

From: "Lutrin, Jessica" <jessica.lutrin@pillsburylaw.com>

Sent: Thursday, September 26, 2019, 3:33 PM

To: "Rhode, Lynne C. (City of Jacksonville)" <rhodlc@jea.com>; "khyde@foley.com" <khyde@foley.com>

Subject: RE: Edits

Attachments: JEA - Long-Term Performance Unit Plan - Invitation Booklet 4816-7518-1216 v.8.docx; Redline - JEA - Long-Term Performance Unit Plan - Invitation Booklet.pdf

[External Email - Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.]

Hi Lynne,

Apologies, I was traveling for meetings, so I only sent Kevin the revised invitation booklet today. Attached for your reference is the revised booklet (clean and a redline). There were a couple of open items in the hand edits that you sent me, which I've flagged in the footnotes. In the interest of time, it may make sense for the two of us to work through those open items while Kevin reviews the booklet.

I'm available tomorrow from 11am – 12pm and 12.30pm – 2pm and on Tuesday from 10am – 1pm, 1.30pm – 3pm and 4pm – 5.30pm. I'm not available on Monday.

Best,
Jessica

Jessica Lutrin | Partner
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From: Rhode, Lynne C. (City of Jacksonville) <rhodlc@jea.com>
Sent: Thursday, September 26, 2019 3:11 PM
To: khyde@foley.com; Lutrin, Jessica <jessica.lutrin@pillsburylaw.com>
Subject: RE: Edits

*** EXTERNAL EMAIL ***

JEA0081

Hi Kevin and Jessica,

Just circling back on this. When do you anticipate having a revised PUP booklet for Melissa's review? Also, could we please schedule a call to discuss processes, including the appropriate process for reallocation of any PUPs not purchased in the first round? I am relatively available tomorrow after 11am as well as Monday afternoon and much of Tuesday next week.

Thank you,
Lynne

Lynne C. Rhode
Vice President and Chief Legal Officer
21 West Church Street Jacksonville, FL 32202
Office: (904) 665-4115
Email: rhodlc@jea.com



Building Community[®]

From: Rhode, Lynne C. (City of Jacksonville)
Sent: Monday, September 16, 2019 5:26 PM
To: khyde@foley.com
Subject: FW: Edits

FYI – Per our conversation today, I asked Jessica to get you a redline for your review. Thanks Kevin!

Lynne C. Rhode
Vice President and Chief Legal Officer
21 West Church Street Jacksonville, FL 32202
Office: (904) 665-4115
Email: rhodlc@jea.com



Building Community[®]

From: Rhode, Lynne C. (City of Jacksonville)
Sent: Monday, September 16, 2019 4:01 PM
To: 'Lutrin, Jessica' <jessica.lutrin@pillsburylaw.com>
Subject: Edits

Hi Jessica,

JEA0082

I hope you had a nice weekend! Please see attached comments/edits to the booklet. Could you please review, edit and respond as needed and send a redline to Kevin for his input as well then circle back up with me?

Thank you,
Lynne

Lynne C. Rhode
Vice President and Chief Legal Officer
21 West Church Street Jacksonville, FL 32202
Office: (904) 665-4115
Email: rhodlc@jea.com



Official Communication of Jacksonville Electric Authority

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The contents of this message, together with any attachments, are intended only for the use of the individual or entity to which they are addressed and may contain information that is legally privileged, confidential and exempt from disclosure. If you are not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this message, or any attachment, is strictly prohibited. If you have received this message in error, please notify the original sender or the Pillsbury Winthrop Shaw Pittman Help Desk at Tel: 800-477-0770, Option 1, immediately by telephone or by return E-mail and delete this message, along with any attachments, from your computer. Thank you.

JEA0083

[INSERT JEA LOGO]

**INVITATION TO PARTICIPATE IN THE
JEA LONG-TERM PERFORMANCE UNIT PLAN**

Dear [NAME],

As a new benefit to JEA employees, we are delighted to let you know that you are eligible to participate in the JEA Long-Term Performance Unit Plan (the “Plan”). The Plan was approved by JEA’s Board of Directors as part of the long-term compensation framework and is available starting in 2020.

How the Plan Works

The Plan allows you to purchase performance units from JEA referred to as “PUPs.” The purchase price of each PUP is \$10.00 and is paid by deferring a portion of your pay earned in 2020 equal to the aggregate purchase price of the PUPs you wish to purchase. The number of PUPs available to you to purchase is set forth in the cover letter to the Plan and your Long-Term Performance Unit Agreement provided to you.¹ For example, if JEA allocates you five PUPs and you wish to purchase all five PUPs, the aggregate purchase price to be deferred from your pay earned would be equal to \$50.00 (\$10.00 x five PUPs). When the PUPs vest, subject to the satisfaction of certain conditions, you are eligible to receive a cash payment in consideration for the PUPs you purchased. The amount of the cash payment is calculated based on the attainment of specified corporate performance metrics and includes the aggregate purchase price you paid for your PUPs. For additional information on how the Plan works, please refer to the frequently asked questions on Tab A of this invitation booklet.

Risks Associated with Participating in the Plan

As described above, in order to purchase PUPs under the Plan, you must pay a purchase price of \$10.00 per PUP. As it is possible that you may forfeit the entire amount of the purchase price under certain circumstances (for example, if your employment with JEA is terminated for cause), you should carefully consider whether to purchase the PUPs. In considering whether to purchase the PUPs, you should review the risks described on Tab B of this invitation booklet and the financial information contained in Tab C of this invitation booklet.

Instructions and Additional Information

If you wish to participate in the Plan and purchase the PUPs, please review this invitation booklet carefully and follow the instructions set forth on Tab D of this invitation booklet. All required forms and materials must be postmarked by no later than [DATE], 2019. If your required forms and materials are postmarked later than [DATE], 2019, your election will not be processed and you will not be eligible to purchase PUPs and participate in the Plan.²

¹ JEA to confirm whether there will be a separate cover letter to the Plan and Long-Term Performance Unit Agreement.

² JEA to provide the postmark date.

For further information concerning the Plan, please contact [NAME], [TITLE] at JEA, via email at [EMAIL ADDRESS].³

This is an exciting time for JEA!

Sincerely,

Aaron Zahn
Managing Director & Chief Executive Officer

³ JEA to provide the name, title and email address of the JEA representative.

TABLE OF CONTENTS

| | Page |
|--|------|
| Questions and Answers About the JEA Long-Term Performance Unit Plan..... | A-1 |
| Risk Factors To Be Considered Before Purchasing the Performance Units Under the JEA Long-Term Performance Unit Plan | B-1 |
| Financial Statements..... | C-1 |
| Instructions for Participating in the Plan | D-1 |
| JEA Long-Term Performance Unit Plan | E-1 |
| JEA Long-Term Performance Unit Agreement..... | E-1 |

TAB A

QUESTIONS AND ANSWERS ABOUT THE JEA LONG-TERM PERFORMANCE UNIT PLAN

INTRODUCTION⁴

Below are a number of frequently asked questions (“FAQs”) regarding the principal features of the Plan. The Plan was adopted by the Board at its meeting on July 23, 2019.

