February 15, 2018

JEA

City of Jacksonville / JEA Strategic Discussion

J.P.Morgan

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Executive summary

- J.P. Morgan is excited and grateful to have an opportunity to share our analysis and preliminary recommendations with the City of Jacksonville (the "City") and JEA related to the potential strategic alternatives for JEA
- We believe that there are a number of options for the City to consider including: i) sale of the integrated electric utility (the "Electric System"), ii) sale of the water and wastewater utility and district cooling system (the "Water System"), iii) sale of both the Electric and Water System ("JEA"), and iv) status quo
- J.P. Morgan believes that the privatization of the Electric System, the Water System or JEA would be "must have" assets for strategic buyers and would result in a highly competitive auction process
- While there would be significant interest in the Water System, J.P. Morgan believes that the transaction would result in a meaningful cost increase to ratepayer while not eliminating a proportional amount of costs and operational risk
- The following discussion materials expand on this conclusion and address the sale of Electric System and retention of the Water System
- To the extent that the city is interested in the potential sale of electric, we are confident that we can assist you in reaching an attractive potential transaction that will benefit the city and tax/rate payers for years to come
  - Electric is a highly attractive asset that will be coveted by well capitalized, publicly traded, regulated utilities
  - Transition to IOU structure (from current municipal structure) will unlock potential cost savings that will benefit tax/rate payers regarding electric rates (e.g., rate freeze or rate reduction)
  - Notwithstanding recent public market valuation changes (utilities down ~15%), publicly traded utilities remain well positioned to pursue this opportunity for growth
  - However, there are several potential considerations (e.g., Project J) that will need to be managed appropriately to enable the optimal outcome through a potential process

Executive summary (continued)

- J.P. Morgan is a leader in the Power & Utilities M&A and Public Power sectors and has a highly qualified, dedicated team ready to partner with the City and JEA
- We will bring the full resources of the firm to bear in order to ensure that the goals and objectives of the City are achieved
- J.P. Morgan has proposed a fee structure that is completely success based, which aligns our incentives directly with yours; we only receive compensation upon closing of a transaction that you have approved
- We thank you again for your time, and look forward to a constructive discussion around this very important topic

Agenda

J.P. Morgan is uniquely qualified to serve as the City of Jacksonville and JEA's financial advisor

1 Uniquely qualified as a firm to represent JEA on this important strategic transaction

- #1 in Global Power & Utility M&A since 2007 and has led some of the largest and most complex strategic transactions in the Power & Utility sector
- Dedicated Public Infrastructure advisory group has repeatedly demonstrated its ability to successfully execute similar sell side / buy side engagements and securitizations
- Extensive experience working on similar public asset sales for governmental agencies, including 150+ privatizations on behalf of the governments of 40+ different countries over the last 30 years
- #1 in power/utility capital markets (debt and equity) and will bring unparalleled market knowledge around potential buyer financing in a transaction

2 Prepared to bring the full resources of our firm to bear to enable the City of Jacksonville and JEA achieve their objectives

- Highly qualified and dedicated team across multiples disciplines from our global firm committed to helping the City and JEA achieve its objectives
  - Mergers & Acquisitions
  - Power & Utilities
  - Public Finance
  - Debt capital markets, equity capital markets, corporate finance advisory, etc.
- Longstanding executive relationships and transaction experience with MEAG that we will leverage to facilitate a Vogtle solution
- We place a very high priority on this potential assignment and are fully dedicated to helping you achieve a successful outcome

3 JPMorgan Chase has demonstrated its longstanding, sustained commitment to the City of Jacksonville and to JEA

- Active investment banking and commercial calling effort supported by local coverage team as well as public and corporate industry teams
- Since 2005, #1 underwriter of debt for the City of Jacksonville and associated agencies including JEA
- Acted as the sole financial advisor to JEA on its acquisition of Florida Power & Light's ("FPL") 20% stake in Saint Johns River Power Park ("SJRPP") which will generate over $400 million in savings to JEA and the local ratepayers
- Provide JEA with $500 million in credit facilities and debt capital markets support
- Actively involved in local community development, charity and hurricane support efforts
- 3,900 employees in the City of Jacksonville[1]

[1] City of Jacksonville annual disclosure

1 J.P. Morgan is the leader in Global and U.S. Power & Utility M&A

2007–2017 Global Power & Utility M&A

<Search> 91) Advanced Search 92) Actions 93) Settings Mergers & Acquisitions

M&A Investment Other Date Range Custom 01/01/2007 - 01/01/2018 Currency USD

Click on a Deal Status, Region or Industry to filter by that criteria.

# of Deals 5,020

1) Overview 2) Deal Breakdown 3) Capital Flow 4) League Table 5) Deal List 6) Buyer List 7) Time Series

Filter by Adviser <Enter an adviser name> Adviser Type Financial Legal

Adviser	Rank (Market Share)	Market Share (%)	Total Deal Value (M)	Average Deal Value (M)	Deal Count
JP Morgan	1	33.0557	458,962.23	3,080.28	149
Morgan Stanley	2	31.6811	439,876.70	2,972.14	148
Goldman Sachs	3	28.2824	392,687.23	3,116.57	126
Lazard Ltd	4	23.6109	327,825.34	3,949.70	83
Citi	5	23.4918	326,171.44	2,630.41	124
Credit Suisse	6	19.6054	272,211.37	2,160.41	126
Bank of America Merrill Lynch	7	18.7322	260,087.33	2,889.86	90
BNP Paribas	8	16.1638	224,426.85	2,736.91	82
Deutsche Bank	9	15.9032	220,807.52	2,509.18	88

Pending **$6.3bn** Lead financial advisor to AltaGas on its cross-border acquisition of WGL Holdings	2017 **$258mm** Advisor to the New Hampshire Public Utilities Commission on the divestiture of Eversource generation facilities	2017 **$3.3bn** Exclusive advisor to TransCanada on its sale of its U.S. Northeast generation to Helix Power, an affiliate of LS Power	2017 **$2.4bn** Lead financial advisor to Algonquin on its acquisition of Empire District Electric Company	2016 **$2.4bn** Financial advisor to Duke Energy on the sale of its International Energy Business to CTG and iSquared Capital	2016 **$10.4bn** Lead financial advisor to Emera on its acquisition of TECO Energy	2016 **$431mm** Acted as exclusive financial advisor and rendered a fairness opinion to the Board of Directors
2016 **$1.9bn** Exclusive financial advisor to GE/Alinda on their sale of SourceGas to Black Hills Corporation	2016 **€7.5bn** Joint Global Coordinator and Listing Agent on E.ON's spin-off of Uniper	2015 **Undisclosed** Exclusive financial advisor to Riverstone on the merger of its merchant generation business with PPL Energy Supply via a Reverse Morris Trust	*Terminated* **$5.1bn** Exclusive financial advisor to Hawaiian Electric on its stock-for-stock combination with NextEra and spin-off of ASB Hawaii	*Terminated* **$1.9bn** Lead Sell-Side Broker to the City of Philadelphia on the $1.86bn sale of Philadelphia Gas Works to UIL Holdings	2012 **$32.0bn** Lead advisor to Duke Energy on its merger with Progress Energy	2012 **$11.8bn** Advisor to Exelon Corporation on its merger with Constellation Energy

J.P. Morgan advised

Source: Bloomberg, J.P. Morgan

1 Dedicated Public Infrastructure Advisory group and demonstrated its ability to successfully execute similar sell side engagements

Clients	Transaction	Public / Private	JPM Role	Sector	Process Requirements	Transaction Complexity	Universe of Target Partners	Stakeholder / Community Involvement
City of Philadelphia	City of Philadelphia's sale of Philadelphia Gas Works to UIL Holdings for $1.86bn	✓	✓	✓	✓	✓	✓	✓
New Hampshire Public Utilities Commission	New Hampshire Public Utilities Commission sale of Eversource's New Hampshire solid-fuel and hydro generation portfolio	✓	✓	✓	✓	✓	✓	✓
North Carolina Eastern Municipal Power Agency	North Carolina Eastern Municipal's sale of 700MW of generation capacity to Duke Energy Progress	✓	✓	✓	✓	✓	✓	✓
State of Connecticut Public Utilities Regulatory Authority	The DPUC's sale of Millstone Nuclear Power Station to Dominion Resources	✓	✓	✓	✓	✓	✓	✓
State of Connecticut Public Utilities Regulatory Authority	The DPUC's sale of Connecticut Light and Power's hydro assets to Northeast Generation	✓	✓	✓	✓	✓	✓	✓
State of Connecticut Public Utilities Regulatory Authority	The DPUC's sale of Connecticut Light and Power's fossil generation assets to NRG	✓	✓	✓	✓	✓	✓	✓
New York Power Authority	Privatization of New York Power Authority's nuclear power plants to Entergy's	✓	✓	✓	✓	✓	✓	✓
New Hampshire Public Services Commission	The NHPUC's sale of Seabrook Nuclear Generating Station to FPL Energy	✓	✓	✓	✓	✓	✓	✓
JEA	JEA purchase of FPL's 20% undivided interest in Saint Johns River Power Park	✓	✓	✓	✓	✓	✓	✓
BCD Energy Collaborative	BCD's purchase and simultaneous sale of Medical Area Total Energy Plant ("MATEP")	✓	✓	✓	✓	✓	✓	✓
Ohio State University	Ohio State University Comprehensive Energy Management Project	✓	✓	✓	✓	✓	✓	✓
State of Wisconsin / University of Wisconsin	State of Wisconsin privatization of the University of Wisconsin System district energy portfolio	✓	✓	✓	✓	✓	✓	✓

J.P. Morgan is also a continuous leader in the utility public bond market

2017 Utility league table – Active Bookrunners

Rank	Advisor	Proceeds ($mm)	# of issues	Mkt Share
1	**J.P.Morgan**	**$6,008**	**27**	**10.9%**
2	Barclays	$5,356	21	9.7%
3	Bank of America	$4,782	19	8.7%
4	Mitsubishi UFJ	$4,462	24	8.1%
5	Goldman Sachs	$4,263	17	7.7%
6	Wells Fargo	$3,940	22	7.2%
7	Citi	$2,953	18	5.4%
8	Mizuho	$2,949	19	5.4%
9	US Bancorp	$2,446	16	4.4%
10	BNP Paribas	$2,433	16	4.4%

Source: J.P.Morgan; each active bookrunner given credit for pro rata share of deal volume; excludes retail hybrid issuance

2016 Utility league table – Active Bookrunners

Rank	Advisor	Proceeds ($mm)	# of issues	Mkt Share
1	**J.P.Morgan**	**$6,628**	**30**	**10.1%**
2	Mizuho	$6,512	29	9.9%
3	Barclays	$5,905	26	9.0%
4	Wells Fargo	$5,425	33	8.2%
5	Mitsubishi UFJ	$5,258	32	8.0%
6	Bank of America	$4,999	28	7.6%
7	Scotia	$4,756	18	7.2%
8	Citi	$4,164	21	6.3%
9	RBC	$2,829	18	4.3%
10	US Bancorp	$2,603	18	3.9%

Source: J.P.Morgan; each active bookrunner given credit for pro rata share of deal volume; excludes retail hybrid issuance

Select J.P. Morgan-led USD transactions

$3,250,000,000 senior bond offering
$1,200,000,000 hybrid offering
Largest hybrid offering by a North American corporate
Emera Incorporated / Emera US Finance LP
Joint Bookrunner (bonds) / Sole Bookrunner (hybrid)
June 2016

$8,500,000,000
Largest utility bond offering
Southern Company
Joint Bookrunner
May 2016

$650,000,000
Eversource Energy
Joint Bookrunner
January 2018

$2,200,000,000
Berkshire Hathaway Energy
Joint Bookrunner
January 2018

$6,380,000,000
NextEra Energy
Admin agent
February 2017

$700,000,000
Consolidated Edison of NY
Joint Bookrunner
November 2017

$500,000,000
Ameren Illinois Company
Joint Bookrunner
November 2017

$1,000,000,000
ITC Holdings
Joint Bookrunner
November 2017

$1,000,000,000
American Electric Power
Joint Bookrunner
November 2017

$500,000,000
NiSource Finance Corp
Joint Bookrunner
November 2017

$700,000,000
Public Service Enterprise Group
Joint Bookrunner
November 2017

$4,300,000,000
Sempra Energy
Joint Bookrunner
October 2017

$700,000,000
AEP Texas
Joint Bookrunner
September 2017

$850,000,000
PPL Capital Funding
Joint Bookrunner
September 2017

1 Exclusive financial advisor to the New Hampshire Public Utilities Commission

October 2017
$175.0mm

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EVERSOURCE / ATLAS HOLDINGS / CCI

J.P. Morgan acted as exclusive financial advisor to the NHPUC on Eversource's sale of its 1,130 MW fossil generation portfolio

October 2017
$83.3mm

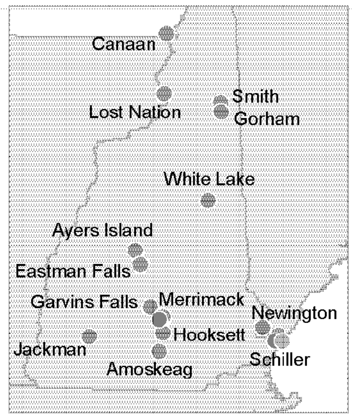
J.P.Morgan

EVERSOURCE / HULL STREET ENERGY

J.P. Morgan acted as exclusive financial advisor to the NHPUC on Eversource's sale of its 68 MW hydroelectric portfolio

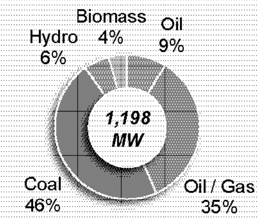
Transaction overview

- On October 12, 2017, Eversource announced that it had entered into definitive agreements to sell its New Hampshire generation portfolio:
  - 1,130 MW fossil generation assets to Granite Shore Power LLC, a 50-50 partnership formed by Atlas Holdings and Castleton Commodities International, for $175.0mm or $155/kW[1]
  - 68 MW hydroelectric generation assets to Hull Street Energy for $83.3mm or $1,221/kW[1]
- The sale concludes a highly competitive two-stage public divestiture auction process initiated as part of a comprehensive restructuring and rate stabilization agreement
- Transaction includes the securitization of $600mm of stranded Eversource costs
- Following NHPUC and other approvals, the divestiture will mark the completion of electric deregulation in New Hampshire

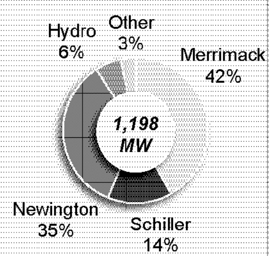


Legend:
- Biomass
- Oil
- Coal
- Oil / Gas
- Hydro

Fuel type (by MW):



Asset (by MW):



Relevance to City and JEA

- ✓ Emphasizes J.P. Morgan's continued leadership in Energy M&A advisory for government / public sector
- ✓ Extensive energy asset diligence and development of key deal related marketing materials, RFQ, RFP, financial models, etc.
- ✓ Negotiation of key transaction documents with multiple buyers
- ✓ Successful management of multiple stakeholders and community leaders
- ✓ Transparent process involving testimony to government authorities

[1] Subject to working capital adjustments

1 Lead sell-side broker to the City of Philadelphia on the $1.9bn sale of Philadelphia Gas Works to UIL Holdings Corporation

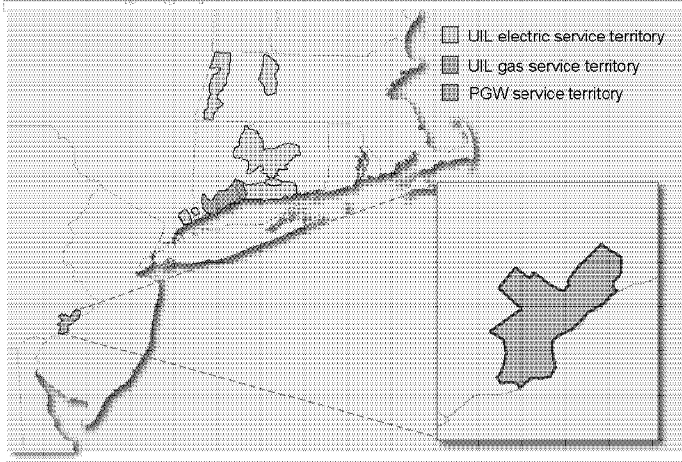
PGW UIL HOLDINGS

Transaction overview

- On March 3rd, Philadelphia Mayor Michael Nutter announced that his administration has signed an agreement to sell the assets of the Philadelphia Gas Works ("PGW ") to UIL Holdings for $1.9bn
- The transaction will allow the City to fully defease all of PGW's debt and deposit excess proceeds of between $424mm and $631mm into the City's pension plan while providing the citizens of Philadelphia with a qualified operator for its gas business
- **Purchase price implies 11.2x FV/2013 EBITDA, representing the highest multiple paid for an LDC asset since 2008**
- PGW is the nation's largest municipally-owned gas utility, serving more than 500,000 customers. In addition, PGW owns and operates facilities for the liquefaction, storage, and vaporization of natural gas
- J.P. Morgan ran a highly competitive sale process that allowed the City to secure multiple attractive offers for PGW. This engagement reinforces J.P. Morgan as a leader in advising clients on utility transactions and its extensive experience working with municipalities

J.P. Morgan acted as Lead Sell-side Broker to the City of Philadelphia

Pro forma geographical overview



Key investment highlights

Largest municipal gas utility	Unique opportunity to participate in the privatization of the largest municipally owned gas utility in the U.S.
Enhanced financial profile	Material recent profitability improvements driven by increased collections, timely rate adjustments and cost management
Constructive regulatory environment	Strong relationship with the PA PUC Key regulatory mechanisms including weather and capex riders, decoupling and various surcharges
Growth opportunities	Multiple load growth opportunities including large-scale construction projects and CNG vehicle conversion LNG assets provide optionality that is enhanced by key Marcellus location

