



3rd Quarter Earnings Call

Energy forward.

Tuesday, November 5, 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 | Joe Bergstein |
| III. Closing Remarks and Q&A | Bill Spence |

Executive Overview



Q3 2019 Highlights

- **Delivered Q3 2019 ongoing earnings results of \$0.61 per share**
- **On track to achieve financial targets**
 - Narrowed 2019 ongoing earnings guidance range to \$2.35 - \$2.45 per share
 - Reaffirmed 5-6% EPS growth rate through 2020⁽¹⁾
 - Maintained 2021 earnings forecast range of \$2.50 - \$2.80 per share
- **Continued to modernize and reshape our electricity and gas infrastructure**
 - Nearing completion of \$470 million advanced meter replacement project in Pennsylvania
 - PPL Electric Utilities recognized by the AEIC for innovative automatic power cutting technology⁽²⁾
 - Advanced clean energy economically in Kentucky with continued progress on Solar Share and Business Solar programs
- **Regulatory Update**
 - Submitted PPL and WPD responses to RIIO-ED2 Open Letter Consultation

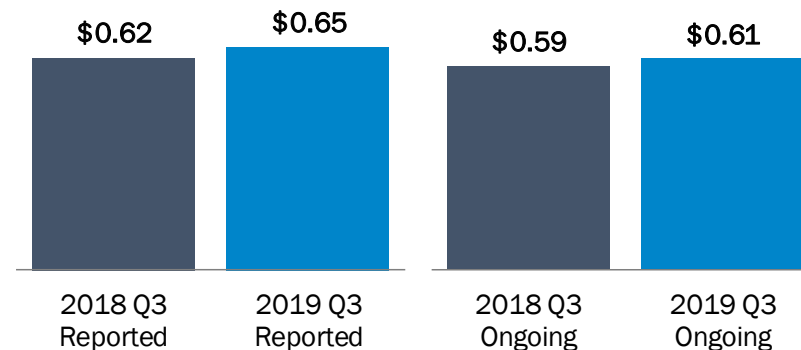
Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.

(1) Based on original midpoint of 2018 earnings guidance of \$2.30 per share.

(2) AEIC - The Association of Edison Illuminating Companies.

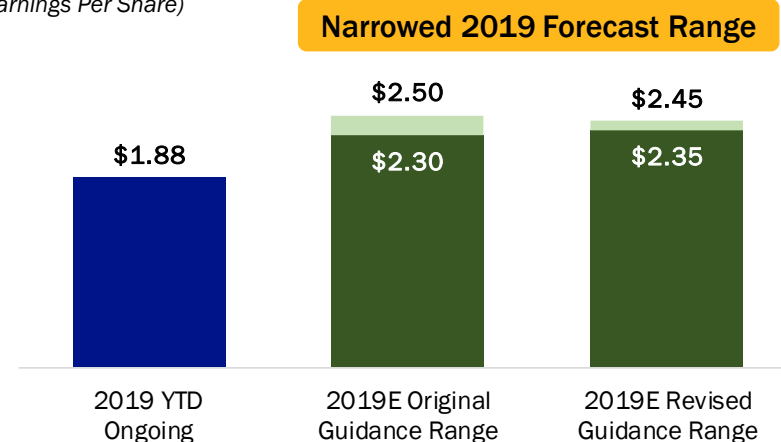
Q3 Earnings Results

(Earnings Per Share)



2019 YTD Earnings and Full-Year Forecast

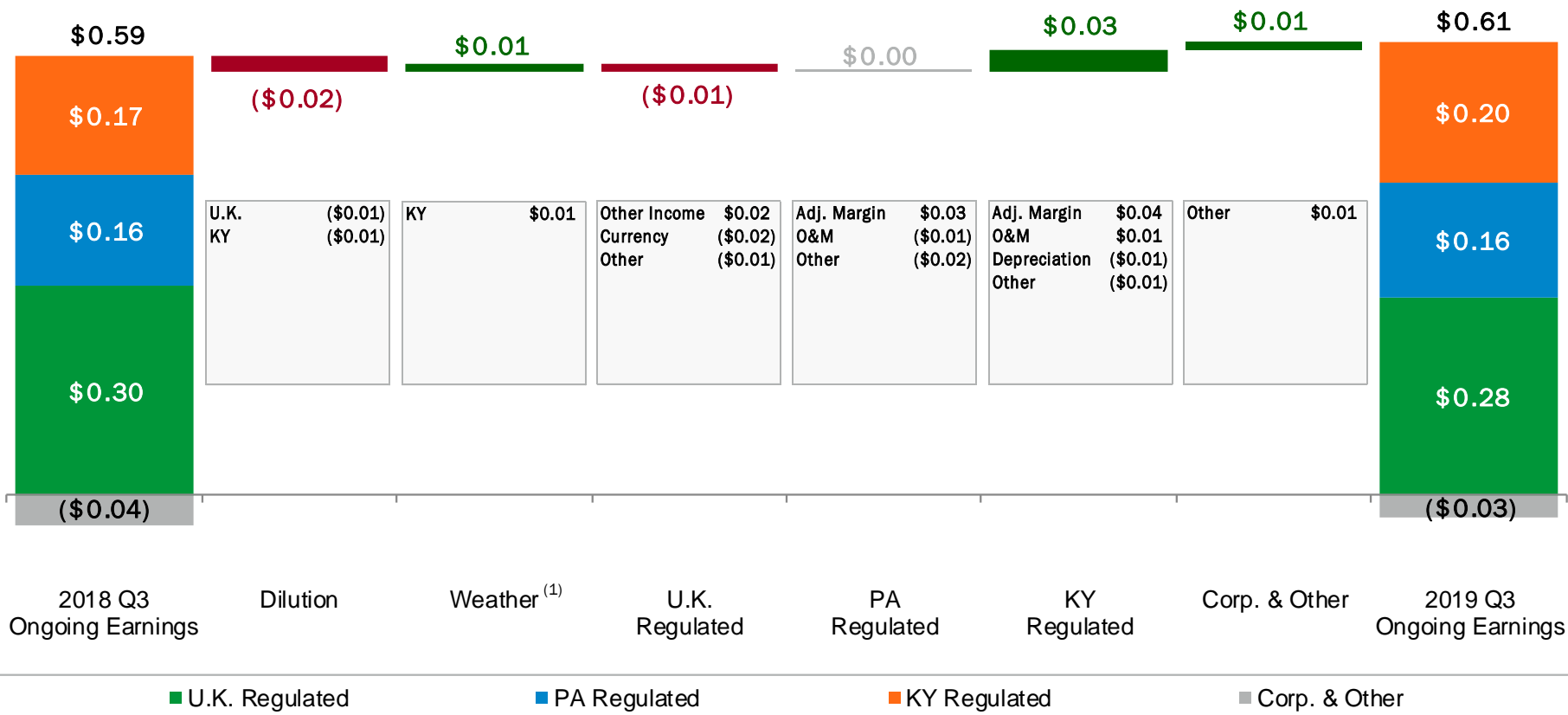
(Earnings Per Share)



