

Table of Contents

NEE's effective income tax rate for all periods presented reflects the benefit of PTCs for NEER's wind projects, as well as ITCs and deferred income tax benefits associated with convertible ITCs for solar and certain wind projects at NEER. PTCs, ITCs 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 2014 was unfavorably affected by a noncash income tax charge of approximately \$45 million associated with structuring Canadian assets in connection with the creation of NEP and 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 and - 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.

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 2015, 2014 and 2013 was \$1,648 million, \$1,517 million and \$1,349 million, respectively, representing an increase in 2015 of \$131 million and an increase in 2014 of \$168 million.

The use of reserve amortization is permitted under the 2012 rate agreement. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 rate agreement. In order to earn a targeted regulatory ROE, subject to limitations associated with the 2012 rate agreement, 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 typically include wholesale and transmission service revenues and expenses, cost recovery clause revenues and expenses, AFUDC - equity and costs not allowed to be recovered from retail customers by the FPSC. In 2015 and 2014, FPL recorded the reversal of reserve amortization of approximately \$15 million and \$33 million, respectively, and, in 2013, FPL recorded reserve amortization of \$155 million.

FPL's regulatory ROE for 2015 and 2014 was 11.50%, compared to 10.96% in 2013. The 2013 regulatory ROE of 10.96% reflects approximately \$32 million of after-tax charges associated with the cost savings initiative. 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 2015, the growth in earnings for FPL was primarily driven by the following:

- higher earnings on investment in plant in service of approximately \$77 million. Investment in plant in service grew FPL's average retail rate base in 2015 by approximately \$1.0 billion reflecting, among other things, ongoing transmission and distribution additions and the modernized Riviera Beach power plant placed in service in April 2014,
 - higher AFUDC - equity of \$32 million primarily related to the modernization project at Port Everglades and other investments,
 - higher earnings of approximately \$22 million due to increased use of equity to finance investments, and
 - higher cost recovery clause earnings of \$10 million primarily related to earnings associated with the incentive mechanism,
- partly offset by,
- higher nonrecoverable expenses.

In 2014, the growth in earnings for FPL was primarily driven by the following:

- higher earnings on investment in plant in service of approximately \$105 million. Investment in plant in service grew FPL's average retail rate base in 2014 by approximately \$2.3 billion reflecting, among other things, the modernized Riviera Beach power plant and ongoing transmission and distribution additions,
 - growth in wholesale services provided which increased earnings by \$47 million,
 - the absence of \$32 million of after-tax charges associated with the cost savings initiative recorded in 2013, and
 - higher earnings of \$30 million related to the increase in the targeted regulatory ROE from 11.25% to 11.50%,
- partly offset by,
- lower cost recovery clause results of \$22 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
 - lower AFUDC - equity of \$19 million primarily related to the Riviera Beach and Cape Canaveral power plants being placed in service in April 2014 and April 2013, respectively.

FPL's operating revenues consisted of the following:

	Years Ended December 31,		
	2015	2014	2013
	(millions)		
Retail base	\$ 5,653	\$ 5,347	\$ 4,951
Fuel cost recovery	3,875	3,876	3,334
Net deferral of retail fuel revenues	(1)	—	—
Net recognition of previously deferred retail fuel revenues	—	—	44
Other cost recovery clauses and pass-through costs, net of any deferrals	1,645	1,766	1,837
Other, primarily wholesale and transmission sales, customer-related fees and pole attachment rentals	479	432	279
Total	\$ 11,651	\$ 11,421	\$ 10,445

Retail Base

FPSC Rate Orders

FPL's retail base revenues for all years presented reflect the 2012 rate agreement as retail base rates and charges were designed to increase retail base revenues approximately \$350 million on an annualized basis. In addition, retail base revenues increased in 2015 and 2014 through a \$234 million annualized retail base rate increase associated with the Riviera Beach power plant and, in 2014, a \$164 million annualized retail base rate increase associated with the Cape Canaveral power plant. 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 an additional retail base rate increase as the modernized Port Everglades project becomes operational (which is expected by April 2016).

In January 2016, FPL filed a formal notification with the FPSC indicating its intent to initiate a base rate proceeding. See Item 1. Business - FPL - FPL Regulation - FPL Rate Regulation - Base Rates for additional information on the 2012 rate agreement and details of FPL's formal notification.

In 2015 and 2014, retail base revenues increased approximately \$43 million and \$192 million, respectively, related to the modernized Riviera Beach power plant being placed in service in April 2014. Additionally, 2014 included approximately \$53 million of additional retail base revenues related to the Cape Canaveral power plant being placed in service in April 2013. Additional retail base revenues of approximately \$115 million were recorded in 2014, primarily related to new nuclear capacity which was placed in service in 2013 as permitted by the FPSC's nuclear cost recovery rule. See Cost Recovery Clauses below for discussion of the nuclear cost recovery rule.

Retail Customer Usage and Growth

In 2015 and 2014, FPL experienced a 1.4% and 1.8% increase, respectively, in the average number of customer accounts and a 4.2% increase and 0.4% decrease, respectively, in the average usage per retail customer, which collectively, together with other factors, increased revenues by approximately \$263 million and \$36 million, respectively. The increase in 2015 usage per retail customer is due to favorable weather. An improvement in the Florida economy contributed to the increased revenues for both periods. FPL expects year over year weather-normalized usage per customer to be between flat and 0.5% negative.

Cost Recovery Clauses

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 solar and environmental projects, natural gas reserves and nuclear capacity. See Item 1. - I. FPL - FPL Regulation - FPL Rate Regulation - Cost Recovery Clauses. 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 expense 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 (deferred clause and franchise expenses and revenues) can significantly affect NEE's and FPL's operating cash flows. The 2015 net overrecovery was approximately \$176 million and positively affected NEE's and FPL's cash flows from operating activities in 2015, while the 2014 net underrecovery was approximately \$67 million and negatively affected NEE's and FPL's cash flows from operating activities in 2014.

Table of Contents

The slight decrease in fuel cost recovery revenues in 2015 reflects lower revenues from the incentive mechanism and lower revenues from interchange power sales totaling approximately \$118 million and a lower average fuel factor of approximately \$96 million, partly offset by increased revenues of \$213 million related to higher energy sales. The increase in fuel cost recovery revenues in 2014 is primarily due to a higher average fuel factor of approximately \$329 million and higher energy sales of \$158 million, as well as higher interchange power sales, partly offset by lower revenues from the incentive mechanism, totaling approximately \$55 million.

The declines in 2015 revenues from other cost recovery clauses and pass-through costs were largely due to reductions in expenses associated with energy conservation and capacity clause programs. The decrease in revenues from other cost recovery clauses and pass-through costs in 2014 primarily reflects higher revenues in 2013 associated with the FPSC's nuclear cost recovery rule reflective of higher earnings on additional nuclear capacity investments and the shift 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.

In 2015, 2014 and 2013, cost recovery clauses contributed \$103 million, \$93 million and \$115 million, respectively, to FPL's net income. The increase in 2015 primarily relates to gains associated with the incentive mechanism, investments in gas reserves and the recovery of a return on the regulatory asset associated with the purchase of the Cedar Bay facility discussed below. The decrease in 2014 in cost recovery clause results is primarily due to the collection of retail base revenues related to new nuclear capacity which was placed in service in 2013 (see Retail Base above). In 2015 and 2014, there was minimal contribution to net income from the nuclear cost recovery rule as all nuclear uprates have been placed in service and associated costs are now collected through base rates.

In September 2015, FPL assumed ownership of Cedar Bay and terminated its long-term purchased power agreement for substantially all of the facility's capacity and energy for a purchase price of approximately \$521 million. The FPSC approved a stipulation and settlement between the Office of Public Counsel and FPL regarding issues relating to the ratemaking treatment for the purchase of this facility. FPL will recover the purchase price and associated income tax gross-up as a regulatory asset which will be amortized over approximately nine years. See Note 1 - Rate Regulation for further discussion.

Other

The increase in other revenues for 2015, which did not result in a significant contribution to earnings, primarily reflects higher wholesale and transmission service revenues along with other miscellaneous service revenues. The increase in other revenues for 2014 primarily reflects higher wholesale revenues associated with an increase in contracted load served under existing contracts.

Other Items Impacting FPL's Consolidated Statements of Income

Fuel, Purchased Power and Interchange Expense

The major components of FPL's fuel, purchased power and interchange expense are as follows:

	Years Ended December 31,		
	2015	2014	2013
	(millions)		
Fuel and energy charges during the period	\$ 3,593	\$ 3,951	\$ 3,519
Net deferral of retail fuel costs	—	(109)	(148)
Net recognition of deferred retail fuel costs	220	—	—
Other, primarily capacity charges, net of any capacity deferral	463	533	554
Total	\$ 4,276	\$ 4,375	\$ 3,925

The decrease in fuel and energy charges in 2015 was due to lower fuel and energy prices of approximately \$491 million and a decrease of \$68 million in costs related to the incentive mechanism, partly offset by higher energy sales of approximately \$201 million. The increase in fuel and energy charges in 2014 was due to higher fuel and energy prices of approximately \$202 million, higher energy sales of approximately \$187 million and an increase of \$43 million in costs related to the incentive mechanism. In addition, FPL recognized approximately \$220 million of deferred retail fuel costs in 2015, compared to the deferral of retail fuel costs of \$109 million and \$148 million in 2014 and 2013, respectively. The decrease in other in 2015 is primarily due to lower capacity fees in part related to the termination of the Cedar Bay long-term purchased power agreement after FPL assumed ownership of Cedar Bay in September 2015.

O&M Expenses

FPL's O&M expenses decreased \$79 million in 2014, primarily due the absence of 2013 transition costs associated with the cost savings initiative, as well as realized costs savings from this initiative.

Table of Contents

Depreciation and Amortization Expense

The major components of FPL's depreciation and amortization expense are as follows:

	Years Ended December 31,		
	2015	2014	2013
	(millions)		
Reserve reversal (amortization) recorded under the 2012 rate agreement	\$ 15	\$ 33	\$ (155)
Other depreciation and amortization recovered under base rates	1,359	1,211	1,105
Depreciation and amortization recovered under cost recovery clauses and securitized storm-recovery cost amortization	202	188	209
Total	\$ 1,576	\$ 1,432	\$ 1,159

The reserve amortization, or reversal of such amortization, recorded in all periods presented reflects adjustments to the depreciation and fossil dismantlement reserve provided under the 2012 rate agreement in order to achieve the targeted regulatory ROE. At December 31, 2015, approximately \$263 million of the reserve remains available for future amortization over the term of the 2012 rate agreement. Reserve amortization is recorded as a reduction to (or when reversed as an increase to) regulatory liabilities - accrued asset removal costs on the consolidated balance sheets. See Note 1 - Rate Regulation regarding a \$30 million reduction in the reserve available for amortization under the 2012 rate agreement. The increase in other depreciation and amortization expense recovered under base rates is due to higher amortization expenses primarily associated with, in 2015, analog meters and, in 2015 and 2014, higher plant in service balances.

Taxes Other Than Income Taxes and Other

Taxes other than income taxes and other increased \$39 million in 2015 primarily due to higher property taxes reflecting growth in plant in service balances. The increase of \$43 million in 2014 was primarily due to higher franchise and revenue taxes, neither of which impact net income, as well as higher property taxes reflecting growth in plant in service balances, partly offset by lower payroll taxes.

Interest Expense

The increase in interest expense in 2015 primarily reflects higher average debt balances, partly offset by lower average interest rates. The increase in interest expense in 2014 reflects higher average interest rates related to higher fixed rate debt balances, lower AFUDC - debt and higher average debt balances. 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), 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 2015, 2014 and 2013 amounted to approximately \$41 million, \$42 million and \$58 million, respectively, and reflects the shift of nuclear capacity recovery through retail base revenues (see Retail Base and Cost Recovery Clauses above).

AFUDC - Equity

The increase in AFUDC - equity in 2015 is primarily due to additional AFUDC - equity recorded on construction expenditures associated with the modernization project at Port Everglades, the investments in new compressor parts technology at select combined-cycle units and the peaker upgrade project, partly offset by lower AFUDC - equity associated with the Riviera Beach power plant which was placed in service in April 2014. The decrease in AFUDC - equity in 2014 was primarily due to lower AFUDC - equity associated with the Riviera Beach power plant and the Cape Canaveral power plant which was placed in service in April 2013, partly offset by additional AFUDC - equity recorded on construction expenditures associated with the Port Everglades modernization project.

Capital Initiatives

FPL is in the process of modernizing its Port Everglades power plant to a high-efficiency natural gas-fired unit that is expected to provide approximately 1,240 MW of capacity and be placed in service by April 2016. FPL is also in the process of replacing 44 of its 48 gas turbines at its Lauderdale, Port Everglades and Fort Myers facilities, totaling approximately 1,700 MW of capacity, with 7 high efficiency, low-emission turbines at its Lauderdale and Fort Myers facilities, totaling approximately 1,610 MW of capacity, by December 2016. In addition, FPL is upgrading 2 additional simple-cycle combustion turbines at its Fort Myers facility, which are expected to add an additional 50 MW of capacity by December 2016. FPL plans to continue to strengthen the transmission and distribution infrastructure and to build three solar PV projects that are expected to provide approximately 74 MW each and be placed into service by the end of 2016. In January 2016, the FPSC approved FPL's proposal to build a new approximately 1,600 MW natural gas-fired combined-cycle unit in Okeechobee County, Florida. See Item 1. Business - FPL.

Table of Contents

NEER: Results of Operations

NEER owns, develops, constructs, manages and operates electric generation facilities in wholesale energy markets primarily in the U.S. and Canada. NEER also provides full energy and capacity requirements services, engages in power and gas marketing and trading activities and invests in natural gas, natural gas liquids and oil production and pipeline infrastructure assets. NEER's net income less net income attributable to noncontrolling interests for 2015, 2014 and 2013 was \$1,092 million, \$989 million and \$556 million, respectively, resulting in an increase in 2015 of \$103 million and an increase in 2014 of \$433 million. The primary drivers, on an after-tax basis, of these changes are in the following table.

	Increase (Decrease) From Prior Period	
	Years Ended December 31,	
	2015	2014
	(millions)	
New investments ^(a)	\$ 136	\$ 134
Existing assets ^(a)	(96)	26
Gas infrastructure ^(a)	(7)	(27)
Customer supply and proprietary power and gas trading ^(b)	110	14
Asset sales	(9)	6
NEP-related charge and costs	67	(67)
Interest and general and administrative expenses	(99)	(42)
Other, primarily income taxes	(15)	13
Change in unrealized mark-to-market non-qualifying hedge activity ^(c)	4	225
Change in OTTI losses on securities held in nuclear decommissioning funds, net of OTTI reversals ^(c)	(15)	—
Gain on 2013 discontinued operations ^(c)	—	(216)
Change in Maine fossil gain/loss ^(c)	(12)	53
Charges associated with the 2013 impairment of the Spain solar projects ^(c)	—	342
Operating results of the Spain solar projects ^(c)	37	(28)
Increase in net income less net income attributable to noncontrolling interests	\$ 103	\$ 433

(a) Includes PTCs, ITCs and deferred income tax and other benefits associated with convertible ITCs for wind and solar projects, as applicable, (see Note 1 - Electric Plant, Depreciation and Amortization, - Income Taxes and - Sale of Differential Membership Interests and Note 5) but excludes allocation of interest expense or corporate general and administrative expenses. Results from projects are included in new investments during the first twelve months of operation or ownership. An electric energy 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 Overview - Adjusted Earnings for additional information.

New Investments

In 2015, results from new investments increased due to:

- higher earnings of approximately \$146 million related to the addition of approximately 2,571 MW of wind generation and 910 MW of solar generation during or after 2014, and
 - higher earnings of approximately \$16 million related to the acquisition of the Texas pipelines and the development of three additional natural gas pipelines,
- partly offset by,
- lower deferred income tax and other benefits associated with convertible ITCs of \$21 million and ITCs of \$3 million.

In 2014, results from new investments increased primarily due to:

- higher earnings of approximately \$120 million related to the addition of approximately 1,678 MW of wind generation and 545 MW of solar generation during or after 2013, and
 - higher deferred income tax and other benefits associated with ITCs of \$25 million,
- partly offset by,
- lower deferred income tax and other benefits associated with convertible ITCs of \$15 million.

Existing Assets

In 2015, results from NEER's existing asset portfolio decreased primarily due to:

- lower results from wind assets of \$122 million primarily due to weaker wind resource offset in part by a favorable ITC impact related to changes in state income tax laws and favorable pricing,
- partly offset by,
- higher results from merchant assets in the ERCOT region of approximately \$27 million primarily due to the absence of a 2014 outage.

In 2014, results from NEER's existing asset portfolio increased primarily due to:

- higher results from wind assets of \$29 million reflecting stronger wind resource and increased availability, favorable pricing and lower operating expenses, partly offset by PTC roll off,
- higher results of \$19 million from merchant assets in the ERCOT region and \$11 million from other contracted natural gas assets primarily due to favorable market conditions, and
- increased results of \$11 million at Maine fossil due to additional generation and favorable pricing related to extreme winter weather, partly offset by,
- lower results from the nuclear assets of approximately \$30 million primarily due to lower pricing and scheduled outages in 2014, offset in part by higher nuclear decommissioning gains, and
- lower results of \$14 million due to the absence of the hydro assets which were sold in the first quarter of 2013.

Gas Infrastructure

The decrease in gas infrastructure results in 2015 reflects increased depreciation expense mainly related to both higher depletion rates and increased production in 2015, as well as the absence of 2014 gains on the sale of investments in certain wells (collectively, approximately \$46 million), partly offset by gains of \$42 million related to exiting the hedged positions on a number of future gas production opportunities; such gains were previously reflected in unrealized mark-to-market non-qualifying hedge activity. The decrease in gas infrastructure results in 2014 is primarily due to increased depreciation expense mainly related to higher depletion rates and operating lease expenses and lower revenues (collectively, approximately \$31 million) as well as \$5 million of after-tax impairment charges on two oil and gas producing properties reflecting a decline in oil and natural gas prices, partly offset by gains on the sale of investments in certain wells. Further declines in the price of oil and natural gas commodity products could result in additional impairments of NEER's oil and gas producing properties. However, an impairment analysis performed under GAAP does not take into consideration the mark-to-market value of hedged positions. NEER hedges the expected output from its oil and gas producing properties for a period of time to help protect against price movements; the fair value of such hedged positions at December 31, 2015 was approximately \$390 million. At December 31, 2015, approximately \$2.2 billion of NEE's property, plant and equipment, net relates to the gas infrastructure business' ownership interests in investments located in oil and gas shale formations.

Customer Supply and Proprietary Power and Gas Trading

Results from customer supply and proprietary power and gas trading increased in 2015 primarily due to improved margins and favorable market conditions compared to lower results in the full requirements business in 2014 due to the impact of extreme winter weather. In 2014, results from customer supply and proprietary power and gas trading increased primarily due to higher power and gas trading results and gains on gas purchase contracts, partly offset by lower results in the full requirements business reflecting the impact of extreme winter weather and market conditions in the Northeast.

Asset Sales

Asset sales in 2015 primarily include after-tax gains of approximately \$5 million on the sale of a 41 MW wind project, offset by the absence of gains recorded in 2014. Asset sales in 2014 primarily include an after-tax gain of approximately \$14 million on the sale of a 75 MW wind project that became operational during 2014, offset by after-tax gains of approximately \$8 million recorded in 2013.

NEP-related Charge and Costs

For 2014, NEER's results reflect an approximately \$45 million noncash income tax charge associated with structuring Canadian assets and \$22 million in NEP IPO transaction costs.

Interest and General and Administrative Expenses

Interest and general and administrative expenses includes interest expense, differential membership costs and other corporate general and administrative expenses. In 2015 and 2014, interest and general and administrative expenses reflect higher borrowing and other costs to support the growth of the business.

Other Factors

Supplemental to the primary drivers of the changes in NEER's net income less net income attributable to noncontrolling interests 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 2015 increased \$248 million primarily due to:

- higher revenues from new investments of approximately \$225 million,
- higher revenues from the customer supply business and proprietary power and gas trading business of \$218 million reflecting favorable market conditions, and

Table of Contents

- higher revenues from the gas infrastructure business of \$96 million primarily reflecting gains recorded upon exiting the hedged positions on a number of future gas production opportunities and the acquisition of the Texas pipelines,
- partly offset by,
- lower unrealized mark-to-market gains from non-qualifying hedges (\$275 million for 2015 compared to \$372 million of gains on such hedges for 2014), and
 - lower revenues from existing assets of \$195 million reflecting lower wind generation due to weaker wind resource, lower revenues at Marcus Hook 750 and in the ERCOT region due to lower gas prices and lower revenues at Seabrook reflecting a refueling outage, offset in part by higher revenues at Point Beach due to the absence of a 2014 outage and price escalation under the power sales agreement, higher dispatch in Maine due to 2015 weather conditions and higher revenues from the Spain solar projects.

Operating revenues for 2014 increased \$863 million primarily due to:

- higher unrealized mark-to-market gains from non-qualifying hedges (\$372 million for 2014 compared to \$116 million of losses on such hedges for 2013),
 - higher revenues from new investments of approximately \$282 million, and
 - higher revenues from the customer supply business of \$120 million,
- partly offset by,
- lower revenues from existing assets of \$13 million reflecting lower contracted revenues at Duane Arnold and the Spain solar projects and lower revenues in the New England Power Pool (NEPOOL) region reflecting a scheduled outage at Seabrook, partly offset by higher wind generation due to stronger wind resource and increased availability and higher revenues in the ERCOT region primarily due to favorable market conditions, and
 - lower revenues from the gas infrastructure business and other O&M service agreements.

Operating Expenses

Operating expenses for 2015 increased \$138 million primarily due to:

- higher operating expenses associated with new investments of approximately \$123 million,
 - higher O&M expenses reflecting higher costs associated with growth in the NEER business, higher taxes other than income taxes and other reflecting the absence of 2014 gains on the sale of investments in certain wells in the gas infrastructure business and the absence of the 2014 reimbursement by a vendor of certain O&M-related costs, and
 - higher depreciation associated with the gas infrastructure business of \$50 million primarily related to higher depletion rates and increased production,
- partly offset by,
- lower fuel expense of approximately \$146 million primarily in the ERCOT region and at Marcus Hook 750.

