



1<sup>st</sup> Quarter Earnings Call

Energy forward.

Thursday, May 2, 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         | Vince Sorgi |
| III. Closing Remarks and Q&A | Bill Spence |

# Executive Review

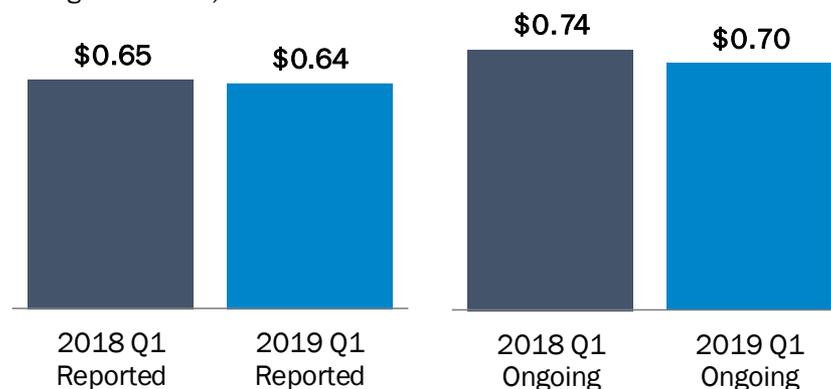


## Q1 Financial Highlights

- Delivered Q1 2019 ongoing earnings results of \$0.70 per share vs. \$0.74 per share in Q1 2018
- On track to achieve financial targets
  - ✓ Q1 results keep PPL on track to attain 2019 ongoing earnings guidance range of \$2.30 - \$2.50 per share
  - ✓ Reaffirmed 5-6% EPS growth rate through 2020 from midpoint of original 2018 earnings guidance of \$2.30 per share
  - ✓ Reaffirmed 2021 earnings forecast range of \$2.50 - \$2.80 per share

## Q1 Earnings Results

(Earnings Per Share)



## Regulatory/Operational Advancements

- **Kentucky Regulated Segment**
  - ✓ Rate case order consistent with expectations
  - ✓ Retired ~300MW of older coal-fired generation
  - ✓ Began construction on first 500kW Solar Share facility
- **U.K. Regulated Segment**
  - ✓ Responded to Ofgem on RIIO-2 Consultation for gas and electric transmission
  - ✓ Launched electric vehicle infrastructure strategy

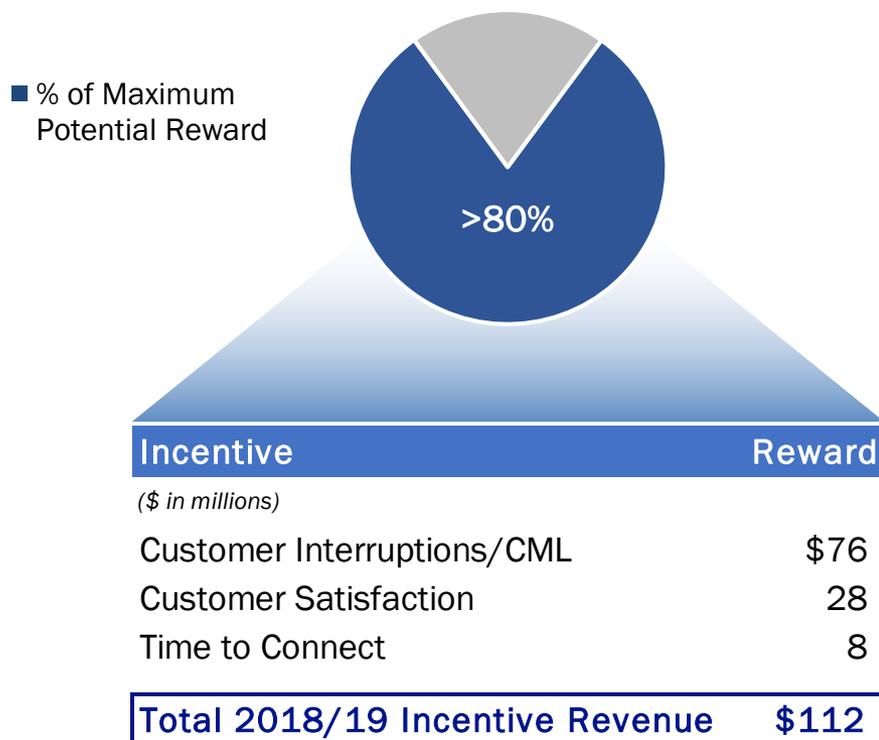
Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.

# U.K. Regulated Incentive Revenues



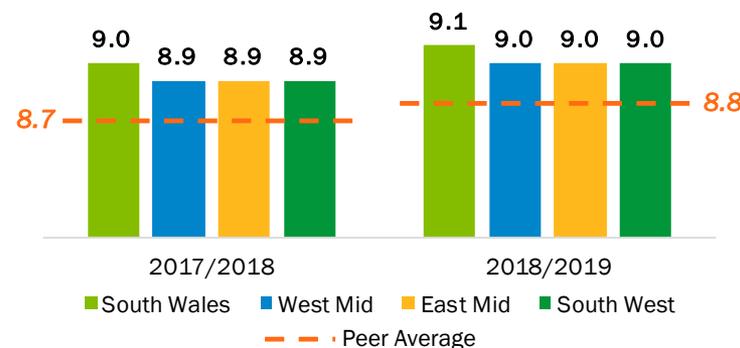
*WPD continues to demonstrate how premier network operators deliver value for customers and shareowners*

## 2018/19 Earned Incentive Revenue Summary<sup>(1)</sup>



## Excellent Customer Satisfaction Ratings

Customer Service Rating (10 point scale)