Q3 Financial Results



(Earnings Per Share)



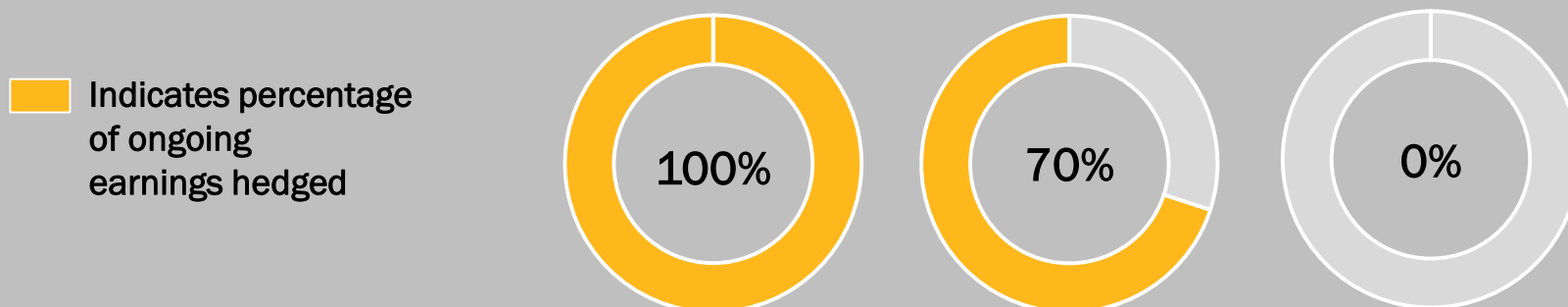
Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.

(1) Reflects estimated impact of weather on sales volumes and related adjusted gross margins in the chart above.

Foreign Currency Update



Foreign Currency Hedge Status⁽¹⁾



	2019 ⁽³⁾	2020	2021
Average Hedge Rate ⁽²⁾	\$1.45/£	\$1.46/£	-

- Increased 2020 hedge position to 70% from 63% during Q3
- Continue to utilize options in our hedging strategy; options represent about one-third of the hedge portfolio for 2020

(1) PPL's foreign currency hedge status as of September 30, 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.

(3) Reflects remaining hedges for 2019.



Appendix

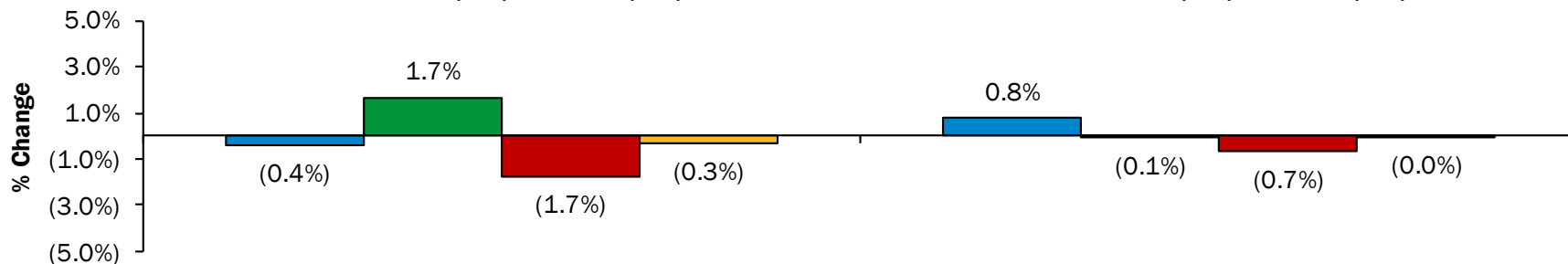
U.S. Regulated Volume Variances



Kentucky Regulated Weather-Normalized Retail Sales

3-months ended 9/30/2019 vs 9/30/2018

12-months ended 9/30/2019 vs 9/30/2018

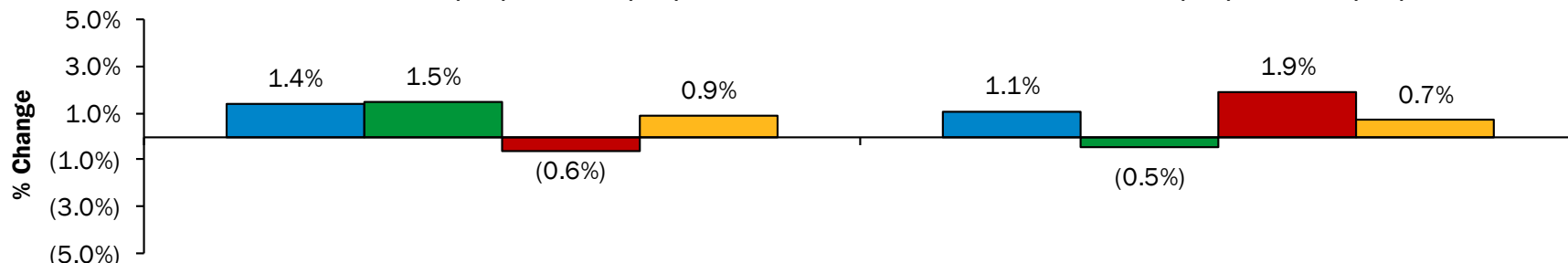


	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	(0.4%)	1.7%	(1.7%)	(0.3%)		0.8%	(0.1%)	(0.7%)	(0.0%)
Actual	6.4%	1.5%	(1.7%)	2.1%		(1.8%)	(1.8%)	(0.7%)	(1.5%)

