

PPL CORPORATION

Poised for growth.

Investing in our future.



4th Quarter Earnings Call • February 1, 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

2016 Earnings Results, Operational Overview,
2017 Earnings Forecast and Long-term
Earnings Growth Projection

Bill Spence

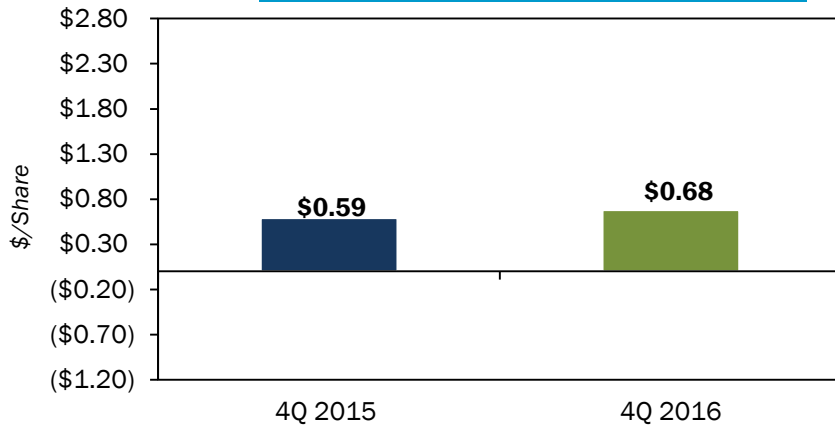
Segment Results and Financial Overview

Vince Sorgi

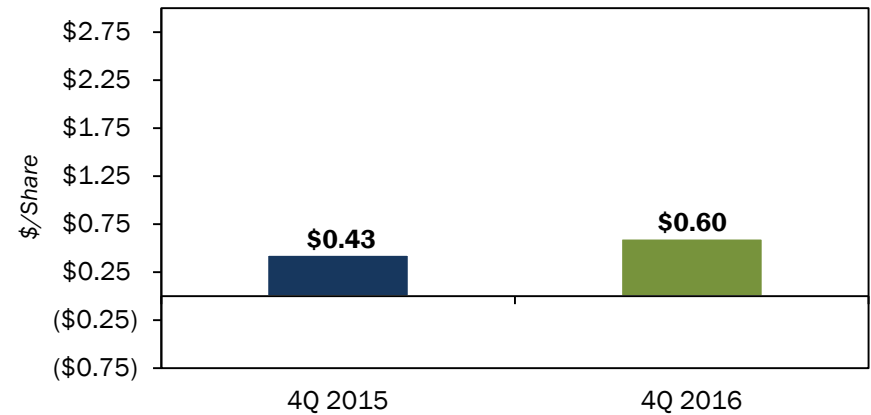
Q&A

Earnings Results

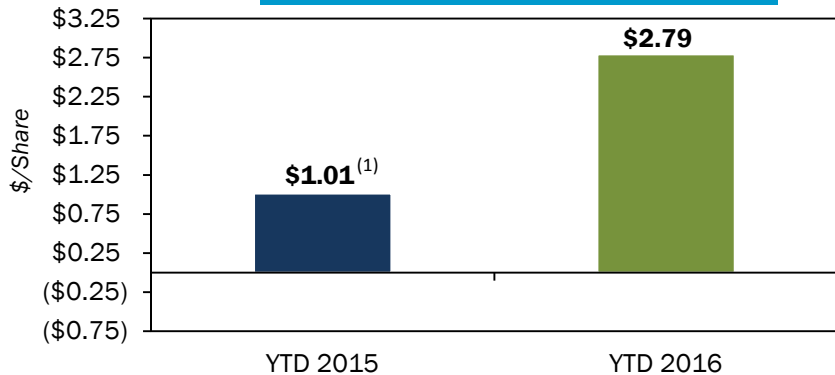
Fourth Quarter Reported Earnings (GAAP)



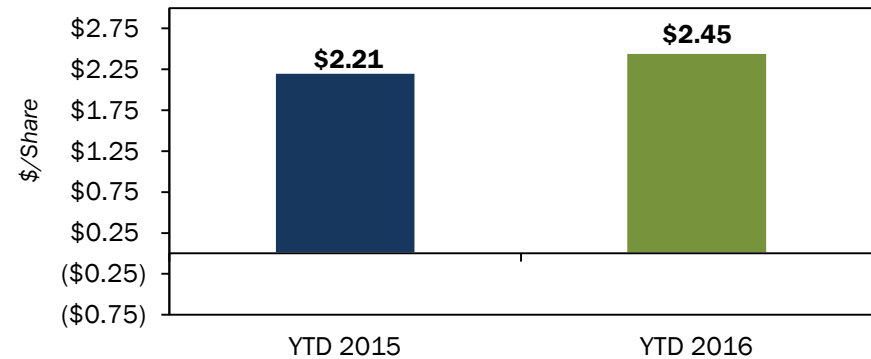
Fourth Quarter Earnings from Ongoing Operations (Non-GAAP)



Year-to-Date Reported Earnings (GAAP)



Year-to-Date Earnings from Ongoing Operations (Non-GAAP)

