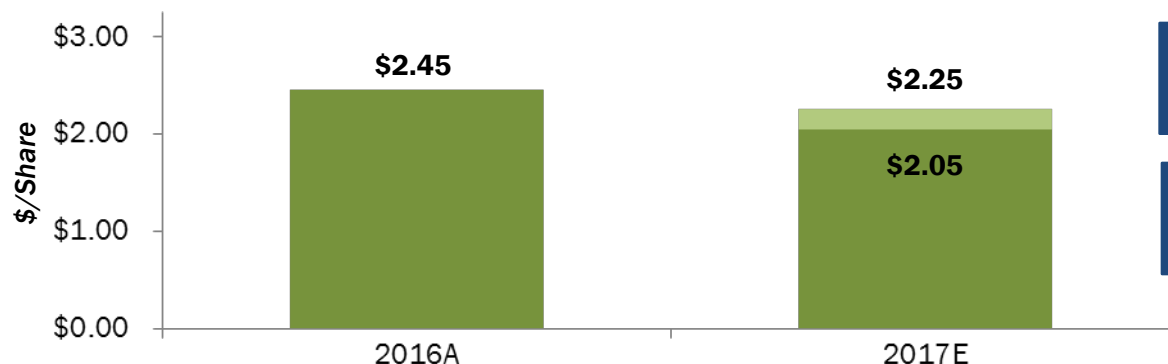
Q&A

Earnings Results



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

2017 Ongoing Earnings Forecast



5-6% Compound Annual EPS Growth from 2017 through 2020

Targeting annual dividend growth of about 4% in 2017 through 2020

Segment	2016A Earnings from Ongoing Operations	2017E Earnings from Ongoing Operations (Midpoint)
U.K. Regulated	\$1.49 ⁽¹⁾	\$1.18 ⁽¹⁾
Kentucky Regulated	0.58	0.58
Pennsylvania Regulated	0.50	0.50
Corporate and Other	(0.12)	(0.11)
Total	\$2.45	\$2.15

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

(1) Represents an average exchange rate of \$1.45/£ for 2016 earnings per share. Forecast for 2017 assumes an average exchange rate of \$1.20/£.

Operational Update

Kentucky

- Rate review update
 - Settlement agreement reached, subject to KPSC approval
 - Includes annual revenue increase of \$122 million, including adjustments relating to the timing of cost recovery, such as depreciation rates
 - Withdrew request for full deployment of smart meters, establishes collaborative to address issues raised
 - 9.75% ROE using the filed capital structure

Pennsylvania

- Labor Union Contract

U.K.

- Brexit status
- Strong performance against RIIO-ED1 incentive targets

U.K. Incentive Revenues

- Annual performance above or below the Ofgem targets for Customer Minutes Lost (CML), Customer Interruptions (CI), the Broad Measure of Customer Satisfaction Survey and Time to Connect is rewarded or penalized on a 2-year lag
- WPD's performance for the regulatory year ending March 31, 2017 is estimated to result in \$95 million of incentive revenues, slightly better than our prior guidance
- Once again, customers have ranked WPD the top four Distribution Network Operators in customer satisfaction
- On a calendar year basis, WPD projects incentive revenues as follows at \$1.30/£:

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Current Estimate	\$95M - \$105M	\$95M - \$115M	\$95M - \$115M

U.K. Incentive Revenue Performance

In the 2016/17 regulatory year, WPD's strong performance will result in earning ~82% of the maximum potential reward.

	Performance for Max. Reward	Actual Performance	Max. Payout Reward	Earned Reward
<i>\$ millions</i>				
Customer Minutes Loss				
South Wales	17.3	25.7	\$10	\$6
South West	26.4	39.7	14	\$4
East Midlands	24.7	22.0	20	\$20
West Midlands	37.6	32.0	21	\$21
Total			\$65	\$51
Customer Interruptions				
South Wales	38.9	41.6	\$4	\$3
South West	43.2	52.5	5	\$2
East Midlands	39.0	44.9	7	\$7
West Midlands	73.0	59.0	8	\$8
Total			\$24	\$20
Broad Measure of Customer Service				
South Wales			\$4	\$4
South West			6	\$5
East Midlands			8	\$8
West Midlands			8	\$7
Total			\$27	\$24
Total 2016/17 U.K. Incentive Revenue			\$116	\$95

Note: Based on assumed exchange rate of \$1.30/£ in 2018/19 prices.

Subject to Ofgem audit in November 2017.

While there are separate CML and CI performance targets, performance is combined when determining the total earned reward.

Does not include the Time to Connect incentive which is estimated to be approximately \$6 million.

Summary Financial Highlights



Ongoing Earnings Overview

	Q1 2017	Q1 2016	Change
Pennsylvania Regulated	\$0.12	\$0.14	\$(0.02)
Kentucky Regulated	0.14	0.16	(0.02)
U.K. Regulated	0.45	0.39	0.06
Corporate and Other	(0.09)	(0.02)	(0.07)
Total	<u>\$0.62</u>	<u>\$0.67</u>	<u>\$(0.05)</u>

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

Pennsylvania Regulated Segment Earnings Drivers

	First Quarter	
2016 EPS – Ongoing Earnings		\$0.14
Operation and maintenance	(0.01)	
Depreciation	(0.01)	
Total		<u>(0.02)</u>
2017 EPS – Ongoing Earnings		<u>\$0.12</u>

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

Kentucky Regulated Segment Earnings Drivers

	First Quarter
2016 EPS – Ongoing Earnings	\$0.16
Gross margins	(0.02)
Total	<u>(0.02)</u>
2017 EPS – Ongoing Earnings	<u>\$0.14</u>

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

U.K. Regulated Segment Earnings Drivers

First Quarter

2016 EPS – Ongoing Earnings		\$0.39
Gross margins	0.08	
Operation and maintenance	0.03	
Depreciation	(0.01)	
Income taxes and other	0.06	
Currency	(0.10)	
Total		<u>0.06</u>
2017 EPS – Ongoing Earnings		<u>\$0.45</u>

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

Foreign Currency Hedging Status

Based on current exchange rates the EPS growth rate would be at the high end of our 5-6% growth range with additional hedge value available to mitigate risk beyond 2020.

