



Delivering today for
a brighter tomorrow

3rd Quarter Earnings Call

Thursday, November 1, 2018



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 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.

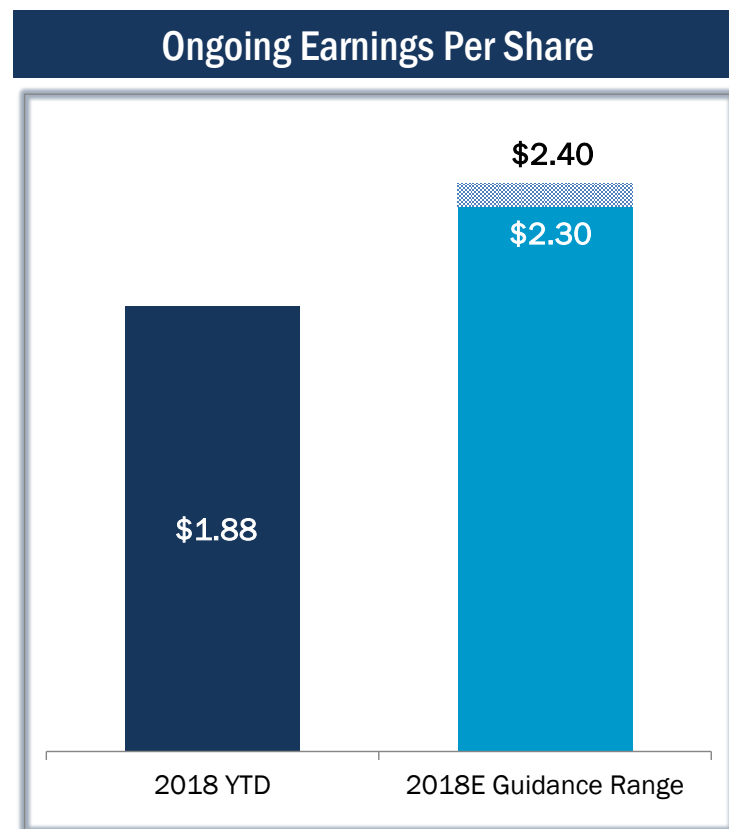
Agenda

- | | | |
|------|------------------------------|-------------|
| I. | Executive Overview & Outlook | Bill Spence |
| II. | Q3 2018 Financial Review | Vince Sorgi |
| III. | Closing Remarks and Q&A | Bill Spence |

Executive Overview & Outlook

Excellent operational performance continues to drive strong financial results

- Delivered Q3 2018 ongoing earnings of \$0.59 per share vs. \$0.56 in Q3 2017
- Increased 2018 ongoing earnings guidance midpoint to \$2.35 per share (from \$2.33)
- Filed for new rates in Kentucky beginning 5/1/2019
 - New rates support infrastructure investments that enhance service reliability
 - Request includes “Green Tariff” proposal to support renewable energy growth and economic development in the region
- Pennsylvania earns top decile service reliability ranking in United States
- Reaffirmed 5-6% EPS growth rate through 2020 ⁽¹⁾



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

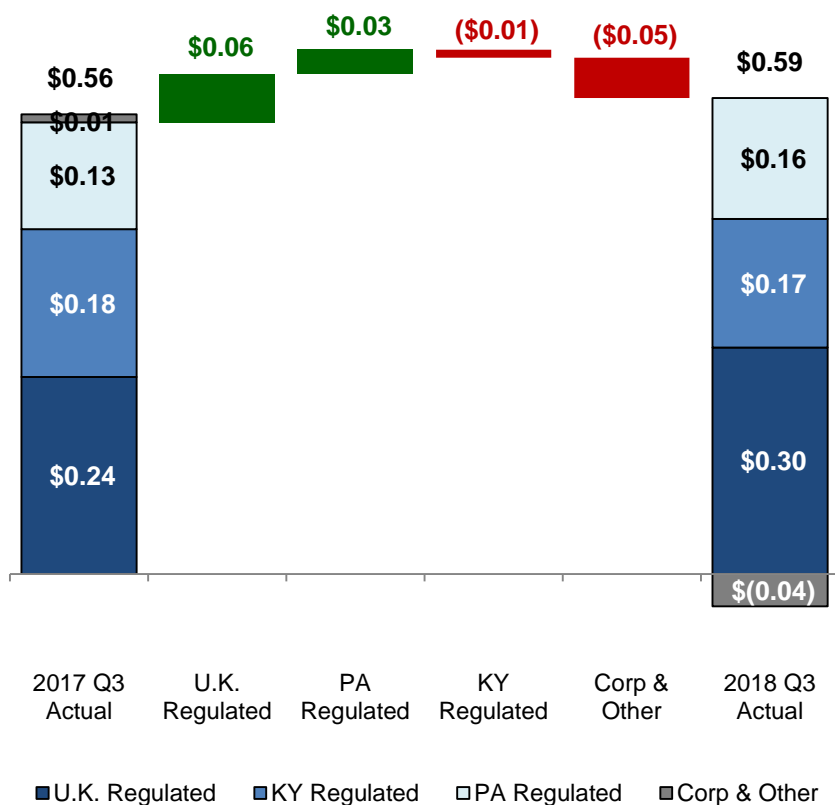
(1) Based on the midpoint of the original 2018 earnings guidance range of \$2.20 - \$2.40 per share.