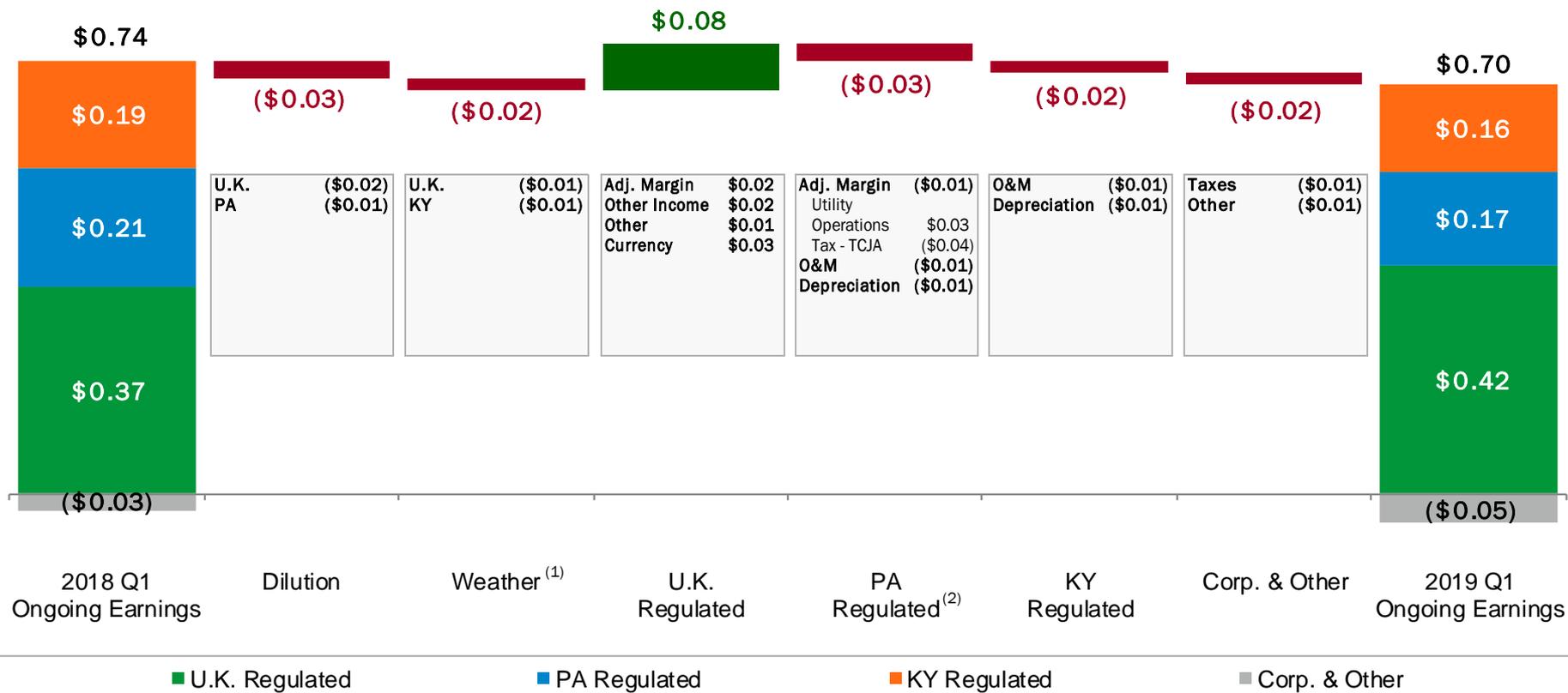


## Incentive Revenues<sup>(2)</sup>



- (1) Based on exchange rate of \$1.35/£. Rewards earned in 2018/19 are received in the 2020/21 regulatory year. Values are estimates and are expected to be finalized in the Ofgem annual report, which is expected to be released in Q4 2019.
- (2) Based on calendar year revenues on an exchange rate of \$1.35/£ in all years for comparability purposes. The annual incentives are reflected in customer rates on a two-year lag from the time they are earned.

# Q1 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.

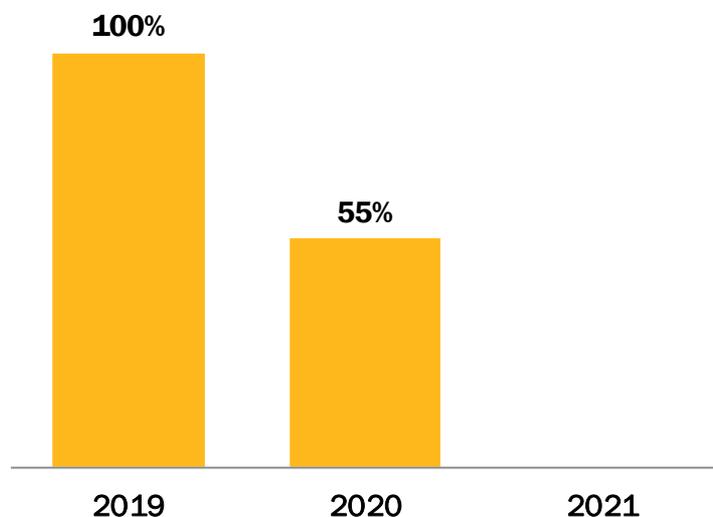
(2) PA Regulated's Q1 2019 variance reflects (\$0.04) related to reduced income taxes in rates as a result of U.S. Tax Reform.