	Current Hedge Status			
GBP Foreign Currency	2017	2018	2019	2020
Percentage Hedged	100%	99%	99%	0%
Hedged Rate (GBP/USD) ⁽¹⁾	1.21	1.41	1.32	-

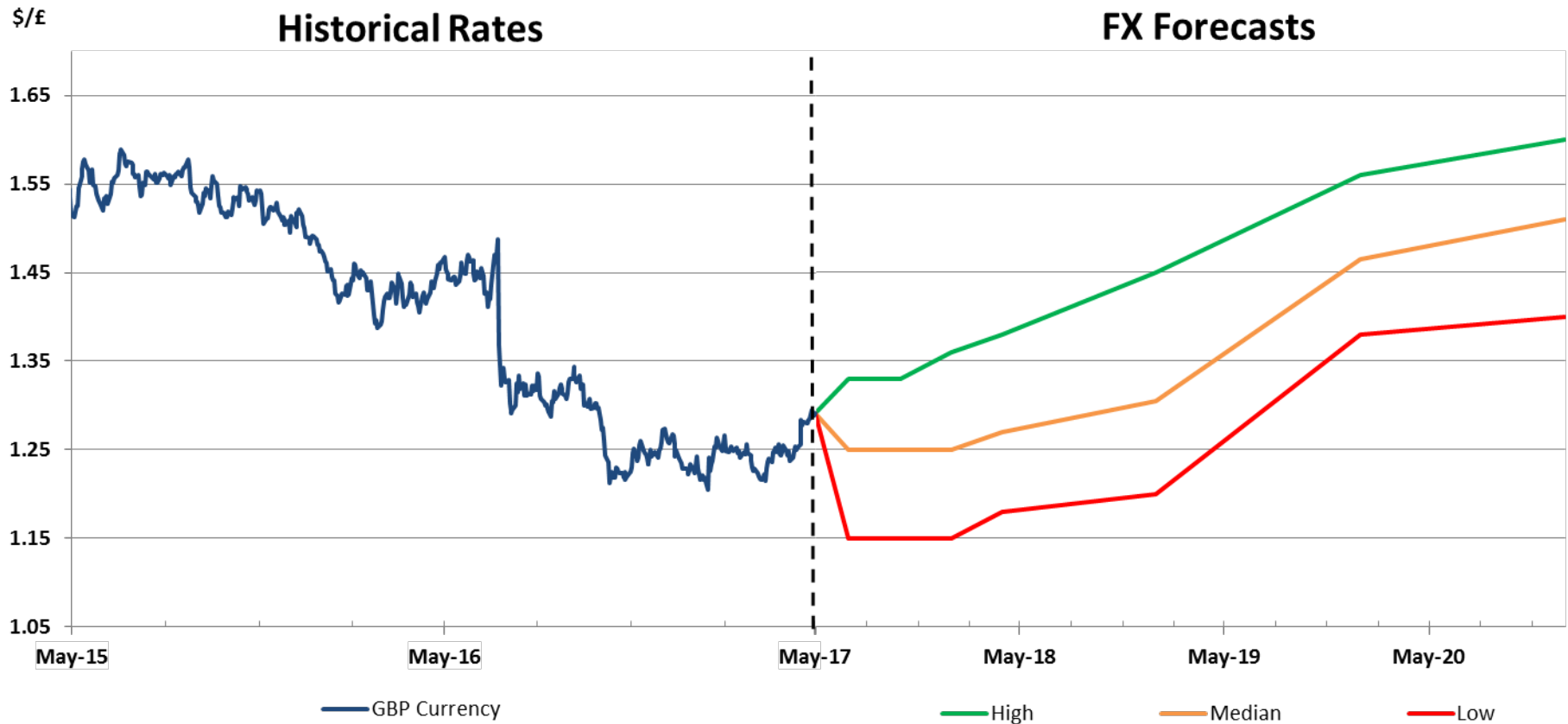
By leveraging the value above our budgeted rate of \$1.30/£ in 2018 and 2019, we have the ability to hedge 100% of 2020 earnings even if the rate falls as low as \$1.05/£ and achieve the low end of our 5-6% EPS growth range.

	Hedge Attainment			
Market Rate (GBP/USD)	2017	2018	2019	2020
1.05	100%	100%	100%	100%
0.98	100%	100%	100%	75%

Note: FX hedging status as of 04/20/2017.

(1) Budgeted rate on open positions of \$1.30/£ for all years.

Foreign Currency Forecasts



Note: FX forecasts sourced from Bloomberg as of 5/2/2017. Forecasts reflect views from up to 17 financial institutions and do not represent PPL's internal forecast. Not all institutions include forecasts for all periods.

RPI Update and Sensitivity

RPI forecasts continue to rise, with current forecasts above our planning assumptions.