Pennsylvania Regulated Weather-Normalized Retail Sales

3-months ended 9/30/2019 vs 9/30/2018

12-months ended 9/30/2019 vs 9/30/2018

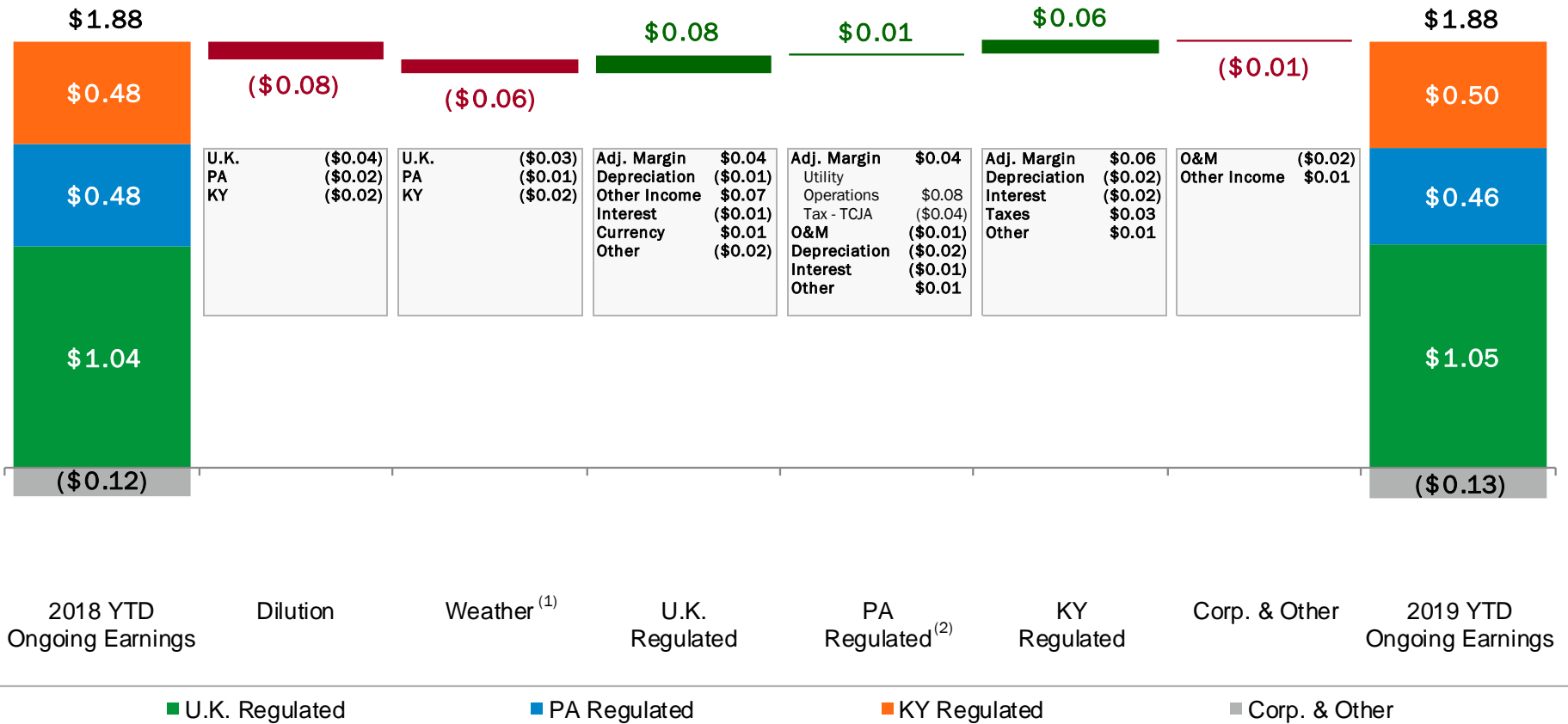


	Residential	Commercial	Industrial	Total		Residential	Commercial	Industrial	Total
Weather-Normalized (charted)	1.4%	1.5%	(0.6%)	0.9%		1.1%	(0.5%)	1.9%	0.7%
Actual	(1.7%)	0.8%	(0.6%)	(0.7%)		(0.4%)	(0.9%)	1.9%	(0.2%)

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

YTD Financial Results

(Earnings Per Share)



