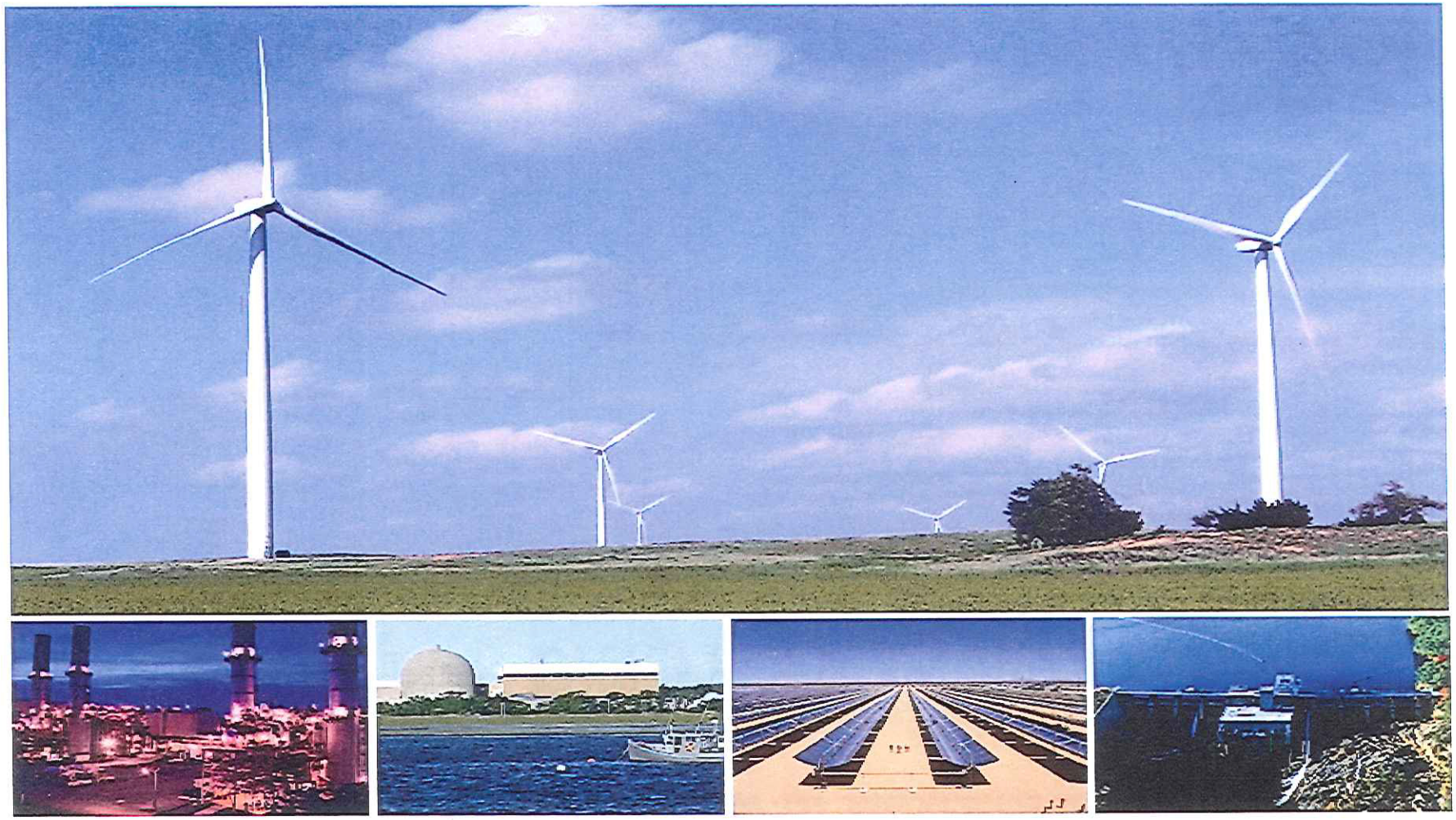


NextEra Energy Resources

Proprietary & Confidential Information

Agenda

- Overview of NextEra Energy
- Potential Classification as a Swap Dealer and Proposed Solution

NEXTera ENERGY RESOURCES

NextEra Energy is a premier U.S. power company comprised of two great businesses

NEXTera™ ENERGY

$22.2 B market capitalization[1]
42,588 MW in operation
$15.3 B in operating revenues
$53.0 B in total assets

FPL

One of the largest U.S. electric utilities
Vertically integrated, retail rate-regulated
4.5 million customer accounts
23,772 MW in operation
$11.0 B operating revenues