This document is only intended to be a summary. Some provisions are described in abbreviated form and others are not mentioned at all. If there is any ambiguity in these FAQs or if there is a conflict between these FAQs and the official text of the Plan or your Long-Term Performance Unit Agreement, then the official text of the Plan or your Long-Term Performance Unit Agreement, as applicable, will govern.

Where the context so requires, references to “JEA” refer to JEA, its affiliates, assigns, subsidiaries and successors.

THIS INVITATION BOOKLET DOES NOT PROVIDE LEGAL, FINANCIAL OR TAX ADVICE. JEA STRONGLY ADVISES YOU TO SEEK THE ADVICE OF A QUALIFIED LEGAL, FINANCIAL AND/OR TAX ADVISER REGARDING YOUR PARTICIPATION IN THE PLAN.

GENERAL PLAN PROVISIONS

Q1: What is the purpose of the Plan?

A1: The purpose of the Plan is to provide a means by which employees of JEA may be given incentives to remain with JEA and share in the financial [health]⁵ of JEA.

Q2: Who is eligible to participate in the Plan?

A2: Any full-time employee of JEA (including any full-time OGC attorney) who has been employed by JEA for at least three months prior to the Purchase Date (as described in Q&A 3) is eligible to participate in the Plan. Part-time and temporary employees of JEA are not eligible to participate in the Plan.

Any exceptions to the above eligibility requirements must be recommended by JEA’s Chief Executive Officer (the “CEO”) and approved by the Chair of the Compensation Committee (the “Committee Chair”) of the Board of Directors of JEA (the “Board”).

⁴ JEA to confirm whether all the references to “performance units” should be changed to “PUPs.” This was not reflected in the hand mark-up received from JEA.

⁵ JEA to confirm whether this should instead refer to “success.”

Q3: How does the Plan work?

A3: Each eligible employee may purchase a specified number of performance units (the “**Performance Units**”) as set forth in the employee’s Long-Term Performance Unit Agreement from JEA on January 15 of each year (the “**Purchase Date**”)⁶ by electing to defer a portion of the employee’s pay equal to the aggregate purchase price (the “**Purchase Price**”) for the Performance Units that the employee wishes to purchase.

The Purchase Date for the Performance Units that are allocated to you now will be January 15, 2020.

Q4: Who administers the Plan?

A4: The Committee Chair administers the Plan. The Committee Chair has the full authority and discretion to take any actions the Committee Chair deems necessary or advisable for the administration of the Plan. All decisions, interpretations, and other actions of the Committee Chair will be final and binding.

Q5: How many Performance Units are reserved under the Plan?

A5: JEA has reserved an aggregate of 100,000 Performance Units for purchase by eligible employees under the Plan. However, only 30,000 Performance Units will be available for purchase by eligible employees on the Purchase Date.

ALLOCATION OF PERFORMANCE UNITS

Q6: What is a Performance Unit?

A6: Each Performance Unit represents a right to receive a cash payment equal to the Redemption Price (as described in Q&A 14) in exchange for such Performance Unit. A Performance Unit is not, and does not represent an equity or security interest in JEA.

Q7: How are Performance Units allocated under the Plan?

A7: Under the Plan, the Committee Chair has complete discretion to determine when and to whom Performance Units will be allocated and the number of Performance Units that may be allocated. The terms and conditions of Performance Units will be set forth in your Long-Term Performance Unit Agreement.

The Committee Chair may delegate the Committee Chair’s authority under the Plan to determine the number of Performance Units that may be allocated to eligible employees

⁶ To discuss the Purchase Date with JEA, including whether the Purchase Date should occur over multiple pay periods. Section 2(q) of the Plan specifies that the first Purchase Date will occur January 15, 2020.

(other than to the CEO) under the Plan to the CEO. The Committee Chair retains the authority to determine the number of Performance Units that may be allocated to the CEO.

Q8: How many Performance Units must I purchase to participate in the Plan?

A8: You may purchase up to the maximum number of Performance Units allocated to you. However, you may purchase less than all of the Performance Units that you have been allocated.

If you purchase none of the Performance Units allocated to you, you will not participate in the Plan and you will not be eligible to receive the Redemption Price in exchange for your Performance Units.

Q9: How is the Purchase Price determined?

A9: Under the Plan, the Purchase Price will be no less than \$10.00 per Performance Unit. JEA has set the Purchase Price as \$10.00 per Performance Unit.

Q10: Will I be required to pay the Purchase Price for my Performance Units?

A10: Yes, to purchase Performance Units under the Plan, you must pay the aggregate Purchase Price for the Performance Units you wish to purchase. The aggregate Purchase Price is equal to \$10.00 multiplied by the number of Performance Units that you wish to purchase.

Example: If JEA allocates you five Performance Units and you wish to purchase four Performance Units, the aggregate Purchase Agreement will be equal to \$40.00 (\$10.00 x four Performance Units).

Q11: How do I pay the Purchase Price for my Performance Units?

A11: To pay the Purchase Price for the Performance Units that you wish to purchase, you must elect to defer a portion of your pay equal to the aggregate Purchase Price for the Performance Units you wish to purchase. You may elect to defer your pay in a lump sum or equal installments during certain payroll periods as selected by you.

To purchase Performance Units on January 15, 2020, you must elect to defer your pay by no later than December 31, 2019. If you do not make this election by December 31, 2019, you will not be eligible to purchase Performance Units on January 15, 2020.

Q12: Under what circumstances will I forfeit the Purchase Price that I pay for my Performance Units?

A12: If prior to the Vesting Date (as described in Q&A 13) your employment with JEA is terminated for cause (as described in Q&A 20) or you voluntarily terminate your employment with JEA for any reason, you will forfeit the entire amount of the Purchase

Price that you paid for the Performance Units that have not vested as of the date of your termination or voluntary termination, as applicable, of employment.

Q13: When will I receive the Redemption Price for my Performance Units?

A13: The Performance Units will vest on the earlier to occur of (a) the last day of the three-year performance period (as described in Q&A 14) and (ii) the date on which a Recapitalization Event (as described in Q&A 23) occurs (the “**Vesting Date**”). Except as otherwise described in Q&A 18, you must be employed with JEA on the Vesting Date for the Performance Units to vest. You will only receive the Redemption Price for vested Performance Units.

JEA will pay the Redemption Price to you for your vested Performance Units no later than 30 days after the Redemption Price has been certified by the Committee Chair as described in Q&A 14. The amount of the Redemption Price will be reduced by applicable withholding taxes.

Q14: How is the Redemption Price calculated?

A14: The Redemption Price is calculated as set forth below based on a three-year performance period (if a Recapitalization Event occurs, the performance period will be shortened, and the performance period will end on the closing date of such Recapitalization Event) (the “**Performance Period**”).

The Performance Period will begin on January 15, 2020 and will end on January 15, 2023 (the “**2020/2023 Performance Period**”), unless a Recapitalization Event occurs before such date in which case the performance period will end on the date on which the closing of the Recapitalization Event occurs.

The 2020/2023 Performance Period will be based on the following performance metrics:

The Redemption Price will increase by \$100.00 per Performance Unit for each “Value Change Percentage” increase of 1% in excess of the “Challenge Value Target” and will decrease by \$0.50 per Performance Unit for each “Value Change Percentage” decrease of 1% below the Threshold Value Target, but the Redemption Price will not be less than \$0.00 per Performance Unit (the “**Redemption Price**”).

