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PPL 4th Quarter Investor Update | February 18, 2022

Cautionary Statements and Factors That May Affect Future Results



Statements made in this presentation about future operating results or other future events, including the anticipated effects of the recent sale of PPL Corporation’s U.K. business, the anticipated acquisition of The Narragansett Electric Company (Narragansett) from National Grid, and the impact of each transaction on PPL Corporation, 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 some of the 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.

Management utilizes non-GAAP financial measures such as, “earnings from ongoing operations” and “adjusted gross margins” or “margins” in this presentation. For additional information on non-GAAP financial measures and reconciliations to the appropriate GAAP measures, refer to the Appendix of this presentation and PPL’s SEC filings.

Agenda



- | | | |
|------|-----------------------------------|---------------|
| I. | Strategic and Operational Updates | Vince Sorgi |
| II. | Financial Update | Joe Bergstein |
| III. | Closing Remarks | Vince Sorgi |
| IV. | Q&A | |

Delivered on our strategic priorities

Driving value for shareowners and customers



- **Strategically repositioned PPL as a U.S.-focused energy company**
 - ✓ Sold U.K. utility business for extraordinary value
 - ✓ Strengthened PPL's balance sheet and financial flexibility
 - ✓ Anticipate decision in Rhode Island by March 2022 on application to acquire Narragansett Electric

- **Provided solid financial results for shareowners**
 - ✓ Earned equity returns in line with allowed returns at our utilities
 - ✓ Achieved constructive regulatory outcomes in Pennsylvania and Kentucky segments
 - ✓ Returned \$2.3 billion to shareowners through dividends and share repurchases

- **Delivered a superior customer experience**
 - ✓ Maintained top-quartile SAIFI performance at PPL Electric Utilities despite significant storm season; LG&E and KU delivered 2nd best year on record for SAIFI ⁽¹⁾⁽²⁾
 - ✓ Ranked best for residential and business customer satisfaction in both Pennsylvania and Kentucky ⁽³⁾
 - ✓ Recognized as most trusted utility brand in both Pennsylvania and Kentucky ⁽⁴⁾
 - ✓ Invested more than \$2 billion of capital to strengthen grid resilience, modernize networks, incorporate advanced technology, and increase electrification and renewable energy

(1) SAIFI – System Average Interruption Frequency Index: a measure which shows the average number of interruptions that a customer experiences over a specific period of time for each customer serviced.

(2) Quartile ranking based on historical SAIFI performance.

(3) Based on an independent, nationwide survey of utility customer satisfaction. Ranked #1 in residential customer satisfaction for 10th straight year at PPL Electric Utilities and 6th straight year at Kentucky Utilities.

(4) Study conducted by Escalent, a human behavior and analytics firm.

Delivered on our strategic priorities

Driving sustainability for PPL and our communities



➤ **Advanced PPL's Clean Energy Strategy**

- ✓ Committed to net-zero carbon emissions by 2050; accelerated coal plant retirement schedule
- ✓ Made investments in R&D to accelerate the shift to a low-carbon future
- ✓ Published updated Climate Assessment Report and Integrated Resource Plan in Kentucky

➤ **Provided unwavering support for our employees and the communities we serve**

- ✓ Implemented enterprise-wide DEI strategy to support social justice and equity initiatives
- ✓ Named a Best Place to Work for LGBTQ+ equality for 6th straight year⁽¹⁾
- ✓ Demonstrated commitment to communities through record giving from our employees in 2021

➤ **Expanded talented management team to deliver our long-term strategy**

- ✓ Promoted Chief Operating Officer and appointed new General Counsel
- ✓ Named two new utility presidents in Pennsylvania and Kentucky
- ✓ Announced highly qualified and experienced leadership team in Rhode Island, pending close of transaction

➤ **Demonstrated commitment to strong corporate governance**

- ✓ Appointed Independent Board Chair
- ✓ Added new Board member with expertise in energy, disruptive technologies, and industry transformation
- ✓ Board is 60% diverse, with 30% women and an average tenure of 7.5 years⁽²⁾

(1) Based on the Human Rights Campaign (HRC) Foundation's 2022 Corporate Equality Index.

(2) Diversity based on gender, race, and nationality.



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Financial Update

Reported 2021 financial results, declared Q1 2022 dividend



- **Reported Q4 2021 EPS of \$0.18; ongoing EPS of \$0.22**⁽¹⁾
 - Special items of (\$0.04) per share, primarily related to Rhode Island acquisition integration costs and discontinued operations associated with sale of the U.K. utility business

- **Reported Annual 2021 EPS of (\$1.93); ongoing EPS of \$1.05**⁽¹⁾
 - Special items of (\$2.98) per share, primarily related to discontinued operations associated with sale of U.K. utility business, a U.K. tax rate change and a loss on the early extinguishment of debt

- **Announced Q1 2022 dividend of \$0.20 per share, payable April 1st**
 - Based on earnings forecast from PPL's existing businesses and targeted payout ratio of 60%-65%
 - Updated annual dividend and growth projections to be provided at investor day following completion of the Narragansett regulatory review process

- **Strengthened the balance sheet and amended and extended credit facilities**
 - Repaid \$3.5 billion of holding company debt during 2021, which supports a potential ratings upgrade at Moody's following the Narragansett transaction close
 - Resized PPL Capital Funding credit facility to \$1.25 billion with option to add Narragansett as co-borrower⁽²⁾
 - Targeting CFO (FFO) to debt ratio of 16% - 18%, inclusive of Narragansett

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

(1) Ongoing earnings exclude special items. PPL sold its U.K. utility business on June 14, 2021, and its earnings were treated as a special item.

