BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAIʻI

In the Matter of the Application of HAWAIIAN ELECTRIC COMPANY, INC., HAWAIʻI ELECTRIC LIGHT COMPANY, INC., MAUI ELECTRIC COMPANY, LIMITED, and NEXTERA ENERGY, INC. For Approval of the Proposed Change of Control and Related Matters.	))))))))))	Docket No. _______________

APPLICATION

EXHIBITS 1 THROUGH 8

VERIFICATIONS

AND

CERTIFICATE OF SERVICE

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APPLICATION

HAWAIIAN ELECTRIC COMPANY, INC. ("Hawaiian Electric"), HAWAIʻI ELECTRIC LIGHT COMPANY, INC. ("Hawaiʻi Electric Light"), MAUI ELECTRIC COMPANY, LIMITED ("Maui Electric") (Hawaiian Electric, Hawaiʻi Electric Light, and Maui Electric are together referred to as the "Hawaiian Electric Companies"), and NEXTERA ENERGY, INC. ("NextEra Energy") (collectively, "Applicants"),[1] by and through their respective counsel, and pursuant to Hawaiʻi Revised Statutes ("HRS") §§ 269-7, 269-17.5, and/or 269-19, and Hawaiʻi Administrative Rules ("HAR") Title 6, Chapter 61, Subchapters 2, 6, and 10,[2] as applicable, hereby submit this Application respectfully requesting that the Hawaiʻi Public Utilities Commission ("Commission") approve the proposed change of control of the Hawaiian Electric Companies (the "Proposed Change of Control"), together with other related matters, as further described herein.

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[1] See infra Section IV for a description of Applicants and their related entities.

[2] Consistent with the requirements set forth in HAR Title 6, Chapter 61, Subchapter 2, Applicants will serve two copies of this Application on the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate"), an *ex officio* party to this proceeding. HAR §§ 6-61-18 and 6-61-62.

I. INTRODUCTION

On December 3, 2014, an Agreement and Plan of Merger ("Agreement") was entered into for the purpose of transferring control of the Hawaiian Electric Companies from Hawaiian Electric Industries, Inc. ("HEI") to "Hawaiian Electric Holdings,"[3] a wholly owned subsidiary of NextEra Energy, as further described in Exhibit 1, attached hereto and incorporated herein by reference.[4] Pursuant to the Agreement, and subject to various conditions, including approval by the Commission, Hawaiian Electric Holdings will combine/merge with HEI. Hawaiian Electric Holdings will survive as the parent company of the Hawaiian Electric Companies, with NextEra Energy as the sole manager of Hawaiian Electric Holdings.[5] Charts depicting the parties to the transaction, on a pre-combination and post-combination basis, are included in Exhibit 2, attached hereto and incorporated herein by reference.[6]

The Hawaiian Electric Companies and NextEra Energy seek Commission approval of the Proposed Change of Control and related matters, as set forth below. Applicants respectfully submit that the Proposed Change of Control should be approved because it is reasonable and in the public interest and the Hawaiian Electric Companies

[3] "Hawaiian Electric Holdings" refers to the entity that, upon consummation of the Proposed Change of Control, will be the parent company of the Hawaiian Electric Companies. This entity's current registered, legal name is NEE Acquisition Sub I, LLC. See infra n.22. In the Agreement, this entity is referred to as Merger Sub II. Immediately following closing of the Proposed Change of Control, the registered, legal name of this entity will officially be changed to Hawaiian Electric Holdings, LLC.

[4] Exhibit 1 is a copy of NextEra Energy's December 3, 2014 Form 8-K, excluding the Agreement. A copy of the Agreement is attached hereto as Exhibit 3 and is incorporated herein by reference.

[5] In connection with the Agreement, HEI separately announced a plan to spin off American Savings Holdings, Inc. (the parent company of American Savings Bank, F.S.B.) to the shareholders of HEI and establish the bank as a separate, independent publicly traded company, immediately prior to and contingent upon NextEra Energy's acquisition of HEI through the Proposed Change of Control. See infra n.24.

[6] The steps that are currently contemplated to effectuate the Proposed Change of Control are depicted in Exhibit 2 and are described in detail in the Agreement (Exhibit 3).

will continue to be fit, willing, and able to provide and perform their respective utility services following the Proposed Change of Control. Indeed, the Proposed Change of Control is expected to improve the financial status of the Hawaiian Electric Companies, result in lower costs and customer savings, strengthen and accelerate the Hawaiian Electric Companies' clean energy plans and transformation, and enhance the Hawaiian Electric Companies' ability to continue providing safe and reliable service to their customers. By combining with NextEra Energy, a national leader in clean energy, the Hawaiian Electric Companies can move faster to accomplish the more affordable, clean energy future that the companies are working hard to achieve. Given these contemplated benefits, as well as other benefits to the customers and communities served by the Hawaiian Electric Companies discussed below, approval of the Proposed Change of Control is reasonable and consistent with the public interest.

I.A. Overview of Applicants and the Proposed Change of Control and its Benefits

The Hawaiian Electric Companies have been providing electric service to their customers for more than 100 years and supply power to approximately 450,000 customers, roughly 95% of Hawai'i's population. Because Hawai'i stands at the forefront in addressing a vast array of complex and interrelated issues associated with a clean energy transformation, the Hawaiian Electric Companies have been and will continue to be challenged to break new ground in areas such as renewable energy integration, interconnection with customer-sited solar photovoltaic systems, energy storage, and customer demand response programs.

NextEra Energy is an industry leader in clean and renewable energy. NextEra Energy's principal subsidiaries include (1) Florida Power & Light Company ("FPL"), one of the nation's largest and most well-respected electric utilities, and (2) NextEra Energy

Resources, LLC, which together with its affiliated entities ("NextEra Energy Resources"), is North America's largest producer of renewable energy from the wind and sun.

NextEra Energy owns and operates more than 44 gigawatts of generating capacity primarily across 27 states and Canada as of September 30, 2014, as well as approximately 8,300 circuit miles of high-voltage transmission, 67,000 miles of distribution lines, and 750 substations across North America. NextEra Energy has over 50 years of North American and international experience and technical expertise in engineering, constructing, operating, and maintaining large-scale infrastructure assets (over $72 billion in aggregate).

FPL serves approximately 4.7 million customers in a state that, like Hawai'i, has no indigenous fossil fuels. FPL was once the largest consumer of oil among all U.S. utilities. Since 2001, FPL has reduced its reliance on foreign oil by more than 99%, improved its overall fuel efficiency by 20%, and saved its customers more than $7.5 billion in fuel costs. FPL's operational excellence has supported low customer rates, including typical residential customer electric bills that are approximately 25% lower than the national average and, in 2014, were the lowest in Florida for the fifth year in a row. Among U.S. utilities with more than 100,000 customers, FPL has the lowest non-fuel operations and maintenance expense per retail kilowatt-hour based on 2013 FERC Form 1s. Additionally, FPL's highly efficient generation fleet is one of the cleanest and most modern among utilities nationwide. FPL has also developed, built, and operates one of the nation's most modern grid networks and offers the highest reliability among Florida's investor-owned utilities, ranking in the top quartile nationally, with more than 99.98% reliability. Through NextEra Energy Resources, NextEra Energy

brings all the capabilities of a renewable energy leader, including the resources to strengthen and accelerate the Hawaiian Electric Companies' clean energy transformation. Together, FPL and NextEra Energy Resources have completed 95 major capital projects totaling over $24 billion since 2003, overall on time and under budget. NextEra Energy has been recognized by third parties for its efforts in sustainability, corporate responsibility, ethics and compliance, and diversity, and has been named No. 1 overall among electric and gas utilities on Fortune magazine's list of "World's Most Admired Companies" for eight consecutive years, which is an unprecedented achievement in its industry.[7]

The NextEra Energy organization possesses the technical, managerial, and financial resources to:

- Ensure continued safe and reliable electric service to the Hawaiian Electric Companies' customers;
- Strengthen and accelerate the Hawaiian Electric Companies' clean energy plans and transformation; and
- Deliver substantial value to the Hawaiian Electric Companies' customers.

NextEra Energy contends that it can bring the right solutions to Hawai'i to accomplish all of the foregoing objectives because NextEra Energy:

- Has a management team that has proven it can provide customer value while earning a fair rate of return;

[7] In addition to being named No. 1 overall in its sector on the "World's Most Admired Companies" list, NextEra Energy was also named No. 1 in its sector for innovation, No. 1 in its sector for social responsibility, and No. 1 in its sector for quality of products/services. In 2014, EI Energy Intelligence named NextEra Energy the No. 1 "green utility" in North America and the No. 4 "green utility" in the world, based on carbon emissions and renewable energy. In 2014, for the seventh year, the Ethisphere Institute named NextEra Energy as one of the "World's Most Ethical Companies," in recognition of NextEra Energy's "outstanding commitment to ethical leadership, compliance practices, and corporate social responsibility." In 2013, for an unprecedented tenth year in a row, PA Consulting Group presented FPL with the ServiceOne Award for exceptional customer service.

- Is North America's largest generator of renewable energy from the wind and sun;

- Owns and operates a top-rated utility (FPL) in terms of efficiency and cost of service;

- Has extensive experience developing, constructing, and operating clean, reliable power generation;

- Is an experienced developer and operator of transmission infrastructure;

- Has demonstrated its ability to deliver capital projects, overall on time and under budget;

- Has strong capital resources and financial capabilities that can support the Hawaiian Electric Companies' systems; and

- Is committed to building partnerships and engaging collaboratively with community and non-governmental organizations to meet the needs of Hawai'i in a culturally respectful, innovative, and environmentally sensitive manner.

NextEra Energy and the Hawaiian Electric Companies share a commitment to delivering safe, clean, reliable, and affordable energy to their customers, while being active supporters of their local communities,[8] responsible stewards of their shareholders' capital, and the employer of choice for a highly skilled and engaged workforce. NextEra Energy acknowledges the Hawaiian Electric Companies' role as a national leader in the integration of renewable energy,[9] and NextEra Energy intends to

[8] Since 2010, NextEra Energy and its subsidiaries and employees have contributed more than $30 million, and tens of thousands of hours annually, to support multiple initiatives designed to improve the health and well-being of the communities served.

[9] Across the three Hawaiian Electric Companies, more than 51,000 customers have rooftop solar systems, representing about 390 total megawatts of capacity and 12% of residential customers. As of December 2014, about 13% of Hawaiian Electric residential customers, 11% of Maui Electric residential customers, and 10% of Hawai'i Electric Light residential customers have rooftop solar systems. The Solar Electric Power Association has confirmed in recent reports that Hawai'i leads the nation in the amount of photovoltaic penetration per capita - more than triple the amount of the next state (Hawai'i 16.9, Arizona 4.3, California 4.2, and Colorado 2.9 (installations per 1,000 people)). See pps. 2 and 32 of Hawaiian Electric Companies' Motion for Approval of NEM Program Modification and Establishment of Transitional Distributed Generation Program Tariff, filed January 20, 2015 in Docket No. 2014-0192. On a consolidated basis, by year-end 2013, the Hawaiian Electric Companies generated 18.2% of their power from renewable energy resources. See 2013 Renewable Portfolio Standards Status Report filed on March 31, 2014 in Docket No. 2007-0008.

continue to support and further enhance the Hawaiian Electric Companies' leadership role. NextEra Energy shares the Hawaiian Electric Companies' vision of increasing renewable energy, modernizing the grid, reducing Hawai‘i's dependence on imported oil, integrating more rooftop solar energy and, importantly, lowering customer bills. Hawai‘i's reliance on oil and its prolific renewable resources create a unique opportunity to provide value to customers through economic clean energy. The Hawaiian Electric Companies are addressing unprecedented renewable integration challenges at the grid and system-levels, years in advance of mainland utilities. NextEra Energy's strengths, as outlined in greater detail in the body of this Application, are in many areas additive to the capabilities of the Hawaiian Electric Companies, thus creating an opportunity to add value in Hawai‘i's strategically important energy industry.

Addressing the challenges and opportunities associated with Hawai‘i's clean energy transformation will require, among other things, access to significant capital. The capital requirements of the Hawaiian Electric Companies are exacerbated by the need to deploy new technologies to accommodate additional renewable generation, demand response, and energy storage into its system. Supporting these capital investments will require the Hawaiian Electric Companies to compete for capital with utilities having much larger balance sheets and a wider geographic reach. While the Hawaiian Electric Companies have investment grade credit ratings, they will face continuing challenges due in part to the limited size and scope of their operations. NextEra Energy's strong balance sheet and excellent history of managing large capital projects, overall on budget and on schedule, should directly support the Hawaiian Electric Companies' capital investment requirements.

The Proposed Change of Control offers the Hawaiian Electric Companies an opportunity to maintain reliability, community, and charitable support and other benefits created through continued local involvement in the management and operations of the utilities, while gaining new financial strength and resources. Upon completion of the Proposed Change of Control, the Hawaiian Electric Companies will become a third principal business within the NextEra Energy family of companies, along with FPL and NextEra Energy Resources. As NextEra Energy subsidiaries, the Hawaiian Electric Companies will have access to capital to meet upcoming financial obligations and challenges on terms that should be more favorable than if the Proposed Change of Control is not consummated. Furthermore, joining NextEra Energy will provide the Hawaiian Electric Companies with access to best practices and technologies employed by one of the leading energy providers in North America. NextEra Energy's vision, approach, and financial strength were critical to HEI's decision to enter into the Agreement.

In this regard, following announcement of the combination, all three major credit rating agencies reacted favorably, reflecting an expectation that the Hawaiian Electric Companies' financial fitness and ability will be improved by the support and resources available from NextEra Energy. Standard & Poor's ("S&P") placed its issuer credit rating on HEI and Hawaiian Electric on "CreditWatch with positive implications," reflecting the higher rating of NextEra Energy and S&P's classification of HEI and Hawaiian Electric as "core" subsidiaries of NextEra Energy if the Proposed Change of Control is consummated.[10] Upon consummation of the transaction, S&P "expect[s] to

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[10] Research Update: NextEra Energy Ratings Affirmed, Hawaiian Electric Industries And Subsidiary Ratings On Watch Positive On Acquisition, STANDARD & POOR'S RATING SERVICES (RatingsDirect), Dec. 4, 2014, at 2, 3.

raise [its] issuer credit ratings on HEI and [Hawaiian Electric] to be aligned with that of the ultimate parent NextEra [Energy]."[11] Moody's Investors Service ("Moody's") affirmed the ratings of HEI and Hawaiian Electric following announcement of the Agreement and indicated that its rating outlook for HEI is "stable."[12] FitchRatings ("Fitch") has placed HEI on "Rating Watch Positive" and upon consummation of the transaction, "could upgrade HEI by one notch given its ownership by a higher rated company [(i.e., NextEra Energy)]."[13] Fitch has also affirmed the "Stable Rating Outlook" for Hawaiian Electric and in Fitch's view, Hawaiian Electric "will benefit significantly from NextEra [Energy]'s ownership."[14] Further, Fitch indicates that "[s]uccessful closing of the acquisition by NextEra [Energy] will likely result in one-notch upgrade of HEI."[15] All three agencies' favorable reactions indicate that the Proposed Change of Control, if consummated, is expected to improve the financial status of the Hawaiian Electric Companies.

Finally, as discussed below, NextEra Energy is making certain commitments to communities, employees, and customers to ensure continuing reliability, community and charitable support, local management and corporate governance, and savings to customers from the Proposed Change of Control. In light of these commitments and the

[11] Id. at 3.

[12] Rating Action: Moody's affirms ratings for Hawaiian Electric Industries, Inc. and its subsidiaries upon merger announcement; outlooks remain stable, MOODY'S INVESTORS SERVICE (Global Credit Research), Dec. 4, 2014, at 1, 2.

[13] Fitch Affirms NextEra on Acquisition; Hawaiian Electric on Watch Positive, FITCHRATINGS, Dec. 4, 2014, at 1.

[14] Id.

[15] Id. at 4.

financial support of a financially secure parent company, the Proposed Change of Control is reasonable and in the public interest and should be approved.

I.B. **NextEra Energy's Commitments to Communities, Employees, and Customers**

The Hawaiian Electric Companies and NextEra Energy believe the Proposed Change of Control will provide important benefits for the Hawaiian Electric Companies' customers, employees, and the communities they serve. To help ensure these benefits are realized, NextEra Energy's commitments include the following:

(i) **Commitment to maintain charitable giving** – NextEra Energy recognizes the importance of the efforts by HEI and the Hawaiian Electric Companies to serve and support the Hawai'i community, and NextEra Energy intends to continue with those efforts. As described in Section V.C, subsection 2.g below, NextEra Energy commits to maintain HEI's overall current level of corporate giving in HEI's communities.

(ii) **Commitment to local management** – As described in Section V.C, subsection 1.c(2) below, NextEra Energy commits that the Hawaiian Electric Companies will be locally managed from their existing operating locations. This will position the Hawaiian Electric Companies to continue to deal respectfully and responsively with their local customers, regulators, and other constituencies.

(iii) **Commitment to employees** – To help secure a smooth transition during the change of control and position NextEra Energy to tap into the knowledge base of employees with experience operating in Hawai'i, as noted in Section V.C, subsection 1.c(1) below, for at

least two-years post-closing, NextEra Energy will provide each active non-bargaining unit employee of the Hawaiian Electric Companies base salaries or wage rates that are no less favorable than those provided immediately prior to the change in control. During the two-year period following the change in control, non-bargaining unit employees will be offered aggregate incentive compensation opportunities and employee benefits that are substantially comparable to those provided immediately prior to the change in control. Further, during the two-year period following the change in control, NextEra Energy will not implement involuntary workforce reductions of employees of the Hawaiian Electric Companies. NextEra Energy also commits that all existing collective bargaining agreements will be honored. In addition, NextEra Energy commits that employees will be credited for years of service with the Hawaiian Electric Companies when calculating future benefits.

(iv) **Commitment to local governance** – NextEra Energy believes that it is important to establish a structure for receiving advice and counsel from local communities on matters of local interest. To that end, as described in Section V.C, subsection 1.c(2) below, in lieu of the existing Hawaiian Electric board, NextEra Energy commits to establishing a local, independent advisory board to be made up of six to twelve members, all of whom will have substantial ties to the Hawai‘i community.

(v) **Commitment to Clean Energy Transformation** – As noted in Section I.A above, NextEra Energy's strengths are in many areas additive to the capabilities of the Hawaiian Electric Companies and will help facilitate and further the Hawaiian Electric Companies' clean energy transformation. As discussed in Section V.C, subsection 2.j below, NextEra Energy commits to strengthening and accelerating the Hawaiian Electric Companies' clean energy transformation, consistent with Commission directives and guidance, the State of Hawai'i's energy policy, and customer interests and public policy goals, towards a more affordable, equitable and inclusive, and economic clean energy future, through increased renewable energy (including integrating more rooftop solar energy), electric grid modernization, energy storage and customer demand response programs, all as a key part of the efforts to reduce Hawai'i's dependence on imported oil and to lower customer bills.

(vi) **Commitment to improve service reliability** – NextEra Energy is committed to maintaining and improving the reliability of the Hawaiian Electric Companies' electrical system over time. As described in Section V.C, subsection 2.f below, NextEra Energy is committed to making reasonable improvements in service reliability with reference to a baseline year, and will support the ongoing efforts of the Reliability Standards Working Group and its subgroups.

(vii) **Commitment to customer savings** – NextEra Energy is committed to effectively managing costs and producing sustained customer savings. As discussed in Section V.C, subsection 2.a below, and subject to the conditions outlined in that subsection, NextEra Energy commits that the Hawaiian Electric Companies will not file for a general base rate increase for at least four years following closing of the transaction, and will forego recovery under the decoupling mechanism of the incremental "O&M RAM Adjustment" during that period (which, in cumulative total, will amount to an estimated $60 million in customer savings). NextEra Energy also supports development of an incentive-based ratemaking construct that could apply at the end of this general base rate moratorium period.

(viii) **Commitment to providing customer protections** – As discussed in Section V.C, subsections 2.c, 2.d, and 2.e below, NextEra Energy commits that it will not seek to recover through rates any acquisition premium, transaction, or transition costs arising from the Proposed Change of Control, and that it will maintain various protections designed to ensure that the Hawaiian Electric Companies and their customers are not harmed by the activities and businesses of other NextEra Energy entities and subsidiaries. In addition, as discussed in Section V.C, subsection 2.b below, the Commission's jurisdiction over the Hawaiian Electric Companies

will not be diminished as a result of the Proposed Change of Control.

II. SUMMARY OF REQUESTED RELIEF

Applicants specifically and respectfully request that the Commission:

1. Approve the Proposed Change of Control, as further described in Section I above and Section V below, pursuant to HRS §§ 269-7, 269-17.5, and/or 269-19, as applicable, and also pursuant to Condition No. 16 of that certain agreement entered into in 1982 titled "Conditions for the Merger and Corporate Restructuring of Hawaiian Electric Company, Inc." ("1982 Agreement");[16] [17]

2. Modify certain conditions set forth in the 1982 Agreement as further discussed in Section VI below, pursuant to Condition No. 21 of the 1982 Agreement;[18]

3. Confirm that upon consummation of the Proposed Change of Control, the "Thomas Report"[19] will no longer be applicable;[20] and

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[16] Applicants note that pursuant to Order No. 7070 issued on April 19, 1982 in Docket No. 4337, the Commission's approval granted in Docket No. 4337 (i.e., approval of the corporate restructuring plan that resulted in HEI owning all of the issued and outstanding common stock of Hawaiian Electric) was made subject to the terms of the 1982 Agreement. The parties to the 1982 Agreement are the Commission and HEI. Condition No. 16 of the 1982 Agreement provides that "[t]he acquisition of [HEI] by a third party, whether by purchase, merger, consolidation, or otherwise, shall require prior written approval of the [C]ommission." Consistent with this, this Application is seeking the Commission's "prior written approval," through the Commission's issuance of a decision and order in this docket, of the Proposed Change of Control.

[17] As further discussed in Section V, infra, the Proposed Change of Control involves a transfer of the Hawaiian Electric Companies' upstream ownership interests and does not involve a sale of any of the Hawaiian Electric Companies' assets or a transfer of any of the Hawaiian Electric Companies' own ownership interests. Hawaiian Electric, Hawai'i Electric Light, and Maui Electric, the entities regulated by the Commission, will each continue to remain in existence and continue to operate under their respective tariffs and operating authority (i.e., each entity's respective Franchise).

[18] Condition No. 21 of the 1982 Agreement provides, "For good cause shown, the parties to this [1982] Agreement or the Consumer Advocate may request that this [1982] Agreement be amended in whole or in part, but this [1982] Agreement may not be amended without mutual consent of the parties to this [1982] Agreement." As reflected in note 16, supra, the only parties to the 1982 Agreement are the Commission and HEI.

4. Grant such other relief as the Commission may deem required, applicable, or otherwise appropriate, just, and reasonable under the circumstances and/or in order to effectuate the Proposed Change of Control.[21]

In support of this Application, Applicants provide the following information:

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[19] The term "Thomas Report" refers to that certain report issued by Dennis Thomas and Associates in January 1995 and titled "Review of the Relationship between Hawaiian Electric Industries and Hawaiian Electric Company" and all the recommendations set forth therein. The Thomas Report resulted from a proceeding, opened by the Commission upon Hawaiian Electric's request, to review the relationship between HEI and Hawaiian Electric, any impact of HEI's diversified activities on Hawaiian Electric, Hawai'i Electric Light, and Maui Electric, and other related matters. Order No. 12155, issued on January 26, 1993, Docket No. 7591 ("Order No. 12155"), at 2. As part of the review proceeding, the Commission contracted Dennis Thomas and Associates to perform a review of HEI's diversification history and the Thomas Report is the result of that review. The Thomas Report (including all of the recommendations set forth therein) was adopted by the Commission in its entirety. Decision and Order No. 15225, issued on December 10, 1996, Docket No. 7591 ("Decision and Order No. 15225"), at 3, 5-6.

[20] See infra Section VII.

[21] To the extent the Commission deems it to be required, applicable, or otherwise appropriate, just, and reasonable under the circumstances and/or in order to effectuate the Proposed Change of Control, Applicants request approval, pursuant to HRS § 269-7, to make administrative changes to contracts to which any of the Hawaiian Electric Companies, or HEI, are a party(ies). The types of administrative changes to contracts that may be implemented as a result of the Proposed Change of Control would be, for example, to replace the term "Hawaiian Electric Industries, Inc." with the term "NextEra Energy, Inc." throughout a contract, and other similar types of changes.

Applicants believe that the only statutory review/approval provisions that may be triggered by the Proposed Change of Control are HRS §§ 269-7, 269-17.5, and/or 269-19. For example, HRS § 269-17 provides, in relevant part, that prior approval of the Commission is required in order for a "public utility corporation" to "issue stocks and stock certificates, bonds, notes, and other evidences of indebtedness." Hawaiian Electric, Hawai'i Electric Light, and Maui Electric are the parties to this Application that are "public utility corporations" under HRS Chapter 269, and none of them will be issuing any stocks, stock certificates, bonds, notes, or other evidences of indebtedness in connection with the Proposed Change of Control. See infra n.23. As such, HRS § 269-17 is not applicable.

HRS § 269-18 provides, in relevant part, that "[n]o public utility corporation shall purchase or acquire, take or hold, any part of the capital stock of any other public utility corporation, organized or existing under or by virtue of the laws of the State, without having been first authorized to do so by the order of the [Commission]." Because the Proposed Change of Control does not involve the purchase, acquisition, or transfer of stock from one Hawai'i public utility operating in the State of Hawai'i to another Hawai'i public utility operating in the State of Hawai'i, the requirements of HRS § 269-18 are also not applicable. See In re Honolulu Cellular Telephone Company and Ram Paging Hawaii, Docket No. 7131, Decision and Order No. 11550 (March 20, 1992).

III. GENERAL INFORMATION

III.A. Applicants

Applicants' respective full names and principal business addresses are as follows:

HAWAIIAN ELECTRIC COMPANY, INC.
900 Richards Street
Honolulu, Hawai'i 96813

HAWAI'I ELECTRIC LIGHT COMPANY, INC.
1200 Kilauea Avenue
Hilo, Hawai'i 96720

MAUI ELECTRIC COMPANY, LIMITED
210 Kamehameha Avenue
Kahului, Maui, Hawai'i 96732

NEXTERA ENERGY, INC.
700 Universe Boulevard
Juno Beach, Florida 33408

III.B. Communications Regarding This Application

Pleadings, correspondence, and notices regarding this Application should be directed to the following:

JOSEPH P. VIOLA
Vice President, Regulatory Affairs
Hawaiian Electric Company, Inc.

Vice President
Hawai'i Electric Light Company, Inc.
Maui Electric Company, Limited

P. O. Box 2750
Honolulu, Hawai'i 96840

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IV. DESCRIPTION OF APPLICANTS AND RELATED ENTITIES

IV.A. <u>The Hawaiian Electric Companies</u>

Hawaiian Electric is a corporation that was duly organized under the laws of the Kingdom of Hawaiʻi on or about October 13, 1891, and now exists under and by virtue of the laws of the State of Hawaiʻi. Hawaiian Electric is an operating public utility engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Oahu. Since July 1, 1983, Hawaiian Electric has been a wholly-owned subsidiary of HEI. The book cost and original cost of Hawaiian Electric's assets are $4,120,102,000 and $5,365,797,000, respectively, as of September 30, 2014.

Hawaiʻi Electric Light is a corporation that was duly organized under the laws of the Republic of Hawaiʻi on or about December 5, 1894, and now exists under and by virtue of the laws of the State of Hawaiʻi. Hawaiʻi Electric Light is an operating public utility engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Hawaiʻi. Since February 1, 1970, Hawaiʻi Electric Light has been a wholly-owned subsidiary of Hawaiian Electric. The book cost and original cost of Hawaiʻi Electric Light's assets are $878,835,000 and $1,350,879,000, respectively, as of September 30, 2014.

Maui Electric is a corporation that was duly organized under the laws of the Territory of Hawai'i on or about April 28, 1921, and now exists under and by virtue of the laws of the State of Hawai'i. Maui Electric is an operating public utility engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Maui; the production, transmission, distribution, and sale of electricity on the island of Molokai; and the production, purchase, distribution, and sale of electricity on the island of Lanai. Since November 1, 1968, Maui Electric has been a wholly-owned subsidiary of Hawaiian Electric. The book cost and original cost of Maui Electric's assets are $782,915,000 and $1,232,721,000, respectively, as of September 30, 2014.

IV.B. HEI

HEI is a Hawai'i corporation listed on the New York Stock Exchange. Through its subsidiaries, Hawaiian Electric, Hawai'i Electric Light, Maui Electric, and American Savings Bank, HEI provides energy and financial services to the communities of the State of Hawai'i. Hawaiian Electric, Hawai'i Electric Light, and Maui Electric collectively supply power to approximately 450,000 customers, equivalent to about 95% of Hawai'i's population. American Savings Bank provides a wide array of banking and other financial services to consumers and businesses throughout Hawai'i.

IV.C. Hawaiian Electric Holdings and NextEra Energy

Hawaiian Electric Holdings is a Delaware limited liability company formed for the purpose of effectuating the Proposed Change of Control.[22] As further discussed in

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[22] See supra n.3. Exhibit 4, attached hereto and incorporated herein by reference, is a copy of Hawaiian Electric Holdings's Certificate of Formation.

NEE Acquisition Sub II, Inc. ("NEE Acquisition"), another entity that will be involved in the Proposed Change of Control, as shown on Exhibit 2, is a Delaware corporation formed for the purpose of effectuating the Proposed Change of Control. NextEra Energy is the sole shareholder of NEE

Section V below and illustrated in Exhibit 2, in order to effectuate the Proposed Change of Control, HEI will be merged into Hawaiian Electric Holdings, with Hawaiian Electric Holdings surviving as the parent company of the Hawaiian Electric Companies. NextEra Energy is the sole manager of Hawaiian Electric Holdings.

NextEra Energy, listed on the New York Stock Exchange, is a leading clean-energy company with consolidated revenues of approximately $15.1 billion in 2013. As noted in Section I.A above, NextEra Energy's principal subsidiaries include (i) FPL, which serves approximately 4.7 million customer accounts in Florida (as of December 31, 2013) and is one of the largest rate-regulated electric utilities in the United States based on retail megawatt-hour sales, and (ii) NextEra Energy Resources, which together with its affiliated entities is the largest generator in North America of renewable energy from the wind and sun. Exhibit 6, attached hereto and incorporated herein by reference, is an organizational chart that shows how the Hawaiian Electric Companies will fit into the NextEra Energy organization, assuming the Proposed Change of Control is approved and consummated. Section V.C, subsection 1.a below provides a further discussion of the experience, resources, and capabilities of the NextEra Energy organization.

V. THE PROPOSED CHANGE OF CONTROL

V.A. Background and Description

The Agreement (Exhibit 3) sets forth the terms and conditions under which the Proposed Change of Control will be effectuated through an all-stock transaction valued at approximately $4.3 billion, including NextEra Energy's assumption of $1.7 billion in

Acquisition. Exhibit 5, attached hereto and incorporated herein by reference, is a copy of NEE Acquisition's Certificate of Incorporation.

HEI debt.[23] [24] Once all required conditions under the Agreement have been met, including obtaining Commission approval, the Proposed Change of Control will be effectuated.[25] Upon closing of the Proposed Change of Control, Hawaiian Electric Holdings (a wholly owned subsidiary of NextEra Energy with NextEra Energy as its sole manager) will become the direct parent company of the Hawaiian Electric Companies. The steps that are currently contemplated to effectuate the Proposed Change of Control, as well as the planned organizational structure that will result from the Proposed Change of Control, are shown in Exhibit 2. The Agreement (Exhibit 3) describes in detail how the Proposed Change of Control will be effectuated. The chart provided as Exhibit 6 shows how the Hawaiian Electric Companies will fit into the NextEra Energy organization, assuming the Proposed Change of Control is approved and consummated.

[23] Concurrent with the close of the Proposed Change of Control, NextEra Energy will contribute funds necessary to repay all amounts outstanding under HEI's existing $125 million term loan, to repay HEI's existing $150 million revolving loan facility (if any amounts are actually drawn as of closing of the Proposed Change of Control), and to redeem (i.e., pay off prior to maturity) HEI's $175 million in senior notes. Pursuant to the terms and conditions of these existing facilities, the Proposed Change of Control will trigger the repayment requirements of these facilities. Once repaid, the above-listed facilities, pursuant to the terms and conditions of the facilities, will terminate. All other financing and credit facilities in existence at the Hawaiian Electric, Hawai'i Electric Light, and Maui Electric levels are expected to remain in place, unchanged. Furthermore, Hawaiian Electric, Hawai'i Electric Light, and Maui Electric (the public utility corporations involved in the Proposed Change of Control) will not be issuing any stocks, stock certificates, bonds, notes, or other evidences of indebtedness as part of the Proposed Change of Control. See supra n.21. Additionally, Hawaiian Electric Holdings will not be issuing any stocks, stock certificates, bonds, notes, or other evidences of indebtedness as part of the Proposed Change of Control.

[24] In connection with the Agreement, HEI plans to spin-off American Savings Holdings, Inc. (the parent company of American Savings Bank, F.S.B.) to HEI's shareholders and establish the bank as a separate, independent publicly traded company in a transaction that is expected to be tax-free to shareholders and that is expected to provide a total value to HEI shareholders of approximately $800 million. The occurrence of the "Bank Spin-Off" (as that term is defined in the Agreement) is a condition to the transactions that will effectuate the Proposed Change of Control and will occur immediately prior to the consummation of the Proposed Change of Control. See Exhibit 3 (Agreement), § 5.04 (Bank Spin Off Agreements) at page 54 of 91. Once the Bank Spin-Off occurs, the bank will be independent from and no longer affiliated with the Hawaiian Electric Companies.

[25] Exhibit 3 (Agreement) §§ 6.03, 7.01, 7.02, and 7.03, at pages 59-62 of 91 and pages 69-72 of 91.

As illustrated in Exhibit 2, the Proposed Change of Control involves a transfer of the Hawaiian Electric Companies' upstream ownership interests and does not involve a sale of any of the Hawaiian Electric Companies' assets or a transfer of any of the Hawaiian Electric Companies' own ownership interests. As a result, Hawaiian Electric, Hawai'i Electric Light, and Maui Electric (i.e., the entities regulated by the Commission) will each continue to remain in existence and continue to operate under their respective tariffs and operating authority (i.e., each entity's respective Franchise).

V.B. Standard of Review for Proposed Change of Control

As indicated in Section II above, Applicants are requesting Commission approval of the Proposed Change of Control pursuant to three statutory provisions: HRS §§ 269-7,[26] 269-17.5,[27] and/or 269-19,[28] as applicable.

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[26] Applicants note that the Commission has previously taken jurisdiction, under its general investigative powers set forth by HRS § 269-7, to review and approve stock sales and change of control transactions, even when the stock sale or change of control occurred at the parent level and not at the actual regulated public utility level. In re The Gas Company, LLC, et. al., Docket No. 05-0242, Decision and Order No. 22449 (May 3, 2006) ("Decision and Order No. 22449"); In re New Access Communications, LLC et al., Docket No. 05-0004, Decision and Order No. 21786 (April 29, 2005) (transfer of parent entity's membership interest to another entity); In re XO Long Distance Services, Inc. and XO Communications Services, Inc., Docket No. 04-0177, Decision and Order No. 21360 (September 22, 2004); In re Hawaii-American Water Company, Inc., Docket No. 02-0041, Decision and Order No. 19304 (April 17, 2002); In re Ionex Telecommunications, Inc., et al., Docket No. 99-0223, Decision and Order No. 17369 (November 8, 1999); and In re Maunalua Associates, Inc. et al., Docket No. 97-0339, Decision and Order No. 16175 (January 27, 1998).

[27] In Decision and Order No. 22449, the Commission clarified the circumstances under which HRS §§ 269-17.5 and 269-19 will apply, stating:

> Paramount in both HRS §§ 269-17.5 and 269-19 are the concepts of ownership and control. While it is the holding company . . . that is being transferred . . . ultimately it is [the utility's] ownership and control that is being transferred . . . This type of indirect transfer of control is contemplated under HRS §§ 269-17.5 and 269-19.

Decision and Order No. 22449 at 22-23 n.26.

[28] Id.

1. Standard of Review Under HRS § 269-7

HRS § 269-7(a) provides, in relevant part:

> The [Commission] . . . shall have power to examine into the condition of each public utility, the manner in which it is operated with reference to . . . the issuance by it of stocks and bonds, and the disposition of the proceeds thereof, the amount and disposition of its income, and all its financial transactions, its business relations with other persons, companies, or corporations, its compliance with all applicable state and federal laws and with the provisions of its franchise, charter, and articles of association, if any, its classifications, rules, regulations, practices, and service, and all matters of every nature affecting the relations and transactions between it and the public or persons or corporations.

In Decision and Order No. 22449, the Commission articulated the standard of review as it applies to a transfer of control subject to HRS § 269-7(a) as follows:

> Commission approval under HRS § 269-7(a) requires a finding that the proposed Transfer of Control is "reasonable and consistent with the public interest." A transaction is said to be reasonable and consistent with the public interest if the transaction "will not adversely affect the . . . [utility's] fitness, willingness, and ability to provide" public utility service in the State as authorized in its permit, certificate, or franchise.[29]

2. Standard of Review Under HRS § 269-17.5

HRS § 269-17.5(c) provides, in relevant part:

> No more than twenty-five per cent of the issued and outstanding voting stock of a corporation organized under the laws of the State and who owns, controls, operates, or manages any plant or equipment, or any part thereof, as a public utility within the definition set forth in [HRS] section 269-1 shall be held, whether directly or indirectly, by any single foreign corporation or any single nonresident alien, or held by any person, unless prior written approval is obtained from the [Commission].

[29] Id. at 21 (emphases added) (footnote omitted) (alteration in original).

In Decision and Order No. 22449, which involved a transfer of control that the Commission found was subject to HRS § 269-17.5 and other statutory provisions, the Commission applied the "Fitness and Public Interest" standard in its review of the proposed transfer of control, which the Commission described as requiring a finding that the utility "will be fit, willing, and able to perform the service it is currently performing in the State under [the new ownership] and that the transfer is reasonable and in the public interest."[30]

3. Standard of Review Under HRS § 269-19

HRS § 269-19(a) provides, in relevant part:

> [N]o public utility shall sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its road, line, plant, system, or other property necessary or useful in the performance of its duties to the public, or any franchise or permit, or any right thereunder, nor by any means, directly or indirectly, merge or consolidate with any other public utility without first having secured from the public utilities commission an order authorizing it so to do. Every such sale, lease, assignment, mortgage, disposition, encumbrance, merger, or consolidation, made other than in accordance with the order of the [C]ommission shall be void.

In Decision and Order No. 22449, the Commission stated that when reviewing a proposed transfer transaction subject to HRS § 269-19, "the [C]ommission has applied the standard of review . . . that the applicant must be 'fit, willing, and able properly to perform the service proposed.'"[31]

In light of the above, the Commission should approve the Proposed Change of Control upon finding that (i) the Proposed Change of Control is reasonable and in the public interest, and (ii) the Hawaiian Electric Companies will be fit, willing, and able to

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[30] Id. at 22, 30.

[31] Id. at 21-22.

provide and perform their respective utility services following the Proposed Change of Control.

V.C. The Proposed Change of Control Should be Approved Because it is Reasonable and in the Public Interest and the Hawaiian Electric Companies Will be Fit, Willing, and Able to Provide and Perform Their Respective Utility Services Following the Proposed Change of Control

Applicants contend that the Proposed Change of Control is reasonable and in the public interest and that the Hawaiian Electric Companies will be fit, willing, and able to provide and perform their respective utility services following the Proposed Change of Control. The Proposed Change of Control will not adversely affect, and instead will enhance, the Hawaiian Electric Companies' fitness, willingness, and ability to provide and perform their respective utility services. Additionally, the Proposed Change of Control will not have any material adverse impacts on the Hawaiian Electric Companies' operations or customers. Through the Proposed Change of Control, the Hawaiian Electric Companies will have an important and unique opportunity to strengthen and accelerate the companies' clean energy transformation and will be positioned to deliver substantial value to their customers. In support of this, Applicants state the following:

1. The Hawaiian Electric Companies' Fitness, Willingness, and Ability to Provide and Perform Their Respective Utility Services Will Not be Adversely Affected, and Instead Will be Enhanced, by the Proposed Change of Control

a. Fitness

The Hawaiian Electric Companies will continue to have the financial fitness and ability to fund their continuing operations through the revenue generated from their respective utility operations.[32] Additionally, if the Proposed Change of Control is

[32] In support of this statement, refer to: (i) Hawaiian Electric's 2013 Annual Financial Report ("AFR") filed with the Commission on May 21, 2014, (ii) Hawai'i Electric Light's 2013 AFR filed with the

approved and consummated, the Hawaiian Electric Companies will benefit from their new affiliation with NextEra Energy and are expected to enjoy an enhanced fitness and ability, financial and otherwise, to perform and provide their respective utility services, as discussed below.

If the Proposed Change of Control is approved and consummated, the Hawaiian Electric Companies will be positioned to benefit from the extensive, enterprise-wide financial resources of NextEra Energy. A Fortune 200 company, NextEra Energy's market capitalization approximates $45 billion.[33] With total assets exceeding $72 billion and electric generation capacity of more than 44 gigawatts primarily across 27 states and Canada, NextEra Energy has generated average annual consolidated revenues during the previous three years of approximately $15 billion. During 2013, more than 70% of NextEra Energy's $15.1 billion in revenues was derived from its rate-regulated electric utility sources. See Sections I.A and IV.C above for more information regarding NextEra Energy and the NextEra Energy organization.

NextEra Energy is well positioned to meet the balance sheet requirements to effectuate the Hawaiian Electric Companies' clean energy transformation, while also reducing the associated costs for the benefit of customers. With the largest credit facility in the industry, NextEra Energy has robust liquidity that is comprised of approximately $9.2 billion of credit commitments from 68 banks. NextEra Energy's

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Commission on May 30, 2014, and (iii) Maui Electric's 2013 AFR filed with the Commission on May 22, 2014, all of which are incorporated herein by reference.

Hawaiian Electric's, Hawai'i Electric Light's, and Maui Electric's respective AFRs are being incorporated herein by reference pursuant to HAR § 6-61-76, to satisfy the applicable requirement(s) of HAR § 6-61-105(c)(1). For a copy of NextEra Energy's 2013 AFR, see Exhibit 7, attached hereto and incorporated herein by reference. As a newly created entity, Hawaiian Electric Holdings does not have any financial statements.

[33] As of market-close December 2, 2014.

balanced, well-diversified lending group that spans 20 countries across four continents has provided NextEra Energy with approximately $18.5 billion of credit since 2003, which includes corporate credit facilities commitments and term loans outstanding as of August 31, 2014, and original balances of project debt funded or committed by banks. NextEra Energy has access to and regularly secures long-term financing in the public debt and equity markets and is committed to supporting the Hawaiian Electric Companies with plans to subsequently access the capital markets to raise long-term financing as appropriate. Since 2011, NextEra Energy has demonstrated its superior access to the capital markets, raising over $26 billion of debt and equity capital to fund a like amount of growth. NextEra Energy is rated "A-" by S&P and Fitch, and "Baa1" by Moody's.

If the Proposed Change of Control is approved and consummated, it is expected that the Hawaiian Electric Companies will have an enhanced financial capacity. In this regard, following announcement of the Proposed Change of Control, and as indicated in Section I.A above:

- S&P placed its issuer credit rating on HEI and Hawaiian Electric on "CreditWatch with positive implications," reflecting the higher rating of NextEra Energy and S&P's classification of HEI and Hawaiian Electric as "core" subsidiaries of NextEra Energy if the Proposed Change of Control is consummated.[34] S&P indicated that upon consummation of the transaction, S&P "expect[s] to raise [its] issuer credit ratings on HEI and [Hawaiian Electric] to be aligned with that of the ultimate parent NextEra

[34] Research Update: NextEra Energy Ratings Affirmed, Hawaiian Electric Industries And Subsidiary Ratings On Watch Positive On Acquisition, STANDARD & POOR'S RATING SERVICES (RatingsDirect), Dec. 4, 2014, at 2, 3.

[Energy]."[35] Among other positive implications of being considered by S&P to be "core" subsidiaries of NextEra Energy, S&P's core classification correctly implies that the Hawaiian Electric Companies are highly unlikely to be sold by NextEra Energy following the consummation of the Proposed Change of Control, that the acquisition is consistent with NextEra Energy's long-term strategy, and that the Hawaiian Electric Companies' financial fitness and ability will be improved by the support and resources available from NextEra Energy.

- Moody's affirmed the ratings of HEI and Hawaiian Electric following announcement of the Proposed Change of Control and indicated that its rating outlook for HEI is "stable."[36] While Moody's prescriptive methodology does not indicate or allow for a ratings upgrade for the Hawaiian Electric Companies as a result of the announcement of the Proposed Change of Control, Moody's does recognize that the transaction is "potentially beneficial" to Hawaiian Electric, as "NextEra [Energy] is better positioned to meet these challenges [that Hawaiian Electric has been experiencing,] given [NextEra Energy's] scale and experience with renewable energy."[37]
- Fitch has placed HEI on "Rating Watch Positive" following announcement of the Proposed Change of Control and stated that, upon consummation of

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[35] Id. at 3.

[36] Rating Action: Moody's affirms ratings for Hawaiian Electric Industries, Inc. and its subsidiaries upon merger announcement; outlooks remain stable, MOODY'S INVESTORS SERVICE (Global Credit Research), Dec. 4, 2014, at 1, 2.

[37] Id. at 1.

the Proposed Change of Control, Fitch "could upgrade HEI by one notch given its ownership by a higher rated company."[38] Fitch has also affirmed the "Stable Rating Outlook" for Hawaiian Electric and in Fitch's view, Hawaiian Electric "will benefit significantly from NextEra [Energy]'s ownership."[39] Further, Fitch indicated that the "[s]uccessful closing of the acquisition by NextEra [Energy] will likely result in one-notch upgrade of HEI."[40]

While there is no guarantee that any of the rating agencies will actually upgrade the credit rating of any of the Hawaiian Electric Companies following consummation of the Proposed Change of Control, the noted rating agencies' comments reflect their view of the strength of NextEra Energy's financial profile. Further, as noted above, the rating agencies' favorable reactions indicate that the Proposed Change of Control is expected to improve the financial status of the Hawaiian Electric Companies.

Upon completion of the Proposed Change of Control, the Hawaiian Electric Companies will become a third principal business within the NextEra Energy family of companies, along with FPL and NextEra Energy Resources. Being part of one of the largest utilities in the world affords NextEra Energy companies significant leverage with suppliers, often translating into enhanced technical resources as well as reduced costs. As part of the NextEra Energy organization, the Hawaiian Electric Companies will also be able to draw on a deep reservoir of talented, experienced, and committed personnel

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[38] Fitch Affirms NextEra on Acquisition; Hawaiian Electric on Watch Positive, FITCHRATINGS, Dec. 4, 2014, at 1.

[39] Id.

[40] Id. at 4.

from across the enterprise.[41] Under NextEra Energy ownership, it is expected that the Hawaiian Electric Companies will be able to put downward pressure on customer bills by applying NextEra Energy's technical expertise and procurement strategies and by sharing best practices, all under the direction of the Hawaiian Electric Companies' local management.

If the Proposed Change of Control is approved and consummated, the Hawaiian Electric Companies also will benefit from NextEra Energy's "virtuous circle" business strategy. The tenets of this strategy are consistent with the foundational principles governing the Hawaiian Electric Companies' transformational efforts and will help achieve the desired results for Hawai'i. NextEra Energy's virtuous circle strategy produces a corporate culture and philosophy that is focused on providing outstanding value to customers through affordable electric rates and exceptional customer service. Fundamentally, there need not be an inherent conflict between providing value both to customers and investors, as evidenced by the results of this strategy. FPL's typical residential customer electric bills are approximately 25% lower than the national average and, in 2014, were the lowest in Florida for the fifth year in a row. At the same time, FPL is a top reliability provider in Florida. Essentially, this strategy acknowledges that customer satisfaction is a key indicator that drives and affects credit ratings, return on equity, profits, and shareholder value. Allowing the company to earn a reasonable return while it focuses on keeping customer bills low, is a key element of this virtuous circle. The Hawaiian Electric Companies' transformational efforts are based on these

[41] The NextEra Energy organization has nearly 14,000 employees and extensive experience developing, permitting, constructing, owning, operating, and maintaining electric infrastructure around the country. As noted herein, NextEra Energy has total assets exceeding $72 billion and electric generation capacity of more than 44 gigawatts primarily across 27 states and Canada.

same foundational principles. As such, NextEra Energy's business strategy will provide a strong basis of support for the Hawaiian Electric Companies' transformational efforts.

Another key benefit that NextEra Energy will bring to the Hawaiian Electric Companies, if the Proposed Change of Control is approved and consummated, is the experience and capabilities of NextEra Energy Resources. Through NextEra Energy Resources, NextEra Energy brings all of the capabilities of a substantial North American renewable energy leader, including the resources that will help accelerate the Hawaiian Electric Companies' efforts to pursue a new, clean energy future for Hawai'i. As noted in Section I.A above, FPL and NextEra Energy Resources have together completed more than $24 billion worth of major capital projects since 2003, overall on time and under budget.

As part of the NextEra Energy organization, if the Proposed Change of Control is approved and consummated, the Hawaiian Electric Companies will also be positioned to benefit from the NextEra Energy organization's substantial experience developing and implementing specific plans to respond to large scale emergencies. For example, FPL's service area is uniquely susceptible to the impact of severe weather systems such as tropical storms and hurricanes, and the NextEra Energy organization has a comprehensive plan to respond safely and as quickly as possible when the electric infrastructure is damaged by a hurricane, tropical storm, or other severe weather event. The NextEra Energy organization recognizes that the severity and nature of storm damage can vary widely and accounts for the fact that power restoration will be affected by the path and intensity of the storm, the storm's impact on other utilities (e.g., telecommunications) and how quickly restoration workers and supplies can reach the affected area. FPL and its operations team have on numerous occasions been

honored by the Edison Electric Institute, a leading trade association comprised of electric industry peers, for outstanding efforts to restore service to customers in the wake of natural disasters.

In sum, NextEra Energy has extensive experience in the energy industry and with regulated utilities. NextEra Energy understands the regulatory issues affecting and transforming the energy utility industry. NextEra Energy also has deep technical, managerial, and financial resources that it is prepared to bring to the Hawaiian Electric Companies as part of the Proposed Change of Control. NextEra Energy recognizes that the challenges facing the Hawaiian Electric Companies are unique and different and, as such, the solutions also must be unique and different. At the same time, the methods, technologies, and experience that NextEra Energy has developed in its drive for continuous improvement make NextEra Energy well positioned – and, it believes, best positioned – to provide the support, resources, and other capabilities to achieve lower bills, higher reliability, and cleaner energy to and for the customers of the Hawaiian Electric Companies.

b. Willingness

The Proposed Change of Control will not negatively affect the Hawaiian Electric Companies' willingness to provide electric utility service. NextEra Energy's willingness to assume the responsibilities of the Hawaiian Electric Companies and their respective obligations to provide electric utility services is evident from the considerable time, effort, and energy NextEra Energy has spent negotiating the Agreement, the significant amount of funds expended and anticipated to be expended in connection with the Proposed Change of Control, and by its joinder, willingness, and support in the filing of

this Application requesting the Commission approvals necessary to consummate the Proposed Change of Control.

c. Ability

(1) Retention of Employees

NextEra Energy recognizes that the Hawaiian Electric Companies' existing employees possess unique experience and knowledge regarding operating and providing electric utility service in the Hawai'i communities that they serve. NextEra Energy also believes that employee retention is important to ensuring a smooth transition during the change of control. Consistent with this, and as noted in Section I.B above, to promote stability upon and following the Proposed Change of Control, NextEra Energy commits to the following:

- All existing collective bargaining agreements will be honored;
- There will be no involuntary workforce reductions during the two-year period following closing of the subject transaction;
- Base salaries and wage rates for non-bargaining unit employees will be no less favorable than that provided immediately prior to the closing of the Proposed Change of Control;
- Aggregate incentive compensation opportunities and employee benefits for non-bargaining unit employees will be substantially comparable, in the aggregate, to those provided immediately prior to the closing of the Proposed Change of Control; and
- Employees will be credited for years of service with the Hawaiian Electric Companies when calculating future benefits.

As a result of the above, no merger-related changes to the Hawaiian Electric Companies' workforce are expected as a result of the Proposed Change of Control for at least two-years following closing of the Proposed Change of Control.

(2) Local Headquarters, Management, and Governance

The Hawaiian Electric Companies will continue to be headquartered in Honolulu following the Proposed Change of Control and will continue to operate under their respective current company names and from their existing operating locations. Additionally, the President and the management team of Hawaiian Electric will be based in Honolulu. In lieu of the existing Hawaiian Electric board of directors, NextEra Energy also commits to establish a local, independent Hawaiian Electric advisory board that will meet quarterly to provide input on matters of local and community interest. NextEra Energy anticipates that this board will have six to twelve members, all of whom will have substantial ties to the Hawaiʻi community and will be compensated for their services.

(3) Transition Planning

NextEra Energy, HEI, and the Hawaiian Electric Companies will work together to plan for and take the necessary steps to ensure that the transition will be as seamless and transparent as reasonably practicable. Given the geographic separation between NextEra Energy and the Hawaiian Electric Companies, the Hawaiian Electric Companies will need to be run on a substantially standalone basis. However, some level of integration will be necessary, and the companies intend to form a transition team or teams that will be tasked with preparing and implementing a transition plan or plans to ensure the smooth and seamless transition between ownership and that there are no problems that could adversely affect the provision of quality service to customers or that would result in higher costs to customers.

(4) NextEra Energy's Experience and Expertise

Under the Proposed Change of Control, if approved and consummated, the Hawaiian Electric Companies will benefit from their new affiliation with NextEra Energy

and should enjoy an enhanced ability to provide and perform their respective utility services. For an extensive discussion of the resources, experience, and expertise that NextEra Energy will bring to the Hawaiian Electric Companies as part of the Proposed Change of Control, refer to Section I.A and Section V.C, subsection 1.a above.

2. Reasonableness and Other Key Public Interest Points

In addition to all of the reasons described above, Applicants contend that the Proposed Change of Control is reasonable and in the public interest for the following reasons:

a. Customer Savings: No Application to Increase General Base Rates for at Least Four Years Through Rate Case Moratorium/Stay Out Period, and Commitment to Forego Recovery of Decoupling Mechanism Incremental O&M RAM Adjustment

If the Proposed Change of Control is approved, NextEra Energy will benefit customers with the following savings and rate control commitments. Subject to certain qualifications (as described in footnotes 42 and 45, and below), NextEra Energy commits that, for at least four years following the closing of the Proposed Change of Control (the "stay out period"), the Hawaiian Electric Companies: (i) will not submit any applications seeking a general base rate increase,[42] and (ii) will forego (during the same period) recovery under the decoupling mechanism of any incremental adjustments to

[42] When the Commission has, in the past, imposed a moratorium on base rate increases as a condition to approving a transfer of control, the Commission has included an exception that would allow the utility to seek to increase base rates even during the moratorium period upon demonstration of a "compelling financial need." See Decision and Order No. 20354, issued on July 25, 2003, Docket No. 03-0051, at 24, 49; Decision and Order No. 21696, issued on March 16, 2005, Docket No. 04-0140, at 29, 56; and Decision and Order No. 22449 at 13, 35. Consistent with Commission precedent, NextEra Energy's commitment to forego seeking general base rate increases for the stay out period shall not apply (a) if any of the Hawaiian Electric Companies suffer financial distress due to occurrence of an extraordinary expense (e.g., an expense caused by a tropical storm, an act of terrorism, etc.), or (b) should circumstances otherwise arise that create a compelling financial need for a base rate increase.

"Base Expenses"[43] (the "O&M RAM Adjustment")[44] (which, in cumulative total, will amount to an estimated $60 million in customer savings).[45] NextEra Energy's foregoing commitment is subject to the exceptions and conditions set forth in footnotes 42 and 45, and upon all of the following remaining in effect, as currently authorized by the Commission as of the filing of this Application, throughout the stay out period: (i) the RBA tariff provisions,[46] (ii) the Rate Base RAM – Return on Investment Adjustment

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[43] "Base Expenses" are designated labor and non-labor operations and maintenance expenses and payroll tax expenses. Final Decision and Order, issued August 31, 2010, Docket No. 2008-0274, at 48, 49-52. See also Hawaiian Electric's Tariff at Revised Sheet No. 93A; Hawai'i Electric Light's Tariff at Revised Sheet No. 89A; Maui Electric's Tariff (Maui Division Rate Schedules) at Revised Sheet No. 96A; Maui Electric's Tariff (Lanai Division Rate Schedules) at Revised Sheet No. 107A; and Maui Electric's Tariff (Molokai Division Rate Schedules) at Revised Sheet No. 151A.

[44] Each of the Hawaiian Electric Companies' respective tariffs include a Rate Adjustment Mechanism Provision ("RAM Provision"). Hawaiian Electric's Tariff at Revised Sheet No. 93 through Revised Sheet No. 93H; Hawai'i Electric Light's Tariff at Revised Sheet No. 89 through Revised Sheet No. 89H; Maui Electric's Tariff (Maui Division Rate Schedules) at Revised Sheet No. 96 through Revised Sheet No. 96H; Maui Electric's Tariff (Lanai Division Rate Schedules) at Revised Sheet No. 107 through Revised Sheet No. 107H; and Maui Electric's Tariff (Molokai Division Rate Schedules) at Revised Sheet No. 151 through Revised Sheet No. 151H. The RAM Provision provides for the calculation and recovery of the "RAM Revenue Adjustment." The adjustment to Base Expenses included in the RAM Revenue Adjustment is referred to as the "O&M RAM Adjustment."

[45] See supra nn.43 and 44. NextEra Energy is aware that the Hawaiian Electric Companies' decoupling mechanisms are being examined in Docket No. 2013-0141 ("Decoupling Investigation Docket"). NextEra Energy's customer savings commitments in this section are necessarily based and conditioned on the current formulation of the decoupling mechanisms. Material changes to the decoupling mechanisms, if any, that may result from a decision and order in the Decoupling Investigation Docket may require adjustments to NextEra Energy's commitments with respect to the rate case moratorium/rate case stay out and the foregoing of the incremental O&M RAM Adjustment. NextEra Energy's commitments are also conditioned upon: (i) each of the Hawaiian Electric Companies being authorized to record revenues collected through the RAM Provision starting January 1 of each year of the stay out period, with the recovery period for the RAM Revenue Adjustment remaining unchanged (i.e., recovery of the RAM Revenue Adjustment shall continue to commence on June 1 of the applicable year and shall continue over the subsequent twelve months, and if the accrual period terminates (for example, due to the implementation of new rates pursuant to a rate case decision after the stay out period), any accrued but unrecovered RAM Revenue Adjustment amount will be collected through an adjustment to the RBA Rate Adjustment), (ii) the Hawaiian Electric Companies not being precluded from requesting revenue neutral tariff provisions and/or changes, and (iii) the Hawaiian Electric Companies not being precluded from requesting changes to rates or charges that are authorized by legislation enacted during the stay out period.

[46] Hawaiian Electric's Tariff at Revised Sheet No. 92 through Revised Sheet No. 92D; Hawai'i Electric Light's Tariff at Revised Sheet No. 91 through Revised Sheet No. 91D; Maui Electric's Tariff (Maui Division Rate Schedules) at Revised Sheet No. 97 through Revised Sheet No. 97D; Maui Electric's Tariff (Lanai Division Rate Schedules) at Revised Sheet No. 108 through Revised Sheet No. 108D; and Maui Electric's Tariff (Molokai Division Rate Schedules) at Revised Sheet No. 152 through Revised Sheet No. 152D.

tariff provisions,[47] (iii) the Depreciation & Amortization RAM Expense provision, (iv) the Renewable Energy Infrastructure Program, including the Renewable Energy Infrastructure Program Surcharge,[48] (v) the IRP/DSM Cost Recovery tariff provisions,[49] (vi) the ECAC tariff provisions,[50] (vii) the PPAC tariff provisions,[51] and (viii) the Pension and OPEB tracker mechanism.[52] [53]

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[47] Hawaiian Electric's Tariff at Revised Sheet No. 93 through Revised Sheet No. 93H (and in particular, see parts (c), (d), and (g) of Section 2 of the Rate Adjustment Mechanism); Hawai'i Electric Light's Tariff at Revised Sheet No. 89 through Revised Sheet No. 89H (and in particular, see parts (c), (d), and (g) of Section 2 of the Rate Adjustment Mechanism); Maui Electric's Tariff (Maui Division Rate Schedules) at Revised Sheet No. 96 through Revised Sheet No. 96H (and in particular, see parts (c), (d), and (g) of Section 2 of the Rate Adjustment Mechanism); Maui Electric's Tariff (Lanai Division Rate Schedules) at Revised Sheet No. 107 through Revised Sheet No. 107H (and in particular, see parts (c), (d), and (g) of Section 2 of the Rate Adjustment Mechanism); and Maui Electric's Tariff (Molokai Division Rate Schedules) at Revised Sheet No. 151 through Revised Sheet No. 151H (and in particular, see parts (c), (d), and (g) of Section 2 of the Rate Adjustment Mechanism).

[48] See Decision and Order, issued December 30, 2009, Docket No. 2007-0416. See also Hawaiian Electric's Tariff at Revised Sheet No. 50.9; and In re Hawaiian Electric Company, Inc. and Maui Electric Company, Limited (Docket No. 2013-0393).

[49] Hawaiian Electric's Tariff at Revised Sheet No. 68 through Revised Sheet No. 68A; Hawai'i Electric Light's Tariff at Revised Sheet No. 64 through Revised Sheet No. 65; Maui Electric's Tariff (Maui Division Rate Schedules) at Revised Sheet No. 70 through Revised Sheet No. 71; Maui Electric's Tariff (Lanai Division Rate Schedules) at Revised Sheet No. 89 through Revised Sheet No. 90; and Maui Electric's Tariff (Molokai Division Rate Schedules) at Revised Sheet No. 129 through Revised Sheet No. 129A.

[50] Hawaiian Electric's Tariff at Revised Sheet No. 63 through Sheet No. 63E; Hawai'i Electric Light's Tariff at Revised Sheet No. 63 through Sheet No. 63E; Maui Electric's Tariff (Maui Division Rate Schedules) at Revised Sheet No. 69 through Revised Sheet No. 69E; Maui Electric's Tariff (Lanai Division Rate Schedules) at Revised Sheet No. 88 through Sheet No. 88E; and Maui Electric's Tariff (Molokai Division Rate Schedules) at Revised Sheet No. 121 through Sheet No. 122D.

[51] Hawaiian Electric's Tariff at Revised Sheet No. 94 through Revised Sheet No. 94B; Hawai'i Electric Light's Tariff at Revised Sheet No. 90 through Sheet No. 90B; Maui Electric's Tariff (Maui Division Rate Schedules) at Revised Sheet No. 95 through Sheet No. 95B; Maui Electric's Tariff (Lanai Division Rate Schedules) at Sheet No. 106 through Sheet No. 106B; and Maui Electric's Tariff (Molokai Division Rate Schedules) at Sheet No. 150 through Sheet No. 151B.

[52] See Interim Decision and Order No. 23749, issued on October 22, 2007, Docket No. 2006-0386 (interim adoption of pension tracking mechanism and OPEB tracking mechanism for Hawaiian Electric); Decision and Order, issued on September 14, 2010, in Docket No. 2006-0386 (final adoption of pension tracking mechanism and OPEB tracking mechanism for Hawaiian Electric); Interim Decision and Order No. 23342, issued on April 4, 2007, in Docket No. 05-0315 (interim adoption of pension tracking mechanism and OPEB tracking mechanism for Hawai'i Electric Light); Decision and Order, issued on October 28, 2010, in Docket No. 05-0315 (final adoption of pension tracking mechanism and OPEB tracking mechanism for Hawai'i Electric Light); Interim Decision and Order No. 23926, issued on December 21, 2007, in Docket No. 2006-0387 (interim adoption of pension tracking mechanism and OPEB tracking mechanism for Maui Electric); and Decision and Order, issued on July 30, 2010, in Docket

In connection with NextEra Energy's above rate case moratorium/stay out period commitment, NextEra Energy also supports development of an incentive-based ratemaking construct that could apply at the end of the stay out period.

NextEra Energy's commitment to the rate case moratorium/stay out period, as described above, will also have the added benefit of positioning NextEra Energy and the Hawaiian Electric Companies to better effect the Hawaiian Electric Companies' clean energy transformation as swiftly, effectively, and efficiently as reasonably possible. General rate case proceedings require the utility applicant (as well as the Consumer Advocate and Commission) to devote a substantial amount of time, effort, and resources to such proceedings. Time and effort that would otherwise be dedicated to general rate case proceedings can instead be spent implementing the Hawaiian Electric Companies' clean energy transformation.

b. Continuation of Commission Jurisdiction

NextEra Energy commits and agrees that the Commission's jurisdiction with respect to the Hawaiian Electric Companies will not be diminished as a result of the Proposed Change of Control. To this end, NextEra Energy and the Hawaiian Electric Companies commit and agree that upon and subsequent to the Proposed Change of Control, the Hawaiian Electric Companies will continue to abide by and comply with all Commission decisions, orders, and rules applicable to the Hawaiian Electric Companies, as authorized by law. Similarly, Hawaiian Electric Holdings (which will be the parent company of the Hawaiian Electric Companies following the Proposed

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No. 2006-0387 (final adoption of pension tracking mechanism and OPEB tracking mechanism for Maui Electric).

[53] Under the current decoupling framework, Hawai‘i Electric Light is required to file a 2016 Test Year rate case, which may be filed before a decision and order is issued in the subject docket.

Change of Control) will continue to abide by and comply with all Commission decisions, orders, and rules that remain applicable to HEI following consummation of the Proposed Change of Control, as authorized by law.

c. Acquisition Premium

NextEra Energy acknowledges the Commission's general policy against recovery from utility customers of acquisition premium amounts arising from utility merger and acquisition transactions. In accordance with this policy, NextEra Energy agrees that under its control, the Hawaiian Electric Companies will not seek rate recovery of any goodwill amortization, acquisition premium costs, or goodwill impairment charges incurred as a result of the Proposed Change of Control.

d. Transaction and Transition Costs

NextEra Energy also acknowledges the Commission's policy against accounting deferral or recovery from utility customers of transaction and transition costs arising from utility merger and acquisition transactions. In accordance with this policy, NextEra Energy agrees that under its control, the Hawaiian Electric Companies will not seek rate recovery of any transaction or transition costs incurred as a result of the Proposed Change of Control.

e. Capitalization, Financing, and Dividends

In order to provide assurance that the Proposed Change of Control: (i) is reasonable and in the public interest with respect to the capitalization of the Hawaiian Electric Companies, the financing arrangements that may affect the Hawaiian Electric Companies, and the Hawaiian Electric Companies' ability to pay dividends, (ii) will not result in any material adverse impacts to the Hawaiian Electric Companies, their operations, or their customers, and (iii) will not diminish the Commission's authority over

the Hawaiian Electric Companies with respect to capitalization and financing matters, NextEra Energy commits that:

- Hawaiian Electric Holdings (which will become the parent company of the Hawaiian Electric Companies following the Proposed Change of Control) and the Hawaiian Electric Companies will not make loans to NextEra Energy or any of NextEra Energy's subsidiaries without prior Commission approval;
- Hawaiian Electric Holdings and the Hawaiian Electric Companies will not assume any obligation or liability as guarantor, endorser, surety, or otherwise for NextEra Energy or NextEra Energy's non-utility subsidiaries;
- NextEra Energy will not pledge any assets of the business of the Hawaiian Electric Companies as backing for any securities that NextEra Energy or NextEra Energy's non-utility subsidiaries may issue;
- The Hawaiian Electric Companies will maintain their debt separate and apart from NextEra Energy and NextEra Energy's affiliates and non-utility subsidiaries;
- The Hawaiian Electric Companies will maintain their own credit ratings for outstanding long-term debt from at least two of the three major credit rating agencies;
- The Commission will continue to have full authority over the Hawaiian Electric Companies' issuance of securities; and
- NextEra Energy will restrict payment of dividends in the event the consolidated common stock equity of the Hawaiian Electric Companies falls below 35% of the total capitalization of the Hawaiian Electric Companies (excluding short-term borrowings).

f. Improved Value to be Delivered to Customers

As mentioned above, NextEra Energy has a well-established reputation for excellence. Through the Proposed Change of Control, NextEra Energy will bring its wealth of experience and expertise to the Hawaiian Electric Companies, the companies' operations, and the companies' customers. For an extensive discussion of the resources, experience, and expertise that NextEra Energy will bring to the Hawaiian Electric Companies as part of the Proposed Change of Control, refer to Section I.A and

Section V.C, subsection 1.a above. As a result of the above, NextEra Energy believes that the Proposed Change of Control will result in the Hawaiian Electric Companies being able to deliver increased value to their customers. To this end, NextEra Energy commits to making reasonable improvements in service reliability with reference to a baseline year (to be established post-closing of the Proposed Change of Control) using performance standards such as System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). Additionally, NextEra Energy will support the ongoing efforts of the Reliability Standards Working Group and its subgroups.[54]

g. Contributions to the Community

In continuation of the efforts by HEI and the Hawaiian Electric Companies to serve and support the Hawai‘i community, NextEra Energy commits that it will maintain HEI's overall current level of corporate giving in HEI's communities. NextEra Energy will look to the local advisory board and local management team as key advisors with respect to guiding the ongoing charitable giving and activities of the Hawaiian Electric Companies.

h. Intercompany Transactions

Hawaiian Electric Holdings will continue HEI’s practice of providing the Commission with annual reports concerning intercompany transactions.

i. NextEra Energy’s Philosophy and Investment Objectives

NextEra Energy is a long-term investor and its long-term business objective is to be the nation’s leading clean energy company. With respect to its regulated utilities,

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[54] See In the Matter of Public Utilities Commission Instituting a Proceeding to Investigate the Implementation of Reliability Standards for Hawaiian Electric Company, Inc. et al. (Docket No. 2011-0206).

NextEra Energy aims to manage its investment and to provide the investment support for the provision of safe, reliable, and affordable electricity service to its customers.

As discussed in detail in Section I.A and Section V.C, subsection 1.a above, credit rating agencies reacted favorably to the announcement of the Proposed Change of Control. NextEra Energy has never sold a regulated utility subsidiary, and S&P's classification of HEI and Hawaiian Electric as "core" subsidiaries of NextEra Energy following consummation of the Proposed Change of Control[55] correctly implies that the Hawaiian Electric Companies are unlikely to be sold by NextEra Energy, that the acquisition is consistent with NextEra Energy's long-term strategy, and that the Hawaiian Electric Companies' financial fitness and ability will be improved by the support and resources available from NextEra Energy.

j. NextEra Energy's Commitment to Clean Energy Transformation

As a long-term investor with a long-term business objective to be the nation's leading clean energy company, NextEra Energy is committed to strengthening and accelerating the Hawaiian Electric Companies' clean energy transformation. As discussed in Section I.A above, NextEra Energy shares the Hawaiian Electric Companies' vision of increasing renewable energy, modernizing the grid, reducing Hawai'i's dependence on imported oil, integrating more rooftop solar and, importantly, lowering customer bills. As also discussed in Section I.A above, Hawai'i stands at the forefront in addressing a vast array of complex and interrelated issues associated with a clean energy transformation. This includes addressing unprecedented renewable integration challenges at the electric grid and system-levels years in advance of

[55] Research Update: NextEra Energy Ratings Affirmed, Hawaiian Electric Industries And Subsidiary Ratings On Watch Positive On Acquisition, STANDARD & POOR'S RATING SERVICES (RatingsDirect), Dec. 4, 2014, at 2, 3.

mainland utilities, and the need to break new ground and to deploy new technologies to accommodate additional renewable generation, demand response, and energy storage into the Hawaiian Electric Companies' systems.

NextEra Energy's strengths, as outlined in greater detail throughout this Application, are in many areas additive to the capabilities of the Hawaiian Electric Companies and will help facilitate and further the Hawaiian Electric Companies' clean energy transformation. In that regard, NextEra Energy commits to strengthening and accelerating the Hawaiian Electric Companies' clean energy transformation, consistent with Commission directives and guidance, the State of Hawai'i's energy policy, and customer interests and public policy goals,[56] towards a more affordable, equitable and inclusive, and economic clean energy future, through increased renewable energy (including integrating more rooftop solar energy), electric grid modernization, energy storage and customer demand response programs, all as a key part of the efforts to reduce Hawai'i's dependence on imported oil and to lower customer bills.[57]

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[56] NextEra Energy acknowledges the importance of the various efforts that have been undertaken by the Commission, through and as a result of its directives and guidance, as well as by the Consumer Advocate, legislators, and various stakeholders, towards establishing the vision, business strategies, and regulatory policy changes required to align the Hawaiian Electric Companies' business model with customers' interests and the State's public policy goals. As stated in the letter filed on behalf of NextEra Energy in Docket Nos. 2015-0009 and 2015-0011 on January 22, 2015, NextEra Energy supports these ongoing efforts and believes that these efforts should continue. As stated in that letter, neither these ongoing efforts nor the review of the subject Application should be deferred - they should all be processed by the Commission through their separate docketed proceedings. In order to ensure the resolution of these ongoing efforts and the subject Application in a manner consistent with the Commission's policy expressed in HAR § 6-61-1 "to secure the just, speedy, and inexpensive determination of every proceeding," it is essential that the issues being reviewed as part of these ongoing efforts are continued and thoroughly reviewed in those proceedings, rather than as part of the subject proceeding.

[57] Unless and until the Proposed Change of Control is approved and consummated, NextEra Energy will be unable to identify the specific plans and projects that NextEra Energy would implement as the owner of the Hawaiian Electric Companies, as such plans and projects can only feasibly be developed after NextEra Energy has sufficient time and access to information and resources as owner to better understand the strengths and any limitations in the Hawaiian Electric Companies' respective electric grids, systems, operations, and plans. NextEra Energy is willing to commit to file for Commission review its specific plans on how it will strengthen and accelerate the Hawaiian Electric Companies' clean energy transformation following consummation of the Proposed Change of Control.

For the reasons discussed above, Applicants respectfully submit that they have satisfied the Commission's requisite regulatory requirements under HRS §§ 269-7, 269-17.5, and 269-19, as applicable, and that they have sufficiently demonstrated that the Proposed Change of Control meets the applicable standard of review, specifically, (i) that the Proposed Change of Control is reasonable and in the public interest, and (ii) the Hawaiian Electric Companies will be fit, willing, and able to provide and perform their respective utility services following the Proposed Change of Control. Accordingly, Applicants request that the Commission approve the Proposed Change of Control pursuant to HRS §§ 269-7, 269-17.5, and/or 269-19, as applicable.[58]

VI. MODIFICATION OF 1982 AGREEMENT

Pursuant to Condition No. 21 of the 1982 Agreement,[59] Applicants request that the Commission modify certain conditions of the 1982 Agreement that are or will be no longer relevant and/or overly burdensome in light of the Proposed Change of Control and/or applicable law. The requested modifications to the 1982 Agreement and the reasons in support of the same are described in detail in Exhibit 8, attached hereto and incorporated herein by reference.

VII. CONFIRMATION REGARDING THOMAS REPORT

For the reasons explained below, Applicants request the Commission's confirmation that upon consummation of the Proposed Change of Control, the Thomas

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[58] See supra n.16. Commission approval of the Proposed Change of Control is also being sought pursuant to Condition No. 16 of the 1982 Agreement. Applicants contend that the reasons supporting approval of the Proposed Change of Control under HRS §§ 269-7, 269-17.5, and/or 269-19, as applicable, also support approval pursuant to Condition No. 16 of the 1982 Agreement.

[59] See supra n.18.

Report, which was adopted by the Commission in Docket No. 7591, will no longer be applicable.

As indicated in footnote 19, the Thomas Report resulted from Docket No. 7591, a proceeding (opened by the Commission upon Hawaiian Electric's request) to review the relationship between HEI and Hawaiian Electric, any impact of HEI's then diversified activities on Hawaiian Electric, Hawai'i Electric Light, and Maui Electric, and other related matters.[60] As part of the review proceeding, the Commission contracted Dennis Thomas and Associates to perform a review of HEI's diversification history and the Thomas Report is the result of that review. The Thomas Report made several recommendations that were intended to safeguard the Hawaiian Electric Companies from negative impacts that could have arisen from HEI's then non-utility operations or investments.[61] The Thomas Report was adopted by the Commission in its entirety.[62] The Thomas Report itself provides background on the circumstances that led to the opening of Docket No. 7591 and ultimately, the Thomas Report. As explained by the Thomas Report, in the early 1990s, there was concern that HEI's numerous nonutility subsidiaries and activities were affecting the Hawaiian Electric Companies. That concern was the catalyst for the review proceeding (i.e., Docket No. 7591) and the Thomas Report. Around the time of the Thomas Report, the following entities were all HEI subsidiaries that engaged in a variety of non-utility or water carrier activities: HEI Investment Corp., Hawaiian Electric Renewable Systems, Malama Pacific Corp., Hawaiian Tug and Barge Corp. / Young Brothers, Ltd., Hawaiian Insurance Group, and

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[60] Order No. 12155, at 2.

[61] Decision and Order No. 15225, at 3, 5-6.

[62] Id. at 6.

Pacific Energy Conservation Services, Inc.. All of these entities are no longer subsidiaries of HEI.

The circumstances that gave rise to the Thomas Report are materially different than the circumstances that exist today. HEI does not engage in nearly the same level of diversification activities as it did at the time of Docket No. 7591 over twenty years ago. Additionally, as discussed in footnotes 5 and 24 above, the bank (i.e., American Savings Holdings, Inc., including its subsidiary, American Savings Bank, F.S.B.) will be spun-off as a separate, independent entity in connection with and immediately prior to consummation of the Proposed Change of Control. Once the Bank Spin-Off occurs, the bank will be independent from and no longer affiliated with the Hawaiian Electric Companies. In other words, following consummation of the Proposed Change of Control, the bank will not be a subsidiary of Hawaiian Electric Holdings (the new parent company of the Hawaiian Electric Companies that will essentially take the place of HEI). Further, NextEra Energy does not currently have any plans to create any new non-utility subsidiaries under Hawaiian Electric Holdings or the Hawaiian Electric Companies. To the extent NextEra Energy desires to form any new non-utility subsidiaries under Hawaiian Electric Holdings or the Hawaiian Electric Companies at any point in the future, NextEra Energy would seek Commission approval prior to doing so.

In light of the above, Applicants contend that the Thomas Report and the recommendations contained therein are or will no longer be applicable upon consummation of the Proposed Change of Control. Therefore, Applicants respectfully request the Commission's confirmation that upon consummation of the Proposed Change of Control, the Thomas Report (including all of the recommendations set forth therein) will no longer be applicable.

VIII. SUMMARY AND CONCLUSION

In sum, Applicants assert that (a) the Proposed Change of Control is reasonable and in the public interest, and (b) the Hawaiian Electric Companies will be fit, willing, and able to provide and perform their respective utility services following the Proposed Change of Control. For the reasons discussed above, the Proposed Change of Control will not have any material adverse effects on the Hawaiian Electric Companies' operations or customers. The Proposed Change of Control will also provide various material benefits as discussed above. NextEra Energy will bring its wealth of experience, resources, and expertise to the Hawaiian Electric Companies, the companies' operations, and the companies' customers. Ultimately, the Proposed Change of Control will result in the Hawaiian Electric Companies being able to deliver more value to their customers and will strengthen and accelerate the Hawaiian Electric Companies' clean energy transformation.

For all of the reasons set forth in this Application, Applicants respectfully request Commission approval of the Proposed Change of Control. Specifically, Applicants respectfully request that the Commission:

1. Approve the Proposed Change of Control, as further described in Section I and Section V above, pursuant to HRS §§ 269-7, 269-17.5, and/or 269-19, as applicable, and also pursuant to Condition No. 16 of the 1982 Agreement;[63]

2. Modify certain conditions set forth in the 1982 Agreement, as discussed in Section VI above, pursuant to Condition No. 21 of the 1982 Agreement;[64]

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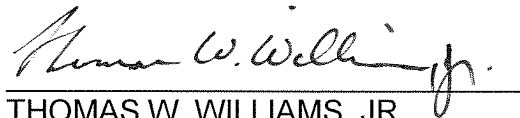
[63] See supra nn.16 and 58.

[64] See supra n.18.

3. Confirm that upon consummation of the Proposed Change of Control, the Thomas Report[65] will no longer be applicable;[66] and

4. Grant such other relief as the Commission may deem required, applicable, or otherwise appropriate, just, and reasonable under the circumstances and/or in order to effectuate the Proposed Change of Control.[67]

DATED: Honolulu, Hawai'i, January 29, 2015.



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[65] See supra n.19.

[66] See supra Section VII.

[67] See supra n.21.

EXHIBIT 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of earliest event reported: **December 3, 2014**

Commission File Number	Exact name of registrant as specified in its charter, address of principal executive offices and registrant's telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.** 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-2449419

State or other jurisdiction of incorporation or organization: Florida

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 1 - REGISTRANT'S BUSINESSES AND OPERATIONS

Item 1.01 Entry into a Material Definitive Agreement.

On December 3, 2014, NextEra Energy, Inc., a Florida corporation (NEE), and Hawaiian Electric Industries, Inc., a Hawaiian corporation (HEI), entered into an Agreement and Plan of Merger, dated as of December 3, 2014, by and among NEE, HEI, NEE Acquisition Sub I, LLC, a Delaware limited liability company (Merger Sub II), and NEE Acquisition Sub II, Inc., a Delaware corporation (Merger Sub I) (the Merger Agreement). Merger Sub I and Merger Sub II are newly-formed, wholly-owned direct subsidiaries of NEE.

The Merger Agreement provides for Merger Sub I to merge with and into HEI, with HEI surviving (the Initial Merger), and then for HEI to merge with and into Merger Sub II, with Merger Sub II surviving as a wholly-owned subsidiary of NEE (together with the Initial Merger, the Merger). The Boards of Directors of each of NEE and HEI have approved the Merger Agreement and the Merger.

The Merger Agreement provides that, immediately prior to completion of the Merger, HEI will distribute to HEI's shareholders, on a pro-rata basis, all of the issued and outstanding shares of ASB Hawaii, Inc., a Hawaii corporation (ASBH) and a direct parent company of American Savings Bank, F.S.B. (ASB) (such distribution, the Bank Spin-Off). In the Merger, each outstanding share of HEI common stock will be converted into the right to receive 0.2413 shares of NEE common stock. HEI equity awards that are outstanding at the time of closing of the Merger will be converted into corresponding equity awards denominated in NEE common stock, except in the case of certain performance-based restricted stock units, which pursuant to the terms of HEI's Long-Term Incentive Plan, will vest pro-rata and be settled for cash upon the closing of the Merger based on deemed satisfaction of performance goals at target levels.

NEE and HEI have each made customary representations, warranties and covenants in the Merger Agreement, including, among others, HEI's covenant to conduct its businesses in the ordinary course between the execution of the Merger Agreement and the completion of the Merger and each party's covenants not to engage in certain kinds of transactions and actions during that period without the prior consent of the other.

Consummation of the Merger is subject to customary conditions, including, among others, (i) approval of the Merger Agreement by shareholders holding seventy-five percent of HEI's common stock, (ii) absence of any material adverse effect with respect to NEE or HEI, (iii) the registration statement necessary to consummate the Bank Spin-Off having become effective, (iv) the determination by each of HEI and NEE that, upon consummation of the Bank Spin-Off, HEI will no longer be a "savings and loan holding company" under federal law or be deemed to control ASB, (v) receipt of all required regulatory approvals from, among others, the Hawaii Public Utility Commission, the Federal Energy Regulatory Commission and the Federal Communications Commission, (vi) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (vii) the absence of any law or judgment in effect or pending in which a governmental entity has imposed or is seeking impose a legal restraint that would prevent or make illegal the consummation of the Merger, (viii) the registration statement of NEE filed on Form S-4 in connection with the Merger having become effective, (ix) shares of NEE common stock to be issued in connection with the Merger having been approved for listing on the New York Stock Exchange, (x) subject to certain exceptions, the accuracy of the representations and warranties of, and compliance with covenants by, each of the parties to the Merger Agreement and (xi) receipt by each party of a tax opinion of its counsel regarding the tax treatment of the transactions contemplated by the Merger Agreement. In addition, the Bank Spin-Off will be subject to various conditions, including, among others, the approval of the Federal Reserve Board.

The Merger Agreement contains certain termination rights for both NEE and HEI, including the right of either party to terminate the Merger Agreement if the Merger has not been completed by December 3, 2015 (subject to a six-month extension if required to obtain necessary regulatory approvals), and further provides that, upon termination of the Merger Agreement under specified circumstances, HEI or NEE, as the case may be, would be required to pay to the other party a termination fee of $90 million and reimburse the other party for up to $5 million of its documented out-of-pocket expenses incurred in connection with the Merger Agreement.

The Merger Agreement also prohibits HEI from soliciting, or participating in discussions or negotiations or providing information with respect to, alternative takeover proposals, subject to certain exceptions.

The above description of the Merger Agreement (a copy of which is attached hereto) has been included to provide investors with information regarding its terms. The Merger Agreement contains representations and warranties made by and to the parties thereto as of specific dates. The statements embodied in those representations and warranties were made for purposes of allocating risk between the parties rather than establishing matters as facts and are subject to qualifications and limitations agreed by the parties in connection with negotiating the terms of the Merger Agreement. In addition, certain representations and warranties were made as of a specified date and may be subject to a contractual standard of materiality different from those generally applicable to investors.

The foregoing description of the Merger Agreement is qualified in its entirety by reference to the Merger Agreement, which is filed as Exhibit 2 hereto, and is incorporated into this report by reference.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as “may,” “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “predict,” and “target” and other words and terms of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. NEE and HEI caution readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in any forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of the proposed merger involving NEE and HEI, including future financial or operating results of NEE or HEI, NEE’s or HEI’s plans, objectives, expectations or intentions, the expected timing of completion of the transaction, the value, as of the completion of the merger or spin-off of HEI’s bank subsidiary or as of any other date in the future, of any consideration to be received in the merger or the spin-off in the form of stock or any other security, potential benefit of tax basis step up to HEI shareholders, and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by any such forward-looking statements include risks and uncertainties relating to: the risk that HEI may be unable to obtain shareholder approval for the merger or that NEE or HEI may be unable to obtain governmental and regulatory approvals required for the merger or the spin-off, or required governmental and regulatory approvals may delay the merger or the spin-off or result in the imposition of conditions that could cause the parties to abandon the transaction; the risk that a condition to closing of the merger or the completion of the spin-off may not be satisfied; the timing to consummate the proposed merger and the expected timing of the completion of the spin-off; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction, including the value of a potential tax basis step up to HEI shareholders, may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time and attention on merger and spin-off-related issues; general worldwide economic conditions and related uncertainties; the effect and timing of changes in laws or in governmental regulations (including environmental); fluctuations in trading prices of securities and in the financial results of NEE, HEI or any of their subsidiaries; the timing and extent of changes in interest rates, commodity prices and demand and market prices for electricity; and other factors discussed or referred to in the “Risk Factors” section of HEI’s or NEE’s most recent Annual Reports on Form 10-K filed with the Securities and Exchange Commission. These risks, as well as other risks associated with the merger, will be more fully discussed in the proxy statement/prospectus that will be included in the Registration Statement on Form S-4 that will be filed with the SEC in connection with the merger. Additional risks and uncertainties are identified and discussed in NEE’s and HEI’s reports filed with the SEC and available at the SEC’s website at www.sec.gov. Each forward-looking statement speaks only as of the date of the particular statement and neither NEE nor HEI undertakes any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The proposed business combination transaction between NEE and HEI will be submitted to the shareholders of HEI for their consideration. NEE will file with the SEC a Registration Statement on Form S-4 that will include a proxy statement of HEI that also constitutes a prospectus of NEE. HEI will provide the proxy statement/prospectus to its shareholders. NEE and HEI also plan to file other documents with the SEC regarding the proposed transaction. This document is not a substitute for any prospectus, proxy statement or any other document which NEE or HEI may file with the SEC in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF HEI ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC’s website (www.sec.gov). You may also obtain these documents, free of charge, from NEE’s website (www.investors.nexteraenergy.com) under the heading “Investor Relations” and then under the heading “SEC Filings.” You may also obtain these documents, free of charge, from HEI’s website (www.hei.com) under the tab “Investor Relations” and then under the heading “SEC Filings.” Additional information about the proposed transaction is available at a joint website launched by the companies at www.forhawaiisfuture.com.

PARTICIPANTS IN THE SOLICITATION

NEE, HEI, and certain of their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from HEI shareholders in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of HEI shareholders in connection with the proposed transaction will be set forth in the proxy statement/prospectus when it is filed with the SEC. You can find information about NEE’s executive officers and directors in its definitive proxy statement filed with the SEC on April 4, 2014. You can find information about HEI’s executive officers and directors in its definitive proxy statement filed

with the SEC on March 25, 2014 and in its Annual Report on Form 10-K filed with the SEC on February 21, 2014. Additional information about NEE's executive officers and directors and HEI's executive officers and directors can be found in the above-referenced Registration Statement on Form S-4 when it becomes available. You can obtain free copies of these documents from NEE and HEI as described in the preceding paragraph.

SECTION 7 - REGULATION FD

Item 7.01 Regulation FD Disclosure

On December 3, 2014, HEI and NEE released an investor presentation regarding the merger. A copy of the investor presentation is attached hereto as Exhibit 99.

SECTION 9 - FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

The following document is filed as an exhibit to this report:

Exhibit Number	Description
2	Agreement and Plan of Merger, dated as of December 3, 2014, by and among NEE, Merger Sub I, Merger Sub II and HEI*
99	Investor Presentation of Hawaiian Electric Industries and NextEra Energy, Inc.

* Schedules attached to the Merger Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NEE will furnish the omitted schedules to the Securities and Exchange Commission upon request by the Commission.

SIGNATURES

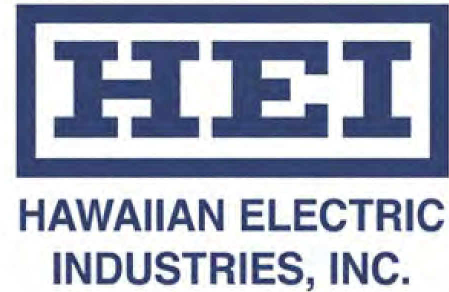
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 3, 2014

NEXTERA ENERGY, INC.
(Registrant)

CHARLES E. SIEVING

Charles E. Sieving
Executive Vice President and General Counsel of
NextEra Energy, Inc.



NextEra Energy and Hawaiian Electric Industries to Combine

Achieving a More Affordable Clean Energy Future For Hawaii

Hawaiian Electric Industries Announces Plan to Spin off ASB Hawaii into an Independent Publicly Traded Company

December 3, 2014

Forward Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as "may," "will," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "predict," and "target" and other words and terms of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. NEE and HEI caution readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in any forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of the proposed merger involving NEE and HEI, including future financial or operating results of NEE or HEI, NEE's or HEI's plans, objectives, expectations or intentions, the expected timing of completion of the transaction, the value, as of the completion of the merger or spin-off of HEI's bank subsidiary or as of any other date in the future, of any consideration to be received in the merger or the spin-off in the form of stock or any other security, potential benefit of tax basis step up to HEI shareholders, and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by any such forward-looking statements include risks and uncertainties relating to: the risk that HEI may be unable to obtain shareholder approval for the merger or that NEE or HEI may be unable to obtain governmental and regulatory approvals required for the merger or the spin-off, or required governmental and regulatory approvals may delay the merger or the spin-off or result in the imposition of conditions that could cause the parties to abandon the transaction; the risk that a condition to closing of the merger or the completion of the spin-off may not be satisfied; the timing to consummate the proposed merger and the expected timing of the completion of the spin-off; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction, including the value of a potential tax basis step up to HEI shareholders, may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time and attention on merger and spin-off-related issues; general worldwide economic conditions and related uncertainties; the effect and timing of changes in laws or in governmental regulations (including environmental); fluctuations in trading prices of securities and in the financial results of NEE, HEI or any of their subsidiaries; the timing and extent of changes in interest rates, commodity prices and demand and market prices for electricity; and other factors discussed or referred to in the "Risk Factors" section of HEI's or NEE's most recent Annual Reports on Form 10-K filed with the Securities and Exchange Commission. These risks, as well as other risks associated with the merger, will be more fully discussed in the proxy statement/prospectus that will be included in the Registration Statement on Form S-4 that will be filed with the SEC in connection with the merger. Additional risks and uncertainties are identified and discussed in NEE's and HEI's reports filed with the SEC and available at the SEC's website at www.sec.gov. Each forward-looking statement speaks only as of the date of the particular statement and neither NEE nor HEI undertakes any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information for Shareholders

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PARTICIPANTS IN THE MERGER SOLICITATION

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Participants

Transaction Overview	**Jim Robo** *Chairman &* *Chief Executive Officer* *NextEra Energy, Inc.*
Benefits to HEI Stakeholders	**Connie Lau** *President & Chief Executive Officer* *Hawaiian Electric Industries, Inc.* *Chairman of Hawaiian Electric Company* *and Chairman of American Savings Bank*
American Savings Bank Overview	**Richard Wacker** *President & Chief Executive Officer* *American Savings Bank*
Closing Remarks	**Jim Robo** *Chairman &* *Chief Executive Officer* *NextEra Energy, Inc.*

TRANSACTION OVERVIEW

JIM ROBO

Transformational Opportunity

- Hawaiian Electric Industries, Inc. (HEI) to combine with NextEra Energy
  - Expands NextEra Energy regulated utility operations and provides additional opportunities to deploy core operational and investment capabilities
  - Opportunity to strengthen and accelerate Hawaiian Electric Companies' (Hawaiian Electric, Maui Electric and Hawaii Electric Light) clean energy transformation
  - Expected to be neutral to earnings in the first full year and accretive thereafter
  - Will be financed to preserve NextEra Energy's strong investment grade credit ratings
- HEI to spin off ASB Hawaii, parent company of American Savings Bank (ASB) to HEI's shareholders
  - Positions ASB for success as a focused, independent "pure-play" company
- Combined value of approximately $33.50 per HEI share
  - Together with the assumption of $1.7 billion in HEI consolidated debt[1], but excluding ASB, this equates to an approximately $4.3 billion transaction for NextEra Energy
- Transaction will provide significant benefits for HEI stakeholders

1) Data as of 9/30/2014

Transaction At A Glance

Transaction Considerations	• HEI shareholders to receive NextEra Energy common stock, shares in ASB, and a one-time cash dividend • Stock components expected to be tax free to HEI shareholders

Total Value to HEI Shareholders	• **Total value to HEI shareholders of approximately $33.50 per share representing an approximately 21% premium to HEI's 20-day volume-weighted average price through December 2, 2014**
	  • $25.00 per share in NextEra Energy common stock, based on a fixed exchange ratio of 0.2413 and NextEra Energy volume-weighted average stock price for the 20 trading days ended Dec. 2, 2014
	  • $0.50 per share HEI special cash dividend
	  • $8.00[1] per share current estimated value of ASB
	• **New ASB shareholders to receive additional value through ASB tax basis step-up (estimated value over time of up to $1.60 per share)**

Structure	• Hawaiian Electric name to continue and HQ to remain in Honolulu • Hawaiian Electric would become NextEra Energy's third principal business, alongside Florida Power & Light Company and NextEra Energy Resources, LLC • ASB Hawaii to be independent publicly traded company, contingent on closing of NextEra Energy-HEI transaction
Approvals	• Transaction approvals required include HEI shareholder vote and regulatory approvals / clearances (Hawaii Public Utilities Commission, Federal Energy Regulatory Commission and federal banking regulators, and SEC registration and Hart-Scott-Rodino anti-trust clearances)
Timeframe	• Expected to close within approximately 12 months

1) Median of six equity research analyst estimates as of 12/02/2014; excludes benefits of Durbin recapture (see page 27)

Hawaiian Electric to be Integral Member of NextEra Energy Family

Current
- $45.9 billion market capitalization [1]
- 44,257 MW in operation [2]
- $72 billion in total assets

Pro Forma
- $48.5 billion market capitalization
- 46,044 MW in operation
- $78 billion in total assets [3]

- One of the largest U.S. electric utilities
- 4.7 million customer accounts
- 25,586 MW in operation

- Leader in renewable integration
- ~450,000 customers
- 1,787 MW in operation

- U.S. leader in renewable generation
- Assets primarily in 25 states and Canada
- 18,671 MW in operation [2]

Engineering & Construction

Supply Chain

Generation Operations

1) As of December 2, 2014; Source: FactSet
2) Includes NextEra Energy's ownership share of NEP's portfolio
3) Includes estimated goodwill
Note: All other data as of September 30, 2014

Compelling Strategic Rationale

Hawaiian Electric Builds Upon NextEra Energy's Core Strategy

- Hawaiian Electric furthers NextEra Energy's strategy of building around its core strengths and taking advantage of unique market opportunities to become the largest – and best – clean energy company in North America

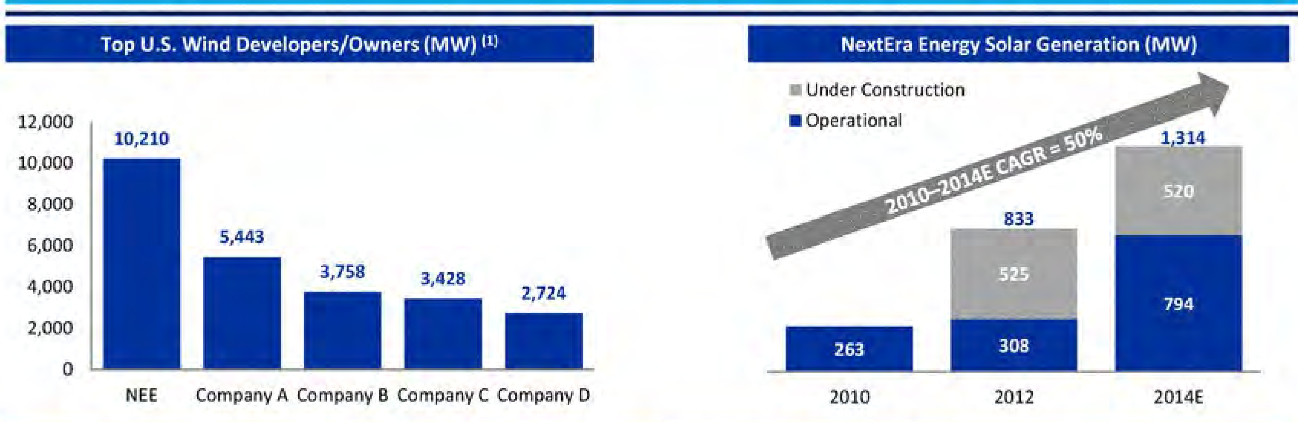
NextEra Energy's Strengths Accelerate Hawaiian Electric's Clean Energy Transformation

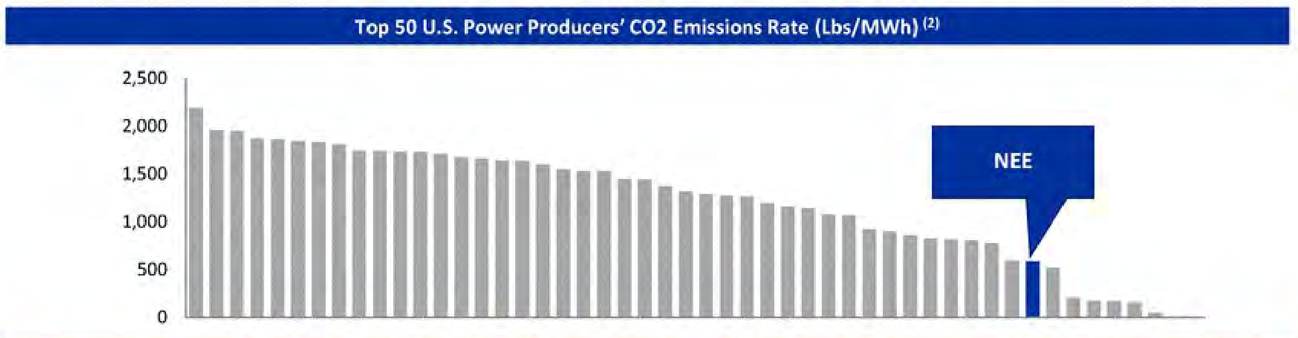
Hawaiian Electric's Goals	NextEra Energy's Strengths
Achieve Industry Leading Levels of Renewables	North American Leader in Clean Energy Generation
Transition to Cleaner Fuel Sources including LNG and renewables	Proven Track Record of Reducing Oil Dependence, Improving Fuel Efficiency and Lowering Emissions
Modernize T&D Grid	Industry Leading Operational Performance
More Affordable Clean Energy Future	Operational Excellence has Supported Low Customer Bills
Goals Will Require Extensive Capital Infusion	Strong Balance Sheet and Experience Executing Large Capital Projects

Benefits from American Savings Bank Spinoff

- After spinoff as an independent company, American Savings Bank becomes a "pure-play" with singular focus on Hawaii banking market strategies and priorities
- American Savings Bank profitability improves with exemption from fee income limits under banking regulations (Durbin Amendment)

North American Leader in Clean Energy Generation

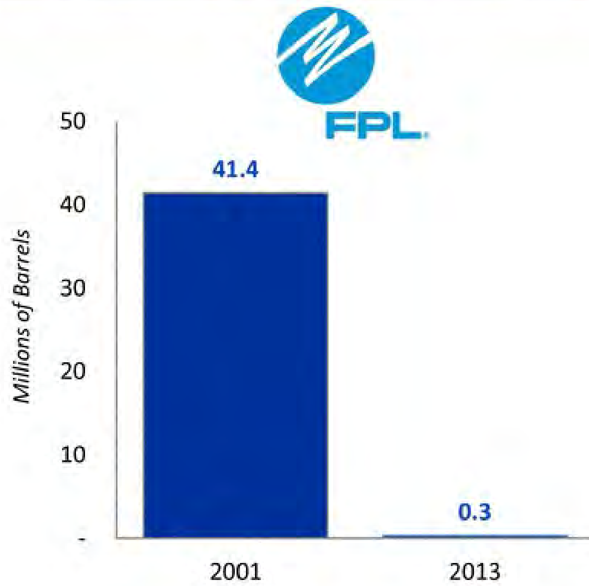


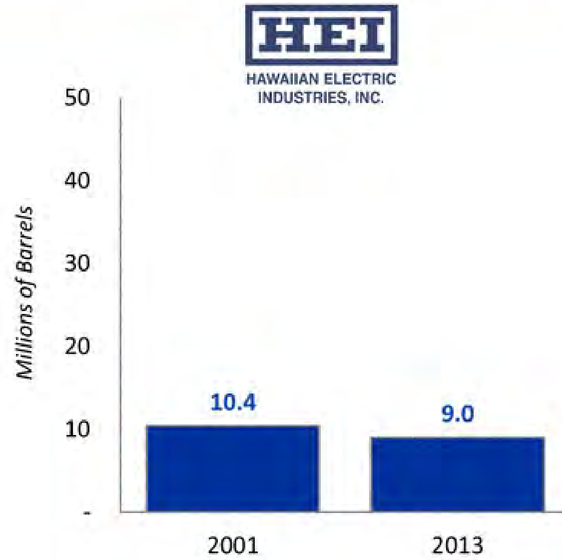


NextEra Energy's expertise and resources can help Hawaiian Electric achieve its 65% renewables target by 2030

1) As of December 31, 2013. NEE Includes 367.5 MW of wind in Canada. Source: American Wind Energy Association for competitor megawatts.
2) MJ Bradley & Associates 2014 report "Benchmarking the Largest 100 Electric Power Producers in the U.S."

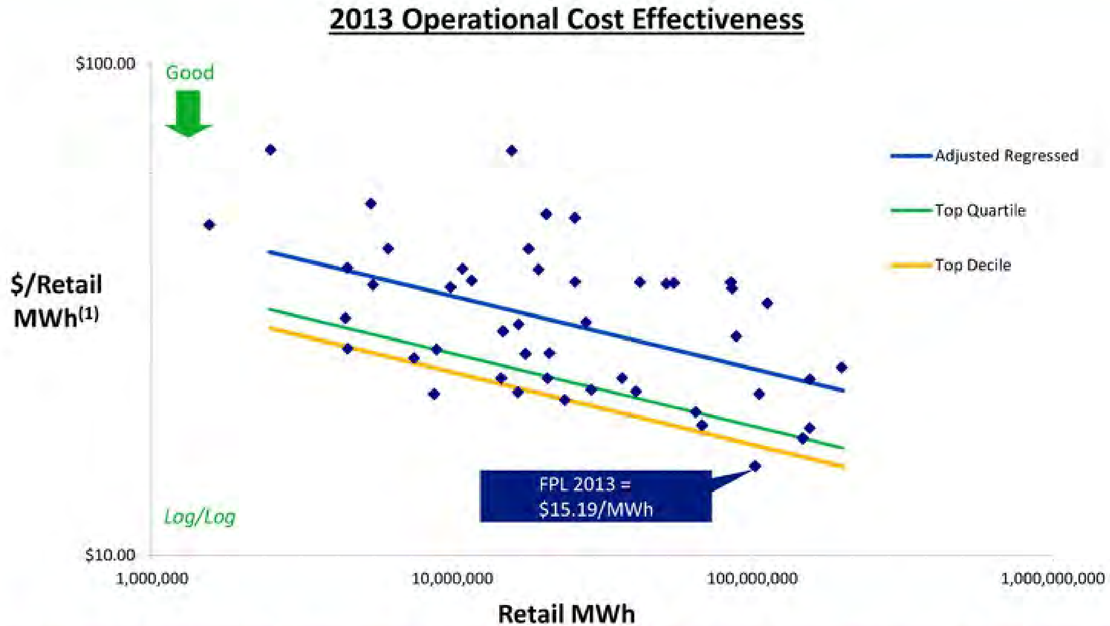
Proven Track Record of Reducing Oil Dependence, Improving Fuel Efficiency and Lowering Emissions





Since 2001, FPL has reduced its reliance on imported oil by over 99% and improved fuel efficiency by 20%, saving customers over $6.8 billion

Industry Leading Operational Performance



NextEra Energy's focus on efficiency has driven best-in-class cost performance to the benefit of its customers

1) FERC Form 1, 2013. Operating Costs defined as non-fuel O&M. Excludes pensions and other employee benefits. Holding companies with >100,000 customers. Excludes companies with no utility owned generation.

