

NEXTERA ENERGY CAPITAL HOLDINGS INC

Form 424B2

May 03, 2018

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)(2)
NextEra Energy Capital Holdings, Inc. Floating Rate Debentures, Series due May 4, 2021	\$ 400,000,000	\$ 49,800.00
NextEra Energy, Inc. Guarantee of NextEra Energy Capital Holdings, Inc. Debentures(3)		(4)
Total	\$ 400,000,000	\$ 49,800.00

(1)
Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

(2)
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.

(3)
The value attributable to the NextEra Energy, Inc. guarantee, if any, is reflected in the offering price of the NextEra Energy Capital Holdings, Inc. Floating Rate Debentures, Series due May 4, 2021.

(4)
Pursuant to Rule 457(n) under the Securities Act, no separate fee for the NextEra Energy, Inc. guarantee is payable.

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Filed Pursuant to Rule 424(b)(2)

Registration No. 333-205558 and 333-205558-01

PROSPECTUS SUPPLEMENT

(To prospectus dated July 8, 2015)

NextEra Energy Capital Holdings, Inc.

\$400,000,000 Floating Rate Debentures, Series due May 4, 2021

The Debentures will be Absolutely, Irrevocably and

Unconditionally Guaranteed by

NextEra Energy, Inc.

NextEra Energy Capital Holdings, Inc. (“NEE Capital”) will pay interest quarterly on the Floating Rate Debentures, Series due May 4, 2021 (the “Debentures”) at a rate equal to three-month LIBOR plus 0.48%, which rate will be reset quarterly on February 4, May 4, August 4 and November 4 of each year, beginning August 4, 2018. NEE Capital does not have any optional redemption rights with respect to the Debentures.

NEE Capital’s corporate parent, NextEra Energy, Inc. (“NEE”), has agreed to absolutely, irrevocably and unconditionally guarantee the payment of principal, interest and premium, if any, on the Debentures. The Debentures and the guarantee are unsecured and unsubordinated and rank equally with other unsecured and unsubordinated indebtedness from time to time outstanding of NEE Capital and NEE, respectively. NEE Capital does not intend to apply to list the Debentures on a securities exchange.

See “Risk Factors” beginning on page S-1 of this prospectus supplement to read about certain factors you should consider before making an investment in the Debentures.

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

	Per Debenture	Total
Price to Public	100.00%	\$ 400,000,000
Underwriting Discount	0.10%	\$ 400,000
Proceeds to NEE Capital (before expenses)	99.90%	\$ 399,600,000

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 Debentures from the date that the Debentures are originally issued to the date that they are delivered to that purchaser.

The Debentures are expected to be delivered in book-entry only form through The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, and/or Euroclear Bank SA/NV, as operator of the Euroclear System, against payment in New York, New York on or about May 4, 2018.

Sole Book-Running Manager

Wells Fargo Securities

The date of this prospectus supplement is May 2, 2018.

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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, NEE or the underwriter specifying the final terms of the offering. None of NEE Capital, NEE or the underwriter have authorized anyone else to provide you with additional or different information. None of NEE Capital, NEE or the underwriter are making an offer of the 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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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 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 Debentures.

Risks Relating to NEE’s and NEE Capital’s Business

Regulatory, Legislative and Legal Risks

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

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

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

Florida Power & Light Company (“FPL”), a wholly owned subsidiary of NEE, is an electric utility 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 and fuel for its plant operations, 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 or could otherwise adversely impact FPL’s 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 and NEE Capital’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 transmission utilities subject to the jurisdiction of their regulators and are subject to similar risks.

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

The local and national political, regulatory and economic environment has had, and may in the future have, an adverse effect on FPSC decisions with negative consequences for FPL. These decisions may require, for example, FPL to cancel or delay planned development activities, to reduce or delay other

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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 and NEE Capital 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 or modifications to, or the elimination of, governmental incentives or policies that support utility scale renewable energy, including, but not limited to, tax laws, policies and incentives, renewable portfolio standards ("RPS") or feed-in tariffs, 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 and/or financing of new renewable energy projects, NextEra Energy Resources, LLC ("NEER") abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

NEER, a wholly owned subsidiary of NEE Capital, depends heavily on government policies that support utility scale renewable energy and enhance the economic feasibility of developing and operating wind and solar energy projects in regions in which NEER operates or plans to develop and operate renewable energy facilities. The federal government, a majority of the 50 U.S. states and portions of Canada and Spain provide incentives, such as tax incentives, RPS or feed-in tariffs, 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 laws and policies that support renewable energy and consider actions that would make the laws and policies less conducive to the development and operation of renewable energy facilities. Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy 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 and/or financing of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in the projects and reduced project returns, any of which could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

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

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

FPL has limited competition in the Florida market for retail electricity customers. Any changes in Florida law or regulation which introduce competition in the Florida retail electricity market, such as government incentives that facilitate the installation of solar generation facilities on residential or other rooftops at below cost or that are otherwise subsidized by non-participants, or would permit third-party

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

NEE's and NEE Capital's over-the-counter ("OTC") financial derivatives are subject to rules implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act and similar international regulations that are designed to promote transparency, mitigate systemic risk and protect against market abuse. NEE and NEE Capital cannot predict the impact any proposed or not fully implemented final rules will have on their ability to hedge their commodity and interest rate risks or on OTC derivatives markets as a whole, but such rules and regulations could have a material adverse effect on NEE's and NEE Capital's risk exposure, as well as reduce market liquidity and further increase the cost of hedging activities.

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

NEE and NEE Capital are subject to domestic and foreign environmental laws, regulations and other standards, including, but not limited to, extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality and usage, soil quality, 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.

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 and stricter or more expansive application of existing environmental regulations. For example, among other new, potential or pending changes are state and federal regulation of the use of hydraulic fracturing or similar technologies to drill for natural gas and related compounds used by NEE's gas infrastructure business.

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

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, CO₂ and methane, from electric generation units using fossil fuels like coal and natural gas. The potential effects of greenhouse gas emission limits on

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NEE's and NEE Capital's electric generation units are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, the nature of any market-based or tax-based mechanisms adopted to facilitate reductions, the relative availability of greenhouse gas emission reduction offsets, the development of cost-effective, commercial-scale carbon capture and storage technology and supporting regulations and liability mitigation measures, and the range of available compliance alternatives.

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

Any future limits on greenhouse gas emissions could:

- create substantial additional costs in the form of taxes or emission allowances;
- make some of NEE's and NEE Capital's electric generation units uneconomical to operate in the long term;
- require significant capital investment in carbon capture and storage technology, fuel switching, or the replacement of high-emitting generation facilities with lower-emitting generation facilities; or
- affect the availability or cost of fossil fuels.

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

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

Changes in tax laws, guidance or policies, including but not limited to changes in corporate income tax rates, as well as judgments and estimates used in the determination of tax-related asset and liability amounts, could materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.

NEE's and NEE Capital's provision for income taxes and reporting of tax-related assets and liabilities require significant judgments and the use of estimates. Amounts of tax-related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions and tax credits, including, but not limited to, estimates for potential adverse outcomes regarding tax positions that have been taken and the ability to utilize tax benefit carryforwards, such as net operating loss and tax credit carryforwards. Actual income taxes could vary significantly from estimated amounts due to the future impacts of, among other things, changes in tax laws, guidance

or policies, including changes in corporate income tax rates, the financial condition and results of operations of NEE and NEE Capital, and the
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resolution of audit issues raised by taxing authorities. These factors, including the ultimate resolution of income tax matters, may result in material adjustments to tax-related assets and liabilities, which could materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.

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

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

Operational Risks

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

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

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

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

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

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

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

- risks associated with facility start-up operations, such as whether the facility will achieve projected operating performance on schedule and otherwise as planned;
- failures in the availability, acquisition or transportation of fuel or other necessary supplies;
- the impact of unusual or adverse weather conditions and natural disasters, including, but not limited to, hurricanes, tornadoes, icing events, floods, earthquakes and droughts;
- performance below expected or contracted levels of output or efficiency;
- breakdown or failure, including, but not limited to, explosions, fires, leaks or other major events, of equipment, transmission and distribution lines or pipelines;
- availability of replacement equipment;
- risks of property damage or human injury from energized equipment, hazardous substances or explosions, fires, leaks or other events;
- availability of adequate water resources and ability to satisfy water intake and discharge requirements;
- inability to identify, manage properly or mitigate equipment defects in NEE's and NEE Capital's facilities;
- use of new or unproven technology;
- risks associated with dependence on a specific type of fuel or fuel source, such as commodity price risk, availability of adequate fuel supply and transportation, and lack of available alternative fuel sources;

- increased competition due to, among other factors, new facilities, excess supply, shifting demand and regulatory changes; and
- insufficient insurance, warranties or performance guarantees to cover any or all lost revenues or increased expenses from the foregoing.

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

Growth in customer accounts and growth of customer usage each directly influence the demand for electricity and the need for additional power generation and power delivery facilities, as well as the need for energy-related commodities such as natural gas. Customer growth and customer usage are affected by a number of factors outside the control of NEE and NEE Capital, such as mandated energy efficiency measures, demand side management requirements, and economic and demographic conditions, such as population changes, job and income growth, housing starts, new business formation and the overall level of economic activity. A lack of growth, or a decline, in the number of customers or in customer demand for

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electricity or natural gas and other fuels may cause NEE and NEE Capital to fail to fully realize the anticipated benefits from significant investments and expenditures and could have a material adverse effect on NEE's and NEE Capital's growth, business, financial condition, results of operations and prospects.

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

Weather conditions directly influence the demand for electricity and natural gas and other fuels and affect the price of energy and energy-related commodities. In addition, severe weather and natural disasters, such as hurricanes, floods, tornadoes, icing events and earthquakes, can be destructive and cause power outages and property damage, reduce revenue, affect the availability of fuel and water, and require NEE and NEE Capital to incur additional costs, for example, to restore service and repair damaged facilities, to obtain replacement power and to access available financing sources. Furthermore, NEE's and NEE Capital's physical plants could be placed at greater risk of damage should changes in the global climate produce unusual variations in temperature and weather patterns, resulting in more intense, frequent and extreme weather events, abnormal levels of precipitation and, particularly relevant to FPL, a change in sea level. FPL operates in the east and lower west coasts of Florida, an area that historically has been prone to severe weather events, such as hurricanes. A disruption or failure of electric generation, transmission or distribution systems or natural gas production, transmission, storage or distribution systems in the event of a hurricane, tornado or other severe weather event, or otherwise, could prevent NEE and NEE Capital from operating their business in the normal course and could result in any of the adverse consequences described above. Any of the foregoing could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects. At FPL and other businesses of NEE where cost recovery is available, recovery of costs to restore service and repair damaged facilities is or may be subject to regulatory approval, and any determination by the regulator not to permit timely and full recovery of the costs incurred could have a material adverse effect on NEE's and, with respect to businesses other than FPL, NEE Capital's business, financial condition, results of operations and prospects.

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

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

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

Terrorist acts, cyber attacks or other similar events affecting NEE's and NEE Capital's systems and facilities, or those of third parties on which NEE and NEE Capital rely, could harm NEE's and NEE Capital's business, for example, by limiting their ability to generate, purchase or transmit power, natural gas or other energy-related commodities by limiting their ability to bill customers and collect and process payments, and by delaying their development and construction of new generation, distribution or transmission facilities or capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues, significant additional costs (for example, to

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repair assets, implement additional security requirements or maintain or acquire insurance), significant fines and penalties, and reputational damage, could materially adversely affect NEE's and NEE Capital's operations (for example, by contributing to disruption of supplies and markets for natural gas, oil and other fuels), and could impair NEE's and NEE Capital's ability to raise capital (for example, by contributing to financial instability and lower economic activity). In addition, the implementation of security guidelines and measures has resulted in and is expected to continue to result in increased costs. Such events or actions may materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.

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

Insurance coverage may not continue to be available or may not be available at rates or on terms similar to those presently available to NEE and NEE Capital. The ability of NEE and NEE Capital to obtain insurance and the terms of any available insurance coverage could be materially adversely affected by international, national, state or local events and company-specific events, as well as the financial condition of insurers. If insurance coverage is not available or obtainable on acceptable terms, NEE or NEE Capital may be required to pay costs associated with adverse future events. NEE and NEE Capital generally are not fully insured against all significant losses. For example, FPL is not fully insured against hurricane-related losses, but would instead seek recovery of such uninsured losses from customers subject to approval by the FPSC, to the extent losses exceed restricted funds set aside to cover the cost of storm damage. A loss for which NEE or NEE Capital is not fully insured could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

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

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

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

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

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Due to the potential for 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 the commodity risks within its portfolios could materially adversely affect NEE's and NEE Capital's business, financial condition, results of operations and prospects.

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

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. Market liquidity is driven in part by the number of active market participants, which has declined in recent years as some banks and other financial institutions have withdrawn from power marketing. Liquidity in the energy markets can be adversely affected by price volatility, restrictions on the availability of credit and other factors, and any reduction in the liquidity of energy markets could have a material adverse effect on NEE's and NEE Capital's business, financial condition, results of operations and prospects.

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

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

If price movements significantly or persistently deviate from historical behavior, NEE's and NEE Capital's risk management tools associated with their hedging and trading procedures may not protect against significant losses. NEE's and NEE Capital's risk management tools and metrics associated with their hedging and trading procedures, such as daily value at risk, earnings at risk, stop loss limits and liquidity guidelines, are based on historical price movements. Due to the inherent uncertainty involved in price movements and potential deviation from historical pricing behavior, NEE and NEE Capital are unable to assure that their risk management tools and metrics will be effective to protect against material adverse effects on their business, financial condition, results of operations and prospects.