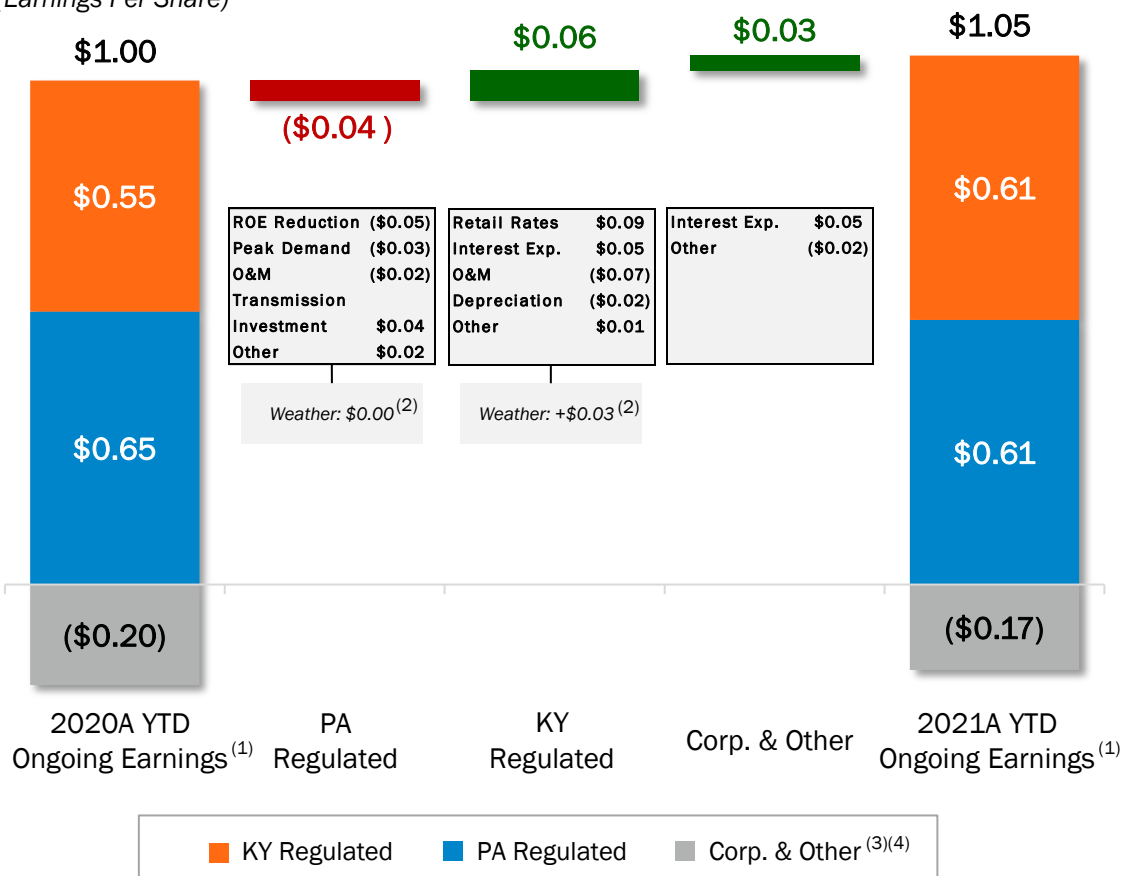
(2) Addition of Narragansett subject to regulatory approval and closing of the acquisition.

2021 Segment Results



2021 vs. 2020

(Earnings Per Share)



Key Earnings Drivers

- **Pennsylvania Regulated:**
 - Reduction in the transmission formula rate ROE
 - Lower peak transmission demand
 - Higher O&M due to increased storm and support costs
 - + Returns on additional capital investments in transmission

- **Kentucky Regulated:**
 - + Higher base rates effective July 1st
 - + Interest costs previously allocated to the KY segment & lower interest rates
 - Higher O&M due to increased generation, T&D, and support costs
 - Higher depreciation related to additional assets placed into service

- **Corp. & Other:**
 - + Lower long-term debt balance
 - Interest costs previously allocated to the KY segment

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

(1) Excludes special items. PPL sold its U.K. utility business on June 14, 2021, and its earnings were treated as a special item.

(2) Reflects estimated period-over-period impact of weather on sales.

(3) YTD 2020 earnings have been adjusted by (\$0.07) per share for certain costs that were previously included in the U.K. Regulated segment.

(4) Corporate level financing costs are no longer allocated to the operating segments and are being reported in Corporate and Other.