NEXTera® ENERGY RESOURCES

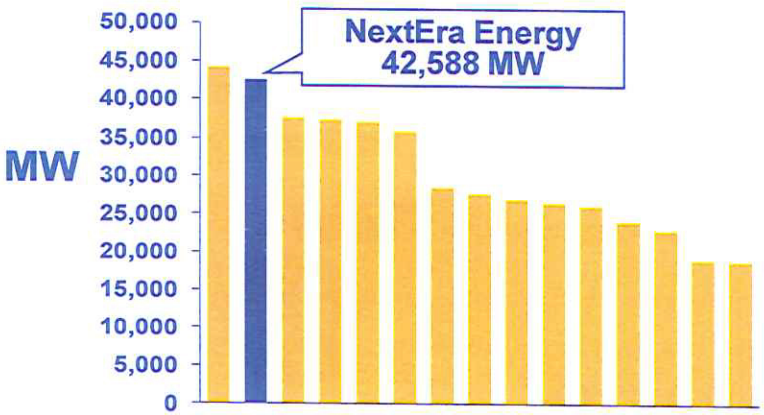
Successful wholesale generator
U.S. leader in renewable generation
Assets in 26 states and Canada
18,886 MW in operation
$4.6 billion in operating revenues

[1] Market capitalization as of March 18, 2011; source: FactSet.
All other data as of December 31, 2010.

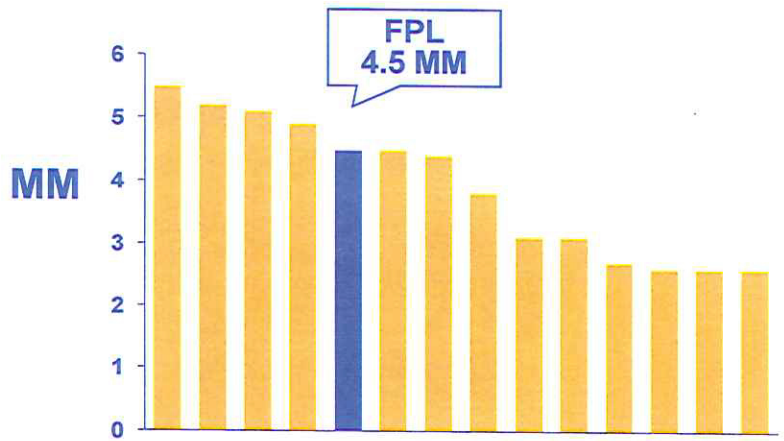
NEXTera ENERGY RESOURCES

NextEra Energy, Inc. is now one of the largest power companies in the United States by any measure

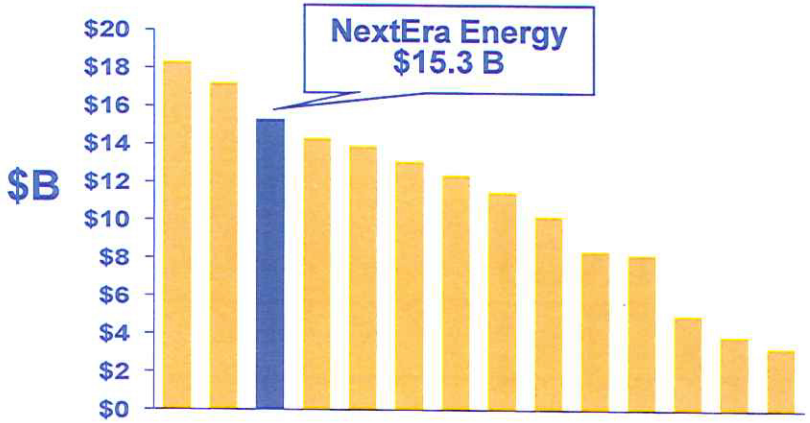
2nd in Owned Capacity [1]



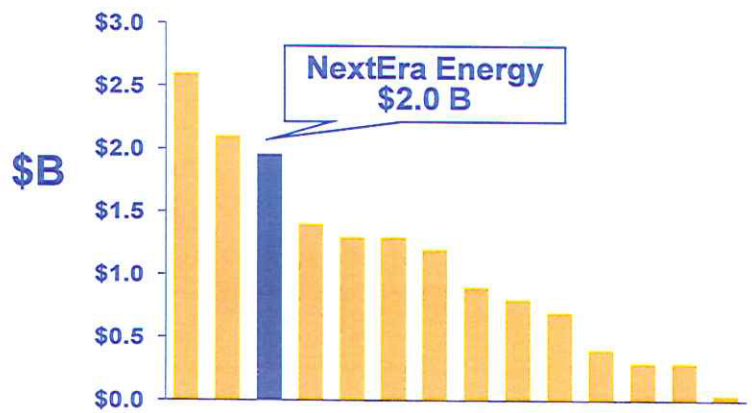
5th in Retail Customers [2]



3rd in Revenue [3]