# Foreign Currency Update

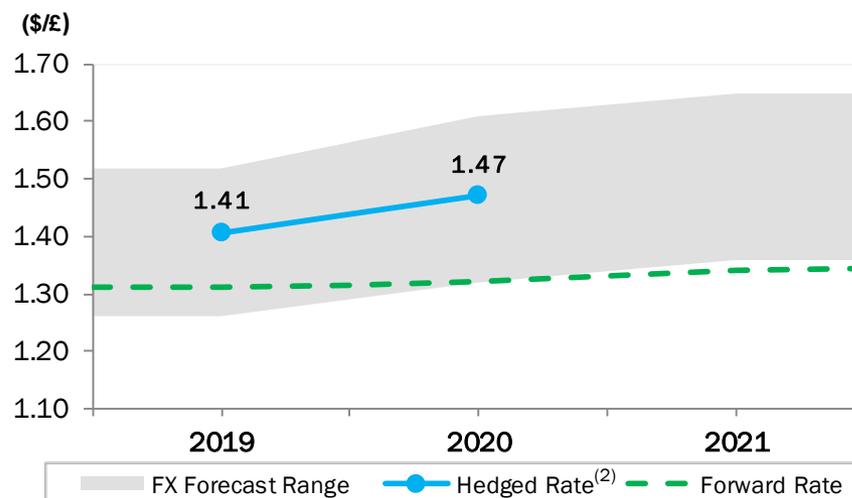


*PPL uses a disciplined approach to hedging foreign currency risk*

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



## Forward Foreign Currency Rates



Note: Forward FX rates sourced from Bloomberg as of April 29, 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.

(1) PPL's foreign currency hedge status as of April 29, 2019.

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



# Appendix



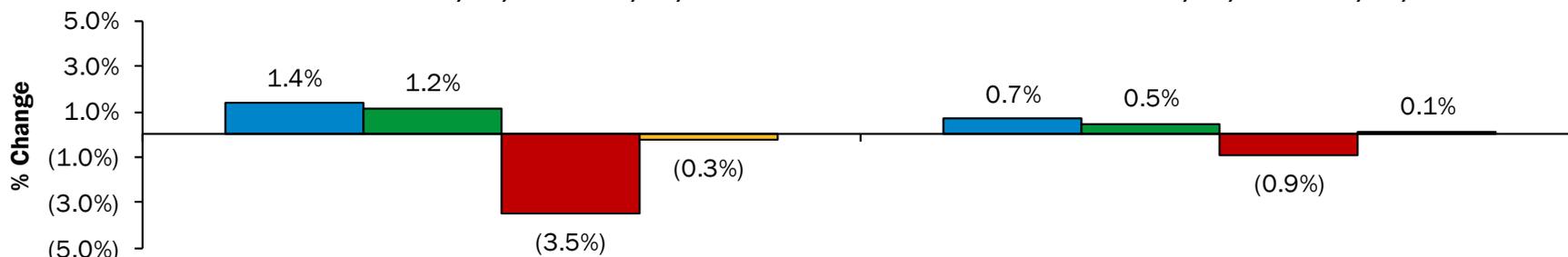
# U.S. Regulated Volume Variances



## Kentucky Regulated Weather-Normalized Retail Sales

3-months ended 3/31/2019 vs 3/31/2018

12-months ended 3/31/2019 vs 3/31/2018

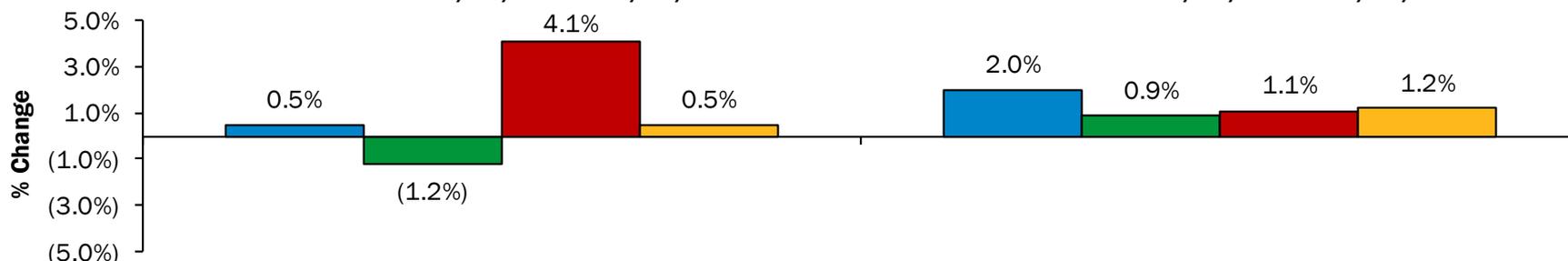


	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	1.4%	1.2%	(3.5%)	(0.3%)		0.7%	0.5%	(0.9%)	0.1%
Actual	(3.4%)	(0.1%)	(3.5%)	(2.5%)		4.4%	3.0%	(0.9%)	2.2%