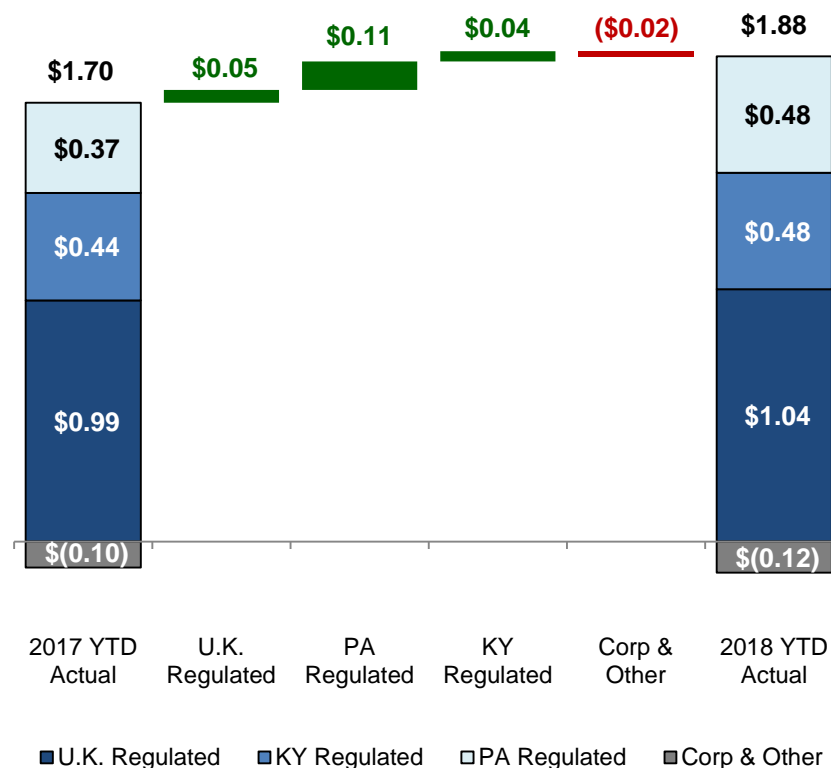
Q3 Financial Review

Ongoing Earnings Results Overview

Q3 Ongoing Earnings Walk



YTD Ongoing Earnings Walk



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

U.K. Regulated Segment Earnings Drivers

	Ongoing EPS
Q3 2017 U.K. Regulated Total	\$0.24
Quarter-over-quarter Drivers:	
Adjusted gross margins	0.02
Other Income	0.02
Currency	0.03
Dilution	(0.01)
Total Ongoing Earnings Drivers	0.06
Q3 2018 U.K. Regulated Total	\$0.30

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

Pennsylvania Regulated Segment Earnings Drivers

	Ongoing EPS
Q3 2017 Pennsylvania Regulated Total	\$0.13
Quarter-over-quarter Drivers:	
Adjusted gross margins ⁽¹⁾	(0.01)
Operation and maintenance	0.01
Depreciation	(0.01)
Income taxes and other ⁽¹⁾	0.04
Total Ongoing Earnings Drivers	0.03
Q3 2018 Pennsylvania Regulated Total	\$0.16

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

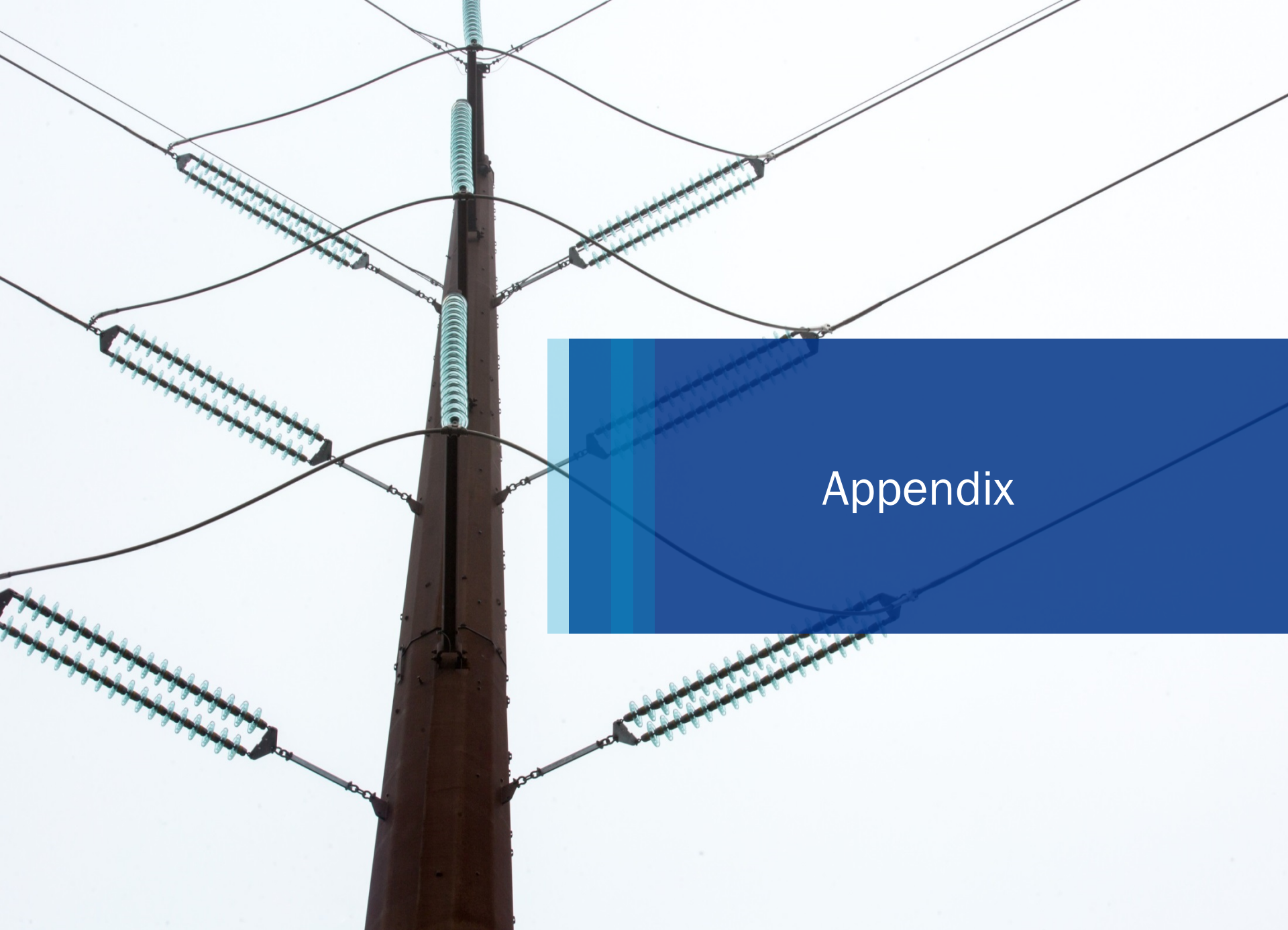
(1) Adjusted gross margins and income taxes & other drivers include offsetting variances of \$0.04 for the third quarter related to the estimated income tax savings owed to customers as a result of the TCJA effective January 1, 2018.

