

NEXTERA ENERGY INC

Form 424B2

November 03, 2016

Table of Contents**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Maximum Amount to be Registered	Maximum Offering Price per Security (1)	Maximum Aggregate Offering Price	Amount of Registration Fee (2)(3)
NextEra Energy, Inc. Common Stock, \$.01 par value	13,800,000	\$123.235	\$1,700,643,000	\$197,104.52

- (1) Calculated in accordance with Rule 457(c) under the Securities Act of 1933, as amended (Securities Act). Based on the average of the high and low price of the common stock on the New York Stock Exchange on November 2, 2016.
- (2) Calculated in accordance with Rule 457(r) under the Securities Act.
- (3) Pursuant to Rule 457(p) under the Securities Act, the registration fee required in connection with this offering is offset by \$197,104.52 from the registration fee of \$482,376.87 previously paid by NextEra Energy, Inc. in connection with Registration Statement No. 333-201397 on Form S-4 initially filed on January 8, 2015 and declared effective by the Securities and Exchange Commission on March 26, 2015 (Prior Registration Statement), which Prior Registration Statement has been withdrawn with no shares being issued or sold pursuant to the Prior Registration Statement. Following this offering, \$234,796.47 remains available from the registration fee previously paid in connection with the Prior Registration Statement to offset future registration fees. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in Registration Statement Nos. 333-205558 and 333-205558-01.

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**Filed Pursuant to Rule 424(b)(2)
Registration Number 333-205558**

PROSPECTUS SUPPLEMENT

(To prospectus dated July 8, 2015)

NextEra Energy, Inc.

12,000,000 Shares

Common Stock

NextEra Energy, Inc. (NEE) expects to enter into forward sale agreements with Goldman, Sachs & Co., Morgan Stanley & Co. LLC and Bank of America, N.A., who are referred to as the forward counterparties. The forward counterparties (or affiliates thereof) are, at NEE's request, borrowing from third parties and selling an aggregate of 12,000,000 shares of NEE common stock (or 13,800,000 shares of NEE common stock if the underwriters exercise their over-allotment option to purchase additional shares of NEE common stock in full and NEE enters into related additional forward sale agreements with the forward counterparties) in connection with such forward sale agreements. If any forward counterparty (or an affiliate thereof) is unable to borrow and deliver for sale on the anticipated closing date of this offering the number of shares of NEE common stock to which its forward sale agreement relates, or if any forward counterparty determines, in its commercially reasonable judgment, that it is either impracticable to do so or that it (or its affiliate) is unable to borrow, at a cost not greater than a specified amount per share, and deliver for sale on the anticipated closing date the number of shares of NEE common stock to which its forward sale agreement relates, NEE will issue and sell a number of shares equal to the number of shares that the forward counterparty (or its affiliate) does not borrow and sell.

NEE will not initially receive any proceeds from the sale of the shares of its common stock by the forward counterparties (or affiliates thereof), except in certain circumstances described in this prospectus supplement. Although NEE expects to physically settle the forward sale agreements entirely by delivering shares of its common stock in exchange for cash proceeds, NEE may elect cash or net share settlement for all or a portion of its obligations under one or more forward sale agreements if NEE concludes that it is in its best interests to do so. See "Underwriting Forward Sale Agreements and Over-Allotment Option" beginning on page S-39 of this prospectus supplement for a description of the forward sale agreements.

NEE common stock is listed on the New York Stock Exchange, or NYSE, under the symbol NEE. On November 1, 2016, the last reported sale price of NEE common stock on the NYSE was \$125.89 per share.

See **Risk Factors** beginning on page S-7 of this prospectus supplement to read about certain factors you should consider before making an investment in the common stock.

