

NEXTERA ENERGY 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 the securities and neither is soliciting any offer to buy the securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion  
Preliminary Prospectus Supplement dated March 20, 2012**

**PROSPECTUS SUPPLEMENT  
(To prospectus dated August 3, 2009)**

## **NextEra Energy Capital Holdings, Inc.**

**\$**

### **Series G Junior Subordinated Debentures due March 1, 2072**

**The Series G Junior Subordinated Debentures will  
be Unconditionally and Irrevocably Guaranteed by  
NextEra Energy, Inc.**

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The Series G Junior Subordinated Debentures (the "Junior Subordinated Debentures") will bear interest at \_\_\_\_\_ % per year. NextEra Energy Capital Holdings, Inc., formerly known as FPL Group Capital 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 June 1, 2012. 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 March 1, 2072. NEE Capital, at its option, may redeem the Junior Subordinated Debentures at the times and the 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.

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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.

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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.

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

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(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.

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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 on or about March \_\_\_\_\_, 2012.

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UBS Investment Bank acted as structuring advisor and Morgan Stanley acted as billing and delivery agent for this transaction.

*Joint Book-Running Managers*

<b>Citigroup</b>	<b>Morgan Stanley</b>	<b>UBS Investment Bank</b>	<b>Wells Fargo Securities</b>
	<i>Junior Co-Managers</i>		

**Raymond James**

**RBC Capital Markets**

The date of this prospectus supplement is March \_\_\_\_\_, 2012.

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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 has authorized anyone else to provide you with additional or different information. None of NEE Capital, NEE or the underwriters is 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 replaces the information in the "FPL Group Capital" section on page 8 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 replaces the information in the "FPL Group" section on page 8 of the accompanying prospectus.

NEE has two principal operating 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 is NEE's competitive energy subsidiary which produces the majority of its electricity from clean and renewable fuels. NEE is a holding company incorporated in 1984 as a Florida corporation.

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.



## 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 G Junior Subordinated Debentures due March 1, 2072, 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 June 1, 2012.

For a more complete description of interest payable on the Junior Subordinated Debentures, see Specific 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 Specific 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 March 1, 2072). 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 Specific Terms of the Junior Subordinated Debentures Option to Defer Interest Payments and Specific Terms of the Junior Subordinated Debentures Modification of the Subordinated Indenture in this prospectus supplement and Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee Option to Defer Interest Payments in the accompanying prospectus.

**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 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 Subordinated Guarantee (as the case may be).

See Specific Terms of the Junior Subordinated Debentures Option to Defer Interest Payments and Specific 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 FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group 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 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 FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee Events of Default and Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group 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:



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- in whole or in part on one or more occasions before March 1, 2017 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 March 1, 2017 at 100% of their principal amount plus accrued and unpaid interest;
- in whole but not in part before March 1, 2017 at 100% of their principal amount plus accrued and unpaid interest, if certain changes in tax laws, regulations or interpretations occur; or

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- in whole but not in part before March 1, 2017 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 Specific Terms of the Junior Subordinated Debentures Optional Redemption, Specific Terms of the Junior Subordinated Debentures Right to Redeem Upon a Tax Event, and Specific 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 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 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 Specific Terms of the Junior Subordinated Debentures Ranking of the Junior Subordinated Debentures and the Subordinated Guarantee. However, the Junior Subordinated Debentures and the Subordinated Guarantee will rank equally in right of payment with any Pari Passu Securities, as defined below under Specific Terms of the Junior Subordinated Debentures Ranking of the Junior Subordinated Debentures and the Subordinated Guarantee.

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 pay any amounts 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 issued, guaranteed or otherwise incurred 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 March 19, 2012, NEE Capital's Senior Indebtedness, on an unconsolidated basis, totaled approximately \$7.3 billion.

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 pay any amounts on the Junior Subordinated Debentures or to make any funds available for such payment. Therefore, the Subordinated Guarantee will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock issued, guaranteed or otherwise incurred 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 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 Subordinated Guarantee. At March 19, 2012, NEE's Senior Indebtedness, on an unconsolidated basis, totaled approximately \$7.3 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 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

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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 replaces the information in the Risk Factors section beginning on page 2 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 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, rates and cost structures, operation of nuclear power facilities, construction and operation of generation, transmission and distribution facilities and natural gas and oil production, transmission and fuel 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 an appropriate return on 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, issuance of securities, and aspects of the siting and operation of its generating 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 its investments. 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 and does not provide any assurance as to achievement of authorized or other earnings levels. 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 an appropriate return on capital cannot be recovered through base rates, cost recovery clauses, other regulatory mechanisms or otherwise. Lone Star Transmission, LLC ( Lone Star ), an indirect wholly-owned subsidiary of NEE Capital that is a regulated electric transmission utility subject to the jurisdiction of the Public Utility Commission of Texas, is 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 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. Lone Star is 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.**

In the event that the FPSC engages in a prudence review of FPL's use of derivative instruments and finds 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 reduction or elimination of existing government support policies, including, but not limited to, tax incentives, renewable portfolio standards ( RPS ) or feed-in tariffs, and ultimately any failure to renew or increase these existing support policies, could result in less demand for generation from NEER's renewable energy projects and could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.**

NEER depends heavily on government policies that support 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 United States ( U.S. ) states and portions of Canada and Spain provide incentives, such as tax incentives, RPS or feed-in tariffs, that support the sale of energy from renewable energy facilities owned by NEER, such as wind and solar energy facilities. The applicable legislation often grants the relevant state public utility commission the ability to reduce electric supply companies' obligations to meet renewable energy requirements in specified circumstances. Any changes to, or the elimination of, governmental incentives that support renewable energy could result in less demand for generation from NEE's wind and solar energy projects and could have a material adverse effect on NEER's business, financial condition, results of operations and prospects.

