

# PPL Corporation Reports Third-Quarter Earnings

- **Updates 2017 reported earnings forecast range to \$1.93 to \$2.08 per share, reflecting special items recorded through the third quarter.**
- **Updates 2017 ongoing earnings forecast range to \$2.10 to \$2.25 per share, raising the midpoint from \$2.15 to \$2.18 per share.**

ALLENTOWN, Pa., Nov. 1, 2017 /PRNewswire/ -- PPL Corporation (NYSE: PPL) on Wednesday (11/1) announced third-quarter 2017 reported earnings (GAAP) of \$355 million, or \$0.51 per share, a decrease from third-quarter 2016 reported earnings of \$473 million, or \$0.69 per share.

Reported earnings for the first nine months of 2017 were \$1.05 billion, or \$1.53 per share, a decrease from \$1.44 billion, or \$2.11 per share, for the first nine months of 2016.

Adjusting for special items, third-quarter 2017 earnings from ongoing operations (non-GAAP) were \$388 million, or \$0.56 per share, compared with \$427 million, or \$0.63 per share, a year ago. Earnings from ongoing operations for the first nine months of 2017 were \$1.17 billion, or \$1.70 per share, compared with \$1.27 billion, or \$1.86 per share, for the first nine months of 2016.

The decreases in ongoing earnings in the third quarter and for the first nine months of 2017 were driven primarily by lower foreign currency exchange rates and unfavorable domestic weather, partially offset by higher base electricity and gas rates effective July 1, 2017, in Kentucky. For the first nine months, an additional offsetting factor was higher prices from an April 1, 2016 price increase in the United Kingdom.

"As a result of stronger than expected earnings in the U.K., we are raising the midpoint of our 2017 ongoing earnings guidance despite the unfavorable effects of weather in Kentucky and Pennsylvania," said William H. Spence, PPL chairman, president and Chief Executive Officer.

With the effect of special items recorded through the third quarter, the company's forecast range for 2017 reported earnings is \$1.93 to \$2.08 per share.

PPL's new forecast range for 2017 earnings from ongoing operations is \$2.10 to \$2.25 per share, with a midpoint of \$2.18 per share, an increase from the previous forecast of \$2.05 to \$2.25 per share, with a midpoint of \$2.15 per share.

The company reaffirmed expectations for 5 to 6 percent compound annual earnings growth per share from 2017 through 2020, measured against its original 2017 ongoing earnings forecast midpoint of \$2.15 per share. In addition, the company continues to target dividend growth of about 4 percent a year through 2020.

Across its utilities, PPL is investing in infrastructure as it works to build a more resilient, reliable and efficient energy grid. Overall, the company plans to invest more than \$16 billion in its energy infrastructure through 2021.

## Third-Quarter and Year-to-Date Earnings Details

PPL's reported earnings for the third quarter of 2017 included net special-item after-tax charges of \$33 million, or \$0.05 per share, primarily from foreign currency economic hedges. Reported earnings for the third quarter of 2016 included net special-item after-tax benefits of \$46 million, or \$0.06 per share, primarily from a further reduction in the U.K. corporate income tax rate to become effective April 1, 2020.

PPL's reported earnings for the first nine months of 2017 included net special-item after-tax charges of \$119 million, or \$0.17 per share, primarily from foreign currency economic hedges. Reported earnings for the first nine months of 2016 included net special-item after-tax benefits of \$172 million, or \$0.25 per share, primarily from foreign currency economic hedges and the reduction in the U.K. income tax rate that becomes effective April 1, 2020.

As discussed in this news release, reported earnings are calculated in accordance with U.S. Generally Accepted Accounting Principles (GAAP). "Earnings from ongoing operations" is a non-GAAP financial measure that is adjusted for special items. See the tables at the end of this news release for a reconciliation of reported earnings to earnings from ongoing operations, including an itemization of special items.