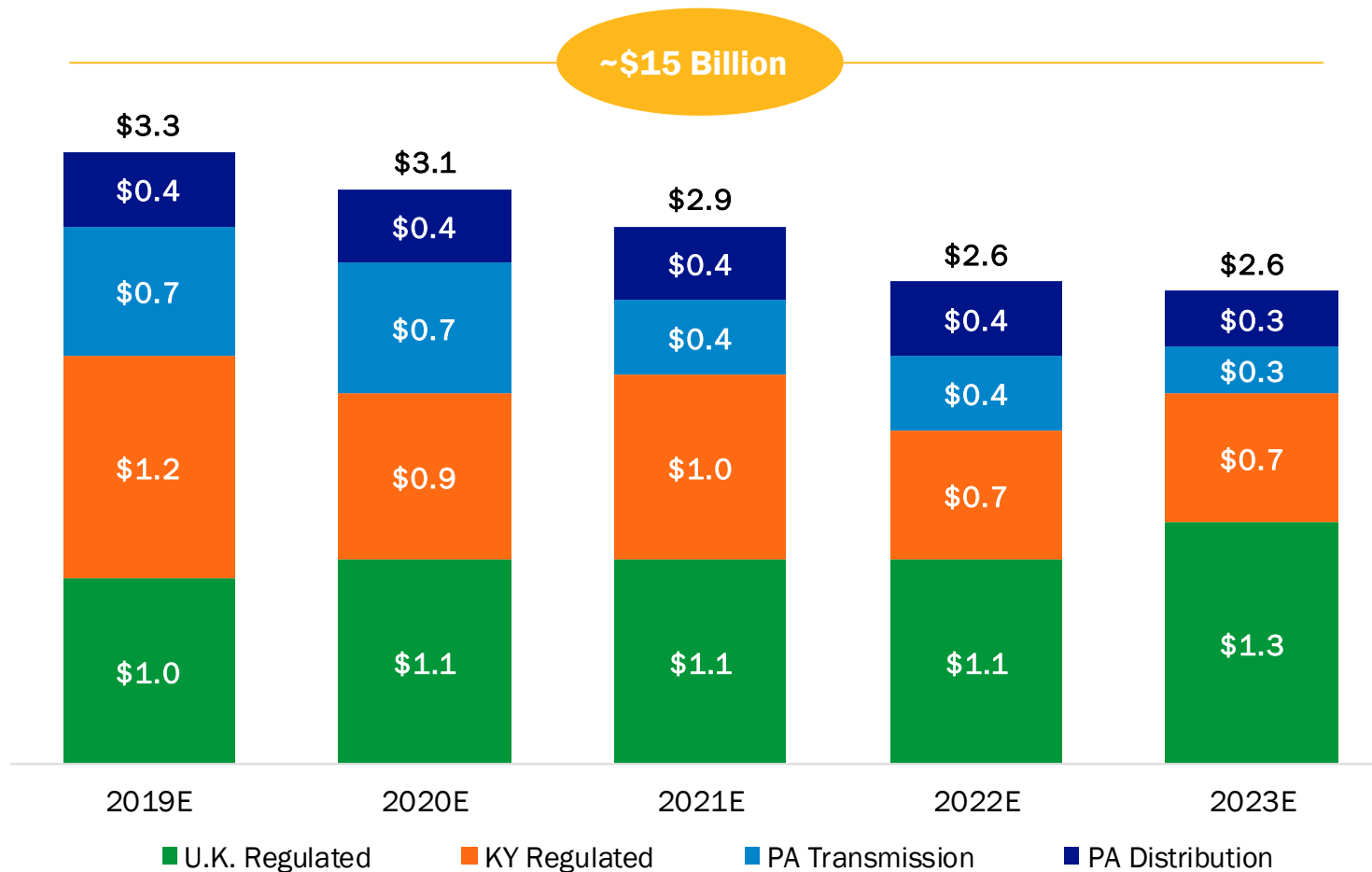
Note: See Appendix for the reconciliation of reported earnings to earnings from ongoing operations.

- (1) Reflects estimated impact of weather on sales volumes and related adjusted gross margins in the chart above.
- (2) PA Regulated's YTD variance reflects (\$0.04) related to reduced income taxes in rates as a result of U.S. tax reform.

Capital Expenditure Plan



(\$ in billions)



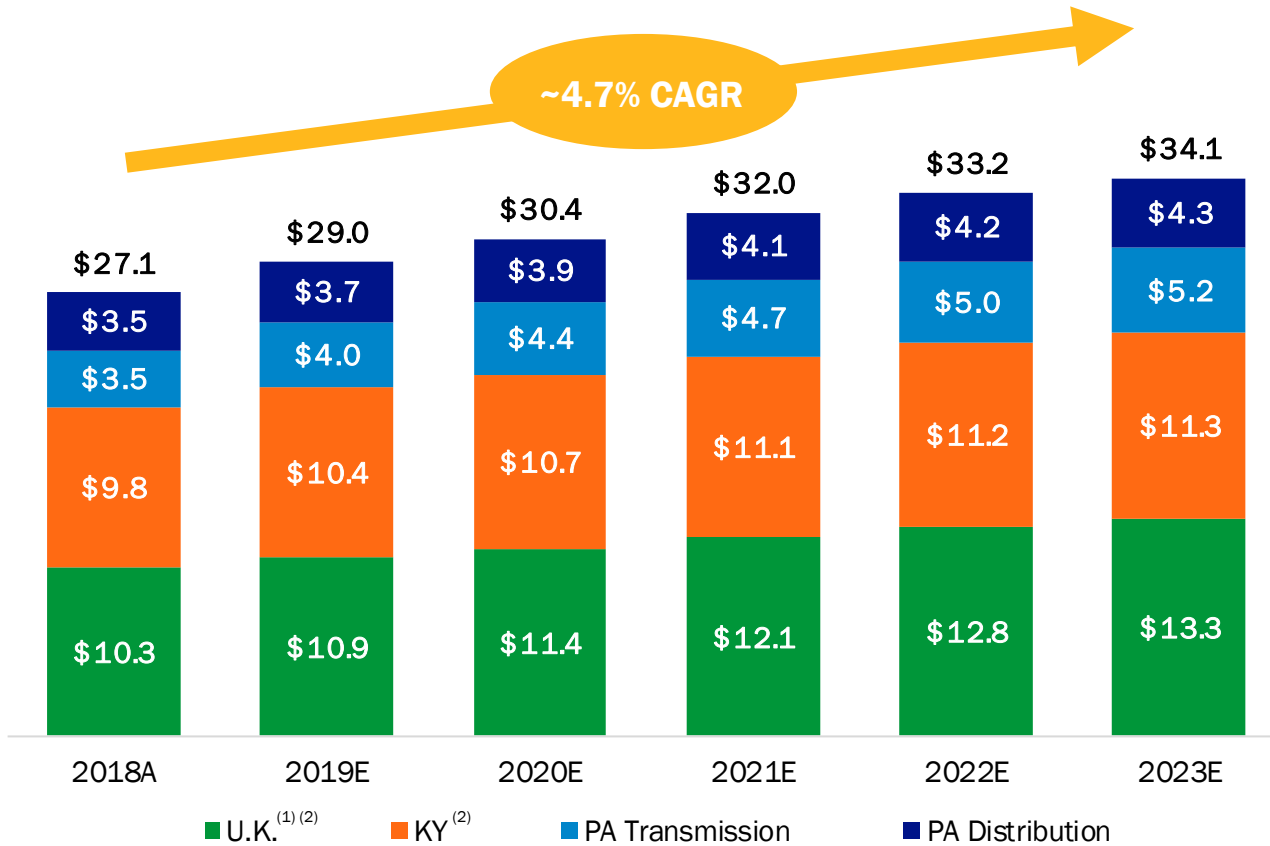
Note: U.K. capital plan is based on assumed exchange rates of \$1.35/£ for 2019 and \$1.40/£ for 2020-2023.