RPI (Regulatory Year)	2016/17	2017/18	2018/19	2019/20
Budget RPI assumption	2.2%	3.4%	3.1%	3.0%
Current RPI actual/forecast ^{(1) (2)}	2.1%	3.7%	3.3%	3.2%
RPI (Calendar Year)	2017	2018	2019	
Budget RPI assumption	3.0%	3.2%	3.0%	
Current RPI actual/forecast ⁽²⁾	3.2%	3.4%	3.2%	
Increase in 2017/2018 RPI ⁽³⁾		EPS Sensitivity		
0.5%		\$0.00	\$0.00	\$0.01

(1) Represents the average RPI index for April 2016 - March 2017 (2016/17). Source: Office of National Statistics:

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

(2) Represents April 2017 forecast. Source: U.K. HM Treasury RPI forecast: <https://www.gov.uk/government/collections/data-forecasts>

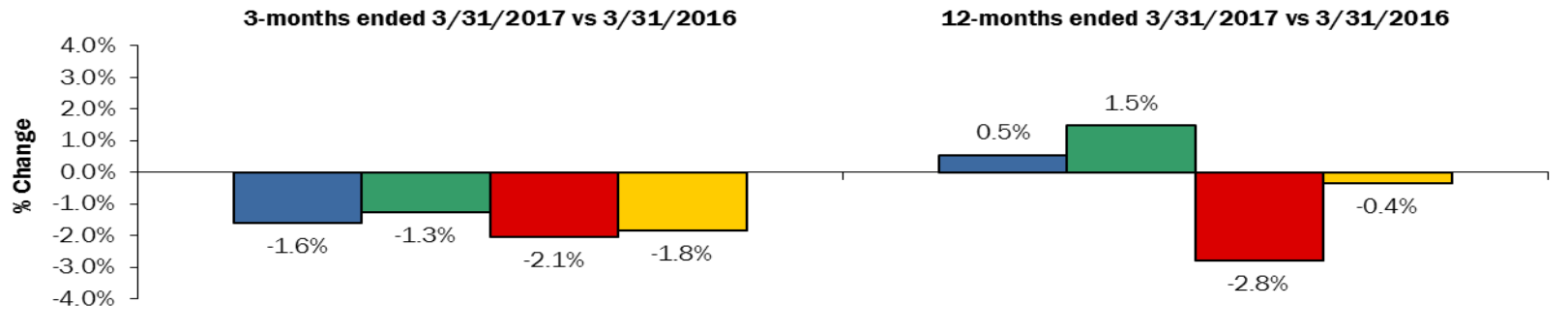
(3) Sensitivities include the net effect on revenue, O&M and interest expense on index-linked debt.

APPENDIX



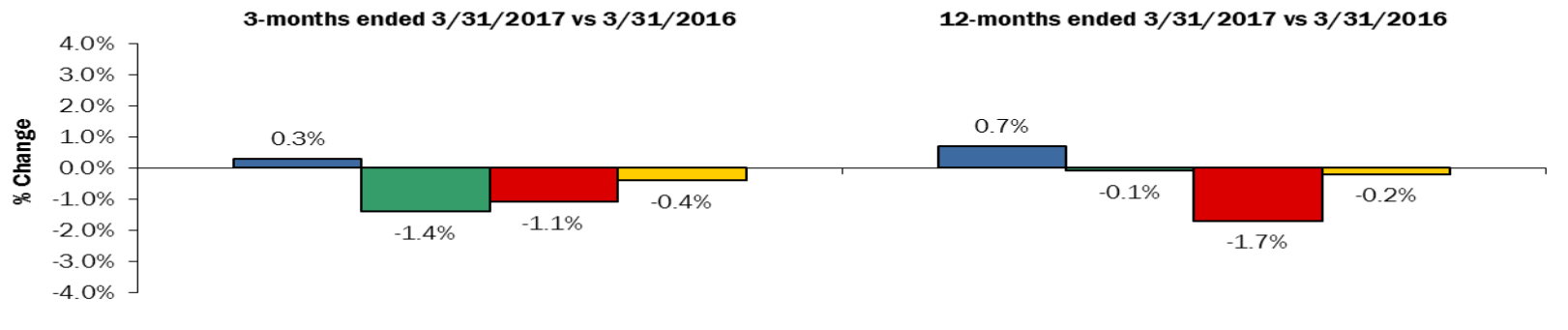
U.S. Regulated Volume Variances

KY Regulated Weather-Normalized Sales - Retail



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	-1.6%	-1.3%	-2.1%	-1.8%		0.5%	1.5%	-2.8%	-0.4%	
Actual	-11.5%	-2.3%	-2.3%	-5.9%		2.7%	1.8%	-2.5%	0.6%	

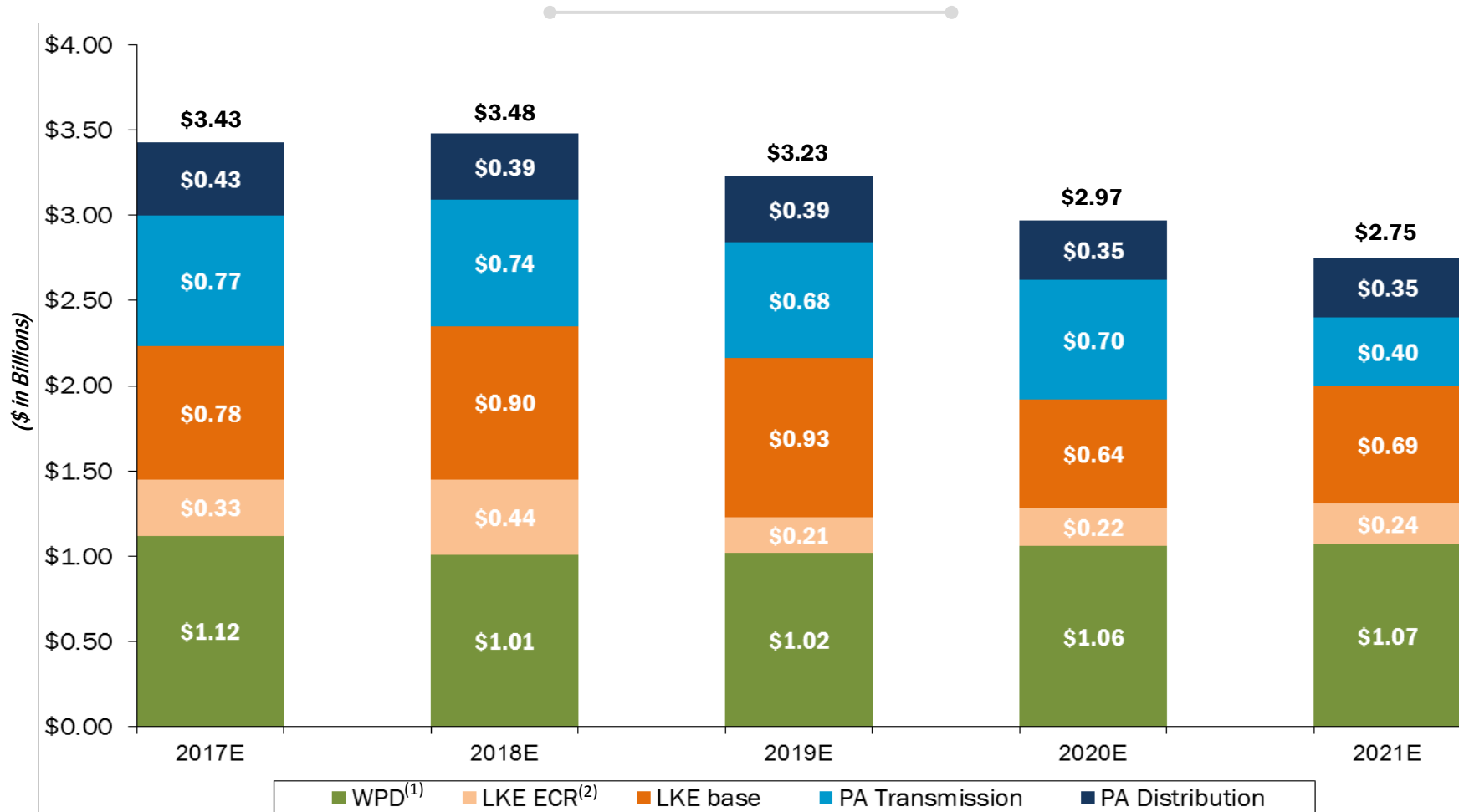
PA Regulated Weather-Normalized Sales - Retail