*(Dollars in millions, except for per-share amounts)*

	3rd Quarter			Year To Date		
	2017	2016	% Change	2017	2016	% Change
Reported earnings	\$ 355	\$ 473	(25)%	\$ 1,050	\$ 1,437	(27)%
Reported earnings per share	\$ 0.51	\$ 0.69	(26)%	\$ 1.53	\$ 2.11	(27)%
	3rd Quarter			Year To Date		
	2017	2016	% Change	2017	2016	% Change
Earnings from ongoing operations	\$ 388	\$ 427	(9)%	\$ 1,169	\$ 1,265	(8)%
Earnings from ongoing operations per share	\$ 0.56	\$ 0.63	(11)%	\$ 1.70	\$ 1.86	(9)%

## Third-Quarter and Year-to-Date Earnings by Segment

Per share Reported earnings	3rd Quarter		Year To Date	
	2017	2016	2017	2016
U.K. Regulated	\$ 0.18	\$ 0.41	\$ 0.81	\$ 1.34
Kentucky Regulated	0.18	0.18	0.44	0.46
Pennsylvania Regulated	0.13	0.13	0.37	0.39
Corporate and Other	0.02	(0.03)	(0.09)	(0.08)
Total	\$ 0.51	\$ 0.69	\$ 1.53	\$ 2.11
	3rd Quarter		Year To Date	

<b>Special items (expense) benefit</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
U.K. Regulated	\$ (0.06)	\$ 0.06	\$ (0.18)	\$ 0.25
Kentucky Regulated	—	—	—	—
Pennsylvania Regulated	—	—	—	—
Corporate and Other	0.01	—	0.01	—
Total	<u>\$ (0.05)</u>	<u>\$ 0.06</u>	<u>\$ (0.17)</u>	<u>\$ 0.25</u>

  

	<b>3rd Quarter</b>		<b>Year To Date</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Earnings from ongoing operations</b>				
U.K. Regulated	\$ 0.24	\$ 0.35	\$ 0.99	\$ 1.09
Kentucky Regulated	0.18	0.18	0.44	0.46
Pennsylvania Regulated	0.13	0.13	0.37	0.39
Corporate and Other	0.01	(0.03)	(0.10)	(0.08)
Total	<u>\$ 0.56</u>	<u>\$ 0.63</u>	<u>\$ 1.70</u>	<u>\$ 1.86</u>

### Key Factors Impacting Earnings

#### U.K. Regulated Segment

PPL's U.K. Regulated segment primarily consists of the regulated electricity delivery operations of Western Power Distribution (WPD), which serves Southwest and Central England and South Wales.

Reported earnings in the third quarter of 2017 decreased by \$0.23 per share compared to a year ago. Earnings from ongoing operations in the third quarter of 2017 decreased by \$0.11 per share. Excluding special items, factors driving earnings results primarily include \$0.07 from lower foreign currency exchange rates, lower sales volumes, higher interest expense and higher income taxes, partially offset by lower operation and maintenance expense, including pension expense.

Reported earnings for the first nine months of 2017 decreased by \$0.53 per share compared with a year ago, and earnings from ongoing operations for the first nine months of 2017 decreased by \$0.10 per share. Excluding special items, factors driving earnings results primarily include \$0.24 from lower foreign currency exchange rates, lower sales volumes and higher interest expense, partially offset by higher prices from an April 1, 2016 price increase; lower operation and maintenance expense, including pension expense; and lower income taxes, including the tax benefits of accelerated pension contributions.

#### Kentucky Regulated Segment

PPL's Kentucky Regulated segment primarily consists of the regulated electricity and natural gas operations of Louisville Gas and Electric Company and the regulated electricity operations of Kentucky Utilities Company.

Reported earnings and earnings from ongoing operations in the third quarter of 2017 were flat compared to a year ago. Higher base electricity and gas rates effective July 1, 2017, were offset by lower sales volumes due to unfavorable weather and higher depreciation expense.

Reported earnings and earnings from ongoing operations for the first nine months of 2017 decreased by \$0.02 per share compared with a year ago, driven primarily by lower sales volumes due to unfavorable weather and higher depreciation expense, partially offset by higher base electricity and gas rates effective July 1, 2017.

#### Pennsylvania Regulated Segment

PPL's Pennsylvania Regulated segment consists of the regulated electricity delivery operations of PPL Electric Utilities.

Reported earnings and earnings from ongoing operations in the third quarter of 2017 were flat compared to a year ago. Higher transmission earnings due to additional capital investments and lower operation and maintenance expense were offset by lower sales volumes due to unfavorable weather and higher depreciation expense.

Reported earnings and earnings from ongoing operations for the first nine months of 2017 decreased by \$0.02 per share compared with a year ago, driven primarily by higher depreciation expense, a lower PPL zonal peak load billing factor, lower sales volumes due to unfavorable weather and higher interest expense, partially offset by higher transmission earnings due to additional capital investments.

