

NEXTERA ENERGY CAPITAL HOLDINGS INC

Form 424B5

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**The information in this preliminary prospectus supplement is not complete and may be changed. Neither this preliminary prospectus supplement nor the accompanying prospectus is an offer to sell these securities and neither is soliciting any offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion**

**Preliminary Prospectus Supplement dated May 31, 2016**

**PROSPECTUS SUPPLEMENT**

**(To prospectus dated July 8, 2015)**

**NextEra Energy Capital Holdings, Inc.**

**\$**

**Series K Junior Subordinated Debentures due June 1, 2076**

**The Series K Junior Subordinated Debentures will be**

**Unconditionally and Irrevocably Guaranteed by**

**NextEra Energy, Inc.**

The Series K Junior Subordinated Debentures (the Junior Subordinated Debentures ) will bear interest at % per year. NextEra Energy Capital Holdings, Inc. ( NEE Capital ) will pay interest on the Junior Subordinated Debentures on March 1, June 1, September 1 and December 1 of each year, beginning September 1, 2016. The Junior Subordinated Debentures will be issued in registered form and in denominations of \$25 and integral multiples thereof. The Junior Subordinated Debentures will mature on June 1, 2076. NEE Capital, at its option, may redeem the Junior

Subordinated Debentures at the times and prices described in this prospectus supplement.

NEE Capital may defer interest payments on the Junior Subordinated Debentures on one or more occasions for up to 10 consecutive years per deferral period as described in this prospectus supplement. Deferred interest payments will accrue additional interest at a rate equal to the interest rate on the Junior Subordinated Debentures, to the extent permitted by applicable law.

NEE Capital intends to apply to list the Junior Subordinated Debentures on the New York Stock Exchange. If approved for listing, trading on the New York Stock Exchange is expected to commence within 30 days after the Junior Subordinated Debentures are first issued.

**See Risk Factors beginning on page S-6 of this prospectus supplement to read about certain factors you should consider before making an investment in the Junior Subordinated Debentures.**

Neither the Securities and Exchange Commission nor any other securities commission in any jurisdiction has approved or disapproved of the Junior Subordinated Debentures or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<b>Per Junior Subordinated Debenture</b>	<b>Total</b>
Price to Public (1)	\$	\$
Underwriting Discount (2)	\$	\$
Proceeds to NEE Capital (before expenses) (2)	\$	\$

(1) In addition to the Price to Public set forth above, each purchaser will pay an amount equal to the interest, if any, accrued on the Junior Subordinated Debentures from the date that the Junior Subordinated Debentures are originally issued to the date that they are delivered to that purchaser.

(2) Underwriting commissions of \$ per Junior Subordinated Debenture (or up to \$ for all Junior Subordinated Debentures) will be deducted from the proceeds paid to NEE Capital by the underwriters. However, the commission will be \$ per Junior Subordinated Debenture for sales to institutions and, to the extent of such sales, the total underwriting discount will be less than the amount set forth herein. As a result of sales to institutions, the total proceeds to NEE Capital increased by \$ . Other expenses of the offering will be paid by NEE Capital except as discussed under Underwriting in this prospectus supplement.

The underwriters will have the option to purchase up to an additional \$ in principal amount of the Junior Subordinated Debentures in order to cover over-allotments, if any. If the option is exercised, any such Junior

Subordinated Debentures are expected to be delivered on or about the same date set forth below. Should the underwriters exercise this option in full, the total public offering price, underwriting discount and proceeds, before expenses, to NEE Capital will be \$ , \$ and \$ , respectively.

The Junior Subordinated Debentures are expected to be delivered in book-entry only form through The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, and/or Euroclear Bank S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on or about June , 2016.

*Joint Book-Running Managers*

**BofA Merrill Lynch**

**Morgan Stanley**

**UBS Investment Bank**

**Wells Fargo Securities**

*Co-Managers*

**Raymond James**

**RBC Capital Markets**

The date of this prospectus supplement is , 2016.

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You should rely only on the information incorporated by reference or provided in this prospectus supplement and in the accompanying prospectus and in any written communication from NEE Capital, NextEra Energy, Inc. ( NEE ) or the underwriters specifying the final terms of the offering. None of NEE Capital, NEE or the underwriters have authorized anyone else to provide you with additional or different information. None of NEE Capital, NEE or the underwriters are making an offer of the Junior Subordinated Debentures in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*You should read the following summary in conjunction with the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus. This prospectus supplement and the accompanying prospectus contain forward-looking statements (as that term is defined in the Private Securities Litigation Reform Act of 1995). Forward-looking statements should be read with the cautionary statements in the accompanying prospectus under the heading *Forward-Looking Statements* and the important factors discussed in this prospectus supplement and in the incorporated documents. To the extent the following information is inconsistent with the information in the accompanying prospectus, you should rely on the following information. You should pay special attention to the *Risk Factors* section beginning on page S-6 of this prospectus supplement to determine whether an investment in the Junior Subordinated Debentures is appropriate for you.*

**NEE CAPITAL**

The information in this section supplements the information in the *NEE Capital* section on page 4 of the accompanying prospectus.

NEE Capital owns and provides funding for all of NEE's operating subsidiaries other than Florida Power & Light Company ( *FPL* ) and its subsidiaries. NEE Capital was incorporated in 1985 as a Florida corporation and is a wholly owned subsidiary of NEE.

NEE Capital's principal executive offices are located at 700 Universe Boulevard, Juno Beach, Florida 33408, telephone number (561) 694-4000, and its mailing address is P.O. Box 14000, Juno Beach, Florida 33408-0420.

**NEE**

The information in this section supplements the information in the *NEE* section on page 3 of the accompanying prospectus.

NEE is a holding company incorporated in 1984 as a Florida corporation and conducts its operations principally through two wholly owned subsidiaries, *FPL* and, indirectly through NEE Capital, NextEra Energy Resources, LLC ( *NEER* ). *FPL* is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution and sale of electric energy in Florida. *NEER* produces the majority of its electricity from clean and renewable sources, including wind and solar. *NEER* also provides full energy and capacity requirements services, engages in power and gas marketing and trading activities and invests in natural gas, natural gas liquids and oil production and pipeline infrastructure assets.