Operational Excellence Has Supported Low Customer Bills

- Florida Power & Light Company (FPL), one of NextEra Energy's principal subsidiaries, is one of the nation's largest and most well-respected electric utilities
- Typical residential customer electric bills are the lowest in the State of Florida for the fifth consecutive year and approximately 25% below the national average
- Since 2001, FPL has reduced its reliance on imported oil by more than 99 percent, improved its overall fuel efficiency by 20 percent and saved its customers more than $6.8 billion in fuel costs
- FPL's customer value proposition is enhanced by deploying capital productively to reduce fuel and operating costs
- FPL also has developed, built and operates one of the nation's most modern grid networks and offers the highest reliability among Florida's investor-owned utilities, ranking in the top quartile nationally, with more than 99.98 percent reliability

Strong Balance Sheet and Experience Executing Large Capital Projects

- Strong Investment grade credit ratings

Corporate Ratings:	NextEra Energy	Hawaiian Electric
Standard & Poor's	A-	BBB-
Moody's	Baa1	Baa1
Fitch	A-	BBB+

- Robust access to capital
  - Approximately $7 billion of capital raised by NextEra Energy per year since 2011
- Experience executing large capital projects
  - 95 major projects totaling over $24 billion completed by NextEra Energy since 2003, overall on time and under budget

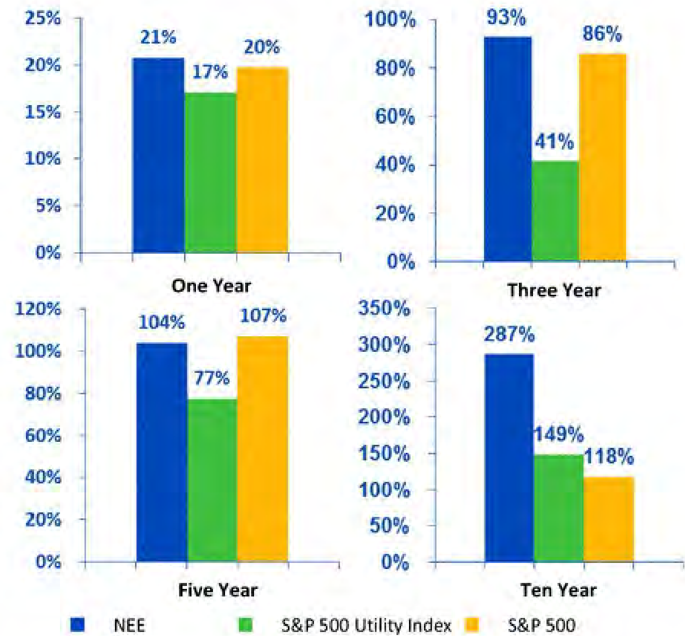
Stakeholders expected to benefit from more efficient access to capital

NextEra Energy's Strong Track Record of Shareholder Value Creation

Adjusted Earnings Per Share[1]

Dividends Per Share

Total Shareholder Return[2]



1) See non-GAAP reconciliation in Appendix.
2) Source: Factset, including dividend reinvestment as of 9/30/2014

Key Approvals / Clearances

- HEI shareholders
- Hawaii Public Utilities Commission
- Federal Energy Regulatory Commission
- Federal banking regulators
- SEC registration process
- Hart-Scott-Rodino

We expect the transaction to close within approximately 12 months

BENEFITS TO HEI STAKEHOLDERS

CONNIE LAU

Two Strong and Distinct Companies for Hawaii

Hawaiian Electric
Maui Electric
Hawai'i Electric Light

- Transformational opportunity for Hawaiian Electric, customers, communities and shareholders
- Hawaiian Electric gains a partner who can provide additional financial resources and expertise to invest in and significantly accelerate the actions we're taking to:
  - Strengthen Hawaii's energy infrastructure;
  - Meet bold clean energy goals;
  - Lower customer bills; and
  - Continue active support of local communities

AMERICAN
Savings Bank

- Ability to establish American Savings Bank as an independent public company reflects strength of American Savings Bank's business, strong market position and talented team of employees
- As an independent company, American Savings Bank will continue to benefit from history of high performance, conservative risk management and solid profitability

Stakeholders benefit from upside potential of a stronger combined utility platform as well as the future growth of a "pure-play" American Savings Bank

Creating Significant Value for HEI Shareholders

Attractive Premium and Valuation Multiples

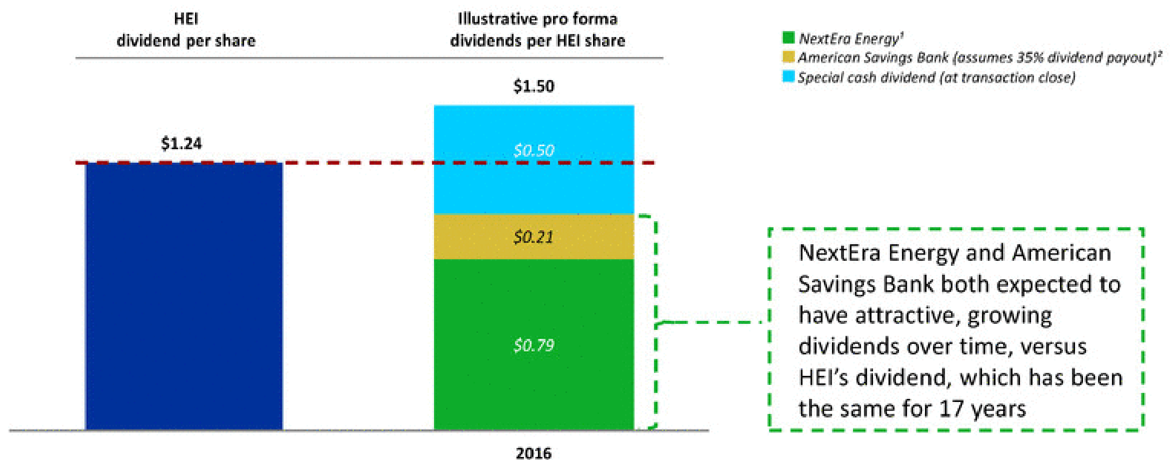
Per share values (except as noted)	Based on implied value received for Hawaiian Electric + HoldCo by HEI shareholders
Total value (including $8 estimated bank value)[1]	**$33.50**
Implied premium to 20-day VWAP[2]	*21%*
Merger consideration[3]	$25.00
HEI special dividend	0.50
Total value for Hawaiian Electric + HoldCo	**$25.50**
2014E P/E multiple[4]	*22.4x*
Memo: Estimated additional potential value to new ASB shareholders over time through ASB tax basis step-up	Up to $1.60

Overall total estimated transaction value is ~$5.1 billion[5]

1) Calculated based on median of six equity research analyst estimates as of 12/02/2014
2) Premium excludes benefits of Durbin recapture (see page 27) and tax basis step up (estimated value of up to $ 1.60 per share over time)
3) Based on exchange ratio of 0.2413
4) Based upon the midpoint of management's EPS guidance ranges as of November 6, 2014 for Hawaiian Electric of $1.30 to $1.33 and for the holding company and other segment net loss estimated at ~$0.17 to $0.18
5) Represents $33.50 per share multiplied by approximately 103.5 million shares, plus the assumption of approximately $1.7 billion of HEI debt. Excludes Durbin recapture and bank tax basis step-up

HEI Shareholders to Receive Special Cash Dividend

- Provides upfront payment to offset potential near-term dividend differential



	2016
Dividend acc/(dil) - $	$0.26
Dividend acc/(dil) - %	21.0%
Illustrative break-even dividend vs. current HEI - $ million	**($27 million)**

Source: Equity research, FactSet and I/B/E/S; Note: Market data as of 12/02/2014; Per share amounts based on fully diluted shares of 103.5 million
1) Assumes 0.2413 exchange ratio; NextEra Energy EPS and DPS based on I/B/E/S consensus median estimates
2) American Savings Bank EPS based on equity research; includes $0.06 after-tax Durbin recapture benefit per share (based on past income); dividend payout of 35% reflects the midpoint of 30%-40% payout range

Ensuring Customer Interests are Protected

Hawaiian Electric

- Hawaiian Electric filed plans with the Hawaii Public Utilities Commission that seek to:
  - Enhance Hawaii's energy future by lowering electric bills
  - Give customers more service options
  - Triple the amount of distributed solar
  - Achieve nation's most ambitious levels of renewable energy by 2030
  - Transition to using LNG to reduce oil dependence
- NextEra Energy is supportive of Hawaiian Electric's goals
- In the long term, the combined utility can do more to reduce customer bills
  - FPL's typical residential customer bills are the lowest in the State of Florida
  - FPL's customer value proposition is enhanced by deploying capital productively to reduce fuel and operating costs

American Savings Bank

- American Savings Bank will continue bank operations as usual, and bank customers should experience a seamless transition post spinoff

The combination is intended to deliver substantial benefits to customers

Maintaining Commitment to Hawaii and Local Communities

Hawaiian Electric

- Hawaiian Electric Company name to continue
- Headquarters to remain in Honolulu, Hawaii
- Hawaiian Electric will be NextEra Energy's third principal business reporting directly to the NextEra Energy Chairman and CEO
- NextEra Energy plans to establish a local Hawaiian Electric advisory board which will provide input on matters of local and community interest
- NextEra Energy has committed to maintain overall current level of corporate giving in communities

American Savings Bank

- As an independent company, the bank will be stronger and even more focused on serving its customers and broader community

Greater Opportunities for Employees

Hawaiian Electric

- No involuntary workforce reductions for at least two years after close
- For at least two years after the close, compensation and benefits for active non-union employees will be comparable to those in place before closing
- All of Hawaiian Electric's union labor agreements will be honored
- Greater opportunities for Hawaiian Electric employees in the NextEra Energy family

American Savings Bank

- American Savings Bank employees will benefit from being a part of a more focused, independent "pure-play" company

Great Opportunity for All Stakeholders

- Bringing together two industry leaders in clean and renewable energy that share common vision and goals
- Provides additional financial resources and considerable expertise to invest in and significantly accelerate utility's actions to:
  - Strengthen Hawaii's energy infrastructure
  - Meet bold clean energy goals
  - Lower customer bills
  - Continue active support of local communities
- Unlocks untapped potential value in American Savings Bank

Transaction is expected to drive substantial benefits for shareholders, customers, employees, and the local community

Overview of the Bank Separation

Company	• Spinoff Company: ASB Hawaii, Inc., parent company of American Savings Bank, FSB. • Remaining Company: Hawaiian Electric Industries, Inc.
Transaction	• Spinoff of ASB Hawaii to current HEI shareholders on a pro rata basis • Spinoff is expected to be tax free to shareholders • Corporate tax liability to be absorbed by NextEra Energy
Exchange Details	• To be determined during the preparation of the spinoff
Benefits to Hawaiian Electric Industries Shareholders	• Midpoint of recent analysts estimates – $8.00[1] • Additional value creation from the separation: – Higher fee income from Durbin recapture – Tax basis step-up – Enhanced capital management flexibility
Timing & Approvals	• Subject to customary conditions and bank regulatory approval • Contingent upon, and immediately prior to, NextEra Energy – HEI combination • Expected closing within approximately 12 months

1) Calculated based on median of six equity research analyst estimates as of 12/02/2014. Actual value will fluctuate and will depend on market value of the shares of American Savings Holdings at the time of the proposed spinoff and thereafter.

ESTABLISHING AMERICAN SAVINGS BANK AS AN INDEPENDENT PUBLIC COMPANY

RICHARD WACKER

Bank Spinoff Unlocks Value for HEI Shareholders

- Durbin recapture
  - Prior to July 1, 2013, ASB was exempt from regulatory caps on debit card interchange income under the Durbin Amendment to the Dodd-Frank Act and earned approximately $6 million (after-tax) higher fee income
  - After the spinoff, with consolidated assets below $10 billion, ASB will regain the exemption and recapture the higher fee income levels
- Step-up in ASB tax basis
  - Enhances tangible book value through recognition of a deferred tax asset (DTA) estimated at $165 million ($1.60 per share)[1]
  - Enhances capital ratios as the DTA is progressively recognized in regulatory capital over time. Estimated ~$60 million increase in Tier 1 capital[2] on Day 1
- Dividend payout – ASB will target 30% - 40% dividend payout ratio, subject to regulatory approval, which should enable strong capital position given ASB's current dividend payout to HEI of approximately 70%
- Increased capital management flexibility provides lever to boost EPS growth through share repurchases and balance sheet growth
- New flexibility to pursue attractive strategic opportunities

1) Estimated tax liability of $1.60/share based on $8.00/share bank value
2) Estimated based on the recognition of deferred tax assets in Common Equity Tier 1 under Basel III at a maximum of 10% of Common Equity Tier 1

Investment Highlights

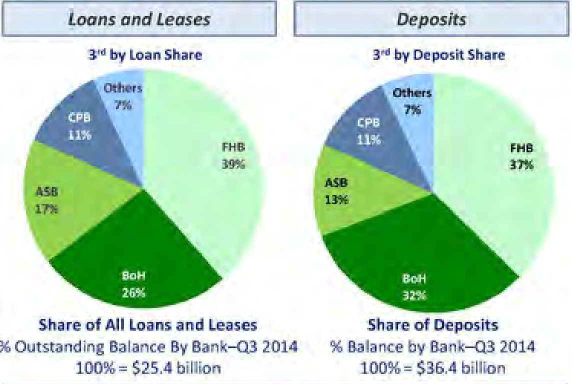
- Well-positioned within attractive Hawaiian markets
- Strong and experienced management team
- Disciplined credit and risk management culture
- Strong balance sheet and liquidity position
- Profitable and diversified business model

Well-Positioned Within Attractive Hawaiian Markets

Business Overview

- One of the state's leading residential, commercial and commercial real estate lenders
- Headquartered in Honolulu; operating in Hawaii for over 85 years; acquired by HEI in 1988 in diversification effort
- 56 traditional and in-store bank branches
  - Oahu (39)
  - Maui (7) and Molokai (1)
  - Big Island (5)
  - Kauai (4)

American Savings Bank Position in HI Markets



Share of All Loans and Leases
% Outstanding Balance By Bank–Q3 2014
100% = $25.4 billion

Share of Deposits
% Balance by Bank–Q3 2014
100% = $36.4 billion

Financial highlights

Balance sheet

($ million)	3Q14
Total assets	$5,442
Total loans	4,338
Total deposits	4,534
Equity	538
Tangible common equity	455

Profitability

(%)	3Q14
ROAA	0.98%
ROAE	9.9%
Net interest margin	3.62%
Efficiency ratio	65.3%

Outlook for continued improvement in Hawaii's economy

Year-over-year percent change unless noted	2013	2014	2015
Real state GDP	1.9	2.9	3.5
Real personal income	0.6	2.8	2.8
Unemployment (%)	4.8	4.4	4.1
Non-farm payroll jobs	2.1	1.4	1.4
Visitor arrivals[1]	1.7	1.2	1.9

Source: UHERO Oct 24, 2014 report
1) Represents visitor arrivals by air

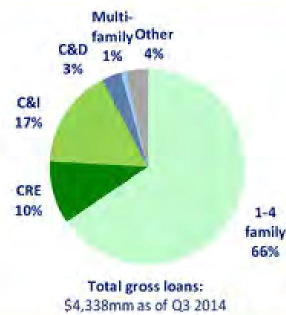
Strong and Experienced Management Team

Select Executives

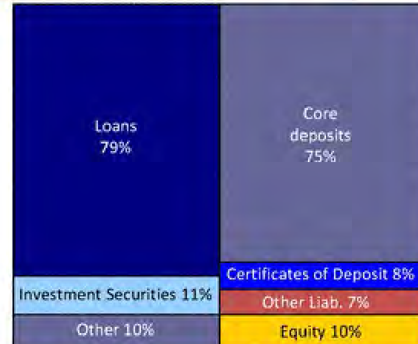
Executive	Background
Richard Wacker *President & CEO* *(4 years at ASB)*	▪ President and CEO of American Savings Bank since 2010 ▪ Previously Chairman and CEO of Korea Exchange Bank (KEB), where he led the turnaround of the major Korean commercial bank with $80 billion in assets and operating in 22 countries. ▪ Enjoyed a 20 year career at GE and GE Capital (GE officer) with senior positions in the U.S. and Europe
Heather Schwarm *Executive VP & CFO* *(6 years at ASB)*	▪ Executive VP and CFO of ASB since 2012, after her previous roles as Senior VP, Director of Financial Planning and Analysis, and Treasurer ▪ 19 years of credit and risk management experience, which includes positions at GE Capital, Wells Fargo and Citi
Elizabeth Whitehead *Executive VP & CAO* *(6 years at ASB)*	▪ Joined ASB in 2008 from First Horizon National, where she served as Deputy General Counsel ▪ Previously served as General Counsel of National Commerce Financial ▪ 20 years of banking experience
Gabriel Lee *Exec. VP - Commercial* *(16 years at ASB)*	▪ Joined ASB in 1998 to build commercial lending business ▪ 30+ years Commercial Banking experience in the State of Hawaii with various financial institutions, including First Hawaiian Bank and Bank of Hawaii ▪ Active leader in community organizations, including Hawaii Chamber of Commerce
Terence Yeh *Chief Credit Officer* *(16 years at ASB)*	▪ Joined ASB in 1998 in commercial lending. Appointed Chief Credit Officer in 2009. ▪ Previously served for 10 years in corporate and business banking roles at Bank of Hawai'I ▪ Has served on the Board of HEDCO (Hawaii Economic Development Corp.) since 2011
Thomas Bowers *Exec. VP – Marketing* *(2 years at ASB)*	▪ Joined ASB in 2012 to lead the bank's Marketing and Business Development efforts ▪ Retired from McKinsey & Company, Inc. after 25 year career, including serving as Head of Financial Institutions Asia Pacific practice for 7 years. Served as Senior Partner and Global Co-Head of Enterprise Risk Management practice

Disciplined Risk Management Culture, Strong Balance Sheet, Liquidity and Capital

American Savings Bank loan composition



Balance Sheet (9/30/14 - %)



3Q14 Average:
Yield on earning assets: 3.84%
Cost of funds: 0.23%

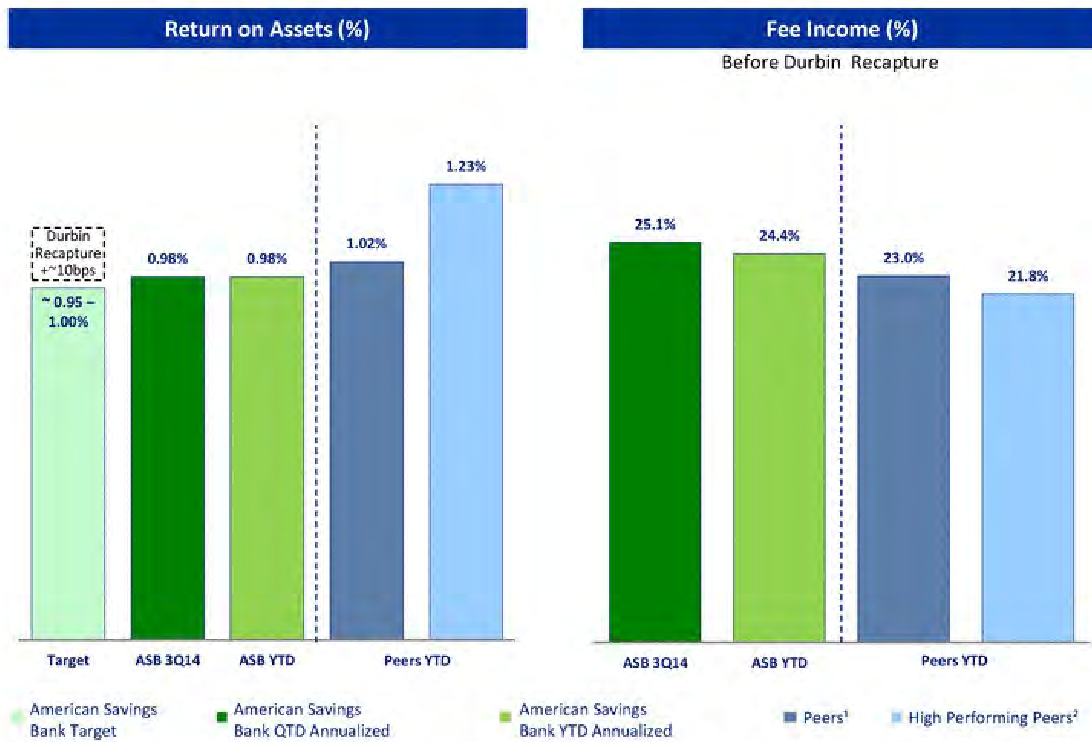
Non-performing assets ratio

NPAs / loans + OREO (%)

Capital Ratios (9/30/14 - %)

Source for peer data: SNL Financial
1) Median for peer group based on publicly traded banks and thrifts between $3.5 billion and $8 billion in total assets
2) Median for peer group of 13 high performing banks

Profitable and Diversified Business Model



Source for peer data: SNL Financial
1) Median for peer group based on publicly traded banks and thrifts between $3.5 billion and $8 billion in total assets
2) Median for peer group of 13 high performing banks; Note: Quarterly and year-to-date information is annualized

CLOSING REMARKS

JIM ROBO

Transformational Opportunity

- NextEra Energy to expand regulated utility operations and further deploy and leverage core operational and investment capabilities
- Hawaiian Electric to deepen and accelerate its clean energy transformation
- American Savings Bank positioned for success as a focused, independent "pure-play"
- HEI shareholders to secure an attractive overall valuation for their two businesses, plus ongoing participation in their potential for upside and growth
- Expected to be neutral to EPS for NextEra Energy shareholders in the first full year post-close and accretive thereafter
- Hawaii to benefit from the introduction of NextEra Energy's strengths in the state's strategically important energy sector

QUESTIONS & ANSWERS

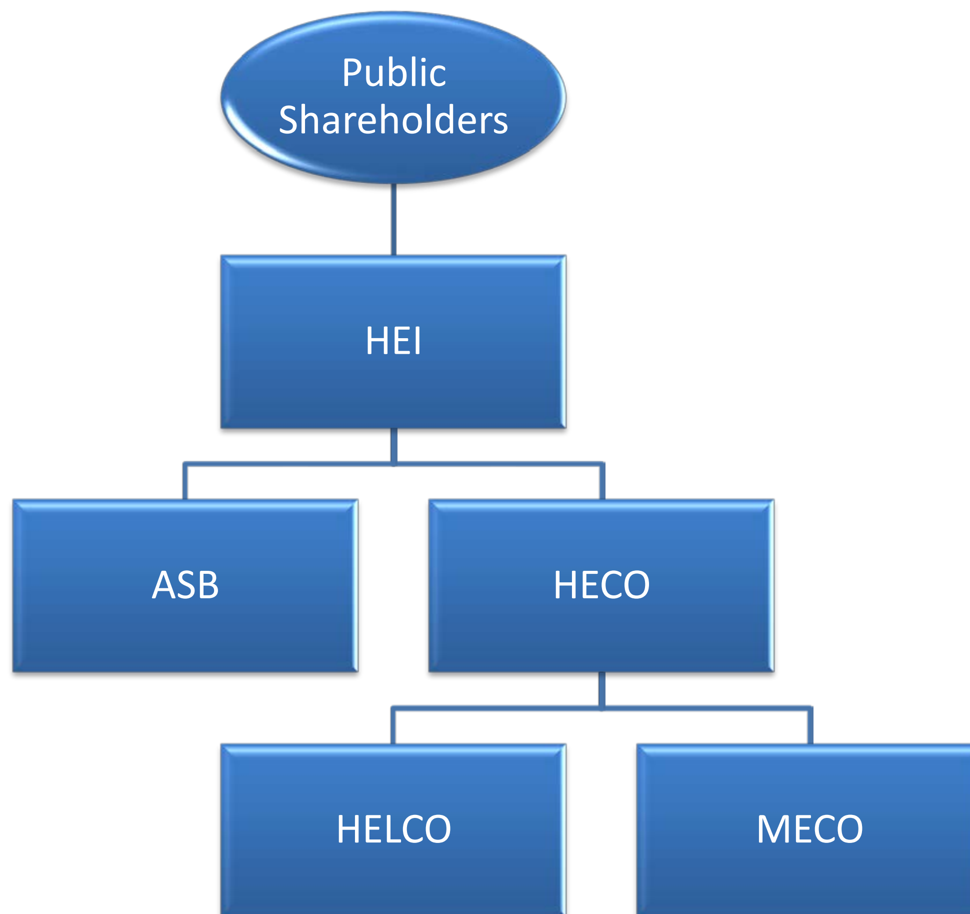
APPENDIX

NextEra Energy, Inc.
Reconciliation of Adjusted Earnings Per Share to Earnings Per Share

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Earnings Per Share (assuming dilution)	$2.53	$2.48	$2.34	$3.23	$3.27	$4.07	$3.97	$4.74	$4.59	$4.56	$4.47
Adjustments:											
Net unrealized mark-to-market losses (gains) associated with non-qualifying hedges	(0.06)	0.01	0.29	(0.23)	0.21	(0.42)	0.05	(0.43)	(0.45)	0.08	0.13
Loss (income) from other than temporary impairment losses, net					0.01	0.19	0.03	(0.01)	0.01	(0.07)	
Cumulative effect of change in accounting principle, net	0.01										
Merger-related expenses				0.04							
Loss on sale of natural gas-fired generating assets									0.24		
Gain from discontinued operations (Hydro)											(0.54)
Loss (gain) associated with Maine fossil											0.10
Impairment charge and valuation allowance											0.80
Operating loss of Spain solar projects											0.01
Adjusted Earnings Per Share	$2.48	$2.49	$2.63	$3.04	$3.49	$3.84	$4.05	$4.30	$4.39	$4.57	$4.97

EXHIBIT 2

Existing Structure



NEXTera ENERGY

HEI
HAWAIIAN ELECTRIC INDUSTRIES, INC.

Step 1: NextEra Forms Merger Subsidiaries

- Public Shareholders
  - HEI
    - ASB
    - HECO
      - HELCO
      - MECO

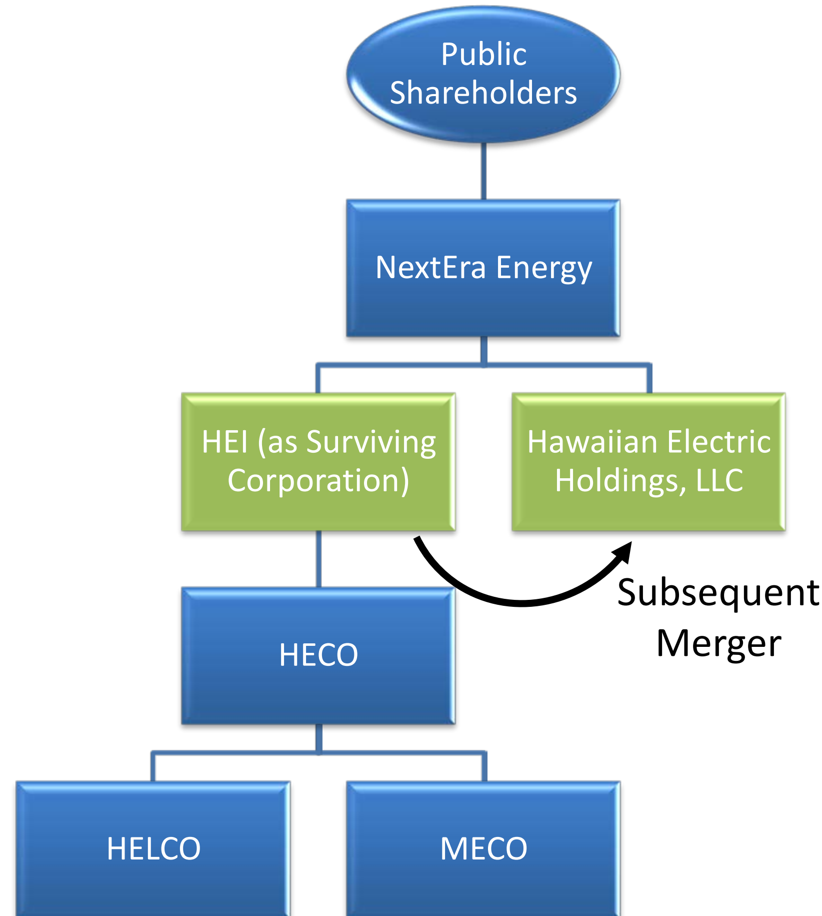
- Public Shareholders
  - NextEra Energy
    - NEE Acquisition Sub II, Inc.
    - Hawaiian Electric Holdings, LLC*

* This Exhibit uses the name “Hawaiian Electric Holdings, LLC” for NEE Acquisition Sub I, LLC, as that will be the name of the entity upon closing

Step 2: NEE Acquisition Sub II, Inc. Merges with and Into HEI

* HEI dividends out ASB (via its holding company) directly to HEI public shareholders, so that ASB is no longer included among subsidiaries

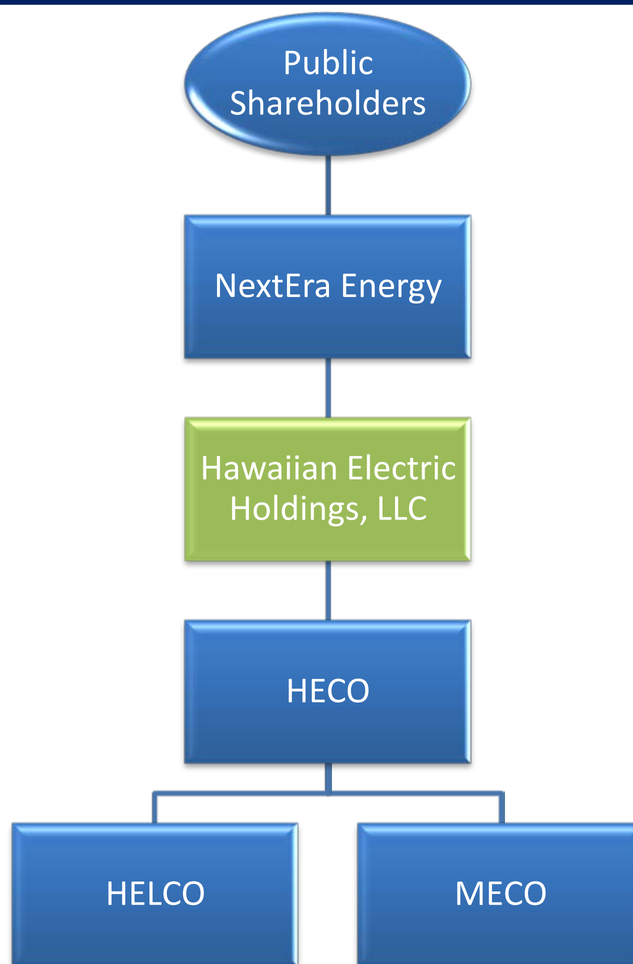
Step 3: HEI, As The Surviving Corporation in the Initial Merger, Merges with and into Hawaiian Electric Holdings, LLC



NEXTera ENERGY

HEI HAWAIIAN ELECTRIC INDUSTRIES, INC.

Step 4: Hawaiian Electric Holdings, LLC Survives as Holding Company



NEXTera ENERGY

HEI HAWAIIAN ELECTRIC INDUSTRIES, INC.

EXHIBIT 3

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

NEXTERA ENERGY, INC.

NEE ACQUISITION SUB I, LLC,

NEE ACQUISITION SUB II, INC.

and

HAWAIIAN ELECTRIC INDUSTRIES, INC.

Dated as of December 3, 2014

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This AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of December 3, 2014, is by and among NextEra Energy, Inc., a Florida corporation ("Parent"), NEE Acquisition Sub I, LLC, a Delaware limited liability company ("Merger Sub II"), NEE Acquisition Sub II, Inc., a Delaware corporation ("Merger Sub I"), and Hawaiian Electric Industries, Inc., a Hawaii corporation (the "Company").

WHEREAS, the parties hereto intend that, upon the terms and subject to the conditions set forth in this Agreement, (a) at the Effective Time, Merger Sub I will merge with and into the Company, with the Company surviving the merger (the "Initial Merger") as the surviving corporation (the "Surviving Corporation") and (b) immediately after the Effective Time and without further approval, authorization or direction from or by any of the parties hereto, as part of an integrated plan with the Initial Merger, the Surviving Corporation will merge with and into Merger Sub II (the "Subsequent Merger" and, together with the Initial Merger, the "Integrated Mergers"), with Merger Sub II surviving the Subsequent Merger as the surviving company (the "Surviving Company");

WHEREAS, it is a condition to the Integrated Mergers that the Company, prior to the Effective Time, distribute to the Company's shareholders all of the issued and outstanding shares of common stock of ASB Hawaii, Inc., a Hawaii corporation ("ASB Hawaii") and a wholly owned subsidiary of the Company and a direct parent company of American Savings Bank, F.S.B., a federal savings bank ("ASB") (such distribution referred to as the "Distribution" or the "Bank Spin-Off" and, together with the related transactions, actions, agreements and undertakings in connection therewith, the "Bank Spin-Off Agreements"), such that at the Effective Time, the Company is no longer a savings and loan holding company;

WHEREAS, the board of directors of the Company (the "Company Board") has (a) determined that it is in the best interests of the Company and its shareholders, and declared it advisable, to enter into this Agreement, (b) adopted and approved the execution, delivery and performance of this Agreement and the consummation of the Integrated Mergers and (c) resolved to recommend approval of this Agreement by the Company's shareholders;

WHEREAS, the board of directors of Parent (the "Parent Board") has authorized and approved the execution, delivery and performance of this Agreement and the consummation of the Integrated Mergers;

WHEREAS, Parent, as sole shareholder of Merger Sub I, has authorized and approved the execution, delivery and performance of this Agreement and the consummation of the Initial Merger by Merger Sub I;

WHEREAS, Parent, as sole manager of Merger Sub II, has authorized and approved the execution, delivery and performance of this Agreement and the consummation of the Subsequent Merger by Merger Sub II;

WHEREAS, for U.S. federal income tax purposes the Integrated Mergers are intended to be treated as a single integrated transaction that will qualify for the Intended Tax Treatment; and

WHEREAS, Parent, Merger Sub I, Merger Sub II and the Company desire to make certain representations, warranties, covenants and agreements specified herein in connection with this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements set forth herein, and subject to the conditions set forth herein, and intending to be legally bound hereby, Parent, Merger Sub I, Merger Sub II and the Company agree as follows:

ARTICLE I

The Distribution and the Integrated Mergers

SECTION 1.01 The Distribution.

(a) Upon the terms and subject to the conditions of the Bank Spin-Off Agreements, on the Closing Date but prior to the Effective Time and subject to the satisfaction or (to the extent permitted by Law) waiver of the conditions set forth in Article VII and the confirmation of Parent and Merger Sub I that each of them is ready, willing and able to consummate the Initial Merger promptly after the consummation of the Distribution, the Company shall cause to be effected the Distribution and the other transactions contemplated by the Bank Spin-Off Agreements, in each case in accordance with the terms of the Bank Spin-Off Agreements.

(b) Each of the Company and Parent shall cooperate reasonably with each other, and shall cause their respective Affiliates to cooperate, such that the Distribution shall be effected on the Closing Date, prior to the Effective Time, with as short as possible of a delay between the consummation of the Distribution and the Effective Time.

SECTION 1.02 The Initial Merger and the Subsequent Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the requirements set forth in Section 414 of the Hawaii Business Corporation Act (the "HBCA") and the applicable provisions of the Delaware General Corporation Law (the "DGCL"), at the Effective Time, Merger Sub I shall be merged with and into the Company, and the separate corporate existence of Merger Sub I shall cease. The Company shall continue as the Surviving Corporation and as a wholly owned Parent Subsidiary. Immediately after the Effective Time, upon the terms set forth in this Agreement, and in accordance with the requirements set forth in Section 414 of the HBCA and the applicable provisions of the Delaware Limited Liability Company Act (the "DLLCA"), the Surviving Corporation shall merge with and into Merger Sub II, and the separate corporate existence of the Surviving Corporation shall cease. At the effective time of the Subsequent Merger, the effects of the Integrated Mergers shall be as provided in this Agreement, the Initial Articles of Merger, the Subsequent Certificate of Merger and the applicable provisions of the HBCA and the DLLCA. Without limiting the generality of the foregoing, and subject thereto, (i) at the Effective Time, all of the property, rights, privileges, powers and franchises of the Company and Merger Sub I shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Sub I shall become the debts, liabilities and duties of the Surviving Corporation and (ii) at the effective time of the Subsequent

Merger, all of the property, rights, privileges, powers and franchises of the Surviving Corporation and Merger Sub II shall vest in the Surviving Company, and all debts, liabilities and duties of the Surviving Corporation and Merger Sub II shall become the debts, liabilities and duties of the Surviving Company.

SECTION 1.03 Closing. The closing (the "Closing") of the Initial Merger shall take place at the offices of Wachtell, Lipton, Rosen & Katz ("Wachtell"), located at 51 West 52nd Street, New York, New York, at 10:00 a.m., New York time, on a date to be agreed in writing by the Company and Parent, which shall be no later than the tenth (10) Business Day following the satisfaction or (to the extent permitted by Law) waiver by the party or parties entitled to the benefits thereof of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or (to the extent permitted by Law) waiver of those conditions), or at such other place, time and date as may be agreed in writing between the Company and Parent. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date."

SECTION 1.04 Effective Time. Subject to the provisions of this Agreement, in connection with and as part of the Closing, the parties shall cause articles of merger relating to the Initial Merger (the "Initial Articles of Merger") to be delivered to the Director of the Department of Commerce of the State of Hawaii in accordance with the relevant provisions of the HBCA and to the Secretary of State of the State of Delaware in accordance with the relevant provisions of the DGCL, and, as soon as practicable on or after the Closing Date, shall make all other filings required under the HBCA or the DGCL or by the Department of Commerce of the State of Hawaii or the Secretary of State of the State of Delaware in connection with the Initial Merger. The Initial Merger shall become effective at the time that the Initial Articles of Merger have been duly filed with the Department of Commerce of the State of Hawaii, or at such later date and time as Parent and the Company shall agree and specify in the Initial Articles of Merger (the time the Initial Merger becomes effective being the "Effective Time"). Immediately following the Effective Time, the parties shall cause a certificate of merger relating to the Subsequent Merger (the "Subsequent Certificate of Merger") to be delivered to the Director of the Department of Commerce of the State of Hawaii in accordance with the relevant provisions of the HBCA and to the Secretary of State of the State of Delaware in accordance with the relevant provisions of the DLLCA. The Subsequent Merger shall become effective at the time the Subsequent Certificate of Merger has been duly filed with the Secretary of State of the State of Delaware, or at such later date and time as Parent and the Company shall agree and specify in the Subsequent Certificate of Merger.

SECTION 1.05 Organizational Documents.

(a) The articles of incorporation and the by-laws of Merger Sub I, as in effect immediately prior to the Effective Time, shall be the articles of incorporation and the by-laws of the Surviving Corporation until thereafter amended as provided therein or by applicable Law.

(b) The certificate of formation and the limited liability company agreement of Merger Sub II, as in effect immediately prior to the effective time of the Subsequent Merger, shall be the certificate of formation and the limited liability company

agreement of the Surviving Company until thereafter amended as provided therein or by applicable Law.

SECTION 1.06 Surviving Company Manager and Officers. Parent, as sole manager, and the officers of Merger Sub II in office immediately prior to the Subsequent Merger shall be the sole manager and officers of the Surviving Company and shall hold office until their respective successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the certificate of formation and limited liability company agreement of the Surviving Company or otherwise as provided by applicable Law.

SECTION 1.07 Plan of Merger. This Agreement shall constitute a "plan of merger" for purposes of the HBCA, the DGCL and the DLLCA.

SECTION 1.08 Alternative Structure. The parties agree to reasonably cooperate in the consideration and implementation of alternative structures to effect the transactions contemplated by this Agreement as long as any such alternative structure does not (a) impose any material delay on, or condition to, the consummation of the Distribution or the Integrated Mergers, (b) cause any condition set forth in Article VII to not be capable of being satisfied (unless duly waived by the party entitled to the benefits thereof) or (c) adversely affect in any material respect any of the parties hereto or in any respect the shareholders of Parent or of the Company.

ARTICLE II

Effect on Capital Stock; Exchange of Certificates

SECTION 2.01 Effect of Initial Merger on Capital Stock. At the Effective Time, by virtue of the Initial Merger and without any action on the part of the Company, Parent, Merger Sub I, any holder of shares of Company Common Stock or any holder of shares of Merger Sub I:

(a) Cancellation of Treasury Stock and Parent-Owned Stock. Each share of common stock, no par value, of the Company ("Company Common Stock") that is owned by the Company as treasury stock, if any, and each share of Company Common Stock, if any, that is owned directly or indirectly by Parent or Merger Sub I or any of their respective Subsidiaries immediately prior to the Effective Time shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(b) Conversion of Company Common Stock. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares to be canceled in accordance with Section 2.01(a) and subject to Section 2.01(d)) shall be converted automatically into the right to receive from Parent 0.2413 (the "Exchange Ratio") fully paid and nonassessable shares of common stock, par value $0.01 per share (the "Parent Common Stock"), of Parent (the "Merger Consideration").

(c) Effect of Initial Merger on Merger Sub I Stock. Each share of common stock, par value $0.01 per share, of Merger Sub I issued and outstanding immediately

prior to the Effective Time shall be converted into one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation, and the shares of the Surviving Corporation into which the shares of Merger Sub I common stock are so converted shall be the only shares of capital stock of the Surviving Corporation that are issued and outstanding immediately after the Effective Time.

(d) No Fractional Shares.

(i) No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Company Common Stock pursuant to Section 2.01, and such fractional share interests shall not entitle the owner thereof to vote or to any rights of a holder of Parent Common Stock. Notwithstanding any other provision of this Agreement, each holder of shares of Company Common Stock converted pursuant to the Initial Merger who would otherwise have been entitled to receive a fraction of a share of Parent Common Stock (after taking into account all shares of Company Common Stock exchanged by such holder) shall receive, in lieu thereof, cash (without interest) in an amount calculated in accordance with this Section 2.01(d).

(ii) As promptly as practicable following the Effective Time, the Exchange Agent shall determine the excess of (A) the number of whole shares of Parent Common Stock delivered to the Exchange Agent by Parent pursuant to Section 2.04(a) representing the Merger Consideration over (B) the aggregate number of whole shares of Parent Common Stock to be distributed to former holders of Company Common Stock pursuant to Section 2.04(b) (such excess being herein called the "Excess Shares"). Following the Effective Time, the Exchange Agent shall, on behalf of former holders of Company Common Stock, sell the Excess Shares at then-prevailing prices on the New York Stock Exchange (the "NYSE"), all in accordance with Section 2.01(d)(iii). The parties acknowledge that payment of the cash consideration in lieu of issuing fractional shares of Parent Common Stock was not separately bargained for consideration but merely represents a mechanical rounding off for purposes of avoiding the expense and inconvenience to Parent that would otherwise be caused by the issuance of fractional shares of Parent Common Stock.

(iii) The sale of the Excess Shares by the Exchange Agent shall be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent practicable. The Exchange Agent shall use reasonable efforts to complete the sale of the Excess Shares as promptly following the Effective Time as, in the Exchange Agent's sole judgment, is practicable consistent with obtaining the best execution of such sales in light of prevailing market conditions. Until the net proceeds of such sale or sales have been distributed to the holders of certificates formerly representing Company Common Stock, the Exchange Agent shall hold such proceeds in trust for former holders of Company Common Stock (the "Common Shares Trust"). The Exchange Agent shall determine the portion of the Common Shares Trust to which each former holder of Company Common Stock is entitled, if any, by

multiplying the amount of the aggregate net proceeds composing the Common Shares Trust by a fraction, the numerator of which is the amount of the fractional share interest to which such former holder of Company Common Stock would otherwise be entitled (after taking into account all shares of Company Common Stock held at the Effective Time by such holder) and the denominator of which is the aggregate amount of fractional share interests to which all former holders of Company Common Stock would otherwise be entitled.

(e) Adjustments to Merger Consideration. If at any time during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of capital stock of the Company or Parent (or any other securities convertible therefor or exchangeable thereto) shall occur as a result of any reclassification, stock split (including a reverse stock split) or combination, exchange or readjustment of shares, or any stock dividend or stock distribution with a record date during such period, or any similar event, the Merger Consideration and any other similarly dependent items shall be equitably adjusted to provide to Parent, Merger Sub I and the holders of Company Common Stock the same economic effect as contemplated by this Agreement prior to such action.

SECTION 2.02 Effect of Subsequent Merger. At the effective time of the Subsequent Merger, (a) each share of common stock of the Surviving Corporation shall no longer be outstanding and shall automatically be cancelled and shall cease to exist and (b) all limited liability company interests of Merger Sub II issued and outstanding immediately prior to the effective time of the Subsequent Merger shall remain issued and outstanding from and after the effective time of the Subsequent Merger as the limited liability company interests of the Surviving Company.

SECTION 2.03 Dissenters' Rights.

(a) Dissenters' Rights Procedures. Each outstanding share of Company Common Stock the holder of which has perfected his, her or its dissenters' rights under Part XIV of the HBCA and has not effectively withdrawn or lost such rights as of the Effective Time (the "Dissenting Shares") shall not be converted into or represent a right to receive the Merger Consideration hereunder, and the holder thereof shall be entitled only to such rights as are granted by the HBCA. The Company shall give Parent prompt notice of receipt by the Company of any notices of intent to demand payment under Part XIV of the HBCA for a holder's shares of Company Common Stock, of any withdrawals of such notices and of any other instruments received from such holders under Part XIV of the HBCA (any shareholder duly providing such a notice of intent, a "Dissenting Shareholder"), and Parent and the Company shall jointly direct all negotiations and proceedings with any such Dissenting Shareholder. The Company shall not, except with the prior written consent of Parent (which consent shall not be unreasonably withheld), voluntarily make any payment with respect to, or settle or offer to settle, any such notice of intent or demand for payment, or waive any failure to timely deliver a written notice of intent or demand under applicable law or the taking of any other action by such Dissenting Shareholder as may be necessary to perfect dissenters' rights under the HBCA. Any payments made in respect of Dissenting Shares shall be made by the Surviving Company.

(b) Withdrawal or Loss of Dissenters' Rights. If any Dissenting Shareholder withdraws or loses (through failure to perfect or otherwise) his right to payment pursuant to Section 2.03(a) at or prior to the Effective Time, such holder's shares of Company Common Stock shall be converted into a right to receive the Merger Consideration in accordance with the applicable provisions of this Agreement. If such holder withdraws or loses (through failure to perfect or otherwise) his right to such payment after the Effective Time, each share of Company Common Stock of such holder shall be converted on a share by share basis into the right to receive the Merger Consideration as Parent shall determine in its sole discretion.

SECTION 2.04 Exchange of Shares.

(a) Exchange Agent. Prior to the Effective Time, Parent shall enter into an agreement with such bank or trust company as may be mutually agreed by Parent and the Company (the "Exchange Agent"), which agreement shall provide that Parent shall deposit with the Exchange Agent at or prior to the Effective Time, for the benefit of the holders of Company Common Stock, for exchange in accordance with this Section 2.04, certificates representing the Parent Common Stock of which the Merger Consideration consists (or appropriate alternative arrangements shall be made by Parent if uncertificated shares of Parent Common Stock will be issued). At or prior to the Effective Time, Parent shall deposit with the Exchange Agent, in trust for the benefit of the holders of Company Common Stock, a sufficient number of shares of Parent Common Stock to issue the Merger Consideration. Following the Effective Time, Parent agrees to make available to the Exchange Agent, from time to time as needed, cash sufficient to pay any dividends and other distributions pursuant to Section 2.04(c). All book-entries and certificates representing shares of Parent Common Stock (including the amount of any dividends or other distributions payable with respect thereto pursuant to Section 2.04(c) and cash in lieu of any fractional shares of Parent Common Stock to be paid pursuant to Section 2.01(d)) are hereinafter referred to as the "Exchange Fund."

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time, but no later than five (5) business days after the Effective Time, Parent shall cause the Exchange Agent to transmit (or mail in the case of certificated shares of Company Common Stock) to each former holder of Company Common Stock, which at the Effective Time were converted into the right to receive the Merger Consideration pursuant to Section 2.01, (i) a letter of transmittal (which shall specify that delivery shall be effected, and that risk of loss and title to Company Common Stock shall pass, only upon delivery of Company Common Stock to the Exchange Agent and which shall be in form and substance reasonably satisfactory to Parent and the Company) and (ii) instructions for use in effecting the surrender of Company Common Stock in exchange for whole shares of Parent Common Stock, cash in lieu of any fractional shares of Parent Common Stock pursuant to Section 2.01(d) and any dividends or other distributions payable pursuant to Section 2.04(c). Upon surrender of certificates formerly representing Company Common Stock for cancellation and exchange to the Exchange Agent, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, and such other documents as may reasonably be required by the Exchange Agent, the former holder of such Company Common Stock shall be entitled to receive in exchange therefor that number of whole shares of Parent Common Stock (after taking into account all Company Common Stock surrendered by such holder) to which such holder is entitled pursuant to Section 2.01 (which shall be in uncertificated book-entry form unless a

physical certificate is requested), payment by check or cash in lieu of fractional shares of Parent Common Stock which such holder is entitled to receive pursuant to Section 2.01(d) and any dividends or distributions payable pursuant to Section 2.04(c), and the Company Common Stock so surrendered shall forthwith be cancelled. If any portion of the Merger Consideration is to be registered in the name of a Person other than the Person in whose name the applicable surrendered Company Common Stock is registered, it shall be a condition to the registration thereof that the surrendered Company Common Stock be in proper form for transfer and that the Person requesting such delivery of the Merger Consideration pay any transfer or other similar Taxes required as a result of such registration in the name of a Person other than the registered holder of such Company Common Stock or establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable. Until surrendered as contemplated by this Section 2.04(b), each share of Company Common Stock shall be deemed at any time after the Effective Time to represent only the right to receive the Merger Consideration (and any amounts to be paid pursuant to Section 2.01(d) or Section 2.04(c)) upon such surrender. No interest shall be paid or shall accrue on any amount payable pursuant to Section 2.01(d) or Section 2.04(c).

(c) Distributions with Respect to Unexchanged Shares. No dividends or other distributions declared or made with respect to shares of Parent Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered share of Company Common Stock with respect to the shares of Parent Common Stock issuable upon surrender thereof, and no cash payment in lieu of fractional shares shall be paid to any such holder pursuant to Section 2.01(d), until such Company Common Stock has been surrendered in accordance with this Article II. Subject to escheat, Tax or other applicable Law, following surrender of any such Company Common Stock, there shall be paid to the holder of the whole shares of Parent Common Stock issued in exchange therefor, without interest, (i) at the time of such surrender, the amount of any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 2.01(d) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Parent Common Stock and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time and a payment date subsequent to such surrender payable with respect to such whole shares of Parent Common Stock.

(d) No Further Ownership Rights in Company Common Stock. The shares of Parent Common Stock issued in accordance with the terms of this Article II upon the surrender of Company Common Stock and any cash paid pursuant to Section 2.01(d) or Section 2.04(c) shall be deemed to have been issued and paid in full satisfaction of all rights pertaining to the Company Common Stock. From and after the Effective Time, there shall be no further registration of transfers on the stock transfer books of the Surviving Company of shares of Company Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any shares of Company Common Stock are presented to Parent or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Article II.

(e) Termination of Exchange Fund. Any portion of the Exchange Fund that remains undistributed to the former holders of Company Common Stock for one (1) year after the Effective Time shall be delivered to Parent, upon demand, and any former holder of

Company Common Stock who has not theretofore complied with this Article II shall thereafter look only to Parent for payment of its claim for Merger Consideration, any cash in lieu of fractional shares and any dividends and distributions to which such holder is entitled pursuant to this Article II.

(f) No Liability. None of the Company, Parent, Merger Sub I, Merger Sub II or the Exchange Agent or any of their respective directors, officers, employees or agents shall be liable to any Person in respect of any portion of the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(g) Withholding Taxes. Each of Parent, the Surviving Company and the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of Company Common Stock, Company Stock Options, Company Restricted Shares or Company Restricted Stock Units such amounts as may be required to be deducted and withheld with respect to the making of such payment under applicable Tax Law. Amounts so withheld (which may be withheld through withholding of shares of Parent Common Stock) and paid over to the appropriate taxing authority shall be treated for all purposes under this Agreement as having been paid to the holder of Company Common Stock, Company Stock Options, Company Restricted Shares or Company Restricted Stock Units in respect of which such deduction or withholding was made.

(h) Lost Certificates. If any certificate formerly representing shares of Company Common Stock has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such Person of a bond, in such reasonable and customary amount as Parent may direct, as indemnity against any claim that may be made against it with respect to such certificate, the Exchange Agent shall deliver and pay, in exchange for such lost, stolen or destroyed certificate, the Merger Consideration, any cash in lieu of fractional shares and any dividends and distributions on the certificate deliverable in respect thereof pursuant to this Agreement.

SECTION 2.05 Equity Awards.

(a) Adjustment of Equity Awards in Connection with the Merger. Except to the extent otherwise provided in Section 2.05(b):

(i) Each award of Company Stock Options (a "Company Stock Option Award") that is outstanding immediately prior to the Effective Time, whether vested or unvested, shall be converted, as of the Effective Time, into an award of options (an "Adjusted Stock Option Award") to purchase the number of shares of Parent Common Stock, rounded down to the nearest whole share, determined by multiplying the number of shares of Company Common Stock subject to the Company Stock Option Award immediately prior to the Effective Time by the Exchange Ratio, at an exercise price per share of Parent Common Stock, rounded up to the nearest whole cent, equal to the per share exercise price for the shares of Company Common Stock otherwise purchasable pursuant to the Company Stock Option Award immediately prior to the Effective

Time divided by the Exchange Ratio, with each Adjusted Stock Option Award otherwise to continue to be subject to the same terms and conditions as were applicable to the related Company Stock Option Award (including vesting conditions) immediately prior to the Effective Time;

(ii) Each award of Company Restricted Shares (a "Company Restricted Share Award") that is outstanding immediately prior to the Effective Time, whether vested or unvested, shall be converted as of the Effective Time into a restricted share award (an "Adjusted Restricted Share Award") in respect of the number of shares of Parent Common Stock, rounded to the nearest whole share, determined by multiplying the number of shares of Company Common Stock subject to the Company Restricted Share Award immediately prior to the Effective Time by the Exchange Ratio, with each Adjusted Restricted Share Award otherwise to continue to be subject to the same terms and conditions as were applicable to the related Company Restricted Share Award (including vesting conditions) immediately prior to the Effective Time; and

(iii) Each award of Company Restricted Stock Units (a "Company RSU Award") that is outstanding immediately prior to the Effective Time, whether vested or unvested, shall be converted as of the Effective Time into a restricted stock unit award (an "Adjusted RSU Award") in respect of the number of shares of Parent Common Stock, rounded to the nearest whole share, determined by multiplying the number of shares of Company Common Stock subject to the Company RSU Award immediately prior to the Effective Time by the Exchange Ratio, with each Adjusted RSU Award otherwise to continue to be subject to the same terms and conditions as were applicable to the related Company RSU Award (including vesting conditions) immediately prior to the Effective Time.

(b) Certain Excepted Awards. Each performance-based Company RSU Award that was granted under the Company's Long-Term Incentive Plan, whose performance period has not yet expired as of immediately prior to the Effective Time, and that by its terms in effect as of the date hereof will be subject to prorated vesting (based on the number of completed months between the commencement of the applicable performance period and the Effective Time), upon and by reason of the Effective Time, shall be settled for cash in accordance with such terms as soon as practicable (and in any event within three (3) days) following the Effective Time.

(c) Treatment of Equity Awards Held by Bank Personnel in Connection with the Bank Spin-Off. All Company Stock Option Awards, Company Restricted Share Awards and Company RSU Awards (collectively, the "Company Equity Awards") held as of immediately prior to the Distribution by current or former employees or directors of a Bank Subsidiary (exclusive of current employees or directors of the Company or any Company Subsidiary that is not a Bank Subsidiary) shall be converted, as of the Distribution, into awards in respect of ASB Hawaii shares. Following the conversion contemplated by this Section 2.05(c), the Company and its Affiliates shall have no obligation or other liability in respect of

such Company Equity Awards and, in accordance with Section 5.04(a), shall be fully indemnified by ASB Hawaii for any liabilities relating thereto.

(d) Company and Parent Actions. Prior to the Effective Time, the Company Board and/or the appropriate committee thereof shall adopt resolutions providing for, and shall take any other actions that are necessary to effect, the treatment of the Company Equity Awards as contemplated by this Section 2.05. As soon as reasonably practicable following the Effective Time, Parent shall file one or more appropriate registration statements (on Form S-3 or Form S-8, or any successor or other appropriate forms) with respect to Parent Common Stock underlying the Adjusted Stock Option Awards and in respect of the Adjusted Restricted Share Awards and Adjusted RSU Awards pursuant to this Section 2.05.

SECTION 2.06 Dividend Reinvestment Plan. The Company shall take such action as may be necessary to cause the Company dividend reinvestment and stock purchase plan (the "Company DRIP") to be terminated following the last regular quarterly dividend prior to the Closing Date (the "Final Exercise Date"). No further purchase right under the Company DRIP will be granted or exercised under the Company DRIP after the Final Exercise Date (except for the right to receive the Merger Consideration pursuant to Section 2.01). The Company shall provide timely notice of the setting of the Final Exercise Date and termination of the Company DRIP in accordance with the Company DRIP.

ARTICLE III

Representations and Warranties of the Company

Except (i) as set forth in the Company Reports publicly available and filed with or furnished to the SEC prior to the date of this Agreement (the "Filed Company Reports") (excluding any disclosures of factors or risks contained or references therein under the captions "Risk Factors" or "Forward-Looking Statements" and any other information set forth in such reports that is predictive, cautionary or forward-looking in nature) or (ii) as set forth in the disclosure letter delivered by the Company to Parent prior to the execution and delivery by the Company of this Agreement (the "Company Disclosure Letter") (it being agreed that disclosure of any item in any section or subsection of the Company Disclosure Letter shall be deemed disclosed with respect to any other section or subsection to which the relevance of such item is reasonably apparent on the face of such disclosure), the Company represents and warrants to Parent, Merger Sub I and Merger Sub II as follows:

SECTION 3.01 Organization, Standing and Power. Each of the Company and each of the Company's Subsidiaries (the "Company Subsidiaries") is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized, except, in the case of the Company Subsidiaries, where the failure to be so organized, existing or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. Each of the Company and the Company Subsidiaries has all requisite power and authority and possesses all governmental franchises, licenses, permits, authorizations, variances, exemptions, orders, registrations, clearances and approvals (collectively, "Permits") necessary to enable it to own, operate, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted (the "Company

Permits"), except where the failure to have such power or authority or to possess Company Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. Each of the Company and the Company Subsidiaries is duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership, operation or leasing of its properties make such qualification necessary, other than in such jurisdictions where the failure to be so qualified or licensed, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. The Company has made available to Parent true and complete copies of the amended and restated articles of incorporation of the Company in effect as of the date of this Agreement (the "Company Articles") and the bylaws of the Company in effect as of the date of this Agreement (the "Company Bylaws").

SECTION 3.02 Company Subsidiaries. All the outstanding shares of capital stock or voting securities of, or other equity interests in, each Company Subsidiary have been validly issued and are fully paid and nonassessable (and no such securities or equity interests have been issued in violation of any preemptive or similar rights) and are owned by the Company, by another Company Subsidiary or by the Company and another Company Subsidiary, free and clear of all pledges, liens, charges, mortgages, claims, restrictions, infringements, encumbrances and security interests of any kind or nature whatsoever (collectively, "Liens"), and free of any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock, voting securities or other equity interests), except for restrictions imposed by applicable securities laws. Section 3.02 of the Company Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of the Company Subsidiaries and each Company Subsidiary's jurisdiction of incorporation or organization. The Company has made available to Parent true and complete copies of the articles of incorporation and bylaws (or equivalent constituent documents) of each Company Subsidiary in effect as of the date of this Agreement.

SECTION 3.03 Capital Structure.

(a) The authorized capital stock of the Company consists of 200,000,000 shares of Company Common Stock without par value and 10,000,000 shares of Company Preferred Stock without par value. At the close of business on November 28, 2014, (i) 102,565,266 shares of Company Common Stock were issued and outstanding, including shares of Company Common Stock held by the Company 401(k) Plan and 4,503 shares of Company Common Stock that were subject to Company Restricted Share Awards, (ii) no shares of Company Preferred Stock were issued and outstanding, (iii) no shares of Company Common Stock were held by the Company in its treasury, (iv) an aggregate of 3,644,489 shares of Company Common Stock were reserved and available for issuance pursuant to the Company Stock Plans, of which amount (A) 5,704 shares of Company Common Stock were subject to Company Stock Option Awards and (B) 1,663,912 shares of Company Common Stock were subject to Company RSU Awards (assuming satisfaction of any time-based or performance vesting conditions at maximum levels) and (v) an aggregate of 15,919,007 shares of Company Common Stock were reserved and available for issuance pursuant to the transactions listed in Section 3.03 of the Company Disclosure Letter.

(b) All outstanding shares of Company Common Stock are, and all shares of Company Common Stock that may be issued upon the vesting of Company Restricted Stock and Company Restricted Stock Units will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right or subscription right, the Company Articles, the Company Bylaws or any Contract to which the Company is a party or otherwise bound. Except as set forth above in this Section 3.03 or pursuant to the terms of this Agreement, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of the Company or any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (x) any capital stock of the Company or any Company Subsidiary or any securities of the Company or any Company Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary, (y) any warrants, calls, options or other rights to acquire from the Company or any Company Subsidiary, or any other obligation of the Company or any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary or (z) any rights issued by or other obligations of the Company or any Company Subsidiary that are linked in any way to the price of any class of Company Common Stock or any shares of capital stock of any Company Subsidiary, the value of the Company, any Company Subsidiary or any part of the Company or any Company Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of the Company or any Company Subsidiary. Except pursuant to the Company Stock Plans, there are not any outstanding obligations of the Company or any of the Company Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock or voting securities or other equity interests of the Company or any Company Subsidiary or any securities, interests, warrants, calls, options or other rights referred to in clause (x), (y) or (z) of the immediately preceding sentence. There are no debentures, bonds, notes or other Indebtedness of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of the Company may vote ("Company Voting Debt"). Neither the Company nor any of the Company Subsidiaries is a party to any voting agreement with respect to the voting of any capital stock or voting securities of, or other equity interests in, the Company. No Company Subsidiary owns any shares of Company Common Stock or any other class or series of equity interests in the Company.

SECTION 3.04 Authority; Execution and Delivery; Enforceability. The Company has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Integrated Mergers, subject, in the case of the Integrated Mergers, to the receipt of the Company Shareholder Approval. The Company Board has adopted resolutions, at a meeting duly called at which a quorum of directors of the Company was present, (i) approving and adopting this Agreement, (ii) determining that entering into this Agreement is in the best interests of the Company and its shareholders and (iii) recommending that the Company's shareholders approve this Agreement and directing that this Agreement be submitted to the Company's shareholders for approval at a duly held meeting of such shareholders for such purpose (the "Company Shareholders Meeting"). Such resolutions have not been amended or withdrawn as of the date of this Agreement. Except for the approval of this Agreement by the affirmative vote of the holders of seventy-five percent (75%) of all the issued and outstanding shares of Company Common Stock entitled to vote at the Company

Shareholders Meeting (the "Company Shareholder Approval"), no other corporate proceedings on the part of the Company are necessary to authorize, adopt or approve this Agreement or to consummate the Integrated Mergers (except for the filing of the Initial Articles of Merger, the Subsequent Certificate of Merger and other documents as required by the HBCA, the DGCL or the DLLCA). The Company has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by Parent, Merger Sub I and Merger Sub II, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3.05 No Conflicts; Consents.

(a) The execution and delivery by the Company of this Agreement does not, and the performance by the Company of its obligations hereunder and the consummation of the Integrated Mergers will not, (i) conflict with, or result in any violation of any provision of, the Company Articles, the Company Bylaws or the comparable organizational documents of any Company Subsidiary (assuming that the Company Shareholder Approval is obtained), (ii) result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to the loss of a material benefit under any loan, guarantee of indebtedness or credit agreement, note, bond, mortgage, indenture, lease, agreement, contract, instrument, permit, concession, franchise, right or license binding upon the Company or any Company Subsidiary or result in the creation of any Lien upon any of the properties or assets of the Company or any Company Subsidiary under, any provision of, any contract, lease, license, indenture, note, bond, agreement, concession, franchise or other instrument (a "Contract") to which the Company or any Company Subsidiary is a party or by which any of their respective properties or assets is bound or any Company Permit or (iii) subject to the Company Shareholder Approval and the filings and other matters referred to in Section 3.05(b), conflict with, or result in any violation of any provision of, any judgment, writ, order, injunction, ruling, determination, directive, award or settlement, or decree, whether civil, criminal or administrative ("Judgment") or statute, law (state and federal, including common law and securities law and the law of any foreign jurisdictions), ordinance, code promulgated by any Governmental Entity, rule or regulation, including the rules and regulations of the NYSE, FERC and HPUC ("Law"), in each case, applicable to the Company or any Company Subsidiary or their respective properties or assets, other than, in the case of clauses (ii) and (iii) above, (x) the Consents set forth on Section 3.05(a) of the Company Disclosure Letter under the heading "Company Required Consents" (the "Company Required Consents" and, together with the Parent Required Consents, the "Required Consents") and (y) any matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Integrated Mergers.

(b) No consent, waiver or Permit ("Consent") of or from, or registration, declaration, notice or filing made to or with any federal, national, state or local, whether domestic or foreign, government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, whether domestic, foreign or supranational (a "Governmental Entity") is required to be obtained or made by or with respect to the Company or any Company Subsidiary in connection with the execution and delivery of this Agreement or its performance of its obligations hereunder or the consummation of the Integrated

Mergers, other than (i) (A) the filing with the Securities and Exchange Commission (the "SEC") in accordance with Regulation 14A promulgated under the Exchange Act of the Proxy Statement in definitive form, (B) the filing with the SEC, and declaration of effectiveness under the Securities Act of 1933, as amended (the "Securities Act"), of the registration statement on Form S-4 in connection with the issuance by Parent of the Merger Consideration (the "Form S-4"), (C) the filing with the SEC, and declaration of effectiveness under the Securities Act, of the Spin-Off Registration Statement and (D) the filing with the SEC of such reports under, and such other compliance with, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Securities Act, and the rules and regulations thereunder, as may be required in connection with this Agreement or the Integrated Mergers, (ii) compliance with and filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "HSR Act") and such other Consents, registrations, declarations, approvals, notices or filings as are required to be made or obtained under any other Antitrust Law, (iii) the filing of the Initial Articles of Merger with the Department of Commerce of the State of Hawaii and the Subsequent Certificate of Merger with the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of the other jurisdictions in which Parent and the Company are qualified to do business, (iv) such Consents, registrations, declarations, approvals, notices or filings as are required to be made or obtained under the securities or "blue sky" laws of any jurisdiction in connection with the issuance of the Merger Consideration, (v) such filings with and approvals of the NYSE as are required to permit the consummation of the Integrated Mergers and the listing of the Merger Consideration, (vi) the consent and approval of the Federal Energy Regulatory Commission (the "FERC") under Section 203 of the Federal Power Act (the "FPA"), (vii) pre-approvals ("FCC Pre-Approvals") of license transfers with the Federal Communications Commission (the "FCC"), (viii) notice to and approvals of the Hawaii Public Utilities Commission (the "HPUC") to the extent required (the items set forth in clauses (vi) through (viii) collectively, the "Company Required Statutory Approvals"), (ix) such Consents, filings, notifications, restrictions and declarations, including with any applicable bank regulatory authority, as may be required to effect the Bank Spin-Off, (x) the Company Required Consents, (xi) notices, and such filings, consents and approvals as are required to be made or obtained under state or federal property transfer laws or Environmental Laws and (xii) such other matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Integrated Mergers.

SECTION 3.06 Company Reports; Financial Statements. (a) Each of the Company and HECO has furnished or filed on a timely basis all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by the Company or HECO with the SEC since January 1, 2012 (such documents, together with all exhibits, financial statements, including the Company Financial Statements, and schedules thereto and all information incorporated therein by reference, but excluding the Proxy Statement, the Form S-4 and the Spin-Off Registration Statement, being collectively referred to as the "Company Reports"). Each Company Report (i) at the time filed, complied in all material respects with the requirements of the Exchange Act, the Securities Act or the Sarbanes-Oxley Act of 2002 (including the rules and regulations promulgated thereunder, collectively the "Sarbanes-Oxley Act"), as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Company Report

and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the consolidated financial statements of the Company or of HECO included in the Company Reports (the "Company Financial Statements") complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, was prepared in accordance with United States generally accepted accounting principles ("GAAP") (except, in the case of unaudited quarterly financial statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods and as of the dates involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of the Company, HECO and the Company's consolidated Subsidiaries, as the case may be, as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited quarterly financial statements, to normal year-end audit adjustments). Other than HECO, none of the Company Subsidiaries is, or has at any time since January 1, 2014 been, subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.

(b) Each of the Company and the Company Subsidiaries is in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act and the applicable listing and governance rules and regulations of NYSE. Neither the Company nor any Company Subsidiary has outstanding (nor has arranged or modified since the enactment of the Sarbanes-Oxley Act) any "extensions of credit" (within the meaning of Section 402 of the Sarbanes-Oxley Act) to directors or executive officers (as defined in Rule 3b-7 under the Exchange Act) of the Company.

(c) As of the date hereof, there are no outstanding or unresolved comments in any comment letters of the staff of the SEC received by the Company or any Company Subsidiary relating to the Company Reports applicable to them. None of the Company Reports is, to the Knowledge of the Company as of the date hereof, the subject of ongoing SEC review.

(d) Neither the Company nor any Company Subsidiary is a party to, nor does it have any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract relating to any transaction or relationship between or among the Company or a Company Subsidiary, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand) or any "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K of the SEC), where the result, purpose or effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or a Company Subsidiary in the Company Financial Statements or other Company Reports.

(e) Neither the Company nor any Company Subsidiary has any liabilities of any nature (whether accrued, absolute, contingent or otherwise required by GAAP to be set forth on a consolidated balance sheet of the Company and the Company Subsidiaries), except liabilities (i) reflected or reserved against in the most recent audited balance sheet

(including the notes thereto) of the Company and the Company Subsidiaries included in the Company Reports filed prior to the date hereof, (ii) incurred in the ordinary course of business consistent with past practice after December 31, 2013, (iii) incurred in connection with the Integrated Mergers or any other transaction or agreement contemplated by this Agreement or (iv) that, individually or in the aggregate, have not had or would not reasonably be expected to have a Company Material Adverse Effect.

(f) The Company maintains a system of "internal control over financial reporting" (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act). Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in all material respects. Except as has not had, and would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect, (i) the Company maintains "disclosure controls and procedures" required by Rule 13a-15 or 15d-15 under the Exchange Act that are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported on a timely basis to the individuals responsible for the preparation of the Company's filings with the SEC and other public disclosure documents and (ii) the Company has disclosed, based on its most recent evaluation prior to the date of this Agreement, to the Company's outside auditors and the audit committee of the Company Board (A) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (B) any fraud, known to the Company, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

SECTION 3.07 Absence of Certain Changes or Events. From January 1, 2014 to the date of this Agreement, each of the Company and the Company Subsidiaries has conducted its respective business in the ordinary course in all material respects consistent with past practice, and during such period there has not occurred:

(a) any fact, circumstance, effect, change, event, occurrence or development that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect;

(b) other than regular quarterly dividends on the Company Common Stock and the Subsidiary Preferred Stock of the Company, any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any capital stock or voting securities of, or other equity interests in, the Company or the capital stock or voting securities of, or other equity interests in, any of the Company Subsidiaries (except for dividends or other distributions by any Company Subsidiary to the Company or to any other Company Subsidiary);

(c) any split, reverse split, combination, subdivision or reclassification of any capital stock or voting securities of, or other equity interests in, the Company, or any securities convertible into or exercisable or exchangeable for capital stock or voting securities of,

or other equity interests in, the Company or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of capital stock or voting securities of, or other equity interests in, the Company;

(d) any incurrence of Indebtedness for borrowed money or any guarantee of such Indebtedness for another Person, or any issue or sale of debt securities, warrants or other rights to acquire any debt security of the Company or any Company Subsidiary, other than the issuance of commercial paper and borrowings under existing revolving credit facilities in the ordinary course of business, other than any such incurrences, guarantees, issuances, sales, warrants or borrowings which, individually or in the aggregate, have not had or would not reasonably be expected to have a Company Material Adverse Effect;

(e) (i) any grant by the Company to any director or executive officer of the Company of any material increase in compensation or benefits, in each case other than in the ordinary course of business, (ii) any grant by the Company to any director or executive officer of the Company of any increase in change in control, severance or termination pay, (iii) any establishment, adoption, entry into or amendment in any material respect of any Company Union Contract or Company Benefit Plan or Company Benefit Agreement, in each case other than in the ordinary course of business consistent with past practice, which changes could not reasonably be expected to materially increase the costs to the Company or any Company Subsidiary or (iv) the taking of any action to accelerate the time of vesting, funding or payment of any material compensation or benefits under any Company Benefit Plan or Company Benefit Agreement;

(f) any change in financial accounting policies, methods, principles or practices by the Company or any Company Subsidiary, except insofar as may have been required by a change in GAAP or by any Governmental Entity (including the SEC or the Public Company Accounting Oversight Board (the "PCAOB")); or

(g) any material Tax elections or changes in Tax accounting methods by the Company or any Company Subsidiary or any settlement or compromise by the Company or any Company Subsidiary of any material Tax liability or refund, in each case other than in the ordinary course of business consistent with past practice or as required by Law.

SECTION 3.08 Taxes. (a) (i) Each of the Company and each Company Subsidiary has timely filed, taking into account any extensions, all material Tax Returns required to have been filed and such Tax Returns are accurate and complete in all material respects and (ii) all material Taxes (whether or not shown to be due on such Tax Returns) have been timely paid in full.

(b) (i) Neither the Company nor any Company Subsidiary has received written notice of any audit, examination, investigation or other proceeding from any taxing authority for any material amount of unpaid Taxes asserted against the Company or Company Subsidiary, which have not been fully paid or settled; (ii) there are no material Liens for Taxes on any of the assets of the Company or any Company Subsidiary other than (x) any Lien for Taxes not yet due and payable or (y) that are being contested in good faith by any appropriate proceedings and for which adequate accruals or reserves have been established in accordance with GAAP; and (iii) with respect to any tax years open for audit as of the date hereof, neither

the Company nor any Company Subsidiary has granted any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any Tax.

(c) Each of the Company and each Company Subsidiary has properly withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any shareholder, employee, creditor, independent contractor or other third party.

(d) Neither the Company nor any Company Subsidiary has any liability for Taxes of any Person (other than the Company or any Company Subsidiary) arising from the application of Treasury Regulation Section 1.1502-6 or any analogous provision of state, local or foreign Law, or as a transferee or successor, by contract or otherwise.

(e) Neither the Company nor any Company Subsidiary is a party to or is otherwise bound by any material Tax sharing, allocation or indemnification agreement or arrangement, other than such an agreement or arrangement (i) exclusively between or among the Company and Company Subsidiaries, (ii) with customers, vendors, lessors or similar third parties entered into in the ordinary course of business and not primarily related to Taxes or (iii) that as of the Closing Date is reasonably expected to terminate without any further material payments being required to be made.

(f) Within the past three (3) years, except pursuant to the Bank Spin-Off, neither the Company nor any Company Subsidiary has been a "distributing corporation" or a "controlled corporation" in a distribution intended to qualify for tax-free treatment under Section 355 of the Code.

(g) Neither the Company nor any Company Subsidiary has engaged in any "listed transaction" as defined in Treasury Regulations Section 1.6011-4(b)(2) or Treasury Regulations Section 301.6111-2(b) in any tax year for which the statute of limitations has not expired.

(h) Neither the Company nor any Company Subsidiary has taken any action or knows of any fact that could reasonably be expected to prevent the Integrated Mergers and the Bank Spin-Off from qualifying for the Intended Tax Treatment.

(i) There is no fact or circumstance relating to the Company or any Company Subsidiary, including any action that it has taken or agreed to take, that would be reasonably likely to prevent the Bank Spin-Off from being eligible for a valid Section 336(e) Election, assuming the Integrated Mergers are effected.

Except insofar as Section 3.07(g) and Section 3.09 relate to Taxes, this Section 3.08 contains the sole and exclusive representations and warranties of the Company relating to Taxes.

SECTION 3.09 Employee Benefits.

(a) Section 3.09(a) of the Company Disclosure Letter sets forth a complete and accurate list, as of the date of this Agreement, of each material Company Benefit Plan and each material Company Benefit Agreement.

(b) With respect to each material Company Benefit Plan and material Company Benefit Agreement (other than the Bank Benefit Plans and Bank Benefit Agreements), the Company has made available to Parent complete and accurate copies of (i) such Company Benefit Plan or Company Benefit Agreement (or, with respect to any such arrangement that is not in writing, a written description of the material terms thereof), including any amendment thereto, and to the extent applicable, summary plan description thereof, (ii) each trust, insurance, annuity or other funding Contract related thereto, (iii) the two most recent audited financial statements and actuarial or other valuation reports prepared with respect thereto, (iv) the two most recent annual reports on Form 5500 required to be filed with the Internal Revenue Service (the "IRS") with respect thereto and the two most recent annual information returns required to be filed with any Governmental Entity and (v) the most recently received IRS determination letter or opinion. Except as specifically provided in the foregoing documents made available to Parent, there are no amendments to any Company Benefit Plans or Company Benefit Agreements that have been adopted or approved nor has the Company or any Company Subsidiary undertaken to make any such amendments or to adopt or approve any new Company Benefit Plans or Company Benefit Agreements. No Company Benefit Plan or Company Benefit Agreement is maintained outside the jurisdiction of the United States, or covers any Company Personnel residing or working outside of the United States.

(c) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, (i) each Company Benefit Plan and each Company Benefit Agreement has been maintained in compliance with its terms and with the requirements prescribed by ERISA, the Code and all other applicable Laws, (ii) there are no pending or, to the Knowledge of the Company, threatened proceedings against any Company Benefit Plan or Company Benefit Agreement or any fiduciary thereof, or the Company or any Company Subsidiary with respect to any Company Benefit Plan or Company Benefit Agreement and (iii) all contributions, reimbursements, premium payments and other payments required to be made by the Company or any Company Commonly Controlled Entity to any Company Benefit Plan have been made on or before their applicable due dates. Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any Company Commonly Controlled Entity has engaged in, and to the Knowledge of the Company, there has not been, any non-exempt transaction prohibited by ERISA or by Section 4975 of the Code with respect to any Company Benefit Plan or Company Benefit Agreement or their related trusts that would reasonably be expected to result in a liability of the Company or a Company Commonly Controlled Entity. Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, no Company Benefit Plan or Company Benefit Agreement is under audit or is the subject of an administrative proceeding by the IRS, the Department of Labor, or any other Governmental Entity, nor is any such audit or other administrative proceeding, to the Knowledge of the Company, threatened.

(d) Section 3.09(d) of the Company Disclosure Letter sets forth each Company Benefit Plan and Company Benefit Agreement that is subject to Section 302 or Title

IV of ERISA or Section 412, 430 or 4971 of the Code. Except as would not reasonably be expected to have a Company Material Adverse Effect, no changes have occurred with respect to the financial condition of any Title IV Plan since the date of the most recent actuarial valuation report of such Title IV Plan. No Company Benefit Plan or Company Benefit Agreement is a multiemployer plan, as defined in Section 3(37) of ERISA, or a plan that has two or more contributing sponsors at least two of whom are not under common control, within the meaning of Section 4063 of ERISA, and neither the Company nor any Company Commonly Controlled Entity has contributed to or been obligated to contribute to any such plan within the six years preceding this Agreement. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any Company Commonly Controlled Entity has incurred any Controlled Group Liability (as defined below) that has not been satisfied in full nor do any circumstances exist that could reasonably be expected to give rise to any Controlled Group Liability (other than for the payment of premiums to the Pension Benefit Guaranty Corporation). For the purposes of this Agreement, "Controlled Group Liability" means any and all liabilities (A) under Title IV of ERISA, (B) under Section 302 of ERISA, (C) under Sections 412, 430 and 4971 of the Code, (D) as a result of a failure to comply with the continuation coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code or (E) under corresponding or similar provisions of foreign Laws.

(e) Each Company Benefit Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and such plan has received a currently effective favorable determination letter or opinion to that effect from the IRS and, to the Knowledge of the Company, there is no reason why any such determination letter should be revoked or not be reissued.

(f) Except for any liabilities that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, (i) neither the Company nor any Company Subsidiary has any liability for providing health, medical or other welfare benefits after retirement or other termination of employment, other than coverage or benefits required to be provided under Section 4980(B)(f) of the Code or applicable Law, and (ii) to the Knowledge of the Company, the Company and all Company Subsidiaries have reserved the right to amend, terminate or modify at any time all Company Benefit Plans or Company Benefit Agreements providing for retiree health or medical or life insurance coverage, and no representations or commitments, whether or not written, have been made that would limit the Company's or any Company Subsidiaries' right to amend, terminate or modify any such benefits.

(g) None of the execution and delivery of this Agreement, the performance by either party of its obligations hereunder or the consummation of the Integrated Mergers (alone or in conjunction with any other event, including any termination of employment on or following the Effective Time) will (i) entitle any Company Personnel to any material compensation or benefit, (ii) accelerate the time of payment or vesting, or trigger any payment or funding, of any material compensation or benefit or trigger any other material obligation under any Company Benefit Plan or Company Benefit Agreement, (iii) to the Knowledge of the Company, impose any restrictions or limitations on the Company's or any Company Subsidiary's rights to administer, amend, merge, terminate or receive a reversion of assets from

any Company Benefit Plan or Company Benefit Agreement or (iv) result in any payment that could, individually or in combination with any other such payment, not be deductible under Section 280G of the Code. No Person is entitled to receive any additional payment (including any Tax gross-up or other payment) from the Company or any of Company Subsidiaries as a result of the imposition of the excise Taxes required by Section 4999 of the Code or any Taxes required by Section 409A of the Code.

(h) Each Company Benefit Plan and Company Benefit Agreement that is a "nonqualified deferred compensation plan" (as defined for purposes of Section 409A(d)(1) of the Code) has been maintained and operated in all material respects in accordance with the provisions of Section 409A of the Code. Each Company Stock Option that was not vested as of December 31, 2004 was granted with an exercise price at least equal to the fair market value, as determined under Section 409A of the Code, of a share of Company Common Stock on the applicable date of grant.

SECTION 3.10 Labor and Employment Matters.

(a) Except as set forth in Section 3.10 of the Company Disclosure Letter, neither the Company nor any Company Subsidiary is party to any collective bargaining agreement or other labor Contract with respect to any of their respective employees (the "Company Union Contracts"), and no employee of the Company or any Company Subsidiary is represented by any other labor union or labor organization. There are no representation or certification proceedings pending, or (to the Knowledge of the Company) threatened in writing to be brought, or filed, with the National Labor Relations Board, and, there are no labor union organizing activities, with respect to employees of the Company or any Company Subsidiary, with such exceptions that, individually or in the aggregate, are not reasonably likely to have a Company Material Adverse Effect. From January 1, 2012 until the date of this Agreement, there have been no labor strikes, slowdowns, work stoppages or lockouts or other material labor disputes pending or threatened in writing against or affecting the Company or any Company Subsidiary, other than any such matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. There is no unfair labor practice proceeding or other proceeding alleging violation of Laws pertaining to labor relations or employment matters before the National Labor Relations Board, the Equal Employment Opportunity Commission, or any comparable Governmental Entity pending or threatened in writing against the Company or any Company Subsidiary, with such exceptions that, individually or in the aggregate, are not reasonably likely to have a Company Material Adverse Effect.

(b) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, (i) the Company and each Company Subsidiary is in compliance with all applicable Laws respecting labor, employment, fair employment practices, terms and conditions of employment, applicant and employee background checking, immigration and required documentation, workers' compensation, occupational safety and health requirements, plant closings, wages and hours, worker classification, withholding of Taxes, employment discrimination, disability rights or benefits, equal opportunity, labor relations, employee leave issues and unemployment insurance and related matters, and (ii) each individual who renders services to the Company or any

Company Subsidiary who is classified by the Company or such Company Subsidiary, as applicable, as having the status of an independent contractor or other non-employee status for any purpose (including for purposes of taxation and Tax reporting and under the Company Benefit Plans and Company Benefit Agreements) is properly so characterized. Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any Company Subsidiary has effectuated a "plant closing" or "mass layoff" as those terms are defined in the Worker Adjustment and Retraining Notification Act of 1988, as amended from time to time, and any applicable state or local mass layoff or plant-closing Laws, affecting in whole or in part any site of employment, facility, operating unit or employee of the Company or any Company Subsidiary, without complying with all provisions of such Laws, or implemented any early retirement, separation or window program within the 24 months prior to the date of this Agreement, nor has the Company or any Company Subsidiary announced any such action or program for the future.

SECTION 3.11 Litigation. There is no suit, action, claim, arbitration, mediation, conciliation, consent decree, audit, review or investigation, charge or other proceeding, whether at Law or in equity, before any Governmental Entity, arbitrator or mediator (each, an "Action") pending or, to the Knowledge of the Company, threatened against or affecting the Company or any Company Subsidiary or any of their respective properties or rights, that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect. As of the date hereof, there is no Action pending or, to the Knowledge of the Company, threatened against any officer or director of the Company that is reasonably likely to result in any liability on the part of the Company, whether or not such liability is insured. There is no Judgment outstanding against or, to the Knowledge of the Company, investigation by any Governmental Entity involving the Company or any Company Subsidiary or any of their respective properties or assets that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.12 Compliance with Applicable Laws. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, the Company and the Company Subsidiaries are in compliance with all applicable Laws and Company Permits. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, no Action is pending or, to the Knowledge of the Company, threatened alleging that the Company or a Company Subsidiary is not in compliance with any applicable Law or Company Permit or which challenges or questions the validity of any rights of the holder of any Company Permit. This Section 3.12 does not relate to Tax matters, Employee Benefits matters, Labor and Employment matters, Environmental matters or Intellectual Property matters, which are addressed in Sections 3.08, 3.09, 3.10, 3.14 and 3.17, respectively.

SECTION 3.13 Takeover Statutes. No "fair price," "moratorium," "control share acquisition" or any anti-takeover statute or regulation (each, a "Takeover Statute") or any anti-takeover provision in the Company Articles or Company Bylaws is applicable to the Integrated Mergers.

SECTION 3.14 Environmental Matters. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect:

(a) The Company and the Company Subsidiaries are in compliance with all Environmental Laws, and, except for matters that have been fully resolved, as of the date of this Agreement, neither the Company nor any Company Subsidiary has received any written communication from a Governmental Entity or other Person that alleges that the Company or any Company Subsidiary is in violation of, or has liability under, any Environmental Law or any Permit issued pursuant to Environmental Law (an "Environmental Permit");

(b) With respect to all Environmental Permits necessary to conduct the respective operations of the Company or the Company Subsidiaries as currently conducted, (A) the Company and each of the Company Subsidiaries have obtained and are in compliance with, or have filed timely applications for, all such Environmental Permits, (B) all such Environmental Permits are valid and in good standing, (C) neither the Company nor any Parent Subsidiary has received notice from any Governmental Entity seeking to modify, revoke or terminate, any such Environmental Permits or indicating that any such Environmental Permit will not be renewed in the ordinary course with substantially the same terms and conditions in the current permit, and (D) no such Environmental Permits will be subject to modification, termination or revocation as a result of the Integrated Mergers;

(c) There are no Environmental Claims pending or, to the Knowledge of the Company, threatened in writing against the Company or any of the Company Subsidiaries that have not been fully and finally resolved;

(d) To the Knowledge of the Company, there is no specific present or past action, activity, circumstance, condition, event or incident, including the Release, threatened Release of, or exposure to or presence of, any Hazardous Material that would be reasonably likely to form the basis of any Environmental Claim against the Company or any of the Company Subsidiaries including as such Environmental Claim relates to former assets, operations or businesses of the Company or any Company Subsidiary or any off-site location; and

(e) The Company has delivered or otherwise made available for inspection to Parent true and complete copies and results of any material reports, studies, analyses, tests or monitoring prepared since January 1, 2012 and in the possession of the Company or any Company Subsidiary pertaining to Hazardous Materials in, on, beneath or adjacent to any property currently or formerly owned, operated or leased by the Company or any of the Company Subsidiaries.

(f) For purposes of this Agreement:

(i) "Environmental Claim" means any claim, action, administrative, regulatory or judicial actions, suits, orders, demands, claims, Liens, investigations or proceedings against the Company or any of the Company Subsidiaries asserted by any Person alleging liability (including potential liability

for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) or responsibility arising out of, based on or resulting from (x) the presence or Release of or exposure to any Hazardous Materials at any location, whether or not owned or operated by the Company or any Company Subsidiary, or (y) circumstances forming the basis of any violation, or alleged violation, of Environmental Law or any Environmental Permit.

(ii) "Environmental Laws" means all applicable Laws or Judgments issued, promulgated by or with any Governmental Entity relating to pollution or protection of or damage to the environment (including ambient air, surface water, groundwater, land surface, subsurface and sediments), natural resources, endangered or threatened species, the climate or human health and safety as it relates to exposure to hazardous or toxic materials, including Laws relating to the exposure to, or Release or threatened Release of, Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Materials and all Laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials.

(iii) "Hazardous Materials" means (x) petroleum, coal tar and other hydrocarbons and any derivatives or by-products, explosive or radioactive materials or wastes, asbestos in any form, polychlorinated biphenyls, urea formaldehyde insulation, chlorofluorocarbons and other ozone-depleting substances and (y) any other chemical, material, substance or waste that is regulated as a pollutant, a contaminant, hazardous or toxic under any Environmental Law.

(iv) "Release" means any actual or threatened release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment (including ambient air, surface water, groundwater, land surface, subsurface and sediments), including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

The representations and warranties contained in this Section 3.14 are the Company's sole and exclusive representations relating to environmental matters.

SECTION 3.15 Contracts.

(a) Other than this Agreement, the Bank Spin-Off Agreements (when entered into pursuant to Section 5.04), and any Contract entered into after the date of this Agreement and prior to the Closing Date (when permitted under Section 5.01(a)) neither the Company nor any Company Subsidiary is a party to or bound by:

(i) any Contract required to be filed by the Company as a "material contract" pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act that has not been so filed;

(ii) any Contract imposing any material restriction on the right of the Company or any Company Subsidiary (other than the Bank Subsidiaries) to (A) compete with any other Person, (B) acquire or dispose of the securities of any other Person or (C) engage or compete in any line of business or in any geographic area or that contains restrictions on pricing or exclusivity or non-solicitation provisions with respect to customers; or

(iii) other than Contracts entered into in the ordinary course of business that, by their terms, (x) have a term of less than one year, (y) are fully terminable by the Company or such Company Subsidiary without any material fee, penalty or liability payable in connection therewith and (z) do not involve potential payments or obligations by any party in excess of $50,000,000, (A) any material coal, diesel, natural gas, liquefied natural gas, liquefaction, transportation, power sale, power purchase or offtake agreement or other fuel purchase, sale or transportation agreement, (B) any agreement that contains material "take or pay," "liquidated damages," "termination, closeout or liquidation" or other similar provisions or (C) any contract that does not by its terms fully expire, or is not by its terms fully terminable by the Company or such Company Subsidiary without any material fee, penalty or liability payable in connection therewith, not later than two (2) years after the date hereof, and that involves potential payments or obligations by any party in excess of $50,000,000.

All Contracts of the type referred to in clauses (i) (whether or not such Contracts have been filed by the Company or any Company Subsidiary with the SEC), (ii) or (iii) of this Section 3.15(a) are referred to herein as "Company Material Contracts."

(b) Except for matters which, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, (i) each Company Material Contract (including, for purposes of this Section 3.15(b), any Contract entered into after the date of this Agreement that would have been a Company Material Contract if such Contract existed on the date of this Agreement) is a valid, binding and legally enforceable obligation of the Company or one of the Company Subsidiaries, as the case may be, and, to the Knowledge of the Company, of the other parties thereto, except, in each case, as enforcement may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally and by general principles of equity, (ii) each such Company Material Contract is in full force and effect and (iii) none of the Company or any of the Company Subsidiaries is (with or without notice or lapse of time, or both) in breach or default under any such Company Material Contract and, to the Knowledge of the Company, no other party to any such Company Material Contract is (with or without notice or lapse of time, or both) in breach or default thereunder.

SECTION 3.16 Real Property.

(a) With respect to each material real property owned by the Company or any Company Subsidiary as of the date hereof (such property collectively, the "Company Owned Real Property"), except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) either the Company or a Company Subsidiary has insurable fee simple title to such Company Owned Real Property, free and clear of all Liens other than conditions, encroachments, easements, rights-of-way, restrictions and other encumbrances that do not materially adversely affect the existing use of the real property subject thereto by the owner (or lessee to the extent a leased property) thereof in the operation of its business ("Permitted Encumbrances") and (ii) there are no leases, subleases, licenses, rights or other agreements affecting any portion of the Company Owned Real Property that would reasonably be expected to materially adversely affect the existing use of the Company Owned Real Property by the Company in the operation of its business thereon. As of the date hereof, neither the Company nor any Company Subsidiary has received notice of any pending, and to the Knowledge of the Company there is no threatened, condemnation proceeding with respect to any Company Owned Real Property, except proceedings which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. There are no outstanding options or rights of first refusal which have been granted by the Company or any Company Subsidiary to third parties to purchase any Company Owned Real Property other than such options or rights that would not reasonably be expected to be, individually or in the aggregate, material to the Company and the Company Subsidiaries, taken as a whole.

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each material lease, sublease and other agreement (collectively, the "Company Real Property Leases") under which the Company or any of the Company Subsidiaries uses or occupies or has the right to use or occupy any material real property (the "Company Leased Real Property") at which the material operations of the Company or any of the Company Subsidiaries are conducted as of the date hereof, is valid, binding and in full force and effect, (ii) neither the Company nor any of the Company Subsidiaries is currently subleasing, licensing or otherwise granting any Person the right to use or occupy a material portion of a Company Leased Real Property that would reasonably be expected to materially adversely affect the existing use of the Company Leased Real Property by the Company in the operation of its business thereon, and (iii) no uncured default of a material nature on the part of the Company or, if applicable, the Company Subsidiary or, to the Knowledge of the Company, the landlord thereunder, exists under any Company Real Property Lease, and no event has occurred or circumstance exists which, with the giving of notice, the passage of time, or both, would constitute a material breach or default under a Company Real Property Lease. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company and each of the Company Subsidiaries has a good and valid leasehold interest, subject to the terms of the Company Real Property Leases, in each parcel of Company Leased Real Property, free and clear of all Liens except for Permitted Encumbrances. As of the date hereof, neither the Company nor any of the Company Subsidiaries has received notice of any pending, and, to the knowledge of the Company, there is no threatened, condemnation proceeding with respect to any Company Leased Real Property, except such proceeding which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

This Section 3.16 does not relate to environmental matters or intellectual property matters, which are the subject of Section 3.14 and Section 3.17, respectively.

SECTION 3.17 Intellectual Property.

(a) To the Knowledge of the Company, (i) the Company and the Company Subsidiaries own or have the right to use all Intellectual Property used in their business as presently conducted and (ii) no person is violating any material Intellectual Property owned by the Company and the Company Subsidiaries, except in each case (i) and (ii) as would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect. As of the date of this Agreement, there are no material litigations, arbitrations, mediations or adversarial proceedings before any Governmental Authority with responsibility for Intellectual Property pending or, to the Knowledge of the Company, threatened in the six (6) months prior to the date of this Agreement (a) by a third party against the Company and the Company Subsidiaries that assert infringement of such third party's Intellectual Property by the Company and the Company Subsidiaries or (b) by the Company or the Company Subsidiaries against any third party that assert infringement of the Company's and the Company Subsidiaries' Intellectual Property, except in each case (a) and (b) as would not be reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) For purposes of this Agreement, the following term has the following meaning:

"Intellectual Property" means all intellectual property and industrial property rights of any kind or nature, including all U.S. and foreign: trademarks, service marks, service names, Internet domain names, trade dress and trade names, and all goodwill associated therewith and symbolized thereby, patents and all related continuations, continuations-in-part, divisionals, reissues, reexaminations, substitutions, and extensions thereof, trade secrets, registered and unregistered copyrights and works of authorship, proprietary rights in databases to the extent recognized in any given jurisdiction, and registrations and applications for registration of any of the foregoing.

SECTION 3.18 Insurance. The Company and Company Subsidiaries maintain insurance in such amounts and against such risks substantially as is customary for the industries in which it and the Company Subsidiaries operate (taking into account the geographic location and other circumstances of the Company and the Company Subsidiaries), including all material fire and casualty, general liability, director and officer, business interruption, product liability, and sprinkler and water damage insurance policies maintained by the Company or any Company Subsidiary (the "Insurance Policies"). The Insurance Policies are in full force and effect and all premiums due with respect to all Insurance Policies have been paid as of the date of this Agreement, with such exceptions that, individually or in the aggregate, are not reasonably likely to have a Company Material Adverse Effect.

SECTION 3.19 Regulatory Status.

(a) Each of the Company and HECO is (i) a "public utility holding company" under the Public Utility Holding Company Act of 2005 ("PUHCA 2005") and (ii)

satisfies the criteria set forth in Section 366(c)(1) of FERC's regulations (18 CFR § 366.3(c)(1)) for single-state holding companies and therefore is entitled to a waiver of FERC's accounting and recording-keeping requirements under PUHCA 2005 set forth at Sections 366.21, 22 and 23 of FERC's regulations (18 CFR § 366.21, 22 and 23)). The Company is regulated as a "public utility holding company" in the State of Hawaii. None of the Company or the Company Subsidiaries is regulated as a public utility under the FPA. Other than Hawaiian Electric Company, Inc., a Hawaii corporation ("HECO"), Hawaii Electric Light Company, Inc., a Hawaii corporation ("HELCO") and Maui Electric Company, Limited, a Hawaii corporation, ("MECO"), none of the Company Subsidiaries is regulated as a public utility under applicable Law of the State of Hawaii or is subject to such regulation by any state.

(b) ASB is (i) a federal savings bank chartered under the Home Owners' Loan Act and authorized thereunder to transact the business of banking, (ii) an insured depository institution under the applicable provisions of the Federal Deposit Insurance Act and (iii) subject to supervision, regulation and enforcement by the Office of the Comptroller of the Currency (the "OCC"). The Company is (i) a grandfathered unitary savings and loan holding company registered under Section 10 of the Home Owners' Loan Act and (ii) subject to supervision, regulation and enforcement by the Board of Governors of the Federal Reserve System (the "Federal Reserve").

(c) All filings (other than immaterial filings) required to be made by the Company or any of the Company Subsidiaries since January 1, 2012, with the FERC, the HPUC, the OCC and the Federal Reserve, as the case may be, have been made, including all forms, statements, reports, agreements and all documents, exhibits, amendments and supplements appertaining thereto, including all rates, tariffs and related documents, and all such filings complied, as of their respective dates, with all applicable requirements of applicable statutes and the rules and regulations promulgated thereunder, except for filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of applicable statutes and the rules and regulations promulgated thereunder, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

SECTION 3.20 Brokers' Fees and Expenses. No broker, investment banker, financial advisor or other Person, other than J.P. Morgan Securities LLC (the "Company Financial Advisor"), the fees and expenses of which will be paid by the Company, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Integrated Mergers based upon arrangements made by or on behalf of the Company.

SECTION 3.21 Opinion of Financial Advisor. The Company has received an opinion from the Company Financial Advisor, dated the date of this Agreement, to the effect that, as of such date, the Merger Consideration to be paid to the holders of Company Common Stock (other than Excluded Holders) is fair, from a financial point of view, to such holders. For purposes hereof, "Excluded Holders" shall refer to the Company, the Company Subsidiaries or Parent, each in their capacity as holders of any Company Common Stock.

SECTION 3.22 Ownership of Parent Common Stock. Neither the Company nor any Company Subsidiaries or other affiliates beneficially owns (as such term is

defined for purposes of Section 13(d) of the Exchange Act) any shares of Parent Common Stock or any other class or series of Parent Common Stock.

SECTION 3.23 No Additional Representations. The Company and each Company Subsidiary acknowledge that (a) none of Parent, Merger Sub I and Merger Sub II or any Person on behalf of any of them makes any other express or implied representation or warranty as to any matter whatsoever except as expressly set forth in this Agreement, (b) it has relied solely on the representations and warranties of Parent, Merger Sub I and Merger Sub II contained in this Agreement and (c) it has not been induced to enter into this Agreement by any representation, warranty or other statement of or by Parent, Merger Sub I or Merger Sub II or any other Person on behalf of any of them, and specifically (but without limiting the generality of the foregoing), each of the Company and each Company Subsidiary acknowledge that none of Parent, Merger Sub I and Merger Sub II or any Person on behalf of any of them makes any express or implied representation or warranty with respect to (x) any projections, estimates or budgets delivered or made available to Parent, Merger Sub I or Merger Sub II (or any of their respective Affiliates, officers, directors, employees or Representatives) of future revenues, results of operations (or any component thereof), cash flows or financial condition (or any component thereof) of the Company and the Company Subsidiaries or (y) the future business and operations of Parent, Merger Sub I or Merger Sub II and their respective Subsidiaries.

ARTICLE IV

Representations and Warranties of Parent, Merger Sub I and Merger Sub II

Except (i) as set forth in the Parent Reports publicly available and filed with or furnished to the SEC prior to the date of this Agreement (excluding any disclosures of factors or risks contained or references therein under the captions "Risk Factors," or "Forward-Looking Statements" and any other information set forth in such reports that is predictive, cautionary or forward-looking in nature) or (ii) as set forth in the disclosure letter delivered by Parent to the Company prior to the execution and delivery by Parent of this Agreement (the "Parent Disclosure Letter") (it being agreed that disclosure of any item in any section or subsection of the Parent Disclosure Letter shall be deemed disclosed with respect to any other section or subsection to which the relevance of such item is reasonably apparent on the face of such disclosure), Parent, Merger Sub I and Merger Sub II represent and warrant to the Company as follows:

SECTION 4.01 Organization, Standing and Power. Each of Parent and each of Parent's significant Subsidiaries, as defined in Rule 1-02(w) of Regulation S-K (the "Parent Subsidiaries"), is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized (in the case of good standing, to the extent such jurisdiction recognizes such concept). Each of Parent and the Parent Subsidiaries has all requisite power and authority and possesses all Permits necessary to enable it to own, operate, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted (the "Parent Permits"), except where the failure to have such power or authority or to possess Parent Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect. Each of Parent and the Parent Subsidiaries is duly qualified or licensed to do business in each jurisdiction where the nature of its business or

the ownership, operation or leasing of its properties make such qualification necessary, other than in such jurisdictions where the failure to be so qualified or licensed, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect. Parent has made available to the Company true and complete copies of the amended and restated articles of incorporation of Parent in effect as of the date of this Agreement (the "Parent Articles") and the bylaws of Parent in effect as of the date of this Agreement (the "Parent Bylaws").

SECTION 4.02 Parent Subsidiaries. All the outstanding shares of capital stock or voting securities of, or other equity interests in, each Parent Subsidiary have been validly issued and are fully paid and nonassessable (and no such securities or equity interests have been issued in violation of any preemptive or similar rights) and are owned by Parent, by another Parent Subsidiary or by Parent and another Parent Subsidiary, free and clear of all Liens, and free of any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock, voting securities or other equity interests), except for restrictions imposed by applicable securities laws.

SECTION 4.03 Capital Structure.