3rd in Net Income [3]

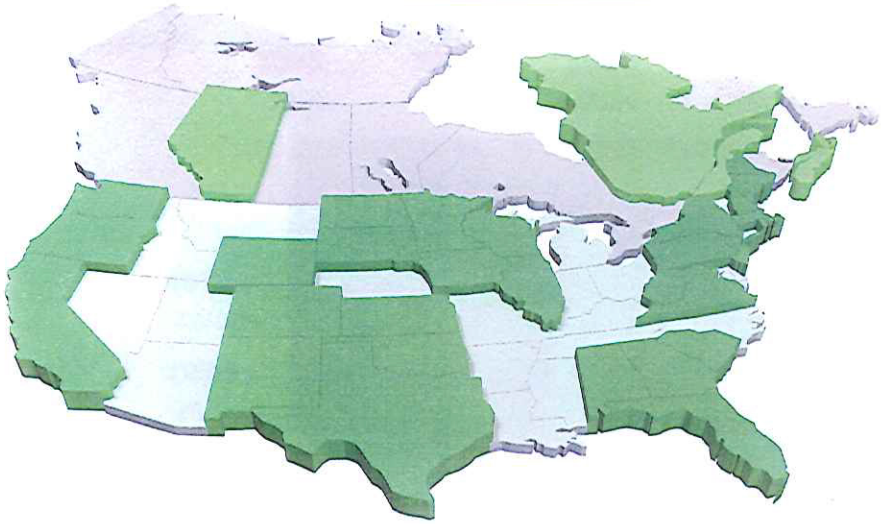


(1) Source: SNL Financial as of December 31, 2010, except for NextEra Energy; NextEra Energy portfolio as of December 31, 2010.
(2) Source: 2010 Edison Electric Institute DataSource Survey as of December 31, 2009; FPL as of December 31, 2010.
(3) Source: Bloomberg data for S&P Electric Utilities Index components for the 12 months ended September30, 2010, except for NextEra Energy; NextEra Energy for the year ended December 31, 2010.

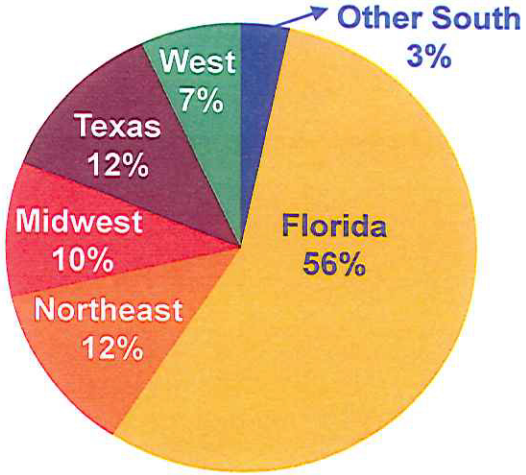
NEXTera ENERGY RESOURCES

NextEra Energy is significantly diversified across its portfolio of assets and opportunities

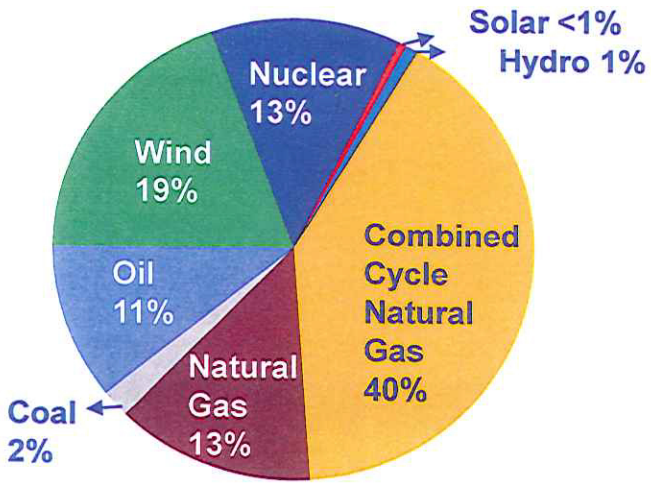
Geographical Mix



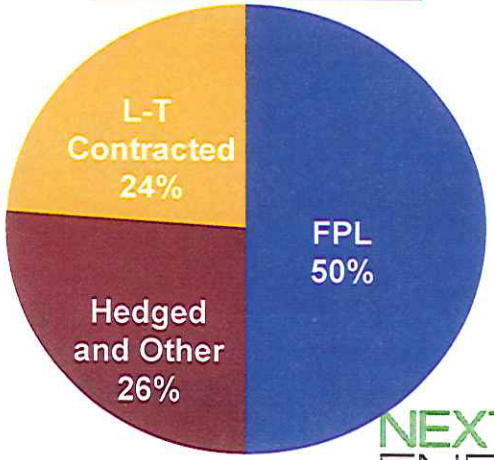
Generation by Region[1]