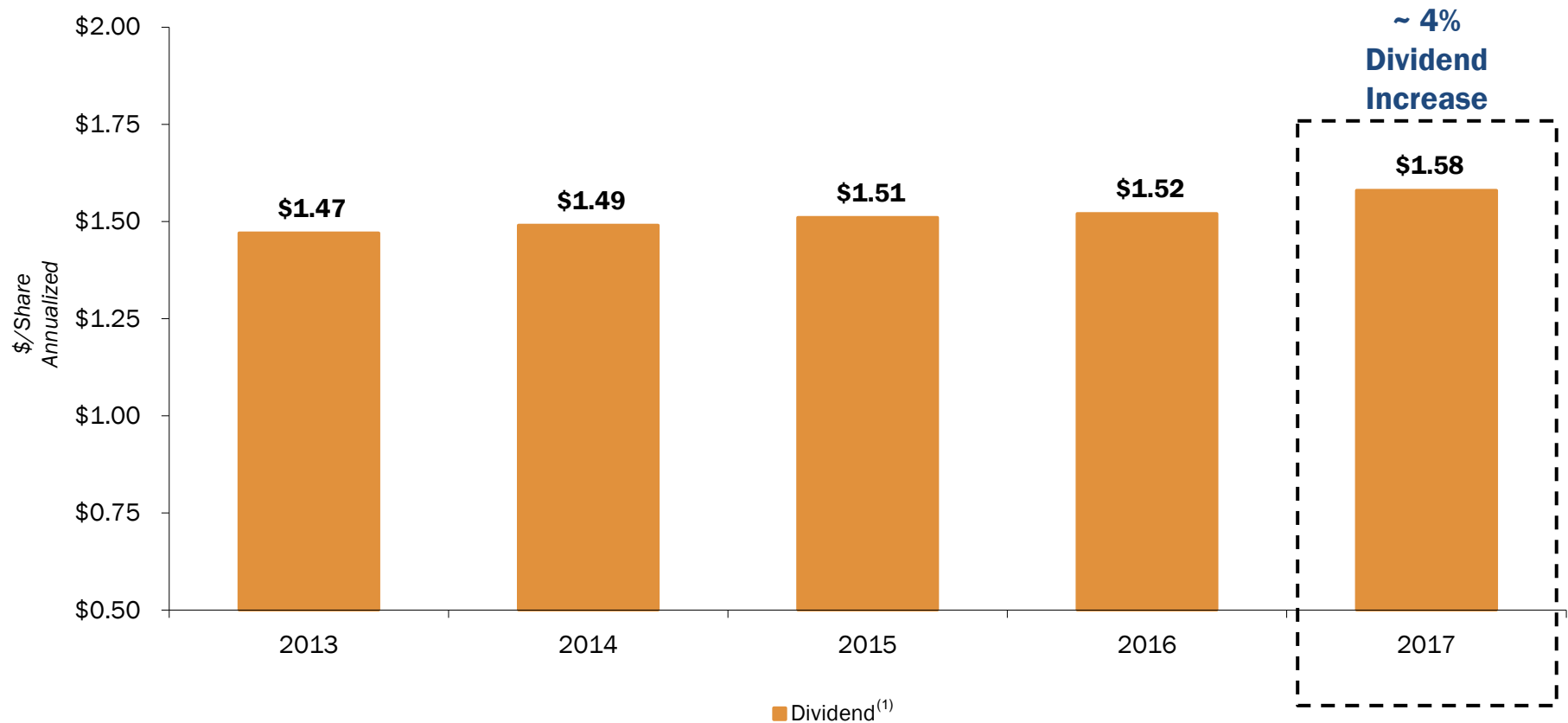


Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.

(1) Year-to-date reported earnings includes a loss of \$1.36 per share from discontinued operations.

Dividend Profile

Executing on our commitment to grow our dividend more meaningfully in 2017.



(1) Annualized dividend based on 2/01/2017 announced increase. Actual dividends to be determined by Board of Directors.

Operational Update

Kentucky

- Rate review update
- J.D. Power award for LG&E, with KU right behind

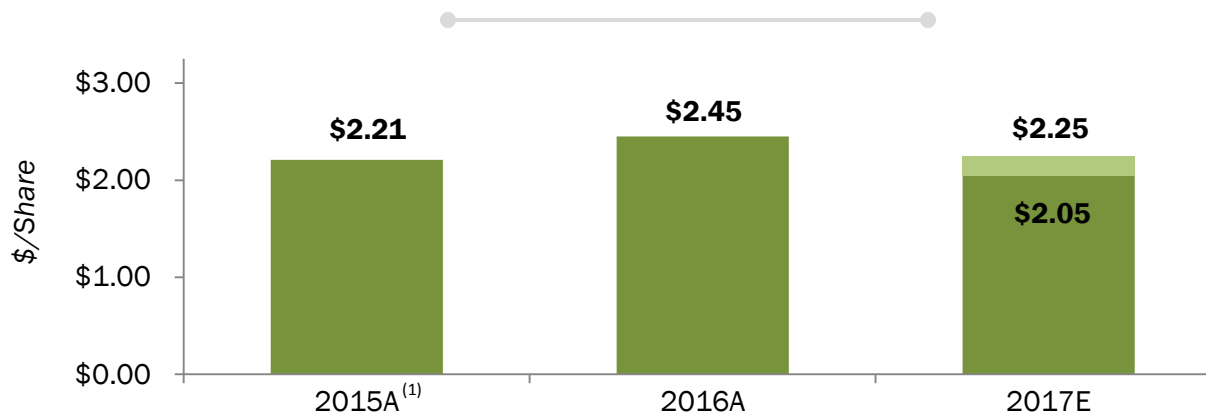
Pennsylvania

- Executing to modernize the grid
- Strongest year for reliability performance

U.K.

- Final RII0-ED1 results for 2015/2016 regulatory year and performance against 2016/2017 incentives

2017 Earnings Forecast



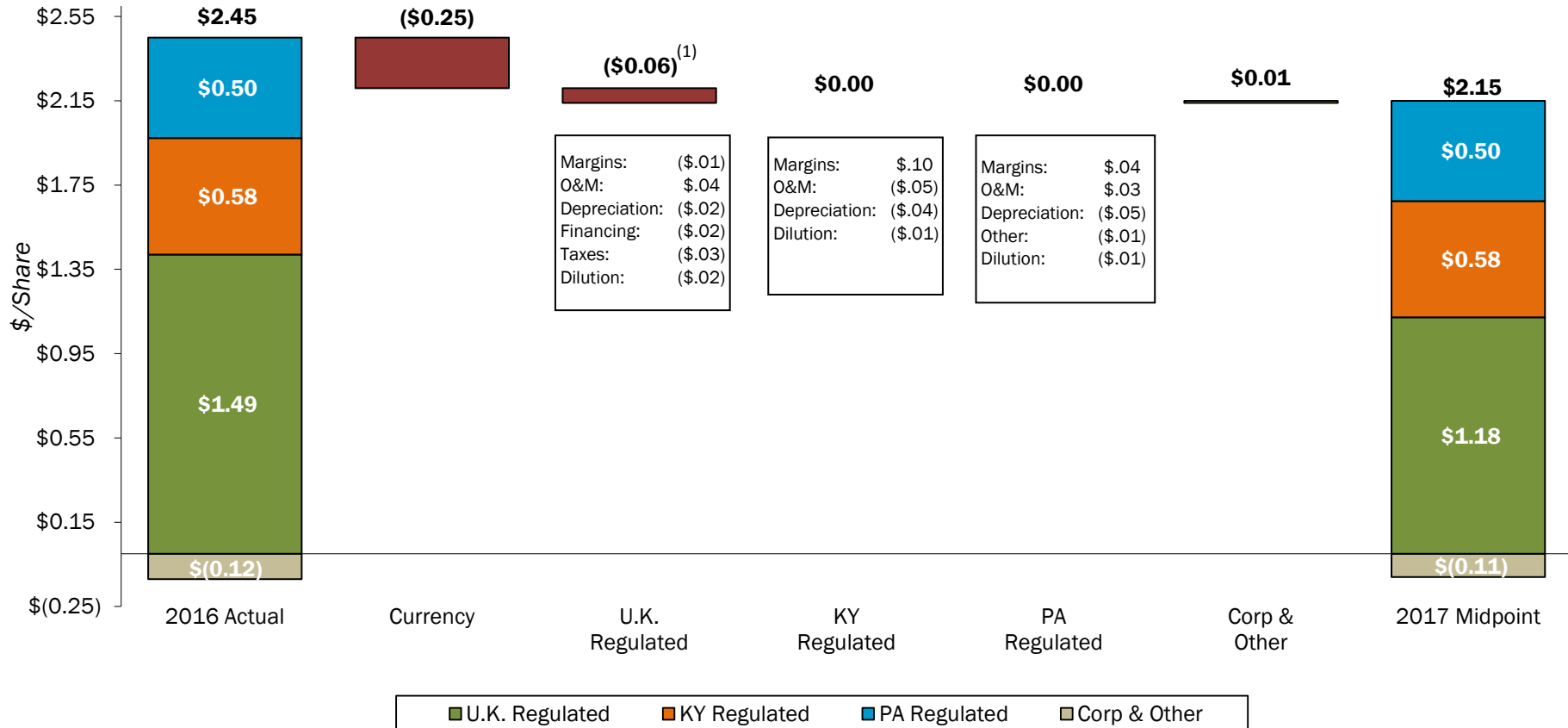
Segment	2015A Earnings from Ongoing Operations	2016A Earnings from Ongoing Operations	2017E Earnings (Midpoint)
U.K. Regulated	\$1.44	\$1.49	\$1.18 ⁽²⁾
Kentucky Regulated	0.51	0.58	0.58
Pennsylvania Regulated	0.37	0.50	0.50
Corporate and Other	(0.11)	(0.12)	(0.11)
Total	\$2.21⁽¹⁾	\$2.45	\$2.15

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

(1) Excludes earnings from the former Supply segment, which was part of PPL Corporation's consolidated reported earnings for the first five months of 2015.