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	0.3%	-1.4%	-1.1%	-0.4%		0.7%	-0.1%	-1.7%	-0.2%	
Actual	-1.4%	-1.8%	-1.1%	-1.4%		4.3%	0.4%	-1.7%	1.4%	

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

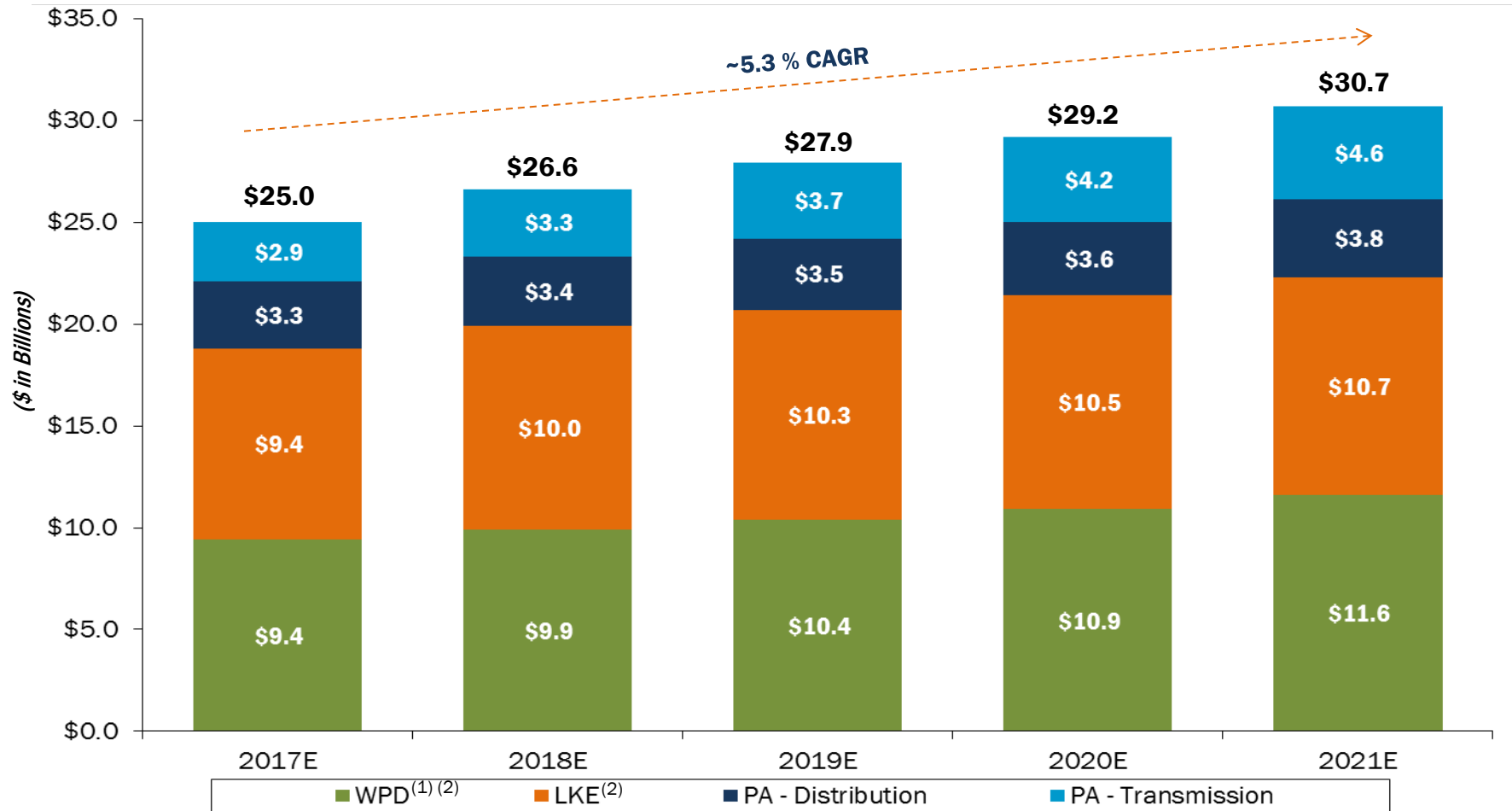
\$16 Billion in Capital Expenditures Planned