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

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

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NEE and NEE Capital are subject to credit and performance risk from customers, hedging counterparties and vendors. NEE and NEE Capital are exposed to risks associated with the creditworthiness and performance of their customers, hedging counterparties and vendors under contracts for the supply of equipment, materials, fuel and other goods and services required for their business operations and for the construction and operation of, and for capital improvements to, their facilities. Adverse conditions in the energy industry or the general economy, as well as circumstances of individual customers, hedging counterparties and vendors, may adversely affect the ability of some customers, hedging counterparties and vendors to perform as required under their contracts with NEE and NEE Capital. For example, the prolonged downturn in oil and natural gas prices has adversely affected the financial stability of a number of enterprises in the energy industry, including some with which NEE and NEE Capital do business. If any hedging, vending or other counterparty fails to fulfill its contractual obligations, NEE and NEE Capital may need to make arrangements with other counterparties or vendors, which could result in material financial losses, higher costs, untimely completion of power generation facilities and other projects, and/or a disruption of their operations. If a defaulting counterparty is in poor financial condition, NEE and NEE Capital may not be able to recover damages for any contract breach.

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

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, sensitive confidential and other data could be compromised and NEE and NEE Capital could be unable to fulfill critical business functions.

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

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,

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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 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.

NEE's and NEE Capital's retail businesses are subject to the risk that sensitive customer data may be compromised, which could result in a material adverse impact to their reputation and/or have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and NEE Capital.

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

NEE and NEE Capital 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 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.

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.

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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.

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 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 or cyber incident 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 the maximum amount of private liability insurance obtainable, and participates in a secondary financial protection system, which provides liability insurance coverage for an 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

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premiums, plus any applicable taxes, for an 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. 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 and/or result in reduced revenues.

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 new nuclear generation facilities, and these requirements are subject to change. In the event of non-compliance, the NRC has the authority to impose fines and/or shut down a nuclear generation facility, depending upon the NRC's 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, or on certain types of nuclear generation units, which could increase costs, reduce revenues and result in additional capital expenditures.

The inability to operate any of NEE's or NEE Capital'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.

If any of NEE's or NEE Capital's nuclear generation facilities are not operated for any reason through the life of their respective 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.

NEE's and NEE Capital's nuclear units are periodically removed from service to accommodate planned 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 planned refueling and maintenance outages, including, but not limited to, inspections, repairs and certain other modifications as well as to replace equipment. 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 and Capital Requirements 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 materially 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, could increase NEE's and NEE Capital's cost of capital and affect their ability to fund their liquidity and capital needs and to meet their growth objectives. 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

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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 and certain other subsidiaries have used non-recourse or limited-recourse, project-specific or other 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 including, without limitation, NextEra Energy Partners, LP ("NEP") and its subsidiaries, to access the capital and credit markets to provide project-specific or other financing for electric-generation or other facilities or acquisitions 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 or other 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 materially 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 materially 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. In addition, certain agreements and guarantee arrangements would require posting of additional collateral in the event of a ratings downgrade. Some of the factors that can affect credit ratings are cash flows, liquidity, the amount of debt as a component of total capitalization, NEE's and NEE Capital's overall business mix 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 credit providers 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 defined benefit pension plan's funded status, which may materially adversely affect NEE's and NEE Capital's business, financial condition, liquidity and results of operations and prospects.

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.

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NEE'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, liquidity, 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, financial condition 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 liquidity, financial condition and results of operations.

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

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

NEE and NEE Capital may be unable to meet their ongoing and future financial obligations if their respective 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 respective subsidiaries. NEE's and NEE Capital's ability to meet their financial obligations, including, but not limited to, their 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 provide NEE or NEE Capital with funds. 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 respective 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. Funding such guarantees may materially adversely affect NEE's and NEE Capital's ability to meet their financial obligations or to pay dividends.

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NEP may not be able to access sources of capital on commercially reasonable terms, which would have a material adverse effect on its ability to consummate future acquisitions and on the value of NEE's limited partner interest in NextEra Energy Operating Partners, LP ("NEP OpCo").

NEE and NEE Capital understand that NEP expects, from time to time, to finance acquisitions of clean energy projects partially or wholly through the issuance of additional securities. NEP needs to be able to access the capital markets on commercially reasonable terms when acquisition opportunities arise. NEP's ability to access the capital markets is dependent on, among other factors, the overall state of the capital markets and investor appetite for investment in clean energy projects in general and NEP's common or preferred units in particular. An inability to obtain capital markets financing on commercially reasonable terms could significantly limit NEP's ability to consummate future acquisitions and to effectuate its growth strategy.

Furthermore there may not be sufficient availability under NEP OpCo's subsidiaries' revolving credit facility or other financing arrangements on commercially reasonable terms when acquisition opportunities arise. An inability to obtain the required or desired financing could significantly limit NEP's ability to consummate acquisitions and effectuate its growth strategy. If financing is available, it may be available only on terms that could significantly increase NEP's interest expense, impose additional or more restrictive covenants and reduce cash distributions to its unitholders. NEP's inability to effectively consummate future acquisitions could have a material adverse effect on NEP's ability to grow its business and make cash distributions to its unitholders.

Through an indirect wholly owned subsidiary, NEE owns a limited partner interest in NEP OpCo. NEP's inability to access the capital markets on commercially reasonable terms and effectively consummate future acquisitions could have a material adverse effect on NEP's ability to grow its cash distributions to its common unitholders, including NEE and NEE Capital, and on the value of NEE's and NEE Capital's limited partnership interest in NEP OpCo.

Risks Relating to the Debentures

If LIBOR is discontinued after 2021, the value of the Debentures may be adversely affected.

On July 27, 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the "FCA"), which regulates the London Interbank Offered Rate ("LIBOR"), announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR (including the three-month LIBOR rate) after 2021. Such announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Based on the foregoing, it appears likely that LIBOR will be discontinued or modified after 2021. It is not possible to predict the effect of the FCA announcement, any changes in the methods pursuant to which the LIBOR rates are determined and any other reforms to LIBOR, including to the rules promulgated by the FCA in relation thereto, that will be enacted in the United Kingdom and elsewhere, which may adversely affect the trading market for LIBOR-based securities, including the Debentures, or result in the phasing out of LIBOR as a reference rate for securities. In addition, any changes announced by the FCA (including the FCA announcement), ICE Benchmark Administration Limited as independent administrator of LIBOR or any other successor governance or oversight body, or future changes adopted by any such body, in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the reported LIBOR rates. If that were to occur, the level of interest payments and the value of the Debentures may be affected.

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NEE CAPITAL

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

NEE Capital owns and provides funding for all of NEE’s operating subsidiaries other than FPL and its subsidiaries. NEE Capital was incorporated in 1985 as a Florida corporation and is a wholly owned subsidiary of NEE.

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

NEE

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

NEE is a holding company incorporated in 1984 as a Florida corporation and conducts its operations principally through two wholly owned subsidiaries, FPL and, indirectly through NEE Capital, NEER. FPL is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution and sale of electric energy in Florida. NEER, through its subsidiaries, currently owns, develops, constructs, manages and operates electric generation facilities in wholesale energy markets primarily in the U.S., as well as in Canada and Spain. NEER produces the majority of its electricity from clean and renewable sources, including wind and solar. NEER also engages in energy-related commodity marketing and trading activities and participates in natural gas, natural gas liquids and oil production and in pipeline infrastructure, development, construction, management and operations.

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.

USE OF PROCEEDS

The information in this section supplements the information in the “Use of Proceeds” section on page 4 of the accompanying prospectus. Please read these two sections together.

NEE Capital will add the net proceeds from the sale of the Debentures, which are expected to be approximately \$399.0 million (after deducting the underwriting discount and other offering expenses), to its general funds. NEE Capital intends to use its general funds to fund investments in energy and power projects and for other general corporate purposes, including the repayment of a portion of NEE Capital’s outstanding commercial paper obligations. As of May 1, 2018, NEE Capital had \$745 million of outstanding commercial paper obligations which had maturities of up to 21 days and which had annual interest rates ranging from 2.20% to 2.50%. NEE Capital will temporarily invest in short-term instruments any proceeds that are not immediately used for these purposes.

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 4 of the accompanying prospectus.

NEE’s consolidated ratio of earnings to fixed charges for the years ended December 31, 2015, December 31, 2016 and December 31, 2017 were 3.81, 4.30 and 3.65, respectively, and for the three months ended March 31, 2018 was 19.73.

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CONSOLIDATED CAPITALIZATION OF NEE AND SUBSIDIARIES

The following table shows NEE's consolidated capitalization as of March 31, 2018, and as adjusted to reflect the issuance of the Debentures. 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.

	March 31, 2018	Adjusted(a)	
		Amount	Percent
	(In Millions)		
Total common shareholders' equity	\$ 32,706	\$ 32,706	50.7%
Noncontrolling interests	3,287	3,287	5.1
Total equity	35,993	35,993	55.8
Long-term debt (excluding current maturities)	28,062	28,462	44.2
Total capitalization	\$ 64,055	\$ 64,455	100.0%

(a)

To give effect only to the issuance of the Debentures offered by this prospectus supplement. Adjusted amounts do not reflect the addition of any premiums or deduction of any discounts or debt issuance costs in connection with the issuance of the Debentures. Adjusted amounts also do not reflect any possible additional borrowings or issuance and sale of additional securities by NEE and its subsidiaries, including NEE Capital, from time to time after the date of this prospectus supplement.

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CERTAIN TERMS OF THE DEBENTURES

The information in this section supplements the information in the “Description of NEE Capital Senior Debt Securities” section beginning on page 14 of the accompanying prospectus. Please read these two sections together.

General. NEE Capital will issue the Debentures under an indenture, dated as of June 1, 1999, as amended, referred to in this prospectus supplement as the “Indenture,” between NEE Capital and The Bank of New York Mellon, as indenture trustee, and referred to in this prospectus supplement as the “Indenture Trustee.” An officer’s certificate will supplement the Indenture and create the specific terms of the Debentures. Under the Indenture, NEE Capital may issue an unlimited amount of additional debt securities. The Indenture does not limit the aggregate amount of indebtedness that NEE Capital and its subsidiaries may issue, guarantee or otherwise incur. The Guarantee Agreement referred to below under “— Mandatory Redemption” does not limit the aggregate amount of indebtedness that NEE and its subsidiaries may issue, guarantee or otherwise incur.

NEE Capital may, from time to time, without notice to, or the consent of any existing holders of the Debentures, create and issue additional debentures having the same terms as the Debentures in all respects except for the issue date and, if applicable, the initial interest payment date applicable to the Debentures. Any such additional debentures will be consolidated and form a single series with the Debentures.

The Debentures will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

NEE Capital’s corporate parent, NEE, has agreed to absolutely, irrevocably and unconditionally guarantee the payment of principal, interest and premium, if any, on the Debentures. The Debentures and the guarantee are unsecured and unsubordinated and rank equally with other unsecured and unsubordinated indebtedness from time to time outstanding of NEE Capital and NEE, respectively. See “Description of NEE Guarantee of NEE Capital Senior Debt Securities” in the accompanying prospectus.

The Indenture Trustee will initially be the security registrar and the paying agent for the Debentures. All transactions with respect to the Debentures, including registration, transfer and exchange of the Debentures, will be handled by the security registrar at an office in New York City designated by NEE Capital. NEE Capital has initially designated the corporate trust office of the Indenture Trustee as that office. In addition, holders of the Debentures should address any notices to NEE Capital regarding the Debentures to that office. NEE Capital will notify holders of the Debentures of any change in the location of that office.

Interest and Payment. NEE Capital will pay interest quarterly on the Debentures at the Three-Month LIBOR Rate plus 48 basis points (0.48%), reset quarterly. The Debentures will mature on May 4, 2021. The interest rate for the initial interest period will be determined as described below on May 2, 2018. NEE Capital will pay interest on the Debentures on February 4, May 4, August 4 and November 4 of each year, each such date referred to as an “Interest Payment Date,” and also a “LIBOR Rate Reset Date,” until maturity or earlier redemption. The first Interest Payment Date and first LIBOR Rate Reset Date will be August 4, 2018. The record date for interest payable on any Interest Payment Date shall be the close of business on (1) the business day immediately preceding such Interest Payment Date so long as all of the Debentures remain in book-entry only form or (2) the 15th calendar day immediately preceding such Interest Payment Date if any of the Debentures do not remain in book-entry only form. See “— Book-Entry Only Issuance.” Interest on the Debentures will accrue from and including the date of original issuance to but excluding the first Interest Payment Date. Starting on the first Interest Payment Date, interest on each Debenture will accrue from and including the last Interest Payment Date to which NEE Capital has paid, or duly provided for the payment of, interest on that Debenture to but excluding the next succeeding Interest Payment Date. No interest will accrue on a Debenture for the day that the Debenture matures.

The interest rate in effect on any LIBOR Rate Reset Date will be the applicable interest rate as reset on that date and the interest rate applicable to any other day will be the interest rate as reset on the immediately preceding LIBOR Rate Reset Date. The amount of interest payable for any quarterly interest period on the Debentures will be determined by NEE Capital and will be computed by multiplying the

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floating rate for that quarterly interest period by a fraction, the numerator of which will be the actual number of days elapsed during that quarterly interest period (determined by including the first day of the interest period and excluding the last day), and the denominator of which will be 360, and by multiplying the result by the aggregate principal amount of the Debentures. The interest rate for any quarterly interest period will at no time be higher than the maximum rate then permitted by applicable law.