(2) Forecast assumes \$1.30/£ exchange rate on unhedged earnings.

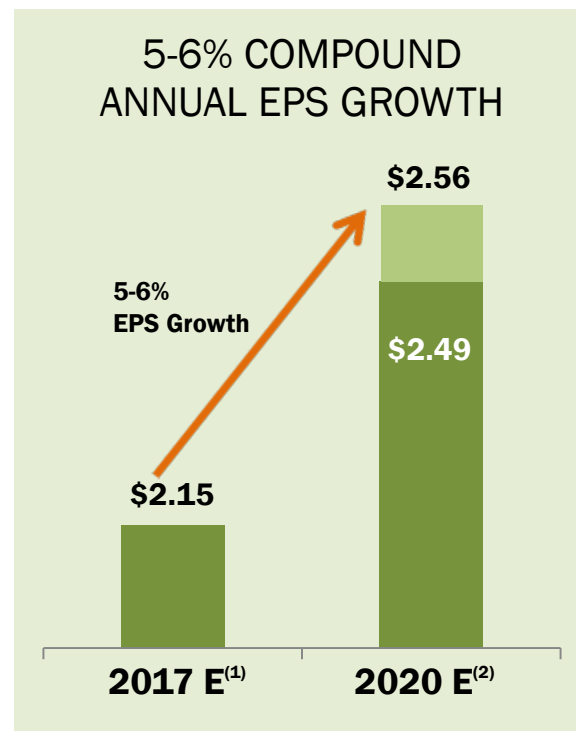
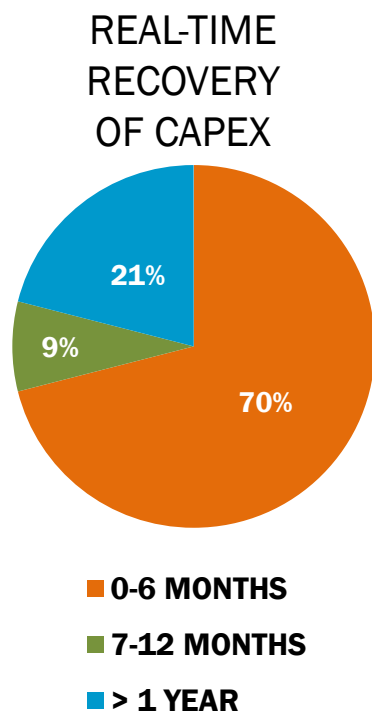
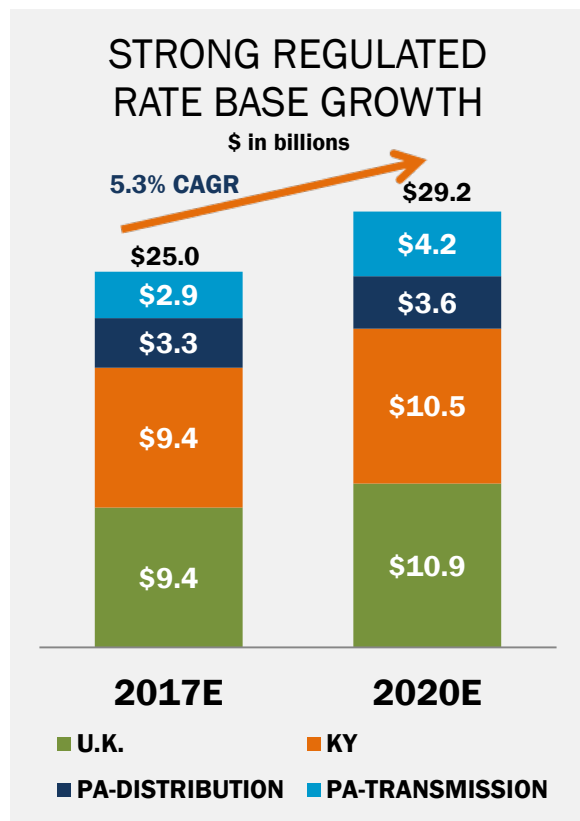
2016 Ongoing Earnings to 2017E Earnings Walk



Note: See Appendix for the reconciliation of 2016 reported earnings to earnings from ongoing operations, and definition of Non-GAAP financial measures.

(1) Change in margins primarily driven by lower incentive revenues, lower recovery of customer rebates and true-up mechanisms for base demand revenues, partially offset by the April 1, 2017 price increase.

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
- 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: \$80M - \$100M; 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.

Tax Reform

- PPL is uniquely advantaged with operations in the U.K.
 - With over half of our earnings in the U.K, tax reform would only impact our domestic utilities
 - We have the flexibility on domestic vs. international financings to optimize the capital structure relative to interest deductibility
 - Incremental tax on foreign earnings or deemed repatriation would be manageable
- PPL supports simplifying tax law and advancing the U.S. to be more competitive globally
- Our industry has worked successfully with policy makers to shape meaningful tax related legislation to minimize downside impacts, for example the 1986 tax reform and more recently the debate over taxes on dividend and capital gains
- We expect the benefits of tax reform realized by the regulated utilities to ultimately flow through to customers
- We have a significant pipeline of capital projects to enhance reliability and security that could help offset some of the potential rate base impacts resulting from tax reform

Summary Financial Highlights



Ongoing Earnings Overview

	Q4 2016	Q4 2015	Change
Pennsylvania Regulated	\$0.11	\$0.09	\$0.02
Kentucky Regulated	0.12	0.09	0.03
U.K. Regulated	0.40	0.29	0.11
Corporate and Other	(0.03)	(0.04)	0.01
Total	<u>\$0.60</u>	<u>\$0.43</u>	<u>\$0.17</u>

	2016	2015	Change
Pennsylvania Regulated	\$0.50	\$0.37	\$0.13
Kentucky Regulated	0.58	0.51	0.07
U.K. Regulated	1.49	1.44	0.05
Corporate and Other	(0.12)	(0.11)	(0.01)
Total	<u>\$2.45</u>	<u>\$2.21</u>	<u>\$0.24</u>

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

Pennsylvania Regulated Segment Earnings Drivers

	Year-to-Date	
2015 EPS – Ongoing Earnings		\$0.37
Gross margins	0.15	
Depreciation	(0.03)	
Other	0.01	
Total		<u>0.13</u>
2016 EPS – Ongoing Earnings		<u>\$0.50</u>

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

Kentucky Regulated Segment Earnings Drivers

	Year-to-Date
2015 EPS – Ongoing Earnings	\$0.51
Gross margins	0.07
Operation and maintenance	0.03
Financing costs	(0.03)
Total	<u>0.07</u>
2016 EPS – Ongoing Earnings	<u>\$0.58</u>

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

U.K. Regulated Segment Earnings Drivers

		Year-to-Date
2015 EPS – Ongoing Earnings		\$1.44
Gross margins	0.07	
Operation and maintenance	0.11	
Depreciation	(0.02)	
Financing costs	(0.03)	
Income taxes and other	0.04	
Currency	(0.12)	
Total		<u>0.05</u>
2016 EPS – Ongoing Earnings		<u>\$1.49</u>

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

Foreign Currency Hedging Status

The FX rate could fall as low as \$0.90/£ and still achieve 5% EPS growth rate through 2019 or as low as \$1.13/£ through 2020.