Operating expenses for 2014 decreased \$3 million primarily due to:

- the absence of a \$300 million impairment charge in 2013 related to the Spain solar projects, and
 - lower other operating expenses reflecting the reimbursement by a vendor of certain O&M-related costs as well as the absence of implementation costs recorded in 2013 related to the cost savings initiative, partly offset by the NEP-related expenses,
- partly offset by,
- higher fuel expense of approximately \$171 million primarily in the ERCOT region and the customer supply business,
 - higher operating expenses associated with new investments of approximately \$123 million, and
 - higher depreciation expense of approximately \$24 million associated with the gas infrastructure business primarily related to higher depletion rates.

Interest Expense

NEER's interest expense for 2015 decreased \$42 million primarily reflecting the absence of approximately \$64 million of losses related to changes in the fair value of interest rate swaps for which hedge accounting was discontinued in 2013, partly offset by higher average debt balances. Interest expense increased \$139 million for 2014 primarily reflecting the approximately \$64 million of losses related to changes in the fair value of interest rate swaps, as well as higher average debt balances.

Benefits Associated with Differential Membership Interests - net

Benefits associated with differential membership interests - net 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 projects, net of associated costs. See Note 1 - Sale of Differential Membership Interests.

Equity in Earnings of Equity Method Investees

Equity in earnings of equity method investees increased in 2015 and 2014 primarily due to NEER's 50% equity investment in a 550 MW solar project that commenced partial operations at the end of 2013 and full operations by the end of 2014.

Gains on Disposal of Assets - net

Gains on disposal of assets - net for 2015, 2014 and 2013 primarily reflect gains on sales of securities held in NEER's nuclear decommissioning funds. Gains on disposal of assets - net also reflect, in 2015, a pretax gain of approximately \$6 million on the

Table of Contents

sale of a 41 MW wind project, in 2014, a pretax gain of approximately \$23 million on the sale of a 75 MW wind project and, in 2013, a pretax gain of approximately \$14 million on the sale of a portfolio of wind assets with generating capacity totaling 223 MW.

Tax Credits, Benefits and Expenses

PTCs from wind projects and ITCs and deferred income tax benefits associated with convertible ITCs from solar and certain 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 \$149 million, \$186 million and \$209 million in 2015, 2014 and 2013, respectively. A portion of the PTCs have been allocated to investors in connection with sales of differential membership interests. In addition, NEE's effective income tax rate for 2015, 2014 and 2013 was affected by deferred income tax benefits associated with ITCs and convertible ITCs of \$89 million, \$84 million and \$74 million, respectively. NEE's effective income tax rate for 2014 was unfavorably affected by a noncash income tax charge of approximately \$45 million associated with structuring Canadian assets and 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.

Capital Initiatives

NEER expects to add new contracted wind generation of approximately 1,400 MW and new contracted solar generation of approximately 1,100 MW in 2016 and will continue to pursue other additional investment opportunities that may develop. Projects developed by NEER might be offered for sale to NEP if NEER should seek to sell the projects. NEER will also continue to invest in the development of its natural gas pipeline infrastructure assets. See Item 1, Business - NEER - Generation and Other Operations - Natural Gas Pipelines.

Sale of Assets to NEP

In January 2015 and February 2015, indirect subsidiaries of NEER sold a 250 MW wind facility located in Texas and an approximately 20 MW solar facility located in California, respectively, to indirect subsidiaries of NEP.

In May 2015, an indirect subsidiary of NEER sold four wind generation facilities with contracted generating capacity totaling approximately 664 MW located in North Dakota, Oklahoma, Washington and Oregon to an indirect subsidiary of NEP.

In October 2015, an indirect subsidiary of NEER sold a 149 MW wind generation facility located in Ontario, Canada to an indirect subsidiary of NEP.

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 a portion of NEECH's corporate 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 NEECH's corporate interest expense, the deferred credit 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,		
	2015	2014	2013
	(millions)		
Interest expense, net of allocations to NEER	\$ (87)	\$ (95)	\$ (109)
Interest income	32	31	32
Federal and state income tax benefits (expenses)	20	(7)	15
Merger-related expenses	(20)	—	—
Other - net	67	30	65
Net income (loss)	\$ 12	\$ (41)	\$ 3

The decrease in interest expense, net of allocations to NEER in 2015 and 2014 reflects lower average debt balances due in part to a higher allocation of interest costs to NEER reflecting growth in NEER's business. The federal and state income tax benefits (expenses) reflect consolidating income tax adjustments, including, in 2015, favorable changes in state income tax laws and, in 2013, a \$15 million income tax benefit recorded as a gain from discontinued operations, net of federal income taxes (see Overview - Adjusted Earnings).

Other - net includes all other corporate income and expenses, as well as other business activities. The increase in other - net for 2015 primarily reflects 2015 investment gains compared to 2014 investment losses and the absence of debt reacquisition losses recorded in 2014. The decrease in other in 2014 primarily reflects after-tax investment losses in 2014, lower results from NEET and debt reacquisition losses. Substantially all of such investment losses and gains, on a pretax basis, 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 of short- and long-term debt and, from time to time, equity securities, and proceeds from differential membership investors, 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. 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.

In October 2015, NEE authorized a program to purchase, from time to time, up to \$150 million of common units representing limited partner interests of NEP. Under the program, any purchases may be made in amounts, at prices and at such times as NEE or its subsidiaries deem appropriate, all subject to market conditions and other considerations. The purchases may be made in the open market or in privately negotiated transactions. Any purchases will be made in such quantities, at such prices, in such manner and on such terms and conditions as determined by NEE or its subsidiaries in their discretion, based on factors such as market and business conditions, applicable legal requirements and other factors. The common unit purchase program does not require NEE to acquire any specific number of common units and may be modified or terminated by NEE at any time. NEE owns and controls the general partner of NEP and beneficially owns approximately 76.9% of NEP's voting power at December 31, 2015. The purpose of the program is not to cause NEP's common units to be delisted from the New York Stock Exchange or to cause the common units to be deregistered with the SEC. As of December 31, 2015, NEE had purchased approximately \$0.6 million of NEP common units under this program. Also in October 2015, NEP put in place an at-the-market equity issuance program pursuant to which NEP may issue from time to time, up to \$150 million of its common units. As of December 31, 2015, NEP had issued approximately \$26 million of its common units under this program.

Table of Contents

Cash Flows

NEE's increase in cash flows from operating activities for 2015 and 2014 primarily reflects operating cash generated from additional wind and solar facilities that were placed in service during or after 2014 and 2013, respectively. FPL's cash flows from operating activities remained essentially flat in 2015 and 2014 compared to the prior year period, and, in 2015, reflects the purchase of Cedar Bay. See Note 1 - Rate Regulation.

Sources and uses of NEE's and FPL's cash for 2015, 2014 and 2013 were as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2015	2014	2013	2015	2014	2013
	(millions)					
Sources of cash:						
Cash flows from operating activities	\$ 6,116	\$ 5,500	\$ 5,102	\$ 3,393	\$ 3,454	\$ 3,558
Long-term borrowings	5,772	5,054	4,371	1,084	997	497
Change in loan proceeds restricted for construction	—	—	228	—	—	—
Proceeds from differential membership investors, net of payments	669	907	385	—	—	—
Sale of independent power and other investments of NEER	52	307	165	—	—	—
Capital contributions from NEE	—	—	—	1,454	100	275
Cash grants under the Recovery Act	8	343	165	—	—	—
Issuances of common stock - net	1,298	633	842	—	—	—
Net increase in short-term debt	—	451	—	—	938	99
Proceeds from sale of noncontrolling interest in subsidiaries	345	438	—	—	—	—
Other sources - net	107	—	66	19	—	30
Total sources of cash	14,367	13,633	11,324	5,950	5,489	4,459
Uses of cash:						
Capital expenditures independent power and other investments and nuclear fuel purchases	(8,377)	(7,017)	(6,682)	(3,633)	(3,241)	(2,903)
Retirements of long-term debt	(3,972)	(4,750)	(2,396)	(551)	(355)	(453)
Net decrease in short-term debt	(356)	—	(720)	(986)	—	—
Dividends	(1,385)	(1,261)	(1,122)	(700)	(1,550)	(1,070)
Other uses - net	(283)	(466)	(295)	(71)	(348)	(54)
Total uses of cash	(14,373)	(13,494)	(11,215)	(5,941)	(5,494)	(4,480)
Net increase (decrease) in cash and cash equivalents	\$ (6)	\$ 139	\$ 109	\$ 9	\$ (5)	\$ (21)

NEE's primary capital requirements are for expanding and enhancing FPL's electric system and generation 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 2015, 2014 and 2013.

	Years Ended December 31,		
	2015	2014	2013
	(millions)		
FPL:			
Generation:			
New	\$ 686	\$ 744	\$ 931
Existing	811	905	655
Transmission and distribution	1,681	1,307	873
Nuclear fuel	205	174	212
General and other	384	148	162
Other, primarily change in accrued property additions and exclusion of AFUDC - equity	(134)	(37)	70
Total	3,633	3,241	2,903
NEER:			
Wind	1,029	2,136	1,725
Solar	1,494	546	914
Nuclear, including nuclear fuel	315	252	269
Natural gas pipelines	1,198	74	24
Other	625	683	705
Total	4,661	3,701	3,637
Corporate and Other	83	75	142

Total capital expenditures, independent power and other investments and nuclear fuel purchases

<u>\$ 8,377</u>	<u>\$ 7,017</u>	<u>\$ 6,682</u>
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Table of Contents

Liquidity

At December 31, 2015, NEE's total net available liquidity was approximately \$7.7 billion, of which FPL's portion was approximately \$3.1 billion. The table below provides the components of FPL's and NEECH's net available liquidity at December 31, 2015.

	FPL	NEECH	Total	Maturity Date	
				FPL	NEECH
		(millions)			
Bank revolving line of credit facilities ^(a)	\$ 3,000	\$ 4,850	\$ 7,850	2016 - 2021	2016 - 2021
Issued letters of credit	(6)	(410)	(416)		
	2,994	4,440	7,434		
Revolving credit facilities	200	710	910	2018	2016 - 2020
Borrowings	—	(675)	(675)		
	200	35	235		
Letter of credit facilities ^(b)	—	650	650		2017
Issued letters of credit	—	(443)	(443)		
	—	207	207		
Subtotal	3,194	4,682	7,876		
Cash and cash equivalents	23	546	569		
Outstanding commercial paper and notes payable	(156)	(630)	(786)		
Net available liquidity	\$ 3,061	\$ 4,598	\$ 7,659		

(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 \$3,950 million (\$1,070 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 \$718 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. Approximately \$2,255 million of FPL's and \$3,700 million of NEECH's bank revolving line of credit facilities expire in 2021.

(b) Only available for the issuance of letters of credit.

As of February 19, 2016, 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 30% of the combined revolving credit facilities. Pursuant to a 1998 guarantee agreement, NEE guarantees the payment of NEECH's debt obligations under its 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 and, also for NEECH, its letter of 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, 2015, each of NEE and FPL was in compliance with its required ratio.

Additionally, at December 31, 2015, certain subsidiaries of NEER and NEP had credit or loan facilities with available liquidity as set forth in the table below. In order for the applicable borrower to borrow or to have letters of credit issued under the terms of the agreements for some of the NEER facilities listed below, among other things, NEE is required to maintain a ratio of funded debt to total capitalization that does not exceed a stated ratio. These NEER agreements also generally contain 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. Some of the payment obligations of the borrowers under the NEER agreements listed below ultimately are guaranteed by NEE.

Table of Contents

	Amount	Amount Remaining Available at December 31, 2015	Rate	Maturity Date	Related Project Use
	(millions)				
NEER:					
Canadian revolving credit facilities ^(a)	C\$850	\$458	Variable	Various	Canadian renewable generation assets
Limited-recourse construction and term loan facility	\$425	\$105	Variable	2035	Construction and development of a 250 MW solar PV project in California
Limited-recourse construction and term loan facility	\$919	\$98	Variable	2035	Construction and development of a 250 MW solar PV project in Nevada
Cash grant bridge loan facilities	\$250	\$250	Variable	2018	Construction and development of a 250 MW solar PV project in Nevada
NEP:					
Senior secured revolving credit facility ^(b)	\$250	\$221	Variable	2019	Working capital, expansion projects, acquisitions and general business purposes
Senior secured limited-recourse revolving loan facility ^(c)	\$150	\$150	Variable	2020	General business purposes

(a) Available for general corporate purposes; the current intent is to use these facilities for the purchase, development, construction and/or operation of Canadian renewable generation assets. Consists of three credit facilities with expiration dates ranging from February 28, 2018 to April 2018.

(b) NEP OpCo and one of its direct subsidiaries are required to comply with certain financial covenants on a quarterly basis and NEP OpCo's ability to pay cash distributions to its unit holders is subject to certain other restrictions. The revolving credit facility includes borrowing capacity for letters of credit and incremental commitments to increase the revolving credit facility up to \$1 billion in the aggregate. Borrowings under the revolving credit facility are guaranteed by NEP OpCo and NEP.

(c) A certain NEP subsidiary (borrower) is required to satisfy certain conditions, including among other things, maintaining a leverage ratio at the time of any borrowing that does not exceed a specified ratio. Borrowings under this revolving loan facility are secured by liens on certain of the borrower's assets and certain of the borrower's subsidiaries' assets, as well as the ownership interest in the borrower. Contains default and related acceleration provisions relating to, among other things, failure of the borrower to maintain a leverage ratio at or below the specified rate and a minimum interest coverage ratio.

Storm Restoration Costs

As of December 31, 2015, FPL had the capacity to absorb up to approximately \$119 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 – Revenues and Rates.

Capital Support

Guarantees, Letters of Credit, Surety Bonds and Indemnifications (Guarantee Arrangements)

Certain subsidiaries of NEE, including FPL, issue guarantees and obtain letters of credit and surety bonds, as well as provide indemnities, to facilitate commercial transactions with third parties and financings. Substantially all of the guarantee arrangements are on behalf of NEE's or FPL's consolidated subsidiaries, as discussed in more detail below. NEE and FPL are not required to recognize liabilities associated with guarantee arrangements issued on behalf of their consolidated subsidiaries unless it becomes probable that they will be required to perform. At December 31, 2015, NEE and FPL believe it is unlikely that they would be required to perform under, or otherwise incur any losses associated with, these guarantee arrangements.

As of December 31, 2015, NEE subsidiaries had approximately \$3.3 billion in guarantees related primarily to equity contribution agreements associated with the development, construction and financing of certain power generation facilities, engineering, procurement and construction agreements and natural gas pipeline development projects. In addition, as of December 31, 2015, NEE subsidiaries had approximately \$4.6 billion in guarantees (\$21 million for FPL) related to obligations under purchased power agreements, indemnifications associated with asset divestitures, nuclear-related activities, the non-receipt of proceeds from cash grants under the Recovery Act and the payment obligations related to renewable tax credits, as well as other types of contractual obligations.

In some instances, subsidiaries of NEE elect to issue guarantees instead of posting other forms of collateral required under certain financing arrangements. As of December 31, 2015, these guarantees totaled approximately \$935 million and support, among other things, required cash management reserves, O&M service agreement requirements and other specific project financing requirements.

Subsidiaries of NEE also issue guarantees to support customer supply and proprietary power and gas trading activities, including the buying and selling of wholesale and retail energy commodities. As of December 31, 2015, the estimated mark-to-market exposure (the total amount that these subsidiaries of NEE could be required to fund based on energy commodity market prices at December 31, 2015) plus contract settlement net payables, net of collateral posted for obligations under these guarantees totaled \$656 million.

As of December 31, 2015, subsidiaries of NEE also had approximately \$1.0 billion of standby letters of credit (\$6 million for FPL) and approximately \$317 million of surety bonds (\$77 million for FPL) to support certain of the commercial activities discussed above. FPL's and NEECH's credit facilities are available to support the amount of the standby letters of credit.

Table of Contents

In addition, as part of contract negotiations in the normal course of business, certain subsidiaries of NEE, including FPL, have agreed and in the future may agree to make payments to compensate or indemnify other parties for possible unfavorable financial consequences resulting from specified events. The specified events may include, but are not limited to, an adverse judgment in a lawsuit or the imposition of additional taxes due to a change in tax law or interpretations of the tax law. NEE and FPL are unable to estimate the maximum potential amount of future payments under some of these contracts because events that would obligate them to make payments have not yet occurred or, if any such event has occurred, they have not been notified of its occurrence.

Certain guarantee arrangements described above contain requirements for NEECH and FPL to maintain a specified credit rating. For a discussion of credit rating downgrade triggers see Credit Ratings below. 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.

Shelf Registration

In July 2015, 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 19, 2016, 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 19, 2016, the board-authorized capacity available to issue securities was approximately \$4.8 billion for NEE and NEECH (issuable by either or both of them up to such aggregate amount) and \$1.9 billion for FPL.

Contractual Obligations and Estimated Capital Expenditures

NEE's and FPL's commitments at December 31, 2015 were as follows:

	2016	2017	2018	2019	2020	Thereafter	Total
	(millions)						
Long-term debt, including interest: ^(a)							
FPL	\$ 500	\$ 800	\$ 984	\$ 481	\$ 412	\$ 15,601 ^(b)	\$ 18,078
NEER	1,848	877	1,715	689	774	5,173	11,044
Corporate and Other	1,099	2,355	1,301	1,873	1,338	12,793	20,759
Purchase obligations:							
FPL ^(c)	5,320	4,525	4,105	4,345	4,310	13,740	36,345
NEER ^(d)	3,670	735	610	130	85	530	5,760
Corporate and Other ^(d)	80	5	5	—	5	—	75
Elimination of FPL's purchase obligations to NEER ^(e)	—	(59)	(87)	(84)	(81)	(1,248)	(1,557)
Asset retirement activities: ^(f)							
FPL ^(g)	11	18	10	3	—	8,200	8,240
NEER ^(g)	1	—	—	—	—	13,169	13,200
Other commitments:							
NEER ^(h)	115	138	187	191	95	405	1,131
Total	\$ 12,622	\$ 9,392	\$ 8,730	\$ 7,598	\$ 6,938	\$ 68,395	\$ 113,675

(a) Includes principal, interest and interest rate swaps. Variable rate interest was computed using December 31, 2015 rates. See Note 13.

(b) Includes \$718 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, 2015, 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 14 - Contracts), and projected capital expenditures through 2020 (see Note 14 - Commitments).

(d) See Note 14 - Contracts.

(e) Represents expected cash payments adjusted for inflation for estimated costs to perform asset retirement activities.

(f) At December 31, 2015, FPL had approximately \$3.430 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 13.

(g) At December 31, 2015, 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 \$1.834 million and are included in NEE's special use funds. See Note 13.

(h) 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 19, 2016, 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 ^(b)	Fitch ^(c)
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 ^(c)	VMIG-1/P-1	A-2	F1
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.

(c) Short-term ratings are presented as all bonds outstanding are currently paying a short-term interest rate. At FPL's election, a portion or all of the bonds may be adjusted to a long-term interest rate.

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 borrowings and additional or replacement credit facilities. In addition, a ratings downgrade could result in, among other things, the requirement that NEE subsidiaries, including FPL, post collateral under certain agreements and guarantee arrangements, including, but not limited to, 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, 2015, 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, 2015, coverage for the 12 months ended December 31, 2015 would have been approximately 7.8 times the annual interest requirements and approximately 3.8 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, 2015, FPL could have issued in excess of \$11.8 billion of additional first mortgage bonds based on the unfunded property additions and in excess of \$6.3 billion based on retired first mortgage bonds. As of December 31, 2015, 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 2036 (Series B Junior

Table of Contents

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.

New Accounting Rules and Interpretations

Amendments to the Consolidation Analysis - In February 2015, the Financial Accounting Standards Board (FASB) issued an accounting standard update which modifies the current consolidation guidance. See Note 1 - Variable Interest Entities.

Presentation of Debt Issuance Costs - In April 2015, the FASB issued an accounting standard update which changes the presentation of debt issuance costs in financial statements. See Note 1 - Debt Issuance Costs.

Revenue Recognition - In May 2014, the FASB issued a new accounting standard related to the recognition of revenue from contracts with customers and required disclosures. See Note 1 - Revenues and Rates.

Classification of Deferred Taxes - In November 2015, the FASB issued an accounting standard update which simplifies the classification of deferred taxes. See Note 1 - Income Taxes.

Financial Instruments - In January 2016, the FASB issued an accounting standard update which modifies guidance regarding certain aspects of recognition, measurement, presentation and disclosure of financial instruments. See Note 4 - Financial Instruments Accounting Standard Update.

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 primarily with outstanding and forecasted debt issuances and borrowings. 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 interest rate and foreign currency 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 Pension Benefits

NEE sponsors a qualified noncontributory defined benefit pension plan for substantially all employees of NEE and its subsidiaries. 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. The qualified pension plan has a fully funded trust dedicated to providing benefits under the plan. NEE allocates net periodic income associated with the pension plan 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. NEE derives pension income from actuarial calculations based on the plan's provisions and various management assumptions including discount rate, rate of increase in compensation levels and expected long-term rate of return on plan assets.

Assumptions and Accounting Approach

Accounting guidance requires recognition of the funded status of the pension plan 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 and prior service costs or credits that are estimated to be allocable to FPL as net periodic (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.

Net periodic pension income is included in O&M expenses, and is calculated using a number of actuarial assumptions. Those assumptions for the years ended December 31, 2015, 2014 and 2013 include:

	2015	2014	2013
Discount rate	3.95%	4.80%	4.00%
Salary increase	4.10%	4.00%	4.00%
Expected long-term rate of return ^(a)	7.35%	7.75%	7.75%

(a) In 2015, an expected long-term rate of return of 7.75% is presented net of investment management fees.

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 pension plan assets, NEE considered different models, capital market return assumptions and historical returns for a portfolio with an equity/bond asset mix similar to its pension fund, as well as its pension fund's historical compounded returns. NEE believes that 7.35% is a reasonable long-term rate of return, net of investment management fees, on its pension 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 appropriate.

NEE utilizes in its determination of pension 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 only to the extent they exceed 10% of the greater of projected benefit obligations or the market-related value of plan assets.