#### Corporate and Other

PPL's Corporate and Other category primarily includes unallocated corporate-level financing and other costs.

Reported earnings in the third quarter of 2017 were \$0.02 per share compared with a loss of \$0.03 per share a year ago. Earnings from ongoing operations in the third quarter of 2017 were \$0.01 per share compared with a loss of \$0.03 per share a year ago. Excluding special items, the favorable change was driven primarily by the timing impact of recording annual estimated taxes.

The loss for the first nine months of the year increased by \$0.01 per share for reported earnings and \$0.02 per share for earnings from ongoing operations compared to a year ago. Excluding special items, the changes resulted primarily from the timing impact of recording annual estimated taxes. This impact is expected to continue to reverse through the remainder of the year.

### Earnings Forecast

	<b>Reported Earnings</b>		<b>Earnings from Ongoing Operations</b>	
	<b>2017 forecast midpoint</b>	<b>2016 actual</b>	<b>2017 forecast midpoint</b>	<b>2016 actual</b>
<b>Per share</b>				
U.K. Regulated	\$ 1.06	\$ 1.83	\$ 1.24	\$ 1.49
Kentucky Regulated	0.55	0.58	0.55	0.58
Pennsylvania Regulated	0.50	0.50	0.50	0.50
Corporate and Other	(0.10)	(0.12)	(0.11)	(0.12)
Total	<u>\$ 2.01</u>	<u>\$ 2.79</u>	<u>\$ 2.18</u>	<u>\$ 2.45</u>

(See the tables at the end of this news release for a reconciliation of reported earnings to earnings from ongoing operations.)

### **U.K. Regulated Segment**

PPL projects lower segment earnings in 2017 compared with 2016, primarily driven by a lower assumed 2017 foreign currency exchange rate, lower true-up mechanisms, lower incentive revenues, higher interest expense and higher depreciation expense, partially offset by lower operation and maintenance expense, including pension expense, and higher base revenue from the April 1, 2017 price reset.

The remaining 2017 foreign currency exposure for this segment is 100 percent hedged at an average rate of \$1.22 per pound.

### **Kentucky Regulated Segment**

PPL projects lower segment earnings in 2017 compared with 2016, primarily driven by lower electricity sales volumes due to unfavorable weather in 2017 and higher depreciation expense, partially offset by electricity and gas base rate increases.

### **Pennsylvania Regulated Segment**

PPL projects relatively flat segment earnings in 2017 compared with 2016, primarily driven by higher transmission earnings and lower operation and maintenance expense, offset by higher depreciation expense and higher interest expense.

### **Corporate and Other**

PPL projects costs to be relatively flat in this category in 2017 compared with 2016.

Headquartered in Allentown, Pa., PPL Corporation (NYSE: PPL) is one of the largest companies in the U.S. utility sector. PPL's seven high-performing, award-winning utilities serve 10 million customers in the U.S. and United Kingdom. With about 13,000 employees, the company is dedicated to providing exceptional customer service and reliability and delivering superior value for shareowners. To learn more, visit [www.pplweb.com](http://www.pplweb.com).

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(Note: All references to earnings per share in the text and tables of this news release are stated in terms of diluted earnings per share unless otherwise noted.)

### **Conference Call and Webcast**

**PPL invites interested parties to listen to a live Internet webcast of management's teleconference with financial analysts about third-quarter 2017 financial results at 8:30 a.m. Eastern time on Wednesday, Nov 1. The call will be webcast live, in audio format, together with slides of the presentation. For those who are unable to listen to the live webcast, a replay with slides will be accessible at [www.pplweb.com/investors](http://www.pplweb.com/investors) for 90 days after the call. Interested individuals can access the live conference call via telephone at 1-888-346-8683. International participants should call 1-412-902-4270. Participants will need to enter the following "Elite Entry" number in order to join the conference: 3769426.**

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*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 British-pound-sterling-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.*

*Statements contained in this news release, 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 severe weather on our business; receipt of necessary government permits, approvals, rate relief and regulatory cost recovery; capital market conditions and decisions regarding capital structure; the impact of state, federal or foreign investigations applicable to PPL Corporation and its subsidiaries; the outcome of litigation against PPL Corporation and its subsidiaries; stock price performance; the market prices of equity securities and the impact on pension income and resultant cash funding requirements for defined benefit pension plans; the securities and credit ratings of PPL Corporation and its subsidiaries; political, regulatory or economic conditions in states, regions or countries where PPL Corporation or its subsidiaries conduct business, including any potential effects of threatened or actual terrorism or war or other hostilities; British pound sterling to U.S. dollar exchange rates; new state, federal or foreign legislation, including new tax legislation; and the commitments and liabilities of PPL Corporation and its subsidiaries. Any such forward-looking statements should be considered in light of such*

important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.