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

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

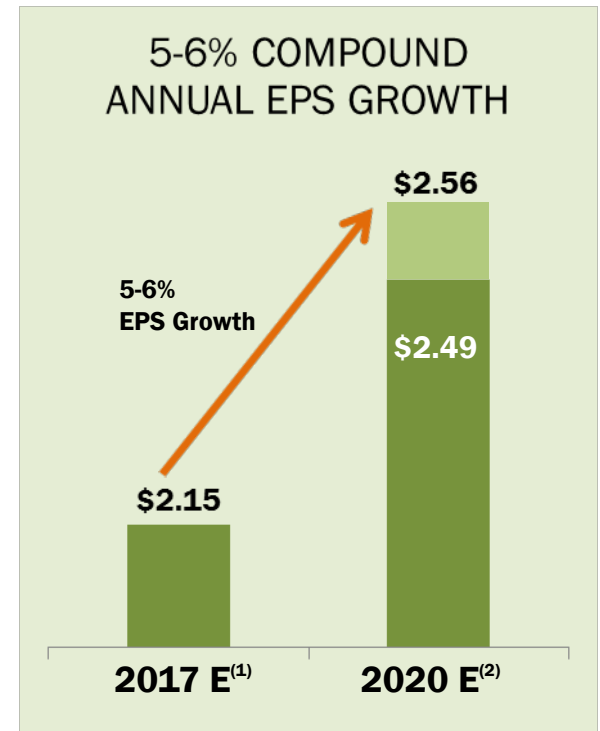
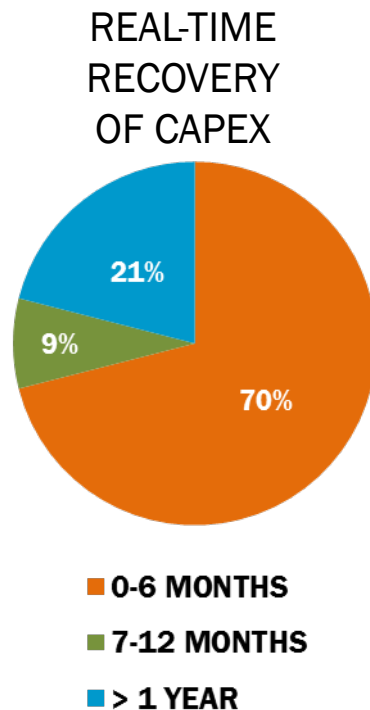
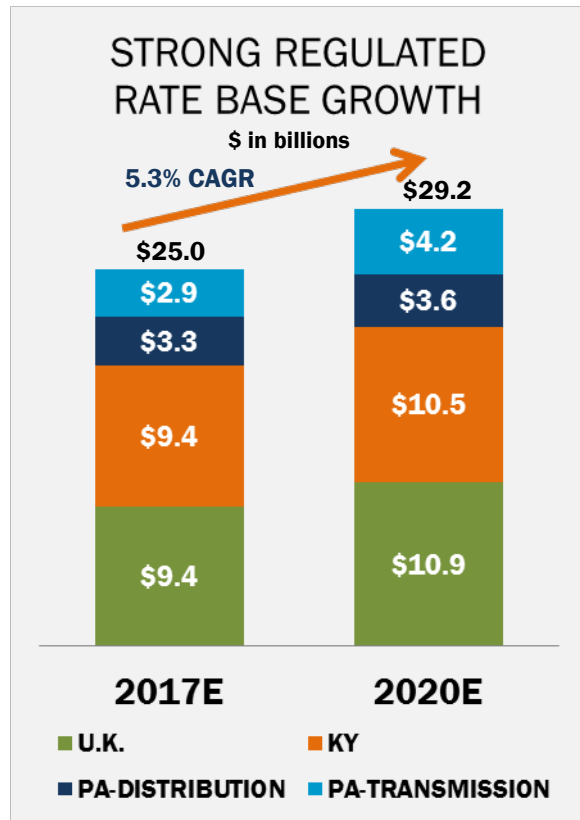
Strong Rate Base Growth Drives EPS Growth



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

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

Investment Opportunity and Timely Rate Recovery Drive EPS Growth



- (1) Based on midpoint of the 2017 earnings guidance range of \$2.05 - \$2.25 per share.
- (2) Does not represent earnings forecast or guidance for 2020.

Summary of Drivers to Achieve 5-6% EPS Growth 2017 through 2020

Key Earnings Growth Assumptions:

- Dividend secure with targeted growth of about 4% through 2020⁽¹⁾
- Equity issuances of approximately \$350 million annually

4 - 6% Domestic Utilities EPS Growth:

- Net income growth of 5 – 7%
- Domestic rate base CAGR of 5.3% from 2017 through 2020
- No load growth
- PA Transmission Cap Ex of \$2.1 billion at 11.68% base ROE; Project Compass not in the plan
- KY investment of \$3.3 billion at ~10% ROE

6 - 8% U.K. Regulated EPS Growth:

- Net income growth of 8 - 10%
- No volumetric risk
- \$1.30/£ foreign currency rate assumed for all unhedged positions
- Expected RAV CAGR of 5.1% from 2017 through 2020
- Average expected segment ROE's of 13 – 15%⁽²⁾
- Incentive revenue assumptions: 2017: \$85M; 2018: \$95M - \$105M; 2019-2020: \$95M - \$115M
- RPI (inflation rate) – 3.0% for 2017; 3.2% for 2018; and 3.0% for 2019-2020
- Annual repatriation of between \$100M - \$200M
- Effective tax rate of approximately 11% in 2017; ~17% thereafter

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

(2) Based on 2017-2020 Segment earnings projections. Capital structure adjusted to include debt of \$750 million that is allocated for Segment reporting purposes.