	Current Hedge Status			
GBP Foreign Currency	2017	2018	2019	2020
Percentage Hedged	92%	87%	50%	0%
Hedged Rate (GBP/USD) ⁽¹⁾	1.21	1.42	1.34	-

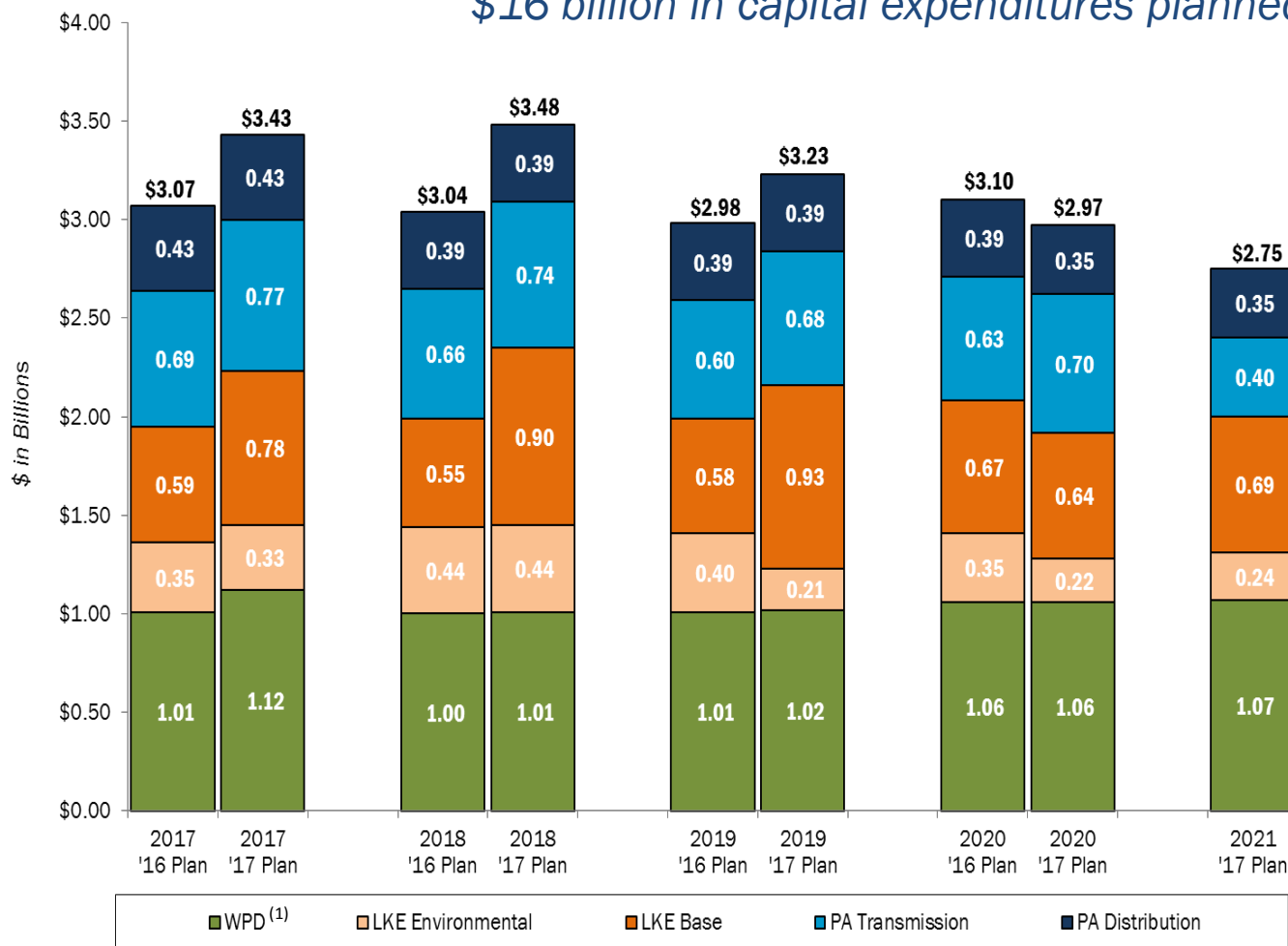
	Hedge Attainment			
Market Rate (GBP/USD)	2017	2018	2019	2020
1.13	100%	100%	100%	100%
1.11	100%	100%	100%	75%
1.07	100%	100%	100%	50%
1.01	100%	100%	100%	25%
0.90	100%	100%	100%	0%

Note: FX hedging status as of 01/31/2017.

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

2017 – 2021 Capital Plan and Comparison to Prior Year Capital Plan

\$16 billion in capital expenditures planned.



Kentucky

- Reduced environmental spending due to scope and timing updates
- Higher spending includes the smart meter project and new reliability initiatives

Pennsylvania

- Higher transmission spending focused on line rebuilds, new substations and security
- Distribution remained relatively flat over the period

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

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	1,163
Equity Issuances	120	330
Other Investing & Financing Activities	(26)	(34)
Additional Funding Sources for Domestic Growth Capex	\$531	\$1,459

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.

RPI Update and Sensitivity

RPI (Regulatory Year)	2016/17	2017/18	2018/19	2019/20
Budget RPI assumption	2.2%	3.4%	3.1%	3.0%
Current RPI forecast ⁽¹⁾	2.4%	3.3%	3.1%	3.0%
RPI (Calendar Year)	2017	2018	2019	
Budget RPI assumption	3.0%	3.2%	3.0%	
Current RPI forecast ⁽¹⁾	3.0%	3.2%	3.0%	
Increase in 2016/2017 RPI ⁽²⁾		EPS Sensitivity		
0.5%		\$0.00	\$0.00	\$0.01

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

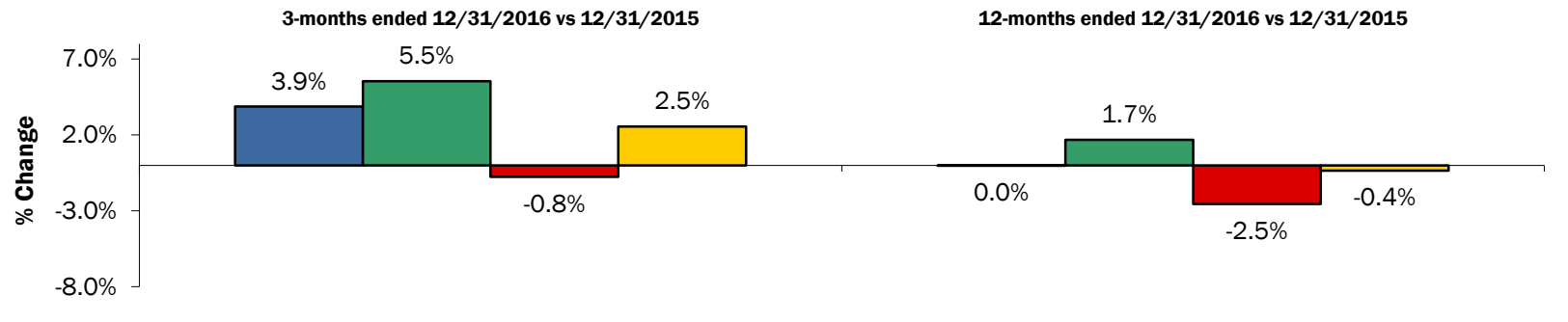
(2) Sensitivities include the net effect on revenue, O&M and interest expense on index-linked debt.