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

The underwriters have agreed to purchase the shares of NEE common stock being offered hereby at a price of \$124.00 per share. Therefore the estimated aggregate net proceeds to NEE, before expenses, from this offering are expected to be \$1,488,000,000 (\$1,711,200,000 if the underwriters exercise the over-allotment option described below in full). For the purpose of calculating the estimated aggregate net proceeds to NEE, NEE has assumed that the forward sale agreements are physically settled on the effective date of the forward sale agreements based upon the initial forward sale price of \$124.00. The forward sale price is subject to adjustment pursuant to the forward sale agreements, and the actual proceeds, if any, will be calculated as described in this prospectus supplement.

The underwriters have been granted an option, exercisable for a period of 30 days from the date of this prospectus supplement, to purchase up to 1,800,000 shares of NEE common stock at \$124.00 per share, less the per share amount of certain dividends or distributions payable on the shares originally sold in this offering, to cover over-allotments. If the underwriters exercise their over-allotment option, NEE may elect, in its sole discretion, that such additional shares of NEE common stock be borrowed from third parties and sold by the forward counterparties to the underwriters (in which case NEE will enter into additional forward sale agreements with the forward counterparties in respect of the number of shares so borrowed and sold by the forward counterparties). Unless the context requires otherwise, the term forward sale agreement as used in this prospectus supplement includes any additional forward sale agreements that NEE elects to enter into in connection with the exercise by the underwriters of their over-allotment option. In the event that NEE enters into additional forward sale agreements, if any forward counterparty (or an affiliate thereof) is unable to borrow and deliver for sale on the anticipated closing date of the over-allotment option, the number of shares of NEE common stock to which its additional forward sale agreement relates, or if any forward counterparty determines, in its commercially reasonable judgment, that it is either impracticable to do so or that it (or its affiliate) is unable to borrow, at a cost not greater than a specified amount per share, and deliver for sale on the anticipated closing date of the over-allotment option the number of shares of NEE common stock to which its additional forward sale agreement relates, NEE will issue and sell a number of shares equal to the number of shares that the forward counterparty (or its affiliate) does not borrow and sell.

The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

The common stock is expected to be delivered against payment in New York, New York on or about November 4, 2016.

Goldman, Sachs & Co.

Morgan Stanley

BofA Merrill Lynch

The date of this prospectus supplement is November 1, 2016.

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You should rely only on the information incorporated by reference or provided in this prospectus supplement and in the accompanying prospectus and in any communication from NEE or the underwriters specifying the final terms of the offering. Neither NEE nor the underwriters has authorized anyone else to provide you with additional or different information. Neither NEE nor the underwriters is making an offer of the common stock 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-7 of this prospectus supplement to determine whether an investment in the common stock is appropriate for you.*

NEE

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

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

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

RECENT DEVELOPMENTS

On October 30, 2016, NEE and its direct wholly owned subsidiary WSS Acquisition Company (**TTHC Merger Sub**), entered into an agreement (**TTHC merger agreement**) with Texas Transmission Holdings Corporation (**TTHC**) and certain stockholders of TTHC (the **Primary Holders**). Pursuant to the TTHC merger agreement, TTHC Merger Sub would merge with TTHC for a total cash merger consideration to be paid by NEE of approximately \$2.4 billion (**merger consideration**), subject to adjustment. TTHC, through Texas Transmission Investment LLC (**TTI**), a wholly owned subsidiary, owns an approximately 20 percent interest in Oncor Electric Delivery Company LLC (**Oncor**). Oncor is a regulated electric distribution and transmission business that operates the largest distribution and transmission system in Texas.

Under the terms of the TTHC merger agreement, a portion of the merger consideration will be applied to repay outstanding debt of TTHC, which currently consists of \$500 million aggregate principal amount of promissory notes, and to pay associated interest, costs and expenses.

NEE, TTHC Merger Sub, TTHC and the Primary Holders have each made customary representations, warranties and covenants in the TTHC merger agreement, which also contains certain specified termination rights.