Relevance to City and JEA

- ✓ Emphasizes J.P. Morgan's continued leadership in Energy M&A advisory for government / public sector
- ✓ Sale of publicly owned utility assets through a complex and open public procurement
- ✓ Access to key buyer decision makers
- ✓ Communication with multiple stakeholders, community advocacy groups and local thought leaders
- ✓ Development and execution of a broad, competitive process
- ✓ Delivery of an above market value for the City

1 Lead financial advisor to Emera on its acquisition of TECO Energy

Transaction overview

- On September 4th, 2015, Emera Inc. ("Emera", TSX: EMA) announced that it entered into a definitive agreement to acquire TECO Energy Inc. ("TECO", NYSE: TE) for US$27.55 per share in an all-cash transaction
  - 48% premium to TECO's unaffected share price[1]
  - 25% premium to TECO's unaffected 52 week high[1]
  - Equity purchase price of US$6.5bn (CAD$8.6bn[2])
  - Total enterprise value of US$10.4bn (CAD$13.7bn[2])
  - Acquisition includes TECO's US$1.7bn of tax assets (NOLs and AMT credits)
- US$6.5bn fully committed bridge loans led by J.P. Morgan and Scotiabank
- Largest utility acquisition ever announced by a Canadian acquirer and second largest corporate outbound Canadian acquisition (CAD$14bn) in any industry in over five years

Transaction metrics (US$bn, except per share)

	TECO unaffected[1] (7/15/2015)	Emera offer	Tax adjusted offer[3]
Share price	$18.58	$27.55	-
Premium to unaffected price[1]		*48.3%*	-
Equity value	$4.4	$6.5	-
Firm value	$8.3	$10.4	-
2015E P/E	17.0x	25.2x	-
LTM (Q2 2015) FV/EBITDA	9.2x	11.6x	10.8x
FV/2015E Rate base	1.4x	1.7x	1.6x

Key investment highlights

- ✓ Effectively doubles Emera's size to become a top-20 North American regulated utility
- ✓ Significantly accretive to EPS: Accretive in the first full year, growing to more than 10% by the third year
- ✓ Increases regulated EBITDA contribution and regulated asset profile to >90%
- ✓ Provides a new growth platform and expansion into gas LDC sector
- ✓ Enhances overall credit quality, current credit ratings expected to be maintained pro forma
- ✓ Significantly cash accretive given TECO's US$1.7bn of existing tax assets

[1] As of July 15, 2015, prior to TECO's announcement that it was exploring strategic alternatives
[2] Based on 0.76 USD/CAD exchange rate as of 9/3/2015
[3] Adjusted to reflect ~US$625mm net present value of TECO's NOLs and AMT credits

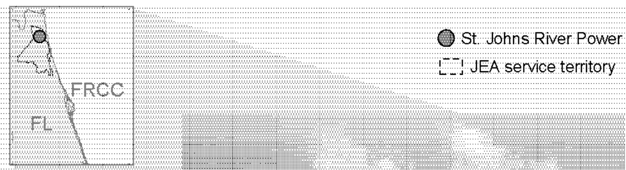
J.P. Morgan acted as advisor to JEA on the acquisition of NextEra subsidiary FPL's ownership stake in St. Johns River Power Park

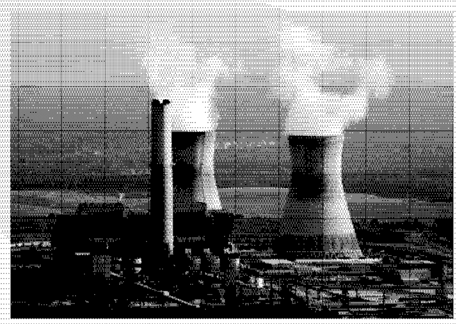
JEA

Transaction overview

- On May 16, 2017, JEA announced that it had entered into an agreement with Florida Power & Light Company ("FPL") to acquire FPL's 20% ownership stake in St. Johns River Power Park ("SJRPP"), terminate FPL's PPA, and jointly decommission the plant
- Located in Jacksonville, FL, JEA is the 8th largest municipally owned electric utility in the U.S. with 455,000 customers in addition to 337,000 water and 261,000 sewer customers
- SJRPP is a 1,252 MW coal-fired electric generating plant owned jointly by JEA (80%) and FPL (20%)
- Consideration to JEA includes $135.6mm in cash from FPL, payment of 20% of remediation costs, and FPL's ownership stake in the joint venture thereafter
- The Transaction is expected to deliver $460mm in net present value to JEA[1]
- J.P. Morgan provided a valuation opinion to the JEA Board of Directors

Geographic overview





Transaction highlights

- *Provides rate stability to customers by reducing revenue requirement*
- *Rationalizes generation fleet enabling more effective utilization of existing assets*
- *Avoids future environmental capex in addition to reducing JEA's CO_2 output by 30%*
- *JEA gains 100% ownership of fully remediated SJRPP site*
- *Provides clear path for termination of the joint ownership agreement*

Facility overview

Location	Jacksonville, Florida
NERC Region	FRCC
Capacity (Summer)	1,252 MW
COD	1987
Fuel	Bituminous Coal
Equipment	2 x ST
Electric interconnection	JEA / FPL
2015A heat rate	10,770 Btu/kWh
Capacity factor (2015A)	43%

[1] Reflects NPV benefits over 10 years

2 J.P. Morgan has a highly qualified and fully dedicated team standing by to assist JEA on this very important assignment

J.P. Morgan Team Overview – dedicated day to day deal team

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	M&A	Energy	Public Finance Advisory	Public Finance Power	Local Coverage
Senior sponsors	**Anu Aiyengar** Head of North America M&A New York, NY	**Jay Horine** Global Head of Energy Investment Banking New York, NY	**Jamison Feheley** Head of Public Finance Banking New York, NY	**Mike Carlson** Head of Public Finance Infrastructure San Francisco, CA	**Mel Martinez** JPMC Chairman for Southeast, LatAm. Orlando, FL
	Rodney Miller Vice Chairman, M&A New York, NY				
Key support personnel	**Eric Anderson** Executive Director Chicago, IL	**Ian Connor** Global Co-Head of Power & Utilities Investment Banking New York, NY	**Jason Gredell** Executive Director New York, NY	**Isaac Sine** Head of Public Power Seattle, WA	**Henry Reyes** Managing Director Orlando, FL
	Emanuele Pascale Vice President New York, NY	**John Warin** Vice President New York, NY	**Nick Chen** Associate New York, NY	**Kevin Plunkett** Executive Director New York, NY	**Nathaniel Johnson** Executive Director Orlando, FL
	Neal Remedios Associate New York, NY	**Alvaro Rodrigo** Analyst New York, NY	**Molly Hurff** Associate New York, NY	**Mark Widener** Executive Director New York, GA	**Josh Kohn** Analyst New York, NY
	Kip Werner Analyst New York, NY	**Renee Cai** Analyst New York, NY		**Will Kostizak** Associate New York, NY	

Project Leaders and Primary Point of Contact
Primary Point of Contact – Local Coverage

2 J.P. Morgan has a highly qualified and fully dedicated team standing by to assist JEA on this very important assignment

J.P. Morgan Team Overview – additional resources to support project execution

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Debt capital markets	Hybrids	Equity-linked	Investment-grade loans	Equity capital markets
Anisha Mehra Executive Director New York, NY	**Santosh Sreenivasan** Managing Director New York, NY	**Rishab Sareen** Associate London, UK	**Tim Moffet** Executive Director San Francisco, CA	**Ray Craig** Managing Director New York, NY
				Alaoui Zenere Vice President New York, NY

Credit Ratings Agency Advisory	Corporate Finance Advisory	Infrastructure finance	Rates	Securitization
Chris Monello Vice President New York, NY	**Darren Heil** Managing Director New York, NY	**Anthony Licata** Executive Director New York, NY	**Kim Hernas** Managing Director New York, NY	**Mark Gilmore** Managing Director New York, NY
	Evan Junek Managing Director New York, NY			**Adam Klimek** Executive Director Chicago, IL

J.P. Morgan is prepared to bring the full resources of our firm to bear to enable JEA to achieve its objectives on this situation

2

Roles and responsibilities of our dedicated JEA team

Role	Description
Senior sponsors	■ Comprised of the most senior level of professionals at J.P. Morgan ■ Have extensive experience in public and private M&A, the utility industry, general investment banking, and government ■ Will be briefed regularly with status updates, consulted for advice and be available as appropriate during the project ■ To enable JEA and the City to meet key objectives

Project leaders	■ Comprised of senior level professionals with extensive experience in public and private power and utilities M&A and/or public finance transactions
	■ Project leaders will be responsible for day to day project management, ensuring a coordinated, efficient execution process
	  ■ Drive strategic and tactical decisions based on extensive experience
	  ■ Coordinate with senior sponsor
	  ■ Direct and supervise key support personnel
	■ These individuals have a deep understanding of M&A and public finance project management, including:
	  ■ Personal relationships with decision makers and the "C-Suite" at key bidders
	  ■ In-depth knowledge of current market conditions and transaction precedents
	  ■ Appreciation for and experience with the nuances related to effectively managing a process for publicly-owned assets (e.g., importance of stakeholder communication/buy-in as well as political, regulatory, and community dynamics)
	■ Project leaders will work very closely with JEA / the City as well as their other attorneys, consultants, etc.
	■ Project leaders will be available to provide legislative, political, or regulatory testimony, as needed

Key support personnel	■ Comprised of seasoned professionals with experience in public and private power and utility M&A and/or public finance transactions ■ Key support personnel will be responsible for day-to-day project management, including the creation of project marketing materials, analyses and data room management ■ These individuals will work closely with key personnel at JEA / the City as well as their advisors, including participating in calls and meetings

3 Long standing, sustained commitment to the City of Jacksonville and JEA

Commitment to JEA and the City of Jacksonville

- Since 2005, J.P. Morgan, as the #1 underwriter for the City and its associated agencies, has led 40 issuances, for more than 25% of the market share
- J.P. Morgan acted as financial advisor to JEA on the acquisition of Florida Power and Light's ("FPL") 20% stake in Saint John's River Power Park
- We have provided JEA **$500mm** in credit facilities:
  - **$300mm** revolving facility
  - **$201mm** of Liquidity Facilities supporting JEA variable rate demand instruments.
- JPMorgan Chase donated to aid the response to Hurricane Irma

September 2017 *Brooks Rehabilitation Hospital* *Series 2017* *$71,405,000* BROOKS Rehabilitation *Sole Manager*	*February 2017* *JEA Series 3 & 2017 A* *$90,405,000* JEA *Senior Manager*	*September 2016* City of Jacksonville Series A $150,000,000 Sole Manager	*August 2016* *City of Jacksonville* *Series 2016 A & B* *$150,860,000* *Senior Manager*	*July 2015* JEA Electric Series Three 2015 B $42,335,000 JEA Senior Manager
January 2015 JTA Series 2015 $97,485,000 Senior Manager	*June 2014* JEA W&S 2014 Series A $300,200,000 JEA Senior Manager	*September 2013* *City of Jacksonville* *Series 2013 A, B, C* *$120,745,000* *Senior Manager*	*June 2013* *JEA W&S 2013 Series A&B* *$203,635,000* JEA *Senior Manager*	*November 2012* *City of Jacksonville* *Series 2012* *$118,005,000* *Senior Manager*
September 2011 JEA SJRPP Issue 2, Series 23 & 24 $365,410,000 JEA Senior Manager	*June 2011* City of Jacksonville Series 2011 $79,220,000 Senior Manager	*July 2010* JEA Electric Series Three 2010B&C, Sub 2010 Series A&B $81,445,000 JEA Senior Manager	*November 2009* JEA Electric Series Three 2009 D&F, Sub 2009 Series G $142,230,000 JEA Senior Manager	*September 2009* City of Jacksonville Series 2009 A, B, C $92,325,000 Senior Manager
April 2009 JEA SJRPP Issue 3, Series 3 $64,305,000 JEA Senior Manager	*November 2008* JEA Scherer 4 Series 2008A $77,945,000 JEA Senior Manager	*April 2008* JEA SJRPP Issue 3, Series 2 $125,000,000 JEA Senior Manager	*February 2007* JEA W&S 2007 Series A $107,180,000 JEA Senior Manager	*January 2007* JEA SJRPP Issue 2, Series 22 $108,350,000 JEA Senior Manager

Community Involvement

THE COMMUNITY FOUNDATION FOR NORTHEAST FLORIDA — Giving Back. Giving Forward.

HabiJax Habitat for Humanity Jacksonville

JAXUSA PARTNERSHIP For Regional Economic Development

United Way — United Way of Northeast Florida

DUVAL COUNTY PUBLIC SCHOOLS

ABILITY HOUSING OF NORTHEAST FLORIDA

Agenda

Macro factors and current themes relating to utility industry

Surging global growth

- 100% of countries tracked by the OECD are currently experiencing economic growth for the first time in ten years
  - 2017 was characterized by high confidence from both consumers and businesses

Interest rates

- Four Federal Reserve rate hikes expected during 2018
- 10Y UST has increased ~50bps to 2.84% since peak utility valuation on 11/14/17
- Feb 2018E 10Y UST estimates of 2.50% at the start of the year[1]
- Current macroeconomic environment could lead to a rapid interest rate increase:
  - GDP growth and inflation
  - Low unemployment rates
  - Record market indices levels
  - Higher supply of Treasuries (fiscal deficit) and lower demand (China)

Utility generation challenges

- Accelerating renewables penetration
- Increasing de-carbonization pressure
- Environmental activism now targeting gas generation through "pinch-points"
- Loss of large generation rate base growth projects

JEA

Gas and power prices

- "Low for long" environment
- Actual gas and power prices have historically typically ended lower than forecasts

Decelerating/negative utility load growth

- Low load growth expectations
  - Modest economic growth
  - Increased energy efficiency
  - Customer disintermediation
  - Increased DG/storage penetration

Tax reform

- New tax regulations create tailwinds for rate base/net income growth among Regulated Utilities while resulting in worsening near term cash flows and credit metrics

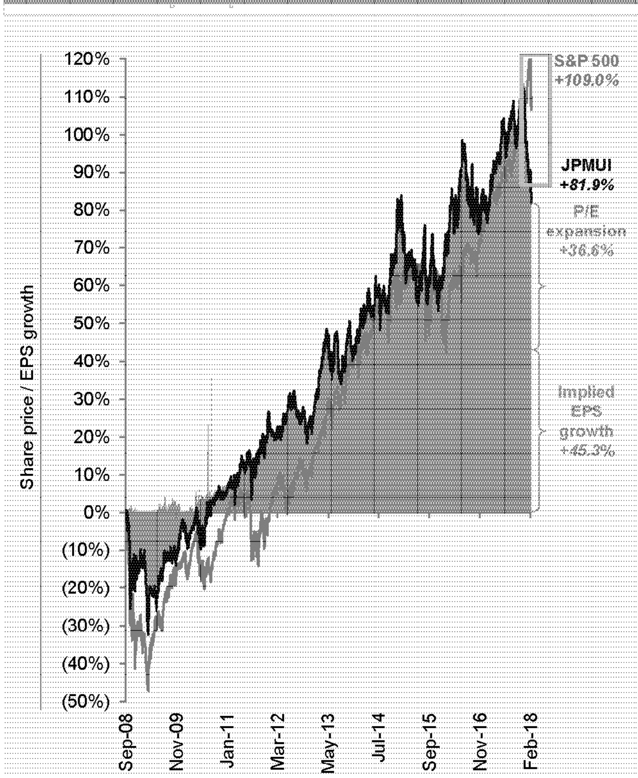
Renewable incentive/conditions

- Sector is becoming increasingly competitive, with utilities now trying to "capture" within rate base
- Tax equity demand for quality projects likely to continue, despite policy changes

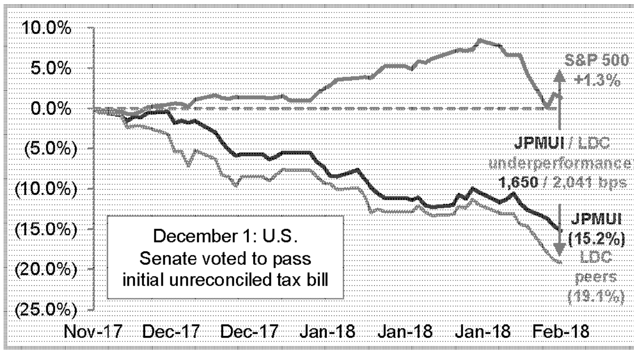
Source: Bloomberg, J.P. Morgan Research
Note: Bloomberg as of 02/07/2018
[1] J.P. Morgan interest rate forecast as of 01/05/18 for 1-month ahead USTs (2/5/2018)

2008–2018: U.S. utility sector equity performance – A "Golden Age"

Relative share price performance: 09/01/08 – Current

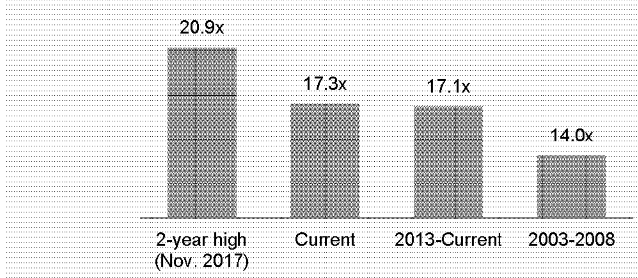


Relative share price performance 11/30/17 – Current



JPMUI NTM P/E and implied compression risk

Prem. / (disc.) to high (Nov. 2017)	*0%*	*(17%)*	*(18%)*	*(33%)*



Source: FactSet as of 02/07/2018
Note: JPM Regulated Utility Index ("JPMUI") consists of 18 representative utilities including AEP, CNP, D, DTE, DUK, ED, ES, LNT, NEE, NST (through close of merger with NU), PCG, PGN (through close of merger with DUK), PNW, SCG, SO, SRE, WEC, XEL; LDC peers include ATO, NI, NJR, NWN, OGS, SWX, SR, SJI

While the entire sector has had a strong run in the past two years, utility stocks will face challenges in 2018 as interest rates rise and tax reform unfolds