If an Interest Payment Date, other than a redemption date or the maturity date of the Debentures, falls on a day that is not a business day, the Interest Payment Date will be postponed to the next day that is a business day, except that if that business day is in the next succeeding calendar month, the Interest Payment Date will be the immediately preceding business day. Also, if a redemption date or the maturity date of the Debentures falls on a day that is not a business day, then payment of the interest or principal payable on that date will be made on the next succeeding day which is a business day, and no interest will be paid or other payment made in respect of such delay. A “business day” is any day that is not a Saturday, a Sunday, or a day on which banking institutions or trust companies in New York City are generally authorized or required by law or executive order to remain closed.

If any LIBOR Rate Reset Date falls on a day that is not a LIBOR Business Day (as defined below), the LIBOR Rate Reset Date will be postponed to the next day that is a LIBOR Business Day, except that if that LIBOR Business Day is in the next succeeding calendar month, the LIBOR Rate Reset Date will be the immediately preceding LIBOR Business Day.

Determining the Floating Rate. The “Three-Month LIBOR Rate” for each interest period commencing on a LIBOR Rate Reset Date, or May 4, 2018 in the case of the initial interest period, means the rate determined in accordance with the following provisions:

- On the related LIBOR Interest Determination Date (as defined below), the Calculation Agent (as defined below) will determine the Three-Month LIBOR Rate, which will be the rate for deposits in U.S. Dollars having an index maturity of three months which appears on the Bloomberg L.P. page “BBAM” or on such other page as may replace the Bloomberg L.P. page “BBAM” on that service, or, if on such interest determination date, the three-month LIBOR does not appear or is not available on the designated Bloomberg L.P. page “BBAM,” the Reuters Page LIBOR01 (or such other page as may replace the Reuters Page LIBOR01 on that service) as of 11:00 a.m., London time, on the LIBOR Interest Determination Date.

- If no rate appears on either of the pages described above on the LIBOR Interest Determination Date, the Calculation Agent will request the principal London offices of four major reference banks in the London Inter-Bank Market selected by NEE Capital to provide it with their offered quotations for deposits in U.S. Dollars for the period of three months, commencing on the applicable LIBOR Rate Reset Date, to prime banks in the London Inter-Bank Market at approximately 11:00 a.m., London time, on that LIBOR Interest Determination Date and in a principal amount of not less than \$1,000,000. If at least two quotations are provided, then the Three-Month LIBOR Rate will be the average (rounded, if necessary, to the nearest one hundredth (0.01) of a percent) of those quotations. If fewer than two quotations are provided, then the Three-Month LIBOR Rate will be the average (rounded, if necessary, to the nearest one hundredth (0.01) of a percent) of the rates quoted at approximately 11:00 a.m., New York City time, on the LIBOR Interest Determination Date by three major banks in New York City selected by NEE Capital for loans in U.S. Dollars to leading European banks, having a three-month maturity and in a principal amount of not less than \$1,000,000. If the banks selected by NEE Capital are not providing quotations in the manner described by this paragraph, the rate for the quarterly interest period following the LIBOR Interest Determination Date will be the rate already in effect on that LIBOR Interest Determination Date.

All percentages resulting from any calculation of any interest rate for the Debentures will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 3.876545% (or .03876545) being rounded to 3.87655% (or .0387655)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards).

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“Calculation Agent” means a banking institution or trust company appointed by NEE Capital to act as calculation agent, initially The Bank of New York Mellon.

“LIBOR Business Day” means any day on which dealings in deposits in U.S. Dollars are transacted in the London Inter-Bank Market.

“LIBOR Interest Determination Date” means (i) the second LIBOR Business Day preceding each LIBOR Rate Reset Date or (ii) May 2, 2018 in the case of the initial interest period.

Absent willful misconduct, bad faith or manifest error, the Calculation Agent’s determination of the Three-Month LIBOR Rate and its calculation of the applicable interest rate for each interest period will be final and binding on NEE Capital, the Trustee, the Calculation Agent and holders of the Debentures. The holders of Debentures may obtain the interest rate for the current and preceding interest periods by writing the Calculation Agent at The Bank of New York Mellon, Attn: Corporate Trust Administration, 101 Barclay Street, New York, New York 10286, or any successor appointed by NEE Capital.

Optional Redemption. The Debentures will not be redeemable at the option of NEE Capital.

Mandatory Redemption. The following constitute “Guarantor Events” with respect to the Debentures:

- the guarantee agreement, dated as of June 1, 1999, between NEE, as guarantor, and The Bank of New York Mellon, as guarantee trustee (the “Guarantee Agreement”), ceases to be in full force and effect;
- a court issues a decree ordering or acknowledging the bankruptcy or insolvency of NEE, or appointing a custodian, receiver or other similar official for NEE, or ordering the winding up or liquidation of its affairs, and the decree remains in effect for 90 days; or
- NEE seeks or consents to relief under federal or state bankruptcy or insolvency laws, or to the appointment of a custodian, receiver or other similar official for NEE, or makes an assignment for the benefit of its creditors, or admits in writing that it is bankrupt or insolvent.

NEE Capital shall, if a Guarantor Event occurs and is continuing, redeem all of the outstanding Debentures within 60 days after the occurrence of the Guarantor Event at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the date of redemption unless, within 30 days after the occurrence of the Guarantor Event, S&P Global Ratings, a division of S&P Global Inc., and Moody’s Investors Service, Inc. (if the outstanding Debentures are then rated by those rating agencies, or, if the outstanding Debentures are then rated by only one of those rating agencies, then such rating agency, or, if the outstanding Debentures are not then rated by either one of those rating agencies but are then rated by one or more other nationally recognized rating agencies, then at least one of those other nationally recognized rating agencies) shall have reaffirmed in writing that, after giving effect to such Guarantor Event, the credit rating on the outstanding Debentures is investment grade (i.e., in one of the four highest categories, without regard to subcategories within such rating categories, of such rating agency).

If a Guarantor Event occurs and NEE Capital is not required to redeem the outstanding Debentures as described above, NEE Capital will provide to the Indenture Trustee and the holders of the outstanding Debentures annual and quarterly reports containing the information that NEE Capital would be required to file with the Securities and Exchange Commission under Section 13 or Section 15(d) of the Securities Exchange Act of 1934 if it were subject to the reporting requirements of either of those Sections. If NEE Capital is, at that time, subject to the reporting requirements of either of those Sections, the filing of annual and quarterly reports with the Securities and Exchange Commission pursuant to either of those Sections will satisfy this requirement.

Purchase of the Debentures. NEE or its affiliates, including NEE Capital, may at any time and from time to time purchase all or some of the Debentures at any price or prices, whether by tender, in the open market, by private agreement or otherwise, subject to applicable law.

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Events of Default. In addition to the events of default relating to any series of debt securities issued under the Indenture, as set forth under the “Description of NEE Capital Senior Debt Securities — Events of Default” section on page 20 of the accompanying prospectus, each of the following events will be an event of default under the Indenture with respect to the Debentures:

(1)
NEE consolidates with or merges into any other entity or conveys, transfers or leases substantially all of its properties and assets to any entity, unless

(a)
the entity formed by such consolidation or into which NEE is merged, or the entity to which NEE conveys, transfers or leases substantially all of its properties and assets is an entity organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and expressly assumes the obligations of NEE under the Guarantee Agreement; and

(b)
immediately after giving effect to such transaction, no event of default under the Indenture and no event that, after notice or lapse of time or both, would become an event of default under the Indenture, shall have occurred and be continuing; or

(2)
NEE Capital fails to redeem any of the Debentures that it is required to redeem as described under “Certain Terms of the Debentures — Mandatory Redemption” above.

Book-Entry Only Issuance. The Debentures will trade through DTC. The Debentures will be represented by one or more global certificates and registered in the name of Cede & Co., DTC’s nominee. Upon issuance of the Debentures, DTC or its nominee will credit, on its book-entry registration and transfer system, the principal amount of the Debentures represented by such global certificates to the accounts of institutions that have an account with DTC or its participants. The accounts to be credited shall be designated by the underwriter. Ownership of beneficial interests in the global certificates will be limited to participants or persons that may hold interests through participants. The global certificates will be deposited with the Indenture Trustee as custodian for DTC.

Purchasers of the Debentures may hold interests in a global security through DTC, Clearstream Banking, société anonyme (“Clearstream, Luxembourg”), or Euroclear Bank SA/NV, as operator of the Euroclear System (“Euroclear”), directly if they are participants in such systems, or indirectly through organizations which are participants in such systems.

Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers’ securities accounts in Clearstream, Luxembourg’s and Euroclear’s names on the books of their respective depositaries, which in turn will hold such interests in customers’ securities accounts in the depositaries’ names on DTC’s books.

DTC. DTC is a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under Section 17A of the Securities Exchange Act of 1934. DTC holds securities for its participants. DTC also facilitates the post-trade settlement of securities transactions among its participants through electronic computerized book-entry transfers and pledges in the participants’ accounts. This eliminates the need for physical movement of securities certificates. The participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Others who clear through or maintain a custodial relationship with a participant can use the DTC system. The rules that apply to DTC and those using its systems are on file with the Securities and Exchange Commission.

Purchases of the Debentures within the DTC system must be made through participants, who will receive a credit for the Debentures on DTC’s records. The beneficial ownership interest of each purchaser will be recorded on the

appropriate participant's records. Beneficial owners will not receive written confirmation from DTC of their purchases, but beneficial owners should receive written confirmations of the transactions, as well as periodic statements of their holdings, from the participants through whom they

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purchased Debentures. Transfers of ownership in the Debentures are to be accomplished by entries made on the books of the participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates for their Debentures, except if use of the book-entry system for the Debentures is discontinued.

To facilitate subsequent transfers, all Debentures deposited by participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of the Debentures with DTC and their registration in the name of Cede & Co. effects no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Debentures. DTC's records reflect only the identity of the participants to whose accounts such Debentures are credited. These participants may or may not be the beneficial owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to participants, and by participants to beneficial owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of Debentures may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Debentures, such as redemptions, tenders, defaults and proposed amendments to the Indenture or the Guarantee Agreement. Beneficial owners of the Debentures may wish to ascertain that the nominee holding the Debentures has agreed to obtain and transmit notices to the beneficial owners. Redemption notices will be sent to Cede & Co., as registered holder of the Debentures. If less than all of the Debentures are being redeemed, DTC's practice is to determine by lot the amount of Debentures of each participant to be redeemed.

Neither DTC nor Cede & Co. will itself consent or vote with respect to Debentures, unless authorized by a participant in accordance with DTC's procedures. Under its usual procedures, DTC would mail an omnibus proxy to NEE Capital as soon as possible after the record date. The omnibus proxy assigns the consenting or voting rights of Cede & Co. to those participants to whose accounts the Debentures are credited on the record date. NEE Capital and NEE believe that these arrangements will enable the beneficial owners to exercise rights equivalent in substance to the rights that can be directly exercised by a registered holder of the Debentures.

Payments of redemption proceeds, principal of, and interest on the Debentures will be made to Cede & Co., or such other nominee as may be requested by DTC. DTC's practice is to credit participants' accounts upon DTC's receipt of funds and corresponding detail information from NEE Capital or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices. Payments will be the responsibility of participants and not of DTC, the Indenture Trustee, NEE Capital or NEE, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by DTC) is the responsibility of NEE Capital. Disbursement of payments to participants is the responsibility of DTC, and disbursement of payments to the beneficial owners is the responsibility of participants.

Except as provided in this prospectus supplement, a beneficial owner will not be entitled to receive physical delivery of the Debentures. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the Debentures.

DTC may discontinue providing its services as securities depository with respect to the Debentures at any time by giving reasonable notice to NEE Capital. In the event no successor securities depository is obtained, certificates for the Debentures will be printed and delivered. NEE Capital and NEE may decide to replace DTC or any successor depository. Additionally, subject to the procedures of DTC, NEE Capital and NEE may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository) with respect to some or all of the Debentures. In that event, certificates for such Debentures will be printed and delivered. If certificates for Debentures are printed and delivered,

- the Debentures will be issued in fully registered form without coupons;

- a holder of certificated Debentures would be able to exchange those Debentures, without charge, for an equal aggregate principal amount of Debentures of the same series, having the same issue date and with identical terms and provisions; and

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a holder of certificated Debentures would be able to transfer those Debentures without cost to another holder, other than for applicable stamp taxes or other governmental charges.

Clearstream, Luxembourg. Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a professional depository. Clearstream, Luxembourg holds securities for its participating organizations (“Clearstream, Luxembourg Participants”) and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg Participants through electronic book-entry changes in accounts of Clearstream, Luxembourg Participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream, Luxembourg Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a registered bank in Luxembourg, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as Commission de Surveillance du Secteur Financier. Clearstream, Luxembourg Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriter. Indirect access to Clearstream, Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg Participant, either directly or indirectly.

Distributions with respect to interests in the Debentures held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg Participants in accordance with its rules and procedures.

Euroclear. Euroclear was created in 1968 to hold securities for participants of Euroclear (“Euroclear Participants”) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank SA/NV (“Euroclear Operator”). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriter. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear, and applicable Belgian law, which are referred to collectively as the Terms and Conditions. The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants and has no records of or relationship with persons holding through Euroclear Participants. Euroclear advises that investors that acquire, hold and transfer interests in the Debentures by book-entry through accounts with the Euroclear Operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of global securities under the DTC system must be made by or through direct participants, which will receive a credit for the global securities on DTC’s records. The ownership interest of each actual purchaser of each security (“Beneficial Owner”) is in turn to be recorded on the direct and indirect participants’ records and Clearstream, Luxembourg and Euroclear will credit on their book-entry registration and transfer systems the number of Debentures sold to certain non-U.S. persons to the account of institutions that have accounts with Euroclear, Clearstream, Luxembourg or their respective nominee participants. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct participant or indirect participant through

which the Beneficial Owner entered into the transaction.