(a) The authorized capital stock of Parent consists of 800,000,000 shares of Parent Common Stock and 100,000,000 shares of Parent's serial preferred stock par value $0.01 per share (the "Parent Preferred Stock"). At the close of business on November 28, 2014, (i) 436,561,032 shares of Parent Common Stock were issued and outstanding, (ii) no shares of Parent Preferred Stock were issued and outstanding, (iii) no shares of Parent Common Stock were held by Parent in its treasury, (iv) 1,174,506 shares of Parent Common Stock were held by the Parent Employee Stock Ownership Plan and (v) an aggregate of 15,816,347 shares of Parent Common Stock were reserved or available for issuance pursuant to the Parent Stock Plans, of which (A) 2,903,435 shares of Parent Common Stock were subject to options to purchase Parent Common Stock, (B) 262,818 shares of Parent Common Stock were subject to vested and unvested awards wherein the issuance of such shares of Parent Common Stock has been deferred or otherwise not yet occurred as of November 28, 2014 and (C) 2,287,824 shares of Parent Common Stock were subject to performance share awards for Parent Common Stock (assuming satisfaction of any performance vesting conditions at maximum levels).

(b) All outstanding shares of Parent Common Stock are, and all shares of Parent Common Stock that may be issued upon the exercise of options to purchase Parent Common Stock will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the Florida Business Corporations Act (the "FBCA"), the Parent Articles, the Parent Bylaws or any Contract to which Parent is a party or otherwise bound. The shares of Parent Common Stock constituting the Merger Consideration will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the FBCA, the Parent Articles, the Parent Bylaws or any Contract to which Parent is a party or otherwise bound. Except as set forth above in this Section 4.03 or pursuant to the terms of this Agreement, there are not issued, reserved for issuance or outstanding, and there are

not any outstanding obligations of Parent or any Parent Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (x) any capital stock of Parent or any Parent Subsidiary or any securities of Parent or any Parent Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary, (y) any warrants, calls, options or other rights to acquire from Parent or any Parent Subsidiary, or any other obligation of Parent or any Parent Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary or (z) any rights issued by or other obligations of Parent or any Parent Subsidiary that are linked in any way to the price of any class of Parent Common Stock or any shares of capital stock of any Parent Subsidiary, the value of Parent, any Parent Subsidiary or any part of Parent or any Parent Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of Parent or any Parent Subsidiary. Except pursuant to the Parent Stock Plans, there are not any outstanding obligations of Parent or any of the Parent Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock or voting securities or other equity interests of Parent or any Parent Subsidiary or any securities, interests, warrants, calls, options or other rights referred to in clause (x), (y) or (z) of the immediately preceding sentence. Neither Parent nor any of the Parent Subsidiaries is a party to any voting agreement with respect to the voting of any capital stock or voting securities of, or other equity interests in, Parent. Except for this Agreement, neither Parent nor any of the Parent Subsidiaries is a party to any agreement pursuant to which any Person is entitled to elect, designate or nominate any director of Parent or any of the Parent Subsidiaries.

SECTION 4.04 Authority; Execution and Delivery; Enforceability. Each of Parent, Merger Sub I and Merger Sub II has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Integrated Mergers. The Parent Board has adopted resolutions (i) approving this Agreement, (ii) determining that entering into this Agreement is in the best interests of Parent and its shareholders and (iii) approving the issuance of Parent Common Stock constituting the Merger Consideration. Such resolutions have not been amended or withdrawn as of the date of this Agreement. Parent, as the sole shareholder of Merger Sub I, has authorized and approved the execution, delivery and performance of this Agreement and the consummation of the Initial Merger by Merger Sub I. Parent, as the sole manager of Merger Sub II, has authorized and approved the execution, delivery and performance of this Agreement and the consummation of the Subsequent Merger by Merger Sub II. No other corporate proceedings on the part of Parent, Merger Sub I or Merger Sub II are necessary to authorize, adopt or approve, as applicable, this Agreement or to consummate the Integrated Mergers. Parent, Merger Sub I and Merger Sub II have duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by the Company, this Agreement constitutes the legal, valid and binding obligation of each of Parent, Merger Sub I and Merger Sub II, enforceable against it in accordance with its terms.

SECTION 4.05 No Conflicts; Consents.

(a) The execution and delivery of this Agreement by Parent, Merger Sub I and Merger Sub II does not, and the performance by each of Parent, Merger Sub I and Merger Sub II of its obligations hereunder and the consummation of the Integrated Mergers will not, (i) conflict with, or result in any violation of any provision of, the Parent Articles, the Parent

Bylaws or the comparable organizational documents of any Parent Subsidiary (including the certificate of formation and the limited liability company agreement of Merger Sub II), (ii) conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancelation or acceleration of any obligation, any obligation to make an offer to purchase or redeem any Indebtedness or capital stock or any loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of Parent or any Parent Subsidiary under, any Contract to which Parent or any Parent Subsidiary is a party or by which any of their respective properties or assets is bound or any Parent Permit or (iii) subject to the filings and other matters referred to in Section 4.05(b), conflict with, or result in any violation of any provision of, any Judgment or Law, in each case, applicable to Parent or any Parent Subsidiary or their respective properties or assets, other than, in the case of clauses (ii) and (iii) above, (A) the Consents set forth on Section 3.05(a) of the Parent Disclosure Letter under the heading "Parent Required Consents" (the "Parent Required Consents") and (B) any matters that, individually or in the aggregate, would not prevent or materially impede, interfere with, hinder or delay the consummation of the Integrated Mergers.

(b) No Consent of or from, or registration, declaration, notice or filing made to or with any Governmental Entity, is required to be obtained or made by or with respect to Parent or any Parent Subsidiary in connection with the execution and delivery of this Agreement or its performance of its obligations hereunder or the consummation of the Integrated Mergers, other than (i) (A) the filing with the SEC of the Proxy Statement in definitive form, (B) the filing with the SEC, and declaration of effectiveness under the Securities Act, of the Form S-4 and (C) the filing with the SEC of such reports under, and such other compliance with, the Exchange Act, the Securities Act, and the rules and regulations thereunder, as may be required in connection with this Agreement, (ii) compliance with and filings under the HSR Act, and such other Consents, registrations, declarations, approvals, notices or filings as are required to be made or obtained under any other Antitrust Law, (iii) such Consents, registrations, declarations, approvals, notices or filings as are required to be made or obtained under the securities or "blue sky" laws of any jurisdiction in connection with the issuance of the Merger Consideration, (iv) such filings with and approvals of the NYSE as are required to permit the consummation of the Integrated Mergers and the listing of the Merger Consideration, (v) the approval of the FERC under Section 203 of the FPA, (vi) FCC Pre-Approvals of license transfers with the FCC (the items set forth in clauses (v) and (vi), collectively, the "Parent Required Statutory Approvals"), (vii) notices, and such filings, consents and approvals as are required to be made or obtained under state or federal property transfer laws or Environmental Laws, (viii) the Parent Required Consents and (ix) such other matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect and would not prevent or impede, interfere with, hinder or delay the consummation of the Integrated Mergers.

SECTION 4.06 Parent Reports; Financial Statements.

(a) Parent has furnished or filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by Parent with the SEC since January 1, 2012 (such documents, together with all exhibits, financial statements, including the Company Financial Statements, and schedules thereto and all information incorporated therein by reference, but excluding the Proxy

Statement and the Form S-4, being collectively referred to as the "Parent Reports"). Each Parent Report (i) at the time filed, complied in all material respects with the requirements of the Exchange Act, the Securities Act, or the Sarbanes-Oxley Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Parent Report and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the consolidated financial statements of Parent included in the Parent Reports complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP (except, in the case of unaudited quarterly financial statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods and as of the dates involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of Parent and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited quarterly financial statements, to normal year-end audit adjustments).

(b) Neither Parent nor any Parent Subsidiary has any liabilities of any nature (whether accrued, absolute, contingent or otherwise required by GAAP to be set forth on a consolidated balance sheet of Parent and the Parent Subsidiaries), except liabilities (i) reflected or reserved against in the most recent audited balance sheet (including the notes thereto) of Parent and the Parent Subsidiaries included in the Parent Reports filed prior to the date hereof, (ii) incurred in the ordinary course of business consistent with past practice after December 31, 2013, (iii) incurred in connection with the Integrated Mergers or any other transaction or agreement contemplated by this Agreement or (iv) that, individually or in the aggregate, have not had or would not reasonably be expected to have a Parent Material Adverse Effect.

(c) Parent maintains a system of "internal control over financial reporting" (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act). Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in all material respects. Except as has not had, and would not be reasonably likely to have, individually or in the aggregate, a Parent Material Adverse Effect, (i) Parent maintains "disclosure controls and procedures" required by Rule 13a-15 or 15d-15 under the Exchange Act that are effective to ensure that information required to be disclosed by Parent in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported on a timely basis to the individuals responsible for the preparation of Parent's filings with the SEC and other public disclosure documents and (ii) Parent has disclosed, based on its most recent evaluation prior to the date of this Agreement, to Parent's outside auditors and the audit committee of the Parent Board (A) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that are reasonably likely to adversely affect Parent's ability to record, process, summarize and report financial information and (B) any fraud, known to Parent, whether or not material, that involves management or other employees who have a significant role in Parent's internal controls over financial reporting.

(d) None of the Parent Subsidiaries is, or has at any time since January 1, 2014 been, subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.

SECTION 4.07 Absence of Certain Changes or Events. From January 1, 2014 to the date of this Agreement, each of Parent and the Parent Subsidiaries has conducted its respective business in the ordinary course in all material respects consistent with past practice, and during such period there has not occurred:

(a) any fact, circumstance, effect, change, event, occurrence or development that, individually or in the aggregate, has had or would reasonably be expected to have a Parent Material Adverse Effect;

(b) any split, reverse split, combination, subdivision or reclassification of any capital stock or voting securities of, or other equity interests in, Parent, or any securities convertible into or exercisable or exchangeable for capital stock or voting securities of, or other equity interests in, Parent or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of capital stock or voting securities of, or other equity interests in, Parent; or

(c) any change in financial accounting methods, policies, principles or practices by Parent or any Parent Subsidiary, except insofar as may have been required by a change in GAAP or by any Governmental Entity (including the SEC or the PCAOB).

SECTION 4.08 Taxes.

(a) (i) Each of Parent and the Parent Subsidiaries has timely filed, taking into account any extensions, all material Tax Returns required to have been filed and such Tax Returns are accurate and complete in all material respects and (ii) all material Taxes (whether or not shown to be due on such Tax Returns) have been timely paid in full.

(b) Neither Parent nor any of the Parent Subsidiaries has taken any action or knows of any fact that could reasonably be expected to prevent the Integrated Mergers and the Bank Spin-Off from qualifying for the Intended Tax Treatment.

(c) There is no fact or circumstance relating to Parent or any Parent Subsidiary, including any action that it has taken or agreed to take, that would be reasonably likely to prevent the Bank Spin-Off from being eligible for a valid Section 336(e) Election, assuming the Integrated Mergers are effected.

Except for the last sentence of Section 4.14, this Section 4.08 contains the sole and exclusive representations and warranties of Parent, Merger Sub I and Merger Sub II relating to Taxes.

SECTION 4.09 Litigation. There is no Action pending or, to the Knowledge of Parent, threatened against or affecting Parent or any Parent Subsidiary or any of their respective properties or rights, that, individually or in the aggregate, has had or would reasonably be expected to have a Parent Material Adverse Effect. There is no Judgment outstanding against or, to the Knowledge of Parent, investigation by any Governmental Entity

involving Parent or any Parent Subsidiary or any of their respective properties or assets that, individually or in the aggregate, has had or would reasonably be expected to have a Parent Material Adverse Effect.

SECTION 4.10 Compliance with Applicable Laws. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect, Parent and the Parent Subsidiaries are in compliance with all applicable Laws and Parent Permits. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect, no Action pending or, to the Knowledge of Parent, threatened alleging that Parent or a Parent Subsidiary is not in compliance with any applicable Law or Parent Permit or which challenges or questions the validity of any rights of the holder of any Parent Permit.

SECTION 4.11 Brokers' Fees and Expenses. No broker, investment banker, financial advisor or other Person, other than Citigroup Global Markets Inc., the fees and expenses of which will be paid by Parent, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Integrated Mergers based upon arrangements made by or on behalf of Parent, Merger Sub I or Merger Sub II.

SECTION 4.12 Merger Sub I. Parent is the sole shareholder of Merger Sub I. Merger Sub I has been incorporated solely for the purpose of merging with and into the Company and taking action incident to the Initial Merger and this Agreement. Merger Sub I has not, since the date of its formation, carried on any business or conducted any operations other than the execution of this Agreement, the performance of its obligations hereunder and matters ancillary thereto.

SECTION 4.13 Merger Sub II. Parent is the sole member and manager of Merger Sub II. Merger Sub II has not, since its filing date, carried on any business or conducted any operations other than the execution of this Agreement, the performance of its obligations hereunder and matters ancillary thereto. Merger Sub II is disregarded as separate from Parent for U.S. federal income tax purposes.

SECTION 4.14 Ownership of Company Common Stock. Neither Parent nor any Parent Subsidiaries or other affiliates beneficially owns (as such term is defined for purposes of Section 13(d) of the Exchange Act) any shares of Company Common Stock or any other class or series of equity interests in the Company.

SECTION 4.15 Regulatory Status. Parent is a public utility holding company under PUHCA 2005. Neither Merger Sub I nor Merger Sub II is a public utility holding company under PUHCA 2005. None of Parent, Merger Sub I or Merger Sub II is a public utility under the FPA.

SECTION 4.16 Nuclear Matters.

(a) Operations of Nuclear Power Plants. The operations of the nuclear generation stations owned, in whole or part, by Parent or any Parent Subsidiary (collectively, the "Parent Nuclear Facilities") are and have been conducted in compliance with all applicable Laws and Permits, except for such failures to comply that would not reasonably be expected to have,

individually or in the aggregate, a Parent Material Adverse Effect. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (i) each of the Parent Nuclear Facilities maintains, and is in compliance with, emergency plans designed to respond to an unplanned release therefrom of radioactive materials and each such plan conforms with the requirements of applicable Laws, (ii) the plans for the decommissioning of each of the Parent Nuclear Facilities and for the storage of spent nuclear fuel generated or expected to be generated at each Parent Nuclear Facility, in each case, conform with the requirements of applicable Laws, and solely with respect to the portion of the Parent Nuclear Facilities owned, directly or indirectly, by Parent, funded consistent with applicable Laws and (iii) the operations of the Parent Nuclear Facilities are not the subject of any outstanding notices of violation, any ongoing proceeding, heightened or additional inspections above the Nuclear Regulatory Commission (the "NRC") baseline inspection program or requests for information from the NRC or any other agency with jurisdiction over such facility. As of the date of this Agreement, no Parent Nuclear Facility is listed by the NRC in the Unacceptable Performance column of the NRC Action Matrix, as a part of NRC's Assessment of Plant Performance. Liability insurance to the full extent required by applicable Law for operating the Parent Nuclear Facilities remains in full force and effect regarding such facilities, except for failures to maintain such insurance in full force and effect that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect.

(b) Foreign Ownership or Control. Parent and each Parent Subsidiary owning directly or indirectly in whole or part a Parent Nuclear Facility, in each case conforms to the restrictions on foreign ownership, control or domination contained in Sections 103d and 104d of the Atomic Energy Act of 1954, as applicable, and the NRC's regulations in 10 C.F.R. § 50.38. Neither Parent nor any Parent Subsidiary owning directly or indirectly in whole or part a Parent Nuclear Facility is currently owned, controlled or dominated by a foreign entity and none will become owned, controlled or dominated by a foreign entity before the Effective Time.

SECTION 4.17 Derivative Products.

(a) All Derivative Products entered into for the account of Parent or any of the Parent Subsidiaries since January 1, 2012 were entered into in accordance with (i) established risk parameters, limits and guidelines (qualitative or quantitative) and in compliance with the risk management policies approved by the Parent Board and in effect on the date hereof, including trade compliance, credit risk and/or code of conduct policies (collectively, the "Parent Trading Policies"), with exceptions having been handled in all material respects according to Parent's risk management processes as in effect at the time at which such exceptions were handled, to restrict the level of risk that Parent or any of the Parent Subsidiaries is authorized to take, individually and in the aggregate, with respect to Derivative Products and monitor compliance with such risk parameters and (ii) applicable Law and policies of any Governmental Entity, except, in each case, for such failures to be entered into in accordance with such parameters, limits and guidelines and applicable Law and policies as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) From January 1, 2012 to the date of this Agreement, at no time has the net position resulting from all physical commodity transactions, exchange-traded futures and options transactions, over-the-counter transactions and derivatives thereof and similar

transactions (the "Net Parent Position") not been within the risk parameters in all material respects that are set forth in the Parent Trading Policies except for such Net Parent Positions that have been subsequently corrected in accordance with the Parent Trading Policies.

SECTION 4.18 No Additional Representations. Each of Parent, Merger Sub I and Merger Sub II acknowledge that (a) none of the Company, the Company Subsidiaries or any Person on behalf of the Company makes any other express or implied representation or warranty as to any matter whatsoever except as expressly set forth in this Agreement, (b) it has relied solely on the representations and warranties of the Company contained in this Agreement and (c) it has not been induced to enter into this Agreement by any representation, warranty or other statement of or by the Company, any Subsidiary or any other Person on behalf of the Company, and specifically (but without limiting the generality of the foregoing), each of Parent, Merger Sub I and Merger Sub II acknowledge that none of the Company, the Company Subsidiaries or any Person on behalf of the Company makes any express or implied representation or warranty with respect to (x) any projections, estimates or budgets delivered or made available to Parent, Merger Sub I or Merger Sub II (or any of their respective Affiliates, officers, directors, employees or Representatives) of future revenues, results of operations (or any component thereof), cash flows or financial condition (or any component thereof) of the Company and the Company Subsidiaries or (y) the future business and operations of the Company and the Company Subsidiaries.

ARTICLE V

Covenants Relating to Conduct of Business

SECTION 5.01 Conduct of Business.

(a) Conduct of Business by the Company. Except for matters set forth in the Company Disclosure Letter or otherwise expressly permitted or required by this Agreement, or as required by the HPUC Proceedings (the conduct of which shall be governed by Section 5.02), or with the prior written consent of Parent, from the date of this Agreement to the Effective Time, the Company shall use reasonable best efforts to, and to cause each Company Subsidiary to, (x) conduct its business in the ordinary course consistent with past practice, in each case in all material respects and (y) preserve intact its business organization and relationships with employees, customers, suppliers and Governmental Entities. In addition, and without limiting the generality of the foregoing, except for matters set forth in the Company Disclosure Letter or otherwise expressly permitted or required by this Agreement, or as required by a Governmental Entity (including pursuant to an order issued by the HPUC) or by applicable Law, or as required by the HPUC Proceedings (the conduct of which shall be governed by Section 5.02), or with the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement to the Effective Time, the Company shall not, and shall not permit any Company Subsidiary to, do any of the following:

(i) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property or any combination thereof) in respect of, any of its capital stock, other equity interests or voting

securities, other than (A) subject to Section 6.14, regular quarterly cash dividends payable by the Company in respect of shares of Company Common Stock, with declaration, record and payment dates in accordance with the Company's past practice and not to exceed $0.31 per share per quarter, (B) dividends and distributions by a direct or indirect Company Subsidiary to its parent with declaration, record and payment dates in accordance with such Subsidiary's past practice, (C) regular quarterly cash dividends payable by HECO, HELCO and MECO in respect of shares of Subsidiary Preferred Stock, (D) a special cash dividend in respect of shares of Company Common Stock payable by the Company immediately prior to the Effective Time in the amount of $0.50 per share of Company Common Stock and (E) the Distribution pursuant to the Bank Spin-Off Agreements;

(ii) split, combine, consolidate, subdivide or reclassify any of its capital stock, other equity interests or voting securities, or securities convertible into or exchangeable or exercisable for capital stock or other equity interests or voting securities, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its capital stock, other equity interests or voting securities, other than as permitted by Section 5.01(a)(iv) or as required to effect the Bank Spin-Off;

(iii) repurchase, redeem or otherwise acquire, or offer to repurchase, redeem or otherwise acquire, any capital stock or voting securities of, or equity interests in, the Company or any Company Subsidiary or any securities of the Company or any Company Subsidiary convertible into or exchangeable or exercisable for capital stock or voting securities of, or equity interests in, the Company or any Company Subsidiary, or any warrants, calls, options or other rights to acquire any such capital stock, securities or interests, other than (A) the acquisition by the Company of shares of Company Common Stock (1) in the open market to satisfy its obligations under all Company Benefit Plans or under the Company DRIP, in accordance with the terms of such plans and (2) in connection with the surrender of shares of Company Common Stock by holders of Company Stock Options in order to pay the exercise price thereof, (B) the withholding of shares of Company Common Stock to satisfy tax obligations with respect to awards granted pursuant to the Company Stock Plans, (C) the acquisition by the Company of awards granted pursuant to the Company Stock Plans in connection with the forfeiture of such awards and (D) under the Equity Forward Contract;

(iv) issue, deliver, sell, grant, pledge or otherwise encumber or subject to any Lien (A) any shares of capital stock of the Company or any Company Subsidiary, (B) any other equity interests or voting securities of the Company or any Company Subsidiary, (C) any securities convertible into or exchangeable or exercisable for capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary, (D) any warrants, calls, options or other rights to acquire any capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary, (E) any rights issued by the Company or any Company Subsidiary that are linked in any way to

the price of any class of Company Common Stock or any shares of capital stock of any Company Subsidiary, the value of the Company, any Company Subsidiary or any part of the Company or any Company Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of the Company or any Company Subsidiary or (F) any Company Voting Debt, in each case other than (x) the issuance, in the ordinary course of business consistent with past practice, of shares of Company Common Stock upon the exercise of Company Stock Options or pursuant to the settlement of Company Restricted Shares or Company Restricted Stock Units, including such awards granted under the Company's Long-Term Incentive Plan, in each case outstanding on the date of this Agreement and in accordance with their terms on the date of this Agreement or granted after the date of this Agreement to the extent permitted by this Agreement and (y) the issuance of shares of Company Common Stock (including newly issued shares) under the Company DRIP and under the Equity Forward Contract, provided that issuances under this clause (y) are solely in connection with the financing of capital expenditures permitted under Section 5.01(a)(xi) hereof and are made in compliance with applicable orders of the HPUC (including with respect to required debt-to-equity ratios) or in amounts necessary to maintain the present capital structure of the Company consistent with past practice;

(v) (A) grant to any Company Personnel any increase in compensation or benefits (including paying to any Company Personnel any amount not due) other than in the ordinary course consistent with past practice and in no event in a manner more favorable than the course of practice disclosed by the Company to Parent prior to the date hereof, (B) grant to any Company Personnel any increase in change in control, severance or termination pay, (C) establish, adopt, enter into, amend in any material respect or terminate any Company Union Contract or Company Benefit Plan or Company Benefit Agreement (or any plan or agreement that would be a Company Union Contract, Company Benefit Plan or Company Benefit Agreement if in existence on the date hereof) or (D) take any action to accelerate the time of vesting, funding or payment of any compensation or benefits under any Company Benefit Plan or Company Benefit Agreement, except in the case of the foregoing clauses (A) through (D) for actions required pursuant to the terms of any Company Benefit Plan or Company Benefit Agreement, and otherwise in accordance with the terms and conditions of this Agreement;

(vi) (A) hire, terminate or promote any individual who is or would be Company Personnel, except in the case of individuals below the level of Vice President (or individuals who would be below the level of Vice President following such promotion) in the ordinary course of business consistent with practice or (B) transfer any individual to any of the Bank Subsidiaries, or transfer any individual from a Bank Subsidiary to the Company or any Company Subsidiary (other than the Bank Subsidiaries);

(vii) make any material change in financial accounting methods, principles or practices, except insofar as may have been required by a

change in GAAP or by any Governmental Entity (including the SEC or the PCAOB) (in each case after the date of this Agreement);

(viii) make any acquisition of a business (including by merger, consolidation or acquisition of stock or assets);

(ix) other than purchases and sales of inventory and supplies in the ordinary course of business, consistent with past practice, (A) acquire or agree to acquire any tangible properties or assets, (B) sell, lease (as lessor), license, mortgage, sell and leaseback or otherwise dispose of (other than dispositions to the Company and any Company Subsidiary (other than the Bank Subsidiaries)) any tangible property or assets or (C) encumber or subject to any Lien any tangible properties or assets or any interests therein, in each case, that individually or in the aggregate, have a fair market value in excess of $50 million;

(x) incur any Indebtedness, except for, in each case, in the ordinary course consistent with past practice, (A) as reasonably necessary to finance capital expenditures permitted under Section 5.01(a)(xi) hereof and to comply with applicable orders of the HPUC (including with respect to required debt-to-equity ratios) or to maintain the present capital structure of the Company consistent with past practice, (B) Indebtedness in replacement of existing Indebtedness, provided that (x) the Distribution, the Integrated Mergers and other transactions contemplated hereby shall not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or any loss of a material benefit under, or result in the creation of any Lien, under such replacement Indebtedness, (y) such replacement Indebtedness shall be on substantially similar terms or terms that are more favorable to the Company, and shall be for the same or lesser principal amount, as the Indebtedness being replaced and (z) such replacement Indebtedness shall be prepayable by the Company or the Company Subsidiaries, as applicable, at any time without premium or penalty and on same day notice, (C) guarantees by any Company Subsidiary of Indebtedness of any other Company Subsidiary (other than the Bank Subsidiaries) existing as of the date of this Agreement or permitted to be incurred by any such Subsidiary after the date hereof, (D) guarantees and other credit support by the Company of obligations of any Company Subsidiary (other than the Bank Subsidiaries), (E) borrowings under existing revolving credit facilities (or replacements thereof on comparable terms) or existing commercial paper programs or (F) Indebtedness in amounts necessary to maintain the capital structure of the Company Subsidiaries, as authorized by the HPUC, and to maintain the present capital structure of the Company consistent with past practice;

(xi) make, or agree or commit to make, any capital expenditure in any fiscal year except (A) in accordance with the capital plan set forth in Section 5.01(a)(xi) of the Company Disclosure Letter, plus a ten percent (10%) variance for each principal category set forth in such capital plan, (B) for

capital as and when required to respond consistent with past practice to operational emergencies, equipment failures or outages and (C) as required by Law or a Governmental Entity, including the HPUC;

(xii) (A) other than in the ordinary course of business consistent with past practice and in each case other than with respect to the Equity Forward Contract, (1) enter into, terminate or amend in any material respect any material Contract, (2) consent to any extension or continuation of any material Contract or take any other action which would result in a material Contract to continue or be extended that would otherwise terminate or expire without the taking of such action or (3) waive any material right under any material Contract, (B) enter into, terminate or amend in any material respect any Contract of the type referred to in clauses (ii) or (iii) of Section 3.15(a), (C) terminate or amend in any material respect the Equity Forward Contract or (D) issue or release any request for proposal or bid request, or initiate or carry on any similar process, with a view to negotiating or entering into any Contract contemplated by clauses (A) or (B) hereof;

(xiii) make any material Tax election (other than a Section 336(e) Election), change any material method of Tax accounting, settle or compromise any material Tax liability, claim or assessment or agree to an extension or waiver of the limitation period to any material Tax claim or assessment, grant any power of attorney with respect to material Taxes, enter into any closing agreement with respect to any material Tax or refund or amend any material Tax Return, in each case other than in the ordinary course of business consistent with past practice or as required by Law or to consummate the Bank Spin-Off;

(xiv) except as disclosed in Section 5.01(a)(xiv) of the Company Disclosure Letter or with respect to any of the Bank Subsidiaries in order to facilitate consummation of the Bank Spin-Off, adopt any amendment to the certificate of incorporation or bylaws (or other equivalent organizational documents);

(xv) take any action that would result in the Company or any Company Subsidiary (other than the Bank Subsidiaries) becoming subject to any restriction not in existence on the date hereof with respect to the payment of distributions or dividends;

(xvi) waive, release, assign, settle or compromise any claim, action, suit or proceeding, other than waivers, releases, assignments, settlements or compromises that (A) with respect to the payment of monetary damages, involve only the payment of monetary damages (I) equal to or less than the amounts specifically reserved with respect thereto on the balance sheet of the Company as of September 30, 2014 included in the Filed Company Reports or (II) that do not exceed $10,000,000 in the aggregate and (B) with respect to any non-monetary terms and conditions therein, impose or require actions that would

not reasonably be expected, individually or in the aggregate, to be materially adverse to the Company and the Company Subsidiaries (other than the Bank Subsidiaries), taken as a whole;

(xvii) take any action that would be reasonably likely to delay or hinder the consummation of the Integrated Mergers or that would present a significant risk of materially delaying or making it materially more difficult for the Company or any Company Subsidiary to obtain the Required Consents and the Company Required Statutory Approvals; or

(xviii) authorize, agree in writing or otherwise or enter into any Contract to do any of the foregoing.

(b) Conduct of Business by Parent. Except as otherwise expressly permitted or as otherwise contemplated by this Agreement or with the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement to the Effective Time, Parent shall not and shall not permit any Parent Subsidiary to take any action, other than as contemplated by this Agreement, that would be reasonably likely to delay or hinder the consummation of the Integrated Mergers, including seeking to acquire or acquiring any "electric utility company" or "gas utility company" (as each such term is defined in Section 366.1 of FERC's regulations (18 CFR § 366.1) or any oil trading or distribution company, in each case in the State of Hawaii, other than the transactions contemplated by this Agreement, that would present a significant risk of materially delaying or making it materially more difficult for the Parent, Merger Sub I, Merger Sub II or the Company to obtain their respective Required Consents, the Parent Required Statutory Approvals and the Company Required Statutory Approvals.

(c) No Control of the Company's Business. Parent acknowledges and agrees that (i) nothing contained in this Agreement is intended to give Parent, directly or indirectly, the right to control or direct the operations of the Company or any Company Subsidiary prior to the Effective Time and (ii) subject to the covenants, agreements and obligations of the Company and the Company Subsidiaries set forth in this Agreement prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and the Company Subsidiaries' respective operations.

(d) Advice of Changes. Each of Parent and the Company shall promptly advise the other orally and in writing of any change or event that would prevent any of the conditions precedent described in Article VII from being satisfied.

SECTION 5.02 HPUC Proceedings. Between the date of this Agreement and the Closing, the Company and the Company Subsidiaries shall (a) diligently pursue the rate cases and other proceedings set forth on Section 5.02 of the Company Disclosure Letter (collectively, the "HPUC Proceedings") consistent with past practice, and (b) to the extent permitted by Law, (i) promptly notify Parent about any material developments, or material communications with the HPUC relating thereto and (ii) to the extent reasonably practicable, timely provide draft copies of all material communications, filings and submissions to Parent

sufficiently in advance (and in any event, no less than three (3) Business Days in advance) of filing to provide Parent and its Representatives an adequate opportunity to review such materials and comment thereon, and shall consider in good faith all such comments received on a timely basis. Notwithstanding anything to the contrary set forth in this Agreement, the Company shall not, and shall cause each Company Subsidiary not to, settle any rate case or other material proceeding that would impact the ratemaking mechanisms currently in effect for the Company or any Company Subsidiary without the prior written consent of Parent (such consent not to be unreasonably withheld, conditioned or delayed) to the extent that such settlement would result in an outcome for the Company and the Company Subsidiaries that would be materially adverse to the Company or any Company Subsidiary, taking into account the requests made by the Company and the Company Subsidiaries in the HPUC Proceedings and the resolution of similar recent proceedings by the Company and the Company Subsidiaries.

SECTION 5.03 No Solicitation by the Company; Company Board Recommendation.

(a) The Company shall not, and shall not authorize or permit any of its Affiliates and its and their respective officers, directors and employees to, and shall use reasonable best efforts to cause, and shall cause its Affiliates to use reasonable best efforts to cause, its and their respective agents, financial advisors, investment bankers, attorneys, accountants and other representatives (collectively, "Representatives") not to, (i) directly or indirectly solicit, initiate, knowingly encourage, induce or knowingly facilitate any Company Takeover Proposal or any inquiry or proposal that could reasonably be expected to lead to a Company Takeover Proposal or (ii) directly or indirectly participate in any discussions or negotiations with any Person (other than the Company's Representatives) regarding, or furnish to any Person, any information with respect to, or cooperate in any way with any Person (whether or not such Person is making a Company Takeover Proposal) with respect to any Company Takeover Proposal or any inquiry or proposal that may reasonably be expected to lead to a Company Takeover Proposal. The Company shall, and shall cause its Affiliates and its and their respective officers, directors and employees and its and their respective Representatives to, immediately cease and cause to be terminated all existing discussions, negotiations, ongoing solicitation or knowing encouragement with or of any Person conducted heretofore with respect to any Company Takeover Proposal, or any inquiry or proposal that may reasonably be expected to lead to a Company Takeover Proposal, instruct (to the extent it has contractual authority to do so and has not already done so prior to the date of this Agreement and if otherwise, request) the prompt return or destruction of all confidential information previously furnished and immediately terminate all physical and electronic dataroom access previously granted to any such Person or its Representatives. Notwithstanding the foregoing, at any time prior to obtaining the Company Shareholder Approval, in response to a *bona fide*, written Company Takeover Proposal that the Company Board determines in good faith (after consultation with outside legal counsel and a financial advisor of nationally recognized reputation) constitutes or could reasonably be expected to lead to a Superior Company Proposal, and which Company Takeover Proposal was not solicited by the Company, its Affiliates or Representatives after the date of this Agreement and did not otherwise result from a breach of this Section 5.03(a), the Company, and its Representatives at the request of the Company, may, subject to compliance with Section 5.03(c), (A) furnish information with respect to the Company and the Company Subsidiaries to the Person making such Company Takeover Proposal (and its Representatives) (provided that all

such information has previously been provided to Parent or is provided to Parent prior to or concurrently with the provision of such information to such Person) pursuant to a customary confidentiality agreement not less restrictive of such Person than the Confidentiality Agreement is of Parent and (B) participate in discussions regarding the terms of such Company Takeover Proposal and the negotiation of such terms with, and only with, the Person making such Company Takeover Proposal (and such Person's Representatives). Without limiting the foregoing, it is agreed that any violation of the restrictions set forth in this Section 5.03(a) by any Representative of the Company or any of its Affiliates shall constitute a breach of this Section 5.03(a) by the Company.

(b) Except as set forth in Section 5.03(c) and Section 5.03(d), neither the Company Board nor any committee thereof shall (i) (A) withdraw, change, qualify, withhold or modify in any manner adverse to Parent, or propose publicly to withdraw, change, qualify, withhold or modify in any manner adverse to Parent, the approval or recommendation by the Company Board or any such committee thereof with respect to this Agreement or the transactions contemplated hereby, including the Integrated Mergers, (B) adopt, approve or recommend, or propose publicly to adopt, approve or recommend, any Company Takeover Proposal, (C) fail to include in the Proxy Statement the recommendation by the Company Board or any committee thereof with respect to this Agreement and the Integrated Mergers or (D) take any formal action or make any recommendation or public statement in connection with a tender offer or exchange offer (other than a recommendation against such offer or a customary "stop, look and listen" communication of the type contemplated by Rule 14d-9(f) under the Exchange Act, in each case that includes a reaffirmation of the recommendation by the Company Board or any committee thereof with respect to this Agreement and the Integrated Mergers) (any action in this clause (i) being referred to as a "Company Adverse Recommendation Change") or (ii) authorize, permit, approve or recommend, or propose publicly to authorize, permit, approve or recommend, or allow the Company or any of its Affiliates to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, term sheet, agreement or commitment (other than a confidentiality agreement referred to in Section 5.03(a)) constituting or relating to, or that is intended to or would reasonably be expected to lead to, any Company Takeover Proposal, or requiring, or reasonably expected to cause, the Company to abandon, terminate, delay or fail to consummate, or that would otherwise impede, interfere with or be inconsistent with, the transactions contemplated hereby, including the Integrated Mergers, or requiring, or reasonably expected to cause, the Company to fail to comply with this Agreement (a "Company Acquisition Agreement").

(c) At any time prior to obtaining the Company Shareholder Approval, the Company Board may terminate this Agreement pursuant to Section 8.01(c) if the Company receives a *bona fide* written Company Takeover Proposal that the Company Board determines in good faith (after consultation with outside legal counsel and a financial advisor of nationally recognized reputation) constitutes a Superior Company Proposal, and which Superior Company Proposal was not solicited by the Company, its Affiliates or Representatives after the date of this Agreement and did not otherwise result from a breach of this Section 5.03; provided, however, that the Company Board may not terminate this Agreement pursuant to Section 8.01(c) unless (i) the Company Board has provided prior written notice to Parent (a "Company Notice") that it is prepared to terminate this Agreement pursuant to Section 8.01(c) in response to a Superior Company Proposal, which notice shall specify the material terms and conditions of any such

Superior Company Proposal and attach the most current draft of any Company Acquisition Agreement relating to the transaction that constitutes such Superior Company Proposal and a copy of any financing commitments related thereto, (ii) the Company has negotiated, and caused its Representatives to negotiate, in good faith with Parent during a period of four (4) Business Days after the receipt of such Company Notice, to the extent Parent wishes to negotiate (it being understood and agreed that any amendment to the financial terms or any other material term of a Superior Company Proposal shall require a new Company Notice and a new four (4) Business Day period), to enable Parent to propose changes to this Agreement that would, in the reasonable good faith judgment of the Company Board (after consultation with a financial advisor of nationally recognized reputation and outside legal counsel), cause the offer previously constituting a Superior Company Proposal to no longer constitute a Superior Company Proposal, and (iii) at the end of such four (4) Business Day period and taking into account any changes to the terms of this Agreement proposed by Parent, the Company Board determines in good faith (after consultation with a financial advisor of nationally recognized reputation and outside legal counsel) that the failure to terminate this Agreement pursuant to Section 8.01(c) as a result of such Superior Company Proposal would be inconsistent with the Company Board's fiduciary duties to the shareholders of the Company under applicable Law. The Company agrees that, during the four (4) Business Day period prior to terminating this Agreement pursuant to Section 8.01(c) in response to a Superior Company Proposal, if requested by Parent, the Company and its Representatives shall negotiate in good faith with Parent and its Representatives regarding any revisions to the terms of the transaction contemplated by this Agreement proposed by Parent. In determining whether to terminate this Agreement pursuant to Section 8.01(c), the Company Board shall take into account all written or oral information, opinions or analyses submitted by or on behalf of Parent, and any changes to the terms of this Agreement proposed by Parent in response to such a Company Notice.

(d) At any time prior to obtaining the Company Shareholder Approval, provided that the Company is not in breach of its obligations under this Section 5.03, the Company Board may effect a Company Adverse Recommendation Change (x) as a result of the occurrence of a Company Intervening Event or (y) in response to a Superior Company Proposal, in each case if the Company Board determines in good faith (after consultation with a financial advisor of nationally recognized reputation and outside legal counsel and after taking into account any changes to the terms of this Agreement proposed by Parent during the four (4) Business Day period referred to in clause (ii) below) that the failure to effect a Company Adverse Recommendation Change as a result of the occurrence of such Company Intervening Event or in response to such Superior Company Proposal, as the case may be, would be inconsistent with the Company Board's fiduciary duties to the shareholders of the Company under applicable Law; provided, however, that the Company Board may not effect a Company Adverse Recommendation Change under this clause (d) unless (i) the Company Board has provided four (4) Business Days prior written notice to Parent that it is prepared to effect a Company Adverse Recommendation Change in response to a Company Intervening Event or a Superior Company Proposal, which notice shall, in each case, include summaries of the material facts, circumstances and other information that the Company Board considered in connection with the making of any such determination, together with reasonable documentary support and/or written analysis conducted by or on behalf of the Company Board in reaching such conclusion including, in the case of a Company Adverse Recommendation Change in response to a Superior Company Proposal, the material terms and conditions of any such Superior Company

Proposal and the most current draft of any Company Acquisition Agreement and a copy of any financing commitments related thereto, (ii) during such four (4) Business Day period, if requested by Parent, the Company Board negotiates, and causes its Representatives to negotiate, in good faith with Parent and its Representatives regarding any revisions to the terms of the transaction contemplated by this Agreement proposed by Parent and (iii) at the end of such four (4) Business Day period and taking into account any changes to the terms of this Agreement proposed by Parent, the Company Board determines in good faith (after consultation with a financial advisor of nationally recognized reputation and outside legal counsel) that the failure to make a Company Adverse Recommendation Change pursuant to this Section 5.03(d) in response to such Company Intervening Event or Superior Company Proposal would be inconsistent with the Company Board's fiduciary duties to the shareholders of the Company under applicable Law.

(e) In addition to the obligations of the Company set forth in paragraphs (a) and (b) of this Section 5.03, the Company shall promptly advise (and in any event within 48 hours) Parent orally and in writing of (i) any Company Takeover Proposal, the material terms and conditions of any such Company Takeover Proposal (including any changes thereto) and the identity of the Person making any such Company Takeover Proposal, and shall promptly (and in any event within forty-eight (48) hours after receipt) provide copies to Parent of any written proposals, indications of interest and/or draft Company Acquisition Agreements relating to any such Company Takeover Proposal and (ii) any Company Intervening Event or any facts and circumstances that could reasonably be expected to lead to a Company Intervening Event. The Company shall, in the case of a Company Takeover Proposal, keep Parent informed in all material respects on a current basis of the terms and status (including any change to the terms of, and any material developments with respect to) of any Company Takeover Proposal, including by promptly (and in any event within forty-eight (48) hours after receipt) providing to Parent copies of any additional or revised written proposals, indications of interest and/or draft Company Acquisition Agreements relating to any such Company Takeover Proposal and, in the case of a Company Intervening Event, keep Parent informed in all material respects on a current basis of the facts and circumstances related to such Company Intervening Event (except that this obligation shall not apply to any Company Intervening Event to the extent related solely to Parent or any of its Subsidiaries and not to the Company or any of the Company Subsidiaries), together with reasonable documentary support and/or any written analysis related thereto. The Company agrees that it and the Company Subsidiaries will not enter into any agreement with any Person subsequent to the date of this Agreement which prohibits the Company from providing any information to Parent in accordance with this Section 5.03(e).

(f) Nothing contained in this Section 5.03 shall prohibit the Company from (i) complying with Rule 14d-9 and Rule 14e-2 promulgated under the Exchange Act or (ii) making any disclosure to the shareholders of the Company if, in the good faith judgment of the Company Board (after consultation with outside legal counsel) failure to so disclose would be inconsistent with its obligations under applicable Law; provided, however, that in no event shall the Company or the Company Board or any committee thereof take, or agree or resolve to take, any action prohibited by Section 5.03; provided, further, that any such position or disclosure (other than any "stop, look and listen" communication that includes a reaffirmation of the recommendation by the Company Board or any committee thereof with respect to this Agreement and the Integrated Mergers) shall be deemed a Company Adverse Recommendation Change unless the Company Board expressly and concurrently reaffirms the recommendation by

the Company Board or any committee thereof with respect to this Agreement and the Integrated Mergers.

(g) For purposes of this Agreement:

"Company Takeover Proposal" means any inquiry, proposal or offer (whether or not in writing), with respect to any (i) merger, consolidation, share exchange, other business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of the Company Subsidiaries whose assets, taken together, constitute twenty percent (20%) or more of the Company's consolidated assets, (ii) sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in any Company Subsidiary or otherwise) of any business or assets of the Company or any Company Subsidiary representing twenty percent (20%) or more of the consolidated revenues, net income or assets of the Company and the Company Subsidiaries, taken as a whole, (iii) issuance, sale or other disposition, directly or indirectly, to any Person (or the shareholders of any Person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing twenty percent (20%) or more of the voting power of the Company, (iv) transaction (including any tender offer or exchange offer) in which any Person (or the shareholders of any Person) shall acquire (in the case of a tender offer or exchange offer, if consummated), directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, twenty percent (20%) or more of any class of equity securities or (v) any combination of the foregoing; provided that, notwithstanding the foregoing, for purposes of this Section 5.03, in the event any inquiry, proposal or offer that would otherwise constitute a Company Takeover Proposal solely relates to one or more Bank Subsidiaries, such inquiry, proposal or offer shall be deemed not to be a Company Takeover Proposal so long as Parent grants its prior written consent to such treatment, such consent not to be unreasonably withheld (it being understood that such consent shall in no event be deemed unreasonably withheld if such Company Takeover Proposal could be reasonably expected to prevent, materially delay or impede or make materially less certain the timely consummation of the Integrated Mergers pursuant hereto).

"Superior Company Proposal" means a *bona fide*, unsolicited written Company Takeover Proposal (provided that for purposes of this definition the applicable percentages in the definition of Company Takeover Proposal shall be "fifty percent (50%)" rather than "twenty percent (20%) or more") which did not result from, or arise in connection with, any breach of Section 5.03, which the Company Board determines in good faith, after consultation with a financial advisor of nationally recognized reputation and outside legal counsel, and taking into account the legal, financial, regulatory and other aspects of such Company Takeover Proposal (including the availability of financing), the conditionality of and contingencies related to such proposal, the expected timing and risk of completion, the identity of the Person making such proposal and such other factors that are deemed relevant by the Company Board, is (i) reasonably capable of being completed on the terms proposed and (ii) more favorable to the holders of Company Common Stock than the transactions contemplated by this

Agreement (after taking into account any revised proposal by Parent to amend the terms of this Agreement which is committed to in writing (including pursuant to Section 5.03(c)). Notwithstanding anything herein to the contrary, no Company Takeover Proposal (A) solely with respect to one or more Bank Subsidiaries or (B) that contemplates the approval thereof by the Company's shareholders by a vote that is less than the vote contemplated by Section 3.04 shall, in either case, constitute a Superior Company Proposal.

"Company Intervening Event" means any fact, circumstance, effect, change, event or development that affects or would be reasonably likely to affect (i) the business, financial condition or continuing results of operations of the Company and the Company Subsidiaries, taken as a whole or (ii) the shareholders of the Company (including the benefits of the Integrated Mergers to the shareholders of the Company), in either case that (x) is material, (y) does not involve or relate to a Company Takeover Proposal or the existence thereof and (z) is not known or reasonably foreseeable to the Company Board as of the date hereof and which becomes known prior to receipt of the Company Shareholder Approval; provided that no fact, circumstance, effect, change, event or development that has had or would reasonably be expected to have an adverse effect on the business, financial condition or continuing results of operations of, or the market price of the securities (including the Parent Common Stock) of Parent or any of its Subsidiaries shall constitute a "Company Intervening Event" unless such fact, circumstance, effect, change, event or development has had or would reasonably be expected to have a Parent Material Adverse Effect.

SECTION 5.04 Bank Spin-Off Agreements. The Company shall use reasonable best efforts to consummate the Bank Spin-Off in accordance with Section 1.01 and the Bank Spin-Off Agreements. As promptly as reasonably practicable after the date of this Agreement, the Company shall have prepared final forms of the Bank Spin-Off Agreements, including:

(a) a separation agreement to effect the Distribution and providing for, among other things, (i) the termination of intercompany agreements, (ii) the settlement of intercompany accounts, (iii) the replacement or termination of guarantees, (iv) maintaining confidentiality of information, (v) mutual releases of pre-Distribution claims, (vi) resignation of Company employees as officers and directors from companies engaged in the businesses of the Bank Subsidiaries and of employees in the Bank Subsidiaries as officers and directors of the Company and companies engaged in the utility businesses of the Company, (vii) full indemnification of the Company and Parent by ASB Hawaii for liabilities relating to the Bank Subsidiaries (for the avoidance of doubt, including all liabilities relating to the Bank Benefit Plans and Bank Benefit Agreements), other than Tax liabilities of the Company or the Bank Subsidiaries resulting from the application of section 355(e) of the Code (or corresponding provisions of the laws of any other jurisdictions) to the Bank Spin-Off or any Tax liabilities of the Company or the Bank Subsidiaries resulting from the Section 336(e) Election, which Tax liabilities shall be borne, in each case except as described in clause (viii) below, after the Closing solely by the Surviving Company and/or Parent, (viii) full indemnification of the Company and Parent by ASB Hawaii if (x) the actual Tax liability of the Company and the Bank Subsidiaries

(taking into account the Section 336(e) Election with respect to the Bank Spin-Off), exceeds (such excess, the "Excess Tax Liability") (y) the hypothetical Tax liability of the Company and the Bank Subsidiaries that would have resulted if no such election were made with respect to the Bank Spin-Off and assuming such hypothetical Tax liability was calculated based on an aggregate tax basis of the Company in its ASB Hawaii stock of $405.8 million, provided, however, that ASB Hawaii shall have no such indemnification obligation until the Excess Tax Liability exceeds $10,000,000 and then only to the extent such Excess Tax Liability exceeds $10,000,000, (ix) full indemnification of ASB Hawaii by the Company for liabilities relating to the non-Bank business of the Company, (x) the use by the Company and the Bank Subsidiaries of their respective reasonable best efforts to obtain any regulatory approvals, consents, permits or other authorizations required to be obtained in connection with the Distribution and (xi) such other customary covenants, agreements, obligations, representations and warranties in connection with a spin-off similar to the Distribution; and

(b) a registration statement on Form 10/S-4 or a registration statement on Form S-1/S-4, as applicable (either, and together with any amendments, supplements, prospectus or information statements thereto, the "Spin-Off Registration Statement") to register the ASB Hawaii shares to be distributed in the Distribution.

The Company shall, and shall cause the Bank Subsidiaries to, timely provide drafts of the Bank Spin-Off Agreements and Spin-Off Registration Statement to Parent for review and comment, and shall (and shall cause their respective Representatives to) negotiate in good faith with Parent with respect to the terms of the Bank Spin-Off Agreements, and shall accept all reasonable comments of Parent and its Representatives with respect thereto. The Bank Spin-Off Agreements and the Spin-Off Registration Statement shall each be subject to the prior approval of Parent (which consent shall not be unreasonably withheld, conditioned or delayed). Following the execution of the Bank Spin-Off Agreements, the Company shall not, nor shall the Company permit the Bank Subsidiaries to, alter, amend or otherwise revise the Bank Spin-Off Agreements, or waive any material term thereof or any material condition to the obligations thereunder, or amend, withdraw or abandon the Spin-Off Registration Statement without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed).

ARTICLE VI

Additional Agreements

SECTION 6.01 Preparation of the Form S-4 and the Proxy Statement; Shareholders Meeting. (a) As promptly as reasonably practicable following the date of this Agreement, the Company shall prepare and cause to be filed with the SEC a proxy statement to be sent to the shareholders of the Company relating to the Company Shareholders Meeting (together with any amendments or supplements thereto, the "Proxy Statement") and Parent shall prepare and cause to be filed with the SEC the Form S-4, in which the Proxy Statement will be included as a prospectus, and Parent and the Company shall use their respective reasonable best efforts to have the Form S-4 declared effective under the Securities Act as promptly as reasonably practicable after such filing and to keep the Form S-4 effective as long as necessary to consummate the Integrated Mergers. Each of the Company and Parent shall furnish all

information concerning itself and its Affiliates to the other, and provide such other assistance, as may be reasonably requested in connection with the preparation, filing and distribution of the Form S-4 and Proxy Statement, and the Form S-4 and Proxy Statement shall include all information reasonably requested by such other party to be included therein.

(b) The Company agrees that none of the information supplied or to be supplied by Parent, Merger Sub I or Merger Sub II for inclusion or incorporation by reference in (i) the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it is declared effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) the Proxy Statement will, at the date it is first mailed to the Company's shareholders or at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Form S-4 will comply as to form in all material respects with the requirements of the Securities Act and the rules and regulations thereunder, except that no representation is made by Parent, Merger Sub I or Merger Sub II with respect to statements made or incorporated by reference therein based on information supplied by or on behalf of the Company or any of the Company Subsidiaries for inclusion or incorporation by reference therein. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except that no representation is made by Parent, Merger Sub I or Merger Sub II with respect to statements made or incorporated by reference therein based on information supplied by or on behalf of the Company or any of the Company Subsidiaries for inclusion or incorporation by reference therein.

(c) Parent, Merger Sub I and Merger Sub II agree that none of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in (a) the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it is declared effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or (b) the Proxy Statement will, at the date it is first mailed to the Company's shareholders or at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except that no representation is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by or on behalf of Parent or any of the Parent Subsidiaries for inclusion or incorporation by reference therein.

(d) Each of the Company and Parent shall promptly notify the other upon the receipt of any comments from the SEC or any request from the SEC for amendments or supplements to the Form S-4 or Proxy Statement and shall provide the other with copies of all correspondence between it and its Representatives, on the one hand, and the SEC, on the other hand. Each of the Company and Parent shall use its reasonable best efforts to respond as

promptly as practicable to any comments from the SEC with respect to the Form S-4 or Proxy Statement. Notwithstanding the foregoing, prior to filing the Form S-4 (or any amendment or supplement thereto) or mailing the Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, each of the Company and Parent (i) shall provide the other an opportunity to review and comment on such document or response (including the proposed final version of such document or response), (ii) shall include in such document or response all comments reasonably proposed by the other and (iii) shall not file or mail such document or respond to the SEC prior to receiving the approval of the other, which approval shall not be unreasonably withheld, conditioned or delayed. Each of the Company and Parent shall advise the other, promptly after receipt of notice thereof, of the time of effectiveness of the Form S-4, the issuance of any stop order relating thereto or the suspension of the qualification of the Merger Consideration for offering or sale in any jurisdiction, and each of the Company and Parent shall use its reasonable best efforts to have any such stop order or suspension lifted, reversed or otherwise terminated. Each of the Company and Parent shall also take any other action (other than qualifying to do business in any jurisdiction in which it is not now so qualified) required to be taken under the Securities Act, the Exchange Act, any applicable foreign or state securities or "blue sky" laws and the rules and regulations thereunder in connection with the Integrated Mergers and the issuance of the Merger Consideration.

(e) If, prior to the Effective Time, any event occurs with respect to Parent or any Parent Subsidiary, or any change occurs with respect to other information supplied by Parent for inclusion in the Proxy Statement or the Form S-4, which is required to be described in an amendment of, or a supplement to, the Proxy Statement or the Form S-4, Parent shall promptly notify the Company of such event, and Parent and the Company shall cooperate in the prompt filing with the SEC of any necessary amendment or supplement to the Proxy Statement or the Form S-4 so that either such document would not include any misstatement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading, and, as required by Law, in disseminating the information contained in such amendment or supplement to Parent's shareholders and the Company's shareholders. Nothing in this Section 6.01(e) shall limit the obligations of any party under Section 6.01(a).

(f) If prior to the Effective Time, any event occurs with respect to the Company or any Company Subsidiary, or any change occurs with respect to other information supplied by the Company for inclusion in the Proxy Statement or the Form S-4, which is required to be described in an amendment of, or a supplement to, the Proxy Statement or the Form S-4, the Company shall promptly notify Parent of such event, and the Company and Parent shall cooperate reasonably in the prompt filing with the SEC of any necessary amendment or supplement to the Proxy Statement or the Form S-4 so that either such document would not include any misstatement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading and, as required by Law, in disseminating the information contained in such amendment or supplement to Parent's shareholders and the Company's shareholders. Nothing in this Section 6.01(f) shall limit the obligations of any party under Section 6.01(a).

(g) The Company shall, as soon as reasonably practicable following the date of this Agreement, duly call, give notice of, convene and hold the Company Shareholders Meeting. The Company shall use its reasonable best efforts to (i) cause the Proxy Statement to be mailed to the Company's shareholders and to hold the Company Shareholders Meeting as soon as reasonably practicable after the Form S-4 is declared effective under the Securities Act and (ii) solicit the Company Shareholder Approval. The Company shall, through the Company Board, recommend to its shareholders that they give the Company Shareholder Approval and shall include such recommendation in the Proxy Statement, except to the extent that the Company Board has made a Company Adverse Recommendation Change as permitted by Section 5.03(d). The Company agrees that its obligations pursuant to this Section 6.01 (other than its obligations to recommend to its shareholders that they give the Company Shareholder Approval and to include such recommendation in the Proxy Statement, but only to the extent that the Company Board has made a Company Adverse Recommendation Change as permitted by Section 5.03(d)) shall not be affected by the commencement, public proposal, public disclosure or communication to the Company of any Company Takeover Proposal or by the making of any Company Adverse Recommendation Change by the Company Board.

(h) If the Company Shareholder Approval shall not have been obtained at the Company Shareholder Meeting or at an adjournment or postponement thereof, then the parties shall promptly confer in good faith regarding, and use reasonable best efforts to promptly develop, a strategy to obtain such Company Shareholder Approval, which may include negotiating appropriate changes to this Agreement or a restructuring of the transactions contemplated hereby (it being understood that Parent shall in no circumstances be obligated to alter or change the amount or kind of the Merger Consideration), and the Company shall resubmit the transaction to the Company's shareholders for approval, with the timing and such resubmission to be determined at the request of Parent and otherwise subject to and in accordance with this Section 6.01.

(i) To the extent applicable, the Company shall have the same obligations with respect to the Spin-Off Registration Statement as the Company has with respect to the Form S-4.

SECTION 6.02 Access to Information; Confidentiality. Subject to applicable Law and the Confidentiality Agreement, each of Parent and the Company shall, and shall cause each of its respective Subsidiaries to, afford to the other party and to the Representatives of such other party reasonable access, upon reasonable advance notice, during the period from the date of this Agreement to the earlier of the Effective Time or termination of this Agreement pursuant to Section 8.01(a), to all their respective properties, books, contracts, commitments, personnel and records and, during such period, each of Parent and the Company shall, and shall cause each of its respective Subsidiaries to, make available promptly to the other party (a) to the extent not publicly available, a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of securities laws or filed with or sent to the SEC, the FERC, any state utilities commission or any other federal or state regulatory agency or commission and (b) all other information concerning its business, properties and personnel as such other party may reasonably request; provided, however, that either party may withhold any document or information that is subject to the terms of a confidentiality agreement with a third party (provided that the withholding party shall use its

reasonable best efforts to obtain the required consent of such third party to such access or disclosure) or subject to any attorney-client privilege (provided that the withholding party shall use its reasonable best efforts to allow for such access or disclosure (or as much of it as possible) in a manner that does not result in a loss of attorney-client privilege) or that cannot be provided by law due to its commercial sensitivity. If any material is withheld by such party pursuant to one or more of the provisos to the preceding sentence, such party shall inform the other party as to the general nature of what is being withheld to the extent that doing so would not undermine the protection of the relevant proviso and, if reasonably feasible, provide a redacted version of such requested material which version does not contain the otherwise sensitive information. All information exchanged pursuant to this Section 6.02 shall be subject to the non-disclosure agreement dated as of August 1, 2014, between Parent and the Company (the "Confidentiality Agreement"). Notwithstanding anything in this Agreement to the contrary, the Company shall not have any obligation to share with Parent or its representatives any confidential supervisory communications or information involving bank regulatory authorities not allowed to be shared pursuant to applicable Law.

SECTION 6.03 Regulatory Approvals; Required Actions.

(a) Subject to the terms and conditions of this Agreement (and, more particularly, Section 6.03(c) and Section 6.03(f)), each of the parties shall use their respective reasonable best efforts to (i) take, or cause to be taken, all actions, and do, or cause to be done, and assist and cooperate with the other parties in doing, all things necessary to cause the conditions to Closing to be satisfied as promptly as reasonably practicable and to consummate and make effective, as promptly as reasonably practicable, the Integrated Mergers, including preparing and filing all documentation to effect all necessary filings, notices, petitions, statements, submissions of information, applications and other documents, (ii) obtain the Required Consents and all other Consents, Permits and other confirmations from any Governmental Entity or other third party necessary, proper or advisable to consummate the Integrated Mergers, (iii) execute and deliver any additional instruments necessary to consummate the Integrated Mergers and (iv) defend or contest in good faith any litigation brought by any Governmental Entity or other third party that could otherwise prevent or impede, interfere with, hinder or delay in any material respect the consummation of the Integrated Mergers.

(b) In connection with and without limiting Section 6.03(a), the Company and the Company Board and Parent and the Parent Board, as the case may be, shall (x) take all action reasonably appropriate to ensure that no Takeover Statute or similar statute or regulation is or becomes applicable to this Agreement or any transaction contemplated by this Agreement and (y) if any Takeover Statute or similar statute or regulation becomes applicable to this Agreement or any transaction contemplated by this Agreement, take all action reasonably appropriate to ensure that the Integrated Mergers may be consummated as promptly as practicable on the terms contemplated by this Agreement.

(c) In furtherance of Section 6.03(a), but subject to Section 6.03(f), following the execution and delivery by the parties of this Agreement, the Company and Parent shall, and shall cause their respective Subsidiaries to: (i) enter into discussions with the Governmental Entities from whom Consents or nonactions are required to be obtained pursuant to any applicable Antitrust Law or in connection with receiving the Company Required Statutory

Approvals or the Parent Required Statutory Approvals in connection with the consummation of the Integrated Mergers, (ii) use their respective reasonable best efforts to obtain all such required Consents or nonactions from such Governmental Entities and to eliminate each and every other impediment that may be asserted by such Governmental Entities pursuant to any Antitrust Law or in connection with granting the Company Required Statutory Approvals or the Parent Required Statutory Approvals, in each case with respect to the Integrated Mergers, so as to enable the Closing to occur as soon as reasonably possible, (iii) use their respective reasonable best efforts to undertake any effort or to take any action (including using reasonable best efforts to accept terms, conditions, liabilities, obligations, commitments or sanctions and propose, negotiate, commit to and effect, by consent decree, hold separate order or otherwise, the sale, divestiture, licensing or disposition of assets or businesses of Parent or the Company or their respective Subsidiaries) necessary or required in order to obtain the Company Required Statutory Approvals and the Parent Required Statutory Approvals and (iv) use their respective reasonable best efforts to agree to, or accept, any additional or different agreements, commitments or conditions that are required by any Governmental Entity as a condition to the receipt of any Company Required Statutory Approvals (with respect to the Company and the Company Subsidiaries) or Parent Required Statutory Approvals (with respect to Parent and the Parent Subsidiaries).

(d) In connection with and without limiting the generality of the foregoing, each of Parent and the Company shall:

(i) make or cause to be made, in consultation and cooperation with the other and as promptly as practicable after the date of this Agreement, (A) an appropriate filing of a Notification and Report Form pursuant to the HSR Act relating to the Integrated Mergers and (B) all other necessary registrations, declarations, notices, applications and filings relating to the Integrated Mergers with other Governmental Entities under any other Antitrust Law;

(ii) make or cause to be made, in consultation and cooperation with the other and as promptly as practicable after the date of this Agreement and in any event within sixty (60) days of this Agreement, (A) appropriate filings to the FERC, the FCC and the HPUC, as applicable, and (B) all other necessary registrations, declarations, notices, applications and filings relating to the Integrated Mergers with other Governmental Entities in relation to obtaining the Parent Required Statutory Approvals and the Company Required Statutory Approvals, as the case may be;

(iii) furnish to the other all assistance, cooperation and information reasonably required for any such registration, declaration, notice, application or filing and in order to achieve the effects set forth in this Section 6.03;

(iv) unless prohibited by applicable Law or by a Governmental Entity, give the other reasonable prior notice of any such registration, declaration, notice, application or filing and, to the extent reasonably

practicable, of any communication with any Governmental Entity relating to the Distribution or the Integrated Mergers (including with respect to any of the actions referred to in Section 6.03(c) and in this Section 6.03(d)), and permit the other to review and discuss in advance, and consider in good faith the views of, and secure the participation of, the other in connection with any such registration, declaration, notice, filing, application or communication;

(v) respond as promptly as practicable under the circumstances to any inquiries received from any Governmental Entity or any other authority enforcing applicable Antitrust Laws for additional information or documentary material in connection with antitrust, competition or similar matters (including a "second request" under the HSR Act), and not extend any waiting period under the HSR Act or enter into any agreement with any such Governmental Entity or other authorities not to consummate the Integrated Mergers, except with the prior written consent of the other parties hereto, which consent shall not be unreasonably withheld or delayed; and

(vi) unless prohibited by applicable Law or by a Governmental Entity, to the extent commercially reasonably practicable, (A) not participate in or attend any formal meeting with any Governmental Entity in respect of the Integrated Mergers without the other party, (B) keep the other party apprised with respect to any meeting or substantive conversation with any Governmental Entity in respect of the Distribution or the Integrated Mergers, (C) cooperate in the filing of any substantive memoranda, white papers, filings, correspondence or other written communications explaining or defending this Agreement, the Distribution or the Integrated Mergers, articulating any regulatory or competitive argument or responding to requests or objections made by any Governmental Entity and (D) furnish the other party with copies of all substantive correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and its Affiliates and their respective Representatives on the one hand, and any Governmental Entity or members of any Governmental Entity's staff, on the other hand, with respect to this Agreement, the Distribution and the Integrated Mergers.

(e) Notwithstanding anything in this Section 6.03, and other than in connection with any bank regulatory matters related to the Distribution, the Company and Parent shall have joint responsibility for scheduling and conducting any meeting with any Governmental Entity, coordinating and making any applications and filings with, and resolving any investigation or other inquiry of, any agency or other Governmental Entity, obtaining the Company Required Statutory Approvals, Required Consents, Consents, Permits and other approvals and confirmations from any Governmental Entity necessary, proper or advisable to consummate the Integrated Mergers. Parent shall promptly notify the Company and the Company shall promptly notify Parent of (i) any notice or other communication from any Person alleging that such Person's Consent is or may be required in connection with the Integrated Mergers, (ii) any notice or other communication from any Governmental Entity in connection with the Distribution or the Integrated Mergers and (iii) any actions, suits, claims, litigations, investigations or proceedings commenced or, to its Knowledge, threatened against, relating to or

involving or otherwise affecting the Company or any Company Subsidiary or the Company Board that, in any such case, relate to this Agreement or the Distribution or the Integrated Mergers. Subject to Section 5.02 with respect to the HPUC Proceedings, the Company shall consult with Parent with respect to, and allow Parent to participate in, the defense or settlement of any such action, suit, claim, litigation, investigation or proceeding, and no settlement thereof shall be agreed to without Parent's prior written consent. Parent shall consult with the Company with respect to the defense or settlement of any such action, suit, claim, litigation, investigation or proceeding, and shall consult with the Company prior to agreeing to any settlement thereof.

(f) Notwithstanding anything else contained in this Agreement, nothing in this Agreement shall be construed to (i) require Parent or any Parent Subsidiary or (ii) permit the Company or any Company Subsidiary without the prior written consent of Parent, to undertake any efforts or to take any action (including accepting or agreeing to any terms, conditions, liabilities, obligations, commitments or sanctions relating to the operation of the business of Parent, any Parent Subsidiary, the Company, any Company Subsidiary or otherwise or proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, licensing or disposition of assets or businesses of Parent or the Company or their respective Subsidiaries) if the taking of such efforts or action, individually or in the aggregate, has resulted or would reasonably be expected to result in a Parent Material Adverse Effect (measured on a scale relative to a company the size of the Company) or a Company Material Adverse Effect, in each case, giving effect to the Distribution for purposes of determining the size of the Company and not giving effect to the exclusions set forth in clauses (iv) or (vii) of the definition of "Material Adverse Effect" (any of the foregoing, unless specifically waived in writing by Parent at its discretion, a "Burdensome Condition").

SECTION 6.04 Transaction Litigation. Subject to applicable law, the Company shall keep Parent reasonably informed in respect of any litigation against the Company or its directors relating to the Integrated Mergers and the other transactions contemplated by this Agreement, and the Company agrees that it shall (a) give Parent a reasonable opportunity to consult concerning the defense of any such litigation and (b) not agree to any settlement of any such litigation without Parent's prior consent (such consent not to be unreasonably withheld, conditioned or delayed). Parent shall keep the Company reasonably informed in respect of any litigation against Parent or its directors relating to the Integrated Mergers.

SECTION 6.05 Section 16 Matters. Prior to the Effective Time, each of the Company, Parent, Merger Sub I and Merger Sub II shall take all such steps as may be required to cause (a) any dispositions of Company Common Stock (including derivative securities with respect to Company Common Stock) resulting from the Integrated Mergers by each individual who will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company immediately prior to the Effective Time to be exempt under Rule 16b-3 promulgated under the Exchange Act and (b) any acquisitions of Parent Common Stock (including derivative securities with respect to Parent Common Stock) resulting from the Integrated Mergers by each individual who may become or is reasonably expected to become subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Parent to be exempt under Rule 16b-3 promulgated under the Exchange Act.

SECTION 6.06 Treatment of Certain Indebtedness.

(a) The Company shall, and shall cause the applicable Company Subsidiaries to, use reasonable best efforts to deliver all notices and take other actions required to facilitate (i) the termination of commitments in respect of the Repayment Debt on the Closing Date, (ii) repayment in full of all obligations in respect of such Repayment Debt on the Closing Date and (iii) release of any Liens and guarantees in connection therewith on the Closing Date. In furtherance and not in limitation of the foregoing, the Company, or the applicable Company Subsidiary, shall use reasonable best efforts to negotiate and deliver to Parent, at least five (5) Business Days prior to the Closing Date (or such later date as Parent may agree in writing, but in any event, on or prior to the Closing Date), Payoff Letters, in substantially final form and in form and substance reasonably acceptable to Parent, from all financial institutions and other Persons to which such Repayment Debt is owed, or the applicable agent, trustee or other representative on behalf of such Persons. Parent shall assist the Company in connection with any action taken pursuant to this Section 6.06(a).

(b) In addition, the Company shall use reasonable best efforts to, and shall cause each applicable Company Subsidiary to use reasonable best efforts to, to the extent reasonably requested by Parent with respect to any Indebtedness of the Company or any Company Subsidiary (or any commitment in respect thereof) in connection with the transactions contemplated hereby, (i) solicit and obtain an amendment to the terms thereof as may be necessary or desirable in connection with the consummation of the transactions contemplated by this Agreement (including through the addition of satisfaction and discharge provisions, conditional redemption provisions or other terms to facilitate the repayment of such Indebtedness on the Closing Date) and/or the operation of the Parent and its Subsidiaries following the Closing Date, and/or solicit and obtain a waiver of any defaults, termination rights, put rights or similar rights or remedies triggered as a result of the consummation of the transactions contemplated by this Agreement and (ii) initiate discussions with the lenders or other Persons to whom such Indebtedness is owed, or the applicable agent, trustee or other representative therefor, as may be necessary or desirable in connection with the consummation of the transactions contemplated by this Agreement (it being understood that the Company shall not, and shall cause the Company Subsidiaries not to, enter into or solicit any such amendment or waiver or initiate or undertake any such discussions in the absence of the consent of or request by Parent therefor), and Parent shall assist the Company in connection with any action taken pursuant to this Section 6.06(b). Parent shall promptly, upon request by the Company, reimburse the Company for all documented reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by the Company or any of the Company Subsidiaries in connection with any actions taken pursuant to this Section 6.06(b).

SECTION 6.07 Governance Matters.

(a) Parent shall cause the Surviving Company to maintain its headquarters in Honolulu, Hawaii.

(b) Parent shall, and shall cause the Surviving Company to maintain historic levels of community involvement and charitable contributions in the existing service territories of the Company and the Company Subsidiaries from and after the Effective Time.

SECTION 6.08 Public Announcements. Parent and the Company shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other written public statements with respect to the Integrated Mergers, and shall not issue any such press release or make any such written public statement prior to such consultation, except as such party reasonably concludes (after consultation with outside counsel) to be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system. The Company and Parent agree that the initial press release to be issued with respect to the Integrated Mergers shall be in the form agreed to by the parties prior to the date hereof.

SECTION 6.09 Stock Exchange Listing. Parent shall cause the shares of Parent Common Stock to be issued in the Initial Merger and such other shares of Parent Common Stock to be reserved for issuance in connection with the Initial Merger to be approved for listing on the NYSE, in each case subject to official notice of issuance, prior to the Closing Date. The Company shall use its reasonable best efforts to cooperate with Parent in connection with the foregoing, including by providing information reasonably requested by Parent in connection therewith.

SECTION 6.10 Fees and Expenses. Except as provided in Section 6.06(b) and Article VIII, all fees and expenses incurred in connection with this Agreement and the Integrated Mergers shall be paid by the party incurring such fees or expenses, whether or not the Integrated Mergers are consummated.

SECTION 6.11 Certain Tax Matters.

(a) For U.S. federal income Tax purposes, (i) the parties intend that (x) the Integrated Mergers shall together be treated as a single integrated transaction that qualifies as a "reorganization" within the meaning of Section 368(a) of the Code, (y) the Company and Parent shall each be a party to such reorganization within the meaning of Section 368(b) of the Code and (z) the Bank Spin-Off shall be tax-free to the Company's shareholders under Section 355(a) of the Code (the "Intended Tax Treatment") and (ii) this Agreement is intended to be, and is hereby adopted as, a "plan of reorganization" for purposes of Sections 354, 361 and 368 of the Code and within the meaning of Treasury Regulations Section 1.368-2(g).

(b) Each of the Company, Parent, Merger Sub I and Merger Sub II shall use its reasonable best efforts to cause the Integrated Mergers to qualify for the Intended Tax Treatment, including by not taking any action that such party knows could reasonably be expected to prevent such qualification. Each of the Company, Parent, Merger Sub I and Merger Sub II shall report the Integrated Mergers in a manner consistent with the Intended Tax Treatment.

(c) Each of the Company, on the one hand, and Parent, Merger Sub I and Merger Sub II, on the other hand, shall use its reasonable best efforts to obtain the Tax opinion and IRS ruling referred to in Section 7.02(d) and the Tax opinion referred to in Section 7.03(e), including by executing letters of representation that are customary for the transactions contemplated by this Agreement and that are in form and substance acceptable to Skadden and Wachtell, as appropriate. Each of the Company, Parent, Merger Sub I and Merger Sub II shall

use its reasonable best efforts not to take or cause to be taken any action that would cause to be untrue (or fail to take or cause not to be taken any action which inaction would cause to be untrue) any of the representations and covenants made to Skadden or Wachtell in furtherance of such Tax opinions.

(d) The Company shall cause an election to be made pursuant to, and in accordance with, Section 336(e) of the Code and the Treasury Regulations promulgated thereunder (and any corresponding elections under state, local or foreign Tax law) (a "Section 336(e) Election") with respect to the Bank Spin-Off for ASB Hawaii, ASB and any of their respective Subsidiaries for which a Section 336(e) Election may be made. In order to effect the Section 336(e) Election pursuant to the immediately preceding sentence, on or prior to the date of the Bank Spin-Off, the Company shall, and shall cause ASB Hawaii to, enter into a written, binding agreement to make the Section 336(e) Election, as required by Treasury Regulations Sections 1.336-2(h)(1)(i) and 1.336-2(h)(4), and the Company shall take such other actions, including after the Closing Date, as may be required to properly make a Section 336(e) Election. Prior to the Closing Date, each party hereto shall use its reasonable best efforts to cause the Bank Spin-Off to be eligible for a valid Section 336(e) Election, and shall not take any action reasonably likely to cause the Bank Spin-Off not to so qualify. As promptly as practicable (and in any event within three (3) Business Days) following the due date (including extensions) of the consolidated U.S. federal income tax return of the Company for the taxable year that includes the Bank Spin-Off, Parent or the Company shall provide (or cause to be provided) to ASB Hawaii written confirmation or other evidence reasonably satisfactory to ASB Hawaii that the Section 336(e) Election has validly and timely been made.

(e) Prior to the Bank Spin-Off, the Company shall, and shall cause ASB Hawaii to, enter into a tax matters agreement, as part of the Bank Spin-Off Agreements, providing for customary terms including the following: (i) within sixty (60) days after the Bank Spin-Off, the Company shall provide ASB Hawaii with a proposed determination of the "Aggregate Deemed Asset Disposition Price" (as defined under applicable Treasury Regulations) and the allocation of such Aggregate Deemed Asset Disposition Price among the disposition date assets, each in accordance with the applicable provisions of Section 336(e) of the Code and the Treasury Regulations promulgated thereunder (the "Section 336(e) Allocation Statement"); (ii) within sixty (60) days after ASB Hawaii's receipt of the Section 336(e) Allocation Statement, ASB Hawaii may object, in good faith, to the Section 336(e) Allocation Statement by giving written notice to the Company setting forth the basis for ASB Hawaii's dispute (the "ASB Hawaii Allocation Objection"); (iii) if ASB Hawaii does not object to all or any portion of the Section 336(e) Allocation Statement within such sixty (60) day period, then ASB Hawaii shall be deemed to have conclusively agreed with and shall be bound by the Section 336(e) Allocation Statement; (iv) if ASB Hawaii sends the ASB Hawaii Allocation Objection on a timely basis, then ASB Hawaii and the Company shall confer in good faith in an attempt to resolve the differences; (v) if, after ten (10) Business Days, ASB Hawaii and the Company cannot agree, then ASB Hawaii and the Company shall attempt to agree upon a mutually satisfactory nationally recognized accounting firm (the "Firm") for the resolution of such differences; provided, that if the parties cannot agree on a mutually satisfactory nationally recognized accounting firm, then each of ASB Hawaii and the Company shall select a nationally recognized accounting firm and the two firms so selected shall select the Firm; (vi) the Firm shall review the Section 336(e) Allocation Statement and the ASB Hawaii Allocation Objection (as well as any

supporting documents submitted to the Firm by the Company or ASB Hawaii which are reasonably related to the Section 336(e) Allocation Statement or the ASB Hawaii Allocation Objection, respectively) and make a final written determination of the Aggregate Deemed Asset Disposition Price and the allocation of such Aggregate Deemed Asset Disposition Price among the disposition date assets, each in accordance with the applicable provisions of Section 336(e) of the Code and the Treasury Regulations promulgated thereunder, which determination shall be conclusive and binding on ASB Hawaii and the Company; (vii) the determination by the Firm shall be made as promptly as possible but not later than twenty (20) Business Days after the Firm's engagement (unless otherwise agreed to by the Firm, ASB Hawaii and the Company); and (viii) the Company and ASB Hawaii will each bear fifty percent (50%) of the fees and expenses of the Firm.

SECTION 6.12 Indemnification, Exculpation and Insurance.

(a) Each of Parent and the Company agrees that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time now existing in favor of the current or former directors or officers of the Company and the Company Subsidiaries as provided in their respective certificates of incorporation or bylaws (or comparable organizational documents), in each case as in effect on the date of this Agreement, shall be continued or assumed by Parent or the Surviving Company following the Integrated Mergers, without further action, and shall survive the Integrated Mergers and shall continue in full force and effect in accordance with their terms for a period of six (6) years after the Effective Time.

(b) For a period of six (6) years after the Effective Time, Parent shall cause the Surviving Company to procure the provision of officers' and directors' liability insurance in respect of acts or omissions occurring prior to the Effective Time covering each Person currently covered by the Company's or any of the Company Subsidiaries' officers' and directors' liability insurance policy on terms with respect to coverage and in amounts that are at least as favorable as those of the applicable policy in effect on the date of this Agreement; provided that if the aggregate annual premium for such insurance exceeds 300% of the current annual premium for such insurance, then Parent shall provide or cause to be provided a policy for the applicable individuals with the best coverage as is then available at a cost up to but not exceeding 300% of such current aggregate annual premium. In lieu of such insurance, prior to the Closing Date, Parent may, following consultation with the Company, purchase a "tail" directors' and officers' liability insurance policy and fiduciary liability insurance policy for the Company and the Company Subsidiaries and their current and former directors and officers who are currently covered by the directors' and officers' and fiduciary liability insurance coverage maintained by the Company or any Company Subsidiary on terms with respect to coverage and in amounts that are at least as favorable as those of the applicable policy in effect on the date of this Agreement and subject to the proviso of the immediately preceding sentence, in which event Parent shall cease to have any obligations under the immediately preceding sentence.

(c) The provisions of this Section 6.12 (i) shall survive consummation of the Integrated Mergers, (ii) are intended to be for the benefit of, and will be enforceable by, each indemnified or insured party, his or her heirs and his or her representatives and (iii) are in

addition to, and not in substitution for, any other rights to indemnification or contribution that any such person may have by contract or otherwise.

SECTION 6.13 Employee Matters.

(a) During the period commencing at the Effective Time and ending on the two-year anniversary of the Effective Time (the "Continuation Period"), Parent shall, and shall cause the Surviving Company to, provide each Company Employee who is not covered by a Company Union Contract or party to an individual change in control severance agreement with the Company and who remains a Company Employee with (i) a base salary or wage rate that is no less favorable than that provided to the Company Employee immediately prior to the Effective Time, (ii) aggregate incentive compensation opportunities that are substantially comparable, in the aggregate, to those provided to the Company Employee immediately prior to the Effective Time and (iii) employee benefits that are substantially comparable, in the aggregate, to those provided to the Company Employee immediately prior to the Effective Time. Further, during the Continuation Period, Parent and the Surviving Company shall not implement involuntary workforce reductions of Company Employees (provided that this sentence shall not apply in respect of any Company Employee who is party to an individual change in control severance agreement with the Company).

(b) With respect to each Company Employee who is covered by a Company Union Contract, Parent shall, and shall cause the Surviving Company to, continue to honor the Company Union Contracts, in each case as in effect at the Effective Time, in accordance with their terms (it being understood that this sentence shall not be construed to limit the ability of Parent or the Surviving Company to amend or terminate any such Company Union Contract, to the extent permitted by the terms of the applicable contract and applicable Law). The provisions of this Section 6.13 shall be subject to any applicable provisions of the Company Union Contracts and applicable Law in respect of such Company Employee, to the extent the provisions of this Section 6.13 are inconsistent with or otherwise in conflict with the provisions of any such Company Union Contract or applicable Law.

(c) At the Effective Time, Parent shall, or shall cause the Surviving Company to, assume and honor in accordance with their terms all of the Company's and all of the Company Subsidiaries' employment, severance, retention, termination and change in control plans, policies, programs, agreements and arrangements (including any change in control severance agreement or other arrangement between the Company and any Company Employee) maintained by the Company or any Company Subsidiary, in each case, as in effect at the Effective Time, including with respect to any payments, benefits or rights arising as a result of the Integrated Mergers (either alone or in combination with any other event), it being understood that this sentence shall not be construed to limit the ability of Parent or the Surviving Company to amend or terminate any such plans, policies, programs, agreements, or arrangements, to the extent permitted by the terms of the applicable plan, policy, program, agreement or arrangement. For the avoidance of doubt, for purposes of any Company Benefit Plan or Company Benefit Agreement containing a definition of "change in control," "change of control" or similar term, the Closing shall be deemed to constitute a "change in control", "change of control" or such similar term.

(d) With respect to all employee benefit plans of Parent, the Surviving Company or any of their Subsidiaries, including any "employee benefit plan" (as defined in Section 3(3) of ERISA) (including any vacation, paid time-off and severance plans), each Company Employee's service with the Company or any Company Subsidiary (as well as service with any predecessor employer of the Company or any such Company Subsidiary, to the extent service with the predecessor employer was recognized by the Company or such Company Subsidiary and is accurately reflected within a Company Employee's records) shall be treated as service with Parent, the Surviving Company or any of their Subsidiaries for all purposes, including determining eligibility to participate, level of benefits, vesting and benefit accruals, except (i) to the extent that such service was not recognized under the corresponding Company Benefit Plan immediately prior to the Effective Time, (ii) for purposes of any defined benefit retirement plan, any retiree welfare benefit plan, any grandfathered or frozen plan or any plan under which similarly situated employees of Parent and its Subsidiaries do not receive credit for prior service or (iii) to the extent that such recognition would result in any duplication of benefits for the same period of service.

(e) Parent shall, and shall cause the Surviving Company to, use commercially reasonable efforts to waive, or cause to be waived, any pre-existing condition limitations, exclusions, actively at work requirements and waiting periods under any welfare benefit plan maintained by Parent, the Surviving Company or any of their Subsidiaries in which Company Employees (and their eligible dependents) will be eligible to participate from and after the Effective Time, except to the extent that such pre-existing condition limitations, exclusions, actively-at-work requirements and waiting periods would not have been satisfied or waived under the corresponding Company Benefit Plan immediately prior to the Effective Time. Parent shall, or shall cause the Surviving Company to, use commercially reasonable efforts to recognize the dollar amount of all co-payments, deductibles and similar expenses incurred by each Company Employee (and his or her eligible dependents) during the calendar year in which the Effective Time occurs for purposes of satisfying such year's deductible and co-payment limitations under the relevant welfare benefit plans in which they will be eligible to participate from and after the Effective Time. Company Employees must provide acceptable evidence to each Parent benefit plan administrator under which such adjustments or credits are to be made.

(f) Notwithstanding any provision of this Agreement to the contrary, the provisions of this Section 6.13 are solely for the benefit of the parties to this Agreement, and no provision of this Section 6.13 is intended to, or shall, constitute the establishment or adoption of or an amendment to any employee benefit plan for purposes of ERISA or otherwise and no Company Personnel or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement or have the right to enforce the provisions hereof including in respect of continued employment (or resumed employment). Nothing contained herein shall alter the at-will employment relationship of any Company Employee.

SECTION 6.14 Dividend Coordination. Parent and the Company shall coordinate with each other to designate the same record and payment dates for Parent's and the Company's respective quarterly dividends declared in any calendar quarter in which the Closing Date might reasonably be expected to occur. If the Closing Date occurs after the record date for a regular quarterly cash dividend payable to holders of the Company Common Stock and prior to the payment date of such dividend (the "Final Quarterly Dividend"), then Parent or the Surviving

Company will cause to be paid, out of the Exchange Fund, the Final Quarterly Dividend on behalf of the Company following the Closing on the scheduled payment date for such dividend.

ARTICLE VII

Conditions Precedent

SECTION 7.01 Conditions to Each Party's Obligation to Effect the Transactions. The obligation of the Company to effect the Distribution and to consummate the Integrated Mergers and the obligation of Parent, Merger Sub I and Merger Sub II to effect the Integrated Mergers are subject to the satisfaction or waiver on or prior to the Closing of the following conditions:

(a) Company Shareholder Approval. The Company Shareholder Approval shall have been obtained.

(b) Listing. The shares of Parent Common Stock to be issued in the Initial Merger and such other shares of Parent Common Stock to be reserved for issuance in connection with the Initial Merger shall have been approved for listing on the NYSE, subject to official notice of issuance.

(c) Governmental Approvals.

(i) Any waiting period applicable to the Integrated Mergers under the HSR Act shall have been terminated or shall have expired.

(ii) The Parent Required Statutory Approvals and the Company Required Statutory Approvals shall have been obtained at or prior to the Effective Time and such approvals shall have become Final Orders without the imposition of any Burdensome Condition. For purposes of this clause (c)(ii), a "Final Order" means an action by the relevant Governmental Entity (A) that has not been reversed, stayed, enjoined, set aside, annulled or suspended and remains in full force and effect, (B) with respect to which any mandatory waiting period prescribed by Law before the Integrated Mergers may be consummated has expired and (C) as to which all conditions to the consummation of the Integrated Mergers prescribed by Law have been satisfied.

(d) No Legal Restraints. No Law and no Judgment, preliminary, temporary or permanent, issued by any court or tribunal of competent jurisdiction (collectively, "Legal Restraints") shall be in effect that, and no suit, action or other proceeding shall be pending before any Governmental Entity in which such Governmental Entity seeks to impose, or has imposed, any Legal Restraint that, prevents, makes illegal or prohibits the consummation of the Integrated Mergers.

(e) Form S-4. The Form S-4 shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order and no proceedings for that purpose shall have been initiated or overtly threatened by the SEC and not concluded or withdrawn.

(f) Bank Separation. Each of the Company and the Parent shall have determined, in its respective reasonable judgment, that upon consummation of the Distribution, the Company shall not be a savings and loan holding company or otherwise deemed to control ASB for purposes of the Home Owners' Loan Act.

(g) Spin-Off Registration Statement. The Spin-Off Registration Statement shall have become effective under the Securities Act and the Exchange Act, as applicable, and shall not be the subject of any stop order or proceedings seeking a stop order and no proceedings for that purpose shall have been initiated or overtly threatened by the SEC and not concluded or withdrawn.

SECTION 7.02 Conditions to Obligations of the Company. The obligations of the Company to effect the Distribution and to consummate the Integrated Mergers are further subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent, Merger Sub I and Merger Sub II (i) contained in Section 4.03 shall be true and correct in all but *de minimis* respects as of the date hereof and at and as of the Effective Time as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case at and as of such earlier date); (ii) contained in Section 4.01 and Section 4.04 shall be true and correct in all material respects as of the date hereof and at and as of the Effective Time as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case at and as of such earlier date); (iii) contained in Section 4.07(a) shall be true and correct in all respects as of the date hereof and at and as of the Effective Time as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case at and as of such earlier date); and (iv) contained in this Agreement (except for the representations and warranties contained in Section 4.01, Section 4.03, Section 4.04 and Section 4.07(a)) shall be true and correct (without giving effect to any limitation as to "materiality" or "Parent Material Adverse Effect" set forth therein) as of the date hereof and at and as of the Effective Time as if made at and as of such time (except to the extent expressly made at and as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to "materiality" or "Parent Material Adverse Effect" set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect.

(b) Performance of Obligations of Parent, Merger Sub I and Merger Sub II. Parent, Merger Sub I and Merger Sub II shall have performed in all material respects all obligations, covenants and agreements required to be performed by them under this Agreement at or prior to the Effective Time.

(c) Absence of Parent Material Adverse Effect. Since the date of this Agreement, no fact, circumstance, effect, change, event or development has occurred that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(d) Company Tax Opinion. The Company shall have received the written opinion of Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden"), on the basis of

certain facts, representations, covenants and assumptions set forth in such opinion, dated the Closing Date, to the effect that (i) for U.S. federal income tax purposes the Integrated Mergers will qualify as a "reorganization" within the meaning of Section 368(a) of the Code and (ii) the Bank Spin-Off will be tax-free to the Company's shareholders under Section 355(a) of the Code. To the extent reasonably necessary to enable Skadden to render the opinion described in this Section 7.02(d), the Company may seek a ruling from the IRS on one or more "significant issues" (within the meaning of Rev. Proc. 2014-3, I.R.B. 2014-1) presented in the Integrated Mergers and/or the Bank Spin-Off. In rendering the opinion described in this Section 7.02(d), Skadden may require and rely upon (and may incorporate by reference) reasonable and customary facts, representations, covenants and assumptions, including those contained in certificates of officers of the Company, Parent, Merger Sub I and Merger Sub II.

(e) Officer's Certificate. The Company shall have received a certificate signed on behalf of Parent by an executive officer of Parent certifying the satisfaction by Parent, Merger Sub I and Merger Sub II of the conditions set forth in Section 7.02(a), Section 7.02(b) and Section 7.02(c).

SECTION 7.03 Conditions to Obligations of Parent, Merger Sub I and Merger Sub II. The obligations of Parent, Merger Sub I and Merger Sub II to consummate the Integrated Mergers are further subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company (i) contained in Section 3.03 shall be true and correct in all but *de minimis* respects as of the date hereof and at and as of the Effective Time as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case at and as of such earlier date); (ii) contained in Section 3.01 and Section 3.04 shall be true and correct in all material respects as of the date hereof and at and as of the Effective Time as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case at and as of such earlier date); (iii) contained in Section 3.07(a) shall be true and correct in all respects as of the date hereof and at and as of the Effective Time as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case at and as of such earlier date); and (iv) contained in this Agreement (except for the representations and warranties contained in Section 3.01, Section 3.03, Section 3.04 and Section 3.07(a)) shall be true and correct (without giving effect to any limitation as to "materiality" or "Company Material Adverse Effect" set forth therein) as of the date hereof and at and as of the Effective Time as if made at and as of such time (except to the extent expressly made at and as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to "materiality" or "Company Material Adverse Effect" set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations, covenants and agreements required to be performed by it under this Agreement at or prior to the Effective Time.

(c) Absence of Company Material Adverse Effect. Since the date of this Agreement, no fact, circumstance, effect, change, event or development has occurred that

has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) Officer's Certificate. Parent shall have received a certificate signed on behalf of the Company by an executive officer of the Company certifying the satisfaction by the Company of the conditions set forth in Section 7.03(a), Section 7.03(b) and Section 7.03(c).

(e) Parent Tax Opinion. Parent shall have received the written opinion of Wachtell on the basis of certain facts, representations, covenants and assumptions set forth in such opinion, dated the Closing Date, to the effect that for U.S. federal income tax purposes the Integrated Mergers will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. In rendering the opinion described in this Section 7.03(e), Wachtell may require and rely upon (and may incorporate by reference) reasonable and customary facts, representations, covenants and assumptions, including those contained in certificates of officers of the Company, Parent, Merger Sub I and Merger Sub II.

ARTICLE VIII

Termination, Amendment and Waiver

SECTION 8.01 Termination Rights.

(a) Termination by Mutual Consent. This Agreement may be terminated at any time prior to the Effective Time, whether before or after receipt of the Company Shareholder Approval, by mutual written consent of the Company and Parent.

(b) Termination by Either Parent or the Company. This Agreement may be terminated at any time prior to the Effective Time, whether before or after receipt of the Company Shareholder Approval, by either the Company or Parent if:

(i) the Integrated Mergers are not consummated on or before the End Date; provided, however, that the right to terminate this Agreement under this Section 8.01(b)(i) shall not be available to any party if such failure of the Integrated Mergers to occur on or before the End Date is the result of a breach of this Agreement by such party or the failure of any representation or warranty of such party contained in this Agreement to satisfy the condition set forth in Section 7.02(a) or Section 7.03(a), as applicable;

(ii) the condition set forth in Section 7.01(d) is not satisfied and the Legal Restraint giving rise to such non-satisfaction has become final and non-appealable; provided, however, that (A) the right to terminate this Agreement under this Section 8.01(b)(ii) shall not be available to any party if such failure to satisfy the condition set forth in Section 7.01(d) is the result of a failure of such party to comply with its obligations pursuant to Section 6.03 and (B) the party seeking to terminate this Agreement pursuant to this Section 8.01(b)(ii) shall have used reasonable best efforts to prevent the entry of such final and non-appealable Legal Restraint and to remove such Legal Restraint; or

(iii) if its board of directors determines in good faith that the other party has acted in bad faith in breach of such other party's obligations under Section 6.01(h).

(c) Termination by the Company. This Agreement may be terminated by the Company if:

(i) concurrently with such termination, the Company enters into a Company Acquisition Agreement with respect to a Superior Company Proposal, so long as the Company has complied in all material respects with its obligations under Section 5.03(c); provided that any such purported termination by the Company pursuant to this Section 8.01(c)(i) shall be void and of no force or effect unless the Company pays to Parent the Company Termination Fee in accordance with Section 8.02(b); or

(ii) Parent, Merger Sub I or Merger Sub II breaches or fails to perform any of its covenants or agreements contained in this Agreement, or if any of the representations or warranties of Parent, Merger Sub I or Merger Sub II contained herein fails to be true and correct, which breach or failure (i) would give rise to the failure of a condition set forth in Section 7.02(a) or 7.02(b), as applicable, and (ii) is not reasonably capable of being cured by Parent, Merger Sub I or Merger Sub II, as the case may be, by the Initial End Date (or, if such Initial End Date is extended, the End Date) or is not cured by Parent within sixty (60) days after receiving written notice of such breach or failure from the Company; provided, however, that the right to terminate this Agreement under this Section 8.01(c) shall only be available if the Company is not then in breach of any covenant or agreement contained in this Agreement and no representation or warranty of the Company contained herein then fails to be true and correct such that the conditions set forth in Section 7.03(a) or 7.03(b), as applicable, could not then be satisfied.

(d) Termination by Parent. This Agreement may be terminated by Parent:

(i) in the event that a Company Adverse Recommendation Change has occurred; provided, however, that the right to terminate this Agreement under this Section 8.01(d) shall not be available if the Company Shareholder Approval has been obtained at the Company Shareholders Meeting;

(ii) if the Company breaches or fails to perform any of its covenants or agreements contained in this Agreement, or if any of the representations or warranties of the Company contained herein fails to be true and correct, which breach or failure (i) would give rise to the failure of a condition set forth in Section 7.03(a) or 7.03(b), as applicable, and (ii) is not reasonably capable of being cured by the Company by the End Date or is not cured by the Company within sixty (60) days after receiving written notice of such breach or

failure from Parent; provided, however, that the right to terminate this Agreement under this Section 8.01(d)(ii) shall only be available if Parent is not then in breach of any covenant or agreement contained in this Agreement and no representation or warranty of Parent contained herein then fails to be true and correct such that the conditions set forth in Section 7.02(a) or 7.02(b), as applicable, could not then be satisfied.

SECTION 8.02 Effect of Termination; Termination Fees.

(a) In the event of termination of this Agreement by either Parent or the Company as provided in Section 8.01, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of the Company or Parent (or any stockholder, director, officer, employee, agent, consultant or other Representative of such party), other than (a) the penultimate sentence of Section 6.02, the final sentence of Section 6.06(b), Section 6.10, this Section 8.02 and Article IX, which provisions shall survive such termination and (b) liability of any party (whether or not the terminating party) for any breach of this Agreement prior to such termination, but solely to the extent such liability arises out of a willful breach by such party of any covenant or agreement set forth in this Agreement that gave rise to the failure of a condition set forth in Article VII. The liabilities described in the preceding sentence shall survive the termination of this Agreement.

(b) Termination Fees.

(i) If (A) either the Parent or the Company terminates this Agreement pursuant to Section 8.01(b)(i) and, at the time of such termination, any of the conditions set forth in Section 7.01(c) or Section 7.01(d) shall have not been satisfied and such failure to be satisfied arises solely in connection with the Company Required Statutory Approvals or the Parent Required Statutory Approvals, (B) either the Parent or the Company terminates this Agreement pursuant to Section 8.01(b)(ii) (if, and only if, the applicable Legal Restraint giving rise to such termination arises solely in connection with the Company Required Statutory Approvals or the Parent Required Statutory Approvals) or (C) if the Company terminates this Agreement pursuant to Section 8.01(c)(ii) based on a failure by Parent to perform its covenants or agreements under Section 6.03, and in the case of each of clauses (A), (B) and (C), at the time of such termination, all other conditions to the Closing set forth in Section 7.01 and Section 7.02 shall have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing but which conditions would be satisfied or would be capable of being satisfied if the Closing Date were the date of such termination, or those conditions that have not been satisfied as a result of a breach by Parent), then Parent shall pay to the Company a fee of $90,000,000 (the "Parent Termination Fee") plus the Company Expenses.

(ii) If (A) the Company terminates this Agreement pursuant to Section 8.01(c)(i), (B) Parent terminates this Agreement pursuant to Section 8.01(d)(i) or Section 8.01(b)(iii) or (C) Parent or the Company terminates this Agreement pursuant to Section 8.01(b)(i) or Parent terminates this Agreement

pursuant to Section 8.01(d)(ii) based on a failure by the Company to perform its obligations, covenants and agreements under this Agreement and, in each case under this clause (C), (I) prior to such termination, a Company Acquisition Proposal shall have been made public or proposed publicly to the Company or the holders of the Company Common Stock and has not been withdrawn prior to the completion of the Company Shareholders Meeting and (II) at any time after the execution of this Agreement and prior to the expiration of the twelfth (12th) month after the termination of this Agreement, the Company shall have entered into a definitive Contract with respect to, or consummated, any Company Acquisition Proposal (substituting, for purposes of this Section 8.02(b)(ii), references to "twenty percent (20%)" in the definition of "Company Acquisition Proposal" with references to "fifty percent (50%)"), then, in the case of each of clauses (A), (B) and (C), the Company shall pay to Parent a fee of $90,000,000 (the "Company Termination Fee") plus the Parent Expenses. The Company shall pay any Company Termination Fee payable pursuant to clauses (A) or (B) of this Section 8.02(b)(ii) no later than two (2) Business Days after the date of the relevant termination and the Company shall pay any Company Termination Fee payable pursuant to clause (C) of this Section 8.02(b)(ii) no later than the earlier of the execution of the definitive Contract with respect to the relevant Company Acquisition Proposal or the consummation of the relevant Company Acquisition Proposal.

(c) The parties acknowledge that the agreements contained in Section 8.02(b) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the parties would not enter into this Agreement; accordingly, if Parent fails to promptly pay an amount due pursuant to Section 8.02(b)(i), or the Company fails to promptly pay an amount due pursuant to Section 8.02(b)(ii), and, in order to obtain such payment, Parent, Merger Sub I or Merger Sub II, on the one hand, or the Company, on the other hand, commences a suit that results in a judgment against the Company for the amounts set forth in Section 8.02(b)(i), or any portion thereof, or a judgment against Parent for the amount set forth in Section 8.02(b)(ii) or any portion thereof, the Company shall pay to Parent, Merger Sub I or Merger Sub II, on the one hand, or Parent shall pay to the Company, on the other hand, its costs and expenses (including attorneys' fees) in connection with such suit, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at the prime rate of JPMorgan Chase Bank, N.A. in effect on the date such payment was required to be made.

(d) Upon payment of the Parent Termination Fee and the Company Expenses by Parent to the Company, Parent shall have no further liability with respect to this Agreement or the transactions contemplated hereby to the Company or the holders of the Company Common Stock, and payment of the Parent Termination Fee and the Company Expenses by Parent shall be the Company's sole and exclusive remedy for any losses or damages suffered or incurred by the Company, the Company Subsidiaries and any other Person in connection with this Agreement, the transactions contemplated hereby (and the termination thereof) or any matter forming the basis for such termination; provided that nothing herein shall release any party from liability for willful breach or fraud. Upon payment of the Company Termination Fee and the Parent Expenses by the Company to Parent, the Company shall have no

further liability with respect to this Agreement or the transactions contemplated hereby to Parent or the holders of the Parent Common Stock, and payment of the Company Termination Fee and the Parent Expenses by the Company shall be Parent's sole and exclusive remedy for any losses or damages suffered or incurred by Parent, the Parent Subsidiaries and any other Person in connection with this Agreement, the transactions contemplated hereby (and the termination thereof) or any matter forming the basis for such termination; provided that nothing herein shall release any party from liability for willful breach or fraud. The parties acknowledge and agree that in no event shall the Company or Parent, as applicable, be required to pay the Company Termination Fee and the Parent Expenses or the Parent Termination Fee and the Company Expenses, as applicable, on more than one occasion.

SECTION 8.03 Amendment. This Agreement may be amended by the parties at any time before or after receipt of the Company Shareholder Approval; provided, however, that (a) after receipt of the Company Shareholder Approval, there shall be made no amendment that by Law requires further approval by the shareholders of the Company without the further approval of such shareholders, (b) no amendment shall be made to this Agreement after the Effective Time and (c) except as provided above, no amendment of this Agreement shall require the approval of the shareholders of Parent or the shareholders of the Company. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

SECTION 8.04 Extension; Waiver. At any time prior to the Effective Time, the parties may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant to this Agreement, (c) subject to Section 8.03(a), waive compliance with any covenants and agreements contained in this Agreement or (d) waive the satisfaction of any of the conditions contained in this Agreement. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

SECTION 8.05 Procedure for Termination, Amendment, Extension or Waiver. A termination of this Agreement pursuant to Section 8.01, an amendment of this Agreement pursuant to Section 8.03 or an extension or waiver pursuant to Section 8.04 shall, in order to be effective, require, in the case of the Company, Parent or Merger Sub I, action by its respective board of directors or the duly authorized designee of its board of directors, and in the case of Merger Sub II, action by its sole manager. Termination of this Agreement prior to the Effective Time shall not require the approval of the shareholders of the Company. The party desiring to terminate this Agreement pursuant to Section 8.01 shall give written notice of such termination to the other parties in accordance with Section 9.02, specifying the provision of this Agreement pursuant to which such termination is effected.

ARTICLE IX

General Provisions

SECTION 9.01 Nonsurvival of Representations and Warranties. None of the representations and warranties contained in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. Except for any covenant or agreement that by its terms contemplates performance after the Effective Time, none of the covenants and agreements of the parties contained this Agreement shall survive the Effective Time.

SECTION 9.02 Notices. Any notice required to be given hereunder shall be sufficient if in writing, and sent by facsimile transmission (provided that any notice received by facsimile transmission or otherwise at the addressee's location on any non-Business Day or any Business Day after 5:00 p.m. (addressee's local time) shall be deemed to have been received at 9:00 a.m. (addressee's local time) on the next Business Day), by reliable overnight delivery service (marked for overnight delivery and with proof of service) or hand delivery, addressed as follows:

To Parent, Merger Sub I or Merger Sub II:

700 Universe Blvd.
Juno Beach, FL 33408
Facsimile: (561) 694-3337
Attention: Charles E. Sieving
Email: Charles.Sieving@nee.com

with a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Facsimile: (212) 403-2000
Attention: Edward D. Herlihy, Esq.
Lawrence S. Makow, Esq.
Email: EDHerlihy@wlrk.com
LSMakow@wlrk.com

To the Company:

1001 Bishop Street, Suite 2900
Honolulu, Hawaii 96813
Facsimile: (808) 203-1991
Attention: Chester A. Richardson
Email: CRichardson@hei.com

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue NW
Washington, DC 20005
Facsimile: (202) 661-8200
Attention: Michael P. Rogan, Esq.
Marc S. Gerber, Esq.
Email: Michael.Rogan@skadden.com
Marc.Gerber@skadden.com

SECTION 9.03 Definitions. For purposes of this Agreement:

An "Affiliate" of any Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

"Antitrust Laws" means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, all applicable state, foreign or supranational antitrust Laws and all other applicable Laws issued by a Governmental Entity that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

"Bank Benefit Agreement" means each Company Benefit Agreement that covers only current or former directors or employees of the Bank Subsidiaries in their capacity as such.

"Bank Benefit Plan" means each Company Benefit Plan that covers only current or former directors or employees of the Bank Subsidiaries in their capacity as such.

"Bank Subsidiaries" means each of ASB Hawaii and ASB.

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking and savings and loan institutions are authorized or required by Law to be closed in Honolulu, Hawaii or New York, New York.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company 401(k) Plan" means, collectively, those portions of the Company's Retirement Savings Plan and the Bank's 401(k) Plan (in each case as amended and in effect from time to time) that are designated as an "employee stock ownership plan" within the meaning of Section 4975(e)(7) of the Code.