Kentucky Regulated Segment Earnings Drivers

	Ongoing EPS
Q3 2017 Kentucky Regulated Total	\$0.18
Quarter-over-quarter Drivers:	
Adjusted gross margins ⁽¹⁾	(0.02)
Operation and maintenance	(0.02)
Income taxes & other ⁽¹⁾	0.04
Dilution	(0.01)
Total Ongoing Earnings Drivers	(0.01)
Q3 2018 Kentucky Regulated Total	\$0.17

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

(1) Adjusted gross margins and income taxes & other drivers include offsetting variances of \$0.04 for the third quarter related to the estimated income tax savings owed to customers as a result of the TCJA effective January 1, 2018.



Appendix

Earnings Results Summary

	Q3 2018	Q3 2017	Change
PPL Reported Earnings	\$ 0.62	\$ 0.51	\$ 0.11
Less: Special Items	0.03	(0.05)	
PPL Ongoing Earnings	\$ 0.59	\$ 0.56	\$ 0.03
U.K. Regulated	0.30	0.24	0.06
Kentucky Regulated	0.17	0.18	(0.01)
Pennsylvania Regulated	0.16	0.13	0.03
Corporate and Other	(0.04)	0.01	(0.05)

Primary Q3 Drivers ⁽¹⁾	
▲ Income taxes & other	\$ 0.06
▲ Currency	0.03
▲ Other Income	0.02
▼ O&M	(0.02)
▼ Financing Costs	(0.02)
▼ Dilution	(0.02)

	YTD 2018	YTD 2017	Change
PPL Reported Earnings	\$ 2.01	\$ 1.53	\$ 0.48
Less: Special Items	0.13	(0.17)	
PPL Ongoing Earnings	\$ 1.88	\$ 1.70	\$ 0.18
U.K. Regulated	1.04	0.99	0.05
Kentucky Regulated	0.48	0.44	0.04
Pennsylvania Regulated	0.48	0.37	0.11
Corporate and Other	(0.12)	(0.10)	(0.02)

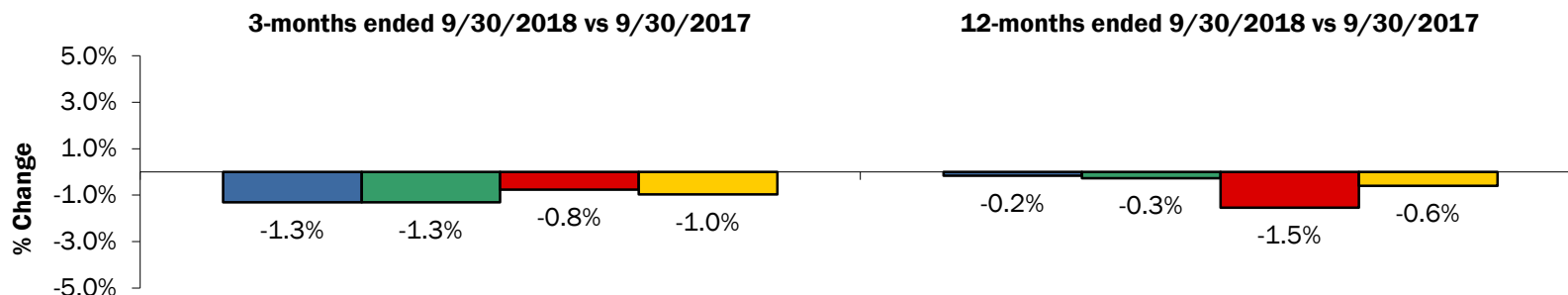
Primary YTD Drivers ⁽¹⁾	
▲ Income taxes & other	\$ 0.11
▲ Adjusted gross margins	0.10
▲ Currency	0.09
▲ Other Income	0.07
▼ Depreciation	(0.05)
▼ O&M	(0.04)
▼ Financing costs	(0.04)
▼ Dilution	(0.04)

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

(1) Both adjusted gross margins and income taxes & other drivers include offsetting variances of \$0.08 in Q3 and \$0.20 YTD related to the estimated income tax savings owed to customers as a result of the TCJA effective January 1, 2018.

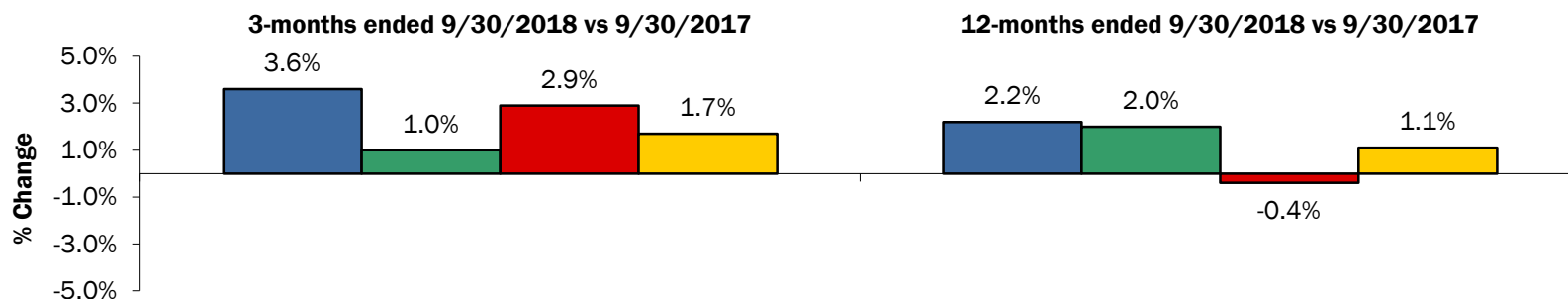
U.S. Regulated Volume Variances

Kentucky Regulated Weather-Normalized Retail Sales



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	-1.3%	-1.3%	-0.8%	-1.0%		-0.2%	-0.3%	-1.5%	-0.6%	
Actual	7.0%	5.1%	-0.8%	3.9%		11.5%	4.0%	-1.5%	4.7%	