Investor views	Sector	M&A	Equity issuance	Renewables
	*"Utility stocks provide **good risk adjusted growth, good dividend yield, while maintaining good credit** ratings"*	*"The utility sector has done **a good job of putting companies together** and addressing competitive threats and opportunity"*	*"We are gearing up for an active 2018 as everyone **might need equity with the tax program** (rate base growth)"*	*"**Solar + storage will rule the world** – but the threat is not here/realistic yet"*
	*"From a PM point of view, there are **significant winners and losers** in the sector, which is **good if you are a stock picker** and not just owning a basket of stocks"*	*"M&A is becoming somewhat **inevitable** ("no shortage of buyers"), but creates a **difficult trading environment**"*	*"We expect **balance sheet optimization** to be also a catalyst for issuance"*	*"**Public investor sentiment is changing** toward "clean" power sources. The issue has gone from a fringe issue to **now front & center**"*
	*"70% spread between top and bottom performing stocks in the group this year. **Provides meaningful opportunity for alpha generation**"*	*"**Difficulty to assess value** as lots of companies **are trading at takeout premiums**, but only one or two deals get done any given year"*	*"If **traditional equity raises** resume, it provides **an opportunity to efficiently build a position at a discount**"*	*"**82% of mutual fund** investors **consider ESG** (environmental, social and governance) factors in their portfolio"*

North America utility M&A drivers in the "Cash-is-King" era

1 "Cash-is-King": Significant Balance Sheet "Dry Powder"

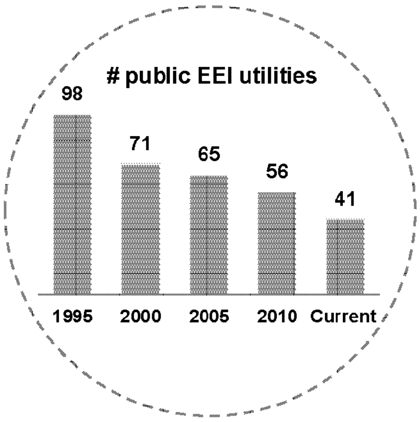
- Improving credit metrics combined with rating agencies' re-rating of industry risk profile provided utilities with significant "dry powder" to use low-cost leverage to effect M&A
- "Unlocking" this uncapitalized balance sheet value via M&A has been the core driver of recent M&A, valuations, and premia
- Balance sheet value not accessible / deployable outside M&A

2 Robust Access to Capital Markets

- Access to low cost-of-debt financing
- Deep equity markets appetite for scale equity issuance to finance M&A

3 Highly Competitive M&A Market

- Competition across strategics and financial sponsors / infra funds
- Well understood Canadian interest
- Growing interest from European and Asian strategics
- Unsolicited—not hostile—approaches more common
- Scarcity value of remaining targets



4 Buyer Rationale / Pressure

- Ability to convert standalone / target's uncapitalized balance sheet value into highly accretive and credit neutral acquisitions
- Ability to catalyze strategic acquisition via high premiums
- Ability to "lock-in" low cost-of-debt financing and benefit from "right-way" risk
- Increased awareness of scarcity and the increasing differentiation from scale
- Boards increasingly supportive / active concerning M&A

5 Seller Rationale / Pressure

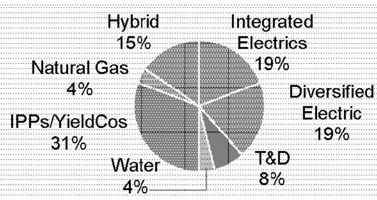
- Ability to capture 30% - 40% premium relative to all-time highs
- Inability to match M&A value proposition on a value-adjusted basis
- Looming threat of activism
- Increasingly aggressive approaches–"Bear Hug" letters
- Socially constructive offers

6 Market Reaction

- Equity and debt investors are supportive of M&A
- Well-structured / strategically compelling acquisitions have outperformed
- Canadian investors supportive of U.S. acquisitions' scale and breadth

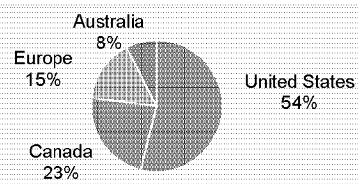
Highlights from 2017 J.P. Morgan Power & Utilities “Strategic Roundtable”

Attendees by company type



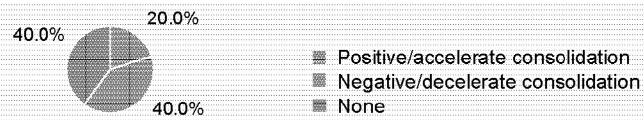
Total: 33

Attendees by geography

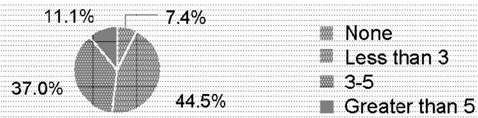


Total: 33

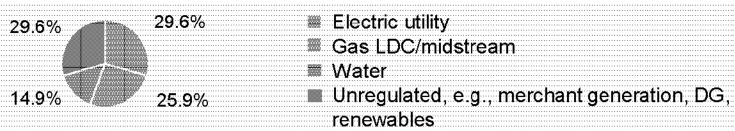
What impact do you believe a rising interest rate environment would have on M&A activity?



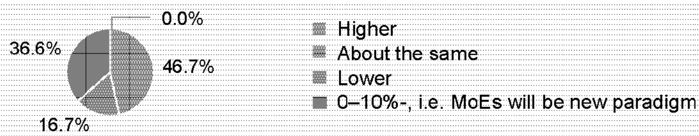
How many public company utility transactions do you believe will announce in next 12 months?



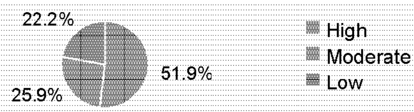
Acquisitions over next 12 months will principally be concentrated in which sector:



M&A premia paid in 2018 relative to recent precedents of approximately 25-35% will be:



Likelihood that your company will be involved in a significant strategic transaction within the next two years:



Note: Survey data based on 33 respondents

Agenda

JEA strategic alternatives

JEA

1. Electric System privatization
2. Water System privatization
3. JEA privatization
4. Status quo

City of Jacksonville and JEA have a range of potential alternatives related to JEA's ownership in the Electric and Water Systems

Summary of privatization alternatives and considerations

Strategic option	1 Electric System Privatization	2 Water System Privatization	3 [illegible]ation
Transaction	▪ Discrete sale of the JEA's Electric Syst[illegible] ▪ Diverse 3.0 GW generation ca[illegible] ▪ Over 7,000 miles of t[illegible] and distribution infr[illegible] ▪ Comm[illegible] platform and accompanying dis[illegible] system ▪ [illegible]000 residential and commercial customers ▪ $2,700mm of net system assets	▪ Discrete sale of the JEA's Water System ▪ 341,000 water and 264,000 waste water customers ▪ Extensive water and wastewa[illegible]er distribution and treatment system ▪ $2,600mm of net system assets	▪ Privatization of the complete J[illegible] a dual sale process for the Electric, Water a[illegible]strict Energy Systems in parallel track a[illegible] process ▪ $[illegible],300mm of net plant in service and [illegible] ▪ $[illegible]900mm of operating revenues ▪ JEA would present one of the largest m[illegible]use utilities in the US
Bene[illegible]s	✓ Significant funding event for the City ✓ Potential reduction of custo[illegible] rates ✓ Elimination of Electric Syste[illegible] portion of the City's pensio[illegible] / OPEB liabili[illegible] ✓ Elimi[illegible] of p[illegible] m[illegible]ltip[illegible] shared service and o[illegible]ational b[illegible]ness activities currently address[illegible] ✓ Eliminatio[illegible] of Electric System debt ✓ Long term financial and regula[illegible] su[illegible]ort o[illegible] electric utility assets and the quality of services ✓ Potential to reduce risk and costs associated with Vogtle Project J ✓ Reduce exposure to future changes in environmental legislation and investment ✓ Elimination of capital "refresh" and technology risk	✓ [illegible]imination of partial multiple shared service and operational business activities currently addressed by JEA ✓ [illegible]limina[illegible]on of Water System portion of the C[illegible]'s pe[illegible] / OPEB liability ✓ Elimination of the Water System debt ✓ Long term financial and regulatory support of the community's water utility ✓ Reduce exposure to future changes in environmental legislation and investment	✓ Elimination of the multiple shared [illegible]ce and operational business activities cu[illegible]ly addressed by JEA ✓ Elimination of JEA's portion [illegible] City's pension / OPEB liability ✓ Elimination of JEA's Wa[illegible]tem debt ✓ Long term financial a[illegible]latory support of the community's ut[illegible]ts and the quality of services
Considerations	× [illegible]s of control of the Electric System × [illegible] authority transferred to the FL PSC × Identified use for [illegible] × Management resources and distraction × Community reaction to sale	× Increase in customer rates × Loss of control of the Water Syst[illegible] the water rights × Rate making auth[illegible] to the FL PSC × [illegible] the sale proceeds × Management resources and distraction × Community reaction to sale	× [illegible] distinct groups potential buyers requires separate auctions / processes × Management resources and distraction × Complete elimination of the authority may reduce the options for structuring Vogtle separation × Loss of control of City utility functions × Rate making authority transferred to the FL PSC × Identified use for the sale proceeds × Community reach to sale

Need to rephrase
some

Transaction rationale and key privatization questions

1 Electric System Privatization

Potential reduction or mandated maintenance of electric rates	▪ Transaction would likely lead to a freeze or lower customer rates at a FL PSC mandated ROR ▪ Rate setting overseen by the FL PSC and FERC under a regulated cost of service recovery framework
Significant funding event	▪ Valuation of electric utilities are at historic highs; buyer appetite expected to be robust ▪ Realization of significant net proceeds ▪ Funding for current capital programs, community development and / or opportunistic debt defeasance
Protection of City Budget	▪ City to maintain revenue sources through franchise fee and increased tax base ▪ Elimination of the City's liability related to JEA's pension / OPEB ▪ Excess proceeds from the transaction projected to generate benefit at equal to greater than current JEA City payments
Ensure cost effective, sustainable energy	▪ Financial support and resource to ensure the long term availability of quality, competitively priced energy and customer support ▪ Operational efficiencies that create immediate cost savings and stability of future rates ▪ Buyers motivated to cost effectively expand renewable investments and more cost effective generation
Mitigation of long term risks to customers	▪ Risk of changes in environmental legislation and future capital programs transferred to buyer ▪ PSC regulatory framework in place to provide oversight of investment decisions and ratemaking

Key investment highlights

One of the largest public utilities in the U.S.	■ Electric System is a highly attractive asset that will be coveted by large and well capitalized potential buyers ■ 459,000 Electric System customers ■ Electric System rate base equivalent: $2,687mm[1] ■ Total annual Electric System load of over 13,800 GWh in 2017
Scarcity value	■ Unique privatization opportunity; limited number of similar opportunities remaining in the market ■ Must have asset for existing Florida investor owned utilities looking to defend market position (e.g., NEE, DUK, EMA, SO) ■ Strategic "beachhead" for buyers looking to expand regulated footprint to Florida expansion

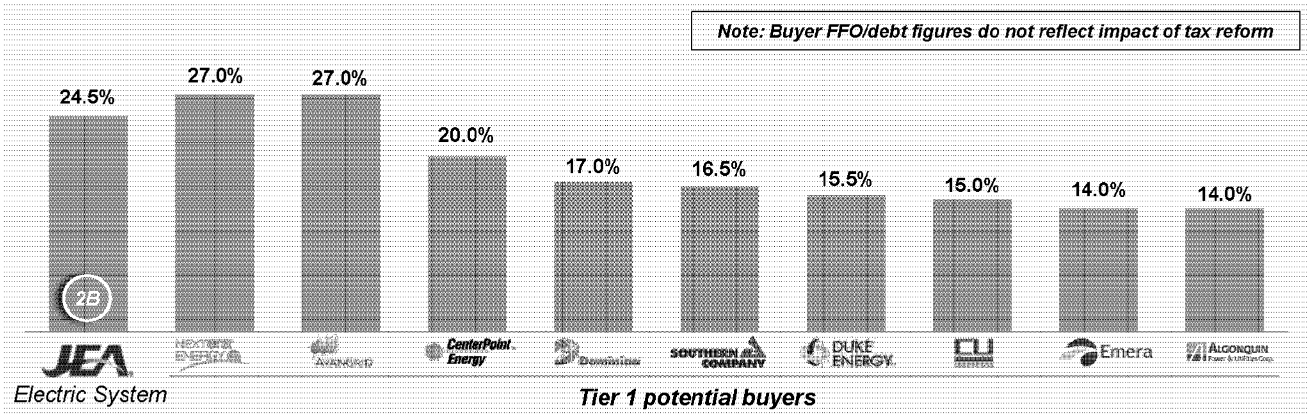
Meaningful growth potential	■ Over $2,687mm of total existing rate base equivalent for the Electric System
	■ Over $2,800mm of projected capital expenditure into the Electric System over the next decade
	■ Additional expansion opportunities in storm hardening, advanced metering infrastructure, LDC, transmission, renewables and replacement of generation
	■ Meaningful cost savings potential creates headroom for future investment
	■ Upside from potential LDC platform growth
	  ■ Robust customer demand for the LDC platform (C&I customers seeking competitive natural gas)
	  ■ Meaningful opportunity for buyer to invest in gas opportunities to expand / diversify revenue

Attractive, expanding Jacksonville market	■ Most populous city in Florida and the largest city by land in the contiguous United States with a metro population of over 1.6 million[2] ■ Three strategic naval air stations within the city limits ■ One of six trade centers in the state of Florida ■ Comparatively low cost of living among the five major metropolitan statistical areas in Florida ■ The City of Jacksonville has experienced robust employment growth over the last 8 years and has a below average unemployment rate at 3.6% relative to cities of similar size within Florida and nationally[2] ■ Significant expansion opportunities under development will continue to fuel growth

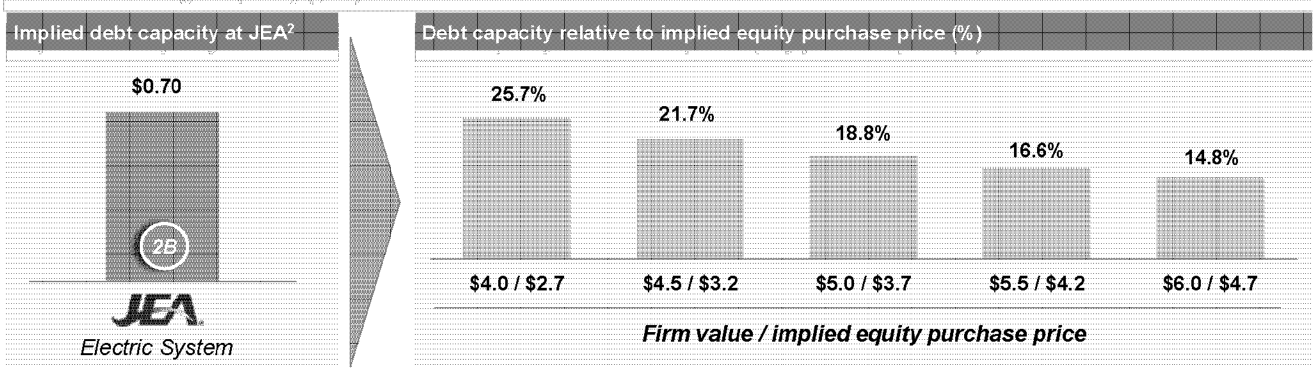
[1] Source: JEA Annual Report 2017, end of FY2017, Net Plant in Service + CWIP
[2] Source: Bureau of Labor Statistics, data as of November 2017

In an IOU construct, Electric System's robust balance sheet can be utilized by a buyer to finance a portion of the equity purchase price and support a premium valuation

2019E FFO/debt – JEA vs. peers[1]



Notional Leverage capacity ($bn)



Source: S&P reports and presentations
[1] Based on 2019E projected S&P FFO/debt for peers and case 2B financial estimates for JEA
[2] Assumes downgrade threshold at 15% FFO/debt

Potential buyer concerns should be proactively mitigated throughout the process

	Potential concerns	Mitigants
Transactability	× Potential concern about public/political commitment to a potential sale of a municipal asset	✓ Emphasize the strategic/financial/other objectives that are motivating a sale ✓ Demonstrate "buy-in" from all relevant stakeholders to the extent possible ✓ Identify a visible path to obtaining timely and efficient transaction approvals
Project J	× Project J (Vogtle PPA contract with MEAG) involves undefined cost overrun risk without recourse	✓ Potential option to carve out Project J to limit financial exposure to a potential buyer ✓ Clearly defined conditions exist under which current project owners may abandon project
Growth	× Flat revenue growth in JEA Electric System current rate projections	✓ Synergy opportunities offer immediate growth levers for the bottom line – even when coupled with potential revenue decreases ✓ Aging fleet provides longer term investment opportunities to transition from coal to more efficient resources
Coal generation	× Coal exposure in generation fleet may trigger concerns from certain buyers	✓ Many utilities still depend on coal plants for a substantial portion of their supply ✓ Phasing out inefficient coal plants with new, more efficient resources is a growth opportunity as referenced above ✓ Florida PSC has proven constructive in phasing out coal in lieu of cleaner generation
Pension	× Pension/OPEB currently underfunded by approximately ~$400mm	✓ Regulatory construct allows a buyer to recover pension/OPEB costs in rates mitigating financial risk ✓ Rising interest rate environment to mitigate underfunded exposure