"Company Benefit Agreement" means each employment, consulting, bonus, incentive or deferred compensation, equity or equity-based compensation, severance, change in control, retention, termination or other Contract between the Company or any Company Subsidiary, on the one hand, and any Company Personnel, on the other hand, or with respect to which the Company or any Company Subsidiary has any present or potential future liability.

"Company Benefit Plan" means each (i) pension plan (as defined in Section 3(2) of ERISA, whether or not subject to ERISA) or post-retirement or employment health or medical plan, program, policy or arrangement, (ii) bonus, incentive or deferred compensation or equity or equity-based compensation plan, program, policy or arrangement, (iii) severance, change in control, retention or termination plan, program, policy or arrangement or (iv) other compensation, pension, retirement, savings or other benefit plan, program, policy or arrangement, in each case, sponsored, maintained, contributed to or required to be maintained or contributed to by the Company or any Company Commonly Controlled Entity for the benefit of any Company Personnel, or with respect to which the Company or any Company Subsidiary has any present or potential future liability.

"Company Commonly Controlled Entity" means any person or entity that, together with the Company, is treated as a single employer under Section 414 of the Code.

"Company Employee" means an individual who was employed by the Company or any of the Company Subsidiaries immediately prior to the Effective Time and who continues such employment with Parent or any Parent Subsidiary (including the Company and the Company Subsidiaries) immediately thereafter.

"Company Expenses" means all of the documented out-of-pocket expenses incurred by the Company in connection with this Agreement and the transactions contemplated by this Agreement, up to a maximum amount of $5,000,000.

"Company Material Adverse Effect" means a Material Adverse Effect with respect to the Company; provided, however, that for purposes of determining whether there has been a Company Material Adverse Effect pursuant to clause (a) of the definition of "Material Adverse Effect," changes or conditions which affect the Bank Subsidiaries shall not be deemed to affect the Company to the extent (and only to the extent) that such changes or conditions do not (a) adversely impact the Company or the other Company Subsidiaries (other than the Bank Subsidiaries) or (b) adversely impact in any respect the ability or prospects of the Company to timely complete the Distribution, the Integrated Mergers or the other transactions contemplated by this Agreement and the Bank Spin-Off Agreements in accordance with the terms hereof and thereof.

"Company Personnel" means any current or former director, officer, employee or independent contractor of the Company or any Company Subsidiary.

"Company Restricted Share" means any restricted share of Company Common Stock granted under any Company Stock Plan.

"Company Restricted Stock Unit" means any restricted stock unit award that is payable in shares of Company Common Stock (or whose value is determined with reference to the value of shares of Company Common Stock) and granted under any Company Stock Plan.

"Company Stock Option" means any option to purchase, or stock appreciation right granted in respect of, Company Common Stock granted under any Company Stock Plan.

"Company Stock Plans" means the 1987 Stock Option and Incentive Plan of the Company and the Company's 2010 Equity and Incentive Plan, in each case as amended and in effect from time to time.

"Derivative Product" means (i) any swap, cap, floor, collar, futures contract, forward contract, option and any other derivative financial instrument or contract, based on any commodity, security, instrument, asset, rate or index of any kind or nature whatsoever, whether tangible or intangible, including electricity (including capacity and ancillary services products related thereto), natural gas, crude oil, coal and other commodities, emissions allowances, renewable energy credits, currencies, interest rates and indices and (ii) forward contracts for delivery of electricity (including capacity and ancillary service products thereto), natural gas, crude oil, petcoke, lignite, coal and other commodities and emissions and renewable energy credits.

"End Date" means the Initial End Date; provided that if on the Initial End Date, the conditions set forth in either Section 7.01(c) or 7.01(f) are not satisfied but all of the other conditions to Closing are satisfied (other than those conditions that by their nature are to be satisfied at the Closing) and the conditions set forth in either Section 7.01(c) or 7.01(f), as the case may be, remain capable of being satisfied, then the End Date shall automatically be extended until the date that is six (6) months after the Initial End Date.

"Equity Forward Contract" means the Letter Agreement, dated March 19, 2013, by and between the Company and JPMorgan Chase Bank, National Association, London Branch.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Indebtedness" means, with respect to any Person, without duplication, (i) all obligations of such Person for borrowed money, or with respect to deposits or advances of any kind to such Person, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all capitalized lease obligations of such Person, (iv) all guarantees and arrangements having the economic effect of a guarantee of such Person of any Indebtedness of any other Person or (v) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position or covenants of others or to purchase the obligations or property of others.

"Initial End Date" means the first anniversary of the date hereof.

The "Knowledge" of any Person that is not an individual means, with respect to any matter in question, the actual knowledge of such Person's executive officers after making due inquiry of the other executives and managers of such Person having primary responsibility for such matter.

"Material Adverse Effect" with respect to any Person means any fact, circumstance, effect, change, event or development that materially adversely affects (a) the business, financial condition or results of operations of such Person and its Subsidiaries, taken as a whole, excluding any effect to the extent resulting from or arising out of (i) any change or condition affecting any industry or industries generally in which such Person or any of its

Subsidiaries operates, (ii) any change affecting any economic or political condition generally or any change affecting any securities, credit, financial or other capital markets condition generally, in each case in the United States or elsewhere, (iii) any failure, in and of itself, by such Person to meet any internal or public projection, budget, forecast or estimate in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been or will be, a "Material Adverse Effect"), (iv) any change resulting from the announcement, execution or delivery of this Agreement, including (A) any action required to be taken by such Person or any of its Subsidiaries pursuant to this Agreement, or consented to in writing by the parties to this Agreement or (B) any litigation arising out of or related to this Agreement (including shareholder litigation), (v) any change or condition affecting the market for commodities generally, including any change in the price or availability of commodities in general, (vi) any change, in and of itself, in the market price, credit rating or trading volume of such Person's securities or any change affecting the ratings or the ratings outlook for such Person or any of its Subsidiaries (it being understood that the facts or occurrences giving rise to or contributing to such change may be deemed to constitute, or be taken into account in determining whether there has been or will be, a "Material Adverse Effect"), (vii) any change in applicable Law, regulation or GAAP (or authoritative interpretation thereof), (viii) the outbreak or escalation of hostilities, any act of war, sabotage or terrorism, or any escalation or worsening of any such act of war, sabotage or terrorism threatened or underway as of the date of this Agreement, (ix) any change, event or development resulting from or arising out of any change, event or development in national or regional wholesale or retail markets for electric power, capacity or fuel or related products generally, (x) any hurricane, tornado, tsunami, flood, earthquake or other natural disaster or other weather-related event, circumstance or development, (xi) any action required by any HPUC order relating to the Company or any Company Subsidiary issued prior to the date hereof and (xii) any change or effect arising from the HPUC Proceedings (other than as a result of any breach by the Company or any of its Subsidiaries of Section 5.02); provided, however, that (x) any fact, circumstance, effect, change, event or development set forth in clauses (i), (ii), (v), (vii), (viii), (ix) or (x) above shall be taken into account in determining whether there has been or will be a "Material Adverse Effect" with respect to any Person to the extent such item or items have a substantially disproportionate effect on such Person and its Subsidiaries, taken as a whole, relative to the other participants in the industry in which such Person conducts its business and (y) clause (iv) shall be disregarded for purposes of the representations and warranties set forth in Section 3.05(a); or (b) the ability of such Person to timely consummate the transactions contemplated by this Agreement, including the Distribution and the Integrated Mergers.

"Parent Expenses" means all of the documented out-of-pocket expenses incurred by Parent in connection with this Agreement and the transactions contemplated by this Agreement, up to a maximum amount of $5,000,000.

"Parent Material Adverse Effect" means a Material Adverse Effect with respect to Parent.

"Parent Stock Plans" means the 2011 Long Term Incentive Plan, the Amended and Restated Long-Term Incentive Plan, the Long-Term Incentive Plan of 1985 and the 2007 Non-Employee Directors Stock Plan.

"Payoff Letters" means customary payoff letters and related release documentation with respect to each item of Repayment Debt.

"Person" means any natural person, firm, corporation, partnership, company, limited liability company, trust, joint venture, association, Governmental Entity or other entity.

"Repayment Debt" means (w) that certain Amended and Restated Credit Agreement, dated as of April 2, 2014, by and among the Company, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, (x) that certain Loan Agreement, dated as of May 2, 2014, by and among the Company, the lenders party thereto, and The Bank Of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent, (y) that certain Amended and Restated Credit Agreement, dated as of April 2, 2014, by and among HECO, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, and (z) any other Indebtedness of the Company or any Company Subsidiary identified by Parent in writing at least ten (10) days prior to the Closing Date.

A "Subsidiary" of any Person means another Person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, more than fifty percent (50%) of the equity interests of which) is owned directly or indirectly by such first Person.

"Subsidiary Preferred Stock" means each series of preferred stock listed in section 3.03 of the Company Disclosure Letter.

"Tax Return" means all Tax returns, declarations, statements, reports, schedules, forms and information returns and any amended Tax return relating to Taxes.

"Taxes" means all taxes, customs, tariffs, imposts, levies, duties, fees or other like assessments or charges of any kind imposed by a Governmental Entity, together with all interest, penalties and additions imposed with respect to such amounts.

SECTION 9.04 Interpretation. When a reference is made in this Agreement to an Article or a Section, such reference shall be to an Article or a Section of this Agreement unless otherwise indicated. The table of contents, index of defined terms and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any capitalized term used in any Exhibit but not otherwise defined therein shall have the meaning assigned to such term in this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "hereto", "hereby", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "or" is not exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if". The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. Any agreement, instrument or Law defined or referred to herein means such agreement, instrument or Law as from time to time amended, modified or supplemented, unless otherwise

specifically indicated. References to a person are also to its permitted successors and assigns. Unless otherwise specifically indicated, all references to "dollars" and "$" will be deemed references to the lawful money of the United States of America.

SECTION 9.05 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party or such party waives its rights under this Section 9.05 with respect thereto. Upon any determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated by this Agreement are fulfilled to the extent possible.

SECTION 9.06 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 9.07 Entire Agreement; No Third-Party Beneficiaries. This Agreement, taken together with the Parent Disclosure Letter, the Company Disclosure Letter and the Confidentiality Agreement, (a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the Integrated Mergers and (b) except, after the Effective Time, for Section 2.01, Section 2.04(h) and Section 6.12, each of Parent, Merger Sub I, Merger Sub II and the Company agrees that (1) in the cases of Parent, Merger Sub I and Merger Sub II, their respective representations, warranties, covenants and agreements set forth herein are solely for the benefit of the Company in accordance with and subject to the terms of this Agreement, (2) in the case of the Company, its representations, warranties, covenants and agreements set forth herein are solely for the benefit of Parent, Merger Sub I and Merger Sub II in accordance with and subject to the terms of this Agreement and (3) this Agreement is not intended to, and does not, confer upon any Person other than the parties hereto any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein.

SECTION 9.08 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF HAWAII, REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER ANY APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS OF THE STATE OF HAWAII.

SECTION 9.09 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of Law or otherwise by any of the parties without the prior written consent of the other parties. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

SECTION 9.10 Specific Enforcement. The parties acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that monetary damages, even if available, would not be an adequate remedy therefor. It is accordingly agreed that, prior to the termination of this Agreement pursuant to Article VIII, the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the performance of terms and provisions of this Agreement, without proof of actual damages (and each party hereby waives any requirement for the securing or posting of any bond in connection with such remedy), this being in addition to any other remedy to which they are entitled at law or in equity. The parties further agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to Law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy for any such breach.

SECTION 9.11 Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any suit, action or other proceeding arising out of this Agreement or the Integrated Mergers. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such party would not, in the event of any action, suit or proceeding, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waiver and certifications in this Section 9.11.

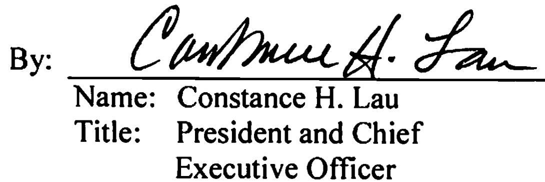
SECTION 9.12 Headings. Headings of the Articles and Sections of this Agreement are for convenience of the parties only and shall be given no substantive or interpretive effect whatsoever. The table of contents to this Agreement is for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 9.13 Construction. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

[*Remainder of page left intentionally blank*]

IN WITNESS WHEREOF, the Company and Parent have duly executed this Agreement, each as of the date first written above.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

By: 

Name: Constance H. Lau
Title: President and Chief Executive Officer

NEXTERA ENERGY, INC.

By: ______________________

Name: James L. Robo
Title: Chairman of the Board, President and Chief Executive Officer

NEE ACQUISITION SUB II, INC.

By: ______________________

Name: James L. Robo
Title: Chairman of the Board and Chief Executive Officer

NEE ACQUISITION SUB I, LLC

By: ______________________

Name: James L. Robo
Title: Chief Executive Officer

IN WITNESS WHEREOF, the Company and Parent have duly executed this Agreement, each as of the date first written above.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

By: ______________________________
Name: Constance H. Lau
Title: President and Chief Executive Officer

NEXTERA ENERGY, INC.

By: ______________________________
Name: James L. Robo
Title: Chairman of the Board, President and Chief Executive Officer

NEE ACQUISITION SUB II, INC.

By: ______________________________
Name: James L. Robo
Title: Chairman of the Board and Chief Executive Officer

NEE ACQUISITION SUB I, LLC

By: ______________________________
Name: James L. Robo
Title: Chief Executive Officer

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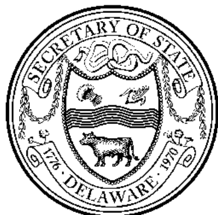
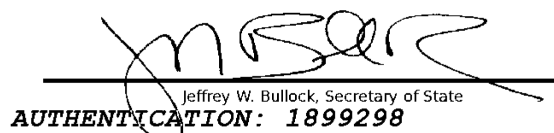
EXHIBIT 4

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "NEE ACQUISITION SUB I, LLC", FILED IN THIS OFFICE ON THE TWENTY-FIFTH DAY OF NOVEMBER, A.D. 2014, AT 1:42 O'CLOCK P.M.





Jeffrey W. Bullock, Secretary of State

5646565 8100

141455333

AUTHENTICATION: 1899298

DATE: 11-25-14

You may verify this certificate online
at corp.delaware.gov/authver.shtml

*State of Delaware
Secretary of State
Division of Corporations
Delivered 01:45 PM 11/25/2014
FILED 01:42 PM 11/25/2014
SRV 141455333 - 5646565 FILE*

STATE *of* DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE *of* FORMATION

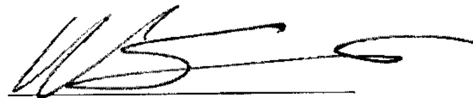
The undersigned, an authorized natural person, for the purpose of forming a limited liability company under the provisions and subject to the requirements of the laws of the State of Delaware (including Chapter 18, Title 6 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified, and referred to as the "Delaware Limited Liability Company Act"), hereby certifies that:

FIRST: The name of the limited liability company (hereinafter called the "limited liability company") is **NEE Acquisition Sub I, LLC.**

SECOND: The address of the registered office and the name and address of the registered agent of the limited liability company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are:

The Corporation Trust Company
1209 Orange Street
Wilmington, DE 19801

Executed this 24th day of November, 2014.



By: W. Scott Seeley
An Authorized Person

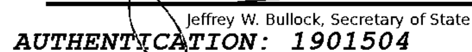
EXHIBIT 5

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "NEE ACQUISITION SUB II, INC.", FILED IN THIS OFFICE ON THE TWENTY-FIFTH DAY OF NOVEMBER, A.D. 2014, AT 4:21 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



Jeffrey W. Bullock, Secretary of State

5646796 8100

141457117

AUTHENTICATION: 1901504

DATE: 11-25-14

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:33 PM 11/25/2014
FILED 04:21 PM 11/25/2014
SRV 141457117 - 5646796 FILE

CERTIFICATE OF INCORPORATION

OF

NEE ACQUISITION SUB II, INC.

ARTICLE I

The name of the corporation is NEE Acquisition Sub II, Inc. (the "Corporation").

ARTICLE II

The address of the Corporation's registered office in the state of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801. The name of the registered agent of the Corporation at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

The aggregate number of shares of capital stock that the Corporation shall have authority to issue is 1,000 shares of Common Stock, par value $0.01 per share.

ARTICLE V

Elections of directors need not be by written ballot unless otherwise provided in the Bylaws of the Corporation. The number of directors of the Corporation shall be fixed from time to time by the Board of Directors of the Corporation.

ARTICLE VII

No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Law as the same exists or may hereafter be amended. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

ARTICLE VII

In furtherance and not in limitation of the power conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation.

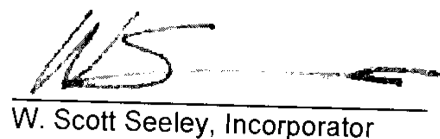
ARTICLE VIII

The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate, in the manner now or hereafter prescribed to by statute, and all rights conferred upon stockholders, directors or any other person herein are granted subject to this reservation.

ARTICLE IX

The name and address of the Incorporator of the Corporation is W. Scott Seeley, 700 Universe Boulevard, Juno Beach, Florida 33408.

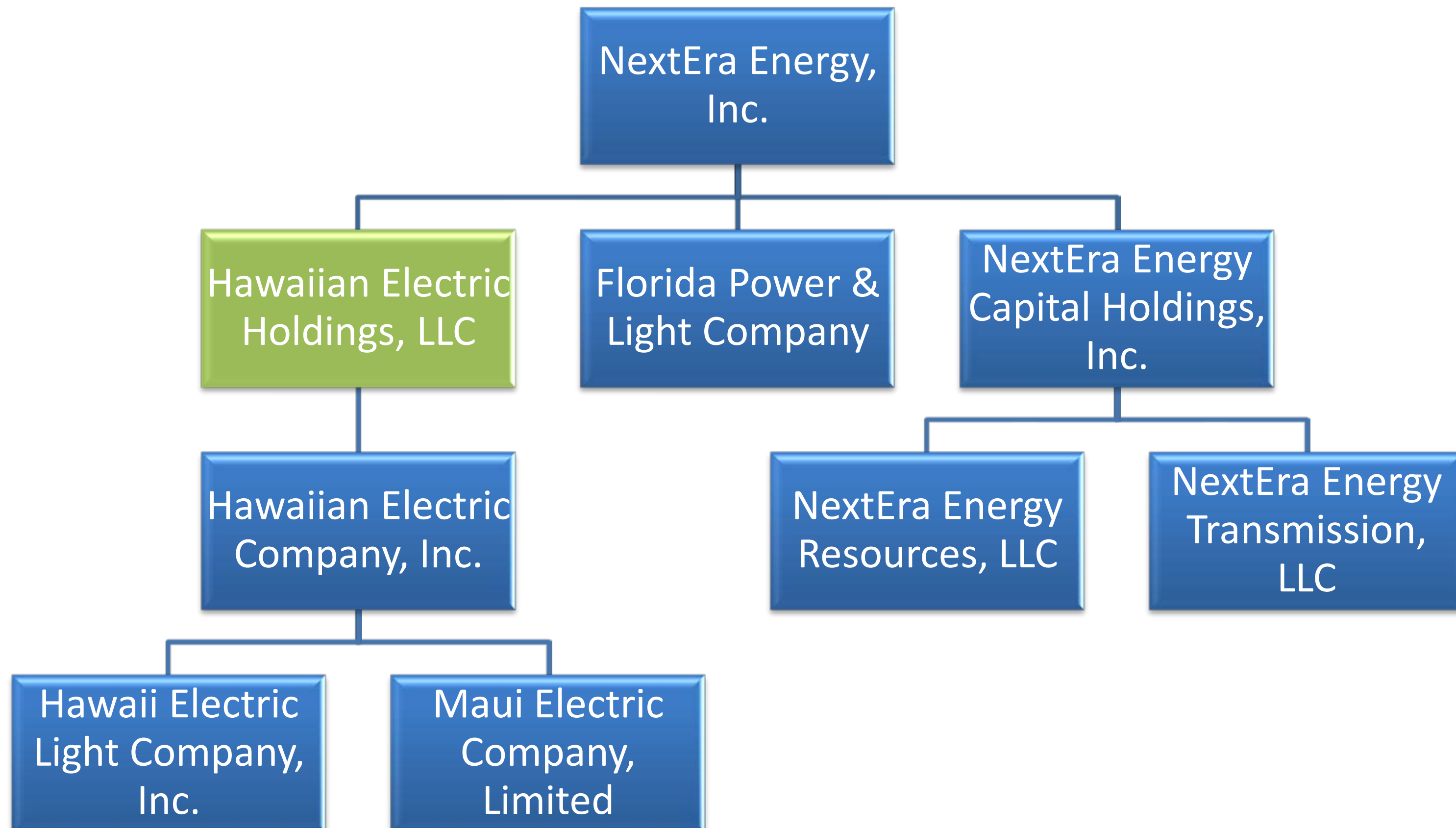
IN WITNESS WHEREOF, the incorporator has executed this Certificate of Incorporation on November 25, 2014.



W. Scott Seeley, Incorporator

EXHIBIT 6

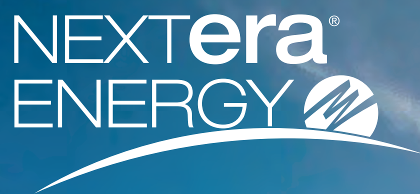
Post-merger Organizational Chart



NEXTera ENERGY

HEI HAWAIIAN ELECTRIC INDUSTRIES, INC.

EXHIBIT 7



Annual Report **2013**

Innovate. Invest. Grow.

NextEra Energy, Inc. is North America's leading generator of renewable energy from the wind and sun. In 2013, 309 megawatts (MW) of the 550-MW Desert Sunlight Solar Energy Center came online. The company owns 50 percent of this $2.3 billion project through subsidiaries of NextEra Energy Resources, LLC. When completed, Desert Sunlight will have more than 8 million solar panels capable of generating enough power for 160,000 homes.

Financial Highlights

Year End ($ in millions, except per share amounts)

FINANCIAL RESULTS	2013	2012	% change
Net Income	$ 1,908	$ 1,911	(0.2)
Adjustments, net of income taxes:			
Net unrealized mark-to-market losses associated with non-qualifying hedges	53	34	
Income from other than temporary impairment losses - net	(1)	(31)	
Net gain from discontinued operations	(188)	–	
Impairment charge and valuation allowance	342	–	
Operating loss of Spain solar projects	4	–	
Adjusted Earnings	$ 2,118	$ 1,914	10.7
Earnings Per Share (assuming dilution)	$ 4.47	$ 4.56	(2.0)
Adjustments:			
Net unrealized mark-to-market losses associated with non-qualifying hedges	0.13	0.08	
Income from other than temporary impairment losses - net	–	(0.07)	
Net gain from discontinued operations	(0.44)	–	
Impairment charge and valuation allowance	0.80	–	
Operating loss of Spain solar projects	0.01	–	
Adjusted Earnings Per Share (assuming dilution)	$ 4.97	$ 4.57	8.8
Operating Revenues	$ 15,136	$ 14,256	6.2
Operating Income	$ 3,241	$ 3,276	(1.1)
Cash Flows from Operating Activities	$ 5,102	$ 3,992	27.8
Total Assets	$ 69,306	$ 64,439	7.6

COMMON STOCK DATA	2013	2012	% change
Weighted-Average Shares Outstanding (assuming dilution – millions)	427	419	1.9
Dividends Per Share	$ 2.64	$ 2.40	10.0
Book Value Per Share	$ 41.44	$ 37.92	9.3
Market Price Per Share (high – low)	$ 89.75 – 69.81	$ 72.22 – 58.57	

OPERATING DATA	2013	2012	% change
Utility Energy Sales (kilowatt-hour – millions)	107,643	105,109	2.4
FPL Customer Accounts (thousands)	4,672	4,588	1.8
Employees (approximately)	13,900	14,800	(6.1)

FORWARD-LOOKING STATEMENTS: This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, strategies, future events or performance (often, but not always, through the use of words or phrases such as *may result, are expected to, will continue, is anticipated, aim, believe, will, could, should, would, estimated, may, plan, potential, future, projection, goals, target, outlook, predict* and *intend* or words of similar meaning) are not statements of historical facts and may be forward looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to important factors included in Part I, Item 1A. Risk Factors on pages 25-36 of the enclosed Form 10-K (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on NextEra Energy's operations and financial results, and could cause NextEra Energy's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NextEra Energy in this report, in presentations, on its website, in response to questions or otherwise. Any forward-looking statement speaks only as of the date on which such statement is made, and NextEra Energy undertakes no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

NEXTERA ENERGY, INC.: NextEra Energy, Inc. (NYSE: NEE) is a leading clean energy company with consolidated revenues of approximately $15.1 billion, approximately 42,500 megawatts of generating capacity, and approximately 13,900 employees in 26 states and Canada as of year-end 2013. Headquartered in Juno Beach, Fla., NextEra Energy's principal subsidiaries are Florida Power & Light Company, which serves approximately 4.7 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the United States, and NextEra Energy Resources, LLC, which together with its affiliated entities is the largest generator in North America of renewable energy from the wind and sun. Through its subsidiaries, NextEra Energy generates clean, emissions-free electricity from eight commercial nuclear power units in Florida, New Hampshire, Iowa and Wisconsin. NextEra Energy has been recognized often by third parties for its efforts in sustainability, corporate responsibility, ethics and compliance, and diversity, and has been named No. 1 overall among electric and gas utilities on *Fortune*'s list of World's Most Admired Companies for eight consecutive years, which is an unprecedented achievement in its industry. For more information about NextEra Energy companies, visit these websites: **www.NextEraEnergy.com**, **www.FPL.com**, **www.NextEraEnergyResources.com**.

COVER PHOTO BY: Drew Metzger; First Solar

Innovate. Invest. Grow.

To Our Shareholders:

Your company completed a very strong year in 2013. We executed well on major capital projects that are now delivering benefits to our customers across North America. We identified new opportunities to deliver clean energy to even more customers in 2014 and beyond. We continued to deliver superior operational performance that reflects our culture of continuous improvement. And for you, our shareholders, NextEra Energy, Inc. delivered adjusted earnings of $2.1 billion, or $4.97 per share,[1] as well as a total shareholder return of 28 percent, which was more than twice the return of the S&P 500 Utilities Index in 2013.[2]

At Florida Power & Light Company we invested approximately $2.9 billion in 2013 to strengthen Florida's electric infrastructure and help us serve our customers even better. These investments will further improve a customer value proposition that includes high reliability, award-winning customer service, a clean emissions profile, and a typical residential customer bill that is the lowest among reporting electric utilities in Florida and 28 percent lower than the national average.[3]

At NextEra Energy Resources, LLC (with its affiliated entities, "NextEra Energy Resources"), we strengthened our position as North America's leading generator of renewable energy from the wind and sun. Our wind development team added approximately 375 megawatts (MW) of new U.S. and Canadian wind capacity to our portfolio in 2013, and signed more than 1,100 MW of new power purchase agreements. Our solar development team brought into service approximately 280 MW of contracted U.S. solar generation last year and signed an additional 290 MW of new power purchase agreements. Our gas infrastructure business also had a very strong year.

James L. Robo, Chairman and Chief Executive Officer

NextEra Energy reached several additional milestones in 2013. We had another record year for safety. Our transmission business energized the new Lone Star line in Texas and won development rights for a new transmission project in Ontario, Canada. NextEra Energy Capital Holdings, Inc. reached agreement to invest an estimated $1.5 billion in capital expenditures to build a new natural gas pipeline system for which FPL is expected to be the anchor tenant. And we challenged each other to make our company even better through Project Momentum, a corporate-wide initiative to reduce costs and improve productivity that we expect will generate well over $200 million in annual savings by 2016.

We remain focused on our goal of becoming North America's leading provider of clean energy, and we believe that we are positioned well to deliver additional value to our shareholders. For the 10 years ended Dec. 31, 2013, our adjusted earnings per share grew at a compound annual rate of 7.2 percent.[4] For the 10 years ended Dec. 31, 2013, our total shareholder return was 271 percent, compared to 142 percent for the S&P 500 Utilities Index and 104 percent for the S&P 500 Index.[5]

We also continue to deliver consistent dividend growth to our investors. Our dividends per share grew at a compound annual rate of 8.2 percent

[1] See page AR-6 for reconciliation of adjusted amounts to GAAP amounts.
[2] Source: FactSet Research Systems.
[3] National average is as of July 2013 on a rate-per-kWh basis.
[4] See page AR-6 for reconciliation of adjusted amounts to GAAP amounts.
[5] Source: FactSet Research Systems.

for the 10 years ended Dec. 31, 2013. In February 2014, the Board of Directors announced an increase in our quarterly dividend to 72.5 cents per share, a 9.8 percent increase from last year, which is consistent with the plan that the board announced in February 2012 to target a payout ratio, expressed relative to adjusted earnings, of about 55 percent in 2014 to reflect the shift in our portfolio mix toward more regulated and long-term contracted assets.

We are proud of our accomplishments in 2013, but like all our shareholders, we are focused on the future. Three words capture the imperatives by which we aim to drive our performance in 2014: innovate, invest, and grow. By doing these three things we believe that we will deliver more value for our customers, for the communities we serve, and for you. And we will strive to deliver that value across our businesses.

Florida Power & Light Company

In 2013, FPL delivered excellent value to the nearly 4.7 million Florida families and businesses that rely on us for their electric service. Our customers continue to benefit from the highest reliability in the state as well as a typical residential customer bill that is the lowest among reporting electric utilities in Florida. We continue to deliver award-winning customer service and one of the cleanest emissions profiles in the industry. In 2013, FPL received its best-ever customer value scores from both our residential and business customers since we began tracking this indicator nine years ago.

The business also performed very well for our shareholders. FPL's net income in 2013 was $1.35 billion, or $3.16 per share, compared with $1.24 billion, or $2.96 per share, in 2012. The main driver of this earnings growth was additional investment in clean and efficient power generation and other infrastructure projects that helped improve our customer value proposition.

FPL continues to deliver terrific operational performance. Our fossil fleet set a new record for fuel efficiency in 2013, bringing our system-wide fuel usage rate down to 7,657 British thermal units (BTU) per kilowatt hour, which is 23 percent better than the average fuel usage rate for all other fossil generators in the U.S. electric utility industry. Since 2001, FPL's fuel efficiency for our fossil fleet has improved by 21 percent, resulting in more than half a billion dollars in savings for customers in 2013 alone. In 2013, for the second consecutive year, we achieved our best-ever overall reliability performance, and for the five years from 2009 to 2013, FPL's reliability was the best among Florida investor-owned utilities.[6]

FPL once again is adding customers at an encouraging rate. We averaged approximately 80,000 more customers during the fourth quarter of 2013 than in the comparable prior-year quarter, the largest increase in customer count since late 2007. In addition, our 12-month average of low-usage accounts fell to 8.2 percent, the lowest level since December 2007, while our number of inactive accounts reached its lowest level since 2005.

FPL has continued to invest in projects designed to improve the long-term value we deliver to our customers and shareholders. Each of our three power plant modernizations reached a major milestone in 2013. We brought into service our Cape Canaveral Next Generation Clean Energy Center in April, one month ahead of schedule and more than $100 million under its approximately $1 billion budget. We completed operational tests on the first of three natural gas-powered combustion turbines at our new Riviera Beach Next Generation Clean Energy Center, which we expect to bring online in the second quarter of 2014. And after a flawless demolition in July of our 1960s-era Port Everglades power plant, we are now constructing a third modernized facility with an expected in-service date of mid-2016. During the operating lifetimes of these three new, efficient power plants, we estimate that our customers will save more than $1 billion in fuel and other costs, relative to the higher-cost alternatives of purchased or generated power.

FPL also completed two other major capital investment projects in 2013 that we expect will benefit our customers for years to come. In April, we finished the extended power uprates at our four nuclear units in Florida. This project, the largest U.S. nuclear upgrade investment in recent history, added approximately 520 MW of clean, zero-emission generation to our fleet, and we expect that they will save our customers approximately $3.8 billion in fossil fuel costs over the life of the plants. In addition, FPL also wrapped up one of the most ambitious smart grid projects in the country nine months ahead of schedule. This $800 million program included the installation of 4.5 million smart meters

[6] Source: Average annual System Average Interruption Duration Index (SAIDI).

and more than 10,000 intelligent devices across our service territory.

FPL also received key regulatory approvals in 2013 for two major projects. The Florida Public Service Commission (FPSC) approved our plan to accelerate our existing storm hardening program that will strengthen the system against major storms and improve its overall reliability. The FPSC also approved FPL's new natural gas transportation capacity contracts associated with our proposed interstate pipeline system. This new pipeline system, which is subject to approval by the Federal Energy Regulatory Commission, represents a capital investment opportunity for NextEra Energy Capital Holdings, Inc. of approximately $1.5 billion through our joint venture with Spectra Energy as well as through our wholly owned subsidiary Florida Southeast Connection.

NextEra Energy Resources

Our competitive generation business also had a very strong year. At the end of 2013, NextEra Energy Resources' portfolio included nearly 17,800 MW of generating capacity across 24 U.S. states and approximately 400 MW in four Canadian provinces. We operate the largest wind and solar portfolio in North America and together with FPL we operate one of the largest nuclear fleets in the United States. Our assets are diversified both by fuel type and by the markets they serve, but they are all managed with the same focus on operational excellence that drives our work across the company.

This business also delivered solid returns for our shareholders. NextEra Energy Resources reported adjusted earnings of $780 million, or $1.83 per share, in 2013, compared with $693 million, or $1.66 per share, in 2012.[7] The main driver of the increase in adjusted earnings was new additions to our renewables portfolio.

NextEra Energy Resources delivered outstanding operational performance across the business. Our wind fleet achieved its best equivalent forced outage rate, which is a key measure of generation availability, in nearly a decade. Our fossil, solar, and nuclear operations teams had their best-ever years for safety. And two of our nuclear plants, Duane Arnold Energy Center in Iowa and Seabrook Station in New Hampshire, each operated continuously for more than 400 days, a remarkable operational achievement in the nuclear industry.

The extension of the federal production tax credit in January 2013 created a new window of opportunity to bring the benefits of wind energy to more customers in the United States, and we continue to pursue wind projects in Canada as well. By the end of 2013, our wind development team had added approximately 375 MW of new U.S. and Canadian wind capacity to our portfolio and signed more than 1,100 MW of new power purchase agreements. In the three-year period from 2013 through 2015 we now expect to develop between 2,000 and 2,500 MW of new contracted wind projects in the United States, of which 1,425 MW were already placed into service or had signed power purchase agreements as of Jan. 28, 2014. We also expect to add approximately 600 MW of new contracted Canadian wind projects during that period, all of which are already placed into service or have signed power purchase agreements.

Our solar development team also had a strong year. We brought into service approximately 280 MW of contracted solar generation at our Desert Sunlight and Genesis facilities in California. Our 20-MW Mountain View project in Nevada was commissioned in early 2014, and we expect the remaining 245 MW of Genesis and Desert Sunlight to enter service later this year. Our 250-MW McCoy project in California is also on schedule and we expect it to come into service in 2015 and 2016. We signed an additional 290 MW of power purchase agreements for solar energy in 2013, and we now expect a total of approximately 800 MW of contracted solar capacity to come online by the end of 2016.

Awards & Recognition

At NextEra Energy, we hold ourselves accountable to our shareholders and our customers, yet we appreciate third-party recognition when we receive it. So far in 2014, we have been named a World's Most Ethical Company® by the Ethisphere Institute for the seventh time. And for an eighth year in a row, *Fortune* magazine ranked us No. 1 among gas and electric utilities on its list of Most Admired Companies, an achievement unprecedented in our sector.

Many of our operating units were recognized for outstanding performance in 2013. For the 10th year in a row, the FPL team earned the national ServiceOne Award for outstanding customer service. Our nuclear fleet was honored with several industry awards for the execution of our nuclear uprates, including the Nuclear Energy Institute's Top Industry Practice Award for excellence in project implementation

[7] See page AR-6 for reconciliation of adjusted amounts to GAAP amounts.

at Point Beach, St. Lucie and Turkey Point. These nuclear uprates, along with the simultaneous execution of our wind development program that increased our wind fleet capacity to more than 10,000 MW, also earned our company the distinction of being named a finalist for the 2013 Edison Award, the highest honor in the electric utility industry.

We also appreciate third-party recognition that we are building and supporting a successful team. For the fourth year in a row, Hispanic Business Media named us as one of the nation's best companies for diversity practices. For the eighth time, the National Business Group on Health selected us as one of the best employers for healthy lifestyles.

Leadership

As 2013 drew to a close, so too did the remarkable tenure of one of our industry's great leaders, Lew Hay. During the 11 years Lew served as CEO, NextEra Energy delivered a total shareholder return better than that of any of the major players in our industry, and also better than that of some of the most iconic brands in any industry – better than Coca-Cola, Federal Express, Procter & Gamble, ExxonMobil, Berkshire Hathaway, Walt Disney, Walmart, or Microsoft. In addition, Lew deserves the credit for establishing our company's reputation as a clean energy leader. While our company had been pioneering clean energy technologies for many years, it was Lew who took this facet of our business and elevated it to the focus of our strategy. It was Lew who saw first what we all see today: that the future of clean energy is what drives us, and that our true identity really is NextEra Energy.

As the Board of Directors honored Lew for his leadership, we also welcomed Kirk S. Hachigian as our newest member. Kirk has been named Chairman and CEO of JELD-WEN, Inc., a window and door manufacturer. Kirk formerly served as Chairman, President and CEO of Cooper Industries, a manufacturer of electrical products, and as President and CEO of Asia Pacific Operations for GE Lighting. Kirk's success in leading a publicly traded global enterprise, combined with a personal and professional passion for driving strategic, financial and operating performance improvement, has already contributed to the leadership, governance, and financial acumen of the board. In addition, we offer our gratitude and best wishes to Michael H. Thaman, who will be retiring from our Board of Directors at our 2014 Annual Meeting. Mike has provided wise and valued counsel to our company's leaders for more than 10 years, and has served as our Lead Director for the past two years and as the Chair of our Audit Committee for more than seven years. We will miss Mike's insight and perspective.

I will close with words I have often shared with members of our team: I would not trade our growth prospects for those of any other company in our industry. We have terrific assets. We have a talented team. And we see countless opportunities to innovate, invest, and grow – not only in 2014, but in the years to come. Thank you for being part of our success.

James L. Robo

James L. Robo
Chairman and Chief Executive Officer

March 21, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2013**

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number	IRS Employer Identification Number
1-8841	**NEXTERA ENERGY, INC.**	59-2449419
2-27612	**FLORIDA POWER & LIGHT COMPANY** 700 Universe Boulevard Juno Beach, Florida 33408 (561) 694-4000	59-0247775

State or other jurisdiction of incorporation or organization: Florida

Securities registered pursuant to Section 12(b) of the Act:		Name of exchange on which registered
NextEra Energy, Inc.:	Common Stock, $0.01 Par Value	New York Stock Exchange
	5.889% Corporate Units	New York Stock Exchange
	5.799% Corporate Units	New York Stock Exchange
Florida Power & Light Company:	None	

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act of 1933.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

NextEra Energy, Inc. Yes ☐ No ☑ Florida Power & Light Company Yes ☐ No ☑

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) have been subject to such filing requirements for the past 90 days.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months.

NextEra Energy, Inc. Yes ☑ No ☐ Florida Power & Light Company Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrants are a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

NextEra Energy, Inc.	Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐
Florida Power & Light Company	Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity of NextEra Energy, Inc. held by non-affiliates as of June 28, 2013 (based on the closing market price on the Composite Tape on June 28, 2013) was $34,470,185,539.

There was no voting or non-voting common equity of Florida Power & Light Company held by non-affiliates as of June 28, 2013.

The number of shares outstanding of NextEra Energy, Inc. common stock, as of the latest practicable date: Common Stock, $0.01 par value, outstanding as of January 31, 2014: 435,382,649 shares.

As of January 31, 2014, there were issued and outstanding 1,000 shares of Florida Power & Light Company common stock, without par value, all of which were held, beneficially and of record, by NextEra Energy, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of NextEra Energy, Inc.'s Proxy Statement for the 2014 Annual Meeting of Shareholders are incorporated by reference in Part III hereof.

This combined Form 10-K represents separate filings by NextEra Energy, Inc. and Florida Power & Light Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Florida Power & Light Company makes no representations as to the information relating to NextEra Energy, Inc.'s other operations.

Florida Power & Light Company meets the conditions set forth in General Instruction I.(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format.

DEFINITIONS

Acronyms and defined terms used in the text include the following:

Term	Meaning
AFUDC	allowance for funds used during construction
AFUDC - debt	debt component of allowance for funds used during construction
AFUDC - equity	equity component of allowance for funds used during construction
AOCI	accumulated other comprehensive income
capacity clause	capacity cost recovery clause, as established by the FPSC
CFTC	U.S. Commodity Futures Trading Commission
CO_2	carbon dioxide
DOE	U.S. Department of Energy
Duane Arnold	Duane Arnold Energy Center
EPA	U.S. Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
FDEP	Florida Department of Environmental Protection
FERC	U.S. Federal Energy Regulatory Commission
Florida Southeast Connection	Florida Southeast Connection, LLC, a wholly-owned NEECH subsidiary
FPL	Florida Power & Light Company
FPL FiberNet	fiber-optic telecommunications business
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles in the U.S.
GHG	greenhouse gas(es)
ISO	independent system operator
ITC	investment tax credit
kW	kilowatt
kWh	kilowatt-hour(s)
Lone Star	Lone Star Transmission, LLC
Management's Discussion	Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
MMBtu	One million British thermal units
mortgage	mortgage and deed of trust dated as of January 1, 1944, from FPL to Deutsche Bank Trust Company Americas, as supplemented and amended
MW	megawatt(s)
MWh	megawatt-hour(s)
NEE	NextEra Energy, Inc.
NEECH	NextEra Energy Capital Holdings, Inc.
NEER	NextEra Energy Resources, LLC
NEET	NextEra Energy Transmission, LLC
NERC	North American Electric Reliability Corporation
NHT	New Hampshire Transmission, LLC
Note __	Note __ to consolidated financial statements
NOx	nitrogen oxide
NRC	U.S. Nuclear Regulatory Commission
O&M expenses	other operations and maintenance expenses in the consolidated statements of income
OCI	other comprehensive income
OTC	over-the-counter
OTTI	other than temporary impairment
PJM	PJM Interconnection, L.L.C.
PMI	NextEra Energy Power Marketing, LLC
Point Beach	Point Beach Nuclear Power Plant
PTC	production tax credit
PUCT	Public Utility Commission of Texas
PURPA	Public Utility Regulatory Policies Act of 1978, as amended
PV	photovoltaic
regulatory ROE	return on common equity as determined for regulatory purposes
RFP	request for proposal
ROE	return on common equity
RPS	renewable portfolio standards
RTO	regional transmission organization
Sabal Trail	Sabal Trail Transmission, LLC, an entity in which a NEECH subsidiary has a 33% ownership interest
Seabrook	Seabrook Station
SEC	U.S. Securities and Exchange Commission
SO_2	sulfur dioxide
U.S.	United States of America
WCEC	FPL's West County Energy Center in western Palm Beach County, Florida

NEE, FPL, NEECH and NEER each has subsidiaries and affiliates with names that may include NextEra Energy, FPL, NextEra Energy Resources, FPL Group Capital, FPL Energy, FPLE and similar references. For convenience and simplicity, in this report the terms NEE, FPL, NEECH and NEER are sometimes used as abbreviated references to specific subsidiaries, affiliates or groups of subsidiaries or affiliates. The precise meaning depends on the context.

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, strategies, future events or performance (often, but not always, through the use of words or phrases such as may result, are expected to, will continue, is anticipated, aim, believe, will, could, should, would, estimated, may, plan, potential, future, projection, goals, target, outlook, predict and intend or words of similar meaning) are not statements of historical facts and may be forward looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, important factors included in Part I, Item 1A. Risk Factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on NEE's and/or FPL's operations and financial results, and could cause NEE's and/or FPL's actual results to differ materially from those contained or implied in forward-looking statements made by or on behalf of NEE and/or FPL in this combined Form 10-K, in presentations, on their respective websites, in response to questions or otherwise.

Any forward-looking statement speaks only as of the date on which such statement is made, and NEE and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

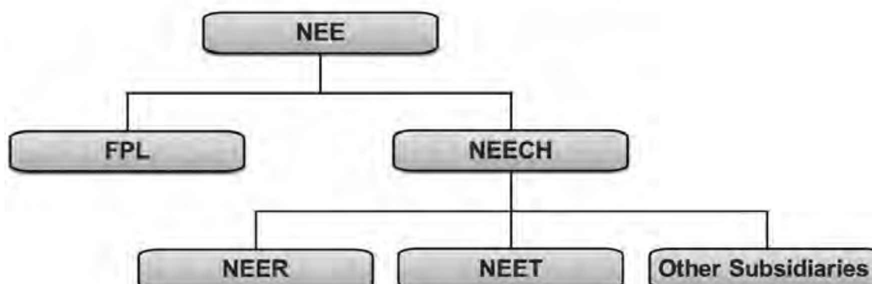
PART I

Item 1. Business

OVERVIEW

NextEra Energy, Inc. (hereafter, NEE) is one of the largest electric power companies in North America, with approximately 42,500 MW of generating capacity in 26 states in the U.S. and 4 provinces in Canada, and employing approximately 13,900 people as of December 31, 2013. NEE provides retail and wholesale electric services to nearly 5 million customers and owns generation, transmission and distribution facilities to support its services. It also purchases electric power for resale to its customers and provides risk management services related to power and gas consumption for a limited number of wholesale customers in selected markets. NEE is the largest generator in North America of renewable energy from the wind and sun. NEE owns and operates approximately 17% of the installed base of U.S. wind power production capacity and owns and/or operates approximately 14% of the installed base of U.S. utility-scale solar power production capacity as of December 31, 2013. NEE also owns and operates one of the largest fleets of nuclear power stations in the U.S., with eight reactors at five sites located in four states, representing approximately 6% of U.S. nuclear power electric generating capacity as of December 31, 2013. NEE's business strategy has emphasized the development, acquisition and operation of renewable, nuclear and natural gas-fired generation facilities in response to long-term federal policy trends supportive of zero and low air emissions sources of power. NEE's generation fleet has significantly lower rates of emissions of CO_2, SO_2 and NOx than the average rates of the U.S. electric power industry with approximately 96% of its 2013 generation, measured by MWh produced, coming from renewable, nuclear and natural gas-fired facilities. Certain environmental attributes of the wholesale business' electric generating facilities, such as renewable energy credits (RECs), emissions reductions, offsets, allowances and the avoided emission of GHG pollutants, have been or likely will be sold or transferred to third parties, who are solely entitled to the reporting rights and ownership of the environmental attributes.

NEE was incorporated in 1984 under the laws of Florida and conducts its operations principally through two wholly-owned subsidiaries, Florida Power & Light Company (hereafter, FPL) and NextEra Energy Resources, LLC (hereafter, NEER). NextEra Energy Capital Holdings, Inc. (hereafter, NEECH), another wholly-owned subsidiary of NEE, owns and provides funding for NEER's and NEE's other operating subsidiaries, other than FPL and its subsidiaries. NEE's two principal businesses also constitute NEE's reportable segments for financial reporting purposes.



FPL is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution and sale of electric energy in Florida. FPL is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. based on retail MWh sales. FPL is vertically integrated, with approximately 24,300 MW of generating capacity as of December 31, 2013. FPL's investments in its infrastructure since 2001, such as modernizing less-efficient fossil generating plants to produce more energy with less fuel and fewer air emissions, increasing generating capacity at its existing nuclear units and upgrading its transmission and distribution systems to deliver service reliability that is the best of the Florida investor-owned utilities, have provided significant benefits to FPL's customers, all while providing residential and commercial bills that were among the lowest in Florida and below the national average based on a rate per kWh as of July 2013 (the latest date for which this data is available). With approximately 94% of its power generation coming from natural gas, nuclear and solar, FPL is also one of the cleanest electric utilities in the nation. Based on 2013 information, FPL's emissions rates for CO_2, SO_2 and NOx were 35%, 97% and 71% lower, respectively, than the average rates of the U.S. electric power industry.

NEER, with approximately 18,300 MW of generating capacity at December 31, 2013, is one of the largest wholesale generators of electric power in the U.S., with nearly 17,800 MW of generating capacity across 24 states, and with approximately 400 MW in 4 Canadian provinces. NEER produces the majority of its electricity from clean and renewable sources, including wind and solar. NEER also provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas, natural gas liquids and oil production and pipeline infrastructure development and owns a retail electricity provider.

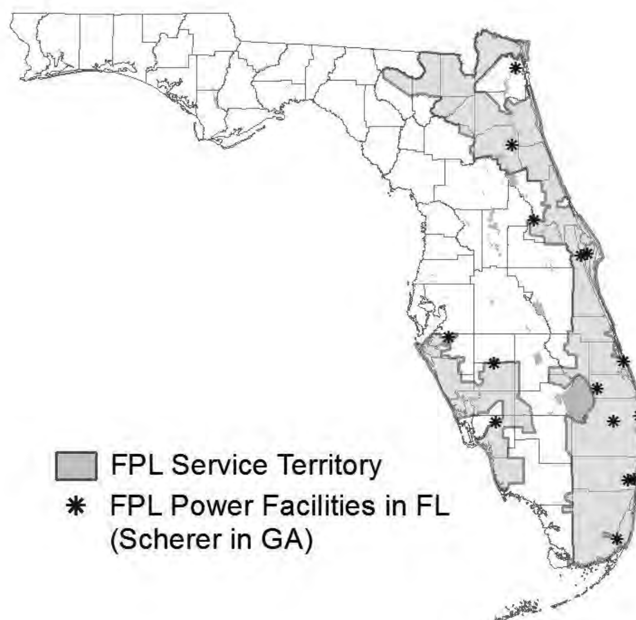
NEECH's other business activities are primarily conducted through NEET and FPL FiberNet. NEET conducts its operations principally through two wholly-owned subsidiaries, Lone Star, a rate-regulated transmission service provider in Texas, and NHT, a rate-regulated transmission owner in New Hampshire. FPL FiberNet delivers wholesale and enterprise telecommunications services in Florida, Texas and certain areas of the South Central U.S.

NEE seeks to create value in its two principal businesses by meeting its customers' needs more economically and more reliably than its competitors, as described in more detail in the following sections. NEE's strategy has resulted in profitable growth over sustained periods at both FPL and NEER. Management seeks to grow each business in a manner consistent with the varying opportunities open to it; however, management believes that the diversification and balance represented by FPL and NEER is a valuable characteristic of the enterprise and recognizes that each business contributes to NEE's credit profile in different ways. FPL and NEER, as well as other NEE subsidiaries, share common support functions with the objective of lowering costs and creating efficiencies for their businesses. During 2013, NEE and its subsidiaries commenced an enterprise-wide initiative focused mainly on improving productivity and reducing O&M expenses (cost savings initiative), and management expects to continue those efforts over the near term.

NEE'S OPERATING SUBSIDIARIES

I. FPL

FPL was incorporated under the laws of Florida in 1925 and is a wholly-owned subsidiary of NEE. FPL is a rate-regulated electric utility and is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. based on retail MWh sales. FPL, with 24,273 MW of generating capacity at December 31, 2013, supplies electric service throughout most of the east and lower west coasts of Florida, serving more than 9 million people through approximately 4.7 million customer accounts. At December 31, 2013, FPL's service territory and plant locations are as follows (see Item 2 - Generating Facilities):



FRANCHISE AGREEMENTS AND COMPETITION

FPL's service to its retail customers is provided primarily under franchise agreements negotiated with municipalities or counties. Alternatively, municipalities and counties may form their own utility companies to provide service to their residents. In a very few cases, an FPL franchise agreement provides the respective municipality the right to buy the electrical assets serving local residents at the end of the agreement. However, during the term of a franchise agreement, which is typically 30 years, the municipality or county agrees not to form its own utility, and FPL has the right to offer electric service to residents. FPL currently holds 177 franchise agreements with various municipalities and counties in Florida with varying expiration dates through 2043. Six of these franchise agreements expire in 2014, four expire in 2015 and 167 expire during the period 2016 through 2043. These franchise agreements cover approximately 85% of FPL's retail customer base in Florida. Negotiations are ongoing to renew the franchise agreements that expire in 2014 and 2015. FPL considers its franchises to be adequate for the conduct of its business. FPL also provides service to 12 other municipalities and to 22 unincorporated areas within its service area without franchise agreements pursuant to the general obligation to serve as a public utility. FPL relies upon Florida law for access to public rights of way.

Because any customer may elect to provide his/her own electric services, FPL effectively must compete for an individual customer's business. As a practical matter, few customers provide their own service at the present time since FPL's cost of service is substantially lower than the cost of self-generation for the vast majority of customers. Changing technology, economic conditions and other factors could alter the favorable relative cost position that FPL currently enjoys; however, FPL seeks as a matter of strategy to ensure that it delivers superior value, in the form of high reliability, low bills and excellent customer service.

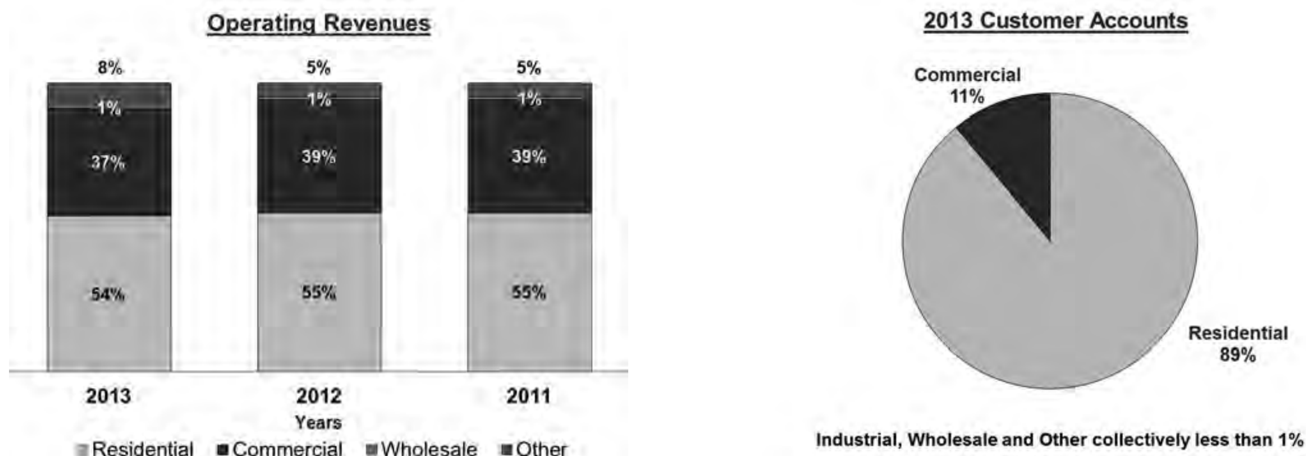
In addition to self-generation by residential, commercial and industrial customers, FPL also faces competition from other suppliers of electrical energy to wholesale customers and from alternative energy sources. In each of 2013, 2012 and 2011, operating revenues from wholesale and industrial customers combined represented approximately 3% of FPL's total operating revenues. FPL expects revenues from wholesale sales to increase in 2014 primarily due to an increase in contracted load served under existing wholesale contracts.

The FPSC promotes cost competitiveness in the building of new steam and solar generating capacity by requiring investor-owned electric utilities, including FPL, to issue an RFP except when the FPSC determines that an exception from the RFP process is in the public interest. The RFP process allows independent power producers and others to bid to supply the new generating capacity. If a bidder has the most cost-effective alternative, meets other criteria such as financial viability and demonstrates adequate expertise and experience in building and/or operating generating capacity of the type proposed, the investor-owned electric utility would seek to negotiate a purchased power agreement with the selected bidder and request that the FPSC approve the terms of the purchased power agreement and, if appropriate, provide the required authorization for the construction of the bidder's generating capacity.

New nuclear power plants and combustion turbines are exempt from the RFP requirement. See FPL Sources of Generation - Fossil Operations and Nuclear Operations below.

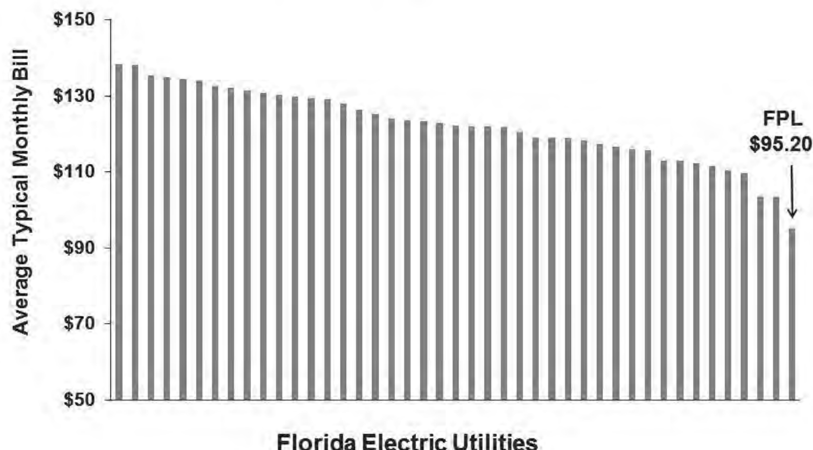
CUSTOMERS AND REVENUE

FPL's primary source of operating revenues is from its retail customer base; it also serves a limited number of wholesale customers within Florida. Beginning in 2013, operating revenues include gains associated with an incentive mechanism allowed under the 2012 rate agreement (see FPL Regulation - FPL Rate Regulation - Base Rates - Rates Effective January 2013 - December 2016); such gains are included in other in the chart below. The percentage of FPL's operating revenues and customer accounts by customer class were as follows:



For both retail and wholesale customers, the prices (or rates) that FPL may charge are approved by regulatory bodies, by the FPSC in the case of retail customers, and by the FERC in the case of wholesale customers. In general, under U.S. and Florida law, regulated rates are intended to cover the cost of providing service, including an appropriate rate of return on capital employed. Since the regulatory bodies have authority to determine the relevant cost of providing service and the appropriate rate of return on capital employed, there can be no guarantee that FPL will be able to earn any particular rate of return or recover all of its costs through regulated rates. See FPL Regulation below.

FPL seeks to maintain attractive rates for its customers. Since rates are largely cost-based, maintaining low rates requires a strategy focused on developing and maintaining a low cost position. The ideas generated from the cost savings initiative are expected to keep FPL's O&M expenses recovered through base rates flat through 2016 as compared to 2012. A common benchmark used in the electric power industry for comparing rates across companies is the price of 1,000 kWh of consumption per month for a residential customer. FPL's 2013 average bill for 1,000 kWh of monthly residential usage was the lowest among reporting electric utilities within Florida as indicated below:



POWER DELIVERY

FPL provides service to its customers through an integrated transmission and distribution system that links its generation facilities to its customers. FPL also maintains interconnection facilities with neighboring utilities and non-utility generators inside its territory, enabling it to buy and sell wholesale electricity and to enhance the reliability of its own network and support the reliability of neighboring networks. FPL's transmission system carries high voltage electricity from its generating facilities to substations where the electricity is stepped down to lower voltage levels and is sent through the distribution system to its customers.

A key element of FPL's strategy is to provide highly reliable service to its customers. The transmission and distribution system is susceptible to interruptions or outages from a wide variety of sources including weather, animal and vegetation interference, traffic accidents, equipment failure and many others, and FPL seeks to reduce or eliminate outages where economically practical and to restore service rapidly when outages occur. A common industry benchmark for transmission and distribution system reliability is the system average interruption duration index (SAIDI), which represents the number of minutes the average customer is without power during a time period. For the five years 2008 - 2012, FPL's average annual SAIDI was the best of the investor-owned utilities in Florida. FPL is accelerating its existing storm hardening and reliability program through 2016, to continue strengthening its infrastructure against tropical storms and hurricanes. Also, during 2013, FPL completed the final installation of approximately 4.5 million smart meters and other equipment, as part of its commitment to building a smarter, more reliable and efficient electric infrastructure.

FPL SYSTEM CAPABILITY AND LOAD

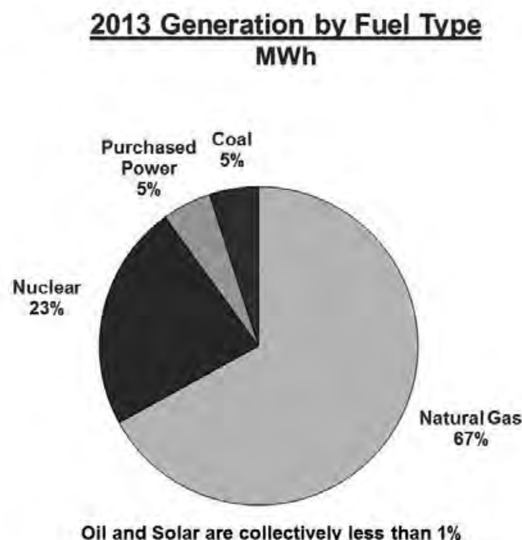
At December 31, 2013, FPL's resources for serving load consisted of 26,236 MW, of which 24,273 MW were from FPL-owned facilities (see Item 2 - Generating Facilities) and 1,963 MW were available through purchased power agreements (see FPL Sources of Generation - Purchased Power below). FPL customer usage and operating revenues are typically higher during the summer months, largely due to the prevalent use of air conditioning in FPL's service territory. Occasionally, unusually cold temperatures during the winter months result in significant increases in electricity usage for short periods of time. The highest peak load FPL has served to date was 24,346 MW, which occurred on January 11, 2010. FPL had adequate resources available at the time of this peak to meet customer demand.

FPL's projected reserve margin for the summer of 2014 is approximately 28%. This reserve margin is expected to be achieved through the combination of available output from FPL's active generating units, purchased power agreements and the capability to reduce peak demand through the implementation of demand side management programs, including load management which was estimated at December 31, 2013 to be capable of reducing demand by 1,870 MW, and energy efficiency and conservation programs. See FPL Sources of Generation - Fossil Operations and Nuclear Operations below regarding generation projects currently under construction.

FPL SOURCES OF GENERATION

FPL relies upon a mix of fuel sources for its generating facilities, along with purchased power, in order to maintain the flexibility to achieve a more economical fuel mix by responding to market and industry developments. See descriptions of fossil, nuclear and solar operations below and a listing of FPL's generating facilities in Item 2 - Generating Facilities.

FPL's 2013 fuel mix based on MWh produced, including purchased power, was as follows:



Fossil Operations (Natural Gas, Coal and Oil)

At December 31, 2013, FPL owned and operated 71 units that used fossil fuels, primarily natural gas, and had a joint ownership interest in 3 coal units. Combined, the fossil fleet provided 20,785 MW of generating capacity for FPL. These fossil units are out of service from time to time for routine maintenance or on standby during periods of reduced electricity demand. A common industry benchmark for fossil unit reliability is the equivalent forced outage rate (EFOR), which represents a generating unit's inability to provide electricity when required to operate. For the five years 2008 - 2012, FPL's average annual EFOR was in the top decile among its electric utility fossil fleet peers in the U.S.

FPL's natural gas plants require natural gas transportation, supply and storage. FPL has firm transportation contracts in place for existing pipeline capacity with five different transportation suppliers. These agreements provide for an aggregate maximum delivery quantity of 1,969,000 MMBtu/day with expiration dates ranging from 2015 to 2036 that together are expected to satisfy substantially all of the currently anticipated needs for natural gas transportation through 2016. To the extent desirable, FPL also purchases interruptible natural gas transportation service from these natural gas transportation suppliers based on pipeline availability. FPL has several short- and medium-term natural gas supply contracts to provide a portion of FPL's anticipated needs for natural gas. The remainder of FPL's natural gas requirements is purchased in the spot market. FPL has an agreement for the storage of natural gas that expires in 2017. See Note 13 - Contracts.

In October 2013, the FPSC approved FPL's 25-year natural gas transportation agreements with each of Sabal Trail and Florida Southeast Connection for a quantity of 400,000 MMBtu/day beginning on May 1, 2017 and increasing to 600,000 MMBtu/day on May 1, 2020. FPL's firm commitments under the agreements are contingent upon the occurrence of certain events, including FERC approval and completion of construction of the pipeline to be built by each of Sabal Trail and Florida Southeast Connection. A FERC decision is expected in 2015. See Other NEE Operating Subsidiaries - Natural Gas Pipeline System below and Note 13 - Contracts. These new agreements are expected to enable FPL to satisfy substantially all of its natural gas transportation needs through at least 2020.

St. Johns River Power Park (SJRPP) Units Nos. 1 and 2, coal-fired units in which FPL has a joint ownership interest, have firm coal supply contracts and a firm transportation contract for a portion of their fuel and transportation needs through 2016. Scherer Unit No. 4, the other coal-fired unit in which FPL has a joint ownership interest, has firm coal supply and transportation contracts for a portion of its fuel needs and all of its transportation needs through 2015. Any of the remaining fuel and transportation requirements for these coal-fired units will be obtained in the spot market. See Note 13 - Contracts. With respect to its oil plants, FPL obtains its fuel requirements in the spot market.

Modernization Projects. In April 2013, FPL placed in service, ahead of schedule and below budgeted construction cost, an approximately 1,210 MW natural gas-fired combined-cycle modernized unit at its Cape Canaveral power plant. FPL is in the process

of modernizing its Riviera Beach and Port Everglades power plants to high-efficiency natural gas-fired units that are expected to provide approximately 1,200 MW and 1,240 MW of capacity, respectively, and be placed in service in the second quarter of 2014 and by mid-2016, respectively.

Potential Gas Turbine Replacement Project. By the second quarter of 2014, FPL expects to begin monitoring emissions from the peaking gas turbines at its Lauderdale power plant for the purpose of confirming air-quality modeling that indicates exceedances of air quality standards for nitrogen dioxide (NO_2) at its Lauderdale and Port Everglades power plants. If the monitoring confirms the modeled exceedances, FPL will be required to reduce NO_2 emissions from these two power plants. Currently, FPL expects that the most cost-effective alternative to achieve the required emission reductions will be to retire these gas turbines, totaling 1,260 MW of capacity, and replace them with modern, low-emission combustion turbines, totaling approximately 1,005 MW of capacity. FPL plans to evaluate the results of the monitoring at the Lauderdale power plant, among other factors, to determine what action, if any, is indicated for the peaking gas turbines at its Fort Myers power plant.

Nuclear Operations

At December 31, 2013, FPL owned, or had undivided interests in, and operated the following four nuclear units with a total net generating capacity of 3,453 MW. This includes approximately 520 MW of generating capacity added from the generation power uprate project completed in 2013.

Facility	MW	Operating License Expiration Dates
St. Lucie Unit No. 1	981	2036
St. Lucie Unit No. 2	840	2043
Turkey Point Unit No. 3	811	2032
Turkey Point Unit No. 4	821	2033

FPL has several contracts for the supply of uranium and the conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from March 2014 through 2023. See Note 13 - Commitments. NRC regulations require FPL to submit a plan for decontamination and decommissioning five years before the projected end of plant operation. FPL's current plans, under the applicable operating licenses, provide for prompt dismantlement of Turkey Point Units Nos. 3 and 4 with decommissioning activities commencing in 2032 and 2033, respectively. Current plans provide for St. Lucie Unit No. 1 to be mothballed beginning in 2036 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 commencing in 2043.

Projects to Add Additional Capacity. FPL's need petition for two additional nuclear units at its Turkey Point site was approved by the FPSC in 2008 and FPL is moving forward with activities necessary to obtain all permits, licenses and approvals necessary for construction and operation of the units. The two units are expected to add a total of approximately 2,200 MW of capacity and are projected to be placed in-service in 2022 and 2023. Such in-service dates could be impacted by various regulatory approvals from the FPSC and other regulatory agencies which will be required throughout the licensing and development processes, as well as other regulatory actions.

Nuclear Unit Scheduled Refueling Outages. FPL's nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages typically require the unit to be removed from service for variable lengths of time. The following table summarizes each unit's next scheduled refueling outage:

Facility	Next Scheduled Refueling Outage
St. Lucie Unit No. 1	March 2015
St. Lucie Unit No. 2	March 2014
Turkey Point Unit No. 3	March 2014
Turkey Point Unit No. 4	September 2014

Spent Nuclear Fuel. FPL's nuclear facilities use both on-site storage pools and dry storage casks to store spent nuclear fuel generated by these facilities, which are expected to provide sufficient storage of spent nuclear fuel at these facilities through license expiration.

In 2010, the NRC amended its Waste Confidence Rule to support the determination that licensees can safely store spent nuclear fuel at nuclear power plants for up to 60 years beyond the original and renewed licensed operating life of the plants. Several parties petitioned the U.S. Court of Appeals for the District of Columbia (D.C. Circuit) to challenge the revised rule and in 2012, the D.C.

Circuit vacated the rule and remanded it back to the NRC. The NRC determined that no final licenses would be issued until the required revisions to the Waste Confidence Rule are made, which revisions are not expected to be finalized before late 2014.

Nuclear Waste Policy Act of 1982, as amended (Nuclear Waste Policy Act) - Under the Nuclear Waste Policy Act, the DOE is responsible for the development of a repository for the disposal of spent nuclear fuel and high-level radioactive waste. As required by the Nuclear Waste Policy Act, FPL is a party to contracts with the DOE to provide for disposal of spent nuclear fuel from its nuclear units.

The DOE was required to construct permanent disposal facilities and take title to and provide transportation and disposal for spent nuclear fuel by January 31, 1998 for a specified fee based on current generation from nuclear power plants. The DOE did not meet its statutory obligation for disposal of spent nuclear fuel under the Nuclear Waste Policy Act. In 2009, FPL and certain of FPL's nuclear plant joint owners entered into a settlement agreement (spent fuel settlement agreement) with the U.S. government agreeing to dismiss with prejudice lawsuits filed against the U.S. government seeking damages caused by the DOE's failure to dispose of spent nuclear fuel from FPL's nuclear plants. The spent fuel settlement agreement permits FPL to make annual filings to recover certain spent fuel storage costs incurred by FPL which are reimbursable by the U.S. government on an annual basis.

In a separate lawsuit filed in 2011, FPL joined the Nuclear Energy Institute and several other nuclear plant owners and operators (Petitioners) in petitioning the D.C. Circuit to challenge the DOE's decision to continue to collect the nuclear waste fee. In June 2012, the D.C. Circuit ruled, which ruling was confirmed in November 2013, that the DOE's fee adequacy determination was legally defective. In November 2013, the D.C. Circuit directed the DOE to submit a proposal to the U.S. Congress to change the fee to zero until the DOE complies with the Nuclear Waste Policy Act or until Congress enacts an alternative waste management plan. In January 2014, the DOE sent the court-mandated proposal to adjust the fee, subject to any further judicial decision in the proceeding, to the heads of both the U.S. Senate and the U.S. House of Representatives and, at the same time, filed a petition with the D.C. Circuit to rehear the matter. If a rehearing is granted, the D.C. Circuit’s earlier directive that the DOE submit a proposal to Congress for changing the fee to zero would be stayed, which decision on rehearing is expected in the first quarter of 2014. FPL will continue to pay fees to the U.S. government's nuclear waste fund pending Congressional approval of and implementation of a zero-fee proposal.

Yucca Mountain - In March 2010, the DOE filed a motion with the NRC to withdraw its license application for a nuclear waste repository at Yucca Mountain, which request was denied. In September 2011, the NRC issued an order suspending the Yucca Mountain licensing proceeding, which order was challenged, and in August 2013, the D.C. Circuit issued an order requiring the NRC to proceed with the legally mandated licensing process for a nuclear waste repository at Yucca Mountain. As a result, the NRC is taking steps toward completing the technical review of the application and has requested the DOE to complete its supplemental environmental impact statement.

In light of its March 2010 motion not to proceed with the Yucca Mountain repository project, the DOE established a Blue Ribbon Commission on America's Nuclear Future (BRC) to conduct a comprehensive review of policies for managing the back end of the nuclear fuel cycle and to provide recommendations for developing a safe, long-term solution to managing spent nuclear fuel and high-level radioactive waste. In 2012, the BRC issued its report and recommendations which includes a consent-based approach to site future nuclear waste management facilities; creation of a new organization, independent of the DOE, dedicated solely to assuring the safe storage and ultimate disposal of spent nuclear fuel and high-level radioactive waste; providing access to the U.S. government's nuclear waste fund for the purpose of nuclear waste storage and disposal; and initiating prompt efforts to develop geologic disposal facilities, consolidated interim storage facilities and transportation to those facilities. In January 2013, the DOE issued a strategy document for implementing the BRC recommendations. The strategy document outlines, among other things, long-term plans for a new management organization to handle spent fuel storage and disposal activities, development of new interim storage facilities and several possible funding reforms, including accessing the nuclear waste fund for funding these activities. Each of these steps will require new federal legislation.

Nuclear Regulatory Developments. Based on the NRC's comprehensive review of processes and regulations relating to nuclear facilities in the U.S. following the 2011 earthquake and tsunami in Japan, the NRC established, among other things, actions to be completed at each nuclear site and issued various orders and requests for information with a prescribed timeline for implementation and completion by the end of 2016. The NRC continues to revise orders for, among other things, enhanced venting capabilities for boiling water reactors for which implementation is expected to go beyond 2016 (FPL's nuclear units do not use boiling water reactors; see NEER - Generation and Other Operations - Nuclear Facilities - Nuclear Regulatory Developments). FPL is currently working with the NRC on the approval and implementation of actions required to meet new NRC requirements. A portion of the costs for these actions is being recovered through base rates based on estimated costs for 2013, with any incremental costs being recovered through the capacity clause, all of which are included in estimated capital expenditures. In January 2014, the State of Florida Office of Public Counsel (OPC) filed a notice of appeal to the Florida Supreme Court of the FPSC’s final order regarding the recovery of the incremental costs through the capacity clause. In February 2014, the Florida Supreme Court granted the OPC's request to stay that appeal until it has ruled on the OPC's appeal of the FPSC's final order regarding the 2012 rate agreement. See FPL Regulation - FPL Rate Regulation - Cost Recovery Clauses below and Note 13 - Commitments.

The lessons learned from the events in Japan and the results of the NRC's actions have and will continue to, among other things, result in new licensing and safety-related requirements for U.S. nuclear facilities. Any new requirements could, among other things, impact future licensing and operations of U.S. nuclear facilities, including FPL's existing nuclear facilities and NRC approval of two

additional nuclear units at FPL's Turkey Point site, and could, among other things, result in increased cost and capital expenditures associated with the operation and maintenance of FPL's nuclear units.

Solar Operations

Solar generation can be provided primarily through two conventions: utility-owned and customer-owned or leased. In utility-owned solar generation, the energy generated goes directly to the transmission grid, whereas customer-owned or leased solar generation generally goes directly to the location it is serving with any excess over local need being fed back to the transmission grid. There are two principal solar technologies used for utility-scale projects: PV and thermal. At December 31, 2013, FPL owned and operated two PV solar generating facilities, which provided a total of 35 MW of generation capacity, and a 75 MW solar thermal hybrid facility. FPL supports the advancement of solar generation primarily for its fuel diversity and emissions reduction benefits, and plans to continue to support, study and pursue solar generation that is beneficial for FPL's customers.

Purchased Power

In addition to owning generation facilities, FPL also purchases electricity from non-utility generators and other utilities to meet customer demand through long- and short-term purchased power agreements. As of December 31, 2013, FPL's long-term purchased power agreements provided for the purchase of approximately 1,963 MW of power with expiration dates ranging from 2015 through 2032. See Note 13 - Contracts. FPL also procures short-term capacity for both economic and reliability purposes.

FPL ENERGY MARKETING AND TRADING

FPL's Energy Marketing & Trading division (EMT) buys and sells wholesale energy commodities, such as natural gas, oil and electricity. EMT procures natural gas and oil for FPL's use in power generation and sells excess natural gas, oil and electricity. EMT also uses derivative instruments (primarily swaps, options and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. Substantially all of the results of EMT's activities are passed through to customers in the fuel or capacity clauses. See FPL Regulation - FPL Rate Regulation below, Management's Discussion - Energy Marketing and Trading and Market Risk Sensitivity and Note 3.

FPL REGULATION

FPL's operations are subject to regulation by a number of federal, state and other organizations, including, but not limited to, the following:

- the FPSC, which has jurisdiction over retail rates, service territory, issuances of securities, planning, siting and construction of facilities, among other things;
- the FERC, which oversees the acquisition and disposition of generation, transmission and other facilities, transmission of electricity and natural gas in interstate commerce, proposals to build interstate natural gas pipelines and storage facilities, and wholesale purchases and sales of electric energy, among other things;
- the NERC, which, through its regional entities, establishes and enforces mandatory reliability standards, subject to approval by the FERC, to ensure the reliability of the U.S. electric transmission and generation system and to prevent major system blackouts;
- the NRC, which has jurisdiction over the operation of nuclear power plants through the issuance of operating licenses, rules, regulations and orders; and
- the EPA, which has the responsibility to maintain and enforce national standards under a variety of environmental laws. The EPA also works with industries and all levels of government, including federal and state governments, in a wide variety of voluntary pollution prevention programs and energy conservation efforts.

FPL Rate Regulation

The FPSC sets rates at a level that is intended to allow FPL the opportunity to collect from retail customers total revenues (revenue requirements) equal to FPL's cost of providing service, including a reasonable rate of return on invested capital. To accomplish this, the FPSC uses various ratemaking mechanisms, including, among other things, base rates and cost recovery clauses.

Base Rates. In general, the basic costs of providing electric service, other than fuel and certain other costs, are recovered through base rates, which are designed to recover the costs of constructing, operating and maintaining the utility system. These basic costs include O&M expenses, depreciation and taxes, as well as a return on FPL's investment in assets used and useful in providing electric service (rate base). At the time base rates are determined, the allowed rate of return on rate base approximates the FPSC's determination of FPL's estimated weighted-average cost of capital, which includes its costs for outstanding debt and an allowed ROE. The FPSC monitors FPL's actual regulatory ROE through a surveillance report that is filed monthly by FPL with the FPSC. The FPSC does not provide assurance that any regulatory ROE will be achieved. Base rates are determined in rate proceedings or through negotiated settlements of those proceedings. Proceedings can occur at the initiative of FPL or upon action by the FPSC. Base rates remain in effect until new base rates are approved by the FPSC.

Rates Effective January 2013 - December 2016 - In January 2013, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2012 rate agreement). Key elements of the 2012 rate agreement, which is effective from January 2013 through December 2016, include, among other things, the following:

- New retail base rates and charges were established in January 2013 resulting in an increase in retail base revenues of $350 million on an annualized basis.
- FPL's allowed regulatory ROE is 10.50%, with a range of plus or minus 100 basis points. If FPL's earned regulatory ROE falls below 9.50%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11.50%, any party to the 2012 rate agreement other than FPL may seek a review of FPL's retail base rates.
- Retail base rates will be increased by the annualized base revenue requirements for FPL's three modernization projects (Cape Canaveral, Riviera Beach and Port Everglades) as each of the modernized power plants becomes operational. (Cape Canaveral became operational in April 2013 and Riviera Beach and Port Everglades are expected to be operational in the second quarter of 2014 and by mid-2016, respectively.)
- Cost recovery of WCEC Unit No. 3, which was placed in service in May 2011, will continue to occur through the capacity clause; however, such recovery will not be limited to the projected annual fuel cost savings as was the case in the previous rate agreement discussed below.
- Subject to certain conditions, FPL may amortize, over the term of the 2012 rate agreement, a depreciation reserve surplus remaining at the end of 2012 under the 2010 rate agreement discussed below (approximately $224 million) and may amortize a portion of FPL's fossil dismantlement reserve up to a maximum of $176 million (collectively, the reserve), provided that in any year of the 2012 rate agreement, FPL must amortize at least enough reserve to maintain a 9.50% earned regulatory ROE but may not amortize any reserve that would result in an earned regulatory ROE in excess of 11.50%.
- Future storm restoration costs would be recoverable on an interim basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that could produce a surcharge of no more than $4 for every 1,000 kWh of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed $800 million in any given calendar year, FPL may request an increase to the $4 surcharge to recover the amount above $800 million.
- An incentive mechanism whereby customers will receive 100% of certain gains, including, but not limited to, gains from the purchase and sale of electricity and natural gas (including transportation and storage), up to a specified threshold; gains exceeding that specified threshold will be shared by FPL and its customers.

In September 2013, the Florida Supreme Court heard oral argument on the OPC's appeal of the FPSC's final order regarding the 2012 rate agreement. A ruling by the Florida Supreme Court is pending.

Rates Effective March 2010 - December 2012 - Effective March 1, 2010, pursuant to an FPSC final order (2010 FPSC rate order), new retail base rates for FPL were established, resulting in an increase in retail base revenues of approximately $75 million on an annualized basis. The 2010 FPSC rate order, among other things, also established a regulatory ROE of 10.0% with a range of plus or minus 100 basis points. In February 2011, the FPSC issued a final order approving a stipulation and settlement agreement between FPL and principal parties in FPL's 2009 rate case (2010 rate agreement). The 2010 rate agreement, which was effective through December 31, 2012, provided for, among other things, a reduction in depreciation expense (surplus depreciation credit) in any calendar year up to a cap in 2010 of $267 million, a cap in subsequent years of $267 million plus the amount of any unused portion from prior years, and a total cap of $776 million over the course of the 2010 rate agreement, provided that in any year of the 2010 rate agreement FPL was required to use enough surplus depreciation credit to maintain an earned regulatory ROE within the range of 9.0% - 11.0%. The 2010 rate agreement also permitted incremental cost recovery through FPL's capacity clause for WCEC Unit No. 3 up to the amount of the projected annual fuel savings for customers. See Cost Recovery Clauses below for additional information regarding the capacity clause.

Cost Recovery Clauses. Cost recovery clauses, which are designed to permit full recovery of certain costs and provide a return on certain assets allowed to be recovered through the various clauses, include substantially all fuel, purchased power and interchange costs, certain construction-related costs and conservation and certain environmental-related costs. Cost recovery clause costs are recovered through levelized monthly charges per kWh or kW, depending on the customer's rate class. These cost recovery clause charges are calculated at least annually based on estimated costs and estimated customer usage for the following year, plus or minus true-up adjustments to reflect the estimated over or under recovery of costs for the current and prior periods. An adjustment to the levelized charges may be approved during the course of a year to reflect revised estimates.

Fuel costs are recovered from customers through the fuel clause, the most significant of the cost recovery clauses in terms of operating revenues. FPL uses a risk management fuel procurement program which has been approved by the FPSC. The FPSC reviews the program activities and results for prudence annually as part of its review of fuel costs. The program is intended to manage fuel price volatility by locking in fuel prices for a portion of FPL's fuel requirements. See FPL Energy Marketing and Trading above, Note 1 - Regulation and Note 3.

Capacity payments to other utilities and non-utility generators for purchased power are recovered from customers through the capacity clause. In accordance with the FPSC's nuclear cost recovery rule, FPL also recovers pre-construction costs and carrying charges (equal to a pretax AFUDC rate) on construction costs for new nuclear capacity through the capacity clause. As property related to the new nuclear capacity goes into service, construction costs and a return on investment are recovered through base

rate increases effective beginning the following January. See FPL Sources of Generation - Nuclear Operations above. In January 2014, FPL began recovering, through the capacity clause, the incremental costs incurred to comply with new NRC requirements established following the 2011 earthquake and tsunami in Japan. See FPL Sources of Generation - Nuclear Operations - Nuclear Regulatory Developments above. In accordance with the 2012 and 2010 rate agreements, cost recovery for WCEC Unit No. 3 is permitted during the term of the agreements through FPL's capacity clause and is reported as retail base revenues.

Costs associated with implementing energy conservation programs are recovered from customers through the energy conservation cost recovery clause. Certain costs of complying with federal, state and local environmental regulations enacted after April 1993 and costs associated with FPL's three solar facilities are recovered through the environmental cost recovery clause (environmental clause).

The FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. These costs may include, among others, fuel and O&M expenses, the cost of replacing power lost when fossil and nuclear units are unavailable, storm restoration costs and costs associated with the construction or acquisition of new facilities.

FERC

The Federal Power Act gives the FERC exclusive ratemaking jurisdiction over wholesale sales of electricity and the transmission of electricity and natural gas in interstate commerce. Pursuant to the Federal Power Act, electric utilities must maintain tariffs and rate schedules on file with the FERC which govern the rates, terms and conditions for the provision of FERC-jurisdictional wholesale power and transmission services. The Federal Power Act also gives the FERC authority to certify and oversee a national electric reliability organization with authority to develop mandatory reliability standards applicable to all users, owners and operators of the bulk-power system. The FERC also approves and enforces reliability standards. See NERC below. Electric utilities are subject to accounting, record-keeping and reporting requirements administered by the FERC. The FERC also places certain limitations on transactions between electric utilities and their affiliates.

NERC

The NERC has been certified by the FERC as the national electric reliability organization. The NERC's mandate is to ensure the reliability and security of the North American bulk-power system through establishment and enforcement of reliability standards. The NERC's regional entities establish requirements, approved by the FERC, for reliable operation and maintenance of power generation facilities and transmission systems. FPL is subject to these reliability requirements and incurs costs to ensure compliance with continually heightened requirements, and can incur significant penalties for failing to comply with them.

FPL Environmental Regulation

FPL is subject to environmental laws and regulations and is affected by some of the emerging issues described in the NEE Environmental Matters section below. FPL expects to seek recovery through the environmental clause for compliance costs associated with any new environmental laws and regulations.

As part of the conditions of certification by the FDEP for the generation uprate project at the Turkey Point nuclear units, which was completed in 2013, FPL was required to implement a monitoring plan in and around the Turkey Point cooling canals due to concerns over potential saltwater intrusion beyond FPL's property. Monitoring under the plan includes collection of data prior to and after the additional capacity is placed in service. Data for the first three years has been collected and provided to the FDEP and other agencies. The ultimate outcome of the monitoring plan is uncertain, and the financial and operational impacts on FPL, if any, cannot be determined at this time.

FPL EMPLOYEES

FPL had approximately 8,900 employees at December 31, 2013. Approximately 33% of the employees are represented by the International Brotherhood of Electrical Workers (IBEW) under a collective bargaining agreement with FPL that expires October 31, 2014.

II. NEER

NEER was formed in 1998 to aggregate NEE's competitive energy businesses. It is a limited liability company organized under the laws of Delaware and is a wholly-owned subsidiary of NEECH. Through its subsidiaries, NEER currently owns, develops, constructs, manages and operates electric generating facilities in wholesale energy markets primarily in the U.S., as well as in Canada and Spain. See Note 14. NEER is one of the largest wholesale generators of electric power in the U.S., with approximately 18,303 MW of generating capacity across 24 states, 4 Canadian provinces and 1 Spanish province as of December 31, 2013. NEER produces the majority of its electricity from clean and renewable sources as described more fully below. NEER is the largest owner of wind and utility-scale solar energy projects in North America. Since 2002, NEER has more than doubled its generating capacity, primarily through the development of new wind projects and the acquisition of nuclear projects.

NEER engages in power and gas marketing and trading activities, including entering into financial and physical contracts, to hedge the production from its generating assets that is not sold under long-term power supply agreements. These activities include providing full energy and capacity requirements services primarily to distribution utilities in certain markets and offering customized power and gas and related risk management services to wholesale customers. NEER also participates in natural gas, natural gas liquids and oil production through non-operating ownership interests and pipeline infrastructure development, hereafter referred to as the gas infrastructure business, and owns a retail electricity provider.

MARKETS AND COMPETITION

Electricity markets in the U.S. are regional and diverse in character. All are extensively regulated, and competition in these markets is shaped and constrained by regulation. The nature of the products offered varies based on the specifics of regulation in each region. Generally, in addition to the natural constraints on pricing freedom presented by competition, NEER may also face specific constraints in the form of price caps, or maximum allowed prices, for certain products. NEER's ability to sell the output of its generation facilities is also constrained by available transmission capacity, which can vary from time to time and can have a significant impact on pricing.

The degree and nature of competition that NEER faces is different in wholesale markets and in retail markets. Approximately 90% of NEER's revenue is derived from wholesale markets.

Wholesale power generation is a capital-intensive, commodity-driven business with numerous industry participants. NEER primarily competes on the basis of price, but believes the green attributes of NEER's generating assets, its creditworthiness and its ability to offer and manage customized risk solutions to wholesale customers are competitive advantages. Wholesale power generation is a regional business that is highly fragmented relative to many other commodity industries and diverse in terms of industry structure. As such, there is a wide variation in terms of the capabilities, resources, nature and identity of the companies NEER competes with depending on the market. In wholesale markets, customers' needs are met through a variety of means, including long-term bilateral contracts, standardized bilateral products such as full requirements service and customized supply and risk management services.

In general, U.S. electricity markets encompass three classes of product: energy, capacity and ancillary services. Energy services relate to the physical delivery of power; capacity services relate to the availability of MW capacity of a power generation asset; and ancillary services are other services related to power generation assets, such as load regulation and spinning and non-spinning reserves. The exact nature of these classes of product is defined in part by regional tariffs. Not all regions have a capacity product class, and the specific definitions of ancillary services vary from region to region.

RTOs and ISOs exist in a number of regions within which NEER operates to coordinate generation and transmission across wide geographic areas and to run markets. NEER also has operations that fall within the Western Electricity Coordinating Council reliability region that are not under the jurisdiction of an established RTO or ISO. Although each RTO and ISO may have differing objectives and structures, some benefits of these entities include regional planning, managing transmission congestion, developing larger wholesale markets for energy and capacity, maintaining reliability and facilitating competition among wholesale electricity providers. NEER has operations that fall within the following RTOs and ISOs:

- Alberta Electric System Operator
- California Independent System Operator
- ERCOT
- Independent Electricity System Operator (in Ontario)
- ISO New England (ISO-NE)
- Midcontinent Independent System Operator, Inc. (MISO)
- New York Independent System Operator (NYISO)
- PJM
- Southwest Power Pool

NEER competes in different regions to different degrees, but in general it seeks to enter into long-term bilateral contracts for the full output of its generating facilities, and, as of December 31, 2013, approximately 62% of NEER's generating capacity is fully committed under long-term contracts. Where long-term contracts are not in effect, NEER sells the output of its facilities into daily spot markets. In such cases, NEER will frequently enter into shorter term bilateral contracts, typically but not always of one to three years duration, to hedge the price risk associated with selling into a daily spot market. Such bilateral contracts, which may be hedges either for physical delivery or for financial (pricing) offset, may only protect a portion of the revenue that NEER expects to derive from the associated generation facility and may not qualify for hedge accounting under GAAP. Contracts that serve the economic purpose of hedging some portion of the expected revenue of a generation facility but are not recorded as hedges under GAAP are referred to as “non-qualifying hedges” for adjusted earnings purposes. See Management's Discussion - Overview - Adjusted Earnings.

Certain facilities within the NEER wind and solar generation portfolio produce RECs and other environmental attributes which are typically sold along with the energy from the plants under long-term contracts. For the wind and solar generation not sold under

long-term contracts, the RECs and other environmental attributes may be sold separately.

While the majority of NEER's revenue is derived from the output of its generating facilities, NEER is also an active competitor in several regions in the wholesale full requirements business and in providing structured and customized power and fuel products and services to a variety of customers. In the full requirements service, typically, the supplier agrees to meet the customer's needs for a full range of products for every hour of the day, at a fixed price, for a predetermined period of time, thereby assuming the risk of fluctuations in the customer's volume requirements.

The deregulated retail energy business is typically a highly competitive business. In general, competition in the retail energy business is on the basis of price, service, brand image, product offerings and market perceptions of creditworthiness. Electricity is sold pursuant to a variety of product types, including fixed, indexed and renewable products, and customers elect terms of service typically ranging from one month to five years. Retail energy rates are market-based, and not subject to traditional cost-of-service regulation by public service commissions. Transmission and distribution service companies provide, on a non-discriminatory basis, the wires and metering services necessary to deliver service to customers. Subsidiaries of NEER compete in certain states for retail customers, which can be divided into two principal segments: residential and commercial and industrial (C&I). Residential customers largely require only energy services, which may be purchased on a month-to-month basis or under a multi-year contract. Large C&I customers share many of the same characteristics as wholesale utility customers and may require similarly customized and structured products.

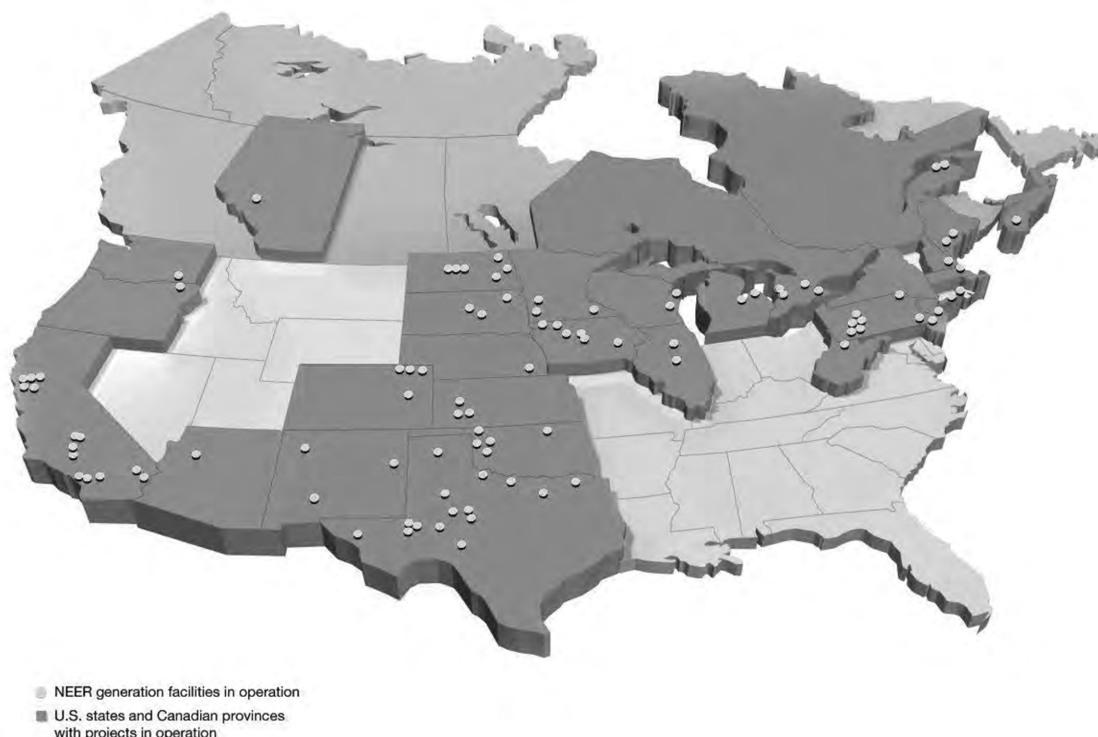
In general, competitive retail electric providers are exposed to both volume and price risk: customers' volumes will vary, and competitive retail providers are committed to supplying the customer's full needs at all times and are therefore responsible for purchases in wholesale markets to meet those needs; and wholesale prices will fluctuate in ways that do not necessarily match the retail prices committed to the customer.

Expanded competition in a frequently changing regulatory environment presents both opportunities and risks for NEER. Opportunities exist for the selective acquisition of generation assets and for the construction and operation of efficient facilities that can sell power in competitive markets. NEER seeks to reduce its market risk by having a diversified portfolio by fuel type and location, as well as by contracting for the future sale of a significant amount of the electricity output of its facilities.

GENERATION AND OTHER OPERATIONS

The vast majority of NEER's revenue is derived from selling the products (energy, capacity, RECs and ancillary services) produced by its own generating facilities. However, NEER may combine purchases of relevant products in wholesale markets with products produced by its own generating facilities in order to meet particular customers' needs.

At December 31, 2013, the locations of NEER's generation facilities in North America are as follows:



At December 31, 2013, NEER managed or participated in the management of essentially all of its generation projects in which it has an ownership interest.

NEER categorizes its portfolio in a number of different ways for different business purposes. See a listing of NEER's generating facilities in Item 2 - Generating Facilities. The following presentation details NEER operations, fuel/technology mix and generation by geographic region which NEE commonly uses in communicating its business:

Contracted, Merchant and Other Operations

NEER's portfolio of operations based on the presence/absence of long-term contracts and other operations is described below.

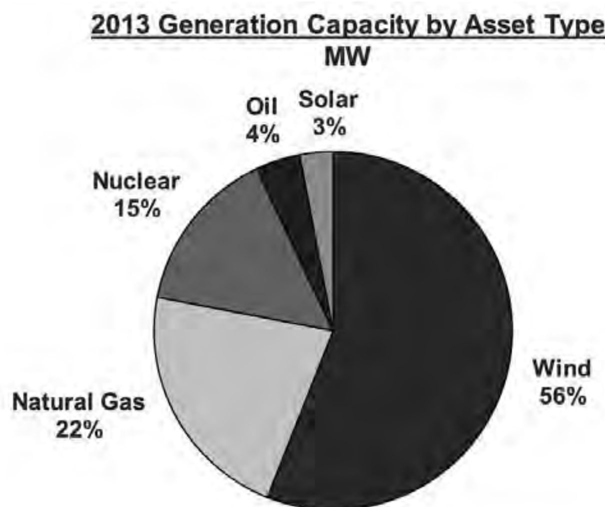
Contracted Assets. Contracted assets are projects with long-term power sales agreements for substantially all of their output and certain wind assets where long-term power contracts are expected to be executed. At December 31, 2013, NEER had 11,562 MW of contracted assets, substantially all of which have long-term power contracts. Essentially all of the output of these contracted assets were under power sales agreements, with a weighted-average remaining contract life of approximately 15 years, and some have firm fuel and transportation agreements with expiration dates ranging from March 2014 through 2022. See Note 13 - Contracts. Approximately 8,366 MW of this capacity is wind generation and 1,621 MW of this capacity is nuclear generation. The remaining 1,575 MW use a variety of fuels and technologies such as natural gas, oil and solar.

Merchant Assets. Merchant assets are projects that do not have long-term power sales agreements to sell their output, or, in the case of certain wind assets, are not expected to have long-term power contracts, and therefore require active marketing and hedging. At December 31, 2013, NEER's portfolio of merchant assets consists of 6,741 MW of owned wind, nuclear, natural gas, oil and solar generating facilities, including 846 MW of peak generating facilities. Approximately 60% (based on net MW capacity) of the natural gas-fueled merchant assets have natural gas transportation agreements to provide for fluctuating natural gas requirements. See Note 13 - Contracts. Derivative instruments (primarily swaps, options, futures and forwards) are generally used to lock in pricing and manage the commodity price risk inherent in power sales and fuel purchases. Managing market risk through these instruments introduces other types of risk, primarily counterparty, credit and operational risks.

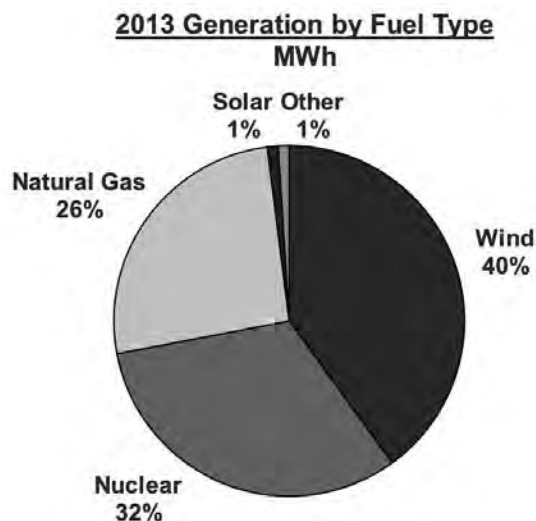
Other Operations. NEER's operations also include the gas infrastructure business and the customer supply and proprietary power and gas trading businesses. At December 31, 2013, the gas infrastructure business had non-operating investments located in oil and gas shale formations primarily in Texas, Oklahoma, Wyoming, North Dakota and Louisiana. Also, see NEER Customer Supply and Proprietary Power and Gas Trading below.

NEER Fuel/Technology Mix

NEER's generating output is produced using a variety of fuel sources as further described below.



NEER's power generation in terms of MWh produced for the year ended December 31, 2013 by fuel type is as follows:



Wind Facilities

At December 31, 2013, NEER had ownership interests in wind generating facilities with a total generating capacity of 10,210 MW. NEER operates all of these wind facilities, which are located in 19 states and 4 provinces in Canada. During 2013, NEER added approximately 250 MW of new U.S. wind generation and 124 MW of new Canadian wind generation and sold wind facilities with generation capacity totaling 223 MW located in Wyoming and California. NEER is currently committed to add new wind generation in 2014 and 2015 totaling approximately 465 MW in Canada and 1,175 MW in the U.S. See Policy Incentives for Renewable Energy Projects below for additional discussion of NEER's expectations regarding wind development and construction.

Natural Gas Facilities

At December 31, 2013, NEER had ownership interests in natural gas facilities with net generating capacity (NEER's net ownership interest in facility capacity) of 3,991 MW. NEER operates all of these facilities and approximately 1,003 MW of net generating capacity is from contracted natural gas assets located throughout the Northeastern U.S.

Nuclear Facilities

At December 31, 2013, NEER owned, or had undivided interests in, and operated the following four nuclear units with a total net generating capacity of 2,721 MW.

Facility	Location	MW	Portfolio Category	Operating License Expiration Dates
Seabrook	New Hampshire	1,100	Merchant	2030 [(a)]
Duane Arnold	Iowa	431	Contracted[(b)]	2034
Point Beach Unit No. 1	Wisconsin	595	Contracted[(c)]	2030
Point Beach Unit No. 2	Wisconsin	595	Contracted[(c)]	2033

(a) In 2010, NEER filed an application with the NRC to renew Seabrook's operating license for an additional 20 years, which license renewal is dependent on various NRC regulatory approvals and actions.
(b) NEER sells all of its share of the output of Duane Arnold under a long-term contract expiring in February 2025.
(c) NEER sells all of the output of Point Beach Units Nos. 1 and 2 under long-term contracts through their current operating license expiration dates.

NEER's nuclear facilities have several contracts for the supply of uranium and conversion, enrichment and fabrication of nuclear fuel with expiration dates ranging from March 2014 through 2022. See Note 13 - Contracts. NEER is responsible for all nuclear unit operations and the ultimate decommissioning of the nuclear units, the cost of which is shared on a pro-rata basis by the joint owners for the jointly-owned units. NRC regulations require plant owners to submit a plan for decontamination and decommissioning five years before the projected end of plant operation.

Nuclear Unit Scheduled Refueling Outages. NEER's nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, including inspections, repairs and certain other modifications. Scheduled nuclear refueling outages typically require the unit to be removed from service for variable lengths of time. The following table summarizes each unit's next scheduled refueling outage:

Facility	Next Scheduled Refueling Outage
Seabrook	April 2014
Duane Arnold	October 2014
Point Beach Unit No. 1	October 2014
Point Beach Unit No. 2	March 2014

Spent Nuclear Fuel. NEER's nuclear facilities use both on-site storage pools and dry storage casks to store spent nuclear fuel generated by these facilities, which are expected to provide sufficient storage of spent nuclear fuel at these facilities through license expiration.

As owners and operators of nuclear facilities, certain subsidiaries of NEER are subject to the Nuclear Waste Policy Act and are parties to the spent fuel settlement agreement and legal actions described in FPL - FPL Sources of Generation - Nuclear Operations. Similar to FPL, these subsidiaries will continue to pay fees to the U.S. government's nuclear waste fund pending Congressional approval of and implementation of a zero-fee proposal.

Nuclear Regulatory Developments. For discussion of developments regarding the impact of the 2011 earthquake and tsunami in Japan as it relates to U.S. nuclear facilities, see FPL - FPL Sources of Generation - Nuclear Operations. NEER's nuclear facilities are subject to the same NRC actions as described for FPL. Duane Arnold is NEER's only boiling water reactor unit. NEER is currently working with the NRC on the approval and implementation of actions required to meet new NRC requirements, the costs of which are included in estimated capital expenditures. See Note 13 - Commitments.

Solar Facilities

At December 31, 2013, NEER had ownership interests in solar facilities with a total net generating capacity of 477 MW in the U.S. and Canada. During 2013, NEER added 125 MW of capacity from a 250 MW solar thermal project in California (Genesis solar project) and 155 MW of net capacity from a 550 MW solar PV project in California (Desert Sunlight solar project), in which NEER has a 50% equity investment. The remaining capacity for the Genesis solar project (125 MW) and the Desert Sunlight solar project (120 MW) are expected to be added during 2014. In addition, NEER and its affiliates completed construction of solar thermal facilities with generating capacity of 99.8 MW in Spain (Spain solar projects) during 2013 (see Note 13 - Spain Solar Projects for additional developments that impact the Spain solar projects).

Other Assets

At December 31, 2013, NEER had 804 MW of other generation assets, primarily oil facilities located in Maine. During 2013, NEER initiated a plan and received internal approval to pursue the sale of its ownership interests in the oil-fired generating plants located in Maine with a total capacity of 796 MW. In the first quarter of 2013, a subsidiary of NEER completed the sale of its ownership interest in a portfolio of hydropower generation plants and related assets with a total generating capacity of 351 MW located in Maine and New Hampshire.