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Title to book-entry interests in the Debentures will pass by book-entry registration of the transfer within the records of Clearstream, Luxembourg, Euroclear or DTC, as the case may be, in accordance with their respective procedures.

Book-entry interests in the Debentures may be transferred within Clearstream, Luxembourg and within Euroclear and between Clearstream, Luxembourg and Euroclear in accordance with procedures established for these purposes by Clearstream, Luxembourg and Euroclear. Book-entry interests in the Debentures may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfers of book-entry interests in the Debentures among Clearstream, Luxembourg and Euroclear and DTC may be effected in accordance with procedures established for this purpose by Clearstream, Luxembourg, Euroclear and DTC.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream, Luxembourg Participants or Euroclear Participants, on the other, will be effected through DTC in accordance with DTC's rules; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within the established deadlines of such system.

Due to time-zone differences, credits of the Debentures received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Debentures settled during such processing will be reported to the relevant Clearstream, Luxembourg Participant or Euroclear Participants on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of the Debentures by or through a Clearstream, Luxembourg Participant or a Euroclear Participant to a DTC participant will be received with value on the DTC settlement date, but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the Debentures among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time. None of NEE Capital, NEE or the Indenture Trustee will have any responsibility for the performance by DTC, Clearstream, Luxembourg and Euroclear or their direct participants or indirect participants under the rules and procedures governing DTC, Clearstream, Luxembourg or Euroclear, as the case may be.

The information in this section concerning DTC and DTC's book-entry system, Clearstream, Luxembourg and Euroclear has been obtained from sources that NEE Capital and NEE believe to be reliable, but none of NEE Capital, NEE, the underwriter or the Indenture Trustee takes any responsibility for the accuracy of this information.

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CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES FOR NON-U.S. HOLDERS

The following discussion describes certain U.S. federal income tax consequences relating to the acquisition, ownership and disposition of the Debentures applicable to Non-U.S. Holders (as defined below) as of the date hereof. Except where noted, this discussion deals only with Debentures that are held as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”), (generally, assets held for investment) by Non-U.S. Holders that purchase the Debentures in the offering at their “issue price,” which will equal the first price at which a substantial amount of the Debentures is sold for money to holders (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The tax treatment of a Non-U.S. Holder may vary depending on the holder’s particular situation. This discussion does not address all of the tax consequences that may be relevant to Non-U.S. Holders that may be subject to special tax treatment, such as accrual method taxpayers subject to special tax accounting rules as a result of their use of financial statements. In addition, this discussion does not address any aspects of state, local or foreign tax laws.

This discussion is based on the U.S. federal income tax laws, regulations, rulings and decisions in effect as of the date hereof, which are subject to change or differing interpretations, possibly on a retroactive basis.

For purposes of this discussion, the term “Non-U.S. Holder” means a beneficial owner of Debentures that is, for U.S. federal income tax purposes:

- a nonresident alien individual (but not a U.S. expatriate);
- a foreign corporation other than a “controlled foreign corporation” or a “passive foreign investment company”;
- an estate the income of which is not subject to U.S. federal income taxation on a net income basis; or
- a trust if no court within the U.S. is able to exercise primary supervision over its administration or if no U.S. persons have the authority to control all substantial decisions of the trust, and that does not have a valid election in effect to be treated as a domestic trust for U.S. federal income tax purposes.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Debentures, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Non-U.S. Holders that are partners of partnerships holding Debentures should consult their tax advisors.

Prospective investors should consult their own tax advisors as to the particular tax consequences to them of purchasing, owning and disposing of the Debentures, including the application and effect of U.S. federal, state, local and foreign tax laws.

United States Federal Withholding Tax

Subject to the discussion below under “Information Reporting and Backup Withholding” and “Foreign Accounts Tax Compliance Act,” the 30% U.S. federal withholding tax that is generally imposed on interest from U.S. sources should not apply to interest paid (including any payments deemed to be payments of interest for U.S. federal income tax purposes, such as original issue discount) on a Debenture to a Non-U.S. Holder under the “portfolio interest exemption,” provided that:

- the interest is not effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the U.S.;
- the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of NEE Capital’s or NEE’s stock entitled to vote;

- the Non-U.S. Holder is not a bank acquiring the Debentures as an extension of credit entered into in the ordinary course of its trade or business;

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- the Non-U.S. Holder is not a controlled foreign corporation that is related directly or constructively to NEE Capital or NEE through stock ownership; and

- the Non-U.S. Holder provides to the withholding agent, in accordance with specified procedures, a statement to the effect that that such Non-U.S. Holder is not a U.S. person (generally by providing a properly executed U.S. Internal Revenue Service (“IRS”) Form W-8BEN or IRS Form W-8BEN-E, as applicable, or other applicable and/or successor forms).

Special certification and other rules apply to certain Non-U.S. Holders that are pass through entities rather than individuals.

If a Non-U.S. Holder cannot satisfy the requirements of the portfolio interest exemption described above, interest paid (including any payments deemed to be payments of interest for U.S. federal income tax purposes, such as original issue discount) on the Debentures made to a Non-U.S. Holder will be subject to a 30% U.S. federal withholding tax, unless that Non-U.S. Holder provides the withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E (or a suitable substitute form) claiming a reduction of or an exemption from withholding under an applicable tax treaty or IRS Form W-8ECI (or a suitable substitute form) stating that such payments are not subject to withholding because they are effectively connected with your conduct of a trade or business in the U.S.

In general, the 30% U.S. federal withholding tax will not apply to any gain or income that you realize on the sale, exchange, or other disposition of the Debentures.

United States Federal Income Tax

If a Non-U.S. Holder is engaged in a trade or business in the U.S. (and, if an applicable U.S. income tax treaty applies, the Non-U.S. Holder maintains a permanent establishment within the U.S.) and the interest is effectively connected with the conduct of that trade or business (and, if an applicable U.S. income tax treaty applies, is attributable to that permanent establishment), that Non-U.S. Holder will be subject to U.S. federal income tax on the interest on a net income basis in the same manner as if that Non-U.S. Holder were a U.S. person. In addition, if such Non-U.S. Holder is a foreign corporation, it may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

Subject to the discussion below under “Information Reporting and Backup Withholding” and “Foreign Accounts Tax Compliance Act,” any gain realized on the disposition of a Debenture generally will not be subject to U.S. federal income tax unless:

- that gain is effectively connected with the Non-U.S. Holder’s conduct of a trade or business in the U.S. (and, if an applicable U.S. income tax treaty applies, is attributable to a permanent establishment maintained by the Non-U.S. Holder within the U.S.); or

- the Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more in the taxable year of the disposition and certain other conditions are met.

Information Reporting and Backup Withholding

The amount of interest paid on the Debentures to Non-U.S. Holders generally must be reported annually to the IRS. These reporting requirements apply regardless of whether withholding was reduced or eliminated by any applicable income tax treaty. Copies of the information returns reflecting income in respect of the Debentures may also be made available to the tax authorities in the country in which the Non-U.S. Holder is a resident under the provisions of an applicable income tax treaty or information sharing agreement.

A Non-U.S. Holder will generally f your securities. Among other things, the Internal Revenue Service may decide to require the holders to accrue ordinary income on a current basis and recognize ordinary income on payment at maturity, and could subject non-U.S. investors to withholding tax. Furthermore, in 2007, legislation was introduced in

Congress that, if enacted, would have required holders that acquired instruments such as your securities after the bill was enacted to accrue interest income over the term of such instruments even though there may be no interest payments over the term of such instruments. It is not possible to predict whether a similar or identical bill will be enacted in the future, or whether any such bill would affect the tax treatment of your securities. We describe these developments in more detail under [Supplemental Discussion of U.S. Federal Income Tax Consequences](#) [United States Holders](#) [Possible Change in Law](#) below. You should consult your tax advisor about this matter. Except to the extent otherwise provided by law, GS Finance Corp. intends to continue treating the securities for U.S. federal income tax purposes in accordance with the treatment described under [Supplemental Discussion of U.S. Federal Income Tax Consequences](#) on page S-37 below unless and until such time as Congress, the Treasury Department or the Internal Revenue Service determine that some other treatment is more appropriate. Please also consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences to you of owning your securities in your particular circumstances.

Foreign Account Tax Compliance Act (FATCA) Withholding May Apply to Payments on Your Securities, Including as a Result of the Failure of the Bank or Broker Through Which You Hold the Securities to Provide Information to Tax Authorities

Please see the discussion under [United States Taxation](#) [Taxation of Debt Securities](#) [Foreign Account Tax Compliance Act \(FATCA\) Withholding](#) in the accompanying prospectus for a description of the applicability of FATCA to payments made on your securities.

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Specific Terms of Your Securities

We refer to the securities we are offering by this document as the offered securities or the securities. Please note that in this document, references to GS Finance Corp., we, our and us mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to The Goldman Sachs Group, Inc., our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to Goldman Sachs mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. Also, references to the accompanying prospectus mean the accompanying prospectus, dated July 10, 2017, and references to the accompanying prospectus supplement mean the accompanying prospectus supplement, dated July 10, 2017, for Medium-Term Notes, Series E, in each case of GS Finance Corp. and The Goldman Sachs Group, Inc. Please note that in this section entitled Specific Terms of Your Securities, references to holders mean those who own securities registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in securities registered in street name or in securities issued in book-entry form through The Depository Trust Company. Please review the special considerations that apply to owners of beneficial interests in the accompanying prospectus, under Legal Ownership and Book-Entry Issuance.

The Contingent Income Auto-Callable Securities are unsecured notes issued by GS Finance Corp. and guaranteed by The Goldman Sachs Group, Inc. The offered securities are part of a series of debt securities, entitled Medium-Term Notes, Series E, that we may issue under the indenture from time to time as described in the accompanying prospectus. The offered securities are also indexed debt securities, as defined in the accompanying prospectus. This document summarizes specific financial and other terms that apply to the offered securities, including your security; terms that apply generally to all Series E medium-term securities are described in Description of Notes We May Offer in the accompanying prospectus supplement. The terms described here supplement those described in the accompanying prospectus and the accompanying prospectus supplement and, if the terms described here are inconsistent with those described there, the terms described here are controlling.

In addition to those terms described under Summary Terms in this document, the following terms will apply to your security:

Specified currency:

- U.S. dollars (\$ or USD)

Form of note:

- global form only: yes, at DTC

- non-global form available: no

Principal amount: each security will have a principal amount of \$10; \$ in the aggregate for all the offered securities; the aggregate principal amount of the offered securities may be increased if the issuer, at its sole option, decides to sell an additional amount of the offered securities on a date subsequent to the date of this document

Regular record date: the scheduled business day immediately preceding the day on which payment is to be made (as such payment date may be adjusted)

Denominations: each security registered in the name of a holder must have a principal amount of \$10 or an integral multiple of \$10 in excess thereof

No listing: your securities will not be listed or displayed on any securities exchange or included in any interdealer market quotation system

Defeasance applies as follows:

- full defeasance: no
- covenant defeasance: no

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Other terms:

- the default amount will be payable on any acceleration of the maturity of your security as described under [Special Calculation Provisions](#) below
- anti-dilution provisions will apply to your security; see [Anti-dilution Adjustments](#) below
- a business day for your security may not be the same as a business day for certain of our other Series E medium-term securities; see [Special Calculation Provisions](#) below
- a trading day for your security may not be the same as a trading day for certain of our other Series E medium-term securities; see [Special Calculation Provisions](#) below

Please note that the information about the settlement or pricing dates, issue price, discounts, commission or concessions and net proceeds to GS Finance Corp. on the front cover page or elsewhere in this document relates only to the initial issuance and sale of the securities. We may decide to sell additional securities on one or more dates after the date of this document, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth on the front cover page or elsewhere in this document. If you have purchased your security in a market making transaction after the initial issuance and sale of the securities, any such relevant information about the sale to you will be provided in a separate confirmation of sale.

We describe the terms of your security in more detail below.

Underlying Stock and Underlying Stock Issuer

In this document, when we refer to the underlying stock, we mean the common stock of Microsoft Corporation, except as described under [Anti-dilution Adjustments](#) [Reorganization Events](#) and [Anti-dilution Adjustments](#) [Distribution Property](#) below. When we refer to the underlying stock issuer, we mean Microsoft Corporation or any successor thereto.

Automatic Call Feature

If, as measured on any call observation date, the closing price of the underlying stock is *greater than or equal to* the initial share price, your securities will be automatically called. If your securities are automatically called on any call observation date, on the corresponding call payment date you will receive an amount in cash equal to \$10 for each \$10 principal amount of your securities in addition to the coupon then due.

The calculation agent will determine the closing price of the underlying stock for each call observation date, which will be the closing price of the underlying stock on the applicable call observation date, subject to any anti-dilution adjustments.

The calculation agent will have discretion to adjust the closing price of the underlying stock on the applicable call observation date or to determine it in a different manner as described under Consequences of a Market Disruption Event or a Non-Trading Day and Anti-Dilution Adjustments below.

Payment of Contingent Quarterly Coupon

Subject to the automatic call feature, on each coupon payment date, for each \$10 principal amount of your securities we will pay you an amount in cash equal to:

- if the closing price of the underlying stock on the related coupon determination date is *greater than or equal to* the downside threshold level, \$0.21125; or
- if the closing price of the underlying stock on the related coupon determination date is *less than* the downside threshold level, \$0.00.

The downside threshold level is \$, which represents 80.00% of the initial share price. The initial share price will be set on the pricing date and is expected to be the closing price of the underlying stock on the pricing date. The calculation agent will determine the closing price for each coupon determination date, which will be the closing price of the underlying stock on the applicable coupon determination date, subject to any anti-dilution adjustments. The calculation agent will have discretion to adjust the closing price of the underlying stock on the applicable coupon determination date or to determine it in a different manner as described under Consequences of a Market Disruption Event or a Non-Trading Day and Anti-Dilution Adjustments below.