Agenda

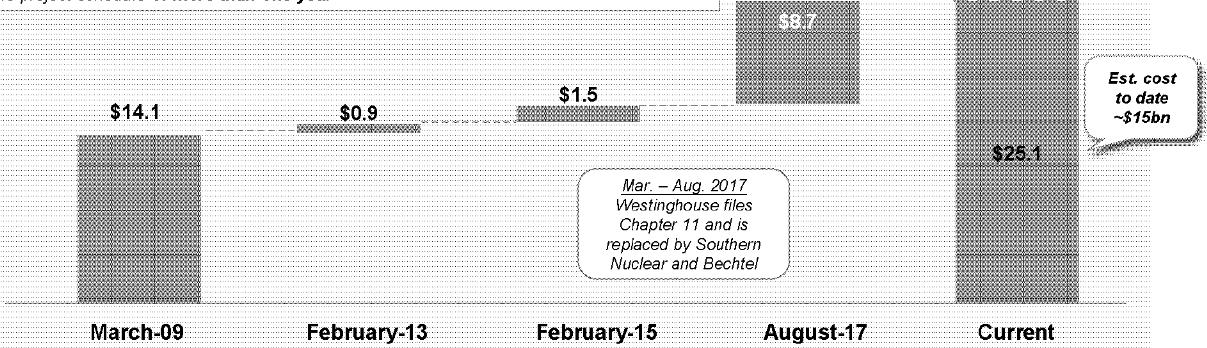
Overview of Vogtle project: Cost overruns and significant delay

Toshiba guarantees

Select milestones in Vogtle 3 & 4 total cost evolution ($bn)

Construction termination conditions: ***At least 90%*** *of the ownership interests in Plant Vogtle Units 3 and 4* ***must vote to continue construction*** *in the event of:*

1. ***Bankruptcy of Toshiba or a material breach*** *of the* ***Guarantee Settlement Agreement***
2. ***Termination or rejection in bankruptcy of the*** **Services Agreement or the Construction Agreement**
3. ***GPSC or Georgia Power*** *determines that any of Georgia Power's* ***costs related to Vogtle 3 and 4 will not be recovered*** *in retail rates because such costs are deemed unreasonable or imprudent*
4. *An* ***increase in the construction budget*** *contained in the VCM 17 Report* ***of more than $1 billion*** *or* ***extension*** *of the project schedule* ***of more than one year***

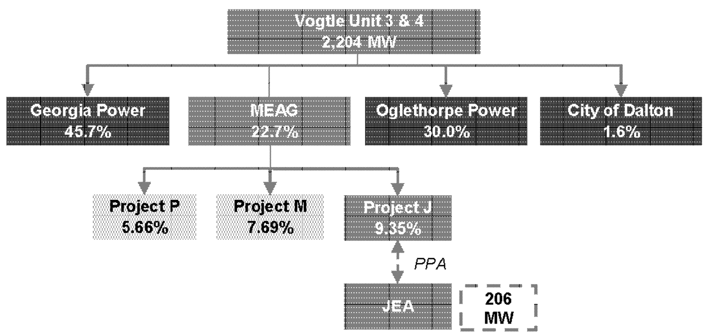


Events	GPSC approves construction of Vogtle 3&4	Cost overrun and COD update due to dispute with contractor	Cost overrun and COD update due to dispute with contractor	New project structure from new contractor and revised construction schedule	Net of Toshiba guarantees
Completion date	April 2016 / April2017	Nov 2016 / Nov 2017	Jun 2019 / Jun 2020	Nov 2021 / Nov 2022	Nov 2021 / Nov 2022
Total cost	$14.1bn	$15.0bn	$16.5bn	$25.1bn	$25.1bn
Project J cost (9.35%)	$1.3bn	$1.4bn	$1.5bn	$2.3bn	$2.3bn

Source: JEA annual report, equity research, Georgia Power Construction Monitoring reports; Navigant consulting

Project J - Vogtle Units 3 & 4 Summary

Structure



JEA is effectively a 9.35% owner of Vogtle Units 3 & 4

Summary of Project J Financing

	Principal Outstanding ($mm)	Additional Capacity ($mm)	Total Financing ($mm)
Project J 2010A Taxable BABs	1,224	-	1,224
Project J 2010B Tax Exempt	24	-	24
Project J 2015A Tax Exempt	185	-	185
DOE Guarantee Loan	337	353	690
Additional Public Market Bonds	-	391	391
Interest Bond Proceeds	-	67	67
Total	**1,770**	**811**	**2,581**

Sources: JEA 2017 Annual Report

Current Project Status

Construction Progress

- Last comprehensive analysis of MEAG's P80 schedule projects in service dates for Units 3 & 4 to be January 2022 and January 2023 respectively
- This represents a 29 month delay from MEAG's Jan 2017 forecast
- Based on the history of the Vogtle 3 & 4 project, there are material schedule risks associated with the project

Costs

- Total Incremental Costs to Complete: approximately ~$10bn (net of Toshiba payment)
- Estimated Sunk Costs to Date: ~$15bn

Regulatory Considerations

- Georgia Public Service Commission issued an order on December 2017 to allow the current owners of Vogtle 3 & 4 to continue but limited the amount of total cost passable to rate payers to $9.0bn
- Department of Energy ("DOE") increased its loan guarantee to the project by $1.67bn in September 2017
- Availability of the PTC for the project going forward is uncertain

Project J PPA

- The JEA / MEAG Project J PPA is back-to-back with the MEAG / Project J SPV PPA and offers limited termination options
- The discretion to continue or abandon rests largely with MEAG and other Vogtle Unit 3 & 4 owners
- Most PPA obligations are not affected by project delays or termination
  - **Debt Service:** On all Project J PPA Bonds and DOE Guarantee Loans related to Project J
  - **Operating Costs**: All fixed / variable costs required to provide JEA with energy, capacity and ancillary services
  - **Decommissioning Costs:** 50% of Project J's remaining decommissioning cost should Vogtle Units 3 & 4 be terminated
  - **Additional Compensation Obligations:** If the Units are producing power, JEA has to pay MEAG a fee per MWh throughout the PPA term
- **Term:** 20 years OR until all obligations under the PPA are fulfilled, max of 50 years
- **Termination:** Cannot be terminated or amended until all PPA obligations are fulfilled

Vogtle Project J considerations

PPA and Related Documents*	▪ **Rate Covenant (Section 305):** JEA has covenanted that it will charge sufficient rates through its Electric System in order to fully satisfy its obligation under the Project J PPA ▪ **Tax Covenants (Section 306):** JEA has covenanted that it will not take action that will adversely affect the BAB / tax-exempt status on Project J bonds ▪ **Resale Covenants (Section 307)**: As long as Project J tax exempt bonds or BABs are outstanding, JEA shall not, without written permission from MEAG, enter into a contract that sell Vogtle 3 & 4 power to a non-exempt person (private entity) ▪ **Reps and Warranties (Section 702):** Amounts payable under PPA are a Contract Debt of JEA, payable as O&M of JEA Electric System ▪ **Assignment (Section 1001):** Neither Party may assign or transfer all of any part of any right, obligation, or interest under this Agreement without the prior written consent from the other Party or if any such assignment or transfer is prohibited under the PPA Project Bond Resolution or the DOE Loan Documents ▪ **Arbitrage Certification (Exhibit J):** JEA may enter into a variety of arrangements for use of the Project by (i) an entity that qualifies as an agency of JEA, or (ii) absent advice from Special Tax Counsel to the contrary, The Energy Authority Inc., provided, in either case that such entity does not, in turn, use the output of the Project in a manner that gives rise to private business use

Buyer aversion towards nuclear construction risk without identified recovery	▪ As we have seen in public commentary and evidenced by certain actions taken by investor-owned utilities, there is very limited appetite to take-on any exposure to nuclear construction and the related costs
	  ▪ SCANA / Santee Cooper decide to shut down VC Summer plant (July 2017)
	  ▪ Duke cancels Lee Nuclear (August 2017)
	  ▪ Duke discontinuation of Levy County Nuclear due to FL PSC decision to prevent recovery of cost overruns (August 2017)
	  ▪ FL PSC denies FPL ability to recover Turkey Point costs (October 2017)
	  ▪ Dominion requirement to recover all Summer related costs as condition of SCE&G transaction (January 2018)
	▪ Any attempt by JEA / the City to have a potential buyer absorb cost or risks associated with Project J will likely result in a direct impact on valuation and further complicate the diligence process and negotiations

Note: Reflects J.P. Morgan summary of terms of PPA provided to J.P. Morgan under confidentiality agreement

Summary of potential Project J alternatives in the context of a sale of the Electric System

Strategic option	Mechanics	Benefits	Considerations
1 Project J PPA and obligation transfers to buyer	▪ Request consent from MEAG to transfer PPA to new buyer ▪ The City likely to pay transfer related costs to a) remediate lost subsidy on Build America Bonds and/or b) make MEAG whole on all related costs and/or c) defease all or portion of outstanding debt ▪ Buyer remains obligated to support additional capital requirements and/or ongoing costs related to Vogtle 3 & 4	✓ JEA / the City contractually removed from Project J ✓ Potentially known upfront cost	× Requires MEAG consent / compensation × Buyers have expressed hesitation over exposure to new nuclear in other processes/PSC proceedings × Requires buyer to diligence and value any remaining unfunded costs × Buyers will factor uncertainty into valuation × Florida PSC likely to review terms and impact to Jacksonville ratepayers × Reduces buyer need to invest in Florida-based resources
2 Project J PPA and obligation retained by JEA / the City	▪ Remaining JEA or newly established City Utility ("JEA 2.0") remains in place to perform on the PPA ▪ JEA 2.0 sells power to The Energy Authority or another intermediary which remarkets power to municipal load, or to private load under a safe harbor at market prices	✓ Project J is ring-fenced from sale process ✓ The City / ratepayers retain upside if wholesale market price increases	× Political view and implications of remaining "JEA 2.0" × Need to articulate Project J "standalone" mechanics to community × Optics of potential ongoing need for JEA 2.0

Note: Analysis subject to further evaluation and input from legal counsel

Agenda

Overview of methodology utilized to develop IOU-based projections for the JEA Electric System

- The JEA Electric System currently operates as a municipal integrated electric utility
  - Under this structure, municipal utility rates are driven by a "cost of service" construct
  - The Electric System charges customer rates according to the expenses required to deliver electric service through generation, transmission and distribution and to maintain appropriate credit metrics
- However, under the Investor Owned Utility ("IOU") structure (which is the relevant structure in the context of a privatization), utility rates are set to recover costs and earn a reasonable return
  - Reasonable return (e.g., "allowed" return) set by regulator and intended to compensate investor for the risk they bear in investing in new facilities and providing electric service
- In order to assess the value of the Electric System in a privatization scenario, the municipal projections provided by JEA management were converted into "IOU equivalent" projections (e.g., seen through the eyes of a potential regulated utility buyer)
- Certain adjustments were made to the JEA management projections when creating the "IOU equivalent" projections, including:
  - **Revenue:** rates driven by average regulated metrics observed in Florida (e.g., 10.5% allowed return on equity based on a 54% equity layer)
  - **Operating costs:** reductions to O&M and fuel / purchased power
  - **Fees:** adjustment to transfer payments and franchise fees
  - **Taxes:** city, state, federal and property taxes
- The valuation analysis that follows is based on the IOU equivalent projections – which is intended to provide perspective on the valuation of JEA under the IOU construct

JEA Electric System regulated utility model assumptions and scenarios

Key assumptions

General

- First full year combination impact in 2018

Revenue

- Franchise fee increased to 6%
- JEA management projections adjusted to account for the retirement of SJRPP Series III bonds included in projected fuel rates

Operating Costs

- $42mm of total O&M cost savings, fully realized by year 3
- $73mm of average fuel savings over the next 10 years

Capex & D&A

- JEA management base capex projections and existing PP&E useful life of 24.1 years
- Incremental capex useful life of 60 years and tax depreciation over 20 years

Rate Base

- Starting rate base assumed to be 2018 projected net plant
- Blended equity layer and ROE premised upon 90% state retail weighting and 10% FERC wholesale weighting
  - Blended equity layer: 53.9%
    - Florida equity layer: 54.0%
    - FERC equity layer: 51.7%
  - Blended authorized ROE: 10.4%
    - Florida authorized ROE: 10.4%
    - FERC authorized ROE: 10.0%

Taxes

- Overall tax rate of 26.5%
  - Federal income tax rate: 21.0%, Florida State tax rate: 5.5%

Treatment of Vogtle

- Treatment of Project J debt and PPA as a result of transaction process

1 Obligation transfers to new owner
  - JEA would seek MEAG's consent to assign the PPA to an investor owned utility
  - Investor owned utility agrees to Rate and Tax covenant

2 JEA retains Project J obligations
  - Asset and obligation remain at restructured JEA
  - JEA, through TEA or through its own marketing sells power to the market
  - Stranded energy and capacity is collected by new owners and remitted to JEA reducing owner's revenue requirement
  - Assumes the loss of Project J energy and capacity is replaced by the construction of a new combined-cycle power plant and the decommissioning of the Northside power station
  - Results in incremental fuel and O&M savings beginning in 2022

Revenue requirement inputs

- Inputs and adjustments to determine pro forma revenue requirement as a Florida regulated utility

A Revenue requirement based on existing JEA rates and management projections

B Revenue requirement based on acquired rate base of $2.7bn and the Florida PSC authorized ROE and pro forma capitalization

Projections utilized in financial analysis and valuation:

2 A **Management case** – *For reference only*

2 B **Buyer revenue req.**– *Used for valuation analysis*

Revenue requirement comparison: JEA Electric System standalone vs. privatization

--- For reference only ---

Revenue requirement build up ($mm)	Standalone JEA ES	2A Management case[1]	2B Buyer revenue requirement[2]
	2018E	2018E	2018E
Gross revenue requirement	**1,306**	**1,306**	**1,164**
% Premium / (Discount) to Standalone JEA	-	-	*(10.9%)*
Fuel	(338)	(268)	(268)
Purchased Power – Vogtle	(12)	(5)	(5)
Purchased Power	(153)	(153)	(153)
Gross profit	**803**	**880**	**738**
O&M	(245)	(213)	(213)
Property taxes	-	(49)	(49)
State utility tax & franchise fee	(61)	(104)	(93)
Other	27	-	-
EBITDA	**524**	**514**	**383**
Depreciation and amortization	(201)	(122)	(122)
EBIT	**323**	**392**	**261**
City transfer payment	(91)	-	-
Interest expense	(109)	(51)	(51)
Corporate income taxes	-	(90)	(56)
Change in net position / net income	**123**	**251**	**155**
Return on Regulated Equity	-	*17.0%*	*10.5%*

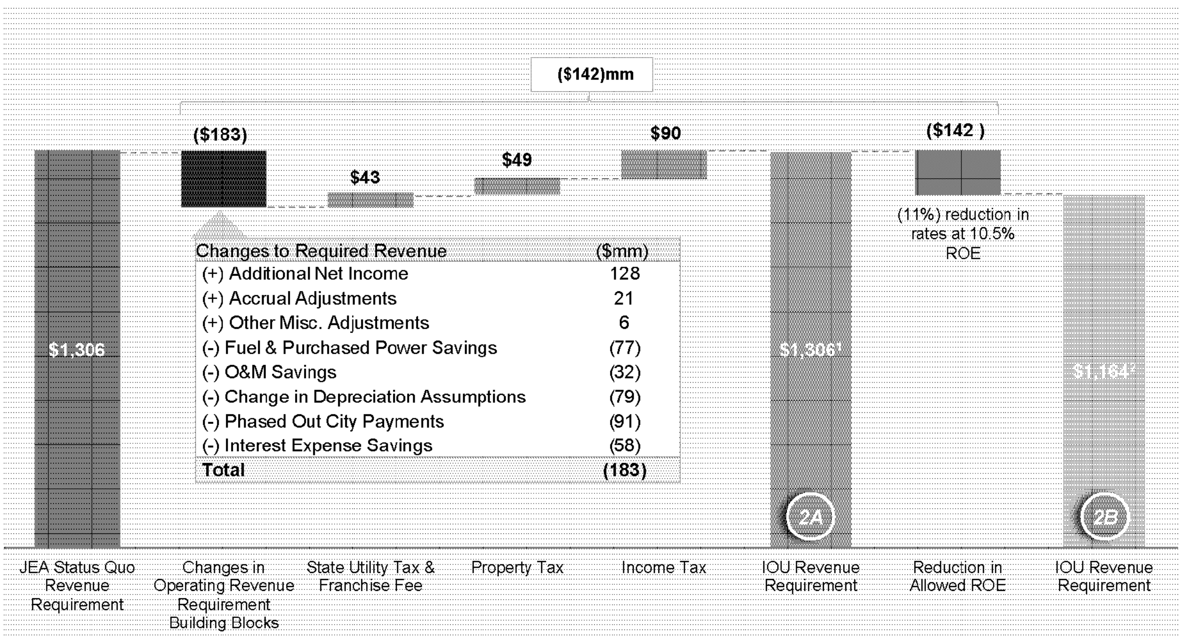
ROE drives revenue requirement in case 2B

Source: Management projections and JPM estimates, subject to change and further due diligence
[1] Management projected revenue requirements remains in place post transaction
[2] 53.9/46.1 equity / debt regulated rate base capitalization, target ROE of 10.5% and cost of debt of 4.0%

Illustrative JEA Electric System revenue requirement under IOU equivalent projections

- JEA Electric System under IOU ownership is able to keep rates flat or potentially decrease rates