Pennsylvania Regulated Weather-Normalized Retail Sales



	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total	
Weather-Normalized (charted)	3.6%	1.0%	2.9%	1.7%		2.2%	2.0%	-0.4%	1.1%	
Actual	10.7%	2.8%	2.9%	5.3%		8.4%	3.4%	-0.4%	4.4%	

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

Kentucky Rate Review

	KU	LG&E	
	Electric	Electric	Gas
Revenue Increase Requested	\$112 million	\$35 million	\$25 million
Test Year	12-months ended 4/30/2020	12-months ended 4/30/2020	12-months ended 4/30/2020
Requested ROE	10.42%	10.42%	10.42%
Jurisdictional Capitalization ⁽¹⁾	\$4.1 billion	\$2.6 billion	\$0.8 billion

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

The case numbers are 2018-00294 for KU and 2018-00295 for LG&E. Complete filings are available at www.lge-ku.com/regulatory.asp.

Kentucky Rate Review Schedule

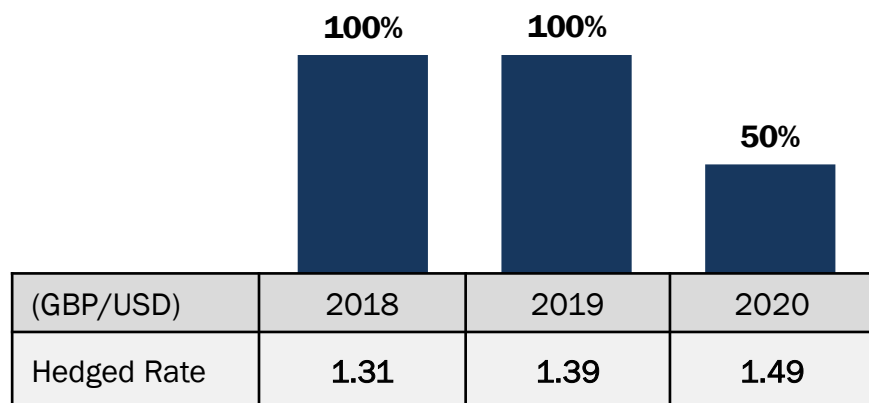
Timing	Milestone
✓ 09/28/2018	KU and LG&E filed its application to adjust rates
✓ 10/12/2018	KU and LGE filed its responses to the KY PSC initial data requests
11/13/2018	1 st Request for information from all intervenors received
11/29/2018	LG&E and KU responses filed
12/13/2018	Supplemental request for information received
01/02/2019	LG&E and KU responses filed
01/16/2019	Intervenor testimony filed
01/31/2019	Requests to intervenors submitted
02/14/2019	Intervenor responses filed
02/26/2019	LG&E/KU Rebuttal testimony filed
TBD	Public hearing in Frankfort
05/01/2019	New rates effective