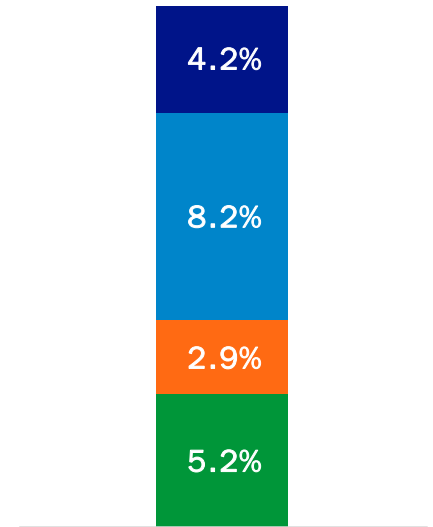
Projected Rate Base Growth

(\$ 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



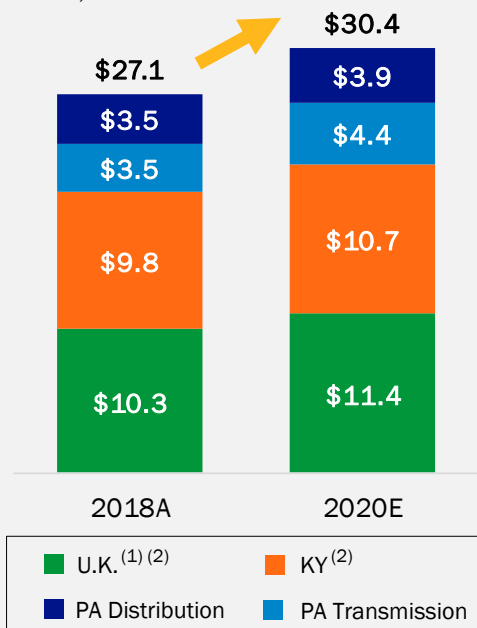
Strong Rate Base Growth

Supported by constructive regulatory recovery mechanisms

5-7% CAGR

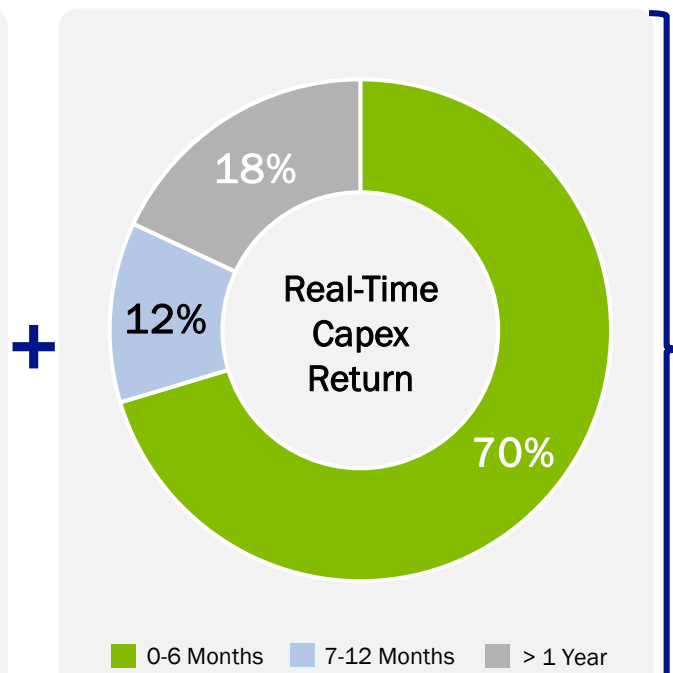
Rate Base CAGR 2018-2020

(\$ 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

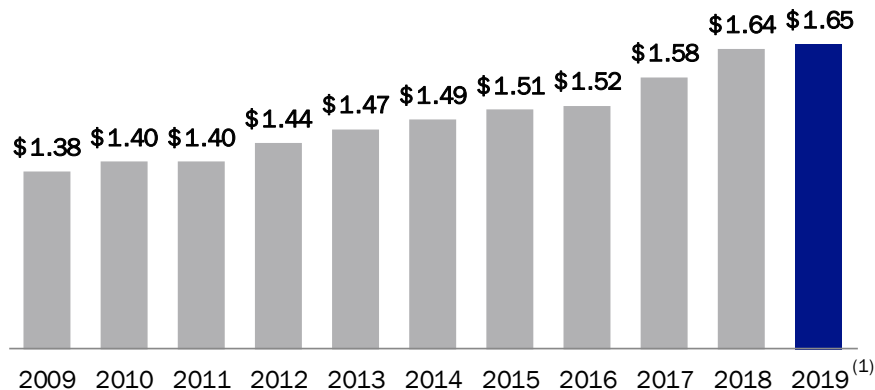


Delivers consistent dividend

Dividends are a key component to PPL's investment proposition

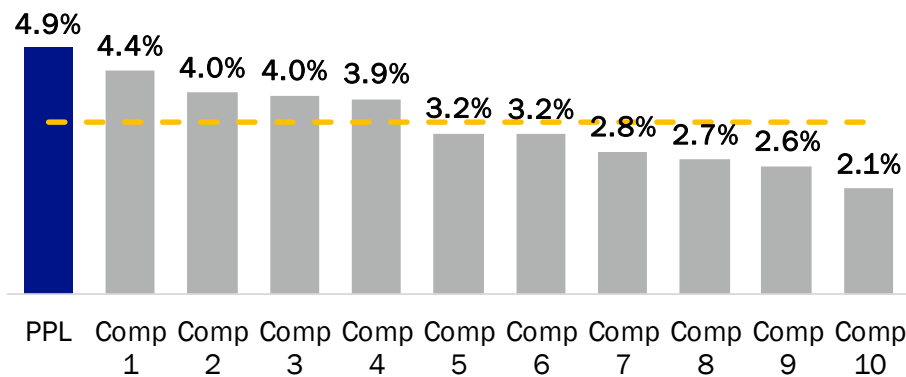
10-Year Dividend History

(\$ per share)



PPL Dividend Yield vs. Large Cap Utilities ⁽²⁾

Large Cap Utility Average: 3.4%



➤ PPL has a long standing history of paying dividends to shareholders

- October 1st dividend represents the 295th consecutive quarterly dividend paid

(1) Annualized dividend based on February 14, 2019 announced increase. Actual dividends to be determined by Board of Directors.