Gross revenue requirements ($mm) – 2018E



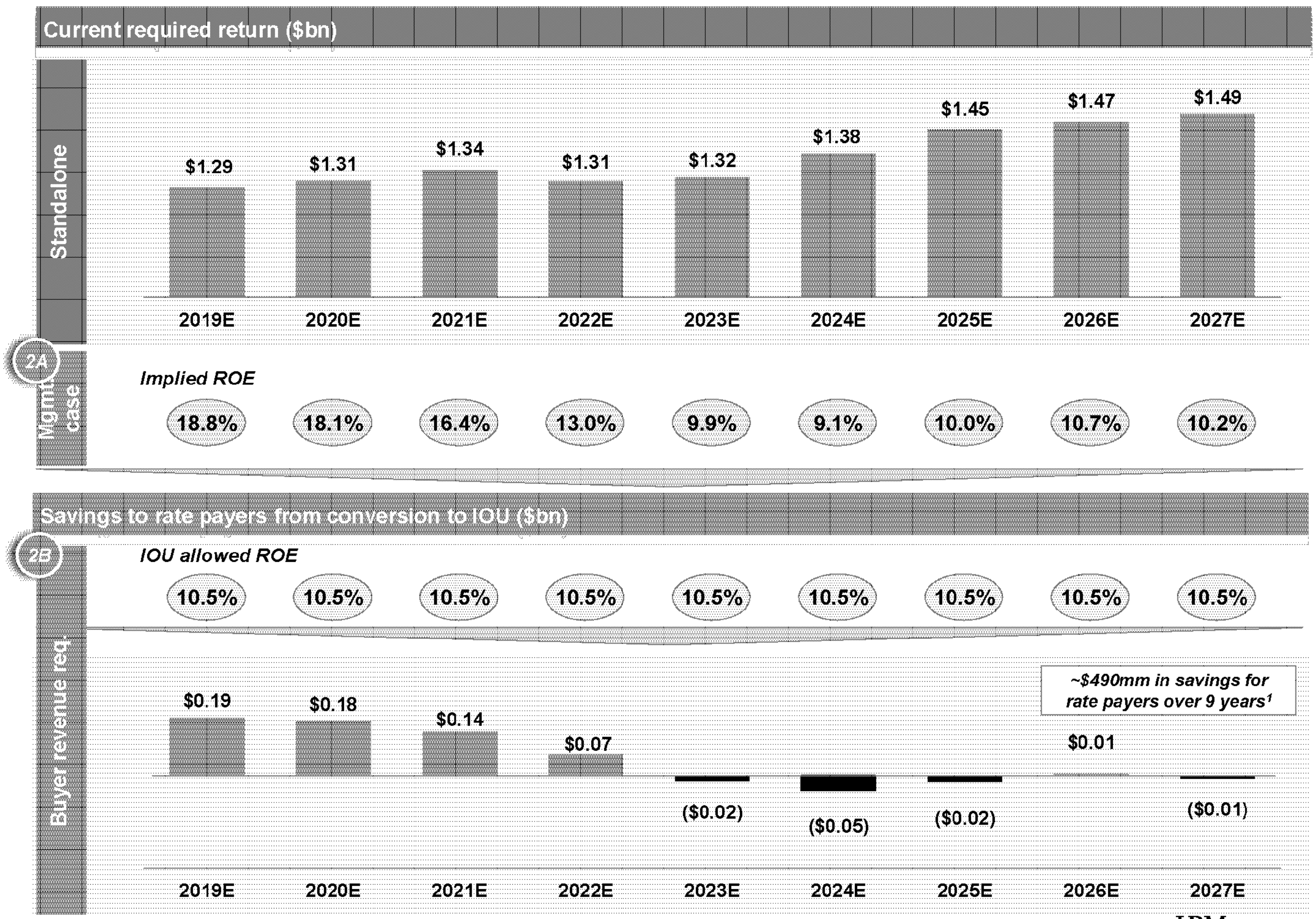
Changes to Required Revenue	($mm)
(+) Additional Net Income	128
(+) Accrual Adjustments	21
(+) Other Misc. Adjustments	6
(-) Fuel & Purchased Power Savings	(77)
(-) O&M Savings	(32)
(-) Change in Depreciation Assumptions	(79)
(-) Phased Out City Payments	(91)
(-) Interest Expense Savings	(58)
Total	**(183)**

Source: Management projections and JPM estimates, subject to change and further due diligence
[1] Management projected revenue requirements remains in place post transaction
[2] 53.9% / 46.1% equity / debt regulated rate base capitalization, target ROE of 10.5% and cost of debt of 4.0%

2B IOU pro forma analysis

Gross revenue requirements ($mm)	2018E	2019E	2020E	2021E	2022E	2023E	CAGR
Required revenue	$1,164	$1,103	$1,129	$1,194	$1,238	$1,336	*2.8%*
Memo: % Difference to status quo revenue requirement	*(10.9%)*	*(14.7%)*	*(13.8%)*	*(10.8%)*	*(5.4%)*	**1.3%**	-
Less: Vogtle net revenue requirement	($5)	($6)	($9)	($15)	($43)	($65)	*66.8%*
Revenue to buyer	**$1,159**	**$1,096**	**$1,121**	**$1,179**	**$1,194**	**$1,271**	**1.9%**
Less: Fuel	($268)	($267)	($319)	($340)	($307)	($317)	*3.4%*
Less: Purchased power	($153)	($96)	($43)	($69)	($54)	($55)	*(18.7%)*
Total fuel and purchased power	**($421)**	**($363)**	**($362)**	**($410)**	**($360)**	**($371)**	**(2.5%)**
Less: O&M	($213)	($191)	($196)	($189)	($230)	($231)	*1.6%*
Plus: Plant shutdown O&M savings	-	-	-	-	$44	$45	-
Total O&M	**($213)**	**($191)**	**($196)**	**($189)**	**($187)**	**($186)**	**(2.7%)**
Less: Utility tax	($27)	($25)	($26)	($27)	($27)	($29)	*1.9%*
Less: Franchise fee	($66)	($62)	($64)	($67)	($68)	($72)	*1.9%*
Less: Property taxes	($49)	($52)	($54)	($55)	($62)	($71)	*7.5%*
Total Other operating expenses	**($142)**	**($139)**	**($143)**	**($149)**	**($158)**	**($172)**	**4.0%**
							-
EBITDA	**$383**	**$403**	**$419**	**$431**	**$489**	**$542**	**7.2%**
Less: D&A	($122)	($129)	($135)	($141)	($159)	($168)	*6.6%*
EBIT	**$261**	**$273**	**$284**	**$290**	**$330**	**$374**	**7.5%**
Less: Pre-tax interest expense	($51)	($53)	($55)	($56)	($64)	($73)	*7.5%*
EBT	**$211**	**$220**	**$229**	**$234**	**$266**	**$302**	**7.5%**
Less: State taxes	($12)	($12)	($13)	($13)	($15)	($17)	*7.5%*
Less: Federal taxes	($44)	($46)	($48)	($49)	($56)	($63)	*7.5%*
							-
Net income	**$155**	**$162**	**$168**	**$172**	**$196**	**$222**	**7.5%**
Average regulated equity	*$1,477*	*$1,547*	*$1,606*	*$1,643*	*$1,869*	*$2,118*	*7.5%*
Return on regulated equity	*10.5%*	*10.5%*	*10.5%*	*10.5%*	*10.5%*	*10.5%*	
Revenue gained / (lost) by the City vs status quo	*$4*	*$0*	*$1*	*$4*	*$8*	*$16*	

Jacksonville rate payers would benefit from conversion to IOU

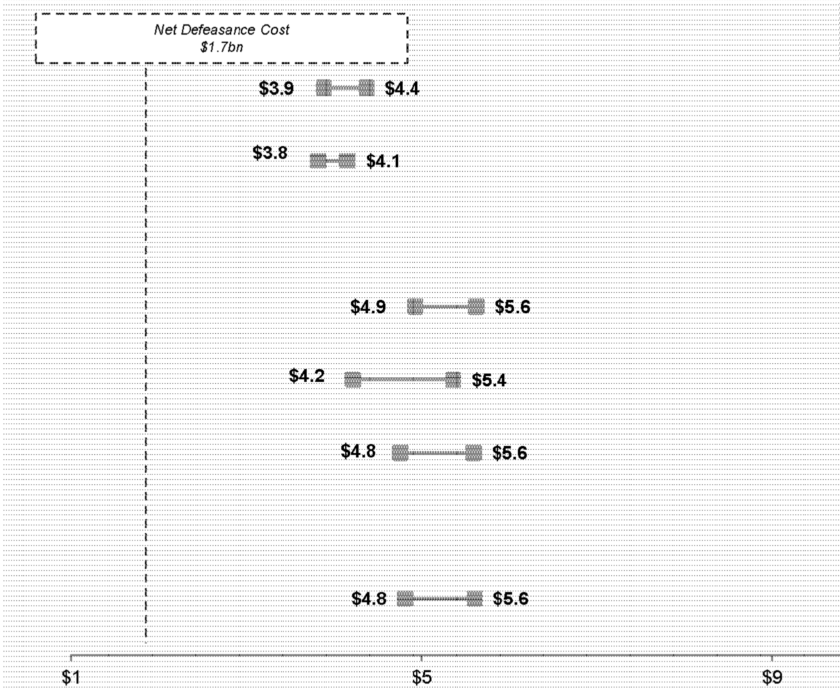


Source: J.P. Morgan estimates, company projections
[1] NPV of savings discounted at 4.0%

Preliminary illustrative JEA valuation summary – Firm value ($bn)

JEA Electric System

Valuation methodology	2B Buyer revenue requirement / Vogtle transferred	LTM P/E
Public trading multiples		
2019 P/E: 16.0x – 19.0x *2019E net income: $162mm*	$3.9 – $4.4	16.8x – 19.9x
2020 P/E: 15.0x – 17.0x *2020E net income: $168mm*	$3.8 – $4.1	16.3x – 18.5x
Transaction multiples		
LTM P/E: 23.5x – 28.0x *2018E net income: $155mm*	$4.9 – $5.6	23.5x – 28.0x
LTM EV / EBITDA: 11.0x – 14.0x *2018E EBITDA: $383mm*	$4.2 – $5.4	18.9x – 26.3x
LTM EV / Rate base: 1.70x – 2.00x *2018E rate base: $2,796mm*	$4.8 – $5.6	22.4x – 27.8x
Discounted cash flow:		
WACC: 4.25% – 4.75% *TVGR: 0.50%*	$4.8 – $5.6	22.7x – 27.9x



Note: Assumes perfect ratemaking, valuation date as at 12/31/2018, reflects regulatory net debt of $1,289mm as of 12/31/2018
Source: Company filings, 10-yr company model, subject to change and further due diligence
Net Defeasance cost is equal to $2.30bn plus defeasance cost $0.16bn less cash of $0.79bn

Indicative value to the City of Jacksonville and ratepayers

Sources and uses at various purchase prices ($mm)

Purchase price of Electric System	**$4,000**	**$4,500**	**$5,000**	**$5,500**	**$6,000**
Par value of debt	($2,302)	($2,302)	($2,302)	($2,302)	($2,302)
Defeasance premium	($164)	($164)	($164)	($164)	($164)
Total defeasance cost	**($2,467)**	**($2,467)**	**($2,467)**	**($2,467)**	**($2,467)**
Less: Pension / OPEB	($393)	($393)	($393)	($393)	($393)
Less: Swap Unwind Costs	($101)	($101)	($101)	($101)	($101)
Plus: Cash	$803	$803	$803	$803	$803
Gross Proceeds to the City of Jacksonville	**$1,843**	**$2,343**	**$2,843**	**$3,343**	**$3,843**
Plus: Aggregate rate payer savings 2019 – 2027[1]	$492	$492	$492	$492	$492
Total Value to the City of Jacksonville and Rate Payers	**$2,335**	**$2,835**	**$3,335**	**$3,835**	**$4,335**

Source: J.P. Morgan estimates and JEA financial reports as of 9/30/17

[1] Present value of the difference between 2A and 2B case revenue requirements for the period from 2019 – 2027, discounted at a rate of 4.0%

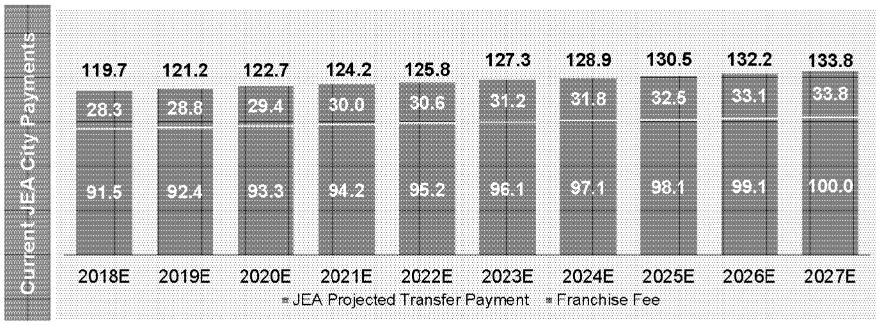
Net gain / loss to the City

Electric System status quo ($mm)

Current sources of revenue:

- JEA transfer payment
- Franchise Fee

Existing transfer payment and franchise fees are passed through and reflected in customer rates



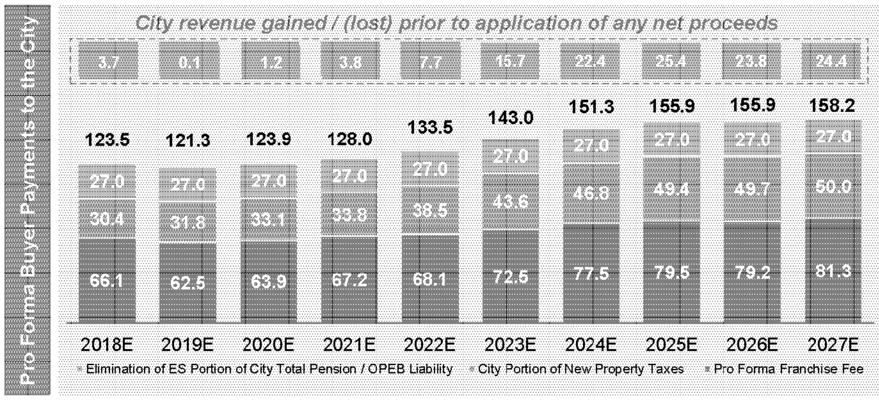
Pro forma for privatization ($mm)

Pro forma sources of revenue:

- Franchise Fee
- City's share of new property taxes
- Elimination of ES portion of City Total Pension / OPEB Liability

$130mm[1] in revenue gained

Additional $2bn+ in upfront net proceeds



Drivers

- Franchise fee would be increased to 6%, consistent with other cities in Florida
- Of the new property taxes, 11.44 mills will be directly attributable to the City
- Transfer Electric System pension and OPEB liability to buyer
  - Eliminating 15% of the City's total unfunded pension / OPEB liability eliminates ~$27.0mm of annual funding obligations

[1] Nominal revenue gains vs. status quo over projection period

Agenda

Key process and valuation issues/success factors

- In order to maximize interest among potential buyers, it is imperative that J.P. Morgan, the City, JEA, and its advisors, work together to maximize process clarity and minimize political/regulatory uncertainty
- Designing a successful auction will be necessary to achieving the best result for JEA and its stakeholders

Summary

- Potential bidders must have confidence that the City and JEA have:
  - Clear strategic/other objectives that are motivating a sale and has the conviction to see the process through to its completion
  - Adequate time/resources to pursue a sales process
  - Obtained a clear level of buy-in from stakeholders that have the ability to impede the transaction
  - Identified a visible path to obtaining timely and efficient transaction approvals
- **Providing this clarity and certainty is particularly critical in public asset divestitures**
- J.P. Morgan's extensive experience will enable us to anticipate and address these issues. We will work closely with the City and JEA to:

1. Design a structured process aimed at achieving key financial and policy objectives
2. Help the City and JEA understand and assess the impact of public policy objectives on asset value and marketability
3. Develop a clear roadmap for transaction approval from the City, JEA and relevant regulatory authorities prior to launching a divestiture process
4. Balance financial objectives/asset marketability with stated public policy goals
5. Maintain on-going engagement with multiple stakeholders throughout the process
   - Political and regulatory risk can sometimes adversely impact valuation or lower competitive tension in a divestiture process if not properly addressed. We have experience working with sellers to coordinate and execute communication plans, including with third-party communication advisors
6. Set realistic expectations with various stakeholders on the risks, benefits, and costs to achieve and timing to realize benefits from any transaction

J.P. Morgan recognizes the importance of considering the objectives of all stakeholders in a public utility sale process

Stakeholder considerations

Mayor's office / City Council
- Ensure reliable, low-cost supply of electricity
- Maximize business impact for the City's economy
- Maximize value for City finances
- Manage transaction costs
- Prioritize transparency
- Preserve social programs
- Encourage employment
- Find a qualified and reputable owner

JEA employees
- Ensure pay and job security
- Safeguard pension and benefits funding
- Preserve system safety, reliability and service quality
- Retain option to participate in benefits of utility growth

Ratepayers
- Ensure reliable, low-cost, lo-volatility supply of electricity
- Preserve social programs
- Transparency and accountability from elected officials
- Preserve system safety, reliability and service quality

FL PSC
- Ensure reliable, low-cost supply of electricity
- Qualified and reputable owner/operator
- Preserve system safety, reliability and service quality

Media
- Transparency and accountability from elected officials
- Access to process information

J.P. Morgan will proactively address the potential process management points that arise during a public utility sell-side

- **The City and its advisors may want to consider implementing appropriate measures to ensure protection of information used to pursue a sale of its assets in a privatization process**
  - As a government entity, a high level of public scrutiny will accompany a privatization process
  - Potential bidders will also want to understand what information regarding their involvement will be disclosed to the public
    - Uncertainty around this aspect could deter bidder interest
  - It is important to be cognizant of this upfront in order to manage exposure throughout a potential process
    - Identify what process information must be shared with the public, regulators, and government agencies
    - Understand the application of any local Open Records legislation and plan to address pre- and post-deal signing
    - Other provisions put in place at various times during the process
    - Manage all processes and documentation in expectation of public review of a potential transaction pre- and post-announcement

Indicative process overview

	1 Prepare to launch Preparation – 6-8 weeks	2 Potential Bidders prepare initial bids First round – 6 weeks	3 Bidders prepare final bids Second round – 8 weeks
Deliverables	▪ List of Potential Bidders ▪ Process design and timeline materials ▪ RFQ ▪ RFP / process letters ▪ Teaser ▪ ***Confidentiality Agreement*** ▪ ***Confidential Information Memorandum*** ▪ Independent Engineer report(s) ▪ Market Consultant report(s) ▪ ***Environmental report(s)***	▪ RFQ process ▪ ***Finalize data room*** ▪ Prepare management presentation ▪ Management presentation logistics ▪ Site visit logistics and related documentation ▪ Negotiate CAs ▪ Distribute CIM ▪ Draft Purchase Agreement	▪ Management presentation ▪ Due diligence/Q&A template (as well as managing such Q&A) ▪ Site visits ▪ Data room ▪ Finalize Purchase Agreement with selected buyers
Buyer management	▪ J.P. Morgan continuously monitors market, buyers and competing process activity	▪ Active follow-up and dialogue following distribution of CIM ▪ Address preliminary buyer "hot topics" ▪ Respond to limited, preliminary Q&A requests	▪ Management presentations ▪ Site visits ▪ Market Consultant and Independent Engineer meetings ▪ Data room and Q&A process

Illustrative project schedule

Timing considerations

- J.P. Morgan is prepared to begin formal diligence and preparation of marketing materials immediately with a view to approaching mutually agreed buyers in Q2 2018
- The full sales process could be completed by Q4 2018 with key milestones as set forth in the table to the right
- Given our transaction experience with recent power generation and public M&A sale processes, assembling marketing materials and data rooms will be an efficient process
- J.P. Morgan would work with independent engineers and market consultants to produce comprehensive marketing materials
- The ultimate process launch date will be dependent upon the accessibility and quality of available asset information along with final consultant deliverables
- J.P. Morgan recommends allowing for sufficient time in the indicative bid phase to ensure that buyers understand and reflect all value drivers appropriately

J.P. Morgan will work closely with the City and JEA and its advisors to tailor a process time schedule that meets their objectives

Indicative process timeline[1]

	Time
1 Preparation phase	
J.P. Morgan mandate received	Late Feb
Kickoff meeting	Early Mar
Conduct diligence, consultant assessment, prepare RFP and RFQ marketing materials, assemble electronic data room	Mid Mar
Finalize RFQ materials and secure authorizations for launch	Late Mar
Launch RFQ	Late Mar
Receive / evaluate RFQ responses	Early Apr
Launch RFP and begin Confidential Information Memorandum (CIM) development/sign Confidentiality Agreements	Mid April
2 First round	
Distribute CIM and RFP/process letter	Early May
Development management presentation materials and PSA	Early May
First round non-binding indications of interest received	Early Jun
3 Second round	
Invite select bidders into second round; open data room	Early Jun
Management presentations, site visits	Mid Jun
Receive final bids	Late Jul
Execute PSA and release announcement	Mid Aug
Complete regulatory filings	2019
Deal closes	2019

[1] Does not incorporate required meetings/approvals associated with legislative and/or approving bodies.