- For the 2020/2023 Performance Period, the “Challenge Value Target” will be 110% and the “Threshold Value Target” will be 90%.
- The “Value Change Percentage” means a percentage equal to the “Current Year Value” divided by the “Base Year Value.”
- “Current Year Value” means, with respect to the Performance Period, the sum of (a) JEA’s Net Position, as shown on JEA’s audited financial statements for the Performance Period (or, in the case of a Recapitalization Event, JEA’s Net Position as shown on JEA’s audited financial statements immediately following the closing date

of the Recapitalization Event), (b) the aggregate consideration paid directly or otherwise transferred to the City of Jacksonville whether in cash or in-kind (excluding any public service taxes or franchise fees) during the 12-month period prior to the end of the performance period, and (c) the aggregate consideration (including refunds, rebates and distributions) paid, distributed, credited or otherwise provided to JEA's customers during the 12-month period prior to the end of the Performance Period. Any consideration and change in Net Position, as applicable, in connection with the Recapitalization Event will be taken into account for purposes of calculating the amounts in (a) – (c).

- For the 2020/2023 Performance Period, "Base Year Value" is the amount equal to the Current Year Value for fiscal year 2019 as reflected on JEA's audited financial statements when available.

The Redemption Price that you receive for your vested Performance Units will include the Purchase Price that you paid for each Performance Unit.⁷

Example: [To come]⁸

Q15: Is it possible that I may not receive any Redemption Price for my Performance Units?

A15: Yes, as described in Q&A 14, the Redemption Price will be decreased by \$0.50 per Performance Unit for each "Value Change Percentage" decrease of 1% below the Threshold Value Target up to \$0.00 per Performance Unit. However, the Redemption Price will not be less than \$0.00 per Performance Unit.

Q16: Who will calculate the Redemption Price?

A16: JEA's Chief Financial Officer will calculate the Redemption Price per Performance Unit. The Committee Chair will certify the Redemption Price as soon as practicable following the completion of JEA's audit for the applicable Performance Period, but in no event later than 30 days following the end of the Performance Period.

Q17: Are there any conditions to my receipt of the Redemption Price?

A17: Yes, you need to satisfy certain conditions in order to receive the Redemption Price for your vested Performance Units. These conditions include as follows:

- (a) you must execute your Long-Term Performance Unit Agreement enclosed with this invitation booklet on Tab F and return it to JEA by following the instructions included in Tab D;

⁷ To discuss with JEA whether the Purchase Price will be refunded to a participant even if the performance metrics are not attained. There is a substantial risk of forfeiture on a termination for cause or a voluntary termination of employment.

⁸ JEA to provide.

- (b) except as described in Q&A 18, you must be continuously employed with JEA;
- (c) you must execute and not revoke a release of claims in favor of JEA and the City of Jacksonville (JEA will notify you when it is time for you to execute the release); and
- (d) you must comply with the covenants set forth in your Long-Term Performance Unit Agreement (the “Agreement”).

Q18: What happens to my Performance Units and the Purchase Price that I paid upon an involuntary termination of employment with JEA?

A18: If you experience an involuntary termination of employment prior to the applicable Vesting Date for your Performance Units, you will still be paid the Redemption Price for all of your Performance Units. Any Redemption Price payable to you as a terminated employee for your Performance Units will be paid to you at the same time as the amounts would have been paid had you not experienced an involuntary termination of employment.

An involuntary termination of employment means a termination of employment by JEA without cause (as described in Q&A 20) or due to your death or disability (as defined in the Plan).⁹

Q19: What happens to my Performance Units and the Purchase Price that I paid upon a termination of employment with JEA for cause or a voluntary termination of employment?

A19: If you experience a termination of employment for cause (as described in Q&A 20) or you voluntarily terminate your employment with JEA for any reason, in each case, prior to the applicable Vesting Date for your Performance Units, you will forfeit both the Performance Units to the extent unvested and the Purchase Price that you paid for such unvested Performance Units.

Q20: What is a termination of employment for “cause”?

A20: Under the Plan, “cause” generally means:

- (a) if you have an employment agreement, consulting agreement or similar agreement in effect with JEA at the time of purchase of the Performance Units that defines a termination for “cause” (or words of like import), “cause” as defined in such agreement, or
- (b) if you have an employment agreement, consulting agreement or similar agreement in effect with JEA at the time of purchase of the Performance Units or where there is such an agreement but it does not define “cause” (or words of like import): (i) you have been convicted of, pled guilty or no contest to or entered into a plea agreement with respect to, any felony under applicable law or any crime involving dishonesty or moral

⁹ JEA to clarify what is meant by the request to include a “geographic trigger.”

turpitude; (ii) you have engaged in (A) any willful misconduct or gross negligence or (B) any act of dishonesty, violence or threat of violence that would reasonably be expected to result in a material injury to JEA; (iii) you willfully fail to perform your duties to JEA and/or willfully fail to comply with lawful directives of the Board; (iv) you materially breach any term of any contract to which you and JEA is a party; or (v) you materially breach any term of the Plan and/or your Long-Term Performance Unit Agreement.

With respect to clauses (iii), (iv) and (v) and if the event giving rise to the claim of “cause” is curable, JEA will provide written notice to you of the event within 30 days of JEA learning of the occurrence of such event, and such cause event must remain uncured 15 days after JEA has provided such written notice and any termination of your employment for “cause” with respect to clause (iii), (iv) or (v) must occur no later than 30 days following the expiration of such cure period.

Notwithstanding the foregoing, to the extent that this definition of “cause” is inconsistent with a definition of “cause” (or words of like import) in any applicable and lawful collective bargaining agreement or the applicable and lawful Civil Service and Personnel Rules and Regulations of the City of Jacksonville (the “**Civil Service Rules**”), the definition of “cause” (or words of like import) in such collective bargaining agreement or the Civil Service Rules, as applicable, will control.

Q21: What happens if I am retirement eligible and retire before the applicable Vesting Date?

A21: If you become a retirement eligible employee (as described below) and retire, in each case, prior to the applicable Vesting Date for your Performance Units, your Performance Units will vest on the applicable Vesting Date.

You are retirement eligible if you have attained one of the retirement milestones as described in the General Employees Retirement Plan.

Q22: What happens if my designation changes from appointed to civil service?

A22: If at any time from when you are notified by JEA of your eligibility to participate in the Plan and ending on the last day of the Performance Period, your designation changes from appointed to civil service (whether or not such change is voluntary), the level at which you participate in the Plan will be adjusted to reflect such change.

If such change occurs (a) at any time prior to the Purchase Date, the number of Performance Units that you will be eligible to purchase will be reduced to a number of Performance Units that is equal to the number of Performance Units you would have been eligible to purchase had you been civil service on the date on which you were notified of your eligibility to participate in the Plan or (ii) at any time on or after the Purchase Date, but prior to the last day of the Performance Period, you will forfeit a number of Performance Units such that you will have purchased a number of Performance Units that is equal to the maximum number of Performance Units you would have been eligible to purchase had you been civil service on the Purchase Date (it being understood that such number of forfeited

Performance Units may be zero) and JEA will refund to you the aggregate Purchase Price for such forfeited Performance Units.

RECAPITALIZATION EVENT

Q23: What is a Recapitalization Event?