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Payment at Maturity

If your securities are not automatically called, for each \$10 principal amount of your securities we will pay you on the stated maturity date an amount equal to:

- if the final share price is *greater than or equal to* the downside threshold level, \$10.00 plus the final coupon; or
- if the final share price is *less than* the downside threshold level, the *product* of (i) \$10 *times* (ii) the share performance factor.

The share performance factor equals the *quotient* of (a) the final share price *divided by* (b) the initial share price.

The calculation agent will determine the final share price, which will be the closing price of the underlying stock on the determination date. However, the calculation agent will have discretion to adjust the closing price on the determination date or to determine it in a different manner as described under [Consequences of a Market Disruption Event or a Non-Trading Day](#) and [Anti-Dilution Adjustments](#) below.

Determination Date

The determination date for your securities will be set on the pricing date and is expected to be the last coupon determination date, September 14, 2021. If a market disruption event occurs or is continuing on such day or such day is not a trading day, the determination date will be the first following trading day on which the calculation agent determines a market disruption event does not occur and is not continuing. However, the determination date will not be postponed to a date later than the originally scheduled stated maturity date or, if the originally scheduled stated maturity date is not a business day, later than the first business day after the originally scheduled stated maturity date. If a market disruption event occurs or is continuing on such last possible determination date or such last possible day is not a trading day, that day will nevertheless be the determination date.

Stated Maturity Date

The stated maturity date will be set on the pricing date and is expected to be September 17, 2021, unless that day is not a business day, in which case the stated maturity date will be the next following business day. If the determination date is postponed as described under **Determination Date** above, the stated maturity date will also be postponed by the same number of business day(s) from but excluding the originally scheduled determination date to and including the actual determination date. The calculation agent may postpone the determination date and therefore the stated maturity date if a market disruption event occurs or is continuing on any day that would otherwise be the determination date. We describe market disruption events under **Special Calculation Provisions Market Disruption Event** below.

Contingent Quarterly Coupon and Coupon Payment Dates

The contingent quarterly coupons will be calculated and paid as described in this document.

The coupons on the offered securities will be paid on the coupon payment dates (to be set on the pricing date and are expected to be the dates specified in the table under **Coupon payment dates** in the **Additional Summary Terms** section above, unless, for any such coupon payment date, that day is not a business day, in which case such coupon payment date will be postponed to the next following business day; if the coupon determination date is postponed as described under **Coupon Determination Dates** below, such coupon payment date will be postponed by the same number of business day(s) from but excluding the applicable originally scheduled coupon determination date to and including the actual coupon determination date).

Coupon Determination Dates

The coupon determination dates will be set on the pricing date and are expected to be the dates specified in the table under **Coupon determination dates** in the **Additional Summary Terms** section above, unless the calculation agent determines that a market disruption event occurs or is continuing on any such day or that any such day is not a trading day. In that event, the applicable coupon determination date will be the first following trading day on which the calculation agent determines that a market disruption event does not occur or is not continuing. In no event, however, will the applicable coupon determination date be postponed to a date after the applicable originally scheduled coupon payment date or, if the originally scheduled coupon payment date is not a business day, later than the first business day after the originally scheduled coupon payment date. If any coupon determination date is postponed to the last possible day for that

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period, but a market disruption event occurs or is continuing on that day or that day is not a trading day, that day will nevertheless be the applicable coupon determination date.

Call Payment Dates

If your securities are automatically called on any call observation date, on the corresponding call payment date (to be set on the pricing date and expected to be the coupon payment date immediately after the applicable call observation date, subject to adjustment as described under [Contingent Quarterly Coupon and Coupon Payment Dates](#) above) you will receive an amount in cash equal to \$10 for each \$10 principal amount of your securities in addition to the contingent quarterly coupon then due.

Call Observation Dates

The call observation dates will be set on the pricing date and are expected to be each coupon determination date specified in the table under [Coupon determination dates](#) in the [Additional Summary Terms](#) section above, commencing on March 14, 2019 and ending on June 14, 2021, subject to adjustment as described under [Coupon Determination Dates](#) above.

Consequences of a Market Disruption Event or a Non-Trading Day

As indicated above, if a market disruption event occurs or is continuing on a day that would otherwise be a coupon determination date or the determination date, as applicable, or such day is not a trading day, then such coupon determination date or the determination date, as applicable will be postponed as described under [Coupon Determination Dates](#) and [Determination Date](#), respectively, above. As a result, the corresponding coupon payment date, call payment date or the stated maturity date, as applicable, for your securities may also be postponed, as described under [Contingent Quarterly Coupon and Coupon Payment Dates](#) and [Stated Maturity Date](#), respectively, above.

If the closing price of the underlying stock that must be used to determine the coupon payable on the coupon payment date, if any, or the amount payable at maturity is not available on the last possible coupon determination date or determination date, as applicable, either because of a market disruption event or non-trading day or for any other reason (except as described under [Anti-dilution Adjustments](#) below), the calculation agent will nevertheless determine the underlying stock price based on its assessment, made in its sole discretion, of the market value of the underlying stock at the applicable time on that day.

Anti-dilution Adjustments

The calculation agent will adjust the closing price of the underlying stock on a coupon determination date or the determination date, as applicable, only if an event described under one of the six subsections beginning with **Stock Splits** below occurs and only if the relevant event occurs during the period described under the applicable subsection. The adjustments described below do not cover all events that could affect the closing price of the underlying stock on a coupon determination date or the determination date, as applicable, such as an issuer tender or exchange offer for the underlying stock at a premium to its market price or a tender or exchange offer made by a third party for less than all outstanding shares of the underlying stock. We describe the risks relating to dilution under **Additional Risk Factors Specific to Your Securities** **You Have Limited Anti-dilution Protection** above.

How Adjustments Will Be Made

In this document, we refer to anti-dilution adjustment of the closing price of the underlying stock on a coupon determination date or the determination date, as applicable. If an event requiring anti-dilution adjustment occurs, the calculation agent will make the adjustment by taking the following steps:

- **Step One.** The calculation agent will adjust the reference amount. This term refers to the amount of the underlying stock or other property that must be used to determine the closing price of the underlying stock on a coupon determination date or the determination date, as applicable. For example, if no adjustment described under this subsection entitled **Anti-dilution Adjustments** is required at a time, the reference amount for that time will be one share of the underlying stock. In that case, the closing price of the underlying stock on a coupon determination date or the determination date, as applicable, will be the closing price of one share of the underlying stock on the applicable coupon determination date or the determination date. We describe how the closing price will be determined under **Special Calculation Provisions** below.

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If an adjustment described under this subsection entitled **Anti-dilution Adjustments** is required because one of the dilution events described in the first five subsections below these involve stock splits, reverse stock splits, stock dividends, other dividends and distributions and issuances of transferable rights and warrants occurs, then the adjusted reference amount at that time might instead be, for example, two shares of the underlying stock or a half share of the underlying stock, depending on the event. In that example, the closing price of the underlying stock on a coupon determination date or the determination date, as applicable, would be the price (determined as specified under **Special Calculation Provisions Closing Price** below) at the close of trading on the applicable coupon determination date or the determination date of two shares of the underlying stock or a half share of the underlying stock, as applicable.

If an adjustment described under this subsection entitled **Anti-dilution Adjustments** is required at a time because one of the reorganization events described under **Reorganization Events** below these involve events in which cash, securities or other property is distributed in respect of the underlying stock occurs, then the reference amount at that time will be adjusted to be as follows, assuming there has been no prior or subsequent anti-dilution adjustment: the amount of each type of the property distributed in the reorganization event in respect of one share of the underlying stock, plus one share of the underlying stock if the underlying stock remains outstanding. In that event, the closing price of the underlying stock on a coupon determination date or the determination date, as applicable, would be the value of the adjusted reference amount at the close of trading on such coupon determination date or the determination date.

The manner in which the calculation agent adjusts the reference amount in step one will depend on the type of dilution event requiring adjustment. These events and the nature of the required adjustments are described in the six subsections that follow.

- **Step Two.** Having adjusted the reference amount in step one, the calculation agent will determine the closing price of the underlying stock on a coupon determination date or the determination date, as applicable, in the following manner.

If the adjusted reference amount at the applicable time consists entirely of shares of the underlying stock, the underlying stock price will be the closing price (determined as described under **Special Calculation Provisions Closing Price** below) of the adjusted reference amount on the applicable date.

On the other hand, if the adjusted reference amount at the applicable time includes any property other than shares of the underlying stock, the closing price of the underlying stock on a coupon determination date or the determination date, as applicable, will be the value of the adjusted reference amount as determined by the calculation agent in the manner described under **Reorganization Events Adjustments for Reorganization Events** below at the applicable time.

- **Step Three.** Having determined the closing price of the underlying stock on a coupon determination date or the determination date, as applicable, in step two, the calculation agent will use such

price to calculate the coupon payable on the applicable coupon payment date, if any, or the amount payable at maturity.

If more than one event requiring adjustment as described in this subsection entitled **Anti-dilution Adjustments** occurs, the calculation agent will first adjust the reference amount as described in step one above for each event, sequentially, in the order in which the events occur, and on a cumulative basis. Thus, having adjusted the reference amount for the first event, the calculation agent will repeat step one for the second event, applying the required adjustment to the reference amount as already adjusted for the first event, and so on for each event. Having adjusted the reference amount for all events, the calculation agent will then take the remaining applicable steps in the process described above, determining the closing price of the underlying stock on a coupon determination date or the determination date, as applicable, using the reference amount as sequentially and cumulatively adjusted for all the relevant events. The calculation agent will make all required determinations and adjustments no later than the applicable coupon determination date or the determination date, as applicable.

The calculation agent will adjust the reference amount for each reorganization event described under **Reorganization Events** below. For any other dilution event described below, however, the calculation agent will not be required to adjust the reference amount unless the adjustment would result in a change of at least 0.1% in the underlying stock price that would apply without the adjustment. The closing price of the underlying stock on a coupon determination date or the determination date, as applicable, resulting from any adjustment will be rounded up or down, as appropriate, to the nearest ten-thousandth, with five hundred-thousandths being rounded upward e.g., 0.12344 will be rounded down to 0.1234 and 0.12345 will be rounded up to 0.1235.

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If an event requiring anti-dilution adjustment occurs, the calculation agent will make the adjustment with a view to offsetting, to the extent practical, any change in the economic position of the holder, GS Finance Corp., as issuer, and The Goldman Sachs Group, Inc., as guarantor, relative to your securities, that results solely from that event. The calculation agent may, in its sole discretion, modify the anti-dilution adjustments as necessary to ensure an equitable result.

The calculation agent will make all determinations with respect to anti-dilution adjustments, including any determination as to whether an event requiring adjustment has occurred, as to the nature of the adjustment required and how it will be made or as to the value of any property distributed in a reorganization event, and will do so in its sole discretion. In the absence of manifest error, those determinations will be conclusive for all purposes and will be binding on you and us, without any liability on the part of the calculation agent. The calculation agent will provide information about the adjustments it makes upon written request by the holder.

In this document, when we say that the calculation agent will adjust the reference amount for one or more dilution events, we mean that the calculation agent will take all the applicable steps described above with respect to those events.

The following six subsections describe the dilution events for which the reference amount is to be adjusted. Each subsection describes the manner in which the calculation agent will adjust the reference amount the first step in the adjustment process described above for the relevant event.

Stock Splits

A stock split is an increase in the number of a corporation's outstanding shares of stock without any change in its stockholders equity. Each outstanding share will be worth less as a result of a stock split.

If the underlying stock is subject to a stock split, then the calculation agent will adjust the reference amount to equal the sum of the prior reference amount i.e., the reference amount before that adjustment plus the product of (1) the number of additional shares issued in the stock split with respect to one share of the underlying stock times (2) the prior reference amount. The reference amount will not be adjusted, however, unless the first day on which the underlying stock trades without the right to receive the stock split occurs after the pricing date and on or before the applicable coupon determination date or the determination date, as applicable.

Reverse Stock Splits

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A reverse stock split is a decrease in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share will be worth more as a result of a reverse stock split.

If the underlying stock is subject to a reverse stock split, then once the reverse stock split becomes effective, the calculation agent will adjust the reference amount to equal the product of the prior reference amount *times* the quotient of (1) the number of additional shares of the underlying stock outstanding immediately after the reverse stock split becomes effective divided by (2) the number of shares of the underlying stock outstanding immediately before the reverse stock split becomes effective. The reference amount will not be adjusted, however, unless the reverse stock split becomes effective after the pricing date and on or before the applicable coupon determination date or the determination date, as applicable.

Stock Dividends

In a stock dividend, a corporation issues additional shares of its stock to all holders of its outstanding shares of its stock in proportion to the shares they own. Each outstanding share will be worth less as a result of a stock dividend.

If the underlying stock is subject to a stock dividend, then the calculation agent will adjust the reference amount to equal the sum of the prior reference amount plus the product of (1) the number of additional shares issued in the stock dividend with respect to one share of the underlying stock times (2) the prior reference amount. The reference amount will not be adjusted, however, unless the ex-dividend date occurs after the pricing date and on or before the applicable coupon determination date or the determination date, as applicable.

The ex-dividend date for any dividend or other distribution is the first day on which the underlying stock trades without the right to receive that dividend or other distribution.

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Other Dividends and Distributions

The reference amount is not required to be adjusted to reflect dividends or other distributions paid with respect to the underlying stock, other than:

- stock dividends described above,
- issuances of transferable rights and warrants as described under [Transferable Rights and Warrants](#) below,
- distributions that are spin-off events described under [Reorganization Events](#) below, and
- extraordinary dividends described below.