NEER also depends heavily on investment cost recovery mechanisms currently available through the American Recovery and Reinvestment Act of 2009 ( Recovery Act ). The Recovery Act includes, among other things, provisions that allow companies building wind and solar energy facilities the option to choose between investment cost recovery mechanisms that make the development of such facilities economically attractive. Any changes to the Recovery Act that eliminate or reduce support for renewable generation projects could impede NEER's ability to economically develop wind and solar energy projects in the future and could have a material adverse effect on NEER's ability to develop renewable energy projects in the future.

If investments in renewable energy and associated projects are perceived less positively by legislators, regulators or the public, this could result in the non-renewal or elimination of beneficial tax policies, among other policies, that benefit NEER. Any such legislative changes could impede NEER's ability to economically develop wind and solar energy projects in the future and 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 or interpretations or other regulatory initiatives.**

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NEE's and NEE Capital's business is influenced by various legislative and regulatory initiatives, including, but not limited to, initiatives regarding deregulation or restructuring of the energy industry, regulation of the commodities trading and derivatives markets, and environmental regulation, 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 results of operations. NEE and NEE Capital are unable to predict future legislative or regulatory changes, initiatives or 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.

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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 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 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 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 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 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 them applicable to NEE and NEE Capital.**

The Dodd-Frank Act, enacted into law in July 2010, among other things, provides for the regulation of the OTC derivatives market. The Dodd-Frank Act includes provisions that will require certain OTC derivatives, or swaps, to be centrally cleared and executed through an exchange or other approved trading platform. While the legislation is broad and detailed, substantial portions of the legislation require implementing rules to be adopted by federal governmental agencies including, but not limited to, the Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission.

NEE and NEE Capital cannot predict the final rules that will be adopted to implement the OTC derivatives market provisions of the Dodd-Frank Act. Those rules could negatively affect NEE's and NEE Capital's ability to hedge their commodity and interest rate risks, which could have a material adverse effect on NEE's and NEE Capital's results of operations. NEE or NEE Capital may have portions of their business that may be required to register as swap dealers or major swap participants and submit to extensive regulation if they wish to continue certain aspects of their derivative activities. The rules could also cause NEER to restructure part of its energy marketing and trading operations or to discontinue certain portions of its business. In addition, if the rules require NEE and NEE Capital to post significant amounts of cash collateral with respect to swap transactions, NEE's and NEE Capital's liquidity could be materially adversely affected, and their ability to enter into OTC derivatives to hedge commodity and interest rate risks could be significantly limited. Reporting and compliance requirements of the rules also could significantly increase operating costs and expose NEE and NEE Capital to penalties for non-compliance. The Dodd-Frank Act or other initiatives also could impede the efficient operation of the commodities trading and derivatives markets, which could also materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**NEE and NEE Capital are subject to numerous environmental laws and regulations that require capital expenditures, increase their cost of operations and may expose them to liabilities.**

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 delay the development of power generation,

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power or natural gas transmission, or other infrastructure projects, restrict the output of some existing facilities, limit the 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.

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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 legislation, the current trend toward more stringent standards, and stricter and more expansive application of existing environmental regulations. For example, among other potential or pending changes, the use of hydraulic fracturing or similar technologies to drill for natural gas and related compounds used by NEE's gas infrastructure business is currently being debated for potential regulation at the state and federal levels.

Violations of current or future laws, rules and regulations 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.

**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 generating units using fossil fuels like coal and natural gas. The potential effects of such greenhouse gas emission limits on NEE's and NEE Capital's electric generating 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 generating 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 adversely affected to the extent that new federal or state legislation or regulators 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 generating 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.

**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 imposes significant and increasing compliance costs on their 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 Capital or NEE is found not to be in compliance with these standards, it may

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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 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 negatively 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 acceptable terms or on schedule, disputes involving contractors, labor organizations, land owners, governmental entities, environmental groups, Native American and aboriginal groups, 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 recoverable through regulatory mechanisms that may otherwise 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 and could be required to write-off all or a portion of their investments 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-generating and 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

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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 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 potentially 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, including, but not limited to, natural disasters such as hurricanes, floods, earthquakes and droughts;
- performance below expected or contracted levels of output or efficiency;
- breakdown or failure, including, but not limited to, explosions, fires or other major events, of equipment, transmission and distribution lines or pipelines;
- availability of replacement equipment;

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- risks of property damage or human injury from energized equipment, hazardous substances or explosions, fires or other events;
- availability of adequate water resources and ability to satisfy water intake and discharge requirements;
- inability to manage properly or mitigate known equipment defects in NEE's and NEE Capital's facilities;
- use of new or unproven technology;
- risks associated with dependence on a specific fuel source, such as commodity price risk and lack of available alternative fuel sources;
- increased competition due to, among other factors, new facilities, excess supply and shifting demand; 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. 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 goals, 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 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 own 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, such as hurricanes, floods and earthquakes, can be destructive and cause power outages and property damage, reduce revenue, affect fuel supply, and require NEE and NEE Capital to incur additional costs, for example, to restore service and repair damaged facilities, obtain replacement power and access available financing sources. Furthermore, NEE s and NEE Capital s physical plant could be placed at greater risk of damage should changes in 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.