J.P. Morgan recommends a broad auction process

JPMC Recommendation

	Broad auction (>10 buyers)	Targeted auction (≤10 buyers)
Description	▪ Highly structured, broad two-round process ▪ Distribution of confidential information memorandum and preliminary bids in 1st round and management presentations and binding bids in 2nd round ▪ Contact broad universe of potential buyers	▪ Structured, targeted two-round process ▪ Distribution of confidential information memorandum and preliminary bids in 1st round and management presentations and binding bids in 2nd round ▪ Limited number of potential buyers in process
Pros	✓ Highest probability of maximizing value ✓ Competitive tension maximized ✓ Best test of market price ✓ Maximizes negotiating leverage and process control ✓ Uncovers all potential interest	✓ Higher degree of control over confidentiality and process ✓ Some competitive tension generated ✓ Reasonably accurate test of market price ✓ Speed of execution
Cons	× Some buyers may decline to participate in “auction” × Confidentiality considerations	× May not maximize value × Risk of missing most aggressive potential buyers
When appropriate	▪ Maximizing value is high priority ▪ Structural considerations are key ▪ Numerous potential buyers and limited clarity on most aggressive bidder	▪ Distinct set of most aggressive buyers is clearly identifiable ▪ Speed of execution and/or confidentiality more important than maximizing value

Landscape of potential JEA electric utility acquirors

	Rationale		Cost of capital	Assessment
	Attractions	Considerations		
U.S. strategics	↑ Capitalize on premium valuations in current market ↑ Synergy potential, particularly in cases of state overlap or contiguous service territories ↑ Potential for IOUs to increase regulated scale	↓ Acquisition must fit public equity "story" ↓ Transmission ↓ Return based rate structure	~4%-5% weighted average cost of capital	
International strategics	↑ Strong appetite for U.S. regulated assets ↑ Advantaged access to equity markets vs U.S. peers	↓ Recent acquisitions have reduced existing dry powder ↓ Transmission ↓ Return based rate structure	~4%-5% weighted average cost of capital	
Infrastructure/ Pension/ Sovereign Wealth funds	↑ Low-risk nature of assets likely to represent an attractive investment opportunity ↑ Limited availability of transactable assets relative to AUM ↑ Access to low-cost of capital supports valuation premium	↓ Potential public opposition to private ownership ↓ Transmission ↓ Return based rate structure	~7%-12% expected sponsor returns	
Private equity	↑ Significant "dry powder" looking for investments ↑ Attractive availability of acquisition financing	↓ Regulated assets may not meet expected returns ↓ Transmission ↓ Return based rate structure	~15%+ expected sponsor returns	

We anticipate the North American strategics to be the most competitive potential buyers

We have observed financial investors bidding aggressive valuations in recent processes and therefore warrant consideration and inclusion

Note: Transaction date represents announcement year

Landscape of potential JEA electric utility acquirors (cont'd)

Potential buyers

	Tier 1	Tier 2
U.S. strategics	Dominion; CenterPoint Energy; Southern Company; Duke Energy; NextEra Energy; Avangrid	PPL; WEC Energy Group; OG&E; Ameren; American Electric Power; American Water; Xcel Energy; Aqua; DTE Energy; Exelon
International strategics	ATCO; CU; Emera; Algonquin Power & Utilities Corp.; nationalgrid	hydro one; FORTIS

Financial & infrastructure fund investors	
Pension and sovereign wealth funds	GIC; Teachers' Pension Plan; Borealis Infrastructure; CPP Investment Board; AIMCo; bcIMC
Managed infrastructure funds	Macquarie; KKR; AMP Capital; IFM; SteelRiver Infrastructure Partners; Alinda; Morgan Stanley
Private equity	Global Infrastructure Partners; Goldman Sachs; First Reserve Corporation; BlackRock

Detailed review of preliminary Tier I buyer universe

Tier I buyers

Company	Mkt cap. ($bn)	Firm value ($bn)	2019 P/E	Ratings & Outlook (S&P / Moody's)	Recent Power & Utility M&A	Select assets in Florida
NextEra Energy	$69.9	$104.4	17.7x	A-/Stable Baa1/Stable	Oncor Hawaiian Electric	Florida Power & Light
Dominion	$55.0	$93.8	17.3x	BBB+/Negative Baa2/Negative	SCANA Questar	None
Duke Energy	$53.4	$106.4	15.2x	A-/Stable Baa1/Negative	Piedmont Natural Gas International generation divestiture	Duke Energy Florida
Southern Company	$44.6	$95.2	14.3x	A-/Negative Baa1/Negative	Elizabethtown Gas divestiture Southern Natural Gas pipeline (50%)	Gulf Power Co. Florida City Gas
nationalgrid	$35.2	$80.4	12.2x	A-/Stable Baa1/Stable	National Grid Gas Distribution divestiture Dominion Midstream minority stake	None
CenterPoint Energy	$11.5	$19.0	16.9x	A-/Stable Baa1/Stable	–	None
Emera	$7.4	$19.8	14.8x	BBB+/Stable	TECO	Tampa Electric Peoples Gas
CU	$7.4	$15.2	14.3x	A-/Stable	Hydroelectric Power Station (Mexico)	None
ATCO	$3.9	$13.2	13.0x	A-/Stable	–	None
Algonquin Power & Utilities Corp.	$4.4	$8.2	16.3x	BBB/Stable	Atlantica Yield stake Empire District	None

Source: FactSet as of 02/09/2018; all values in USD$

Agenda

Summary Fee Proposal

- The J.P. Morgan team is committed to providing the highest quality execution to the City and is interested in working to structure a compensation arrangement that addresses the needs and objectives of both parties while appropriately compensating J.P. Morgan for the resources that the firm will invest in this process
- Notwithstanding our expectation that there will be a significant amount of time and effort committed to the preparation and execution phase of the engagement, our proposed fee structure is completely contingent upon the successful closing of a transaction
  - This commonly-used structure is designed to align the interests of the City with the interests of J.P. Morgan who assume compensation risk associated with an assignment that ultimately does not conclude in a transaction closing
  - Fee break-points (see below) incent J.P. Morgan to realize the highest possible transaction proceeds for the City and its constituents subject to also satisfying the non-financial objectives of the City
- The proposed fee is based on our previous experience on similar types of transactions, a detailed review of publicly-disclosed fee information for similar transactions, and our careful judgment of the resource commitment and potential term of the assignment

Broker fee – % of Transaction value	40bps

- Base fee represents (38%) discount to mean of publicly disclosed fee comps, (52%) to top half mean of publicly disclosed fee comps, and (59%) discount to top-quartile mean of publicly disclosed fee comps
- In addition to the Advisory Fee, JEA agrees to reimburse J.P. Morgan for, and J.P. Morgan will separately bill, its reasonable costs and expenses
- **J.P. Morgan would be willing to discuss an alternative fee structure if the City desires such an arrangement**

Note: Fee run reflects sellside transactions between $3bn - $7bn in firm value excluding transactions in financial institutions, banks and real estate; Mean fees as a % of transaction value are 0.65%, 0.83% for the top-half mean and 0.97% for the top-quartile mean

Agenda

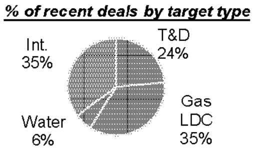
Public trading multiples

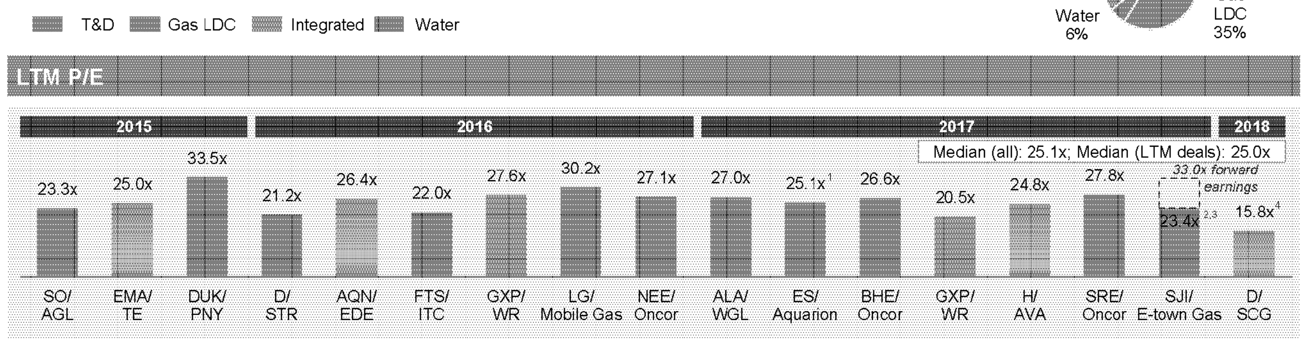
Public multiples

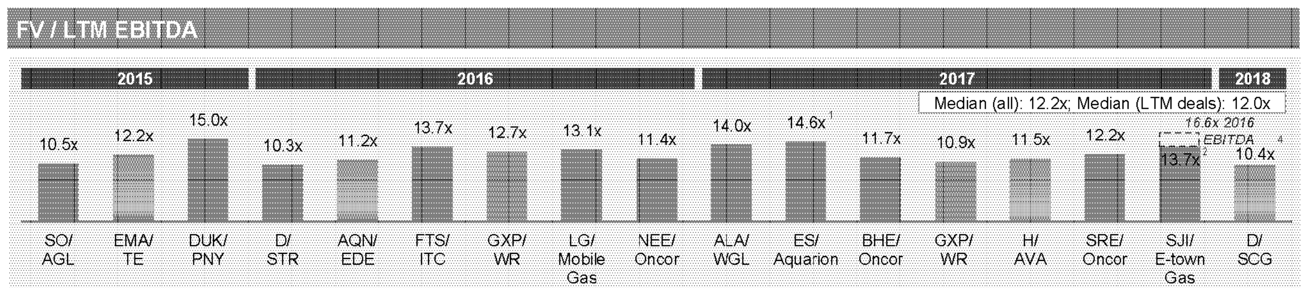
						Market Value[1,2]			Enterprise value[1,3]			2018E		Long term		2018E	Price/	Ratings
		Price at	% of 52-	Market Value	Enterprise	2018E	2019E	2020E	2018E	2019E	2020E	Payout	Dividend	growth	Total	PEGY	Book	(S&P/
Ticker	Company	02/09/18	Wk High	of equity[2]	value[3]	EPS	EPS	EPS	EBITDA	EBITDA	EBITDA	ratio	yield	rate[1]	return	ratio	Value	Moodys)
WEC	WEC Energy Group Inc	$61.10	87.2%	$19,409	$29,909	18.6x	17.5x	16.5x	11.8x	11.2x	10.5x	67.2%	3.6%	6.3%	10.0%	1.87x	2.10x	A-/A3
CMS	CMS Energy Corp.	42.79	84.1%	12,130	22,356	18.4	17.1	16.0	9.7	9.3	8.8	61.1%	3.3%	7.5%	10.9%	1.69	2.66	BBB+/Baa1
AEE	Ameren	55.42	85.4%	13,447	21,725	18.4	17.4	16.2	9.0	8.6	NA	62.5%	3.3%	6.9%	10.2%	1.81	1.83	BBB+/Baa1
LNT	Alliant Energy Corp.	38.42	84.3%	8,892	13,929	18.2	17.2	16.3	11.0	9.8	8.4	63.5%	3.5%	4.6%	8.1%	2.24	2.14	A-/Baa1
PNW	Pinnacle West Capital	76.29	82.5%	8,541	13,495	17.3	16.2	15.3	8.9	8.1	7.5	64.1%	3.6%	5.6%	9.3%	1.87	1.66	A-/A3
POR	Portland General Electric	40.47	80.8%	3,624	5,912	17.6	16.7	15.9	8.1	7.6	7.2	62.2%	3.4%	3.8%	7.2%	2.44	1.50	BBB/A3
IDA	IDA CORP	83.57	83.5%	4,211	5,860	20.0	19.3	NA	12.3	NA	NA	56.5%	2.8%	2.6%	5.5%	3.67	1.87	BBB/Baa1
PNM	PNM Resources	35.00	76.1%	2,793	5,543	20.1	16.9	16.4	9.6	9.3	8.8	61.0%	3.0%	6.8%	9.8%	2.06	1.58	BBB+/Baa3
ALE	ALLETE	69.89	86.0%	3,571	4,975	19.9	17.9	17.1	10.6	10.3	9.9	62.9%	3.2%	7.6%	10.8%	1.84	1.75	BBB+/A3
NWE	NorthWestern	52.13	80.9%	2,533	4,614	15.2	15.3	14.8	10.3	10.0	NA	64.1%	4.0%	2.0%	6.1%	2.51	1.47	BBB/Baa1
EE	El Paso Electric	50.75	83.0%	2,066	3,422	19.1	17.9	16.9	11.2	11.2	10.8	53.4%	2.6%	7.1%	9.7%	1.96	1.81	BBB/Baa1
OTTR	Otter Tail	41.30	84.9%	1,638	2,231	21.3	19.7	NA	NA	NA	NA	NA	3.2%	6.9%	10.2%	2.09	2.36	BBB/Baa2
Median			**83.8%**			**18.5x**	**17.3x**	**16.2x**	**10.3x**	**9.5x**	**8.8x**	**62.5%**	**3.3%**	**6.6%**	**9.8%**	**2.01x**	**1.82x**	
Mean			**83.2%**			**18.7x**	**17.4x**	**16.1x**	**10.2x**	**9.5x**	**9.0x**	**61.7%**	**3.3%**	**5.7%**	**9.0%**	**2.17x**	**1.89x**	

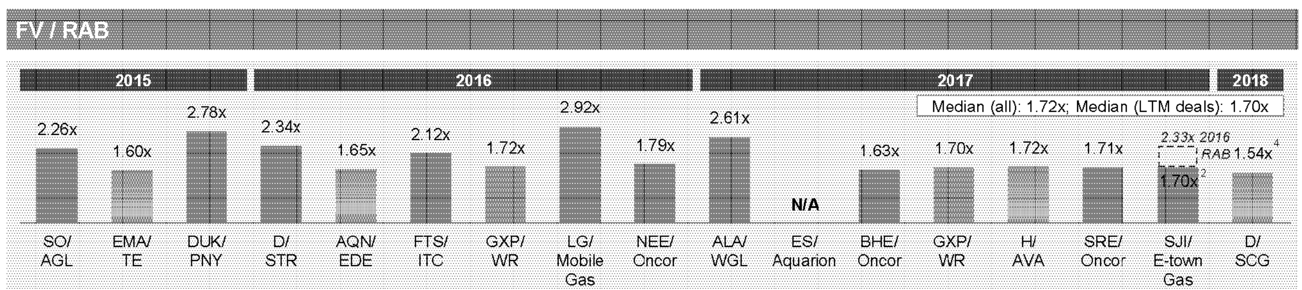
Source: FactSet as of 2/9/2018, company filings
[1] EPS, 5-year projected EPS growth and EBITDA estimates from I/B/E/S and equity analyst research reports
[2] Based on diluted shares outstanding using the treasury stock method
[3] Enterprise value equals market value plus total debt, preferred stock, capital leases and minority interest net of cash and equivalents

Utility M&A transactions









[1] Based on equity research estimate of $35mm 2016 year end net income and $115mm 2016 year end EBITDA
[2] Net of ~$300mm tax benefit
[3] P/E multiple is 2018E forward multiple
[4] Reflects additional $1.3bn of equity issued to fund rate refund, giving an all-in implied $64.45 offer price/sh. vs. $55.35 announced ($9.2bn vs. $7.9 announced equity value). Without add-back, LTM P/E multiple is 13.6x and FV / LTM EBITDA is 9.5x. Includes add-backs for impairments

Illustrative discount cash flow analysis

2B Buyer revenue requirement – Vogtle retained

Summary ($mm)