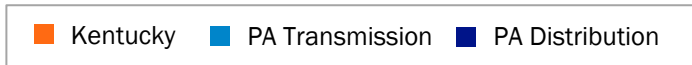
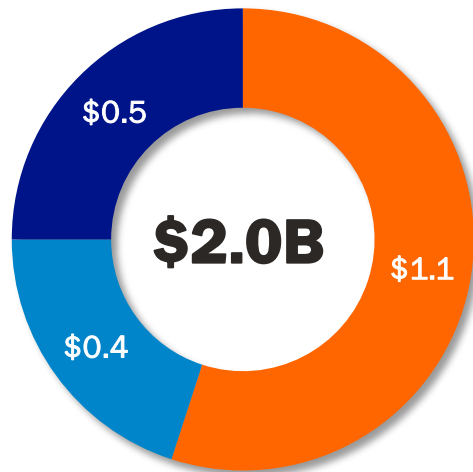
Growth supported by significant investments to support a clean energy future



Sustainable infrastructure investments...

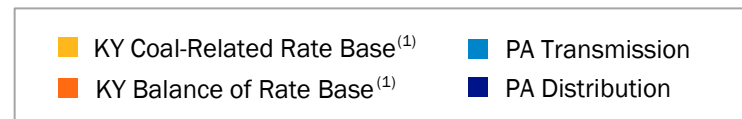
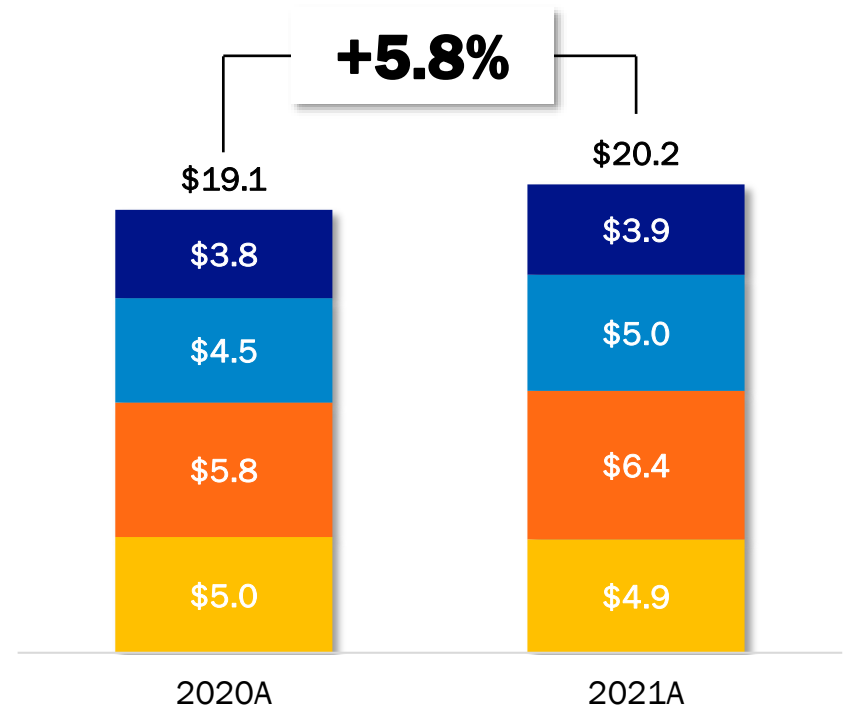
(\$ in billions)

2021A Utility Capital Investments



...resulting in rate base growth

(\$ in billions)



(1) Represents utility capitalization for KY.