Policy Incentives for Renewable Energy Projects

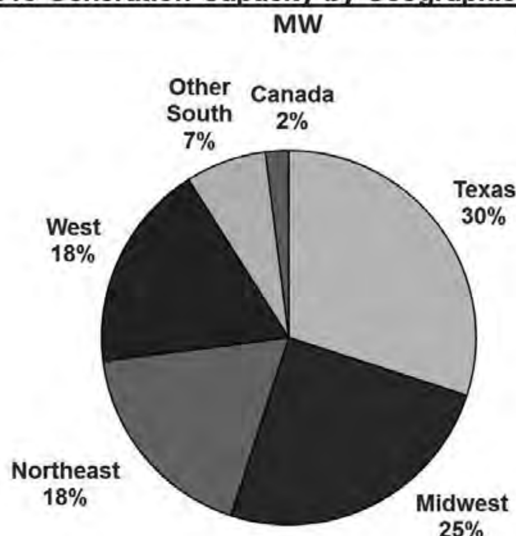
In its development and operation of U.S. wind generation facilities, NEER depends heavily on the federal PTC, which currently provides an income tax credit for the production of electricity from utility-scale wind turbines for the first ten years of commercial operation. This incentive was created under the Energy Policy Act of 1992 and, under the American Taxpayer Relief Act of 2012 (Taxpayer Relief Act), was extended for wind projects whose construction began before January 1, 2014. The Internal Revenue Service (IRS) has issued guidance related to which projects will qualify for the PTC including, among other things, criteria for the beginning of construction of a project and the continuous program of construction or the continuous efforts to advance the project to completion. Pursuant to the IRS guidance, NEER expects its projects currently in development or under construction in the U.S. will qualify for the PTC. Alternatively, wind project developers can choose to receive a 30% ITC, in lieu of the PTC, with the same requirement that construction of the wind project began before January 1, 2014. NEER's expectations for wind development and construction will depend, in part, on whether legislation is passed to further extend the PTC.

Solar project developers are also eligible to receive a 30% ITC for new solar projects that achieve commercial operation before 2017. Solar project developers can elect to receive an equivalent cash payment from the U.S. Department of Treasury for the value of the 30% ITC for qualifying solar projects where construction began before the end of 2011 and the projects are placed in service before 2017.

Other countries, including Canada and Spain, provide for incentives like feed-in-tariffs for renewable energy projects. The feed-in-tariffs promote renewable energy investments by offering long-term contracts to renewable energy producers, typically based on the cost of generation of each technology. See Note 13 - Spain Solar Projects for developments in Spain.

NEER Generation by Geographic Region in North America

NEER's generating capacity spans various geographic regions in North America, thereby reducing overall volatility related to varying market conditions and seasonality on a portfolio basis. NEER's generating facilities at December 31, 2013 are categorized by geographic region (see Item 2 - Generating Facilities) in terms of MW of capacity as follows:



NEER CUSTOMER SUPPLY AND PROPRIETARY POWER AND GAS TRADING

PMI, a subsidiary of NEER, buys and sells wholesale energy commodities, such as electricity, natural gas and oil. PMI sells the output from NEER's plants that is not sold under long-term contracts and procures the fossil fuel for use by NEER's generation fleet. Its primary role is to manage the commodity risk of NEER's portfolio. PMI uses derivative instruments such as swaps, options, futures and forwards to manage the risk associated with fluctuating commodity prices and to optimize the value of NEER's power generation and gas infrastructure assets.

PMI also provides a wide range of electricity and gas commodity products to customers and markets and trades energy commodity products. PMI's customer supply business includes providing full energy and capacity requirements and mid-market services that include sales and purchases of wholesale commodities-related products and the operations of a retail electricity provider.

The results of PMI's activities are included in NEER's operating results. See Management's Discussion - Energy Marketing and Trading and Market Risk Sensitivity, Note 1 - Energy Trading and Note 3.

NEER REGULATION

The energy markets in which NEER operates are subject to domestic and foreign regulation, as the case may be, including local, state and federal regulation, and other specific rules.

At December 31, 2013, NEER had ownership interests in operating independent power projects located in the U.S. that have received exempt wholesale generator status as defined under the Public Utility Holding Company Act of 2005, which represent approximately 98% of NEER's net generating capacity. Exempt wholesale generators own or operate a facility exclusively to sell electricity to wholesale customers. They are barred from selling electricity directly to retail customers. NEER's exempt wholesale generators produce electricity from wind, fossil fuels, solar and nuclear facilities. Essentially all of the remaining 2% of NEER's net generating capacity has qualifying facility status under the PURPA. NEER's qualifying facilities generate electricity primarily from wind, solar and fossil fuels. Qualifying facility status exempts the projects from, among other things, many of the provisions of the Federal Power Act, as well as state laws and regulations relating to rates and financial or organizational regulation of electric utilities. While projects with qualifying facility and/or exempt wholesale generator status are exempt from various restrictions, each project must still comply with other federal, state and local laws, including, but not limited to, those regarding siting, construction, operation, licensing, pollution abatement and other environmental laws.

Additionally, most of the NEER facilities located in the U.S. are subject to FERC regulations and market rules, the NERC's mandatory reliability standards and the EPA's environmental laws, and its nuclear facilities are also subject to the jurisdiction of the NRC. See FPL - FPL Regulation for additional discussion of FERC, NERC, NRC and EPA regulations. With the exception of facilities located in ERCOT, the FERC has jurisdiction over various aspects of NEER's business in the U.S., including the oversight and investigation of competitive wholesale energy markets, regulation of the transmission and sale of natural gas, and oversight of environmental matters related to natural gas projects and major electricity policy initiatives. The PUCT has jurisdiction, including the regulation of rates and services, oversight of competitive markets, and enforcement of statutes and rules, over NEER facilities located in ERCOT. NEER and its affiliates are also subject to national and provincial or regional regulations in Canada and Spain related to energy operations, energy markets and environmental standards.

NEER is subject to environmental laws and regulations, and is affected by some of the emerging issues related to renewable energy resources as described in the NEE Environmental Matters section below. In order to better anticipate potential regulatory changes, NEER continues to actively evaluate and participate in regional market redesigns of existing operating rules for the integration of renewable energy resources and for the purchase and sale of energy commodities.

NEER EMPLOYEES

NEER and its subsidiaries had approximately 4,500 employees at December 31, 2013. Certain subsidiaries of NEER have collective bargaining agreements with the IBEW, the Utility Workers Union of America, the Security Police and Fire Professionals of America and the International Union of Operating Engineers, which collectively represent approximately 22% of NEER's employees. The collective bargaining agreements have one- to five-year terms and expire between February 2015 and 2016.

III. OTHER NEE OPERATING SUBSIDIARIES

Corporate and Other represents other business activities, primarily NEET and FPL FiberNet, that are not separately reportable. See Note 14. In addition, certain subsidiaries of NEECH are pursuing approvals to build, own and operate an approximately 600-mile natural gas pipeline system to provide new natural gas transportation infrastructure in Florida.

NEET

NEET, a wholly-owned subsidiary of NEECH, is a limited liability company organized under the laws of Delaware. NEET conducts its business primarily through two subsidiaries, Lone Star and NHT, and is pursuing opportunities to develop, build and operate new transmission facilities throughout North America. In August 2013, an entity in which an affiliate of NEET has a joint venture investment was selected to complete development work for a 250-mile transmission line in Northwestern Ontario, Canada. Once development is complete, subject to Ontario Energy Board approval, the NEET affiliate, through its joint venture, is expected to construct, own and operate the new transmission line that is projected to begin service in 2018.

Lone Star

Lone Star, a rate-regulated transmission service provider in Texas, is a limited liability company organized under the laws of Delaware. Lone Star owns and operates approximately 330 miles of 345 kilovolt (kV) transmission lines and other associated facilities that were placed in service in 2012 and 2013. Lone Star is subject to regulation by a number of federal, state and other agencies, including, but not limited to, the PUCT, the ERCOT, the NERC and the EPA, as well as certain limited regulations of the FERC. See FPL - FPL Regulation for further discussion of FERC, NERC and EPA regulations and NEE Environmental Matters. The PUCT has jurisdiction over a wide range of Lone Star's business activities, including, among others, rates charged to customers and certain aspects of the operation of transmission systems. The PUCT sets rates at a level that allows Lone Star the opportunity to collect from customers total revenues (revenue requirements) equal to Lone Star's cost of providing service, including a reasonable rate of return on invested capital.

During late 2012 through mid-2013, the PUCT approved Lone Star's initial rate case proceeding as well as its interim rate adjustment filings for wholesale transmission service which ultimately provides for an annual revenue requirement of approximately $103 million for, among other things, $723 million of rate base, a regulatory equity ratio of 45%, an allowed regulatory ROE of 9.6% and other operating expenses. Lone Star's subsequent capital investment will be recovered through either interim rate adjustment filings or a base rate filing. Capital investment included in rates through the interim rate adjustment mechanism is subject to prudence review in Lone Star's next general rate case which is expected to be filed in mid-2014.

NHT

NHT, a rate-regulated transmission owner in ISO-NE, is a limited liability company organized under the laws of Delaware. NHT owns transmission facilities which connect NEER's Seabrook nuclear facility to the New England transmission grid and interconnect three 345 kV transmission lines in New England. NHT is subject to regulation by a number of federal, state and other agencies, including, but not limited to, the New Hampshire Public Utility Commission, ISO-NE, the FERC, the NERC and the EPA. See FPL - FPL Regulation and NEE Environmental Matters for further discussion of FERC, NERC and EPA regulations. NHT wholesale transmission revenues are provided through an ISO-NE tariff.

FPL FIBERNET

FPL FiberNet conducts its business through two separate wholly-owned subsidiaries of NEECH. One subsidiary was formed in 2000 to enhance the value of NEE's fiber-optic network assets that were originally built to support FPL operations and the other was formed in 2011 to hold fiber-optic network assets which were acquired. Both subsidiaries are limited liability companies organized under the laws of Delaware. FPL FiberNet leases fiber-optic network capacity and dark fiber to FPL and other customers, primarily telephone, wireless, internet and other telecommunications companies. FPL FiberNet's networks cover most of the metropolitan areas in Florida and several in Texas. FPL FiberNet also has a long-haul network providing bandwidth at wholesale rates. The long-haul network connects major cities in Florida and Texas with additional connectivity to Atlanta, Georgia and the South Central U.S., including Arkansas, Louisiana and Oklahoma. At December 31, 2013, FPL FiberNet's network consisted of approximately 8,760 route miles. FPL FiberNet is subject to regulation by the Federal Communications Commission which has jurisdiction over wire and wireless communication networks and by the public utility commissions in the states in which it provides intrastate telecommunication services.

NATURAL GAS PIPELINE SYSTEM

In July 2013, FPL announced the winning proposals from its 2012 RFP for an approximately 600-mile natural gas pipeline system for new natural gas transportation infrastructure in Florida. The proposed pipeline system will be composed of two pipelines, each of which is expected to be operational beginning in mid-2017. Sabal Trail, which is 33% owned by a NEECH subsidiary and will be a FERC-regulated entity, was selected to build, own and operate the northern pipeline that would originate in southwestern Alabama and end at a new hub to be built in Central Florida (Central Florida Hub). Florida Southeast Connection, which is a wholly-owned NEECH subsidiary and will be a FERC-regulated entity, was selected to build, own and operate the southern pipeline that

would originate at the Central Florida Hub and end in Martin County, Florida at FPL's Martin power plant.

Total estimated capital expenditures for the 33% portion of the northern pipeline plus the entire southern pipeline are estimated to be approximately $1.5 billion. At December 31, 2013, NEE's investment in the proposed pipeline system totaled approximately $33 million. The obligations of Sabal Trail and Florida Southeast Connection to build and operate the northern pipeline and southern pipeline, respectively, are subject to certain conditions, including FERC approval. A FERC decision is expected in 2015.

See FPL - FPL Sources of Generation - Fossil Operations and Note 13 - Commitments and Contracts.

NEE ENVIRONMENTAL MATTERS

NEE and FPL are subject to domestic and foreign environmental laws and regulations, including extensive federal, state and local environmental statutes, rules and regulations. The U.S. Congress and certain states and regions continue to consider several legislative and regulatory proposals with respect to GHG emissions. The Government of Canada and its provinces are also taking certain actions, such as setting targets or goals, regarding the reduction of GHG emissions. The economic and operational impact of climate change legislation on NEE and FPL depends on a variety of factors, including, but not limited to, the allowed emissions, whether emission allowances will be allocated or auctioned, the cost to reduce emissions or buy allowances in the marketplace and the availability of offsets and mitigating factors to moderate the costs of compliance. Based on the most recent reference data available from government sources, NEE is among the lowest emitters, among electric generators, of GHG in the U.S. measured by its rate of emissions expressed as pounds of CO_2 per MWh of generation. However, the legislative and regulatory proposals have differing methods of implementation and the impact on FPL's and NEER's generating units and/or the financial impact (either positive or negative) to NEE and FPL could be material, depending on the eventual structure of any specific implementation rules adopted.

I. Environmental Regulations

The following is a discussion of certain existing and emerging federal and state initiatives and rules, some of which could potentially have a material effect (either positive or negative) on NEE and its subsidiaries. FPL expects to seek recovery through the environmental clause for compliance costs associated with any new environmental laws and regulations.

- Clean Air Interstate Rule (CAIR)/Cross-State Air Pollution Rule (CSAPR). The EPA's CAIR requires SO_2 and NOx emissions reductions from electric generating units in specified Eastern states and the District of Columbia, where the emissions from electric generating units are deemed to be transported to downwind states. NEER and FPL began complying with the CAIR on January 1, 2009. In 2011, the EPA issued the CSAPR, a final rule which was to replace the CAIR beginning in January 2012. The CSAPR would limit emissions of SO_2 and NOx from power plants in 28 eastern states and provides an allocation methodology for emission allowances and reduction limits for SO_2, NOx and seasonal ozone requirements. In August 2012, the D.C. Circuit vacated the CSAPR and remanded it back to the EPA for further rulemaking, which decision was appealed to the U.S. Supreme Court by several parties, including the EPA. The D.C. Circuit ordered that the CAIR remain in place until such time that the EPA promulgates a valid replacement, which the EPA is expected to propose in late 2014. In June 2013, the U.S. Supreme Court issued an order granting the petitions for review of the D.C. Circuit's decision to vacate the CSAPR and oral arguments were heard in December 2013.

- Clean Water Act Section 316(b). In March 2011, the EPA issued a proposed rule under Section 316(b) of the Clean Water Act to address the location, design, construction and capacity of intake structures at existing power plants with once-through cooling water systems. The proposed rule is intended to require the Best Technology Available to reduce the impact on aquatic organisms from once-through cooling water intake systems. Under the proposed rule, potentially thirteen of FPL's facilities and five of NEER's facilities may be required to add additional controls and/or make operational changes to comply, the economic and operational impact of which cannot be determined at this time, but could be material. The issuance of a final rule is expected in April 2014.

- Regulation of GHG Emissions. In September 2013, the EPA re-proposed standards for new fossil fuel-fired power units pursuant to a Presidential Memorandum related to the regulation of GHG emissions. The Presidential Memorandum also directed the EPA to issue a final rule for new fossil fuel-fired power units after considering all public comments and to propose a rule for existing fossil fuel-fired power units by June 2014 with a final rule by June 2015 and to prepare guidelines requiring each state to revise their state implementation plans, which will set forth the program requirements within that state, by the end of June 2016. In October 2013, the U.S. Supreme Court granted a request by several petitioners for review of the D.C. Circuit's June 2012 decision which upheld the EPA's GHG regulations. The U.S. Supreme Court granted review on the limited question of whether the EPA permissibly determined that its regulation of GHG emissions from new motor vehicles triggered permitting requirements under the Clean Air Act for stationary sources that emit GHG. The U.S. Supreme Court is scheduled to hear oral arguments on February 24, 2014.

- Avian/Bat Regulations and Wind Turbine Siting Guidelines. FPL, NEER and NEET are subject to numerous environmental regulations and guidelines related to threatened and endangered species and their habitats, as well as avian and bat species, for the siting, construction and ongoing operations of their facilities. The facilities most significantly affected are wind and solar facilities and transmission and distribution lines. The environmental laws in the U.S., including, among others, the Endangered

Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act and similar environmental laws in Canada provide for the protection of migratory birds, eagles and endangered species of birds and bats and their habitats. Regulations have been adopted under some of these laws that contain provisions that allow the owner/operator of a facility to apply for a permit to undertake specific activities including those associated with certain siting decisions, construction activities and operations. In addition to regulations, voluntary wind turbine siting guidelines established by the U.S. Fish and Wildlife Service set forth siting, monitoring and coordination protocols that are designed to support wind development in the U.S. while also protecting both birds and bats and their habitats. These guidelines include provisions for specific monitoring and study conditions which need to be met in order for projects to be in adherence with these voluntary guidelines. Complying with these environmental regulations and adhering to the provisions set forth in the voluntary wind turbine siting guidelines could result in additional costs or reduced revenues at existing and new wind and solar facilities and transmission and distribution facilities at FPL, NEER and NEET.

II. Other GHG Emissions Reduction Initiatives

NEER's plants operate in certain states and regions that continue to consider and implement regulatory proposals to reduce GHG emissions. RPS, currently in place in approximately 30 states and the District of Columbia, require electricity providers in the state or district to meet a certain percentage of their retail sales with energy from renewable sources. These standards vary, but the majority include requirements to meet 10% to 25% of the electricity providers' retail sales with energy from renewable sources by 2025. Approximately 7 other states have set renewable energy goals as well. NEER's plants operate in 20 states that have a RPS or renewable energy goals and NEER believes that these standards and goals will create incremental demand for renewable energy in the future.

Other GHG reduction initiatives including, among others, the Regional Greenhouse Gas Initiative and the California Greenhouse Gas Regulation aim to reduce emissions through a variety of programs and under varying timelines. Based on its clean generating portfolio, NEER expects to continue experiencing a positive impact on earnings as a result of these GHG reduction initiatives. Additionally, these initiatives provide NEER opportunities with regards to wind and solar development as well as favorable energy pricing.

WEBSITE ACCESS TO SEC FILINGS

NEE and FPL make their SEC filings, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, available free of charge on NEE's internet website, www.nexteraenergy.com, as soon as reasonably practicable after those documents are electronically filed with or furnished to the SEC. The information and materials available on NEE's website (or any of its subsidiaries' websites) are not incorporated by reference into this combined Form 10-K. The SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC at www.sec.gov.

EXECUTIVE OFFICERS OF NEE[(a)]

Name	Age	Position	Effective Date
Miguel Arechabala	53	Executive Vice President, Power Generation Division of NEE Executive Vice President, Power Generation Division of FPL	January 1, 2014
Deborah H. Caplan	51	Executive Vice President, Human Resources and Corporate Services of NEE Executive Vice President, Human Resources and Corporate Services of FPL	April 15, 2013
Paul I. Cutler	54	Treasurer of NEE Treasurer of FPL Assistant Secretary of NEE	February 19, 2003 February 18, 2003 December 10, 1997
Moray P. Dewhurst	58	Vice Chairman and Chief Financial Officer, and Executive Vice President - Finance of NEE Executive Vice President, Finance and Chief Financial Officer of FPL	October 5, 2011
Chris N. Froggatt	56	Vice President of NEE Controller and Chief Accounting Officer of NEE	October 19, 2009 February 27, 2010
Joseph T. Kelliher	53	Executive Vice President, Federal Regulatory Affairs of NEE	May 18, 2009
Manoochehr K. Nazar	59	Executive Vice President, Nuclear Division and Chief Nuclear Officer of NEE Executive Vice President, Nuclear Division and Chief Nuclear Officer of FPL	January 1, 2010 January 15, 2010
Armando Pimentel, Jr.	51	President and Chief Executive Officer of NEER	October 5, 2011
James L. Robo	51	Chairman of NEE President and Chief Executive Officer of NEE Chairman and Chief Executive Officer of FPL	December 13, 2013 July 1, 2012 May 2, 2012
Charles E. Sieving	41	Executive Vice President & General Counsel of NEE Executive Vice President of FPL	December 1, 2008 January 1, 2009
Eric E. Silagy	48	President of FPL	December 16, 2011
William L. Yeager	55	Executive Vice President, Engineering, Construction & Integrated Supply Chain of NEE Executive Vice President, Engineering, Construction & Integrated Supply Chain of FPL	January 1, 2013

(a) Information is as of February 21, 2014. Executive officers are elected annually by, and serve at the pleasure of, their respective boards of directors. Except as noted below, each officer has held his/her present position for five years or more and his/her employment history is continuous. Mr. Arechabala was president of NextEra Energy España, S.L. from February 2010 to December 2013. From March 2007 to February 2010, Mr. Arechabala was vice president, thermal hydro plant operations & management of NEER. Ms. Caplan was vice president and chief operating officer of FPL from May 2011 to April 2013. From July 2005 to May 2011, Ms. Caplan was vice president, integrated supply chain of NEE and FPL. Mr. Dewhurst has been vice chairman of NEE since August 2009 and was chief of staff of NEE from August 2009 to October 2011. Mr. Froggatt was the vice president and treasurer of Pinnacle West Capital Corporation, a public utility holding company, and its major subsidiary, Arizona Public Service Company, a regulated electric utility, from December 2008 to October 2009. Mr. Nazar was the chief nuclear officer of NEE from January 2009 to December 2009. From January 2009 to January 2010, Mr. Nazar was the senior vice president and chief nuclear officer of FPL. Mr. Pimentel was chief financial officer of NEE and FPL from May 2008 to October 2011 and executive vice president, finance of NEE and FPL from February 2008 to October 2011. Mr. Robo was president and chief operating officer of NEE from December 2006 to June 2012. Mr. Sieving was also assistant secretary of NEE from May 2010 to May 2011 and general counsel of FPL from January 2009 to May 2010. Mr. Silagy was senior vice president, regulatory and state governmental affairs of FPL from May 2010 to December 2011. Mr. Silagy was vice president and chief development officer of FPL from July 2008 to May 2010. Mr. Yeager was vice president, engineering, construction and integrated supply chain services of NEE and FPL from October 2012 to December 2012. Mr. Yeager was vice president, integrated supply chain of NEE and FPL from May 2011 to October 2012. From January 2005 to May 2011, Mr. Yeager was vice president, engineering and construction of FPL.

Item 1A. Risk Factors

Risks Relating to NEE's and FPL's Business

The business, financial condition, results of operations and prospects of NEE and FPL are subject to a variety of risks, many of which are beyond the control of NEE and FPL. The following is a description of important risks that may adversely affect the business, financial condition, results of operations and prospects of NEE and FPL and may cause actual results of NEE and FPL to differ substantially from those that NEE or FPL currently expects or seeks. In that event, the market price for the securities of NEE or FPL could decline. Accordingly, the risks described below should be carefully considered together with the other information set forth in this report and in future reports that NEE and FPL file with the SEC. The risks described below are not the only risks facing NEE and FPL. Additional risks and uncertainties may also materially adversely affect NEE's or FPL's business, financial condition, results of operations and prospects. Each of NEE and FPL has disclosed the material risks known to it to affect its business at this time. However, there may be further risks and uncertainties that are not presently known or that are not currently believed to be material that may in the future materially adversely affect the performance or financial condition of NEE and FPL.

Regulatory, Legislative and Legal Risks

NEE's and FPL'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 FPL 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 FPL's industries, businesses, rates and cost structures, operation of nuclear power facilities, construction and operation of generation, transmission and distribution facilities and natural gas and oil production, transmission and fuel transportation 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 FPL 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 FPL's business, financial condition, results of operations and prospects could be materially adversely affected if they are unable to recover in a timely manner any significant amount of costs, a return on certain assets or an appropriate return on capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise.

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

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

The local and national political, regulatory and economic environment has had, and may in the future have, an adverse effect on FPSC decisions with negative consequences for FPL. These decisions may require, for example, FPL to cancel or delay planned development activities, to reduce or delay other planned capital expenditures or to pay for investments or otherwise incur costs that it may not be able to recover through rates, each of which could have a material adverse effect on the business, financial condition, results of operations and prospects of NEE and FPL. Certain subsidiaries of NEET 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 FPL's business, financial condition, results of operations and prospects.

Any reductions to, or the elimination of, governmental incentives that support renewable energy, including, but not limited to, tax incentives, 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 of new renewable energy projects, NEER abandoning the development of renewable energy projects, a loss of NEER's investments in renewable energy projects and reduced project returns, any of which could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

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

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

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

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

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

NEE and FPL continue to monitor the development of rules related to the Dodd-Frank Act and are taking steps to comply with those rules that affect their businesses. While a number of rules have been finalized and are effective, the rules related to collateral requirements have yet to be finalized. If those rules, when finalized, require NEE and FPL to post significant amounts of cash collateral with respect to swap transactions, NEE's and FPL's liquidity could be materially adversely affected.

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

NEE and FPL 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 FPL to limit or eliminate certain operations.

NEE and FPL are subject to domestic and foreign environmental laws and regulations, including, but not limited to, extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality and usage, climate change, emissions of greenhouse gases, including, but not limited to, CO_2, 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 legislation, the current trend toward more stringent standards, and stricter and more expansive application of existing environmental regulations. For example, among other potential or pending changes, the use of hydraulic fracturing or similar technologies to drill for natural gas and related compounds used by NEE's gas infrastructure business is currently being discussed for regulation at state and federal levels.

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

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

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

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

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

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

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

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

NEE's and FPL's provision for income taxes and reporting of tax-related assets and liabilities require significant judgments and the use of estimates. Amounts of tax-related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions and tax credits, including, but not limited to, estimates for potential adverse outcomes regarding tax positions that have been taken and the ability to utilize tax benefit carryforwards, such as net operating loss and tax credit carryforwards. Actual income taxes could vary significantly from estimated amounts due to the future impacts of, among other things, changes in tax laws, regulations and interpretations, the financial condition and results of operations of NEE and FPL, and the resolution of audit issues raised by taxing authorities. Ultimate resolution of income tax matters may result in material adjustments to tax-related assets and liabilities, which could negatively affect NEE's and FPL's business, financial condition, results of operations and prospects.

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

NEE's and FPL'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 FPL.

Operational Risks

NEE's and FPL's business, financial condition, results of operations and prospects could suffer if NEE and FPL 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 FPL's ability to complete construction of, and capital improvement projects for, their electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities on schedule and within budget may be adversely affected by escalating costs for materials and labor and regulatory compliance, inability to obtain or renew necessary licenses, rights-of-way, permits or other approvals on acceptable terms or on schedule, disputes involving contractors, labor organizations, land owners, governmental entities, environmental groups, Native American and aboriginal groups, and other third parties, negative publicity, transmission interconnection issues and other factors. If any development project or construction or capital improvement project is not completed, is delayed or is subject to cost overruns, certain associated costs may not be approved for recovery or recoverable through regulatory mechanisms that may otherwise be available, and NEE and FPL 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 FPL's business, financial condition, results of operations and prospects.

NEE and FPL 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 FPL own, develop, construct, manage and operate electric-generating and transmission facilities. A key component of NEE's and FPL's growth is their ability to construct and operate generation and transmission facilities to meet customer needs. As part of these operations, NEE and FPL 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 FPL 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 FPL, NEE's and FPL's business, financial condition, results of operations and prospects could be materially adversely affected. Any failure to negotiate successful project development agreements for new facilities with third parties could have similar results.

The operation and maintenance of NEE's and FPL'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 FPL's business, financial condition, results of operations and prospects.

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

Uncertainties and risks inherent in operating and maintaining NEE's and FPL'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, floods, earthquakes and droughts;
- performance below expected or contracted levels of output or efficiency;
- breakdown or failure, including, but not limited to, explosions, fires or other major events, of equipment, transmission and distribution lines or pipelines;
- availability of replacement equipment;
- risks of property damage or human injury from energized equipment, hazardous substances or explosions, fires or other events;
- availability of adequate water resources and ability to satisfy water intake and discharge requirements;
- inability to manage properly or mitigate known equipment defects in NEE's and FPL'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 and shifting demand; and
- insufficient insurance, warranties or performance guarantees to cover any or all lost revenues or increased expenses from the foregoing.

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

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

NEE's and FPL'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 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 FPL 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 FPL's physical plant could be placed at greater risk of damage should changes in the global climate produce unusual variations in temperature and weather patterns, resulting in more intense, frequent and extreme weather events, abnormal levels of precipitation and, particularly relevant to FPL, a change in sea level. FPL operates in the east and lower west coasts of Florida, an area that historically has been prone to severe weather events, such as hurricanes. A disruption or failure of electric generation, transmission or distribution systems or natural gas production, transmission, storage or distribution systems in the event of a hurricane, tornado or other severe weather event, or otherwise, could prevent NEE and FPL 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 FPL'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 FPL's business, financial condition, results of operations and prospects.

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

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

NEE and FPL are subject to the potentially adverse operating and financial effects of terrorist acts and threats, as well as cyber attacks and other disruptive activities of individuals or groups. NEE's and FPL's generation, transmission and distribution facilities, fuel storage facilities, information technology systems and other infrastructure facilities and systems could be direct targets of, or be indirectly affected by, such activities.

Terrorist acts, cyber attacks or other similar events affecting NEE's and FPL's systems and facilities, or those of third parties on which NEE and FPL rely, could harm NEE's and FPL's business, for example, by limiting their ability to generate, purchase or transmit power, by limiting their ability to bill customers and collect and process payments, and by delaying their development and construction of new generating facilities or capital improvements to existing facilities. These events, and governmental actions in response, could result in a material decrease in revenues, significant additional costs (for example, to repair assets, implement additional security requirements or maintain or acquire insurance), and reputational damage, could materially adversely affect NEE's and FPL'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 FPL's ability to raise capital (for example, by contributing to financial instability and lower economic activity).

The ability of NEE and FPL 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 FPL'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 FPL. The ability of NEE and FPL 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 FPL may be required to pay costs associated with adverse future events. NEE and FPL 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 FPL is not fully insured could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

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

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

Sales of power on the spot market or on a short-term contractual basis may cause NEE's results of operations to be volatile.

A portion of NEER's power generation facilities operate wholly or partially without long-term power purchase agreements. Power from these facilities is sold on the spot market or on a short-term contractual basis. Spot market sales are subject to market volatility, and the revenue generated from these sales is subject to fluctuation that may cause NEE's results of operations to be volatile. NEER and NEE may not be able to manage volatility adequately, which could then have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

NEE is an active participant in energy markets. The liquidity of regional energy markets is an important factor in NEE's ability to manage risks in these operations. Over the past several years, other market participants have ceased or significantly reduced their activities in energy markets as a result of several factors, including, but not limited to, government investigations, changes in market design and deteriorating credit quality. Liquidity in the energy markets can be adversely affected by price volatility, restrictions on the availability of credit and other factors, and any reduction in the liquidity of energy markets could have a material adverse effect on NEE's business, financial condition, results of operations and prospects.

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

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

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

NEE's and FPL'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 FPL are unable to assure that their risk management tools and metrics will be effective to protect against adverse effects on their business, financial condition, results of operations and prospects. Such adverse effects could be material.

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

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

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

NEE and FPL are exposed to risks associated with the creditworthiness and performance of their customers, hedging counterparties and vendors under contracts for the supply of equipment, materials, fuel and other goods and services required for their business operations and for the construction and operation of, and for capital improvements to, their facilities. Adverse conditions in the energy industry or the general economy, as well as circumstances of individual customers, hedging counterparties and vendors, may affect the ability of some customers, hedging counterparties and vendors to perform as required under their contracts with NEE and FPL.

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

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

NEE and FPL 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 FPL's business, financial condition, results of operations and prospects. Similarly, any requirement for FPL or NEE to post margin cash collateral under its derivative contracts could have a material adverse effect on its business, financial condition, results of operations and prospects.

NEE and FPL 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 FPL operate in a highly regulated industry that requires the continuous functioning of sophisticated information technology systems and network infrastructure. Despite NEE's and FPL'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 FPL's information technology systems were to fail or be breached, sensitive confidential and other data could be compromised and NEE and FPL could be unable to fulfill critical business functions.

NEE's and FPL's business is highly dependent on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex and cross numerous and diverse markets. Due to the size, scope and geographical

reach of NEE's and FPL's business, and due to the complexity of the process of power generation, transmission and distribution, the development and maintenance of information technology systems to keep track of and process information is critical and challenging. NEE's and FPL'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 or terrorist activities. Any such failure or disabling event could materially adversely affect NEE's and FPL's ability to process transactions and provide services, and their business, financial condition, results of operations and prospects.

NEE and FPL add, modify and replace information systems on a regular basis. Modifying existing information systems or implementing new or replacement information systems is costly and involves risks, including, but not limited to, integrating the modified, new or replacement system with existing systems and processes, implementing associated changes in accounting procedures and controls, and ensuring that data conversion is accurate and consistent. Any disruptions or deficiencies in existing information systems, or disruptions, delays or deficiencies in the modification or implementation of new information systems, could result in increased costs, the inability to track or collect revenues 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 FPL 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 FPL'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 the results of operations of the retail business.

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

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

NEE and FPL 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 FPL may not be able to execute desired OTC transactions due to such heightened volatility and limited liquidity.

In the absence of actively quoted market prices and pricing information from external sources, the valuation of derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these derivative instruments and have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

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

The costs of providing health care benefits to employees and retirees have increased substantially in recent years. NEE and FPL anticipate that their employee benefit costs, including, but not limited to, costs related to health care plans for employees and former employees, will continue to rise. The increasing costs and funding requirements associated with NEE's and FPL's health care plans may materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's business, financial condition, results of operations and prospects could be negatively affected by the lack of a qualified workforce or the loss or retirement of key employees.

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

Over the next several years, a significant portion of NEE's and FPL's workforce, including, but not limited to, many workers with specialized skills maintaining and servicing the nuclear generation facilities and electrical infrastructure, will be eligible to retire. Such highly skilled individuals may not be able to be replaced quickly due to the technically complex work they perform. If a significant amount of such workers retire and are not replaced, the subsequent loss in productivity and increased recruiting and training costs could result in a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

NEE'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 is 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 may be unable to identify attractive acquisition opportunities at favorable prices and to complete and integrate them successfully and in a timely manner.

Nuclear Generation Risks

The construction, operation and maintenance of NEE's and FPL'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 FPL's nuclear generation facilities are subject to environmental, health and financial risks, including, but not limited to, those relating to site storage of spent nuclear fuel, the disposition of spent nuclear fuel, leakage and emissions of tritium and other radioactive elements in the event of a nuclear accident or otherwise, the threat of a terrorist attack and other potential liabilities arising out of the ownership or operation of the facilities. NEE and FPL 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 FPL's decommissioning funds, and the exposure to liability and property damages could exceed the amount of insurance coverage. If NEE or FPL is unable to recover the additional costs incurred through insurance or, in the case of FPL, through regulatory mechanisms, their 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 FPL could be assessed significant retrospective assessments and/or retrospective insurance premiums as a result of their participation in a secondary financial protection system and nuclear insurance mutual companies.

Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains $375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to $13.2 billion of liability insurance coverage per incident at any nuclear reactor in the U.S. Under the secondary financial protection system, NEE is subject to retrospective assessments and/or retrospective insurance premiums of up to $1 billion ($509 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the U.S. or at certain nuclear generation facilities in Europe, regardless of fault or proximity to the incident, payable at a

rate not to exceed $152 million ($76 million for FPL) per incident per year. Such assessments, if levied, could materially adversely affect NEE's and FPL's business, financial condition, results of operations and prospects.

NRC orders or new regulations related to increased security measures and any future safety requirements promulgated by the NRC could require NEE and FPL to incur substantial operating and capital expenditures at their nuclear generation facilities.

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

Any serious nuclear incident occurring at a NEE or FPL 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 NEER's or FPL's nuclear generation units through the end of their respective operating licenses could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

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

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

The threat of terrorist activity, as well as recent international events implicating the safety of nuclear facilities, could result in more stringent or complex measures to keep facilities safe from a variety of hazards, including, but not limited to, natural disasters such as earthquakes and tsunamis, as well as terrorist or other criminal threats. This increased focus on safety could result in higher compliance costs which, at present, cannot be assessed with any measure of certainty and which could have a material adverse effect on NEE's and FPL's business, financial condition, results of operations and prospects.

NEE's and FPL's nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, and for other purposes. If planned outages last longer than anticipated or if there are unplanned outages, NEE's and FPL's results of operations and financial condition could be materially adversely affected.

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

Liquidity, Capital Requirements and Common Stock Risks

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

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

Although NEE's competitive energy subsidiaries have used non-recourse or limited-recourse, project-specific financing in the past, market conditions and other factors could adversely affect the future availability of such financing. The inability of NEE's subsidiaries

to access the capital and credit markets to provide project-specific financing for electric-generating and other energy facilities on favorable terms, whether because of disruptions or volatility in those markets or otherwise, could necessitate additional capital raising or borrowings by NEE and/or NEECH in the future.

The inability of subsidiaries that have existing project-specific financing arrangements to meet the requirements of various agreements relating to those financings could give rise to a project-specific financing default which, if not cured or waived, might result in the specific project, and potentially in some limited instances its parent companies, being required to repay the associated debt or other borrowings earlier than otherwise anticipated, and if such repayment were not made, the lenders or security holders would generally have rights to foreclose against the project assets and related collateral. Such an occurrence also could result in NEE 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 business, financial condition, results of operations and prospects, as well as the availability or terms of future financings for NEE or its subsidiaries.

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

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

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

The inability of NEE's, NEECH's and FPL's credit providers to fund their credit commitments or to maintain their current credit ratings could require NEE, NEECH 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 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 FPL'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.

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 FPL'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 FPL's nuclear decommissioning funds, which may materially adversely affect NEE's and FPL's liquidity and results of operations.

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

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

NEE holds other investments where changes in the fair value affect NEE'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 liquidity, financial condition and results of operations.

NEE may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds to NEE.

NEE is a holding company and, as such, has no material operations of its own. Substantially all of NEE's consolidated assets are held by its subsidiaries. NEE's ability to meet its financial obligations, including, but not limited to, its guarantees, and to pay dividends on its common stock is primarily dependent on its 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.

NEE's subsidiaries are separate legal entities and have no independent obligation to provide NEE with funds for its 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 with funds. In addition, in the event of a subsidiary's liquidation or reorganization, NEE'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 subsidiaries to pay upstream dividends or to repay funds.

NEE may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if NEE 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 NEECH. These guarantees may require NEE to provide substantial funds to its subsidiaries or their creditors or counterparties at a time when NEE is in need of liquidity to meet its own financial obligations. Funding such guarantees may materially adversely affect NEE's ability to meet its financial obligations or to pay dividends.

Disruptions, uncertainty or volatility in the credit and capital markets may exert downward pressure on the market price of NEE's common stock.

The market price and trading volume of NEE's common stock are subject to fluctuations as a result of, among other factors, general credit and capital market conditions and changes in market sentiment regarding the operations, business and financing strategies of NEE and its subsidiaries. As a result, disruptions, uncertainty or volatility in the credit and capital markets may, for example, have a material adverse effect on the market price of NEE's common stock.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

NEE and its subsidiaries maintain properties which are adequate for their operations; the principal properties are described below.

Generating Facilities

FPL

At December 31, 2013, the electric generating, transmission, distribution and general facilities of FPL represented approximately 51%, 11%, 33% and 5%, respectively, of FPL's gross investment in electric utility plant in service and other property. At December 31, 2013, FPL had the following generating facilities:

FPL Facilities	Location	No. of Units	Fuel	Net Capability (MW)[a]
Fossil				
Combined-cycle				
Cape Canaveral	Cocoa, FL	1	Gas/Oil	1,210
Fort Myers	Fort Myers, FL	1	Gas	1,432
Lauderdale	Dania, FL	2	Gas/Oil	884
Manatee	Parrish, FL	1	Gas	1,111
Martin	Indiantown, FL	1	Gas/Oil/Solar Thermal	1,141 [b]
Martin	Indiantown, FL	2	Gas	938
Putnam	Palatka, FL	2	Gas/Oil	498
Sanford	Lake Monroe, FL	2	Gas	1,980
Turkey Point	Florida City, FL	1	Gas/Oil	1,148
West County	West Palm Beach, FL	3	Gas/Oil	3,657
Steam turbines				
Manatee	Parrish, FL	2	Gas/Oil	1,618
Martin	Indiantown, FL	2	Gas/Oil	1,652
St. Johns River Power Park	Jacksonville, FL	2	Coal/Petroleum Coke	254 [c]
Scherer	Monroe County, GA	1	Coal	643 [d]
Turkey Point	Florida City, FL	1	Gas/Oil	396
Simple-cycle combustion turbines				
Fort Myers	Fort Myers, FL	2	Gas/Oil	315
Gas turbines				
Fort Myers	Fort Myers, FL	12	Oil	648
Lauderdale	Dania, FL	24	Gas/Oil	840
Port Everglades	Port Everglades, FL	12	Gas/Oil	420
Nuclear				
St. Lucie	Hutchinson Island, FL	2	Nuclear	1,821 [e]
Turkey Point	Florida City, FL	2	Nuclear	1,632
Solar PV				
DeSoto	Arcadia, FL	1	Solar PV	25
Space Coast	Cocoa, FL	1	Solar PV	10
TOTAL				24,273 [f]

(a) Represents FPL's net ownership interest in warm weather peaking capability.
(b) The megawatts generated by the 75 MW solar thermal hybrid facility replace steam produced by this unit and therefore are not incremental.
(c) Represents FPL's 20% ownership interest in each of SJRPP Units Nos. 1 and 2, which are jointly owned with JEA.
(d) Represents FPL's approximately 76% ownership of Scherer Unit No. 4, which is jointly owned with JEA.
(e) Excludes Orlando Utilities Commission's and the Florida Municipal Power Agency's combined share of approximately 15% of St. Lucie Unit No. 2.
(f) Substantially all of FPL's properties are subject to the lien of FPL's mortgage.

NEER

At December 31, 2013, NEER had the following generating facilities:

NEER Facilities	Location	Geographic Region	No. of Units	Fuel	Net Capability (MW)[(a)]
Wind					
Ashtabula Wind[(b)(c)]	Barnes County, ND	Midwest	99	Wind	148
Ashtabula Wind II[(c)(d)]	Griggs & Steele Counties, ND	Midwest	80	Wind	120
Ashtabula Wind III	Barnes County, ND	Midwest	39	Wind	62
Baldwin Wind[(b)]	Burleigh County, ND	Midwest	64	Wind	102
Blackwell Wind[(c)(d)]	Kay County, OK	Other South	26	Wind	60
Blue Summit[(c)]	Wilbarger County, TX	Texas	85	Wind	135
Buffalo Ridge	Lincoln County, MN	Midwest	73	Wind	26
Butler Ridge Wind[(b)(c)]	Dodge County, WI	Midwest	36	Wind	54
Cabazon[(b)]	Riverside County, CA	West	52	Wind	39
Callahan Divide[(b)]	Taylor County, TX	Texas	76	Wind	114
Capricorn Ridge[(c)]	Sterling & Coke Counties, TX	Texas	208	Wind	364
Capricorn Ridge Expansion[(c)]	Sterling & Coke Counties, TX	Texas	199	Wind	298
Cerro Gordo[(b)]	Cerro Gordo County, IA	Midwest	55	Wind	41
Cimarron[(b)]	Gray County, KS	Other South	72	Wind	166
Conestogo Wind[(b)]	Wellington County, Ontario, Canada	Canada	10	Wind	23
Crystal Lake I[(b)(c)]	Hancock County, IA	Midwest	100	Wind	150
Crystal Lake II	Winnebago County, IA	Midwest	80	Wind	200
Crystal Lake III	Winnebago County, IA	Midwest	44	Wind	66
Day County Wind[(b)]	Day County, SD	Midwest	66	Wind	99
Delaware Mountain	Culberson County, TX	Texas	38	Wind	28
Diablo Wind[(b)]	Alameda County, CA	West	31	Wind	21
Elk City Wind[(b)]	Roger Mills & Beckham Counties, OK	Other South	43	Wind	99
Elk City Wind II	Roger Mills & Beckham Counties, OK	Other South	66	Wind	101
Endeavor Wind	Osceola County, IA	Midwest	40	Wind	100
Endeavor Wind II	Osceola County, IA	Midwest	20	Wind	50
Ensign Wind	Gray County, KS	Other South	43	Wind	99
Ghost Pine Wind	Kneehill County, Alberta, Canada	Canada	51	Wind	82
Gray County	Gray County, KS	Other South	170	Wind	112
Green Mountain[(b)]	Somerset County, PA	Northeast	8	Wind	10
Green Power	Riverside County, CA	West	22	Wind	17
Green Ridge Power	Alameda & Contra Costa Counties, CA	West	803	Wind	87
Hancock County[(b)]	Hancock County, IA	Midwest	148	Wind	98
High Winds[(b)]	Solano County, CA	West	90	Wind	162
Horse Hollow Wind[(b)]	Taylor County, TX	Texas	142	Wind	213
Horse Hollow Wind II[(b)]	Taylor & Nolan Counties, TX	Texas	130	Wind	299
Horse Hollow Wind III[(b)]	Nolan County, TX	Texas	149	Wind	224
Indian Mesa	Pecos County, TX	Texas	125	Wind	83
King Mountain[(b)]	Upton County, TX	Texas	214	Wind	278
Lake Benton II[(b)]	Pipestone County, MN	Midwest	137	Wind	103
Langdon Wind[(b)(c)]	Cavalier County, ND	Midwest	79	Wind	118
Langdon Wind II[(b)(c)]	Cavalier County, ND	Midwest	27	Wind	41
Lee / DeKalb Wind	Lee & DeKalb Counties, IL	Midwest	145	Wind	217
Limon I[(c)(d)]	Lincoln, Elbert & Arapahoe Counties, CO	West	125	Wind	200
Limon II[(c)(d)]	Lincoln, Elbert & Arapahoe Counties, CO	West	125	Wind	200
Logan Wind[(c)]	Logan County, CO	West	134	Wind	201
Majestic Wind[(b)(c)]	Carson County, TX	Texas	53	Wind	80
Majestic Wind II[(c)]	Carson & Potter Counties, TX	Texas	51	Wind	79
Meyersdale[(b)]	Somerset County, PA	Northeast	20	Wind	30
Mill Run[(b)]	Fayette County, PA	Northeast	10	Wind	15
Minco Wind[(b)]	Grady County, OK	Other South	62	Wind	99
Minco Wind II[(b)]	Grady & Caddo Counties, OK	Other South	63	Wind	101
Minco Wind III[(c)(d)]	Grady, Caddo & Canadian Counties, OK	Other South	63	Wind	101
Mojave 3/4/5	Kern County, CA	West	246	Wind	41
Montezuma Wind[(b)]	Solano County, CA	West	16	Wind	37
Montezuma Wind II[(c)(d)]	Solano County, CA	West	34	Wind	78
Mount Copper[(b)]	Gaspésie, Quebec, Canada	Canada	30	Wind	54

NEER Facilities	Location	Geographic Region	No. of Units	Fuel	Net Capability (MW)[(a)]
Mount Miller[(b)]	Gaspésie, Quebec, Canada	Canada	30	Wind	54
Mountaineer Wind[(b)]	Preston & Tucker Counties, WV	Northeast	44	Wind	66
Mower County Wind[(c)]	Mower County, MN	Midwest	43	Wind	99
New Mexico Wind[(b)]	Quay & Debaca Counties, NM	West	136	Wind	204
North Dakota Wind[(b)]	LaMoure County, ND	Midwest	41	Wind	62
North Sky River[(b)]	Kern County, CA	West	100	Wind	162
Northern Colorado[(b)]	Logan County, CO	West	81	Wind	174
Oklahoma / Sooner Wind[(b)]	Harper & Woodward Counties, OK	Other South	68	Wind	102
Oliver County Wind I[(c)]	Oliver County, ND	Midwest	22	Wind	51
Oliver County Wind II[(c)]	Oliver County, ND	Midwest	32	Wind	48
Peetz Table Wind[(c)]	Logan County, CO	West	133	Wind	199
Perrin Ranch Wind[(b)]	Coconino County, AZ	West	62	Wind	99
Pheasant Run I	Huron County, MI	Midwest	44	Wind	75
Pubnico Point[(b)]	Yarmouth County, Nova Scotia, Canada	Canada	17	Wind	31
Red Canyon Wind[(b)]	Borden, Garza & Scurry Counties, TX	Texas	56	Wind	84
Red Mesa Wind	Cibola County, NM	West	64	Wind	102
Sky River[(b)]	Kern County, CA	West	322	Wind	73
Somerset Wind Power[(b)]	Somerset County, PA	Northeast	6	Wind	9
South Dakota Wind[(b)]	Hyde County, SD	Midwest	27	Wind	41
Southwest Mesa[(b)]	Upton & Crockett Counties, TX	Texas	106	Wind	74
Stateline[(b)]	Umatilla County, OR and Walla Walla County, WA	West	454	Wind	300
Steele Flats[(c)(d)]	Jefferson & Gage Counties, NE	Other South	44	Wind	75
Story County Wind[(b)(c)]	Story County, IA	Midwest	100	Wind	150
Story County Wind II[(b)]	Story & Hardin Counties, IA	Midwest	100	Wind	150
Summerhaven[(b)]	Haldimand County, Ontario, Canada	Canada	56	Wind	124
Tuscola Bay[(b)]	Tuscola, Bay & Saginaw Counties, MI	Midwest	75	Wind	120
Tuscola II	Tuscola & Bay Counties, MI	Midwest	59	Wind	100
Vansycle[(b)]	Umatilla County, OR	West	38	Wind	25
Vansycle II	Umatilla County, OR	West	43	Wind	99
Vasco Winds[(c)(d)]	Contra Costa County, CA	West	33	Wind	78
Waymart[(b)]	Wayne County, PA	Northeast	43	Wind	65
Weatherford Wind[(b)]	Custer & Washita Counties, OK	Other South	98	Wind	147
Wessington Springs Wind[(b)(c)]	Jerauld County, SD	Midwest	34	Wind	51
White Oak[(c)(d)]	McLean County, IL	Midwest	100	Wind	150
Wilton Wind[(b)]	Burleigh County, ND	Midwest	33	Wind	49
Wilton Wind II[(c)(d)]	Burleigh County, ND	Midwest	33	Wind	50
Windpower Partners 1990	Alameda & Contra Costa Counties, CA	West	141	Wind	14
Windpower Partners 1991	Alameda & Contra Costa Counties, CA	West	162	Wind	16
Windpower Partners 1991-92	Alameda & Contra Costa Counties, CA	West	223	Wind	22
Windpower Partners 1992	Alameda & Contra Costa Counties, CA	West	300	Wind	30
Windpower Partners 1993[(c)(d)]	Riverside County, CA	West	33	Wind	50
Windpower Partners 1994	Culberson County, TX	Texas	107	Wind	39
Wolf Ridge Wind[(c)]	Cooke County, TX	Texas	75	Wind	112
Woodward Mountain	Upton & Pecos Counties, TX	Texas	242	Wind	160
Total Wind					10,210
Contracted					
Bayswater[(b)]	Far Rockaway, NY	Northeast	2	Gas	56
Duane Arnold	Palo, IA	Midwest	1	Nuclear	431 [(e)]
Genesis[(b)]	Riverside County, CA	West	1	Solar Thermal	125
Hatch Solar	Hatch, NM	West	1	Solar CPV	5
Jamaica Bay[(b)]	Far Rockaway, NY	Northeast	2	Gas/Oil	54
Marcus Hook 750[(b)]	Marcus Hook, PA	Northeast	4	Gas	744
Moore Solar[(b)]	Lambton County, Ontario, Canada	Canada	1	Solar PV	20
Planta Termosolar I & II[(b)]	Madrigalejo, Spain	Other	2	Solar Thermal	100
Point Beach	Two Rivers, WI	Midwest	2	Nuclear	1,190
Sombra Solar[(b)]	Lambton County, Ontario, Canada	Canada	1	Solar PV	20
Investments in joint ventures:					
Desert Sunlight[(b)]	Riverside County, CA	West	1	Solar PV	155
SEGS III-IX[(b)]	Kramer Junction & Harper Lake, CA	West	7	Solar Thermal	147
Bellingham	Bellingham, MA	Northeast	3	Gas	149
Total Contracted					3,196

NEER Facilities	Location	Geographic Region	No. of Units	Fuel	Net Capability (MW)[a]
Merchant					
Forney[b]	Forney, TX	Texas	8	Gas	1,792
Lamar Power Partners[b]	Paris, TX	Texas	6	Gas	1,000
Maine - Cape, Wyman	Various - ME	Northeast	6	Oil	796 [f]
Marcus Hook 50	Marcus Hook, PA	Northeast	1	Gas	50
Paradise Solar	West Deptford, NJ	Northeast	1	Solar PV	5
Seabrook	Seabrook, NH	Northeast	1	Nuclear	1,100 [g]
Investment in joint venture	Various	Northeast	4	[h]	154
Total Merchant					4,897
TOTAL					18,303

(a) Represents NEER's net ownership interest in plant capacity.
(b) These generating facilities are encumbered by liens against their assets securing various financings.
(c) NEER owns these wind facilities together with third-party investors with differential membership interests. See Note 1 - Sale of Differential Membership Interests.
(d) Various financings are secured by the pledge of NEER's membership interests in the entities owning these wind facilities.
(e) Excludes Central Iowa Power Cooperative and Corn Belt Power Cooperative's combined share of 30%.
(f) Excludes six other energy-related partners' combined share of 16%. Also, see Note 6.
(g) Excludes Massachusetts Municipal Wholesale Electric Company's, Taunton Municipal Lighting Plant's and Hudson Light & Power Department's combined share of 11.77%.
(h) Represents plants with no more than 50% ownership using fuels such as natural gas and waste coal.

Transmission and Distribution

At December 31, 2013, FPL owned and operated 589 substations and the following electric transmission and distribution lines:

Nominal Voltage	Overhead Lines Circuit/Pole Miles	Trench and Submarine Cables Miles
500 kV	1,106 [a]	—
230 kV	3,127	25
138 kV	1,580	52
115 kV	757	—
69 kV	164	14
Total circuit miles	6,734	91
Less than 69 kV (pole miles)	42,327	25,322

(a) Includes approximately 75 miles owned jointly with JEA.

At December 31, 2013, NEER owned and operated 154 substations and approximately 839 circuit miles of transmission lines ranging from 115 kV to 345 kV and NEET owned and operated 6 substations and approximately 624 circuit miles of 345 kV transmission lines.

Character of Ownership

Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. The majority of FPL's real property is held in fee and is free from other encumbrances, subject to minor exceptions which are not of a nature as to substantially impair the usefulness to FPL of such properties. Some of FPL's electric lines are located on parcels of land which are not owned in fee by FPL but are covered by necessary consents of governmental authorities or rights obtained from owners of private property. The majority of NEER's generating facilities and transmission assets are owned by NEER subsidiaries and a number of those facilities are encumbered by liens securing various financings. Additionally, some of NEER's generating facilities and transmission lines are located on land leased from owners of private property. NEET's transmission assets are encumbered by liens securing financings and some of its transmission lines are located on land leased from owners of private property. See Generating Facilities and Note 1 - Electric Plant, Depreciation and Amortization.

Item 3. Legal Proceedings

NEE and FPL are parties to various legal and regulatory proceedings in the ordinary course of their respective businesses. For information regarding legal proceedings that could have a material adverse effect on NEE or FPL, see Note 13 - Spain Solar Projects and - Legal Proceedings. Such descriptions are incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable

PART II

Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock Data. All of FPL's common stock is owned by NEE. NEE's common stock is traded on the New York Stock Exchange under the symbol "NEE." The high and low sales prices for the common stock of NEE as reported in the consolidated transaction reporting system of the New York Stock Exchange and the cash dividends per share declared for each quarter during the past two years are as follows:

	2013			2012		
Quarter	High	Low	Cash Dividends	High	Low	Cash Dividends
First	$ 77.79	$ 69.81	$ 0.66	$ 61.21	$ 58.57	$ 0.60
Second	$ 82.65	$ 74.78	$ 0.66	$ 68.96	$ 61.20	$ 0.60
Third	$ 88.39	$ 78.81	$ 0.66	$ 72.22	$ 65.95	$ 0.60
Fourth	$ 89.75	$ 78.97	$ 0.66	$ 72.21	$ 66.05	$ 0.60

The amount and timing of dividends payable on NEE's common stock are within the sole discretion of NEE's Board of Directors. The Board of Directors reviews the dividend rate at least annually (generally in February) to determine its appropriateness in light of NEE's financial position and results of operations, legislative and regulatory developments affecting the electric utility industry in general and FPL in particular, competitive conditions, change in business mix and any other factors the Board of Directors deems relevant. The ability of NEE to pay dividends on its common stock is dependent upon, among other things, dividends paid to it by its subsidiaries. There are no restrictions in effect that currently limit FPL's ability to pay dividends to NEE. In February 2014, NEE announced that it would increase its quarterly dividend on its common stock from $0.66 per share to $0.725 per share. See Management's Discussion - Liquidity and Capital Resources - Covenants with respect to dividend restrictions and Note 10 - Common Stock Dividend Restrictions regarding dividends paid by FPL to NEE.

As of the close of business on January 31, 2014, there were 23,262 holders of record of NEE's common stock.

Issuer Purchases of Equity Securities. Information regarding purchases made by NEE of its common stock during the three months ended December 31, 2013 is as follows:

Period	Total Number of Shares Purchased [(a)]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program[(b)]
10/1/2013 - 10/31/13	—	$ —	—	13,274,748
11/1/2013 - 11/30/13	885	$ 88.57	—	13,274,748
12/1/2013 - 12/31/13	1,037	$ 84.15	—	13,274,748
Total	1,922	$ 86.19	—	

(a) Includes: (1) in November and December 2013, shares of common stock withheld from employees to pay certain withholding taxes upon the vesting of stock awards granted to such employees under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (2011 LTIP) and the NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan (former LTIP); and (2) in December 2013, shares of common stock purchased as a reinvestment of dividends by the trustee of a grantor trust in connection with NEE's obligation under a February 2006 grant under the former LTIP to an executive officer of deferred retirement share awards.

(b) In February 2005, NEE's Board of Directors authorized common stock repurchases of up to 20 million shares of common stock over an unspecified period, which authorization was most recently reaffirmed and ratified by the Board of Directors in July 2011.

Item 6. Selected Financial Data

	Years Ended December 31,				
	2013	2012	2011	2010	2009
SELECTED DATA OF NEE (millions, except per share amounts):					
Operating revenues	**$ 15,136**	$ 14,256	$ 15,341	$ 15,317	$ 15,643
Income from continuing operations[(a)]	**$ 1,720**	$ 1,911	$ 1,923	$ 1,957	$ 1,615
Net income[(a)(b)]	**$ 1,908**	$ 1,911	$ 1,923	$ 1,957	$ 1,615
Earnings per share of common stock - basic:					
Continuing operations[(a)]	**$ 4.06**	$ 4.59	$ 4.62	$ 4.77	$ 3.99
Net income[(a)(b)]	**$ 4.50**	$ 4.59	$ 4.62	$ 4.77	$ 3.99
Earnings per share of common stock - assuming dilution:					
Continuing operations[(a)]	**$ 4.03**	$ 4.56	$ 4.59	$ 4.74	$ 3.97
Net income[(a)(b)]	**$ 4.47**	$ 4.56	$ 4.59	$ 4.74	$ 3.97
Dividends paid per share of common stock	**$ 2.64**	$ 2.40	$ 2.20	$ 2.00	$ 1.89
Total assets[(c)]	**$ 69,306**	$ 64,439	$ 57,188	$ 52,994	$ 48,458
Long-term debt, excluding current maturities	**$ 23,969**	$ 23,177	$ 20,810	$ 18,013	$ 16,300
SELECTED DATA OF FPL (millions):					
Operating revenues	**$ 10,445**	$ 10,114	$ 10,613	$ 10,485	$ 11,491
Net income	**$ 1,349**	$ 1,240	$ 1,068	$ 945	$ 831
Total assets	**$ 36,488**	$ 34,853	$ 31,816	$ 28,698	$ 26,812
Long-term debt, excluding current maturities	**$ 8,473**	$ 8,329	$ 7,483	$ 6,682	$ 5,794
Energy sales (kWh)	**107,643**	105,109	106,662	107,978	105,414
Energy sales:					
Residential	**50.1%**	50.8%	51.2%	52.2%	51.2%
Commercial	**42.1**	43.0	42.2	41.3	42.7
Industrial	**2.7**	2.9	2.9	2.9	3.1
Interchange power sales	**2.3**	0.7	0.9	0.8	1.4
Other[(d)]	**2.8**	2.6	2.8	2.8	1.6
Total	**100.0%**	100.0%	100.0%	100.0%	100.0%
Approximate 60-minute peak load (MW):[(e)]					
Summer season	**21,576**	21,440	21,619	22,256	22,351
Winter season	**17,500**	16,025	17,934	21,153	24,346
Average number of customer accounts (thousands):					
Residential	**4,097**	4,052	4,027	4,004	3,984
Commercial	**517**	512	508	504	501
Industrial	**10**	9	9	9	10
Other	**3**	3	3	3	4
Total	**4,627**	4,576	4,547	4,520	4,499
Average price billed to customers (cents per kWh)	**9.47**	9.51	9.83	9.34	11.19

(a) Includes net unrealized mark-to-market after-tax gains (losses) associated with non-qualifying hedges of approximately $(53) million, $(34) million, $190 million, $175 million and $(20) million and OTTI after-tax income (losses), net of OTTI reversals of $1 million, $31 million, $(6) million, $4 million and $(13) million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively. Additionally, 2013 includes, on an after-tax basis, impairment and other related charges related to the Spain Solar projects of approximately $342 million (see Note 4 - Nonrecurring Fair Value Measurements) and an operating loss of the Spain solar projects of $4 million. Also, 2011 includes an after-tax loss on the sale of natural gas-fired generating assets of approximately $98 million. See Note 4 - Nonrecurring Fair Value Measurements.

(b) 2013 includes an after-tax net gain from discontinued operations of $188 million. See Note 6.

(c) 2012 includes assets held for sale of approximately $335 million. See Note 6.

(d) Includes the net change in unbilled sales.

(e) Winter season includes November and December of the current year and January to March of the following year (for 2013, through February 21, 2014).

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

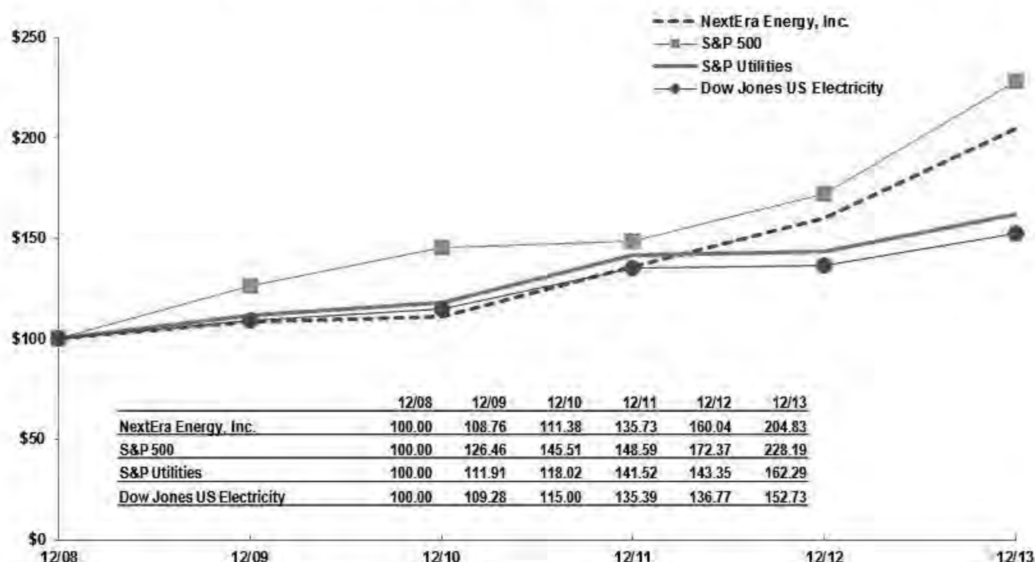
OVERVIEW

NEE's operating performance is driven primarily by the operations of its two principal subsidiaries, FPL, which serves approximately 4.7 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the U.S., and NEER, which together with affiliated entities is the largest generator in North America of renewable energy from the wind and sun. The table below presents NEE's net income (loss) and earnings (loss) per share by reportable segment - FPL, NEER and Corporate and Other, which is primarily comprised of the operating results of NEET, FPL FiberNet and other business activities, as well as other income and expense items, including interest expense, income taxes and eliminating entries (see Note 14 for additional segment information, including reported results from continuing operations). The following discussions should be read in conjunction with the Notes to the Consolidated Financial Statements contained herein and all comparisons are with the corresponding items in the prior year.

	Net Income (Loss)			Earnings (Loss) Per Share, assuming dilution		
	Years Ended December 31,			Years Ended December 31,		
	2013	2012	2011	**2013**	2012	2011
		(millions)				
FPL	**$ 1,349**	$ 1,240	$ 1,068	**$ 3.16**	$ 2.96	$ 2.55
NEER[(a)]	**556**	687	774	**1.30**	1.64	1.85
Corporate and Other	**3**	(16)	81	**0.01**	(0.04)	0.19
NEE	**$ 1,908**	$ 1,911	$ 1,923	**$ 4.47**	$ 4.56	$ 4.59

(a) NEER's results reflect an allocation of interest expense from NEECH based on a deemed capital structure of 70% debt and allocated shared service costs.

For the five years ended December 31, 2013, NEE delivered a total shareholder return of approximately 105%, below the S&P 500's 128% return, but well above the S&P 500 Utilities' 62% return and the Dow Jones U.S. Electricity's 53% return. The historical stock performance of NEE's common stock shown in the performance graph below is not necessarily indicative of future stock price performance.



	12/08	12/09	12/10	12/11	12/12	12/13
NextEra Energy, Inc.	100.00	108.76	111.38	135.73	160.04	204.83
S&P 500	100.00	126.46	145.51	148.59	172.37	228.19
S&P Utilities	100.00	111.91	118.02	141.52	143.35	162.29
Dow Jones US Electricity	100.00	109.28	115.00	135.39	136.77	152.73

*$100 invested on 12/31/08 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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Adjusted Earnings

NEE prepares its financial statements under GAAP. However, management uses earnings excluding certain items (adjusted earnings), a non-GAAP financial measure, internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and as an input in determining performance-based compensation under NEE's employee incentive compensation plans. NEE also uses adjusted earnings when communicating its financial results and earnings outlook to investors. NEE's management believes adjusted earnings provides a more meaningful representation of the company's fundamental earnings power. Although the excluded amounts are properly included in the determination of net income under GAAP, management believes that the amount and/or nature of such items make period to period comparisons of operations difficult and potentially confusing. Adjusted earnings do not represent a substitute for net income, as prepared under GAAP.

Adjusted earnings exclude the unrealized mark-to-market effect of non-qualifying hedges (as described below) and OTTI losses on securities held in NEER's nuclear decommissioning funds, net of the reversal of previously recognized OTTI losses on securities sold and losses on securities where price recovery was deemed unlikely (collectively, OTTI reversals). However, other adjustments may be made from time to time with the intent to provide more meaningful and comparable results of ongoing operations.

NEE and NEER segregate into two categories unrealized mark-to-market gains and losses on derivative transactions. The first category, referred to as non-qualifying hedges, represents certain energy derivative transactions, and, beginning in 2013, certain interest rate derivative transactions entered into as economic hedges, which do not meet the requirements for hedge accounting, or for which hedge accounting treatment is not elected or has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility because the economic offset to the positions are not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE's management views results expressed excluding the unrealized mark-to-market impact of the non-qualifying hedges as a meaningful measure of current period performance. The second category, referred to as trading activities, which is included in adjusted earnings, represents the net unrealized effect of actively traded positions entered into to take advantage of expected market price movements and all other commodity hedging activities. At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 3.

In 2011, subsidiaries of NEER completed the sales of their ownership interests in five natural gas-fired generating plants with a total generating capacity of approximately 2,700 MW located in California, Virginia, Alabama, South Carolina and Rhode Island. In connection with these sales, a loss of approximately $151 million ($98 million total after-tax with $92 million of this loss recorded by NEER) was recorded in NEE's consolidated statements of income, which was excluded from adjusted earnings. See Note 4 - Nonrecurring Fair Value Measurements.

In 2013, an after-tax net gain from discontinued operations of $188 million ($175 million recorded at NEER and $13 million recorded at Corporate and Other) was recorded in NEE's consolidated statements of income. The after-tax net gain from discontinued operations consisted of $231 million related to the 2013 sale of the ownership interest in a portfolio of hydropower generation plants and related assets located in Maine and New Hampshire, partly offset by a $43 million write down associated with the plan to sell ownership interests in oil-fired generating plants located in Maine. The operations of these projects were not material to NEE's consolidated statements of income for 2013, 2012 and 2011. See Note 6. Also in 2013, NEER recorded an impairment of $300 million and other related charges ($342 million after-tax) related to the Spain solar projects in NEE's consolidated statements of income. See Note 4 - Nonrecurring Fair Value Measurements and Note 13 - Spain Solar Projects. In order to make period to period comparisons more meaningful, in 2013 adjusted earnings also exclude the after-tax net gain from discontinued operations, the after-tax charges associated with the impairment of the Spain solar projects and, beginning in the third quarter of 2013, the after-tax operating results associated with the Spain solar projects.

The following table provides details of the adjustments to net income considered in computing NEE's adjusted earnings discussed above.

	Years Ended December 31,		
	2013	2012	2011
		(millions)	
Net unrealized mark-to-market after-tax gains (losses) from non-qualifying hedge activity[(a)]	**$ (53)**	$ (34)	$ 190
Income (loss) from OTTI after-tax losses on securities held in NEER's nuclear decommissioning funds, net of OTTI reversals	**$ 1**	$ 31	$ (6)
After-tax loss on sale of natural gas-fired generating assets[(b)]	**$ —**	$ —	$ (98)
After-tax net gain from discontinued operations[(c)]	**$ 188**	$ —	$ —
After-tax charges recorded by NEER associated with the impairment of the Spain solar projects	**$ (342)**	$ —	$ —
After-tax operating loss of NEER's Spain solar projects	**$ (4)**	$ —	$ —

(a) For 2013, 2012 and 2011, $54 million of losses, $37 million of losses and $193 million of gains, respectively, are included in NEER's net income; the balance is included in Corporate and Other.
(b) $92 million of the loss is included in NEER's net income; the balance is included in Corporate and Other.
(c) $175 million of the gain is included in NEER's net income; the balance is included in Corporate and Other.

The change in unrealized mark-to-market activity from non-qualifying hedges is primarily attributable to changes in forward power and natural gas prices, as well as the reversal of previously recognized unrealized mark-to-market gains or losses as the underlying transactions were realized.

2013 Summary

NEE's net income for 2013 was lower than 2012 by $3 million, or 9 cents per share, primarily due to lower results at NEER, partly offset by higher results at FPL. The decline in earnings per share, assuming dilution, also reflects additional shares outstanding.

During 2013, NEE and its subsidiaries commenced an enterprise-wide initiative focused mainly on improving productivity and reducing O&M expenses (cost savings initiative), and management expects to continue those efforts over the near term. The transition costs associated with the cost savings initiative recorded by NEE in 2013 amounted to approximately $72 million ($44 million after-tax), of which $32 million of such after-tax costs were recorded by FPL and $12 million by NEER.

FPL's increase in net income in 2013 was primarily driven by continued investments in plant in service while earning a 10.96% regulatory ROE on its retail rate base. In 2013, FPL began operating under the 2012 rate agreement which increased revenues and cash flows without a material change in the earned regulatory ROE. FPL completed the final stage of its generation uprate project at Turkey Point Unit No. 4, completed the installation of approximately 4.5 million smart meters and placed in service the approximately 1,210 MW natural gas-fired combined-cycle Cape Canaveral power plant. The FPSC approved 25-year natural gas transportation agreements, pending completion of pipeline construction by Sabal Trail and Florida Southeast Connection (see below). In 2013, FPL maintained a typical residential 1,000 kWh bill that was the lowest among reporting electric utilities within Florida and 28% below the national average based on a rate per kWh as of July 2013.

NEER's results decreased in 2013 primarily due to the $342 million of after-tax charges associated with the impairment of the Spain solar projects, partly offset by the $175 million net after-tax gain from discontinued operations and higher results from new investments. In 2013, NEER added approximately 374 MW of wind capacity in the U.S. and Canada and 280 MW of solar capacity in the U.S., and increased its backlog of contracted renewable development projects.

Corporate and Other's results in 2013 improved primarily due to higher results from NEET and higher investment gains, partly offset by higher interest expense. In 2013, Lone Star achieved full commercial operation of approximately 330 miles of new transmission lines and associated transmission facilities in Texas. Sabal Trail and Florida Southeast Connection were selected to build, own and operate pipelines that would supply natural gas to FPL. The natural gas pipeline system is subject to certain conditions, including FERC approval. A FERC decision is expected in 2015.

NEE and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are primarily provided by cash flow from operations, short- and long-term borrowings and proceeds from the sale of differential membership interests and, from time to time, issuance of equity securities. As of December 31, 2013, NEE's total net available liquidity was approximately $6.7 billion, of which FPL's portion was approximately $3.0 billion.

Outlook

FPL's 2012 rate agreement continues to provide, among other things, a high degree of base rate predictability through December 2016, including allowances for rate increases when the modernized Cape Canaveral, Riviera Beach and Port Everglades power plants are placed in service, and permits FPL to record reserve amortization up to $400 million over the 2013 to 2016 period (see Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates - Rates Effective January 1, 2013 - December 31,

2016). FPL's allowed regulatory ROE over this period is 10.50%, with a range of plus or minus 100 basis points. In 2013, FPL amortized $155 million of the reserve and the Cape Canaveral power plant was placed in service in April 2013. FPL expects that the use of reserve amortization in 2013 will be more than in any of the remaining years of the 2012 rate agreement.

NEE's strategy at both of its principal businesses seeks to meet customer needs more economically and reliably than competitors. Meeting customer needs frequently requires the commitment of large capital expenditures to projects that have long lives and such commitments are difficult to reverse once made. Subsidiaries of NEE have made commitments to a variety of major capital projects that are expected to be completed over the next several years. While NEE management believes that these projects individually and collectively are attractive investments with the potential to create value for shareholders, there can be no guarantee that all or any of these projects will be successful. Because of their importance, management focuses particular attention on these large projects.

In 2014, NEE expects to focus efforts in particular on the following initiatives:

At FPL:

- Sustaining FPL's customer value proposition: The combination of low bills, good reliability and excellent customer service that FPL currently provides its customers is both an objective of FPL's strategy and an important contributor to its long-term business success. FPL seeks to, at a minimum, maintain and ideally improve its overall customer value proposition.
- Major capital projects: FPL is currently engaged in a large capital expansion program and its objective is to bring these projects in on schedule and within budget. This program includes modernizing its Riviera Beach and Port Everglades power plants to high-efficiency natural gas-fired units (approximately 1,200 MW at Riviera Beach and 1,240 MW at Port Everglades) to be placed in service in the second quarter of 2014 and mid-2016, respectively.
- Storm hardening and reliability: FPL plans to continue to invest in storm hardening and reliability efforts.

At NEER:

- Maintaining excellence in day-to-day operations: NEER has developed a track record of generally running its facilities reliably and cost-effectively. The company seeks to, at a minimum, maintain and ideally improve its operating performance.
- Solar: Add approximately 805 MW of new solar generation during 2014 through 2016, including a 20 MW solar PV project completed in January 2014, the 125 MW to complete the Genesis solar project in California, the 120 MW to complete NEER's portion of the Desert Sunlight solar PV project in California, the 250 MW McCoy solar PV project in California and the pending acquisition of development rights for a 250 MW solar PV project in Nevada which is expected to close in March 2014 and complete construction in 2016.
- Wind: Add approximately 600 MW of new Canadian wind generation and 2,000 to 2,500 MW of new U.S. wind generation during 2013 through 2015, of which 125 MW and 250 MW was placed in service in 2013 in Canada and the U.S., respectively.
- Nuclear: Complete the four planned nuclear refueling outages in 2014.

At Sabal Trail and Florida Southeast Connection: Continue to pursue FERC approval to build, own and operate the northern and southern portions of the natural gas pipeline system.

In addition, NEE and FPL devote effort to numerous other initiatives designed to support their long-term growth and development. There can be no guarantees that NEE or FPL will be successful in attaining their goals with respect to any of these initiatives.

For additional information on certain of the above matters, see Item 1. Business.

RESULTS OF OPERATIONS

NEE’s net income for 2013 was $1.91 billion, compared to $1.91 billion in 2012 and $1.92 billion in 2011. In 2013, net income was unfavorably affected by lower results at NEER offset by higher results at FPL and Corporate and Other. The decrease in NEE’s 2012 net income was primarily due to the absence of certain income tax benefits at Corporate and Other recorded in 2011 and lower results at NEER, partly offset by improved results at FPL.

NEE's effective income tax rate for all periods presented reflects PTCs for wind projects at NEER and deferred income tax benefits associated with convertible ITCs under the American Recovery and Reinvestment Act of 2009, as amended (Recovery Act). PTCs and deferred income tax benefits associated with convertible ITCs can significantly affect NEE's effective income tax rate depending on the amount of pretax income. The amount of PTCs recognized can be significantly affected by wind generation and by the roll off of PTCs on certain wind projects after ten years of production (PTC roll off). In addition, NEE's effective income tax rate for 2013 was unfavorably affected by the establishment of a full valuation allowance on the deferred tax assets associated with the Spain solar projects. See Note 1 - Income Taxes, Note 1 - Sale of Differential Membership Interests, Note 4 - Nonrecurring Fair Value Measurements and Note 5. Also see Item 1. Business - NEER - Generation and Other Operations - NEER Fuel/Technology Mix - Policy Incentives for Renewable Energy Projects, for a discussion of the Taxpayer Relief Act.

FPL: Results of Operations

FPL obtains its operating revenues primarily from the sale of electricity to retail customers at rates established by the FPSC through base rates and cost recovery clause mechanisms. FPL's net income for 2013, 2012 and 2011 was $1,349 million, $1,240 million and $1,068 million, respectively, representing an increase in 2013 of $109 million and an increase in 2012 of $172 million.

The use of reserve amortization in 2013 is permitted by the 2012 rate agreement and, for 2012 and 2011, the 2010 rate agreement, subject to limitations provided in the rate agreements. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 and 2010 rate agreements. In order to earn a targeted regulatory ROE in each reporting period under the 2012 and 2010 rate agreements, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items is adjusted, in part, by reserve amortization to earn a targeted regulatory ROE. In certain periods, reserve amortization must be reversed so as not to exceed the targeted regulatory ROE. The drivers of FPL's net income not reflected in the reserve amortization calculation include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and costs not allowed to be recovered by the FPSC. During 2013, 2012 and 2011, FPL recorded reserve amortization of $155 million, $480 million and $187 million, respectively.

FPL's regulatory ROE for 2013 was 10.96%, compared to 11.0% in 2012 and 2011. The 2013 regulatory ROE of 10.96% reflects approximately $32 million of after-tax charges associated with the cost savings initiative (see 2013 Summary above). These charges were not offset by additional reserve amortization. Excluding the impact of these charges, FPL's regulatory ROE for 2013 would have been approximately 11.25%. In 2013 and 2012, the growth in earnings for FPL was primarily driven by:

- higher earnings on investment in plant in service of approximately $175 million and $99 million, respectively. Average investment in plant in service grew FPL's retail rate base in 2013 and 2012 by approximately $3.4 billion and $2.1 billion, respectively, reflecting, among other things, the generation power uprates at FPL's nuclear units, ongoing transmission and distribution additions and, for 2013, the modernized Cape Canaveral power plant,
- higher AFUDC - equity of $3 million and $17 million, respectively, and
- in 2012, higher cost recovery clause results of $52 million,

partly offset, in 2013, by,

- lower cost recovery clause results of $45 million primarily due to the transfer of new nuclear capacity to retail rate base as discussed below under Retail Base, Cost Recovery Clauses and Interest Expense, and
- the $32 million of after-tax charges associated with the cost savings initiative.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2013	2012	2011
		(millions)	
Retail base	**$ 4,951**	$ 4,246	$ 4,217
Fuel cost recovery	**3,334**	3,815	4,416
Net deferral of retail fuel revenues	**—**	(44)	—
Net recognition of previously deferred retail fuel revenues	**44**	—	—
Other cost recovery clauses and pass-through costs, net of any deferrals	**1,837**	1,858	1,751
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	**279**	239	229
Total	**$ 10,445**	$ 10,114	$ 10,613

Retail Base

FPSC Rate Orders

In 2013, FPL's retail base revenues benefited from the 2012 rate agreement as retail base rates and charges were designed to increase approximately $350 million on an annualized basis, as well as a $164 million annualized retail base rate increase associated with the Cape Canaveral power plant, which was placed in service in April 2013. The 2012 rate agreement:

- remains in effect until December 2016,
- establishes FPL's allowed regulatory ROE at 10.50%, with a range of plus or minus 100 basis points, and
- allows for additional retail base rate increases as the modernized Riviera Beach and Port Everglades projects become operational (which is expected in the second quarter of 2014 and mid-2016, respectively).

In 2012 and 2011, FPL's retail base revenues were impacted by the 2010 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 and 2010 rate agreements.

Included in retail base revenues for 2013 and 2012 were approximately $302 million and $11 million, respectively, of additional revenues associated with new retail base rates under the 2012 rate agreement and, for 2013, $129 million of additional retail base revenues related to the Cape Canaveral power plant which was placed in service in April 2013. FPL collected in 2012 approximately $52 million of additional retail base revenues related to the placement in service of WCEC Unit No. 3 in May 2011, as permitted by the 2010 rate agreement. Additional retail base revenues of approximately $233 million and $29 million were recorded in 2013 and 2012, respectively, primarily related to new nuclear capacity which was placed in service in 2012 and 2011, respectively, as permitted by the FPSC's nuclear cost recovery rule. In 2014, FPL expects to collect approximately $113 million of additional base revenues, of which $4 million was recorded in 2013 as unbilled revenues, related to new nuclear capacity of approximately 125 MW which was placed in service in 2013. See Cost Recovery Clauses below for discussion of the nuclear cost recovery rule.

In September 2013, the Florida Supreme Court heard oral argument on the OPC's appeal of the FPSC's final order regarding the 2012 rate agreement. A ruling by the Florida Supreme Court is pending.

Retail Customer Usage and Growth

A portion of the increase in the average number of customer accounts of 1.1% in 2013 can be attributed to the remote disconnection of inactive meters (meters at premises where electric service is available but no customer is requesting service) through the use of smart meters and the subsequent establishment of valid customer accounts (reactivated customers). Generally these reactivated customers were lower than average usage customers and, accordingly, did not increase revenues proportionally. The 1.1% increase in the average number of customer accounts increased retail base revenues by approximately $27 million.

In 2013, although FPL experienced a 0.2% decrease in average usage per retail customer, the effect was to increase retail base revenues, after adjusting for the reactivated customers, by approximately $10 million, reflecting an improved economy and weather conditions, partly offset by increased efficiency measures and one less day of sales in 2013, as 2012 was a leap year. In 2012, FPL experienced a 2.0% decrease in average usage per retail customer and the average number of customer accounts increased 0.6%, which collectively decreased retail base revenues by approximately $63 million. The decrease in average usage per retail customer was primarily due to weather conditions and the absence of three extra days of sales that occurred in 2011 for a change from a fiscal month to a calendar month, partly offset by higher non-weather related usage per retail customer. Non-weather related usage per retail customer increased in 2013 and 2012 mirroring the continued gradual improvements in the Florida economy.

FPL has now experienced four consecutive years of moderately positive growth in the average number of customer accounts and expects a continuation of this trend in 2014, assuming no significant decline in the overall state of Florida's economy and excluding any impact from reactivated customers.

<u>Cost Recovery Clauses</u>

Revenues from fuel and other cost recovery clauses and pass-through costs, such as franchise fees, revenue taxes and storm-related surcharges, are largely a pass-through of costs. Such revenues also include a return on investment allowed to be recovered through the cost recovery clauses on certain assets, primarily related to nuclear capacity, solar and environmental projects. In 2013, 2012 and 2011, cost recovery clauses contributed $115 million, $160 million and $108 million, respectively, to FPL’s net income. The decrease in 2013 in cost recovery clause results is primarily due to the collection in 2013 of retail base revenues related to new nuclear capacity which was placed in service in 2012 (see Retail Base above), while the increase in 2012 reflects the return on additional nuclear capacity investments prior to recovery through retail base rates (see nuclear cost recovery rule discussion below). In 2014, there will be minimal contributions to net income from the nuclear cost recovery rule as all nuclear uprate costs have been placed in service and are now collected through base rates. Fluctuations in fuel cost recovery revenues are primarily driven by changes in fuel and energy charges which are included in fuel, purchased power and interchange expense in the consolidated statements of income, as well as by changes in energy sales. Fluctuations in revenues from other cost recovery clauses and pass-through costs are primarily driven by changes in storm-related surcharges, capacity charges, franchise fee costs, the impact of changes in O&M and depreciation expenses on the underlying cost recovery clause, investment in solar and environmental projects, investment in nuclear capacity until such capacity goes into service and is recovered in base rates, pre-construction costs associated with the development of two additional nuclear units at the Turkey Point site and changes in energy sales. Capacity charges are included in fuel, purchased power and interchange and franchise fee costs are included in taxes other than income taxes and other in the consolidated statements of income. Underrecovery or overrecovery of cost recovery clause and other pass-through costs can significantly affect NEE's and FPL's operating cash flows. The change from December 31, 2012 to December 31, 2013 in deferred clause and franchise expenses and in deferred clause and franchise revenues was approximately $166 million and negatively affected NEE’s and FPL’s cash flows from operating activities in 2013.

The decrease in fuel cost recovery revenues in 2013 is primarily due to a lower average fuel factor, partly offset by gas sales associated with an incentive mechanism allowed under the 2012 rate agreement (incentive gas sales) and higher interchange power sales (collectively, approximately $200 million). The decrease in fuel cost recovery revenues in 2012 is primarily due to a lower average fuel factor of approximately $558 million and lower energy sales of $43 million.

The change in revenues from other cost recovery clauses and pass-through costs in 2013 and 2012 reflects higher revenues in 2012 associated with the FPSC’s nuclear cost recovery rule reflective of higher earnings on additional nuclear capacity investments

and the shift, in 2013, to the collection of nuclear capacity recovery through retail base revenues (see Retail Base above). The nuclear cost recovery rule provides for the recovery of prudently incurred pre-construction costs and carrying charges (equal to the pretax AFUDC rate) on construction costs and a return on investment for new nuclear capacity through levelized charges under the capacity clause. The same rule provides for the recovery of construction costs, once property related to the new nuclear capacity goes into service, through a retail base rate increase effective beginning the following January.

Other

The increase in other revenues is primarily due to an increase in customer-related fees associated with the 2012 rate agreement. FPL expects revenues from wholesale sales to increase approximately $100 million in 2014 primarily due an increase in contracted load served under existing wholesale contracts.

Other Items Impacting FPL's Consolidated Statements of Income

Fuel, Purchased Power and Interchange
The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Years Ended December 31,		
	2013	2012	2011
		(millions)	
Fuel and energy charges during the period	**$ 3,519**	$ 3,657	$ 4,237
Net deferral of retail fuel costs	**(148)**	—	—
Net recognition of previously deferred retail fuel costs	**—**	103	159
Other, primarily capacity charges, net of any capacity deferral	**554**	505	581
Total	**$ 3,925**	$ 4,265	$ 4,977

The decrease in fuel and energy charges in 2013 was primarily due to lower fuel and energy prices of approximately $306 million, reflecting additional nuclear generation in 2013, which has a lower fuel cost, partly offset by gas purchased for incentive gas sales of $88 million and higher energy sales of $80 million. The additional nuclear generation in 2013 was primarily due to increased capacity of the nuclear units as a result of the nuclear uprate project and higher nuclear production reflecting lower outage duration in 2013. The decrease in fuel and energy charges in 2012 reflects lower fuel and energy prices of $526 million and lower energy sales of $54 million.

O&M Expenses
FPL's O&M expenses decreased $74 million in 2013, reflecting lower cost recovery clause costs, which are essentially pass-through costs, of approximately $54 million, the absence of nuclear outage costs incurred during an outage in the prior year and company-wide reductions in O&M expenses, partly offset by $52 million of transition costs associated with the cost savings initiative. The ideas generated from the cost savings initiative are expected to keep FPL's O&M expenses recovered through base rates flat through 2016 as compared to 2012. FPL's O&M expenses increased $74 million in 2012 primarily due to higher employee-related and insurance costs, higher fossil plant outage costs primarily due to outage timing and higher cost recovery clause costs of approximately $21 million.

Depreciation and Amortization Expense
The major components of FPL's depreciation and amortization expense are as follows:

	Years Ended December 31,		
	2013	2012	2011
		(millions)	
Reserve amortization recorded under the 2012 and 2010 rate agreements	**$ (155)**	$ (480)	$ (187)
Other depreciation and amortization recovered under base rates	**1,105**	1,013	944
Depreciation and amortization recovered under cost recovery clauses and securitized storm-recovery cost amortization	**209**	126	41
Total	**$ 1,159**	$ 659	$ 798

The reserve amortization recorded in 2013 was lower than amortization recorded in the prior year primarily due to additional base revenues collected in 2013 associated with new retail base rates under the 2012 rate agreement. At December 31, 2013 approximately $245 million of the reserve remains available for future amortization over the term of the 2012 rate agreement. Beginning in 2013, reserve amortization is recorded as a reduction of regulatory liabilities - accrued asset removal costs on the consolidated balance sheets. Reserve amortization in 2013 did not offset the charges associated with the cost savings initiative. The increase in other depreciation and amortization expense recovered under base rates for 2013 and 2012 is primarily due to higher plant in service balances. The increase in depreciation and amortization recovered under cost recovery clauses and securitized storm-recovery cost amortization in 2013 and 2012 is primarily due to recoveries of prior year investment under the

FPSC's nuclear cost recovery rule and higher plant in service balances associated with environmental projects under the environmental clause**.**

Taxes Other Than Income Taxes and Other
Taxes other than income taxes and other increased $63 million in 2013 primarily due to higher property taxes, reflecting growth in plant in service balances, and higher payroll taxes. The decrease of $3 million in 2012 was primarily due to lower franchise fees and revenue taxes (collectively, approximately $31 million), both of which are pass-through costs and reflect the decrease in fuel cost recovery clause revenues, partly offset by higher property taxes of $28 million reflecting growth in plant in service balances.

Interest Expense
The decrease in interest expense in 2013 is primarily due to lower average interest rates and higher AFUDC - debt, partly offset by higher average debt balances. The increase in interest expense in 2012 is primarily due to higher average debt balances, partly offset by lower average interest rates, lower interest expense on customer deposits reflecting lower rates and lower average customer deposit balances and higher AFUDC - debt. The change in AFUDC - debt is due to the same factors as described below in AFUDC - Equity. Interest expense on storm-recovery bonds, as well as certain other interest expense on clause-recoverable investments (collectively, clause interest), are essentially pass-through amounts and do not significantly affect net income, as the clause interest is recovered either under cost recovery clause mechanisms or through a storm-recovery bond surcharge. Clause interest for 2013, 2012 and 2011 amounted to approximately $58 million, $81 million and $65 million, respectively. The change in revenues from other cost recovery clauses and pass-through costs in 2013 and 2012 reflects higher interest in 2012 associated with additional nuclear capacity investments and the shift in 2013 of nuclear capacity recovery through retail base revenues (see Retail Base and Cost Recovery Clauses above).

AFUDC - Equity
The increase in AFUDC - equity in 2013 is primarily due to additional AFUDC - equity recorded on construction expenditures associated with the Riviera Beach and Port Everglades modernization projects, partly offset by lower AFUDC - equity associated with the Cape Canaveral power plant which was placed in service in April 2013. The increase in AFUDC - equity in 2012 is primarily due to additional AFUDC - equity on the Cape Canaveral and Riviera Beach modernization projects, partly offset by the absence of AFUDC - equity on WCEC Unit No. 3, which was placed in service in May 2011.

NEER: Results of Operations

NEER owns, develops, constructs, manages and operates electric generating facilities in wholesale energy markets primarily in the U.S. and Canada. NEER's net income for 2013, 2012 and 2011 was $556 million, $687 million and $774 million, respectively, resulting in a decrease in 2013 of $131 million and a decrease in 2012 of $87 million. The primary drivers, on an after-tax basis, of these decreases are in the following table. The 99.8 MW associated with the Spain solar projects and the related operating results are not included in the new investments data below.

	Increase (Decrease) From Prior Period Years Ended December 31,	
	2013	2012
	(millions)	
New investments[a]	**$ 132**	$ 91
Existing assets[a]	**(13)**	(178)
Gas infrastructure[b]	**17**	24
Customer supply and proprietary power and gas trading[b]	**(4)**	44
Asset sales and restructuring activities	**(12)**	20
2011 impairment charges associated with certain wind and oil-fired generation assets[c]	**—**	31
Interest expense, differential membership costs and other	**(33)**	(18)
Change in unrealized mark-to-market non-qualifying hedge activity[d][e]	**(17)**	(230)
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals[e]	**(30)**	37
Loss on sale of natural gas-fired generating assets[f]	**—**	92
Net gain on discontinued operations[g]	**175**	—
Charges associated with the impairment of the Spain solar projects[f]	**(342)**	—
Operating loss of the Spain solar projects[f]	**(4)**	—
Net income decrease	**$ (131)**	$ (87)

(a) Includes PTCs and state ITCs on wind projects and, for new investments, deferred income tax and other benefits associated with convertible ITCs (see Note 1 - Electric Plant, Depreciation and Amortization, Note 1 - Income Taxes, Note 1 - Sale of Differential Membership Interests and Note 5) but excludes allocation of interest expense or corporate general and administrative expenses. Results from new projects are included in new investments during the first twelve months of operation. A project's results are included in existing assets beginning with the thirteenth month of operation.
(b) Excludes allocation of interest expense and corporate general and administrative expenses.
(c) See Note 4 - Nonrecurring Fair Value Measurements.
(d) See Note 3 and Overview - Adjusted Earnings related to derivative instruments.
(e) See table in Overview - Adjusted Earnings for additional detail.
(f) See Note 4 - Nonrecurring Fair Value Measurements and Overview - Adjusted Earnings for additional information.
(g) See Note 6 and Overview - Adjusted Earnings for additional information.

New Investments

In 2013, results from new investments increased primarily due to:

- the addition of approximately 1,897 MW of wind generation during or after 2012, and
- higher deferred income tax and other benefits associated with convertible ITCs of $18 million,

partly offset by,
- lower state ITCs of $8 million.

In 2012, results from new investments increased primarily due to:

- the addition of approximately 1,899 MW of wind and 45 MW of solar generation during or after 2011,
- higher deferred income tax and other benefits associated with convertible ITCs of $16 million, and
- higher state ITCs of $10 million.

Existing Assets

In 2013, results from NEER's existing asset portfolio decreased primarily due to:

- lower wind generation of approximately $26 million,
- PTC roll off of $26 million, and
- lower results of $25 million due to the absence of the hydro assets which were sold in the first quarter of 2013,

partly offset by,
- increased generation at Seabrook, primarily due to the absence of a 2012 reduction in capacity, as well as lower operating

costs at that facility,
- improved results of $16 million at Duane Arnold, primarily due to the absence of a 2012 refueling outage and favorable pricing, and
- improved results of $11 million in the ERCOT region, primarily due to the absence of outages that occurred in 2012 at the natural gas facilities, and favorable market conditions.

In 2012, results from NEER's existing asset portfolio decreased due to:

- Lower wind results of approximately $86 million primarily due to:
  - PTC roll off of $37 million,
  - the absence of $33 million of income tax benefits related to a valuation allowance reversal for certain state ITCs recorded in 2011, and
  - the balance primarily attributable to a lower wind resource, partly offset by certain state tax benefits.

- Lower merchant results of approximately $59 million primarily due to:
  - lower results at Seabrook of $23 million primarily due to lower priced hedges,
  - lower results of $22 million in the ERCOT region, primarily due to market conditions as the prior year benefited from high market prices in August 2011, and higher O&M expenses and
  - lower hydro results of $13 million primarily due to lower priced hedges and a lower water resource.

- Lower contracted results of approximately $33 million primarily due to:
  - the absence of earnings of $39 million from the natural gas-fired generating plants which were sold in the fourth quarter of 2011, and
  - lower results of $19 million related to the expiration of power sales agreements at certain joint venture projects, which is reflected in equity in earnings of equity method investees in NEE's consolidated statements of income,

  partly offset by,
  - higher results of $25 million at Point Beach primarily due to the absence of a planned outage which occurred in the prior year and the addition of 167 MW of capacity, approximately one-half of which was completed in June 2011 and the other half of which was completed in December 2011, partly offset by higher O&M and depreciation expenses.

Gas Infrastructure

The increase in gas infrastructure results in 2013 is primarily due to income from additional production in 2013, partly offset by the absence of gains recorded in 2012 from exiting the hedged positions on a number of future gas production opportunities. The increase in gas infrastructure results in 2012 is primarily due to income from additional production, partly offset by lower gains from exiting the hedged positions on a number of future gas production opportunities.

Customer Supply and Proprietary Power and Gas Trading

Results from customer supply and proprietary power and gas trading decreased in 2013 primarily due to lower results in the customer supply business reflecting lower margins and mild weather conditions, partly offset by higher power and gas trading results. In 2012, results from customer supply and proprietary power and gas trading increased primarily due to improved market conditions, favorable weather and the absence of certain losses incurred in the prior year.

Asset Sales and Restructuring Activities

Asset sales and restructuring activities in 2013 primarily include an after-tax gain of approximately $8 million on the sale of a portfolio of wind projects with net generating capacity totaling 223 MW. Asset sales and restructuring activities in 2012 primarily include an after-tax gain of approximately $8 million on the sale of a 30 MW wind project, an after-tax gain of $6 million on the sale of solar development rights and a $5 million after-tax gain related to an investment previously accounted for under the equity method in which NEER obtained a controlling interest (controlling interest gain).

2011 Impairment Charges Associated with Certain Wind and Oil-Fired Generation Assets

In 2011, NEER recorded impairment charges primarily to write down the value of certain wind and oil-fired generation assets deemed to be unrecoverable. As a result of a fair value analysis, long-lived assets held and used with a carrying amount of approximately $79 million were written down to their fair value of $28 million, resulting in an impairment charge of $51 million or $31 million after-tax. See Note 4 - Nonrecurring Fair Value Measurements.

Interest Expense, Differential Membership Costs and Other

In 2013, interest expense, differential membership costs and other reflects higher borrowing and other costs to support the growth of the business and transition costs associated with the cost savings initiative (approximately $12 million after-tax), partly offset by lower average interest rates and favorable income tax benefits. In 2012, interest expense, differential membership costs and other reflects higher employee-related costs and higher borrowing costs to support the growth of the business substantially offset by

lower average interest rates and the absence of interest expense on debt associated with the natural gas-fired generating plants sold in the fourth quarter of 2011.

Other Factors

Supplemental to the primary drivers of the changes in net income discussed above, the discussion below describes changes in certain line items set forth in NEE's consolidated statements of income as they relate to NEER.

Operating Revenues
Operating revenues for 2013 increased $438 million primarily due to:

- higher revenues in the New England Power Pool (NEPOOL) region primarily due to higher generation at Seabrook due to the absence of a 2012 reduction in capacity, higher gas infrastructure revenues and higher revenues in the ERCOT region primarily due to the absence of outages that occurred in 2012 at the natural gas facilities, offset in part by lower customer supply and proprietary power and gas trading revenues (collectively, $419 million), and
- higher revenues from new investments of approximately $262 million, including $56 million associated with the Spain solar projects,

partly offset by,
- higher unrealized mark-to-market losses from non-qualifying hedges ($116 million in 2013 compared to $115 million of gains on such hedges in 2012).

Operating revenues for 2012 decreased $607 million primarily due to:

- the absence of revenues of approximately $469 million associated with five natural gas-fired generating plants sold in the fourth quarter of 2011,
- lower unrealized mark-to-market gains from non-qualifying hedges ($115 million in 2012 compared to $414 million in 2011), and
- unfavorable market conditions in the ERCOT and NEPOOL regions and lower revenues at PMI (collectively, $215 million),

partly offset by,
- higher revenues from new investments and gas infrastructure (collectively, $228 million), and
- higher revenues of $120 million at NEER's contracted nuclear facilities primarily due to the absence of a 2011 planned outage, the addition of capacity at Point Beach and favorable contract pricing.

Operating Expenses
Operating expenses for 2013 increased $706 million primarily due to:

- an impairment charge of $300 million related to the Spain solar projects,
- higher fuel expenses primarily in the NEPOOL and ERCOT regions and higher gas infrastructure operating expenses, offset in part by lower customer supply and proprietary power and gas trading fuel expense (collectively, $369 million),
- higher operating expenses associated with new investments of approximately $149 million, including $42 million associated with the Spain solar projects, and
- higher corporate operating expenses of approximately $68 million,

partly offset by,
- higher unrealized mark-to-market gains from non-qualifying hedges ($1 million in 2013 compared to $184 million of losses on such hedges in 2012).

Operating expenses for 2012 decreased $327 million primarily due to:

- the absence of operating expenses of approximately $365 million associated with five natural gas-fired generating plants sold in the fourth quarter of 2011, and
- the absence of the $51 million impairment charge recorded in 2011,

partly offset by,
- higher unrealized mark-to-market losses from non-qualifying hedges ($184 million in 2012 compared to $95 million in 2011).

Interest Expense
NEER's interest expense for 2013 increased $54 million primarily due to higher average debt balances, partly offset by lower average interest rates. NEER's interest expense in 2013 also includes approximately $23 million of additional interest expense associated with the Spain solar projects, primarily due to the absence of capitalized interest during half of the year as the project was placed in service in June 2013. NEER's interest expense for 2012 decreased $56 million primarily due to lower average interest rates and the absence of interest expense on debt associated with the natural gas-fired generating plants sold in the fourth quarter of 2011.

Benefits Associated with Differential Membership Interests - net
Benefits associated with differential membership interests - net in NEE's consolidated statements of income for all periods presented reflect benefits recognized by NEER as third-party investors received their portion of the economic attributes, including income tax

attributes, of the underlying wind project, net of associated costs. See Note 1 - Sale of Differential Membership Interests. For 2012 and 2011, benefits associated with differential membership interests - net also includes $13 million and $52 million, respectively, of benefits where the investors elected to receive the convertible ITCs related to the underlying wind project.

Gains on Disposal of Assets - net
Gains on disposal of assets - net in NEE's consolidated statements of income for 2013, 2012 and 2011 primarily reflect gains on sales of securities held in NEER's nuclear decommissioning funds and, for these respective periods, include approximately $14 million, $69 million and $25 million of OTTI reversals. Gains on disposal of assets - net also reflect, in 2013, a pretax gain of approximately $14 million on the sale of a portfolio of wind assets with generation capacity totaling 223 MW, and in 2012, a pretax gain of $13 million on the sale of the 30 MW wind project and a pretax gain of $7 million related to the controlling interest gain.

Tax Credits, Benefits and Expenses
PTCs from NEER's wind projects are reflected in NEER's earnings. PTCs are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes, and were approximately $209 million, $203 million and $271 million in 2013, 2012 and 2011, respectively. In addition, NEE's effective income tax rate for 2013, 2012 and 2011 was affected by deferred income tax benefits associated with convertible ITCs of $71 million, $44 million and $2 million, respectively. NEE's effective income tax rate for 2013 was unfavorably affected by the establishment of a full valuation allowance on the deferred tax assets associated with the Spain solar projects. See Note 5 and Overview - Adjusted Earnings for additional information.

Corporate and Other: Results of Operations

Corporate and Other is primarily comprised of the operating results of NEET, FPL FiberNet and other business activities, as well as corporate interest income and expenses. Corporate and Other allocates non-utility interest expense and shared service costs to NEER. Interest expense is allocated based on a deemed capital structure of 70% debt and, for purposes of allocating non-utility interest expense, the liability associated with differential membership interests sold by NEER's subsidiaries is included with debt. Each subsidiary's income taxes are calculated based on the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at Corporate and Other. The major components of Corporate and Other's results, on an after-tax basis, are as follows:

	Years Ended December 31,		
	2013	2012	2011
		(millions)	
Interest expense, net of allocations to NEER	**$ (109)**	$ (90)	$ (72)
Interest income	**32**	36	32
Federal and state income tax benefits	**15**	20	91
Other	**65**	18	30
Net income (loss)	**$ 3**	$ (16)	$ 81

The increase in interest expense, net of allocations to NEER, in 2013 and 2012 reflects higher average debt balances and, in 2012, a lower allocation of interest costs to NEER, as NEER obtained additional project-specific financing, partly offset by lower average interest rates. The federal and state income tax benefits reflect consolidating income tax adjustments and include the following items:

- in 2013, a $13 million income tax benefit recorded as a net gain from discontinued operations, net of federal income taxes (see Overview - Adjusted Earnings),
- in 2011, a state deferred income tax benefit of approximately $64 million, net of federal income taxes, related to state tax law changes,
- in 2011, an income tax benefit of $41 million related to the dissolution of a subsidiary, and
- in 2011, a $6 million expense associated with the loss on sale of natural gas-fired generating assets.

Other includes all other corporate income and expenses, as well as other business activities. The increase in other in 2013 reflects higher results from NEET and higher after-tax investment gains of approximately $20 million. Substantially all of the change in such investment gains, on a pretax basis, is reflected in other - net in NEE's consolidated statements of income. The decline in other in 2012 is primarily due to approximately $18 million of after-tax investment losses, including a $13 million after-tax impairment charge on an early stage technology investment, a $6 million after-tax loss on the redemption in 2012 of NEECH junior subordinated debentures, as well as other corporate costs, partly offset by higher results from other business activities. The pretax amount of the impairment charge on the early stage technology investment and the loss on the redemption of NEECH junior subordinated debentures collectively amounted to approximately $30 million and is reflected in other - net in NEE's consolidated statements of income.