Generation Mix[1]



2010 EBITDA

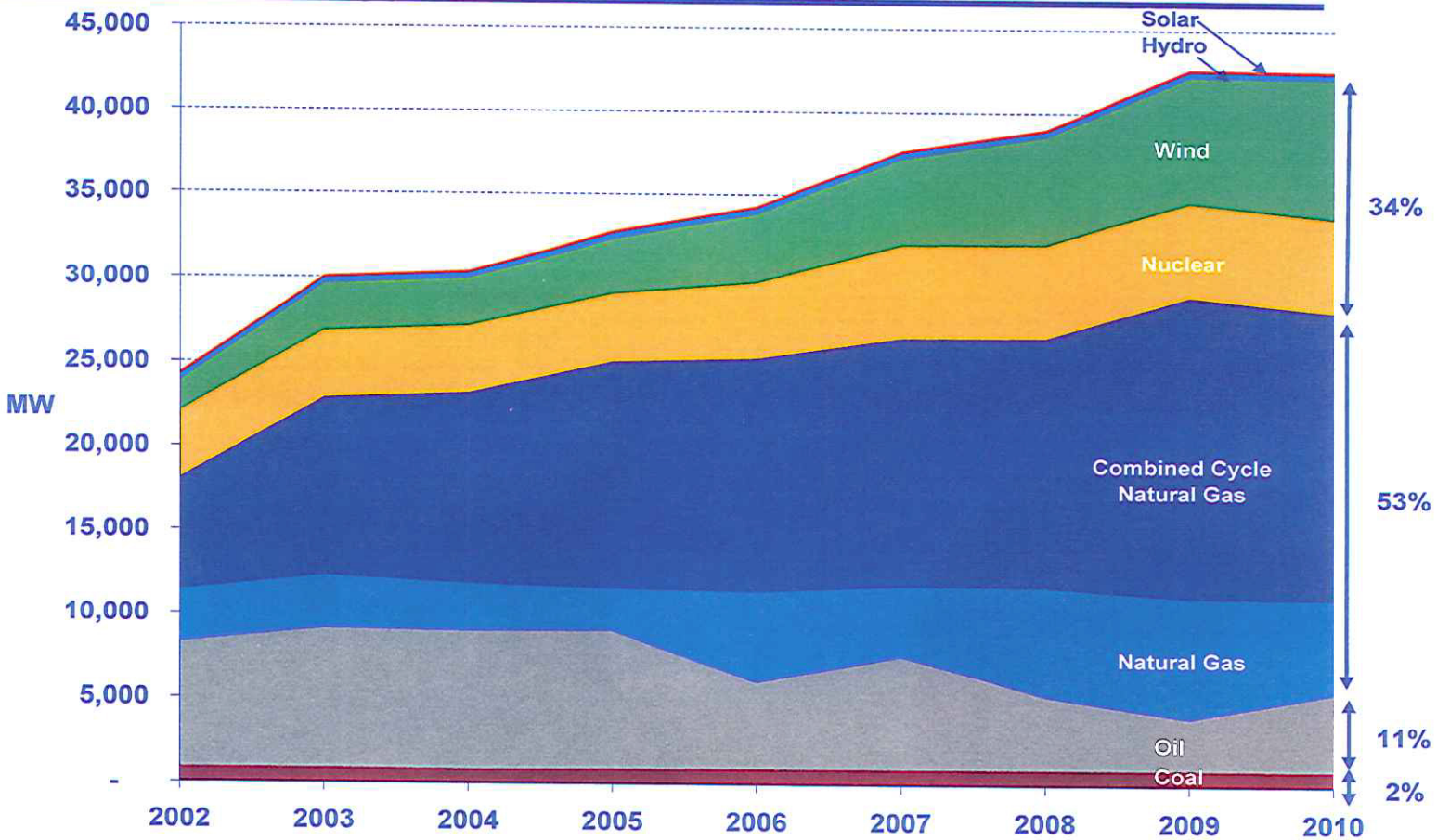


NEXTera ENERGY RESOURCES

(1) Data as of December 31, 2010.

...and focused on building a clean energy portfolio

NextEra Energy Generation Fuel Mix: 2002-2010



Approximately 90% of our generation is clean or renewable

Beginning in 2010, data does not include 75MW of new, non-incremental solar available for replacing natural gas duct firing at the Martin Unit 8 combined cycle unit.