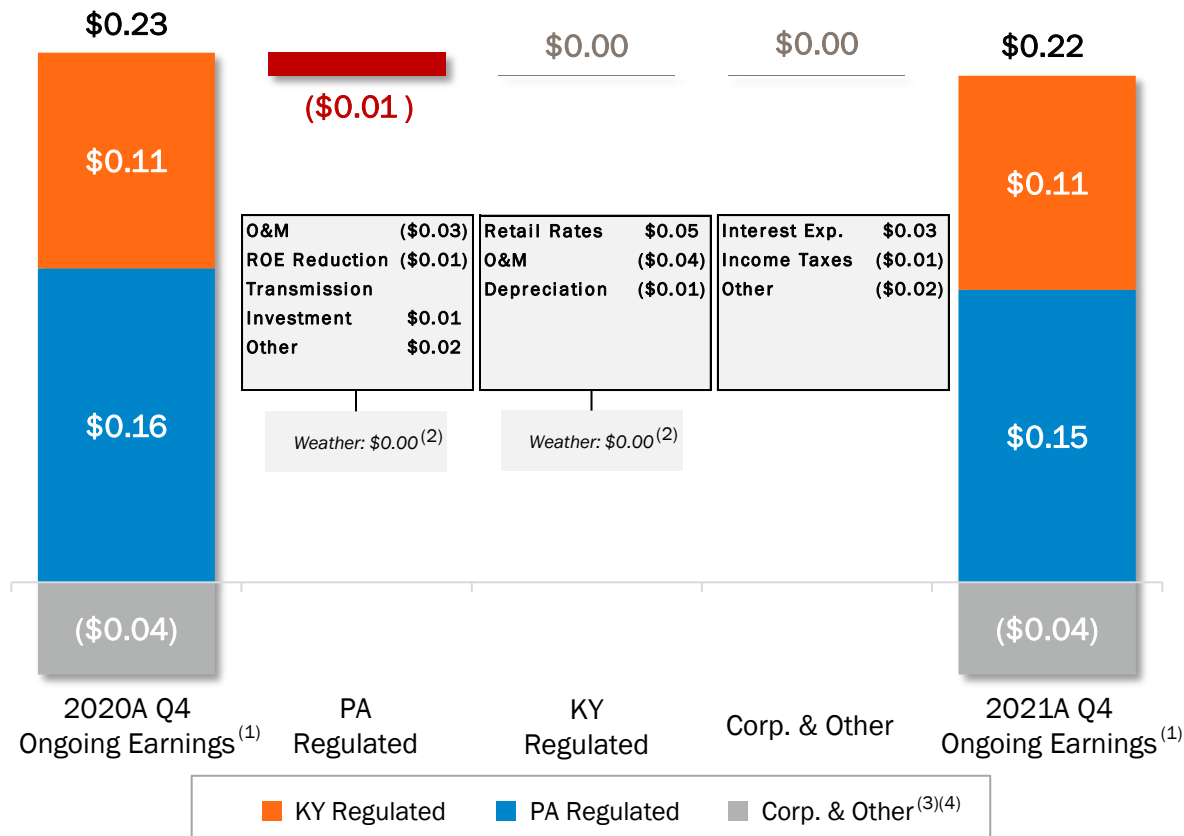
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4th Quarter Segment Results



Q4 2021 vs. Q4 2020

(Earnings Per Share)



Key Earnings Drivers

- **Pennsylvania Regulated:**
 - Higher O&M, primarily due to storm and support costs
 - Reduction in the transmission formula rate ROE
 - + Returns on additional capital investments in transmission

- **Kentucky Regulated:**
 - + Higher base rates effective July 1st
 - Higher O&M, primarily due to generation and support costs
 - Higher depreciation related to additional assets placed into service

- **Corp. & Other:**
 - + Lower long-term debt balance
 - Higher income tax expense

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

(1) Excludes special items. PPL sold its U.K. utility business on June 14, 2021, and its earnings were treated as a special item.

(2) Reflects estimated period-over-period impact of weather on sales.

(3) QTD 2020 earnings have been adjusted by (\$0.02) per share for certain costs that were previously included in the U.K. Regulated segment.

(4) Corporate level financing costs are no longer allocated to the reportable segments and are being reported in Corporate and Other.

Narragansett Electric Acquisition

Regulatory approvals required



Acquisition of Narragansett (expected approval within 12 months of transaction announcement)	<u>Status</u>
<u>Federal Approvals:</u>	
Hart-Scott-Rodino (DOJ)	✓ Waiting Period Expired 6/2/2021
Federal Communications Commission (FCC)	✓ Approval Received 7/14/2021
Federal Energy Regulatory Commission (FERC)	✓ Approval Received 9/23/2021
<u>State Approvals:</u>	
Rhode Island Division of Public Utilities and Carriers	Pending (filing submitted 5/4/2021)
Massachusetts Department of Public Utilities (waiver) ⁽¹⁾	✓ Granted 7/16/2021

(1) National Grid obligation for Massachusetts Department of Public Utilities waiver relating to its foreign utility change in control provision. An appeal and request for a stay of the order granting the waiver has been filed with the Massachusetts Supreme Judicial Court. The Massachusetts Department of Public Utilities order remains effective at this time.

Narragansett Electric Acquisition

Rhode Island Division procedural schedule



<u>Timing</u>	<u>Milestone</u>
10/1/2021	Deadline for propounding discovery (all parties)
10/25/2021	Discovery Conference (if needed)
11/3/2021	Deadline for Intervenors and Advocacy Section to submit pre-filed direct testimony
11/23/2021	Deadline for Petitioners to submit pre-filed rebuttal testimony
12/8/2021 - 12/10/2021	Settlement discussions
12/9/2021	Deadline for Advocacy Section and Intervenors to submit pre-filed surrebuttal testimony
12/13/2021 - 12/17/2021	Public Hearings
1/17/2022	Post-Hearing Memoranda
1/25/2022	Reply Memoranda (Optional)
2/25/2022	Decision Target Date

Note: Docket number D-21-09, Rhode Island Division of Public Utilities and Carriers.