A23: A “Recapitalization Event” means the closing and funding of a transaction or a series of related transactions in accordance with Article 21 of the Charter of the City of Jacksonville and any other applicable law that results in either (a) unencumbered cash proceeds to the City of Jacksonville of at least \$3,000,000,000 or (b) at least 50% of the net depreciated property, plant and equipment value of either JEA’s electric system or JEA’s water and wastewater system being transferred, assigned, sold or otherwise disposed of.

Q24: What happens to my Performance Units upon a Recapitalization Event?

A24: On the closing date of a Recapitalization Event, your Performance Units will vest and you will receive the applicable Redemption Price for your Performance Units. The Redemption Price will be paid in cash no later than 30 days after the Redemption Price has been certified by the Committee Chair as described in Q&A 16.

AMENDMENTS OF THE PLAN

Q25: May the Board amend the Plan?

A25: Yes, the Board may amend the Plan at any time. However, no amendment to the Plan may impair the rights of participants in the Plan without such participants’ written consent. You will be provided any details of any amendment that would affect you as soon as reasonably practicable.

MISCELLANEOUS

Q26: Has the Plan been collectively bargained?¹⁰

A26: Yes, the Plan has been collectively bargained with the applicable union representatives.

Q27: How should I respond if someone asks about my Plan benefits or JEA’s financial status?

A27: All inquiries from persons other than your legal, financial and/or tax advisors relating to the value of your Performance Units, the Plan or JEA’s financial status (including questions from the press, prospective JEA investors, JEA customers or vendors, prospective JEA

¹⁰ Policy to confirm whether this Q&A can be deleted

hires and current co-workers) should be directed to the JEA's Chief Financial Officer via email at wannrf@jea.com.

TAB B

RISK FACTORS TO BE CONSIDERED BEFORE PURCHASING THE PERFORMANCE UNITS UNDER THE JEA LONG-TERM PERFORMANCE UNIT PLAN

The occurrence of any of the following risks could materially and adversely affect JEA's business, operating results and financial condition. In addition, risks and uncertainties that are not presently known to us or that we currently believe are immaterial may also impair JEA's business and operations. If any of these risks occur, the value of your Performance Units could decline and you may lose all or part of your Purchase Price.

The list of risk factors below does not purport to be a complete enumeration or explanation of the risks involved in purchasing the Performance Units under the Plan. You should carefully evaluate all of the information in this invitation booklet, the Plan and your Long-Term Performance Unit Agreement and consult with your own legal, tax and/or financial advisers before deciding whether to purchase Performance Units and pay the Purchase Price under the Plan.

There are a number of factors that may impact JEA's business and financial conditions.

The Redemption Price of the Performance Units will be subject to the future performance of JEA and, accordingly, before purchasing the Performance Units, you should carefully consider the risk factors described in JEA's Electric System and Water & Sewer System Annual Disclosure Reports (the "Annual Reports") filed with the Municipal Securities Rulemaking Board on its EMMA website and on www.jea.com under the "Financial Reports" section (About > Investor Relations > Financial Reports > Annual Disclosure Reports), which are incorporated by reference into this invitation booklet, together with the other information incorporated by reference herein or provided in this invitation booklet (including the risks set forth below).

The issues and associated risks and uncertainties discussed in the Annual Disclosure Reports that are incorporated herein by reference are not the only ones JEA may face. Additional issues may arise or become material as the energy, water and wastewater industries evolve. The risks and uncertainties associated with those additional issues could impair JEA's businesses in the future.

The Redemption Price of the Performance Units in the future may be higher or lower than the Purchase Price that you paid for the Performance Units due to changes in JEA's operating performance or prospects and other factors, including broad market fluctuations. Some specific factors that may have a significant effect on the Redemption Price of your Performance Units include:

- JEA has a history of losses, and may not achieve or maintain profitability in the future;
- climate change, or legal, regulatory or market measures to address climate change, may negatively affect JEA's business, operations and/or financial performance;

- natural disasters, including, but not limited to, hurricanes and/or fires, could destroy JEA's facilities and equipment;
- actual or anticipated fluctuations in JEA's operating results or future prospectus;
- factors outside of JEA's control, including modifications to JEA's book value;
- strategic actions by other industry participants, such as acquisitions or restructurings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to JEA's business;
- JEA may be subject to legal proceedings and litigation, which are costly and may subject JEA to significant liability and increased costs of doing business;
- changes in accounting standards, policies, guidance, interpretations or principles; and
- adverse conditions in the financial markets or general economic conditions, including but not limited to, those resulting from war, incidents of terrorism and responses to such events.

There is no duty to update this invitation booklet.

JEA has no obligation to update the information contained in this invitation booklet. Accordingly, you should bear in mind that there may have been material changes in the affairs of JEA since the date of this invitation booklet, and it is up to you to review JEA's publicly available reports and information.

The information and expressions of opinion set forth herein or included herein by specific reference are subject to change without notice, and neither the delivery of this invitation booklet, nor the Plan nor your Long-Term Performance Unit Agreement shall, under any circumstances, create the implication that there has been no change in the affairs of JEA since the date hereof and thereof.

The Performance Units are not transferable and there is no market available for sale of the Performance Units.

You may not transfer, sell, pledge or otherwise dispose of your Performance Units (other than by will or the laws of descent or distribution) and there is no market to sell the Performance Units.

* * *

THE PERFORMANCE UNITS ARE NOT EQUITY OR SECURITIES OF JEA, NOR ARE THEY INTENDED TO BE TREATED AS SUCH AND ANY REPRESENTATION BY JEA OR ITS AGENTS TO THE CONTRARY SHOULD NOT BE RELIED UPON.

TAB C

FINANCIAL STATEMENTS

You can access and view JEA's financial statements, including the unaudited Quarterly Analysis of Financial Performance for the quarter ended June 30, 2019, through this link:¹¹

https://www.jea.com/About/Investor_Relations/Financial_Reports/

Please contact [NAME], [TITLE] at [EMAIL ADDRESS] if you have trouble viewing or accessing the financial statements.¹²

¹¹ To be updated prior to distribution to participants, as necessary.

¹² JEA to provide the name, title and email address of the JEA representative.

TAB D

**INSTRUCTIONS FOR PARTICIPATING IN THE
JEA LONG-TERM PERFORMANCE UNIT PLAN**

To purchase Performance Units and participate in the Plan:

- You must sign and return your Long-Term Performance Unit Agreement enclosed with this invitation booklet; and
- You must complete, sign and return the Purchase of Performance Units and Deferral Election attached as Schedule I to your Long-Term Performance Unit Agreement.

The documents listed above must be returned to [NAME], [TITLE], at [Foley/Pillsbury],¹³ at [ADDRESS], or at [EMAIL ADDRESS].

All required forms and materials must be postmarked by no later [DATE], 2019. If your required forms and materials are postmarked later than [DATE], 2019, your election will not be processed and you will not be eligible to purchase Performance Units and participate in the Plan.¹⁴

¹³ JEA to confirm whether Foley or Pillsbury will receive the documents.

¹⁴ JEA to provide the postmark date.