Table of Contents

The following table illustrates the effect on net periodic income of changing the critical actuarial assumptions discussed above, while holding all other assumptions constant:

	Change in Assumption	Decrease in 2015 Net Periodic Income	
		NEE	FPL
		(millions)	
Expected long-term rate of return	(0.5)%	\$ (18)	\$ (11)
Discount rate	0.5%	\$ (3)	\$ (2)
Salary increase	0.5%	\$ (2)	\$ (1)

NEE also utilizes actuarial assumptions about mortality to help estimate obligations of the pension plan. NEE has adopted the latest revised mortality tables and mortality improvement scales released by the Society of Actuaries, which adoption did not have a material impact on the pension plan's obligation.

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 Management's Discussion - NEER: Results of Operations - Gas Infrastructure.

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						NEECH®		NEE	
	Nuclear Decommissioning		Fossil/Solar Dismantlement		Interim Removal Costs and Other		December 31,		December 31,	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(millions)									
AROs	\$ 1,764	\$ 1,303	\$ 53	\$ 48	\$ 5	\$ 4	\$ 647	\$ 631	\$ 2,469	\$ 1,988
Less capitalized ARO asset net of accumulated depreciation	375	—	38	18	—	—	—	—	413	18
Accrued asset removal costs ^(a)	279	280	315	311	1,327	1,307	9	6	1,530	1,904
Asset retirement obligation regulatory expense difference ^(b)	2,147	2,239	37	20	(2)	(2)	—	—	2,182	2,257
Accrued decommissioning, dismantlement and other accrued asset removal costs	<u>\$ 3,815</u>	<u>\$ 3,822</u>	<u>\$ 367</u>	<u>\$ 381</u>	<u>\$ 1,330</u>	<u>\$ 1,309</u>	<u>\$ 656</u>	<u>\$ 637</u>	<u>\$ 6,168</u>	<u>\$ 6,129</u>

(a) Primarily NEER.

(b) Regulatory liability on NEE's and FPL's consolidated balance sheets.

(c) 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 for nuclear decommissioning costs would increase NEE's and FPL's asset retirement obligations and conditional asset retirement obligations (collectively, AROs) as of December 31, 2015 by \$191 million and \$149 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 2015, 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 \$7.5 billion, or \$2.9 billion expressed in 2015 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, 2015, FPL's portion of the ultimate cost to dismantle its fossil and solar units is approximately \$752 million, or \$411 million expressed in 2015 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, 2015, the ARO for nuclear decommissioning of NEER's nuclear plants totaled approximately \$423 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 \$11.8 billion, or \$1.9 billion expressed in 2015 dollars.

See Note 1 - Asset Retirement Obligations and - Decommissioning of Nuclear Plants, Dismantlement of Plants and Other Accrued Asset Removal Costs and Note 13.

Regulatory Accounting

NEE's and FPL's regulatory assets and liabilities are as follows:

	NEE		FPL	
	December 31,		December 31,	
	2015	2014	2015	2014
	(millions)			
Regulatory assets:				
Current:				
Deferred clause and franchise expenses	\$ 75	\$ 268	\$ 75	\$ 268
Derivatives	\$ 218	\$ 364	\$ 218	\$ 364
Other	\$ 210	\$ 116	\$ 208	\$ 111
Noncurrent:				
Purchased power agreement termination	\$ 726	\$ —	\$ 726	\$ —
Securitized storm-recovery costs	\$ 208	\$ 294	\$ 208	\$ 294
Other	\$ 844	\$ 657	\$ 579	\$ 468
Regulatory liabilities:				
Current, included in other current liabilities	\$ 14	\$ 26	\$ 12	\$ 24
Noncurrent:				
Accrued asset removal costs	\$ 1,930	\$ 1,904	\$ 1,921	\$ 1,898
Asset retirement obligation regulatory expense difference	\$ 2,182	\$ 2,257	\$ 2,182	\$ 2,257
Other	\$ 494	\$ 476	\$ 492	\$ 476

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 2014 and 2015, the changes in the fair value of NEE's consolidated subsidiaries' energy contract derivative instruments were as follows:

	Hedges on Owned Assets			NEE Total
	Trading	Non- Qualifying	FPL Cost Recovery Clauses	
	(millions)			
Fair value of contracts outstanding at December 31, 2013	\$ 301	\$ 563	\$ 46	\$ 910
Reclassification to realized at settlement of contracts	(51)	58	(121)	(114)
Inception value of new contracts	(4)	—	—	(4)
Net option premium purchases (issuances)	(65)	2	—	(63)
Changes in fair value excluding reclassification to realized	139	275	(288)	126
Fair value of contracts outstanding at December 31, 2014	320	898	(363)	855
Reclassification to realized at settlement of contracts	(227)	(359)	471	(115)
Inception value of new contracts	18	3	—	21
Net option premium purchases (issuances)	(45)	3	—	(42)
Changes in fair value excluding reclassification to realized	293	640	(326)	607
Fair value of contracts outstanding at December 31, 2015	359	1,185	(218)	1,326
Net margin cash collateral paid (received)				(371)
Total mark-to-market energy contract net assets (liabilities) at December 31, 2015	\$ 359	\$ 1,185	\$ (218)	\$ 955

NEE's total mark-to-market energy contract net assets (liabilities) at December 31, 2015 shown above are included on the consolidated balance sheets as follows:

	December 31, 2015
	(millions)
Current derivative assets	\$ 695
Assets held for sale	57
Noncurrent derivative assets	1,185
Current derivative liabilities	(694)
Liabilities associated with assets held for sale	(16)
Noncurrent derivative liabilities	(272)
NEE's total mark-to-market energy contract net assets	\$ 955

Table of Contents

The sources of fair value estimates and maturity of energy contract derivative instruments at December 31, 2015 were as follows:

	Maturity						
	2016	2017	2018	2019	2020	Thereafter	Total
	(millions)						
Trading:							
Quoted prices in active markets for identical assets	\$ (25)	\$ 23	\$ 8	\$ 4	\$ —	\$ —	\$ 10
Significant other observable inputs	28	18	15	(5)	1	(17)	40
Significant unobservable inputs	180	79	17	19	11	23	309
Total	183	120	40	18	12	8	359
Owned Assets - Non-Qualifying:							
Quoted prices in active markets for identical assets	12	—	8	4	—	—	24
Significant other observable inputs	293	206	117	78	82	75	831
Significant unobservable inputs	43	34	35	25	20	173	330
Total	348	240	160	107	82	248	1,185
Owned Assets - FPL Cost Recovery Clauses:							
Quoted prices in active markets for identical assets	—	—	—	—	—	—	—
Significant other observable inputs	(218)	—	—	—	—	—	(218)
Significant unobservable inputs	(1)	1	—	—	—	—	—
Total	(219)	1	—	—	—	—	(218)
Total sources of fair value	\$ 292	\$ 361	\$ 200	\$ 125	\$ 94	\$ 254	\$ 1,328

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, 2015 and 2014, the VaR figures are as follows:

	Trading			Non-Qualifying Hedges and Hedges in FPL Cost Recovery Clauses(a)			Total		
	FPL	NEER	NEE	FPL	NEER	NEE	FPL	NEER	NEE
	(millions)								
December 31, 2014	\$ —	\$ 2	\$ 2	\$ 65	\$ 62	\$ 24	\$ 65	\$ 64	\$ 24
December 31, 2015	\$ —	\$ 3	\$ 3	\$ 51	\$ 44	\$ 23	\$ 51	\$ 46	\$ 25
Average for the year ended December 31, 2015	\$ —	\$ 1	\$ 1	\$ 35	\$ 35	\$ 24	\$ 35	\$ 35	\$ 23

(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 hedges in FPL cost recovery clauses category do not represent the economic exposure to commodity price movements.

Interest Rate Risk

NEE's and FPL's financial results 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, 2015		December 31, 2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NEE:				
Fixed income securities:				
Special use funds	\$ 1,789	\$ 1,789 ^(a)	\$ 1,985	\$ 1,965 ^(a)
Other investments:				
Debt securities	\$ 124	\$ 124 ^(a)	\$ 124	\$ 124 ^(a)
Primarily notes receivable	\$ 512	\$ 722 ^(b)	\$ 525	\$ 679 ^(b)
Long-term debt, including current maturities	\$ 28,897	\$ 30,412 ^(c)	\$ 27,876	\$ 30,337 ^(c)
Interest rate contracts - net unrealized losses	\$ (285)	\$ (285) ^(d)	\$ (216)	\$ (216) ^(d)
FPL:				
Fixed income securities - special use funds	\$ 1,378	\$ 1,378 ^(a)	\$ 1,568	\$ 1,568 ^(a)
Long-term debt, including current maturities	\$ 10,020	\$ 11,028 ^(c)	\$ 9,473	\$ 11,105 ^(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) Modeled internally using a 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, 2015, NEE had interest rate contracts with a notional amount of approximately \$8.3 billion related to long-term debt issuances, of which \$2.2 billion are fair value hedges at NEECH that effectively convert fixed-rate debt to a variable-rate instrument. The remaining \$6.1 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, which primarily relate to NEE's debt issuances. At December 31, 2015, the estimated fair value of NEE's fair value hedges and cash flow hedges was approximately \$(14) million and \$(271) 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 \$1,009 million (\$508 million for FPL) at December 31, 2015.

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 \$2,674 million and \$2,634 million (\$1,598 million and \$1,561 million for FPL) at December 31, 2015 and 2014, respectively. At December 31, 2015, a hypothetical 10% decrease in the prices quoted by stock exchanges, which is a reasonable near-term market change, would result in a \$246 million (\$146 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.

Table of Contents

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 include 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, 2015, approximately 94% 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.

Item 8. Financial Statements and Supplementary Data

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.

In accordance with the U.S. Securities and Exchange Commission's published guidance, we have excluded from our current assessment the internal control over financial reporting for NET Holdings Management, LLC, which was acquired on October 1, 2015 and whose financial statements reflect total assets and operating revenues consisting of approximately three percent and less than one percent, respectively, of NextEra Energy's consolidated total assets and operating revenues as of and for the year ended December 31, 2015. NextEra Energy will include NET Holdings Management, LLC in its assessment as of December 31, 2016.

Management assessed the effectiveness of NEE's and FPL's internal control over financial reporting as of December 31, 2015, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the *Internal Control - Integrated Framework (2013)*. Based on this assessment, management believes that NEE's and FPL's internal control over financial reporting was effective as of December 31, 2015.

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 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

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive 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, 2015, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment of NextEra Energy the internal control over financial reporting at NET Holdings Management, LLC, which was acquired on October 1, 2015 and whose financial statements constitute three percent of total assets and less than one percent of operating revenues of NextEra Energy's consolidated financial statement amounts as of and for the year ended December 31, 2015. Accordingly, our audit did not include the internal control over financial reporting at NET Holdings Management, LLC. 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, 2015, based on the criteria established in *Internal Control — Integrated Framework (2013)* 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, 2015 of NextEra Energy and FPL and our report dated February 19, 2016 expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding NextEra Energy's and FPL's adoption of a new accounting standard in 2015.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Boca Raton, Florida
February 19, 2016

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, 2015 and 2014, 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 equity, and FPL's consolidated statements of common shareholder's equity for each of the three years in the period ended December 31, 2015. 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, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, NextEra Energy and FPL have changed their classification and presentation of deferred taxes in 2015 due to the adoption of FASB ASU 2015-17, *Income Taxes – Balance Sheet Classification of Deferred Taxes*. The adoption of ASU 2015-17 was applied prospectively.

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, 2015, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 19, 2016 expressed an unqualified opinion on NextEra Energy's and FPL's internal control over financial reporting.

DELOITTE & TOUCHE LLP
Certified Public Accountants

Boca Raton, Florida
February 19, 2016

NEXTERA ENERGY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(millions, except per share amounts)

	Years Ended December 31,		
	2015	2014	2013
OPERATING REVENUES	\$ 17,486	\$ 17,021	\$ 15,136
OPERATING EXPENSES			
Fuel, purchased power and interchange	5,327	5,602	4,958
Other operations and maintenance	3,269	3,149	3,194
Impairment charges	2	11	300
Merger-related	26	—	—
Depreciation and amortization	2,831	2,551	2,163
Taxes other than income taxes and other	1,399	1,324	1,280
Total operating expenses	12,854	12,637	11,895
OPERATING INCOME	4,632	4,384	3,241
OTHER INCOME (DEDUCTIONS)			
Interest expense	(1,211)	(1,261)	(1,121)
Benefits associated with differential membership interests - net	216	199	165
Equity in earnings of equity method investees	107	93	25
Allowance for equity funds used during construction	70	37	63
Interest income	86	80	78
Gains on disposal of assets - net	90	105	54
Gain (loss) associated with Maine fossil	—	21	(67)
Other than temporary impairment losses on securities held in nuclear decommissioning funds	(40)	(13)	(11)
Other - net	40	—	27
Total other deductions - net	(642)	(739)	(787)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	3,990	3,645	2,454
INCOME TAXES	1,228	1,176	777
INCOME FROM CONTINUING OPERATIONS	2,762	2,469	1,677
GAIN FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	—	—	231
NET INCOME	2,762	2,469	1,908
LESS NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	10	4	—
NET INCOME ATTRIBUTABLE TO NEE	\$ 2,752	\$ 2,465	\$ 1,908
Earnings per share attributable to NEE - basic:			
Continuing operations	\$ 6.11	\$ 5.67	\$ 3.95
Discontinued operations	—	—	0.55
Total	\$ 6.11	\$ 5.67	\$ 4.50
Earnings per share attributable to NEE - assuming dilution:			
Continuing operations	\$ 6.06	\$ 5.60	\$ 3.93
Discontinued operations	—	—	0.54
Total	\$ 6.06	\$ 5.60	\$ 4.47
Weighted-average number of common shares outstanding:			
Basic	450.5	434.4	424.2
Assuming dilution	454.0	440.1	427.0

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,		
	2015	2014	2013
NET INCOME	<u>\$ 2,762</u>	<u>\$ 2,469</u>	<u>\$ 1,908</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Net unrealized gains (losses) on cash flow hedges:			
Effective portion of net unrealized gains (losses) (net of \$37 and \$80 tax benefit and \$45 tax expense, respectively)	(88)	(141)	84
Reclassification from accumulated other comprehensive income to net income (net of \$25, \$57 and \$38 tax expense, respectively)	63	98	67
Net unrealized gains (losses) on available for sale securities:			
Net unrealized gains (losses) on securities still held (net of \$8 tax benefit, \$45 and \$84 tax expense, respectively)	(7)	62	118
Reclassification from accumulated other comprehensive income to net income (net of \$33, \$26 and \$10 tax benefit, respectively)	(37)	(41)	(17)
Defined benefit pension and other benefits plans (net of \$26 and \$27 tax benefit and \$61 tax expense, respectively)	(42)	(43)	97
Net unrealized losses on foreign currency translation (net of \$2, \$12 and \$22 tax benefit, respectively)	(27)	(25)	(45)
Other comprehensive income (loss) related to equity method investee (net of \$5 tax benefit and \$5 tax expense, respectively)	—	(8)	7
Total other comprehensive income (loss), net of tax	<u>(138)</u>	<u>(98)</u>	<u>311</u>
COMPREHENSIVE INCOME	<u>2,624</u>	<u>2,371</u>	<u>2,219</u>
LESS COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>(1)</u>	<u>2</u>	<u>—</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO NEE	<u>\$ 2,625</u>	<u>\$ 2,369</u>	<u>\$ 2,219</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents

NEXTERA ENERGY, INC.
CONSOLIDATED BALANCE SHEETS
(millions, except par value)

	December 31,	
	2015	2014 *
PROPERTY, PLANT AND EQUIPMENT		
Electric plant in service and other property	\$ 72,805	\$ 68,042
Nuclear fuel	2,057	2,005
Construction work in progress	5,557	3,581
Accumulated depreciation and amortization	(18,944)	(17,334)
Total property, plant and equipment - net (\$7,966 and \$6,414 related to VIEs, respectively)	61,388	55,705
CURRENT ASSETS		
Cash and cash equivalents	571	577
Customer receivables, net of allowances of \$13 and \$27, respectively	1,784	1,805
Other receivables	481	354
Materials, supplies and fossil fuel inventory	1,259	1,292
Regulatory assets:		
Deferred clause and franchise expenses	75	268
Derivatives	216	384
Other	210	118
Derivatives	712	990
Deferred income taxes	—	739
Assets held for sale	1,009	—
Other	476	438
Total current assets	6,795	6,844
OTHER ASSETS		
Special use funds	5,138	5,168
Other investments	1,788	1,399
Prepaid benefit costs	1,155	1,244
Regulatory assets:		
Purchased power agreement termination	728	—
Securitized storm-recovery costs (\$128 and \$180 related to a VIE, respectively)	268	294
Other	844	657
Derivatives	1,202	1,009
Other	3,239	2,187
Total other assets	14,298	11,958
TOTAL ASSETS	\$ 82,479	\$ 74,605
CAPITALIZATION		
Common stock (\$0.01 par value, authorized shares - 800; outstanding shares - 461 and 443, respectively)	\$ 5	\$ 4
Additional paid-in capital	6,598	7,179
Retained earnings	14,140	12,773
Accumulated other comprehensive loss	(167)	(40)
Total common shareholders' equity	22,574	19,916
Noncontrolling interests	938	252
Total equity	23,512	20,168
Long-term debt (\$694 and \$1,077 related to VIEs, respectively)	26,681	24,044
Total capitalization	49,793	44,212
CURRENT LIABILITIES		
Commercial paper	374	1,142
Notes payable	412	—
Current maturities of long-term debt	2,220	3,115
Accounts payable	2,529	1,254
Customer deposits	173	172
Accrued interest and taxes	449	474
Derivatives	982	1,229

Accrued construction-related expenditures	921	878
Liabilities associated with assets held for sale	992	—
Other	555	751
Total current liabilities	10,107	9,963
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	2,469	1,885
Deferred income taxes	9,827	9,261
Regulatory liabilities:		
Accrued asset removal costs	1,930	1,904
Asset retirement obligation regulatory expense difference	2,182	2,257
Other	494	478
Derivatives	530	468
Deferral related to differential membership interests - VIEs	3,142	2,704
Other	2,005	1,678
Total other liabilities and deferred credits	22,579	20,730
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES		
	\$ 82,479	\$ 74,605

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

*Prior period amounts have been retrospectively adjusted as discussed in Note 1 - Debt Issuance Costs.

NEXTERA ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

	Years Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 2,762	\$ 2,469	\$ 1,908
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	2,631	2,551	2,193
Nuclear fuel and other amortization	372	345	358
Impairment charges	2	11	300
Unrealized gains on marked to market energy contracts	(337)	(411)	(10)
Deferred income taxes	1,162	1,205	853
Cost recovery clauses and franchise fees	175	(67)	(166)
Purchased power agreement termination	(521)	—	—
Benefits associated with differential membership interests - net	(218)	(189)	(185)
Gain from discontinued operations, net of income taxes	—	—	(231)
Other - net	(23)	134	144
Changes in operating assets and liabilities:			
Customer and other receivables	90	(7)	(268)
Materials, supplies and fossil fuel inventory	17	(135)	(81)
Other current assets	(34)	(30)	8
Other markets	(106)	(220)	8
Accounts payable and customer deposits	(258)	110	122
Margin cash collateral	31	(59)	156
Income taxes	28	(75)	(58)
Other current liabilities	161	(110)	143
Other liabilities	(123)	(12)	(84)
Net cash provided by operating activities	6,116	5,500	5,102
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures of FPL	(3,428)	(3,067)	(2,691)
Independent power and other investments of NEER	(4,505)	(3,598)	(3,478)
Cash grants under the American Recovery and Reinvestment Act of 2009	8	343	165
Nuclear fuel purchases	(361)	(287)	(371)
Other capital expenditures and other investments	(83)	(75)	(142)
Sale of independent power and other investments of NEER	52	307	165
Change in loan proceeds restricted for construction	(8)	(40)	228
Proceeds from sale or maturity of securities in special use funds and other investments	4,851	4,821	4,405
Purchases of securities in special use funds and other investments	(4,932)	(4,767)	(4,470)
Proceeds from the sale of a noncontrolling interest in subsidiaries	345	438	—
Other - net	107	(246)	68
Net cash used in investing activities	(8,005)	(8,361)	(8,123)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt	5,772	5,054	4,371
Retirements of long-term debt	(3,972)	(4,720)	(2,398)
Proceeds from differential membership investors	791	978	448
Payments to differential membership investors	(92)	(71)	(83)
Proceeds from notes payable	1,225	500	—
Repayments of notes payable	(813)	(500)	(200)
Net change in commercial paper	(758)	451	(520)
Issuances of common stock - net	1,293	633	842
Dividends on common stock	(1,385)	(1,281)	(1,122)
Other - net	(143)	(34)	(230)
Net cash provided by financing activities	1,003	1,000	1,130
Net increase (decrease) in cash and cash equivalents	(8)	139	109

Cash and cash equivalents at beginning of year	577	438	329
Cash and cash equivalents at end of year	\$ 571	\$ 577	\$ 438
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	\$ 1,143	\$ 1,181	\$ 1,070
Cash paid (received) for income taxes - net	\$ 33	\$ 48	\$ (20)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued property additions	\$ 2,516	\$ 958	\$ 1,088
Sale of hydropower generation plants through assumption of debt by buyer	\$ —	\$ —	\$ 700
Assumption of debt and acquisition holdbacks in connection with the acquisition of the Texas pipeline business	\$ 1,078	\$ —	\$ —
Decrease (increase) in property, plant and equipment as a result of a settlement	\$ (45)	\$ 181	\$ —

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NEXTERA ENERGY, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(millions)

	Common Stock		Additional Paid-in Capital	Unearned ESOP Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Common Shareholders' Equity	Non- controlling Interests	Total Equity
	Shares	Aggregate Par Value							
Balances, December 31, 2012	424 (b)	\$ 4	\$ 5,575	\$ (36)	\$ (255)	\$ 10,753	\$ 16,068	\$ -	\$ 16,068
Net income	—	—	—	—	—	1,508	1,508	—	—
Issuances of common stock, net of issuance cost of less than \$1	10	—	823	4	—	—	827	—	—
Exercise of stock options and other incentive plan activity	1	—	74	—	—	—	74	—	—
Dividends on common stock ^(a)	—	—	—	—	—	(1,122)	(1,122)	—	—
Earned compensation under ESOP	—	—	37	9	—	—	46	—	—
Other comprehensive income	—	—	—	—	311	—	311	—	—
Premium on equity units	—	—	(62)	—	—	—	(62)	—	—
Issuance costs of equity units	—	—	(10)	—	—	—	(10)	—	—
Balances, December 31, 2013	435 (b)	4	6,437	(28)	58	11,569	18,040	4	\$ 18,040
Net income	—	—	—	—	—	2,435	2,435	4	—
Issuances of common stock, net of issuance cost of less than \$1	7	—	804	3	—	—	807	—	—
Exercise of stock options and other incentive plan activity	1	—	102	—	—	—	102	—	—
Dividends on common stock ^(a)	—	—	—	—	—	(1,281)	(1,281)	—	—
Earned compensation under ESOP	—	—	50	9	—	—	59	—	—
Other comprehensive loss	—	—	—	—	(88)	—	(88)	(2)	—
NEP acquisition of limited partner interest in NEP OpCo	—	—	—	—	—	—	—	232	—
Other changes in noncontrolling interests in subsidiaries	—	—	—	—	—	—	—	18	—
Balances, December 31, 2014	443 (b)	4	7,193	(14)	(40)	12,773	19,916	252	\$ 20,168
Net income	—	—	—	—	—	2,752	2,752	10	—
Issuances of common stock, net of issuance cost of less than \$1	17	1	1,302	4	—	—	1,307	—	—
Exercise of stock options and other incentive plan activity	1	—	58	—	—	—	58	—	—
Dividends on common stock ^(a)	—	—	—	—	—	(1,385)	(1,385)	—	—
Earned compensation under ESOP	—	—	54	9	—	—	63	—	—
Premium on equity units	—	—	(80)	—	—	—	(80)	—	—
Other comprehensive loss	—	—	—	—	(127)	—	(127)	(11)	—
Issuance costs of equity units	—	—	(16)	—	—	—	(16)	—	—
Sale of NEER assets to NEP	—	—	88	—	—	—	88	252	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(29)	—
Other changes in noncontrolling interests in subsidiaries	—	—	—	—	—	—	—	55	—
Balances, December 31, 2015	461 (b)	\$ 5	\$ 8,537	\$ (1)	\$ (167)	\$ 14,140	\$ 22,574	\$ 538	\$ 23,112

(a) Dividends per share were \$3.08, \$2.90 and \$2.84 for the years ended December 31, 2015, 2014 and 2013, respectively.

