

# **Jefferies & Co., Inc. Electric Utilities Group**

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# Utility Rate Base and EPS

<i>\$ Million</i>			
Rate Base	10,000	New Investment	1,000
Equity Ratio	50%	Equity Ratio	50%
Equity	5,000	Equity Requirement	500
ROE	10%	Authorized ROE	10.0%
Net Income	500	Net Income	50
Original Shares	200	New Shares (Equity/market Price)	20
EPS	\$2.50		
Book Value Per share	\$25.00		
Market Value per share	\$25.00		
P/E Ratio	10		

## Post Equity Issuance

Total Shares	220
Net Income	550
EPS	\$2.50
<b>% Change in EPS</b>	<b>0.0%</b>

# Issue Stock at a Discount to Book Value

<i>\$ Million</i>			
Rate Base	10,000	New Investment	1,000
Equity Ratio	50%	Equity Ratio	50%
Equity	5,000	Equity Requirement	500
ROE	10%	Authorized ROE	10.0%
Net Income	500	Net Income	50
Original Shares	200	New Shares (Equity/market Price)	22
EPS	\$2.50		
Book Value Per share	\$25.00		
Market Value per share	\$23.00		
P/E Ratio	9.2		

## Post Equity Issuance

Total Shares	222
Net Income	550
EPS	\$2.48
<b>% Change in EPS</b>	<b>-0.8%</b>

# Utility Under-Earns

<i>\$ Million</i>				
Rate Base	10,000		New Investment	1,000
Equity Ratio	50%		Equity Ratio	50%
Equity	5,000		Equity Requirement	500
ROE	10%		Authorized ROE	8.5%
Net Income	500		Net Income	42.5
Original Shares	200		New Shares (Equity/market Price)	20
EPS	\$2.50			
Book Value Per share	\$25.00			
Market Value per share	\$25.00			
P/E Ratio	10			

## Post Equity Issuance

Total Shares	220
Net Income	543
EPS	\$2.47
<b>% Change in EPS</b>	<b>-1.4%</b>