TRU and MOD Adjustments

Two new adjustments to annual allowed revenue introduced in RIIO-ED1:

- 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)	2017	2018
TRU	(\$27)	(\$18)
MOD	(\$8)	(\$40)
Total	(\$35)	(\$58)

Project Compass Summary

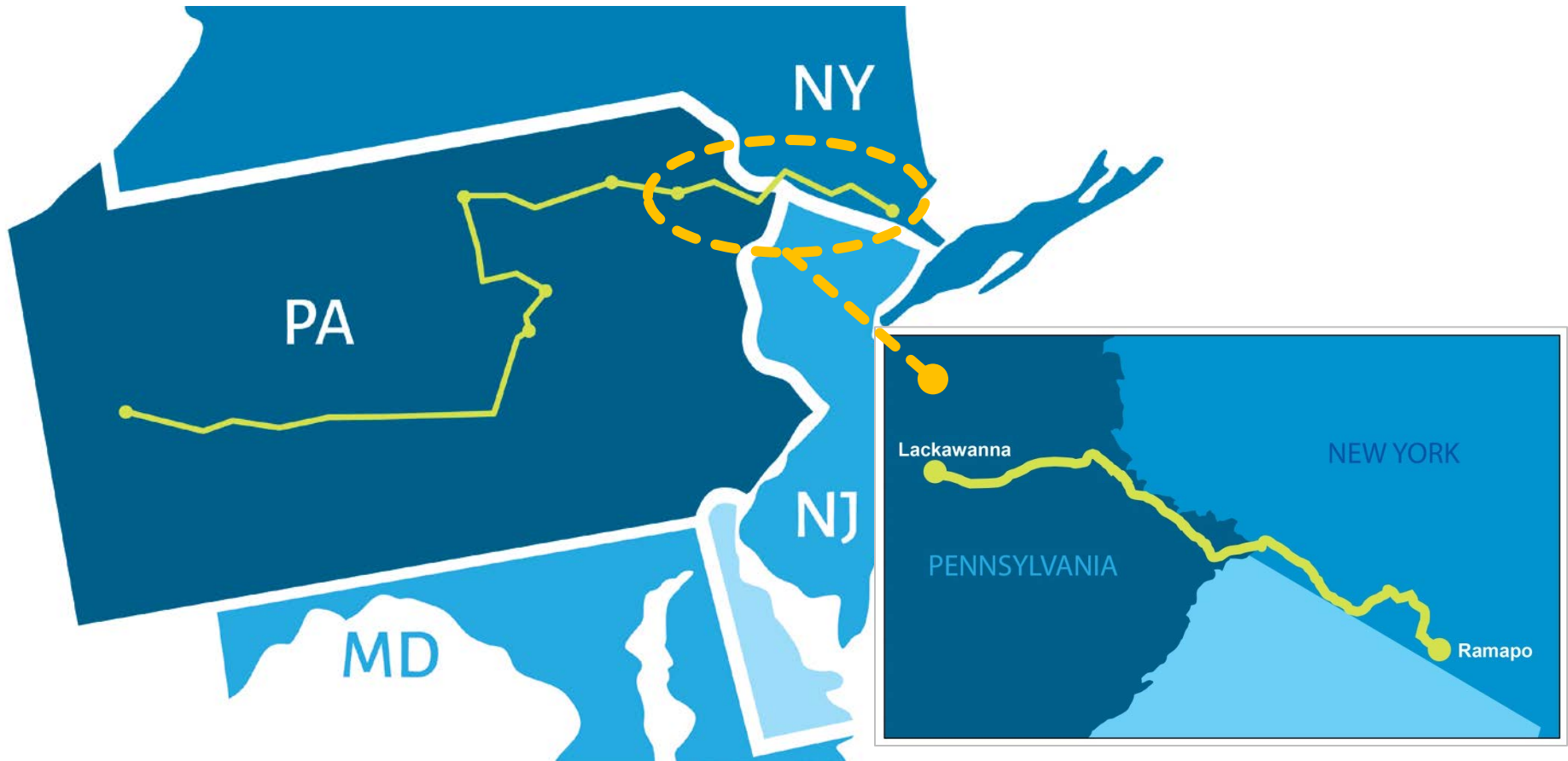
Proposed First Segment:

- 95-mile initial segment from Blakely, PA to Ramapo, NY
 - Interconnection request filed with NYISO in October 2015
 - Estimated cost of \$400 - \$500 million
 - Estimated in-service date in 2023
- Benefits as proposed include:
 - Substantial annual savings for NY customers
 - Economic development benefits
 - Grid reliability
 - Increased renewable market

Full Project Current Plan:

- 475-mile transmission line from Western PA to Southeastern NY
- 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	Bag-houses
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	370 ⁽²⁾	✓	✓	✓	✓	(1)	✓
	Unit 2	549 ⁽²⁾	✓	✓	✓	✓	(1)	✓
Ghent	Unit 1	474	✓	✓	✓	✓	✓ (4)	✓
	Unit 2	493	✓	(3)	✓	✓	✓ (4)	✓
	Unit 3	485	✓	✓	✓	✓	✓ (4)	✓
	Unit 4	465	✓	✓	✓	✓	✓ (4)	✓
Brown	Unit 1	106	✓	(3)	✓	✓	✓	(3)
	Unit 2	166	✓	(3)	✓	✓	✓	(3)
	Unit 3	409	✓	✓	✓	✓	✓	✓
Mill Creek	Unit 1	300	✓	(3)	✓	(5)	✓ (6)	✓
	Unit 2	297	✓	(3)	✓	✓	✓ (6)	✓
	Unit 3	391	✓	✓	✓	✓	✓ (6)	✓
	Unit 4	477	✓	✓	✓	✓	✓ (6)	✓

✓ = Installed

(1) CCR Dry Handling/Disposal construction is approved by KPSC at Trimble and Brown.