**Note to Editors:** Visit our media website at [www.pplnewsroom.com](http://www.pplnewsroom.com) for additional news and background about PPL Corporation.

**PPL CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED FINANCIAL INFORMATION <sup>(1)</sup>**

**Condensed Consolidated Balance Sheets (Unaudited)**  
**(Millions of Dollars)**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 676	\$ 341
Accounts receivable	713	712
Unbilled revenues	405	480
Fuel, materials and supplies	323	356
Current price risk management assets	57	63
Other current assets	157	115
Property, Plant and Equipment		
Regulated utility plant	36,678	34,674
Less: Accumulated depreciation - regulated utility plant	6,624	6,013
Regulated utility plant, net	30,054	28,661
Non-regulated property, plant and equipment	422	413
Less: Accumulated depreciation - non-regulated property, plant and equipment	154	134
Non-regulated property, plant and equipment, net	268	279
Construction work in progress	1,494	1,134
Property, Plant and Equipment, net	31,816	30,074
Noncurrent regulatory assets	1,869	1,918
Goodwill and other intangibles	3,800	3,760
Pension benefit asset	532	9
Noncurrent price risk management assets	267	336
Other noncurrent assets	143	151
<b>Total Assets</b>	<b>\$ 40,758</b>	<b>\$ 38,315</b>
<b>Liabilities and Equity</b>		
Short-term debt	\$ 1,211	\$ 923
Long-term debt due within one year	448	518
Accounts payable	838	820
Other current liabilities	1,652	1,576
Long-term debt	19,110	17,808
Deferred income taxes and investment tax credits	4,354	4,021
Accrued pension obligations	796	1,001
Asset retirement obligations	312	428
Noncurrent regulatory liabilities	873	899
Other noncurrent liabilities	472	422
Common stock and additional paid-in capital	10,129	9,848
Earnings reinvested	4,066	3,829
Accumulated other comprehensive loss	(3,503)	(3,778)
<b>Total Liabilities and Equity</b>	<b>\$ 40,758</b>	<b>\$ 38,315</b>

(1) The Financial Statements in this news release have been condensed and summarized for purposes of this presentation. Please refer to PPL Corporation's periodic filings with the Securities and Exchange Commission for full financial statements, including note disclosure.

**PPL CORPORATION AND SUBSIDIARIES**

**Condensed Consolidated Statements of Income (Unaudited)**  
**(Millions of Dollars, except share data)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Operating Revenues</b>	\$ 1,845	\$ 1,889	\$ 5,521	\$ 5,685
<b>Operating Expenses</b>				
Operation				
Fuel	202	227	576	607
Energy purchases	143	151	494	531
Other operation and maintenance	397	417	1,217	1,292
Depreciation	257	232	745	692
Taxes, other than income	69	76	214	229
Total Operating Expenses	1,068	1,103	3,246	3,351
<b>Operating Income</b>	<b>777</b>	<b>786</b>	<b>2,275</b>	<b>2,334</b>
Other Income (Expense) - net	(76)	49	(235)	284

Interest Expense	<u>230</u>	<u>223</u>	<u>669</u>	<u>671</u>
<b>Income Before Income Taxes</b>	<b>471</b>	<b>612</b>	<b>1,371</b>	<b>1,947</b>
Income Taxes	<u>116</u>	<u>139</u>	<u>321</u>	<u>510</u>
<b>Net Income</b>	<b>\$ 355</b>	<b>\$ 473</b>	<b>\$ 1,050</b>	<b>\$ 1,437</b>
<b>Earnings Per Share of Common Stock:</b>				
Net Income Available to PPL Common Shareowners:				
Basic	\$ 0.52	\$ 0.70	\$ 1.53	\$ 2.12
Diluted	\$ 0.51	\$ 0.69	\$ 1.53	\$ 2.11
<b>Weighted-Average Shares of Common Stock Outstanding (in thousands)</b>				
Basic	686,563	678,114	683,783	676,905
Diluted	688,746	680,348	686,081	679,969