(b) Outstanding and unapportioned shares held by the Employee Stock Ownership Plan (ESOP) Trust totaled less than 1 million, approximately 1 million and 2 million at December 31, 2015, 2014 and 2013, respectively; the original number of shares purchased and held by the ESOP Trust was approximately 25 million shares.

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,		
	2015	2014	2013
OPERATING REVENUES	\$ 11,651	\$ 11,421	\$ 10,445
OPERATING EXPENSES			
Fuel, purchased power and interchange	4,276	4,375	3,925
Other operations and maintenance	1,617	1,620	1,699
Depreciation and amortization	1,576	1,432	1,159
Taxes other than income taxes and other	1,205	1,166	1,123
Total operating expenses	8,674	8,593	7,906
OPERATING INCOME	2,977	2,828	2,539
OTHER INCOME (DEDUCTIONS)			
Interest expense	(445)	(439)	(415)
Allowance for equity funds used during construction	68	36	55
Other - net	5	2	5
Total other deductions - net	(372)	(401)	(355)
INCOME BEFORE INCOME TAXES	2,605	2,427	2,184
INCOME TAXES	957	910	835
NET INCOME ^(a)	\$ 1,648	\$ 1,517	\$ 1,349

(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.

Table of Contents

**FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS
(millions, except share amount)**

	December 31,	
	2015	2014 *
ELECTRIC UTILITY PLANT		
Plant in service and other property	\$ 41,227	\$ 39,027
Nuclear fuel	1,306	1,217
Construction work in progress	2,850	1,694
Accumulated depreciation and amortization	(11,862)	(11,282)
Total electric utility plant - net	33,521	30,656
CURRENT ASSETS		
Cash and cash equivalents	23	14
Customer receivables, net of allowances of \$3 and \$5, respectively	849	773
Other receivables	123	136
Materials, supplies and fossil fuel inventory	826	846
Regulatory assets:		
Deferred clause and franchise expenses	75	268
Derivatives	218	364
Other	209	111
Other	184	120
Total current assets	2,507	2,834
OTHER ASSETS		
Special use funds	3,504	3,524
Prepaid benefit costs	1,243	1,189
Regulatory assets:		
Purchased power agreement termination	726	—
Securitized storm-recovery costs (\$128 and \$180 related to a VIE, respectively)	208	294
Other	579	468
Other	235	457
Total other assets	6,495	5,932
TOTAL ASSETS	\$ 42,523	\$ 39,222
CAPITALIZATION		
Common stock (no par value, 1,000 shares authorized, issued and outstanding)	\$ 1,373	\$ 1,373
Additional paid-in capital	7,733	8,279
Retained earnings	6,447	5,499
Total common shareholder's equity	15,553	13,151
Long-term debt (\$210 and \$273 related to a VIE, respectively)	9,956	9,328
Total capitalization	25,509	22,479
CURRENT LIABILITIES		
Commercial paper	56	1,142
Notes payable	100	—
Current maturities of long-term debt	64	60
Accounts payable	664	647
Customer deposits	469	458
Accrued interest and taxes	279	245
Derivatives	222	370
Accrued construction-related expenditures	240	233
Other	355	331
Total current liabilities	2,448	3,486
OTHER LIABILITIES AND DEFERRED CREDITS		
Asset retirement obligations	1,822	1,355
Deferred income taxes	7,730	6,835
Regulatory liabilities:		
Accrued asset removal costs	1,921	1,898

Asset retirement obligation regulatory expense difference	2,182	2,257
Other	492	476
Other	418	436
Total other liabilities and deferred credits	14,565	13,257
COMMITMENTS AND CONTINGENCIES		
TOTAL CAPITALIZATION AND LIABILITIES	\$ 42,523	\$ 39,222

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

*Prior period amounts have been retrospectively adjusted as discussed in Note 1 - Debt Issuance Costs.

FLORIDA POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

	Years Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,648	\$ 1,517	\$ 1,349
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,576	1,432	1,159
Nuclear fuel and other amortization	209	201	184
Deferred income taxes	504	601	617
Cost recovery clauses and franchise fees	176	(67)	(166)
Purchased power agreement termination	(521)	—	—
Other - net	(56)	94	46
Changes in operating assets and liabilities:			
Customer and other receivables	(79)	(10)	(5)
Materials, supplies and fossil fuel inventory	22	(106)	(16)
Other current assets	(32)	(9)	15
Other assets	(53)	(103)	(12)
Accounts payable and customer deposits	(72)	28	(1)
Income taxes	14	(34)	384
Other current liabilities	38	(64)	11
Other liabilities	(41)	(26)	(7)
Net cash provided by operating activities	3,393	3,454	3,558
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(3,428)	(3,067)	(2,691)
Nuclear fuel purchases	(205)	(174)	(212)
Proceeds from sale or maturity of securities in special use funds	3,731	3,349	3,342
Purchases of securities in special use funds	(3,792)	(3,414)	(3,389)
Other - net	19	(269)	30
Net cash used in investing activities	(3,675)	(3,574)	(2,920)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuances of long-term debt	1,084	997	497
Retirements of long-term debt	(551)	(355)	(453)
Proceeds from notes payable	100	—	—
Net change in commercial paper	(1,086)	938	99
Capital contributions from NEE	1,454	100	275
Dividends to NEE	(700)	(1,550)	(1,070)
Other - net	(10)	(15)	(7)
Net cash provided by (used in) financing activities	291	115	(659)
Net increase (decrease) in cash and cash equivalents	9	(5)	(21)
Cash and cash equivalents at beginning of year	14	19	40
Cash and cash equivalents at end of year	\$ 23	\$ 14	\$ 19
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest (net of amount capitalized)	\$ 435	\$ 417	\$ 410
Cash paid (received) for income taxes - net	\$ 439	\$ 342	\$ (166)
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued property additions	\$ 474	\$ 404	\$ 386

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, 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
Net income	—	—	1,517	
Capital contributions from NEE	—	100	—	
Dividends to NEE	—	—	(1,550)	
Balances, December 31, 2014	1,373	6,279	5,499	\$ 13,151
Net income	—	—	1,648	
Capital contributions from NEE	—	1,454	—	
Dividends to NEE	—	—	(700)	
Balances, December 31, 2015	\$ 1,373	\$ 7,733	\$ 6,447	\$ 15,553

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

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 4.8 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 noncontrolling ownership interests in joint ventures essentially all of which are accounted for under the equity method. NEER also participates in natural gas, natural gas liquids and oil production through non-operating ownership interests and in pipeline infrastructure through either wholly owned subsidiaries or noncontrolling or joint venture interests. See Note 15 for a discussion of the movement of the natural gas pipeline projects to the NEER segment from Corporate and Other.

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. Amounts included in the consolidated financial statements and the accompanying Notes have been adjusted to reflect the retrospective application of a Financial Accounting Standards Board (FASB) accounting standard update related to the presentation of debt issuance costs in the financial statements. See Debt Issuance Costs below. In addition, 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.

NextEra Energy Partners, LP - NEE, through NEER, formed NextEra Energy Partners, LP (NEP) to acquire, manage and own contracted clean energy projects with stable, long-term cash flows through a limited partner interest in NextEra Energy Operating Partners, LP (NEP OpCo). On July 1, 2014, NEP closed its initial public offering (IPO) by issuing 18,687,500 common units representing limited partner interests. The proceeds from the sale of the common units, net of underwriting discounts, commissions and structuring fees, were approximately \$438 million. NEP used such proceeds to purchase 18,687,500 common units of NEP OpCo, of which approximately \$288 million was used to purchase common units from an indirect wholly owned subsidiary of NEE and \$150 million was used to purchase common units from NEP OpCo. Through an indirect wholly owned subsidiary, NEE retained 74,440,000 units of NEP OpCo representing a 79.9% interest in NEP's operating projects. Additionally, NEE owns a controlling general partner interest in NEP and consolidates this entity for financial reporting purposes and presents NEP's limited partner interest as a noncontrolling interest in NEE's consolidated financial statements. Certain equity and asset transactions between NEP, NEER and NEP OpCo involve the exchange of cash, energy projects and ownership interests in NEP OpCo. These exchanges are accounted for under the profit sharing method and resulted in a profit sharing liability of approximately \$447 million and \$299 million at December 31, 2015 and 2014, respectively, which is reflected in noncurrent other liabilities on NEE's consolidated balance sheets. The profit sharing liability will be amortized into income on a straight-line basis over the estimated useful lives of the underlying energy projects held by NEP OpCo. During the purchase price adjustment period associated with the IPO, which is expected to extend into the fourth quarter of 2016, approximately \$288 million of the profit sharing liability is subject to potential adjustment and will not be amortized.

During 2015, NEP sold an additional 11,857,925 common units and purchased an additional 11,857,925 NEP OpCo common units. Also, in 2015, a subsidiary of NEE purchased 27,000,000 of NEP OpCo's common units. After giving effect to these transactions, NEE's interest in NEP's operating projects is approximately 76.8% as of December 31, 2015. As of December 31, 2015, NEP, through NEER's contribution of energy projects to NEP OpCo, owns a portfolio of 19 wind and solar projects with generating capacity totaling approximately 2,210 megawatts (MW), as well as a portfolio of seven long-term contracted natural gas pipeline assets located in Texas.

Rate 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 various clauses, include substantially all fuel, purchased power and interchange expense, certain construction-related costs for FPL's planned additional nuclear units at Turkey Point and FPL's solar generation 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.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In September 2015, FPL assumed ownership of a 250 MW coal-fired generation facility located in Jacksonville, Florida (Cedar Bay) and terminated its long-term purchased power agreement for substantially all of the facility's capacity and energy for a purchase price of approximately \$521 million. The FPSC approved a stipulation and settlement between the State of Florida Office of Public Counsel and FPL regarding issues relating to the ratemaking treatment for Cedar Bay. Key elements of the settlement included, among other things, the following:

- FPL will recover the purchase price and associated income tax gross-up as a regulatory asset which will be amortized over approximately nine years. Approximately \$709 million will be recovered through the capacity clause with a return on the portion of the unamortized balance associated with the purchase price and \$138 million will be recovered through base rates until FPL's next test year for a general base rate proceeding, at which time the unamortized balance will be transferred to the capacity clause for continued recovery until fully amortized. At December 31, 2015, the regulatory assets, net of amortization, totaled approximately \$817 million and are included in purchased power agreement termination and current other regulatory assets on NEE's and FPL's consolidated balance sheets.
- The reserve amount that is available for amortization under the 2012 rate agreement, which is effective through December 2016, was reduced by \$30 million to \$370 million, unless FPL needs the entire \$400 million reserve to maintain a minimum regulatory ROE of 9.50%. See Revenues and Rates - FPL Rates Effective January 2013 through December 2016 below.

In October 2015, the Florida Industrial Power Users Group filed a notice of appeal challenging the FPSC's approval of this settlement, which is pending before the Florida Supreme Court.

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 \$246 million and \$223 million at December 31, 2015 and 2014, respectively. FPL's operating revenues also include amounts resulting from cost recovery clauses (see Rate Regulation above), franchise fees, gross receipts taxes and surcharges related to storm-recovery bonds (see Note 9 - 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 \$722 million, \$716 million and \$680 million in 2015, 2014 and 2013, 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 \$115 million, \$109 million and \$108 million in 2015, 2014 and 2013, 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 through 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 and Riviera Beach became operational in April 2013 and April 2014, respectively, and Port Everglades is expected to be operational by April 2016.)
- 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 revenues).
- 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 a previous rate agreement (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%. See Rate Regulation above regarding a subsequent reduction in the reserve amount.
- 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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

2016 Base Rate Proceeding - In January 2016, FPL filed a formal notification with the FPSC indicating its intent to initiate a base rate proceeding, consisting of a four-year rate plan that would begin in January 2017 following the expiration of the 2012 rate agreement at the end of 2016. The notification stated that, based on preliminary estimates, FPL expects to request an increase to base annual revenue requirements of (i) approximately \$860 million effective January 2017, (ii) approximately \$265 million effective January 2018, and (iii) approximately \$200 million effective when the proposed natural gas-fired combined-cycle unit in Okeechobee County, Florida becomes operational, which is expected to occur in mid-2019 assuming it receives approval by the Siting Board (comprised of the governor and cabinet) under the Florida Electrical Power Plant Siting Act. Under the proposed rate plan, FPL commits that if its requested adjustments to base annual revenue requirements are approved, it will not request further adjustments for 2020. In addition, FPL expects to propose an allowed regulatory return on common equity midpoint of 11.50%, which includes a 50 basis point performance adder. FPL expects to file its formal request to initiate a base rate proceeding in March 2016.

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.

In May 2014, the FASB issued a new accounting standard which provides guidance on the recognition of revenue from contracts with customers and requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows from an entity's contracts with customers. The standard will be effective for NEE and FPL beginning January 1, 2018 and may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. NEE and FPL are currently evaluating the effect the adoption of this standard will have, if any, on their consolidated financial statements.

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, 2015, the electric generation, transmission, distribution and general facilities of FPL represented approximately 50%, 11%, 33% and 6%, 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 generation and pipeline facilities are encumbered by liens securing various financings. The net book value of NEER's assets serving as collateral was approximately \$13.9 billion at December 31, 2015. 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, 2015 and 2014, convertible ITCs, net of amortization, were approximately \$1.8 billion (\$153 million at FPL) and \$1.6 billion (\$159 million at FPL). At December 31, 2015 and 2014, approximately \$207 million and \$1 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 below), 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 a previous rate agreement, 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 Revenues and Rates above, the use of reserve amortization is permitted under the 2012 rate agreement. 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 rate agreement, 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 or its reversal to earn the targeted regulatory ROE. In accordance with the 2012 rate agreement, FPL recorded approximately \$(15) million, \$(33) million and \$155 million of reserve (reversal) amortization in 2015, 2014 and 2013, respectively. The reserve is

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

amortized as a reduction of (or reversed as an increase to) 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 3.3%, 3.3% and 3.4% for 2015, 2014 and 2013, respectively.

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, 2015 and 2014, wind, nuclear, natural gas and solar plants represented approximately 62% and 63%, 11% and 12%, 3% and 8%, and 5% and 7%, 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. NEER's oil and gas production assets, representing approximately 7% and 6%, respectively, of NEER's depreciable electric plant in service and other property at December 31, 2015 and 2014, are accounted for under the successful efforts method. Depletion expenses for the acquisition of reserve rights and development costs are recognized using the unit of production method.

Nuclear Fuel - FPL and NEER have several contracts for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel. See Note 14 - 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 2015, 2014 and 2013, FPL capitalized AFUDC at a rate of 6.34%, 6.34% and 6.52%, respectively, which amounted to approximately \$88 million, \$50 million and \$81 million, respectively. See Note 14 - 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 Rate Regulation above for information on recovery of costs associated with new nuclear capacity and solar generation 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, 2015 and 2014, NEER's capitalized development costs totaled approximately \$133 million and \$122 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 no longer probable that these costs will be realized.

NEER's construction work in progress includes construction materials, progress payments on major equipment contracts, 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 \$100 million, \$104 million and \$109 million during 2015, 2014 and 2013, 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, for NEE's non-rate regulated operations, and regulatory liability, for FPL, 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 for NEE's non-rate regulated operations, and ARO and regulatory liability, in the case of FPL. 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 13.

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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 above and Note 13.

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 2015. 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 United States (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 \$7.5 billion, or \$2.9 billion expressed in 2015 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 2015, 2014 and 2013 fund earnings on decommissioning funds were approximately \$96 million, \$91 million and \$167 million, respectively. The tax effects of amounts not yet recognized for tax purposes are included in 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, 2015, FPL's portion of the ultimate cost to dismantle its fossil and solar units is approximately \$752 million, or \$411 million expressed in 2015 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 13. At December 31, 2015 and 2014, NEER's ARO related to nuclear decommissioning was approximately \$423 million and \$462 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 \$11.8 billion, or \$1.9 billion expressed in 2015 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 2015. 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 deferred income taxes.

Major Maintenance Costs - FPL recognizes 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, 2015 and 2014 totaled approximately \$48 million and \$50 million, respectively, and is included in regulatory liabilities - other on NEE's and FPL's consolidated

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

balance sheets. For the years ended December 31, 2015, 2014 and 2013, FPL recognized approximately \$90 million, \$76 million and \$92 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 generation 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 \$97 million and \$141 million at December 31, 2015 and 2014, respectively, and are included in noncurrent other assets on NEE's consolidated balance sheets. For the years ended December 31, 2015, 2014 and 2013, NEER amortized approximately \$79 million, \$81 million and \$93 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, 2015 and 2014, NEE had approximately \$244 million (\$75 million for FPL) and \$228 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 primarily related to margin cash collateral requirements, debt service payments and bond proceeds held for construction at FPL. Where offsetting positions exist, restricted cash related to margin cash collateral is netted against derivative instruments. See Note 3.

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, generation 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 9 - 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 expense 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 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 \$75 million at December 31, 2015 and 2014, 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 expense 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, 2015, FPL had the capacity to absorb up to approximately \$119 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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

Goodwill and Other Intangible Assets - NEE's goodwill and other intangible assets are as follows:

	Weighted-Average Useful Lives (years)	December 31,	
		2015	2014
		(millions)	
Goodwill (by reporting unit):			
NEER segment:			
Gas infrastructure, primarily Texas pipelines		\$ 635	\$ —
Customer supply		72	72
Generation assets		43	47
Other		28	28
Total goodwill		\$ 778	\$ 147
Other intangible assets not subject to amortization, primarily land easements		\$ 143	\$ 143
Other intangible assets subject to amortization:			
Customer relationships associated with gas infrastructure	40	\$ 720	\$ —
Purchased power agreements	22	328	348
Other, primarily transmission and development rights and customer lists	22	136	139
Total		1,184	487
Accumulated amortization		(120)	(125)
Total other intangible assets subject to amortization - net		\$ 1,064	\$ 362

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, 2015, 2014 and 2013, amortization expense was approximately \$17 million, \$15 million and \$13 million, respectively, and is expected to be approximately \$38 million, \$37 million, \$36 million, \$35 million and \$35 million for 2016, 2017, 2018, 2019 and 2020, 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.

Debt Issuance Costs - Effective December 31, 2015, NEE and FPL retrospectively adopted an accounting standard update which changed the presentation of debt issuance costs in the consolidated financial statements. This standard update requires that debt issuance costs be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs was not affected by this standard update. Upon adoption, NEE reclassified debt issuance costs of \$324 million (\$85 million for FPL) as of December 31, 2014 from noncurrent other assets to long-term debt.

Pension Plan - NEE allocates net periodic pension income to its subsidiaries based on the pensionable earnings of the subsidiaries' employees. Accounting guidance requires recognition of the funded status of the pension plan 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 and prior service costs or credits that are estimated to be allocable to FPL as net periodic (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 11 - 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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 deferred income taxes computed under accounting rules, as compared to regulatory accounting rules. The net regulatory asset totaled \$283 million (\$268 million for FPL) and \$250 million (\$236 million for FPL) at December 31, 2015 and 2014, 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, 2015 and 2014, the net deferred income tax benefits associated with FPL's convertible ITCs were approximately \$48 million and \$50 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.

In November 2015, the FASB issued an accounting standard update which simplifies the classification of deferred taxes by eliminating the requirement to separate deferred tax assets and liabilities between current and noncurrent amounts, and instead requires deferred taxes to be presented as noncurrent on the balance sheet. NEE and FPL decided to early adopt this standard update effective for the year ended December 31, 2015, and to apply it prospectively.

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 5,272 MW at December 31, 2015, 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 9.

In February 2015, the FASB issued an accounting standard update that will modify current consolidation guidance. The standard makes changes to both the variable interest entity model and the voting interest entity model, including modifying the evaluation of whether limited partnerships or similar legal entities are VIEs or voting interest entities and amending the guidance for assessing how relationships of related parties affect the consolidation analysis of VIEs. The standard is effective for NEE and FPL beginning January 1, 2016. NEE and FPL continue to evaluate the effect the adoption of this standard will have on their consolidated financial statements.