CCR Dry Handling is permitted, commenced construction, and operations at Trimble are expected late 2018.

Disposal permitting and construction are pending at Trimble.

(2) Ratings represent LKE's 75% ownership of Trimble Units 1 & 2.

(3) Standard(s) are based on station wide or company wide limit(s). LG&E and KU comply without Control Device.

(4) Portions of Ghent CCR systems are operational at this time; other CCR system construction activity continues.

(5) Performing required data gathering (2015-2016) to assess compliance options under the new standards. Scheduled to submit a plan to Kentucky Division of Water in 2017.

(6) Dry fly ash handling is in service. Bottom ash handling project to convert from wet sluice to dry handling is being developed.

Funding Growth

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

	2016A	2017E
Domestic Cash from Operations	\$1,761	\$1,765
Domestic Maintenance Capex ⁽¹⁾	(693)	(817)
Monetization of foreign currency hedges, pre-tax	310	-
Dividend From U.K. Regulated	354	125
Cash Available for Distribution	\$1,732	\$1,073
Common Dividend	(1,030)	(1,071)
Cash Available for Reinvestment	\$702	\$2
 Domestic Growth Capex	 (\$1,233)	 (\$1,456)
Debt Maturities	(\$470)	\$0
Debt Issuances and Change in Cash ⁽²⁾	907	1,158
Equity Issuances	120	330
Other Investing & Financing Activities	(26)	(34)
Additional Funding Sources for Domestic Growth Capex	\$531	\$1,454

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

(1) Represents book depreciation.

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

Debt Maturities

(\$ in Millions)	2017	2018	2019	2020	2021
PPL Capital Funding	\$0	\$250	\$0	\$0	\$0
PPL Electric Utilities ⁽¹⁾	224	0	0	100	400
LG&E and KU Energy	0	0	0	475	250
Louisville Gas & Electric ⁽¹⁾	194	98	40	0	0
Kentucky Utilities ⁽¹⁾	0	0	96	500	0
WPD	100	0	0	187	500
Total	\$518	\$348	\$136	\$1,262	\$1,150

Note: As of March 31, 2017.

(1) Amounts reflect the timing of any put option on municipal bonds that may be put by the holders before the bonds' final maturities.

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	\$0	\$0	\$300
	Syndicated Credit Facility	Jan-2022	950	189	0	761
	Bilateral Credit Facility	Mar-2018	150	17	0	133
			\$1,400	\$206	\$0	\$1,194
PPL Electric Utilities	Syndicated Credit Facility	Jan-2022	\$650	\$500	\$0	\$150
LG&E and KU Energy (LKE)	Syndicated Credit Facility	Oct-2018	\$75	\$0	\$0	\$75
Louisville Gas & Electric	Syndicated Credit Facility	Jan-2022	\$500	\$207	\$0	\$293
Kentucky Utilities	Syndicated Credit Facility	Jan-2022	\$400	\$36	\$0	\$364
	Letter of Credit Facility	Oct-2017	198	198	0	0
			\$598	\$234	\$0	\$364
WPD	WPD plc Syndicated Credit Facility	Jan-2022	£210	£0	£161	£49
	WPD (South West) Syndicated Credit Facility	Jul-2021	245	0	72	173
	WPD (East Midlands) Syndicated Credit Facility	Jul-2021	300	0	128	172
	WPD (West Midlands) Syndicated Credit Facility	Jul-2021	300	0	0	300
	WPD plc Term Facility	Dec-2017	230	0	230	0
	Uncommitted Credit Facilities		90	4	0	86
			£1,375	£4	£591	£780

Note: As of March 31, 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	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

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)

Reported Earnings

Less: Special Items (expense) benefit:

Foreign currency-related economic hedges, net of tax of \$12

Adjustment to investment, net of tax of \$0

Total Special Items

Earnings from Ongoing Operations

Year-to-Date March 31, 2017				
U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
\$ 286	\$ 95	\$ 79	\$ (57)	\$ 403
	(21)			(21)
	(1)			(1)
<u>(21)</u>	<u>(1)</u>			<u>(22)</u>
<u>\$ 307</u>	<u>\$ 96</u>	<u>\$ 79</u>	<u>\$ (57)</u>	<u>\$ 425</u>

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

Reported Earnings

Less: Special Items (expense) benefit:

Foreign currency-related economic hedges

Total Special Items

Earnings from Ongoing Operations

Year-to-Date March 31, 2017				
U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
\$ 0.42	\$ 0.14	\$ 0.12	\$ (0.09)	\$ 0.59
	(0.03)			(0.03)
	(0.03)			(0.03)
<u>\$ 0.45</u>	<u>\$ 0.14</u>	<u>\$ 0.12</u>	<u>\$ (0.09)</u>	<u>\$ 0.62</u>

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)

Reported Earnings

Less: Special Items (expense) benefit:

Foreign currency-related economic hedges, net of tax of (\$13)

Spinoff of the Supply segment, net of tax of \$1

Total Special Items

Earnings from Ongoing Operations

Year-to-Date March 31, 2016				
U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
\$ 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

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
\$ 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 to Earnings From Ongoing Operations

After-Tax (Unaudited) Year-to-Date December 31, 2016	(millions of dollars)					(per share - diluted)				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 1,246	\$ 398	\$ 338	\$ (80)	\$ 1,902	\$ 1.83	\$ 0.58	\$ 0.50	\$ (0.12)	\$ 2.79
Less: Special Items (expense) benefit:										
Foreign currency-related economic hedges, net of tax of \$4	(8)				(8)	(0.01)				(0.01)
Spinoff of the Supply segment, net of tax of \$2				(3)	(3)					
Other:										
Settlement of foreign currency contracts, net of tax of (\$108)	202				202	0.30				0.30
Change in U.K. tax rate	37				37	0.05				0.05
Total Special Items	<u>231</u>			<u>(3)</u>	<u>228</u>	<u>0.34</u>				<u>0.34</u>
Earnings from Ongoing Operations	<u>\$ 1,015</u>	<u>\$ 398</u>	<u>\$ 338</u>	<u>\$ (77)</u>	<u>\$ 1,674</u>	<u>\$ 1.49</u>	<u>\$ 0.58</u>	<u>\$ 0.50</u>	<u>\$ (0.12)</u>	<u>\$ 2.45</u>