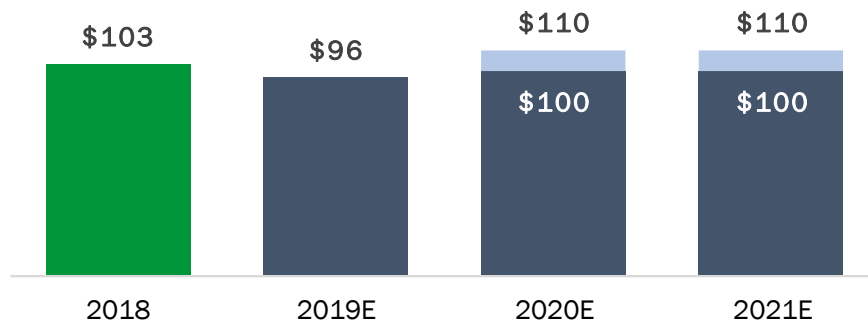
(2) Dividend yield calculated based on share prices and annualized dividends as of October 31, 2019.

U.K. Regulated Incentive Revenues



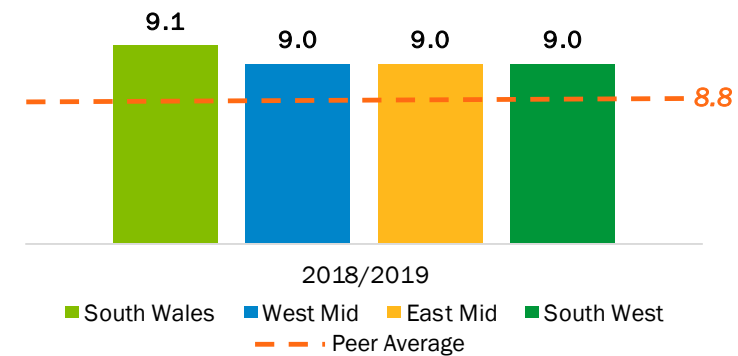
WPD continues to demonstrate how premier network operators deliver value for customers and shareowners

Incentive Revenues ⁽¹⁾



Excellent Customer Satisfaction Ratings

Customer Service Rating (10 point scale)



➤ **WPD has the ability to earn annual incentive revenues for strong operational performance:**

- Customer Interruptions/Minutes Lost – rewards or penalizes DNOs for managing and reducing power outage frequency and duration.
- The Broad Measure of Customer Service – rewards or penalizes DNOs based on supply interruptions, connections and general inquiries, complaints, stakeholder engagement, and delivery of social obligations.
- Time to Connect – incentive rewards DNOs for reducing connection times against Ofgem targets.

(1) Based on calendar year revenues on an exchange rate of \$1.35/£ in all years for comparability purposes. Annual incentives are reflected in customer rates on a two-year lag from the time they are earned.

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

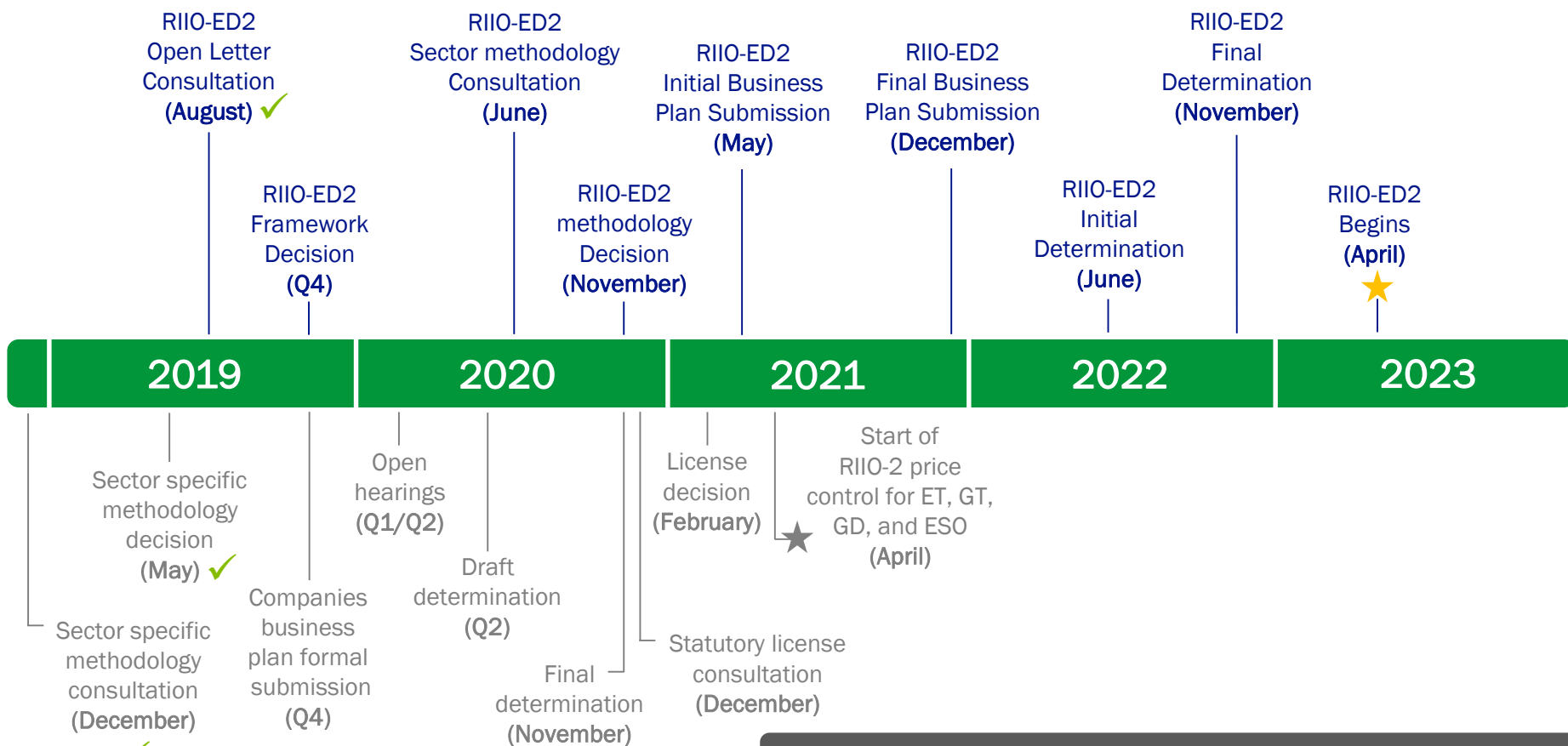
Adjustments included in current forecast			
(\$ in millions, pre-tax)	2019	2020	2021
TRU	\$0	\$0	
MOD	(\$50)	(\$100)	
K-factor	(\$10)	(\$30)	
Total	(\$60)	(\$130)	(\$190) - (\$240)