TAB E
JEA LONG-TERM PERFORMANCE UNIT PLAN

[To be attached]

TAB F

JEA LONG-TERM PERFORMANCE UNIT AGREEMENT

[To be attached]

[INSERT JEA LOGO]

INVITATION TO PARTICIPATE IN THE JEA LONG-TERM PERFORMANCE UNIT PLAN

Dear [NAME],

~~We~~As a new benefit to JEA employees, we are delighted to let you know that you are eligible to participate in the JEA Long-Term Performance Unit Plan (the “Plan”). The Plan ~~is a new program that~~ was approved by JEA’s Board of Directors as part of the long-term compensation framework ~~authorized by the Board of Directors at its meeting on June 27, 2019.~~⁴ and is available starting in 2020.

How the Plan Works

The Plan allows you to purchase ~~up to a specified number of~~ performance units, ~~as set forth in your Long-Term Performance Unit Agreement,~~ from JEA ~~at a~~ referred to as “PUPs.” The purchase price of each PUP is \$10.00 ~~per unit. The purchase price~~ and is paid ~~by you~~ by deferring a portion of your pay earned in 2020 equal to the aggregate purchase price of the ~~performance units~~ PUPs you wish to purchase. The number of PUPs available to you to purchase is set forth in the cover letter to the Plan and your Long-Term Performance Unit Agreement provided to you.¹ For example, if JEA allocates you five ~~performance units~~ PUPs and you wish to purchase all five ~~performance units~~ PUPs, the aggregate purchase price to be deferred from your pay earned would be equal to \$50.00 (\$10.00 x five ~~performance units~~ PUPs). When the ~~performance units~~ PUPs vest, subject to the satisfaction of certain conditions, you are eligible to receive a cash payment in consideration for the ~~performance units~~ PUPs you purchased. The amount of the cash payment is calculated based on the attainment of specified corporate performance metrics and includes the aggregate purchase price you paid for your ~~performance units~~. ~~Enclosed with this invitation booklet is a copy of the Plan and your Long-Term Performance Unit Agreement~~ PUPs. For additional information on how the Plan works, please refer to the frequently asked questions on Tab A of this invitation booklet.

Risks Associated with Participating in the Plan

As described above, in order to purchase ~~performance units~~ PUPs under the Plan, you must pay a purchase price of \$10.00 per ~~unit~~ PUP. As it is possible that you may forfeit the entire amount of the purchase price under certain circumstances (for example, if your employment with JEA is terminated for cause), you should carefully consider whether to purchase the ~~performance units~~ PUPs. In considering whether to purchase the ~~performance units~~ PUPs, you should review the risks described on Tab B of this invitation booklet and the financial information contained in Tab C of this invitation booklet.

Instructions and Additional Information

⁴ JEA to confirm date.

JEA to confirm whether there will be a separate cover letter to the Plan and Long-Term Performance Unit Agreement.

If you wish to participate in the Plan and purchase the ~~performance units~~PUPs, please review this invitation booklet carefully and follow the instructions set forth on Tab D of this invitation booklet. All required forms and materials must be postmarked by no later than [DATE], 2019. If your required forms and materials are postmarked later than [DATE], 2019, your election will not be processed and you will not be eligible to purchase ~~performance units~~PUPs and participate in the Plan.²

For further information concerning the Plan, please contact [NAME], [TITLE] at JEA, via email at [EMAIL ADDRESS].³

This is an exciting time for JEA!

Sincerely,

Aaron Zahn
Managing Director & Chief Executive Officer

² JEA to provide the postmark date.

³ JEA to provide the name, title and email address of the JEA representative.

TABLE OF CONTENTS

| | Page |
|--|-------------|
| Questions and Answers About the Jea JEA Long-Term Performance Unit Plan | A-1 |
| Risk Factors To Be Considered Before Purchasing the Performance Units Under the JEA Long-Term Performance Unit Plan | B-1 |
| Financial Statements | C-1 |
| Instructions for Participating in the Plan | D-1 |
| JEA Long-Term Performance Unit Plan | E-1 |
| JEA Long-Term Performance Unit Agreement | F-1 |

TAB A

QUESTIONS AND ANSWERS ABOUT THE JEA LONG-TERM PERFORMANCE UNIT PLAN

INTRODUCTION⁴

Below are a number of frequently asked questions (“FAQs”) regarding the principal features of the Plan. The Plan was adopted by the Board at its meeting on July 23, 2019.

This document is only intended to be a summary. Some provisions are described in abbreviated form and others are not mentioned at all. If there is any ambiguity in these FAQs or if there is a conflict between these FAQs and the official text of the Plan or your Long-Term Performance Unit Agreement, then the official text of the Plan or your Long-Term Performance Unit Agreement, as applicable, will govern.

Where the context so requires, references to “JEA” refer to JEA, its affiliates, assigns, subsidiaries and successors.

THIS INVITATION BOOKLET DOES NOT PROVIDE LEGAL, FINANCIAL OR TAX ADVICE. JEA STRONGLY ADVISES YOU TO SEEK THE ADVICE OF A QUALIFIED LEGAL, FINANCIAL AND/OR TAX ADVISER REGARDING YOUR PARTICIPATION IN THE PLAN.

GENERAL PLAN PROVISIONS

Q1: What is the purpose of the Plan?

A1: The purpose of the Plan is to provide a means by which employees of JEA may be given incentives to remain with JEA, ~~drive value for customers, drive value for the community of North East Florida, drive environmental value and drive financial value for JEA and the City of Jacksonville~~ and share in the financial [health]⁵ of JEA.

Q2: Who is eligible to participate in the Plan?

A2: Any full-time employee of JEA, ~~its affiliates, assigns, subsidiaries and successors, (collectively, the “JEA Group”~~ (including any full-time OGC attorney) who has been employed by ~~any member of the JEA Group~~ for at least three months prior to the Purchase Date (as described in Q&A 3) ~~and any full-time attorney from the Office of the General Counsel of the City of Jacksonville who is dedicated exclusively to JEA for at~~

⁴ JEA to confirm whether all the references to “performance units” should be changed to “PUPs.” This was not reflected in the hand mark-up received from JEA.

⁵ JEA to confirm whether this should instead refer to “success.”

~~least three months prior to the Purchase Date~~ is eligible to participate in the Plan. Part-time and temporary employees of JEA are not eligible to participate in the Plan.

Any exceptions to the above eligibility requirements must be recommended by JEA's Chief Executive Officer (the "CEO") and approved by the Chair of the Compensation Committee (the "Committee Chair") of the Board of Directors of JEA (the "Board").

Q3: How does the Plan work?

A3: Each eligible employee may purchase a specified number of performance units (the "Performance Units") as set forth in ~~such~~the employee's Long-Term Performance Unit Agreement from JEA on January 15 of each year (the "Purchase Date")⁶ by electing to defer a portion of ~~such~~the employee's pay equal to the aggregate purchase price (the "Purchase Price") for the Performance Units that ~~such~~the employee wishes to purchase.

The Purchase Date for the Performance Units that are allocated to you now will be January 15, 2020.

Q4: Who administers the Plan?

A4: The Committee Chair administers the Plan. The Committee Chair has the full authority and discretion to take any actions ~~it~~the Committee Chair deems necessary or advisable for the administration of the Plan. All decisions, interpretations, and other actions of the Committee Chair will be final and binding.

Q5: How many Performance Units are reserved under the Plan?