Proposed Merger - In 2014, NEE and Hawaiian Electric Industries, Inc. (HEI) entered into an Agreement and Plan of Merger (the merger agreement) pursuant to which Hawaiian Electric Company, Inc., HEI's wholly owned electric utility subsidiary, will become a wholly owned subsidiary of NEE and each outstanding share of HEI common stock will be converted into the right to receive 0.2413 shares of NEE common stock. Completion of the merger and the actual closing date remain subject to the satisfaction of certain conditions, including Hawaii Public Utilities Commission approval. The merger agreement contains certain termination rights and 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.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Assets and Liabilities Associated with Assets Held for Sale - In November 2015, a subsidiary of NEER entered into an agreement to sell its ownership interest in its merchant natural gas generation facilities located in Texas, which have a total generating capacity of 2,884 MW at December 31, 2015. The transaction is expected to close in the first quarter of 2016, pending the receipt of necessary regulatory approvals and satisfaction of other customary closing conditions. The carrying amounts of the major classes of assets and liabilities related to the facilities that were classified as held for sale on NEE's consolidated balance sheets primarily represent property, plant and equipment and the related long-term debt.

2. Employee Retirement Benefits

Employee Pension Plan and Other Benefits Plans - 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, and sponsors a contributory postretirement plan for other benefits for retirees of NEE and its subsidiaries meeting certain eligibility requirements. The total accrued benefit cost of the SERP and postretirement plans is approximately \$321 million (\$230 million for FPL) and \$355 million (\$237 million for FPL) at December 31, 2015 and 2014, respectively.

Plan Assets, Benefit Obligations and Funded Status - The changes in assets, benefit obligations and the funded status of the pension plan are as follows:

	2015	2014
	(millions)	
Change in plan assets:		
Fair value of plan assets at January 1	\$ 3,698	\$ 3,692
Actual return on plan assets	(8)	203
Benefit payments	(127)	(197)
Fair value of plan assets at December 31	\$ 3,563	\$ 3,698
Change in benefit obligation:		
Obligation at January 1	\$ 2,454	\$ 2,236
Service cost	70	61
Interest cost	97	101
Plan amendments	—	(9)
Actuarial losses (gains) - net	(86)	262
Benefit payments	(127)	(197)
Obligation at December 31 ^(a)	\$ 2,408	\$ 2,454
Funded status:		
Prepaid benefit costs at NEE at December 31	\$ 1,155	\$ 1,244
Prepaid benefit costs at FPL at December 31	\$ 1,243	\$ 1,189

(a) NEE's accumulated pension benefit obligation, which includes no assumption about future salary levels, at December 31, 2015 and 2014 was approximately \$2,368 million and \$2,400 million, respectively.

NEE's unrecognized amounts included in accumulated other comprehensive income (loss) yet to be recognized as components of prepaid pension cost are as follows:

	2015	2014
	(millions)	
Components of AOCI:		
Unrecognized prior service cost (net of \$1 and \$1 tax benefit, respectively)	\$ (2)	\$ (2)
Unrecognized losses (net of \$38 and \$10 tax benefit, respectively)	(60)	(16)
Total	\$ (62)	\$ (18)

NEE's unrecognized amounts included in regulatory assets yet to be recognized as components of net prepaid pension cost are as follows:

	2015	2014
	(millions)	
Unrecognized prior service cost	\$ 9	\$ 10
Unrecognized losses	232	128
Total	\$ 241	\$ 138

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table provides the assumptions used to determine the benefit obligation for the pension plan. These rates are used in determining net periodic income in the following year.

	2015	2014
Discount rate	4.35%	3.95%
Salary increase	4.10%	4.10%

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 consist of absolute return oriented limited partnerships that use a broad range of investment strategies on a global basis as well as other alternative investments, such as private equity, income and real estate oriented investments in limited partnerships.

The fair value measurements of NEE's pension plan assets by fair value hierarchy level are as follows:

December 31, 2015 ^(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)	\$ 910	\$ 21	\$ 1	\$ 932
Equity commingled vehicles ^(c)	—	792	—	792
U.S. Government and municipal bonds	110	13	—	123
Corporate debt securities ^(d)	2	277	1	280
Asset-backed securities	—	167	—	167
Debt security commingled vehicles	—	21	—	21
Convertible securities ^(e)	16	258	—	274
Total investments in the fair value hierarchy	\$ 1,038	\$ 1,549	\$ 2	2,589
Total investments measured at net asset value ^(f)				974
Total fair value of plan assets				\$ 3,563

(a) See Note 4 for discussion of fair value measurement techniques and inputs.

(b) Includes foreign investments of \$384 million.

(c) Includes foreign investments of \$249 million.

(d) Includes foreign investments of \$68 million.

(e) Includes foreign investments of \$23 million.

(f) Includes foreign investments of \$283 million. Reflects the adoption of an accounting standard update in 2015 whereby certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient are excluded from the fair value hierarchy.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31, 2014 ^(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)	\$ 984	\$ 31	\$ —	\$ 1,015
Equity commingled vehicles ^(c)	—	767	—	767
U.S. Government and municipal bonds	144	20	—	164
Corporate debt securities ^(d)	—	355	—	355
Asset-backed securities	—	223	—	223
Debt security commingled vehicles	—	21	—	21
Convertible securities	45	229	—	274
Total investments in the fair value hierarchy	\$ 1,173	\$ 1,646	\$ —	\$ 2,819
Total investments measured at net asset value ^(e)				879
Total fair value of plan assets				\$ 3,698

(a) See Note 4 for discussion of fair value measurement techniques and inputs.

(b) Includes foreign investments of \$321 million.

(c) Includes foreign investments of \$205 million.

(d) Includes foreign investments of \$88 million.

(e) Includes foreign investments of \$200 million. Reflects the retrospective application of an accounting standard update in 2015 whereby certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient are excluded from the fair value hierarchy.

Expected Cash Flows - The following table provides information about benefit payments expected to be paid by the pension plan for each of the following calendar years (in millions):

2016	\$ 144
2017	\$ 150
2018	\$ 155
2019	\$ 160
2020	\$ 163
2021 - 2025	\$ 865

Net Periodic (Income) Cost - The components of net periodic (income) cost for the plans is as follows:

	Pension Benefits			Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
	(millions)					
Service cost	\$ 70	\$ 61	\$ 72	\$ 3	\$ 3	\$ 4
Interest cost	97	101	94	13	16	14
Expected return on plan assets	(253)	(241)	(238)	(1)	(1)	(1)
Amortization of prior service cost (benefit)	1	5	7	(3)	(3)	(2)
Amortization of losses	—	—	2	2	—	2
Special termination benefits	—	—	46	—	—	—
Net periodic (income) cost at NEE	\$ (85)	\$ (74)	\$ (17)	\$ 14	\$ 15	\$ 17
Net periodic (income) cost at FPL	\$ (55)	\$ (47)	\$ (7)	\$ 11	\$ 11	\$ 13

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Other Comprehensive Income - The components of net periodic income (cost) recognized in OCI for the pension plan is as follows:

	2015	2014	2013
	(millions)		
Prior service benefit (net of \$3 tax expense)	\$ —	\$ 4	\$ —
Net gains (losses) (net of \$27 and \$29 tax benefit and \$58 tax expense, respectively)	(44)	(45)	91
Amortization of prior service benefit	—	1	2
Total	\$ (44)	\$ (40)	\$ 93

Regulatory Assets (Liabilities) - The components of net periodic (income) cost recognized during the year in regulatory assets (liabilities) for the pension plan is as follows:

	2015	2014
	(millions)	
Prior service benefit	\$ —	\$ (12)
Unrecognized losses	104	226
Amortization of prior service benefit	(1)	(3)
Total	\$ 103	\$ 211

The assumptions used to determine net periodic income for the pension plan are as follows:

	2015	2014	2013
Discount rate	3.95%	4.80%	4.00%
Salary increase	4.10%	4.00%	4.00%
Expected long-term rate of return ^{(a)(b)}	7.35%	7.75%	7.75%

- (a) In developing the expected long-term rate of return on assets assumption for its pension plan, 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 pension fund. NEE also considered its pension fund's historical compounded returns.
- (b) In 2015, an expected long-term rate of return of 7.75% is presented net of investment management fees.

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 \$63 million, \$59 million and \$46 million for NEE (\$40 million, \$37 million and \$30 million for FPL) for the years ended December 31, 2015, 2014 and 2013, respectively. See Note 11 - 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 primarily with outstanding and forecasted debt issuances and borrowings, and to optimize the value of NEE's power generation and gas infrastructure assets.

With respect to commodities related to NEE's competitive energy business, NEE 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 (OTC) markets, depending on the most favorable credit terms and market execution factors. For NEE'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 NEE's power generation and gas infrastructure assets. With regard to full energy and capacity requirements services, NEE 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, NEE 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

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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 borrowings and managing foreign currency exchange 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 14 - Spain Solar Projects). At December 31, 2015, NEE's AOCI included amounts related to interest rate cash flow hedges with expiration dates through October 2036 and foreign currency cash flow hedges with expiration dates through September 2030. Approximately \$50 million of net losses included in AOCI at December 31, 2015 is expected to be reclassified into earnings within the next 12 months as principal and/or interest payments are made. Such amounts assume no change in interest rates, currency exchange rates or scheduled principal payments. In January 2016, NEE discontinued hedge accounting for its cash flow and fair value hedges related to interest rate and foreign currency derivative instruments.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair Value of Derivative Instruments - The tables below present NEE's and FPL's gross derivative positions at December 31, 2015 and December 31, 2014, 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, 2015												
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						
(millions)												
NEE:												
Commodity contracts	\$	—	\$	—	\$	5,906	\$	4,580	\$	1,937	\$	982
Interest rate contracts		33		155		2		160		34		319
Foreign currency swaps		—		132		—		—		—		127
Total fair values	\$	33	\$	287	\$	5,908	\$	4,740	\$	1,971	\$	1,428
FPL:												
Commodity contracts	\$	—	\$	—	\$	7	\$	225	\$	4	\$	222
Net fair value by NEE balance sheet line item:												
Current derivative assets ^(a)									\$	712		
Assets held for sale										57		
Noncurrent derivative assets ^(b)										1,202		
Current derivative liabilities ^(c)											\$	982
Liabilities associated with assets held for sale												16
Noncurrent derivative liabilities ^(d)												530
Total derivatives									\$	1,971	\$	1,428
Net fair value by FPL balance sheet line item:												
Current other assets									\$	3		
Noncurrent other assets										1		
Current derivative liabilities											\$	222
Total derivatives									\$	4	\$	222

(a) Reflects the netting of approximately \$279 million in margin cash collateral received from counterparties.

(b) Reflects the netting of approximately \$151 million in margin cash collateral received from counterparties.

(c) Reflects the netting of approximately \$48 million in margin cash collateral paid to counterparties.

(d) Reflects the netting of approximately \$13 million in margin cash collateral paid to counterparties.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31, 2014					
	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	\$ —	\$ —	\$ 8,145	\$ 5,290	\$ 1,949	\$ 1,358
Interest rate contracts	35	126	—	125	50	288
Foreign currency swaps	—	131	—	—	—	131
Total fair values	<u>\$ 35</u>	<u>\$ 257</u>	<u>\$ 8,145</u>	<u>\$ 5,415</u>	<u>\$ 1,999</u>	<u>\$ 1,755</u>
FPL:						
Commodity contracts	\$ —	\$ —	\$ 8	\$ 371	\$ 7	\$ 370
Net fair value by NEE balance sheet line item:						
Current derivative assets ^(a)					\$ 990	
Noncurrent derivative assets ^(b)					1,009	
Current derivative liabilities ^(c)						\$ 1,289
Noncurrent derivative liabilities ^(d)						466
Total derivatives					<u>\$ 1,999</u>	<u>\$ 1,755</u>
Net fair value by FPL balance sheet line item:						
Current other assets					\$ 6	
Noncurrent other assets					1	
Current derivative liabilities						\$ 370
Total derivatives					<u>\$ 7</u>	<u>\$ 370</u>

(a) Reflects the netting of approximately \$197 million in margin cash collateral received from counterparties.

(b) Reflects the netting of approximately \$97 million in margin cash collateral received from counterparties.

(c) Reflects the netting of approximately \$20 million in margin cash collateral paid to counterparties.

(d) Reflects the netting of approximately \$10 million in margin cash collateral paid to counterparties.

At December 31, 2015 and 2014, NEE had approximately \$27 million and \$60 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, 2015 and 2014, NEE had approximately \$116 million and \$122 million (none at FPL), respectively, in margin cash collateral paid 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, 2015			Year Ended December 31, 2014			Year Ended December 31, 2013		
	Interest Rate Contracts	Foreign Currency Swaps	Total	Interest Rate Contracts	Foreign Currency Swaps	Total	Interest Rate Contracts	Foreign Currency Swaps	Total
	(millions)								
Gains (losses) recognized in OCI	\$ (113)	\$ (12)	\$ (125)	\$ (132)	\$ (99)	\$ (231)	\$ 150	\$ (21)	\$ 129
Losses reclassified from AOCI to net income	\$ (73) ^(a)	\$ (15) ^(b)	\$ (88)	\$ (77) ^(a)	\$ (78) ^(b)	\$ (155)	\$ (61) ^(a)	\$ (44) ^(b)	\$ (105)

(a) Included in interest expense.

(b) For 2015, 2014 and 2013, losses of approximately \$11 million, \$8 million and \$4 million, respectively, are included in interest expense and the balances are included in other - net.

For the years ended December 31, 2015, 2014 and 2013, NEE recorded gains (losses) of approximately \$(4) million, \$20 million and \$(65) million, respectively, on fair value hedges which resulted in corresponding increases (decreases) in the related debt.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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,		
	2015	2014	2013
	(millions)		
Commodity contracts: ^(a)			
Operating revenues	\$ 932	\$ 420	\$ 76
Fuel, purchased power and interchange	8	1	—
Foreign currency swap - other - net	—	(1)	(72)
Interest rate contracts - interest expense	8	(64)	3
Total	<u>\$ 948</u>	<u>\$ 356</u>	<u>\$ 7</u>

(a) For the years ended December 31, 2015, 2014 and 2013, FPL recorded gains (losses) of approximately \$(328) million, \$(289) million and \$81 million, respectively, related to commodity contracts as regulatory liabilities (assets) on its consolidated balance sheets.

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:

Commodity Type	December 31, 2015		December 31, 2014	
	NEE	FPL	NEE	FPL
	(millions)			
Power	(112) MWh ^(a)	—	(73) MWh ^(a)	—
Natural gas	1,321 MMBtu ^(b)	833 MMBtu ^(b)	1,436 MMBtu ^(b)	845 MMBtu ^(b)
Oil	(9) barrels	—	(11) barrels	—

(a) Megawatt-hours

(b) One million British thermal units

At December 31, 2015 and 2014, NEE had interest rate contracts with notional amounts totaling approximately \$8.3 billion and \$7.4 billion, respectively, and foreign currency swaps with notional amounts totaling \$715 million and \$661 million, respectively.

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, 2015 and 2014, the aggregate fair value of NEE's derivative instruments with credit-risk-related contingent features that were in a liability position was approximately \$2.2 billion (\$224 million for FPL) and \$2.7 billion (\$369 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 \$250 million (\$20 million at FPL) as of December 31, 2015 and \$700 million (\$130 million at FPL) as of December 31, 2014. 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 \$2.5 billion (\$0.6 billion at FPL) and \$2.8 billion (\$0.7 billion at FPL) as of December 31, 2015 and 2014, 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 \$660 million (\$120 million at FPL) and \$850 million (\$200 million at FPL) as of December 31, 2015 and 2014, 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, 2015, applicable NEE subsidiaries have posted approximately \$123 million (\$3 million at FPL) in the form of letters of credit which

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

could be applied toward the collateral requirements described above. At December 31, 2014, applicable NEE subsidiaries have posted approximately \$20 million (none at FPL) in cash and \$236 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 and Restricted Cash - 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 OTC 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 OTC 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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 exchange exposure related primarily 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, 2015				
		Level 1	Level 2	Level 3	Netting ^(a)	Total
		(millions)				
Assets:						
Cash equivalents and restricted cash: ^(b)						
NEE - equity securities	\$	312	\$	—	\$	312
FPL - equity securities	\$	36	\$	—	\$	36
Special use funds: ^(c)						
NEE:						
Equity securities	\$	1,320	\$	1,354 ^(d)	\$	2,674
U.S. Government and municipal bonds	\$	446	\$	166	\$	612
Corporate debt securities	\$	—	\$	713	\$	713
Mortgage-backed securities	\$	—	\$	412	\$	412
Other debt securities	\$	—	\$	52	\$	52
FPL:						
Equity securities	\$	364	\$	1,234 ^(d)	\$	1,598
U.S. Government and municipal bonds	\$	335	\$	145	\$	480
Corporate debt securities	\$	—	\$	531	\$	531
Mortgage-backed securities	\$	—	\$	327	\$	327
Other debt securities	\$	—	\$	40	\$	40
Other investments:						
NEE:						
Equity securities	\$	30	\$	10	\$	40
Debt securities	\$	39	\$	132	\$	171
Derivatives:						
NEE:						
Commodity contracts	\$	2,187	\$	2,540	\$ 1,179	1,837 ^(e)
Interest rate contracts	\$	—	\$ 35	\$ —	\$ (1)	34 ^(e)
FPL - commodity contracts	\$	—	\$ 1	\$ 6	\$ (3)	4 ^(e)
Liabilities:						
Derivatives:						
NEE:						
Commodity contracts	\$	2,153	\$ 1,887	\$ 540	\$ (3,598)	982 ^(e)
Interest rate contracts	\$	—	\$ 214	\$ 101	\$ 4	319 ^(e)
Foreign currency swaps	\$	—	\$ 132	\$ —	\$ (5)	127 ^(e)
FPL - commodity contracts	\$	—	\$ 219	\$ 6	\$ (3)	222 ^(e)

^(a) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of 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) Includes restricted cash of approximately \$81 million (\$38 million for FPL) in other current assets on the consolidated balance sheets.

^(c) 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.

^(d) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities were held directly by NEE or FPL.

^(e) See Note 3 - Fair Value of Derivative Instruments for a reconciliation of net derivatives to NEE's and FPL's consolidated balance sheets.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

		December 31, 2014				
		Level 1	Level 2	Level 3	Netting ^(e)	Total
		(millions)				
Assets:						
Cash equivalents:						
NEE - equity securities	\$	32	\$ —	\$ —		\$ 32
Special use funds: ^(b)						
NEE:						
Equity securities	\$	1,217	\$ 1,417	\$ —		\$ 2,634
U.S. Government and municipal bonds	\$	520	\$ 191	\$ —		\$ 711
Corporate debt securities	\$	—	\$ 704	\$ —		\$ 704
Mortgage-backed securities	\$	—	\$ 493	\$ —		\$ 493
Other debt securities	\$	25	\$ 32	\$ —		\$ 57
FPL:						
Equity securities	\$	324	\$ 1,237	\$ —		\$ 1,561
U.S. Government and municipal bonds	\$	435	\$ 165	\$ —		\$ 600
Corporate debt securities	\$	—	\$ 501	\$ —		\$ 501
Mortgage-backed securities	\$	—	\$ 422	\$ —		\$ 422
Other debt securities	\$	25	\$ 20	\$ —		\$ 45
Other investments:						
NEE:						
Equity securities	\$	35	\$ 1	\$ —		\$ 36
Debt securities	\$	5	\$ 170	\$ —		\$ 175
Derivatives:						
NEE:						
Commodity contracts	\$	1,801	\$ 3,177	\$ 1,167	\$ (4,196)	\$ 1,949 ^(d)
Interest rate contracts	\$	—	\$ 35	\$ —	\$ 15	\$ 50 ^(e)
FPL - commodity contracts	\$	—	\$ 2	\$ 6	\$ (1)	\$ 7 ^(d)
Liabilities:						
Derivatives:						
NEE:						
Commodity contracts	\$	1,720	\$ 3,150	\$ 420	\$ (3,932)	\$ 1,358 ^(d)
Interest rate contracts	\$	—	\$ 126	\$ 125	\$ 15	\$ 266 ^(e)
Foreign currency swaps	\$	—	\$ 131	\$ —	\$ —	\$ 131 ^(d)
FPL - commodity contracts	\$	—	\$ 370	\$ 1	\$ (1)	\$ 370 ^(d)

(e) Includes the effect of the contractual ability to settle contracts under master netting arrangements and the netting of 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) Primarily invested in commingled funds whose underlying securities would be Level 1 if those securities 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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2015 are as follows:

Transaction Type	Fair Value at December 31, 2015		Valuation Technique(s)	Significant Unobservable Inputs	Range
	Assets	Liabilities			
	(millions)				
Forward contracts - power	\$ 636	\$ 252	Discounted cash flow	Forward price (per MWh)	\$6 — \$113
Forward contracts - gas	24	25	Discounted cash flow	Forward price (per MMBtu)	\$1 — \$6
Forward contracts - other commodity related	16	6	Discounted cash flow	Forward price (various)	\$(18) — \$55
Options - power	68	58	Option models	Implied correlations	(5)% — 98%
				Implied volatilities	1% — 308%
Options - primarily gas	105	184	Option models	Implied correlations	(5)% — 98%
				Implied volatilities	1% — 195%
Full requirements and unit contingent contracts	330	35	Discounted cash flow	Forward price (per MWh)	\$(20) — \$239
				Customer migration rate ^(a)	—% — 20%
Total	<u>\$ 1,179</u>	<u>\$ 540</u>			

(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 \$101 million at December 31, 2015 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.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The reconciliation of changes in the fair value of derivatives that are based on significant unobservable inputs is as follows:

	Years Ended December 31,					
	2015		2014		2013	
	NEE	FPL	NEE	FPL	NEE	FPL
	(millions)					
Fair value of net derivatives based on significant unobservable inputs at December 31 of prior year	\$ 622	\$ 5	\$ 622	\$ —	\$ 568	\$ 2
Realized and unrealized gains (losses):						
Included in earnings ^(a)	451	—	(77)	—	299	—
Included in other comprehensive income	11	—	18	—	—	—
Included in regulatory assets and liabilities	3	3	7	7	—	—
Purchases	180	—	55	—	101	—
Settlements	(473)	(8)	194	(2)	(55)	(2)
Issuances	(202)	—	(122)	—	(173)	—
Transfers in ^(b)	(13)	—	80	—	(120)	—
Transfers out ^(b)	(41)	—	(155)	—	4	—
Fair value of net derivatives based on significant unobservable inputs at December 31	\$ 538	\$ —	\$ 622	\$ 5	\$ 622	\$ —
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)	\$ 277	\$ —	\$ 248	\$ —	\$ 329	\$ —

- (a) For the year ended December 31, 2015, \$462 million of realized and unrealized gains are reflected in the consolidated statements of income in operating revenues and the balance is primarily reflected in interest expense. For the year December 31, 2014, \$79 million of realized and unrealized losses are reflected in the consolidated statements of income in interest expense and the balance is primarily reflected in operating revenues. For the year ended December 31, 2013, \$302 million of realized and unrealized gains are reflected in the consolidated statements of income in operating revenues and the balance is primarily reflected in interest expense.
- (b) Transfers into Level 3 were a result of decreased observability of market data and, in 2013, 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 years ended December 31, 2015, 2014, and 2013, \$289 million, \$328 million, and \$330 million of unrealized gains are reflected in the consolidated statements of income in operating revenues and the balance is reflected in interest expense.