NEE's principal executive offices are located at 700 Universe Boulevard, Juno Beach, Florida 33408, telephone number (561) 694-4000, and its mailing address is P.O. Box 14000, Juno Beach, Florida 33408-0420.

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**SUMMARY Q&A**

**What securities are being offered pursuant to this prospectus supplement?**

NEE Capital is offering \$ \_\_\_\_\_ aggregate principal amount (\$ \_\_\_\_\_ if the underwriters exercise their over-allotment option in full) of its Series K Junior Subordinated Debentures due June 1, 2076, which will be referred to as the Junior Subordinated Debentures in this prospectus supplement. NEE Capital's corporate parent, NEE, has agreed to unconditionally and irrevocably guarantee the payment of principal, interest and premium, if any, on the Junior Subordinated Debentures. The Junior Subordinated Debentures will be issued in denominations of \$25 and integral multiples thereof.

**What interest will be paid by NEE Capital?**

The Junior Subordinated Debentures will bear interest at \_\_\_\_\_ % per year. Subject to NEE Capital's right to defer interest payments as described below, interest is payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, beginning September 1, 2016.

For a more complete description of interest payable on the Junior Subordinated Debentures, see Certain Terms of the Junior Subordinated Debentures Interest and Payment.

**What are the record dates for the payment of interest?**

So long as all of the Junior Subordinated Debentures remain in book-entry only form, the record date for each interest payment date will be the close of business on the business day (as defined below under Certain Terms of the Junior Subordinated Debentures Interest and Payment ) immediately preceding the applicable interest payment date. If any of the Junior Subordinated Debentures do not remain in book-entry only form, the record date for each interest payment date will be the close of business on the fifteenth calendar day immediately preceding the applicable interest payment date.

**When can payment of interest be deferred?**

So long as there is no event of default under the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued, NEE Capital may defer interest payments on the Junior Subordinated Debentures, from time to time, for one or more periods (each, an Optional Deferral Period ) of up to 10 consecutive years per Optional Deferral Period. In other words, NEE Capital may declare at its discretion up to a 10-year interest payment moratorium on the Junior Subordinated Debentures, and may choose to do that on more than one occasion. NEE Capital may not defer payments beyond the maturity date of the Junior Subordinated Debentures (which is June 1, 2076). Any deferred interest on the Junior Subordinated Debentures will accrue additional interest at a rate equal to the interest rate on the Junior Subordinated Debentures, to the extent permitted by applicable law. Once all accrued and unpaid interest on the Junior Subordinated Debentures has been paid, NEE Capital can begin a new Optional Deferral Period. However, NEE Capital has no current intention of deferring interest payments on the Junior Subordinated Debentures.

For a more complete description of NEE Capital's ability to defer the payment of interest, see Certain Terms of the Junior Subordinated Debentures Option to Defer Interest Payments and Certain Terms of the Junior Subordinated Debentures Modification of the Subordinated Indenture in this prospectus supplement and Description of NEE Capital Junior Subordinated Debentures and NEE Junior Subordinated Guarantee Option to Defer Interest Payments in the accompanying prospectus.

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**What restrictions are imposed on NEE Capital and NEE during an Optional Deferral Period?**

During any period in which NEE Capital defers interest payments on the Junior Subordinated Debentures, neither NEE nor NEE Capital will, and each will cause their majority-owned subsidiaries not to, do any of the following (with limited exceptions):

declare or pay any dividend or distribution on NEE's or NEE Capital's capital stock;

redeem, purchase, acquire or make a liquidation payment with respect to any of NEE's or NEE Capital's capital stock;

pay any principal, interest or premium on, or repay, repurchase or redeem any of NEE's or NEE Capital's debt securities that are equal or junior in right of payment with the Junior Subordinated Debentures or NEE's guarantee (the Junior Subordinated Guarantee) of NEE Capital's payment obligations under the Junior Subordinated Debentures (as the case may be); or

make any payments with respect to any NEE or NEE Capital guarantee of debt securities if such guarantee is equal or junior in right of payment to the Junior Subordinated Debentures or the Junior Subordinated Guarantee (as the case may be).

See Certain Terms of the Junior Subordinated Debentures Option to Defer Interest Payments and Certain Terms of the Junior Subordinated Debentures Modification of the Subordinated Indenture (which describes the right of NEE and NEE Capital to modify the restrictions described above) in this prospectus supplement and Description of NEE Capital Junior Subordinated Debentures and NEE Junior Subordinated Guarantee Option to Defer Interest Payments (which includes a description of the limited exceptions to the restrictions described above) in the accompanying prospectus.

Even though you will not receive any interest payments on your Junior Subordinated Debentures during an Optional Deferral Period, you likely will be required to include amounts in income for United States federal income tax purposes during such period, regardless of your method of accounting for United States federal income tax purposes. You should consult with your own tax advisor regarding the tax consequences of an investment in the Junior Subordinated Debentures. See Material United States Federal Income Tax Consequences U.S. Holders in this prospectus supplement.

If NEE Capital defers interest for a period of 10 consecutive years from the commencement of an Optional Deferral Period, NEE Capital will be required to pay all accrued and unpaid interest at the conclusion of the 10-year period, and to the extent it does not do so, NEE will be required to make guarantee payments in accordance with the Junior Subordinated Guarantee with respect thereto. If NEE Capital fails to pay in full all accrued and unpaid interest at the conclusion of the 10-year period, such failure continues for 30 days and NEE fails to make guarantee payments with respect thereto, an event of default that gives rise to acceleration of principal and interest on the Junior Subordinated Debentures will occur under the subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued. See Description of NEE Capital Junior Subordinated Debentures and NEE Junior Subordinated Guarantee Events of Default and Description of NEE Capital Junior Subordinated Debentures and NEE Junior Subordinated Guarantee Remedies in the accompanying prospectus.