A5: JEA has reserved an aggregate of 100,000 Performance Units for purchase by eligible employees under the Plan. However, only 30,000 Performance Units will be available for purchase by eligible employees on the Purchase Date.

ALLOCATION OF PERFORMANCE UNITS

Q6: What is a Performance Unit?

A6: Each Performance Unit ~~is a phantom or notional unit that~~ represents a right to receive a cash payment equal to the Redemption Price (as described in Q&A 14) in exchange for such Performance Unit. A Performance Unit is not, and does not represent an equity or security interest in JEA.

Q7: How are Performance Units allocated under the Plan?

To discuss the Purchase Date with JEA, including whether the Purchase Date should occur over multiple pay periods. Section 2(q) of the Plan specifies that the first Purchase Date will occur January 15, 2020.

- A7: Under the Plan, the Committee Chair has complete discretion to determine when and to whom Performance Units will be allocated and the number of Performance Units that may be allocated. The terms and conditions of Performance Units will be set forth in your Long-Term Performance Unit Agreement ~~evidencing the Performance Units.~~

The Committee Chair ~~has delegated its~~ may delegate the Committee Chair's authority under the Plan to determine the number of Performance Units that may be allocated to eligible employees (other than to the CEO) under the Plan to the CEO. The Committee Chair retains the authority to determine the number of Performance Units that may be allocated to the CEO.

-
- Q8: How many Performance Units must I purchase to participate in the Plan?

- A8: You may purchase up to the maximum number of Performance Units allocated to you. However, you may purchase less than all of the Performance Units that you have been allocated ~~to you.~~

If you purchase none of the Performance Units allocated to you, you will not participate in the Plan and you will not be eligible to receive the Redemption Price in exchange for your Performance Units.

-
- Q9: How is the Purchase Price determined?

- A9: Under the Plan, the Purchase Price will be no less than \$10.00 per Performance Unit. JEA has set the Purchase Price as \$10.00 per Performance Unit.

-
- Q10: Will I be required to pay the Purchase Price for my Performance Units?

- A10: Yes, to purchase Performance Units under the Plan, you must pay the aggregate Purchase Price for the Performance Units you wish to purchase. The aggregate Purchase Price is equal to \$10.00 multiplied by the number of Performance Units that you wish to purchase.

Example: If JEA allocates you five Performance Units and you wish to purchase four Performance Units, the aggregate Purchase Agreement will be equal to \$40.00 (\$10.00 x four Performance Units).

-
- Q11: How do I pay the Purchase Price for my Performance Units?

- A11: To pay the Purchase Price for the Performance Units that you wish to purchase, you must elect to defer a portion of your pay equal to the aggregate Purchase Price for the Performance Units you wish to purchase. You may elect to defer your pay in a lump sum or equal installments during certain payroll periods as selected by you. ~~You must elect to defer your pay in the calendar year prior to the calendar year in which the compensation is earned and you purchase the Performance Units.~~

To purchase Performance Units on January 15, 2020, you must elect to defer your pay by no later than December 31, 2019 ~~(or an earlier date as selected by the Committee Chair)~~. If you do not make this election by December 31, 2019 ~~(or the earlier date as selected by the Committee Chair)~~, you will not be eligible to purchase Performance Units on January 15, 2020.

Q12: ~~Will~~ Under what circumstances will I forfeit the Purchase Price that I pay for my Performance Units?

A12: ~~Yes, if~~ If prior to the Vesting Date (as described in Q&A 13) your employment with ~~any member of the JEA Group~~ is terminated for cause (as described in Q&A 20) or you voluntarily ~~resign~~ terminate your employment with ~~any member of the JEA Group~~ for any reason, you will forfeit the entire amount of the Purchase Price that you paid for the Performance Units that have not vested as of the date of your termination or ~~resignation~~ voluntary termination, as applicable, of employment.

Q13: When will I receive the Redemption Price for my Performance Units?

A13: The Performance Units will vest on the earlier to occur of (a) the last day of the three-year performance period (as described in Q&A 14) and (ii) the date on which a Recapitalization Event (as described in Q&A 23) occurs (the “**Vesting Date**”). Except as otherwise described in Q&A 18, you must be employed with ~~a member of the JEA Group~~ on the Vesting Date for the Performance Units to vest. You will only receive the Redemption Price ~~in respect of~~ for vested Performance Units.

~~A member of the JEA Group~~ will pay the Redemption Price to you ~~in respect of~~ for your vested Performance Units no later than 30 days after the Redemption Price has been certified by the Committee Chair as described in Q&A 14. The amount of the Redemption Price will be reduced by applicable withholding taxes.

Q14: How is the Redemption Price calculated?

A14: The Redemption Price is calculated as set forth below based on a three-year performance period (if a Recapitalization Event occurs, the performance period will be shortened, and the performance period will end on the closing date of such Recapitalization Event) (the “**Performance Period**”).

The Performance Period will begin on January 15, 2020 and will end on January 15, 2023 (the “**2020/2023 Performance Period**”), unless a Recapitalization Event occurs before such date in which case the performance period will end on the date on which the closing of the Recapitalization Event occurs.

The 2020/2023 Performance Period will be based on the following performance metrics:

The Redemption Price will increase by \$100.00 per Performance Unit for each “Value Change Percentage” increase of 1% in excess of the “Challenge Value Target” and will decrease by \$0.50 per Performance Unit for each “Value Change Percentage” decrease of 1% below the Threshold Value Target, but the Redemption Price will not be less than \$0.00 per Performance Unit (the “Redemption Price”).

- For the 2020/2023 Performance Period, the “Challenge Value Target” will be 110% and the “Threshold Value Target” will be 90%.
- The “Value Change Percentage” means a percentage equal to the “Current Year Value” divided by the “Base Year Value.”
- “Current Year Value” means, with respect to the Performance Period, the sum of (a) JEA’s Net Position, as shown on JEA’s audited financial statements for the Performance Period (or, in the case of a Recapitalization Event, JEA’s Net Position as shown on JEA’s audited financial statements immediately following the closing date of the Recapitalization Event), (b) the aggregate consideration paid directly or otherwise transferred to the City of Jacksonville whether in cash or in-kind (excluding any public service taxes or franchise fees) during the 12-month period prior to the end of the performance period, and (c) the aggregate consideration (including refunds, rebates and distributions) paid, distributed, credited or otherwise provided to JEA’s customers during the 12-month period prior to the end of the Performance Period. Any consideration and change in Net Position, as applicable, in connection with the Recapitalization Event will be taken into account for purposes of calculating the amounts in (a) – (c).
- For the 2020/2023 Performance Period, “Base Year Value” is the amount equal to the Current Year Value for fiscal year 2019 as reflected on JEA’s audited financial statements when available.

The Redemption Price that you receive for your vested Performance Units will include the Purchase Price that you paid for each Performance Unit.²⁷

Example: [To come]³⁸

Q15: Is it possible that I may not receive any Redemption Price for my Performance Units?

²⁷ To discuss with JEA ~~to confirm that~~ whether the Purchase Price will be refunded to a participant even if the performance metrics are not attained. There is a substantial risk of forfeiture on a termination for cause or a voluntary termination of employment.

³⁸ JEA to provide.