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 the 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 generating facilities, including, but not limited to, NEER s wind, solar and hydro-powered facilities. For example, the level of wind resource affects the revenue produced by wind generating facilities. Because the levels of wind, solar and hydro resources are variable and difficult to predict, NEER s results of operations for individual wind, solar and hydro facilities specifically, and NEE 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. 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 be indirectly affected by, such activities.

Terrorist acts 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, by limiting their ability to bill customers and collect and process payments, and by delaying their development and construction of new generating 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), and reputational damage, could 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).

**The ability of NEE and NEE Capital to obtain insurance and the terms of any available insurance coverage could be 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 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 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.

**If supply costs necessary to provide NEER's full energy and capacity requirement services are not favorable, operating costs could increase and 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 hedge effectively its assets or positions against changes in commodity prices, volumes, interest rates, counterparty credit risk or other risk measures could significantly impair NEE's and NEE Capital's results of operations.**

There can be significant volatility in market prices for fuel, electricity and renewable and other energy commodities. NEE's and NEE Capital's inability to manage properly or hedge the commodity risks within its portfolios, 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

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**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 NEER'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. 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.

**If price movements significantly or persistently deviate from historical behavior, 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. Additionally, risk management tools and metrics 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 adverse effects on their business, financial condition, results of operations and prospects. Such adverse effects could be material.

**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 generator 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.

**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 affect the ability of some

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customers, hedging counterparties and vendors to perform as required under their contracts with NEE and NEE Capital.

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 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 cash flows if a counterparty fails to perform or make payments in accordance with the terms of derivative contracts or if NEE or NEE Capital is required to post margin cash collateral under derivative contracts.**

NEE and NEE Capital use derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the OTC markets or on exchanges, to manage their commodity and financial market risks, and for NEE to engage in trading and marketing activities. Any failures by their counterparties to perform or make payments in accordance with the terms of those transactions could have a material adverse effect on NEE's or NEE Capital's business, financial condition, results of operations and prospects. Similarly, any requirement for NEE Capital or NEE to post margin cash collateral under its derivative contracts could have a material adverse effect on its business, financial condition, results of operations and prospects.

**NEE and NEE Capital are highly dependent on sensitive and complex information technology systems, and any failure or breach of those systems could have a material adverse effect on their business, financial condition, results of operations and prospects.**

NEE and NEE Capital operate in a highly regulated industry that requires the continuous functioning of sophisticated information technology systems and network infrastructure. Despite NEE's and NEE Capital's implementation of security measures, all of their technology systems are vulnerable to disability, failures or unauthorized access due to such activities. If NEE's or NEE Capital's information technology systems were to fail or be breached, and NEE or NEE Capital was unable to recover in a timely way, NEE and NEE Capital would be unable to fulfill critical business functions, and sensitive confidential and other data could be compromised.

NEE's and NEE Capital's business is highly dependent on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex and cross numerous and diverse markets. Due to the size, scope and geographical reach of NEE's and NEE Capital's business, and due to the complexity of the process of power generation, transmission and distribution, the development and maintenance of information technology systems to keep track of and process this information is both critical and extremely challenging. NEE's and NEE Capital's operating systems and facilities may fail to operate properly or become disabled as a result of events that are either within, or wholly or partially outside, their control, such as operator error, severe weather or terrorist activities. Any such failure or disabling event could adversely affect NEE's and NEE Capital's ability to process transactions and provide services, and their financial results and liquidity.

NEE and NEE Capital add, modify and replace information systems on a regular basis. Modifying existing information systems or implementing new or replacement information systems is costly and involves risks, including, but not limited to, integrating the modified, new or replacement system with existing systems and processes, implementing associated changes in accounting procedures and controls, and ensuring that data conversion is accurate and consistent. Any disruptions or deficiencies in existing information systems, or disruptions, delays or deficiencies in the modification or implementation of new information systems, could result in increased costs, the inability to track or collect revenues, the diversion of management's and employees' attention and resources, and could negatively impact the effectiveness of the companies' control environment, and/or the companies' ability to timely file required regulatory reports.

NEE and NEE Capital also face the risks of operational failure or capacity constraints of third parties, including, but not limited to, those who provide power transmission and natural gas transportation services.

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**NEE's and NEE Capital's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to their reputation and/or the results of operations of the retail business.**

NEE's and NEE Capital's retail businesses require access to sensitive customer data in the ordinary course of business. NEE's and NEE Capital's retail businesses may also need to provide sensitive customer data to vendors and service providers who require access to this information in order to provide services, such as call center services, to the retail businesses. If a significant breach occurred, the reputation of NEE and NEE Capital could be adversely affected, customer confidence could be diminished, or customer information could be subject to identity theft. NEE and NEE Capital would be subject to costs associated with the breach and/or NEE and NEE Capital could be subject to fines and legal claims, any of which may have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and NEE Capital.