✓ Completed

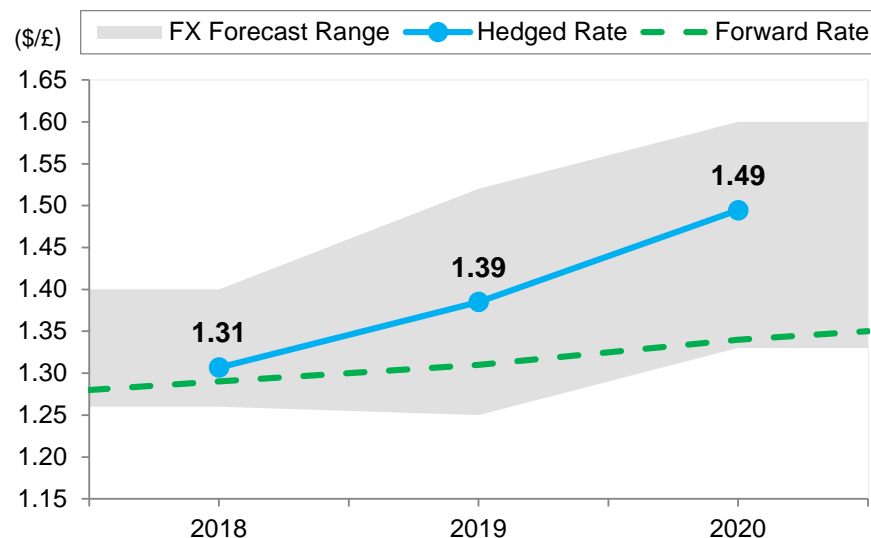
Foreign Currency Update

Currency hedging strategy positions PPL to achieve 5-6% EPS growth target

Managing Foreign Currency Risk ⁽¹⁾



Forward Foreign Currency Rates

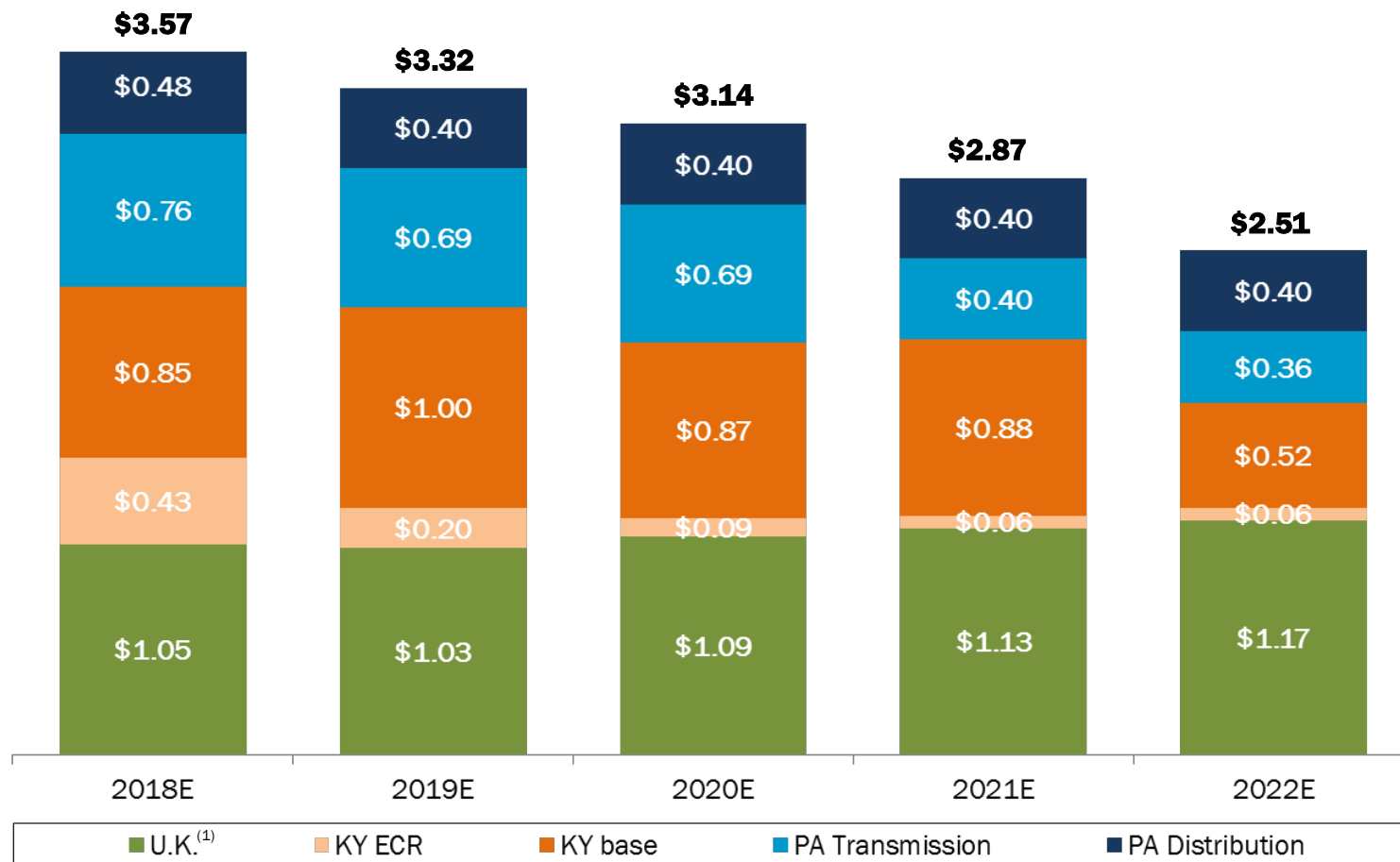


Note: Forward FX rates sourced from Bloomberg as of 10/26/2018. Forecast range reflects views from up to 14 financial institutions and does not represent PPL's internal forecast. Not all institutions provide forecasts for all periods.

(1) PPL's foreign currency hedge status as of 10/26/2018.

Capital Expenditure Plan

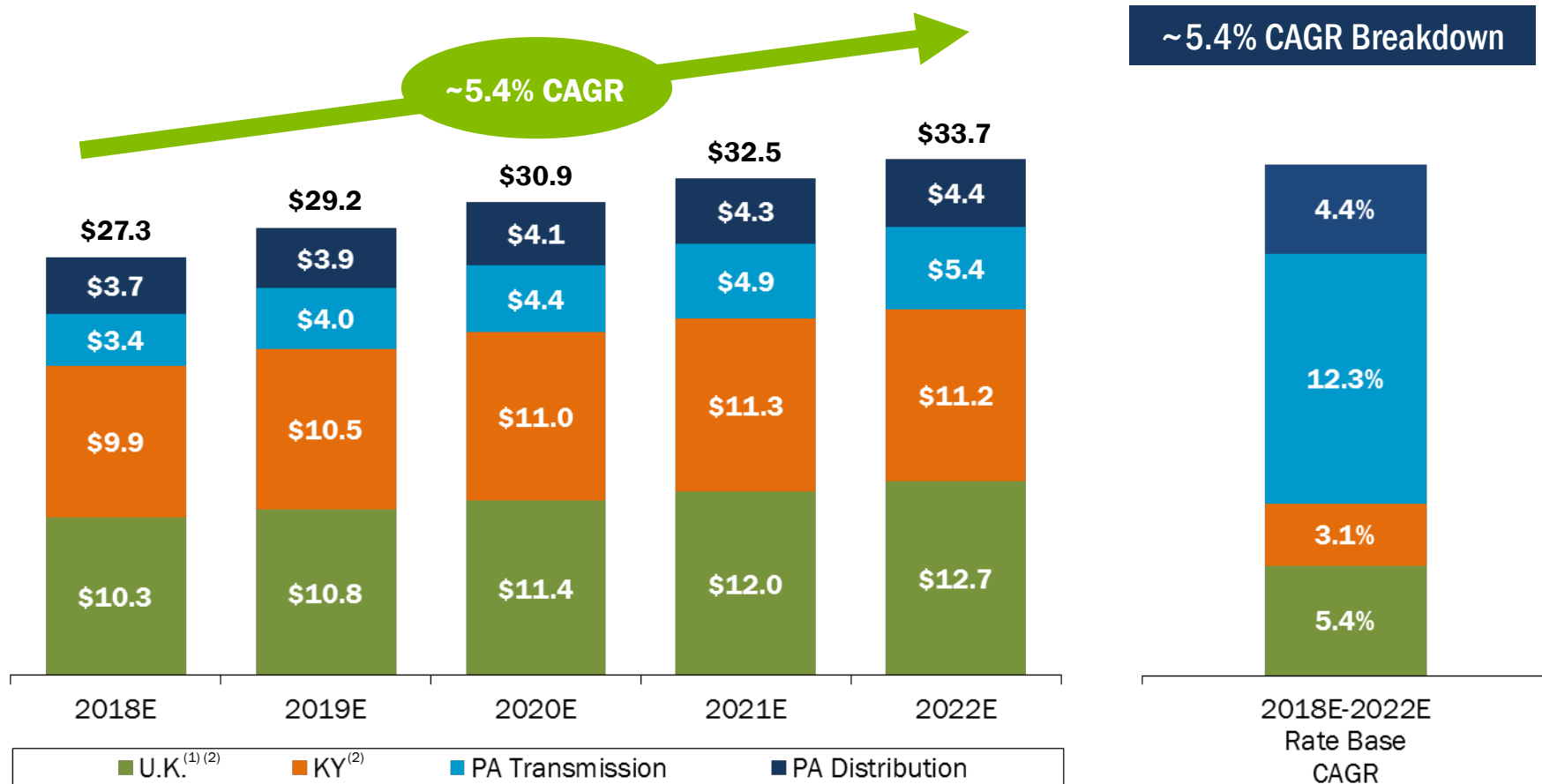
(\$ in billions)



(1) Capital plans are based on assumed exchange rate of \$1.35/£ for 2018-2019 and \$1.40/£ for 2020-2022.