LIQUIDITY AND CAPITAL RESOURCES

NEE and its subsidiaries, including FPL, require funds to support and grow their businesses. These funds are used for, among other things, working capital, capital expenditures, investments in or acquisitions of assets and businesses, payment of maturing debt obligations and, from time to time, redemption or repurchase of outstanding debt or equity securities. It is anticipated that these requirements will be satisfied through a combination of cash flows from operations, short- and long-term borrowings, the issuance, from time to time, of short- and long-term debt and equity securities and proceeds from the sale of differential membership interests, consistent with NEE's and FPL's objective of maintaining, on a long-term basis, a capital structure that will support a strong investment grade credit rating. In 2013, NEE entered into a confirmation of forward sale transaction to issue 6.6 million shares to a forward counterparty, on a settlement date or dates to be specified at NEE's direction, which settlement will occur no later than December 31, 2014. See Note 10 - Issuance of Common Stock and Forward Sale Agreement. NEE, FPL and NEECH rely on access to credit and capital markets as significant sources of liquidity for capital requirements and other operations that are not satisfied by operating cash flows. The inability of NEE, FPL and NEECH to maintain their current credit ratings could affect their ability to raise short- and long-term capital, their cost of capital and the execution of their respective financing strategies, and could require the posting of additional collateral under certain agreements.

Cash Flows

NEE's and FPL's increase in cash flows from operating activities for 2013 reflect an increase in retail base rates and charges associated with FPL's 2012 rate agreement and, for NEE, also reflects operating cash generated from approximately 1,500 MW of NEER wind projects placed in service in 2012, primarily in the fourth quarter.

Sources and uses of NEE's and FPL's cash for 2013, 2012 and 2011 were as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2013	2012	2011	**2013**	2012	2011
	(millions)					
Sources of cash:						
Cash flows from operating activities	**$ 5,102**	$ 3,992	$ 4,074	**$ 3,558**	$ 2,823	$ 2,245
Long-term borrowings and change in loan proceeds restricted for construction	**4,599**	6,944	3,375	**497**	1,296	840
Proceeds from sale of differential membership interests, net of payments	**385**	669	366	**—**	—	—
Sale of independent power investments	**165**	—	1,204	**—**	—	—
Capital contribution from NEE	**—**	—	—	**275**	440	410
Cash grants under the Recovery Act	**165**	196	624	**—**	—	218
Issuances of common stock - net	**842**	405	48	**—**	—	—
Net increase in short-term debt	**—**	61	460	**99**	—	229
Other sources - net	**66**	141	205	**30**	68	89
Total sources of cash	**11,324**	12,408	10,356	**4,459**	4,627	4,031
Uses of cash:						
Capital expenditures and independent power and other investments and nuclear fuel purchases	**(6,682)**	(9,461)	(6,628)	**(2,903)**	(4,285)	(3,502)
Retirements of long-term debt	**(2,396)**	(1,612)	(2,121)	**(453)**	(50)	(45)
Net decrease in short-term debt	**(720)**	—	—	**—**	(225)	—
Dividends	**(1,122)**	(1,004)	(920)	**(1,070)**	—	(400)
Repurchases of common stock	**—**	(19)	(375)	**—**	—	—
Other uses - net	**(295)**	(360)	(237)	**(54)**	(63)	(68)
Total uses of cash	**(11,215)**	(12,456)	(10,281)	**(4,480)**	(4,623)	(4,015)
Net increase (decrease) in cash and cash equivalents	**$ 109**	$ (48)	$ 75	**$ (21)**	$ 4	$ 16

NEE's primary capital requirements are for expanding and enhancing FPL's electric system and generating facilities to continue to provide reliable service to meet customer electricity demands and for funding NEER's investments in independent power and other projects. The following table provides a summary of the major capital investments for 2013, 2012 and 2011.

	Years Ended December 31,		
	2013	2012	2011
		(millions)	
FPL:			
Generation:			
New	**$ 931**	$ 2,488	$ 1,424
Existing	**655**	520	907
Transmission and distribution	**873**	966	880
Nuclear fuel	**212**	215	365
General and other	**162**	95	213
Other, primarily the exclusion of AFUDC - equity and change in accrued property additions	**70**	1	(287)
Total	**2,903**	4,285	3,502
NEER:			
Wind	**1,725**	2,365	1,037
Solar	**914**	1,235	519
Nuclear, including nuclear fuel	**269**	286	686
Other	**705**	795	532
Total	**3,613**	4,681	2,774
Corporate and Other	**166**	495	352
Total capital expenditures, independent power and other investments and nuclear fuel purchases	**$ 6,682**	$ 9,461	$ 6,628

In January 2014, NEECH announced that it will redeem, on March 1, 2014, all of its $375 million aggregate principal amount Series F Junior Subordinated Debentures due 2069 bearing interest at an annual rate of 8.75%.

Liquidity

At December 31, 2013, NEE's total net available liquidity was approximately $6.7 billion, of which FPL's portion was approximately $3.0 billion. The table below provides the components of FPL's and NEECH's net available liquidity at December 31, 2013:

				Maturity Date	
	FPL	NEECH	Total	FPL	NEECH
		(millions)			
Bank revolving line of credit facilities[(a)]	$ 3,000	$ 4,850	$ 7,850	(b)	(b)
Less letters of credit	(3)	(1,128)	(1,131)		
	2,997	3,722	6,719		
Revolving credit facility	235	—	235	May 2014	
Less borrowings	—	—	—		
	235	—	235		
Letter of credit facilities[(c)]	—	250	250		2015
Less letters of credit	—	(221)	(221)		
	—	29	29		
Subtotal	3,232	3,751	6,983		
Cash and cash equivalents	19	418	437		
Less commercial paper	(204)	(487)	(691)		
Net available liquidity	$ 3,047	$ 3,682	$ 6,729		

(a) Provide for the funding of loans up to $7,850 million ($3,000 million for FPL) and the issuance of letters of credit up to $6,600 million ($2,500 million for FPL). The entire amount of the credit facilities is available for general corporate purposes and to provide additional liquidity in the event of a loss to the companies' or their subsidiaries' operating facilities (including, in the case of FPL, a transmission and distribution property loss). FPL's bank revolving line of credit facilities are also available to support the purchase of $633 million of pollution control, solid waste disposal and industrial development revenue bonds (tax exempt bonds) in the event they are tendered by individual bond holders and not remarketed prior to maturity.

(b) $500 million of FPL's and $750 million of NEECH's bank revolving line of credit facilities expire in 2016, essentially all of the remaining facilities at each of FPL and NEECH expire in 2019.

(c) Only available for the issuance of letters of credit.

As of February 21, 2014, 68 banks participate in FPL's and NEECH's revolving credit facilities, with no one bank providing more than 6% of the combined revolving credit facilities. European banks provide approximately 32% of the combined revolving credit facilities. Pursuant to a 1998 guarantee agreement, NEE guarantees the payment of NEECH's debt obligations under the revolving credit facilities. In order for FPL or NEECH to borrow or to have letters of credit issued under the terms of their respective revolving credit facilities, FPL, in the case of FPL, and NEE, in the case of NEECH, are required, among other things, to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. The FPL and NEECH revolving credit facilities also contain default and related acceleration provisions relating to, among other things, failure of FPL and NEE, as the case may be, to maintain the respective ratio of funded debt to total capitalization at or below the specified ratio. At December 31, 2013, each of NEE and FPL was in compliance with its required ratio.

Additionally, a NEER subsidiary has five variable rate Canadian revolving credit agreements with original capacity totaling C$750 million and expiration dates ranging from October 2014 to 2016. These facilities are available for general corporate purposes; however, the current intent is to use these facilities for the purchase, development, construction and/or operation of Canadian renewable generating assets. In order to borrow or issue letters of credit under the terms of these agreements, among other things, NEE is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. These agreements also contain certain covenants and default and related acceleration provisions relating to, among other things, failure of NEE to maintain a ratio of funded debt to total capitalization at or below the specified ratio. The payment obligations under these agreements are ultimately guaranteed by NEE. As of December 31, 2013, approximately $230 million of capacity remained available.

Storm Restoration Costs

As of December 31, 2013, FPL had the capacity to absorb up to approximately $121 million in future prudently incurred storm restoration costs without seeking recovery through a rate adjustment from the FPSC or filing a petition with the FPSC. See Note 1 – Revenue and Rates.

Dodd-Frank Act

The Dodd-Frank Act, enacted into law in July 2010, among other things, provides for substantially increased regulation of the OTC derivatives market. The Dodd-Frank Act includes provisions that will require certain OTC derivatives, or swaps, to be centrally cleared and executed through an exchange or other approved trading platform. While the legislation is broad and detailed, there are still portions of the legislation that either require implementing rules to be adopted by federal governmental agencies including, but not limited to, the SEC and the CFTC or otherwise require further interpretive guidance from federal government agencies. NEE and FPL continue to monitor the development of rules related to the Dodd-Frank Act and are taking steps to comply with those rules that affect their businesses. A number of rules have been finalized and are effective, including the swap reporting and recordkeeping obligations applicable to derivative end users such as NEE and FPL. The implementation of these rules has not had a material effect on NEE and FPL; however, the rules have added, and are expected to add more, cost and compliance risk related to hedging activities. The rules related to collateral requirements have not been finalized. If those rules, when finalized, require NEE and FPL to post significant amounts of cash collateral with respect to swap transactions, NEE's and FPL's liquidity could be materially adversely affected.

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

Capital Support

Letters of Credit, Surety Bonds and Guarantees
Certain subsidiaries of NEE, including FPL, obtain letters of credit and surety bonds and issue guarantees to facilitate commercial transactions with third parties and financings. Letters of credit, surety bonds and guarantees support, among other things, the buying and selling of wholesale energy commodities, debt and related reserves, capital expenditures for NEER's wind and solar development, nuclear activities and other contractual agreements. Substantially all of NEE's and FPL's guarantee arrangements are on behalf of their consolidated subsidiaries for their related payment obligations.

In addition, as part of contract negotiations in the normal course of business, NEE and and certain of its subsidiaries, including FPL, may agree to make payments to compensate or indemnify other parties for possible future unfavorable financial consequences resulting from specified events. The specified events may include, but are not limited to, an adverse judgment in a lawsuit, the imposition of additional taxes due to a change in tax law or interpretations of the tax law or the non-receipt of renewable tax credits or proceeds from cash grants under the Recovery Act. NEE and FPL are unable to develop an estimate of the maximum potential amount of future payments under some of these contracts because events that would obligate them have not yet occurred or, if any such event has occurred, they have not been notified of its occurrence.

In addition, NEE has guaranteed certain payment obligations of NEECH, including most of its debt and all of its debentures and commercial paper issuances, as well as most of its payment guarantees and indemnifications, and NEECH has guaranteed certain debt and other obligations of NEER and its subsidiaries.

At December 31, 2013, NEE had approximately $1.4 billion of standby letters of credit ($3 million for FPL), approximately $151 million of surety bonds ($22 million for FPL) and approximately $11.2 billion notional amount of guarantees and indemnifications ($18 million for FPL), of which approximately $7.3 billion of letters of credit, guarantees and indemnifications ($8 million for FPL) have expiration dates within the next five years.

Each of NEE and FPL believe it is unlikely that it would incur any liabilities associated with these letters of credit, surety bonds, guarantees and indemnifications. Accordingly, at December 31, 2013, NEE and FPL did not have any liabilities recorded for these letters of credit, surety bonds, guarantees and indemnifications.

Shelf Registration
In August 2012, NEE, NEECH and FPL filed a shelf registration statement with the SEC for an unspecified amount of securities which became effective upon filing. The amount of securities issuable by the companies is established from time to time by their respective boards of directors. As of February 21, 2014, securities that may be issued under the registration statement include, depending on the registrant, senior debt securities, subordinated debt securities, junior subordinated debentures, first mortgage bonds, common stock, preferred stock, stock purchase contracts, stock purchase units, warrants and guarantees related to certain of those securities. As of February 21, 2014, the board-authorized capacity available to issue securities was approximately $3.0 billion for NEE and NEECH (issuable by either or both of them up to such aggregate amount) and $1.6 billion for FPL.

Contractual Obligations and Estimated Capital Expenditures

NEE's and FPL's commitments at December 31, 2013 were as follows:

	2014	2015	2016	2017	2018	Thereafter	Total
				(millions)			
Long-term debt, including interest:[a]							
FPL	$ 763	$ 463	$ 464	$ 764	$ 448	$ 14,865 [b]	$ 17,767
NEER	2,266	740	1,059	664	894	4,257	9,880
Corporate and Other	1,962	2,382	1,319	1,617	928	15,316	23,524
Purchase obligations:							
FPL[c]	5,359	3,628	3,043	2,972	2,997	16,424	34,423
NEER[d]	1,220	145	170	100	91	452	2,178
Corporate and Other[e]	90	220	460	180	20	55	1,025
Elimination of FPL's purchase obligations to NEECH[f]	—	—	—	(59)	(87)	(1,410)	(1,556)
Asset retirement activities:[g]							
FPL[h]	7	—	—	—	—	6,989	6,996
NEER[i]	—	—	—	—	—	12,937	12,937
Other commitments:							
NEER[j]	73	95	105	124	172	483	1,052
Total	$ 11,740	$ 7,673	$ 6,620	$ 6,362	$ 5,463	$ 70,368	$108,226

(a) Includes principal, interest and interest rate swaps. Variable rate interest was computed using December 31, 2013 rates. See Note 11.
(b) Includes $633 million of tax exempt bonds that permit individual bond holders to tender the bonds for purchase at any time prior to maturity. In the event bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase the tax exempt bonds. As of December 31, 2013, all tax exempt bonds tendered for purchase have been successfully remarketed. FPL's bank revolving line of credit facilities are available to support the purchase of tax exempt bonds.
(c) Represents required capacity and minimum charges under long-term purchased power and fuel contracts (see Note 13 - Contracts), and projected capital expenditures through 2018 (see Note 13 - Commitments).
(d) Represents firm commitments primarily in connection with construction and development activities and fuel-related contracts. See Note 13 - Commitments and Contracts.
(e) Represents firm commitments primarily related to equity contributions by a NEECH subsidiary to Sabal Trail. See Note 13 - Contracts.
(f) See Note 13 - Contracts.
(g) Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.
(h) At December 31, 2013, FPL had approximately $3,199 million in restricted funds for the payment of future expenditures to decommission FPL's nuclear units, which are included in NEE's and FPL's special use funds. See Note 12.
(i) At December 31, 2013, NEER's 88.23% portion of Seabrook's and 70% portion of Duane Arnold's and its Point Beach's restricted funds for the payment of future expenditures to decommission its nuclear units totaled approximately $1,507 million and are included in NEE's special use funds. See Note 12.
(j) Represents estimated cash distributions related to differential membership interests and payments related to the acquisition of certain development rights. For further discussion of differential membership interests, see Note 1 - Sale of Differential Membership Interests.

Credit Ratings

NEE's and FPL's liquidity, ability to access credit and capital markets, cost of borrowings and collateral posting requirements under certain agreements are dependent on their credit ratings. At February 21, 2014, Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) had assigned the following credit ratings to NEE, FPL and NEECH:

	Moody's[a]	S&P[a]	Fitch[a]
NEE:[b]			
Corporate credit rating	Baa1	A-	A-
FPL:[b]			
Corporate credit rating	A1	A-	A
First mortgage bonds	Aa2	A	AA-
Pollution control, solid waste disposal and industrial development revenue bonds	VMIG-1	A	A+
Commercial paper	P-1	A-2	F1
NEECH:[b]			
Corporate credit rating	Baa1	A-	A-
Debentures	Baa1	BBB+	A-
Junior subordinated debentures	Baa2	BBB	BBB
Commercial paper	P-2	A-2	F1

(a) A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organization.
(b) The outlook indicated by each of Moody's, S&P and Fitch is stable.

NEE and its subsidiaries, including FPL, have no credit rating downgrade triggers that would accelerate the maturity dates of outstanding debt. A change in ratings is not an event of default under applicable debt instruments, and while there are conditions to drawing on the credit facilities noted above, the maintenance of a specific minimum credit rating is not a condition to drawing on these credit facilities.

Commitment fees and interest rates on loans under these credit facilities' agreements are tied to credit ratings. A ratings downgrade also could reduce the accessibility and increase the cost of commercial paper and other short-term debt issuances and additional or replacement credit facilities. In addition, a ratings downgrade could result in the requirement that NEE subsidiaries, including FPL, post collateral under certain agreements, including those related to fuel procurement, power sales and purchases, nuclear decommissioning funding, debt-related reserves and trading activities. FPL's and NEECH's credit facilities are available to support these potential requirements.

Covenants

NEE's charter does not limit the dividends that may be paid on its common stock. As a practical matter, the ability of NEE to pay dividends on its common stock is dependent upon, among other things, dividends paid to it by its subsidiaries. For example, FPL pays dividends to NEE in a manner consistent with FPL's long-term targeted capital structure. However, the mortgage securing FPL's first mortgage bonds contains provisions which, under certain conditions, restrict the payment of dividends to NEE and the issuance of additional first mortgage bonds. Additionally, in some circumstances, the mortgage restricts the amount of retained earnings that FPL can use to pay cash dividends on its common stock. The restricted amount may change based on factors set out in the mortgage. Other than this restriction on the payment of common stock dividends, the mortgage does not restrict FPL's use of retained earnings. As of December 31, 2013, no retained earnings were restricted by these provisions of the mortgage and, in light of FPL's current financial condition and level of earnings, management does not expect that planned financing activities or dividends would be affected by these limitations.

FPL may issue first mortgage bonds under its mortgage subject to its meeting an adjusted net earnings test set forth in the mortgage, which generally requires adjusted net earnings to be at least twice the annual interest requirements on, or at least 10% of the aggregate principal amount of, FPL's first mortgage bonds including those to be issued and any other non-junior FPL indebtedness. As of December 31, 2013, coverage for the 12 months ended December 31, 2013 would have been approximately 6.8 times the annual interest requirements and approximately 3.6 times the aggregate principal requirements. New first mortgage bonds are also limited to an amount equal to the sum of 60% of unfunded property additions after adjustments to offset property retirements, the amount of retired first mortgage bonds or qualified lien bonds and the amount of cash on deposit with the mortgage trustee. As of December 31, 2013, FPL could have issued in excess of $10.5 billion of additional first mortgage bonds based on the unfunded property additions and in excess of $5.8 billion based on retired first mortgage bonds. As of December 31, 2013, no cash was deposited with the mortgage trustee for these purposes.

In September 2006, NEE and NEECH executed a Replacement Capital Covenant (September 2006 RCC) in connection with NEECH's offering of $350 million principal amount of Series B Enhanced Junior Subordinated Debentures due 2066 (Series B junior

subordinated debentures). The September 2006 RCC is for the benefit of persons that buy, hold or sell a specified series of long term indebtedness (covered debt) of NEECH (other than the Series B junior subordinated debentures) or, in certain cases, of NEE. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the September 2006 RCC. The September 2006 RCC provides that NEECH may redeem, and NEE or NEECH may purchase, any Series B junior subordinated debentures on or before October 1, 2036, only to the extent that the redemption or purchase price does not exceed a specified amount of proceeds from the sale of qualifying securities, subject to certain limitations described in the September 2006 RCC. Qualifying securities are securities that have equity-like characteristics that are the same as, or more equity-like than, the Series B junior subordinated debentures at the time of redemption or purchase, which are sold within 180 days prior to the date of the redemption or repurchase of the Series B junior subordinated debentures.

In June 2007, NEE and NEECH executed a Replacement Capital Covenant (June 2007 RCC) in connection with NEECH's offering of $400 million principal amount of its Series C Junior Subordinated Debentures due 2067 (Series C junior subordinated debentures). The June 2007 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of NEECH (other than the Series C junior subordinated debentures) or, in certain cases, of NEE. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the June 2007 RCC. The June 2007 RCC provides that NEECH may redeem or purchase, or satisfy, discharge or defease (collectively, defease), and NEE and any majority-owned subsidiary of NEE or NEECH may purchase, any Series C junior subordinated debentures on or before June 15, 2037, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series C junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the June 2007 RCC.

In September 2007, NEE and NEECH executed a Replacement Capital Covenant (September 2007 RCC) in connection with NEECH's offering of $250 million principal amount of its Series D Junior Subordinated Debentures due 2067 (Series D junior subordinated debentures). The September 2007 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of NEECH (other than the Series D junior subordinated debentures) or, in certain cases, of NEE. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the September 2007 RCC. The September 2007 RCC provides that NEECH may redeem, purchase, or defease, and NEE and any majority-owned subsidiary of NEE or NEECH may purchase, any Series D junior subordinated debentures on or before September 1, 2037, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series D junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the September 2007 RCC.

In March 2009, NEE and NEECH executed a Replacement Capital Covenant (March 2009 RCC) in connection with NEECH's offering of $375 million principal amount of its Series F Junior Subordinated Debentures due 2069 (Series F junior subordinated debentures). The March 2009 RCC is for the benefit of persons that buy, hold or sell a specified series of covered debt of NEECH (other than the Series F junior subordinated debentures) or, in certain cases, of NEE. FPL Group Capital Trust I's 5 7/8% Preferred Trust Securities have been initially designated as the covered debt under the March 2009 RCC. The March 2009 RCC provides that NEECH may redeem, purchase, or defease, and NEE and any majority-owned subsidiary of NEE or NEECH may purchase, any Series F junior subordinated debentures on or before March 1, 2039, only to the extent that the principal amount defeased or the applicable redemption or purchase price does not exceed a specified amount raised from the issuance, during the 180 days prior to the date of that redemption, purchase or defeasance, of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Series F junior subordinated debentures at the time of redemption, purchase or defeasance, subject to certain limitations described in the March 2009 RCC.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

NEE's and FPL's significant accounting policies are described in Note 1 to the consolidated financial statements, which were prepared under GAAP. Critical accounting policies are those that NEE and FPL believe are both most important to the portrayal of their financial condition and results of operations, and require complex, subjective judgments, often as a result of the need to make estimates and assumptions about the effect of matters that are inherently uncertain. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions.

NEE and FPL consider the following policies to be the most critical in understanding the judgments that are involved in preparing their consolidated financial statements:

Accounting for Derivatives and Hedging Activities

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated

with outstanding and forecasted debt issuances. In addition, NEE, through NEER, uses derivatives to optimize the value of power generation and gas infrastructure assets and engages in power and gas marketing and trading activities to take advantage of expected future favorable price movements.

Nature of Accounting Estimates

Accounting pronouncements require the use of fair value accounting if certain conditions are met, which requires significant judgment to measure the fair value of assets and liabilities. This applies not only to traditional financial derivative instruments, but to any contract having the accounting characteristics of a derivative. Much of the existing accounting guidance related to derivatives focuses on when certain contracts for the purchase and sale of power and certain fuel supply contracts can be excluded from derivative accounting rules, however the guidance does not address all contract issues. As a result, significant judgment must be used in applying derivatives accounting guidance to contracts. In the event changes in interpretation occur, it is possible that contracts that currently are excluded from derivatives accounting rules would have to be recorded on the balance sheet at fair value, with changes in the fair value recorded in the statement of income.

Assumptions and Accounting Approach

NEE's and FPL’s derivative instruments, when required to be marked to market, are recorded on the balance sheet at fair value. Fair values for some of the longer-term contracts where liquid markets are not available are derived through internally developed models which estimate the fair value of a contract by calculating the present value of the difference between the contract price and the forward prices. Forward prices represent the price at which a buyer or seller could contract today to purchase or sell a commodity at a future date. The near-term forward market for electricity is generally liquid and therefore the prices in the early years of the forward curves reflect observable market quotes. However, in the later years, the market is much less liquid and forward price curves must be developed using factors including the forward prices for the commodities used as fuel to generate electricity, the expected system heat rate (which measures the efficiency of power plants in converting fuel to electricity) in the region where the purchase or sale takes place, and a fundamental forecast of expected spot prices based on modeled supply and demand in the region. NEE estimates the fair value of interest rate and foreign currency derivatives using a discounted cash flows valuation technique based on the net amount of estimated future cash inflows and outflows related to the derivative agreements. The assumptions in these models are critical since any changes therein could have a significant impact on the fair value of the derivative.

At FPL, substantially all changes in the fair value of energy derivative transactions are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel clause. See Note 3.

In NEE’s non-rate regulated operations, predominantly NEER, essentially all changes in the derivatives’ fair value for power purchases and sales, fuel sales and trading activities are recognized on a net basis in operating revenues; fuel purchases used in the production of electricity are recognized in fuel, purchased power and interchange expense; and the equity method investees’ related activity is recognized in equity in earnings of equity method investees in NEE’s consolidated statements of income.

For those transactions accounted for as cash flow hedges, much of the effects of changes in fair value are reflected in OCI, a component of common shareholders’ equity, rather than being recognized in current earnings. For those transactions accounted for as fair value hedges, the effects of changes in fair value are reflected in current earnings offset by changes in the fair value of the item being hedged.

Certain hedging transactions at NEER are entered into as economic hedges but the transactions do not meet the requirements for hedge accounting, hedge accounting treatment is not elected or hedge accounting has been discontinued. Changes in the fair value of those transactions are marked to market and reported in the consolidated statements of income, resulting in earnings volatility. These changes in fair value are captured in the non-qualifying hedge category in computing adjusted earnings. This could be significant to NEER’s results because the economic offset to the positions are not marked to market. As a consequence, NEE's net income reflects only the movement in one part of economically-linked transactions. For example, a gain (loss) in the non-qualifying hedge category for certain energy derivatives is offset by decreases (increases) in the fair value of related physical asset positions in the portfolio or contracts, which are not marked to market under GAAP. For this reason, NEE’s management views results expressed excluding the unrealized mark-to-market impact of the non-qualifying hedges as a meaningful measure of current period performance. For additional information regarding derivative instruments, see Note 3, Overview and Energy Marketing and Trading and Market Risk Sensitivity.

Accounting for Pensions and Other Postretirement Benefits

NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. NEE also has a supplemental executive retirement plan (SERP) which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees. The impact of the SERP component is included within the pension plan as discussed below. Management believes that, based on actuarial assumptions and the well-funded status of the pension plan, NEE will not be required to make any cash contributions to the qualified pension plan in the near future.

In addition to pension benefits, NEE sponsors a contributory postretirement plan for health care and life insurance benefits (other benefits plan) for retirees of NEE and its subsidiaries meeting certain eligibility requirements. The qualified pension plan has a fully funded trust dedicated to providing the benefits under the plan. The other benefits plan has a partially funded trust dedicated to providing benefits related to life insurance. NEE allocates net periodic benefit income or cost associated with the pension and other benefits plans to its subsidiaries annually using specific criteria.

Nature of Accounting Estimates

For the pension plan, the benefit obligation is the actuarial present value as of the December 31 measurement date, of all benefits attributed by the pension benefit formula to employee service rendered to that date. The amount of benefit to be paid depends on a number of future events incorporated into the pension benefit formula, including estimates of the average life of employees/ survivors and average years of service rendered. The projected benefit obligation is measured based on assumptions concerning future interest rates and future employee compensation levels. For the other benefits plan, the benefit obligation is the actuarial present value as of the December 31 measurement date of all future benefits attributed under the terms of the other benefits plan to employee service rendered to that date. NEE derives pension income and the cost of the other benefits plan from actuarial calculations based on each plan’s provisions and management’s assumptions regarding discount rate, rate of increase in compensation levels and expected long-term rate of return on plan assets and, in the case of the other benefits plan, health care cost trend rates.

Assumptions and Accounting Approach

Accounting guidance requires recognition of the funded status of benefit plans in the balance sheet, with changes in the funded status recognized in other comprehensive income within shareholders’ equity in the year in which the changes occur. Since NEE is the plan sponsor, and its subsidiaries do not have separate rights to the plan assets or direct obligations to their employees, this accounting guidance is reflected at NEE and not allocated to the subsidiaries. The portion of previously unrecognized actuarial gains and losses, prior service costs or credits and transition obligations that are estimated to be allocable to FPL as net periodic benefit (income) cost in future periods and that otherwise would be recorded in AOCI are classified as regulatory assets and liabilities at NEE in accordance with regulatory treatment.

Pension income and the cost of the other benefits plan are included in O&M expenses, and are calculated using a number of actuarial assumptions. Those assumptions for the years ended December 31, 2013, 2012 and 2011 include:

- an expected long-term rate of return on qualified plan assets of 7.75% for the pension plan and 7.75%, 8.00% and 8.00% for the other benefits plan, respectively,
- assumed increases in salary of 4.00%, and
- weighted-average discount rates of 4.00%, 4.65% and 5.00% for the pension plan and 3.75%, 4.53% and 5.25% for the other benefits plan, respectively.

In developing these assumptions, NEE evaluated input, including other qualitative and quantitative factors, from its actuaries and consultants, as well as information available in the marketplace. In addition, for the expected long-term rate of return on fund assets, NEE considered different models, capital market return assumptions and historical returns for a portfolio with an equity/bond asset mix similar to its funds, as well as its funds' historical compounded returns. NEE believes that 7.75% is a reasonable long-term rate of return on its pension plan and other benefits plan assets. NEE will continue to evaluate all of its actuarial assumptions, including its expected rate of return, at least annually, and will adjust them as necessary.

NEE utilizes in its determination of pension and other benefits plan expense or income a market-related valuation of plan assets. This market-related valuation reduces year-to-year volatility and recognizes investment gains or losses over a five-year period following the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of plan assets and the actual return realized on those plan assets. Since the market-related value of plan assets recognizes gains or losses over a five-year period, the future value of plan assets will be affected as previously deferred gains or losses are recognized. Such gains and losses together with other differences between actual results and the estimates used in the actuarial valuations are deferred and recognized in determining pension income and other benefits plan expense only to the extent they exceed 10% of the greater of projected benefit obligations or the market-related value of plan assets.

The following table illustrates the effect on net periodic benefit income of changing the critical actuarial assumptions discussed above, while holding all other assumptions constant:

	Change in Assumption	Decrease in 2013 Net Periodic Benefit Income	
		NEE	FPL
		(millions)	
Expected long-term rate of return	(0.5)%	$ (16)	$ (11)
Discount rate	(0.5)%	$ (10)	$ (6)
Salary increase	0.5%	$ (3)	$ (2)

See Note 2.

Carrying Value of Long-Lived Assets

NEE evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Nature of Accounting Estimates

The amount of future net cash flows, the timing of the cash flows and the determination of an appropriate interest rate all involve estimates and judgments about future events. In particular, the aggregate amount of cash flows determines whether an impairment exists, and the timing of the cash flows is critical in determining fair value. Because each assessment is based on the facts and circumstances associated with each long-lived asset, the effects of changes in assumptions cannot be generalized.

Assumptions and Accounting Approach

An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate. See Note 4 - Nonrecurring Fair Value Measurements and Note 6.

Decommissioning and Dismantlement

The components of NEE's and FPL's decommissioning of nuclear plants, dismantlement of plants and other accrued asset removal costs are as follows:

	FPL									
	Nuclear Decommissioning		Fossil/Solar Dismantlement		Interim Removal Costs and Other		NEER		NEE	
	December 31,		December 31,		December 31,		December 31,		December 31,	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
					(millions)					
AROs	**$ 1,237**	$ 1,173	**$ 44**	$ 29	**$ 4**	$ 4	**$ 565**	$ 509	**$ 1,850**	$ 1,715
Less capitalized ARO asset net of accumulated depreciation	**—**	—	**(19)**	(11)	**—**	—	**—**	—	**(19)**	(11)
Accrued asset removal costs[(a)]	**260**	234	**323**	338	**1,256**	1,378	**—**	—	**1,839**	1,950
Asset retirement obligation regulatory expense difference[(a)]	**2,062**	1,787	**22**	27	**(2)**	(1)	**—**	—	**2,082**	1,813
Accrued decommissioning, dismantlement and other accrued asset removal costs	**$ 3,559** [(b)]	$ 3,194 [(b)]	**$ 370** [(b)]	$ 383 [(b)]	**$ 1,258** [(b)]	$ 1,381 [(b)]	**$ 565**	$ 509	**$ 5,752**	$ 5,467

(a) Regulatory liability on NEE's and FPL's consolidated balance sheets.
(b) Represents total amount accrued for ratemaking purposes.

Nature of Accounting Estimates

The calculation of the future cost of retiring long-lived assets, including nuclear decommissioning and plant dismantlement costs, involves estimating the amount and timing of future expenditures and making judgments concerning whether or not such costs are considered a legal obligation. Estimating the amount and timing of future expenditures includes, among other things, making projections of when assets will be retired and ultimately decommissioned and how costs will escalate with inflation. In addition, NEE and FPL also make interest rate and rate of return projections on their investments in determining recommended funding requirements for nuclear decommissioning costs. Periodically, NEE and FPL are required to update these estimates and projections which can affect the annual expense amounts recognized, the liabilities recorded and the annual funding requirements for nuclear decommissioning costs. For example, an increase of 0.25% in the assumed escalation rates would increase NEE's and FPL's asset retirement obligations and conditional asset retirement obligations (collectively, AROs) as of December 31, 2013 by $130 million and $97 million, respectively.

Assumptions and Accounting Approach

NEE and FPL each account for AROs under accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived assets.

FPL - For ratemaking purposes, FPL accrues and funds for nuclear plant decommissioning costs over the expected service life of each unit based on studies that are filed with the FPSC. The studies reflect, among other things, the expiration dates of the operating licenses for FPL's nuclear units. The most recent studies, filed in 2010, indicate that FPL's portion of the future cost of decommissioning its four nuclear units, including spent fuel storage above what is expected to be refunded by the DOE under the spent fuel settlement agreement, is approximately $6.2 billion, or $2.5 billion expressed in 2013 dollars.

FPL accrues the cost of dismantling its fossil and solar plants over the expected service life of each unit based on studies filed with the FPSC. Unlike nuclear decommissioning, dismantlement costs are not funded. The most recent studies became effective January 1, 2010. At December 31, 2013, FPL's portion of the ultimate cost to dismantle its fossil and solar units is approximately $751 million, or $394 million expressed in 2013 dollars. The majority of the dismantlement costs are not considered AROs. FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. Any differences between the ARO amount recorded and the amount recorded for ratemaking purposes are reported as a regulatory liability in accordance with regulatory accounting.

NEER - NEER records a liability for the present value of its expected decommissioning costs which is determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning. The liability is being accreted using the interest method through the date decommissioning activities are expected to be complete. At December 31, 2013, the ARO for nuclear decommissioning of NEER's nuclear plants totaled approximately $434 million. NEER's portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under the spent fuel settlement agreement, is estimated to be approximately $11.9 billion, or $2.0 billion expressed in 2013 dollars.

See Note 1 - Asset Retirement Obligations, Note 1 - Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs and Note 12.

Regulatory Accounting

NEE's and FPL's regulatory assets and liabilities are as follows:

	NEE		FPL	
	December 31,		December 31,	
	2013	2012	**2013**	2012
	(millions)			
Regulatory assets:				
Current:				
Deferred clause and franchise expenses	**$ 192**	$ 75	**$ 192**	$ 75
Other	**$ 116**	$ 113	**$ 105**	$ 106
Noncurrent:				
Securitized storm-recovery costs	**$ 372**	$ 461	**$ 372**	$ 461
Other	**$ 426**	$ 582	**$ 396**	$ 351
Regulatory liabilities:				
Current, included in other current liabilities	**$ 65**	$ 65	**$ 63**	$ 65
Noncurrent:				
Accrued asset removal costs	**$ 1,839**	$ 1,950	**$ 1,839**	$ 1,950
Asset retirement obligation regulatory expense difference	**$ 2,082**	$ 1,813	**$ 2,082**	$ 1,813
Other	**$ 462**	$ 309	**$ 386**	$ 309

Nature of Accounting Estimates

Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process. Regulatory assets and liabilities are included in rate base or otherwise earn (pay) a return on investment during the recovery period.

Assumptions and Accounting Approach

Accounting guidance allows regulators to create assets and impose liabilities that would not be recorded by non-rate regulated entities. If NEE's rate-regulated entities, primarily FPL, were no longer subject to cost-based rate regulation, the existing regulatory assets and liabilities would be written off unless regulators specify an alternative means of recovery or refund. In addition, the regulators, including the FPSC for FPL, have the authority to disallow recovery of costs that it considers excessive or imprudently incurred. Such costs may include, among others, fuel and O&M expenses, the cost of replacing power lost when fossil and nuclear units are unavailable, storm restoration costs and costs associated with the construction or acquisition of new facilities. The continued applicability of regulatory accounting is assessed at each reporting period.

Energy Marketing and Trading and Market Risk Sensitivity

NEE and FPL are exposed to risks associated with adverse changes in commodity prices, interest rates and equity prices. Financial instruments and positions affecting the financial statements of NEE and FPL described below are held primarily for purposes other than trading. Market risk is measured as the potential loss in fair value resulting from hypothetical reasonably possible changes in commodity prices, interest rates or equity prices over the next year. Management has established risk management policies to monitor and manage such market risks, as well as credit risks.

Commodity Price Risk

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity. In addition, NEE, through NEER, uses derivatives to optimize the value of power generation and gas infrastructure assets and engages in power and gas marketing and trading activities to take advantage of expected future favorable price movements. See Critical Accounting Policies and Estimates - Accounting for Derivatives and Hedging Activities and Note 3.

During 2012 and 2013, the changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments were as follows:

	Trading	Hedges on Owned Assets			NEE Total
		Non-Qualifying	OCI	FPL Cost Recovery Clauses	
			(millions)		
Fair value of contracts outstanding at December 31, 2011	$ 15	$ 720	$ 8	$ (501)	$ 242
Reclassification to realized at settlement of contracts	83	(122)	(8)	663	616
Inception value of new contracts and contracts sold	6	22	—	—	28
Net option premium purchases (issuances)	(2)	3	—	—	1
Changes in fair value excluding reclassification to realized	159	51	—	(177)	33
Fair value of contracts outstanding at December 31, 2012	261	674	—	(15)	920
Reclassification to realized at settlement of contracts	**(35)**	**(42)**	**—**	**(20)**	**(97)**
Inception value of new contracts and contracts sold	**3**	**—**	**—**	**—**	**3**
Net option premium purchases (issuances)	**(61)**	**(12)**	**—**	**—**	**(73)**
Changes in fair value excluding reclassification to realized	**133**	**(57)**	**—**	**81**	**157**
Fair value of contracts outstanding at December 31, 2013	**301**	**563**	**—**	**46**	**910**
Net margin cash collateral paid (received)					**(279)**
Total mark-to-market energy contract net assets at December 31, 2013	**$ 301**	**$ 563**	**$ —**	**$ 46**	**$ 631**

NEE's total energy contract net assets (liabilities) at December 31, 2013 shown above are included on the consolidated balance sheets as follows:

	December 31, 2013
	(millions)
Current derivative assets	**$ 471**
Noncurrent derivative assets	**1,100**
Current derivative liabilities	**(556)**
Noncurrent derivative liabilities	**(384)**
NEE's total mark-to-market energy contract net assets	**$ 631**

The sources of fair value estimates and maturity of energy contract derivative instruments at December 31, 2013 were as follows:

	Maturity						
	2014	2015	2016	2017	2018	Thereafter	Total
				(millions)			
Trading:							
Quoted prices in active markets for identical assets	$ 76	$ 22	$ (6)	$ —	$ —	$ —	$ 92
Significant other observable inputs	67	(5)	21	17	(3)	(1)	96
Significant unobservable inputs	(57)	65	38	36	3	28	113
Total	86	82	53	53	—	27	301
Owned Assets - Non-Qualifying:							
Quoted prices in active markets for identical assets	(11)	2	—	—	—	—	(9)
Significant other observable inputs	(66)	(18)	30	17	3	4	(30)
Significant unobservable inputs	43	40	59	66	69	325	602
Total	(34)	24	89	83	72	329	563
Owned Assets - FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	—	—	—	—	—	—	—
Significant other observable inputs	46	—	—	—	—	—	46
Significant unobservable inputs	—	—	—	—	—	—	—
Total	46	—	—	—	—	—	46
Total sources of fair value	$ 98	$ 106	$ 142	$ 136	$ 72	$ 356	$ 910

With respect to commodities, NEE's Exposure Management Committee (EMC), which is comprised of certain members of senior management, and NEE's chief executive officer are responsible for the overall approval of market risk management policies and the delegation of approval and authorization levels. The EMC and NEE's chief executive officer receive periodic updates on market positions and related exposures, credit exposures and overall risk management activities.

NEE uses a value-at-risk (VaR) model to measure commodity price market risk in its trading and mark-to-market portfolios. The VaR is the estimated nominal loss of market value based on a one-day holding period at a 95% confidence level using historical simulation methodology. As of December 31, 2013 and 2012, the VaR figures are as follows:

	Trading			Non-Qualifying Hedges and FPL Cost Recovery Clauses[a]			Total		
	FPL	NEER	NEE	FPL	NEER	NEE	FPL	NEER	NEE
					(millions)				
December 31, 2012	$ —	$ 2	$ 2	$ 34	$ 88	$ 76	$ 34	$ 87	$ 76
December 31, 2013	**$ —**	**$ 2**	**$ 2**	**$ 36**	**$ 54**	**$ 43**	**$ 36**	**$ 55**	**$ 42**
Average for the period ended December 31, 2013	**$ —**	**$ 1**	**$ 1**	**$ 34**	**$ 42**	**$ 34**	**$ 34**	**$ 42**	**$ 34**

(a) Non-qualifying hedges are employed to reduce the market risk exposure to physical assets or contracts which are not marked to market. The VaR figures for the non-qualifying hedges and FPL cost recovery clauses category do not represent the economic exposure to commodity price movements.

Interest Rate Risk

NEE and FPL are exposed to risk resulting from changes in interest rates as a result of their respective issuances of debt, investments in special use funds and other investments. NEE and FPL manage their respective interest rate exposure by monitoring current interest rates, entering into interest rate contracts and using a combination of fixed rate and variable rate debt. Interest rate contracts are used to mitigate and adjust interest rate exposure when deemed appropriate based upon market conditions or when required by financing agreements.

The following are estimates of the fair value of NEE's and FPL's financial instruments that are exposed to interest rate risk:

	December 31, 2013		December 31, 2012	
	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
		(millions)		
NEE:				
Fixed income securities:				
Special use funds	**$ 2,195**	**$ 2,195** [a]	$ 1,979	$ 1,979 [a]
Other investments:				
Debt securities	**$ 113**	**$ 113** [a]	$ 111	$ 111 [a]
Primarily notes receivable	**$ 531**	**$ 627** [b]	$ 590	$ 774 [b]
Long-term debt, including current maturities	**$ 27,728**	**$ 28,612** [c]	$ 26,647 [d]	$ 28,874 [c]
Interest rate contracts - net unrealized losses	**$ (130)**	**$ (130)** [e]	$ (311)	$ (311) [e]
FPL:				
Fixed income securities - special use funds	**$ 1,735**	**$ 1,735** [a]	$ 1,526	$ 1,526 [a]
Long-term debt, including current maturities	**$ 8,829**	**$ 9,451** [c]	$ 8,782	$ 10,421 [c]

(a) Primarily estimated using quoted market prices for these or similar issues.
(b) Primarily estimated using a discounted cash flow valuation technique based on certain observable yield curves and indices considering the credit profile of the borrower.
(c) Estimated using either quoted market prices for the same or similar issues or discounted cash flow valuation technique, considering the current credit spread of the debtor.
(d) Also includes long-term debt reflected in liabilities associated with assets held for sale on the consolidated balance sheets, for which carrying amount approximates fair value.
(e) Modeled internally using discounted cash flow valuation technique and applying a credit valuation adjustment.

The special use funds of NEE and FPL consist of restricted funds set aside to cover the cost of storm damage for FPL and for the decommissioning of NEE's and FPL's nuclear power plants. A portion of these funds is invested in fixed income debt securities primarily carried at estimated fair value. At FPL, changes in fair value, including any OTTI losses, result in a corresponding adjustment to the related liability accounts based on current regulatory treatment. The changes in fair value of NEE's non-rate regulated operations result in a corresponding adjustment to OCI, except for impairments deemed to be other than temporary, including any credit losses, which are reported in current period earnings. Because the funds set aside by FPL for storm damage could be needed at any time, the related investments are generally more liquid and, therefore, are less sensitive to changes in interest rates. The nuclear decommissioning funds, in contrast, are generally invested in longer-term securities, as decommissioning activities are not scheduled to begin until at least 2030 (2032 at FPL).

As of December 31, 2013, NEE had interest rate contracts with a notional amount of approximately $6.5 billion related to long-term debt issuances, of which $1.8 billion are fair value hedges at NEECH that effectively convert fixed-rate debt to a variable-rate instrument. The remaining $4.7 billion of notional amount of interest rate contracts relate to cash flow hedges to manage exposure to the variability of cash flows associated with variable-rate debt instruments, all of which relate to NEER debt issuances. At December 31, 2013, the estimated fair value of NEE's fair value hedges and cash flow hedges was approximately $10 million and $(140) million, respectively. See Note 3.

Based upon a hypothetical 10% decrease in interest rates, which is a reasonable near-term market change, the net fair value of NEE’s net liabilities would increase by approximately $985 million ($488 million for FPL) at December 31, 2013.

Equity Price Risk

NEE and FPL are exposed to risk resulting from changes in prices for equity securities. For example, NEE’s nuclear decommissioning reserve funds include marketable equity securities primarily carried at their market value of approximately $2,585 million and $2,211 million ($1,538 million and $1,392 million for FPL) at December 31, 2013 and 2012, respectively. At December 31, 2013, a hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a $241 million ($141 million for FPL) reduction in fair value. For FPL, a corresponding adjustment would be made to the related liability accounts based on current regulatory treatment, and for NEE’s non-rate regulated operations, a corresponding adjustment would be made to OCI to the extent the market value of the securities exceeded amortized cost and to OTTI loss to the extent the market value is below amortized cost.

Credit Risk

NEE and its subsidiaries are also exposed to credit risk through their energy marketing and trading operations. Credit risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligation. NEE manages counterparty credit risk for its subsidiaries with energy marketing and trading operations through established policies, including counterparty credit limits, and in some cases credit enhancements, such as cash prepayments, letters of credit, cash and other collateral and guarantees.

Credit risk is also managed through the use of master netting agreements. NEE’s credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis. For all derivative and contractual transactions, NEE’s energy marketing and trading operations, which includes FPL’s energy marketing and trading division, are exposed to losses in the event of nonperformance by counterparties to these transactions. Some relevant considerations when assessing NEE’s energy marketing and trading operations’ credit risk exposure include the following:

- Operations are primarily concentrated in the energy industry.
- Trade receivables and other financial instruments are predominately with energy, utility and financial services related companies, as well as municipalities, cooperatives and other trading companies in the U.S.
- Overall credit risk is managed through established credit policies and is overseen by the EMC.
- Prospective and existing customers are reviewed for creditworthiness based upon established standards, with customers not meeting minimum standards providing various credit enhancements or secured payment terms, such as letters of credit or the posting of margin cash collateral.
- Master netting agreements are used to offset cash and non-cash gains and losses arising from derivative instruments with the same counterparty. NEE’s policy is to have master netting agreements in place with significant counterparties.

Based on NEE’s policies and risk exposures related to credit, NEE and FPL do not anticipate a material adverse effect on their financial statements as a result of counterparty nonperformance. As of December 31, 2013, approximately 97% of NEE’s and 100% of FPL’s energy marketing and trading counterparty credit risk exposure is associated with companies that have investment grade credit ratings.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See Management’s Discussion – Energy Marketing and Trading and Market Risk Sensitivity.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

NextEra Energy, Inc.'s (NEE) and Florida Power & Light Company's (FPL) management are responsible for establishing and maintaining adequate internal control over financial reporting as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f). The consolidated financial statements, which in part are based on informed judgments and estimates made by management, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis.

To aid in carrying out this responsibility, we, along with all other members of management, maintain a system of internal accounting control which is established after weighing the cost of such controls against the benefits derived. In the opinion of management, the overall system of internal accounting control provides reasonable assurance that the assets of NEE and FPL and their subsidiaries are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded for the preparation of financial statements. In addition, management believes the overall system of internal accounting control provides reasonable assurance that material errors or irregularities would be prevented or detected on a timely basis by employees in the normal course of their duties. Any system of internal accounting control, no matter how well designed, has inherent limitations, including the possibility that controls can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation and reporting.

The system of internal accounting control is supported by written policies and guidelines, the selection and training of qualified employees, an organizational structure that provides an appropriate division of responsibility and a program of internal auditing. NEE's written policies include a Code of Business Conduct & Ethics that states management's policy on conflicts of interest and ethical conduct. Compliance with the Code of Business Conduct & Ethics is confirmed annually by key personnel.

The Board of Directors pursues its oversight responsibility for financial reporting and accounting through its Audit Committee. This Committee, which is comprised entirely of independent directors, meets regularly with management, the internal auditors and the independent auditors to make inquiries as to the manner in which the responsibilities of each are being discharged. The independent auditors and the internal audit staff have free access to the Committee without management's presence to discuss auditing, internal accounting control and financial reporting matters.

Management assessed the effectiveness of NEE's and FPL's internal control over financial reporting as of December 31, 2013, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the *Internal Control - Integrated Framework (1992)*. Based on this assessment, management believes that NEE's and FPL's internal control over financial reporting was effective as of December 31, 2013.

NEE's and FPL's independent registered public accounting firm, Deloitte & Touche LLP, is engaged to express an opinion on NEE's and FPL's consolidated financial statements and an opinion on NEE's and FPL's internal control over financial reporting. Their reports are based on procedures believed by them to provide a reasonable basis to support such opinions. These reports appear on the following pages.

JAMES L. ROBO
James L. Robo
Chairman, President and Chief Executive Officer of NEE and Chairman and Chief Executive Officer of FPL

MORAY P. DEWHURST
Moray P. Dewhurst
Vice Chairman and Chief Financial Officer, and Executive Vice President - Finance of NEE and Executive Vice President, Finance and Chief Financial Officer of FPL

CHRIS N. FROGGATT
Chris N. Froggatt
Vice President, Controller and Chief Accounting Officer of NEE

KIMBERLY OUSDAHL
Kimberly Ousdahl
Vice President, Controller and Chief Accounting Officer of FPL

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
NextEra Energy, Inc. and Florida Power & Light Company:

We have audited the internal control over financial reporting of NextEra Energy, Inc. and subsidiaries (NextEra Energy) and Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. NextEra Energy's and FPL's management are responsible for maintaining effective internal control over financial reporting and for their assessments of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on NextEra Energy's and FPL's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audits included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, NextEra Energy and FPL maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of NextEra Energy and FPL and our report dated February 21, 2014 expressed an unqualified opinion on those financial statements.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Miami, Florida
February 21, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
NextEra Energy, Inc. and Florida Power & Light Company:

We have audited the accompanying consolidated balance sheets of NextEra Energy, Inc. and subsidiaries (NextEra Energy) and the separate consolidated balance sheets of Florida Power & Light Company and subsidiaries (FPL) as of December 31, 2013 and 2012, and NextEra Energy's and FPL's related consolidated statements of income, NextEra Energy's consolidated statements of comprehensive income, NextEra Energy's and FPL's consolidated statements of cash flows, NextEra Energy's consolidated statements of common shareholders' equity, and FPL's consolidated statements of common shareholder's equity for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of NextEra Energy's and FPL's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of NextEra Energy, Inc. and subsidiaries and the financial position of Florida Power & Light Company and subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), NextEra Energy's and FPL's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2014 expressed an unqualified opinion on NextEra Energy's and FPL's internal control over financial reporting.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Miami, Florida
February 21, 2014

NEXTERA ENERGY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share amounts)

	Years Ended December 31,		
	2013	2012	2011
OPERATING REVENUES	**$ 15,136**	$ 14,256	$ 15,341
OPERATING EXPENSES			
Fuel, purchased power and interchange	**4,958**	5,121	6,256
Other operations and maintenance	**3,194**	3,155	3,002
Impairment charges	**300**	—	51
Depreciation and amortization	**2,163**	1,518	1,567
Taxes other than income taxes and other	**1,280**	1,186	1,204
Total operating expenses	**11,895**	10,980	12,080
OPERATING INCOME	**3,241**	3,276	3,261
OTHER INCOME (DEDUCTIONS)			
Interest expense	**(1,121)**	(1,038)	(1,035)
Benefits associated with differential membership interests - net	**165**	81	118
Loss on sale of natural gas-fired generating assets	**—**	—	(151)
Equity in earnings of equity method investees	**25**	13	55
Allowance for equity funds used during construction	**63**	67	39
Interest income	**78**	86	79
Gains on disposal of assets - net	**54**	157	85
Other than temporary impairment losses on securities held in nuclear decommissioning funds	**(11)**	(16)	(36)
Other - net	**27**	(23)	37
Total other deductions - net	**(720)**	(673)	(809)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**2,521**	2,603	2,452
INCOME TAXES	**801**	692	529
INCOME FROM CONTINUING OPERATIONS	**1,720**	1,911	1,923
NET GAIN FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	**188**	—	—
NET INCOME	**$ 1,908**	$ 1,911	$ 1,923
Basic earnings per share of common stock:			
Continuing operations	**$ 4.06**	$ 4.59	$ 4.62
Discontinued operations	**0.44**	—	—
Net income	**$ 4.50**	$ 4.59	$ 4.62
Earnings per share of common stock - assuming dilution:			
Continuing operations	**$ 4.03**	$ 4.56	$ 4.59
Discontinued operations	**0.44**	—	—
Net income	**$ 4.47**	$ 4.56	$ 4.59
Weighted-average number of common shares outstanding:			
Basic	**424.2**	416.7	416.6
Assuming dilution	**427.0**	419.2	419.0

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NEXTERA ENERGY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(millions)

	Years Ended December 31,		
	2013	2012	2011
NET INCOME	**$ 1,908**	$ 1,911	$ 1,923
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Net unrealized gains (losses) on cash flow hedges:			
Effective portion of net unrealized gains (losses) (net of $45 tax expense, $55 tax benefit and $135 tax benefit, respectively)	**84**	(106)	(265)
Reclassification from accumulated other comprehensive income to net income (net of $38, $25 and $18 tax expense, respectively)	**67**	44	37
Net unrealized gains (losses) on available for sale securities:			
Net unrealized gains on securities still held (net of $84, $48 and $13 tax expense, respectively)	**118**	70	19
Reclassification from accumulated other comprehensive income to net income (net of $10, $52 and $34 tax benefit, respectively)	**(17)**	(77)	(49)
Defined benefit pension and other benefits plans (net of $61 tax expense, $19 tax benefit and $32 tax benefit, respectively)	**97**	(28)	(45)
Net unrealized gains (losses) on foreign currency translation (net of $22 tax benefit, $3 tax expense and $3 tax benefit, respectively)	**(45)**	7	(5)
Other comprehensive income (loss) related to equity method investee (net of $5 tax expense, $7 tax benefit and $8 tax benefit, respectively)	**7**	(11)	(12)
Total other comprehensive income (loss), net of tax	**311**	(101)	(320)
COMPREHENSIVE INCOME	**$ 2,219**	$ 1,810	$ 1,603

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NEXTERA ENERGY, INC.
CONSOLIDATED BALANCE SHEETS
(millions, except par value)

	December 31, 2013	December 31, 2012
PROPERTY, PLANT AND EQUIPMENT		
Electric plant in service and other property	**$ 62,699**	$ 57,054
Nuclear fuel	**2,059**	1,895
Construction work in progress	**4,690**	5,968
Less accumulated depreciation and amortization	**(16,728)**	(15,504)
Total property, plant and equipment - net ($5,127 and $4,487 related to VIEs, respectively)	**52,720**	49,413
CURRENT ASSETS		
Cash and cash equivalents	**438**	329
Customer receivables, net of allowances of $14 and $10, respectively	**1,777**	1,487
Other receivables	**512**	569
Materials, supplies and fossil fuel inventory	**1,153**	1,073
Regulatory assets:		
Deferred clause and franchise expenses	**192**	75
Other	**116**	113
Derivatives	**498**	517
Deferred income taxes	**753**	397
Assets held for sale	**—**	335
Other	**403**	342
Total current assets	**5,842**	5,237
OTHER ASSETS		
Special use funds	**4,780**	4,190
Other investments	**1,121**	976
Prepaid benefit costs	**1,456**	1,031
Regulatory assets:		
Securitized storm-recovery costs ($228 and $274 related to a VIE, respectively)	**372**	461
Other	**426**	582
Derivatives	**1,163**	920
Other	**1,426**	1,629
Total other assets	**10,744**	9,789
TOTAL ASSETS	**$ 69,306**	$ 64,439
CAPITALIZATION		
Common stock ($0.01 par value, authorized shares - 800; outstanding shares - 435 and 424, respectively)	**$ 4**	$ 4
Additional paid-in capital	**6,411**	5,536
Retained earnings	**11,569**	10,783
Accumulated other comprehensive income (loss)	**56**	(255)
Total common shareholders' equity	**18,040**	16,068
Long-term debt ($1,207 and $1,369 related to VIEs, respectively)	**23,969**	23,177
Total capitalization	**42,009**	39,245
CURRENT LIABILITIES		
Commercial paper	**691**	1,211
Short-term debt	**—**	200
Current maturities of long-term debt	**3,766**	2,771
Accounts payable	**1,200**	1,281
Customer deposits	**452**	508
Accrued interest and taxes	**473**	414
Derivatives	**838**	430
Accrued construction-related expenditures	**839**	427
Liabilities associated with assets held for sale	**—**	733
Other	**930**	904
Total current liabilities	**9,189**	8,879
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	**1,850**	1,715
Deferred income taxes	**8,144**	6,703
Regulatory liabilities:		
Accrued asset removal costs	**1,839**	1,950
Asset retirement obligation regulatory expense difference	**2,082**	1,813
Other	**462**	309
Derivatives	**473**	587
Deferral related to differential membership interests - VIEs	**2,001**	1,784
Other	**1,257**	1,454
Total other liabilities and deferred credits	**18,108**	16,315
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	**$ 69,306**	$ 64,439

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NEXTERA ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

	Years Ended December 31,		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 1,908**	$ 1,911	$ 1,923
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	**2,163**	1,518	1,567
Nuclear fuel and other amortization	**358**	259	282
Loss on sale of natural gas-fired generating assets	**—**	—	151
Impairment charges	**300**	—	51
Unrealized gains on marked to market energy contracts	**(10)**	(85)	(271)
Deferred income taxes	**877**	682	553
Cost recovery clauses and franchise fees	**(166)**	129	181
Benefits associated with differential membership interests - net	**(165)**	(81)	(118)
Equity in earnings of equity method investees	**(25)**	(13)	(55)
Distributions of earnings from equity method investees	**33**	32	95
Allowance for equity funds used during construction	**(63)**	(67)	(39)
Gains on disposal of assets - net	**(54)**	(157)	(85)
Other than temporary impairment losses on securities held in nuclear decommissioning funds	**11**	16	36
Net gain from discontinued operations, net of income taxes	**(188)**	—	—
Other - net	**175**	38	305
Changes in operating assets and liabilities:			
Customer and other receivables	**(268)**	(286)	149
Materials, supplies and fossil fuel inventory	**(81)**	1	(308)
Other current assets	**8**	(46)	(22)
Other assets	**8**	3	(103)
Accounts payable and customer deposits	**122**	(56)	(184)
Margin cash collateral	**156**	104	81
Income taxes	**(56)**	(20)	62
Interest and other taxes	**3**	15	12
Other current liabilities	**140**	139	3
Other liabilities	**(84)**	(44)	(192)
Net cash provided by operating activities	**5,102**	3,992	4,074
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures of FPL	**(2,691)**	(4,070)	(3,137)
Independent power and other investments of NEER	**(3,454)**	(4,591)	(2,601)
Cash grants under the American Recovery and Reinvestment Act of 2009	**165**	196	624
Nuclear fuel purchases	**(371)**	(305)	(538)
Other capital expenditures and other investments	**(166)**	(495)	(352)
Sale of independent power investments	**165**	—	1,204
Change in loan proceeds restricted for construction	**228**	314	(565)
Proceeds from sale or maturity of securities in special use funds and other investments	**4,405**	5,301	4,836
Purchases of securities in special use funds and other investments	**(4,470)**	(5,419)	(4,955)
Other - net	**66**	141	205
Net cash used in investing activities	**(6,123)**	(8,928)	(5,279)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt	**4,371**	6,630	3,940
Retirements of long-term debt	**(2,396)**	(1,612)	(2,121)
Proceeds from sale of differential membership interests	**448**	808	466
Payments to differential membership investors	**(63)**	(139)	(100)
Net change in short-term debt	**(720)**	61	460
Issuances of common stock - net	**842**	405	48
Repurchases of common stock	**—**	(19)	(375)
Dividends on common stock	**(1,122)**	(1,004)	(920)
Other - net	**(230)**	(242)	(118)
Net cash provided by financing activities	**1,130**	4,888	1,280
Net increase (decrease) in cash and cash equivalents	**109**	(48)	75
Cash and cash equivalents at beginning of year	**329**	377	302
Cash and cash equivalents at end of year	**$ 438**	$ 329	$ 377
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	**$ 1,070**	$ 1,001	$ 978
Cash paid (received) for income taxes - net	**$ (20)**	$ 25	$ (95)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued property additions	**$ 1,098**	$ 970	$ 909
Sale of generating assets through assumption of debt by buyer	**$ 700**	$ —	$ 158

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NEXTERA ENERGY, INC.
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY
(millions)

	Common Stock							
	Shares		Aggregate Par Value	Additional Paid-In Capital	Unearned ESOP Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Common Shareholders' Equity
Balances, December 31, 2010	421		$ 4	$ 5,487	$ (69)	$ 166	$ 8,873	$ 14,461
Net income	—		—	—	—	—	1,923	
Issuances of common stock, net of issuance cost of less than $1	1		—	59	5	—	—	
Repurchases of common stock	(7)		—	(375)	—	—	—	
Exercise of stock options and other incentive plan activity	1		—	68	—	—	—	
Dividends on common stock[b]	—		—	—	—	—	(920)	
Earned compensation under ESOP	—		—	31	11	—	—	
Other comprehensive loss	—		—	—	—	(320)	—	
Balances, December 31, 2011	416	[a]	4	5,270	(53)	(154)	9,876	$ 14,943
Net income	—		—	—	—	—	1,911	
Issuances of common stock, net of issuance cost of less than $1	6		—	367	4	—	—	
Repurchases of common stock	—		—	(19)	—	—	—	
Exercise of stock options and other incentive plan activity	2		—	98	—	—	—	
Dividends on common stock[b]	—		—	—	—	—	(1,004)	
Earned compensation under ESOP	—		—	34	10	—	—	
Other comprehensive loss	—		—	—	—	(101)	—	
Premium on equity units	—		—	(151)	—	—	—	
Issuance costs on equity units	—		—	(24)	—	—	—	
Balances, December 31, 2012	424	[a]	4	5,575	(39)	(255)	10,783	$ 16,068
Net income	**—**		**—**	**—**	**—**	**—**	**1,908**	
Issuances of common stock, net of issuance cost of less than $1	**10**		**—**	**823**	**4**	**—**	**—**	
Exercise of stock options and other incentive plan activity	**1**		**—**	**74**	**—**	**—**	**—**	
Dividends on common stock[b]	**—**		**—**	**—**	**—**	**—**	**(1,122)**	
Earned compensation under ESOP	**—**		**—**	**37**	**9**	**—**	**—**	
Other comprehensive income	**—**		**—**	**—**	**—**	**311**	**—**	
Premium on equity units	**—**		**—**	**(62)**	**—**	**—**	**—**	
Issuance costs on equity units	**—**		**—**	**(10)**	**—**	**—**	**—**	
Balances, December 31, 2013	**435**	**[a]**	**$ 4**	**$ 6,437**	**$ (26)**	**$ 56**	**$ 11,569**	**$ 18,040**

(a) Outstanding and unallocated shares held by the Employee Stock Ownership Plan (ESOP) Trust totaled approximately 2 million, 3 million and 4 million at December 31, 2013, 2012 and 2011, respectively; the original number of shares purchased and held by the ESOP Trust was approximately 25 million shares.
(b) Dividends per share were $2.64, $2.40 and $2.20 for the years ended December 31, 2013, 2012 and 2011, respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(millions)

	Years Ended December 31,		
	2013	2012	2011
OPERATING REVENUES	**$ 10,445**	$ 10,114	$ 10,613
OPERATING EXPENSES			
Fuel, purchased power and interchange	**3,925**	4,265	4,977
Other operations and maintenance	**1,699**	1,773	1,699
Depreciation and amortization	**1,159**	659	798
Taxes other than income taxes and other	**1,123**	1,060	1,063
Total operating expenses	**7,906**	7,757	8,537
OPERATING INCOME	**2,539**	2,357	2,076
OTHER INCOME (DEDUCTIONS)			
Interest expense	**(415)**	(417)	(387)
Allowance for equity funds used during construction	**55**	52	35
Other - net	**5**	—	(2)
Total other deductions - net	**(355)**	(365)	(354)
INCOME BEFORE INCOME TAXES	**2,184**	1,992	1,722
INCOME TAXES	**835**	752	654
NET INCOME[(a)]	**$ 1,349**	$ 1,240	$ 1,068

(a) FPL's comprehensive income is the same as reported net income.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS
(millions, except share amount)

	December 31,	
	2013	2012
ELECTRIC UTILITY PLANT		
Plant in service and other property	**$ 36,838**	$ 34,474
Nuclear fuel	**1,240**	1,190
Construction work in progress	**1,818**	2,585
Less accumulated depreciation and amortization	**(10,944)**	(10,698)
Total electric utility plant - net	**28,952**	27,551
CURRENT ASSETS		
Cash and cash equivalents	**19**	40
Customer receivables, net of allowances of $5 and $7, respectively	**757**	760
Other receivables	**137**	447
Materials, supplies and fossil fuel inventory	**742**	727
Regulatory assets:		
Deferred clause and franchise expenses	**192**	75
Other	**105**	106
Other	**261**	131
Total current assets	**2,213**	2,286
OTHER ASSETS		
Special use funds	**3,273**	2,918
Prepaid benefit costs	**1,142**	1,135
Regulatory assets:		
Securitized storm-recovery costs ($228 and $274 related to a VIE, respectively)	**372**	461
Other	**396**	351
Other	**140**	151
Total other assets	**5,323**	5,016
TOTAL ASSETS	**$ 36,488**	$ 34,853
CAPITALIZATION		
Common stock (no par value, 1,000 shares authorized, issued and outstanding)	**$ 1,373**	$ 1,373
Additional paid-in capital	**6,179**	5,903
Retained earnings	**5,532**	5,254
Total common shareholder's equity	**13,084**	12,530
Long-term debt ($331 and $386 related to a VIE, respectively)	**8,473**	8,329
Total capitalization	**21,557**	20,859
CURRENT LIABILITIES		
Commercial paper	**204**	105
Current maturities of long-term debt	**356**	453
Accounts payable	**611**	612
Customer deposits	**447**	503
Accrued interest and taxes	**272**	223
Accrued construction-related expenditures	**202**	235
Other	**438**	495
Total current liabilities	**2,530**	2,626
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	**1,285**	1,206
Deferred income taxes	**6,355**	5,584
Regulatory liabilities:		
Accrued asset removal costs	**1,839**	1,950
Asset retirement obligation regulatory expense difference	**2,082**	1,813
Other	**386**	309
Other	**454**	506
Total other liabilities and deferred credits	**12,401**	11,368
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	**$ 36,488**	$ 34,853

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

	Years Ended December 31,		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 1,349**	$ 1,240	$ 1,068
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	**1,159**	659	798
Nuclear fuel and other amortization	**184**	122	160
Deferred income taxes	**617**	988	675
Cost recovery clauses and franchise fees	**(166)**	129	181
Allowance for equity funds used during construction	**(55)**	(52)	(35)
Other - net	**101**	(42)	60
Changes in operating assets and liabilities:			
Customer and other receivables	**(5)**	(96)	65
Materials, supplies and fossil fuel inventory	**(16)**	33	(254)
Other current assets	**15**	(20)	(20)
Other assets	**(12)**	(41)	(52)
Accounts payable and customer deposits	**(1)**	(33)	(137)
Income taxes	**384**	(111)	(215)
Interest and other taxes	**8**	1	(21)
Other current liabilities	**3**	67	32
Other liabilities	**(7)**	(21)	(60)
Net cash provided by operating activities	**3,558**	2,823	2,245
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	**(2,691)**	(4,070)	(3,137)
Cash grants under the American Recovery and Reinvestment Act of 2009	**—**	—	218
Nuclear fuel purchases	**(212)**	(215)	(365)
Proceeds from sale or maturity of securities in special use funds	**3,342**	3,790	2,988
Purchases of securities in special use funds	**(3,389)**	(3,838)	(3,052)
Other - net	**30**	68	89
Net cash used in investing activities	**(2,920)**	(4,265)	(3,259)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt	**497**	1,296	840
Retirements of long-term debt	**(453)**	(50)	(45)
Net change in short-term debt	**99**	(225)	229
Capital contributions from NEE	**275**	440	410
Dividends to NEE	**(1,070)**	—	(400)
Other - net	**(7)**	(15)	(4)
Net cash provided by (used in) financing activities	**(659)**	1,446	1,030
Net increase (decrease) in cash and cash equivalents	**(21)**	4	16
Cash and cash equivalents at beginning of year	**40**	36	20
Cash and cash equivalents at end of year	**$ 19**	$ 40	$ 36
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	**$ 410**	$ 400	$ 389
Cash paid (received) for income taxes - net	**$ (166)**	$ (124)	$ 194
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued property additions	**$ 386**	$ 472	$ 526

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY
(millions)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Common Shareholder's Equity
Balances, December 31, 2010	$ 1,373	$ 5,054	$ 3,364	$ 9,791
Net income	—	—	1,068	
Capital contributions from NEE	—	410	—	
Dividends to NEE	—	—	(419)	
Balances, December 31, 2011	1,373	5,464	4,013	$ 10,850
Net income	—	—	1,240	
Capital contributions from NEE	—	440	—	
Other	—	(1)	1	
Balances, December 31, 2012	1,373	5,903	5,254	$ 12,530
Net income	**—**	**—**	**1,349**	
Capital contributions from NEE	**—**	**275**	**—**	
Dividends to NEE	**—**	**—**	**(1,070)**	
Other	**—**	**1**	**(1)**	
Balances, December 31, 2013	**$ 1,373**	**$ 6,179**	**$ 5,532**	**$ 13,084**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1. Summary of Significant Accounting and Reporting Policies

Basis of Presentation - The operations of NextEra Energy, Inc. (NEE) are conducted primarily through its wholly-owned subsidiary Florida Power & Light Company (FPL) and its wholly-owned indirect subsidiary NextEra Energy Resources, LLC (NEER). FPL, a rate-regulated electric utility, supplies electric service to approximately 4.7 million customer accounts throughout most of the east and lower west coasts of Florida. NEER invests in independent power projects through both controlled and consolidated entities and non-controlling ownership interests in joint ventures essentially all of which are accounted for under the equity method.

The consolidated financial statements of NEE and FPL include the accounts of their respective majority-owned and controlled subsidiaries. Intercompany balances and transactions have been eliminated in consolidation. Certain amounts included in prior years' consolidated financial statements have been reclassified to conform to the current year's presentation. The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Regulation - FPL is subject to rate regulation by the Florida Public Service Commission (FPSC) and the Federal Energy Regulatory Commission (FERC). Its rates are designed to recover the cost of providing electric service to its customers including a reasonable rate of return on invested capital. As a result of this cost-based regulation, FPL follows the accounting guidance that allows regulators to create assets and impose liabilities that would not be recorded by non-rate regulated entities. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process.

Cost recovery clauses, which are designed to permit full recovery of certain costs and provide a return on certain assets allowed to be recovered through the various clauses, include substantially all fuel, purchased power and interchange costs, certain construction-related costs for FPL's planned additional nuclear units at Turkey Point and FPL's solar generating facilities, and conservation and certain environmental-related costs. Revenues from cost recovery clauses are recorded when billed; FPL achieves matching of costs and related revenues by deferring the net underrecovery or overrecovery. Any underrecovered costs or overrecovered revenues are collected from or returned to customers in subsequent periods.

If FPL were no longer subject to cost-based rate regulation, the existing regulatory assets and liabilities would be written off unless regulators specify an alternative means of recovery or refund. In addition, the FPSC has the authority to disallow recovery of costs that it considers excessive or imprudently incurred. The continued applicability of regulatory accounting is assessed at each reporting period.

Revenues and Rates - FPL's retail and wholesale utility rate schedules are approved by the FPSC and the FERC, respectively. FPL records unbilled base revenues for the estimated amount of energy delivered to customers but not yet billed. FPL's unbilled base revenues are included in customer receivables on NEE's and FPL's consolidated balance sheets and amounted to approximately $200 million and $175 million at December 31, 2013 and 2012, respectively. FPL's operating revenues also include amounts resulting from cost recovery clauses (see Regulation above), franchise fees, gross receipts taxes and surcharges related to storm-recovery bonds (see Note 8 - FPL). Franchise fees and gross receipts taxes are imposed on FPL; however, the FPSC allows FPL to include in the amounts charged to customers the amount of the gross receipts tax for all customers and the franchise amount for those customers located in the jurisdiction that imposes the fee. Accordingly, franchise fees and gross receipts taxes are reported gross in operating revenues and taxes other than income taxes and other in NEE's and FPL's consolidated statements of income and were approximately $680 million, $684 million and $716 million in 2013, 2012 and 2011, respectively. The revenues from the surcharges related to storm-recovery bonds included in operating revenues in NEE's and FPL's consolidated statements of income were approximately $108 million, $106 million and $100 million in 2013, 2012 and 2011, respectively. FPL also collects municipal utility taxes which are reported gross in customer receivables and accounts payable on NEE's and FPL's consolidated balance sheets.

FPL Rates Effective January 2013 - December 2016 - In January 2013, the FPSC issued a final order approving a stipulation and settlement between FPL and several intervenors in FPL's base rate proceeding (2012 rate agreement). Key elements of the 2012 rate agreement, which is effective from January 2013 through December 2016, include, among other things, the following:

- New retail base rates and charges were established in January 2013 resulting in an increase in retail base revenues of $350 million on an annualized basis.
- FPL's allowed regulatory return on common equity (ROE) is 10.50%, with a range of plus or minus 100 basis points. If FPL's earned regulatory ROE falls below 9.50%, FPL may seek retail base rate relief. If the earned regulatory ROE rises above 11.50%, any party to the 2012 rate agreement other than FPL may seek a review of FPL's retail base rates.
- Retail base rates will be increased by the annualized base revenue requirements for FPL's three modernization projects (Cape Canaveral, Riviera Beach and Port Everglades) as each of the modernized power plants becomes operational. (Cape Canaveral became operational in April 2013 and Riviera Beach and Port Everglades are expected to be operational in the second quarter of 2014 and by mid-2016, respectively.)

- Cost recovery of FPL's West County Energy Center (WCEC) Unit No. 3 will continue to occur through the capacity cost recovery clause (capacity clause) (reported as retail base rates); however, such recovery will not be limited to the projected annual fuel cost savings as was the case in the previous rate agreement discussed below.
- Subject to certain conditions, FPL may amortize, over the term of the 2012 rate agreement, a depreciation reserve surplus remaining at the end of 2012 under the 2010 rate agreement discussed below (approximately $224 million) and may amortize a portion of FPL's fossil dismantlement reserve up to a maximum of $176 million (collectively, the reserve), provided that in any year of the 2012 rate agreement, FPL must amortize at least enough reserve to maintain a 9.50% earned regulatory ROE but may not amortize any reserve that would result in an earned regulatory ROE in excess of 11.50%.
- Future storm restoration costs would be recoverable on an interim basis beginning 60 days from the filing of a cost recovery petition, but capped at an amount that could produce a surcharge of no more than $4 for every 1,000 kilowatt-hours (kWh) of usage on residential bills during the first 12 months of cost recovery. Any additional costs would be eligible for recovery in subsequent years. If storm restoration costs exceed $800 million in any given calendar year, FPL may request an increase to the $4 surcharge to recover the amount above $800 million.
- An incentive mechanism whereby customers will receive 100% of certain gains, including but not limited to, gains from the purchase and sale of electricity and natural gas (including transportation and storage), up to a specified threshold. The gains exceeding that specified threshold will be shared by FPL and its customers.

In September 2013, the Florida Supreme Court heard oral argument on the State of Florida Office of Public Counsel's appeal of the FPSC's final order regarding the 2012 rate agreement. A ruling by the Florida Supreme Court is pending.

FPL Rates Effective March 2010 - December 2012 - Effective March 1, 2010, pursuant to an FPSC final order (2010 FPSC rate order), new retail base rates for FPL were established, resulting in an increase in retail base revenues of approximately $75 million on an annualized basis. The 2010 FPSC rate order, among other things, also established a regulatory ROE of 10.0% with a range of plus or minus 100 basis points. In February 2011, the FPSC issued a final order approving a stipulation and settlement agreement between FPL and principal parties in FPL's 2009 rate case (2010 rate agreement). The 2010 rate agreement, which was effective through December 31, 2012, provided for, among other things, a reduction in depreciation expense (surplus depreciation credit) in any calendar year up to a cap in 2010 of $267 million, a cap in subsequent years of $267 million plus the amount of any unused portion from prior years, and a total cap of $776 million over the course of the 2010 rate agreement, provided that in any year of the 2010 rate agreement FPL was required to use enough surplus depreciation credit to maintain an earned regulatory ROE within the range of 9.0% - 11.0%. The 2010 rate agreement also permitted incremental cost recovery through FPL's capacity clause for WCEC Unit No. 3 up to the amount of the projected annual fuel savings for customers.

NEER's revenue is recorded on the basis of commodities delivered, contracts settled or services rendered and includes estimated amounts yet to be billed to customers. Certain commodity contracts for the purchase and sale of power that meet the definition of a derivative are recorded at fair value with subsequent changes in fair value recognized as revenue. See Energy Trading below and Note 3.

Electric Plant, Depreciation and Amortization - The cost of additions to units of property of FPL and NEER is added to electric plant in service. In accordance with regulatory accounting, the cost of FPL's units of utility property retired, less estimated net salvage value, is charged to accumulated depreciation. Maintenance and repairs of property as well as replacements and renewals of items determined to be less than units of utility property are charged to other operations and maintenance (O&M) expenses. At December 31, 2013, the electric generating, transmission, distribution and general facilities of FPL represented approximately 51%, 11%, 33% and 5%, respectively, of FPL's gross investment in electric utility plant in service and other property. Substantially all of FPL's properties are subject to the lien of FPL's mortgage, which secures most debt securities issued by FPL. A number of NEER's generating facilities are encumbered by liens securing various financings. The net book value of NEER's assets serving as collateral was approximately $10.2 billion at December 31, 2013. The American Recovery and Reinvestment Act of 2009, as amended (Recovery Act), provided for an option to elect a cash grant (convertible investment tax credits (ITCs)) for certain renewable energy property (renewable property). Convertible ITCs are recorded as a reduction in property, plant and equipment on NEE's and FPL's consolidated balance sheets and are amortized as a reduction to depreciation and amortization expense over the estimated life of the related property. At December 31, 2013 and 2012, convertible ITCs, net of amortization, were approximately $1.5 billion ($165 million at FPL) and $1.4 billion ($171 million at FPL). At December 31, 2013 and 2012, approximately $182 million and $170 million, respectively, of such convertible ITCs are included in other receivables on NEE's consolidated balance sheets.

Depreciation of FPL's electric property is primarily provided on a straight-line average remaining life basis. FPL includes in depreciation expense a provision for fossil and solar plant dismantlement, interim asset removal costs, accretion related to asset retirement obligations (see Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs), storm recovery amortization and amortization of pre-construction costs associated with planned nuclear units recovered through a cost recovery clause. For substantially all of FPL's property, depreciation studies are typically performed and filed with the FPSC at least every four years. As part of the 2010 FPSC rate order, the FPSC approved new depreciation rates which became effective January 1, 2010. In accordance with the 2012 rate agreement, FPL is not required to file depreciation studies during the effective period of the agreement and the previously approved depreciation rates remain in effect. As discussed in Revenue and Rates above, the use of reserve amortization (the reduction of the reserve under the 2012 rate agreement and the surplus depreciation credit under the 2010 rate agreement) is permitted under the 2012 and 2010 rate agreements. FPL files a twelve-month forecast

with the FPSC each year which contains a regulatory ROE intended to be earned based on the best information FPL has at that time assuming normal weather. This forecast establishes a fixed targeted regulatory ROE. In order to earn the targeted regulatory ROE in each reporting period under the 2012 and 2010 rate agreements, reserve amortization is calculated using a trailing thirteen-month average of retail rate base and capital structure in conjunction with the trailing twelve months regulatory retail base net operating income, which primarily includes the retail base portion of base and other revenues, net of O&M, depreciation and amortization, interest and tax expenses. In general, the net impact of these income statement line items is adjusted, in part, by reserve amortization to earn the targeted regulatory ROE. In accordance with the 2012 and 2010 rate agreements, FPL recorded approximately $155 million, $480 million and $187 million of reserve amortization in 2013, 2012 and 2011, respectively. Beginning in 2013, the reserve is amortized as a reduction of regulatory liabilities - accrued asset removal costs on NEE's and FPL's consolidated balance sheets. The weighted annual composite depreciation and amortization rate for FPL's electric utility plant in service, including capitalized software, but excluding the effects of decommissioning, dismantlement and the depreciation adjustments discussed above, was approximately 3.4%, 3.3% and 3.2% for 2013, 2012 and 2011, respectively.

At December 31, 2012, approximately $309 million and $258 million was included in plant in service and other property and accumulated depreciation and amortization, respectively, on FPL's balance sheets (electric plant in service and other property and accumulated depreciation and amortization, respectively, for NEE) with respect to Port Everglades Units Nos. 3 and 4, which FPL retired and began dismantling in 2013. Upon retirement in 2013, FPL reclassified the net book value to a regulatory asset and began amortizing it over a four-year period.

NEER's electric plant in service less salvage value, if any, are depreciated primarily using the straight-line method over their estimated useful lives. At December 31, 2013 and 2012, wind, nuclear, natural gas and solar plants represented approximately 62% and 67%, 13% and 14%, 9% and 10%, and 6% and 1%, respectively, of NEER's depreciable electric plant in service and other property. The estimated useful lives of NEER's plants range primarily from 25 to 30 years for wind, natural gas and solar plants and from 25 to 47 years for nuclear plants. NEER reviews the estimated useful lives of its fixed assets on an ongoing basis. In 2011, this review indicated that the actual lives of certain equipment at NEER's wind plants are expected to be longer than the previously estimated useful lives used for depreciation purposes. As a result, effective January 1, 2011, NEER changed the estimates of the useful lives of certain equipment to better reflect the estimated periods during which these assets are expected to remain in service. The useful lives of substantially all of the wind plants' equipment that were previously estimated to be 25 years were increased to 30 years. The effect of this change in estimate was to reduce depreciation and amortization expense by approximately $75 million, increase net income by $44 million and increase basic and diluted earnings per share by approximately $0.11 for the year ended December 31, 2011.

Nuclear Fuel - FPL and NEER have several contracts for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel. See Note 13 - Contracts. FPL's and NEER's nuclear fuel costs are charged to fuel expense on a unit of production method.

Construction Activity - Allowance for funds used during construction (AFUDC) is a non-cash item which represents the allowed cost of capital, including an ROE, used to finance FPL construction projects. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of interest expense and the remainder is recorded as other income. FPSC rules limit the recording of AFUDC to projects that have an estimated cost in excess of 0.5% of a utility's plant in service balance and require more than one year to complete. FPSC rules allow construction projects below the 0.5% threshold as a component of rate base. During 2013, 2012 and 2011, FPL capitalized AFUDC at a rate of 6.52%, 6.41% and 6.41%, respectively, which amounted to approximately $81 million, $74 million and $50 million, respectively. See Note 13 - Commitments.

FPL's construction work in progress includes construction materials, progress payments on major equipment contracts, engineering costs, AFUDC and other costs directly associated with the construction of various projects. Upon completion of the projects, these costs are transferred to electric utility plant in service and other property. Capitalized costs associated with construction activities are charged to O&M expenses when recoverability is no longer probable. See Regulation above for information on recovery of costs associated with new nuclear capacity and solar generating facilities.

NEER capitalizes project development costs once it is probable that such costs will be realized through the ultimate construction of a power plant or sale of development rights. At December 31, 2013 and 2012, NEER's capitalized development costs totaled approximately $162 million and $106 million, respectively, which are included in noncurrent other assets on NEE's consolidated balance sheets. These costs include land rights and other third-party costs directly associated with the development of a new project. Upon commencement of construction, these costs either are transferred to construction work in progress or remain in other assets, depending upon the nature of the cost. Capitalized development costs are charged to O&M expenses when it is probable that these costs are not realizable.

NEER's construction work in progress includes construction materials, prepayments on turbine generators and other equipment, third-party engineering costs, capitalized interest and other costs directly associated with the construction and development of various projects. Interest capitalized on construction projects amounted to approximately $109 million, $139 million and $104 million during 2013, 2012 and 2011, respectively. Interest expense allocated from NextEra Energy Capital Holdings, Inc. (NEECH) to NEER is based on a deemed capital structure of 70% debt. Upon commencement of plant operation, costs associated with construction work in progress are transferred to electric plant in service and other property.

Asset Retirement Obligations - NEE and FPL each account for asset retirement obligations and conditional asset retirement obligations (collectively, AROs) under accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred if it can be reasonably estimated, with the offsetting associated asset retirement costs capitalized as part of the carrying amount of the long-lived assets. The asset retirement cost is subsequently allocated to expense using a systematic and rational method over the asset's estimated useful life. Changes in the ARO resulting from the passage of time are recognized as an increase in the carrying amount of the liability and as accretion expense, which is included in depreciation and amortization expense in the consolidated statements of income. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the asset retirement cost, or income when asset retirement cost is depleted, in the case of NEE's non-rate regulated operations, and ARO and regulatory liability, in the case of FPL. See Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs below and Note 12.

Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs - For ratemaking purposes, FPL accrues for the cost of end of life retirement and disposal of its nuclear, fossil and solar plants over the expected service life of each unit based on nuclear decommissioning and fossil and solar dismantlement studies periodically filed with the FPSC. In addition, FPL accrues for interim removal costs over the life of the related assets based on depreciation studies approved by the FPSC. As approved by the FPSC, FPL previously suspended its annual decommissioning accrual. For financial reporting purposes, FPL recognizes decommissioning and dismantlement liabilities in accordance with accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred. Any differences between expense recognized for financial reporting purposes and the amount recovered through rates are reported as a regulatory liability in accordance with regulatory accounting. See Revenues and Rates, Electric Plant, Depreciation and Amortization, Asset Retirement Obligations and Note 12.

Nuclear decommissioning studies are performed at least every five years and are submitted to the FPSC for approval. FPL filed updated nuclear decommissioning studies with the FPSC in December 2010. These studies reflect FPL's current plans, under the operating licenses, for prompt dismantlement of Turkey Point Units Nos. 3 and 4 following the end of plant operation with decommissioning activities commencing in 2032 and 2033, respectively, and provide for St. Lucie Unit No. 1 to be mothballed beginning in 2036 with decommissioning activities to be integrated with the prompt dismantlement of St. Lucie Unit No. 2 in 2043. These studies also assume that FPL will be storing spent fuel on site pending removal to a U.S. government facility. The studies indicate FPL's portion of the ultimate costs of decommissioning its four nuclear units, including costs associated with spent fuel storage above what is expected to be refunded by the U.S. Department of Energy (DOE) under a spent fuel settlement agreement, to be approximately $6.2 billion, or $2.5 billion expressed in 2013 dollars.

Restricted funds for the payment of future expenditures to decommission FPL's nuclear units are included in nuclear decommissioning reserve funds, which are included in special use funds on NEE's and FPL's consolidated balance sheets. Marketable securities held in the decommissioning funds are primarily classified as available for sale and carried at fair value. See Note 4. FPL does not currently make contributions to the decommissioning funds, other than the reinvestment of dividends and interest. Fund earnings, consisting of dividends, interest and realized gains and losses, as well as any changes in unrealized gains and losses are not recognized in income and are reflected as a corresponding offset in the related regulatory liability accounts. During 2013, 2012 and 2011 fund earnings on decommissioning funds were approximately $167 million, $98 million and $66 million, respectively. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes.

Fossil and solar plant dismantlement studies are typically performed at least every four years and are submitted to the FPSC for approval. FPL's latest fossil and solar plant dismantlement studies became effective January 1, 2010 and resulted in an annual expense of $18 million which is recorded in depreciation and amortization expense in NEE's and FPL's consolidated statements of income. At December 31, 2013, FPL's portion of the ultimate cost to dismantle its fossil and solar units is approximately $751 million, or $394 million expressed in 2013 dollars. In accordance with the 2012 rate agreement, FPL is not required to file fossil and solar dismantlement studies during the effective period of the agreement.

NEER records nuclear decommissioning liabilities for Seabrook Station (Seabrook), Duane Arnold Energy Center (Duane Arnold) and Point Beach Nuclear Power Plant (Point Beach) in accordance with accounting guidance that requires a liability for the fair value of an ARO to be recognized in the period in which it is incurred. The liability is being accreted using the interest method through the date decommissioning activities are expected to be complete. See Note 12. At December 31, 2013 and 2012, NEER's ARO related to nuclear decommissioning totaled approximately $434 million and $408 million, respectively, and was determined using various internal and external data and applying a probability percentage to a variety of scenarios regarding the life of the plant and timing of decommissioning. NEER's portion of the ultimate cost of decommissioning its nuclear plants, including costs associated with spent fuel storage above what is expected to be refunded by the DOE under a spent fuel settlement agreement, is estimated to be approximately $11.9 billion, or $2.0 billion expressed in 2013 dollars.

Seabrook files a comprehensive nuclear decommissioning study with the New Hampshire Nuclear Decommissioning Financing Committee (NDFC) every four years; the most recent study was filed in 2011. Seabrook's decommissioning funding plan is also subject to annual review by the NDFC. Currently, there are no ongoing decommissioning funding requirements for Seabrook, Duane

Arnold and Point Beach, however, the U.S. Nuclear Regulatory Commission (NRC), and in the case of Seabrook, the NDFC, has the authority to require additional funding in the future. NEER's portion of Seabrook's, Duane Arnold's and Point Beach's restricted funds for the payment of future expenditures to decommission these plants is included in nuclear decommissioning reserve funds, which are included in special use funds on NEE's consolidated balance sheets. Marketable securities held in the decommissioning funds are primarily classified as available for sale and carried at fair value. Market adjustments result in a corresponding adjustment to other comprehensive income (OCI), except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as other than temporary impairment losses on securities held in nuclear decommissioning funds in NEE's consolidated statements of income. Fund earnings are recognized in income and are reinvested in the funds. See Note 4. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes.

Major Maintenance Costs - FPL uses the accrue-in-advance method for recognizing costs associated with planned major nuclear maintenance, in accordance with regulatory treatment, and records the related accrual as a regulatory liability. FPL expenses costs associated with planned fossil maintenance as incurred. FPL's estimated nuclear maintenance costs for each nuclear unit's next planned outage are accrued over the period from the end of the last outage to the end of the next planned outage. Any difference between the estimated and actual costs is included in O&M expenses when known. The accrued liability for nuclear maintenance costs at December 31, 2013 and 2012 totaled approximately $70 million and $35 million, respectively, and is included in regulatory liabilities - other on NEE's and FPL's consolidated balance sheets. For the years ended December 31, 2013, 2012 and 2011, FPL recognized approximately $92 million, $104 million and $97 million, respectively, in nuclear maintenance costs which are primarily included in O&M expenses in NEE's and FPL's consolidated statements of income.

NEER uses the deferral method to account for certain planned major maintenance costs. NEER's major maintenance costs for its nuclear generating units and combustion turbines are capitalized and amortized on a unit of production method over the period from the end of the last outage to the beginning of the next planned outage. NEER's capitalized major maintenance costs, net of accumulated amortization, totaled approximately $92 million and $148 million at December 31, 2013 and 2012, respectively, and are included in noncurrent other assets on NEE's consolidated balance sheets. For the years ended December 31, 2013, 2012 and 2011, NEER amortized approximately $93 million, $100 million and $77 million in major maintenance costs which are included in O&M expenses in NEE's consolidated statements of income.

Cash Equivalents - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Restricted Cash - At December 31, 2013 and 2012, NEE had approximately $215 million ($38 million for FPL) and $149 million ($38 million for FPL), respectively, of restricted cash included in other current assets on NEE's and FPL's consolidated balance sheets, which was restricted primarily for debt service payments and margin cash collateral. Where offsetting positions exist, restricted cash related to margin cash collateral is netted against derivative instruments. See Note 3. In addition, NEE had approximately $2 million and $251 million of noncurrent restricted cash at December 31, 2013 and 2012, respectively, related to loan proceeds held for construction at NEER, which is included in noncurrent other assets on NEE's consolidated balance sheets.

Allowance for Doubtful Accounts - FPL maintains an accumulated provision for uncollectible customer accounts receivable that is estimated using a percentage, derived from historical revenue and write-off trends, of the previous five months of revenue. Additional amounts are included in the provision to address specific items that are not considered in the calculation described above. NEER regularly reviews collectibility of its receivables and establishes a provision for losses estimated as a percentage of accounts receivable based on the historical bad debt write-off trends for its retail electricity provider operations and, when necessary, using the specific identification method for all other receivables.

Inventory - FPL values materials, supplies and fossil fuel inventory using a weighted-average cost method. NEER's materials, supplies and fossil fuel inventories are carried at the lower of weighted-average cost or market, unless evidence indicates that the weighted-average cost (even if in excess of market) will be recovered with a normal profit upon sale in the ordinary course of business.

Energy Trading - NEE provides full energy and capacity requirements services primarily to distribution utilities, which include load-following services and various ancillary services, in certain markets and engages in power and gas marketing and trading activities to optimize the value of electricity and fuel contracts, generating facilities and gas infrastructure assets, as well as to take advantage of projected favorable commodity price movements. Trading contracts that meet the definition of a derivative are accounted for at fair value and realized gains and losses from all trading contracts, including those where physical delivery is required, are recorded net for all periods presented. See Note 3.

Securitized Storm-Recovery Costs, Storm Fund and Storm Reserve - In connection with the 2007 storm-recovery bond financing (see Note 8 - FPL), the net proceeds to FPL from the sale of the storm-recovery property were used primarily to reimburse FPL for its estimated net of tax deficiency in its storm and property insurance reserve (storm reserve) and provide for a storm and property insurance reserve fund (storm fund). Upon the issuance of the storm-recovery bonds, the storm reserve deficiency was reclassified to securitized storm-recovery costs and is recorded as a regulatory asset on NEE's and FPL's consolidated balance sheets. As storm-recovery charges are billed to customers, the securitized storm-recovery costs are amortized and included in depreciation

and amortization in NEE's and FPL's consolidated statements of income. Marketable securities held in the storm fund are classified as available for sale and are carried at fair value with market adjustments, including any other than temporary impairment losses, resulting in a corresponding adjustment to the storm reserve. Fund earnings, net of taxes, are reinvested in the fund. The tax effects of amounts not yet recognized for tax purposes are included in accumulated deferred income taxes. The storm fund is included in special use funds on NEE's and FPL's consolidated balance sheets and was approximately $74 million and $73 million at December 31, 2013 and 2012, respectively. See Note 4.

The storm reserve that was reestablished in an FPSC financing order related to the issuance of the storm-recovery bonds was not initially reflected on NEE's and FPL's consolidated balance sheets because the associated regulatory asset did not meet the specific recognition criteria under the accounting guidance for certain regulated entities. As a result, the storm reserve will be recognized as a regulatory liability as the storm-recovery charges are billed to customers and charged to depreciation and amortization in NEE's and FPL's consolidated statements of income. Furthermore, the storm reserve will be reduced as storm costs are reimbursed. As of December 31, 2013, FPL had the capacity to absorb up to approximately $121 million in future prudently incurred storm restoration costs without seeking recovery through a rate adjustment from the FPSC or filing a petition with the FPSC.

Impairment of Long-Lived Assets - NEE evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounting estimated future cash flows using an appropriate interest rate. See Note 4 - Nonrecurring Fair Value Measurements and Note 6.

Goodwill and Other Intangible Assets - NEE's goodwill and other intangible assets are as follows:

	Weighted-Average Useful Lives	December 31,	
		2013	2012
	(years)	(millions)	
Goodwill:			
Merchant reporting unit		**$ 72**	$ 72
Wind reporting unit		**49**	51
Fiber-optic telecommunications reporting unit		**28**	28
Total goodwill		**$ 149**	$ 151
Other intangible assets not subject to amortization, primarily land easements		**$ 143**	$ 143
Other intangible assets subject to amortization:			
Purchased power agreements	20	**$ 70**	$ 72
Customer lists	5	**35**	39
Other, primarily transmission and development rights, permits and licenses	24	**98**	87
Total		**203**	198
Less accumulated amortization		**(112)**	(102)
Total other intangible assets subject to amortization - net		**$ 91**	$ 96

NEE's goodwill relates to various acquisitions which were accounted for using the purchase method of accounting. Other intangible assets subject to amortization are amortized, primarily on a straight-line basis, over their estimated useful lives. For the years ended December 31, 2013, 2012 and 2011, amortization expense was approximately $13 million, $14 million and $14 million, respectively, and is expected to be approximately $12 million, $10 million, $6 million, $6 million and $5 million for 2014, 2015, 2016, 2017 and 2018, respectively.

Goodwill and other intangible assets are included in noncurrent other assets on NEE's consolidated balance sheets. Goodwill and other intangible assets not subject to amortization are assessed for impairment at least annually by applying a fair value-based analysis. Other intangible assets subject to amortization are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted future cash flows.

Pension and Other Postretirement Plans - NEE allocates net periodic pension benefit income to its subsidiaries based on the pensionable earnings of the subsidiaries' employees; net periodic supplemental executive retirement plan (SERP) benefit costs to its subsidiaries based upon actuarial calculations by participant; and postretirement health care and life insurance benefits (other benefits) net periodic benefit costs to its subsidiaries based upon the number of eligible employees at each subsidiary.

Accounting guidance requires recognition of the funded status of benefit plans in the balance sheet, with changes in the funded status recognized in other comprehensive income within shareholders' equity in the year in which the changes occur. Since NEE is the plan sponsor, and its subsidiaries do not have separate rights to the plan assets or direct obligations to their employees, this

accounting guidance is reflected at NEE and not allocated to the subsidiaries. The portion of previously unrecognized actuarial gains and losses, prior service costs or credits and transition obligations that are estimated to be allocable to FPL as net periodic benefit (income) cost in future periods and that otherwise would be recorded in accumulated other comprehensive income (AOCI) are classified as regulatory assets and liabilities at NEE in accordance with regulatory treatment.

Stock-Based Compensation - NEE accounts for stock-based payment transactions based on grant-date fair value. Compensation costs for awards with graded vesting are recognized on a straight-line basis over the requisite service period for the entire award. See Note 10 - Stock-Based Compensation.

Income Taxes - Deferred income taxes are recognized on all significant temporary differences between the financial statement and tax bases of assets and liabilities. In connection with the tax sharing agreement between NEE and its subsidiaries, the income tax provision at each subsidiary reflects the use of the "separate return method," except that tax benefits that could not be used on a separate return basis, but are used on the consolidated tax return, are recorded by the subsidiary that generated the tax benefits. Any remaining consolidated income tax benefits or expenses are recorded at the corporate level. Included in other regulatory assets and other regulatory liabilities on NEE's and FPL's consolidated balance sheets is the revenue equivalent of the difference in accumulated deferred income taxes computed under accounting rules, as compared to regulatory accounting rules. The net regulatory asset totaled $233 million ($218 million for FPL) and $206 million ($195 million for FPL) at December 31, 2013 and 2012, respectively, and is being amortized in accordance with the regulatory treatment over the estimated lives of the assets or liabilities for which the deferred tax amount was initially recognized.

NEER recognizes ITCs as a reduction to income tax expense when the related energy property is placed into service. Production tax credits (PTCs) are recognized as wind energy is generated and sold based on a per kWh rate prescribed in applicable federal and state statutes and are recorded as a reduction of current income taxes payable, unless limited by tax law in which instance they are recorded as deferred tax assets. NEE and FPL record a deferred income tax benefit created by the convertible ITCs on the difference between the financial statement and tax bases of renewable property. For NEER, this deferred income tax benefit is recorded in income tax expense in the year that the renewable property is placed in service. For FPL, this deferred income tax benefit is offset by a regulatory liability, which is amortized as a reduction of depreciation expense over the approximate lives of the related renewable property in accordance with the regulatory treatment. At December 31, 2013 and 2012, the net deferred income tax benefits associated with FPL's convertible ITCs were approximately $52 million and $54 million, respectively, and are included in other regulatory assets and regulatory liabilities on NEE's and FPL's consolidated balance sheets.

A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets when it is more likely than not that such assets will not be realized. NEE recognizes interest income (expense) related to unrecognized tax benefits (liabilities) in interest income and interest expense, respectively, net of the amount deferred at FPL. At FPL, the offset to accrued interest receivable (payable) on income taxes is classified as a regulatory liability (regulatory asset) which will be amortized to income (expense) over a five-year period upon settlement in accordance with regulatory treatment. All tax positions taken by NEE in its income tax returns that are recognized in the financial statements must satisfy a more-likely-than-not threshold. See Note 5.

Sale of Differential Membership Interests - Certain subsidiaries of NEER sold their Class B membership interest in entities that have ownership interests in wind facilities, with generating capacity totaling approximately 3,541 megawatts (MW) at December 31, 2013, to third-party investors. In exchange for the cash received, the holders of the Class B membership interests will receive a portion of the economic attributes of the facilities, including income tax attributes, for variable periods. The transactions are not treated as a sale under the accounting rules and the proceeds received are deferred and recorded as a liability in deferral related to differential membership interests - VIEs on NEE's consolidated balance sheets. The deferred amount is being recognized in benefits associated with differential membership interests - net in NEE's consolidated statements of income as the Class B members receive their portion of the economic attributes. NEE continues to operate and manage the wind facilities, and consolidates the entities that own the wind facilities.

Variable Interest Entities (VIEs) - An entity is considered to be a VIE when its total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, or its equity investors, as a group, lack the characteristics of having a controlling financial interest. A reporting company is required to consolidate a VIE as its primary beneficiary when it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. NEE and FPL evaluate whether an entity is a VIE whenever reconsideration events as defined by the accounting guidance occur. See Note 8.

2. Employee Retirement Benefits

Employee Benefit Plans and Other Postretirement Plan - NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. NEE also has a SERP, which includes a non-qualified supplemental defined benefit pension component that provides benefits to a select group of management and highly compensated employees. The impact of this SERP component is included within pension benefits in the following tables, and was not material to NEE's financial statements for the years ended December 31, 2013, 2012 and 2011. In addition to pension benefits, NEE sponsors a contributory postretirement plan for other benefits for retirees of NEE and its subsidiaries meeting certain eligibility requirements.

Plan Assets, Benefit Obligations and Funded Status - The changes in assets and benefit obligations of the plans and the plans' funded status are as follows:

	Pension Benefits		Other Benefits	
	2013	2012	**2013**	2012
	(millions)			
Change in plan assets:				
Fair value of plan assets at January 1	**$ 3,385**	$ 3,122	**$ 26**	$ 28
Actual return on plan assets	**455**	362	**2**	1
Employer contributions[a]	**1**	9	**28**	29
Participant contributions	**—**	—	**5**	6
Benefit payments[a]	**(149)**	(108)	**(35)**	(38)
Fair value of plan assets at December 31	**$ 3,692**	$ 3,385	**$ 26**	$ 26
Change in benefit obligation:				
Obligation at January 1	**$ 2,372**	$ 2,123	**$ 397**	$ 427
Service cost	**73**	65	**4**	5
Interest cost	**95**	98	**14**	18
Participant contributions	**—**	—	**5**	6
Plan amendments[b]	**—**	26	**—**	(42)
Special termination benefits[c]	**46**	—	**—**	—
Actuarial losses (gains) - net	**(183)**	168	**(31)**	21
Benefit payments[a]	**(149)**	(108)	**(35)**	(38)
Obligation at December 31[d]	**$ 2,254**	$ 2,372	**$ 354**	$ 397
Funded status:				
Prepaid (accrued) benefit cost at NEE at December 31	**$ 1,438**	$ 1,013	**$ (328)**	$ (371)
Prepaid (accrued) benefit cost at FPL at December 31	**$ 1,139**	$ 1,132	**$ (249)**	$ (261)

(a) Employer contributions and benefit payments include only those amounts contributed directly to, or paid directly from, plan assets. FPL's portion of contributions related to SERP benefits was less than $1 million and $7 million for 2013 and 2012, respectively. FPL's portion of contributions related to other benefits was $25 million and $27 million for 2013 and 2012, respectively.
(b) In 2012, certain active plan participants in the postretirement plan in other benefits elected a pension credit in lieu of retiree life insurance benefits.
(c) Reflects an enhanced early retirement program offered in 2013 as part of an enterprise-wide cost savings initiative.
(d) NEE's accumulated pension benefit obligation, which includes no assumption about future salary levels, for its pension plans at December 31, 2013 and 2012 was $2,197 million and $2,305 million, respectively.