**When can NEE Capital redeem the Junior Subordinated Debentures?**

NEE Capital may redeem the Junior Subordinated Debentures at its option before their maturity:

in whole or in part on one or more occasions before June 1, 2021 at 100% of their principal amount plus accrued and unpaid interest plus any applicable make-whole premium;

in whole or in part on one or more occasions on or after June 1, 2021 at 100% of their principal amount plus accrued and unpaid interest;

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in whole but not in part before June 1, 2021 at 100% of their principal amount plus accrued and unpaid interest, if certain changes in tax laws, regulations or interpretations occur; or

in whole but not in part before June 1, 2021 at 102% of their principal amount plus accrued and unpaid interest if a rating agency makes certain changes in the equity credit methodology for securities such as the Junior Subordinated Debentures.

The circumstances under which the Junior Subordinated Debentures may be redeemed, and the redemption prices, are more fully described below under the captions Certain Terms of the Junior Subordinated Debentures Optional Redemption, Certain Terms of the Junior Subordinated Debentures Right to Redeem Upon a Tax Event, and Certain Terms of the Junior Subordinated Debentures Right to Redeem Upon a Rating Agency Event in this prospectus supplement.

### **What is the ranking of the Junior Subordinated Debentures and the Junior Subordinated Guarantee?**

NEE Capital's payment obligation under the Junior Subordinated Debentures will be unsecured and will rank junior and be subordinated in right of payment and upon liquidation to all of NEE Capital's Senior Indebtedness, and NEE's payment obligation under the Junior Subordinated Guarantee will be unsecured and will rank junior and be subordinated in right of payment and upon liquidation to all of NEE's Senior Indebtedness. Senior Indebtedness of NEE Capital and NEE are defined below under Certain Terms of the Junior Subordinated Debentures Ranking of the Junior Subordinated Debentures and the Junior Subordinated Guarantee. However, the Junior Subordinated Debentures and the Junior Subordinated Guarantee will rank equally in right of payment with any Pari Passu Securities, as defined below under Certain Terms of the Junior Subordinated Debentures Ranking of the Junior Subordinated Debentures and the Junior Subordinated Guarantee.

While NEE Capital is a holding company that derives substantially all of its income from its operating subsidiaries, NEE Capital's subsidiaries are separate and distinct legal entities and have no obligation to make any payments on the Junior Subordinated Debentures or to make any funds available for such payment. Therefore, the Junior Subordinated Debentures will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock, incurred or issued by NEE Capital's subsidiaries. In addition to trade liabilities, many of NEE Capital's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will be effectively senior to the Junior Subordinated Debentures. The subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued does not place any limit on the amount of Senior Indebtedness that NEE Capital may issue, guarantee or otherwise incur or the amount of liabilities, including debt or preferred stock, that NEE Capital's subsidiaries may issue, guarantee or otherwise incur. NEE Capital expects from time to time to incur additional indebtedness and other liabilities and to guarantee indebtedness that will be senior to the Junior Subordinated Debentures. At May 27, 2016, NEE Capital's Senior Indebtedness, on an unconsolidated basis, totaled approximately \$9.8 billion.

While NEE is a holding company that derives substantially all of its income from its operating subsidiaries, NEE's subsidiaries are separate and distinct legal entities and, other than NEE Capital, have no obligation to make any payments on the Junior Subordinated Debentures or to make any funds available for such payment. Therefore, the Junior Subordinated Guarantee will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock incurred or issued by NEE's subsidiaries. In addition to trade liabilities, many of NEE's operating subsidiaries incur debt in order to finance their business activities. All of this indebtedness will be effectively senior to the Junior Subordinated Guarantee. The subordinated indenture pursuant to which the Junior Subordinated Debentures will be issued does not place any limit on the amount of Senior Indebtedness that NEE may issue, guarantee or otherwise incur or the amount of liabilities, including debt or preferred stock, that NEE's

subsidiaries may issue, guarantee or otherwise incur. NEE expects from time to time to incur additional indebtedness and other liabilities and to guarantee indebtedness that will be senior to the Junior Subordinated Guarantee. At May 27, 2016, NEE's Senior

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Indebtedness, on an unconsolidated basis, totaled approximately \$9.8 billion, which amount consisted solely of NEE's guarantees of NEE Capital indebtedness referred to in the paragraph above.

### **Will the Junior Subordinated Debentures be listed on a stock exchange?**

NEE Capital intends to apply to list the Junior Subordinated Debentures on the New York Stock Exchange. If approved for listing, trading of the Junior Subordinated Debentures on the New York Stock Exchange is expected to commence within 30 days after they are first issued.

### **In what form will the Junior Subordinated Debentures be issued?**

The Junior Subordinated Debentures will be represented by one or more global certificates and registered in the name of The Depository Trust Company ( DTC ) or its nominee, and deposited with the subordinated indenture trustee on behalf of DTC. This means that you will not receive a certificate for your Junior Subordinated Debentures and that your broker will maintain your position in the Junior Subordinated Debentures. NEE Capital expects that the Junior Subordinated Debentures will be ready for delivery through DTC on or about the date indicated on the cover of this prospectus supplement.

### **What are the principal United States federal income tax consequences related to the Junior Subordinated Debentures?**

In connection with the issuance of the Junior Subordinated Debentures, NEE Capital and NEE will receive an opinion from Morgan, Lewis & Bockius LLP that, for United States federal income tax purposes, the Junior Subordinated Debentures will be treated as indebtedness of NEE Capital (although there is no controlling authority directly on point). This opinion is subject to certain customary conditions and is not binding on the Internal Revenue Service. See [Material United States Federal Income Tax Consequences Classification of the Junior Subordinated Debentures](#).

Each holder of Junior Subordinated Debentures will, by accepting the Junior Subordinated Debentures or a beneficial interest therein, be deemed to have agreed that the holder intends that the Junior Subordinated Debentures constitute indebtedness and will treat the Junior Subordinated Debentures as indebtedness for all United States federal, state and local tax purposes. NEE Capital intends to treat the Junior Subordinated Debentures in the same manner.