APPENDIX



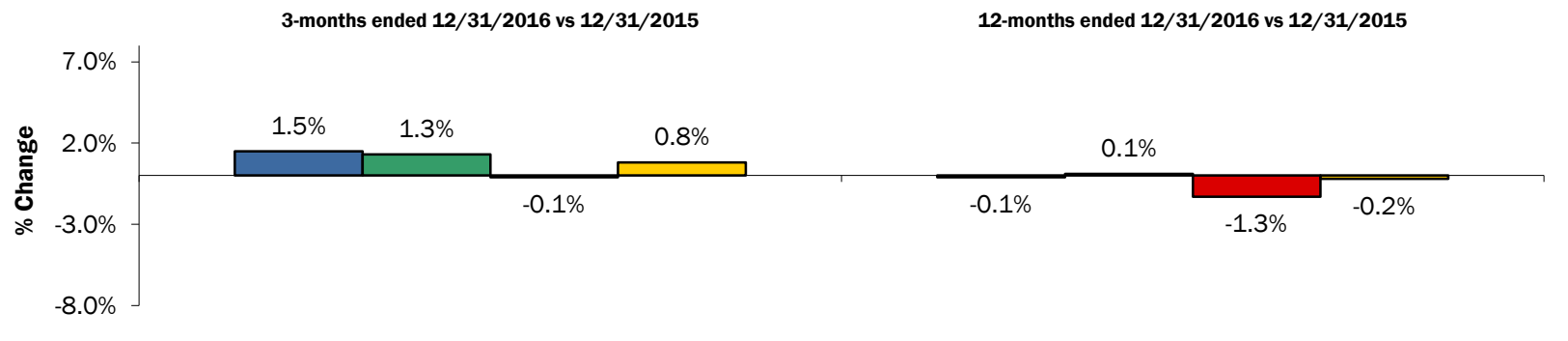
U.S. Regulated Volume Variances

KY Regulated Weather-Normalized Sales - Retail



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	3.9%	5.5%	-0.8%	2.5%		0.0%	1.7%	-2.5%	-0.4%	
Actual	12.3%	5.5%	-0.3%	5.2%		1.7%	1.1%	-2.6%	0.1%	

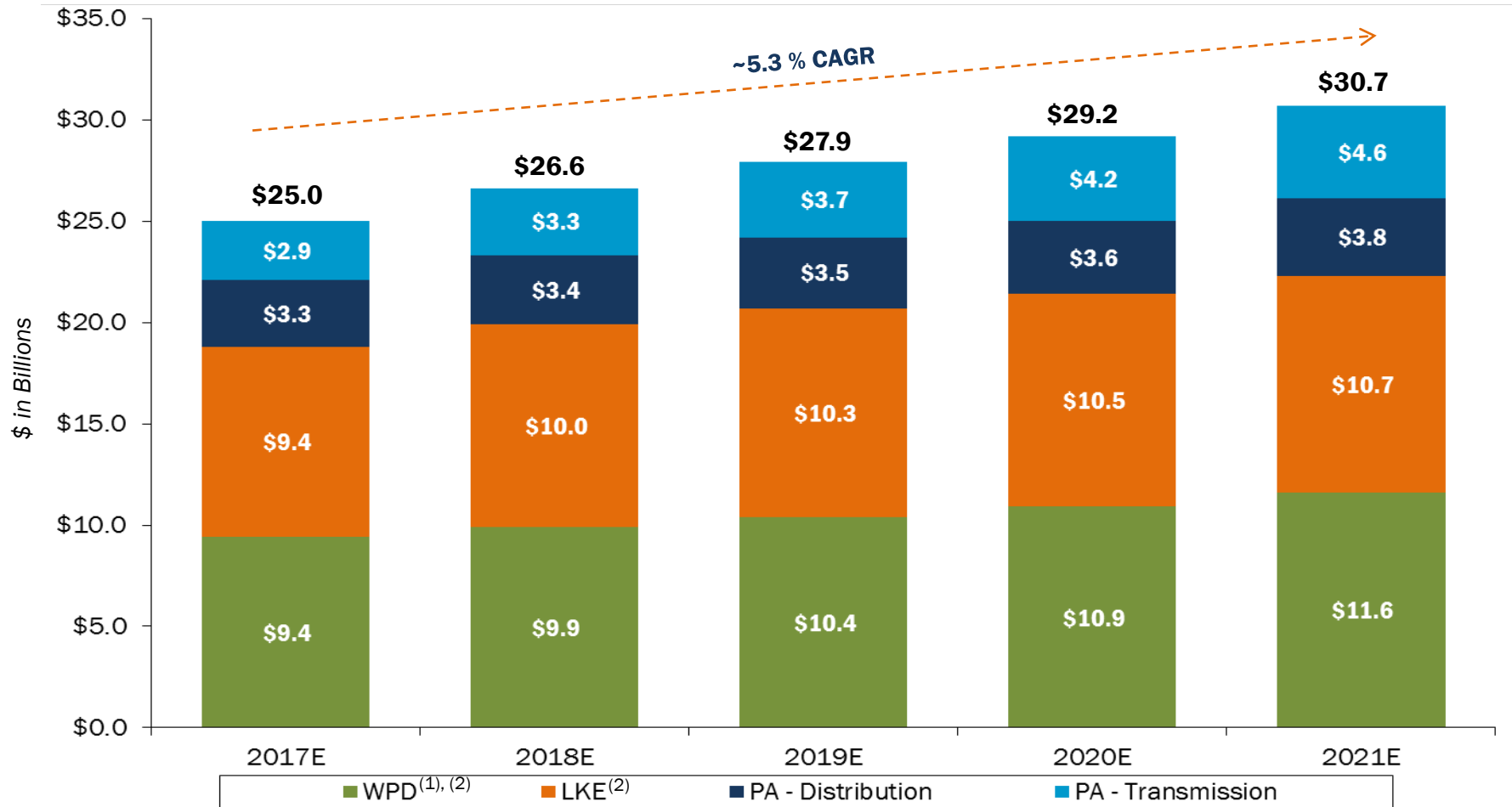
PA Regulated Weather-Normalized Sales - Retail



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	1.5%	1.3%	-0.1%	0.8%		-0.1%	0.1%	-1.3%	-0.2%	
Actual	11.2%	3.0%	-0.1%	5.4%		-1.6%	-0.1%	-1.3%	-0.9%	

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

Strong Rate Base Growth Drives EPS Growth



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

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

U.K. Incentive Revenues

- 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
- WPD projects to receive incentive revenues as follows at \$1.30/£:

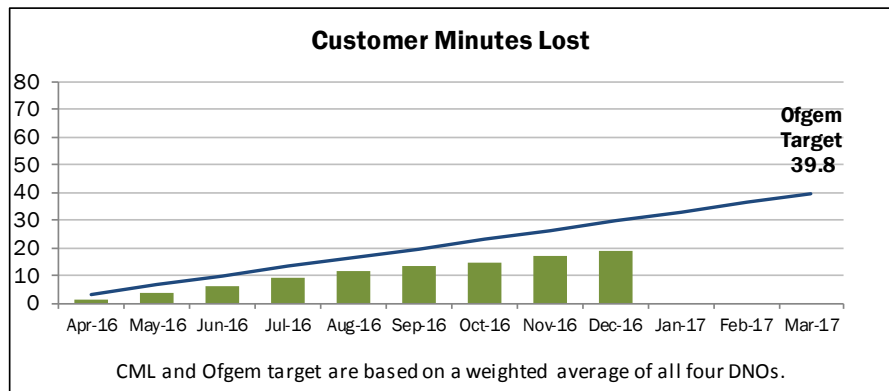
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Current Estimate	\$ 85M	\$80M - \$100M	\$95M - \$115M