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



Proposed Electricity Distribution Timeline⁽¹⁾



Transmission and Gas Distribution Timeline

(1) Based on indicative timeline published in Ofgem's RIIO-ED2 Open Letter Consultation dated August 2019. Ofgem has proposed to replace the fast-tracking mechanism in RIIO-ED2, instead focusing on alternative mechanisms to receive high-quality and ambitious business plans driven by the Business Plan Incentive and a confidence-dependent incentive rate approach.

Funding Growth



(\$ in millions)

	2018A	2019E ⁽¹⁾
Domestic Cash from Operations	\$1,905	\$1,800
Domestic Maintenance Capex ⁽²⁾	(844)	(950)
Dividend From U.K. Regulated	399	400
Cash Available for Distribution	\$1,460	\$1,250
Common Dividend	(1,133)	(1,200)
Cash Available for Reinvestment	\$327	\$50
Domestic Growth Capex	(\$1,470)	(\$1,250)
Debt Maturities	(\$277)	(\$200)
Debt Issuances, Change in Short Term Debt, and Change in Cash ⁽³⁾	1,028	350
Equity Issuances	689	1,150
Other Investing and Financing Activities	(297)	(100)
Additional Funding Sources for Domestic Growth Capex	\$1,143	\$1,200

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 ⁽¹⁾	0	100	400	474	90	3,075	4,139
LG&E and KU Energy	0	475	250	0	0	0	725
Louisville Gas & Electric ⁽¹⁾	0	0	292	0	0	1,732	2,024
Kentucky Utilities ⁽¹⁾	0	500	132	0	13	1,997	2,642
WPD plc	0	0	500	0	608	688	1,796
WPD Operating Companies ⁽²⁾	0	182	0	0	851	4,771	5,804
Total	\$0	\$1,257	\$1,574	\$1,274	\$2,162	\$15,393	\$21,660

Note: As of September 30, 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) 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-2024	\$1,450	\$0	\$981	\$469
	Bilateral Credit Facility	Mar-2020	100	0	15	85
			\$1,550	\$0	\$996	\$554
PPL Electric Utilities	Syndicated Credit Facility	Jan-2024	\$650	\$0	\$1	\$649
Louisville Gas & Electric	Syndicated Credit Facility	Jan-2024	\$500	\$0	\$99	\$401
Kentucky Utilities	Syndicated Credit Facility	Jan-2024	\$400	\$0	\$2	\$398
WPD	WPD plc Syndicated Credit Facility	Jan-2023	£210	£165	£0	£46 ⁽¹⁾
	WPD (South West) Syndicated Credit Facility	Jul-2021	245	0	0	245
	WPD (East Midlands) Syndicated Credit Facility	Jul-2021	300	0	0	300
	WPD (West Midlands) Syndicated Credit Facility	Jul-2021	300	51	0	249
	Uncommitted Credit Facilities		100	36	4	60
			£1,155	£252	£4	£900

Note: As of September 30, 2019.

(1) The unused capacity reflects the amount borrowed in GBP of £164 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, 2019.

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations



After-Tax (Unaudited) (millions of dollars)	3rd Quarter September 30, 2019					Year-to-Date September 30, 2019				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
	Reported Earnings	\$ 236	\$ 150	\$ 118	\$ (29)	\$ 475	\$ 784	\$ 364	\$ 333	\$ (99)
Less: Special Items (expense) benefit:										
Foreign currency economic hedges, net of tax of (\$8), (\$4)	31				31	15				15
Talen litigation costs, net of tax of \$0, \$1				(1)	(1)				(4)	(4)
Other, net of tax of \$0, \$1						(4)				(4)
Total Special Items	<u>31</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>30</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>7</u>
Earnings from Ongoing Operations	<u>\$ 205</u>	<u>\$ 150</u>	<u>\$ 118</u>	<u>\$ (28)</u>	<u>\$ 445</u>	<u>\$ 773</u>	<u>\$ 364</u>	<u>\$ 333</u>	<u>\$ (95)</u>	<u>\$ 1,375</u>

After-Tax (Unaudited) (per share - diluted)	3rd Quarter September 30, 2019					Year-to-Date September 30, 2019				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
	Reported Earnings	\$ 0.32	\$ 0.20	\$ 0.16	\$ (0.03)	\$ 0.65	\$ 1.07	\$ 0.50	\$ 0.46	\$ (0.14)
Less: Special Items (expense) benefit:										
Foreign currency economic hedges	0.04				0.04	0.03				0.03
Talen litigation costs				-	-				(0.01)	(0.01)
Other						(0.01)				(0.01)
Total Special Items	<u>0.04</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.04</u>	<u>0.02</u>	<u>-</u>	<u>-</u>	<u>(0.01)</u>	<u>0.01</u>
Earnings from Ongoing Operations	<u>\$ 0.28</u>	<u>\$ 0.20</u>	<u>\$ 0.16</u>	<u>\$ (0.03)</u>	<u>\$ 0.61</u>	<u>\$ 1.05</u>	<u>\$ 0.50</u>	<u>\$ 0.46</u>	<u>\$ (0.13)</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, 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)
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)
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)	Twelve Months Ended December 31, 2018				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
Reported Earnings	\$ 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)
Total Special Items	<u>146</u>	<u>(7)</u>	<u>(5)</u>	<u>(12)</u>	<u>122</u>
Earnings from Ongoing Operations	<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
Reported Earnings	\$ 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)
Total Special Items	<u>0.21</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>0.18</u>
Earnings from Ongoing Operations	<u>\$ 1.36</u>	<u>\$ 0.59</u>	<u>\$ 0.62</u>	<u>\$ (0.17)</u>	<u>\$ 2.40</u>