If NEE Capital elects to defer interest on the Junior Subordinated Debentures for one or more Optional Deferral Periods, the holders of the Junior Subordinated Debentures likely will be required to include amounts in income for United States federal income tax purposes during such period, regardless of such holder's method of accounting for United States federal income tax purposes and notwithstanding that no interest payments will be made on the Junior Subordinated Debentures during such periods.

### **May additional Junior Subordinated Debentures of the same series be issued?**

All Junior Subordinated Debentures need not be issued at the same time, and the series may be re-opened for issuances of additional Junior Subordinated Debentures of that series. This means that NEE Capital may from time to time, without notice to, or the consent of, the existing holders of the Junior Subordinated Debentures, create and issue additional Junior Subordinated Debentures. Such additional Junior Subordinated Debentures will have the same terms as the Junior Subordinated Debentures in all respects (except for the payment of interest accruing prior to the issue date of the additional Junior Subordinated Debentures or except for the first payments of interest following the issue date of the additional Junior Subordinated Debentures) so that the additional Junior Subordinated Debentures may be consolidated and form a single series with the Junior Subordinated Debentures.

In addition, NEE Capital has granted the underwriters an option to purchase up to an additional \$            in principal amount of the Junior Subordinated Debentures in order to cover over-allotments, if any.

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**RISK FACTORS**

The information in this section supplements the information in the Risk Factors section beginning on page 3 of the accompanying prospectus.

*Before purchasing the Junior Subordinated Debentures, investors should carefully consider the following risk factors together with the risk factors and other information incorporated by reference or provided in the accompanying prospectus or in this prospectus supplement in order to evaluate an investment in the Junior Subordinated Debentures.*

**Risks Relating to NEE's and NEE Capital's Business**

**Regulatory, Legislative and Legal Risks**

**NEE's and NEE Capital's business, financial condition, results of operations and prospects may be materially adversely affected by the extensive regulation of their business.**

The operations of NEE and NEE Capital are subject to complex and comprehensive federal, state and other regulation. This extensive regulatory framework, portions of which are more specifically identified in the following risk factors, regulates, among other things and to varying degrees, NEE's and NEE Capital's industries, businesses, rates and cost structures, operation of nuclear power facilities, construction and operation of electricity generation, transmission and distribution facilities and natural gas and oil production, natural gas, oil and other fuel transportation processing and storage facilities, acquisition, disposal, depreciation and amortization of facilities and other assets, decommissioning costs and funding, service reliability, wholesale and retail competition, and commodities trading and derivatives transactions. In their business planning and in the management of their operations, NEE and NEE Capital must address the effects of regulation on their business and any inability or failure to do so adequately could have a material adverse effect on their business, financial condition, results of operations and prospects.

**NEE's and NEE Capital's business, financial condition, results of operations and prospects could be materially adversely affected if they are unable to recover in a timely manner any significant amount of costs, a return on certain assets or a reasonable return on invested capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise.**

FPL, a wholly owned subsidiary of NEE, is a regulated entity subject to the jurisdiction of the Florida Public Service Commission ( FPSC ) over a wide range of business activities, including, among other items, the retail rates charged to its customers through base rates and cost recovery clauses, the terms and conditions of its services, procurement of electricity for its customers, issuances of securities, and aspects of the siting, construction and operation of its generation plants and transmission and distribution systems for the sale of electric energy. The FPSC has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred and to determine the level of return that FPL is permitted to earn on invested capital. The regulatory process, which may be adversely affected by the political, regulatory and economic environment in Florida and elsewhere, limits FPL's ability to increase earnings. The regulatory process also does not provide any assurance as to achievement of authorized or other earnings levels, or that FPL will be permitted to earn an acceptable return on capital investments it wishes to make. NEE's business, financial condition, results of operations and prospects could be materially adversely affected if any material amount of costs, a return on certain assets or a reasonable return on invested capital cannot be recovered through base rates, cost recovery clauses, other regulatory mechanisms or otherwise. Certain other subsidiaries of NEE are regulated electric transmission utilities subject to the jurisdiction of their regulators and are subject to similar risks.

**Regulatory decisions that are important to NEE and NEE Capital may be materially adversely affected by political, regulatory and economic factors.**

The local and national political, regulatory and economic environment has had, and may in the future have, an adverse effect on FPSC decisions with negative consequences for FPL. These decisions may require, for

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example, FPL to cancel or delay planned development activities, to reduce or delay other planned capital expenditures or to pay for investments or otherwise incur costs that it may not be able to recover through rates, each of which could have a material adverse effect on the business, financial condition, results of operations and prospects of NEE. Certain other subsidiaries of NEE are subject to similar risks.

**FPL's use of derivative instruments could be subject to prudence challenges and, if found imprudent, could result in disallowances of cost recovery for such use by the FPSC.**

The FPSC engages in an annual prudence review of FPL's use of derivative instruments in its risk management fuel procurement program and should it find any such use to be imprudent, the FPSC could deny cost recovery for such use by FPL. Such an outcome could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

**Any reductions to, or the elimination of, governmental incentives or policies that support utility scale renewable energy, including, but not limited to, tax incentives, renewable portfolio standards ( RPS ) or feed-in tariffs or the U.S. Environmental Protection Agency's final rule under Section 111(d) of the Clean Air Act ( Clean Power Plan ), or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.**

NEER, a wholly owned subsidiary of NEE Capital, depends heavily on government policies that support utility scale renewable energy and enhance the economic feasibility of developing and operating wind and solar energy projects in regions in which NEER operates or plans to develop and operate renewable energy facilities. The federal government, a majority of the 50 U.S. states and portions of Canada and Spain provide incentives, such as tax incentives, RPS, feed-in tariffs or the Clean Power Plan, that support or are designed to support the sale of energy from utility scale renewable energy facilities, such as wind and solar energy facilities. As a result of budgetary constraints, political factors or otherwise, governments from time to time may review their policies that support renewable energy and consider actions that would make the policies less conducive to the development and operation of renewable energy facilities. Any reductions to, or the elimination of, governmental incentives that support renewable energy, such as those reductions that have been enacted in Spain and are applicable to NEER's solar generation facilities in that country, or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in the projects and reduced project returns, any of which could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**NEE's and NEE Capital's business, financial condition, results of operations and prospects could be materially adversely affected as a result of new or revised laws, regulations, interpretations or other regulatory initiatives.**