- The following slides provide WPD's current and projected performance for the 2016/2017 regulatory year for quality of service and customer satisfaction incentive mechanisms

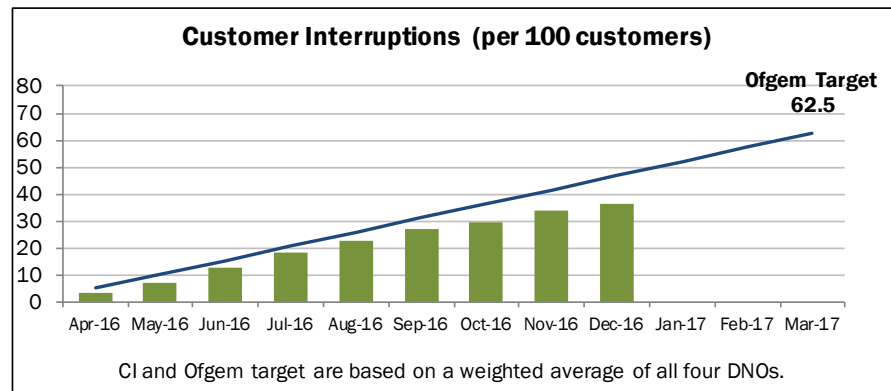
U.K. Incentive Revenue

Quality of Service

2016/2017 Year-to-date Performance



A measurement of the cumulative amount of minutes customers are without electricity.



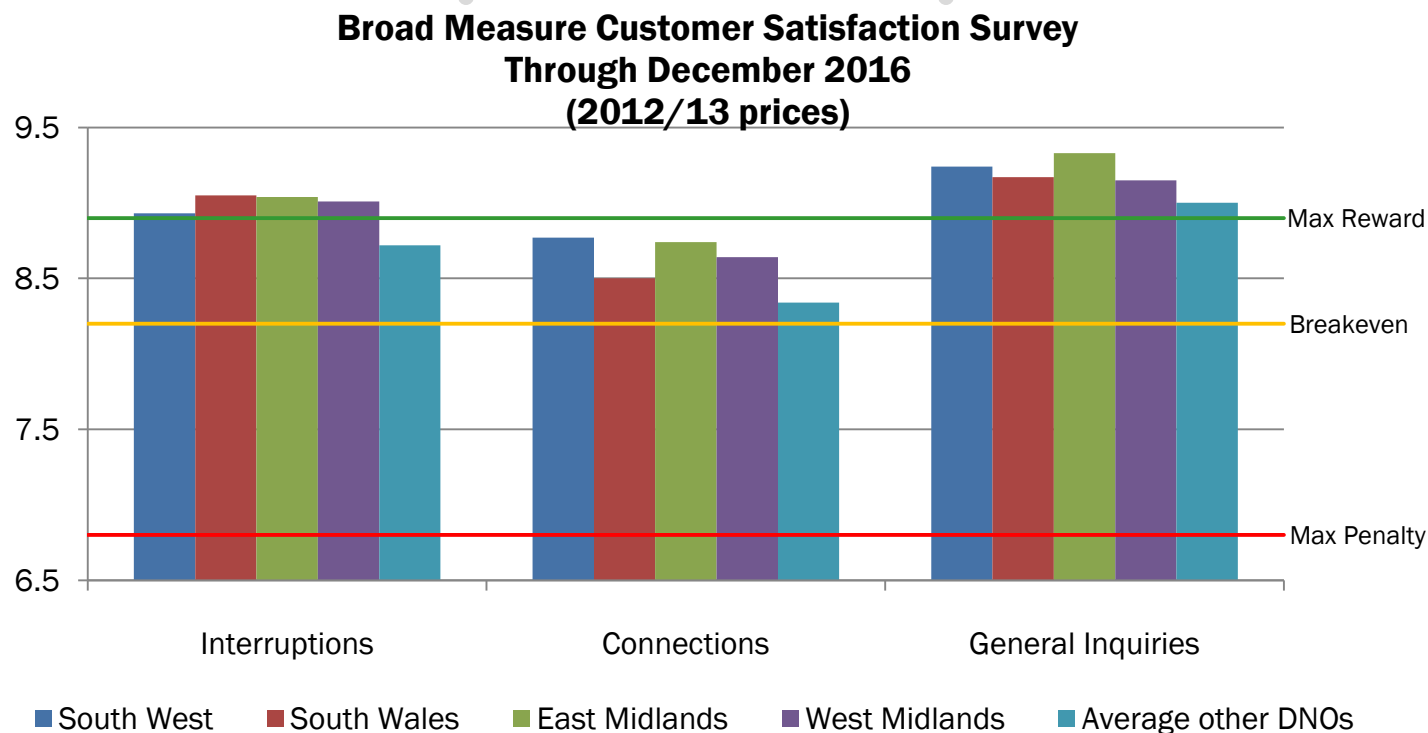
A measurement of the cumulative amount of interruptions in a customer's electricity supply, per 100 customers.

Projected 2016/2017 Performance

	Ofgem				WPD
	Reward / Penalty	Max. Reward CMLs	Target CMLs	Max. Penalty CMLs	Projected Performance
Customer Minutes Lost					
South Wales	+/- £6.0M	11.2	27.5	43.8	20.7
South West	+/- £8.9M	18.4	35.6	52.8	29.0
East Midlands	+/- £12.5M	23.2	37.6	52.0	19.9
West Midlands	+/- £12.9M	34.3	50.3	66.3	28.4
Total (2012/13 prices)		£40.3M		£40.3M	£31.4M

	Ofgem				WPD
	Reward / Penalty	Max. Reward CIs	Target CIs	Max. Penalty CIs	Projected Performance
Customer Interruptions					
South Wales	+/- £2.2M	35.1	49.9	64.7	45.0
South West	+/- £3.3M	39.7	55.4	71.1	48.5
East Midlands	+/- £4.6M	38.0	51.1	64.2	41.7
West Midlands	+/- £4.7M	70.9	85.0	99.1	63.1
Total (2012/13 prices)		£14.8M		£14.8M	£10.2M

U.K. Incentive Revenue Customer Satisfaction



	South West	South Wales	East Midlands	West Midlands	Total
Max reward/penalty	+/-£2.8	+/-£1.9	+/-£4.0	+/-£4.0	+/-£12.7

- The Broad Measure of Customer Satisfaction Survey rewards or penalizes DNOs for the levels of customer satisfaction.
- Through December 2016, WPD performance is near or at the max reward levels. WPD projects 2016/2017 performance of £11.3M (in 2012/2013 prices).

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)

U.K. Cash Repatriation Strategy

Optimizing annual cash repatriation from the U.K. \$100 - \$200 million near term, with flexibility up to \$500 million per year.