## Pennsylvania Regulated Weather-Normalized Retail Sales

3-months ended 3/31/2019 vs 3/31/2018

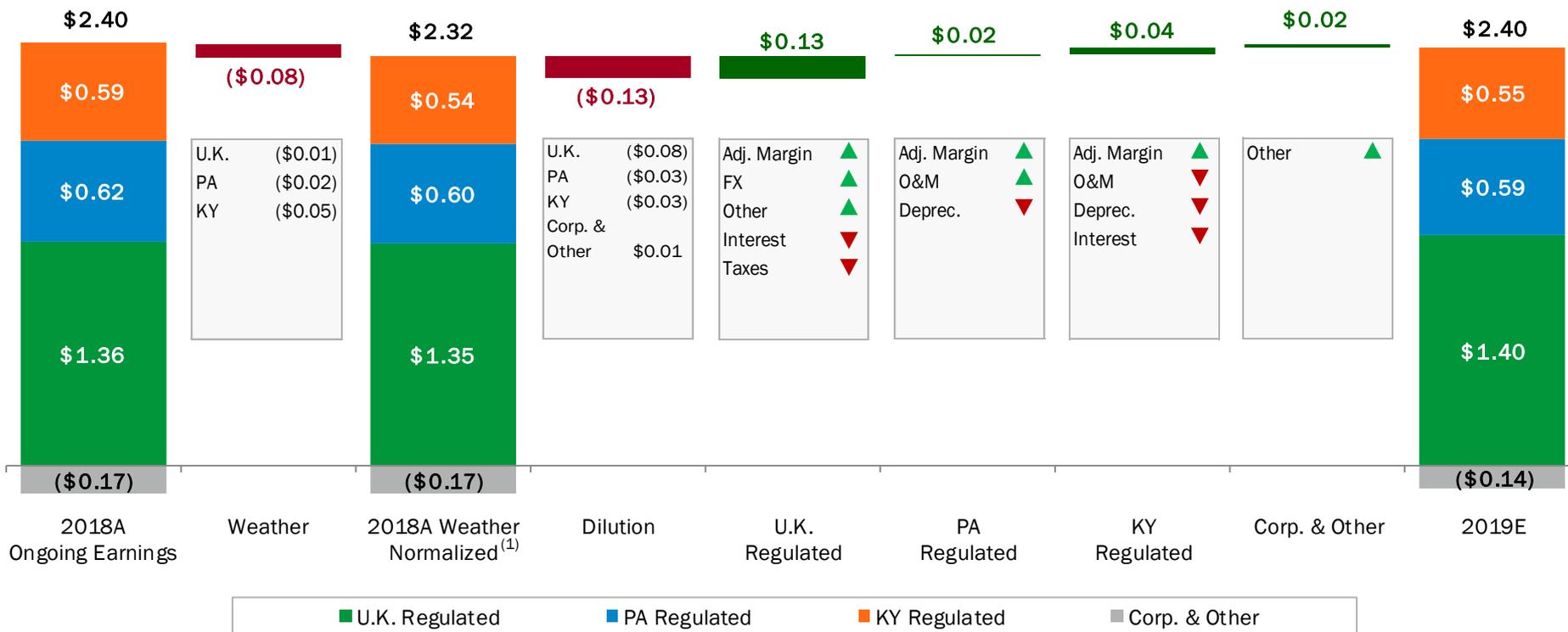
12-months ended 3/31/2019 vs 3/31/2018



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	0.5%	(1.2%)	4.1%	0.5%		2.0%	0.9%	1.1%	1.2%
Actual	1.1%	(1.1%)	4.1%	0.8%		5.4%	1.7%	1.1%	3.0%

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

# 2019 Financial Outlook



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

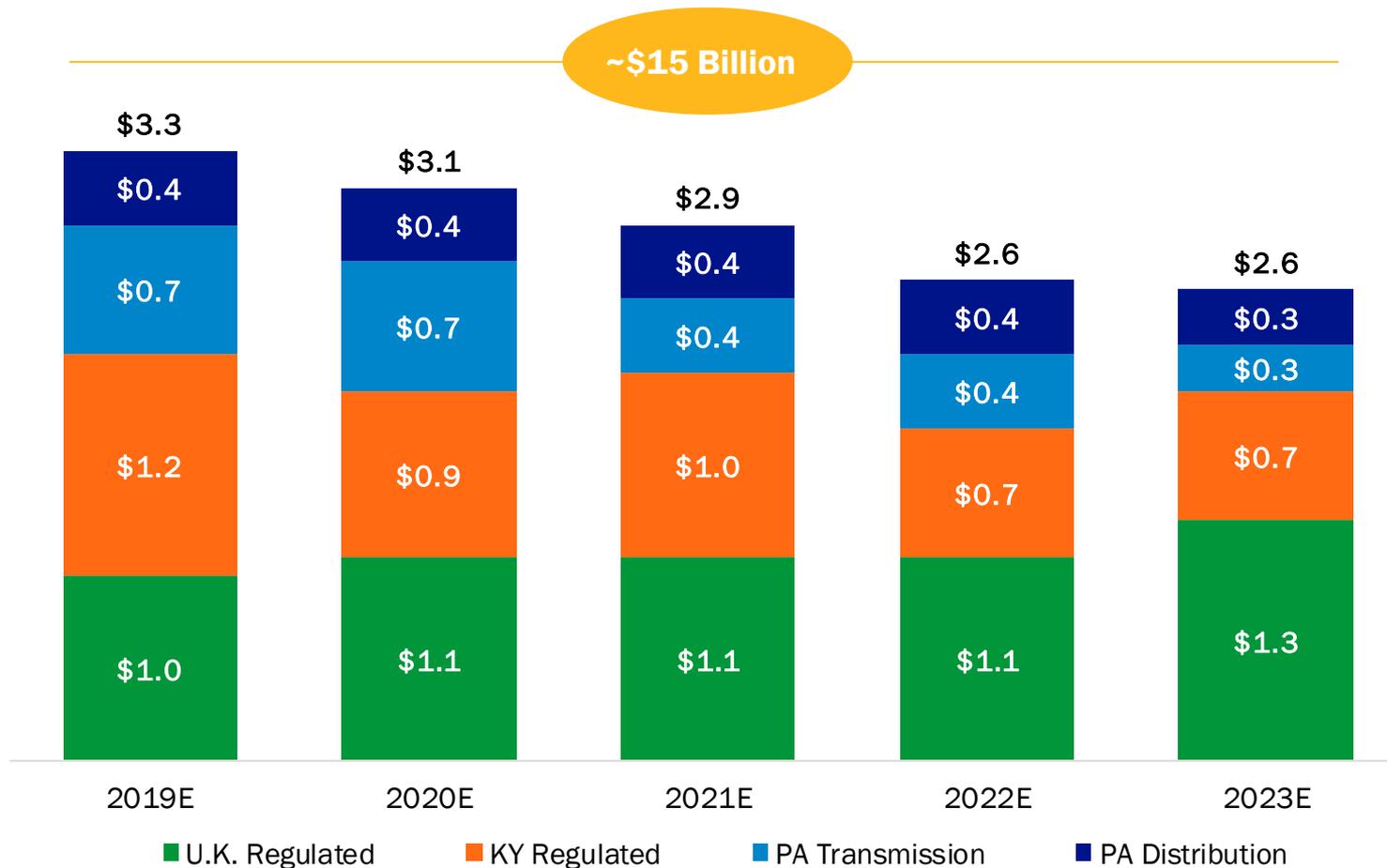
(1) Excludes the estimated impact of weather of \$0.08 per share for relative comparison.