NEE's and NEE Capital's business is influenced by various legislative and regulatory initiatives, including, but not limited to, new or revised laws, regulations, interpretations and other regulatory initiatives regarding deregulation or restructuring of the energy industry, regulation of the commodities trading and derivatives markets, and regulation of environmental matters, such as regulation of air emissions, regulation of water consumption and water discharges, and regulation of gas and oil infrastructure operations, as well as associated environmental permitting. Changes in the nature of the regulation of NEE's and NEE Capital's business could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects. NEE and NEE Capital are unable to predict

future legislative or regulatory changes, initiatives or

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interpretations, although any such changes, initiatives or interpretations may increase costs and competitive pressures on NEE and NEE Capital, which could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

FPL has limited competition in the Florida market for retail electricity customers. Any changes in Florida law or regulation which introduce competition in the Florida retail electricity market, such as government incentives that facilitate the installation of solar generation facilities on residential or other rooftops at below cost, or would permit third-party sales of electricity, could have a material adverse effect on NEE's business, financial condition, results of operations and prospects. There can be no assurance that FPL will be able to respond adequately to such regulatory changes, which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

NEER is subject to U.S. Federal Energy Regulatory Commission (FERC) rules related to transmission that are designed to facilitate competition in the wholesale market on practically a nationwide basis by providing greater certainty, flexibility and more choices to wholesale power customers. NEE and NEE Capital cannot predict the impact of changing FERC rules or the effect of changes in levels of wholesale supply and demand, which are typically driven by factors beyond NEE's and NEE Capital's control. There can be no assurance that NEER will be able to respond adequately or sufficiently quickly to such rules and developments, or to any other changes that reverse or restrict the competitive restructuring of the energy industry in those jurisdictions in which such restructuring has occurred. Any of these events could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**NEE's and NEE Capital's business, financial condition, results of operations and prospects could be materially adversely affected if the rules implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) broaden the scope of its provisions regarding the regulation of over-the-counter (OTC) financial derivatives and make certain provisions applicable to NEE and NEE Capital.**

The Dodd-Frank Act, enacted into law in July 2010 provides for, among other things, substantially increased regulation of the OTC derivatives market and futures contract markets. While the legislation is broad and detailed, there are still portions of the legislation that either require implementing rules to be adopted by federal governmental agencies or otherwise require further interpretive guidance.

NEE and NEE Capital continue to monitor the development of rules related to the Dodd-Frank Act and have taken steps to comply with those rules that affect their businesses. A number of rules have been finalized and are effective, but there are rules yet to be finalized and rules that have been finalized but may be amended in the future.

NEE and NEE Capital cannot predict the impact any proposed rules will have on their ability to hedge their commodity and interest rate risks or on OTC derivatives markets as a whole, but they could potentially have a material adverse effect on NEE's and NEE Capital's risk exposure, as well as reduce market liquidity and further increase the cost of hedging activities.

**NEE and NEE Capital are subject to numerous environmental laws, regulations and other standards that may result in capital expenditures, increased operating costs and various liabilities, and may require NEE and NEE Capital to limit or eliminate certain operations.**

NEE and NEE Capital are subject to domestic and foreign environmental laws and regulations, including, but not limited to, extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality and usage, climate change, emissions of greenhouse gases, including, but not limited to, carbon dioxide (CO<sub>2</sub>),

waste management, hazardous wastes, marine, avian and other wildlife mortality and habitat protection, historical artifact preservation, natural resources, health (including, but not limited to, electric and magnetic fields from power lines and substations), safety and RPS, that could, among other things, prevent or

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delay the development of power generation, power or natural gas transmission, or other infrastructure projects, restrict the output of some existing facilities, limit the availability and use of some fuels required for the production of electricity, require additional pollution control equipment, and otherwise increase costs, increase capital expenditures and limit or eliminate certain operations.

There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future as a result of new requirements, the current trend toward more stringent standards, and stricter or more expansive application of existing environmental regulations. For example, among other new, potential or pending changes are federal regulation of CO<sub>2</sub> emissions under the Clean Power Plan and state and federal regulation of the use of hydraulic fracturing or similar technologies to drill for natural gas and related compounds used by NEE's gas infrastructure business.

Violations of current or future laws, rules, regulations or other standards could expose NEE and NEE Capital to regulatory and legal proceedings, disputes with, and legal challenges by, third parties, and potentially significant civil fines, criminal penalties and other sanctions. Proceedings could include, for example, litigation regarding property damage, personal injury, common law nuisance and enforcement by citizens or governmental authorities of environmental requirements such as air, water and soil quality standards.

### **NEE's and NEE Capital's business could be negatively affected by federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions.**

Federal or state laws or regulations may be adopted that would impose new or additional limits on the emissions of greenhouse gases, including, but not limited to, CO<sub>2</sub> and methane, from electric generation units using fossil fuels like coal and natural gas. Although it is currently subject to a stay issued by the U.S. Supreme Court, the Clean Power Plan is an example of such a new regulation at the federal level. The potential effects of greenhouse gas emission limits on NEE's and NEE Capital's electric generation units are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, the nature of any market-based or tax-based mechanisms adopted to facilitate reductions, the relative availability of greenhouse gas emission reduction offsets, the development of cost-effective, commercial-scale carbon capture and storage technology and supporting regulations and liability mitigation measures, and the range of available compliance alternatives.

While NEE's and NEE Capital's electric generation units emit greenhouse gases at a lower rate of emissions than most of the U.S. electric generation sector, the results of operations of NEE and NEE Capital could be materially adversely affected to the extent that new federal or state laws or regulations impose any new greenhouse gas emission limits. Any future limits on greenhouse gas emissions could:

create substantial additional costs in the form of taxes or emission allowances;

make some of NEE's and NEE Capital's electric generation units uneconomical to operate in the long term;

require significant capital investment in carbon capture and storage technology, fuel switching, or the replacement of high-emitting generation facilities with lower-emitting generation facilities; or

affect the availability or cost of fossil fuels.