**NEE and NEE Capital could recognize financial losses as a result of volatility in the market values of derivative instruments and limited liquidity in OTC markets.**

NEE and NEE Capital execute transactions in derivative instruments on either recognized exchanges or via the OTC markets, depending on management's assessment of the most favorable credit and market execution factors. Transactions executed in OTC markets have the potential for greater volatility and less liquidity than transactions on recognized exchanges. As a result, NEE and NEE Capital may not be able to execute desired OTC transactions due to such heightened volatility and limited liquidity.

In the absence of actively quoted market prices and pricing information from external sources, the valuation of derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments and 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 be adversely affected by negative publicity.**

From time to time, political and public sentiment may result in a significant amount of adverse press coverage and other adverse public statements affecting NEE and NEE Capital. Adverse press coverage and other adverse statements, whether or not driven by political or public sentiment, may also result in investigations by regulators, legislators and law enforcement officials or in legal claims. Responding to these investigations and lawsuits, regardless of the ultimate outcome of the proceeding, can divert the time and effort of senior management from NEE's and NEE Capital's business.



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Addressing any adverse publicity, governmental scrutiny or enforcement or other legal proceedings is time consuming and expensive and, regardless of the factual basis for the assertions being made, can have a negative impact on the reputation of NEE and NEE Capital, on the morale and performance of their employees and on their relationships with their respective regulators. It may also have a negative impact on their ability to take timely advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**NEE's business, financial condition, results of operations and prospects may be materially adversely affected if FPL is unable to maintain, negotiate or renegotiate franchise agreements on acceptable terms with municipalities and counties in Florida.**

FPL must negotiate franchise agreements with municipalities and counties in Florida to provide electric services within such municipalities and counties, and electricity sales generated pursuant to these agreements represent a very substantial portion of FPL's revenues. If FPL is unable to maintain, negotiate or renegotiate such franchise agreements on acceptable terms, it could contribute to lower earnings and FPL may not fully realize the anticipated benefits from significant investments and expenditures, which could materially adversely affect NEE's business, financial condition, results of operations and prospects.

**Increasing costs associated with health care plans may materially adversely affect NEE's and NEE Capital's results of operations.**

The costs of providing health care benefits to employees and retirees have increased substantially in recent years. NEE and NEE Capital anticipate that their employee benefit costs, including, but not limited to, costs related to health care plans for employees and former employees, will continue to rise. The increasing costs and funding requirements associated with NEE's and NEE Capital's health care plans may 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 could be negatively affected by the lack of a qualified workforce or the loss or retirement of key employees.**

NEE and NEE Capital may not be able to service customers, grow their business or generally meet their other business plan goals effectively and profitably if they do not attract and retain a qualified workforce. Additionally, the loss or retirement of key executives and other employees may materially adversely affect service and productivity and contribute to higher training and safety costs.

Over the next several years, a significant portion of NEE's and NEE Capital's workforce, including, but not limited to, many workers with specialized skills maintaining and servicing the nuclear generation facilities and electrical infrastructure, will be eligible to retire. Such highly skilled individuals may not be able to be replaced quickly due to the technically complex work they perform. If a significant amount of such workers retire and are not replaced, the subsequent loss in productivity and increased recruiting and training costs could result in 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 by work strikes or stoppages and increasing personnel costs.**

Employee strikes or work stoppages could disrupt operations and lead to a loss of revenue and customers. Personnel costs may also increase due to inflationary or competitive pressures on payroll and benefits costs and revised terms of collective bargaining agreements with union employees. These consequences 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 ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including, but not limited to, the effect of increased competition for acquisitions resulting from the consolidation of the power industry.**

NEE and NEE Capital are likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry in general. In addition, NEE and NEE Capital may be unable to identify attractive acquisition opportunities at favorable prices and to complete and integrate them successfully and in a timely manner.

**Nuclear Generation Risks**

**The construction, operation and maintenance of NEE's and NEE Capital's nuclear generation facilities involve environmental, health and financial risks that could result in fines or the closure of the facilities and in increased costs and capital expenditures.**

NEE's and NEE Capital's nuclear generation facilities are subject to environmental, health and financial risks, including, but not limited to, those relating to site storage of spent nuclear fuel, the disposition of spent nuclear fuel, leakage and emissions of tritium and other radioactive elements in the event of a nuclear accident or otherwise, the threat of a terrorist attack and other potential liabilities arising out of the ownership or operation of the facilities. NEE and NEE Capital maintain decommissioning funds and external insurance coverage which are intended to reduce the financial exposure to some of these risks; however, the cost of decommissioning nuclear generation facilities could exceed the amount available in NEE's and NEE Capital's decommissioning funds, and the exposure to liability and property damages could exceed the amount of insurance coverage. If NEE or NEE Capital is unable

to recover the additional costs incurred through insurance or, in the case of FPL, through regulatory mechanisms, NEE's and NEE Capital's business, financial condition, results of operations and prospects could be materially adversely affected.