The merger contemplated by the TTHC merger agreement is subject to approval by the Public Utility Commission of Texas (**PUCT**) and the Federal Energy Regulatory Commission (**FERC**), receipt of other

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required third party approvals specified in the TTHC merger agreement and other customary closing conditions specified in the TTHC merger agreement. This transaction, when combined with NEE's previously disclosed agreement and plan of merger (as amended as of September 18, 2016, the EFH merger agreement) with NEE and EFH Merger Co., LLC, a direct wholly owned subsidiary of NEE (EFH Merger Sub) to acquire Energy Future Holdings Corp. (EFH Corp.) which, through an indirect wholly owned subsidiary, owns an approximately 80 percent interest in Oncor and the purchase of Oncor Management Investment LLC's (OMI) 0.22 percent interest in Oncor, discussed below, would result in NEE owning 100 percent of Oncor (such transactions, collectively, the Acquisition). The EFH merger agreement contains various conditions precedent to consummation of the transactions contemplated by the EFH merger agreement and requires that certain approvals and rulings be obtained.

The foregoing description of the TTHC merger agreement is qualified in its entirety by reference to the TTHC merger agreement, which has been filed by NEE with the Securities and Exchange Commission.

On October 29, 2016, T & D Equity Acquisition, LLC (OMI purchaser), a wholly owned subsidiary of NEE, OMI and Oncor entered into an agreement (OMI purchase agreement) for the OMI purchaser to purchase OMI's 0.22 percent interest in Oncor for approximately \$27 million. Closing of the transaction is subject to, among other things, receipt of certain approvals, including approvals required in connection with the merger contemplated by the EFH merger agreement.

THE OFFERING

Common stock offered by this prospectus supplement	12,000,000 shares (or 13,800,000 shares if the underwriters over-allotment option is exercised in full)
Common stock to be outstanding after this offering, but excluding any shares of common stock that may be issued upon physical settlement of the forward sale agreements(1)	467,267,977 shares
Common stock to be outstanding after settlement of the forward sale agreements assuming physical settlement(1)(2)	479,267,977 shares (or 481,067,977 shares if the underwriters over-allotment option is exercised in full).

- (1) This amount is based on the total number of shares of NEE common stock that were outstanding on September 30, 2016, and assumes that no event occurs that requires NEE to issue and sell its common stock to the underwriters in lieu of the forward counterparties (or affiliates thereof) selling NEE common stock to the underwriters and further assumes that if the underwriters exercise their over-allotment option that NEE does not elect to issue and sell shares to cover such over-allotments directly.
- (2) Each forward counterparty has advised NEE that it (or its affiliate) intends to acquire shares of NEE common stock to be sold under this prospectus supplement through borrowings from stock lenders. Subject to the

occurrence of certain events, NEE will not be obligated to deliver shares of NEE common stock, if any, under the forward sale agreements until final settlement of those forward sale agreements. Except in certain circumstances, NEE has the right to elect physical, cash or net share settlement under the forward sale agreements. NEE cannot be required to cash settle or net share settle those forward sale agreements. See

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Underwriting Forward Sale Agreements and Over-Allotment Option for a description of the forward sale agreements.

Use of proceeds

NEE will not initially receive any proceeds from the sale of the shares of NEE common stock by the forward counterparties (or affiliates thereof) pursuant to this prospectus supplement, unless an event occurs that requires NEE to issue and sell its common stock to the underwriters in lieu of the forward counterparties (or affiliates thereof) selling NEE common stock to the underwriters, or if the underwriters exercise their over-allotment option and NEE elects to issue and sell the shares to cover such over-allotments directly.

Depending on the price of NEE common stock at the time of settlement of the forward sale agreements and the relevant settlement method, NEE may receive proceeds from the sale of common stock upon settlement of the forward sale agreements, which settlement must occur no later than November 1, 2017. See Underwriting Forward Sale Agreements and Over-Allotment Option for a description of the forward sale agreements.