A15: Yes, as described in Q&A 14, the Redemption Price will be decreased by \$0.50 per Performance Unit for each “Value Change Percentage” decrease of 1% below the Threshold Value Target up to \$0.00 per Performance Unit. However, the Redemption Price will not be less than \$0.00 per Performance Unit.

Q16: Who will calculate the Redemption Price?

A16: JEA’s Chief Financial Officer will calculate the Redemption Price per Performance Unit. The Committee Chair will certify the Redemption Price as soon as practicable following the completion of JEA’s audit for the applicable Performance Period, but in no event later than 30 days following the end of the Performance Period.

Q17: Are there any conditions to my receipt of the Redemption Price?

A17: Yes, you need to satisfy certain conditions in order to receive the Redemption Price for your vested Performance Units. These conditions ~~are~~include as follows:

- (a) you must execute your Long-Term Performance Unit Agreement enclosed with this invitation booklet on Tab F and return it to JEA by following the instructions included in Tab D;
- (b) except as described in Q&A 18, you must be continuously employed with JEA;
- (c) you must execute and not revoke a release of claims in favor of JEA and the City of Jacksonville (JEA will notify you when it is time for you to execute the release); and
- (d) you must comply with the covenants set forth in your Long-Term Performance Unit Agreement (the “Agreement”); ~~and~~.

~~(e) the conditions in Section 215.425(3), Florida Statutes must be satisfied.⁴~~

~~With respect to the conditions in (e), [insert description].⁵~~

Q18: What happens to my Performance Units and the Purchase Price that I paid upon an involuntary termination of employment with ~~the JEA Group~~?

⁴ ~~JEA to consider whether to provide.~~

⁵ ~~JEA to provide.~~

A18: If you experience an involuntary termination of employment prior to the applicable Vesting Date for your Performance Units, you will still be paid the Redemption Price ~~in respect of~~ for all of your Performance Units. Any Redemption Price payable to you as a terminated employee ~~in respect of~~ for your Performance Units will be paid to you at the same time as the amounts would have been paid had you not experienced an involuntary termination of employment.

An involuntary termination of employment means a termination of employment by JEA without cause (as described in Q&A 20) or due to your death or disability (as defined in the Plan).⁹

Q19: What happens to my Performance Units and the Purchase Price that I paid upon a termination of employment with ~~the JEA Group~~ for cause or a ~~resignation~~ voluntary termination of employment?

A19: If you experience a termination of employment for cause (as described in Q&A 20) or you ~~resign~~ voluntarily terminate your employment with JEA for any reason, in each case, prior to the applicable Vesting Date for your Performance Units, you will forfeit both the Performance Units to the extent unvested and the Purchase Price that you paid for such unvested Performance Units.

Q20: What is a termination of employment for “cause”?

A20: Under the Plan, “cause” generally means:

- (a) if you have an employment agreement, consulting agreement or similar agreement in effect with JEA at the time of purchase of the Performance Units that defines a termination for “cause” (or words of like import), “cause” as defined in such agreement, or
- (b) if you have an employment agreement, consulting agreement or similar agreement in effect with JEA at the time of purchase of the Performance Units or where there is such an agreement but it does not define “cause” (or words of like import): (i) you have been convicted of, pled guilty or no contest to or entered into a plea agreement with respect to, any felony under applicable law or any crime involving dishonesty or moral turpitude; (ii) you have engaged in (A) any willful misconduct or gross negligence or (B) any act of dishonesty, violence or threat of violence that would reasonably be expected to result in a material injury to ~~any member of the JEA Group~~; (iii) you willfully fail to perform your duties to ~~any member of the JEA Group~~ and/or willfully fail to comply with lawful directives of the Board; (iv) you materially breach any term of any contract to which you and ~~any member of the JEA Group~~ is a party; or (v) you materially breach any term of the Plan and/or your Long-Term Performance Unit Agreement.

⁹ JEA to clarify what is meant by the request to include a “geographic trigger.”

With respect to clauses (iii), (iv) and (v) and if the event giving rise to the claim of “cause” is curable, JEA will provide written notice to you of the event within 30 days of JEA learning of the occurrence of such event, and such cause event must remain uncured 15 days after JEA has provided such written notice and any termination of your employment for “cause” with respect to clause (iii), (iv) or (v) must occur no later than 30 days following the expiration of such cure period.

Notwithstanding the foregoing, to the extent that this definition of “cause” is inconsistent with a definition of “cause” (or words of like import) in any applicable and lawful collective bargaining agreement or the applicable and lawful Civil Service and Personnel Rules and Regulations of the City of Jacksonville (the “**Civil Service Rules**”), the definition of “cause” (or words of like import) in such collective bargaining agreement or the Civil Service Rules, as applicable, will control.

Q21: What happens if I am retirement eligible and retire before the applicable Vesting Date?

A21: If you become a retirement eligible employee (as described below) and retire, in each case, prior to the applicable Vesting Date for your Performance Units, your Performance Units will vest on the applicable Vesting Date.

You are retirement eligible if you have attained one of the retirement milestones as described in the General Employees Retirement Plan.

Q22: What happens if my designation changes from appointed to civil service?

A22: If at any time ~~during the period commencing on the date on which~~from when you are notified by JEA of your eligibility to participate in the Plan and ending on the last day of the Performance Period, your designation changes from appointed to civil service (whether or not such change is voluntary), the level at which you participate in the Plan will be adjusted to reflect such change.

If such change occurs (a) at any time prior to the Purchase Date, the number of Performance Units that you will be eligible to purchase will be reduced to a number of Performance Units that is equal to the number of Performance Units you would have been eligible to purchase had you been civil service on the date on which you were notified of your eligibility to participate in the Plan or (ii) at any time on or after the Purchase Date, but prior to the last day of the Performance Period, you will forfeit a number of Performance Units such that you will have purchased a number of Performance Units that is equal to the maximum number of Performance Units you would have been eligible to purchase had you been civil service on the Purchase Date (it being understood that such number of forfeited Performance Units may be zero) and JEA will refund to you the aggregate Purchase Price ~~in respect of~~for such forfeited Performance Units.

RECAPITALIZATION EVENT

Q23: What is a Recapitalization Event?

A23: A “Recapitalization Event” means the closing and funding of a transaction or a series of related transactions in accordance with Article 21 of the Charter of the City of Jacksonville and any other applicable law that results in either (a) unencumbered cash proceeds to the City of Jacksonville of at least \$3,000,000,000 or (b) at least 50% of the net depreciated property, plant and equipment value of either JEA’s electric system or JEA’s water and wastewater system being transferred, assigned, sold or otherwise disposed of.

Q24: What happens to my Performance Units upon a Recapitalization Event?

A24: On the closing date of a Recapitalization Event, your Performance Units will vest and you will receive the applicable Redemption Price for your Performance Units. The Redemption Price will be paid in cash no later than 30 days after the Redemption Price has been certified by the Committee Chair as described in Q&A 16.

AMENDMENTS OF THE PLAN

Q25: May the Board amend the Plan?

A25: Yes, the Board may amend the Plan at any time. However, no amendment to the Plan may impair the rights of participants in the Plan without such participants’ written consent. You will be provided any details of any amendment that would affect you as soon as reasonably practicable.

MISCELLANEOUS

Q26: Has the Plan been collectively bargained?¹⁰

A26: Yes, the Plan has been collectively bargained with the applicable union representatives.⁶

Q27: How should I respond if someone asks about my Plan benefits or JEA’s financial status?