**In the event of an incident at any nuclear generation facility in the U.S. or at certain nuclear generation facilities in Europe, NEE and NEE Capital could be assessed significant retrospective assessments and/or retrospective insurance premiums as a result of their participation in a secondary financial protection system and nuclear insurance mutual companies.**

Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains \$375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to \$12.2 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments and/or retrospective insurance premiums of up to \$940 million, plus any applicable taxes, per incident at any nuclear reactor in the U.S. or at certain nuclear generation facilities in Europe, regardless of fault or proximity to the incident, payable at a rate not to exceed \$140 million per incident per year. Such assessments, if levied, could materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**U.S. Nuclear Regulatory Commission ( NRC ) orders or new regulations related to increased security measures and any future safety requirements promulgated by the NRC could require NEE and NEE Capital to incur substantial operating and capital expenditures at their nuclear generation facilities.**

The NRC has broad authority to impose licensing and safety-related requirements for the operation and maintenance of nuclear generation facilities, the addition of capacity at existing nuclear generation facilities and the construction of nuclear generation facilities, and these requirements are subject to change. In the event of non-compliance, the NRC has the authority to impose fines or shut down a nuclear generation facility, or to take both of these actions, depending upon its assessment of the severity of the situation, until compliance is achieved. Any of the foregoing events could require NEE and NEE Capital to incur increased costs and capital expenditures, and could reduce revenues.

Any serious nuclear incident occurring at a NEE or NEE Capital plant could result in substantial remediation costs and other expenses. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear generation facility. An incident at a nuclear facility anywhere in the world also could cause the NRC to impose additional conditions or other requirements on the industry, which could increase costs, reduce revenues and result in additional capital expenditures.

**The inability to operate any of NEE's or FPL's nuclear generation units through the end of their respective operating licenses could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.**

The operating licenses for NEE's and NEE Capital's nuclear generation facilities extend through at least 2030. If the facilities cannot be operated for any reason through the life of those operating licenses, NEE or NEE Capital may be required to increase depreciation rates, incur impairment charges and accelerate future decommissioning expenditures, any of which could materially adversely affect their business, financial condition, results of operations and prospects.



**Various hazards posed to nuclear generation facilities, along with increased public attention to and awareness of such hazards, could result in increased nuclear licensing or compliance costs which are difficult or impossible to predict and could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.**

The threat of terrorist activity, as well as recent international events implicating the safety of nuclear facilities, could result in more stringent or complex measures to keep facilities safe from a variety of hazards, including, but not limited to, natural disasters such as earthquakes and tsunamis, as well as terrorist or other criminal threats. This increased focus on safety could result in higher compliance costs which, at present, cannot be assessed with any measure of certainty and 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 nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, and for other purposes. If planned outages last longer than anticipated or if there are unplanned outages, NEE's and NEE Capital's results of operations and financial condition could be materially adversely affected.**

NEE's and NEE Capital's nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, including, but not limited to, inspections, repairs and certain other modifications. In addition, outages may be scheduled, often in connection with a refueling outage, to replace equipment, to increase the generation capacity at a particular nuclear unit, or for other purposes, and those planned activities increase the time the unit is not in operation. In the event that a scheduled outage lasts longer than anticipated or in the event of an unplanned outage due to, for example, equipment failure, such outages could materially adversely affect NEE's or NEE Capital's business, financial condition, results of operations and prospects.

#### **Liquidity, Capital Requirements and Common Stock Risks**

**Disruptions, uncertainty or volatility in the credit and capital markets may negatively affect NEE's and NEE Capital's ability to fund their liquidity and capital needs and to meet their growth objectives, and can also adversely affect the results of operations and financial condition of NEE and NEE Capital.**

NEE and NEE Capital rely on access to capital and credit markets as significant sources of liquidity for capital requirements and other operations requirements that are not satisfied by operating cash flows. Disruptions, uncertainty or volatility in those capital and credit markets, including, but not limited to, the conditions of the most recent financial crises in the U.S. and abroad, could increase NEE's and NEE Capital's cost of capital. If NEE or NEE Capital is unable to access regularly the capital and credit markets on terms that are reasonable, it may have to delay raising capital, issue shorter-term securities and incur an unfavorable cost of capital, which, in turn, could adversely affect its ability to grow its business, could contribute to lower earnings and reduced financial flexibility, and could have a material adverse effect on its business, financial condition, results of operations and prospects.

Although NEE's and NEE Capital's competitive energy subsidiaries have used non-recourse or limited-recourse, project-specific financing in the past, market conditions and other factors could adversely affect the future availability of such financing. The inability of NEE's and NEE Capital's subsidiaries to access the capital and credit markets to provide project-specific financing for electric-generating and other energy facilities on favorable terms, whether because of disruptions or volatility in those markets or otherwise, could necessitate additional capital raising or borrowings by NEE and/or NEE Capital in the future.

The inability of subsidiaries that have existing project-specific financing arrangements to meet the requirements of various agreements relating to those financings could give rise to a project-specific financing default which, if not cured or waived, might result in the specific project, and potentially in some limited instances its parent companies, being required to repay the associated debt or other borrowings earlier than otherwise anticipated, and if such repayment were not made, the lenders or security holders would generally have rights to foreclose against the project assets and related collateral. Such an occurrence also could result in NEE and NEE Capital expending additional funds or incurring additional obligations over the shorter term to ensure continuing compliance with project-specific financing arrangements based upon the expectation of improvement in the project's performance or financial returns over the longer term. Any of these actions could materially adversely affect NEE's and NEE

Capital's business, financial condition, results of operations and prospects, as well as the availability or terms of future financings for NEE, NEE Capital or their respective subsidiaries.