## PPL CORPORATION AND SUBSIDIARIES

### Condensed Consolidated Statements of Cash Flows (Unaudited) (Millions of Dollars)

	<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 1,050	\$ 1,437
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	745	692
Amortization	72	54
Defined benefit plans - (income)	(69)	(29)
Deferred income taxes and investment tax credits	284	436
Unrealized losses on derivatives, and other hedging activities	194	107
Other	22	11
Change in current assets and current liabilities		
Accounts payable	(93)	(40)
Unbilled revenues	81	32
Fuel, materials and supplies	35	8
Accrued interest	49	32
Prepayments	(37)	(34)
Other	(20)	(74)
Other operating activities		
Defined benefit plans - funding	(558)	(345)
Other	(1)	(57)
Net cash provided by operating activities	<u>1,754</u>	<u>2,230</u>
<b>Cash Flows from Investing Activities</b>		
Expenditures for property, plant and equipment	(2,152)	(2,073)
Expenditures for intangible assets	(25)	(23)
Other investing activities	13	30
Net cash used in investing activities	<u>(2,164)</u>	<u>(2,066)</u>
<b>Cash Flows from Financing Activities</b>		
Issuance of long-term debt	1,088	1,241
Retirement of long-term debt	(60)	(905)
Settlement of cross-currency swaps	—	46
Issuance of common stock	275	133
Payment of common stock dividends	(800)	(772)
Net increase (decrease) in short-term debt	269	(268)
Other financing activities	(34)	(33)
Net cash provided by (used in) financing activities	<u>738</u>	<u>(558)</u>
<b>Effect of Exchange Rates on Cash and Cash Equivalents</b>	<u>7</u>	<u>(26)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>335</u>	<u>(420)</u>
Cash and Cash Equivalents at Beginning of Period	341	836
Cash and Cash Equivalents at End of Period	<u>\$ 676</u>	<u>\$ 416</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Significant non-cash transactions:		
Accrued expenditures for property, plant and equipment at September 30,	\$ 373	\$ 293
Accrued expenditures for intangible assets at September 30,	\$ 60	\$ 104

### Key Indicators (Unaudited)

	<b>12 Months Ended September 30</b>	
<b>Financial</b>	<b>2017</b>	<b>2016</b>
Dividends declared per share of common stock	\$ 1.565	\$ 1.5175
Book value per share <sup>(1)(2)</sup>	\$ 15.54	\$ 14.69

Market price per share <sup>(1)</sup>	\$ 37.95	\$ 34.57
Dividend yield	4.1 %	4.4 %
Dividend payout ratio <sup>(3)</sup>	70.8 %	56.2 %
Dividend payout ratio - earnings from ongoing operations <sup>(3)(4)</sup>	68.0 %	66.3 %
Return on common equity	14.7 %	18.2 %
Return on common equity - earnings from ongoing operations <sup>(4)</sup>	15.3 %	15.4 %
Spot rate of U.S. dollar per British pound sterling for Balance Sheet translation <sup>(5)</sup>	\$ 1.29	\$ 1.25
Average rate of U.S. dollar per British pound sterling for Statement of Income translation <sup>(6)</sup>	\$ 1.21	\$ 1.50

- (1) End of period.  
(2) Based on 688,133 and 679,268 shares of common stock outstanding (in thousands) at September 30, 2017 and September 30, 2016.  
(3) Based on diluted earnings per share.  
(4) Calculated using earnings from ongoing operations, which is a non-GAAP financial measure that includes adjustments described in the text and tables of this news release.  
(5) As of August 31, 2017 and November 30, 2016 as WPD is consolidated on a one-month lag.  
(6) Represents a year-to-date average and includes the impact of foreign exchange hedges.