Projected Rate Base Growth

(\$ in billions)



(1) For comparability based on assumed exchange rate of \$1.35/£ for all years.

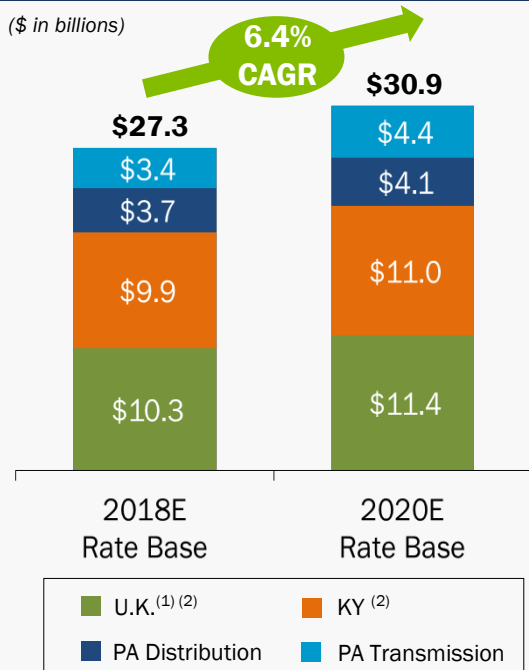
(2) Represents Regulatory Asset Value (RAV) for U.K. Represents utility capitalization for KY.

Prudent Investments, Timely Recovery Drive Growth Opportunity

Significant investment opportunities and constructive regulatory recovery mechanisms support 5-6% annual EPS growth target through 2020

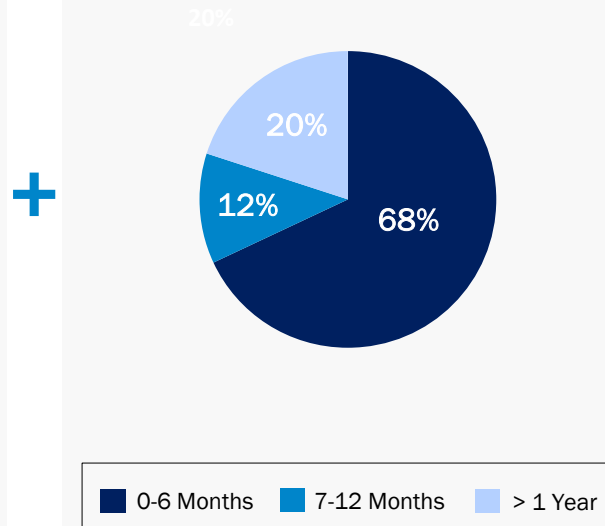
Strong Regulated Rate Base Growth

(\$ in billions)



Timely Real-time CAPEX Recovery

~80% CAPEX recovery within one year



Support 5-6% EPS CAGR⁽³⁾



(1) For comparability based on assumed exchange rate of \$1.35/£ for all years.

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

(3) Range reflective of 5-6% CAGR from original 2018E ongoing earnings guidance midpoint of \$2.30 per share.

(4) Does not represent earnings forecast or guidance for 2020.

Assumptions to Achieve 5-6% EPS Growth 2018 Through 2020⁽¹⁾

➤ Key Corporate-Level Assumptions:

- Continued dividend growth through 2020 with a 4% increase from 2017 to 2018⁽²⁾
- Approximately \$2.0B of equity issuances through 2020 (including \$1.7B equity forward transaction executed in May 2018)

➤ Domestic Growth Assumptions:⁽¹⁾

- Net income growth of 8-10%⁽¹⁾
- Domestic rate base CAGR of 7.1%
- PA transmission CAPEX of \$1.4B at 11.68% base ROE
- KY investment of \$2.2B at 9.7% ROE

➤ U.K. Growth Assumptions:⁽¹⁾

- Net income growth of 7-9%⁽¹⁾
- Budgeted GBP foreign currency rate (including hedges): \$1.31/£(2018); \$1.39/£(2019); \$1.40/£(2020)
- Expected rate base (RAV) CAGR of 5.2%
- Higher pension income from annual contributions to pension plans
- Incentive revenue assumptions: \$100M (2018); \$90-\$110M (2019); \$100-\$120M (2020)
- RPI (inflation rate): 3.3% (2018); 3.0% (2019 and 2020)
- Annual cash repatriation between \$300 – \$500M

(1) Growth rates based off of midpoint of original 2018 ongoing earnings forecast of \$2.30 per share.

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

U.K. Regulated: TRU and MOD 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 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)	2018	2019	2020
TRU	(\$20)	\$0	\$0
MOD	(\$40)	(\$60)	(\$90)
Total	(\$60)	(\$60)	(\$90)

Funding Growth

(\$ in millions)

	2017A	2018E ⁽¹⁾
Domestic Cash from Operations	\$1,826	\$1,690
Domestic Maintenance Capex ⁽²⁾	(777)	(860)
Dividend From U.K. Regulated	125	400
Cash Available for Distribution	\$1,174	\$1,230
Common Dividend	(1,072)	(1,165)
Cash Available for Reinvestment	\$102	\$65
 Domestic Growth Capex	 (\$1,379)	 (\$1,585)
 Debt Maturities	 (\$70)	 (\$250)
Debt Issuances and Change in Cash ⁽³⁾	987	835
Equity Issuances	432	970
Other Investing and Financing Activities	(72)	(35)
Additional Funding Sources for Domestic Growth Capex	\$1,277	\$1,520

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 original 2018 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)	2018	2019	2020	2021	2022	2023 and Beyond	Total
PPL Capital Funding	\$0	\$0	\$0	\$0	\$800	\$3,730	\$4,530
PPL Electric Utilities ⁽¹⁾	0	0	100	400	474	2,765	3,739
LG&E and KU Energy	0	0	475	250	0	0	725
Louisville Gas & Electric ⁽¹⁾	0	434	0	98	0	1,293	1,824
Kentucky Utilities ⁽¹⁾	0	96	500	0	0	1,746	2,342
WPD plc	0	0	0	500	0	850	1,350
WPD Operating Companies ⁽²⁾	0	0	194	0	0	5,639	5,833
Total	\$0	\$530	\$1,269	\$1,248	\$1,274	\$16,022	\$20,343

Note: As of September 30, 2018.