**NEE's, NEE Capital's and FPL's inability to maintain their current credit ratings may adversely affect NEE's and NEE Capital's liquidity and results of operations, limit the ability of NEE and NEE Capital to grow their business, and increase interest costs.**

The inability of NEE, NEE Capital and FPL to maintain their current credit ratings could adversely affect their ability to raise capital or obtain credit on favorable terms, which, in turn, could impact NEE's, NEE Capital's and FPL's ability to grow their business and service indebtedness and repay borrowings, and would likely increase their interest costs. Some of the factors that can affect credit ratings are cash flows, liquidity, the amount of debt as a component of total capitalization, and political, legislative and regulatory actions. There can be no assurance that one or more of the ratings of NEE, NEE Capital and FPL will not be lowered or withdrawn entirely by a rating agency.

**NEE's, NEE Capital's and FPL's liquidity may be impaired if their creditors are unable to fund their credit commitments to the companies or to maintain their current credit ratings.**

The inability of NEE's, NEE Capital's and FPL's credit providers to fund their credit commitments or to maintain their current credit ratings could require NEE, NEE Capital or FPL, among other things, to renegotiate requirements in agreements, find an alternative credit provider with acceptable credit ratings to meet funding requirements, or post cash collateral and could have a material adverse effect on NEE's, NEE Capital's and FPL's liquidity.

**Poor market performance and other economic factors could affect NEE's and NEE Capital's defined benefit pension plan's funded status, which may materially adversely affect NEE's and NEE Capital's liquidity and results of operations.**

NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. A decline in the market value of the assets held in the defined benefit pension plan due to poor investment performance or other factors may increase the funding requirements for this obligation.

NEE's and NEE Capital's defined benefit pension plan is sensitive to changes in interest rates, since, as interest rates decrease the funding liabilities increase, potentially increasing benefits costs and funding requirements. Any increase in benefits costs or funding requirements may have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

**Poor market performance and other economic factors could adversely affect the asset values of NEE's and NEE Capital's nuclear decommissioning funds, which may materially adversely affect NEE's and NEE Capital's liquidity and results of operations.**

NEE and NEE Capital are required to maintain decommissioning funds to satisfy their future obligations to decommission their nuclear power plants. A decline in the market value of the assets held in the decommissioning funds due to poor investment performance or other factors may increase the funding requirements for these obligations. Any increase in funding requirements may have a material adverse effect on NEE's and



NEE Capital's business, financial condition, results of operations and prospects.

**Certain of NEE's and NEE Capital's investments are subject to changes in market value and other risks, which may adversely affect NEE's and NEE Capital's liquidity and financial results.**

NEE and NEE Capital hold other investments where changes in the fair value affect NEE's and NEE Capital's financial results. In some cases there may be no observable market values for these investments, requiring fair value estimates to be based on other valuation techniques. This type of analysis requires significant judgment and the actual values realized in a sale of these investments could differ materially from those estimated. A sale of an investment below previously estimated value, or other decline in the fair value of an investment, could result in

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losses or the write-off of such investment, and may have a material adverse effect on NEE's and NEE Capital's financial condition and results of operations.

**NEE and NEE Capital may be unable to meet their ongoing and future financial obligations if their subsidiaries are unable to pay upstream dividends or repay funds to NEE and NEE Capital.**

NEE and NEE Capital are each a holding company and, as such, have no material operations of their own. Substantially all of NEE's and NEE Capital's consolidated assets are held by their subsidiaries. NEE's and NEE Capital's ability to meet their financial obligations, including, but not limited to, its guarantees, are primarily dependent on their subsidiaries' net income and cash flows, which are subject to the risks of their respective businesses, and their ability to pay upstream dividends or to repay funds to NEE and NEE Capital.

NEE's and NEE Capital's subsidiaries are separate legal entities and have no independent obligation to provide NEE or NEE Capital with funds for their payment obligations. The subsidiaries have financial obligations, including, but not limited to, payment of debt service, which they must satisfy before they can fund NEE or NEE Capital. In addition, in the event of a subsidiary's liquidation or reorganization, NEE's and NEE Capital's right to participate in a distribution of assets is subject to the prior claims of the subsidiary's creditors.

The dividend-paying ability of some of the subsidiaries is limited by contractual restrictions which are contained in outstanding financing agreements and which may be included in future financing agreements. The future enactment of laws or regulations also may prohibit or restrict the ability of NEE's and NEE Capital's subsidiaries to pay upstream dividends or to repay funds.

**NEE and NEE Capital may be unable to meet their ongoing and future financial obligations if NEE or NEE Capital is required to perform under guarantees of obligations of its subsidiaries.**

NEE guarantees many of the obligations of its consolidated subsidiaries, other than FPL, through guarantee agreements with NEE Capital. NEE Capital, in turn, guarantees many of the obligations of its consolidated subsidiaries through additional guarantee agreements. These guarantees may require NEE or NEE Capital to provide substantial funds to their respective subsidiaries or their creditors or counterparties at a time when NEE or NEE Capital is in need of liquidity to meet its own financial obligations.