There can be no assurance that NEE or NEE Capital would be able to completely recover any such costs or investments, which could have a material adverse effect on their business, financial condition, results of operations and prospects.

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**Extensive federal regulation of the operations of NEE and NEE Capital exposes NEE and NEE Capital to significant and increasing compliance costs and may also expose them to substantial monetary penalties and other sanctions for compliance failures.**

NEE and NEE Capital are subject to extensive federal regulation, which generally imposes significant and increasing compliance costs on NEE's and NEE Capital's operations. Additionally, any actual or alleged compliance failures could result in significant costs and other potentially adverse effects of regulatory investigations, proceedings, settlements, decisions and claims, including, among other items, potentially significant monetary penalties. As an example, under the Energy Policy Act of 2005, NEE and NEE Capital, as owners and operators of bulk-power transmission systems and/or electric generation facilities, are subject to mandatory reliability standards. Compliance with these mandatory reliability standards may subject NEE and NEE Capital to higher operating costs and may result in increased capital expenditures. If NEE or NEE Capital is found not to be in compliance with these standards, it may incur substantial monetary penalties and other sanctions. Both the costs of regulatory compliance and the costs that may be imposed as a result of any actual or alleged compliance failures could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**Changes in tax laws, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.**

NEE's and NEE Capital's provision for income taxes and reporting of tax-related assets and liabilities require significant judgments and the use of estimates. Amounts of tax-related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions and tax credits, including, but not limited to, estimates for potential adverse outcomes regarding tax positions that have been taken and the ability to utilize tax benefit carryforwards, such as net operating loss and tax credit carryforwards. Actual income taxes could vary significantly from estimated amounts due to the future impacts of, among other things, changes in tax laws, regulations and interpretations, the financial condition and results of operations of NEE and NEE Capital, and the resolution of audit issues raised by taxing authorities. Ultimate resolution of income tax matters may result in material adjustments to tax-related assets and liabilities, which could materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**NEE's and NEE Capital's business, financial condition, results of operations and prospects may be materially adversely affected due to adverse results of litigation.**

NEE's and NEE Capital's business, financial condition, results of operations and prospects may be materially affected by adverse results of litigation. Unfavorable resolution of legal proceedings in which NEE is involved or other future legal proceedings, including, but not limited to, class action lawsuits, may have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and NEE Capital.

## **Operational Risks**

**NEE's and NEE Capital's business, financial condition, results of operations and prospects could suffer if NEE and NEE Capital do not proceed with projects under development or are unable to complete the construction of, or capital improvements to, electric generation, transmission and distribution facilities, gas infrastructure facilities or other facilities on schedule or within budget.**

NEE's and NEE Capital's ability to complete construction of, and capital improvement projects for, their electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities on schedule and

within budget may be adversely affected by escalating costs for materials and labor and regulatory compliance, inability to obtain or renew necessary licenses, rights-of-way, permits or other approvals on

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acceptable terms or on schedule, disputes involving contractors, labor organizations, land owners, governmental entities, environmental groups, Native American and aboriginal groups, lessors, joint venture partners and other third parties, negative publicity, transmission interconnection issues and other factors. If any development project or construction or capital improvement project is not completed, is delayed or is subject to cost overruns, certain associated costs may not be approved for recovery or otherwise be recoverable through regulatory mechanisms that may be available, and NEE and NEE Capital could become obligated to make delay or termination payments or become obligated for other damages under contracts, could experience the loss of tax credits or tax incentives, or delayed or diminished returns, and could be required to write off all or a portion of their investment in the project. Any of these events could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

### **NEE and NEE Capital may face risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements that may impede their development and operating activities.**

NEE and NEE Capital own, develop, construct, manage and operate electric-generation and transmission facilities and natural gas transmission facilities. A key component of NEE's and NEE Capital's growth is their ability to construct and operate generation and transmission facilities to meet customer needs. As part of these operations, NEE and NEE Capital must periodically apply for licenses and permits from various local, state, federal and other regulatory authorities and abide by their respective conditions. Should NEE or NEE Capital be unsuccessful in obtaining necessary licenses or permits on acceptable terms, should there be a delay in obtaining or renewing necessary licenses or permits or should regulatory authorities initiate any associated investigations or enforcement actions or impose related penalties or disallowances on NEE or NEE Capital, NEE's and NEE Capital's business, financial condition, results of operations and prospects could be materially adversely affected. Any failure to negotiate successful project development agreements for new facilities with third parties could have similar results.

### **The operation and maintenance of NEE's and NEE Capital's electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities are subject to many operational risks, the consequences of which could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.**

NEE's and NEE Capital's electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities are subject to many operational risks. Operational risks could result in, among other things, lost revenues due to prolonged outages, increased expenses due to monetary penalties or fines for compliance failures, liability to third parties for property and personal injury damage, a failure to perform under applicable power sales agreements or other agreements and associated loss of revenues from terminated agreements or liability for liquidated damages under continuing agreements, and replacement equipment costs or an obligation to purchase or generate replacement power at higher prices.

Uncertainties and risks inherent in operating and maintaining NEE's and NEE Capital's facilities include, but are not limited to:

risks associated with facility start-up operations, such as whether the facility will achieve projected operating performance on schedule and otherwise as planned;

failures in the availability, acquisition or transportation of fuel or other necessary supplies;

the impact of unusual or adverse weather conditions and natural disasters, including, but not limited to, hurricanes, tornadoes, icing events, floods, earthquakes and droughts;

performance below expected or contracted levels of output or efficiency;

breakdown or failure, including, but not limited to, explosions, fires, leaks or other major events, of equipment, transmission and distribution lines or pipelines;

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availability of replacement equipment;

risks of property damage or human injury from energized equipment, hazardous substances or explosions, fires, leaks or other events;

availability of adequate water resources and ability to satisfy water intake and discharge requirements;

inability to identify, manage properly or mitigate equipment defects in NEE's and NEE Capital's facilities;

use of new or unproven technology;

risks associated with dependence on a specific type of fuel or fuel source, such as commodity price risk, availability of adequate fuel supply and transportation, and lack of available alternative fuel sources;

increased competition due to, among other factors, new facilities, excess supply, shifting demand and regulatory changes; and

insufficient insurance, warranties or performance guarantees to cover any or all lost revenues or increased expenses from the foregoing.

