MOODY'S RATINGS

Rating Action: Moody's Ratings affirms NextEra Energy's ratings following announced merger with Dominion Energy

18 May 2026

New York, May 18, 2026 -- Moody's Ratings (Moody's) today affirmed NextEra Energy, Inc.'s (NextEra) Baa1 issuer rating following the company's announcement that it will merge with Dominion Energy, Inc. (Dominion, Baa2 Positive) in an all-stock transaction. At the same time, Moody's affirmed the ratings of NextEra Energy Capital Holdings, Inc. (NEECH), including its Baa1 senior unsecured rating and Prime-2 commercial paper rating. Outlook is stable. A complete list of rating actions is provided below.

RATINGS RATIONALE

"The merger will not increase leverage for the combined company, as it is structured as an all stock transaction," said Toby Shea, VP – Sr. Credit Officer, "NextEra's business profile will benefit from the addition of another source of high quality regulated cash flows coming from Dominion's utilities. Upon closing, we expect to lower NextEra's downgrade threshold to 16% for its deconsolidated CFO pre WC to debt ratio, from 17%, reflecting the reduced business risk."

NextEra's deconsolidated CFO pre-WC to debt ratio is calculated by excluding cash flow and debt associated with non recourse projects, while adding back dividend distributions from these projects as parent level cash flow.

NextEra's business risk profile is expected to improve from several perspectives. The combination of NextEra and Dominion will create an unprecedented scale in the sector. Both companies are already among the largest utility holding companies in the U.S., and the combined entity will be by far the largest utility holding company in the country. Based on year-end 2025 figures, we estimate the two companies together have approximately $138 billion of regulated rate base and 110 GW of generation capacity, compared with Duke Energy Corporation (Baa2 stable), which is expected to be the next largest with an estimated $114 billion of rate base and 56 GW of generation capacity.

Dominion, which produces predominantly high quality regulated cash flows, will also meaningfully enhance NextEra's business risk profile. Currently, approximately 70% of NextEra's cash flow is derived from regulated operations, most of which comes from its principal subsidiary, Florida Power & Light Company (FPL, A1 stable). Following the addition of Dominion, regulated cash flows are expected to increase to approximately 80%, while also becoming more diversified across regulated jurisdictions.

The most significant risk to the combined company is execution of Dominion's CVOW offshore wind project. The project's budget has increased from $9.8 billion to $11.4 billion, primarily due to cost pressures outside of management's control. However, the project is approximately 75% complete and has transitioned into a less complex stage, involving the installation of wind turbines on established foundations. Completion is expected in early 2027 prior to the end of June, ahead of the anticipated merger closing in the second half of 2027. While some residual completion risk may extend beyond the merger, the combined company's significantly larger scale and strong financial flexibility should provide sufficient capacity to address any remaining execution challenges.

ESG considerations contributed to this rating action. The company's commitment to manage its debt burden to achieve financial ratios consistent with its credit profile as a merged entity is reflection of the quality of its governance as related to financial strategy and risk management.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Factors That Could Lead to an Upgrade

We could upgrade NextEra if the company sustains a CFO pre-WC to debt ratio of 20% or higher on a deconsolidated basis and 17% or higher on a consolidated basis.

Factors That Could Lead to a Downgrade

We could downgrade NextEra if the company's CFO pre-WC to debt ratio is sustained at below 17% on a deconsolidated basis or 14% on a consolidated basis.

Following the merger, we expect to lower the downgrade threshold to 16% on a deconsolidated basis, while maintaining the 14% consolidated threshold.

LIST OF AFFECTED RATINGS

Issuer: NextEra Energy, Inc.

..Affirmations:

.... LT Issuer Rating, Affirmed Baa1

..Outlook Actions:

....Outlook, Remains Stable

Issuer: NextEra Energy Capital Holdings, Inc.

..Affirmations:

.... Backed Commercial Paper, Affirmed P-2

.... Backed Junior Subordinated, Affirmed Baa2

.... Backed Junior Subordinated Medium-Term Note Program, Affirmed (P)Baa2

.... Backed Senior Unsecured Shelf, Affirmed (P)Baa1

.... Backed Junior Subordinated Shelf, Affirmed (P)Baa2

.... Backed Senior Unsecured Regular Bond/Debenture, Affirmed Baa1

.... Senior Unsecured Regular Bond/Debenture, Affirmed Baa1

..Outlook Actions:

....Outlook, Remains Stable

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in August 2024 and available at https://ratings.moodys.com/rmc-documents/426183. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the EU and UK and is(are) endorsed for use in the EU and UK in accordance with the EU and UK CRA Regulation.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

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