- Minimizes translation impact of historically low GBP exchange rates on repatriated cash
- Shift in borrowing from the U.K. to the U.S. captures tax rate differential
- Lower distribution levels extend tax efficient cash repatriation strategy
- Continued flexibility to evaluate most efficient repatriation strategy going forward taking into account future market conditions

Project Compass Summary

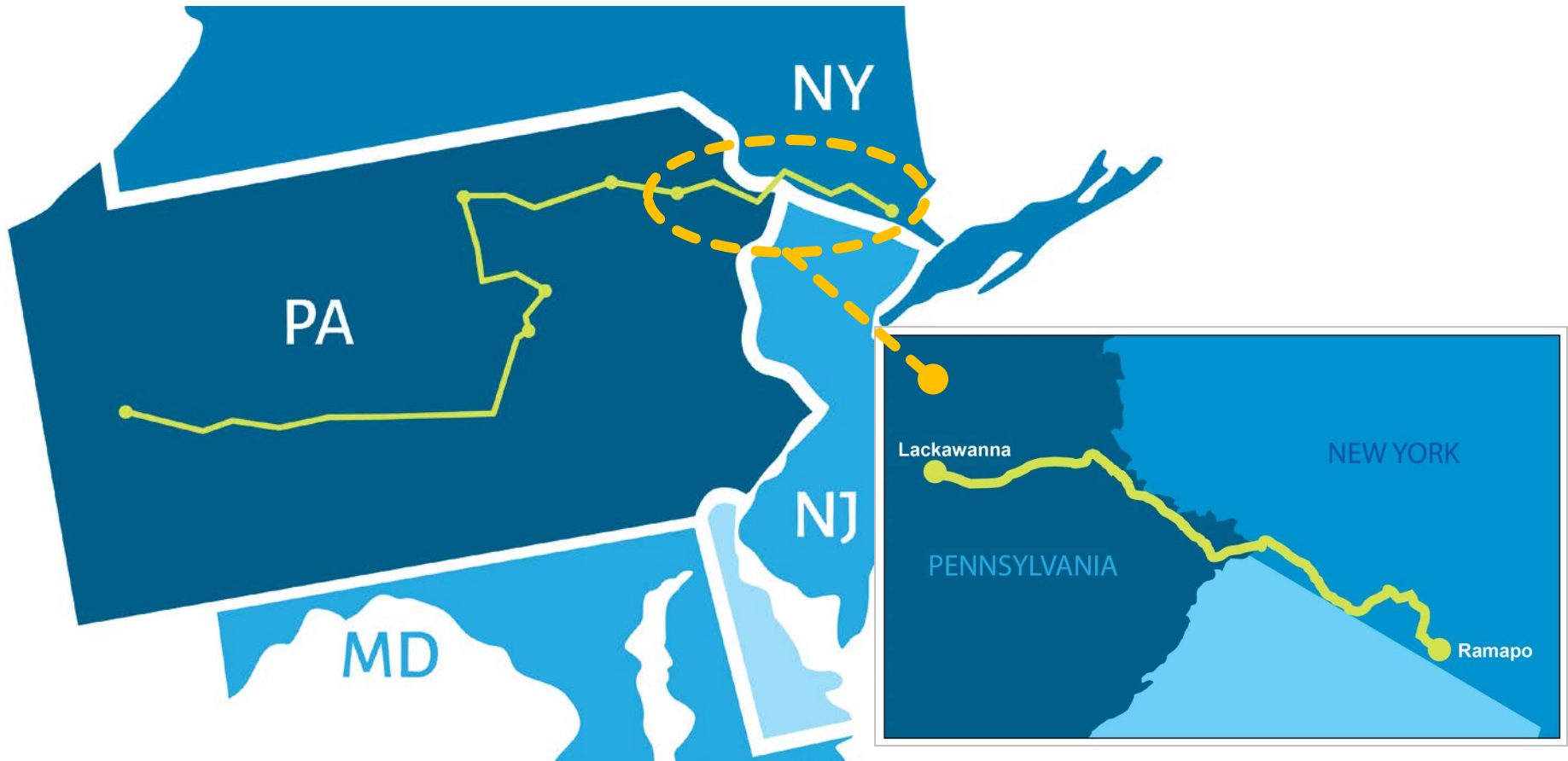
Proposed First Segment:

- 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 Rate Review

	KU	LG&E	
	Electric	Electric	Gas
Revenue Increase Requested	\$103.1 million	\$93.6 million	\$13.8 million
Test Year	12-months ended 6/30/2018	12-months ended 6/30/2018	12-months ended 6/30/2018
Requested ROE ⁽¹⁾	10.23%	10.23%	10.23%
Jurisdictional Capitalization ⁽²⁾	\$3.6 billion	\$2.4 billion	\$0.7 billion

(1) Potential changes in requested ROE of 10 basis points will result in a revised revenue increase requested of plus or minus \$3.2 million for KU, \$2.1 million for LG&E Electric, and \$0.6 million for LG&E Gas.

(2) Does not include capitalization recovered via other rate mechanisms or other jurisdictions.

Complete filings are available at www.lge-ku.com/regulatory.asp

Kentucky Rate Review Schedule

Timing	Milestone
✓ 01/11/2017	1 st request for information
✓ 01/25/2017	LG&E and KU responses
02/07/2017	Supplemental request for information
02/20/2017	LG&E and KU responses
03/03/2017	Intervenor testimony
03/17/2017	Requests to intervenors
03/31/2017	Intervenor responses
04/14/2017	LG&E/KU rebuttal testimony
05/02/2017	Public hearing in Frankfort
07/01/2017	New rates effective

✓ Completed

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	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)	✓	✓	(1)	(3)
	Unit 2	166	✓	(3)	✓	✓	(1)	(3)
	Unit 3	409	✓	✓	✓	✓	(1)	✓
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 are pending at Trimble and Brown.

Disposal permitted and commenced construction at Brown; 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.

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 December 31, 2016.

(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-2021 ⁽¹⁾	950	20	0	930
	Bilateral Credit Facility	Mar-2017	150	17	0	133
			<u>\$1,400</u>	<u>\$37</u>	<u>\$0</u>	<u>\$1,363</u>
PPL Electric Utilities	Syndicated Credit Facility	Jan-2021 ⁽¹⁾	\$650	\$296	\$0	\$354
LG&E and KU Energy (LKE)	Syndicated Credit Facility	Oct-2018	\$75	\$0	\$0	\$75
Louisville Gas & Electric	Syndicated Credit Facility	Dec-2020 ⁽¹⁾	\$500	\$169	\$0	\$331
Kentucky Utilities	Syndicated Credit Facility	Dec-2020 ⁽¹⁾	\$400	\$16	\$0	\$384
	Letter of Credit Facility	Oct-2017	198	198	0	0
			<u>\$598</u>	<u>\$214</u>	<u>\$0</u>	<u>\$384</u>
WPD	WPD plc Syndicated Credit Facility	Jan-2021	£210	£0	£160	£49 ⁽²⁾
	WPD (South West) Syndicated Credit Facility	Jul-2021	245	0	110	135
	WPD (East Midlands) Syndicated Credit Facility	Jul-2021	300	0	9	291
	WPD (West Midlands) Syndicated Credit Facility	Jul-2021	300	0	0	300
	Uncommitted Credit Facilities		90	4	60	26
			<u>£1,145</u>	<u>£4</u>	<u>£339</u>	<u>£801</u>

Note: As of December 31, 2016.

(1) Effective January 27, 2017, the expiration dates on these syndicated facilities have been extended to January 2022.

(2) The unused capacity reflects the amount borrowed in GBP of £161 million as of the date borrowed.