NEXTera ENERGY RESOURCES

Our accomplishments are getting noticed …

Fortune's "Most Admired"

2007

2008

2009

2010

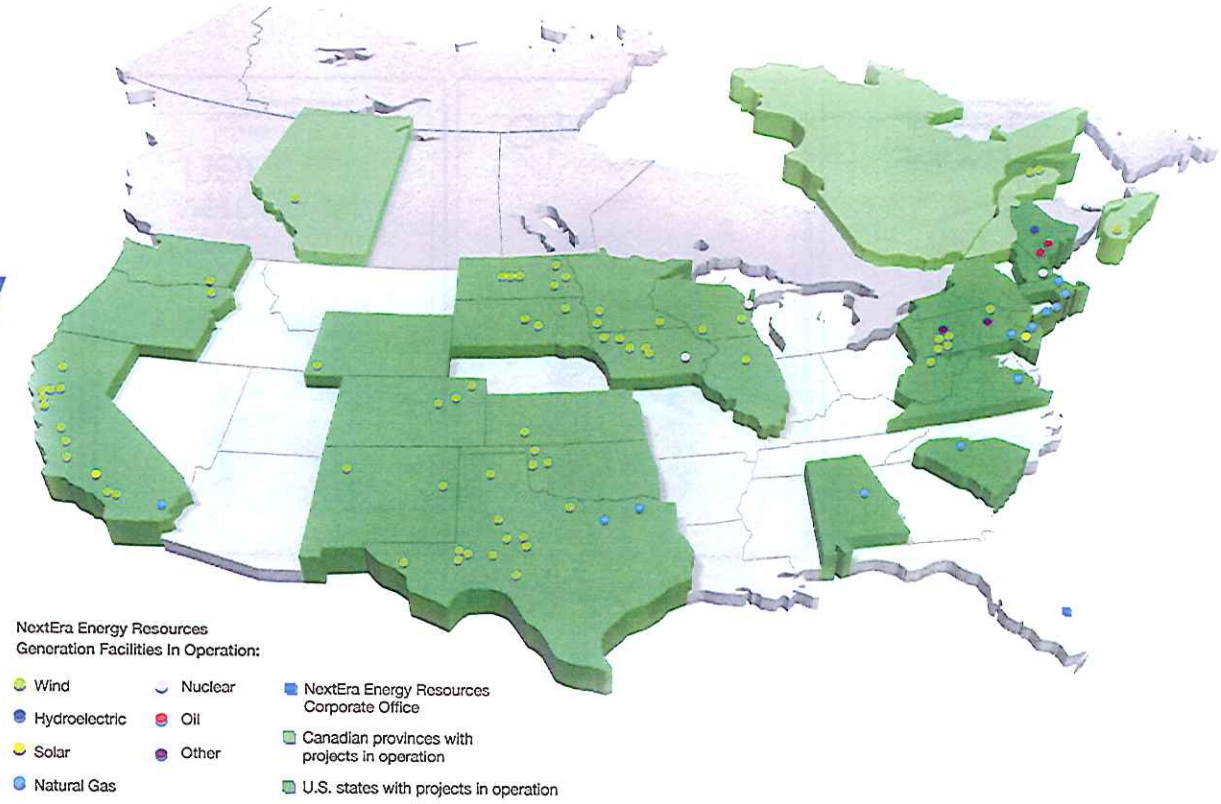
2011

NEXTera ENERGY RESOURCES

Energy Resources has 18,866 MW located across 26 states and Canada

Energy Resources Portfolio[1]

- Successful wholesale generator
- U.S. leader in renewable generation
- 4th largest wind energy owner in Canada
- Physical assets in 26 states and Canada
- 18,866 MW in operation
- $4.6 billion in operating revenues
- $22.4 billion in total assets



(1) All data as of December 31, 2010; operating revenues for the 12 months ended December 31, 2010

NEXTera ENERGY RESOURCES

NextEra Energy Power Marketing brings power from our generating facilities to market and hedges and optimizes the output of those facilities

Asset-Based Market Activity

- Daily scheduling of units with Independent Scheduling Operators (ISO's) in New England, Mid Atlantic, Midwest, Texas and California
- Execute longer-term hedges for our assets with counterparties
  - Many financial deals executed with banks
- We actively manage many of our competitive assets to take advantage of changing market conditions ("Asset Optimization")
  - As market prices for natural gas and electricity change, margins for gas-fired generating assets can be increased, without increased risk, by repurchasing hedges

NEXTera ENERGY RESOURCES

NextEra Energy Power Marketing also provides full requirements services to utilities and municipalities in the Northeast, Texas and the Midwest

Customer Supply Business

- Many states have deregulated their electric utilities, requiring the utilities to divest their generating assets
- These utilities must procure their power supply from third parties
- As one of the largest asset owners in the nation, NextEra Energy Resources is a natural counterparty to provide this service
- Transactions executed with utilities and municipalities in many states, including
  - Connecticut, New Jersey, Maine, New Hampshire, Massachusetts, Pennsylvania, Maryland, Washington DC, Delaware and Texas
- In most cases, NextEra Energy Power Marketing will hedge these transactions in the market with counterparties