### **Risks Relating to the Junior Subordinated Debentures**

**NEE Capital can defer interest payments on the Junior Subordinated Debentures for one or more periods of up to 10 years each. This may affect the market price of the Junior Subordinated Debentures.**

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 Optional Deferral Periods of up to 10 consecutive years. At the end of an Optional Deferral Period, if all amounts due are paid, NEE Capital could start a new Optional Deferral Period of up to 10 consecutive years. During any Optional Deferral Period, interest on the Junior Subordinated Debentures would be

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deferred but would accrue additional interest at a rate equal to the interest rate on the Junior Subordinated Debentures, to the extent permitted by applicable law. No Optional Deferral Period may extend beyond the maturity date of the Junior Subordinated Debentures. During an Optional Deferral Period, interest payments would not be due and payable and, therefore, NEE would not be obligated to make payments under the Subordinated Guarantee. If NEE Capital exercises this interest deferral right, the market price of the Junior Subordinated Debentures is likely to be affected. See Specific Terms of the Junior Subordinated Debentures Option to Defer Interest Payments and Specific Terms of the Junior Subordinated Debentures Modification of the Subordinated Indenture in this prospectus supplement and Description of FPL Group and FPL Group Capital Junior Subordinated Debentures and FPL Group Subordinated Guarantee Option to Defer Interest Payments in the accompanying prospectus.

If NEE Capital exercises its right to defer interest payments, the Junior Subordinated Debentures may trade at a price that does not fully reflect the value of accrued but unpaid interest on the Junior Subordinated Debentures or that is otherwise less than the price at which the Junior Subordinated Debentures may have been traded if NEE

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Capital had not exercised such right. In addition, as a result of NEE Capital's right to defer interest payments, the market price of the Junior Subordinated Debentures may be more volatile than other securities that do not have these rights.

**NEE Capital is not permitted to pay current interest on the Junior Subordinated Debentures until NEE Capital has paid all outstanding deferred interest, and this could have the effect of extending interest deferral periods.**

During an Optional Deferral Period, NEE Capital will be prohibited from paying current interest on the Junior Subordinated Debentures and NEE will be prohibited from making such payment pursuant to the Subordinated Guarantee until NEE Capital, or NEE pursuant to the Subordinated Guarantee, has paid all accrued and unpaid deferred interest plus any accrued interest thereon. As a result, NEE Capital may not be able to pay current interest on the Junior Subordinated Debentures if NEE Capital does not have available funds to pay all accrued and unpaid interest plus any accrued interest thereon.

**The obligations of NEE Capital under the Junior Subordinated Debentures and NEE under the Subordinated Guarantee are subordinated.**

The obligations of NEE Capital under the Junior Subordinated Debentures are unsecured and will rank junior in right of payment to NEE Capital's Senior Indebtedness. This means that NEE Capital cannot make any payments on the Junior Subordinated Debentures until all holders of Senior Indebtedness of NEE Capital have been paid in full, or provision has been made for such payment, if (i) certain events of bankruptcy, insolvency or reorganization of NEE Capital have occurred, (ii) any Senior Indebtedness of NEE Capital is not paid when due (after the expiration of any applicable grace period) and that default continues without a waiver, or (iii) any other default has occurred and continues without waiver (after the expiration of any applicable grace period) pursuant to which the holders of Senior Indebtedness of NEE Capital are permitted to accelerate the maturity of such Senior Indebtedness. 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 pay any amounts 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 issued, guaranteed or otherwise incurred 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 March 19, 2012, NEE Capital's Senior Indebtedness, on an unconsolidated basis, totaled approximately \$7.3 billion.

The obligations of NEE under the Subordinated Guarantee are unsecured and will rank junior in right of payment to NEE's Senior Indebtedness. This means that NEE cannot make any payments under the Subordinated Guarantee until all holders of Senior Indebtedness of NEE have been paid in full, or provision has been made for such payment, if (i) certain events of bankruptcy, insolvency or reorganization of NEE have occurred, (ii) any Senior Indebtedness of NEE is not paid when due (after the expiration of any applicable grace period) and that default continues without a waiver, or (iii) any other default has occurred and continues without waiver (after the expiration of any applicable grace period) pursuant to which the holders of Senior Indebtedness of NEE are permitted to accelerate the maturity of such Senior Indebtedness. 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 pay any amounts on the Junior Subordinated Debentures or to make any funds available for such payment. Therefore, the Subordinated Guarantee will be effectively subordinated to all indebtedness and other liabilities, including trade payables, debt and preferred stock issued, guaranteed or otherwise incurred 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 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 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 Subordinated Guarantee. The NEE consolidated financial statements that are incorporated by reference in the accompanying prospectus show the aggregate amount of NEE subsidiary debt as of the date of those statements. See Specific Terms of the Junior Subordinated Debentures Ranking of the Junior Subordinated Debentures and the Subordinated Guarantee in this prospectus supplement. At March 19, 2012, NEE's Senior Indebtedness, on an unconsolidated basis, totaled approximately \$7.3 billion, which amount consisted solely of NEE's guarantees of NEE Capital indebtedness referred to in the paragraph above.

**If NEE Capital defers interest payments on the Junior Subordinated Debentures, there will be United States federal income tax consequences to holders of the Junior Subordinated Debentures.**

If NEE Capital defers interest payments on the Junior Subordinated Debentures for one or more Optional Deferral Periods, 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.