# Capital Expenditure Plan



(\$ in billions)



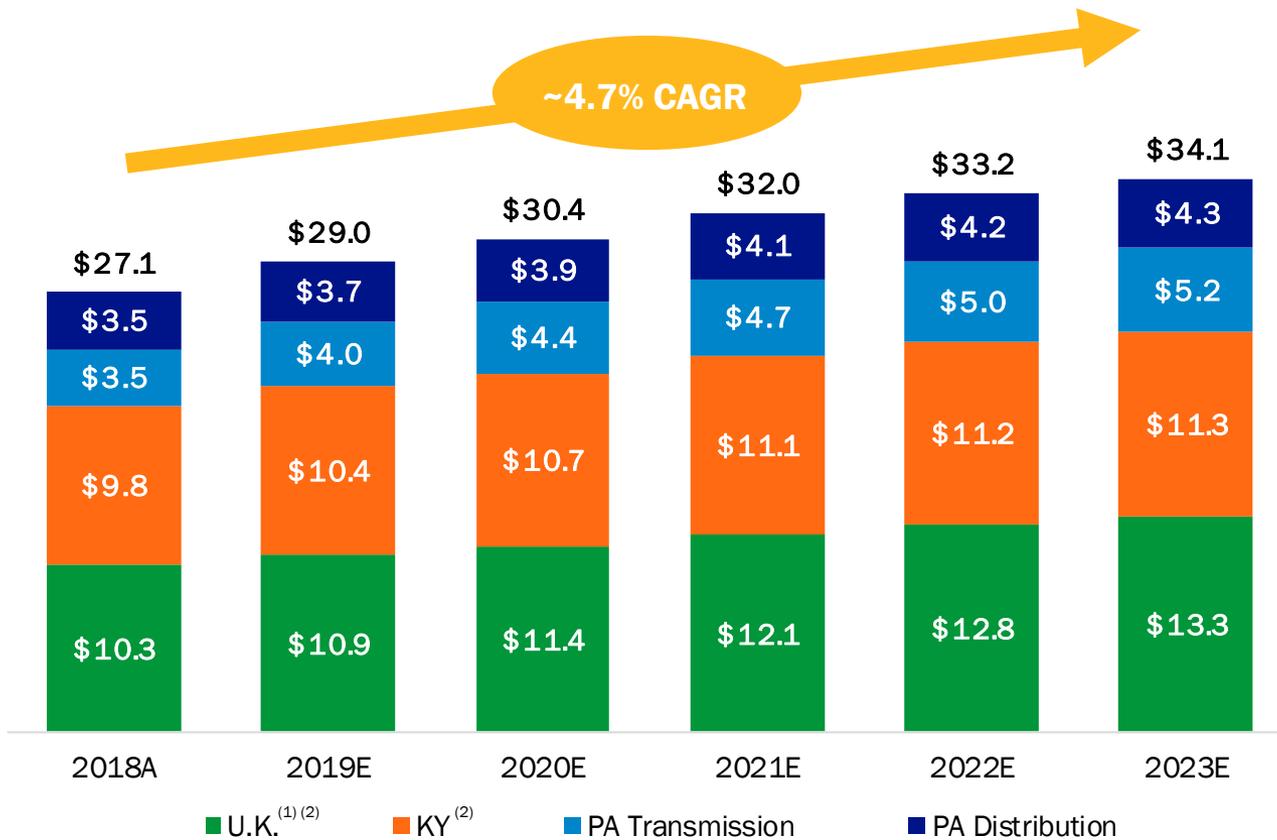
Note: U.K. capital plan is based on assumed exchange rates of \$1.35/£ for 2019 and \$1.40/£ for 2020-2023.



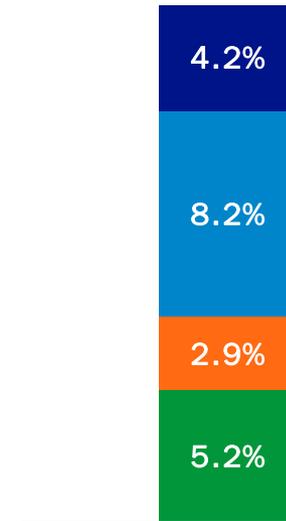
# Projected Rate Base Growth

(\$ in billions)

~4.7% CAGR



## 2018A-2023E CAGR Breakdown



2018A-2023E Rate Base CAGR

(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

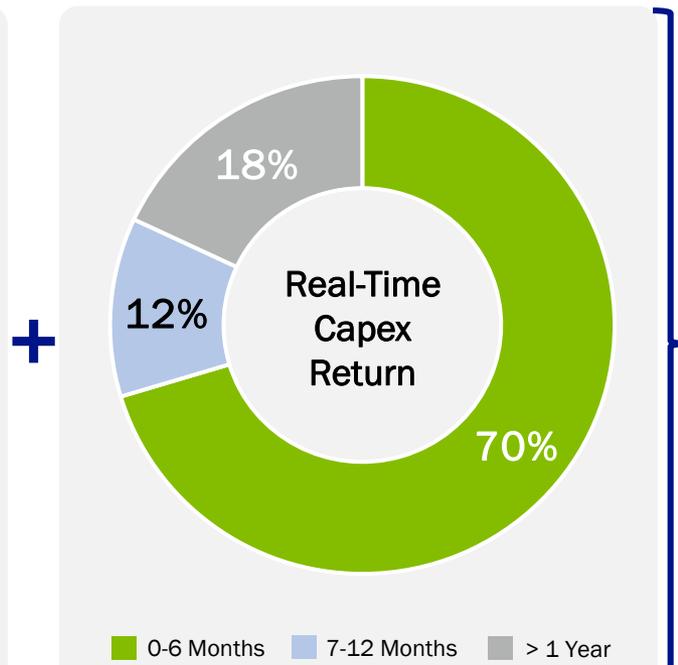
Rate Base CAGR 2018-2020

(\$ in billions)