NEE will add any net proceeds that NEE receives upon settlement of the forward sale agreements to its general funds. NEE expects to use its general funds to fund, in part, the merger consideration under the TTHC merger agreement as well as for general corporate purposes. If an event occurs that requires NEE to issue and sell its common stock to the underwriters in lieu of the forward counterparties (or affiliates thereof) selling NEE common stock to the underwriters, or if the underwriters exercise their over-allotment option and NEE elects to issue and sell the shares to cover such over-allotments directly, NEE intends to use the net proceeds from such sale for the same purposes. See Use of Proceeds.

Listing

NEE common stock is listed on the NYSE under the symbol NEE.

Risk factors

An investment in NEE common stock involves various risks, and prospective investors should carefully consider the matters discussed under Risk Factors beginning on page S-7 of this prospectus supplement.

Conflicts of interest

The entire proceeds of this offering (except the proceeds that NEE will receive upon the sale of any common stock that NEE may issue and sell to the underwriters in lieu of the forward counterparties (or affiliates thereof) selling NEE common stock to the underwriters and, if the underwriters exercise their over-allotment option and NEE elects to issue and sell the shares to cover such over-allotments directly, the proceeds

that NEE will receive from the issuance of any such additional shares) will be paid to the forward counterparties (or affiliates thereof). As a result, the forward counterparties (or affiliates thereof) will receive more than 5% of the net proceeds of this offering, not including underwriting compensation. Accordingly, each of the forward counterparties (or affiliates thereof) is deemed to have

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a conflict of interest within the meaning of Rule 5121 of the Financial Industry Regulatory Authority, Inc. (FINRA), and this offering will be conducted in accordance with FINRA Rule 5121. Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering, as the shares of NEE common stock offered have a bona fide public market (as such terms are defined in FINRA Rule 5121). See Conflicts of Interest.

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RISK FACTORS

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

Before purchasing the common stock, 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 common stock.

Risks Relating to NEE's Business

Regulatory, Legislative and Legal Risks

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

The operations of NEE 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 industries, businesses, rates and cost structures, operation of nuclear power facilities, construction and operation of electricity generation, transmission and distribution facilities and natural gas and oil production, natural gas, oil and other fuel transportation, processing and storage facilities, acquisition, disposal, depreciation and amortization of facilities and other assets, decommissioning costs and funding, service reliability, wholesale and retail competition, and commodities trading and derivatives transactions. In its business planning and in the management of its operations, NEE must address the effects of regulation on its business and any inability or failure to do so adequately could have a material adverse effect on its business, financial condition, results of operations and prospects.

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

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

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

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

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

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

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

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

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

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

NEE's business is influenced by various legislative and regulatory initiatives, including, but not limited to, new or revised laws, regulations, interpretations and other regulatory initiatives regarding deregulation or restructuring of the energy industry, regulation of the commodities trading and derivatives markets, and regulation of environmental matters, such as regulation of air emissions, regulation of water consumption and water discharges, and regulation of gas and oil infrastructure operations, as well as associated environmental permitting. Changes in the nature of the regulation of NEE's business could have a material adverse effect on NEE's business, financial condition, results of operations and prospects. NEE is 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, which could have a material adverse effect on NEE'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, such as government incentives that facilitate the installation of solar generation facilities on residential or other rooftops at below cost, or would permit third-party sales of electricity, could have a material adverse effect on NEE's business, financial condition, results of operations and prospects. There can be no assurance that FPL will be able to respond adequately to such regulatory changes, which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

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

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

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

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

NEE is 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 (CO₂), 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, power or natural gas transmission, or other infrastructure projects, restrict the output of some existing facilities, limit the availability and use of some fuels required for the production of electricity, require additional pollution control equipment, and otherwise increase costs, increase capital expenditures and limit or eliminate certain operations.

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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 requirements, the current trend toward more stringent standards, and stricter or more expansive application of existing environmental regulations. For example, among other new, potential or pending changes are federal regulation of CO₂ emissions under the Clean Power Plan and state and federal regulation of the use of hydraulic fracturing or similar technologies to drill for natural gas and related compounds used by NEE's gas infrastructure business.