#### Operating - Domestic & International Electricity Sales (Unaudited)

(GWh)	3 Months Ended September 30,			9 Months Ended September 30,		
	2017	2016	Percent Change	2017	2016	Percent Change
Domestic Retail Delivered						
PPL Electric Utilities	9,113	9,658	(5.6)%	26,870	27,760	(3.2)%
LKE	8,090	8,681	(6.8)%	22,485	23,645	(4.9)%
Total	17,203	18,339	(6.2)%	49,355	51,405	(4.0)%
International Delivered						
United Kingdom	16,692	16,819	(0.8)%	55,672	55,970	(0.5)%
Domestic Wholesale						
LKE <sup>(1)</sup>	512	606	(15.5)%	1,589	1,596	(0.4)%

(1) Represents FERC-regulated municipal and unregulated off-system sales.

#### Reconciliation of Segment Reported Earnings to Earnings from Ongoing Operations (After-Tax) (Unaudited)

3rd Quarter 2017

	(millions of dollars)				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 126	\$ 125	\$ 95	\$ 9	\$ 355
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of \$20	(37)	—	—	—	(37)
Spinoff of the Supply segment, net of tax of (\$2)	—	—	—	4	4
<b>Total Special Items</b>	(37)	—	—	4	(33)
<b>Earnings from Ongoing Operations</b>	\$ 163	\$ 125	\$ 95	\$ 5	\$ 388

	(per share - diluted)				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 0.18	\$ 0.18	\$ 0.13	\$ 0.02	\$ 0.51
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	(0.06)	—	—	—	(0.06)
Spinoff of the Supply segment	—	—	—	0.01	0.01
<b>Total Special Items</b>	(0.06)	—	—	0.01	(0.05)
<b>Earnings from Ongoing Operations</b>	\$ 0.24	\$ 0.18	\$ 0.13	\$ 0.01	\$ 0.56

#### Reconciliation of Segment Reported Earnings to Earnings from Ongoing Operations (After-Tax) (Unaudited)

Year-to-Date September 30, 2017

	(millions of dollars)				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total

<b>Reported Earnings</b>	\$ 560	\$ 299	\$ 251	\$ (60)	\$ 1,050
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of \$66	(122)	—	—	—	(122)
Spinoff of the Supply segment, net of tax of (\$2)	—	—	—	4	4
Adjustment to investment, net of tax of \$0	—	(1)	—	—	(1)
<b>Total Special Items</b>	<u>(122)</u>	<u>(1)</u>	<u>—</u>	<u>4</u>	<u>(119)</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 682</u>	<u>\$ 300</u>	<u>\$ 251</u>	<u>\$ (64)</u>	<u>\$ 1,169</u>

(per share - diluted)					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 0.81	\$ 0.44	\$ 0.37	\$ (0.09)	\$ 1.53
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	(0.18)	—	—	—	(0.18)
Spinoff of the Supply segment	—	—	—	0.01	0.01
<b>Total Special Items</b>	<u>(0.18)</u>	<u>—</u>	<u>—</u>	<u>0.01</u>	<u>(0.17)</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 0.99</u>	<u>\$ 0.44</u>	<u>\$ 0.37</u>	<u>\$ (0.10)</u>	<u>\$ 1.70</u>

**Reconciliation of Segment Reported Earnings to Earnings from Ongoing Operations  
(After-Tax)  
(Unaudited)**

3rd Quarter 2016

(millions of dollars)					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 281	\$ 126	\$ 91	\$ (25)	\$ 473
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of \$103	(193)	—	—	—	(193)
Other:					
Settlement of foreign currency contracts, net of tax of (\$108)	202	—	—	—	202
Change in U.K. tax rate	37	—	—	—	37
<b>Total Special Items</b>	<u>46</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>46</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 235</u>	<u>\$ 126</u>	<u>\$ 91</u>	<u>\$ (25)</u>	<u>\$ 427</u>

(per share - diluted)					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 0.41	\$ 0.18	\$ 0.13	\$ (0.03)	\$ 0.69
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	(0.29)	—	—	—	(0.29)
Other:					
Settlement of foreign currency contracts	0.30	—	—	—	0.30
Change in U.K. tax rate	0.05	—	—	—	0.05
<b>Total Special Items</b>	<u>0.06</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0.06</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 0.35</u>	<u>\$ 0.18</u>	<u>\$ 0.13</u>	<u>\$ (0.03)</u>	<u>\$ 0.63</u>