NEE's and FPL's prepaid (accrued) benefit cost shown above are included on the consolidated balance sheets as follows:

	NEE				FPL			
	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	(millions)							
Prepaid benefit costs	**$ 1,456**	$ 1,031	**$ —**	$ —	**$ 1,142**	$ 1,135	**$ —**	$ —
Accrued benefit cost included in other current liabilities	**(5)**	(2)	**(26)**	(28)	**(2)**	(2)	**(22)**	(23)
Accrued benefit cost included in other liabilities	**(13)**	(16)	**(302)**	(343)	**(1)**	(1)	**(227)**	(238)
Prepaid (accrued) benefit cost at December 31	**$ 1,438**	$ 1,013	**$ (328)**	$ (371)	**$ 1,139**	$ 1,132	**$ (249)**	$ (261)

NEE's unrecognized amounts included in accumulated other comprehensive income (loss) yet to be recognized as components of prepaid (accrued) benefit cost are as follows:

	Pension Benefits		Other Benefits	
	2013	2012	**2013**	2012
	(millions)			
Components of AOCI:				
Unrecognized prior service benefit (cost) (net of $4 tax benefit, $5 tax benefit, $2 tax expense and $3 tax expense, respectively)	**$ (8)**	$ (9)	**$ 4**	$ 4
Unrecognized gain (loss) (net of $18 tax expense, $39 tax benefit, $3 tax benefit and $6 tax benefit, respectively)	**30**	(63)	**(3)**	(6)
Total	**$ 22**	$ (72)	**$ 1**	$ (2)

NEE's unrecognized amounts included in regulatory assets (liabilities) yet to be recognized as components of net prepaid (accrued) benefit cost are as follows:

	Regulatory Assets (Liabilities) (Pension)		Regulatory Assets (Liabilities) (SERP and Other)	
	2013	2012	**2013**	2012
	(millions)			
Unrecognized prior service cost (benefit)	**$ 25**	$ 30	**$ (14)**	$ (16)
Unrecognized losses (gains)	**(98)**	154	**29**	58
Total	**$ (73)**	$ 184	**$ 15**	$ 42

The following table provides the weighted-average assumptions used to determine benefit obligations for the plans. These rates are used in determining net periodic benefit cost in the following year.

	Pension Benefits		Other Benefits	
	2013	2012	**2013**	2012
Discount rate	**4.80%**	4.00%	**4.60%**	3.75%
Salary increase	**4.00%**	4.00%	**4.00%**	4.00%

With regard to the other benefits plan, currently the retiree cost sharing structure largely insulates NEE and FPL from the effects of any future increase in health care costs. An increase or decrease of one percentage point in assumed health care cost trend rates would have a corresponding effect on the other benefits accumulated obligation of approximately $2 million at December 31, 2013.

NEE's investment policy for the pension plan recognizes the benefit of protecting the plan's funded status, thereby avoiding the necessity of future employer contributions. Its broad objectives are to achieve a high rate of total return with a prudent level of risk taking while maintaining sufficient liquidity and diversification to avoid large losses and preserve capital over the long term.

The NEE pension plan fund's current target asset allocation, which is expected to be reached over time, is 45% equity investments, 32% fixed income investments, 13% alternative investments and 10% convertible securities. The pension fund's investment strategy emphasizes traditional investments, broadly diversified across the global equity and fixed income markets, using a combination of different investment styles and vehicles. The pension fund's equity and fixed income holdings consist of both directly held securities as well as commingled investment arrangements such as common and collective trusts, pooled separate accounts, registered investment companies and limited partnerships. The pension fund's convertible security assets are principally direct holdings of convertible securities and includes a convertible security oriented limited partnership. The pension fund's alternative investment holdings are primarily absolute return oriented limited partnerships that use a broad range of investment strategies on a global basis.

The fair value measurements of NEE's pension plan assets by fair value hierarchy level are as follows:

	December 31, 2013[(a)]			
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(millions)			
Equity securities[(b)]	$ 1,028	$ —	$ —	$ 1,028
Equity commingled vehicles[(c)]	—	656	—	656
U.S. Government and municipal bonds	115	35	—	150
Corporate debt securities[(d)]	—	348	—	348
Asset-backed securities	—	249	—	249
Debt security commingled vehicles[(e)]	—	526	—	526
Convertible securities	46	236	—	282
Limited partnerships[(f)]	—	226	227	453
Total	$ 1,189	$ 2,276	$ 227	$ 3,692

(a) See Note 4 for discussion of fair value measurement techniques and inputs.
(b) Includes foreign investments of $337 million.
(c) Includes foreign investments of $234 million.
(d) Includes foreign investments of $67 million.
(e) Includes foreign investments of $54 million and $145 million of short-term commingled vehicles.
(f) Includes foreign investments of $104 million. Also includes fixed income oriented commingled investment arrangements of $244 million, convertible security oriented limited partnerships of $80 million and alternative investments of $129 million. Fair values have been estimated using net asset value (NAV) per share of the investments. Those investments subject to certain restrictions have been classified as Level 3.

	December 31, 2012[(a)]			
	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(millions)			
Equity securities[(b)]	$ 833	$ —	$ —	$ 833
Equity commingled vehicles[(c)]	—	590	—	590
U.S. Government and municipal bonds	166	50	—	216
Corporate debt securities[(d)]	—	349	—	349
Asset-backed securities	—	273	—	273
Debt security commingled vehicles[(e)]	—	589	—	589
Convertible securities	—	261	—	261
Limited partnerships[(f)]	—	134	140	274
Total	$ 999	$ 2,246	$ 140	$ 3,385

(a) See Note 4 for discussion of fair value measurement techniques and inputs.
(b) Includes foreign investments of $308 million.
(c) Includes foreign investments of $204 million.
(d) Includes foreign investments of $66 million.
(e) Includes foreign investments of $60 million and $135 million of short-term commingled vehicles.
(f) Includes foreign investments of $39 million. Also, includes fixed income oriented commingled investment arrangements of $90 million, convertible security oriented limited partnerships of $77 million and alternative investments of $107 million. Fair values have been estimated using NAV per share of the investments. Those investments subject to certain restrictions have been classified as Level 3.

With regard to its other benefits plan, NEE's policy is to fund claims as incurred during the year through NEE contributions, participant contributions and plan assets. The other benefits plan's assets are invested with a focus on assuring the availability of funds to pay benefits while maintaining sufficient diversification to avoid large losses and preserve capital. The other benefits plan's fund has a strategic asset allocation that targets a mix of 60% equity investments and 40% fixed income investments. The fund's investment strategy consists of traditional investments, diversified across the global equity and fixed income markets. The fund's equity and fixed income investments are comprised of assets classified as commingled vehicles such as common and collective trusts, pooled separate accounts, registered investment companies or other forms of pooled investment arrangements.

The fair value measurements of NEE's other benefits plan assets at December 31, 2013 and 2012 are substantially all Level 2 and include approximately $18 million and $18 million of equity commingled vehicles (of which $5 million and $4 million were foreign investments) and $6 million and $7 million of debt security commingled vehicles, respectively.

Expected Cash Flows - NEE anticipates paying approximately $26 million for eligible retiree medical expenses on behalf of the other benefits plan during 2014.

The following table provides information about benefit payments expected to be paid by the plans, net of government drug subsidy, for each of the following calendar years:

	Pension Benefits	Other Benefits
	(millions)	
2014	$ 275	$ 34
2015	$ 139	$ 31
2016	$ 146	$ 29
2017	$ 150	$ 30
2018	$ 155	$ 29
2019 - 2023	$ 817	$ 132

Net Periodic Cost - The components of net periodic benefit (income) cost for the plans are as follows:

	Pension Benefits			Other Benefits		
	2013	2012	2011	**2013**	2012	2011
	(millions)					
Service cost	**$ 73**	$ 65	$ 64	**$ 4**	$ 5	$ 6
Interest cost	**95**	98	98	**14**	18	21
Expected return on plan assets	**(237)**	(238)	(238)	**(1)**	(2)	(2)
Amortization of transition obligation	**—**	—	—	**—**	1	3
Amortization of prior service cost (benefit)	**7**	5	(3)	**(2)**	(1)	—
Amortization of losses	**2**	—	—	**2**	—	—
SERP settlements	**—**	3	—	**—**	—	—
Special termination benefits	**46**	—	—	**—**	—	—
Net periodic benefit (income) cost at NEE	**$ (14)**	$ (67)	$ (79)	**$ 17**	$ 21	$ 28
Net periodic benefit (income) cost at FPL	**$ (5)**	$ (43)	$ (51)	**$ 13**	$ 16	$ 21

Other Comprehensive Income - The components of net periodic benefit income (cost) recognized in OCI for the plans are as follows:

	Pension Benefits			Other Benefits		
	2013	2012	2011	**2013**	2012	2011
	(millions)					
Prior service benefit (cost) (net of $3 tax benefit, $4 tax expense and $2 tax benefit, respectively)	**$ —**	$ (6)	$ —	**$ —**	$ 7	$ (3)
Net gains (losses) (net of $58 tax expense, $16 tax benefit, $32 tax benefit, $3 tax expense, $3 tax benefit, and $2 tax expense, respectively)	**91**	(25)	(45)	**4**	(5)	3
Amortization of prior service benefit (cost)	**2**	1	(1)	**—**	—	—
Amortization of transition obligation	**—**	—	—	**—**	—	1
Total	**$ 93**	$ (30)	$ (46)	**$ 4**	$ 2	$ 1

Regulatory Assets (Liabilities) - The components of net periodic benefit (income) cost recognized during the year in regulatory assets (liabilities) for the plans are as follows:

	Regulatory Assets (Liabilities) (Pension)		Regulatory Assets (Liabilities) (SERP and Other)	
	2013	2012	**2013**	2012
	(millions)			
Prior service cost (benefit)	**$ —**	$ 17	**$ —**	$ (29)
Unrecognized losses (gains)	**(252)**	1	**(26)**	16
Amortization of prior service cost (benefit)	**(4)**	(3)	**1**	—
Amortization of transition obligation	**—**	—	**—**	(1)
Amortization of unrecognized losses	**(1)**	—	**(2)**	(3)
Total	**$ (257)**	$ 15	**$ (27)**	$ (17)

The weighted-average assumptions used to determine net periodic benefit (income) cost for the plans are as follows:

	Pension Benefits			Other Benefits		
	2013	2012	2011	**2013**	2012	2011
Discount rate	**4.00%**	4.65%	5.00%	**3.75%**	4.53% (a)	5.25%
Salary increase	**4.00%**	4.00%	4.00%	**4.00%**	4.00%	4.00%
Expected long-term rate of return(b)	**7.75%**	7.75%	7.75%	**7.75%**	8.00%	8.00%

(a) Reflects a mid-year rate change due to cost remeasurement resulting from a plan amendment.
(b) In developing the expected long-term rate of return on assets assumption for its plans, NEE evaluated input, including other qualitative and quantitative factors, from its actuaries and consultants, as well as information available in the marketplace. NEE considered different models, capital market return assumptions and historical returns for a portfolio with an equity/bond asset mix similar to its funds. NEE also considered its funds' historical compounded returns.

Employee Contribution Plans - NEE offers employee retirement savings plans which allow eligible participants to contribute a percentage of qualified compensation through payroll deductions. NEE makes matching contributions to participants' accounts. Defined contribution expense pursuant to these plans was approximately $46 million, $44 million and $42 million for NEE ($30 million, $29 million and $28 million for FPL) for the years ended December 31, 2013, 2012 and 2011, respectively. See Note 10 - Employee Stock Ownership Plan.

3. Derivative Instruments

NEE and FPL use derivative instruments (primarily swaps, options, futures and forwards) to manage the commodity price risk inherent in the purchase and sale of fuel and electricity, as well as interest rate and foreign currency exchange rate risk associated with outstanding and forecasted debt issuances, and to optimize the value of NEER's power generation and gas infrastructure assets.

With respect to commodities related to NEE's competitive energy business, NEER employs risk management procedures to conduct its activities related to optimizing the value of its power generation and gas infrastructure assets, providing full energy and capacity requirements services primarily to distribution utilities, and engaging in power and gas marketing and trading activities to take advantage of expected future favorable price movements and changes in the expected volatility of prices in the energy markets. These risk management activities involve the use of derivative instruments executed within prescribed limits to manage the risk associated with fluctuating commodity prices. Transactions in derivative instruments are executed on recognized exchanges or via the over-the-counter markets, depending on the most favorable credit terms and market execution factors. For NEER's power generation and gas infrastructure assets, derivative instruments are used to hedge the commodity price risk associated with the fuel requirements of the assets, where applicable, as well as to hedge all or a portion of the expected output of these assets. These hedges are designed to reduce the effect of adverse changes in the wholesale forward commodity markets associated with NEER's power generation and gas infrastructure assets. With regard to full energy and capacity requirements services, NEER is required to vary the quantity of energy and related services based on the load demands of the customers served. For this type of transaction, derivative instruments are used to hedge the anticipated electricity quantities required to serve these customers and reduce the effect of unfavorable changes in the forward energy markets. Additionally, NEER takes positions in the energy markets based on differences between actual forward market levels and management's view of fundamental market conditions, including supply/ demand imbalances, changes in traditional flows of energy, changes in short- and long-term weather patterns and anticipated regulatory and legislative outcomes. NEER uses derivative instruments to realize value from these market dislocations, subject to strict risk management limits around market, operational and credit exposure.

Derivative instruments, when required to be marked to market, are recorded on NEE's and FPL's consolidated balance sheets as either an asset or liability measured at fair value. At FPL, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, upon settlement, any gains or losses are passed through the fuel and purchased power cost recovery clause (fuel clause). For NEE's non-rate regulated operations, predominantly NEER, essentially all changes in the derivatives' fair value for power purchases and sales, fuel sales and trading activities are recognized on a net basis in operating revenues; fuel purchases used in the production of electricity are recognized in fuel, purchased power and interchange expense; and the equity method investees' related activity is recognized in equity in earnings of equity method investees in NEE's consolidated statements of income. Settlement gains and losses are included within the line items in the consolidated statements of income to which they relate. Transactions for which physical delivery is deemed not to have occurred are presented on a net basis in the consolidated statements of income. For commodity derivatives, NEE believes that, where offsetting positions exist at the same location for the same time, the transactions are considered to have been netted and therefore physical delivery has been deemed not to have occurred for financial reporting purposes. Settlements related to derivative instruments are primarily recognized in net cash provided by operating activities in NEE's and FPL's consolidated statements of cash flows.

While most of NEE's derivatives are entered into for the purpose of managing commodity price risk, optimizing the value of NEER's power generation and gas infrastructure assets, reducing the impact of volatility in interest rates on outstanding and forecasted debt issuances and managing foreign currency risk, hedge accounting is only applied where specific criteria are met and it is practicable to do so. In order to apply hedge accounting, the transaction must be designated as a hedge and it must be highly effective in offsetting the hedged risk. Additionally, for hedges of forecasted transactions, the forecasted transactions must be probable. For interest rate and foreign currency derivative instruments, generally NEE assesses a hedging instrument's effectiveness by using nonstatistical methods including dollar value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item. Hedge effectiveness is tested at the inception of the hedge and on at least a quarterly basis throughout its life. The effective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is reported as a component of OCI and is reclassified into earnings in the period(s) during which the transaction being hedged affects earnings or when it becomes probable that a forecasted transaction being hedged would not occur. The ineffective portion of net unrealized gains (losses) on these hedges is reported in earnings in the current period. In April 2013, NEE discontinued hedge accounting for cash flow hedges related to interest rate swaps associated with the solar projects in Spain (see Note 13 - Spain Solar Projects). At December 31, 2013, NEE's AOCI included amounts related to interest rate cash flow hedges with expiration dates through June 2031 and foreign currency cash flow hedges with expiration dates through September 2030. Approximately $64 million of net losses included in AOCI at December 31, 2013 is expected to be reclassified into earnings within the next 12 months as the principal and/or interest payments are made. Such amounts assume no change in interest rates, currency exchange rates or scheduled principal payments.

In 2011, subsidiaries of NEER sold their ownership interests in five natural gas-fired generating plants. See Note 4 - Nonrecurring Fair Value Measurements. Certain of the plants had hedged their exposure to interest rate and commodity price fluctuations by entering into derivative contracts. Because the plants were sold to a third party, it became probable that the future hedged transactions would not occur. Therefore, NEE was required to reclassify any gains or losses in AOCI related to those hedges to earnings. During the year ended December 31, 2011, NEE reclassified approximately $21 million of net losses to earnings, with $30 million of losses recorded in loss on sale of natural gas-fired generating assets and $9 million of gains recorded in other - net.

Fair Value of Derivative Instruments - The tables below present NEE's and FPL's gross derivative positions at December 31, 2013 and December 31, 2012, as required by disclosure rules. However, the majority of the underlying contracts are subject to master netting agreements and generally would not be contractually settled on a gross basis. Therefore, the tables below also present the derivative positions on a net basis, which reflect the offsetting of positions of certain transactions within the portfolio, the contractual ability to settle contracts under master netting arrangements and the netting of margin cash collateral (see Note 4 - Recurring Fair Value Measurements for netting information), as well as the location of the net derivative position on the consolidated balance sheets.

	December 31, 2013					
	Fair Values of Derivatives Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Fair Values of Derivatives Not Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Total Derivatives Combined - Net Basis	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	(millions)					
NEE:						
Commodity contracts	$ —	$ —	$ 4,543	$ 3,633	$ 1,571	$ 940
Interest rate contracts	89	127	1	93	90	220
Foreign currency swaps	—	50	—	101	—	151
Total fair values	$ 89	$ 177	$ 4,544	$ 3,827	$ 1,661	$ 1,311
FPL:						
Commodity contracts	$ —	$ —	$ 55	$ 9	$ 48	$ 2
Net fair value by NEE balance sheet line item:						
Current derivative assets[(a)]					$ 498	
Noncurrent derivative assets[(b)]					1,163	
Current derivative liabilities						$ 838
Noncurrent derivative liabilities						473
Total derivatives					$ 1,661	$ 1,311
Net fair value by FPL balance sheet line item:						
Current other assets					$ 48	
Current other liabilities						$ 1
Noncurrent other liabilities						1
Total derivatives					$ 48	$ 2

(a) Reflects the netting of approximately $181 million in margin cash collateral received from counterparties.
(b) Reflects the netting of approximately $98 million in margin cash collateral received from counterparties.

	December 31, 2012					
	Fair Values of Derivatives Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Fair Values of Derivatives Not Designated as Hedging Instruments for Accounting Purposes - Gross Basis		Total Derivatives Combined - Net Basis	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	(millions)					
NEE:						
Commodity contracts	$ —	$ —	$ 4,232	$ 3,312	$ 1,361	$ 564
Interest rate contracts	76	387	—	—	76	387
Foreign currency swaps	—	33	—	33	—	66
Total fair values	$ 76	$ 420	$ 4,232	$ 3,345	$ 1,437	$ 1,017
FPL:						
Commodity contracts	$ —	$ —	$ 17	$ 32	$ 5	$ 20
Net fair value by NEE balance sheet line item:						
Current derivative assets[(a)]					$ 517	
Noncurrent derivative assets[(b)]					920	
Current derivative liabilities[(c)]						$ 430
Noncurrent derivative liabilities						587
Total derivatives					$ 1,437	$ 1,017
Net fair value by FPL balance sheet line item:						
Current other assets					$ 4	
Noncurrent other assets					1	
Current other liabilities						$ 20
Total derivatives					$ 5	$ 20

(a) Reflects the netting of approximately $43 million in margin cash collateral received from counterparties.
(b) Reflects the netting of approximately $159 million in margin cash collateral received from counterparties.
(c) Reflects the netting of approximately $79 million in margin cash collateral provided to counterparties.

At December 31, 2013 and 2012, NEE had approximately $24 million and $30 million (none at FPL), respectively, in margin cash collateral received from counterparties that was not offset against derivative assets in the above presentation. These amounts are included in current other liabilities on NEE's consolidated balance sheets. Additionally, at December 31, 2013 and 2012, NEE had approximately $42 million and $49 million (none at FPL), respectively, in margin cash collateral provided to counterparties that was not offset against derivative assets or liabilities in the above presentation. These amounts are included in current other assets on NEE's consolidated balance sheets.

Income Statement Impact of Derivative Instruments - Gains (losses) related to NEE's cash flow hedges are recorded in NEE's consolidated financial statements (none at FPL) as follows:

	Year Ended December 31, 2013			Year Ended December 31, 2012				Year Ended December 31, 2011			
	Interest Rate Contracts	**Foreign Currency Swaps**	**Total**	Commodity Contracts	Interest Rate Contracts	Foreign Currency Swaps	Total	Commodity Contracts	Interest Rate Contracts	Foreign Currency Swap	Total
	(millions)										
Gains (losses) recognized in OCI	**$ 150**	**$ (21)**	**$ 129**	$ —	$ (131)	$ (30)	$(161)	$ —	$ (383)	$ (17)	$(400)
Gains (losses) reclassified from AOCI to net income[(a)]	**$ (61)**	**$ (44)** [(b)]	**$(105)**	$ 8	$ (56)	$ (21) [(c)]	$ (69)	$ 41	$ (76)	$ 1 [(b)]	$ (34)

(a) Included in operating revenues for commodity contracts and interest expense for interest rate contracts. 2011 excludes approximately $21 million of net losses related to the discontinuance of certain cash flow hedges. See further discussion above.
(b) Loss of approximately $4 million is included in interest expense and the balance is included in other - net.
(c) Loss of approximately $3 million is included in interest expense and the balance is included in other - net.

For the year ended December 31, 2013, NEE recorded a loss of approximately $65 million on fair value hedges which resulted in a corresponding decrease in the related debt. For the years ended December 31, 2012 and 2011, NEE recorded gains of

approximately $44 million and $28 million, respectively, on fair value hedges which resulted in corresponding increases in the related debt.

Gains (losses) related to NEE's derivatives not designated as hedging instruments are recorded in NEE's consolidated statements of income as follows:

	Years Ended December 31,		
	2013	2012	2011
		(millions)	
Commodity contracts:[(a)]			
Operating revenues	**$ 76**	$ 171	$ 473
Fuel, purchased power and interchange	**—**	38	—
Foreign currency swap - other - net	**(72)**	(60)	22
Interest rate contracts[(b)]	**3**	—	(11)
Total	**$ 7**	$ 149	$ 484

(a) For the year ended December 31, 2013, FPL recorded approximately $81 million of gains related to commodity contracts as regulatory liabilities on its consolidated balance sheet. For the years ended December 31, 2012 and 2011, FPL recorded approximately $177 million and $646 million of losses, respectively, related to commodity contracts as regulatory assets on its consolidated balance sheets.
(b) Included in interest expense for 2013 and other-net for 2011.

Notional Volumes of Derivative Instruments - The following table represents net notional volumes associated with derivative instruments that are required to be reported at fair value in NEE's and FPL's consolidated financial statements. The table includes significant volumes of transactions that have minimal exposure to commodity price changes because they are variably priced agreements. These volumes are only an indication of the commodity exposure that is managed through the use of derivatives. They do not represent net physical asset positions or non-derivative positions and their hedges, nor do they represent NEE's and FPL's net economic exposure, but only the net notional derivative positions that fully or partially hedge the related asset positions. NEE and FPL had derivative commodity contracts for the following net notional volumes:

	December 31, 2013				December 31, 2012			
Commodity Type	**NEE**		**FPL**		NEE		FPL	
				(millions)				
Power	**(276)**	**MWh[(a)]**	**—**		(77)	MWh[(a)]	—	
Natural gas	**1,140**	**MMBtu[(b)]**	**674**	**MMBtu[(b)]**	1,293	MMBtu[(b)]	894	MMBtu[(b)]
Oil	**(10)**	**barrels**	**—**		(8)	barrels	—	

(a) Megawatt-hours
(b) One million British thermal units

At December 31, 2013 and 2012, NEE had interest rate contracts with a notional amount totaling approximately $6.5 billion and $7.3 billion, respectively, and foreign currency swaps with a notional amount totaling approximately $662 million.

Credit-Risk-Related Contingent Features - Certain derivative instruments contain credit-risk-related contingent features including, among other things, the requirement to maintain an investment grade credit rating from specified credit rating agencies and certain financial ratios, as well as credit-related cross-default and material adverse change triggers. At December 31, 2013 and 2012, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately $2.1 billion ($9 million for FPL) and $1.8 billion ($32 million for FPL), respectively.

If the credit-risk-related contingent features underlying these agreements and other commodity-related contracts were triggered, certain subsidiaries of NEE, including FPL, could be required to post collateral or settle contracts according to contractual terms which generally allow netting of contracts in offsetting positions. Certain contracts contain multiple types of credit-related triggers. To the extent these contracts contain a credit ratings downgrade trigger, the maximum exposure is included in the following credit ratings collateral posting requirements. If FPL's and NEECH's credit ratings were downgraded to BBB/Baa2 (a two level downgrade for FPL and a one level downgrade for NEECH from the current lowest applicable rating), applicable NEE subsidiaries would be required to post collateral such that the total posted collateral would be approximately $400 million ($20 million at FPL) as of December 31, 2013 and $400 million ($20 million at FPL) as of December 31, 2012. If FPL's and NEECH's credit ratings were downgraded to below investment grade, applicable NEE subsidiaries would be required to post additional collateral such that the total posted collateral would be approximately $2.3 billion ($0.4 billion at FPL) and $2.3 billion ($0.5 billion at FPL) as of December 31, 2013 and 2012, respectively. Some contracts do not contain credit ratings downgrade triggers, but do contain provisions that require certain financial measures be maintained and/or have credit-related cross-default triggers. In the event these provisions were

triggered, applicable NEE subsidiaries could be required to post additional collateral of up to approximately $800 million ($150 million at FPL) and $700 million ($100 million at FPL) as of December 31, 2013 and 2012, respectively.

Collateral related to derivatives may be posted in the form of cash or credit support in the normal course of business. At December 31, 2013 and 2012, applicable NEE subsidiaries have posted approximately $210 million (none at FPL) and $150 million (none at FPL), respectively, in the form of letters of credit which could be applied toward the collateral requirements described above. FPL and NEECH have credit facilities generally in excess of the collateral requirements described above that would be available to support, among other things, derivative activities. Under the terms of the credit facilities, maintenance of a specific credit rating is not a condition to drawing on these credit facilities, although there are other conditions to drawing on these credit facilities.

Additionally, some contracts contain certain adequate assurance provisions where a counterparty may demand additional collateral based on subjective events and/or conditions. Due to the subjective nature of these provisions, NEE and FPL are unable to determine an exact value for these items and they are not included in any of the quantitative disclosures above.

4. Fair Value Measurements

The fair value of assets and liabilities are determined using either unadjusted quoted prices in active markets (Level 1) or pricing inputs that are observable (Level 2) whenever that information is available and using unobservable inputs (Level 3) to estimate fair value only when relevant observable inputs are not available. NEE and FPL use several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those assets and liabilities that are measured at fair value on a recurring basis. NEE's and FPL's assessment of the significance of any particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels. Non-performance risk, including the consideration of a credit valuation adjustment, is also considered in the determination of fair value for all assets and liabilities measured at fair value.

Cash Equivalents - Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. NEE primarily holds investments in money market funds. The fair value of these funds is calculated using current market prices.

Special Use Funds and Other Investments - NEE and FPL hold primarily debt and equity securities directly, as well as indirectly through commingled funds. Substantially all directly held equity securities are valued at their quoted market prices. For directly held debt securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue of each security. Commingled funds, which are similar to mutual funds, are maintained by banks or investment companies and hold certain investments in accordance with a stated set of objectives. The fair value of commingled funds is primarily derived from the quoted prices in active markets of the underlying securities. Because the fund shares are offered to a limited group of investors, they are not considered to be traded in an active market.

Derivative Instruments - NEE and FPL measure the fair value of commodity contracts using prices observed on commodities exchanges and in the over-the-counter markets, or through the use of industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs. The resulting measurements are the best estimate of fair value as represented by the transfer of the asset or liability through an orderly transaction in the marketplace at the measurement date.

Most exchange-traded derivative assets and liabilities are valued directly using unadjusted quoted prices. For exchange-traded derivative assets and liabilities where the principal market is deemed to be inactive based on average daily volumes and open interest, the measurement is established using settlement prices from the exchanges, and therefore considered to be valued using other observable inputs.

NEE, through its subsidiaries, including FPL, also enters into over-the-counter commodity contract derivatives. The majority of these contracts are transacted at liquid trading points, and the prices for these contracts are verified using quoted prices in active markets from exchanges, brokers or pricing services for similar contracts.

NEE, through NEER, also enters into full requirements contracts, which, in most cases, meet the definition of derivatives and are measured at fair value. These contracts typically have one or more inputs that are not observable and are significant to the valuation of the contract. In addition, certain exchange and non-exchange traded derivative options at NEE have one or more significant inputs that are not observable, and are valued using industry-standard option models.

In all cases where NEE and FPL use significant unobservable inputs for the valuation of a commodity contract, consideration is given to the assumptions that market participants would use in valuing the asset or liability. The primary input to the valuation models for commodity contracts is the forward commodity curve for the respective instruments. Other inputs include, but are not limited to, assumptions about market liquidity, volatility, correlation and contract duration as more fully described below in Significant Unobservable Inputs Used in Recurring Fair Value Measurements. In instances where the reference markets are deemed to be

inactive or do not have transactions for a similar contract, the derivative assets and liabilities may be valued using significant other observable inputs and potentially significant unobservable inputs. In such instances, the valuation for these contracts is established using techniques including extrapolation from or interpolation between actively traded contracts, or estimated basis adjustments from liquid trading points. NEE and FPL regularly evaluate and validate the inputs used to determine fair value by a number of methods, consisting of various market price verification procedures, including the use of pricing services and multiple broker quotes to support the market price of the various commodities. In all cases where there are assumptions and models used to generate inputs for valuing derivative assets and liabilities, the review and verification of the assumptions, models and changes to the models are undertaken by individuals that are independent of those responsible for estimating fair value.

NEE uses interest rate contracts and foreign currency swaps to mitigate and adjust interest rate and foreign currency exposure related to certain outstanding and forecasted debt issuances and borrowings when deemed appropriate based on market conditions or when required by financing agreements. NEE estimates the fair value of these derivatives using a discounted cash flows valuation technique based on the net amount of estimated future cash inflows and outflows related to the agreements.

Recurring Fair Value Measurements - NEE's and FPL's financial assets and liabilities and other fair value measurements made on a recurring basis by fair value hierarchy level are as follows:

	December 31, 2013				
	Level 1	Level 2	Level 3	Netting[a]	Total
	(millions)				
Assets:					
Cash equivalents:					
NEE - equity securities	$ 20	$ —	$ —	$ —	$ 20
Special use funds:[b]					
NEE:					
Equity securities	$ 1,170	$ 1,336 [c]	$ —	$ —	$ 2,506
U.S. Government and municipal bonds	$ 647	$ 180	$ —	$ —	$ 827
Corporate debt securities	$ —	$ 597	$ —	$ —	$ 597
Mortgage-backed securities	$ —	$ 479	$ —	$ —	$ 479
Other debt securities	$ 16	$ 44	$ —	$ —	$ 60
FPL:					
Equity securities	$ 291	$ 1,176 [c]	$ —	$ —	$ 1,467
U.S. Government and municipal bonds	$ 584	$ 154	$ —	$ —	$ 738
Corporate debt securities	$ —	$ 421	$ —	$ —	$ 421
Mortgage-backed securities	$ —	$ 401	$ —	$ —	$ 401
Other debt securities	$ 16	$ 30	$ —	$ —	$ 46
Other investments:					
NEE:					
Equity securities	$ 51	$ —	$ —	$ —	$ 51
Debt securities	$ 11	$ 107	$ —	$ —	$ 118
Derivatives:					
NEE:					
Commodity contracts	$ 1,368	$ 2,106	$ 1,069	$ (2,972)	$ 1,571 [d]
Interest rate contracts	$ —	$ 90	$ —	$ —	$ 90 [d]
FPL - commodity contracts	$ —	$ 53	$ 2	$ (7)	$ 48 [d]
Liabilities:					
Derivatives:					
NEE:					
Commodity contracts	$ 1,285	$ 1,994	$ 354	$ (2,693)	$ 940 [d]
Interest rate contracts	$ —	$ 127	$ 93	$ —	$ 220 [d]
Foreign currency swaps	$ —	$ 151	$ —	$ —	$ 151 [d]
FPL - commodity contracts	$ —	$ 7	$ 2	$ (7)	$ 2 [d]

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.
(b) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at the Carrying Amount below.
(c) At NEE, approximately $1,300 million ($1,141 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by NEE or FPL.
(d) See Note 3 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's consolidated balance sheets.

	December 31, 2012				
	Level 1	Level 2	Level 3	Netting[(a)]	Total
	(millions)				
Assets:					
Cash equivalents:					
NEE - equity securities	$ 23	$ —	$ —	$ —	$ 23
Special use funds:[(b)]					
NEE:					
Equity securities	$ 914	$ 1,240 [(c)]	$ —	$ —	$ 2,154
U.S. Government and municipal bonds	$ 451	$ 143	$ —	$ —	$ 594
Corporate debt securities	$ —	$ 572	$ —	$ —	$ 572
Mortgage-backed securities	$ —	$ 560	$ —	$ —	$ 560
Other debt securities	$ 15	$ 26	$ —	$ —	$ 41
FPL:					
Equity securities	$ 217	$ 1,118 [(c)]	$ —	$ —	$ 1,335
U.S. Government and municipal bonds	$ 390	$ 119	$ —	$ —	$ 509
Corporate debt securities	$ —	$ 397	$ —	$ —	$ 397
Mortgage-backed securities	$ —	$ 475	$ —	$ —	$ 475
Other debt securities	$ 16	$ 16	$ —	$ —	$ 32
Other investments:					
NEE:					
Equity securities	$ 7	$ —	$ —	$ —	$ 7
Debt securities	$ 11	$ 106	$ —	$ —	$ 117
Derivatives:					
NEE:					
Commodity contracts	$ 1,187	$ 2,251	$ 794	$ (2,871)	$ 1,361 [(d)]
Interest rate contracts	$ —	$ 76	$ —	$ —	$ 76 [(d)]
FPL - commodity contracts	$ —	$ 14	$ 3	$ (12)	$ 5 [(d)]
Liabilities:					
Derivatives:					
NEE:					
Commodity contracts	$ 1,240	$ 1,844	$ 228	$ (2,748)	$ 564 [(d)]
Interest rate contracts	$ —	$ 387	$ —	$ —	$ 387 [(d)]
Foreign currency swaps	$ —	$ 66	$ —	$ —	$ 66 [(d)]
FPL - commodity contracts	$ —	$ 31	$ 1	$ (12)	$ 20 [(d)]

(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and margin cash collateral payments and receipts. NEE and FPL also have contract settlement receivable and payable balances that are subject to the master netting arrangements but are not offset within the consolidated balance sheets and are recorded in customer receivables - net and accounts payable, respectively.
(b) Excludes investments accounted for under the equity method and loans not measured at fair value on a recurring basis. See Fair Value of Financial Instruments Recorded at the Carrying Amount below.
(c) At NEE, approximately $1,214 million ($1,093 million at FPL) are invested in commingled funds whose underlying investments would be Level 1 if those investments were held directly by NEE or FPL.
(d) See Note 3 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's consolidated balance sheets.

Significant Unobservable Inputs Used in Recurring Fair Value Measurements - The valuation of certain commodity contracts requires the use of significant unobservable inputs. All forward price, implied volatility, implied correlation and interest rate inputs used in the valuation of such contracts are directly based on third-party market data, such as broker quotes and exchange settlements, when that data is available. If third-party market data is not available, then industry standard methodologies are used to develop inputs that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Observable inputs, including some forward prices, implied volatilities and interest rates used for determining fair value are updated daily to reflect the best available market information. Unobservable inputs which are related to observable inputs, such as illiquid portions of forward price or volatility curves, are updated daily as well, using industry standard techniques such as interpolation and extrapolation, combining observable forward inputs supplemented by historical market and other relevant data. Other unobservable inputs, such as implied correlations, customer migration rates from full requirements contracts and some implied volatility curves, are modeled using proprietary models based on historical data and industry standard techniques.

All price, volatility, correlation and customer migration inputs used in valuation are subject to validation by the Trading Risk Management group. The Trading Risk Management group performs a risk management function responsible for assessing credit, market and operational risk impact, reviewing valuation methodology and modeling, confirming transactions, monitoring approval processes and developing and monitoring trading limits. The Trading Risk Management group is separate from the transacting group. For markets where independent third-party data is readily available, validation is conducted daily by directly reviewing this market data against inputs utilized by the transacting group, and indirectly by critically reviewing daily risk reports. For markets where independent third-party data is not readily available, additional analytical reviews are performed on at least a quarterly basis. These analytical reviews are designed to ensure that all price and volatility curves used for fair valuing transactions are adequately validated each quarter, and are reviewed and approved by the Trading Risk Management group. In addition, other valuation assumptions such as implied correlations and customer migration rates are reviewed and approved by the Trading Risk Management group on a periodic basis. Newly created models used in the valuation process are also subject to testing and approval by the Trading Risk Management group prior to use and established models are reviewed annually, or more often as needed, by the Trading Risk Management group.

On a monthly basis, the Exposure Management Committee (EMC), which is comprised of certain members of senior management, meets with representatives from the Trading Risk Management group and the transacting group to discuss NEE's and FPL's energy risk profile and operations, to review risk reports and to discuss fair value issues as necessary. The EMC develops guidelines required for an appropriate risk management control infrastructure, which includes implementation and monitoring of compliance with Trading Risk Management policy. The EMC executes its risk management responsibilities through direct oversight and delegation of its responsibilities to the Trading Risk Management group, as well as to other corporate and business unit personnel.

The significant unobservable inputs used in the valuation of NEE's commodity contracts categorized as Level 3 of the fair value hierarchy at December 31, 2013 are as follows:

Transaction Type	Fair Value at December 31, 2013		Valuation Technique(s)	Significant Unobservable Inputs	Range
	Assets	Liabilities			
	(millions)				
Forward contracts - power	$ 677	$ 74	Discounted cash flow	Forward price (per MWh)	$13 — $207
Forward contracts - gas	82	23	Discounted cash flow	Forward price (per MMBtu)	$2 — $16
Forward contracts - other commodity related	15	11	Discounted cash flow	Forward price (various)	$1 — $245
Options - power	55	49	Option models	Implied correlations	7% — 96%
				Implied volatilities	1% — 200%
Options - gas	22	29	Option models	Implied correlations	7% — 96%
				Implied volatilities	1% — 175%
Full requirements and unit contingent contracts	218	168	Discounted cash flow	Forward price (per MWh)	$(32) — $222
				Customer migration rate[a]	—% — 20%
Total	$ 1,069	$ 354			

(a) Applies only to full requirements contracts.

The sensitivity of NEE's fair value measurements to increases (decreases) in the significant unobservable inputs is as follows:

Significant Unobservable Input	Position	Impact on Fair Value Measurement
Forward price	Purchase power/gas	Increase (decrease)
	Sell power/gas	Decrease (increase)
Implied correlations	Purchase option	Decrease (increase)
	Sell option	Increase (decrease)
Implied volatilities	Purchase option	Increase (decrease)
	Sell option	Decrease (increase)
Customer migration rate	Sell power[a]	Decrease (increase)

(a) Assumes the contract is in a gain position.

In addition, the fair value measurement of interest rate swap liabilities related to the solar projects in Spain of approximately $93 million at December 31, 2013 includes a significant credit valuation adjustment. The credit valuation adjustment, considered an unobservable input, reflects management's assessment of non-performance risk of the subsidiaries related to the solar projects in Spain that are party to the swap agreements.

The reconciliation of changes in the fair value of derivatives that are based on significant unobservable inputs is as follows:

	Years Ended December 31,					
	2013		2012		2011	
	NEE	**FPL**	NEE	FPL	NEE	FPL
	(millions)					
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	**$ 566**	**$ 2**	$ 486	$ 4	$ 296	$ 7
Realized and unrealized gains (losses):						
Included in earnings[(a)]	**299**	**—**	218	—	454	—
Included in regulatory assets and liabilities	**—**	**—**	5	5	3	3
Purchases	**101**	**—**	273	(7)	270	(6)
Settlements	**(55)**	**(2)**	(181)	—	(166)	—
Issuances	**(173)**	**—**	(243)	—	(362)	—
Transfers in[(b)]	**(120)**	**—**	20	—	6	—
Transfers out[(b)]	**4**	**—**	(12)	—	(15)	—
Fair value of net derivatives based on significant unobservable inputs at December 31	**$ 622**	**$ —**	$ 566	$ 2	$ 486	$ 4
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to derivatives still held at the reporting date[(c)]	**$ 329**	**$ —**	$ 152	$ —	$ 423	$ —

(a) For the year ended December 31, 2013, $302 million of realized and unrealized gains are reflected in the consolidated statement of income in operating revenues and the balance is primarily reflected in interest expense. For the years ended December 31, 2012 and 2011, $220 million and $441 million, respectively, of realized and unrealized gains are reflected in the consolidated statements of income in operating revenues and the balance is reflected in fuel, purchased power and interchange.

(b) Transfers into Level 3 were a result of decreased observability of market data and, in 2013, the use of a significant credit valuation adjustment. Transfers from Level 3 to Level 2 were a result of increased observability of market data. NEE's and FPL's policy is to recognize all transfers at the beginning of the reporting period.

(c) For the year ended December 31, 2013, $330 million of unrealized gains are reflected in the consolidated statements of income in operating revenues and the balance is reflected in interest expense. For the years ended December 31, 2012 and 2011, $157 million and $423 million, respectively, of unrealized gains are reflected in the consolidated statements of income in operating revenues and the balance is reflected in fuel, purchased power and interchange.

Nonrecurring Fair Value Measurements - NEE tests long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In February 2013, the Spanish government enacted a new law that made further changes to the economic framework of renewable energy projects including, among other things, changes that negatively affect the projected economics of the 99.8 MWs of solar thermal facilities that affiliates of NEER were constructing in Spain (Spain solar projects) (see Note 13 - Spain Solar Projects). Due to the February 2013 change in law, NEER performed a recoverability analysis, considering, among other things, working with lenders to restructure the financing agreements, abandoning the projects or selling the projects, and concluded that the undiscounted cash flows of the Spain solar projects were less than the carrying value of the projects. Accordingly, NEER performed a fair value analysis based on the income approach to determine the amount of the impairment. Based on the fair value analysis, property, plant and equipment with a carrying amount of approximately $800 million were written down to their estimated fair value of approximately $500 million as of March 31, 2013, resulting in an impairment of $300 million (which is recorded as a separate line item in NEE's consolidated statements of income for the year ended December 31, 2013) and other related charges ($342 million after-tax, see Note 5).

The estimate of the fair value was based on the discounted cash flows which were determined using a market participant view of the Spain solar projects upon completion and final commissioning of the projects. As part of the valuation, NEER used observable inputs where available, including the revised renewable energy pricing under the February 2013 change in law. Significant unobservable inputs (Level 3), including forecasts of generation, estimates of tariff escalation rates and estimated costs of debt and equity capital, were also used in the estimation of fair value. In addition, NEER made certain assumptions regarding the projected capital and maintenance expenditures based on the estimated costs to complete the Spain solar projects and ongoing capital and maintenance expenditures. An increase in the revenue and generation forecasts, a decrease in the projected capital and maintenance expenditures or a decrease in the weighted-average cost of capital each would result in an increased fair market value. Changes in the opposite direction of those unobservable inputs would result in a decreased fair market value. See Note 13 - Spain Solar Projects for a discussion of additional developments that could potentially impact the Spain solar projects.

In 2011, market value indications and the potential impact of proposed environmental regulations suggested that the carrying value of certain NEER assets, primarily wind assets in West Texas and oil-fired assets in Maine, could be impaired. NEER performed a fair value analysis and concluded that an impairment charge related to the long-lived assets, primarily property, plant and equipment, was necessary. The fair value analysis was primarily based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. As a result, long-lived assets held and used with a carrying amount of approximately $79 million were written down to their fair value of $28 million, resulting in an impairment charge of $51 million ($31 million after-tax), which was recorded as a separate line item in NEE's consolidated statements of income for the year ended December 31, 2011.

In 2011, subsidiaries of NEER completed the sales of their ownership interests in five natural gas-fired generating plants with a total generating capacity of approximately 2,700 MW for net cash proceeds of approximately $1.2 billion, after transaction costs and working capital and other adjustments. Approximately $363 million of these proceeds were used to repay debt associated with certain of the projects. A NEER affiliate will continue to operate the facilities that were sold under service contracts expiring through 2016. In connection with the sales, a loss of approximately $151 million ($98 million after-tax) was recorded in NEE's consolidated statements of income. The loss includes the reclassification of $30 million from AOCI as a result of the discontinuance of certain cash flow hedges because it became no longer probable that the future hedged transactions would occur. See Note 3.

See Note 6 for a discussion of the nonrecurring fair value measurement of certain discontinued operations.

Fair Value of Financial Instruments Recorded at the Carrying Amount - The carrying amounts of cash equivalents, short-term debt and commercial paper approximate their fair values. The carrying amounts and estimated fair values of other financial instruments, excluding those recorded at fair value and disclosed above in Recurring Fair Value Measurements, are as follows:

	December 31, 2013		December 31, 2012	
	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
	(millions)			
NEE:				
Special use funds[(a)]	**$ 311**	**$ 311**	$ 269	$ 269
Other investments - primarily notes receivable	**$ 531**	**$ 627** [(b)]	$ 590	$ 774 [(b)]
Long-term debt, including current maturities	**$ 27,728**	**$ 28,612** [(c)]	$ 26,647 [(d)]	$ 28,874 [(c)]
FPL:				
Special use funds[(a)]	**$ 200**	**$ 200**	$ 170	$ 170
Long-term debt, including current maturities	**$ 8,829**	**$ 9,451** [(c)]	$ 8,782	$ 10,421 [(c)]

(a) Primarily represents investments accounted for under the equity method and loans not measured at fair value on a recurring basis.
(b) Primarily classified as held to maturity. Fair values are primarily estimated using a discounted cash flow valuation technique based on certain observable yield curves and indices considering the credit profile of the borrower (Level 3). Notes receivable bear interest primarily at fixed rates and mature by 2029. Notes receivable are considered impaired and placed in non-accrual status when it becomes probable that all amounts due cannot be collected in accordance with the contractual terms of the agreement. The assessment to place notes receivable in non-accrual status considers various credit indicators, such as credit ratings and market-related information. As of December 31, 2013 and 2012, NEE had no notes receivable reported in non-accrual status.
(c) As of December 31, 2013 and 2012, for NEE, $17,921 million and $18,962 million, respectively, is estimated using quoted market prices for the same or similar issues (Level 2); the balance is estimated using a discounted cash flow valuation technique, considering the current credit spread of the debtor (Level 3). For FPL, estimated using quoted market prices for the same or similar issues (Level 2).
(d) Also includes long-term debt reflected in liabilities associated with assets held for sale on the consolidated balance sheets, for which the carrying amount approximates fair value. See Note 6.

Special Use Funds - The special use funds noted above and those carried at fair value (see Recurring Fair Value Measurements) consist of FPL's storm fund assets of $74 million and NEE's and FPL's nuclear decommissioning fund assets of $4,706 million and $3,199 million, respectively, at December 31, 2013. The investments held in the special use funds consist of equity and debt securities which are primarily classified as available for sale and carried at estimated fair value. The amortized cost of debt and equity securities is $1,954 million and $1,384 million, respectively, at December 31, 2013 and $1,679 million and $1,500 million, respectively, at December 31, 2012 ($1,595 million and $694 million, respectively, at December 31, 2013 and $1,339 million and $839 million, respectively, at December 31, 2012 for FPL). For FPL's special use funds, consistent with regulatory treatment, changes in fair value, including any other than temporary impairment losses, result in a corresponding adjustment to the related regulatory liability accounts. For NEE's non-rate regulated operations, changes in fair value result in a corresponding adjustment to OCI, except for unrealized losses associated with marketable securities considered to be other than temporary, including any credit losses, which are recognized as other than temporary impairment losses on securities held in nuclear decommissioning funds in NEE's consolidated statements of income. Debt securities included in the nuclear decommissioning funds have a weighted-average maturity at December 31, 2013 of approximately six years at both NEE and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at December 31, 2013 of approximately three years. The cost of securities sold is determined using the specific identification method.

Realized gains and losses and proceeds from the sale or maturity of available for sale securities are as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2013	2012	2011	**2013**	2012	2011
	(millions)					
Realized gains	**$ 246**	$ 252	$ 183	**$ 182**	$ 98	$ 74
Realized losses	**$ 88**	$ 67	$ 88	**$ 59**	$ 46	$ 62
Proceeds from sale or maturity of securities	**$ 4,190**	$ 5,028	$ 4,348	**$ 3,342**	$ 3,790	$ 2,988

The unrealized gains on available for sale securities are as follows:

	NEE		FPL	
	December 31,		December 31,	
	2013	2012	**2013**	2012
	(millions)			
Equity securities	**$ 1,125**	$ 680	**$ 777**	$ 521
Debt securities	**$ 42**	$ 92	**$ 36**	$ 77

The unrealized losses on available for sale debt securities and the fair value of available for sale debt securities in an unrealized loss position are as follows:

	NEE		FPL	
	December 31,		December 31,	
	2013	2012	**2013**	2012
	(millions)			
Unrealized losses[(a)]	**$ 32**	$ 3	**$ 25**	$ 2
Fair value	**$ 1,069**	$ 277	**$ 844**	$ 223

(a) Unrealized losses on available for sale debt securities for securities in an unrealized loss position for greater than twelve months at December 31, 2013 and 2012 were not material to NEE or FPL.

Regulations issued by the FERC and the NRC provide general risk management guidelines to protect nuclear decommissioning funds and to allow such funds to earn a reasonable return. The FERC regulations prohibit, among other investments, investments in any securities of NEE or its subsidiaries, affiliates or associates, excluding investments tied to market indices or mutual funds. Similar restrictions applicable to the decommissioning funds for NEER's nuclear plants are included in the NRC operating licenses for those facilities or in NRC regulations applicable to NRC licensees not in cost-of-service environments. With respect to the decommissioning fund for Seabrook, decommissioning fund contributions and withdrawals are also regulated by the NDFC pursuant to New Hampshire law.

The nuclear decommissioning reserve funds are managed by investment managers who must comply with the guidelines of NEE and FPL and the rules of the applicable regulatory authorities. The funds' assets are invested giving consideration to taxes, liquidity, risk, diversification and other prudent investment objectives.

5. Income Taxes

The components of income taxes are as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2013	2012	2011	**2013**	2012	2011
	(millions)					
Federal:						
Current[(a)]	**$ (145)**	$ (4)	$ (35)	**$ 174**	$ (261)	$ (64)
Deferred	**874**	636	572	**540**	906	622
Total federal	**729**	632	537	**714**	645	558
State:						
Current[(a)]	**69**	14	11	**44**	26	43
Deferred	**3**	46	(19)	**77**	81	53
Total state	**72**	60	(8)	**121**	107	96
Total income taxes	**$ 801**	$ 692	$ 529	**$ 835**	$ 752	$ 654

(a) Includes provision for unrecognized tax benefits.

A reconciliation between the effective income tax rates and the applicable statutory rate is as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2013	2012	2011	**2013**	2012	2011
Statutory federal income tax rate	**35.0%**	35.0%	35.0%	**35.0%**	35.0%	35.0%
Increases (reductions) resulting from:						
State income taxes - net of federal income tax benefit	**1.9**	1.5	(0.2)	**3.6**	3.5	3.6
PTCs and ITCs - NEER	**(8.3)**	(7.8)	(11.1)	**—**	—	—
Convertible ITCs - NEER	**(2.4)**	(1.5)	(0.1)	**—**	—	—
Valuation allowance associated with Spain solar projects[(a)]	**5.1**	—	—	**—**	—	—
Other - net	**0.5**	(0.6)	(2.0)	**(0.4)**	(0.7)	(0.6)
Effective income tax rate	**31.8%**	26.6%	21.6%	**38.2%**	37.8%	38.0%

(a) Reflects a full valuation allowance on deferred tax assets associated with the Spain solar projects. See Note 4 - Nonrecurring Fair Value Measurements.

The income tax effects of temporary differences giving rise to consolidated deferred income tax liabilities and assets are as follows:

	NEE		FPL	
	December 31,		December 31,	
	2013	2012	**2013**	2012
	(millions)			
Deferred tax liabilities:				
Property-related	**$ 11,247**	$ 10,206	**$ 6,948**	$ 6,193
Pension	**567**	403	**441**	438
Storm reserve deficiency	**180**	212	**180**	212
Nuclear decommissioning trusts	**188**	115	**—**	—
Net unrealized gains on derivatives	**260**	245	**—**	—
Other	**686**	563	**219**	162
Total deferred tax liabilities	**13,128**	11,744	**7,788**	7,005
Deferred tax assets and valuation allowance:				
Decommissioning reserves	**431**	418	**361**	348
Postretirement benefits	**145**	162	**107**	114
Net operating loss carryforwards	**1,343**	1,216	**96**	6
Tax credit carryforwards	**2,522**	2,312	**—**	—
ARO and accrued asset removal costs	**795**	832	**670**	723
Other	**959**	790	**297**	197
Valuation allowance[(a)]	**(325)**	(192)	**—**	—
Net deferred tax assets	**5,870**	5,538	**1,531**	1,388
Net accumulated deferred income taxes	**$ 7,258**	$ 6,206	**$ 6,257**	$ 5,617

(a) Amount relates to a valuation allowance related to the Spain solar projects, deferred state tax credits and state operating loss carryforwards.

Deferred tax assets and liabilities are included on the consolidated balance sheets as follows:

	NEE		FPL	
	December 31,		December 31,	
	2013	2012	**2013**	2012
	(millions)			
Deferred income taxes - current assets	**$ 753**	$ 397 [(a)]	**$ 98** [(b)]	$ —
Noncurrent other assets	**139**	113	**—**	—
Other current liabilities	**(6)**	(13)	**—**	(33)
Deferred income taxes - noncurrent liabilities	**(8,144)**	(6,703)	**(6,355)**	(5,584)
Net accumulated deferred income taxes	**$ (7,258)**	$ (6,206)	**$ (6,257)**	$ (5,617)

(a) NEE reclassified approximately $430 million of federal operating loss carryforwards from current deferred income taxes to noncurrent deferred income taxes in the first quarter of 2013 as a result of increased tax depreciation deductions available under the American Taxpayer Relief Act of 2012, which was enacted in January 2013.
(b) Included in other current assets on FPL's consolidated balance sheets.

The components of NEE's deferred tax assets relating to net operating loss carryforwards and tax credit carryforwards at December 31, 2013 are as follows:

	Amount	Expiration Dates
	(millions)	
Net operating loss carryforwards:		
Federal	$ 1,066	2026-2032
State	161	2014-2033
Foreign	116	2017-2033
Net operating loss carryforwards	$ 1,343	
Tax credit carryforwards:		
Federal	$ 2,218	2022-2033
State	304	2014-2034
Tax credit carryforwards	$ 2,522	

6. Discontinued Operations

In 2013, a subsidiary of NEER completed the sale of its ownership interest in a portfolio of hydropower generation plants and related assets with a total generating capacity of 351 MW located in Maine and New Hampshire. The sales price primarily included the assumption by the buyer of $700 million in related debt. In connection with the sale, a gain of approximately $372 million ($231 million after-tax) is reflected in net gain from discontinued operations, net of income taxes in NEE's consolidated statements of income for the year ended December 31, 2013. The carrying amounts of the major classes of assets and liabilities related to the plants that were classified as held for sale on NEE's consolidated balance sheet at December 31, 2012 primarily represent property, plant and equipment and the related long-term debt. The operations of the hydropower generation plants, exclusive of the gain, were not material to NEE's consolidated statements of income for the years ended December 31, 2013, 2012 and 2011.

In 2013, NEER initiated a plan and received internal authorization to pursue the sale of its ownership interests in oil-fired generating plants located in Maine (Maine fossil) with a total generating capacity of 796 MW. In connection with the decision to sell Maine fossil, a loss of approximately $67 million ($43 million after-tax) is reflected in net gain from discontinued operations, net of income taxes in NEE's consolidated statements of income for the year ended December 31, 2013. The fair value measurement (Level 3) was based on the estimated sales price less the estimated costs to sell. The estimated sales price was estimated using an income approach based primarily on capacity revenue forecasts. The carrying amount of the assets and liabilities and the operations, exclusive of the loss, of Maine fossil were not material to NEE's consolidated financial statements as of December 31, 2013 or for the years ended December 31, 2013, 2012 and 2011.

7. Jointly-Owned Electric Plants

Certain NEE subsidiaries own undivided interests in the jointly-owned facilities described below, and are entitled to a proportionate share of the output from those facilities. The subsidiaries are responsible for their share of the operating costs, as well as providing their own financing. Accordingly, each subsidiary includes its proportionate share of the facilities and related revenues and expenses in the appropriate balance sheet and statement of income captions. NEE's and FPL's respective shares of direct expenses for these facilities are included in fuel, purchased power and interchange, O&M, depreciation and amortization and taxes other than income taxes and other in NEE's and FPL's consolidated statements of income.

NEE's and FPL's proportionate ownership interest in jointly-owned facilities is as follows:

	December 31, 2013			
	Ownership Interest	Gross Investment[a]	Accumulated Depreciation[a]	Construction Work in Progress
			(millions)	
FPL:				
St. Lucie Unit No. 2	85%	$ 1,813	$ 606	$ 14
St. Johns River Power Park units and coal terminal	20%	$ 387	$ 195	$ 14
Scherer Unit No. 4	76%	$ 1,093	$ 329	$ —
NEER:				
Duane Arnold	70%	$ 386	$ 104	$ 41
Seabrook	88.23%	$ 965	$ 188	$ 85
Wyman Station Unit No. 4	84.35%	$ 109	$ 44	$ —
Corporate and Other:				
Transmission substation assets located in Seabrook, New Hampshire	88.23%	$ 70	$ 15	$ 2

(a) Excludes nuclear fuel.

8. Variable Interest Entities

As of December 31, 2013, NEE has fourteen VIEs which it consolidates and has interests in certain other VIEs which it does not consolidate.

FPL - FPL is considered the primary beneficiary of, and therefore consolidates, a VIE that is a wholly-owned bankruptcy remote special purpose subsidiary that it formed in 2007 for the sole purpose of issuing storm-recovery bonds pursuant to the securitization provisions of the Florida Statutes and a financing order of the FPSC. FPL is considered the primary beneficiary because FPL has the power to direct the significant activities of the VIE, and its equity investment, which is subordinate to the bondholder's interest in the VIE, is at risk. Storm restoration costs incurred by FPL during 2005 and 2004 exceeded the amount in FPL's funded storm and property insurance reserve, resulting in a storm reserve deficiency. In 2007, the VIE issued $652 million aggregate principal amount of senior secured bonds (storm-recovery bonds), primarily for the after-tax equivalent of the total of FPL's unrecovered balance of the 2004 storm restoration costs, the 2005 storm restoration costs and to reestablish FPL's storm and property insurance reserve. In connection with this financing, net proceeds, after debt issuance costs, to the VIE (approximately $644 million) were used to acquire the storm-recovery property, which includes the right to impose, collect and receive a storm-recovery charge from all customers receiving electric transmission or distribution service from FPL under rate schedules approved by the FPSC or under special contracts, certain other rights and interests that arise under the financing order issued by the FPSC and certain other collateral pledged by the VIE that issued the bonds. The storm-recovery bonds are payable only from and are secured by the storm-recovery property. The bondholders have no recourse to the general credit of FPL. The assets of the VIE were approximately $324 million and $366 million at December 31, 2013 and 2012, respectively, and consisted primarily of storm-recovery property, which are included in securitized storm-recovery costs on NEE's and FPL's consolidated balance sheets. The liabilities of the VIE were approximately $394 million and $447 million at December 31, 2013 and 2012, respectively, and consisted primarily of storm-recovery bonds, which are included in long-term debt on NEE's and FPL's consolidated balance sheets.

FPL identified a potential VIE, which is considered a qualifying facility as defined by the Public Utility Regulatory Policies Act of 1978, as amended (PURPA). PURPA requires utilities, such as FPL, to purchase the electricity output of a qualifying facility. FPL entered into a purchased power agreement effective in 1994 with this 250 MW coal-fired qualifying facility to purchase substantially all of the facility's capacity and electrical output over a substantial portion of its estimated useful life. FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the price it pays per MWh (energy payment). After making exhaustive efforts, FPL was unable to obtain the information from the facility necessary to determine whether the facility is a VIE or whether FPL is the primary beneficiary of the facility. The purchased power agreement with the facility contains no provision which legally obligates the facility to release this information to FPL. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility are recovered through the fuel clause as approved by the FPSC. Notwithstanding the fact that FPL's energy payments are recovered through the fuel clause, if the facility was determined to be a VIE, the absorption of some of the facility's fuel price variability might cause FPL to be considered the primary beneficiary. During the years ended December 31, 2013, 2012 and 2011, FPL purchased 784,155 MWh, 680,500 MWh and 1,188,649 MWh, respectively, from the facility at a total cost of approximately $152 million, $174 million and $189 million, respectively.

Additionally, FPL entered into a purchased power agreement effective in 1995 with a 330 MW coal-fired qualifying facility to purchase substantially all of the facility's electrical output over a substantial portion of its estimated useful life. The facility is considered a VIE because FPL absorbs a portion of the facility's variability related to changes in the market price of coal through the energy payment. Since FPL does not control the most significant activities of the facility, including operations and maintenance, FPL is not the primary beneficiary and does not consolidate this VIE. The energy payments paid by FPL will fluctuate as coal prices change. This fluctuation does not expose FPL to losses since the energy payments paid by FPL to the facility are recovered through the fuel clause as approved by the FPSC.

NEER - NEE consolidates thirteen NEER VIEs. NEER is considered the primary beneficiary of these VIEs since NEER controls the most significant activities of these VIEs, including operations and maintenance, and through its 100% equity ownership has the obligation to absorb expected losses of these VIEs.

A NEER VIE consolidates two entities which own and operate natural gas/oil electric generating facilities with the capability of producing 110 MW. This VIE sells its electric output under power sales contracts to a third party, with expiration dates in 2018 and 2020. The power sales contracts provide the offtaker the ability to dispatch the facilities and require the offtaker to absorb the cost of fuel. This VIE uses third party debt and equity to finance its operations. The debt is secured by liens against the generating facilities and the other assets of these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of the VIE were approximately $85 million and $63 million, respectively, at December 31, 2013 and $90 million and $70 million, respectively, at December 31, 2012, and consisted primarily of property, plant and equipment and long-term debt.

The other twelve NEER VIEs consolidate several entities which own and operate wind electric generating facilities with the capability of producing a total of 3,541 MW. Ten of these VIEs sell their electric output under power sales contracts to third parties with expiration dates ranging from 2018 through 2038; the other two VIEs sell their electric output in the spot market. The VIEs use third-party debt and/or equity to finance their operations. Certain investors that hold no equity interest in the VIEs hold differential membership interests, which give them the right to receive a portion of the economic attributes of the generating facilities, including certain tax attributes. The debt is secured by liens against the generating facilities and the other assets of these entities or by pledges of NEER's ownership interest in these entities. The debt holders have no recourse to the general credit of NEER for the repayment of debt. The assets and liabilities of these VIEs totaled approximately $5.3 billion and $3.3 billion, respectively, at December 31, 2013. Nine of the twelve were VIEs at December 31, 2012 and were consolidated; the assets and liabilities of those VIEs totaled approximately $4.6 billion and $3.2 billion, respectively, at December 31, 2012. At December 31, 2013 and 2012, the assets and liabilities of the VIEs consisted primarily of property, plant and equipment, deferral related to differential membership interests and long-term debt.

Other - As of December 31, 2013 and 2012, several NEE subsidiaries have investments totaling approximately $668 million ($505 million at FPL) and $753 million ($583 million at FPL), respectively, in certain special purpose entities, which consisted primarily of investments in mortgage-backed securities. These investments are included in special use funds and other investments on NEE's consolidated balance sheets and in special use funds on FPL's consolidated balance sheets. As of December 31, 2013, NEE subsidiaries are not the primary beneficiary and therefore do not consolidate any of these entities because they do not control any of the ongoing activities of these entities, were not involved in the initial design of these entities and do not have a controlling financial interest in these entities.

9. Investments in Partnerships and Joint Ventures

NEER - NEER has non-controlling non-majority owned interests in various partnerships and joint ventures, essentially all of which own electric generating facilities. At December 31, 2013 and 2012, NEER's investments in partnerships and joint ventures totaled approximately $365 million and $243 million, respectively, which is included in other investments on NEE's consolidated balance sheets. NEER's interest in these partnerships and joint ventures range from approximately 20% to 50%. At December 31, 2013, the principal entities included in NEER's investments in partnerships and joint ventures were Desert Sunlight Investment Holdings, LLC and Northeast Energy, LP, and in 2012 also included Evacuacion Valdecaballeros, SL, Luz Solar Partners Ltd., V and Luz Solar Partners Ltd., III.

Summarized combined information for these principal entities is as follows:

	2013	2012
	(millions)	
Net income	**$ 37**	$ 27
Total assets	**$ 1,955**	$ 1,512
Total liabilities	**$ 1,299**	$ 1,053
Partners'/members' equity	**$ 656**	$ 459
NEER's share of underlying equity in the principal entities	**$ 328**	$ 223
Difference between investment carrying amount and underlying equity in net assets[(a)]	**(5)**	1
NEER's investment carrying amount for the principal entities	**$ 323**	$ 224

(a) The majority of the difference between the investment carrying amount and the underlying equity in net assets is being amortized over the remaining life of the investee's assets.

Certain subsidiaries of NEER provide services to the partnerships and joint ventures, including operations and maintenance and business management services. NEE's operating revenues for the years ended December 31, 2013, 2012 and 2011 include approximately $41 million, $33 million and $26 million, respectively, related to such services. The net receivables at December 31, 2013 and 2012, for these services, as well as for affiliate energy commodity transactions, payroll and other payments made on behalf of these investees, were approximately $23 million and $11 million, respectively, and are included in other receivables on NEE's consolidated balance sheets.

NEE - In 2004, a trust created by NEE sold $300 million of 5 7/8% preferred trust securities to the public and $9 million of common trust securities to NEE. The trust is an unconsolidated 100%-owned finance subsidiary. The proceeds from the sale of the preferred and common trust securities were used to buy 5 7/8% junior subordinated debentures maturing in March 2044 from NEECH. NEE has fully and unconditionally guaranteed the preferred trust securities and the junior subordinated debentures.

10. Common Shareholders' Equity

Earnings Per Share - The reconciliation of NEE's basic and diluted earnings per share of common stock from continuing operations is as follows:

	Years Ended December 31,		
	2013	2012	2011
	(millions, except per share amounts)		
Numerator - income from continuing operations	**$ 1,720**	$ 1,911	$ 1,923
Denominator:			
Weighted-average number of common shares outstanding - basic	**424.2**	416.7	416.6
Performance share awards, options, equity units and restricted stock[(a)]	**2.8**	2.5	2.4
Weighted-average number of common shares outstanding - assuming dilution	**427.0**	419.2	419.0
Earnings per share of common stock from continuing operations:			
Basic	**$ 4.06**	$ 4.59	$ 4.62
Assuming dilution	**$ 4.03**	$ 4.56	$ 4.59

(a) Performance share awards are included in diluted weighted-average number of common shares outstanding based upon what would be issued if the end of the reporting period was the end of the term of the award. Options, performance share awards, restricted stock and equity units are included in diluted weighted-average number of common shares outstanding by applying the treasury stock method.

Common shares issuable pursuant to equity units, the forward sale agreement described below, stock options and performance share awards and restricted stock which were not included in the denominator above due to their antidilutive effect were approximately 7.1 million, 11.4 million and 14.6 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Issuance of Common Stock and Forward Sale Agreement - In November 2013, NEE sold 4.5 million shares of its common stock at a price of $88.03 per share, and a forward counterparty borrowed and sold 6.6 million shares of NEE's common stock (borrowed shares) in connection with the forward sale agreement described below.

In connection with the offering and sale of the borrowed shares, NEE entered into a confirmation of forward sale transaction (forward sale agreement) with a forward counterparty for the borrowed shares, to be settled on a date or dates, to be specified at NEE's

direction, no later than December 31, 2014. NEE may elect physical settlement, cash settlement or net share settlement for all or a portion of its rights or obligations under the forward sale agreement. If NEE physically settles, it will deliver the shares in exchange for cash proceeds at the then applicable forward sale price, which represents the initial forward sale price of $88.03 per share less certain adjustments as specified in the forward sale agreement. The forward sale transaction is classified as an equity transaction because it is indexed to NEE's common stock and physical settlement is within NEE's control. With respect to the borrowed shares, NEE will not receive any proceeds or issue any shares until the settlement of the forward sale agreement. At December 31, 2013, if NEE had settled the forward sale agreement by delivery of the 6.6 million shares of its common stock to the forward counterparty, NEE would have received net proceeds of approximately $576 million.

Prior to the settlement date, the forward sale agreement will have a dilutive effect on NEE’s earnings per share when the average market price per share of NEE’s common stock is above the adjusted forward sale price per share. As of December 31, 2013, the adjusted forward sale price per share was greater than the average market price per share; accordingly, the 6.6 million shares were antidilutive.

Common Stock Dividend Restrictions - NEE's charter does not limit the dividends that may be paid on its common stock. FPL's mortgage securing FPL's first mortgage bonds contains provisions which, under certain conditions, restrict the payment of dividends and other distributions to NEE. These restrictions do not currently limit FPL's ability to pay dividends to NEE.

Employee Stock Ownership Plan - The employee retirement savings plans of NEE include a leveraged ESOP feature. Shares of common stock held by the trust for the employee retirement savings plans (Trust) are used to provide all or a portion of the employers' matching contributions. Dividends received on all shares, along with cash contributions from the employers, are used to pay principal and interest on an ESOP loan held by a subsidiary of NEECH. Dividends on shares allocated to employee accounts and used by the Trust for debt service are replaced with shares of common stock, at prevailing market prices, in an equivalent amount. For purposes of computing basic and fully diluted earnings per share, ESOP shares that have been committed to be released are considered outstanding.

ESOP-related compensation expense was approximately $46 million, $44 million and $42 million in 2013, 2012 and 2011, respectively. The related share release was based on the fair value of shares allocated to employee accounts during the period. Interest income on the ESOP loan is eliminated in consolidation. ESOP-related unearned compensation included as a reduction of common shareholders' equity at December 31, 2013 was approximately $26 million, representing unallocated shares at the original issue price. The fair value of the ESOP-related unearned compensation account using the closing price of NEE common stock at December 31, 2013 was approximately $155 million.

Stock-Based Compensation - Net income for the years ended December 31, 2013, 2012 and 2011 includes approximately $67 million, $57 million and $49 million, respectively, of compensation costs and $26 million, $22 million and $19 million, respectively, of income tax benefits related to stock-based compensation arrangements. Compensation cost capitalized for the years ended December 31, 2013, 2012 and 2011 was not material. As of December 31, 2013, there were approximately $59 million of unrecognized compensation costs related to nonvested/nonexercisable stock-based compensation arrangements. These costs are expected to be recognized over a weighted-average period of 1.95 years.

At December 31, 2013, approximately 18 million shares of common stock were authorized for awards to officers, employees and non-employee directors of NEE and its subsidiaries under NEE's: (a) 2011 Long Term Incentive Plan, (b) 2007 Non-Employee Directors Stock Plan and (c) earlier equity compensation plans under which shares are reserved for issuance under existing grants, but no additional shares are available for grant under the earlier plans. NEE satisfies restricted stock and performance share awards by issuing new shares of its common stock or by purchasing shares of its common stock in the open market. NEE satisfies stock option exercises by issuing new shares of its common stock. NEE generally grants most of its stock-based compensation awards in the first quarter of each year.

Restricted Stock and Performance Share Awards - Restricted stock typically vests within three years after the date of grant and is subject to, among other things, restrictions on transferability prior to vesting. The fair value of restricted stock is measured based upon the closing market price of NEE common stock as of the date of grant. Performance share awards are typically payable at the end of a three-year performance period if the specified performance criteria are met. The fair value of performance share awards is estimated primarily based upon the closing market price of NEE common stock as of the date of grant less the present value of expected dividends, multiplied by an estimated performance multiple which is subsequently trued up based on actual performance.

The activity in restricted stock and performance share awards for the year ended December 31, 2013 was as follows:

	Shares	Weighted-Average Grant Date Fair Value Per Share
Restricted Stock:		
Nonvested balance, January 1, 2013	863,625	$ 55.26
Granted	320,555	$ 74.02
Vested	(425,920)	$ 54.75
Forfeited	(44,424)	$ 61.65
Nonvested balance, December 31, 2013	713,836	$ 63.59
Performance Share Awards:		
Nonvested balance, January 1, 2013	1,285,089	$ 46.65
Granted	681,770	$ 58.53
Vested	(691,769)	$ 42.12
Forfeited	(79,173)	$ 54.36
Nonvested balance, December 31, 2013	1,195,917	$ 55.55

The weighted-average grant date fair value per share of restricted stock granted for the years ended December 31, 2012 and 2011 was $60.78 and $54.77 respectively. The weighted-average grant date fair value per share of performance share awards granted for the years ended December 31, 2012 and 2011 was $51.23 and $50.13, respectively.

The total fair value of restricted stock and performance share awards vested was $82 million, $71 million and $53 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Options - Options typically vest within three years after the date of grant and have a maximum term of ten years. The exercise price of each option granted equals the closing market price of NEE common stock on the date of grant. The fair value of the options is estimated on the date of the grant using the Black-Scholes option-pricing model and based on the following assumptions:

	2013	2012	2011
Expected volatility[a]	**20.08 - 20.15%**	21.00%	21.54%
Expected dividends	**3.28 - 3.64%**	3.99%	4.03%
Expected term (years)[b]	**7.0**	6.7	6.0
Risk-free rate	**1.15 - 1.40%**	1.37%	2.80%

(a) Based on historical experience.
(b) Based on historical exercise and post-vesting cancellation experience adjusted for outstanding awards.

Option activity for the year ended December 31, 2013 was as follows:

	Shares Underlying Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Balance, January 1, 2013	3,191,090	$ 50.69		
Granted	393,396	$ 72.63		
Exercised	(363,279)	$ 38.19		
Forfeited	(28,860)	$ 64.46		
Expired	(800)	$ 28.38		
Balance, December 31, 2013	3,191,547	$ 54.70	5.9	$ 99
Exercisable, December 31, 2013	2,453,246	$ 51.78	5.1	$ 83

The weighted-average grant date fair value of options granted was $9.20, $7.69 and $7.78 per share for the years ended December 31, 2013, 2012 and 2011, respectively. The total intrinsic value of stock options exercised was approximately $14 million, $57 million and $29 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Cash received from option exercises was approximately $14 million, $55 million and $31 million for the years ended December 31, 2013, 2012 and 2011, respectively. The tax benefits realized from options exercised were approximately $5 million, $22 million and $11 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Accelerated Share Repurchase (ASR) of NEE Common Stock - In December 2011, NEE purchased approximately 6.7 million shares of its common stock at a price of $55.76 per share for an aggregate price of $375 million pursuant to an ASR agreement. The approximately 6.7 million shares repurchased were retired, which resulted in a decrease in common stock and additional paid-in capital on NEE's consolidated statement of common stockholders' equity. In February 2012, NEE elected to settle the ASR agreement in cash; the settlement amount was not material.

Preferred Stock - NEE's charter authorizes the issuance of 100 million shares of serial preferred stock, $0.01 par value, none of which are outstanding. FPL's charter authorizes the issuance of 10,414,100 shares of preferred stock, $100 par value; 5 million shares of subordinated preferred stock, no par value and 5 million shares of preferred stock, no par value, none of which are outstanding.

Accumulated Other Comprehensive Income (Loss) - The components of AOCI are as follows:

	Accumulated Other Comprehensive Income (Loss)					
	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available for Sale Securities	Defined Benefit Pension and Other Benefits Plans	Net Unrealized Gains (Losses) on Foreign Currency Translation	Other Comprehensive Income (Loss) Related to Equity Method Investee	Total
			(millions)			
Balances, December 31, 2010	$ 24	$ 133	$ (1)	$ 10	$ —	$ 166
Other comprehensive loss	(228)	(30)	(45)	(5)	(12)	(320)
Balances, December 31, 2011	(204)	103	(46)	5	(12)	(154)
Other comprehensive income (loss)	(62)	(7)	(28)	7	(11)	(101)
Balances, December 31, 2012	(266)	96	(74)	12	(23)	(255)
Other comprehensive income (loss) before reclassifications	**84**	**118**	**95**	**(45)**	**7**	**259**
Amounts reclassified from AOCI	**67** [(a)]	**(17)** [(b)]	**2**	**—**	**—**	**52**
Net other comprehensive income (loss)	**151**	**101**	**97**	**(45)**	**7**	**311**
Balances, December 31, 2013	**$ (115)**	**$ 197**	**$ 23**	**$ (33)**	**$ (16)**	**$ 56**

(a) Reclassified to interest expense and other - net in NEE's consolidated statements of income. See Note 3 - Income Statement Impact of Derivative Instruments.
(b) Reclassified to gains on disposal of assets - net in NEE's consolidated statements of income.

11. Debt

Long-term debt consists of the following:

	December 31,	
	2013	2012
	(millions)	
FPL:		
First mortgage bonds - maturing 2017 through 2042 - 2.75% to 6.20%	**$ 7,490**	$ 7,390
Storm-recovery bonds - maturing 2017 through 2021 - 5.0440% to 5.2555%[(a)]	**386**	439
Pollution control, solid waste disposal and industrial development revenue bonds - maturing 2020 through 2029 - variable 0.07% and 0.16% weighted-average interest rates, respectively[(b)(c)]	**633**	633
Other long-term debt maturing 2014 through 2040 - primarily variable, 0.66% and 0.66% weighted-average interest rates, respectively[(c)]	**355**	355
Unamortized discount	**(35)**	(35)
Total long-term debt of FPL	**8,829**	8,782
Less current maturities of long-term debt	**356**	453
Long-term debt of FPL, excluding current maturities	**8,473**	8,329
NEECH:		
Debentures - maturing 2015 through 2023 - 1.2% to 7 7/8%[(d)]	**2,550**	2,800
Debentures, related to NEE's equity units - maturing 2014 through 2018 - 1.339% to 1.90%[(e)]	**2,503**	2,003
Junior subordinated debentures - maturing 2044 through 2073 - 5.00% to 8.75%	**3,353**	3,253
Senior secured bonds - maturing 2030 - 7.500%[(f)]	**500**	500
Japanese yen denominated senior notes - maturing 2030 - 5.1325%[(d)]	**95**	115
Japanese yen denominated term loans - maturing 2014 - variable, 1.45% and 1.56% weighted-average interest rates, respectively[(c)(d)]	**419**	508
Term loans - maturing 2014 through 2018 - primarily variable, 1.27% and 1.30% weighted-average interest rates, respectively[(c)]	**1,815**	1,563
Fair value swaps (see Note 3)	**4**	75
Total long-term debt of NEECH	**11,239**	10,817
Less current maturities of long-term debt	**1,469**	1,575
Long-term debt of NEECH, excluding current maturities	**9,770**	9,242
NEER:		
Senior secured limited-recourse bonds and notes - maturing 2017 through 2038 - 4.125% to 7.59%	**2,523**	2,483
Senior secured limited-recourse term loans - maturing 2015 through 2031 - primarily variable, 3.15% and 2.77% weighted-average interest rates, respectively[(c)(d)]	**3,874**	2,617
Other long-term debt - maturing 2015 through 2030 - primarily variable, 3.45% and 2.83% weighted-average interest rates, respectively[(c)(d)(g)]	**808**	836
Canadian revolving credit facilities - maturing 2014 and 2016 - variable, 2.33% and 2.33% weighted-average interest rates, respectively[(c)]	**472**	413
Unamortized discount	**(10)**	—
Total long-term debt of NEER	**7,667**	6,349
Less current maturities of long-term debt[(g)]	**1,941**	743
Long-term debt of NEER, excluding current maturities	**5,726**	5,606
Total long-term debt	**$ 23,969**	$ 23,177

(a) Principal on the storm-recovery bonds is due on the final maturity date (the date by which the principal must be repaid to prevent a default) for each tranche, however, it is being paid semiannually and sequentially.
(b) Tax exempt bonds that permit individual bond holders to tender the bonds for purchase at any time prior to maturity. In the event bonds are tendered for purchase, they would be remarketed by a designated remarketing agent in accordance with the related indenture. If the remarketing is unsuccessful, FPL would be required to purchase the tax exempt bonds. As of December 31, 2013, all tax exempt bonds tendered for purchase have been successfully remarketed. FPL's bank revolving line of credit facilities are available to support the purchase of tax exempt bonds.
(c) Variable rate is based on an underlying index plus a margin except for in 2013 approximately $1.1 billion of NEER's senior secured limited-recourse term loans is based on the greater of an underlying index or a floor, plus a margin.
(d) Interest rate contracts, primarily swaps, have been entered into for the majority of these debt issuances. See Note 3.
(e) During 2013, the debentures maturing in 2015 and bearing interest at the rate of 1.90% were remarketed and the interest rate was reset to 1.339% per year. See discussion below.
(f) Issued by a wholly-owned subsidiary of NEECH and collateralized by a third-party note receivable held by that subsidiary. See Note 4 - Fair Value of Financial Instruments Recorded at the Carrying Amount.
(g) See Note 13 - Spain Solar Projects for discussion of events of default related to debt associated with the Spain solar projects.

Minimum annual maturities of long-term debt for NEE are approximately $3,766 million, $2,418 million, $1,782 million, $2,064 million and $1,369 million for 2014, 2015, 2016, 2017 and 2018, respectively. The respective amounts for FPL are approximately $356 million, $60 million, $64 million, $367 million and $72 million.

At December 31, 2013 and 2012, short-term borrowings had a weighted-average interest rate of 0.20% (0.11% for FPL) and 0.49% (0.27% for FPL), respectively. Available lines of credit aggregated approximately $7.9 billion ($4.9 billion for NEECH and $3.0 billion for FPL) at December 31, 2013. These facilities provide for the issuance of letters of credit of up to approximately $6.6 billion ($4.1 billion for NEECH and $2.5 billion for FPL). The issuance of letters of credit is subject to the aggregate commitment under the applicable facility. While no direct borrowings were outstanding at December 31, 2013, letters of credit totaling $1,128 million and $3 million were outstanding under the NEECH and FPL credit facilities, respectively.

NEE has guaranteed certain payment obligations of NEECH, including most of those under NEECH's debt, including all of its debentures and commercial paper issuances, as well as most of its guarantees and indemnifications. NEECH has guaranteed certain debt and other obligations of NEER and its subsidiaries.

In May 2012, NEE sold $600 million of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of $50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series E Debenture due June 1, 2017 issued in the principal amount of $1,000 by NEECH (see table above). Each stock purchase contract requires the holder to purchase by no later than June 1, 2015 (the final settlement date) for a price of $50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range of $64.35 to $77.22. If purchased on the final settlement date, as of December 31, 2013, the number of shares issued would (subject to antidilution adjustments) range from 0.7794 shares if the applicable market value of a share of common stock is less than or equal to $64.35, to 0.6495 shares if the applicable market value of a share is equal to or greater than $77.22, with applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending May 27, 2015. Total annual distributions on the equity units will be at the rate of 5.599%, consisting of interest on the debentures (1.70% per year) and payments under the stock purchase contracts (3.899% per year). The interest rate on the debentures is expected to be reset on or after December 1, 2014. The holder of the equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder’s obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

Also, in May 2012, NEECH completed a remarketing of $350 million aggregate principal amount of its Series C Debentures due June 1, 2014 (Debentures). The Debentures were issued in May 2009 as components of equity units issued concurrently by NEE (2009 equity units). The Debentures are fully and unconditionally guaranteed by NEE. In connection with the remarketing of the Debentures, the interest rate on the Debentures was reset to 1.611% per year, and interest is payable on June 1 and December 1 of each year, commencing June 1, 2012. In connection with the settlement of the contracts to purchase NEE common stock that were issued as components of the 2009 equity units, on June 1, 2012, NEE issued 5,400,500 shares of common stock in exchange for $350 million.

In September 2012, NEE sold $650 million of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of $50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series F Debenture due September 1, 2017 issued in the principal amount of $1,000 by NEECH (see table above). Each stock purchase contract requires the holder to purchase by no later than September 1, 2015 (the final settlement date) for a price of $50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range of $67.15 to $80.58. If purchased on the final settlement date, as of December 31, 2013, the number of shares issued would (subject to antidilution adjustments) range from 0.7468 shares if the applicable market value of a share of common stock is less than or equal to $67.15, to 0.6223 shares if the applicable market value of a share is equal to or greater than $80.58, with applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending August 27, 2015. Total annual distributions on the equity units will be at the rate of 5.889%, consisting of interest on the debentures (1.60% per year) and payments under the stock purchase contracts (4.289% per year). The interest rate on the debentures is expected to be reset on or after March 1, 2015. The holder of the equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder’s obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

In August 2013, NEECH completed a remarketing of approximately $402.4 million aggregate principal amount of its Series D Debentures due September 1, 2015, which constitutes a portion of the $402.5 million aggregate principal amount of such debentures (Debentures) that were issued in September 2010 as components of equity units issued concurrently by NEE (2010 equity units). The Debentures are fully and unconditionally guaranteed by NEE. In connection with the remarketing of the Debentures, the interest rate on the Debentures was reset to 1.339% per year, and interest is payable on March 1 and September 1 of each year, commencing September 1, 2013. In connection with the settlement of the contracts to purchase NEE common stock that were issued as components of the 2010 equity units, in August and September 2013, NEE issued a total of 5,946,530 shares of common stock in exchange for $402.5 million.

In September 2013, NEE sold $500 million of equity units (initially consisting of Corporate Units). Each equity unit has a stated amount of $50 and consists of a contract to purchase NEE common stock (stock purchase contract) and, initially, a 5% undivided beneficial ownership interest in a Series G Debenture due September 1, 2018 issued in the principal amount of $1,000 by NEECH (see table above). Each stock purchase contract requires the holder to purchase by no later than September 1, 2016 (the final settlement date) for a price of $50 in cash, a number of shares of NEE common stock (subject to antidilution adjustments) based on a price per share range of $82.70 to $99.24. If purchased on the final settlement date, as of December 31, 2013, the number of shares issued would (subject to antidilution adjustments) range from 0.6046 shares if the applicable market value of a share of common stock is less than or equal to $82.70 to 0.5038 shares if the applicable market value of a share is equal to or greater than $99.24, with applicable market value to be determined using the average closing prices of NEE common stock over a 20-day trading period ending August 29, 2016. Total annual distributions on the equity units will be at the rate of 5.799%, consisting of interest on the debentures (1.45% per year) and payments under the stock purchase contracts (4.349% per year). The interest rate on the debentures is expected to be reset on or after March 1, 2016. The holder of the equity unit may satisfy its purchase obligation with proceeds raised from remarketing the NEECH debentures that are part of its equity unit. The undivided beneficial ownership interest in the NEECH debenture that is a component of each Corporate Unit is pledged to NEE to secure the holder's obligation to purchase NEE common stock under the related stock purchase contract. If a successful remarketing does not occur on or before the third business day prior to the final settlement date, and a holder has not notified NEE of its intention to settle the stock purchase contract with cash, the debentures that are components of the Corporate Units will be used to satisfy in full the holders' obligations to purchase NEE common stock under the related stock purchase contracts on the final settlement date. The debentures are fully and unconditionally guaranteed by NEE.

Prior to the issuance of NEE’s common stock, the stock purchase contracts, if dilutive, will be reflected in NEE’s diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of NEE common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the stock purchase contracts over the number of shares that could be purchased by NEE in the market, at the average market price during the period, using the proceeds receivable upon settlement.

12. Asset Retirement Obligations

FPL's ARO relates primarily to the nuclear decommissioning obligation of its nuclear units. FPL's AROs other than nuclear decommissioning are not significant. The accounting provisions result in timing differences in the recognition of legal asset retirement costs for financial reporting purposes and the method the FPSC allows FPL to recover in rates. NEER's ARO relates primarily to the nuclear decommissioning obligation of its nuclear plants and obligations for the dismantlement of its wind facilities located on leased property. See Note 1 - Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs.

A rollforward of NEE's and FPL's ARO is as follows:

	FPL	NEER	NEE
		(millions)	
Balances, December 31, 2011	$ 1,144	$ 467	$ 1,611
Liabilities incurred	9	11	20
Accretion expense	62	32	94
Liabilities settled	(8)	—	(8)
Revision in estimated cash flows - net	(1)	(1)	(2)
Balances, December 31, 2012	1,206	509	1,715
Liabilities incurred	**1**	**24**	**25**
Accretion expense	**64**	**35**	**99**
Liabilities settled	**(1)**	**(2)**	**(3)**
Revision in estimated cash flows - net	**15**	**(1)**	**14**
Balances, December 31, 2013	**$ 1,285**	**$ 565**	**$ 1,850**

Restricted funds for the payment of future expenditures to decommission NEE's and FPL's nuclear units included in special use funds on NEE's and FPL's consolidated balance sheets are as follows (see Note 4):

	FPL	NEER	NEE
		(millions)	
Balances, December 31, 2013	**$ 3,199**	**$ 1,507**	**$ 4,706**
Balances, December 31, 2012	$ 2,845	$ 1,272	$ 4,117

NEE and FPL have identified but not recognized ARO liabilities related to electric transmission and distribution and telecommunications assets resulting from easements over property not owned by NEE or FPL. These easements are generally perpetual and only require retirement action upon abandonment or cessation of use of the property or facility for its specified purpose. The ARO liability is not estimable for such easements as NEE and FPL intend to use these properties indefinitely. In the event NEE and FPL decide to abandon or cease the use of a particular easement, an ARO liability would be recorded at that time.

13. Commitments and Contingencies

Commitments - NEE and its subsidiaries have made commitments in connection with a portion of their projected capital expenditures. Capital expenditures at FPL include, among other things, the cost for construction or acquisition of additional facilities and equipment to meet customer demand, as well as capital improvements to and maintenance of existing facilities and the procurement of nuclear fuel. At NEER, capital expenditures include, among other things, the cost, including capitalized interest, for construction and development of wind and solar projects and the procurement of nuclear fuel. Capital expenditures for Corporate and Other primarily include the cost for construction of a natural gas pipeline system for new natural gas transportation infrastructure in Florida, as well as the cost to meet customer-specific requirements and maintain the fiber-optic network for the fiber-optic telecommunications business (FPL FiberNet) and the cost to maintain existing transmission facilities at NextEra Energy Transmission, LLC (NEET).

At December 31, 2013, estimated capital expenditures for 2014 through 2018 were as follows:

	2014	2015	2016	2017	2018	Total
			(millions)			
FPL:						
Generation:[a]						
New[b][c]	$ 730	$ 255	$ 80	$ —	$ —	$ 1,065
Existing	805	680	610	580	545	3,220
Transmission and distribution	1,370	1,200	1,125	955	1,020	5,670
Nuclear fuel	140	210	220	225	180	975
General and other	175	155	120	165	160	775
Total[d]	$ 3,220	$ 2,500	$ 2,155	$ 1,925	$ 1,905	$ 11,705
NEER:						
Wind[e]	$ 1,660	$ 75	$ 5	$ 5	$ 15	$ 1,760
Solar[f]	570	740	530	—	—	1,840
Nuclear[g]	310	285	300	255	270	1,420
Other[h]	535	25	75	40	75	750
Total	$ 3,075	$ 1,125	$ 910	$ 300	$ 360	$ 5,770
Corporate and Other[i]	$ 170	$ 415	$ 735	$ 345	$ 95	$ 1,760

(a) Includes AFUDC of approximately $45 million, $53 million and $28 million for 2014 through 2016, respectively.
(b) Includes land, generating structures, transmission interconnection and integration and licensing.
(c) Consists of projects that have received FPSC approval. Excludes capital expenditures for the construction costs for the two additional nuclear units at FPL's Turkey Point site beyond what is required to receive an NRC license for each unit.
(d) FPL has identified $1.5 billion to $2.5 billion in potential incremental capital expenditures through 2016 in addition to what is included in the table above.
(e) Consists of capital expenditures for new wind projects and related transmission totaling approximately 1,390 MW, including approximately 465 MW in Canada, that have received applicable internal approvals. NEER expects to add new U.S. wind generation of 2,000 MW to 2,500 MW in 2013 through 2015, including 250 MW added in 2013, at a total cost of approximately $3.5 billion to $4.5 billion.
(f) Consists of capital expenditures for new solar projects and related transmission totaling approximately 765 MW that have received applicable internal approvals, including equity contributions associated with a 50% equity investment in a 550 MW solar project. Includes approximately $1 billion of total estimated costs associated with the pending acquisition of the development rights for a 250 MW solar project that is expected to close in early 2014, subject to certain conditions precedent, and construction, which is expected to be completed in 2016. Excludes solar projects requiring internal approvals with generation totaling 40 MW with an estimated cost of approximately $100 million.
(g) Includes nuclear fuel.
(h) Consists of capital expenditures that have received applicable internal approvals.
(i) Includes capital expenditures totaling approximately $1.4 billion for 2014 through 2018 for construction of a natural gas pipeline system that has received applicable internal approvals, including approximately $880 million of equity contributions associated with a 33% equity investment in the northern portion of the natural gas pipeline system and $520 million for the southern portion, which includes AFUDC of approximately $2 million, $8 million, $20 million and $11 million for 2014 through 2017, respectively. The natural gas pipeline system is subject to certain conditions, including FERC approval. A FERC decision is expected in 2015. See Contracts below.

The above estimates are subject to continuing review and adjustment and actual capital expenditures may vary significantly from these estimates.

Contracts - In addition to the commitments made in connection with the estimated capital expenditures included in the table in Commitments above, FPL has commitments under long-term purchased power and fuel contracts. As of December 31, 2013, FPL is obligated under take-or-pay purchased power contracts with JEA and with subsidiaries of The Southern Company (Southern subsidiaries) to pay for approximately 1,330 MW annually through 2015 and 375 MW annually thereafter through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 705 MW from certain cogenerators and small power producers (qualifying facilities) with expiration dates ranging from 2024 through 2034. The purchased power contracts provide for capacity and energy payments. Energy payments are based on the actual power taken under these contracts. Capacity payments for the pay-for-performance contracts are subject to the qualifying facilities meeting certain contract conditions. FPL has contracts with expiration dates through 2036 for the purchase and transportation of natural gas and coal, and storage of natural gas. In addition, FPL has entered into 25-year natural gas transportation agreements with each of Sabal Trail Transmission, LLC (Sabal Trail, an entity in which a NEECH subsidiary has a 33% ownership interest), and Florida Southeast Connection, LLC (Florida Southeast Connection, a wholly-owned NEECH subsidiary) for a quantity of 400,000 MMBtu/day beginning on May 1, 2017 and increasing to 600,000 MMBtu/day on May 1, 2020. These agreements contain firm commitments that are contingent upon the occurrence of certain events, including FERC approval and completion of construction of the pipeline to be built by each of Sabal Trail and Florida Southeast Connection. See Commitments above.

As of December 31, 2013, NEER has entered into contracts with expiration dates ranging from April 2014 through 2030 primarily for the purchase of wind turbines and towers and construction and development activities, as well as for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel. Approximately $1.6 billion of commitments under such contracts are included in the estimated capital expenditures table in Commitments above. In addition, NEER has contracts primarily for the purchase, transportation and storage of natural gas and firm transmission service with expiration dates ranging from March 2014 through 2033.

Included in Corporate and Other in the table below is the remaining commitment by a NEECH subsidiary of over $900 million to invest in Sabal Trail for the construction of the northern portion of the natural gas pipeline system. Amounts committed for 2014 through 2018 are also included in the estimated capital expenditures table in Commitments above.

The required capacity and/or minimum payments under the contracts discussed above as of December 31, 2013 were estimated as follows:

	2014	2015	2016	2017	2018	Thereafter
			(millions)			
FPL:						
Capacity charges:[a]						
Qualifying facilities	$ 285	$ 290	$ 250	$ 255	$ 260	$ 1,965
JEA and Southern subsidiaries	$ 215	$ 195	$ 70	$ 50	$ 10	$ —
Minimum charges, at projected prices:						
Natural gas, including transportation and storage[b]	$ 1,520	$ 605	$ 550	$ 745	$ 825	$ 14,510
Coal[b]	$ 65	$ 40	$ 20	$ —	$ —	$ —
NEER	$ 1,220	$ 145	$ 170	$ 100	$ 105	$ 490
Corporate and Other[c][d]	$ 90	$ 220	$ 460	$ 180	$ 20	$ 55

(a) Capacity charges under these contracts, substantially all of which are recoverable through the capacity clause, totaled approximately $487 million, $523 million and $511 million for the years ended December 31, 2013, 2012 and 2011, respectively. Energy charges under these contracts, which are recoverable through the fuel clause, totaled approximately $263 million, $276 million and $403 million for the years ended December 31, 2013, 2012 and 2011, respectively.
(b) Recoverable through the fuel clause. Includes approximately $198 million, $294 million and $8,528 million in 2017, 2018 and thereafter, respectively, of firm commitments, subject to certain conditions as noted above, related to the natural gas transportation agreements with Sabal Trail and Florida Southeast Connection.
(c) Includes an approximately $52 million commitment to invest in clean power and technology businesses through 2021.
(d) Excludes approximately $68 million, in 2014, of joint obligations of NEECH and NEER which are included in NEER amounts above.

Insurance - Liability for accidents at nuclear power plants is governed by the Price-Anderson Act, which limits the liability of nuclear reactor owners to the amount of insurance available from both private sources and an industry retrospective payment plan. In accordance with this Act, NEE maintains $375 million of private liability insurance per site, which is the maximum obtainable, and participates in a secondary financial protection system, which provides up to $13.2 billion of liability insurance coverage per incident at any nuclear reactor in the United States. Under the secondary financial protection system, NEE is subject to retrospective assessments of up to $1.0 billion ($509 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the United States, payable at a rate not to exceed $152 million ($76 million for FPL) per incident per year. NEE and FPL are contractually

entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates $15 million, $38 million and $19 million, plus any applicable taxes, per incident, respectively.

NEE participates in a nuclear insurance mutual company that provides $2.75 billion of limited insurance coverage per occurrence per site for property damage, decontamination and premature decommissioning risks at its nuclear plants and a sublimit of $1.5 billion for non-nuclear perils. The proceeds from such insurance, however, must first be used for reactor stabilization and site decontamination before they can be used for plant repair. NEE also participates in an insurance program that provides limited coverage for replacement power costs if a nuclear plant is out of service for an extended period of time because of an accident. In the event of an accident at one of NEE's or another participating insured's nuclear plants, NEE could be assessed up to $198 million ($118 million for FPL), plus any applicable taxes, in retrospective premiums in a policy year. NEE and FPL are contractually entitled to recover a proportionate share of such assessments from the owners of minority interests in Seabrook, Duane Arnold and St. Lucie Unit No. 2, which approximates $3 million, $5 million and $4 million, plus any applicable taxes, respectively.

Due to the high cost and limited coverage available from third-party insurers, NEE does not have property insurance coverage for a substantial portion of its transmission and distribution property and has no property insurance coverage for FPL FiberNet's fiber-optic cable. Should FPL's future storm restoration costs exceed the reserve amount established through the issuance of storm-recovery bonds by a VIE in 2007, FPL may recover storm restoration costs, subject to prudence review by the FPSC, either through surcharges approved by the FPSC or through securitization provisions pursuant to Florida law.

In the event of a loss, the amount of insurance available might not be adequate to cover property damage and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered from customers in the case of FPL or Lone Star Transmission, LLC (Lone Star), would be borne by NEE and/or FPL and/or Lone Star, as the case may be, and could have a material adverse effect on NEE's and FPL's financial condition, results of operations and liquidity.

Spain Solar Projects - On March 28, 2013 and May 3, 2013, events of default occurred under the project-level financing agreements for the Spain solar projects (project-level financing) as a result of changes of law that occurred in December 2012 and February 2013. These changes of law negatively affected the projected economics of the projects and have caused the project-level financing to be unsupportable by expected future project cash flows. Under the project-level financing, events of default provide for, among other things, a right by the lenders (which they did not exercise for the project-level financing) to accelerate the payment of the project-level debt. Accordingly, in 2013, the project-level debt and the associated derivative liabilities related to interest rate swaps were classified as current maturities of long-term debt and current derivative liabilities, respectively, with balances of $799 million and $93 million, respectively, on NEE's consolidated balance sheets as of December 31, 2013. In July 2013, the Spanish government published a new law that created a new economic framework for the Spanish renewable energy sector. Additional regulatory pronouncements from the Spanish government are needed to complete and implement the framework. In February 2014, a draft of the regulatory pronouncements was made public and is subject to public comment through February 25, 2014. It is uncertain when the final regulatory pronouncements will be issued. At this time, NEE is unable to assess the framework's ultimate impact on the Spain solar projects which could include further impairment of the Spain solar projects and/or a partial refund of tariff revenues collected since July 2013.

In connection with the foregoing, on March 20, 2013, NEECH filed a lawsuit in the U.S. District Court for the Southern District of New York against the lenders requesting that the court confirm NEECH's conclusion that its obligations to the lenders under the project-level financing agreements were limited, as a result of changes of law, to guaranteeing the payment of the remaining unfunded portion of a specified base equity commitment under the project-level financing agreements as opposed to guaranteeing the payment of all debt outstanding under the project-level financing agreements as well as associated interest rate swap breakage and other specified costs. On December 20, 2013, NEECH, NextEra Energy España, S.L. (NEE España), which is the NEER subsidiary in Spain that is the direct shareholder of the project-level subsidiaries, and the project-level subsidiaries entered into agreements with the lenders which settled the lawsuit and terminated all guarantee obligations that the lenders claimed that NEECH had under the project-level financing agreements, thereby limiting all future recourse of the lenders under the project-level financing agreements effectively to the letters of credit described below and to the assets of NEE España and the project-level subsidiaries.

As part of the settlement: (1) the lenders irrevocably waived events of default related to changes of law, including those described above, and agreed not to exercise any rights with respect to any additional events of default that may occur with respect to implementing existing changes of law between the settlement date through June 1, 2014; (2) NEECH affiliates provided for the project-level subsidiaries to post approximately €37 million (approximately $50 million as of December 31, 2013) in letters of credit to fund operating and debt service reserves under the project-level financing agreements and €10 million (approximately $14 million as of December 31, 2013) in a letter of credit to provide support for a performance guarantee under the project-level financing agreements; and (3) an affiliate of NEECH repaid the approximately €155 million (approximately $212 million as of December 20, 2013) outstanding under a variable rate revolving loan agreement that had been used to fund a portion of the base equity commitment under the project-level financing agreements and that had an original maturity date in April 2014, and NEE España's payment obligations to a NEECH affiliate under the variable rate revolving loan agreement were forgiven.

As a result of some of the foregoing actions, NEE España's net equity was restored to a level above what is required by Spanish law to avoid mandatory liquidation and the shareholder of NEE España rescinded the liquidation process of NEE España that resulted from the impairment recorded due to the changes in law. See Note 4 - Nonrecurring Fair Value Measurements.

NEE España, the project-level subsidiaries and the lenders have agreed to use commercially reasonable efforts to seek to restructure the project-level financing on or before June 1, 2014.

Legal Proceedings - In November 1999, the Attorney General of the United States, on behalf of the U.S. Environmental Protection Agency (EPA), brought an action in the U.S. District Court for the Northern District of Georgia against Georgia Power Company and other subsidiaries of The Southern Company for certain alleged violations of the Prevention of Significant Deterioration (PSD) provisions and the New Source Performance Standards (NSPS) of the Clean Air Act. In May 2001, the EPA amended its complaint to allege, among other things, that Georgia Power Company constructed and is continuing to operate Scherer Unit No. 4, in which FPL owns an interest of approximately 76%, without obtaining a PSD permit, without complying with NSPS requirements, and without applying best available control technology for nitrogen oxides, sulfur dioxides and particulate matter as required by the Clean Air Act. It also alleges that unspecified major modifications have been made at Scherer Unit No. 4 that require its compliance with the aforementioned Clean Air Act provisions. The EPA seeks injunctive relief requiring the installation of best available control technology and civil penalties. Under the EPA's civil penalty rules, the EPA could assess up to $25,000 per day for each violation from an unspecified date after June 1, 1975 through January 30, 1997, up to $27,500 per day for each violation from January 31, 1997 through March 15, 2004, up to $32,500 per day for each violation from March 16, 2004 through January 12, 2009 and up to $37,500 per day for each violation thereafter. Georgia Power Company has answered the amended complaint, asserting that it has complied with all requirements of the Clean Air Act, denying the plaintiff's allegations of liability, denying that the plaintiff is entitled to any of the relief that it seeks and raising various other defenses. In June 2001, a federal district court stayed discovery and administratively closed the case and the EPA has not yet moved to reopen the case. In April 2007, the U.S. Supreme Court in a separate unrelated case rejected an argument that a "major modification" occurs at a plant only when there is a resulting increase in the hourly rate of air emissions. Georgia Power Company has made a similar argument in defense of its case, but has other factual and legal defenses that are unaffected by the U.S. Supreme Court's decision.