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

(2) Includes WPD (East Midlands) plc, WPD (West Midlands) plc, WPD (South Wales) plc and WPD (South West) plc.

Liquidity Profile

Entity	Facility	Expiration Date	Capacity (Millions)	Borrowed (Millions)	Letters of Credit & Commercial Paper Issued (Millions)	Unused Capacity (Millions)
PPL Capital Funding	Syndicated Credit Facility	Jan-2023	\$950	\$0	\$691	\$259
	Syndicated Credit Facility	Nov-2018	300	0	0	300
	Bilateral Credit Facility	Mar-2019	100	0	20	80
			\$1,350	\$0	\$711	\$639
PPL Electric Utilities	Syndicated Credit Facility	Jan-2023	\$650	\$0	\$1	\$649
LG&E and KU Energy (LKE)	Syndicated Credit Facility	Oct-2018	\$75	\$0	\$0	\$75
Louisville Gas & Electric	Syndicated Credit Facility	Jan-2023	\$500	\$0	\$176	\$324
	Term Loan Facility	Oct-2019	200	200	0	0
			\$700	\$200	\$176	\$324
Kentucky Utilities	Syndicated Credit Facility	Jan-2023	\$400	\$0	\$128	\$272
	Letter of Credit Facility	Oct-2020	198	0	198	0
			\$598	\$0	\$326	\$272
WPD	WPD plc Syndicated Credit Facility	Jan-2023	£210	£154	£0	£54 ⁽¹⁾
	WPD plc Term Loan Facility	Dec-2018	130	130	0	0
	WPD (South West) Syndicated Credit Facility	Jul-2021	245	0	0	245
	WPD (East Midlands) Syndicated Credit Facility	Jul-2021	300	93	0	207
	WPD (West Midlands) Syndicated Credit Facility	Jul-2021	300	50	0	250
	Uncommitted Credit Facilities		130	0	4	126
			£1,315	£427	£4	£882

Note: As of September 30, 2018.

(1) The unused capacity reflects the amount borrowed in GBP of £156 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 September 30, 2018.



Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)	3rd Quarter September 30, 2018					Year-to-Date September 30, 2018				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 245	\$ 122	\$ 112	\$ (34)	\$ 445	\$ 836	\$ 332	\$ 335	\$ (91)	\$ 1,412
Less: Special Items (expense) benefit:										
Foreign currency economic hedges, net of tax of (\$7), (\$27)	28				28	103				103
U.S. tax reform	3	2		(5)	-	3	2		(5)	-
Kentucky state tax reform							(9)			(9)
IT transformation, net of tax of \$2, \$2			(5)		(5)			(5)		(5)
Total Special Items	<u>31</u>	<u>2</u>	<u>(5)</u>	<u>(5)</u>	<u>23</u>	<u>106</u>	<u>(7)</u>	<u>(5)</u>	<u>(5)</u>	<u>89</u>
Earnings from Ongoing Operations	<u>\$ 214</u>	<u>\$ 120</u>	<u>\$ 117</u>	<u>\$ (29)</u>	<u>\$ 422</u>	<u>\$ 730</u>	<u>\$ 339</u>	<u>\$ 340</u>	<u>\$ (86)</u>	<u>\$ 1,323</u>

After-Tax (Unaudited) (per share - diluted)	3rd Quarter September 30, 2018					Year-to-Date September 30, 2018				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 0.34	\$ 0.17	\$ 0.15	\$ (0.04)	\$ 0.62	\$ 1.19	\$ 0.47	\$ 0.47	\$ (0.12)	\$ 2.01
Less: Special Items (expense) benefit:										
Foreign currency economic hedges	0.04				0.04	0.15				0.15
Kentucky state tax reform							(0.01)			(0.01)
IT transformation			(0.01)		(0.01)			(0.01)		(0.01)
Total Special Items	<u>0.04</u>	<u>-</u>	<u>(0.01)</u>	<u>-</u>	<u>0.03</u>	<u>0.15</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>-</u>	<u>0.13</u>
Earnings from Ongoing Operations	<u>\$ 0.30</u>	<u>\$ 0.17</u>	<u>\$ 0.16</u>	<u>\$ (0.04)</u>	<u>\$ 0.59</u>	<u>\$ 1.04</u>	<u>\$ 0.48</u>	<u>\$ 0.48</u>	<u>\$ (0.12)</u>	<u>\$ 1.88</u>

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations

After-Tax (Unaudited) (millions of dollars)	3rd Quarter September 30, 2017					Year-to-Date September 30, 2017				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 126	125	95	\$ 9	\$ 355	\$ 560	\$ 299	251	\$ (60)	\$ 1,050
Less: Special Items (expense) benefit:										
Foreign currency economic hedges, net of tax of \$20, \$66	(37)				(37)	(122)				(122)
Spinoff of the Supply segment, net of tax of (\$2), (\$2)				4	4				4	4
Adjustment to investment, net of tax of \$0							(1)			(1)
Total Special Items	(37)	-	-	4	(33)	(122)	(1)	-	4	(119)
Earnings from Ongoing Operations	<u>\$ 163</u>	<u>\$ 125</u>	<u>\$ 95</u>	<u>\$ 5</u>	<u>\$ 388</u>	<u>\$ 682</u>	<u>\$ 300</u>	<u>\$ 251</u>	<u>\$ (64)</u>	<u>\$ 1,169</u>