A dividend or other distribution with respect to the underlying stock will be deemed to be an extraordinary dividend if its per share value exceeds that of the immediately preceding non-extraordinary dividend, if any, for the underlying stock by an amount equal to at least 10% of the closing price of the underlying stock on the first trading day before the ex-dividend date.

If an extraordinary dividend occurs with respect to the underlying stock, the calculation agent will adjust the reference amount to equal the product of (1) the prior reference amount times (2) a fraction, the numerator of which is the closing price of the underlying stock on the trading day immediately preceding the ex-dividend date and the denominator of which is the amount by which that closing price exceeds the extraordinary dividend amount. The reference amount will not be adjusted, however, unless the ex-dividend date occurs after the pricing date and on or before the applicable coupon determination date or the determination date, as applicable.

The extraordinary dividend amount with respect to an extraordinary dividend for the underlying stock equals:

- for an extraordinary dividend that is paid in lieu of a regular quarterly dividend, the amount of the extraordinary dividend per share of the underlying stock minus the amount per share of the immediately

preceding dividend, if any, that was not an extraordinary dividend for the underlying stock, or

- for an extraordinary dividend that is not paid in lieu of a regular quarterly dividend, the amount per share of the extraordinary dividend.

To the extent an extraordinary dividend is not paid in cash, the value of the non-cash component will be determined by the calculation agent. A distribution on the underlying stock that is a stock dividend, an issuance of transferable rights or warrants or a spin-off event and also an extraordinary dividend will result in an adjustment to the reference amount only as described under **Stock Dividends** above, **Transferable Rights and Warrants** below or **Reorganization Events** below, as the case may be, and not as described here.

Transferable Rights and Warrants

If the underlying stock issuer issues transferable rights or warrants to all holders of the underlying stock to subscribe for or purchase underlying stock at an exercise price per share that is less than the closing price of the underlying stock on the trading day immediately preceding the ex-dividend date for the issuance, then the reference amount will be adjusted by multiplying the prior reference amount by the following fraction:

- the numerator will be the number of shares of the underlying stock outstanding at the close of business on the day immediately preceding that ex-dividend date plus the number of additional shares of the underlying stock offered for subscription or purchase under those transferable rights or warrants, and
- the denominator will be the number of shares of the underlying stock outstanding at the close of business on the day immediately preceding that ex-dividend date plus the number of additional shares of the underlying stock that the aggregate offering price of the total number of shares of the underlying stock so offered for subscription or purchase would purchase at the closing price of the underlying stock on the trading day immediately preceding that ex-dividend date, with that number of additional shares being determined by multiplying the total number of shares so offered by the exercise price of those transferable rights or warrants and dividing the resulting product by the closing price on the trading day immediately preceding that ex-dividend date.

The reference amount will not be adjusted, however, unless the ex-dividend date described above occurs after the pricing date and on or before the applicable coupon determination date or the determination date, as applicable.

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Reorganization Events

Each of the following is a reorganization event:

- the underlying stock is reclassified or changed,

- the underlying stock issuer has been subject to a merger, consolidation, amalgamation, binding share exchange or other business combination and either is not the surviving entity or is the surviving entity but all the outstanding shares of the underlying stock are reclassified or changed,

- the underlying stock has been subject to a takeover, tender offer, exchange offer, solicitation proposal or other event by another entity or person to purchase or otherwise obtain all of the outstanding shares of the underlying stock, such that all of the outstanding shares of the underlying stock (other than shares of the underlying stock owned or controlled by such other entity or person) are transferred, or irrevocably committed to be transferred, to another entity or person,

- the underlying stock issuer or any subsidiary of the underlying stock issuer has been subject to a merger, consolidation, amalgamation or binding share exchange in which the underlying stock issuer is the surviving entity and all the outstanding shares of the underlying stock (other than shares of the underlying stock owned or controlled by such other entity or person) immediately prior to such event collectively represent less than 50% of the outstanding shares of the underlying stock immediately following such event,

- the underlying stock issuer sells or otherwise transfers its property and assets as an entirety or substantially as an entirety to another entity,

- the underlying stock issuer effects a spin-off that is, issues to all holders of the underlying stock equity securities of another issuer, other than as part of an event described in the four bullet points above,

- the underlying stock issuer is liquidated, dissolved or wound up or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law, or
- any other corporate or similar events that affect or could potentially affect market prices of, or shareholders' rights in, the underlying stock or distribution property, which will be substantiated by an official characterization by either the Options Clearing Corporation with respect to options contracts on the underlying stock or by the primary securities exchange on which the underlying stock or listed options on the underlying stock are traded, and will ultimately be determined by the calculation agent in its sole discretion.

Adjustments for Reorganization Events

If a reorganization event occurs, then the calculation agent will adjust the reference amount so that it consists of the amount of each type of distribution property distributed in respect of one share of the underlying stock or in respect of whatever the prior reference amount may be in the reorganization event, taken together. We define the term distribution property below. For purposes of the four-step adjustment process described under *How Adjustments Will Be Made* above, the distribution property so distributed will be the adjusted reference amount described in step one, the value of that property at the close of trading hours for the underlying stock on the applicable date will be the underlying stock price described in step two, and the calculation agent will determine the coupon payable on a coupon payment date, if any, or the payment at maturity as described in step three. As described under *How Adjustments Will Be Made* above, the calculation agent may, in its sole discretion, modify the adjustments described in this paragraph as necessary to ensure an equitable result.

The calculation agent will determine the value of each type of distribution property in its sole discretion. For any distribution property consisting of a security, the calculation agent will use the closing price (calculated according to the same methodology as specified in this document, without any anti-dilution adjustments) of one share of such security on the applicable date. The calculation agent may value other types of property in any manner it determines, in its sole discretion, to be appropriate. If a holder of the underlying stock may elect to receive different types or combinations of types of distribution property in the reorganization event, the distribution property will consist of the types and amounts of each type distributed to a holder that makes no election, as determined by the calculation agent in its sole discretion. As described under *How Adjustments Will Be Made* above, the calculation agent may, in its sole discretion, modify the adjustments described in this paragraph as necessary to ensure an equitable result.

If a reorganization event occurs and the calculation agent adjusts the reference amount to consist of the distribution property distributed in the reorganization event, as described above, the calculation agent will make any further anti-dilution adjustments for later events that affect the distribution property, or any component of the distribution property, comprising the new reference amount. The calculation agent will do so to the same extent that it would make adjustments

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if the underlying stock were outstanding and were affected by the same kinds of events. If a subsequent reorganization event affects only a particular component of the reference amount, the required adjustment will be made with respect to that component, as if it alone were the reference amount.

For example, if the underlying stock issuer merges into another company and each share of the underlying stock is converted into the right to receive two common shares of the surviving company and a specified amount of cash, the reference amount will be adjusted to consist of two common shares of the surviving company and the specified amount of cash for each share of underlying stock (adjusted proportionately for any partial share) comprising the reference amount before the adjustment. The calculation agent will adjust the common share component of the adjusted reference amount to reflect any later stock split or other event, including any later reorganization event, that affects the common shares of the surviving company, to the extent described in this subsection entitled *Anti-dilution Adjustments* as if the common shares of the surviving company were the underlying stock. In that event, the cash component will not be adjusted but will continue to be a component of the reference amount. Consequently, each component included in the reference amount will be adjusted on a sequential and cumulative basis for all relevant events requiring adjustment up to the relevant date.

The calculation agent will not make any adjustment for a reorganization event, however, unless the event becomes effective (or, if the event is a spin-off, unless the ex-dividend date for the spin-off occurs) after the pricing date and on or before the applicable coupon determination date or the determination date, as applicable.

Distribution Property

When we refer to distribution property, we mean the cash, securities and other property or assets distributed in a reorganization event in respect of one outstanding share of the underlying stock or in respect of whatever the applicable reference amount may then be if any anti-dilution adjustment has been made in respect of a prior event. In the case of a spin-off, or any other reorganization event after which the underlying stock remains outstanding, the distribution property also includes one share of the underlying stock or other applicable reference amount in respect of which the distribution is made.

If a reorganization event occurs, the distribution property distributed in the event will be substituted for the underlying stock as described above. Consequently, in this document, when we refer to the underlying stock, we mean any distribution property that is distributed in a reorganization event and comprises the adjusted reference amount. Similarly, when we refer to the underlying stock issuer, we mean any successor entity in a reorganization event.

Default Amount on Acceleration

If an event of default occurs and the maturity of your security is accelerated, we will pay the default amount in respect of the principal of your security at the maturity, instead of the amount payable on the stated maturity date as described earlier. We describe the default amount under [Special Calculation Provisions](#) below.

For the purpose of determining whether the holders of our Series E medium-term securities, which include your securities, are entitled to take any action under the indenture, we will treat the outstanding principal amount of each offered security as the outstanding principal amount of that security. Although the terms of the offered securities differ from those of the other Series E medium-term securities, holders of specified percentages in principal amount of all Series E medium-term securities, together in some cases with other series of our debt securities, will be able to take action affecting all the Series E medium-term securities, including your securities, except with respect to certain Series E medium-term securities if the terms of such securities specify that the holders of specified percentages in the principal amount of all such securities must also consent to such action. This action may involve changing some of the terms that apply to the Series E medium-term securities, accelerating the maturity of the Series E medium-term securities after a default or waiving some of our obligations under the indenture. In addition, certain changes to the indenture and the securities that only affect certain debt securities may be made with the approval of holders of a majority of the principal amount of such affected debt securities. We discuss these matters in the accompanying prospectus under [Description of Debt Securities We May Offer](#) [Default, Remedies and Waiver of Default](#) and [Modification of the Debt Indentures and Waiver of Covenants](#) .

Manner of Payment and Delivery

Any payment or delivery on your security at maturity will be made to an account designated by the holder of your security and approved by us, or at the office of the trustee in New York City, but only when your security is surrendered to the trustee at that office. We also may make any payment or delivery in accordance with the applicable procedures of the depository.

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Role of Calculation Agent

The calculation agent, in its sole discretion, will make all determinations regarding whether a coupon will be paid on any coupon payment date, whether your securities will be automatically called, the final share price, anti-dilution adjustments, market disruption events, coupon determination dates, business days, trading days and the payment at maturity. Absent manifest error, all determinations of the calculation agent will be final and binding on you and us, without any liability on the part of the calculation agent.

Please note that GS&Co., our affiliate, is currently serving as the calculation agent as of the original issue date of your security. We may change the calculation agent for your security at any time after the original issue date without notice, and GS&Co. may resign as calculation agent at any time upon 60 days' written notice to us.

Special Calculation Provisions

Business Day

When we refer to a business day with respect to your securities, we mean a day that is a New York business day as described under "Description of Debt Securities We May Offer" "Calculations of Interest on Debt Securities" "Business Days" on page 21 in the accompanying prospectus. A day is a scheduled business day if, as of the trade date, such day is scheduled to be a New York business day.

Trading Day

When we refer to a trading day with respect to your security, we mean a day on which the principal securities market for the underlying stock is open for trading.

Closing Price

The closing price for any security on any day will equal the closing sale price or last reported sale price, regular way, for the security, on a per-share or other unit basis:

- on the principal national securities exchange on which that security is listed for trading on that day;
or
- if that security is not listed on any national securities exchange on that day, on any other U.S. national market system that is the primary market for the trading of that security.

If that security is not listed or traded as described above, then the closing price for that security on any day will be the average, as determined by the calculation agent, of the bid prices for the security obtained from as many dealers in that security selected by the calculation agent as will make those bid prices available to the calculation agent. The number of dealers need not exceed three and may include the calculation agent or any of its or our affiliates.

The closing price is subject to adjustment as described under Anti-dilution Adjustments above.

Default Amount

The default amount for your securities on any day (except as provided in the last sentence under Default Quotation Period below) will be an amount, in the specified currency for the principal of your securities, equal to the cost of having a qualified financial institution, of the kind and selected as described below, expressly assume all our payment and other obligations with respect to your securities as of that day and as if no default or acceleration had occurred, or to undertake other obligations providing substantially equivalent economic value to you with respect to your securities. That cost will equal:

- the lowest amount that a qualified financial institution would charge to effect this assumption or undertaking, *plus*
- the reasonable expenses, including reasonable attorneys' fees, incurred by the holder of your security in preparing any documentation necessary for this assumption or undertaking.

During the default quotation period for your security, which we describe below, the holder and/or we may request a qualified financial institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. If either party obtains a quotation, it must notify the other party in writing of the quotation. The amount referred to in the first bullet point above will equal the lowest or, if there is only one, the only quotation obtained, and as to which notice is so given, during the default quotation period. With respect to any quotation, however, the party not obtaining the quotation may object, on reasonable and significant grounds, to the assumption or undertaking by the qualified financial

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institution providing the quotation and notify the other party in writing of those grounds within two business days after the last day of the default quotation period, in which case that quotation will be disregarded in determining the default amount.

Default Quotation Period. The default quotation period is the period beginning on the day the default amount first becomes due and ending on the third business day after that day, unless:

- no quotation of the kind referred to above is obtained, or
- every quotation of that kind obtained is objected to within five business days after the day the default amount first becomes due.

If either of these two events occurs, the default quotation period will continue until the third business day after the first business day on which prompt notice of a quotation is given as described above. If that quotation is objected to as described above within five business days after that first business day, however, the default quotation period will continue as described in the prior sentence and this paragraph.

In any event, if the default quotation period and the subsequent two business day objection period have not ended before the determination date, then the default amount will equal the principal amount of your security.