¹⁰ 

⁶ JEA to update as applicable.

A27: All inquiries from persons other than your legal, financial and/or tax advisors relating to the value of your Performance Units ~~or JEA generally~~, the Plan or JEA's financial status (including questions from the press, prospective JEA investors, JEA customers or vendors, prospective JEA hires and current co-workers) should be directed to the JEA's ~~{TITLE}~~² Chief Financial Officer via email at wannrf@jea.com.

² JEA to confirm that this is acceptable.

TAB B

RISK FACTORS TO BE CONSIDERED BEFORE PURCHASING THE PERFORMANCE UNITS UNDER THE JEA LONG-TERM PERFORMANCE UNIT PLAN

The occurrence of any of the following risks could materially and adversely affect JEA's business, operating results and financial condition. In addition, risks and uncertainties that are not presently known to us or that we currently believe are immaterial may also impair JEA's business and operations. If any of these risks occur, the value of your Performance Units could decline and you may lose all or part of your Purchase Price.

The list of risk factors below does not purport to be a complete enumeration or explanation of the risks involved in purchasing the Performance Units under the Plan. You should carefully evaluate all of the information in this invitation booklet, the Plan and your Long-Term Performance Unit Agreement and consult with your own legal, tax and/or financial advisers before deciding whether to purchase Performance Units and pay the Purchase Price under the Plan.

There are a number of factors that may impact JEA's business and financial conditions.

The Redemption Price of the Performance Units will be subject to the future performance of JEA and, accordingly, before purchasing the Performance Units, you should carefully consider the risk factors described in JEA's Electric System and Water & Sewer System Annual Disclosure Reports (the "Annual Reports") filed with the Municipal Securities Rulemaking Board on its EMMA website and on www.jea.com under the "Financial Reports" section (About > Investor Relations > Financial Reports > Annual Disclosure Reports), which are incorporated by reference into this invitation booklet, together with the other information incorporated by reference herein or provided in this invitation booklet (including the risks set forth below).

The issues and associated risks and uncertainties discussed in the Annual Disclosure Reports that are incorporated herein by reference are not the only ones JEA may face. Additional issues may arise or become material as the energy, water and wastewater industries evolve. The risks and uncertainties associated with those additional issues could impair JEA's businesses in the future.

The Redemption Price of the Performance Units in the future may be higher or lower than the Purchase Price that you paid for the Performance Units due to changes in JEA's operating performance or prospects and other factors, including broad market fluctuations. Some specific factors that may have a significant effect on the Redemption Price of your Performance Units include:⁸

- JEA has a history of losses, and may not achieve or maintain profitability in the future;

⁸ JEA to confirm.

- climate change, or legal, regulatory or market measures to address climate change, may negatively affect JEA's business, operations and/or financial performance;
- natural disasters, including, but not limited to, hurricanes and/or fires, could destroy JEA's facilities and equipment;
- actual or anticipated fluctuations in JEA's operating results or future prospectus;
- factors outside of JEA's control, including modifications to JEA's book value;
- strategic actions by other industry participants, such as acquisitions or restructurings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to JEA's business;
- JEA may be subject to legal proceedings and litigation, which are costly and may subject JEA to significant liability and increased costs of doing business;
- changes in accounting standards, policies, guidance, interpretations or principles; and
- adverse conditions in the financial markets or general economic conditions, including but not limited to, those resulting from war, incidents of terrorism and responses to such events.

There is no duty to update this invitation booklet.

JEA has no obligation to update the information contained in this invitation booklet. Accordingly, you should bear in mind that there may have been material changes in the affairs of JEA since the date of this invitation booklet, and it is up to you to review JEA's publicly available reports and information.

The information and expressions of opinion set forth herein or included herein by specific reference are subject to change without notice, and neither the delivery of this invitation booklet, nor the Plan nor your Long-Term Performance Unit Agreement shall, under any circumstances, create the implication that there has been no change in the affairs of JEA since the date hereof and thereof.

The Performance Units are not transferable and there is no market available for sale of the Performance Units.

You may not transfer, sell, pledge or otherwise dispose of your Performance Units (other than by will or the laws of descent or distribution) and there is no market to sell the Performance Units.

* * *

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|---|
| <p>THE PERFORMANCE UNITS ARE NOT EQUITY OR SECURITIES OF JEA, NOR ARE THEY INTENDED TO BE TREATED AS SUCH AND ANY REPRESENTATION BY JEA OR ITS AGENTS TO THE CONTRARY SHOULD NOT BE RELIED UPON.</p> |
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TAB C

FINANCIAL STATEMENTS

You can access and view JEA's financial statements, including the unaudited Quarterly Analysis of Financial Performance for the quarter ended June 30, 2019, through this link:⁹¹¹

https://www.jea.com/About/Investor_Relations/Financial_Reports/

Please contact [NAME], [TITLE] at [EMAIL ADDRESS] if you have trouble viewing or accessing the financial statements.¹²

⁹¹¹ To be updated prior to distribution to participants, as necessary.

¹² JEA to provide the name, title and email address of the JEA representative.

TAB D

**INSTRUCTIONS FOR PARTICIPATING IN THE
JEA LONG-TERM PERFORMANCE UNIT PLAN**

To purchase Performance Units and participate in the Plan:

- You must sign and return your Long-Term Performance Unit Agreement enclosed with this invitation booklet; and
- You must complete, sign and return the Purchase of Performance Units and Deferral Election attached as Schedule I to your Long-Term Performance Unit Agreement: ~~{and}~~.

• ~~{Any other requirements?}~~¹⁰

The documents listed above must be returned to [NAME], [TITLE], at JEA, [Foley/Pillsbury],¹³ at [ADDRESS], or at [EMAIL ADDRESS].

All required forms and materials must be postmarked by no later [DATE], 2019. If your required forms and materials are postmarked later than [DATE], 2019, your election will not be processed and you will not be eligible to purchase Performance Units and participate in the Plan.¹⁴

¹⁰ ~~JEA to confirm.~~

¹³ JEA to confirm whether Foley or Pillsbury will receive the documents.

¹⁴ JEA to provide the postmark date.

TAB E
JEA LONG-TERM PERFORMANCE UNIT PLAN
[To be attached]

TAB F

JEA LONG-TERM PERFORMANCE UNIT AGREEMENT

[To be attached]

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|--|------------|
| Summary report: | |
| Litera® Change-Pro for Word 10.5.0.0 Document comparison done on | |
| 9/26/2019 11:51:54 AM | |
| Style name: Default Style | |
| Intelligent Table Comparison: Active | |
| Original filename: JEA - Long-Term Performance Unit Plan - Invitation Booklet.docx | |
| Modified filename: JEA - Long-Term Performance Unit Plan - Invitation Booklet(1).docx | |
| Changes: | |
| Add | 90 |
| Delete | 105 |
| Move From | 0 |
| Move To | 0 |
| Table Insert | 0 |
| Table Delete | 0 |
| Table moves to | 0 |
| Table moves from | 0 |
| Embedded Graphics (Visio, ChemDraw, Images etc.) | 0 |
| Embedded Excel | 0 |
| Format changes | 0 |
| Total Changes: | 195 |