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

After-Tax (Unaudited)	Forecast (per share - diluted)						
	2017 Midpoint						
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	High 2017	Low 2017
Reported Earnings	\$ 1.15	\$ 0.58	\$ 0.50	\$ (0.11)	\$ 2.12	\$ 2.22	\$ 2.02
Less: Special Items (expense) benefit:							
Foreign currency-related economic hedges	(0.03)				(0.03)	(0.03)	(0.03)
Total Special Items	(0.03)				(0.03)	(0.03)	(0.03)
Earnings from Ongoing Operations	<u>\$ 1.18</u>	<u>\$ 0.58</u>	<u>\$ 0.50</u>	<u>\$ (0.11)</u>	<u>\$ 2.15</u>	<u>\$ 2.25</u>	<u>\$ 2.05</u>

Gross Margins Summary

(Unaudited) (millions of dollars, except share data)	Three Months Ended March 31,			Per Share Diluted (after-tax)
	2017	2016	Change	
U.K. Gross Margins	\$ 536	\$ 557	\$ (21)	\$ (0.03)
Impact of changes in foreign currency exchange rates			(91)	(0.11)
U.K. Gross Margins excluding impact of foreign currency exchange rates			\$ 70	\$ 0.08
KY Gross Margins	\$ 507	\$ 525	\$ (18)	\$ (0.02)
PA Gross Margins				
Distribution	\$ 258	\$ 258	\$ -	\$ -
Transmission	108	107	1	-
Total PA Gross Margins	\$ 366	\$ 365	\$ 1	\$ -

Reconciliation of First Quarter Margins to Operating Income

(Unaudited) (millions of dollars)	Three Months Ended March 31, 2017					Three Months Ended March 31, 2016				
	U.K. Gross Margins	Kentucky Gross Margins	PA Gross Margins	Other	Operating Income	U.K. Gross Margins	Kentucky Gross Margins	PA Gross Margins	Other	Operating Income
Operating Revenues	\$ 559	\$ 809	\$ 573	\$ 10	\$ 1,951	\$ 584	\$ 826	\$ 585	\$ 16	\$ 2,011
Operating Expenses										
Fuel		191			191		198		(1)	197
Energy purchases		69	146		215		66	167		233
Other operation and maintenance	23	26	29	354	432	27	24	25	374	450
Depreciation		16	4	222	242		12		217	229
Taxes, other than income			28	47	75		1	28	50	79
Total Operating Expenses	23	302	207	623	1,155	27	301	220	640	1,188
Total	<u>\$ 536</u>	<u>\$ 507</u>	<u>\$ 366</u>	<u>\$ (613)</u>	<u>\$ 796</u>	<u>\$ 557</u>	<u>\$ 525</u>	<u>\$ 365</u>	<u>\$ (624)</u>	<u>\$ 823</u>

Reconciliation of Domestic Cash Flows



Year Ended December 2016
(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	Monetization FX Hedges ⁽¹⁾	Dividend From U.K. Regulated	Common Dividend	Other Investing	Domestic Change in Cash	Statement of Cash Flows	GAAP Amount	Description
Domestic Cash from Operations	1,761									
Domestic Maintenance Capex	(693)									
Monetization of FX hedges, pre-tax	310									
Dividend From U.K. Regulated	354									
Cash Available for Distribution	1,732									
Common Dividend	(1,030)									
Cash Available for Reinvestment	702	693	(202)	(354)	1,030			1,021	2,890	Net cash provided by operating activities - continuing operations
Domestic Growth Capex	(1,233)	(693)				24		(1,016)	(2,918)	Net cash used in investing activities - continuing operations
Debt Maturities	(470)									
Debt Issuances and Change in Cash	907									
Equity Issuances	120									
Other Investing & Financing Activities	(26)									
Additional Funding Sources for Domestic Growth Capex	531		202	354	(1,030)	(24)	(51)	(421)	(439)	Net cash used in financing activities - continuing operations
								(28)	(28)	Effect of exchange rates on cash and cash equivalents
							(51)	(444)	(495)	Net decrease in cash and cash equivalents

Note: For 2017, 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) Includes domestic tax of \$108 million associated with the monetization of foreign currency hedges.

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

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

"Pennsylvania Gross Margins" is a single financial performance measure of the electricity transmission and distribution operations of the Pennsylvania Regulated segment and PPL Electric. In calculating this measure, utility revenues and expenses associated with approved recovery mechanisms, including energy provided as a PLR, are offset with minimal impact on earnings. Costs associated with these mechanisms are recorded in "Energy purchases," "Other operation and maintenance," (which are primarily Act 129 and Universal Service program costs), "Depreciation" (which is primarily related to the Smart Meter program) and "Taxes, other than income," (which is primarily gross receipts tax) on the Statements of Income. This measure represents the net revenues from the Pennsylvania Regulated segment's and PPL Electric's electricity delivery operations.

These measures are not intended to replace "Operating Income," which is determined in accordance with GAAP, as an indicator of overall operating performance. Other companies may use different measures to analyze and report their results of operations. Management believes these measures provide additional useful criteria to make investment decisions. These performance measures are used, in conjunction with other information, by senior management and PPL's Board of Directors to manage operations and analyze actual results compared with budget.

Reconciliations of margins for future periods are not provided as certain items excluded from Operating Income are inherently subject to change and are not significant.