Qualified Financial Institutions. For the purpose of determining the default amount at any time, a qualified financial institution must be a financial institution organized under the laws of any jurisdiction in the United States of America, Europe or Japan, which at that time has outstanding debt obligations with a stated maturity of one year or less from the date of issue that is, or whose securities are, rated *either*:

- A-1 or higher by Standard & Poor's Ratings Services or any successor, or any other comparable rating then used by that rating agency, *or*
- P-1 or higher by Moody's Investors Service, Inc. or any successor, or any other comparable rating then used by that rating agency.

Market Disruption Event

Any of the following will be a market disruption event:

- a suspension, absence or material limitation of trading in the underlying stock on its primary market for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion, or
- a suspension, absence or material limitation of trading in option or futures contracts, if available, relating to the underlying stock, in the primary markets for those contracts for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion, or
- the underlying stock is not trading on what was the primary market for the underlying stock, as determined by the calculation agent in its sole discretion,

and, in the case of any of these events, the calculation agent determines in its sole discretion that the event could materially interfere with the ability of GS Finance Corp. or any of its affiliates or a similarly situated party to unwind all or a material portion of a hedge that could be effected with respect to the offered securities. For more information about hedging by GS Finance Corp. and/or any of its affiliates, see [Use of Proceeds](#) and [Hedging](#) below.

The following events will not be market disruption events with respect to the underlying stock:

- a limitation on the hours or numbers of days of trading, but only if the limitation results from an announced change in the regular business hours of the relevant market, and
- a decision to permanently discontinue trading in the option or futures contracts relating to the underlying stock.

For this purpose, an absence of trading in the primary securities market on which the underlying stock, or on which option or futures contracts relating to the underlying stock, are traded will not include any time when that market is itself closed for trading under ordinary circumstances. In contrast, a suspension or limitation of trading in the underlying stock or in option or futures contracts relating to the underlying stock, if available, in the primary market for that stock or those contracts, by reason of:

- a price change exceeding limits set by that market, or
- an imbalance of orders relating to that underlying stock or those contracts, or

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- a disparity in bid and ask quotes relating to that underlying stock or those contracts,

will constitute a suspension or material limitation of trading in that stock or those contracts in that market.

As is the case throughout this document, references to the underlying stock in this description of market disruption events include securities that are part of any adjusted reference amount, as determined by the calculation agent in its sole discretion.

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Use of Proceeds

We intend to lend the net proceeds from the sale of the offered securities to The Goldman Sachs Group, Inc. or its affiliates. The Goldman Sachs Group, Inc. expects to use the proceeds from such loans for the purposes we describe in the accompanying prospectus under [Use of Proceeds](#) . We or our affiliates may also use those proceeds in transactions intended to hedge our obligations under the offered securities as described below.

Hedging

In anticipation of the sale of the offered securities, we and/or our affiliates expect to enter into hedging transactions involving purchases of the underlying stock and listed or over-the-counter options, futures or other instruments linked to the underlying stock on or before the pricing date. In addition, from time to time, we and/or our affiliates expect to enter into additional hedging transactions and to unwind those we have entered into, in connection with the offered securities and perhaps in connection with other securities we issue, some of which may have returns linked to underlying stock. Consequently, with regard to your securities, from time to time, we and/or our affiliates:

- expect to acquire, or dispose of positions in listed or over-the-counter options, futures or other instruments linked to the underlying stock,
- may take or dispose of positions in the securities of the underlying stock issuer itself,
- may take or dispose of positions in listed or over-the-counter options or other instruments based on indices designed to track the performance of the New York Stock Exchange or other components of the U.S. equity market, and/ or
- may take short positions in the underlying stock or other securities of the kind described above i.e., we and/or our affiliates may sell securities of the kind that we do not own or that we borrow for delivery to purchaser.

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We and/or our affiliates may also acquire a long or short position in securities similar to your securities from time to time and may, in our or their sole discretion, hold or resell those securities.

In the future, we and/or our affiliates expect to close out hedge positions relating to the offered securities and perhaps relating to other securities with returns linked to the underlying stock. We expect these steps to involve sales of instruments linked to the underlying stock on or shortly before the determination date. These steps may also involve sales and/or purchases of the underlying stock, or listed or over-the-counter options, futures or other instruments linked to the underlying stock or indices designed to track the performance of the New York Stock Exchange or other components of the U.S. equity market.

The hedging activity discussed above may adversely affect the market value of your securities from time to time and the amount we will pay on your securities at maturity. See Additional Risk Factors Specific to Your Securities above for a discussion of these adverse effects.

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The Underlying Stock

The underlying stock issuer is Microsoft Corporation. According to publicly available information, Microsoft Corporation develops, licenses and supports software products, services and devices and designs and sells hardware devices.

Where Information About the Underlying Stock Issuer Can Be Obtained

The underlying stock is registered under the Securities Exchange Act of 1934. Companies with securities registered under the Exchange Act are required to file financial and other information specified by the U.S. Securities and Exchange Commission (SEC) periodically. Information filed with the SEC can be inspected and copied at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, information filed by the underlying stock issuer with the SEC electronically can be reviewed through a web site maintained by the SEC. The address of the SEC's web site is sec.gov. Information filed with the SEC by the underlying stock issuer under the Exchange Act can be located by referencing its SEC file number 001-37845.

Information about the underlying stock issuer may also be obtained from other sources such as press releases, newspaper articles and other publicly available documents.

We Obtained the Information About the Underlying Stock Issuer From the Underlying Stock Issuer's Public Filings

This document relates only to your security and does not relate to the underlying stock or other securities of the underlying stock issuer. We have derived all information about the underlying stock issuer in this document from the publicly available information referred to in the preceding subsection. We have not participated in the preparation of any of those documents or made any due diligence investigation or inquiry with respect to the underlying stock issuer in connection with the offering of your security. Furthermore, we do not know whether all events occurring before the date of this document including events that would affect the accuracy or completeness of the publicly available documents referred to above and the trading price of shares of the underlying stock have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning the underlying stock issuer could affect the value you will receive at maturity and, therefore, the market value of your security.

Neither we nor any of our affiliates make any representation to you as to the performance of the underlying stock.

We or any of our affiliates may currently or from time to time engage in business with the underlying stock issuer, including making loans to or equity investments in the underlying stock issuer or providing advisory services to the underlying stock issuer, including merger and acquisition advisory services. In the course of that business, we or any of our affiliates may acquire non-public information about the underlying stock issuer and, in addition, one or more of our affiliates may publish research reports about the underlying stock issuer. As an investor in a security, you should undertake such independent investigation of the underlying stock issuer as in your judgment is appropriate to make an informed decision with respect to an investment in a security.

Historical Closing Prices of the Underlying Stock

The closing prices of the underlying stock have fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing prices of the underlying stock during the period shown below is not an indication that the underlying stock is more or less likely to increase or decrease at any time during the life of your securities.

You should not take the historical prices of the underlying stock as an indication of the future performance of the underlying stock. We cannot give you any assurance that the future performance of the underlying stock will result in your receiving an amount greater than the outstanding principal amount of your securities on the stated maturity date.

Neither we nor any of our affiliates make any representation to you as to the performance of the underlying stock. Before investing in the offered securities, you should consult publicly available information to determine the prices of the underlying stock between the date of this document and the date of your purchase of the offered securities. The

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actual performance of the underlying stock over the life of the offered securities, as well as the amount payable at maturity, may bear little relation to the historical prices shown below.

The table below shows the high, low and period end underlying stock closing prices of Microsoft Corporation for each of the four calendar quarters in 2013, 2014, 2015, 2016 and 2017 and the first three calendar quarters of 2018 (through September 4, 2018), adjusted for corporate events, if applicable. We obtained the underlying stock prices listed in the tables below from Bloomberg Financial Services, without independent verification.

Historical Quarterly High, Low and Period End Closing Prices of Microsoft Corporation

	High	Low	Period End
2013			
Quarter ended March 31	\$28.61	\$26.46	\$28.61
Quarter ended June 30	\$35.67	\$28.56	\$34.53
Quarter ended September 30	\$36.25	\$31.16	\$33.31
Quarter ended December 31	\$38.94	\$33.01	\$37.43
2014			
Quarter ended March 31	\$40.99	\$34.99	\$40.99
Quarter ended June 30	\$42.25	\$39.06	\$41.70
Quarter ended September 30	\$47.52	\$41.67	\$46.36
Quarter ended December 31	\$49.61	\$42.74	\$46.45
2015			
Quarter ended March 31	\$47.59	\$40.40	\$40.655
Quarter ended June 30	\$49.155	\$40.29	\$44.15
Quarter ended September 30	\$47.58	\$40.47	\$44.26
Quarter ended December 31	\$56.55	\$44.61	\$55.48
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	High	Low	Period End
2016			
Quarter ended March 31	\$55.230	\$49.280	\$55.230
Quarter ended June 30	\$56.460	\$48.430	\$51.170
Quarter ended September 30	\$58.300	\$51.160	\$57.600
Quarter ended December 31	\$63.620	\$56.920	\$62.140
2017			
Quarter ended March 31	\$65.860	\$62.300	\$65.860
Quarter ended June 30	\$72.520	\$64.950	\$68.930
Quarter ended September 30	\$75.440	\$68.170	\$74.490
Quarter ended December 31	\$86.850	\$74.260	\$85.540
2018			
Quarter ended March 31	\$96.770	\$85.010	\$91.270
Quarter ended June 30	\$102.490	\$88.520	\$98.610
Quarter ending September 30 (through September 4, 2018)	\$112.330	\$99.050	\$111.710

The graph below shows the daily historical closing prices of the underlying stock from January 1, 2007 through September 4, 2018, adjusted for corporate events, if applicable. We obtained the closing prices in the graph below from Bloomberg Financial Services, without independent verification.

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Supplemental Discussion of U.S. Federal Income Tax Consequences

The following section supplements the discussion of U.S. federal income taxation in the accompanying prospectus.

The following section is the opinion of Sidley Austin LLP, counsel to GS Finance Corp. and The Goldman Sachs Group, Inc. In addition, it is the opinion of Sidley Austin LLP that the characterization of the securities for U.S. federal income tax purposes that will be required under the terms of the securities, as discussed below, is a reasonable interpretation of current law.

This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a life insurance company;
- a regulated investment company;
- an accrual method taxpayer subject to special tax accounting rules as a result of its use of financial statements;
- a tax exempt organization;
- a partnership;
- a person that owns a security as a hedge or that is hedged against interest rate risks;
- a person that owns a security as part of a straddle or conversion transaction for tax purposes; or
- a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

Although this section is based on the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect, no statutory, judicial or administrative authority directly discusses how your securities should be treated for U.S. federal income tax purposes, and as a result, the U.S. federal income tax consequences of your investment in your securities are uncertain. Moreover, these laws are subject to change, possibly on a retroactive basis.

You should consult your tax advisor concerning the U.S. federal income tax and other tax consequences of your investment in the securities, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

United States Holders

This section applies to you only if you are a United States holder that holds your securities as a capital asset for tax purposes. You are a United States holder if you are a beneficial owner of a security and you are:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

Tax Treatment. You will be obligated pursuant to the terms of the securities in the absence of a change in law, an administrative determination or a judicial ruling to the contrary to characterize your securities for all tax purposes as income-bearing pre-paid derivative contracts in respect of the underlying stock. Except as otherwise stated below, the discussion below assumes that the securities will be so treated.

Contingent quarterly coupon payments that you receive should be included in ordinary income at the time you receive the payment or when the payment accrues, in accordance with your regular method of accounting for U.S. federal income tax purposes.

Upon the sale, exchange, redemption or maturity of your securities, you should recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or maturity (excluding any amounts attributable to accrued and unpaid contingent quarterly coupon payments, which will be taxable as described above) and

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your tax basis in your securities. Your tax basis in your securities will generally be equal to the amount that you paid for the securities. Such capital gain or loss should generally be short-term capital gain or loss if you hold the securities for one year or less, and should be long-term capital gain or loss if you hold the securities for more than one year. Short-term capital gains are generally subject to tax at the marginal tax rates applicable to ordinary income.

No statutory, judicial or administrative authority directly discusses how your securities should be treated for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of your investment in the securities are uncertain and alternative characterizations are possible. Accordingly, we urge you to consult your tax advisor in determining the tax consequences of an investment in your securities in your particular circumstances, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

Alternative Treatments. There is no judicial or administrative authority discussing how your securities should be treated for U.S. federal income tax purposes. Therefore, the Internal Revenue Service might assert that a treatment other than that described above is more appropriate. For example, the Internal Revenue Service could treat your securities as a single debt instrument subject to special rules governing contingent payment debt instruments.

Under those rules, the amount of interest you are required to take into account for each accrual period would be determined by constructing a projected payment schedule for the securities and applying rules similar to those for accruing original issue discount on a hypothetical noncontingent debt instrument with that projected payment schedule. This method is applied by first determining the comparable yield — i.e., the yield at which we would issue a noncontingent fixed rate debt instrument with terms and conditions similar to your securities — and then determining a payment schedule as of the applicable original issue date that would produce the comparable yield. These rules may have the effect of requiring you to include interest in income in respect of your securities prior to your receipt of cash attributable to that income.

If the rules governing contingent payment debt instruments apply, any income you recognize upon the sale, exchange, redemption or maturity of your securities would be treated as ordinary interest income. Any loss you recognize at that time would be treated as ordinary loss to the extent of interest you included as income in the current or previous taxable years in respect of your securities, and, thereafter, as capital loss.

If the rules governing contingent payment debt instruments apply, special rules would apply to persons who purchase a security at other than the adjusted issue price as determined for tax purposes.