	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	TV
Revenue requirement	$1,164	$1,103	$1,129	$1,194	$1,238	$1,336	$1,429	$1,466	$1,461	$1,498	$1,505
% growth		*(5.3%)*	*2.4%*	*5.7%*	*3.6%*	*8.0%*	*6.9%*	*2.6%*	*(0.4%)*	*2.5%*	*0.5%*
EBITDA	**$383**	**$403**	**$419**	**$431**	**$489**	**$542**	**$586**	**$614**	**$623**	**$631**	**$635**
% margin	*32.9%*	*36.5%*	*37.1%*	*36.1%*	*39.5%*	*40.6%*	*41.0%*	*41.9%*	*42.6%*	*42.2%*	*42.2%*
Less: Other-net	0	0	0	0	0	0	0	0	0	0	0
Less: D&A	(122)	(129)	(135)	(141)	(159)	(168)	(184)	(190)	(196)	(202)	(230)
% of capex	*53.4%*	*42.4%*	*57.8%*	*61.5%*	*16.6%*	*47.3%*	*28.4%*	*74.6%*	*77.0%*	*79.4%*	*90.0%*
EBIT	**$261**	**$273**	**$284**	**$290**	**$330**	**$374**	**$402**	**$424**	**$427**	**$429**	**$404**
Less: Taxes	(69)	(72)	(75)	(77)	(88)	(99)	(107)	(112)	(113)	(114)	(107)
Tax rate (%)	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*
NOPAT	**$192**	**$201**	**$209**	**$213**	**$243**	**$275**	**$296**	**$312**	**$314**	**$316**	**$297**
% margin	*16.5%*	*18.2%*	*18.5%*	*17.9%*	*19.6%*	*20.6%*	*20.7%*	*21.3%*	*21.5%*	*21.1%*	*19.7%*
Plus: D&A	122	129	135	141	159	168	184	190	196	202	230
% of capex	*53.4%*	*42.4%*	*57.8%*	*61.5%*	*16.6%*	*47.3%*	*28.4%*	*74.6%*	*77.0%*	*79.4%*	*90.0%*
Plus: Increase in DTLs	(2)	27	26	24	27	32	32	34	33	33	0
% of D&A	*(1.8%)*	*20.6%*	*19.1%*	*17.2%*	*16.8%*	*19.3%*	*17.6%*	*17.7%*	*16.8%*	*16.2%*	*0.0%*
Less: Capex	(228)	(305)	(234)	(229)	(959)	(354)	(647)	(254)	(255)	(255)	(256)
% sales	*19.6%*	*27.6%*	*20.7%*	*19.2%*	*77.5%*	*26.5%*	*45.3%*	*17.4%*	*17.4%*	*17.0%*	*17.0%*
Less: AFUDC	0	0	0	0	0	0	0	0	0	0	0
% sales	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
+/- Change in net working capital	3	5	0	5	14	8	9	0	2	2	0
% of change in sales		*(7.5%)*	*0.4%*	*8.2%*	*32.5%*	*8.0%*	*9.7%*	*0.6%*	*(40.3%)*	*5.7%*	*0.0%*
Unlevered FCF for discounting	**$86**	**$57**	**$136**	**$155**	**($516)**	**$129**	**($127)**	**$281**	**$290**	**$298**	**$272**

PV FCF

WACC	4.25%	$519
	4.50%	510
	4.75%	501

+

PV of terminal value ($mm)

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	$4,754	$5,083	$5,460
	4.50%	4,384	4,670	4,993
	4.75%	4,057	4,307	4,587

=

Firm value ($mm)

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	$5,273	$5,602	$5,979
	4.50%	4,894	5,180	5,503
	4.75%	4,559	4,808	5,089

-

Net debt & Other

WACC	4.25%	($1,289)
	4.50%	(1,289)
	4.75%	(1,289)

=

Equity value ($mm)

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	$3,983	$4,313	$4,690
	4.50%	3,605	3,890	4,214
	4.75%	3,269	3,519	3,799

TV / 2027E EBITDA

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	11.0x	11.7x	12.6x
	4.50%	10.3x	11.0x	11.8x
	4.75%	9.8x	10.4x	11.0x

FV / 2019E EBITDA

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	13.1x	13.9x	14.8x
	4.50%	12.2x	12.9x	13.7x
	4.75%	11.3x	11.9x	12.6x

Source: Management projection, assumes illustrative WACC of 4.5%, terminal year capex equal to 98% of capital expenditures and base terminal valuation of 10.0x 2027E EBITDA, Net debt & Other includes total unrestricted cash and investments, Pension & OPEB liabilities and bonds payable
Note: Valuation as of 12/31/2018; Assumes midpoint discounting

Illustrative JEA discount rate analysis

Discount rate summary

Risk free rate[1]		2.5%	
Equity risk premium	5.50%	–	6.50%
Levered beta	0.20	–	0.75
Country risk premium	0.0%	–	0.0%
Cost of equity	**3.6%**	–	**7.4%**
Pre-tax cost of debt		4.0%	
Post-tax cost of debt		3.2%	
Debt/total cap target		40.0%	
Calculated discount rate	**3.4%**	**—**	**5.7%**
Selected discount rate	**4.25%**	**—**	**4.75%**

Capital structure benchmarks

Company	Market cap	Debt/ total cap	Levered beta Barra	Levered beta Historical	Relevered historical[2]
WEC Energy Group	$19,381	36.3%	0.213	0.288	0.289
Ameren	$13,561	37.5%	0.232	0.358	0.369
CMS Energy Corp.	$12,050	46.2%	0.237	0.304	0.280
Alliant Energy Corp.	$8,875	36.2%	0.203	0.366	0.383
Pinnacle West Capital	$8,575	36.0%	0.261	0.431	0.453
IDA CORP	$4,214	29.3%	0.287	0.509	0.575
Portland General Electric	$3,604	39.7%	0.236	0.372	0.373
ALLETE	$3,578	29.7%	0.342	0.465	0.523
PNM Resources	$2,805	49.3%	0.380	0.493	0.433
NorthWestern	$2,531	45.2%	0.324	0.432	0.403
El Paso Electric	$2,058	39.9%	0.388	0.524	0.525
Otter Tail	$1,644	26.6%	0.375	0.678	0.787
Mean		**37.7%**	**0.290**	**0.435**	**0.449**
Median		**36.9%**	**0.274**	**0.432**	**0.418**

Cost of equity vs. Debt/total cap target[3]

Debt/total cap	Cost of equity 3.6%	4.9%	6.2%	7.4%
20.0%	3.5%	4.6%	5.6%	6.6%
30.0%	3.5%	4.4%	5.3%	6.1%
40.0%	3.4%	4.2%	5.0%	5.7%
50.0%	3.4%	4.0%	4.7%	5.3%
60.0%	3.4%	3.9%	4.4%	4.9%

Cost of equity vs. Pre-tax cost of debt[3]

Pre-tax cost of debt	Cost of equity 3.6%	4.9%	6.2%	7.4%
3.0%	3.1%	3.9%	4.6%	5.4%
3.5%	3.3%	4.0%	4.8%	5.6%
4.0%	3.4%	4.2%	5.0%	5.7%
4.5%	3.6%	4.4%	5.1%	5.9%
5.0%	3.8%	4.5%	5.3%	6.0%

Source: FactSet, Barra, J.P. Morgan estimates
Note: Market data as of 02/09/18
[1] U.S. 10-year treasury bond yield as of 01/16/17
[2] Historic levered beta is implied based on unlevering beta for each respective company based on their current capital structure and marginal tax rate then subsequently relevering based on debt/total cap target of 40.0% and target marginal tax rate of 21.0%
[3] Assumes pre-tax cost of debt of 4.0%, debt/total cap target of 40.0% and tax rate of 21.0%

Preliminary illustrative JEA valuation summary – Firm value ($bn)

JEA Electric System – For Reference Only

Valuation methodology	2A Management case / Vogtle transferred	LTM P/E
Public trading multiples		
2019 P/E: 16.0x – 19.0x *2019E net income: $290mm*	$5.9 – $6.8	18.5x – 22.0x
2020 P/E: 15.0x – 17.0x *2020E net income: $290mm*	$5.6 – $6.2	17.4x – 19.7x
Transaction multiples		
LTM P/E: 23.5x – 28.0x *2018E net income: $251mm*	$7.2 – $8.3	23.5x – 28.0x
LTM EV / EBITDA: 11.0x – 14.0x *2018E EBITDA: $383mm*	$5.6 – $7.2	17.4x – 23.5x
LTM EV / Rate base: 1.70x – 2.00x *2018E rate base: $2,796mm*	$4.8 – $5.6	13.8x – 17.2x
Discounted cash flow:		
WACC: 4.25% – 4.75% *TVGR: 0.50%*	$5.0 – $5.8	14.9x – 18.0x

Net Defeasance Cost
$1.7bn

$1 $5 $9

Note: Assumes perfect ratemaking, valuation date as at 12/31/2018, LTM net income under 2A reflects 2018E net income of $251mm, reflects regulatory net debt of $1,289mm as of 12/31/2018
Source: Company filings, 10-yr company model, subject to change and further due diligence
Net Defeasance cost is equal to $2.30b plus defeasance cost $0.16b less cash of $0.79b

2A IOU pro forma analysis – for reference only

Unlikely to be approved by regulator

Gross revenue requirements ($mm)

	2018E	2019E	2020E	2021E	2022E	2023E	CAGR
Required revenue	$1,306	$1,292	$1,310	$1,339	$1,309	$1,320	*0.2%*
Memo: % Difference to status quo revenue requirement	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	-
Less: Vogtle net revenue requirement	($5)	($6)	($9)	($15)	($43)	($65)	*66.8%*
Revenue to buyer	**$1,301**	**$1,286**	**$1,301**	**$1,324**	**$1,265**	**$1,255**	**(0.7%)**
Less: Fuel	($268)	($267)	($319)	($340)	($307)	($317)	*3.4%*
Less: Purchased power	($153)	($96)	($43)	($69)	($54)	($55)	*(18.7%)*
Total fuel and purchased power	**($421)**	**($363)**	**($362)**	**($410)**	**($360)**	**($371)**	**(2.5%)**
Less: O&M	($213)	($191)	($196)	($189)	($230)	($231)	*1.6%*
Plus: Plant shutdown O&M savings	-	-	-	-	$44	$45	-
Total O&M	**($213)**	**($191)**	**($196)**	**($189)**	**($187)**	**($186)**	**(2.7%)**
Less: Utility tax	($30)	($30)	($30)	($30)	($29)	($29)	*(0.7%)*
Less: Franchise fee	($74)	($73)	($74)	($75)	($72)	($72)	*(0.7%)*
Less: Property taxes	($49)	($52)	($54)	($55)	($62)	($71)	*7.5%*
Total Other operating expenses	**($153)**	**($155)**	**($158)**	**($161)**	**($164)**	**($171)**	**2.2%**
							-
EBITDA	**$513**	**$577**	**$585**	**$565**	**$555**	**$527**	**0.5%**
Less: D&A	($122)	($129)	($135)	($141)	($159)	($168)	*6.6%*
EBIT	**$392**	**$448**	**$450**	**$424**	**$396**	**$359**	**(1.7%)**
Less: Pre-tax interest expense	($51)	($53)	($55)	($56)	($64)	($73)	*7.5%*
EBT	**$341**	**$395**	**$395**	**$367**	**$332**	**$287**	**(3.4%)**
Less: State taxes	($19)	($22)	($22)	($20)	($18)	($16)	*(3.4%)*
Less: Federal taxes	($72)	($83)	($83)	($77)	($70)	($60)	*(3.4%)*
							-
Net income	**$251**	**$290**	**$290**	**$270**	**$244**	**$211**	**(3.4%)**
Average regulated equity	*$1,477*	*$1,547*	*$1,606*	*$1,643*	*$1,869*	*$2,118*	*7.5%*
Return on regulated equity	*17.0%*	*18.8%*	*18.1%*	*16.4%*	*13.0%*	*9.9%*	
Revenue gained / (lost) by the City vs status quo	*$12*	*$11*	*$11*	*$12*	*$12*	*$15*	

VALUATION SUPPORTING DATA

Illustrative discount cash flow analysis

2A Management case – Vogtle retained – For Reference Only

Summary ($mm)

	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	TV
Revenue requirement	$1,306	$1,292	$1,310	$1,339	$1,309	$1,320	$1,383	$1,448	$1,468	$1,489	$1,496
% growth		*(1.1%)*	*1.4%*	*2.2%*	*(2.3%)*	*0.9%*	*4.8%*	*4.7%*	*1.4%*	*1.4%*	*0.5%*
EBITDA	**$513**	**$577**	**$585**	**$565**	**$555**	**$527**	**$543**	**$597**	**$630**	**$623**	**$626**
% margin	*39.3%*	*44.7%*	*44.7%*	*42.2%*	*42.4%*	*39.9%*	*39.3%*	*41.3%*	*42.9%*	*41.9%*	*41.9%*
Less: Other-net	0	0	0	0	0	0	0	0	0	0	0
Less: D&A	(122)	(129)	(135)	(141)	(159)	(168)	(184)	(190)	(196)	(202)	(230)
% of capex	*53.4%*	*42.4%*	*57.8%*	*61.5%*	*16.6%*	*47.3%*	*28.4%*	*74.6%*	*77.0%*	*79.4%*	*90.0%*
EBIT	**$392**	**$448**	**$450**	**$424**	**$396**	**$359**	**$359**	**$407**	**$434**	**$421**	**$396**
Less: Taxes	(104)	(119)	(119)	(112)	(105)	(95)	(95)	(108)	(115)	(112)	(105)
Tax rate (%)	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*	*26.5%*
NOPAT	**$288**	**$329**	**$331**	**$311**	**$291**	**$264**	**$264**	**$299**	**$319**	**$309**	**$291**
% margin	*22.0%*	*25.5%*	*25.3%*	*23.3%*	*22.2%*	*20.0%*	*19.1%*	*20.7%*	*21.7%*	*20.8%*	*19.5%*
Plus: D&A	122	129	135	141	159	168	184	190	196	202	230
% of capex	*53.4%*	*42.4%*	*57.8%*	*61.5%*	*16.6%*	*47.3%*	*28.4%*	*74.6%*	*77.0%*	*79.4%*	*90.0%*
Plus: Increase in DTLs	(2)	27	26	24	27	32	32	34	33	33	0
% of D&A	*(1.8%)*	*20.6%*	*19.1%*	*17.2%*	*16.8%*	*19.3%*	*17.6%*	*17.7%*	*16.8%*	*16.2%*	*0.0%*
Less: Capex	(228)	(305)	(234)	(229)	(959)	(354)	(647)	(254)	(255)	(255)	(256)
% sales	*17.5%*	*23.6%*	*17.9%*	*17.1%*	*73.3%*	*26.8%*	*46.8%*	*17.6%*	*17.3%*	*17.1%*	*17.1%*
Less: AFUDC	0	0	0	0	0	0	0	0	0	0	0
% sales	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
+/- Change in net working capital	3	5	0	5	14	8	9	0	2	2	0
% of change in sales		*(33.2%)*	*0.6%*	*18.4%*	*(46.7%)*	*70.6%*	*14.3%*	*0.4%*	*10.3%*	*10.1%*	*0.0%*
Unlevered FCF for discounting	**$182**	**$185**	**$258**	**$253**	**($468)**	**$118**	**($158)**	**$269**	**$295**	**$292**	**$265**

PV FCF

WACC	4.25%	$844
	4.50%	835
	4.75%	825

+

PV of terminal value ($mm)

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	$4,647	$4,969	$5,337
	4.50%	4,285	4,564	4,881
	4.75%	3,966	4,210	4,484

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Firm value ($mm)

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	$5,491	$5,813	$6,181
	4.50%	5,120	5,399	5,716
	4.75%	4,791	5,035	5,309

-

Net debt & Other

WACC	4.25%	($1,289)
	4.50%	(1,289)
	4.75%	(1,289)

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Equity value ($mm)

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	$4,202	$4,524	$4,892
	4.50%	3,831	4,110	4,426
	4.75%	3,502	3,746	4,020

TV / 2027E EBITDA

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	10.8x	11.6x	12.5x
	4.50%	10.2x	10.9x	11.6x
	4.75%	9.7x	10.3x	10.9x

FV / 2019E EBITDA

		Terminal growth rate		
		0.25%	0.50%	0.75%
WACC	4.25%	9.5x	10.1x	10.7x
	4.50%	8.9x	9.4x	9.9x
	4.75%	8.3x	8.7x	9.2x