### ~80% Capex

Earns Return within 1 year



### EPS Growth

2018-2020



(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

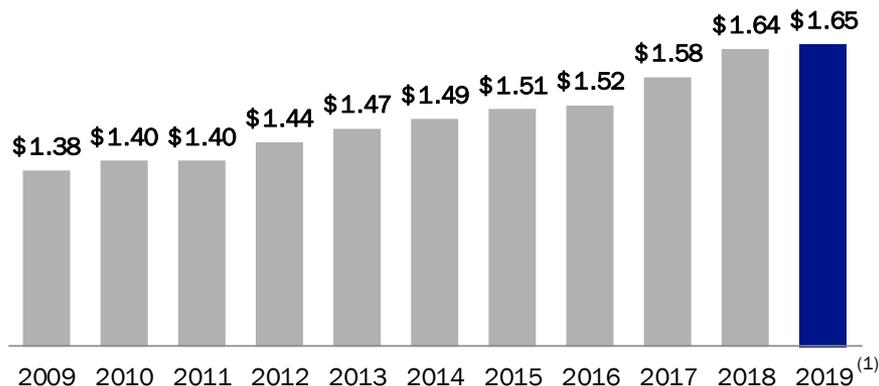


## Delivers consistent dividend

Dividends are a key component to PPL's investment proposition

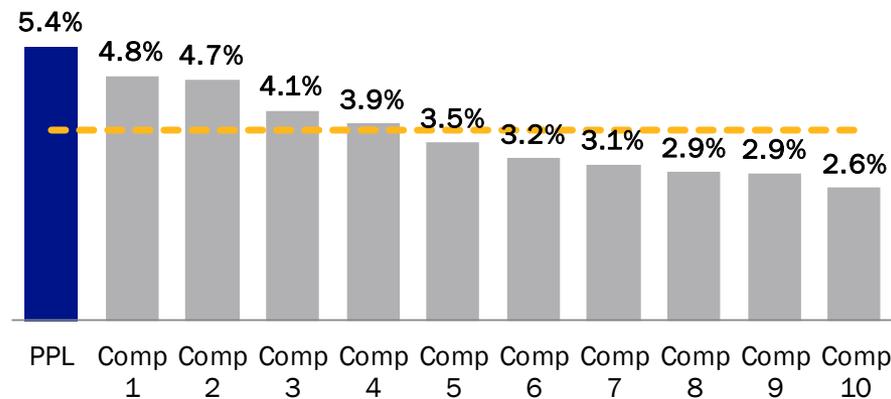
### 10-Year Dividend History

(\$ 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

- January 2<sup>nd</sup> dividend represents the 292<sup>nd</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 April 29, 2019.

# U.K. Regulated: RIIO-2 Gas & Transmission Response Letter



- PPL responded to Ofgem’s RIIO-2 Sector Specific Methodology Consultation for the gas distribution, gas transmission, and electricity transmission networks on March 14, 2019
- Ofgem maintains the view that this consultation should not be read-across to the electricity distribution networks

Consultation Topic	PPL Response (Summarized)
Cost of Debt	Cost of debt recovery should not impact equity returns in a material way; over/under recovery of debt should be included in Return on Regulated Equity (RoRE) calculation
Cost of Equity	CAPM parameters should be adjusted for sector specific risks
Expected Returns vs. Allowed Returns	Ofgem’s proposal to reduce allowed returns by an arbitrary outperformance expectation is inappropriate and has no theoretical or empirical justification
Inflation	The switch to CPI/CPIH must be proven to be NPV neutral
Incentives	Build upon success of RIIO-ED1, enable frontier performers to earn strong RoREs
Financeability	Well calibrated price controls would not have financeability issues
Equity Investor Feedback	Political and regulatory uncertainty increases the risk profile for all U.K. networks; current consultation proposes returns that are inadequate to incentivize RIIO-ED2 investment

*A significant increase in electricity distribution network investment will be required to achieve the U.K.’s decarbonization goals; Ofgem needs to sufficiently incentivize DNOs to deploy that capital in RIIO-ED2*