Adjusted Gross Margins Summary



(Unaudited) (millions of dollars, except share data)	Three Months Ended September 30,			
	2019	2018	Change	Per Share Diluted (after-tax)
U.K. Adjusted Gross Margins	\$ 446	\$ 467	\$ (21)	\$ (0.02)
Less: Impact of changes in foreign currency exchange rates			(24)	(0.02)
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 3	\$ (0.00)
Kentucky Adjusted Gross Margins	\$ 572	\$ 528	\$ 44	\$ 0.05
Pennsylvania Adjusted Gross Margins				
Distribution	\$ 232	\$ 225	\$ 7	\$ 0.01
Transmission	155	138	17	0.02
Total Pennsylvania Adjusted Gross Margins	\$ 387	\$ 363	\$ 24	\$ 0.03

(Unaudited) (millions of dollars, except share data)	Nine Months Ended September 30,			
	2019	2018	Change	Per Share Diluted (after-tax)
U.K. Adjusted Gross Margins	\$ 1,492	\$ 1,578	\$ (86)	\$ (0.10)
Less: Impact of changes in foreign currency exchange rates			(93)	(0.11)
U.K. Adjusted Gross Margins excluding impact of foreign currency exchange rates			\$ 7	\$ 0.01
Kentucky Adjusted Gross Margins	\$ 1,586	\$ 1,544	\$ 42	\$ 0.04
Pennsylvania Adjusted Gross Margins				
Distribution	\$ 696	\$ 695	\$ 1	\$ 0.00
Transmission	440	411	29	0.03
Total Pennsylvania Adjusted Gross Margins	\$ 1,136	\$ 1,106	\$ 30	\$ 0.03

Reconciliation of Adjusted Gross Margins to Operating Income



(Unaudited) (millions of dollars)	Three Months Ended September 30, 2019					Nine Months Ended September 30, 2019				
	U.K.	KY	PA	Other	Operating Income	U.K.	KY	PA	Other	Operating Income
	Adjusted Gross Margins	Adjusted Gross Margins	Adjusted Gross Margins			Adjusted Gross Margins	Adjusted Gross Margins	Adjusted Gross Margins		
Operating Revenues	\$ 481	\$ 844	\$ 590	\$ 18	\$ 1,933	\$ 1,586	\$ 2,421	\$ 1,756	\$ 52	\$ 5,815
Operating Expenses										
Fuel		194			194		556			556
Energy purchases		19	132	(1)	150		125	413		538
Other operation and maintenance	35	25	30	390	480	94	70	92	1,196	1,452
Depreciation		33	14	259	306		81	36	773	890
Taxes, other than income		1	27	49	77		3	79	150	232
Total Operating Expenses	35	272	203	697	1,207	94	835	620	2,119	3,668
Total	\$ 446	\$ 572	\$ 387	\$ (679)	\$ 726	\$ 1,492	\$ 1,586	\$ 1,136	\$ (2,067)	\$ 2,147

(Unaudited) (millions of dollars)	Three Months Ended September 30, 2018					Nine Months Ended September 30, 2018				
	U.K.	KY	PA	Other	Operating Income	U.K.	KY	PA	Other	Operating Income
	Adjusted Gross Margins	Adjusted Gross Margins	Adjusted Gross Margins			Adjusted Gross Margins	Adjusted Gross Margins	Adjusted Gross Margins		
Operating Revenues	\$ 508	\$ 802	\$ 548	\$ 14	\$ 1,872	\$ 1,687	\$ 2,417	\$ 1,704	\$ 38	\$ 5,846
Operating Expenses										
Fuel		206			206		609			609
Energy purchases		22	127		149		135	403		538
Other operation and maintenance	41	26	23	389	479	109	74	92	1,178	1,453
Depreciation		18	10	247	275		52	26	739	817
Taxes, other than income		2	25	50	77		3	77	154	234
Total Operating Expenses	41	274	185	686	1,186	109	873	598	2,071	3,651
Total	\$ 467	\$ 528	\$ 363	\$ (672)	\$ 686	\$ 1,578	\$ 1,544	\$ 1,106	\$ (2,033)	\$ 2,195

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
Estimate of Reported Earnings	\$ 1.41	\$ 0.58	\$ 0.60	\$ (0.18)	\$ 2.41	\$ 2.46	\$ 2.36
Less: Special Items (expense) benefit: ⁽¹⁾							
Foreign currency economic hedges	0.03				0.03	0.03	0.03
Talen litigation costs				(0.01)	(0.01)	(0.01)	(0.01)
Other	(0.01)				(0.01)	(0.01)	(0.01)
Total Special Items	<u>0.02</u>	<u>-</u>	<u>-</u>	<u>(0.01)</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
Forecast of Earnings from Ongoing Operations	<u>\$ 1.39</u>	<u>\$ 0.58</u>	<u>\$ 0.60</u>	<u>\$ (0.17)</u>	<u>\$ 2.40</u>	<u>\$ 2.45</u>	<u>\$ 2.35</u>

(1) Reflects only special items recorded through September 30, 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								
Cash Available for Distribution	\$1,460								
Common Dividend	(1,133)								
Cash Available for Reinvestment	\$327	\$844	(\$399)	\$1,133	-	\$1	\$915	\$2,821	Net cash provided by operating activities
Domestic Growth Capex	(\$1,470)	(\$844)			(\$112)		(\$935)	(\$3,361)	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)								
Additional Funding Sources for Domestic Growth Capex	\$1,143	-	\$399	(\$1,133)	\$112	\$190	(\$21)	\$690	Net cash provided by financing activities
						-	(18)	(18)	Effect of exchange rates on cash and cash equivalents
						\$191	(\$59)	\$132	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 and adversely 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.