It is possible that the Internal Revenue Service could assert that your securities should generally be characterized as described under *Tax Treatment*, except that (1) the gain you recognize upon the sale, exchange, redemption or maturity of your securities should be treated as ordinary income or (2) you should not include the contingent quarterly coupon payments in income as you

receive them but instead you should reduce your basis in your securities by the amount of contingent quarterly coupon payments that you receive. It is also possible that the Internal Revenue Service could seek to characterize your securities in a manner that results in tax consequences to you different from those described above.

It is also possible that the Internal Revenue Service could seek to characterize your securities as notional principal contracts. It is also possible that the contingent quarterly coupon payments would not be treated as either ordinary income or interest for U.S. federal income tax purposes, but instead would be treated in some other manner.

You should consult your tax advisor as to possible alternative characterizations of your securities for U.S. federal income tax purposes.

Possible Change in Law

In 2007, legislation was introduced in Congress that, if enacted, would have required holders that acquired instruments such as your securities after the bill was enacted to accrue interest income over the term of such instruments even though there may be no interest payments over the term of such instruments. It is not possible to predict whether a similar or identical bill will be enacted in the future, or whether any such bill would affect the tax treatment of your securities.

In addition, on December 7, 2007, the Internal Revenue Service released a notice stating that the Internal Revenue Service and the Treasury Department are actively considering issuing guidance regarding the proper U.S. federal income tax treatment of an instrument such as the offered securities including whether the holders should be required to accrue ordinary income on a current basis and whether gain or loss should be ordinary or capital. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of the securities

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will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The Internal Revenue Service and the Treasury Department are also considering other relevant issues, including whether foreign holders of such instruments should be subject to withholding tax on any deemed income accruals and whether the special constructive ownership rules of Section 1260 of the Internal Revenue Code might be applied to such instruments. Except to the extent otherwise provided by law, GS Finance Corp. intends to continue treating the securities for U.S. federal income tax purposes in accordance with the treatment described above unless and until such time as Congress, the Treasury Department or the Internal Revenue Service determine that some other treatment is more appropriate.

It is impossible to predict what any such legislation or administrative or regulatory guidance might provide, and whether the effective date of any legislation or guidance will affect securities that were issued before the date that such legislation or guidance is issued. You are urged to consult your tax advisor as to the possibility that any legislative or administrative action may adversely affect the tax treatment of your securities.

United States Alien Holders

This section applies to you only if you are a United States alien holder. You are a United States alien holder if you are the beneficial owner of the securities and are, for U.S. federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from the securities.

Because the U.S. federal income tax treatment (including the applicability of withholding) of the contingent quarterly coupon payments on the securities is uncertain, in the absence of further guidance, we intend to withhold on the contingent quarterly coupon payments made to you at a 30% rate or at a lower rate specified by an applicable income tax treaty under an other income or similar provision. We will not make payments of any additional amounts. To claim a reduced treaty rate for withholding, you generally must provide a valid Internal Revenue Service Form W-8BEN, Internal Revenue Service Form W-8BEN-E or an acceptable substitute form upon which you certify, under penalty of perjury, your status as a United States alien holder and your entitlement to the lower treaty rate. Payments will be made to you at a reduced treaty rate of withholding only if such reduced treaty rate would apply to any possible characterization of the payments (including, for example, if the contingent quarterly coupon payments were characterized as contract fees). Withholding also may not apply to contingent quarterly coupon payments made to you if: (i) the contingent quarterly coupon payments are effectively connected with your conduct of a trade or business in the United States and are includable in your gross income for U.S. federal income tax purposes, (ii) the contingent quarterly coupon payments are attributable to a permanent establishment that you maintain in the United States, if required by an applicable tax treaty, and (iii) you comply with the requisite certification requirements (generally, by providing an Internal Revenue Service

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Form W-8ECI). If you are eligible for a reduced rate of United States withholding tax, you may obtain a refund of any amounts withheld in excess of that rate by filing a refund claim with the Internal Revenue Service.

Effectively connected payments includable in your United States gross income are generally taxed at rates applicable to United States citizens, resident aliens, and domestic corporations; if you are a corporate United States alien holder, effectively connected payments may be subject to an additional branch profits tax under certain circumstances.

You will also be subject to generally applicable information reporting and backup withholding requirements with respect to payments on your securities and, notwithstanding that we do not intend to treat the securities as debt for tax purposes, we intend to backup withhold on such payments with respect to your securities unless you comply with the requirements necessary to avoid backup withholding on debt instruments (in which case you will not be subject to such backup withholding) as set forth under United States Taxation Taxation of Debt Securities United States Alien Holders in the accompanying prospectus.

Furthermore, on December 7, 2007, the Internal Revenue Service released Notice 2008-2 soliciting comments from the public on various issues, including whether instruments such as your securities should be subject to withholding. It is therefore possible that rules will be issued in the future, possibly with retroactive effects, that would cause payments on your securities to be subject to withholding, even if you comply with certification requirements as to your foreign status.

As discussed above, alternative characterizations of the securities for U.S. federal income tax purposes are possible. Should an alternative characterization of the securities, by reason of a change or clarification of the law, by regulation or otherwise, cause payments with respect to the securities to become subject to withholding tax, we will withhold tax at the

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applicable statutory rate and we will not make payments of any additional amounts. Prospective United States alien holders of the securities should consult their tax advisor in this regard.

In addition, the Treasury Department has issued regulations under which amounts paid or deemed paid on certain financial instruments (871(m) financial instruments) that are treated as attributable to U.S.-source dividends could be treated, in whole or in part depending on the circumstances, as a dividend equivalent payment that is subject to tax at a rate of 30% (or a lower rate under an applicable treaty), which in the case of any contingent quarterly coupon payments and any amounts you receive upon the sale, exchange, redemption or maturity of your securities, could be collected via withholding. If these regulations were to apply to the securities, we may be required to withhold such taxes if any U.S.-source dividends are paid on the underlying stock during the term of the securities. We could also require you to make certifications (e.g., an applicable Internal Revenue Service Form W-8) prior to any contingent quarterly coupon payment or the maturity of the securities in order to avoid or minimize withholding obligations, and we could withhold accordingly (subject to your potential right to claim a refund from the Internal Revenue Service) if such certifications were not received or were not satisfactory. If withholding was required, we would not be required to pay any additional amounts with respect to amounts so withheld. These regulations generally will apply to 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) issued (or significantly modified and treated as retired and reissued) on or after January 1, 2019, but will also apply to certain 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) that have a delta (as defined in the applicable Treasury regulations) of one and are issued (or significantly modified and treated as retired and reissued) on or after January 1, 2017. In addition, these regulations will not apply to financial instruments that reference a qualified index (as defined in the regulations). We have determined that, as of the issue date of your securities, your securities will not be subject to withholding under these rules. In certain limited circumstances, however, you should be aware that it is possible for United States alien holders to be liable for tax under these rules with respect to a combination of transactions treated as having been entered into in connection with each other even when no withholding is required. You should consult your tax advisor concerning these regulations, subsequent official guidance and regarding any other possible alternative characterizations of your securities for U.S. federal income tax purposes.

Foreign Account Tax Compliance Act (FATCA) Withholding

Pursuant to Treasury regulations, Foreign Account Tax Compliance Act (FATCA) withholding (as described in United States Taxation Taxation of Debt Securities Foreign Account Tax Compliance Act (FATCA) Withholding in the accompanying prospectus) will generally apply to obligations that are issued on or after July 1, 2014; therefore, the securities will generally be subject to FATCA withholding. However, according to published guidance, the withholding tax described above will not apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of the securities made before January 1, 2019.

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Employee Retirement Income Security Act

This section is only relevant to you if you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a governmental plan, an IRA or a Keogh Plan) proposing to invest in the securities.

The U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), and the U.S. Internal Revenue Code of 1986, as amended (the Code), prohibit certain transactions (prohibited transactions) involving the assets of an employee benefit plan that is subject to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code (including individual retirement accounts, Keogh plans and other plans described in Section 4975(e)(1) of the Code) (a Plan) and certain persons who are parties in interest (within the meaning of ERISA) or disqualified persons (within the meaning of the Code) with respect to the Plan; governmental plans may be subject to similar prohibitions unless an exemption applies to the transaction. The assets of a Plan may include assets held in the general account of an insurance company that are deemed plan assets under ERISA or assets of certain investment vehicles in which the Plan invests. Each of The Goldman Sachs Group, Inc. and certain of its affiliates may be considered a party in interest or a disqualified person with respect to many Plans, and, accordingly, prohibited transactions may arise if the securities are acquired by or on behalf of a Plan unless those securities are acquired and held pursuant to an available exemption. In general, available exemptions are: transactions effected on behalf of that Plan by a qualified professional asset manager (prohibited transaction exemption 84-14) or an in-house asset manager (prohibited transaction exemption 96-23), transactions involving insurance company general accounts (prohibited transaction exemption 95-60), transactions involving insurance company pooled separate accounts (prohibited transaction exemption 90-1), transactions involving bank collective investment funds (prohibited transaction exemption 91-38) and transactions with service providers under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code where the Plan receives no less and pays no more than adequate consideration (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code). The person making the decision on behalf of a Plan or a governmental plan shall be deemed, on behalf of itself and the plan, by purchasing and holding the securities, or exercising any rights related thereto, to represent that (a) the plan will receive no less and pay no more than adequate consideration (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code) in connection with the purchase and holding of the securities, (b) none of the purchase, holding or disposition of the securities or the exercise of any rights related to the securities will result in a non-exempt prohibited transaction under ERISA or the Code (or, with respect to a governmental plan, under any similar applicable law or regulation), and (c) neither The Goldman Sachs Group, Inc. nor any of its affiliates is a fiduciary (within the meaning of Section 3(21) of ERISA or, with respect to a governmental plan, under any similar applicable law or regulation) with respect to the purchaser or holder in connection with such person's acquisition, disposition or holding of the securities, or as a result of any exercise by The Goldman Sachs Group, Inc. or any of its affiliates of any rights in connection with the securities, and neither The Goldman Sachs Group, Inc. nor any of its affiliates has provided investment advice in connection with such person's acquisition, disposition or holding of the securities.

If you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a government plan, an IRA or a Keogh plan), and propose to invest in the securities, you should consult your legal counsel.

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Supplemental Plan of Distribution

GS Finance Corp. will sell to GS&Co., and GS&Co. will purchase from GS Finance Corp., the aggregate stated principal amount of the offered securities specified on the front cover of this document. GS&Co. proposes initially to offer the securities to the public at the original issue price set forth on the cover page of this document. Morgan Stanley Wealth Management, acting as dealer for the offering, will receive a selling concession of \$0.25 for each security it sells. It has informed us that it intends to internally allocate \$0.05 of the selling concession for each security as a structuring fee. GS&Co. will receive an underwriting discount of \$0.0175 for each security. GS Finance Corp. estimates that its share of the total offering expenses, excluding underwriting discounts and commissions, will be approximately \$.

We expect to deliver the securities against payment therefore in New York, New York on September , 2018. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required to specify alternative settlement arrangements to prevent a failed settlement.

We have been advised by GS&Co. that it intends to make a market in the securities. However, neither GS&Co. nor any of our other affiliates that makes a market is obligated to do so and any of them may stop doing so at any time without notice. No assurance can be given as to the liquidity or trading market for the securities.

Any securities which are the subject of the offering contemplated by this document, the accompanying prospectus and the accompanying prospectus supplement may not be offered, sold or otherwise made available to any retail investor in the European Economic Area. Consequently no key information document required by Regulation (EU) No 1286/2014 (the PRIIPs Regulation) for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. For the purposes of this provision:

- (a) the expression retail investor means a person who is one (or more) of the following:
- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance

Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the Prospectus Directive); and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), GS&Co. has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of securities which are the subject of the offering contemplated by this document, the accompanying prospectus and the accompanying prospectus supplement to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of such securities may be made to the public in that Relevant Member State:

a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by the issuer for any such offer; or

c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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provided that no such offer of securities referred to above shall require us or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of securities to the public in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression

Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) in connection with the issue or sale of the securities may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to GS Finance Corp. or The Goldman Sachs Group, Inc.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the securities in, from or otherwise involving the United Kingdom.

The securities may not be offered or sold in Hong Kong by means of any document other than (i) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere) which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made thereunder.

This document, along with the accompanying prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document, along with the accompanying prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the SFA)) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for six months after that corporation has acquired the securities under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore (Regulation 32).

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that trust has acquired the securities under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest

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are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

The securities are not offered, sold or advertised, directly or indirectly, in, into or from Switzerland on the basis of a public offering and will not be listed on the SIX Swiss Exchange or any other offering or regulated trading facility in Switzerland. Accordingly, neither this document nor any accompanying prospectus supplement, prospectus or other marketing material constitute a prospectus as defined in article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus as defined in article 32 of the Listing Rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland. Any resales of the securities by the underwriters thereof may only be undertaken on a private basis to selected individual investors in compliance with Swiss law. This document and accompanying prospectus and prospectus supplement may not be copied, reproduced, distributed or passed on to others or otherwise made available in Switzerland without our prior written consent. By accepting this document and accompanying prospectus and prospectus supplement or by subscribing to the securities, investors are deemed to have acknowledged and agreed to abide by these restrictions. Investors are advised to consult with their financial, legal or tax advisers before investing in the securities.

Conflicts of Interest

GS&Co. is an affiliate of GS Finance Corp. and The Goldman Sachs Group, Inc. and, as such, will have a conflict of interest in this offering of securities within the meaning of Financial Industry Regulatory Authority, Inc. (FINRA) Rule 5121. Consequently, this offering of securities will be conducted in compliance with the provisions of FINRA Rule 5121. GS&Co. will not be permitted to sell securities in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

Contact

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Morgan Stanley Wealth Management clients may contact their local Morgan Stanley branch office or Morgan Stanley's principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (866) 477-4776).

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