NEXTera ENERGY RESOURCES

NextEra Energy Resources provides retail energy through its subsidiary, Gexa Energy

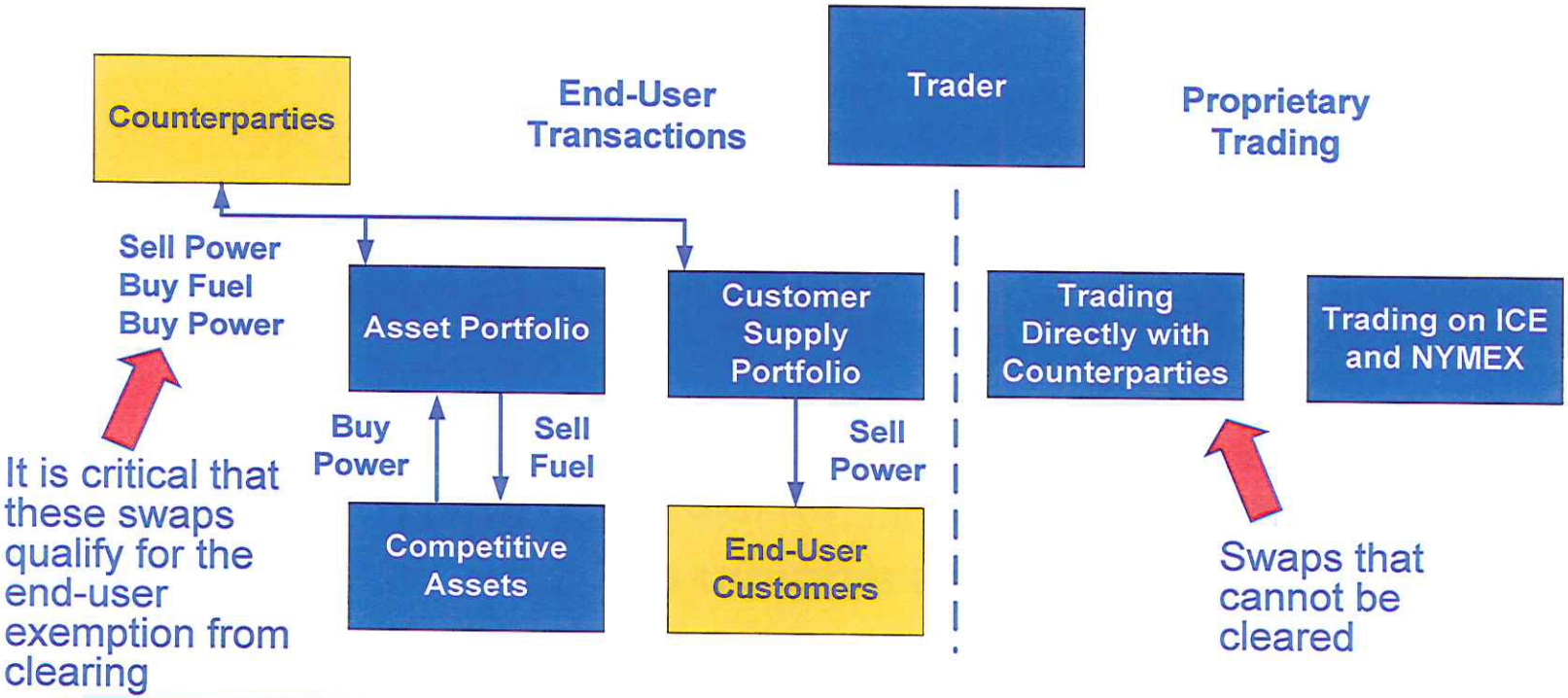
Retail Power Business

- **Residential Service in Texas**
- **Commercial supply in multiple states across the country**
  - Texas, Maine, Connecticut. Illinois, Maine, Maryland, Massachusetts, Ohio, Rhode Island, Washington, D.C., Pennsylvania, New Hampshire and New Jersey
- **NextEra Energy Power Marketing will hedge these retail sales in the market with counterparties**

NEXTera ENERGY RESOURCES

NextEra Energy Power Marketing hedges our competitive assets and our Customer Supply businesses directly with counterparties