# 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

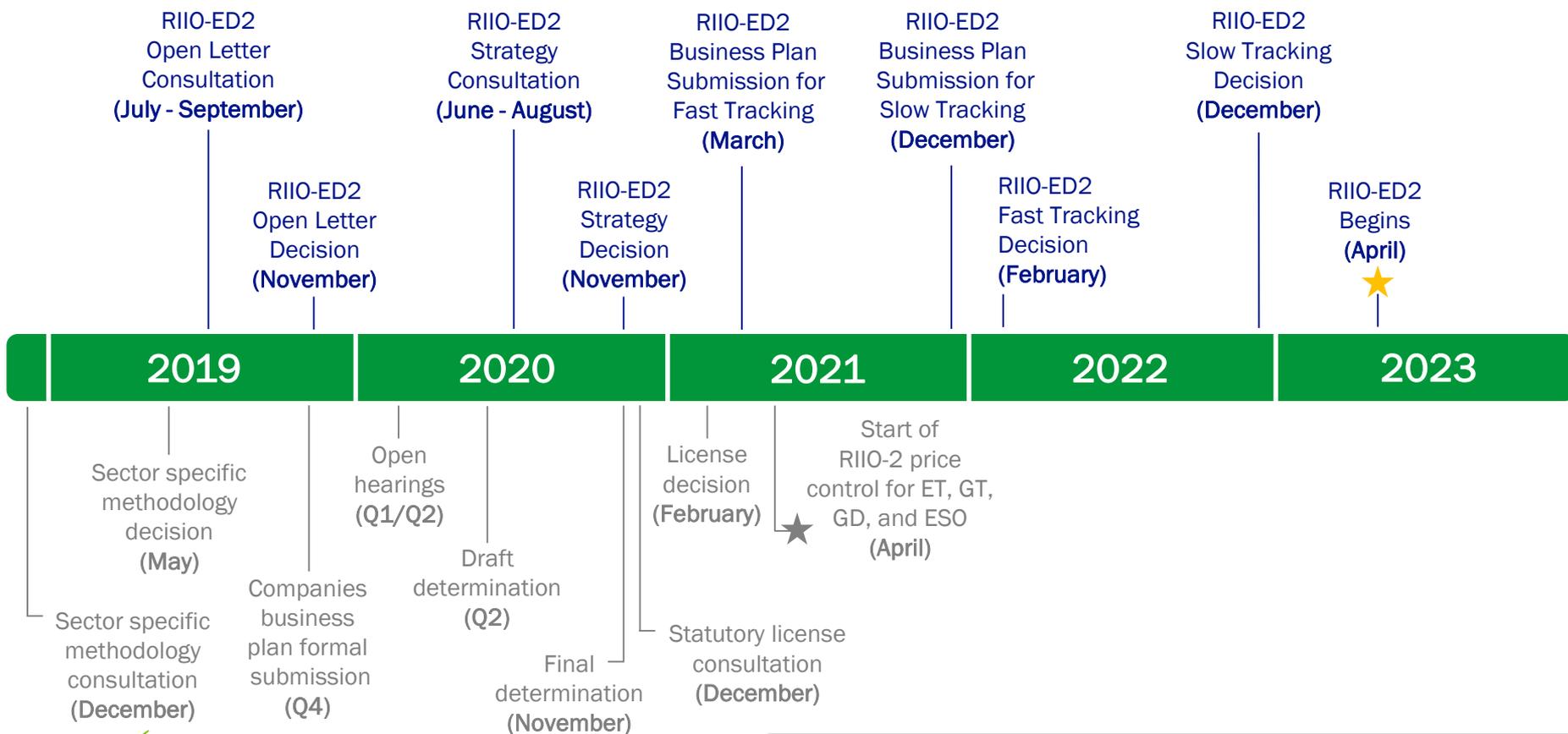
Adjustments included in current forecast			
(\$ in millions, pre-tax)	2019	2020	2021
TRU	\$0	\$0	
MOD	(\$50)	(\$100)	
K-factor	(\$10)	(\$30)	
Total	(\$60)	(\$130)	(\$190) - (\$240)

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



	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)(2)</sup>	106	0	226	0	0	1,493	1,824
Kentucky Utilities <sup>(1)(3)</sup>	96	500	0	0	13	1,733	2,342
WPD plc	0	0	500	0	663	666	1,829
WPD Operating Companies <sup>(4)</sup>	0	199	0	0	928	4,858	5,986
<b>Total</b>	<b>\$202</b>	<b>\$1,274</b>	<b>\$1,376</b>	<b>\$1,274</b>	<b>\$2,294</b>	<b>\$14,555</b>	<b>\$20,975</b>

Note: As of March 31, 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) In April 2019, \$128 million of Pollution Control Revenue Bonds issued on behalf of LG&E with a put date of April 1, 2019 were remarketed and now carry a mandatory put date of April 1, 2021. LG&E also issued \$400 million of First Mortgage bonds due 2049 and repaid its \$200 million term loan due 2019.

(3) In April 2019, KU issued an additional \$300 million of its existing First Mortgage Bonds due 2045.

(4) 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)
<b>PPL Capital Funding</b>	Syndicated Credit Facility	Jan-2024	\$1,450	\$0	\$968	\$482
	Bilateral Credit Facility	Mar-2020	100	0	15	85
			<u>\$1,550</u>	<u>\$0</u>	<u>\$983</u>	<u>\$567</u>
<b>PPL Electric Utilities</b>	Syndicated Credit Facility	Jan-2024	\$650	\$0	\$61	\$589
<b>Louisville Gas &amp; Electric</b>	Syndicated Credit Facility <sup>(1)</sup>	Jan-2024	\$500	\$0	\$269	\$231
	Term Loan Facility <sup>(1)</sup>	Oct-2019	200	200	0	0
			<u>\$700</u>	<u>\$200</u>	<u>\$269</u>	<u>\$231</u>
<b>Kentucky Utilities</b>	Syndicated Credit Facility <sup>(2)</sup>	Jan-2024	\$400	\$0	\$233	\$167
	Letter of Credit Facility	Oct-2020	198	0	198	0
			<u>\$598</u>	<u>\$0</u>	<u>\$431</u>	<u>\$167</u>
<b>WPD</b>	WPD plc Syndicated Credit Facility <sup>(3)</sup>	Jan-2023	£210	£151	£0	£57
	WPD (South West) Syndicated Credit Facility	Jul-2021	245	0	0	245
	WPD (East Midlands) Syndicated Credit Facility	Jul-2021	300	99	0	201
	WPD (West Midlands) Syndicated Credit Facility	Jul-2021	300	0	0	300
	Uncommitted Credit Facilities		100	0	4	96
			<u>£1,155</u>	<u>£250</u>	<u>£4</u>	<u>£899</u>

Note: As of March 31, 2019.