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

NEE's 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, CO₂ and methane, from electric generation units using fossil fuels like coal and natural gas. Although it is currently subject to a stay issued by the U.S. Supreme Court, the Clean Power Plan is an example of such a new regulation at the federal level. The potential effects of greenhouse gas emission limits on NEE's electric generation units are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, the nature of any market-based or tax-based mechanisms adopted to facilitate reductions, the relative availability of greenhouse gas emission reduction offsets, the development of cost-effective, commercial-scale carbon capture and storage technology and supporting regulations and liability mitigation measures, and the range of available compliance alternatives.

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

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

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

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

affect the availability or cost of fossil fuels.

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

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

NEE is subject to extensive federal regulation, which generally imposes significant and increasing compliance costs on NEE's operations. Additionally, any actual or alleged compliance failures could result in significant costs and other potentially adverse effects of regulatory investigations, proceedings, settlements, decisions and claims, including, among other items, potentially significant monetary penalties. As an example,

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under the Energy Policy Act of 2005, NEE, as an owner and operator of bulk power transmission systems and/or electric generation facilities, is subject to mandatory reliability standards. Compliance with these mandatory reliability standards may subject NEE to higher operating costs and may result in increased capital expenditures. If NEE is found not to be in compliance with these standards, it may incur substantial monetary penalties and other sanctions. Both the costs of regulatory compliance and the costs that may be imposed as a result of any actual or alleged compliance failures could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

NEE'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 the resolution of audit issues raised by taxing authorities. Ultimate resolution of income tax matters may result in material adjustments to tax-related assets and liabilities, which could materially adversely affect NEE's business, financial condition, results of operations and prospects.

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

NEE'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.

Operational Risks

NEE's business, financial condition, results of operations and prospects could suffer if NEE does not proceed with projects under development or is 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 ability to complete construction of, and capital improvement projects for, its 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, lessors, joint venture partners and other third parties, negative publicity, transmission interconnection issues and other factors. If any development project or construction or capital improvement project is not completed, is delayed or is subject to cost overruns, certain associated costs may not be approved for recovery or otherwise be recoverable through regulatory mechanisms that may be available, and NEE could become obligated to make delay or termination payments or become obligated for other damages under contracts, could experience the loss

of tax credits or tax incentives, or delayed or diminished returns and could be required to write off all or a portion of its investment in the project. Any of these events could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

NEE owns, develops, constructs, manages and operates electric-generation and transmission facilities and natural gas transmission facilities. A key component of NEE's growth is its ability to construct and operate generation and transmission facilities to meet customer needs. As part of these operations, NEE must periodically apply for licenses and permits from various local, state, federal and other regulatory authorities and abide by their respective conditions. Should NEE 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, NEE'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 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 business, financial condition, results of operations and prospects.

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

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

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

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

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

performance below expected or contracted levels of output or efficiency;

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

availability of replacement equipment;

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

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

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

use of new or unproven technology;

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

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

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

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

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

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

Weather conditions directly influence the demand for electricity and natural gas and other fuels and affect the price of energy and energy-related commodities. In addition, severe weather and natural disasters, such as hurricanes, floods, tornadoes, icing events and earthquakes, can be destructive and cause power outages and property damage, reduce revenue, affect the availability of fuel and water, and require NEE to incur additional costs, for example, to restore service and repair damaged facilities, to obtain replacement power and to access available financing sources. Furthermore, NEE's physical plant could be placed at greater risk of damage should changes in the global climate produce unusual variations in temperature and weather patterns, resulting in more intense, frequent and extreme weather events, abnormal levels of precipitation and, particularly relevant to FPL, a change in sea level. FPL operates in the east and lower west coasts of Florida, an area that historically has been prone to severe weather events, such as hurricanes. A disruption or failure of electric generation, transmission or distribution systems or natural gas production, transmission, storage or distribution systems in the event of a hurricane, tornado or other severe weather event, or otherwise, could prevent NEE from operating its 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 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 business, financial condition, results of operations and prospects.