**Reconciliation of Segment Reported Earnings to Earnings from Ongoing Operations  
(After-Tax)  
(Unaudited)**

Year-to-Date September 30, 2016

(millions of dollars)					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 915	\$ 314	\$ 263	\$ (55)	\$ 1,437
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of \$34	(65)	—	—	—	(65)
Spinoff of the Supply segment, net of tax of \$2	—	—	—	(2)	(2)
Other:					
Settlement of foreign currency contracts, net of tax of (\$108)	202	—	—	—	202
Change in U.K. tax rate	37	—	—	—	37
<b>Total Special Items</b>	<u>174</u>	<u>—</u>	<u>—</u>	<u>(2)</u>	<u>172</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 741</u>	<u>\$ 314</u>	<u>\$ 263</u>	<u>\$ (53)</u>	<u>\$ 1,265</u>

(per share - diluted)					
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 1.34	\$ 0.46	\$ 0.39	\$ (0.08)	\$ 2.11
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	(0.10)	—	—	—	(0.10)
Other:					
Settlement of foreign currency contracts	0.30	—	—	—	0.30
Change in U.K. tax rate	0.05	—	—	—	0.05

<b>Total Special Items</b>	0.25	—	—	—	0.25
<b>Earnings from Ongoing Operations</b>	<u>\$ 1.09</u>	<u>\$ 0.46</u>	<u>\$ 0.39</u>	<u>\$ (0.08)</u>	<u>\$ 1.86</u>

**Reconciliation of Segment Reported Earnings to Earnings from Ongoing Operations  
(After-Tax)  
(Unaudited)**

Year-to-Date December 31, 2016

	(millions of dollars)				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 1,246	\$ 398	\$ 338	\$ (80)	\$ 1,902
Less: Special Items (expense) benefit:					
Foreign currency economic hedges, net of tax of \$4	(8)	—	—	—	(8)
Spinoff of the Supply segment, net of tax of \$2	—	—	—	(3)	(3)
Other:					
Settlement of foreign currency contracts, net of tax of (\$108)	202	—	—	—	202
Change in U.K. tax rate	37	—	—	—	37
<b>Total Special Items</b>	<u>231</u>	<u>—</u>	<u>—</u>	<u>(3)</u>	<u>228</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 1,015</u>	<u>\$ 398</u>	<u>\$ 338</u>	<u>\$ (77)</u>	<u>\$ 1,674</u>

	(per share - diluted)				
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total
<b>Reported Earnings</b>	\$ 1.83	\$ 0.58	\$ 0.50	\$ (0.12)	\$ 2.79
Less: Special Items (expense) benefit:					
Foreign currency economic hedges	(0.01)	—	—	—	(0.01)
Other:					
Settlement of foreign currency contracts	0.30	—	—	—	0.30
Change in U.K. tax rate	0.05	—	—	—	0.05
<b>Total Special Items</b>	<u>0.34</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0.34</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 1.49</u>	<u>\$ 0.58</u>	<u>\$ 0.50</u>	<u>\$ (0.12)</u>	<u>\$ 2.45</u>

**Reconciliation of PPL's Forecast of Reported Earnings to Earnings from Ongoing Operations  
(After-Tax)  
(Unaudited)**

	Forecast (per-share - diluted)						
	2017 Midpoint					High 2017	Low 2017
	U.K. Reg.	KY Reg.	PA Reg.	Corp. & Other	Total		
<b>Reported Earnings</b>	\$ 1.06	\$ 0.55	\$ 0.50	\$ (0.10)	\$ 2.01	\$ 2.08	\$ 1.93
Less: Special Items (expense) benefit:							
Foreign currency economic hedges	(0.18)	—	—	—	(0.18)	(0.18)	(0.18)
Spinoff of the Supply segment	—	—	—	0.01	0.01	0.01	0.01
<b>Total Special Items</b>	<u>(0.18)</u>	<u>—</u>	<u>—</u>	<u>0.01</u>	<u>(0.17)</u>	<u>(0.17)</u>	<u>(0.17)</u>
<b>Earnings from Ongoing Operations</b>	<u>\$ 1.24</u>	<u>\$ 0.55</u>	<u>\$ 0.50</u>	<u>\$ (0.11)</u>	<u>\$ 2.18</u>	<u>\$ 2.25</u>	<u>\$ 2.10</u>

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SOURCE PPL Corporation

<https://news.pplweb.com/2017-11-01-PPL-Corporation-Reports-Third-Quarter-Earnings>