If you sell your Junior Subordinated Debentures before the record date for the payment of interest at the end of an Optional Deferral Period, you will not receive such interest. Instead, the accrued interest will be paid to the holder of record on the record date regardless of who the holder of record may have been on any other date during the Optional Deferral Period. Moreover, amounts that you were required to include in income in respect of the Junior Subordinated Debentures during the Optional Deferral Period will be added to your adjusted tax basis in the Junior Subordinated Debentures, but may not be reflected in the amount that you realize on the sale. To the extent the amount realized on a sale is less than your adjusted tax basis, you will recognize a capital loss for United States federal income tax purposes. The deductibility of capital losses is subject to limitations. See Material United States Federal Income Tax Consequences U.S. Holders Sale, Exchange, Redemption or Retirement of the Junior Subordinated Debentures in this prospectus supplement.

**Rating agencies may change their practices for rating the Junior Subordinated Debentures, which change may affect the market price of the Junior Subordinated Debentures. In addition, NEE Capital may redeem the Junior Subordinated Debentures if a rating agency makes certain changes in the equity credit methodology for securities such as the Junior Subordinated Debentures.**

The rating agencies that currently or may in the future publish a rating for NEE Capital or NEE, including Moody's Investors Service, Inc., Standard & Poor's Ratings Services (a Standard & Poor's Financial Services LLC business), and Fitch Ratings, each of which is expected to initially publish a rating of the Junior Subordinated Debentures, may, from time to time in the future, change the way they analyze securities with features similar to the Junior Subordinated Debentures. This may include, for example, changes to the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Junior Subordinated Debentures. If the rating agencies change their practices for rating these types of securities in the future, and the ratings of the Junior Subordinated Debentures are subsequently lowered, that could have a negative impact on the trading price of the Junior Subordinated Debentures. In addition, NEE Capital may redeem the Junior Subordinated Debentures before March 1, 2017 at its option, in whole but not in part, if a rating agency makes certain changes in the equity credit methodology for securities such as the Junior Subordinated Debentures. See Specific Terms of the Junior Subordinated Debentures Right to Redeem Upon a Rating Agency Event in this prospectus supplement.

**Holders of the Junior Subordinated Debentures will have limited rights of acceleration.**

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The holders of the Junior Subordinated Debentures and the subordinated indenture trustee may accelerate payment of the principal, interest and premium, if any, on the Junior Subordinated Debentures only upon the occurrence and continuation of certain events of default. Payment of principal, interest and premium, if any, on the Junior Subordinated Debentures may be accelerated upon the occurrence of an event of default under the subordinated indenture related to failure to pay interest within 30 days after it is due (other than interest deferred pursuant to one or more Optional Deferral Periods), failure to pay principal and premium, if any, on the Junior Subordinated Debentures when due, certain events of bankruptcy, insolvency or reorganization with respect to NEE Capital or NEE and, with certain exceptions, the cessation of effectiveness of the Subordinated Guarantee or the

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finding by any judicial proceeding that the Subordinated Guarantee is unenforceable or invalid or denial by NEE of its obligations under the Subordinated Guarantee. Holders of the Junior Subordinated Debentures and the subordinated indenture trustee will not have the right to accelerate payment of the principal, interest and premium, if any, on the Junior Subordinated Debentures upon the breach of any other covenant in the subordinated indenture. Some of the other series of junior subordinated debentures issued under the subordinated indenture prior to the issuance of the Junior Subordinated Debentures have the right to accelerate payment of the principal, interest and premium, if any, on those junior subordinated debentures upon the breach of other covenants in the subordinated indenture in certain circumstances.

#### SELECTED CONSOLIDATED INCOME STATEMENT DATA OF NEE AND SUBSIDIARIES

The following material, which is presented in this prospectus supplement solely to furnish limited introductory information, is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus. In the opinion of NEE, all adjustments (consisting of normal recurring accruals) considered necessary for a fair financial statement presentation of the results of operations for the twelve months ended December 31, 2011, 2010 and 2009 have been made.

	Years Ended December 31,		
	2011	2010	2009
	(In Millions, Except Per Share Amounts)		
Operating revenues	\$ 15,341	\$ 15,317	\$ 15,643
Net income	\$ 1,923	\$ 1,957	\$ 1,615
Weighted-average common shares outstanding (assuming dilution)	419.0	413.0	407.2
Earnings per share of common stock (assuming dilution)	\$ 4.59	\$ 4.74	\$ 3.97

#### CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

The information in this section supplements the information in the Consolidated Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends section on page 10 of the accompanying prospectus.

NEE's consolidated ratio of earnings to fixed charges for the years ended December 31, 2011, 2010 and 2009 was 3.00, 3.23 and 2.91, respectively.

#### CONSOLIDATED CAPITALIZATION OF NEE AND SUBSIDIARIES



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The following table shows NEE's consolidated capitalization as of December 31, 2011, and as adjusted to reflect the issuance of the Junior Subordinated Debentures (assuming no exercise of the underwriters' over-allotment option) and the other transactions described below. This table, which is presented in this prospectus supplement solely to provide limited introductory information, is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus.

	December 31, 2011	Adjusted(a)	
	(In Millions)	Amount	Percent
Common shareholders' equity	\$ 14,943	\$	%
Long-term debt (excluding current maturities)	20,810		%
Total capitalization	\$ 35,753	\$	100.0%

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(a) To give effect to (i) the issuance of the Junior Subordinated Debentures offered by this prospectus supplement (assuming no exercise of the underwriters' over-allotment option)