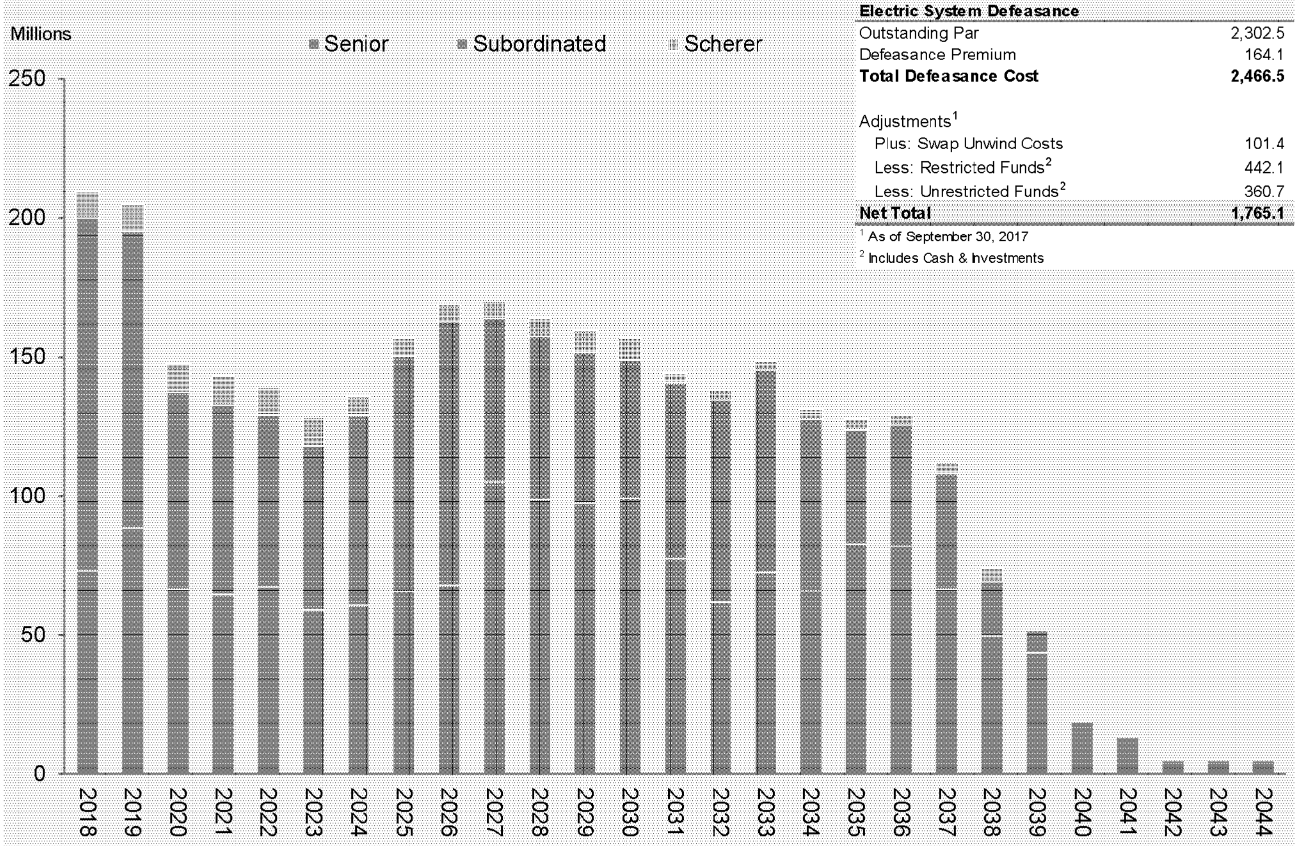
Source: Management projection, assumes illustrative WACC of 4.5%, terminal year capex equal to 98% of capital expenditures and base terminal growth of 0.25%, Net debt & Other includes total unrestricted cash and investments, Pension & OPEB liabilities and bonds payable
Note: Valuation as of 12/31/2018; Assumes midpoint discounting

J.P.Morgan

Agenda

Electric System debt defeasance analysis

JEA: Electric System Debt Service



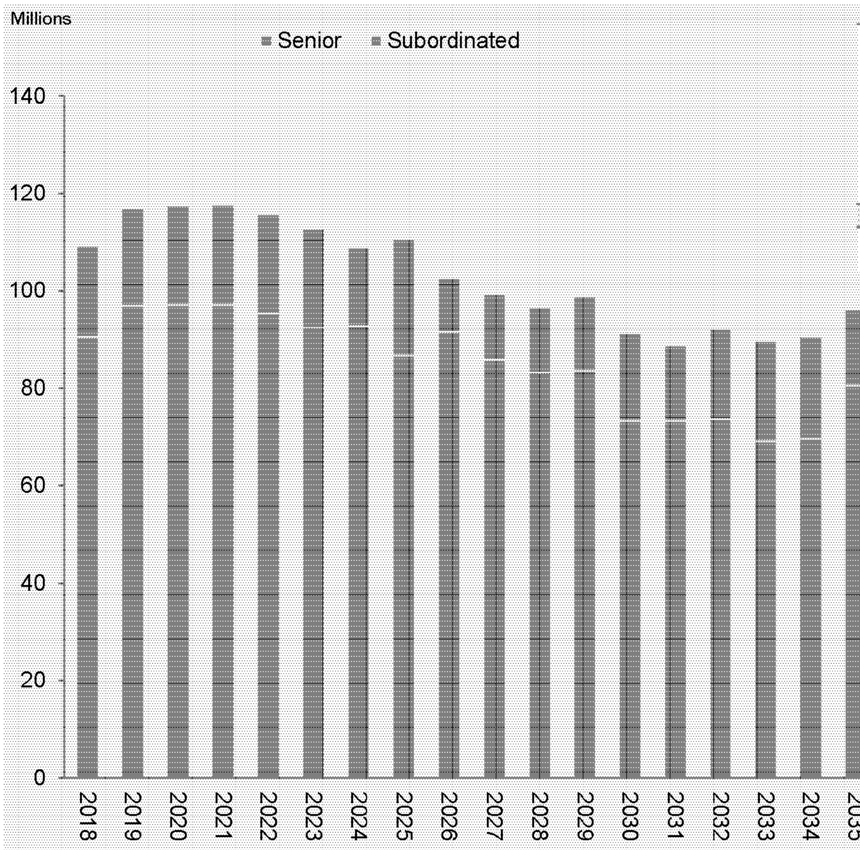
Electric System Defeasance	
Outstanding Par	2,302.5
Defeasance Premium	164.1
Total Defeasance Cost	**2,466.5**
Adjustments[1]	
Plus: Swap Unwind Costs	101.4
Less: Restricted Funds[2]	442.1
Less: Unrestricted Funds[2]	360.7
Net Total	**1,765.1**

[1] As of September 30, 2017
[2] Includes Cash & Investments

Rates as of February 8, 2018. Assumes defeasance date of January 1, 2019

Water and Sewer System debt defeasance Analysis

JEA: Water and Sewer System Debt Service



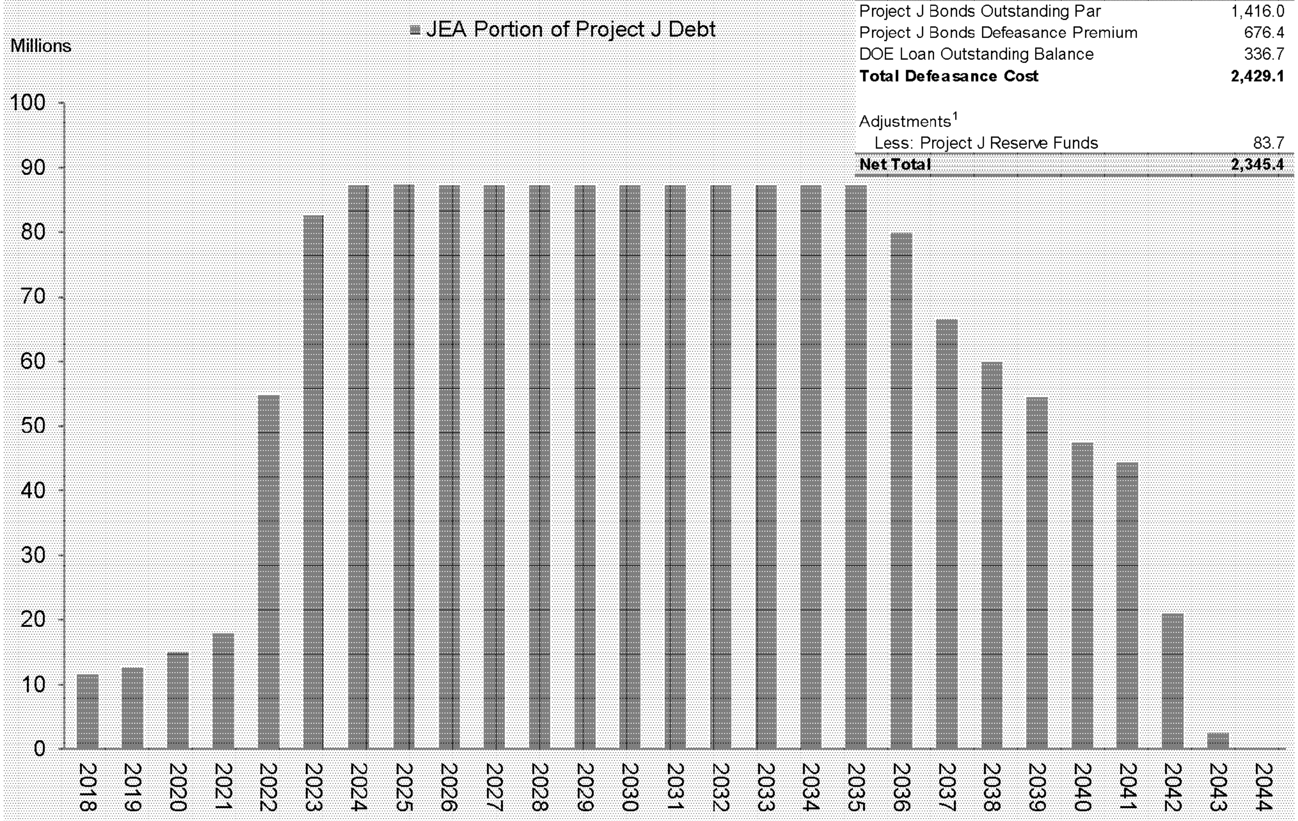
Water and Sewer System Defeasance	
Outstanding Par	1,478.0
Total Defeasance Cost	**1,614.6**
Adjustments[1]	
Plus: Swap Unwind Costs	23.9
Less: Restricted Funds[2]	344.0
Less: Unrestricted Funds[2]	103.7
Net Total	**1,190.7**

[1] As of September 30, 2017
[2] Includes Cash & Investments

Rates as of February 8, 2018. Assumes defeasance date of January 1, 2019

Project J debt defeasance analysis

JEA: Project J Debt Service



Project J Defeasance	
Project J Bonds Outstanding Par	1,416.0
Project J Bonds Defeasance Premium	676.4
DOE Loan Outstanding Balance	336.7
Total Defeasance Cost	**2,429.1**
Adjustments[1]	
Less: Project J Reserve Funds	83.7
Net Total	**2,345.4**

Rates as of February 8, 2018. Assumes defeasance date of January 1, 2019

Agenda

Fee details – Single advisor

Sellside, single advisor, $3,000mm-$7,000mm deal value, deals between 01/01/11 and 12/31/17, excludes transactions in the financial institutions, banks, and real estate sectors

Precedent fees detail

Date	Target	Acquiror	Deal value ($mm)	Acquiror fees % of deal value
28-Nov-17	Regal Entertainment Group	Cineworld Group plc	$5,862	0.82%
19-Jul-17	Avista Corp	Hydro One Ltd	$5,282	0.53%
9-May-17	West Corp	Apollo Global Management LLC	$4,921	0.57%
5-May-17	VWR Corp	Avantor Performance Materials Holdings L	$6,286	0.48%
24-Apr-17	Akorn Inc	Fresenius SE & Co KGaA	$4,887	0.96%
10-Apr-17	Swift Transportation Co	Knight Transportation Inc	$4,010	0.25%
1-Dec-16	CLARCOR Inc	Parker Hannifin Corp	$4,306	0.65%
17-Nov-16	Western Refining Inc	Tesoro Corp	$5,799	0.49%
14-Nov-16	Mentor Graphics Corp	Siemens AG	$4,529	0.68%
3-Nov-16	Metaldyne Performance Group Inc	American Axle & Manufacturing Holdings I	$3,251	0.62%
2-Nov-16	Brocade Communications Systems Inc	Broadcom Ltd	$5,979	0.60%
3-Oct-16	Cabela's Inc	Bass Pro Group LLC	$5,256	0.70%
13-Sep-16	Intersil Corp	Renesas Electronics Corp	$3,219	0.99%
6-Sep-16	Cepheid Inc	Danaher Corp	$4,026	0.93%
26-Aug-16	Rackspace Hosting Inc	Apollo Global Management LLC	$4,405	0.57%
21-Jul-16	Joy Global Inc	Komatsu Ltd	$3,692	0.77%
27-May-16	FEI Co	Thermo Fisher Scientific Inc	$4,513	1.05%
16-May-16	Anacor Pharmaceuticals Inc	Pfizer Inc	$5,205	0.58%
28-Apr-16	DreamWorks Animation SKG Inc	Comcast Corp	$4,032	0.50%
19-Apr-16	Lexmark International Inc	Apex Technology Co Ltd et al.	$3,614	1.05%
4-Apr-16	Virgin America Inc	Alaska Air Group Inc	$4,006	0.49%
1-Feb-16	Questar Corp	Dominion Resources Inc	$6,088	0.47%
13-Jan-16	Atmel Corp	Microchip Technology Inc	$3,568	0.56%
4-Nov-15	HomeAway Inc	Expedia Inc	$3,792	1.21%
2-Nov-15	Dyax Corp	Shire plc	$6,557	0.87%
26-Oct-15	Piedmont Natural Gas Co Inc	Duke Energy Corp	$6,579	0.36%

Source: Dealogic as of 12/31/2017

Fee details – Single advisor

Sellside, single advisor, $3,000mm-$7,000mm deal value, deals between 01/01/11 and 12/31/17, excludes transactions in the financial institutions, banks, and real estate sectors

Precedent fees detail

Date	Target	Acquiror	Deal value ($mm)	Acquiror fees % of deal value
21-Oct-15	SolarWinds Inc	Silver Lake Group LLC; Thoma Bravo LLC	$4,555	0.88%
15-Sep-15	Sirona Dental Systems Inc	Dentsply International Inc	$5,539	0.27%
9-Sep-15	Con-way Inc	XPO Logistics Inc	$3,014	0.67%
29-Jul-15	Cytec Industries Inc	Solvay SA	$6,215	0.46%
22-Jul-15	Thoratec Corp	St Jude Medical Inc	$3,734	0.64%
2-Jul-15	Health Net Inc	Centene Corp	$6,763	0.73%
15-Jun-15	DealerTrack Technologies Inc	Cox Enterprises Inc	$4,460	0.45%
12-May-15	AOL Inc	Verizon Communications Inc	$4,286	0.95%
11-May-15	Rosetta Resources Inc	Noble Energy Inc	$3,902	0.71%
27-Apr-15	iGate Corp	Cap Gemini SA	$4,448	0.44%
7-Apr-15	Informatica Corp	Permira Ltd; CPPIB	$5,321	0.86%
30-Mar-15	Auspex Pharmaceuticals Inc	Teva Pharmaceutical Industries Ltd	$3,511	1.00%
25-Feb-15	UIL Holdings Corp	Iberdrola SA	$4,375	0.51%
23-Feb-15	Polypore International Inc	Asahi Kasei Corp	$3,155	0.76%
6-Feb-15	Exelis Inc	Harris Corp	$4,742	0.40%
4-Feb-15	Office Depot Inc	Staples Inc	$6,937	0.49%
3-Dec-14	Hawaiian Electric Industries Inc	NextEra Energy Inc	$4,363	0.69%
2-Dec-14	Avanir Pharmaceuticals Inc	Otsuka Holdings Co Ltd	$3,509	0.90%
3-Nov-14	Covance Inc	Laboratory Corp of America Holdings	$6,108	0.65%
29-Sep-14	TIBCO Software Inc	Vista Equity Partners LLC	$4,293	1.10%
20-Aug-14	International Rectifier Corp	Infineon Technologies AG	$3,019	0.99%
16-Jul-14	International Game Technology	GTECH SpA	$6,344	0.41%
23-Jun-14	MICROS Systems Inc	Oracle Corp	$5,259	0.52%
9-Jun-14	Idenix Pharmaceuticals Inc	Merck & Co Inc	$3,852	1.20%
7-Apr-14	Questcor Pharmaceuticals Inc	Mallinckrodt plc	$5,558	0.50%
16-Dec-13	LSI Corp	Avago Technologies Ltd	$6,603	0.55%

Source: Dealogic as of 12/31/2017

Fee details – Single advisor

Sellside, single advisor, $3,000mm-$7,000mm deal value, deals between 01/01/11 and 12/31/17, excludes transactions in the financial institutions, banks, and real estate sectors

Precedent fees detail

Date	Target	Acquiror	Deal value ($mm)	Acquiror fees % of deal value
11-Dec-13	UNS Energy Corp	Fortis Inc	$4,347	0.38%
12-Jul-13	Leap Wireless International Inc	AT&T Inc	$3,946	0.51%
8-Apr-13	Lufkin Industries Inc	General Electric Co	$3,320	0.57%
8-Mar-13	Gardner Denver Inc	KKR & Co LP; National Pension Service	$3,872	0.85%
21-Feb-13	Berry Petroleum Co	LinnCo LLC; LINN Energy LLC	$4,250	0.54%
31-Oct-12	Warnaco Group Inc	PVH Corp	$3,987	0.98%
20-Aug-12	Coventry Health Care Inc	Aetna Inc	$5,726	0.51%
30-Jul-12	Shaw Group Inc	Chicago Bridge & Iron Co.	$3,279	0.98%
22-Jul-12	GenOn Energy Inc	NRG Energy Inc	$3,673	0.41%
2-Jul-12	Lincare Holdings Inc	Linde AG	$4,548	0.75%
22-May-12	Ariba Inc	SAP	$4,609	0.78%
30-Apr-12	Gen-Probe Inc	Hologic Inc	$3,943	0.60%
30-Apr-12	Sunoco Inc	Energy Transfer Partners LP	$6,844	0.55%
28-Mar-12	Tyco International Ltd (Flow control division)	Pentair Inc	$4,892	0.37%
30-Jan-12	Thomas & Betts Corp	ABB Ltd	$3,914	0.55%
14-Dec-11	Novellus Systems Inc	Lam Research Corp	$3,264	0.92%
3-Dec-11	SuccessFactors Inc	SAP	$3,740	0.53%
24-Oct-11	HealthSpring Inc	CIGNA Corp	$3,909	0.56%
10-Oct-11	Complete Production Services Inc	Superior Energy Services Inc	$3,180	0.39%
13-Jul-11	Kinetic Concepts Inc	Apax Partners LP; CPPIB; PSP	$6,304	0.54%
6-Jun-11	Temple-Inland Inc	International Paper Co	$4,280	0.54%
4-May-11	Varian Semiconductor Equipment Associates	Applied Materials Inc	$4,971	0.58%
20-Apr-11	DPL Inc	AES Corp	$4,687	0.32%
7-Feb-11	Beckman Coulter Inc	Danaher Corp	$6,801	0.47%
23-Jan-11	Smurfit-Stone Container Corp	Rock-Tenn Co	$4,331	0.50%
Mean				**0.65%**
Top-half mean				**0.83%**
Top-quartile mean				**0.97%**

Source: Dealogic as of 12/31/2017