In 1995 and 1996, NEE, through an indirect subsidiary, purchased from Adelphia Communications Corporation (Adelphia) 1,091,524 shares of Adelphia common stock and 20,000 shares of Adelphia preferred stock (convertible into 2,358,490 shares of Adelphia common stock) for an aggregate price of approximately $35,900,000. On January 29, 1999, Adelphia repurchased all of these shares for $149,213,130 in cash. In June 2004, Adelphia, Adelphia Cablevision, L.L.C. and the Official Committee of Unsecured Creditors of Adelphia filed a complaint against NEE and its indirect subsidiary in the U.S. Bankruptcy Court, Southern District of New York. The complaint alleges that the repurchase of these shares by Adelphia was a fraudulent transfer, in that at the time of the transaction Adelphia (i) was insolvent or was rendered insolvent, (ii) did not receive reasonably equivalent value in exchange for the cash it paid, and (iii) was engaged or about to engage in a business or transaction for which any property remaining with Adelphia had unreasonably small capital. The complaint seeks the recovery for the benefit of Adelphia's bankruptcy estate of the cash paid for the repurchased shares, plus interest from January 29, 1999. NEE has filed an answer to the complaint. NEE believes that the complaint is without merit because, among other reasons, Adelphia will be unable to demonstrate that (i) Adelphia's repurchase of shares from NEE, which repurchase was at the market value for those shares, was not for reasonably equivalent value, (ii) Adelphia was insolvent at the time of the repurchase, or (iii) the repurchase left Adelphia with unreasonably small capital. The trial was completed in May 2012 and closing arguments were heard in July 2012.

In October 2004, TXU Portfolio Management Company (TXU) served FPL Energy Pecos Wind I, LP, FPL Energy Pecos Wind I GP, LLC, FPL Energy Pecos Wind II, LP, FPL Energy Pecos Wind II GP, LLC and Indian Mesa Wind Farm, LP (NEER Affiliates) as defendants in a civil action filed in the District Court in Dallas County, Texas. FPL Energy, LLC, now known as NextEra Energy Resources, LLC, was added as a defendant in 2005. The petition alleged that the NEER Affiliates had contractual obligations to produce and sell to TXU a minimum quantity of energy and renewable energy credits each year during the period from 2002 through 2005 and that the NEER Affiliates failed to meet this obligation. The plaintiff asserted claims for breach of contract and declaratory judgment and sought damages of approximately $34 million plus attorneys' fees, costs and interest. Following a jury trial in 2007, among other findings, both TXU and the NEER Affiliates were found to have breached the contracts. In August 2008, the trial court issued a final judgment holding that the contracts were not terminated and neither party was entitled to recover any damages. In November 2008, TXU appealed the final judgment to the Fifth District Court of Appeals in Dallas, Texas. In an opinion issued in July 2010, the appellate court reversed portions of the trial court's judgment, ruling that the contracts' liquidated damage provision is an enforceable liquidated damages clause. The appellate court ordered that the case be remanded back to the trial court for further proceedings to determine the amount of damages payable by the NEER Affiliates. The NEER Affiliates filed a motion for rehearing of the appellate court's decision, which motion was denied, and in April 2011 filed a petition for review of the appellate court decision with the Texas Supreme Court. In February 2012, the Texas Supreme Court granted the petition for review and oral arguments were heard in October 2012.

NEE and FPL are vigorously defending, and believe that they or their affiliates have meritorious defenses to, the lawsuits described above. In addition to the legal proceedings discussed above, NEE and its subsidiaries, including FPL, are involved in other legal and regulatory proceedings, actions and claims in the ordinary course of their businesses. Generating plants in which subsidiaries of NEE, including FPL, have an ownership interest are also involved in legal and regulatory proceedings, actions and claims, the

liabilities from which, if any, would be shared by such subsidiary. In the event that NEE and FPL, or their affiliates, do not prevail in the lawsuits described above or these other legal and regulatory proceedings, actions and claims, there may be a material adverse effect on their financial statements. While management is unable to predict with certainty the outcome of the lawsuits described above or these other legal and regulatory proceedings, actions and claims, based on current knowledge it is not expected that their ultimate resolution, individually or collectively, will have a material adverse effect on the financial statements of NEE or FPL.

14. Segment Information

NEE's reportable segments are FPL, a rate-regulated electric utility, and NEER, a competitive energy business. NEER's segment information includes an allocation of interest expense from NEECH based on a deemed capital structure of 70% debt and allocated shared service costs. Corporate and Other represents other business activities, other segments that are not separately reportable and eliminating entries. NEE's operating revenues derived from the sale of electricity represented approximately 92%, 93% and 95% of NEE's operating revenues for the years ended December 31, 2013, 2012 and 2011. Approximately 1% of operating revenues were from foreign sources for each of the three years ended December 31, 2013, 2012 and 2011. At December 31, 2013 and 2012, approximately 4% of long-lived assets were located in foreign countries.

NEE's segment information is as follows:

	2013				2012				2011			
	FPL	**NEER[(a)]**	**Corp. and Other**	**Total**	FPL	NEER[(a)]	Corp. and Other	Total	FPL	NEER[(a)]	Corp. and Other	Total
						(millions)						
Operating revenues	**$10,445**	**$ 4,333**	**$ 358**	**$15,136**	$10,114	$ 3,895	$ 247	$14,256	$10,613	$ 4,502	$ 226	$15,341
Operating expenses[(b)]	**$ 7,906**	**$ 3,730**	**$ 259**	**$11,895**	$ 7,757	$ 3,024	$ 199	$10,980	$ 8,537	$ 3,351	$ 192	$12,080
Interest expense	**$ 415**	**$ 528**	**$ 178**	**$ 1,121**	$ 417	$ 474	$ 147	$ 1,038	$ 387	$ 530	$ 118	$ 1,035
Interest income	**$ 6**	**$ 19**	**$ 53**	**$ 78**	$ 6	$ 20	$ 60	$ 86	$ 3	$ 23	$ 53	$ 79
Depreciation and amortization	**$ 1,159**	**$ 949**	**$ 55**	**$ 2,163**	$ 659	$ 818	$ 41	$ 1,518	$ 798	$ 736	$ 33	$ 1,567
Equity in earnings (losses) of equity method investees	**$ —**	**$ 26**	**$ (1)**	**$ 25**	$ —	$ 19	$ (6)	$ 13	$ —	$ 55	$ —	$ 55
Income tax expense (benefit)[(c)(d)]	**$ 835**	**$ (16)**	**$ (18)**	**$ 801**	$ 752	$ (7)	$ (53)	$ 692	$ 654	$ (24)	$ (101)	$ 529
Income (loss) from continuing operations[(b)(e)]	**$ 1,349**	**$ 381**	**$ (10)**	**$ 1,720**	$ 1,240	$ 687	$ (16)	$ 1,911	$ 1,068	$ 774	$ 81	$ 1,923
Net gain from discontinued operations, net of income taxes[(f)]	**$ —**	**$ 175**	**$ 13**	**$ 188**	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net income (loss)[(b)(e)]	**$ 1,349**	**$ 556**	**$ 3**	**$ 1,908**	$ 1,240	$ 687	$ (16)	$ 1,911	$ 1,068	$ 774	$ 81	$ 1,923
Capital expenditures, independent power and other investments and nuclear fuel purchases	**$ 2,903**	**$ 3,613**	**$ 166**	**$ 6,682**	$ 4,285	$ 4,681	$ 495	$ 9,461	$ 3,502	$ 2,774	$ 352	$ 6,628
Property, plant and equipment	**$39,896**	**$ 28,080**	**$ 1,472**	**$69,448**	$38,249	$ 25,333	$ 1,335	$64,917	$35,170	$ 21,482	$ 900	$57,552
Accumulated depreciation and amortization	**$10,944**	**$ 5,455**	**$ 329**	**$16,728**	$10,698	$ 4,535	$ 271	$15,504	$10,916	$ 3,914	$ 232	$15,062
Total assets[(g)]	**$36,488**	**$ 30,154**	**$ 2,664**	**$69,306**	$34,853	$ 27,139	$ 2,447	$64,439	$31,816	$ 23,459	$ 1,913	$57,188
Investment in equity method investees	**$ —**	**$ 365**	**$ 57**	**$ 422**	$ —	$ 243	$ 19	$ 262	$ —	$ 193	$ 9	$ 202

(a) Interest expense allocated from NEECH is based on a deemed capital structure of 70% debt. For this purpose, the deferred credit associated with differential membership interests sold by NEER subsidiaries is included with debt. Residual non-utility interest expense is included in Corporate and Other.
(b) NEER includes impairment charges of $300 million and other related charges ($342 million after-tax) in 2013 and impairment charges of $51 million ($31 million after-tax) in 2011. See Note 4 - Nonrecurring Fair Value Measurements.
(c) NEER includes PTCs that were recognized based on its tax sharing agreement with NEE. See Note 1 - Income Taxes.
(d) In 2011, Corporate and Other includes state deferred income tax benefits of approximately $64 million, net of federal income taxes, related to state tax law changes and an income tax benefit of $41 million related to the dissolution of a subsidiary.
(e) In 2011, NEER and Corporate and Other include an after-tax loss on sale of natural gas-fired generating assets of $92 million and $6 million, respectively. See Note 4 - Nonrecurring Fair Value Measurements.
(f) See Note 6.
(g) In 2012, NEER includes assets held for sale of approximately $335 million. See Note 6.

15. Summarized Financial Information of NEECH

NEECH, a 100% owned subsidiary of NEE, provides funding for, and holds ownership interests in, NEE's operating subsidiaries other than FPL. Most of NEECH's debt, including its debentures, and payment guarantees are fully and unconditionally guaranteed by NEE. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Year Ended December 31, 2013				Year Ended December 31, 2012				Year Ended December 31, 2011			
	NEE (Guarantor)	**NEECH**	**Other[(a)]**	**NEE Consolidated**	NEE (Guarantor)	NEECH	Other[(a)]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[(a)]	NEE Consolidated
							(millions)					
Operating revenues	**$ —**	**$ 4,703**	**$ 10,433**	**$ 15,136**	$ —	$ 4,154	$ 10,102	$ 14,256	$ —	$ 4,740	$ 10,601	$ 15,341
Operating expenses	**(18)**	**(3,984)**	**(7,893)**	**(11,895)**	(21)	(3,214)	(7,745)	(10,980)	(15)	(3,540)	(8,525)	(12,080)
Interest expense	**(8)**	**(705)**	**(408)**	**(1,121)**	(11)	(619)	(408)	(1,038)	(14)	(645)	(376)	(1,035)
Equity in earnings of subsidiaries	**1,915**	**—**	**(1,915)**	**—**	1,925	—	(1,925)	—	1,878	—	(1,878)	—
Other income (deductions) - net	**1**	**349**	**51**	**401**	7	313	45	365	1	202	23	226
Income (loss) from continuing operations before income taxes	**1,890**	**363**	**268**	**2,521**	1,900	634	69	2,603	1,850	757	(155)	2,452
Income tax expense (benefit)	**(5)**	**(29)**	**835**	**801**	(11)	(50)	753	692	(73)	(53)	655	529
Income (loss) from continuing operations	**1,895**	**392**	**(567)**	**1,720**	1,911	684	(684)	1,911	1,923	810	(810)	1,923
Net gain from discontinued operations, net of income taxes	**13**	**175**	**—**	**188**	—	—	—	—	—	—	—	—
Net income (loss)	**$ 1,908**	**$ 567**	**$ (567)**	**$ 1,908**	$ 1,911	$ 684	$ (684)	$ 1,911	$ 1,923	$ 810	$ (810)	$ 1,923

(a) Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Comprehensive Income

	Year Ended December 31, 2013				Year Ended December 31, 2012				Year Ended December 31, 2011			
	NEE (Guarantor)	**NEECH**	**Other[(a)]**	**NEE Consolidated**	NEE (Guarantor)	NEECH	Other[(a)]	NEE Consolidated	NEE (Guarantor)	NEECH	Other[(a)]	NEE Consolidated
							(millions)					
Comprehensive income (loss)	**$ 2,219**	**$ 781**	**$ (781)**	**$ 2,219**	$ 1,810	$ 611	$ (611)	$ 1,810	$ 1,603	$ 535	$ (535)	$ 1,603

(a) Represents FPL and consolidating adjustments.

Condensed Consolidating Balance Sheets

	December 31, 2013				December 31, 2012			
	NEE (Guarantor)	**NEECH**	**Other[(a)]**	**NEE Consolidated**	NEE (Guarantor)	NEECH	Other[(a)]	NEE Consolidated
				(millions)				
PROPERTY, PLANT AND EQUIPMENT								
Electric plant in service and other property	**$ 31**	**$ 29,511**	**$ 39,906**	**$ 69,448**	$ 31	$ 26,638	$ 38,248	$ 64,917
Less accumulated depreciation and amortization	**(10)**	**(5,774)**	**(10,944)**	**(16,728)**	(7)	(4,800)	(10,697)	(15,504)
Total property, plant and equipment - net	**21**	**23,737**	**28,962**	**52,720**	24	21,838	27,551	49,413
CURRENT ASSETS								
Cash and cash equivalents	**—**	**418**	**20**	**438**	2	287	40	329
Receivables	**78**	**1,542**	**669**	**2,289**	398	1,208	450	2,056
Other	**6**	**1,814**	**1,295**	**3,115**	432	1,421	999	2,852
Total current assets	**84**	**3,774**	**1,984**	**5,842**	832	2,916	1,489	5,237
OTHER ASSETS								
Investment in subsidiaries	**17,910**	**—**	**(17,910)**	**—**	16,064	—	(16,064)	—
Other	**694**	**5,129**	**4,921**	**10,744**	647	4,749	4,393	9,789
Total other assets	**18,604**	**5,129**	**(12,989)**	**10,744**	16,711	4,749	(11,671)	9,789
TOTAL ASSETS	**$ 18,709**	**$ 32,640**	**$ 17,957**	**$ 69,306**	$ 17,567	$ 29,503	$ 17,369	$ 64,439
CAPITALIZATION								
Common shareholders' equity	**$ 18,040**	**$ 4,816**	**$ (4,816)**	**$ 18,040**	$ 16,068	$ 3,533	$ (3,533)	$ 16,068
Long-term debt	**—**	**15,496**	**8,473**	**23,969**	—	14,848	8,329	23,177
Total capitalization	**18,040**	**20,312**	**3,657**	**42,009**	16,068	18,381	4,796	39,245
CURRENT LIABILITIES								
Debt due within one year	**—**	**3,896**	**561**	**4,457**	—	3,624	558	4,182
Accounts payable	**—**	**589**	**611**	**1,200**	1	667	613	1,281
Other	**199**	**2,203**	**1,130**	**3,532**	440	2,317	659	3,416
Total current liabilities	**199**	**6,688**	**2,302**	**9,189**	441	6,608	1,830	8,879
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	**—**	**565**	**1,285**	**1,850**	—	508	1,207	1,715
Deferred income taxes	**166**	**1,963**	**6,015**	**8,144**	497	891	5,315	6,703
Other	**304**	**3,112**	**4,698**	**8,114**	561	3,115	4,221	7,897
Total other liabilities and deferred credits	**470**	**5,640**	**11,998**	**18,108**	1,058	4,514	10,743	16,315
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	**$ 18,709**	**$ 32,640**	**$ 17,957**	**$ 69,306**	$ 17,567	$ 29,503	$ 17,369	$ 64,439

(a) Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2013				Year Ended December 31, 2012				Year Ended December 31, 2011			
	NEE (Guar-antor)	**NEECH**	**Other[(a)]**	**NEE Consoli-dated**	NEE (Guar-antor)	NEECH	Other[(a)]	NEE Consoli-dated	NEE (Guar-antor)	NEECH	Other[(a)]	NEE Consoli-dated
	(millions)											
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 1,147**	**$ 1,466**	**$ 2,489**	**$ 5,102**	$ 1,166	$ 1,091	$ 1,735	$ 3,992	$ 1,681	$ 1,446	$ 947	$ 4,074
CASH FLOWS FROM INVESTING ACTIVITIES												
Capital expenditures, independent power and other investments and nuclear fuel purchases	**—**	**(3,756)**	**(2,926)**	**(6,682)**	—	(5,176)	(4,285)	(9,461)	(16)	(3,109)	(3,503)	(6,628)
Capital contributions from NEE	**(777)**	**—**	**777**	**—**	(440)	—	440	—	(410)	—	410	—
Cash grants under the Recovery Act	**—**	**165**	**—**	**165**	—	196	—	196	—	406	218	624
Sale of independent power investments	**—**	**165**	**—**	**165**	—	—	—	—	—	1,204	—	1,204
Change in loan proceeds restricted for construction	**—**	**228**	**—**	**228**	—	314	—	314	—	(565)	—	(565)
Other - net	**—**	**17**	**(16)**	**1**	1	20	2	23	16	60	10	86
Net cash used in investing activities	**(777)**	**(3,181)**	**(2,165)**	**(6,123)**	(439)	(4,646)	(3,843)	(8,928)	(410)	(2,004)	(2,865)	(5,279)
CASH FLOWS FROM FINANCING ACTIVITIES												
Issuances of long-term debt	**—**	**3,874**	**497**	**4,371**	—	5,334	1,296	6,630	—	3,100	840	3,940
Retirements of long-term debt	**—**	**(1,943)**	**(453)**	**(2,396)**	—	(1,562)	(50)	(1,612)	—	(2,076)	(45)	(2,121)
Proceeds from sale of differential membership interests	**—**	**448**	**—**	**448**	—	808	—	808	—	466	—	466
Net change in short-term debt	**—**	**(819)**	**99**	**(720)**	—	286	(225)	61	—	231	229	460
Issuances of common stock	**842**	**—**	**—**	**842**	405	—	—	405	48	—	—	48
Dividends on common stock	**(1,122)**	**—**	**—**	**(1,122)**	(1,004)	—	—	(1,004)	(920)	—	—	(920)
Other - net	**(92)**	**286**	**(487)**	**(293)**	(127)	(1,363)	1,090	(400)	(398)	(1,106)	911	(593)
Net cash provided by (used in) financing activities	**(372)**	**1,846**	**(344)**	**1,130**	(726)	3,503	2,111	4,888	(1,270)	615	1,935	1,280
Net increase (decrease) in cash and cash equivalents	**(2)**	**131**	**(20)**	**109**	1	(52)	3	(48)	1	57	17	75
Cash and cash equivalents at beginning of year	**2**	**287**	**40**	**329**	1	339	37	377	—	282	20	302
Cash and cash equivalents at end of year	**$ —**	**$ 418**	**$ 20**	**$ 438**	$ 2	$ 287	$ 40	$ 329	$ 1	$ 339	$ 37	$ 377

(a) Represents FPL and consolidating adjustments.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Concluded)

16. Quarterly Data (Unaudited)

Condensed consolidated quarterly financial information is as follows:

	March 31[a]	June 30[a]	September 30[a]	December 31[a]
	(millions, except per share amounts)			
NEE:				
2013				
Operating revenues[b]	**$ 3,279**	**$ 3,833**	**$ 4,394**	**$ 3,630**
Operating income[b][c]	**$ 434**	**$ 981**	**$ 1,185**	**$ 641**
Income from continuing operations[b][c]	**$ 84**	**$ 610**	**$ 698**	**$ 327**
Net income[b][c][d]	**$ 272**	**$ 610**	**$ 698**	**$ 327**
Earnings per share - basic:[e]				
Continuing operations[c]	**$ 0.20**	**$ 1.45**	**$ 1.65**	**$ 0.76**
Net income[c][d]	**$ 0.65**	**$ 1.45**	**$ 1.65**	**$ 0.76**
Earnings per share - assuming dilution:[e]				
Continuing operations[c]	**$ 0.20**	**$ 1.44**	**$ 1.64**	**$ 0.75**
Net income[c][d]	**$ 0.64**	**$ 1.44**	**$ 1.64**	**$ 0.75**
Dividends per share	**$ 0.66**	**$ 0.66**	**$ 0.66**	**$ 0.66**
High-low common stock sales prices	**$77.79 - 69.81**	**$82.65 - 74.78**	**$88.39 - 78.81**	**$89.75 - 78.97**
2012				
Operating revenues[b]	$ 3,371	$ 3,667	$ 3,843	$ 3,375
Operating income[b]	$ 803	$ 1,000	$ 742	$ 732
Net income[b]	$ 461	$ 607	$ 415	$ 429
Earnings per share[e]	$ 1.12	$ 1.46	$ 0.99	$ 1.02
Earnings per share - assuming dilution[e]	$ 1.11	$ 1.45	$ 0.98	$ 1.02
Dividends per share	$ 0.60	$ 0.60	$ 0.60	$ 0.60
High-low common stock sales prices	$61.21 - 58.57	$68.96 - 61.20	$72.22 - 65.95	$72.21 - 66.05
FPL:				
2013				
Operating revenues[b]	**$ 2,188**	**$ 2,696**	**$ 3,020**	**$ 2,541**
Operating income[b]	**$ 543**	**$ 724**	**$ 778**	**$ 495**
Net income[b]	**$ 288**	**$ 391**	**$ 422**	**$ 248**
2012				
Operating revenues[b]	$ 2,224	$ 2,580	$ 2,975	$ 2,336
Operating income[b]	$ 481	$ 662	$ 719	$ 496
Net income[b]	$ 239	$ 353	$ 392	$ 256

(a) In the opinion of NEE and FPL, all adjustments, which consist of normal recurring accruals necessary to present a fair statement of the amounts shown for such periods, have been made. Results of operations for an interim period generally will not give a true indication of results for the year.
(b) The sum of the quarterly amounts may not equal the total for the year due to rounding.
(c) First quarter of 2013 includes impairment and other related charges. See Note 4 - Nonrecurring Fair Value Measurements.
(d) First quarter of 2013 includes an after-tax net gain from discontinued operations. See Note 6.
(e) The sum of the quarterly amounts may not equal the total for the year due to rounding and changes in weighted-average number of common shares outstanding.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As of December 31, 2013, each of NEE and FPL had performed an evaluation, under the supervision and with the participation of its management, including NEE's and FPL's chief executive officer and chief financial officer, of the effectiveness of the design and operation of each company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15 (e) and 15d-15(e)). Based upon that evaluation, the chief executive officer and chief financial officer of each of NEE and FPL concluded that the company's disclosure controls and procedures were effective as of December 31, 2013.

Internal Control Over Financial Reporting

(a) Management's Annual Report on Internal Control Over Financial Reporting

See Item 8. Financial Statements and Supplementary Data.

(b) Attestation Report of the Independent Registered Public Accounting Firm

See Item 8. Financial Statements and Supplementary Data.

(c) Changes in Internal Control Over Financial Reporting

NEE and FPL are continuously seeking to improve the efficiency and effectiveness of their operations and of their internal controls. This results in refinements to processes throughout NEE and FPL. However, there has been no change in NEE's or FPL's internal control over financial reporting (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during NEE's and FPL's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, NEE's or FPL's internal control over financial reporting.

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included under the headings "Business of the Annual Meeting," "Corporate Governance and Board Matters" and "Information About NextEra Energy and Management" in NEE's Proxy Statement which will be filed with the SEC in connection with the 2014 Annual Meeting of Shareholders (NEE's Proxy Statement) and is incorporated herein by reference, or is included in Item 1. Business - Executive Officers of NEE.

NEE has adopted the NextEra Energy, Inc. Code of Ethics for Senior Executive and Financial Officers (the Senior Financial Executive Code), which is applicable to the chief executive officer, the chief financial officer, the chief accounting officer and other senior executive and financial officers. The Senior Financial Executive Code is available under Corporate Governance in the Investor Relations section of NEE's internet website at www.nexteraenergy.com. Any amendments to, or waivers of any provision of, the Senior Financial Executive Code which are required to be disclosed to shareholders under applicable SEC rules will be disclosed on the NEE website at the address listed above within the time period required under SEC rules from time to time.

Item 11. Executive Compensation

The information required by this item will be included in NEE's Proxy Statement under the headings "Executive Compensation" and "Corporate Governance and Board Matters" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item relating to security ownership of certain beneficial owners and management will be included in NEE's Proxy Statement under the heading "Information About NextEra Energy and Management" and is incorporated herein by reference.

Securities Authorized For Issuance Under Equity Compensation Plans

NEE's equity compensation plan information as of December 31, 2013 is as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	5,972,593 [(a)]	$ 54.70 [(b)]	12,250,464
Equity compensation plans not approved by security holders[(c)]	2,523	$ 27.11	—
Total	5,975,116	$ 54.67 [(b)]	12,250,464

(a) Includes an aggregate of 3,191,547 outstanding options, 2,342,685 unvested performance share awards (at maximum payout), 237,974 deferred fully vested performance shares and 177,377 deferred stock awards (including future reinvested dividends) under the 2011 LTIP and former LTIP, and 23,010 fully vested shares deferred by directors under the NextEra Energy, Inc. 2007 Non-Employee Directors Stock Plan and its predecessor, the FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan.

(b) Relates to outstanding options only.

(c) Represents options granted by Gexa Corp. under its Amended and Restated 2004 Incentive Plan and pursuant to various individual grants, all of which were made prior to NEE's acquisition of Gexa Corp. All such options were assumed by NEE in connection with the acquisition of Gexa Corp. and are fully vested and exercisable for shares of NEE common stock. No further grants of stock options will be made under this plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item, to the extent applicable, will be included in NEE's Proxy Statement under the heading "Corporate Governance and Board Matters" and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

NEE - The information required by this item will be included in NEE's Proxy Statement under the heading "Audit-Related Matters" and is incorporated herein by reference.

FPL - The following table presents fees billed for professional services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, Deloitte & Touche) for the fiscal years ended December 31, 2013 and 2012. The amounts presented below reflect allocations from NEE for FPL's portion of the fees, as well as amounts billed directly to FPL.

	2013	2012
Audit fees[(a)]	**$ 3,567,000**	$ 3,364,000
Audit-related fees[(b)]	**160,000**	190,000
Tax fees[(c)]	**34,000**	29,000
All other fees[(d)]	**15,000**	10,000
Total	**$ 3,776,000**	$ 3,593,000

(a) Audit fees consist of fees billed for professional services rendered for the audit of FPL's and NEE's annual consolidated financial statements for the fiscal year, the reviews of the financial statements included in FPL's and NEE's Quarterly Reports on Form 10-Q during the fiscal year and the audit of the effectiveness of internal control over financial reporting, comfort letters, consents, and other services related to SEC matters and services in connection with annual and semi-annual filings of NEE's financial statements with the Japanese Ministry of Finance.

(b) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of FPL's and NEE's consolidated financial statements and are not reported under audit fees. These fees primarily related to agreed-upon procedures and attestation services.

(c) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning. In 2013 and 2012, all tax fees paid related to tax compliance services.

(d) All other fees consist of fees for products and services other than the services reported under the other named categories. In 2013 and 2012, these fees related to training.

In accordance with the requirements of Sarbanes-Oxley Act of 2002, the Audit Committee Charter and the Audit Committee's pre-approval policy for services provided by the independent registered public accounting firm, all services performed by Deloitte & Touche are approved in advance by the Audit Committee, except for audits of certain trust funds where the fees are paid by the trust. Audit and audit-related services specifically identified in an appendix to the pre-approval policy are pre-approved by the Audit Committee each year. This pre-approval allows management to request the specified audit and audit-related services on an as-needed basis during the year, provided any such services are reviewed with the Audit Committee at its next regularly scheduled meeting. Any audit or audit-related service for which the fee is expected to exceed $250,000, or that involves a service not listed on the pre-approval list, must be specifically approved by the Audit Committee prior to commencement of such service. In addition, the Audit Committee approves all services other than audit and audit-related services performed by Deloitte & Touche in advance of the commencement of such work. The Audit Committee has delegated to the Chair of the committee the right to approve audit, audit-related, tax and other services, within certain limitations, between meetings of the Audit Committee, provided any such decision is presented to the Audit Committee at its next regularly scheduled meeting. At each Audit Committee meeting (other than meetings held to review earnings materials), the Audit Committee reviews a schedule of services for which Deloitte & Touche has been engaged since the prior Audit Committee meeting under existing pre-approvals and the estimated fees for those services. In 2013 and 2012, none of the amounts presented above represent services provided to NEE or FPL by Deloitte & Touche that were approved by the Audit Committee after services were rendered pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X (which provides for a waiver of the otherwise applicable pre-approval requirement if certain conditions are met).

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) 1. Financial Statements

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2. Financial Statement Schedules - Schedules are omitted as not applicable or not required.

3. Exhibits (including those incorporated by reference)

Certain exhibits listed below refer to "FPL Group" and "FPL Group Capital," and were effective prior to the change of the name FPL Group, Inc. to NextEra Energy, Inc., and of the name FPL Group Capital Inc to NextEra Energy Capital Holdings, Inc., during 2010.

Exhibit Number	Description	NEE	FPL
*3(i)a	Restated Articles of Incorporation of NextEra Energy, Inc. (filed as Exhibit 3(i) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)	x	
*3(i)b	Restated Articles of Incorporation of Florida Power & Light Company (filed as Exhibit 3(i)b to Form 10-K for the year ended December 31, 2010, File No. 2-27612)		x
*3(ii)a	Amended and Restated Bylaws of NextEra Energy, Inc., as amended through May 21, 2010 (filed as Exhibit 3(ii) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)	x	
*3(ii)b	Amended and Restated Bylaws of Florida Power & Light Company, Inc., as amended through October 17, 2008 (filed as Exhibit 3(ii)b to Form 10-Q for the quarter ended September 30, 2008, File No. 2-27612)		x

Exhibit Number	Description	NEE	FPL
*4(a)	Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and twenty-one Supplements thereto, between Florida Power & Light Company and Deutsche Bank Trust Company Americas, Trustee (filed as Exhibit B-3, File No. 2-4845; Exhibit 7(a), File No. 2-7126; Exhibit 7(a), File No. 2-7523; Exhibit 7(a), File No. 2-7990; Exhibit 7(a), File No. 2-9217; Exhibit 4(a)-5, File No. 2-10093; Exhibit 4(c), File No. 2-11491; Exhibit 4(b)-1, File No. 2-12900; Exhibit 4(b)-1, File No. 2-13255; Exhibit 4(b)-1, File No. 2-13705; Exhibit 4(b)-1, File No. 2-13925; Exhibit 4(b)-1, File No. 2-15088; Exhibit 4(b)-1, File No. 2-15677; Exhibit 4(b)-1, File No. 2-20501; Exhibit 4(b)-1, File No. 2-22104; Exhibit 2(c), File No. 2-23142; Exhibit 2(c), File No. 2-24195; Exhibit 4(b)-1, File No. 2-25677; Exhibit 2(c), File No. 2-27612; Exhibit 2(c), File No. 2-29001; Exhibit 2(c), File No. 2-30542; Exhibit 2(c), File No. 2-33038; Exhibit 2(c), File No. 2-37679; Exhibit 2(c), File No. 2-39006; Exhibit 2(c), File No. 2-41312; Exhibit 2(c), File No. 2-44234; Exhibit 2(c), File No. 2-46502; Exhibit 2(c), File No. 2-48679; Exhibit 2(c), File No. 2-49726; Exhibit 2(c), File No. 2-50712; Exhibit 2(c), File No. 2-52826; Exhibit 2(c), File No. 2-53272; Exhibit 2(c), File No. 2-54242; Exhibit 2(c), File No. 2-56228; Exhibits 2(c) and 2(d), File No. 2-60413; Exhibits 2(c) and 2(d), File No. 2-65701; Exhibit 2(c), File No. 2-66524; Exhibit 2(c), File No. 2-67239; Exhibit 4(c), File No. 2-69716; Exhibit 4(c), File No. 2-70767; Exhibit 4(b), File No. 2-71542; Exhibit 4(b), File No. 2-73799; Exhibits 4(c), 4(d) and 4(e), File No. 2-75762; Exhibit 4(c), File No. 2-77629; Exhibit 4(c), File No. 2-79557; Exhibit 99(a) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669; Exhibit 99(a) to Post-Effective Amendment No. 1 to Form S-3, File No. 33-46076; Exhibit 4(b) to Form 10-K for the year ended December 31, 1993, File No. 1-3545; Exhibit 4(i) to Form 10-Q for the quarter ended June 30, 1994, File No. 1-3545; Exhibit 4(b) to Form 10-Q for the quarter ended June 30, 1995, File No. 1-3545; Exhibit 4(a) to Form 10-Q for the quarter ended March 31,1996, File No. 1-3545; Exhibit 4 to Form 10-Q for the quarter ended June 30, 1998, File No. 1-3545; Exhibit 4 to Form 10-Q for the quarter ended March 31, 1999, File No. 1-3545; Exhibit 4(f) to Form 10-K for the year ended December 31, 2000, File No. 1-3545; Exhibit 4(g) to Form 10-K for the year ended December 31, 2000, File No. 1-3545; Exhibit 4(o), File No. 333-102169; Exhibit 4(k) to Post-Effective Amendment No. 1 to Form S-3, File No. 333-102172; Exhibit 4(l) to Post-Effective Amendment No. 2 to Form S-3, File No. 333-102172; Exhibit 4(m) to Post-Effective Amendment No. 3 to Form S-3, File No. 333-102172; Exhibit 4(a) to Form 10-Q for the quarter ended September 30, 2004, File No. 2-27612; Exhibit 4(f) to Amendment No. 1 to Form S-3, File No. 333-125275; Exhibit 4(y) to Post-Effective Amendment No. 2 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(z) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-116300, 333-116300-01 and 333-116300-02; Exhibit 4(b) to Form 10-Q for the quarter ended March 31, 2006, File No. 2-27612; Exhibit 4(a) to Form 8-K dated April 17, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated October 10, 2007, File No. 2-27612; Exhibit 4 to Form 8-K dated January 16, 2008, File No. 2-27612; Exhibit 4(a) to Form 8-K dated March 17, 2009, File No. 2-27612; Exhibit 4 to Form 8-K dated February 9, 2010, File No. 2-27612; Exhibit 4 to Form 8-K dated December 9, 2010, File No. 2-27612; Exhibit 4(a) to Form 8-K dated June 10, 2011, File No. 2-27612; Exhibit 4 to Form 8-K dated December 13, 2011, File No. 2-27612; Exhibit 4 to Form 8-K dated May 15, 2012, File No. 2-27612; Exhibit 4 to Form 8-K dated December 20, 2012, File No. 2-27612; and Exhibit 4 to Form 8-K dated June 5, 2013, File No. 2-27612)	x	x
*4(b)	Indenture (For Unsecured Debt Securities), dated as of June 1, 1999, between FPL Group Capital Inc and The Bank of New York Mellon, as Trustee (filed as Exhibit 4(a) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	
*4(c)	First Supplemental Indenture to Indenture (For Unsecured Debt Securities) dated as of June 1, 1999, dated as of September 21, 2012, between NextEra Energy Capital Holdings, Inc. and The Bank of New York Mellon, as Trustee (filed as Exhibit 4(e) to Form 10-Q for the quarter ended September 30, 2012, File No. 1-8841)	x	
*4(d)	Guarantee Agreement, dated as of June 1, 1999, between FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Guarantee Trustee) (filed as Exhibit 4(b) to Form 8-K dated July 16, 1999, File No. 1-8841)	x	
*4(e)	Officer's Certificate of FPL Group Capital Inc, dated December 12, 2008, creating the 7 7/8% Debentures, Series due December 15, 2015 (filed as Exhibit 4 to Form 8-K dated December 12, 2008, File No. 1-8841)	x	

Exhibit Number	Description	NEE	FPL
*4(f)	Officer's Certificate of FPL Group Capital Inc, dated March 9, 2009, creating the 6.00% Debentures, Series due March 1, 2019 (filed as Exhibit 4 to Form 8-K dated March 9, 2009, File No. 1-8841)	x	
*4(g)	Officer's Certificate of FPL Group Capital Inc, dated May 26, 2009, creating the Series C Debentures due June 1, 2014 (filed as Exhibit 4(c) to Form 8-K dated May 22, 2009, File No. 1-8841)	x	
*4(h)	Letter, dated May 21, 2012, from NextEra Energy Capital Holdings, Inc. to The Bank of New York Mellon, as trustee, setting forth certain terms of the Series C Debentures due June 1, 2014, effective May 21, 2012 (filed as Exhibit 4(b) to Form 8-K dated May 21, 2012, File No. 1-8841)	x	
*4(i)	Officer's Certificate of FPL Group Capital Inc, dated August 31, 2010, creating the Debentures, 2.60% Series due September 1, 2015 (filed as Exhibit 4 to Form 8-K dated August 31, 2010, File No. 1-8841)	x	
*4(j)	Officer's Certificate of FPL Group Capital Inc, dated September 21, 2010, creating the Series D Debentures due September 1, 2015 (filed as Exhibit 4(c) to Form 8-K dated September 15, 2010, File No. 1-8841)	x	
*4(k)	Letter, dated August 9, 2013, from NextEra Energy Capital Holdings, Inc. to The Bank of New York Mellon, as trustee, setting forth certain terms of the Series D Debentures due September 1, 2015, effective August 9, 2013 (filed as Exhibit 4(b) to Form 8-K dated August 9, 2013, File No. 1-8841)	x	
*4(l)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated June 10, 2011, creating the 4.50% Debentures, Series due June 1, 2021 (filed as Exhibit 4(b) to Form 8-K dated June 10, 2011, File No. 1-8841)	x	
*4(m)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated May 4, 2012, creating the Series E Debentures due June 1, 2017 (filed as Exhibit 4(c) to Form 8-K dated May 4, 2012, File No. 1-8841)	x	
*4(n)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 11, 2012, creating the Series F Debentures due September 1, 2017 (filed as Exhibit 4(c) to Form 8-K dated September 11, 2012, File No. 1-8841)	x	
*4(o)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 21, 2012, creating the 1.20% Debentures, Series due June 1, 2015 (filed as Exhibit 4 to Form 8-K dated September 21, 2012, File No. 1-8841)	x	
*4(p)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. dated June 6, 2013, creating the 3.625% Debentures, Series due June 15, 2023 (filed as Exhibit 4 to Form 8-K dated June 6, 2013, File No. 1-8841)	x	
*4(q)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 25, 2013, creating the Series G Debentures due September 1, 2018 (filed as Exhibit 4(c) to Form 8-K dated September 25, 2013, File No. 1-8841)	x	
*4(r)	Indenture (For Unsecured Subordinated Debt Securities relating to Trust Securities), dated as of March 1, 2004, among FPL Group Capital Inc, FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(au) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(s)	Preferred Trust Securities Guarantee Agreement, dated as of March 15, 2004, between FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Guarantee Trustee) relating to FPL Group Capital Trust I (filed as Exhibit 4(aw) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(t)	Amended and Restated Trust Agreement relating to FPL Group Capital Trust I, dated as of March 15, 2004 (filed as Exhibit 4(at) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(u)	Agreement as to Expenses and Liabilities of FPL Group Capital Trust I, dated as of March 15, 2004 (filed as Exhibit 4(ax) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	

Exhibit Number	Description	NEE	FPL
*4(v)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated March 15, 2004, creating the 5 7/8% Junior Subordinated Debentures, Series due March 15, 2044 (filed as Exhibit 4(av) to Post-Effective Amendment No. 3 to Form S-3, File Nos. 333-102173, 333-102173-01, 333-102173-02 and 333-102173-03)	x	
*4(w)	Indenture (For Unsecured Subordinated Debt Securities), dated as of September 1, 2006, among FPL Group Capital Inc, FPL Group, Inc. (as Guarantor) and The Bank of New York Mellon (as Trustee) (filed as Exhibit 4(a) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(x)	First Supplemental Indenture to Indenture (For Unsecured Debt Securities) dated as of September 1, 2006, dated as of November 19, 2012, between NextEra Energy Capital Holdings, Inc., NextEra Energy, Inc. as Guarantor, and The Bank of New York Mellon, as Trustee (filed as Exhibit 2 to Form 8-A dated January 16, 2013, File No. 1-33028)	x	
*4(y)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated September 19, 2006, creating the Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(c) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(z)	Replacement Capital Covenant, dated September 19, 2006, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series B Enhanced Junior Subordinated Debentures due 2066 (filed as Exhibit 4(d) to Form 8-K dated September 19, 2006, File No. 1-8841)	x	
*4(aa)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated June 12, 2007, creating the Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(a) to Form 8-K dated June 12, 2007, File No. 1-8841)	x	
*4(bb)	Replacement Capital Covenant, dated June 12, 2007, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series C Junior Subordinated Debentures due 2067 (filed as Exhibit 4(b) to Form 8-K dated June 12, 2007, File No. 1-8841)	x	
*4(cc)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated September 17, 2007, creating the Series D Junior Subordinated Debentures due 2067 (filed as Exhibit 4(a) to Form 8-K dated September 17, 2007, File No. 1-8841)	x	
*4(dd)	Replacement Capital Covenant, dated September 18, 2007, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series D Junior Subordinated Debentures due 2067 (filed as Exhibit 4(c) to Form 8-K dated September 17, 2007, File No. 1-8841)	x	
*4(ee)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated March 19, 2009, creating the Series F Junior Subordinated Debentures due 2069 (filed as Exhibit 4(b) to Form 8-K dated March 17, 2009, File No. 1-8841)	x	
*4(ff)	Replacement Capital Covenant, dated March 19, 2009, by FPL Group Capital Inc and FPL Group, Inc. relating to FPL Group Capital Inc's Series F Junior Subordinated Debentures due 2069 (filed as Exhibit 4(c) to Form 8-K dated March 17, 2009, File No. 1-8841)	x	
*4(gg)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated March 27, 2012, creating the Series G Junior Subordinated Debentures due March 1, 2072 (filed as Exhibit 4 to Form 8-K dated March 27, 2012, File No. 1-8841)	x	
*4(hh)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated June 15, 2012, creating the Series H Junior Subordinated Debentures due June 15, 2072 (filed as Exhibit 4 to Form 8-K dated June 15, 2012, File No. 1-8841)	x	
*4(ii)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated November 19, 2012, creating the Series I Junior Subordinated Debentures due November 15, 2072 (filed as Exhibit 4 to Form 8-K dated November 19, 2012, File No. 1-8841)	x	
*4(jj)	Officer's Certificate of NextEra Energy Capital Holdings, Inc. and NextEra Energy, Inc., dated January 18, 2013, creating the Series J Junior Subordinated Debentures due January 15, 2073 (filed as Exhibit 4 to Form 8-K dated January 18, 2013, File No. 1-8841)	x	

Exhibit Number	Description	NEE	FPL
*4(kk)	Indenture (For Securing Senior Secured Bonds, Series A), dated May 22, 2007, between FPL Recovery Funding LLC (as Issuer) and The Bank of New York Mellon (as Trustee and Securities Intermediary) (filed as Exhibit 4.1 to Form 8-K dated May 22, 2007 and filed June 1, 2007, File No. 333-141357)		x
*4(ll)	Purchase Contract Agreement, dated as of September 1, 2010, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 8-K dated September 15, 2010, File No. 1-8841)	x	
*4(mm)	Pledge Agreement, dated as of September 1, 2010, among NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(b) to Form 8-K dated September 15, 2010, File No. 1-8841)	x	
*4(nn)	Purchase Contract Agreement dated as of May 1, 2012, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 8-K dated May 4, 2012, File No. 1-8841)	x	
*4(oo)	Pledge Agreement, dated as of May 1, 2012, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(b) to Form 8-K dated May 4, 2012, File No. 1-8841)	x	
*4(pp)	Purchase Contract Agreement dated as of September 1, 2012, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 8-K dated September 11, 2012, File No. 1-8841)	x	
*4(qq)	Pledge Agreement, dated as of September 1, 2012, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(b) to Form 8-K dated September 11, 2012, File No. 1-8841)	x	
*4(rr)	Purchase Contract Agreement, dated as of September 1, 2013, between NextEra Energy, Inc. and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(a) to Form 8-K dated September 25, 2013, File No. 1-8841)	x	
*4(ss)	Pledge Agreement, dated as of September 1, 2013, between NextEra Energy, Inc., Deutsche Bank Trust Company Americas, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York Mellon, as Purchase Contract Agent (filed as Exhibit 4(b) to Form 8-K dated September 25, 2013, File No. 1-8841)	x	
*10(a)	FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective April 1, 1997 (SERP) (filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1999, File No. 1-8841)	x	x
*10(b)	FPL Group, Inc. Supplemental Executive Retirement Plan, amended and restated effective January 1, 2005 (Restated SERP) (filed as Exhibit 10(b) to Form 8-K dated December 12, 2008, File No. 1-8841)	x	x
*10(c)	Amendment Number 1 to the Restated SERP changing name to NextEra Energy, Inc. Supplemental Executive Retirement Plan (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2010, File No. 1-8841)	x	x
*10(d)	Appendix A1 (revised as of December 1, 2012) to the Restated SERP (filed as Exhibit 10(f) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	x
10(e)	Appendix A2 (revised as of December 12, 2013) to the Restated SERP	x	x
*10(f)	Amended and Restated Supplement to the Restated SERP as it applies to Lewis Hay, III effective January 1, 2005 (filed as Exhibit 10(c) to Form 8-K dated December 12, 2008, File No. 1-8841)	x	x
*10(g)	Supplement to the SERP as it applies to Lewis Hay, III effective March 22, 2002 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	x
*10(h)	Supplement to the Restated SERP relating to a special credit to certain executive officers and other officers effective February 15, 2008 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 2007, File No. 1-8841)	x	x

Exhibit Number	Description	NEE	FPL
*10(i)	Supplement to the Restated SERP effective February 15, 2008 as it applies to Armando Pimentel, Jr. (filed as Exhibit 10(i) to Form 10-K for the year ended December 31, 2007, File No. 1-8841)	x	x
*10(j)	Supplement to the SERP effective December 14, 2007 as it applies to Manoochehr K. Nazar (filed as Exhibit 10(j) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(k)	FPL Group, Inc. Long-Term Incentive Plan of 1985, as amended (filed as Exhibit 99 (h) to Post-Effective Amendment No. 5 to Form S-8, File No. 33-18669)	x	x
*10(l)	NextEra Energy, Inc. (formerly known as FPL Group, Inc.) Amended and Restated Long-Term Incentive Plan, most recently amended and restated on May 22, 2009 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2009, File No. 1-8841)	x	x
*10(m)	NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (filed as Exhibit 10(c) to Form 8-K dated March 16, 2012, File No. 1-8841)	x	x
*10(n)	Form of NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan Performance Share Award Agreement effective February 18, 2011 (filed as Exhibit 10 (b) to Form 10-Q for the quarter ended March 31, 2011, File No. 1-8841)	x	x
*10(o)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. 2011 Long Term Incentive Plan (filed as Exhibit 10(a) to Form 8-K dated October 13, 2011, File No. 1-8841)	x	x
*10(p)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan, as revised March 16, 2012 (filed as Exhibit 10(c) to Form 10-Q for the quarter ended March 31, 2012)	x	x
*10(q)	Form of Performance Share Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(a) to Form 8-K dated October 11, 2012)	x	x
*10(r)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Restricted Stock Award Agreement effective February 13, 2009 (filed as Exhibit 10(q) to Form 10-K for the year ended December 31, 2008, File No. 1-8841)	x	x
*10(s)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Restricted Stock Award Agreement effective February 12, 2010 (filed as Exhibit 10(w) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(t)	Form of NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan Restricted Stock Award Agreement effective February 18, 2011 (filed as Exhibit 10(c) to Form 10-Q for the quarter ended March 31, 2011, File No. 1-8841)	x	x
*10(u)	Form of Restricted Stock Award Agreement under the NextEra Energy, Inc. 2011 Long Term Incentive Plan (filed as Exhibit 10(c) to Form 8-K dated October 13, 2011, File No. 1-8841)	x	x
*10(v)	Form of Restricted Stock Award Agreement under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers (filed as Exhibit 10(b) to Form 8-K dated October 11, 2012)	x	x
*10(w)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement (filed as Exhibit 10(c) to Form 8-K dated December 29, 2004, File No. 1-8841)	x	x
*10(x)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement (filed as Exhibit 10(d) to Form 8-K dated December 29, 2004, File No. 1-8841)	x	x
*10(y)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement effective February 15, 2008 (filed as Exhibit 10(b) to Form 8-K dated February 15, 2008, File No. 1-8841)	x	x
*10(z)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Stock Option Award - Non-Qualified Stock Option Agreement effective February 13, 2009 (filed as Exhibit 10(u) to Form 10-K for the year ended December 31, 2008, File No. 1-8841)	x	x

Exhibit Number	Description	NEE	FPL
*10(aa)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan - Non-Qualified Stock Option Agreement effective February 12, 2010 (filed as Exhibit 10(bb) to Form 10-K for the year December 31, 2009, File No. 1-8841)	x	x
*10(bb)	Form of NextEra Energy, Inc. Amended and Restated Long-Term Incentive Plan - Non-Qualified Stock Option Agreement effective February 18, 2011 (filed as Exhibit 10(d) to Form 10-Q for the quarter ended March 31, 2011, File No. 1-8841)	x	x
*10(cc)	Form of Non-Qualified Stock Option Award Agreement under the NextEra Energy, Inc. 2011 Long Term Incentive Plan (filed as Exhibit 10(b) to Form 8-K dated October 13, 2011, File No. 1-8841)	x	x
*10(dd)	Form of FPL Group, Inc. Amended and Restated Long-Term Incentive Plan Amended and Restated Deferred Stock Award Agreement effective February 12, 2010 between FPL Group, Inc. and each of Moray P. Dewhurst and James L. Robo (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(ee)	Form of Deferred Stock Award Agreement under NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan (filed as Exhibit 10(a) to Form 8-K dated March 16, 2012, File No. 1-8841)	x	x
*10(ff)	NextEra Energy, Inc. 2013 Executive Annual Incentive Plan (filed as Exhibit 10(c) to Form 8-K dated October 11, 2012, File No. 1-8841)	x	x
*10(gg)	NextEra Energy, Inc. Deferred Compensation Plan effective January 1, 2005 as amended and restated through October 15, 2010 (filed as Exhibit 10(dd) to Form 10-K for the year ended December 31, 2010, File No. 1-8841)	x	x
*10(hh)	Amendment 1 (effective May 25, 2011) to the NextEra Energy, Inc. Deferred Compensation Plan effective January 1, 2005, as amended and restated through October 15, 2010 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2011, File No. 1-8841)	x	x
*10(ii)	Amendment 2 (effective November 16, 2011) to the NextEra Energy, Inc. Deferred Compensation Plan effective January 1, 2005, as amended and restated through October 15, 2010 (filed as Exhibit 10(ll) to Form 10-K for the year ended December 31, 2011, File No. 1-8841)	x	x
*10(jj)	FPL Group, Inc. Deferred Compensation Plan, amended and restated effective January 1, 2003 (filed as Exhibit 10(k) to Form 10-K for the year ended December 31, 2002, File No. 1-8841)	x	x
*10(kk)	FPL Group, Inc. Executive Long-Term Disability Plan effective January 1, 1995 (filed as Exhibit 10(g) to Form 10-K for the year ended December 31, 1995, File No. 1-8841)	x	x
*10(ll)	FPL Group, Inc. Amended and Restated Non-Employee Directors Stock Plan, as amended and restated October 13, 2006 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended September 30, 2006, File No. 1-8841)	x	
*10(mm)	FPL Group, Inc. 2007 Non-Employee Directors Stock Plan (filed as Exhibit 99 to Form S-8, File No. 333-143739)	x	
*10(nn)	NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2013 (filed as Exhibit 10(ss) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	
10(oo)	NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2014	x	
*10(pp)	Form of Amended and Restated Executive Retention Employment Agreement effective December 10, 2009 between FPL Group, Inc. and each of Lewis Hay, III, Moray P. Dewhurst, James L. Robo, Armando Pimentel, Jr., and Charles E. Sieving (filed as Exhibit 10(nn) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(qq)	Amended and Restated Employment Letter with Lewis Hay, III dated December 10, 2009 (filed as Exhibit 10(pp) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(rr)	409A Amendment dated October 12, 2012 to Amended and Restated Employment Letter between Lewis Hay, III and NextEra Energy, Inc. (filed as Exhibit 10(ww) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	x

Exhibit Number	Description	NEE	FPL
*10(ss)	Waiver Letter dated March 16, 2012 between Lewis Hay, III and NextEra Energy, Inc. (filed as Exhibit 10(b) to Form 8-K dated March 16, 2012, File No. 1-8841)	x	x
*10(tt)	April 15, 2013 Consent Under Waiver Letter Dated March 16, 2012 between Lewis Hay, III and NextEra Energy, Inc. (filed as Exhibit 10(c) to Form 10-Q for the quarter ended June 30, 2013, File No. 1-8841)	x	x
*10(uu)	May 24, 2013 Second Consent Under Waiver Letter Dated March 16, 2012 between Lewis Hay, III and NextEra Energy, Inc. (filed as Exhibit 10(d) to Form 10-Q for the quarter ended June 30, 2013, File No. 1-8841)	x	x
*10(vv)	Executive Retention Employment Agreement between FPL Group, Inc. and Joseph T. Kelliher dated as of May 21, 2009 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2009, File No. 1-8841)	x	x
*10(ww)	Executive Retention Employment Agreement between FPL Group, Inc. and Manoochehr K. Nazar dated as of January 1, 2010 (filed as Exhibit 10(rr) to Form 10-K for the year ended December 31, 2009, File No. 1-8841)	x	x
*10(xx)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Eric E. Silagy dated as of May 2, 2012 (filed as Exhibit 10(b) to Form 10-Q for the quarter ended June 30, 2012, File No. 1-8841)	x	x
*10(yy)	Executive Retention Employment Agreement between NextEra Energy, Inc. and William L. Yeager dated as of January 1, 2013 (filed as Exhibit 10(ccc) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	x
*10(zz)	Form of 2012 409A Amendment to NextEra Energy, Inc. Executive Retention Employment Agreement effective October 11, 2012 between NextEra Energy, Inc. and each of Lewis Hay, III, James L. Robo, Moray P. Dewhurst, Armando Pimentel, Jr., Eric E. Silagy, Joseph T. Kelliher, Manoochehr K. Nazar and Charles E. Sieving (filed as Exhibit 10(ddd) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	x
*10(aaa)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Deborah H. Caplan dated as of April 23, 2013 (filed as Exhibit 10(e) to Form 10-Q for the quarter ended June 30, 2013, File No. 1-8841)	x	x
10(bbb)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Miguel Arechabala dated as of January 1, 2014	x	x
*10(ccc)	NextEra Energy, Inc. Executive Severance Benefit Plan effective February 26, 2013 (filed as Exhibit 10(eee) to Form 10-K for the year ended December 31, 2012, File No. 1-8841)	x	x
*10(ddd)	Guarantee Agreement between FPL Group, Inc. and FPL Group Capital Inc, dated as of October 14, 1998 (filed as Exhibit 10(y) to Form 10-K for the year ended December 31, 2001, File No. 1-8841)	x	
12(a)	Computation of Ratios	x	
12(b)	Computation of Ratios		x
21	Subsidiaries of NextEra Energy, Inc.	x	
23	Consent of Independent Registered Public Accounting Firm	x	x
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of NextEra Energy, Inc.	x	
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of NextEra Energy, Inc.	x	
31(c)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer of Florida Power & Light Company		x
31(d)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer of Florida Power & Light Company		x
32(a)	Section 1350 Certification of NextEra Energy, Inc.	x	
32(b)	Section 1350 Certification of Florida Power & Light Company		x

Exhibit Number	Description	NEE	FPL
101.INS	XBRL Instance Document	x	x
101.SCH	XBRL Schema Document	x	x
101.PRE	XBRL Presentation Linkbase Document	x	x
101.CAL	XBRL Calculation Linkbase Document	x	x
101.LAB	XBRL Label Linkbase Document	x	x
101.DEF	XBRL Definition Linkbase Document	x	x

* Incorporated herein by reference

NEE and FPL agree to furnish to the SEC upon request any instrument with respect to long-term debt that NEE and FPL have not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

NEXTERA ENERGY, INC. SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized and in the capacities and on the date indicated.

NextEra Energy, Inc.

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer
and Director
(Principal Executive Officer)

Date: February 21, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 21, 2014:

MORAY P. DEWHURST

Moray P. Dewhurst
Vice Chairman and Chief Financial Officer,
and Executive Vice President - Finance
(Principal Financial Officer)

CHRIS N. FROGGATT

Chris N. Froggatt
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Directors:

SHERRY S. BARRAT
Sherry S. Barrat

RUDY E. SCHUPP
Rudy E. Schupp

ROBERT M. BEALL, II
Robert M. Beall, II

JOHN L. SKOLDS
John L. Skolds

JAMES L. CAMAREN
James L. Camaren

WILLIAM H. SWANSON
William H. Swanson

KENNETH B. DUNN
Kenneth B. Dunn

MICHAEL H. THAMAN
Michael H. Thaman

KIRK S. HACHIGIAN
Kirk S. Hachigian

HANSEL E. TOOKES, II
Hansel E. Tookes, II

TONI JENNINGS
Toni Jennings

FLORIDA POWER & LIGHT COMPANY SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized and in the capacities and on the date indicated.

Florida Power & Light Company

JAMES L. ROBO
James L. Robo
Chairman and Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 21, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title as of February 21, 2014:

MORAY P. DEWHURST
Moray P. Dewhurst
Executive Vice President, Finance
and Chief Financial Officer and Director
(Principal Financial Officer)

KIMBERLY OUSDAHL
Kimberly Ousdahl
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Director:

ERIC E. SILAGY
Eric E. Silagy

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Securities Exchange Act of 1934 by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Securities Exchange Act of 1934

No annual report, proxy statement, form of proxy or other proxy soliciting material has been sent to security holders of FPL during the period covered by this Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Exhibit 12(a)

NEXTERA ENERGY, INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS[a]

	Years Ended December 31,				
	2013	2012	2011	2010	2009
	(millions of dollars)				
Earnings, as defined:					
Income from continuing operations	**$ 1,720**	$1,911	$ 1,923	$1,957	$ 1,615
Income taxes	**801**	692	529	532	327
Fixed charges included in the determination of income from continuing operations, as below	**1,194**	1,124	1,094	1,025	899
Amortization of capitalized interest	**34**	25	21	21	17
Distributed income of equity method investees	**33**	32	95	74	69
Less: Equity in earnings of equity method investees	**25**	13	55	58	52
Total earnings, as defined	**$ 3,757**	$3,771	$ 3,607	$3,551	$ 2,875
Fixed charges, as defined:					
Interest expense	**$ 1,121**	$1,038	$ 1,035	$979	$849
Rental interest factor	**46**	52	41	32	28
Allowance for borrowed funds used during construction	**27**	34	18	14	22
Fixed charges included in the determination of income from continuing operations	**1,194**	1,124	1,094	1,025	899
Capitalized interest	**140**	155	107	75	88
Total fixed charges, as defined	**$ 1,334**	$1,279	$ 1,201	$1,100	$ 987
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends[a]	**2.82**	2.95	3.00	3.23	2.91

(a) NextEra Energy, Inc. has no preference equity securities outstanding; therefore, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit 12(b)

FLORIDA POWER & LIGHT COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS[(a)]

	Years Ended December 31,				
	2013	2012	2011	2010	2009
	(millions of dollars)				
Earnings, as defined:					
Net income	**$1,349**	$1,240	$ 1,068	$ 945	$ 831
Income taxes	**835**	752	654	580	473
Fixed charges included in the determination of net income, as below	**451**	450	411	382	347
Total earnings, as defined	**$2,635**	$2,442	$ 2,133	$1,907	$ 1,651
Fixed charges, as defined:					
Interest expense	**$ 415**	$ 417	$ 387	$ 361	$ 318
Rental interest factor	**10**	11	8	8	7
Allowance for borrowed funds used during construction	**26**	22	16	13	22
Fixed charges included in the determination of net income	**451**	450	411	382	347
Capitalized interest	**—**	—	1	3	2
Total fixed charges, as defined	**$ 451**	$ 450	$ 412	$ 385	$ 349
Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends[(a)]	**5.84**	5.43	5.18	4.95	4.73

(a) Florida Power & Light Company has no preference equity securities outstanding; therefore, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred stock dividends.

Exhibit 21

SUBSIDIARIES OF NEXTERA ENERGY, INC.

NextEra Energy, Inc.'s principal subsidiaries as of December 31, 2013 are listed below.

	Subsidiary	State or Jurisdiction of Incorporation or Organization
1.	Florida Power & Light Company (100%-owned)	Florida
2.	NextEra Energy Capital Holdings, Inc. (100%-owned)	Florida
3.	NextEra Energy Resources, LLC[a][b]	Delaware
4.	Palms Insurance Company, Limited[b]	Cayman Islands

(a) Includes 583 subsidiaries that operate in the United States and 74 subsidiaries that operate in foreign countries in the same line of business as NextEra Energy Resources, LLC.
(b) 100%-owned subsidiary of NextEra Energy Capital Holdings, Inc.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of our reports dated February 21, 2014, relating to the consolidated financial statements of NextEra Energy, Inc. and subsidiaries (NextEra Energy) and Florida Power & Light Company and subsidiaries (FPL) and the effectiveness of NextEra Energy's and FPL's internal control over financial reporting, appearing in this Annual Report on Form 10-K of NextEra Energy and FPL for the year ended December 31, 2013:

NextEra Energy, Inc.

Form	No.
Form S-8	No. 33-11631
Form S-8	No. 33-57673
Form S-8	No. 333-27079
Form S-8	No. 333-88067
Form S-8	No. 333-114911
Form S-8	No. 333-116501
Form S-3	No. 333-125275
Form S-8	No. 333-125954
Form S-8	No. 333-130479
Form S-8	No. 333-143739
Form S-8	No. 333-174799
Form S-3	No. 333-180848
Form S-3	No. 333-183052

Florida Power & Light Company

Form	No.
Form S-3	No. 333-183052-02

NextEra Energy Capital Holdings, Inc.

Form	No.
Form S-3	No. 333-183052-01

DELOITTE & TOUCHE LLP

Miami, Florida
February 21, 2014

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification

I, James L. Robo, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2013 of NextEra Energy, Inc. (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2014

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer
of NextEra Energy, Inc.

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2013 of NextEra Energy, Inc. (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2014

MORAY P. DEWHURST

Moray P. Dewhurst
Vice Chairman and Chief Financial Officer,
and Executive Vice President - Finance
of NextEra Energy, Inc.

Exhibit 31(c)

Rule 13a-14(a)/15d-14(a) Certification

I, James L. Robo, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2013 of Florida Power & Light Company (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2014

JAMES L. ROBO

James L. Robo
Chairman and Chief Executive Officer
of Florida Power & Light Company

Exhibit 31(d)

Rule 13a-14(a)/15d-14(a) Certification

I, Moray P. Dewhurst, certify that:

1. I have reviewed this Form 10-K for the annual period ended December 31, 2013 of Florida Power & Light Company (the registrant);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2014

MORAY P. DEWHURST

Moray P. Dewhurst
Executive Vice President, Finance
and Chief Financial Officer of
Florida Power & Light Company

Exhibit 32(a)

Section 1350 Certification

We, James L. Robo and Moray P. Dewhurst, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Annual Report on Form 10-K of NextEra Energy, Inc. (the registrant) for the annual period ended December 31, 2013 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: February 21, 2014

JAMES L. ROBO

James L. Robo
Chairman, President and Chief Executive Officer
of NextEra Energy, Inc.

MORAY P. DEWHURST

Moray P. Dewhurst
Vice Chairman and Chief Financial Officer,
and Executive Vice President - Finance
of NextEra Energy, Inc.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Exhibit 32(b)

Section 1350 Certification

We, James L. Robo and Moray P. Dewhurst, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Annual Report on Form 10-K of Florida Power & Light Company (the registrant) for the annual period ended December 31, 2013 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: February 21, 2014

JAMES L. ROBO
James L. Robo
Chairman and Chief Executive Officer of
Florida Power & Light Company

MORAY P. DEWHURST
Moray P. Dewhurst
Executive Vice President, Finance
and Chief Financial Officer of
Florida Power & Light Company

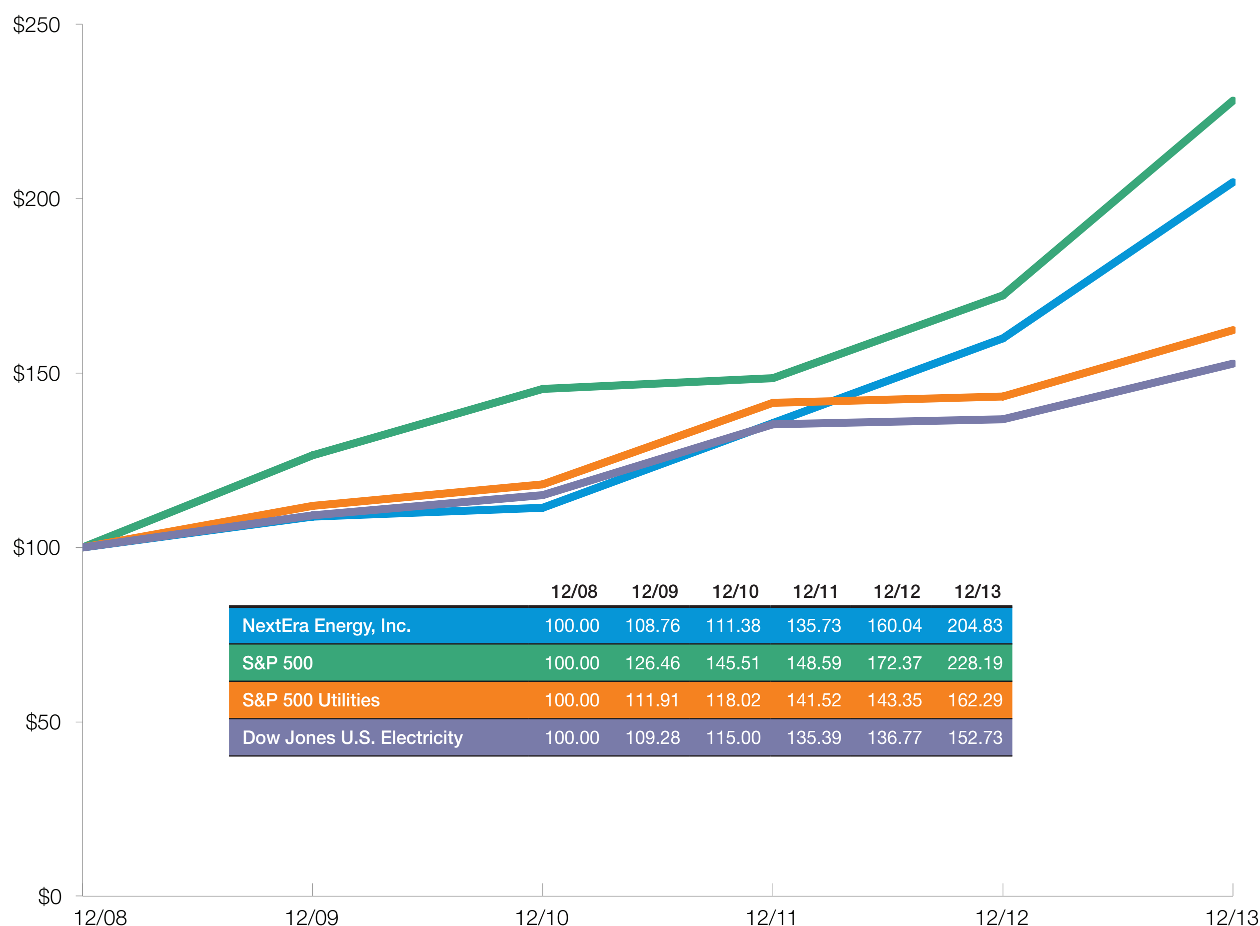
A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

Growth in Total Shareholder Return

The following graph compares the cumulative 5-year total shareholder return on NextEra Energy, Inc.'s common stock with the cumulative total returns of the S&P 500 Index, the S&P 500 Utilities Index, and the Dow Jones U.S. Electricity Index. The graph tracks the performance of an investment of $100 (with reinvestment of all dividends) in our common stock and in each index from Dec. 31, 2008 to Dec. 31, 2013.

Comparison of 5-Year Cumulative Total Return*



	12/08	12/09	12/10	12/11	12/12	12/13
NextEra Energy, Inc.	100.00	108.76	111.38	135.73	160.04	204.83
S&P 500	100.00	126.46	145.51	148.59	172.37	228.19
S&P 500 Utilities	100.00	111.91	118.02	141.52	143.35	162.29
Dow Jones U.S. Electricity	100.00	109.28	115.00	135.39	136.77	152.73

*$100 invested on 12/31/08 in stock or index, including reinvestment of dividends.
Fiscal year ending Dec. 31.
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NextEra Energy, Inc.

Reconciliation of Adjusted Earnings Per Share to Earnings Per Share

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Earnings Per Share (assuming dilution)	$2.53	$2.48	$2.34	$3.23	$3.27	$4.07	$3.97	$4.74	$4.59	$4.56	$4.47
Adjustments:											
Non-qualifying hedge losses (gains)	(0.06)	0.01	0.29	(0.23)	0.21	(0.42)	0.05	(0.43)	(0.45)	0.08	0.13
Loss (income) from OTTI losses - net					0.01	0.19	0.03	(0.01)	0.01	(0.07)	
Cumulative effect of change in accounting principle - net	0.01										
Merger-related expenses				0.04							
Loss on sale of natural gas-fired generating assets									0.24		
Net gain from discontinued operations											(0.44)
Impairment charge and valuation allowance											0.80
Operating loss of Spain solar projects											0.01
Adjusted Earnings Per Share (assuming dilution)	$2.48	$2.49	$2.63	$3.04	$3.49	$3.84	$4.05	$4.30	$4.39	$4.57	$4.97

Reconciliation of Adjusted Earnings to GAAP Net Income and Adjusted Earnings Per Share to GAAP Earnings Per Share

Full Year Ended Dec. 31, 2013

(millions, except per share amounts)	**FPL**	**NextEra Energy Resources**	**Corporate & Other**	**NextEra Energy**
Net Income	$1,349	$556	$3	$1,908
Adjustments, net of income taxes:				
Non-qualifying hedge losses (gains)	—	54	(1)	53
Income from OTTI losses - net	—	(1)	—	(1)
Net gain from discontinued operations	—	(175)	(13)	(188)
Impairment charge and valuation allowance	—	342	—	342
Operating loss of Spain solar projects	—	4	—	4
Adjusted Earnings (Loss)	$1,349	$780	$(11)	$2,118
Earnings Per Share (assuming dilution)	$3.16	$1.30	$0.01	$4.47
Adjustments:				
Non-qualifying hedge losses	—	0.13	—	0.13
Income from OTTI losses - net	—	—	—	—
Net gain from discontinued operations	—	(0.41)	(0.03)	(0.44)
Impairment charge and valuation allowance	—	0.80	—	0.80
Operating loss of Spain solar projects	—	0.01	—	0.01
Adjusted Earnings (Loss) Per Share (assuming dilution)	$3.16	$1.83	$(0.02)	$4.97

Full Year Ended Dec. 31, 2012

(millions, except per share amounts)	**FPL**	**NextEra Energy Resources**	**Corporate & Other**	**NextEra Energy**
Net Income (Loss)	$1,240	$687	$(16)	$1,911
Adjustments, net of income taxes:				
Non-qualifying hedge losses (gains)	—	37	(3)	34
Income from OTTI losses - net	—	(31)	—	(31)
Adjusted Earnings (Loss)	$1,240	$693	$(19)	$1,914
Earnings (Loss) Per Share (assuming dilution)	$2.96	$1.64	$(0.04)	$4.56
Adjustments:				
Non-qualifying hedge losses (gains)	—	0.09	(0.01)	0.08
Income from OTTI losses - net	—	(0.07)	—	(0.07)
Adjusted Earnings (Loss) Per Share (assuming dilution)	$2.96	$1.66	$(0.05)	$4.57

Officers

NEXTERA ENERGY, INC.

JAMES L. ROBO
Chairman and Chief Executive Officer

MORAY P. DEWHURST
Vice Chairman and
Chief Financial Officer, and
Executive Vice President, Finance

MIGUEL ARECHABALA
Executive Vice President,
Power Generation Division

MANO K. NAZAR
Executive Vice President, Nuclear
Division and Chief Nuclear Officer

WILLIAM L. YEAGER
Executive Vice President,
Engineering, Construction and
Integrated Supply Chain

DEBORAH H. CAPLAN
Executive Vice President,
Human Resources and
Corporate Services

JOSEPH T. KELLIHER
Executive Vice President,
Federal Regulatory Affairs

CHARLES E. SIEVING
Executive Vice President &
General Counsel

MARIA V. FOGARTY
Senior Vice President,
Internal Audit & Compliance

PAUL I. CUTLER
Treasurer

CHRIS N. FROGGATT
Vice President, Controller and
Chief Accounting Officer

ALISSA E. BALLOT
Vice President & Corporate
Secretary

FLORIDA POWER & LIGHT COMPANY

ERIC E. SILAGY
President

ROBERT E. BARRETT, JR.
Vice President, Finance

MANUEL B. MIRANDA
Vice President, Power Delivery

MARLENE M. SANTOS
Vice President, Customer Service

LAKSHMAN CHARANJIVA
Vice President and
Chief Information Officer

ROBERT L. GOULD
Vice President, Marketing &
Communication

RANDALL R. LABAUVE
Vice President, Environmental
Services

R. WADE LITCHFIELD
Vice President & General Counsel

KIMBERLY OUSDAHL
Vice President, Controller and
Chief Accounting Officer

PAMELA M. RAUCH
Vice President, Development
and External Affairs

NEXTERA ENERGY RESOURCES, LLC

ARMANDO PIMENTEL, JR.
President and Chief Executive
Officer

MARK R. SORENSEN
Chief Risk Officer

JOHN W. KETCHUM
Senior Vice President, Business
Management & Finance

MICHAEL O'SULLIVAN
Senior Vice President, Development

MARK MAISTO
President, Commodities,
Trading & Commercial Services

BRIAN LANDRUM
President, Gexa Energy GP, LLC

TJ TUSCAI
President, Gas Infrastructure

MITCHELL S. ROSS
Vice President & General Counsel

FPL FIBERNET, LLC

CARMEN M. PEREZ
President

Board of Directors

SHERRY S. BARRAT
Retired. Formerly Vice Chairman,
Northern Trust Corporation
(financial holding company)
Director since 1998.
Chair: Governance & Nominating Committee.
Member: Audit Committee, Executive Committee.

ROBERT M. BEALL, II
Chairman, Beall's, Inc.
(retail stores)
Director since 1989.
Member: Compensation Committee, Finance & Investment Committee.

JAMES L. CAMAREN
Private Investor. Formerly Chairman
& Chief Executive Officer, Utilities, Inc.
(water utilities)
Director since 2002.
Member: Audit Committee, Governance & Nominating Committee.

KENNETH B. DUNN
Professor of Financial Economics
and former Dean, Tepper School of
Business, Carnegie Mellon University
(higher education)
Director since 2010.
Member: Compensation Committee, Finance & Investment Committee.

KIRK S. HACHIGIAN
Chairman and Chief Executive Officer,
JELD-WEN, Inc.
(window and door manufacturer)
Director since October 2013.
Member: Finance & Investment Committee.

TONI JENNINGS
Chairman, Jack Jennings & Sons, Inc.
(construction)
Former Lt. Governor, State of Florida
Director since 2007.
Member: Compensation Committee, Finance & Investment Committee.

JAMES L. ROBO
Chairman and
Chief Executive Officer,
NextEra Energy, Inc.
Director since 2012.
Chair: Executive Committee.

RUDY E. SCHUPP
President and Chief Executive
Officer, 1st United Bank, and
Chief Executive Officer,
1st United Bancorp, Inc.
(commercial bank)
Director since 2005.
Chair: Compensation Committee.
Member: Governance & Nominating Committee, Executive Committee.

JOHN L. SKOLDS
Retired. Formerly Executive Vice
President of Exelon Corporation and
President of Exelon Energy Delivery
and Exelon Generation (utility services
holding company)
Director since 2012.
Chair: Nuclear Committee.
Member: Audit Committee.

WILLIAM H. SWANSON
Chairman of the Board and retired
Chief Executive Officer,
Raytheon Company
(global defense technology)
Director since 2009.
Member: Audit Committee, Governance & Nominating Committee.

MICHAEL H. THAMAN
Chairman, President and Chief
Executive Officer, Owens Corning
(manufacturer)
Director since 2003.
Lead Director.
Chair: Audit Committee.
Member: Executive Committee.

HANSEL E. TOOKES, II
Retired. Formerly President,
Raytheon International
(defense and aerospace systems)
Director since 2005.
Chair: Finance & Investment Committee.
Member: Compensation Committee, Executive Committee.

Investor Information

CORPORATE OFFICES
NextEra Energy, Inc.
700 Universe Blvd.
Juno Beach, FL 33408-0420

EXCHANGE LISTING
Common Stock
New York Stock Exchange
Ticker Symbol: NEE

NextEra Energy Capital Holdings, Inc. Series G Junior Subordinated Debentures New York Stock Exchange
Ticker Symbol: NEE.PRG

NextEra Energy Capital Holdings, Inc. Series H Junior Subordinated Debentures New York Stock Exchange
Ticker Symbol: NEE.PRH

NextEra Energy Capital Holdings, Inc. Series I Junior Subordinated Debentures New York Stock Exchange
Ticker Symbol: NEE.PRI

NextEra Energy Capital Holdings, Inc. Series J Junior Subordinated Debentures New York Stock Exchange
Ticker Symbol: NEE.PRJ

FPL Group Capital Trust I Preferred Trust Securities
New York Stock Exchange
Ticker Symbol: NEE.PRC

NextEra Energy Capital Holdings, Inc. Series F Senior Debentures (Equity Unit)
New York Stock Exchange
Ticker Symbol: NEE.PRO

NextEra Energy Capital Holdings, Inc. Series G Senior Debentures (Equity Unit)
New York Stock Exchange
Ticker Symbol: NEE.PRP

NEWSPAPER LISTING
Common Stock: NEE

REGISTRAR, TRANSFER AND PAYING AGENTS
NextEra Energy, Inc. Common Stock

NextEra Energy, Inc.
c/o Computershare
Trust Company, N.A.
250 Royall Street
Canton, MA 02021
888-218-4392

Florida Power & Light Company First Mortgage Bonds

DB Services Americas, Inc.
5022 Gate Parkway
Suite 200
Jacksonville, FL 32256
800-735-7777

NextEra Energy Capital Holdings, Inc. Debentures

NextEra Energy Capital Holdings, Inc. Junior Subordinated Debentures

NextEra Energy Capital Holdings, Inc. Enhanced Junior Subordinated Debentures

FPL Group Capital Trust I Preferred Trust Securities

The Bank of New York Mellon
Corporate Trust Operations
111 Sanders Creek Parkway
East Syracuse, NY 13057
800-254-2826

SHAREHOLDER INQUIRIES

Communications concerning transfer requirements, lost certificates, dividend checks, address changes, stock accounts and the dividend reinvestment and direct stock purchase plan should be directed to Computershare:
888-218-4392 or
www.computershare.com/NEE.

Other shareholder communications to: Shareholder Services 800-222-4511

ANNUAL MEETING
May 22, 2014
11:00 a.m. Pacific Time
Grand Salon E
Hyatt Regency Indian Wells
44600 Indian Wells Lane
Indian Wells, CA 92210

ELECTRONIC PROXY MATERIAL
Shareholders may elect to receive proxy materials electronically by accessing **https://enroll.icsdelivery.com/NEE**.

DIRECT DEPOSIT OF DIVIDENDS
Cash dividends may be deposited directly to personal accounts at financial institutions. Call Computershare for authorization forms.

DIVIDEND REINVESTMENT AND DIRECT STOCK PURCHASE PLAN
NextEra Energy offers a plan for the reinvestment of dividends and the purchase of common stock. Enrollment materials may be obtained by calling Computershare or by accessing **www.computershare.com/NEE**.

DIRECT REGISTRATION SERVICES
NextEra Energy common stock can be issued in direct registration (book entry) form.

ONLINE INVESTOR INFORMATION
Visit our investor information site at **www.NextEraEnergy.com/investors** to get stock quotes, earnings reports, financial releases, SEC filings and other news. You can also request and receive information via email. Shareholders of record can receive secure online account access through a link to our transfer agent, Computershare.

SEC FILINGS
All Securities and Exchange Commission filings appear on our website at **www.NextEraEnergy.com/investors**. Copies of SEC filings also are available without charge by writing to NextEra Energy, Shareholder Services.

NEWS AND FINANCIAL INFORMATION
Get the latest news and financial information about NextEra Energy by visiting **www.NextEraEnergy.com**.

ANALYST INQUIRIES
Investor Relations
561-694-4697

NEWS MEDIA INQUIRIES
Media Relations
561-694-4442

CERTIFIED PUBLIC ACCOUNTANTS
Deloitte & Touche LLP
333 SE Second Ave.
Suite 3600
Miami, FL 33131-2387

PROPOSED 2014 COMMON STOCK DIVIDEND DATES*

Declaration	Ex-Dividend	Record	Payment
February 14	February 26	February 28	March 17
May 23	May 29	June 2	June 16
July 25	August 27	August 29	September 15
October 17	November 25	November 28	December 15

*Declaration of dividends and dates shown are subject to the discretion of the Board of Directors of NextEra Energy, Inc. Dates shown are based on the assumption that past patterns will prevail.

NextEra Energy, Inc.
700 Universe Boulevard
Juno Beach, FL 33408

For more information, go to:
www.NextEraEnergy.com
www.FPL.com
www.NextEraEnergyResources.com

CC191-1403

EXHIBIT 8

Chart Describing Requested Modifications[1] to the 1982 Agreement and Reasons In Support of Such Requests

	Condition	Requested Modification(s)	Support
1	Hawaiian Electric Industries, Inc. (“HEI”), its successors and assigns, including all subsidiaries in which Hawaiian Electric Industries, Inc., or its subsidiaries have a substantial interest, now existing or to be acquired or created in the future, hereinafter collectively called “Industries”, shall furnish to the Public Utilities Commission, State of Hawaiʻi, hereinafter called “Commission”, any and all records, books or documents of every nature and kind when requested in writing by the Commission. The information requested of Industries by the Commission shall relate to information that is necessary to fulfill the statutory responsibilities of the Commission. Industries shall also provide the same information requested by the Commission to the Public Utilities Division, Department of Commerce and Consumer Affairs, State of Hawaiʻi (“Consumer Advocate”) herein. The Consumer Advocate shall utilize the procedures set forth in Section 269-54(d), Hawaiʻi Revised Statutes, when it requests such information from Industries.	NextEra Energy, Inc.~~Hawaiian Electric Industries, Inc. (“HEI”)~~, its successors and assigns, including all subsidiaries in which NextEra Energy~~Hawaiian Electric Industries~~, Inc., or its subsidiaries have a substantial interest, now existing or to be acquired or created in the future, hereinafter collectively called “NextEra~~Industries~~”, shall furnish to the Public Utilities Commission, State of Hawaiʻi, hereinafter called “Commission”, any and all records, books or documents of every nature and kind when requested in writing by the Commission. The information requested of NextEra~~Industries~~ by the Commission shall relate to information that is necessary to fulfill the statutory responsibilities of the Commission with respect to the “Utility Corporation” (as that term is defined in Condition No. 3), and be sought from entities within NextEra that provide services chargeable to the Utility Corporation. NextEra~~Industries~~ shall also provide the same information requested by and furnished to the Commission to the ~~Public Utilities~~ Division of Consumer Advocacy, Department of Commerce and Consumer Affairs, State of Hawaiʻi (“Consumer Advocate”) herein. The Consumer Advocate shall utilize the procedures set forth in Section 269-54(d), Hawaiʻi Revised Statutes, when it requests such information from NextEra~~Industries~~.	1. NextEra acknowledges that, as a result of the Proposed Change of Control, the Commission may need information above the HEI/Hawaiian Electric Holdings level in order to fulfill its statutory responsibilities in regulating and overseeing the Hawaiian Electric Companies (i.e., the “Utility Corporation”). NextEra is agreeable to expand this condition to include NextEra subject to (1) the information being necessary to fulfill the statutory responsibilities of the Commission with respect to the Hawaiian Electric Companies, and (2) the limitation that the information is to be sought from entities that provide services chargeable to the Hawaiian Electric Companies. This limitation is similar to limitations imposed in other transfer of control proceedings.[2] 2. The language has also been modified to update information on the Consumer Advocate.

[1] Any modifications that Applicants are requesting are shown in “blackline” format in the “Requested Modification(s)” column.

[2] See, e.g., Decision and Order No. 21696, issued on March 16, 2005, in Docket No. 04-0140. As a condition to approving the transfer of control that was the subject of that docket, the Commission imposed the following: “Paradise HoldCo, Carlyle and all affiliated entities (i.e., an entity with an ‘affiliated interest’ with Paradise HoldCo or Hawaiian Telcom as defined in HRS § 269-19.5) that provide services chargeable to regulated utility operations will provide complete access in Hawaii to all relevant financial and operational data during proceedings before the Commission, upon the request of the Commission or Consumer Advocate, provided that any such voluminous data that cannot reasonably be provided in Hawaii will be made available at other locations, with reimbursement by Hawaiian Telcom of any incremental costs caused by such out-of-state access.” Id. at 33-34.

	Condition	Requested Modification(s)	Support
2	Industries, when requested in writing or in open hearing, shall voluntarily have any employee, officer, director or agent of Industries appear before the Commission for the purpose of testifying before the Commission.	NextEra~~Industries~~, when requested in writing or in open hearing, shall voluntarily have an~~y~~ employee, officer, director, ~~or~~ agent or other representative ~~of Industries~~ appear before the Commission for the purpose of testifying before the Commission, as necessary to fulfill the statutory responsibilities of the Commission with respect to the Utility Corporation.	For the same reason provided in Item 1 above in support of the modifications to Condition 1, NextEra is willing to expand this condition above the HEI/Hawaiian Electric Holdings level to include NextEra, subject to similar language as in original and modified Condition No. 1 regarding the statutory responsibilities of the Commission.
3	The Commission shall have the right to investigate any matter, activity or transaction between Hawaiian Electric Company, Inc., and its subsidiaries, hereinafter collectively called “Utility Corporation”, and Industries. For purposes of investigation, the Commission shall have the right to enter the premises of Industries during normal working hours and to review any and all records, books or documents of every nature and kind which relate to the investigation or inquiry.	The Commission shall have the right to investigate any matter, activity or transaction between Hawaiian Electric Company, Inc., and its subsidiaries, hereinafter collectively called “Utility Corporation”, and any entities within NextEra~~Industries~~ that provide services chargeable to the Utility Corporation, as may be necessary to fulfill the statutory responsibilities of the Commission with respect to the Utility Corporation. For purposes of investigation, the Commission shall have the right to enter the premises of Hawaiian Electric Holdings~~Industries~~ during normal working hours and to review any and all records, books or documents of every nature and kind which relate to the investigation or inquiry.	See reasons provided in Item 1 above in support of the modifications to Condition 1, as well as the reason provided in support of the modification to Condition 4 below. NextEra is agreeable to expand this condition above the HEI/Hawaiian Electric Holdings level as long as it involves NextEra entities that provide services chargeable to the Hawaiian Electric Companies and to the extent necessary to fulfill the statutory responsibilities of the Commission with respect to the Hawaiian Electric Companies.
4	Industries shall furnish to the Commission and the Consumer Advocate the following: (1) quarterly and annual financial statements in reasonable detail; (2) annual consolidated financial statements, in reasonable detail, certified by independent certified public accountants; and (3) consolidating statements involved in the preparation of the financial statements together with an explanation of the nature of intercompany transactions and the basis of any allocations made.	Hawaiian Electric Holdings~~Industries~~ shall furnish to the Commission and the Consumer Advocate the following: (1) quarterly and annual financial statements in reasonable detail; (2) annual consolidated financial statements, in reasonable detail, certified by independent certified public accountants; and (3) consolidating statements involved in the preparation of the financial statements together with an explanation of the nature of intercompany transactions and the basis of any allocations made.	Recommended change merely to reflect Hawaiian Electric Holdings as the surviving entity of the merger between Hawaiian Electric Holdings and HEI (i.e., Industries) under the Proposed Change of Control.

	Condition	Requested Modification(s)	Support
5	The Commission and the Consumer Advocate shall have the right to review any intercompany charges and allocations of common expenses between the Utility Corporation and Industries. Such allocations shall include, but not be limited to: a) Salaries of personnel who perform duties for the utility as well as an affiliate; and other related expenses such as payroll taxes, pension and group insurance costs, travel and reimbursable expenses. b) Common expenses for facilities, including rent, taxes, depreciation and insurance. c) Expenditures for outside services such as legal counsel, auditing, advertising and public relations. d) Construction costs, including equipment and materials expended thereon. Any intercompany charges and allocations not deemed proper for ratemaking and quality of service purposes may be disregarded by the Commission in determining allowable expenses, revenues, rate base and rate of return for the Utility Corporation.	The Commission and the Consumer Advocate shall have the right to review any intercompany charges and allocations of common expenses between the Utility Corporation and NextEra~~Industries~~. Such allocations shall include, but not be limited to: a) Salaries of personnel who perform duties for the utility as well as an affiliate; and other related expenses such as payroll taxes, pension and group insurance costs, travel and reimbursable expenses. b) Common expenses for facilities, including rent, taxes, depreciation and insurance. c) Expenditures for outside services such as legal counsel, auditing, advertising and public relations. d) Construction costs, including equipment and materials expended thereon. Any intercompany charges and allocations not deemed proper for ratemaking and quality of service purposes may be disregarded by the Commission in determining allowable expenses, revenues, rate base and rate of return for the Utility Corporation.	For the same reason provided in Item 1 above in support of the modifications to Condition 1, NextEra is willing to expand this condition above the HEI/Hawaiian Electric Holdings level to include NextEra.
6	Any plant or property carried on the books of the Utility Corporation shall be subject to review by the Commission for determination of its qualification as being "used or useful" in utility operation. The Commission may exclude from the rate base any assets determined to be non-utility in nature, so long as any related income and expenses are excluded from earnings in determining rate of return.	No modification is being requested.	N/A

	Condition	Requested Modification(s)	Support
7	The Commission shall continue to have full authority over the Utility Corporation's issuance of securities. Normally the Commission will not approve the issuance of any securities, which would result in long-term debt being more than 60%, or common equity being less than 35% of the Utility Corporation's capitalization. For this purpose, short-term bank loans utilized for interim financing of capital projects shall not be included as part of capitalization. The capitalization ratio restrictions in this paragraph shall in no way be construed to mean that the Commission has relinquished its right to review at any time the Utility Corporation's financial policies.	No modification is being requested.	N/A
8	The Utility Corporation shall obtain its own interim and long-term borrowing as in the pre-corporate-restructuring period. Any cash advances made to the Utility Corporation by Industries shall bear interest at a rate not higher than that currently being paid on the Utility Corporation's principal bank borrowings.	The Utility Corporation shall obtain its own interim and long-term borrowing as in the pre-corporate-restructuring period. Any cash advances made to the Utility Corporation by NextEra~~Industries~~ shall bear interest at a rate not higher than that currently being paid on the Utility Corporation's principal bank borrowings.	In light of the corporate structure that would result upon consummation of the Proposed Change of Control, NextEra assumes that the Commission and Consumer Advocate would want to expand this condition above the HEI/Hawaiian Electric Holdings level to also include NextEra.
9	The Utility Corporation shall not loan directly or indirectly any funds to Industries without prior Commission approval. Any loans made hereunder shall be evidenced by a Note of Indebtedness specifying principal amount, interest rate and maturity date. Such loans shall bear interest at a rate not less than that paid by Industries on its principal bank loans.	The Utility Corporation shall not loan directly or indirectly any funds to NextEra~~Industries~~ without prior Commission approval. Any loans made hereunder shall be evidenced by a Note of Indebtedness specifying principal amount, interest rate and maturity date. Such loans shall bear interest at a rate not less than that paid by NextEra~~Industries~~ on its principal bank loans.	Same reason as Condition 8 above.

	Condition	Requested Modification(s)	Support
10	The Utility Corporation shall not pay cash dividends to its stockholders in excess of 80% of its earnings available for payment of dividends in its current fiscal year and preceding five years less the amount of dividends paid by the Utility Corporation during such period when the Utility Corporation consolidated common equity is less than 35% of total capital. In the event of a decrease in earnings, judged by the board of directors of the Utility Corporation to be temporary in nature, dividend payments may be continued during the balance of its fiscal year at current rates. In the succeeding year, however, the Utility Corporation shall follow the restrictions on dividend payments set forth in this paragraph unless otherwise permitted by the Commission. The restriction in this paragraph shall in no way be construed to mean that the Commission has relinquished its right to review at any time the Utility Corporation's dividend policy.	No modification is being requested.	N/A
11	The Utility Corporation shall not redeem any of its common stock without prior approval of the Commission.	No modification is being requested.	N/A
12	In any transactions with affiliates, the Utility Corporation and the affiliates shall deal fairly with each other, and where appropriate, Industries shall retain and rely upon the advice of independent experts to assure such fairness.	In any transactions with affiliates, the Utility Corporation and the affiliates shall deal fairly with each other, and where appropriate, NextEra~~Industries~~ shall retain and rely upon the advice of independent experts to assure such fairness.	In light of the corporate structure that would result upon consummation of the Proposed Change of Control, NextEra assumes that the Commission and Consumer Advocate would want to expand this condition above the HEI/Hawaiian Electric Holdings level to also include NextEra.

	Condition	Requested Modification(s)	Support
13	The Utility Corporation shall not transfer any of its property which is or was in the rate base nor assume any liabilities of Industries, directly or indirectly, without the prior approval of the Commission. The determination of the transfer value and the accounting and ratemaking treatment thereof shall be determined by the Commission at the time of approval of such transfer.	Applicants request deletion of this condition from the 1982 Agreement.	This condition is ambiguous and unclear as to the extent of its applicability. HRS § 269-19 already provides a sufficient standard for when Commission approval is required to transfer property. HRS § 269-17 already provides a sufficient standard for when Commission approval is required for the Utility Corporation to assume any liabilities of Hawaiian Electric Holdings or NextEra. On its face, this condition could result in the undue burden of obtaining prior Commission approval to transfer utility property that is already retired or no longer used and useful for utility purposes. In consideration of the deletion of this condition, Applicants would agree to file an annual report of properties transferred.
14	The accounts, accounting methods and procedures of Industries shall be maintained in such manner that they will accurately reflect, under generally accepted accounting principles, the operations, assets and liabilities and the overall financial condition of the Utility Corporation. The Utility Corporation shall continue to comply in all respects with the procedures established by the Commission pursuant to the Uniform System of Accounts.	The accounts, accounting methods and procedures of NextEra~~Industries~~ shall be maintained in such manner that they will accurately reflect, under generally accepted accounting principles, the operations, assets and liabilities and the overall financial condition of the Utility Corporation. The Utility Corporation shall continue to comply in all respects with the procedures established by the Commission pursuant to the Uniform System of Accounts.	In light of the corporate structure that would result upon consummation of the Proposed Change of Control, NextEra assumes that the Commission and Consumer Advocate would want to expand this condition above the HEI/Hawaiian Electric Holdings level to also include NextEra.

	Condition	Requested Modification(s)	Support
15	Industries shall always maintain a complete set of their books of accounts and supporting records in the State of Hawai'i.	~~Industries~~Utility Corporation shall always maintain a complete set of its~~their~~ books of accounts and supporting records in the State of Hawai'i.	This condition is overly broad and on its face could reach matters that are unrelated to the Commission's statutory responsibilities with respect to the regulated utilities. Additionally, Condition No. 1 and Condition No. 3 (as requested to be modified) would give the Commission and the Consumer Advocate access to information beyond the type of information contemplated in this condition.
16	Industries shall not sell or otherwise divest itself of any of the common stock of the Utility Corporation without the prior approval of the Commission. The acquisition of Hawaiian Electric Industries, Inc., by a third party, whether by purchase, merger, consolidation or otherwise, shall require prior written approval of the Commission.	Applicants request deletion of this condition from the 1982 Agreement.	This condition is not necessary, as Commission approval under these circumstances is already required by statute, pursuant to HRS §§ 269-17.5 and/or 269-19.
17	In any of the foregoing matters, the information obtained by the Commission and its Staff and/or the Consumer Advocate and its Staff shall be considered as having been obtained for the sole purpose of properly exercising the Commission's jurisdiction over the Utility Corporation. Information relating to the assets, liabilities, income and expenses of Industries shall not be deemed as public record, as that term is defined in Hawai'i Revised Statutes, Section 92-50, and shall not be open to public inquiry without the express written permission of the management of Hawaiian Electric Industries, Inc., except in cases where they are material or relevant in a proceeding before the Commission, or before the courts; said determination of materialness or relevance to be determined by the presiding body.	In any of the foregoing matters, the information obtained by the Commission and its Staff and/or the Consumer Advocate and its Staff shall be considered as having been obtained for the sole purpose of properly exercising the Commission's jurisdiction over the Utility Corporation. Information relating to the assets, liabilities, income and expenses of NextEra~~Industries~~ shall not be deemed as public record, as that term is defined in Hawai'i Revised Statutes, Section 92-50, and shall not be open to public inquiry without the express written permission of the management of NextEra~~Hawaiian Electric Industries, Inc.~~, except in cases where they are material or relevant in a proceeding before the Commission, or before the courts; said determination of materialness or relevance to be determined by the presiding body.	In light of the corporate structure that would result upon consummation of the Proposed Change of Control, this condition should be expanded above the HEI/Hawaiian Electric Holdings level to also include NextEra.

	Condition	Requested Modification(s)	Support
18	If at any time, the Commission finds that the Utility Corporation or Industries is not complying in good faith with the provisions of this order, the following procedures will be instituted: a) The Utility Corporation or Industries or both shall be notified in writing of the action, circumstance or condition which requires correction and the measures necessary to rectify the situation. b) Industries shall have a minimum of ten days, unless extended further by the Commission, in which to undertake the corrective measures. c) If Industries fails to undertake a correction of the breach of the Agreement, the Consumer Advocate may initiate a request for an order to show cause from the Commission or the Commission may institute a show cause proceeding. d) If Industries fails, after hearing and a decision rendered, to comply with the Commission's order to rectify the breach of this Agreement, the Commission may take appropriate action to assure compliance with this Agreement, including, without limitation, issuing an order requiring Industries (or its successor as parent company of the Utility Corporation) to divest itself of its ownership of the Utility Corporation's common stock under terms and conditions which will take into consideration the best interests of the Utility Corporation's customers, employees and stockholders.	If at any time, the Commission finds that the Utility Corporation or NextEra~~Industries~~ is not complying in good faith with the provisions of this order, the following procedures will be instituted: a) The Utility Corporation or NextEra~~Industries~~ or both shall be notified in writing of the action, circumstance or condition which requires correction and the measures necessary to rectify the situation. b) NextEra~~Industries~~ shall have a minimum of ten days, unless extended further by the Commission, in which to undertake the corrective measures. c) If NextEra~~Industries~~ fails to undertake a correction of the breach of the Agreement, the Consumer Advocate may initiate a request for an order to show cause from the Commission or the Commission may institute a show cause proceeding. d) If NextEra~~Industries~~ fails, after hearing and a decision rendered, to comply with the Commission's order to rectify the breach of this Agreement, the Commission may take appropriate action to assure compliance with this Agreement, including, without limitation, issuing an order requiring NextEra~~Industries~~ (or its successor as parent company of the Utility Corporation) to divest itself of its ownership of the Utility Corporation's common stock under terms and conditions which will take into consideration the best interests of the Utility Corporation's customers, employees and stockholders.	In light of the corporate structure that would result upon consummation of the Proposed Change of Control, NextEra assumes that the Commission and Consumer Advocate would want to expand this condition above the HEI/Hawaiian Electric Holdings level to also include NextEra.

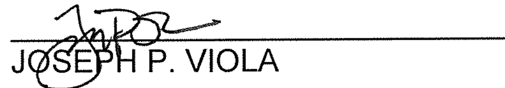
	Condition	Requested Modification(s)	Support
19	Industries represents that the proposed merger and corporate restructuring are designed for the following purposes: a) To separate the operations now conducted by Hawaiian Electric Company, Inc. from future diversified activities which will be non-utility in nature. Such diversified activities, if conducted by the present corporation, either directly or through a subsidiary, could involve the Utility Corporation's assets and credit. If undertaken by an affiliate, there would be no involvement of the utility, thus permitting the utility's activities to be confined to an area more clearly delineated for regulation by the Commission. b) To facilitate vertical integration which would be accomplished by entry into alternate energy business by non-regulated affiliates of the Utility Corporation which could supply energy to the Utility Corporation. c) To provide a means of assisting the efforts to enhance commercialization of alternate energy technologies. d) To allow greater flexibility in the financing of certain activities in the alternate energy and other fields because the restrictive covenants in various instruments under the first mortgage bonds and other securities of the Utility Corporation would not apply.	Applicants request deletion of this provision from the 1982 Agreement.	This provision includes representations about a past transaction and such representations are not applicable to the Proposed Change of Control that is the subject of this proceeding.

	Condition	Requested Modification(s)	Support
20	In construing or interpreting this document, the construction or interpretation which most favors the regulation and control over the Utility Corporation shall be applied.	No modification is being requested.	N/A
21	For good cause shown, the parties to this Agreement or the Consumer Advocate may request that this Agreement be amended in whole or in part, but this Agreement may not be amended without mutual consent of the parties to the Agreement.	No modification is being requested.	N/A
22	Industries agrees that this Agreement shall be binding on its successors and assigns.	NextEra~~Industries~~ agrees that this Agreement shall be binding on its successors and assigns.	In light of the corporate structure that would result upon consummation of the Proposed Change of Control, NextEra assumes that the Commission and Consumer Advocate would want to expand this condition above the HEI/Hawaiian Electric Holdings level to also include NextEra.
23	All papers to be served by either party regarding this Agreement shall utilize the procedures outlined in Section 2-3 of the Rules of Practice and Procedure of the Commission.	No modification is being requested.	N/A
24	This Agreement shall be governed by the laws of the State of Hawai‘i and of the United States of America.	No modification is being requested.	N/A

VERIFICATION

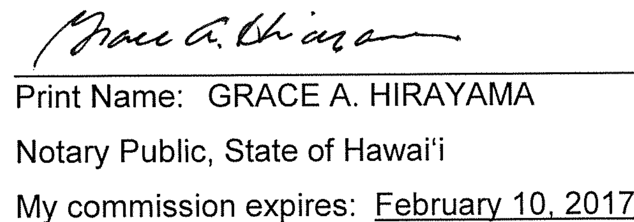
STATE OF HAWAI'I)
) SS.
COUNTY OF HONOLULU)

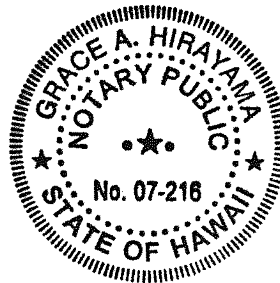
JOSEPH P. VIOLA, being first duly sworn, deposes and says: That he is a Vice President, Regulatory Affairs of Hawaiian Electric Company, Inc., Vice President of Hawai'i Electric Light Company, Inc. and Maui Electric Company, Limited (collectively, the "Hawaiian Electric Companies"), Applicants in the above proceeding; that he makes this verification for and on behalf of the Hawaiian Electric Companies and is authorized so to do; that he has read the foregoing Application, and knows the contents thereof; and that, with respect to the Hawaiian Electric Companies, the same are true of his own knowledge except as to matters stated on information and belief, and that as to those matters he believes them to be true.



JOSEPH P. VIOLA

This 1-page Verification to the Application dated January 29, 2015, was subscribed and sworn to before me on January 28, 2015, in the First Circuit, State of Hawai'i by Joseph P. Viola.





Print Name: GRACE A. HIRAYAMA
Notary Public, State of Hawai'i
My commission expires: February 10, 2017

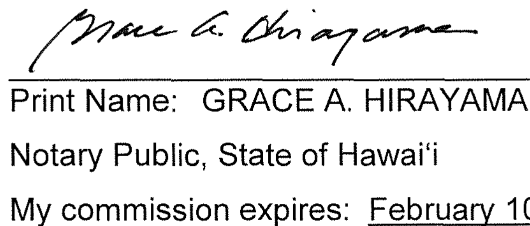
VERIFICATION

STATE OF HAWAIʻI)
) SS.
COUNTY OF HONOLULU)

KENT D. MORIHARA, being first duly sworn, deposes and says: That he is the attorney of record for NextEra Energy, Inc. ("NextEra Energy"), an Applicant in the above proceeding, that the officers of NextEra Energy are not present within the City and County of Honolulu; that he has read the foregoing Application,, and knows the contents thereof; and that, with respect to NextEra Energy, the same are true of his own knowledge except as to those matters stated on information and belief, and that as to those matters he believes them to be true.

KENT D. MORIHARA

This 1-page Verification to the Application dated January 29, 2015, was subscribed and sworn to before me on January 28, 2015, in the First Circuit, State of Hawaiʻi by Kent D. Morihara.



Print Name: GRACE A. HIRAYAMA
Notary Public, State of Hawaiʻi
My commission expires: February 10, 2017

CERTIFICATE OF SERVICE

I (we) hereby certify that copies of the foregoing document were duly served on the following party, by having said copies delivered as set forth below:

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS DIVISION OF CONSUMER ADVOCACY 335 Merchant Street Room 326 Honolulu, Hawai'i 96813	6 COPIES VIA HAND DELIVERY

DATED: Honolulu, Hawai'i, January 29, 2015.

KENT D. MORIHARA
KRIS N. NAKAGAWA
LAUREN M. IMADA
YVONNE Y. IZU

Morihara Lau & Fong LLP
Counsel for NextEra Energy, Inc.