**NEE's and NEE Capital's business, financial condition, results of operations and prospects may be negatively affected by a lack of growth or slower growth in the number of customers or in customer usage.**

Growth in customer accounts and growth of customer usage each directly influence the demand for electricity and the need for additional power generation and power delivery facilities, as well as the need for energy-related commodities such as natural gas. Customer growth and customer usage are affected by a number of factors outside the control of NEE and NEE Capital, such as mandated energy efficiency measures, demand side management requirements, and economic and demographic conditions, such as population changes, job and income growth, housing starts, new business formation and the overall level of economic activity. A lack of growth, or a decline, in the number of customers or in customer demand for electricity or natural gas and other fuels may cause NEE and NEE Capital to fail to fully realize the anticipated benefits from significant investments and expenditures and could have a material adverse effect on NEE's and NEE Capital's growth, business, financial condition, results of operations and prospects.

**NEE's and NEE Capital's business, financial condition, results of operations and prospects can be materially adversely affected by weather conditions, including, but not limited to, the impact of severe weather.**

Weather conditions directly influence the demand for electricity and natural gas and other fuels and affect the price of energy and energy-related commodities. In addition, severe weather and natural disasters, such as hurricanes, floods, tornadoes, icing events and earthquakes, can be destructive and cause power outages and property damage, reduce revenue, affect the availability of fuel and water, and require NEE and NEE Capital to incur additional costs, for example, to restore service and repair damaged facilities, to obtain replacement power and to access available financing sources. Furthermore, NEE's and NEE Capital's physical plant could be placed at greater risk of damage

should changes in the global climate produce unusual variations in temperature and weather patterns, resulting in more intense, frequent and extreme weather events, abnormal levels of precipitation and, particularly relevant to FPL, a change in sea level. FPL operates in the east and lower west coasts of Florida, an area that historically has been prone to severe weather events, such as hurricanes. A disruption or failure of electric generation, transmission or distribution systems or natural gas production, transmission, storage or distribution systems in the event of a hurricane, tornado or other severe weather event, or otherwise, could prevent NEE and NEE Capital from operating their business in the normal course and could result in any of the adverse consequences described above. Any of the foregoing could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

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At FPL and other businesses of NEE where cost recovery is available, recovery of costs to restore service and repair damaged facilities is or may be subject to regulatory approval, and any determination by the regulator not to permit timely and full recovery of the costs incurred could have a material adverse effect on NEE's and, with respect to businesses other than FPL, NEE Capital's business, financial condition, results of operations and prospects.

Changes in weather can also affect the production of electricity at power generation facilities, including, but not limited to, NEE's wind and solar facilities. For example, the level of wind resource affects the revenue produced by wind generation facilities. Because the levels of wind and solar resources are variable and difficult to predict, NEE's results of operations for individual wind and solar facilities specifically, and NEE's and NEE Capital's results of operations generally, may vary significantly from period to period, depending on the level of available resources. To the extent that resources are not available at planned levels, the financial results from these facilities may be less than expected.

**Threats of terrorism and catastrophic events that could result from terrorism, cyber attacks, or individuals and/or groups attempting to disrupt NEE's and NEE Capital's business, or the businesses of third parties, may materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.**

NEE and NEE Capital are subject to the potentially adverse operating and financial effects of terrorist acts and threats, as well as cyber attacks and other disruptive activities of individuals or groups. There have been cyber attacks on energy infrastructure such as substations, gas pipelines and related assets in the past and there may be such attacks in the future. NEE's and NEE Capital's generation, transmission and distribution facilities, fuel storage facilities, information technology systems and other infrastructure facilities and systems could be direct targets of, or otherwise be materially adversely affected by, such activities.

Terrorist acts, cyber attacks or other similar events affecting NEE's and NEE Capital's systems and facilities, or those of third parties on which NEE and NEE Capital rely, could harm NEE's and NEE Capital's business, for example, by limiting their ability to generate, purchase or transmit power, natural gas or other energy-related commodities by limiting their ability to bill customers and collect and process payments, and by delaying their development and construction of new generation, distribution or transmission facilities or capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues, significant additional costs (for example, to repair assets, implement additional security requirements or maintain or acquire insurance), significant fines and penalties and reputational damage, could materially adversely affect NEE's and NEE Capital's operations (for example, by contributing to disruption of supplies and markets for natural gas, oil and other fuels), and could impair NEE's and NEE Capital's ability to raise capital (for example, by contributing to financial instability and lower economic activity). In addition, the implementation of security guidelines and measures has resulted in and is expected to continue to result in increased costs. Such events or actions may materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**The ability of NEE and NEE Capital to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NEE's and NEE Capital's insurance coverage does not provide protection against all significant losses.**

Insurance coverage may not continue to be available or may not be available at rates or on terms similar to those presently available to NEE and NEE Capital. The ability of NEE and NEE Capital to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. If insurance coverage is not available or

obtainable on acceptable terms, NEE or NEE Capital may be required to pay costs associated with adverse future events. NEE and NEE Capital generally are not fully insured against all significant

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losses. For example, FPL is not fully insured against hurricane-related losses, but would instead seek recovery of such uninsured losses from customers subject to approval by the FPSC, to the extent losses exceed restricted funds set aside to cover the cost of storm damage. A loss for which NEE or NEE Capital is not fully insured could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**NEE and NEE Capital invest in gas and oil producing and transmission assets through NEER's gas infrastructure business. The gas infrastructure business is exposed to fluctuating market prices of natural gas, natural gas liquids, oil and other energy commodities. A prolonged period of low gas and oil prices could impact NEER's gas infrastructure business and cause NEER to delay or cancel certain gas infrastructure projects and for certain existing projects to be impaired, which could materially adversely affect NEE's and NEE Capital's results of operations.**