Electricity Sale Volumes

2021 sales vs. 2020 sales by operating segment



Weather-Normalized Electricity Sales Volume Variance (2021 vs. 2020) in GWh

Pennsylvania			
	<u>Q4 2021</u>	<u>Q4 2020</u>	<u>% Change</u>
Residential	3,747	3,807	(1.6%)
Commercial	3,324	3,231	2.9%
Industrial	2,056	2,013	2.1%
Other	24	23	NM*
Total	9,150	9,073	0.8%
	<u>YTD 2021</u>	<u>YTD 2020</u>	<u>% Change</u>
Residential	14,901	14,816	0.6%
Commercial	13,790	13,250	4.1%
Industrial	8,375	8,091	3.5%
Other	79	83	NM*
Total	37,145	36,240	2.5%

Kentucky			
	<u>Q4 2021</u>	<u>Q4 2020</u>	<u>% Change</u>
Residential	2,436	2,560	(4.9%)
Commercial	1,777	1,762	0.9%
Industrial	2,133	2,085	2.3%
Other	627	598	NM*
Total	6,973	7,006	(0.5%)
	<u>YTD 2021</u>	<u>YTD 2020</u>	<u>% Change</u>
Residential	10,606	10,961	(3.2%)
Commercial	7,556	7,522	0.5%
Industrial	8,695	8,104	7.3%
Other	2,635	2,564	NM*
Total	29,493	29,151	1.2%

Actual Electricity Sales Volume Variance (2021 vs. 2020) in GWh

Pennsylvania			
	<u>Q4 2021</u>	<u>Q4 2020</u>	<u>% Change</u>
Residential	3,572	3,637	(1.8%)
Commercial	3,308	3,197	3.5%
Industrial	2,056	2,013	2.1%
Other	23	23	NM*
Total	8,959	8,870	1.0%
	<u>YTD 2021</u>	<u>YTD 2020</u>	<u>% Change</u>
Residential	14,746	14,585	1.1%
Commercial	13,805	13,250	4.2%
Industrial	8,375	8,091	3.5%
Other	79	82	NM*
Total	37,005	36,008	2.8%

Kentucky			
	<u>Q4 2021</u>	<u>Q4 2020</u>	<u>% Change</u>
Residential	2,318	2,459	(5.8%)
Commercial	1,763	1,745	1.1%
Industrial	2,133	2,085	2.3%
Other	622	592	NM*
Total	6,836	6,881	(0.7%)
	<u>YTD 2021</u>	<u>YTD 2020</u>	<u>% Change</u>
Residential	10,517	10,430	0.8%
Commercial	7,580	7,411	2.3%
Industrial	8,695	8,104	7.3%
Other	2,636	2,529	NM*
Total	29,429	28,474	3.4%

*NM: Not Meaningful

Debt Maturities



(\$ in millions)	2022	2023	2024	2025	2026	2027 and Beyond	Total
PPL Capital Funding	\$0	\$0	\$0	\$0	\$650	\$1,396	\$2,046
PPL Electric Utilities ⁽¹⁾	\$474	\$340	\$650	\$0	\$0	\$3,075	\$4,539
Louisville Gas & Electric ⁽¹⁾	\$0	\$0	\$0	\$300	\$90	\$1,634	\$2,024
Kentucky Utilities ⁽¹⁾	\$0	\$13	\$0	\$250	\$164	\$2,215	\$2,642
Total Debt Maturities⁽²⁾	\$474	\$353	\$650	\$550	\$904	\$8,320	\$11,251

Note: As of December 31, 2021.

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

(2) Does not reflect unamortized debt issuance costs, unamortized premiums (discounts), and fair market valuation adjustments. At December 31, 2021, this represented a total amount of (\$111 million).