Changes in weather can also affect the production of electricity at power generation facilities, including, but not limited to, NEE's wind and solar facilities. For example, the level of wind resource affects the revenue produced by wind generation facilities. Because the levels of wind and solar resources are variable and difficult to predict, NEE's results of operations for individual wind and solar facilities specifically, and NEE's 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.

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

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

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

The ability of NEE to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. NEE's 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. The ability of NEE to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. If insurance coverage is not available or obtainable on acceptable terms, NEE may be required to pay costs associated with adverse future events. NEE generally is 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 is not fully insured could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

Natural gas and oil prices are affected by supply and demand, both globally and regionally. Factors that influence supply and demand include operational issues, natural disasters, weather, political instability, conflicts, new discoveries, technological advances, economic conditions and actions by major oil-producing countries. There can be

significant volatility in market prices for gas and oil, and price fluctuations could have a

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material effect on the financial performance of gas and oil producing and transmission assets. For example, in a low gas and oil price environment, NEER would generate less revenue from its gas infrastructure investments in gas and oil producing properties, and as a result certain investments might become less profitable or incur losses. Prolonged periods of low oil and gas prices could also result in oil and gas production and transmission projects to be delayed or cancelled or to experience lower returns, and for certain projects to become impaired, which could materially adversely affect NEE's results of operations.

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

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

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

Sales of power on the spot market or on a short-term contractual basis may cause NEE's 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 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 business, financial condition, results of operations and prospects.

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

NEE is an active participant in energy markets. The liquidity of regional energy markets is an important factor in NEE'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 business, financial condition, results of operations and prospects.

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

NEE has 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 is unable to assure that such procedures and tools will be effective against all potential risks, including, without limitation, employee misconduct. If such procedures and tools are not effective, this could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

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

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

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

NEE is subject to credit and performance risk from customers, hedging counterparties and vendors.

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

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

NEE 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 is required to post margin cash collateral under derivative contracts.

NEE uses derivative instruments, such as swaps, options, futures and forwards, some of which are traded in the OTC markets or on exchanges, to manage its commodity and financial market risks, and to engage in trading

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and marketing activities. Any failures by its counterparties to perform or make payments in accordance with the terms of those transactions could have a material adverse effect on NEE's business, financial condition, results of operations and prospects. Similarly, any requirement for 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. These risks may be increased during periods of adverse market or economic conditions affecting the industries in which NEE participates.

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

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

NEE's business is highly dependent on its 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, complexity and geographical reach of NEE's business, the development and maintenance of information technology systems to keep track of and process information is critical and challenging. NEE'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 of, its control, such as operator error, severe weather or terrorist activities. Any such failure or disabling event could materially adversely affect NEE's ability to process transactions and provide services, and its business, financial condition, results of operations and prospects.

NEE adds, modifies and replaces 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 and the diversion of management's and employees' attention and resources, and could negatively impact the effectiveness of the company's control environment, and/or the company's ability to timely file required regulatory reports.

NEE also faces 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.

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

NEE's retail businesses require access to sensitive customer data in the ordinary course of business. NEE'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 could be materially adversely affected, customer confidence could be diminished, or customer information could be subject to identity theft. NEE would be subject to costs associated with the breach and/or NEE 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.

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

NEE executes 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 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 and 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 business, financial condition, results of operations and prospects.

NEE may be materially 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. 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 business.

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, on the morale and performance of its employees and on its relationships with its regulators. It may also have a negative impact on its 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 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 results of operations.

The costs of providing health care benefits to employees and retirees have increased substantially in recent years. NEE anticipates that its 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 health care plans may materially adversely affect NEE's business, financial condition, results of operations and prospects.