Counterparty Transactions

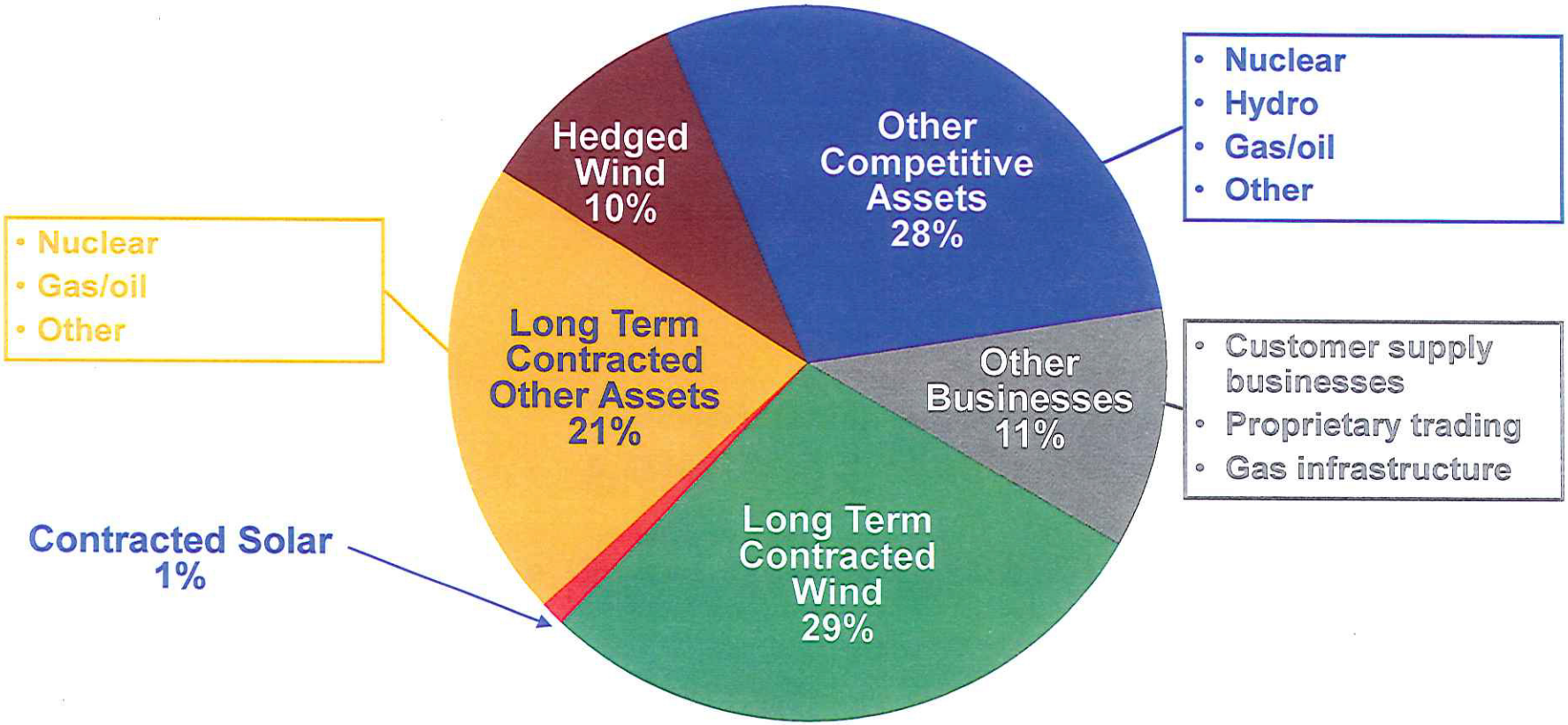


Hedging our assets and customer supply businesses directly with counterparties avoids carrying "open" positions on the exchanges

NEXTera ENERGY RESOURCES

Customer Supply and Proprietary Trading represent ~7% of NextEra Energy Resources' gross margin, and an even smaller % of NextEra Energy's business

2010E NextEra Energy Resources Gross Margin[1]



(1) Gross margin includes NextEra Energy Resources' share of revenues, pretax effect of production and investment tax credits, pretax impact of the Recovery Act, and fuel expense for consolidated and equity method investments. Gross margin excludes the mark-to-market effect of non-qualifying hedges.

NEXTera ENERGY RESOURCES

Agenda

- Overview of NextEra Energy
- Potential Classification as a Swap Dealer and Proposed Solution

NEXTera ENERGY RESOURCES

NextEra Energy Resources is concerned that it may be a "Swap Dealer" as a result of its customer supply activity

Potential Classification as a Swap Dealer

- **The vast majority of NextEra Energy Resources' swaps are entered into with financial institutions to hedge commercial risk**
- **However, NextEra sometimes enters into swaps with other physical commodity market customers who are hedging their own commercial risks**
  - These transactions may be physically-settled or financial depending upon the requirements of the counter party
- **If NextEra Energy Resources is a swap dealer as a result of these activities, it would be subject to mandatory capital, margin, and clearing and we would need to make substantial investments in information technology**
  - This would consume large amounts of investment capital that could otherwise be devoted to renewable energy projects
  - At least some of these costs would be passed onto consumers, manufacturers and employers