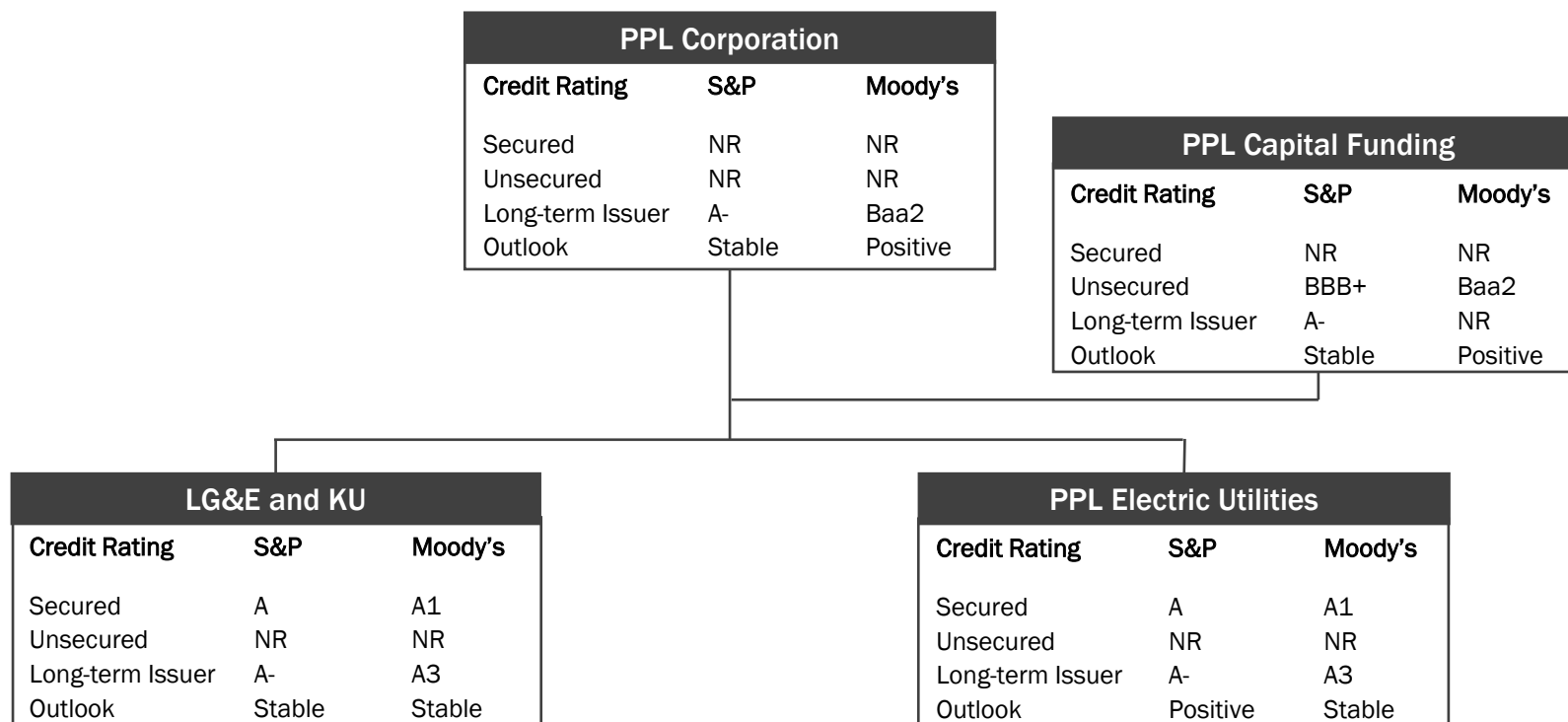
Liquidity Profile



Entity	Facility	Expiration Date	Capacity (\$ in millions)	Borrowed (\$ in millions)	Letters of Credit & Commercial Paper Issued (\$ in millions)	Unused Capacity (\$ in millions)
PPL Capital Funding	Syndicated Credit Facility	Dec-2026	\$1,250	\$0	\$0	\$1,250
	Bilateral Credit Facility	Mar-2022	50	0	0	50
	Uncommitted Credit Facility	Mar-2022	50	0	15	35
			<u>\$1,350</u>	<u>\$0</u>	<u>\$15</u>	<u>\$1,335</u>
PPL Electric Utilities	Syndicated Credit Facility	Dec-2026	\$650	\$0	\$1	\$649
Louisville Gas & Electric	Syndicated Credit Facility	Dec-2026	\$500	\$0	\$69	\$431
Kentucky Utilities	Syndicated Credit Facility	Dec-2026	\$400	\$0	\$0	\$400
	Total Credit Facilities		<u>\$2,900</u>	<u>\$0</u>	<u>\$85</u>	<u>\$2,815</u>

Note: As of December 31, 2021.

PPL's Credit Ratings



Note: As of December 31, 2021.

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations



After-Tax (Unaudited) (\$ in millions)	4th Quarter December 31, 2021					Year-to-Date December 31, 2021				
	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops. ⁽²⁾	Total	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops. ⁽²⁾	Total
	Reported Earnings ⁽¹⁾	\$ 79	\$ 110	\$ (47)	\$ (8)	\$ 134	\$ 468	\$ 445	\$ (895)	\$ (1,498)
Less: Special Items (expense) benefit:										
Income (loss) from Discontinued Operations				(8)	(8)				(1,502)	(1,502)
Talen litigation costs, net of tax of \$1, \$4			(6)		(6)			(16)		(16)
Strategic corporate initiatives, net of tax of \$0, \$0, \$1, \$0, \$0, \$2	(1)		(5)		(6)	(1)		(8)		(9)
Valuation allowance adjustment						4		(4)	4	4
Transmission formula rate return on equity settlement, net of tax of \$0, \$8							(20)			(20)
Acquisition integration, net of tax of \$2, \$6			(11)		(11)			(22)		(22)
U.K. tax rate change								(383)		(383)
Solar panel impairment, net of tax of \$0, \$9			2		2			(26)		(26)
Loss on early extinguishment of debt, net of tax of \$0, \$83								(312)		(312)
Total Special Items	(1)	-	(20)	(8)	(29)	3	(20)	(771)	(1,498)	(2,286)
Earnings from Ongoing Operations	\$ 80	\$ 110	\$ (27)	\$ -	\$ 163	\$ 465	\$ 465	\$ (124)	\$ -	\$ 806