Contingent Consideration - NEE recorded a liability related to a contingent holdback as part of the acquisition of seven long-term contracted natural gas pipeline assets located in Texas. See Note 8.

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 MW of solar thermal facilities that affiliates of NEER were constructing in Spain (Spain solar projects) (see Note 14 - 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 \$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 14 - Spain Solar Projects for a discussion of additional developments that could potentially impact the Spain solar projects.

In 2013, NEER initiated a plan and received internal authorization to pursue the sale of its ownership interests in oil-fired generation 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) was originally 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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

an income approach based primarily on capacity revenue forecasts. In 2014, NEER decided not to pursue the sale of Maine fossil due to the divergence between the achievable sales price and management's view of the assets' value, which increased as a result of significant market changes. Accordingly, the Maine fossil assets were written-up to management's current estimate of fair value resulting in a gain of approximately \$21 million (\$12 million after-tax). The fair value measurement (Level 3) was estimated using an income approach based primarily on the updated capacity revenue forecasts. Based on NEER's decision to retain Maine fossil, the \$67 million loss recorded during the year ended December 31, 2013 was reclassified from discontinued operations to income from continuing operations and together with the \$21 million gain recorded during the year ended December 31, 2014 are included as a separate line item in NEE's consolidated statements of income.

Fair Value of Financial Instruments Recorded at the Carrying Amount - The carrying amounts of cash equivalents, commercial paper and notes payable 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, 2015		December 31, 2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(millions)			
NEE:				
Special use funds ^(a)	\$ 675	\$ 675	\$ 567	\$ 567
Other investments - primarily notes receivable	\$ 512	\$ 722 ^(b)	\$ 525	\$ 679 ^(b)
Long-term debt, including current maturities	\$ 28,897 ^(c)	\$ 30,412 ^(d)	\$ 27,552	\$ 30,013 ^(d)
FPL:				
Special use funds ^(a)	\$ 528	\$ 528	\$ 395	\$ 395
Long-term debt, including current maturities	\$ 10,020	\$ 11,028 ^(d)	\$ 9,388	\$ 11,020 ^(d)

(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, 2015 and 2014, NEE had no notes receivable reported in non-accrual status.

(c) Excludes debt totaling \$938 million reflected in liabilities associated with assets held for sale on NEE's consolidated balance sheet for which the carrying amount approximates fair value. See Note 1 - Assets and Liabilities Associated with Assets Held for Sale.

(d) As of December 31, 2015 and 2014, for NEE, approximately \$18,031 million and \$19,973 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, primarily estimated using quoted market prices for the same or similar issues (Level 2).

Special Use Funds - The special use funds noted above and those carried at fair value (see Recurring Fair Value Measurements above) consist of FPL's storm fund assets of approximately \$74 million and \$75 million at December 31, 2015 and 2014, respectively and NEE's and FPL's nuclear decommissioning fund assets of \$5,064 million and \$5,091 million at December 31, 2015 and 2014 (\$3,430 million and \$3,449 million, respectively, for FPL). 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 approximately \$1,823 million and \$1,505 million, respectively, at December 31, 2015 and \$1,906 million and \$1,366 million, respectively, at December 31, 2014 (\$1,409 million and \$732 million, respectively, at December 31, 2015 and \$1,519 million and \$664 million, respectively, at December 31, 2014 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, 2015 of approximately eight years at both NEE and FPL. FPL's storm fund primarily consists of debt securities with a weighted-average maturity at December 31, 2015 of approximately three years. The cost of securities sold is determined using the specific identification method.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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,		
	2015	2014	2013	2015	2014	2013
	(millions)					
Realized gains	\$ 194	\$ 211	\$ 246	\$ 70	\$ 120	\$ 182
Realized losses	\$ 87	\$ 115	\$ 88	\$ 43	\$ 94	\$ 59
Proceeds from sale or maturity of securities	\$ 4,643	\$ 4,092	\$ 4,190	\$ 3,724	\$ 3,349	\$ 3,342

The unrealized gains on available for sale securities are as follows:

	NEE		FPL	
	December 31,		December 31,	
	2015	2014	2015	2014
	(millions)			
Equity securities	\$ 1,168	\$ 1,267	\$ 863	\$ 896
Debt securities	\$ 17	\$ 66	\$ 14	\$ 54

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,	
	2015	2014	2015	2014
	(millions)			
Unrealized losses ^(a)	\$ 51	\$ 7	\$ 45	\$ 5
Fair value	\$ 1,129	\$ 542	\$ 861	\$ 434

(a) Unrealized losses on available for sale debt securities in an unrealized loss position for greater than twelve months at December 31, 2015 and 2014 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.

Financial Instruments Accounting Standard Update - In January 2016, the FASB issued an accounting standard update which modifies current guidance for financial instruments. The standard requires that equity investments (except investments accounted for under the equity method and investments that are consolidated) be measured at fair value with changes in fair value recognized in net income and provides an option for those equity investments that do not have readily determinable fair values to be measured at cost minus impairment (plus or minus changes resulting from observable price changes). The standard also makes certain changes to presentation and disclosure requirements of financial instruments. The standard is effective for NEE and FPL beginning January 1, 2018 and will be applied retrospectively with the cumulative effect recognized as of the date of initial application. NEE and FPL are currently evaluating the effect the adoption of this standard will have, if any, on their consolidated financial statements.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Income Taxes

The components of income taxes are as follows:

	NEE			FPL		
	Years Ended December 31,			Years Ended December 31,		
	2015	2014	2013	2015	2014	2013
	(millions)					
Federal:						
Current	\$ 10	\$ —	\$ (145)	\$ 423	\$ 240	\$ 174
Deferred	1,194	1,077	853	399	542	540
Total federal	1,204	1,077	708	822	782	714
State:						
Current	31	(29)	69	58	68	44
Deferred	(7)	128	—	77	60	77
Total state	24	99	69	135	128	121
Total income taxes	\$ 1,228	\$ 1,176	\$ 777	\$ 957	\$ 910	\$ 835

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,		
	2015	2014	2013	2015	2014	2013
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	0.4	1.8	1.8	3.4	3.4	3.6
PTCs and ITCs - NEER	(4.1)	(5.1)	(8.5)	—	—	—
Convertible ITCs - NEER	(0.8)	(1.4)	(2.5)	—	—	—
Valuation allowance associated with Spain solar projects (a)	—	0.7	5.2	—	—	—
Charges associated with Canadian assets	—	1.3	—	—	—	—
Other - net	0.3	—	0.7	(1.7)	(0.9)	(0.4)
Effective income tax rate	30.8 %	32.3 %	31.7 %	36.7 %	37.5 %	38.2 %

(a) Reflects a full valuation allowance on deferred tax assets associated with the Spain solar projects. See Note 4 - Nonrecurring Fair Value Measurements.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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,	
	2015	2014	2015	2014
	(millions)			
Deferred tax liabilities:				
Property-related	\$ 12,204	\$ 11,700	\$ 8,040	\$ 7,457
Pension	455	489	480	459
Nuclear decommissioning trusts	219	258	—	—
Net unrealized gains on derivatives	528	390	—	—
Investments in partnerships and joint ventures	403	291	—	—
Other	1,198	769	695	435
Total deferred tax liabilities	15,005	13,897	9,215	8,351
Deferred tax assets and valuation allowance:				
Decommissioning reserves	438	427	386	374
Postretirement benefits	141	154	95	99
Net operating loss carryforwards	604	1,070	4	—
Tax credit carryforwards	2,916	2,742	—	—
ARO and accrued asset removal costs	759	737	697	686
Other	836	820	303	318
Valuation allowance ^(a)	(223)	(323)	—	—
Net deferred tax assets	5,471	5,627	1,485	1,477
Net deferred income taxes	\$ 9,534	\$ 8,270	\$ 7,730	\$ 6,874

(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,	
	2015	2014	2015	2014
	(millions)			
Deferred income taxes - current assets	\$ —	\$ 739	\$ —	\$ —
Noncurrent other assets	293	264	—	—
Other current liabilities	—	(12)	—	(39)
Deferred income taxes - noncurrent liabilities	(9,827)	(9,261)	(7,730)	(6,835)
Net deferred income taxes	\$ (9,534)	\$ (8,270)	\$ (7,730)	\$ (6,874)

(a) Effective December 31, 2015, all deferred taxes are classified as noncurrent. See Note 1 - Income Taxes.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The components of NEE's deferred tax assets relating to net operating loss carryforwards and tax credit carryforwards at December 31, 2015 are as follows:

	Amount (millions)	Expiration Dates
Net operating loss carryforwards:		
Federal	\$ 361	2026-2035
State	153	2016-2035
Foreign	90 ^(a)	2017-2024
Net operating loss carryforwards	<u>\$ 604</u>	
Tax credit carryforwards:		
Federal	\$ 2,585	2022-2035
State	331 ^(b)	2016-2037
Tax credit carryforwards	<u>\$ 2,916</u>	

(a) Includes \$89 million of net operating loss carryforwards with an indefinite expiration period.

(b) Includes \$158 million of ITC carryforwards with an indefinite expiration period.

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 gain from discontinued operations, net of income taxes in NEE's consolidated statements of income for the year ended December 31, 2013. The operations of the hydropower generation plants, exclusive of the gain, were not material to NEE's consolidated statements of income for the year ended December 31, 2013.

See Note 4 - Nonrecurring Fair Value Measurements for a discussion of the decision not to pursue the sale of Maine fossil and the related financial statement impacts.

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 expense, O&M expenses, depreciation and amortization expense 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, 2015					
	Ownership Interest	Gross Investment ^(a)	Accumulated Depreciation ^(a)	Construction Work in Progress	
		(millions)			
FPL:					
St. Lucie Unit No. 2	55%	\$ 2,190	\$ 777	\$ 23	
St. Johns River Power Park units and coal terminal	20%	\$ 398	\$ 207	\$ 2	
Scherer Unit No. 4	76%	\$ 1,130	\$ 378	\$ —	
NEER:					
Duane Arnold	70%	\$ 435	\$ 128	\$ 24	
Seabrook	88.23%	\$ 1,111	\$ 239	\$ 67	
Wyman Station Unit No. 4	84.35%	\$ 74	\$ 51	\$ —	
Corporate and Other:					
Transmission substation assets located in Seabrook, New Hampshire	88.23%	\$ 73	\$ 19	\$ 3	

(a) Excludes nuclear fuel.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Texas Pipeline Business Acquisition

On October 1, 2015, a subsidiary of NEP acquired 100% of the membership interests in NET Holdings Management, LLC (Texas pipeline business), a developer, owner and operator of a portfolio of seven long-term contracted natural gas pipeline assets located in Texas (Texas pipelines). One of the acquired pipelines is subject to a 10% noncontrolling interest. The aggregate purchase price of approximately \$2 billion included approximately \$934 million in cash consideration and the assumption of approximately \$706 million in existing debt of the Texas pipeline business and its subsidiaries at closing and excluded post-closing working capital adjustments of approximately \$2 million. The purchase price is subject to (i) a \$200 million holdback payable, in whole or in part, upon satisfaction of financial performance and capital expenditure thresholds relating to planned expansion projects (contingent holdback) and (ii) a \$200 million holdback retained to satisfy any indemnification obligations of the sellers through April 2017. The \$200 million indemnity holdback may be reduced by up to \$10 million depending on certain post-closing employee retention thresholds. If successful, NEP may spend up to an additional \$100 million of capital expenditures for the planned expansion projects, bringing the total transaction size of the acquisition to approximately \$2.1 billion. NEP incurred approximately \$13 million in acquisition-related costs during the year ended December 31, 2015, which are reflected in O&M expenses in NEE's consolidated statements of income.

Under the acquisition method, the purchase price was allocated to the assets acquired and liabilities assumed on October 1, 2015 based on their estimated fair value. All fair value measurements of assets acquired and liabilities assumed, including the noncontrolling interest, were based on significant estimates and assumptions, including Level 3 inputs, which require judgment. Estimates and assumptions include the projected timing and amount of future cash flows, discount rates reflecting risk inherent in future cash flows and future market prices. The excess of the purchase price over the estimated fair value of assets acquired and liabilities assumed was recognized as goodwill at the acquisition date. The goodwill arising from the acquisition consists largely of growth opportunities from the Texas pipeline business. Upon full settlement of the contingent holdback, all of the goodwill is expected to be deductible for income tax purposes over a 15 year period. A liability of approximately \$186 million was recognized as of the acquisition date for each of the contingent holdback and the indemnity holdback, reflecting the fair value of the expected future payments. NEP determined this fair value measurement based on management's probability assessment. The significant inputs and assumptions used in the fair value measurement included the estimated probability of executing contracts related to financial performance and capital expenditure thresholds as well as the appropriate discount rate.

The valuation of the acquired net assets is subject to change as additional information related to the estimates is obtained during the measurement period. The primary areas of the purchase price allocation that are not yet finalized relate to identifiable intangible assets and residual goodwill.

The following table summarizes the estimated fair value of assets acquired and liabilities assumed for the acquisition of the Texas pipeline business:

	Amounts Recognized as of October 1, 2015 (millions)
Assets	
Property, plant and equipment	\$ 806
Cash	1
Other receivables and current other assets	21
Noncurrent other assets (other intangible assets, see Note 1 - Goodwill and Other Intangible Assets)	720
Noncurrent other assets (goodwill, see Note 1 - Goodwill and Other Intangible Assets)	622
Total assets	<u>\$ 2,170</u>
Liabilities	
Long-term debt, including current portion	\$ 706
Accounts payable and current other liabilities	46
Noncurrent other liabilities, primarily acquisition holdbacks	415
Total liabilities	<u>1,167</u>
Less noncontrolling interest at fair value	69
Total cash consideration	<u>\$ 934</u>

9. Variable Interest Entities (VIEs)

As of December 31, 2015, NEE has twenty-four VIEs which it consolidates and has interests in certain other VIEs which it does not consolidate.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 \$230 million and \$279 million at December 31, 2015 and 2014, 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 \$278 million and \$338 million at December 31, 2015 and 2014, 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 entered into a purchased power agreement effective in 1995 with a 330 MW coal-fired facility to purchase substantially all of the facility's capacity and 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 price it pays per MWh (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 twenty-three 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, as well as construction, and through its 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 generation 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 generation 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 \$84 million and \$47 million, respectively, at December 31, 2015 and \$85 million and \$55 million, respectively, at December 31, 2014, and consisted primarily of property, plant and equipment and long-term debt.

Two indirect subsidiaries of NEER each contributed, to a NEP subsidiary, an approximately 50% ownership interest in three entities which own solar PV facilities that, upon completion of construction, are expected to have a total generating capacity of 277 MW, of which approximately 153 MW have been placed in service as of December 31, 2015. Each of the two indirect subsidiaries of NEER is considered a VIE since it has insufficient equity at risk, and is consolidated by NEER. The VIEs use third-party debt and equity to finance a portion of development and construction activities and require subordinated financing from NEER to complete the facility under construction. These VIEs will sell their electric output to third parties under power sales contracts with expiration dates in 2035 and 2036. The debt balances are secured by liens against the assets of the entities. The debt holders have no recourse to the general credit of NEER. The assets and liabilities of these VIEs were approximately \$657 million and \$626 million, respectively, at December 31, 2015, and consisted primarily of property, plant and equipment and long-term debt.

The other twenty NEER VIEs consolidate several entities which own and operate wind electric generation facilities with the capability of producing a total of 5,272 MW. These VIEs sell their electric output either under power sales contracts to third parties with expiration dates ranging from 2018 through 2041 or 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 generation facilities, including certain tax attributes. The debt is secured by liens against the generation 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 \$7.6 billion and \$5.0 billion, respectively, at December 31, 2015. Sixteen of the twenty were VIEs at December 31, 2014 and were consolidated; the assets and liabilities of those VIEs totaled approximately \$6.6 billion and \$4.1 billion, respectively, at December 31, 2014. At December 31, 2015 and 2014, the assets and liabilities of the VIEs consisted primarily of property, plant and equipment, deferral related to differential membership interests and long-term debt.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other - As of December 31, 2015 and 2014, several NEE subsidiaries have investments totaling approximately \$602 million (\$476 million at FPL) and \$716 million (\$606 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, 2015, NEE subsidiaries, including FPL, 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.

10. Investments in Partnerships and Joint Ventures

Certain subsidiaries of NEE, primarily NEER, have noncontrolling non-majority owned interests in various partnerships and joint ventures, essentially all of which own electric generation facilities. At December 31, 2015 and 2014, NEE's investments in partnerships and joint ventures totaled approximately \$1,063 million and \$663 million, respectively, which are included in other investments on NEE's consolidated balance sheets. NEER's interest in these partnerships and joint ventures range from approximately 29% to 50%. At December 31, 2015 and 2014, 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 2015 also included Sabal Trail Transmission, LLC and Cedar Point II Wind, LP.

Summarized combined information for these principal entities is as follows:

	2015	2014
	(millions)	
Net income	\$ 213	\$ 171
Total assets	\$ 3,339	\$ 2,636
Total liabilities	\$ 1,307	\$ 1,645
Partners'/members' equity	\$ 2,032	\$ 991
NEER's share of underlying equity in the principal entities	\$ 874	\$ 495
Difference between investment carrying amount and underlying equity in net assets ^(a)	(3)	(4)
NEER's investment carrying amount for the principal entities	\$ 871	\$ 491

(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.

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.

11. Common Shareholders' Equity

Earnings Per Share - The reconciliation of NEE's basic and diluted earnings per share attributable to NEE from continuing operations is as follows:

	Years Ended December 31,		
	2015	2014	2013
	(millions, except per share amounts)		
Numerator - income from continuing operations attributable to NEE ^(a)	\$ 2,752	\$ 2,465	\$ 1,677
Denominator:			
Weighted-average number of common shares outstanding - basic	450.5	434.4	424.2
Equity units, performance share awards, options, forward sale agreements and restricted stock ^(b)	3.5	5.7	2.8
Weighted-average number of common shares outstanding - assuming dilution	454.0	440.1	427.0
Earnings per share attributable to NEE from continuing operations:			
Basic	\$ 6.11	\$ 5.67	\$ 3.95
Assuming dilution	\$ 6.06	\$ 5.60	\$ 3.93

(a) Calculated as income from continuing operations less net income attributable to noncontrolling interests from NEE's consolidated statements of income.

(b) Calculated using the treasury stock method. 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.

**NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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 3.5 million, 2.6 million and 7.1 million for the years ended December 31, 2015, 2014 and 2013, 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 in connection with a forward sale agreement. In December 2014, NEE physically settled the forward sale agreement by delivering 6.6 million shares of its common stock to the forward counterparty in exchange for cash proceeds of approximately \$552 million. The forward sale price used to determine the cash proceeds received by NEE was calculated based on the initial forward sale price of \$88.03 per share less certain adjustments as specified in the forward sale agreement. Prior to the settlement date, the forward sale agreement had a dilutive effect on NEE's earnings per share when the average market price per share of NEE's common stock was above the adjusted forward sale price per share.

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 \$63 million, \$59 million and \$46 million in 2015, 2014 and 2013, 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, 2015 was approximately \$1 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, 2015 was approximately \$11 million.

Stock-Based Compensation - Net income for the years ended December 31, 2015, 2014 and 2013 includes approximately \$60 million, \$60 million and \$67 million, respectively, of compensation costs and \$23 million, \$23 million and \$26 million, respectively, of income tax benefits related to stock-based compensation arrangements. Compensation cost capitalized for the years ended December 31, 2015, 2014 and 2013 was not material. As of December 31, 2015, there were approximately \$70 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 1.8 years.

At December 31, 2015, approximately 17 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) Amended and Restated 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.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The activity in restricted stock and performance share awards for the year ended December 31, 2015 was as follows:

	Shares	Weighted-Average Grant Date Fair Value Per Share
Restricted Stock:		
Nonvested balance, January 1, 2015	579,497	\$ 75.65
Granted	303,150	\$ 103.58
Vested	(274,620)	\$ 73.92
Forfeited	(44,367)	\$ 99.99
Nonvested balance, December 31, 2015	<u>563,660</u>	<u>\$ 89.60</u>
Performance Share Awards:		
Nonvested balance, January 1, 2015	996,227	\$ 67.19
Granted	567,437	\$ 77.12
Vested	(609,321)	\$ 53.55
Forfeited	(39,144)	\$ 79.36
Nonvested balance, December 31, 2015	<u>915,199</u>	<u>\$ 81.90</u>

The weighted-average grant date fair value per share of restricted stock granted for the years ended December 31, 2014 and 2013 was \$93.46 and \$74.02 respectively. The weighted-average grant date fair value per share of performance share awards granted for the years ended December 31, 2014 and 2013 was \$71.52 and \$58.53, respectively.