Natural gas and oil prices are affected by supply and demand, both globally and regionally. Factors that influence supply and demand include operational issues, natural disasters, weather, political instability, conflicts, new discoveries, technological advances, economic conditions and actions by major oil-producing countries. There can be significant volatility in market prices for gas and oil, and price fluctuations could have a material effect on the financial performance of gas and oil producing and transmission assets. For example, in a low gas and oil price environment, NEER would generate less revenue from its gas infrastructure investments in gas and oil producing properties, and as a result certain investments might become less profitable or incur losses. Prolonged periods of low oil and gas prices could also result in oil and gas production and transmission projects to be delayed or cancelled or to experience lower returns, and for certain projects to become impaired, which could materially adversely affect NEE's and NEE Capital's results of operations.

**If supply costs necessary to provide NEER's full energy and capacity requirement services are not favorable, operating costs could increase and materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.**

NEER provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, to satisfy all or a portion of such utilities' power supply obligations to their customers. The supply costs for these transactions may be affected by a number of factors, including, but not limited to, events that may occur after such utilities have committed to supply power, such as weather conditions, fluctuating prices for energy and ancillary services, and the ability of the distribution utilities customers to elect to receive service from competing suppliers. NEER may not be able to recover all of its increased supply costs, which could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**Due to the potential for significant volatility in market prices for fuel, electricity and renewable and other energy commodities, NEER's inability or failure to manage properly or hedge effectively the commodity risks within its portfolios could materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.**

There can be significant volatility in market prices for fuel, electricity and renewable and other energy commodities. NEE's and NEE Capital's inability or failure to manage properly or hedge effectively its assets or positions against changes in commodity prices, volumes, interest rates, counterparty credit risk or other risk measures, based on factors both from within, or wholly or partially outside of, NEE's and NEE Capital's control, may materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**Sales of power on the spot market or on a short-term contractual basis may cause NEE's and NEE Capital's results of operations to be volatile.**

A portion of NEE's power generation facilities operate wholly or partially without long-term power purchase agreements. Power from these facilities is sold on the spot market or on a short-term contractual basis.

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Spot market sales are subject to market volatility, and the revenue generated from these sales is subject to fluctuation that may cause NEE's and NEE Capital's results of operations to be volatile. NEER and NEE may not be able to manage volatility adequately, which could then have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**Reductions in the liquidity of energy markets may restrict the ability of NEE and NEE Capital to manage their operational risks, which, in turn, could negatively affect NEE's and NEE Capital's results of operations.**

NEE and NEE Capital are active participants in energy markets. The liquidity of regional energy markets is an important factor in NEE's and NEE Capital's ability to manage risks in these operations. Over the past several years, other market participants have ceased or significantly reduced their activities in energy markets as a result of several factors, including, but not limited to, government investigations, changes in market design and deteriorating credit quality. Liquidity in the energy markets can be adversely affected by price volatility, restrictions on the availability of credit and other factors, and any reduction in the liquidity of energy markets could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**NEE's and NEE Capital's hedging and trading procedures and associated risk management tools may not protect against significant losses.**

NEE and NEE Capital have hedging and trading procedures and associated risk management tools, such as separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. NEE and NEE Capital are unable to assure that such procedures and tools will be effective against all potential risks, including, without limitation, employee misconduct. If such procedures and tools are not effective, this could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**If price movements significantly or persistently deviate from historical behavior, NEE's and NEE Capital's risk management tools associated with their hedging and trading procedures may not protect against significant losses.**

NEE's and NEE Capital's risk management tools and metrics associated with their hedging and trading procedures, such as daily value at risk, earnings at risk, stop loss limits and liquidity guidelines, are based on historical price movements. Due to the inherent uncertainty involved in price movements and potential deviation from historical pricing behavior, NEE and NEE Capital are unable to assure that their risk management tools and metrics will be effective to protect against material adverse effects on their business, financial condition, results of operations and prospects.

**If power transmission or natural gas, nuclear fuel or other commodity transportation facilities are unavailable or disrupted, FPL's and NEER's ability to sell and deliver power or natural gas may be limited.**

FPL and NEER depend upon power transmission and natural gas, nuclear fuel and other commodity transportation facilities, many of which they do not own. Occurrences affecting the operation of these facilities that may or may not be beyond FPL's and NEER's control (such as severe weather or a generation or transmission facility outage, pipeline rupture, or sudden and significant increase or decrease in wind generation) may limit or halt the ability of FPL and NEER to sell and deliver power and natural gas, or to purchase necessary fuels and other commodities, which could materially adversely impact NEE's and NEE Capital's business, financial condition, results of operations and prospects.



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**NEE and NEE Capital are subject to credit and performance risk from customers, hedging counterparties and vendors.**

NEE and NEE Capital are exposed to risks associated with the creditworthiness and performance of their customers, hedging counterparties and vendors under contracts for the supply of equipment, materials, fuel and other goods and services required for their business operations and for the construction and operation of, and for capital improvements to, their facilities. Adverse conditions in the energy industry or the general economy, as well as circumstances of individual customers, hedging counterparties and vendors, may adversely affect the ability of some customers, hedging counterparties and vendors to perform as required under their contracts with NEE and NEE Capital. For example, the prolonged downturn in oil and natural gas prices has adversely affected the financial stability of a number of enterprises in the energy industry, including some with which NEE and NEE Capital do business.

If any hedging, vending or other counterparty fails to fulfill its contractual obligations, NEE and NEE Capital may need to make arrangements with other counterparties or vendors, which could result in material financial losses, higher costs, untimely completion of power generation facilities and other projects, and/or a disruption of their operations. If a defaulting counterparty is in poor financial condition, NEE and NEE Capital may not be able to recover damages for any contract breach.

**NEE and NEE Capital could recognize financial losses or a reduction in operating**