After-Tax (Unaudited) (per share - diluted)	3rd Quarter September 30, 2017					Year-to-Date September 30, 2017				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 0.18	\$ 0.18	\$ 0.13	\$ 0.02	\$ 0.51	\$ 0.81	\$ 0.44	\$ 0.37	\$ (0.09)	\$ 1.53
Less: Special Items (expense) benefit:										
Foreign currency economic hedges	(0.06)				(0.06)	(0.18)				(0.18)
Spinoff of the Supply segment				0.01	0.01				0.01	0.01
Total Special Items	(0.06)	-	-	0.01	(0.05)	(0.18)	-	-	0.01	(0.17)
Earnings from Ongoing Operations	<u>\$ 0.24</u>	<u>\$ 0.18</u>	<u>\$ 0.13</u>	<u>\$ 0.01</u>	<u>\$ 0.56</u>	<u>\$ 0.99</u>	<u>\$ 0.44</u>	<u>\$ 0.37</u>	<u>\$ (0.10)</u>	<u>\$ 1.70</u>

Adjusted Gross Margin Summary

(Unaudited) (millions of dollars, except share data)	Three Months Ended September 30,			Per Share Diluted (after-tax)
	2018	2017	Change	
U.K. Adjusted Gross Margins	\$ 467	\$ 441	\$ 26	\$ 0.03
Less: Impact of changes in foreign currency exchange rates			5	0.01
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 21	\$ 0.02
KY Adjusted Gross Margins	\$ 528	\$ 547	\$ (19)	\$ (0.02)
PA Adjusted Gross Margins				
Distribution	\$ 225	\$ 233	\$ (8)	\$ (0.01)
Transmission	138	134	4	-
Total PA Adjusted Gross Margins	\$ 363	\$ 367	\$ (4)	\$ (0.01)

(Unaudited) (millions of dollars, except share data)	Nine Months Ended September 30,			Per Share Diluted (after-tax)
	2018	2017	Change	
U.K. Adjusted Gross Margins	\$ 1,578	\$ 1,446	\$ 132	\$ 0.16
Less: Impact of changes in foreign currency exchange rates			108	0.13
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 24	\$ 0.03
KY Adjusted Gross Margins	\$ 1,544	\$ 1,520	\$ 24	\$ 0.03
PA Adjusted Gross Margins				
Distribution	\$ 695	\$ 710	\$ (15)	\$ (0.02)
Transmission	411	357	54	0.06
Total PA Adjusted Gross Margins	\$ 1,106	\$ 1,067	\$ 39	\$ 0.04

Reconciliation of Adjusted Gross Margins to Operating Income

(Unaudited) (millions of dollars)	Three Months Ended September 30, 2018					Three Months Ended September 30, 2017				
	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	\$ 508	\$ 802	\$ 548	\$ 14	\$ 1,872	\$ 467	\$ 818	\$ 547	\$ 13	\$ 1,845
Operating Expenses										
Fuel		206			206		202			202
Energy purchases		22	127		149		22	121		143
Other operation and maintenance	41	26	23	389	479	26	30	29	353	438
Depreciation		18	10	247	275		16	5	236	257
Taxes, other than income		2	25	50	77		1	25	43	69
Total Operating Expenses	41	274	185	686	1,186	26	271	180	632	1,109
Total	\$ 467	\$ 528	\$ 363	\$ (672)	\$ 686	\$ 441	\$ 547	\$ 367	\$ (619)	\$ 736

(Unaudited) (millions of dollars)	Nine Months Ended September 30, 2018					Nine Months Ended September 30, 2017				
	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	\$ 1,687	\$ 2,417	\$ 1,704	\$ 38	\$ 5,846	\$ 1,517	\$ 2,350	\$ 1,620	\$ 34	\$ 5,521
Operating Expenses										
Fuel		609			609		576			576
Energy purchases		135	403		538		120	374		494
Other operation and maintenance	109	74	92	1,178	1,453	71	82	89	1,098	1,340
Depreciation		52	26	739	817		48	14	683	745
Taxes, other than income		3	77	154	234		4	76	134	214
Total Operating Expenses	109	873	598	2,071	3,651	71	830	553	1,915	3,369
Total	\$ 1,578	\$ 1,544	\$ 1,106	\$ (2,033)	\$ 2,195	\$ 1,446	\$ 1,520	\$ 1,067	\$ (1,881)	\$ 2,152

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

After-Tax (Unaudited) (per share - diluted)	2018 Forecast						
	Midpoint					Forecast Range	
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	High 2018	Low 2018
Reported Earnings	\$ 1.48	\$ 0.57	\$ 0.59	\$ (0.16)	\$ 2.48	\$ 2.53	\$ 2.43
Less: Special Items (expense) benefit:							
Foreign currency economic hedges	0.15				0.15	0.15	0.15
Kentucky state tax reform		(0.01)			(0.01)	(0.01)	(0.01)
IT transformation			(0.01)		(0.01)	(0.01)	(0.01)
Total Special Items	<u>0.15</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>-</u>	<u>0.13</u>	<u>0.13</u>	<u>0.13</u>
Earnings from Ongoing Operations	<u>\$ 1.33</u>	<u>\$ 0.58</u>	<u>\$ 0.60</u>	<u>\$ (0.16)</u>	<u>\$ 2.35</u>	<u>\$ 2.40</u>	<u>\$ 2.30</u>

Reconciliation of Domestic Cash Flows

Year Ended December 2017 (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	\$1,826								
Domestic Maintenance Capex	(777)								
Dividend From U.K. Regulated	125								
Cash Available for Distribution	\$1,174								
Common Dividend	(1,072)								
Cash Available for Reinvestment	\$102	\$777	(\$125)	\$1,072		(\$1)	\$636	\$2,461	Net cash provided by operating activities
Domestic Growth Capex	(\$1,379)	(\$777)			\$9		(\$1,009)	(\$3,156)	Net cash used in investing activities
Debt Maturities	(70)								
Debt Issuances and Change in Cash	987								
Equity Issuances	432								
Other Investing & Financing Activities	(72)								
Additional Funding Sources for Domestic Growth Capex	\$1,277		\$125	(\$1,072)	(\$9)	\$98	\$405	\$824	Net cash provided by financing activities
							15	15	Effect of exchange rates on cash and cash equivalents
						\$97	\$47	\$144	Net increase in cash and cash equivalents

Note: For 2018, 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 include:

- 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.