The total fair value of restricted stock and performance share awards vested was \$108 million, \$85 million and \$82 million for the years ended December 31, 2015, 2014 and 2013, 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:

	2015	2014	2013
Expected volatility ^(a)	18.91%	20.32%	20.08 - 20.15%
Expected dividends	3.11%	3.11%	3.28 - 3.64%
Expected term (years) ^(b)	7.0	7.0	7.0
Risk-free rate	1.84%	2.17%	1.15 - 1.40%

(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, 2015 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, 2015	2,825,035	\$ 59.04		
Granted	229,158	\$ 103.62		
Exercised	(187,692)	\$ 47.03		
Forfeited	—	—		
Expired	—	—		
Balance, December 31, 2015	<u>2,866,501</u>	<u>\$ 63.39</u>	5.3	\$ 116
Exercisable, December 31, 2015	2,415,194	\$ 57.62	4.7	\$ 112

The weighted-average grant date fair value of options granted was \$13.62, \$14.09 and \$9.20 per share for the years ended December 31, 2015, 2014 and 2013, respectively. The total intrinsic value of stock options exercised was approximately \$11 million, \$30 million and \$14 million for the years ended December 31, 2015, 2014 and 2013, respectively.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cash received from option exercises was approximately \$9 million, \$26 million and \$14 million for the years ended December 31, 2015, 2014 and 2013, respectively. The tax benefits realized from options exercised were approximately \$4 million, \$11 million and \$5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

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, net of tax, 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, 2012	\$ (268)	\$ 98	\$ (74)	\$ 12	\$ (22)	\$ (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)	(18)	58
Other comprehensive income (loss) before reclassifications	(141)	62	(44)	(25)	(8)	(156)
Amounts reclassified from AOCI	98 ^(a)	(41) ^(b)	1	—	—	58
Net other comprehensive income (loss)	(43)	21	(43)	(25)	(8)	(98)
Less other comprehensive loss attributable to noncontrolling interests	(2)	—	—	—	—	(2)
Balances, December 31, 2014	(158)	218	(20)	(58)	(24)	(40)
Other comprehensive income (loss) before reclassifications	(88)	(7)	(42)	(27)	—	(164)
Amounts reclassified from AOCI	63 ^(a)	(37) ^(b)	—	—	—	26
Net other comprehensive income (loss)	(25)	(44)	(42)	(27)	—	(138)
Less other comprehensive loss attributable to noncontrolling interests	(11)	—	—	—	—	(11)
Balances, December 31, 2015	\$ (170)	\$ 174	\$ (62)	\$ (85)	\$ (24)	\$ (167)

(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.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Debt

Long-term debt consists of the following:

	Maturity Date	December 31,			
		2015		2014	
		Balance	Weighted-Average Interest Rate	Balance	Weighted-Average Interest Rate
		(millions)		(millions)	
FPL:					
First mortgage bonds - fixed	2017 - 2044	\$ 8,690	4.77%	\$ 8,490	4.95%
Storm-recovery bonds - fixed ^(a)	2017 - 2021	273	5.26%	331	5.24%
Pollution control, solid waste disposal and industrial development revenue bonds - variable ^{(b)(c)}	2020 - 2045	718	0.04%	633	0.05%
Other long-term debt - variable ^(c)	2018	400	1.11%	—	—
Other long-term debt - fixed	2014 - 2040	53	5.06%	55	4.96%
Unamortized debt issuance costs and discount		(114)		(121)	^(d)
Total long-term debt of FPL		10,020		9,388	
Less current maturities of long-term debt		64		60	
Long-term debt of FPL, excluding current maturities		9,956		9,328	
NEECH:					
Debentures - fixed ^(e)	2015 - 2023	3,100	3.15%	3,125	3.87%
Debentures, related to NEE's equity units - fixed	2014 - 2020	1,200	1.96%	2,152	1.54%
Junior subordinated debentures - fixed	2044 - 2073	2,978	5.84%	2,978	5.84%
Senior secured bonds - fixed ^(f)	2030	497	7.50%	500	7.50%
Japanese yen denominated senior notes - fixed ^(e)	2030	83	5.13%	83	5.13%
Japanese yen denominated term loans - variable ^{(b)(e)}	2017	456	1.83%	459	1.83%
Other long-term debt - fixed	2016 - 2044	810	2.74%	510	2.70%
Other long-term debt - variable ^(c)	2014 - 2019	1,513	1.81%	716	2.44%
Fair value hedge adjustment		24		20	
Unamortized debt issuance costs and discount		(94)		(112)	^(d)
Total long-term debt of NEECH		10,587		10,431	
Less current maturities of long-term debt		697		1,787	
Long-term debt of NEECH, excluding current maturities		9,890		8,644	
NEER:					
Senior secured limited-recourse bonds and notes - fixed	2017 - 2038	2,203	5.86%	2,273	8.02%
Senior secured limited-recourse term loans - primarily variable ^{(b)(e)(g)}	2015 - 2035	3,969	2.51%	4,242	3.12%
Other long-term debt - primarily variable ^{(b)(e)}	2015 - 2035	2,118	2.80%	658	3.71%
Canadian revolving credit facilities - variable ^(c)	2015 - 2018	155	1.58%	704	2.33%
Unamortized debt issuance costs and discount		(131)		(135)	^(d)
Total long-term debt of NEER		8,314		7,740	
Less current maturities of long-term debt ^(h)		1,469		1,668	
Long-term debt of NEER, excluding current maturities		6,845		6,072	
Total long-term debt		\$ 26,581		\$ 24,044	

(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, 2015, 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 2014 approximately \$983 million 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) Debt issuance costs were reclassified from noncurrent other assets to long-term debt to reflect the retrospective adoption of an accounting standard update. See Note 1 - Debt Issuance Costs.

(e) Interest rate contracts, primarily swaps, have been entered into for the majority of these debt issuances. See Note 3.

(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) Excludes debt totaling \$938 million reflected in liabilities associated with assets held for sale on NEE's consolidated balance sheet. See Note 1 - Assets and Liabilities Associated with Assets Held for Sale.

(h) See Note 14 - 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 \$2,220 million, \$2,882 million, \$2,819 million, \$2,044 million and \$1,578 million for 2016, 2017, 2018, 2019 and 2020, respectively. The respective amounts for FPL are approximately \$64 million, \$367 million, \$472 million, \$76 million and \$10 million.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At December 31, 2015 and 2014, short-term borrowings had a weighted-average interest rate of 2.10% (0.83% for FPL) and 0.40% (0.40% 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, 2015. These facilities provide for the issuance of letters of credit of up to approximately \$4.0 billion (\$2.9 billion for NEECH and \$1.1 billion for FPL). The issuance of letters of credit is subject to the aggregate commitment of the relevant banks to issue letters of credit under the applicable facility. While no direct borrowings were outstanding at December 31, 2015, letters of credit totaling \$410 million and \$6 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 payment guarantees and indemnifications. NEECH has guaranteed certain debt and other obligations of NEER and its subsidiaries.

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, 2015, the number of shares issued would (subject to antidilution adjustments) range from 0.6088 shares if the applicable market value of a share of common stock is less than or equal to \$82.70 to 0.5073 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. A 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 May 2015, NEECH completed a remarketing of \$600 million aggregate principal amount of its Series E Debentures due June 1, 2017 (Debentures) that were issued in May 2012 as components of equity units issued concurrently by NEE (May 2012 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 1.586% per year, and interest is payable on June 1 and December 1 of each year, commencing June 1, 2015. In connection with the settlement of the contracts to purchase NEE common stock that were issued as components of the May 2012 equity units, on June 1, 2015, NEE issued 7,860,000 shares of common stock in exchange for \$600 million.

In August 2015, NEECH completed a remarketing of approximately \$650 million aggregate principal amount of its Series F Debentures due September 1, 2017, which constitutes a portion of the \$650 million aggregate principal amount of such debentures (Debentures) that were issued in September 2012 as components of equity units issued by NEE (September 2012 equity units). The Debentures are fully and unconditionally guaranteed by NEE. In connection with the remarketing, the interest rate on all of the Debentures was reset to 2.056% per year and interest is payable on March 1 and September 1 of each year, commencing September 1, 2015. In connection with the settlement of the contracts to purchase NEE common stock that were issued as components of the September 2012 equity units, in August and September 2015, NEE issued a total of 8,173,099 shares of common stock in exchange for \$650 million.

In September 2015, NEE sold \$700 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 H Debenture due September 1, 2020 issued in the principal amount of \$1,000 by NEECH. Each stock purchase contract requires the holder to purchase by no later than September 1, 2018 (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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

range of \$95.35 to \$114.42. If purchased on the final settlement date, as of December 31, 2015, the number of shares issued would (subject to antidilution adjustments) range from 0.5244 shares if the applicable market value of a share of common stock is less than or equal to \$95.35 to 0.4370 shares if the applicable market value of a share is equal to or greater than \$114.42, 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, 2018. Total annual distributions on the equity units will be at the rate of 6.371%, consisting of interest on the debentures (2.36% per year) and payments under the stock purchase contracts (4.011% per year). The interest rate on the debentures is expected to be reset on or after March 1, 2018. A 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.

13. 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 (millions)	NEE
Balances, December 31, 2013	\$ 1,285	\$ 565	\$ 1,850
Liabilities incurred	1	29	30
Accretion expense	70	38	108
Liabilities settled	—	(1)	(1)
Revision in estimated cash flows - net	(1)	—	(1)
Balances, December 31, 2014	1,355	631	1,986
Liabilities incurred	5	46	51
Accretion expense	73	43	116
Liabilities settled	(20)	(2)	(22)
Revision in estimated cash flows - net	409 ^(a)	(71) ^(b)	338
Balances, December 31, 2015	\$ 1,822	\$ 647	\$ 2,469

- (a) Primarily reflects the effect of revised cost estimates for decommissioning FPL's nuclear units consistent with the updated nuclear decommissioning studies filed with the FPSC in December 2015.
(b) Primarily reflects the effect of revised cost estimates for decommissioning NEER's nuclear units and a change in assumptions relating to spent fuel costs, partly offset by increased escalation rates.

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 - Special Use Funds):

	FPL	NEER (millions)	NEE
Balances, December 31, 2015	\$ 3,430	\$ 1,634	\$ 5,064
Balances, December 31, 2014	\$ 3,449	\$ 1,642	\$ 5,091

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

14. 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, as well as the investment in the development and construction of its natural gas pipeline assets. Capital expenditures for Corporate and Other primarily include 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.

At December 31, 2015, estimated capital expenditures for 2016 through 2020 for which applicable internal approvals (and also FPSC approvals for FPL, if required) have been received were as follows:

	2016	2017	2018	2019	2020	Total
	(millions)					
FPL:						
Generation ^(a)						
New ^(b)	\$ 1,065	\$ 45	\$ —	\$ —	\$ —	\$ 1,130
Existing	820	980	680	520	550	3,330
Transmission and distribution	1,930	1,990	1,985	2,485	2,335	10,725
Nuclear fuel	170	125	190	170	210	865
General and other	245	265	240	185	165	1,120
Total	<u>\$ 4,050</u>	<u>\$ 3,305</u>	<u>\$ 3,095</u>	<u>\$ 3,360</u>	<u>\$ 3,280</u>	<u>\$ 17,170</u>
NEER						
Wind ^(d)	\$ 2,040	\$ 75	\$ 30	\$ 25	\$ 25	\$ 2,195
Solar ^(e)	1,240	10	—	—	—	1,250
Nuclear, including nuclear fuel	300	240	270	310	265	1,385
Natural gas pipelines ^(f)	1,020	740	465	35	15	2,275
Other	495	60	75	50	66	746
Total	<u>\$ 5,095</u>	<u>\$ 1,125</u>	<u>\$ 840</u>	<u>\$ 420</u>	<u>\$ 370</u>	<u>\$ 7,850</u>
Corporate and Other	<u>\$ 215</u>	<u>\$ 160</u>	<u>\$ 115</u>	<u>\$ 140</u>	<u>\$ 135</u>	<u>\$ 765</u>

(a) Includes AFUDC of approximately \$78 million, \$14 million and \$11 million for 2016 through 2018, respectively.

(b) Includes land, generation structures, transmission interconnection and integration and licensing.

(c) Excludes capital expenditures of approximately \$1.0 billion for the natural gas-fired combined-cycle unit in Okeechobee County, Florida for the period from the end of 2018 (when approval by the Florida Power Plant Siting Board (Siting Board), comprised of the Florida governor and cabinet is expected) through 2019. Also 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 and maintain an NRC license for each unit.

(d) Consists of capital expenditures for new wind projects and related transmission totaling approximately 1,365 MW.

(e) Includes capital expenditures for new solar projects and related transmission totaling approximately 1,045 MW.

(f) Includes capital expenditures for construction of three natural gas pipelines, including equity contributions associated with equity investments in joint ventures for two pipelines and AFUDC associated with the third pipeline. The natural gas pipelines are subject to certain conditions. 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, 2015, FPL is obligated under a take-or-pay purchased power contract to pay for approximately 375 MW annually through 2021. FPL also has various firm pay-for-performance contracts to purchase approximately 444 MW from certain cogenerators and small power producers with expiration dates ranging from 2025 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 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 wholly owned NEER subsidiary has a 33% ownership interest), and Florida Southeast Connection, LLC (Florida Southeast Connection, a wholly owned

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NEER subsidiary), each of which will build, own and operate a pipeline that will be part of a natural gas pipeline system, 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 on acceptable terms and the completion of construction of the pipeline system to be built by Sabal Trail and Florida Southeast Connection. See Commitments above.

As of December 31, 2015, NEER has entered into contracts with expiration dates ranging from late February 2016 through 2032 primarily for the purchase of wind turbines, wind towers and solar modules and related construction and development activities, as well as for the supply of uranium, conversion, enrichment and fabrication of nuclear fuel and has made commitments for the construction of the natural gas pipelines. Approximately \$5.2 billion of related commitments 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 2016 through 2033.

The required capacity and/or minimum payments under the contracts discussed above as of December 31, 2015 were estimated as follows:

	2016	2017	2018	2019	2020	Thereafter
	(millions)					
FPL:						
Capacity charges ^(a)	\$ 185	\$ 170	\$ 140	\$ 120	\$ 110	\$ 690
Minimum charges, at projected prices ^(b)						
Natural gas, including transportation and storage ^(c)	\$ 1,020	\$ 930	\$ 870	\$ 865	\$ 920	\$ 13,050
Coal, including transportation	\$ 65	\$ 40	\$ —	\$ —	\$ —	\$ —
NEER	\$ 3,670	\$ 735	\$ 825	\$ 135	\$ 85	\$ 535
Corporate and Other ^{(d)(e)}	\$ 60	\$ 5	\$ 5	\$ —	\$ 5	\$ —

(a) Capacity charges under these contracts, substantially all of which are recoverable through the capacity clause, totaled approximately \$434 million, \$465 million and \$487 million for the years ended December 31, 2015, 2014 and 2013, respectively. Energy charges under these contracts, which are recoverable through the fuel clause, totaled approximately \$282 million, \$269 million and \$293 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(b) Recoverable through the fuel clause.

(c) Includes approximately \$200 million, \$256 million, \$290 million, \$380 million and \$7,885 million in 2017, 2018, 2019, 2020 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.

(d) Includes an approximately \$35 million commitment to invest in clean power and technology businesses through 2021.

(e) Excludes approximately \$1,115 million, in 2018, of joint obligations of NEECH and NEER which are included in the 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 \$13.1 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 of up to \$1.0 billion (\$509 million for FPL), plus any applicable taxes, per incident at any nuclear reactor in the U.S., 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 \$187 million (\$112 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 either its transmission and distribution property or natural gas pipeline assets, 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

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Transmission, LLC, would be borne by NEE and/or FPL and/or their affiliates, 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 - In March 2013 and May 2013, events of default occurred under the project-level financing agreements for the Spain solar projects 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 caused the project-level financing to be unsupportable by expected future project cash flows. Under the project-level financing, events of default (including those discussed below) provide for, among other things, a right by the lenders (which they have not exercised) 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, on NEE's consolidated balance sheets, and totaled \$559 million and \$101 million, respectively, as of December 31, 2015. 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 needed to complete and implement the framework were finalized in June 2014. Based on NEE's assessment, the regulatory pronouncements do not indicate a further impairment of the Spain solar projects. However, the Spanish government's interpretation of the new remuneration scheme resulted in a reduction to 2013 revenues of approximately \$19 million which was reflected in operating revenues for the year ended December 31, 2014 in NEE's consolidated statements of income. In December 2015, the Spanish government determined that such a reduction was not warranted and refunded approximately \$17 million, which was reflected in operating revenues for the year ended December 31, 2015. Since the third quarter of 2014, events of default have occurred under the project-level financing agreements related to certain debt service coverage ratio covenants not being met. The project-level subsidiaries have requested the lenders to waive the events of default related to the debt service coverage ratio.

Impairments recorded due to the changes of law caused the project-level subsidiaries in Spain to have a negative net equity position on their balance sheets, which requires them under Spanish law to commence liquidation proceedings if the net equity position is not restored to specified levels. Prior to 2015, Spanish law had provided an exemption applicable to the project-level subsidiaries that enabled the exclusion of asset-related impairments in the equity calculation. Such exemption was not granted for 2015, and therefore, the project-level subsidiaries commenced liquidation on April 23, 2015. The liquidators are reviewing the liquidation balance sheets and inventory schedules and will make recommendations to NextEra Energy España, S.L. (NEE España), the NEE subsidiary in Spain that is the direct shareholder of the project-level subsidiaries, to either restructure the project-level debt or file for insolvency. The liquidation event could cause the lenders to seek to accelerate the payment of the project-related debt and/or foreclose on the project assets, which they have not done to date. However, as part of a settlement agreement reached in December 2013 between NEECH, NEE España, the project-level subsidiaries and the lenders, the future recourse of the lenders under the project-level financing is effectively limited to the letters of credit described below and to the assets of the project-level subsidiaries. Under the settlement agreement, the lenders, among other things, irrevocably waived events of default related to changes of law that existed at the time of the settlement as described above, and NEECH affiliates provided for the project-level subsidiaries to post approximately €37 million (approximately \$40 million as of December 31, 2015) in letters of credit to fund operating and debt service reserves under the project-level financing, of which €14 million (approximately \$15 million) has been drawn as of December 31, 2015. NEE España, the project-level subsidiaries and the lenders have been in negotiations to seek to restructure the project-level financing; however, there can be no assurance that the project-level financing will be successfully restructured or that the lenders will not exercise remedies available to them under the project financing agreements for, among other things, current and future events of default, if any, or for the commencement of liquidation by the project level subsidiaries.

Legal Proceedings - 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 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 stock repurchase, or (iii) the stock repurchase left Adelphia with unreasonably small capital. The trial was completed in May 2012 and closing arguments were heard in July 2012. In May 2014, the U.S. Bankruptcy Court, Southern District of New York, issued its decision after trial, finding, among other things, that Adelphia was not insolvent, or rendered insolvent, at the time of the stock repurchase. The bankruptcy court further ruled that Adelphia was not left with inadequate capital or equitably insolvent at the time of the stock repurchase. The decision after trial represented proposed findings of fact and conclusions of law which were subject to de novo review by the U.S. District Court for the Southern District of New York. In March 2015, the U.S. District Court issued a final order which effectively affirmed the findings of the U.S. Bankruptcy Court in NEE's favor. In April 2015, Adelphia filed an appeal of the final order to the U.S. Court of Appeals for the Second Circuit.

NEE and FPL are vigorously defending, and believe that they or their affiliates have meritorious defenses to, the lawsuit described

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

above. In addition to the legal proceeding 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. Entities in which subsidiaries of NEE, including FPL, have a partial 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 lawsuit 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 lawsuit 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.

15. 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, and eliminating entries. During the fourth quarter of 2015, the natural gas pipeline projects that were previously reported in Corporate and Other were moved to the NEER segment reflecting the overall scale of the natural gas pipeline investments and management of these projects within NEER's gas infrastructure business. Prior year amounts for NEER and Corporate and Other were adjusted to reflect this segment change. NEE's operating revenues derived from the sale of electricity represented approximately 92%, 91% and 92% of NEE's operating revenues for the years ended December 31, 2015, 2014 and 2013, respectively. Approximately 2%, 2% and 1% of operating revenues were from foreign sources for the years ended December 31, 2015, 2014 and 2013, respectively. At December 31, 2015 and 2014, approximately 3% and 4%, respectively, of long-lived assets were located in foreign countries.

NEE's segment information is as follows:

	2015				2014				2013			
	FPL	NEER ^(a)	Corp. and Other	NEE Consolidated	FPL	NEER ^(a)	Corp. and Other	NEE Consolidated	FPL	NEER ^(a)	Corp. and Other	NEE Consolidated
	(millions)											
Operating revenues	\$ 11,651	\$ 5,444	\$ 391	\$ 17,486	\$ 11,421	\$ 5,198	\$ 404	\$ 17,021	\$ 10,445	\$ 4,333	\$ 358	\$ 15,136
Operating expenses ^(b)	\$ 8,674	\$ 3,865	\$ 315	\$ 12,854	\$ 8,593	\$ 3,727	\$ 317	\$ 12,637	\$ 7,908	\$ 3,730	\$ 259	\$ 11,896
Interest expense	\$ 445	\$ 625	\$ 141	\$ 1,211	\$ 439	\$ 487	\$ 155	\$ 1,261	\$ 415	\$ 528	\$ 178	\$ 1,121
Interest income	\$ 7	\$ 28	\$ 51	\$ 86	\$ 3	\$ 28	\$ 51	\$ 80	\$ 8	\$ 19	\$ 53	\$ 78
Depreciation and amortization	\$ 1,574	\$ 1,183	\$ 72	\$ 2,831	\$ 1,432	\$ 1,051	\$ 88	\$ 2,551	\$ 1,159	\$ 949	\$ 55	\$ 2,163
Equity in earnings (losses) of equity method investees	\$ —	\$ 103	\$ 4	\$ 107	\$ —	\$ 95	\$ (2)	\$ 93	\$ —	\$ 28	\$ (1)	\$ 25
Income tax expense (benefit) ^{(c)(d)}	\$ 957	\$ 289	\$ (18)	\$ 1,228	\$ 910	\$ 283	\$ (17)	\$ 1,176	\$ 835	\$ (42)	\$ (16)	\$ 777
Income (loss) from continuing operations ^(e)	\$ 1,648	\$ 1,102	\$ 12	\$ 2,762	\$ 1,917	\$ 993	\$ (41)	\$ 2,469	\$ 1,349	\$ 340	\$ (12)	\$ 1,677
Gain from discontinued operations, net of income taxes ^(f)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 216	\$ 15	\$ 231
Net income (loss) attributable to NEE ^(d)	\$ 1,648	\$ 1,092	\$ 12	\$ 2,752	\$ 1,917	\$ 998	\$ (41)	\$ 2,465	\$ 1,349	\$ 556	\$ 3	\$ 1,908
Capital expenditures, independent power and other investments and nuclear fuel purchases	\$ 3,833	\$ 4,681	\$ 83	\$ 8,377	\$ 3,241	\$ 3,701	\$ 75	\$ 7,017	\$ 2,903	\$ 3,813	\$ 168	\$ 6,884
Property, plant and equipment	\$ 45,383	\$ 33,340	\$ 1,607	\$ 80,330	\$ 41,939	\$ 30,178	\$ 1,623	\$ 73,639	\$ 39,898	\$ 28,081	\$ 1,471	\$ 69,449
Accumulated depreciation and amortization	\$ 11,662	\$ 6,640	\$ 442	\$ 18,544	\$ 11,282	\$ 6,268	\$ 384	\$ 17,934	\$ 10,944	\$ 5,455	\$ 329	\$ 16,728
Total assets ^(f)	\$ 42,523	\$ 37,647	\$ 2,369	\$ 82,478	\$ 39,262	\$ 32,895	\$ 2,487	\$ 74,605	\$ 33,428	\$ 30,052	\$ 2,535	\$ 69,007
Investment in equity method investees	\$ —	\$ 983	\$ 80	\$ 1,053	\$ —	\$ 817	\$ 48	\$ 863	\$ —	\$ 388	\$ 34	\$ 422

(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 NEECH corporate interest expense is included in Corporate and Other.