NEXTera ENERGY RESOURCES

NextEra Energy Resources' customer supply activity is integral to its generation business and is an important feature of deregulated electricity markets

Customer Swaps are Integral to Generation Business

- **NextEra Energy Resources' natural long position in electricity requires it to enter into a variety of physical and financial hedging transactions**
- **Those positions involve NextEra Energy Resources in commercial relationships with electricity customers and other physical market participants who have natural short positions in electricity**
- **When NextEra enters into a swap with a customer, the swap is ancillary or incidental to its regular business of owning and operating electricity generation assets**
  - NextEra only enters into swaps that are related to its regular business as a producer and user of physical commodities, i.e., swaps based on energy commodities with price references at delivery points in regions where it owns physical assets

NEXTera ENERGY RESOURCES

A swap entered into by a generation company that is ancillary to its generation business should be deemed a swap entered into "not as part of a regular business"

Customer Swaps are Not Part of a Regular Business

- **The swap dealer definition provides an exception for companies that enter into swaps for its own account "but not as part of a regular business"**
- **This exception should apply**
  - to a non-financial entity that produces, processes, uses, or merchandizes a physical commodity
  - that enters into a swap for its own account that is ancillary or incidental to its regular business
    - the swap must be between commercial participants that have a demonstrable capacity to make or take delivery of the commodity underlying the swap
    - the swap must be a substitute for a transaction that could have been made or taken in a physical marketing channel
    - at least one of the parties must be entering into the swap to hedge or manage commercial risk

NEXTera ENERGY RESOURCES

NextEra Energy Resources proposed additional comments to the swap dealer definition in its letter of February 22

Additonal Comments to Proposed Regulations

- **"Further define" swap dealer to provide market participants with practical guidance about which activities fall within or outside of the proposed definition**
- **Adopt an alternative approach to implementing the de minimis exception that focuses on a level of dealing activity that poses little or no risk to the U.S. financial system**
  - Swaps with a notional amount that is less than .001% (determined on a quarterly basis) of the total notional amount of swaps in the United States

NEXTera ENERGY RESOURCES

Proposed Swap Dealer Definition Enhancements

17 C.F.R. 1.3(ppp) *Swap Dealer.*

(1) In general. The term "*swap dealer*" means any person who:

(i) Holds itself out as a dealer in swaps;

(ii) Makes a market in swaps;

(a) "Makes a market" means regularly quoting bid and offer prices for, and standing ready to enter into, a swap for a person's own account for the purpose of responding to customer demand for swaps.

(iii) Regularly enters into swaps with counterparties as an ordinary course of business for its own account; or

(iv) Engages in any activity causing it to be commonly known in the trade as a dealer or market maker in swaps.

provided, however, that in no event shall an entity be considered to be a swap dealer to the extent that it offers to enter into, or enters into, a swap:

(a) to hedge or mitigate commercial risk, as defined in § 1.3(ttt);

(b) for the purpose of benefiting from future changes in the price of the underlying commodity;

(c) on a designated contract market or swap execution facility; or

(d) that is an option to make or receive delivery of a physical commodity.

(2) Exception. The term "swap dealer" does not include a person that enters into swaps for such person's own account, either individually or in a fiduciary capacity, but not as a part of regular business.

(i) A non-financial entity that produces, processes, uses, or merchandizes, a physical commodity, or the products or by-products thereof, is not a swap dealer to the extent that it enters into a swap for its own account that is ancillary or incidental to its regular business. A swap is ancillary or incident[al] to a non-financial entity's regular business if it is:

(a) between persons that have the capacity to make or take delivery of the underlying commodity;

(b) a substitute for a transaction or position that could have been made or taken in a physical marketing channel; and

(c) at least one of the parties thereto is hedging or mitigating commercial risk.

(ii) "Regular Business" means a usual and significant business activity of a person as measured by, among other things, revenues, profits, volume, VaR, exposure and resources devoted to the business.

...

(4) *De minimis* exception. A person shall not be deemed to be a swap dealer as a result of swap dealing activity involving counterparties ~~that meets each of the following conditions: (i) The~~ if the swap positions connected with those activities into which the person enters, as of the last day of each calendar quarter, ~~over the course of the immediately preceding 12 months~~ did not exceed one thousandth of one percent (.001%) of the total notional amount of swaps in the United States. For purposes of this paragraph, if the stated notional amount of a swap is leveraged or enhanced by the structure of the swap, the calculation shall be based on the effective notional amount of the swap rather than on the stated notional amount.

NEXTera ENERGY RESOURCES