After-Tax (Unaudited) (per share - diluted)	4th Quarter December 31, 2021					Year-to-Date December 31, 2021				
	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops. ⁽²⁾	Total	KY Reg.	PA Reg.	Corp. & Other	Disc. Ops. ⁽²⁾	Total
	Reported Earnings ⁽¹⁾	\$ 0.11	\$ 0.15	\$ (0.07)	\$ (0.01)	\$ 0.18	\$ 0.62	\$ 0.58	\$ (1.17)	\$ (1.96)
Less: Special Items (expense) benefit:										
Income (loss) from Discontinued Operations				(0.01)	(0.01)				(1.97)	(1.97)
Talen litigation costs			(0.01)		(0.01)			(0.02)		(0.02)
Strategic corporate initiatives			(0.01)		(0.01)			(0.01)		(0.01)
Valuation allowance adjustment						0.01		(0.01)	0.01	0.01
Transmission formula rate return on equity settlement							(0.03)			(0.03)
Acquisition integration			(0.01)		(0.01)			(0.03)		(0.03)
U.K. tax rate change								(0.50)		(0.50)
Solar panel impairment								(0.03)		(0.03)
Loss on early extinguishment of debt								(0.40)		(0.40)
Total Special Items	-	-	(0.03)	(0.01)	(0.04)	0.01	(0.03)	(1.00)	(1.96)	(2.98)
Earnings from Ongoing Operations	\$ 0.11	\$ 0.15	\$ (0.04)	\$ -	\$ 0.22	\$ 0.61	\$ 0.61	\$ (0.17)	\$ -	\$ 1.05

(1) Reported Earnings represents Net Income.

(2) PPL sold its U.K. utility business on June 14, 2021, and its earnings were treated as a special item.

Reconciliation of Segment Reported Earnings to Earnings From Ongoing Operations



After-Tax (Unaudited) (\$ in millions)	4th Quarter December 31, 2020					Year-to-Date December 31, 2020				
	KY Reg.	PA Reg.	Corp. & Other ⁽²⁾	Disc. Ops. ⁽³⁾	Total	KY Reg.	PA Reg.	Corp. & Other ⁽²⁾	Disc. Ops. ⁽³⁾	Total
Reported Earnings⁽¹⁾	\$ 88	\$ 126	\$ (48)	\$ 124	\$ 290	\$ 418	\$ 497	\$ (275)	\$ 829	\$ 1,469
Less: Special Items (expense) benefit:										
Income (loss) from Discontinued Operations				124	124				829	829
Talen litigation costs, net of tax of \$1, \$3			(7)		(7)			(13)		(13)
COVID-19 impact, net of tax of \$1, \$0, \$0, \$2, \$0, \$0	(1)				(1)	(5)	(1)	(1)		(7)
U.K. tax rate change								(102)		(102)
Strategic corporative initiatives, net of tax of \$0, \$2			(1)		(1)			(6)		(6)
Executive retirement benefits, net of tax of \$2, \$2			(6)		(6)			(6)		(6)
Total Special Items	<u>(1)</u>	<u>-</u>	<u>(14)</u>	<u>124</u>	<u>109</u>	<u>(5)</u>	<u>(1)</u>	<u>(128)</u>	<u>829</u>	<u>695</u>
Earnings from Ongoing Operations	<u>\$ 89</u>	<u>\$ 126</u>	<u>\$ (34)</u>	<u>\$ -</u>	<u>\$ 181</u>	<u>\$ 423</u>	<u>\$ 498</u>	<u>\$ (147)</u>	<u>\$ -</u>	<u>\$ 774</u>

After-Tax (Unaudited) (per share - diluted)	4th Quarter December 31, 2020					Year-to-Date December 31, 2020				
	KY Reg.	PA Reg.	Corp. & Other ⁽²⁾	Disc. Ops. ⁽³⁾	Total	KY Reg.	PA Reg.	Corp. & Other ⁽²⁾	Disc. Ops. ⁽³⁾	Total
Reported Earnings⁽¹⁾	\$ 0.11	\$ 0.16	\$ (0.05)	\$ 0.16	\$ 0.38	\$ 0.54	\$ 0.65	\$ (0.36)	\$ 1.08	\$ 1.91
Less: Special Items (expense) benefit:										
Income (loss) from Discontinued Operations				0.16	0.16				1.08	1.08
Talen litigation costs			(0.01)		(0.01)			(0.02)		(0.02)
COVID-19 impact						(0.01)				(0.01)
U.K. tax rate change								(0.13)		(0.13)
Strategic corporate initiatives								(0.01)		(0.01)
Total Special Items	<u>-</u>	<u>-</u>	<u>(0.01)</u>	<u>0.16</u>	<u>0.15</u>	<u>(0.01)</u>	<u>-</u>	<u>(0.16)</u>	<u>1.08</u>	<u>0.91</u>
Earnings from Ongoing Operations	<u>\$ 0.11</u>	<u>\$ 0.16</u>	<u>\$ (0.04)</u>	<u>\$ -</u>	<u>\$ 0.23</u>	<u>\$ 0.55</u>	<u>\$ 0.65</u>	<u>\$ (0.20)</u>	<u>\$ -</u>	<u>\$ 1.00</u>

(1) Reported Earnings represents Net Income.

(2) The amount for the period ended December 31, 2020, has been adjusted for certain costs that were previously included in the U.K. Regulated segment.

(3) PPL sold its U.K. utility business on June 14, 2021, and its earnings were treated as a special item.