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)	4th Quarter December 31, 2016					Year-to-Date December 31, 2016				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 331	\$ 84	\$ 75	\$ (25)	\$ 465	\$ 1,246	\$ 398	\$ 338	\$ (80)	\$ 1,902
Less: Special Items (expense) benefit:										
Foreign currency-related economic hedges, net of tax of (\$31), \$4	57				57	(8)				(8)
Spinoff of the Supply segment, net of tax of \$1, \$2				(1)	(1)				(3)	(3)
Other:										
Settlement of foreign currency contracts, net of tax of (\$108)						202				202
Change in U.K. tax rate						37				37
Total Special Items	<u>57</u>			<u>(1)</u>	<u>56</u>	<u>231</u>			<u>(3)</u>	<u>228</u>
Earnings from Ongoing Operations	<u>\$ 274</u>	<u>\$ 84</u>	<u>\$ 75</u>	<u>\$ (24)</u>	<u>\$ 409</u>	<u>\$ 1,015</u>	<u>\$ 398</u>	<u>\$ 338</u>	<u>\$ (77)</u>	<u>\$ 1,674</u>

After-Tax (Unaudited) (per share - diluted)	4th Quarter December 31, 2016					Year-to-Date December 31, 2016				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 0.48	\$ 0.12	\$ 0.11	\$ (0.03)	\$ 0.68	\$ 1.83	\$ 0.58	\$ 0.50	\$ (0.12)	\$ 2.79
Less: Special Items (expense) benefit:										
Foreign currency-related economic hedges	0.08				0.08	(0.01)				(0.01)
Other:										
Settlement of foreign currency contracts						0.30				0.30
Change in U.K. tax rate						0.05				0.05
Total Special Items	<u>0.08</u>				<u>0.08</u>	<u>0.34</u>				<u>0.34</u>
Earnings from Ongoing Operations	<u>\$ 0.40</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>	<u>\$ (0.03)</u>	<u>\$ 0.60</u>	<u>\$ 1.49</u>	<u>\$ 0.58</u>	<u>\$ 0.50</u>	<u>\$ (0.12)</u>	<u>\$ 2.45</u>

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)	4th Quarter December 31, 2015						Year-to-Date December 31, 2015					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops.	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops. ⁽¹⁾	Total
Reported Earnings	\$ 307	\$ 59	\$ 61	\$ (23)	\$ (5)	\$ 399	\$ 1,121	\$ 326	\$ 252	\$ (96)	\$ (921)	\$ 682
Less: Special Items (expense) benefit:												
Foreign currency-related economic hedges, net of tax of (\$20), (\$30)	35					35	55					55
Spinoff of the Supply segment:												
Discontinued operations, net of tax of (\$7), \$30					(5)	(5)					(921)	(921)
Transition and transaction costs, net of tax of \$6, \$6				4		4				(12)		(12)
Employee transitional services, net of tax of \$0, \$2				(1)		(1)				(5)		(5)
Separation benefits, net of tax of \$1, \$3				(2)		(2)				(5)		(5)
Other:												
Change in U.K. tax rate	78					78	78					78
Settlement of certain income tax positions							18					18
WPD Midlands acquisition-related adjustment, net of tax of (\$1)							2					2
Certain valuation allowances, net of tax of \$0, \$0		(4)				(4)		(12)				(12)
LKE acquisition-related adjustment, net of tax of \$0								(5)				(5)
Total Special Items	<u>113</u>	<u>(4)</u>	<u></u>	<u>1</u>	<u>(5)</u>	<u>105</u>	<u>153</u>	<u>(17)</u>	<u></u>	<u>(22)</u>	<u>(921)</u>	<u>(807)</u>
Earnings from Ongoing Operations	<u>\$ 194</u>	<u>\$ 63</u>	<u>\$ 61</u>	<u>\$ (24)</u>	<u>\$ -</u>	<u>\$ 294</u>	<u>\$ 968</u>	<u>\$ 343</u>	<u>\$ 252</u>	<u>\$ (74)</u>	<u>\$ -</u>	<u>\$ 1,489</u>

(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 to Earnings From Ongoing Operations

After-Tax (Unaudited) (per share - diluted)	4th Quarter December 31, 2015						Year-to-Date December 31, 2015					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops.	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops. ⁽¹⁾	Total
Reported Earnings	\$ 0.45	\$ 0.09	\$ 0.09	\$ (0.03)	\$ (0.01)	\$ 0.59	\$ 1.66	\$ 0.48	\$ 0.37	\$ (0.14)	\$ (1.36)	\$ 1.01
Less: Special Items (expense) benefit:												
Foreign currency-related economic hedges	0.05					0.05	0.08					0.08
Spinoff of the Supply segment:												
Discontinued operations					(0.01)	(0.01)					(1.36)	(1.36)
Transition and transaction costs				0.01		0.01				(0.02)		(0.02)
Employee transitional services										(0.01)		(0.01)
Other:												
Change in U.K. tax rate	0.11					0.11	0.11					0.11
Settlement of certain income tax positions							0.03					0.03
Certain valuation allowances								(0.02)				(0.02)
LKE acquisition-related adjustment								(0.01)				(0.01)
Total Special Items	<u>0.16</u>	<u></u>	<u></u>	<u>0.01</u>	<u>(0.01)</u>	<u>0.16</u>	<u>0.22</u>	<u>(0.03)</u>	<u></u>	<u>(0.03)</u>	<u>(1.36)</u>	<u>(1.20)</u>
Earnings from Ongoing Operations	<u>\$ 0.29</u>	<u>\$ 0.09</u>	<u>\$ 0.09</u>	<u>\$ (0.04)</u>	<u>\$ -</u>	<u>\$ 0.43</u>	<u>\$ 1.44</u>	<u>\$ 0.51</u>	<u>\$ 0.37</u>	<u>\$ (0.11)</u>	<u>\$ -</u>	<u>\$ 2.21</u>

(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.

Gross Margins Summary

(Unaudited) (millions of dollars, except share data)	Twelve Months Ended December 31,			Per Share Diluted (after-tax)
	2016	2015	Change	
U.K. Gross Margins	\$ 2,067	\$ 2,243	\$ (176)	\$ (0.21)
Impact of changes in foreign currency exchange rates			(238)	(0.28)
Change in U.K. Gross Margins excluding impact of foreign currency exchange rates			\$ 62	\$ 0.07
KY Gross Margins	\$ 2,009	\$ 1,926	\$ 83	\$ 0.07
PA Gross Margins				
Distribution	\$ 960	\$ 842	\$ 118	\$ 0.10
Transmission	454	395	59	0.05
Total PA Gross Margins	\$ 1,414	\$ 1,237	\$ 177	\$ 0.15

Reconciliation of Year-to-Date Margins to Operating Income

(Unaudited) (millions of dollars)	Twelve Months Ended December 31, 2016					Twelve Months Ended December 31, 2015				
	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	\$ 2,165	\$ 3,141	\$ 2,156	\$ 55	\$ 7,517	\$ 2,364	\$ 3,115	\$ 2,124	\$ 66	\$ 7,669
Operating Expenses										
Fuel		791			791		863			863
Energy purchases		171	535		706		184	657	14	855
Energy purchases from affiliate								14	(14)	
Other operation and maintenance	98	109	108	1,430	1,745	121	100	114	1,603	1,938
Depreciation		56		870	926		38		845	883
Taxes, other than income		5	99	197	301		4	102	193	299
Total Operating Expenses	98	1,132	742	2,497	4,469	121	1,189	887	2,641	4,838
Total	<u>\$ 2,067</u>	<u>\$ 2,009</u>	<u>\$ 1,414</u>	<u>\$ (2,442)</u>	<u>\$ 3,048</u>	<u>\$ 2,243</u>	<u>\$ 1,926</u>	<u>\$ 1,237</u>	<u>\$ (2,575)</u>	<u>\$ 2,831</u>

Reconciliation of Domestic Cash Flows

(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).
- 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, 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 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 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.

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.