- (1) In April 2019, LG&E issued \$400 million of First Mortgage Bonds due 2049. The proceeds from this issuance were used to repay \$200 million of commercial paper under its syndicated credit facility and to fully repay its term loan facility.
- (2) In April 2019, KU issued \$300 million of First Mortgage Bonds due 2045. A portion of the proceeds from this issuance were used to fully repay commercial paper under its syndicated credit facility.
- (3) The unused capacity reflects the amount borrowed in GBP of £153 million as of the date borrowed.

# PPL's Credit Ratings



PPL Corporation		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	NR	NR
Long-term Issuer	A-	Baa2
Outlook	Stable	Stable

PPL Capital Funding		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	BBB+	Baa2
Long-term Issuer	A-	NR
Outlook	Stable	Stable

WPD Holding Company		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	BBB+	Baa3
Long-term Issuer	A-	Baa3
Outlook	Stable	Stable

LKE Holding Company		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	BBB+	Baa1
Long-term Issuer	A-	Baa1
Outlook	Stable	Stable

WPD Operating Companies		
Credit Rating	S&P	Moody's
Secured	NR	NR
Unsecured	A-	Baa1
Long-term Issuer	A-	Baa1
Outlook	Stable	Stable

LKE Operating Companies		
Credit Rating	S&P	Moody's
Secured	A	A1
Unsecured	NR	NR
Long-term Issuer	A-	A3
Outlook	Stable	Stable

PPL Electric Utilities		
Credit Rating	S&P	Moody's
Secured	A	A1
Unsecured	NR	NR
Long-term Issuer	A-	A3
Outlook	Stable	Stable

Note: As of March 31, 2019.

# Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations



After-Tax (Unaudited) (millions of dollars)	Year-to-Date March 31, 2019				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 264	\$ 117	\$ 121	\$ (36)	\$ 466
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of \$11	(40)				(40)
Talen litigation costs, net of tax of \$0				(2)	(2)
<b>Total Special Items</b>	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(42)</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 304</u>	<u>\$ 117</u>	<u>\$ 121</u>	<u>\$ (34)</u>	<u>\$ 508</u>

After-Tax (Unaudited) (per share - diluted)	Year-to-Date March 31, 2019				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 0.36	\$ 0.16	\$ 0.17	\$ (0.05)	\$ 0.64
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	(0.06)				(0.06)
<b>Total Special Items</b>	<u>(0.06)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.06)</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 0.42</u>	<u>\$ 0.16</u>	<u>\$ 0.17</u>	<u>\$ (0.05)</u>	<u>\$ 0.70</u>



# Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations



After-Tax (Unaudited) (millions of dollars)	Year-to-Date March 31, 2018				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 197	\$ 133	\$ 148	\$ (26)	\$ 452
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of \$17	(65)				(65)
<b>Total Special Items</b>	<u>(65)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65)</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 262</u>	<u>\$ 133</u>	<u>\$ 148</u>	<u>\$ (26)</u>	<u>\$ 517</u>

After-Tax (Unaudited) (per share - diluted)	Year-to-Date March 31, 2018				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 0.28	\$ 0.19	\$ 0.21	\$ (0.03)	\$ 0.65
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	(0.09)				(0.09)
<b>Total Special Items</b>	<u>(0.09)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.09)</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 0.37</u>	<u>\$ 0.19</u>	<u>\$ 0.21</u>	<u>\$ (0.03)</u>	<u>\$ 0.74</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 Margin Summary



(Unaudited) (millions of dollars, except share data)	Three Months Ended March 31,			Per Share Diluted (after-tax)
	2019	2018	Change	
U.K. Adjusted Gross Margins	\$ 546	\$ 572	\$ (26)	\$ (0.03)
Less: Impact of changes in foreign currency exchange rates			(36)	(0.04)
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 10	\$ 0.01
Kentucky Adjusted Gross Margins	\$ 530	\$ 535	\$ (5)	\$ (0.01)
Pennsylvania Adjusted Gross Margins				
Distribution	\$ 260	\$ 278	\$ (18)	\$ (0.02)
Transmission	143	136	7	0.01
Total Pennsylvania Adjusted Gross Margins	\$ 403	\$ 414	\$ (11)	\$ (0.01)

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



(Unaudited) (millions of dollars)	Three Months Ended March 31, 2019					Three Months Ended March 31, 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	\$ 845	\$ 645	\$ 15	\$ 2,079	\$ 604	\$ 872	\$ 639	\$ 11	\$ 2,126
Operating Expenses										
Fuel		194			194		214			214
Energy purchases		79	171		250		80	161		241
Other operation and maintenance	28	22	31	409	490	32	25	26	385	468
Depreciation		19	10	255	284		17	8	244	269
Taxes, other than income		1	30	49	80		1	30	52	83
Total Operating Expenses	28	315	242	713	1,298	32	337	225	681	1,275
Total	\$ 546	\$ 530	\$ 403	\$ (698)	\$ 781	\$ 572	\$ 535	\$ 414	\$ (670)	\$ 851



# 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	Low 2019
<b>Reported Earnings</b>	\$ 1.34	\$ 0.55	\$ 0.59	\$ (0.14)	\$ 2.34	\$ 2.44	\$ 2.24
Less: Special Items (expense) benefit: <sup>(1)</sup>							
Foreign currency economic hedges	(0.06)				(0.06)	(0.06)	(0.06)
<b>Total Special Items</b>	<u>(0.06)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.06)</u>	<u>(0.06)</u>	<u>(0.06)</u>
<b>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>	<u>\$ 2.30</u>

(1) Reflects only special items recorded through March 31, 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
						<b>-</b>	<b>(18)</b>	<b>(18)</b>	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.