Adjusted Gross Margins Summary⁽¹⁾



(Unaudited) (millions of dollars, except share data)	Three Months Ended December 31,			
	2021	2020	Change	Per Share Diluted (after-tax)
Kentucky Adjusted Gross Margins	\$ 571	\$ 509	\$ 62	\$ 0.06
Pennsylvania Adjusted Gross Margins				
Distribution	\$ 229	\$ 222	\$ 7	\$ 0.01
Transmission	179	179	-	-
Total Pennsylvania Adjusted Gross Margins	\$ 408	\$ 401	\$ 7	\$ 0.01

(Unaudited) (millions of dollars, except share data)	Twelve Months Ended December 31,			
	2021	2020	Change	Per Share Diluted (after-tax)
Kentucky Adjusted Gross Margins	\$ 2,255	\$ 2,081	\$ 174	\$ 0.17
Pennsylvania Adjusted Gross Margins				
Distribution	\$ 915	\$ 907	\$ 8	\$ 0.01
Transmission	674	682	(8)	(0.01)
Total Pennsylvania Adjusted Gross Margins	\$ 1,589	\$ 1,589	\$ -	\$ -

(1) Excludes U.K. utility business due to the completed sale announced on June 14, 2021.

Reconciliation of Adjusted Gross Margins to Operating Income⁽¹⁾



(Unaudited) (millions of dollars)	Three Months Ended December 31, 2021				Twelve Months Ended December 31, 2021			
	KY	PA			KY	PA		
	Adjusted Gross Margins	Adjusted Gross Margins	Other	Operating Income	Adjusted Gross Margins	Adjusted Gross Margins	Other	Operating Income
Operating Revenues	\$ 843	\$ 633	\$ 9	\$ 1,485	\$ 3,348	\$ 2,430	\$ 5	\$ 5,783
Operating Expenses								
Fuel	179	-	-	179	710	-	-	710
Energy purchases	64	164	-	228	186	566	-	752
Other operation and maintenance	17	25	402	444	88	111	1,409	1,608
Depreciation	12	8	252	272	105	52	925	1,082
Taxes, other than income	-	28	26	54	4	112	91	207
Total Operating Expenses	272	225	680	1,177	1,093	841	2,425	4,359
Total	\$ 571	\$ 408	\$ (671)	\$ 308	\$ 2,255	\$ 1,589	\$ (2,420)	\$ 1,424

(Unaudited) (millions of dollars)	Three Months Ended December 31, 2020				Twelve Months Ended December 31, 2020			
	KY	PA			KY	PA		
	Adjusted Gross Margins	Adjusted Gross Margins	Other	Operating Income	Adjusted Gross Margins	Adjusted Gross Margins	Other	Operating Income
Operating Revenues	\$ 775	\$ 583	\$ 13	\$ 1,371	\$ 3,106	\$ 2,331	\$ 37	\$ 5,474
Operating Expenses								
Fuel	154	-	-	154	632	-	-	632
Energy purchases	46	118	-	164	143	491	-	634
Other operation and maintenance	25	22	319	366	91	91	1,238	1,420
Depreciation	40	15	205	260	154	53	815	1,022
Taxes, other than income	1	27	21	49	5	107	68	180
Total Operating Expenses	266	182	545	993	1,025	742	2,121	3,888
Total	\$ 509	\$ 401	\$ (532)	\$ 378	\$ 2,081	\$ 1,589	\$ (2,084)	\$ 1,586

(1) Excludes U.K. utility business due to the completed sale announced on June 14, 2021.

Forward-Looking Information Statement



Statements contained in this presentation, including statements with respect to future earnings, cash flows, dividends, financing, regulation and corporate strategy, including the anticipated acquisition of Narragansett from National Grid, and its impact on PPL Corporation, 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: asset or business acquisitions and dispositions, including the expected acquisition of Narragansett Electric, and our ability to realize expected benefits from them; the COVID-19 pandemic or other pandemic health events or other catastrophic events, including severe weather, and their effect on financial markets, economic conditions, supply chains and our businesses; the outcome of rate cases or other cost recovery or revenue proceedings; the direct and indirect effects on PPL or its subsidiaries or business systems or cyber-based intrusion or threat of cyberattacks; 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; receipt of necessary government permits and approvals; capital market and economic conditions, including interest rates and inflation, and decisions regarding capital structure; the impact of state, federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation involving PPL Corporation and its subsidiaries; stock price performance; the market prices of debt and 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; changes in 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 cyberattack, terrorism, or war or other hostilities; new state, federal or foreign legislation or regulatory developments, 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 factors and other matters discussed 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 statutory tax rate of the entity where the activity is recorded. Special items may include items such as:

- 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.
- Significant losses on early extinguishment of debt.
- Other charges or credits that are, in management's view, non-recurring or otherwise not reflective of the company's ongoing operations.

Definitions of non-GAAP Financial Measures



Management also utilizes the following non-GAAP financial measures as indicators of performance for its businesses:

"Kentucky Adjusted Gross Margins" is a single financial performance measure of the electricity generation, transmission and distribution operations of the Kentucky Regulated segment, as well as the Kentucky Regulated segment'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. 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, Storm Damage 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 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.