(b) NEER includes an impairment charge of \$300 million in 2013 related to the Spain solar projects. 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) NEER includes after-tax charges of \$342 million in 2013 associated with the impairment of the Spain solar projects. See Note 4 - Nonrecurring Fair Value Measurements.

(e) See Note 6.

(f) Reflects the reclassification of debt issuance costs of \$324 million (\$65 million for FPL) in 2014 and \$298 million (\$68 million for FPL) in 2013. See Note 1 - Debt Issuance Costs.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. 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. NEECH's debentures and junior subordinated debentures including those that were registered pursuant to the Securities Act of 1933, as amended, are fully and unconditionally guaranteed by NEE. Condensed consolidating financial information is as follows:

Condensed Consolidating Statements of Income

	Year Ended December 31, 2015				Year Ended December 31, 2014				Year Ended December 31, 2013			
	NEE (Guaran- tor)	NEECH	Other ^(a)	NEE Consoli- dated	NEE (Guaran- tor)	NEECH	Other ^(a)	NEE Consoli- dated	NEE (Guaran- tor)	NEECH	Other ^(a)	NEE Consoli- dated
	(millions)											
Operating revenues	\$ —	\$ 5,849	\$ 11,837	\$ 17,486	\$ —	\$ 5,814	\$ 11,407	\$ 17,021	\$ —	\$ 4,703	\$ 10,433	\$ 15,138
Operating expenses	(17)	(4,142)	(8,695)	(12,854)	(19)	(4,039)	(8,579)	(12,637)	(18)	(3,983)	(7,894)	(11,895)
Interest expense	(4)	(784)	(443)	(1,211)	(8)	(819)	(436)	(1,261)	(8)	(705)	(406)	(1,121)
Equity in earnings of subsidiaries	2,754	—	(2,754)	—	2,494	—	(2,494)	—	1,915	—	(1,915)	—
Other income (deductions) - net	1	468	70	569	1	487	34	522	2	281	51	334
Income from continuing operations before income taxes	2,734	1,441	(185)	3,990	2,470	1,243	(55)	3,645	1,891	296	267	2,454
Income tax expense (benefit)	(18)	299	947	1,228	5	282	909	1,176	(2)	(55)	834	777
Income (loss) from continuing operations	2,752	1,142	(1,132)	2,762	2,465	981	(977)	2,469	1,893	351	(567)	1,877
Gain from discontinued operations, net of income taxes	—	—	—	—	—	—	—	—	15	216	—	231
Net income (loss)	2,752	1,142	(1,132)	2,762	2,465	981	(977)	2,469	1,908	567	(567)	1,908
Less net income attributable to noncontrolling interests	—	10	—	10	—	4	—	4	—	—	—	—
Net income (loss) attributable to NEE	\$ 2,752	\$ 1,132	\$ (1,132)	\$ 2,752	\$ 2,465	\$ 977	\$ (977)	\$ 2,465	\$ 1,908	\$ 567	\$ (567)	\$ 1,908

(a) Represents FPL and consolidating adjustments.

Condensed Consolidating Statements of Comprehensive Income

	Year Ended December 31, 2015				Year Ended December 31, 2014				Year Ended December 31, 2013			
	NEE (Guaran- tor)	NEECH	Other ^(a)	NEE Consoli- dated	NEE (Guaran- tor)	NEECH	Other ^(a)	NEE Consoli- dated	NEE (Guaran- tor)	NEECH	Other ^(a)	NEE Consoli- dated
	(millions)											
Comprehensive income (loss) attributable to NEE	\$ 2,625	\$ 1,049	\$ (1,049)	\$ 2,625	\$ 2,369	\$ 924	\$ (924)	\$ 2,369	\$ 2,219	\$ 781	\$ (781)	\$ 2,219

(a) Represents FPL and consolidating adjustments.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Condensed Consolidating Balance Sheets

	December 31, 2015				December 31, 2014			
	NEE (Guaran- tor)	NEECH	Other(a)	NEE Consoli- dated	NEE (Guaran- tor)	NEECH	Other(a)	NEE Consoli- dated
	(millions)							
PROPERTY, PLANT AND EQUIPMENT								
Electric plant in service and other property	\$ 27	\$ 34,921	\$ 45,382	\$ 80,330	\$ 27	\$ 31,874	\$ 41,938	\$ 73,639
Accumulated depreciation and amortization	(16)	(7,067)	(11,851)	(18,944)	(12)	(8,640)	(11,282)	(17,934)
Total property, plant and equipment - net	11	27,854	33,521	61,386	15	25,034	30,656	55,705
CURRENT ASSETS								
Cash and cash equivalents	—	546	25	571	—	582	15	577
Receivables	80	1,510	665	2,255	82	1,378	899	2,159
Other	4	2,443	1,512	3,959	19	2,512	1,877	4,208
Total current assets	84	4,499	2,202	8,795	101	4,452	2,391	8,944
OTHER ASSETS								
Investment in subsidiaries	22,544	—	(22,544)	—	19,703	—	(19,703)	—
Other	823	7,790	5,685	14,298	738	5,827	5,393	11,958
Total other assets	23,367	7,790	(16,859)	14,298	20,439	5,827	(14,310)	11,958
TOTAL ASSETS	\$ 23,472	\$ 40,143	\$ 18,864	\$ 82,479	\$ 20,555	\$ 35,313	\$ 18,737	\$ 74,605
CAPITALIZATION								
Common shareholders' equity	\$ 22,574	\$ 8,990	\$ (8,990)	\$ 22,574	\$ 19,916	\$ 6,553	\$ (6,553)	\$ 19,916
Noncontrolling interests	—	538	—	538	—	252	—	252
Long-term debt	—	16,725	9,956	26,681	—	14,715	9,328	24,044
Total capitalization	22,574	24,253	2,966	49,793	19,916	21,520	2,778	44,212
CURRENT LIABILITIES								
Debt due within one year	—	2,785	220	3,008	—	3,455	1,202	4,657
Accounts payable	4	1,919	506	2,529	29	739	588	1,354
Other	252	3,003	1,317	4,572	153	2,043	1,458	3,652
Total current liabilities	256	7,708	2,143	10,107	182	6,237	3,244	9,663
OTHER LIABILITIES AND DEFERRED CREDITS								
Asset retirement obligations	—	847	1,822	2,469	—	831	1,355	1,988
Deferred income taxes	157	2,396	7,274	9,827	149	2,608	8,504	9,261
Other	485	5,139	4,859	10,283	308	4,317	4,858	9,483
Total other liabilities and deferred credits	642	8,182	13,755	22,579	457	7,556	12,717	20,730
COMMITMENTS AND CONTINGENCIES								
TOTAL CAPITALIZATION AND LIABILITIES	\$ 23,472	\$ 40,143	\$ 18,864	\$ 82,479	\$ 20,555	\$ 35,313	\$ 18,737	\$ 74,605

(a) Represents FPL and consolidating adjustments

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Condensed Consolidating Statements of Cash Flows

	Year Ended December 31, 2015				Year Ended December 31, 2014				Year Ended December 31, 2013			
	NEE (Guar- antor)	NEECH	Other ^(e)	NEE Consoli- dated	NEE (Guar- antor)	NEECH	Other ^(e)	NEE Consoli- dated	NEE (Guar- antor)	NEECH	Other ^(e)	NEE Consoli- dated
	(millions)											
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,859	\$ 2,485	\$ 1,969	\$ 6,116	\$ 1,815	\$ 1,976	\$ 1,909	\$ 5,500	\$ 1,147	\$ 1,488	\$ 2,489	\$ 5,102
CASH FLOWS FROM INVESTING ACTIVITIES												
Capital expenditures, independent power and other investments and nuclear fuel purchases	—	(4,744)	(3,633)	(8,377)	(1)	(3,741)	(3,275)	(7,017)	—	(3,758)	(2,926)	(6,682)
Capital contributions from NEE	(1,480)	—	1,480	—	(912)	—	912	—	(777)	—	777	—
Cash grants under the Recovery Act	—	8	—	8	—	343	—	343	—	165	—	165
Sale of independent power and other investments of NEER	—	52	—	52	—	307	—	307	—	185	—	185
Change in loan proceeds restricted for construction	—	27	(36)	(9)	—	(40)	—	(40)	—	228	—	228
Proceeds from the sale of a noncontrolling interest in subsidiaries	—	345	—	345	—	438	—	438	—	—	—	—
Other - net	—	9	(33)	(24)	10	(73)	(329)	(392)	—	17	(16)	1
Net cash used in investing activities	(1,480)	(4,303)	(2,222)	(8,005)	(903)	(2,766)	(2,692)	(6,361)	(777)	(3,181)	(2,165)	(6,123)
CASH FLOWS FROM FINANCING ACTIVITIES												
Issuances of long-term debt	—	4,669	1,083	5,752	—	4,057	997	5,054	—	3,874	497	4,371
Retirements of long-term debt	—	(3,421)	(591)	(3,972)	—	(4,395)	(355)	(4,750)	—	(1,943)	(453)	(2,396)
Proceeds from differential membership investors	—	761	—	761	—	978	—	978	—	448	—	448
Issuances of notes payable	—	1,125	100	1,225	—	500	—	500	—	—	—	—
Retirements of notes payable	—	(813)	—	(813)	—	(500)	—	(500)	—	(200)	—	(200)
Net change in commercial paper	—	318	(1,088)	(760)	—	(487)	938	451	—	(619)	99	(520)
Issuances of common stock - net	1,298	—	—	1,298	833	—	—	833	842	—	—	842
Dividends on common stock	(1,365)	—	—	(1,365)	(1,261)	—	—	(1,261)	(1,122)	—	—	(1,122)
Dividends to NEE	—	(698)	698	—	—	812	(812)	—	—	502	(502)	—
Other - net	(92)	(162)	19	(235)	(84)	(31)	10	(105)	(92)	(218)	15	(293)
Net cash provided by (used in) financing activities	(179)	1,799	263	1,883	(712)	934	778	1,000	(372)	1,846	(344)	1,130
Net increase (decrease) in cash and cash equivalents	—	(16)	10	(6)	—	144	(5)	139	(2)	131	(20)	109
Cash and cash equivalents at beginning of year	—	562	15	577	—	418	20	438	2	287	40	329
Cash and cash equivalents at end of year	\$ —	\$ 546	\$ 25	\$ 571	\$ —	\$ 562	\$ 15	\$ 577	\$ —	\$ 418	\$ 20	\$ 438

(e) Represents FPL and consolidating adjustments.

NEXTERA ENERGY, INC. AND FLORIDA POWER & LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Concluded)

17. 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:				
2015				
Operating revenues ^(b)	\$ 4,104	\$ 4,358	\$ 4,954	\$ 4,069
Operating income ^(b)	\$ 1,129	\$ 1,146	\$ 1,481	\$ 876
Net income ^(b)	\$ 550	\$ 720	\$ 882	\$ 510
Net income attributable to NEE ^(b)	\$ 650	\$ 716	\$ 879	\$ 597
Earnings per share attributable to NEE - basic: ^(c)	\$ 1.47	\$ 1.61	\$ 1.94	\$ 1.10
Earnings per share attributable to NEE - assuming dilution: ^(c)	\$ 1.45	\$ 1.59	\$ 1.93	\$ 1.10
Dividends per share	\$ 0.770	\$ 0.770	\$ 0.770	\$ 0.770
High-low common stock sales prices	\$112.64 - \$97.48	\$106.63 - \$97.23	\$109.98 - \$93.74	\$105.85 - \$95.84
2014				
Operating revenues ^(b)	\$ 3,874	\$ 4,029	\$ 4,654	\$ 4,664
Operating income ^(b)	\$ 738	\$ 951	\$ 1,163	\$ 1,532
Net income ^(b)	\$ 430	\$ 492	\$ 664	\$ 884
Net income attributable to NEE ^(b)	\$ 430	\$ 492	\$ 660	\$ 884
Earnings per share attributable to NEE - basic: ^(c)	\$ 0.99	\$ 1.13	\$ 1.52	\$ 2.03
Earnings per share attributable to NEE - assuming dilution: ^(c)	\$ 0.98	\$ 1.12	\$ 1.50	\$ 2.00
Dividends per share	\$ 0.725	\$ 0.725	\$ 0.725	\$ 0.725
High-low common stock sales prices	\$96.13 - \$83.97	\$102.51 - \$93.28	\$102.46 - \$91.79	\$110.84 - \$90.33
FPL:				
2015				
Operating revenues ^(b)	\$ 2,541	\$ 2,996	\$ 3,274	\$ 2,839
Operating income ^(b)	\$ 667	\$ 780	\$ 855	\$ 674
Net income ^(b)	\$ 359	\$ 435	\$ 489	\$ 365
2014				
Operating revenues ^(b)	\$ 2,536	\$ 2,889	\$ 3,315	\$ 2,682
Operating income ^(b)	\$ 632	\$ 782	\$ 834	\$ 580
Net income ^(b)	\$ 347	\$ 423	\$ 462	\$ 286

(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) 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, 2015, 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, 2015.

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," "Information About NextEra Energy and Management" and "Corporate Governance and Board Matters" in NEE's Proxy Statement which will be filed with the SEC in connection with the 2016 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 or waivers of the Senior Financial Executive Code which are required to be disclosed to shareholders under SEC rules will be disclosed on the NEE website at the address listed above.

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, 2015 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	5,036,579 ^(a)	\$ 63.39 ^(b)	10,480,752
Equity compensation plans not approved by security holders	—	—	—
Total	5,036,579	\$ 63.39	10,480,752

(a) Includes an aggregate of 2,866,501 outstanding options, 1,949,762 unvested performance share awards (at maximum payout), 16,564 deferred fully vested performance shares and 181,792 deferred stock awards (including future reinvested dividends) under the NextEra Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan and former LTIP, and 21,960 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.

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, 2015 and 2014. The amounts presented below reflect allocations from NEE for FPL's portion of the fees, as well as amounts billed directly to FPL.

	2015	2014
Audit fees ^(a)	\$ 3,909,000	\$ 3,939,000
Audit-related fees ^(b)	97,000	128,000
Tax fees ^(c)	63,000	59,000
All other fees ^(d)	14,000	21,000
Total	\$ 4,083,000	\$ 4,147,000

(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 2015 and 2014, approximately \$28,000 and \$24,000, respectively, was paid related to tax advice and planning services. All other tax fees in 2015 and in 2014 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 2015 and 2014, 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 2015 and 2014, 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

	Page(s)
(a) 1. Financial Statements	
Management's Report on Internal Control Over Financial Reporting	71
Attestation Report of Independent Registered Public Accounting Firm	72
Report of Independent Registered Public Accounting Firm	73
NEE:	
Consolidated Statements of Income	74
Consolidated Statements of Comprehensive Income	75
Consolidated Balance Sheets	76
Consolidated Statements of Cash Flows	77
Consolidated Statements of Equity	78
FPL:	
Consolidated Statements of Income	79
Consolidated Balance Sheets	80
Consolidated Statements of Cash Flows	81
Consolidated Statements of Common Shareholder's Equity	82
Notes to Consolidated Financial Statements	83 - 125
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
*2	Agreement and Plan of Merger, dated as of December 3, 2014, by and among NextEra Energy, Inc., NEE Acquisition Sub I, LLC, NEE Acquisition Sub II, Inc. and Hawaiian Electric Industries, Inc. (filed as Exhibit 2 to Form 8-K dated December 3, 2014, File No. 1-8841)	x	
*3(i)a	Restated Articles of Incorporation of NextEra Energy, Inc. (filed as Exhibit 3(i)(b) to Form 8-K dated May 21, 2015, 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., effective May 22, 2015 (filed as Exhibit 3(ii) to Form 8-K dated May 21, 2015, 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

Table of Contents

Exhibit Number	Description	NEE	FPL
*4(a)	Mortgage and Deed of Trust dated as of January 1, 1944, and One hundred and twenty-four 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. 2-52828; 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; Exhibit 4 to Form 8-K dated June 5, 2013, File No. 2-27612; Exhibit 4 to Form 8-K dated May 15, 2014, File No. 2-27612; Exhibit 4 to Form 8-K dated September 10, 2014, File No. 2-27612; and Exhibit 4 to Form 8-K dated November 19, 2015, 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 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	

Table of Contents

Exhibit Number	Description	NEE	FPL
*4(f)	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(g)	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(h)	Letter, dated May 7, 2015, from NextEra Energy Capital Holdings, Inc. to The Bank of New York Mellon, as trustee, setting forth certain terms of the Series E Debentures due June 1, 2017, effective May 7, 2015 (filed as Exhibit 4(b) to Form 8-K dated May 7, 2015, File No. 1-8841)	x	
*4(i)	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(j)	Letter, dated August 10, 2015, from NextEra Energy Capital Holdings, Inc. to The Bank of New York Mellon, as trustee, setting forth certain terms of the Series F Debentures due September 1, 2017 effective August 10, 2015 (filed as Exhibit 4(b) to Form 8-K dated August 10, 2015, File No. 1-8841)	x	
*4(k)	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(l)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 25, 2013, creating the Series G Debentures due September 1, 2013 (filed as Exhibit 4(c) to Form 8-K dated September 25, 2013, File No. 1-8841)	x	
*4(m)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated March 11, 2014, creating the 2.700% Debentures, Series due September 15, 2019 (filed as Exhibit 4 to Form 8-K dated March 11, 2014, File No. 1-8841)	x	
*4(n)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated June 6, 2014, creating the 2.40% Debentures, Series due September 15, 2019 (filed as Exhibit 4 to Form 8-K dated June 6, 2014, File No. 1-8841)	x	
*4(o)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated August 27, 2015, creating the 2.80% Debentures, Series due August 27, 2020 (filed as Exhibit 4(c) to Form 10-Q for the quarter ended September 30, 2015, File No. 2-27612)	x	
*4(p)	Officer's Certificate of NextEra Energy Capital Holdings, Inc., dated September 16, 2015, creating the Series H Debentures due September 1, 2020 (filed as Exhibit 4(c) to Form 8-K dated September 16, 2015, File No. 1-8841)	x	
*4(q)	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(a) 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(r)	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(a) 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)	Amended and Restated Trust Agreement relating to FPL Group Capital Trust I, dated as of March 15, 2004 (filed as Exhibit 4(a) 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)	Agreement as to Expenses and Liabilities of FPL Group Capital Trust I, dated as of March 15, 2004 (filed as Exhibit 4(a) 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)	Officer's Certificate of FPL Group Capital Inc and FPL Group, Inc., dated March 15, 2004, creating the 5.78% Junior Subordinated Debentures, Series due March 15, 2044 (filed as Exhibit 4(a) 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	

Table of Contents

Exhibit Number	Description	NEE	FPL
*4(v)	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(w)	First Supplemental Indenture to Indenture (For Unsecured Subordinated 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(x)	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(y)	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(z)	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(aa)	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(bb)	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(cc)	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(dd)	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(ee)	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(ff)	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(gg)	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	
*4(hh)	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(ii)	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(jj)	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	
*4(kk)	Purchase Contract Agreement, dated as of September 1, 2015, 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 16, 2015, File No. 1-8841)	x	

Exhibit Number	Description	NEE	FPL
*4(ii)	Pledge Agreement, dated as of September 1, 2015, 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 16, 2015, 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 11, 2014) to the Restated SERP	x	x
*10(e)	Appendix A2 (revised as of December 12, 2013) to the Restated SERP (filed as Exhibit 10(e) to Form 10-K dated December 31, 2013, File No. 1-8841)	x	x
*10(f)	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
*10(g)	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(h)	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(i)	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(j)	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(k)	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(l)	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(m)	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(n)	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(o)	Form of Performance Share Award Agreement under the Next Era Energy, Inc. Amended and Restated 2011 Long Term Incentive Plan for certain executive officers	x	x
*10(p)	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(q)	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(r)	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(s)	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

Table of Contents

Exhibit Number	Description	NEE	FPL
*10(t)	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(u)	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
*10(v)	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(w)	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(x)	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(y)	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(z)	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(aa)	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(bb)	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(cc)	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(dd)	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(ii) to Form 10-K for the year ended December 31, 2011, File No. 1-8841)	x	x
*10(ee)	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(ff)	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(gg)	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(hh)	FPL Group, Inc. 2007 Non-Employee Directors Stock Plan (filed as Exhibit 99 to Form S-8, File No. 333-143739)	x	
*10(ii)	NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2015 (filed as Exhibit 10(nn) to Form 10-K for the year ended December 31, 2014, File No. 1-8841)	x	
10(jj)	NextEra Energy, Inc. Non-Employee Director Compensation Summary effective January 1, 2016	x	
*10(kk)	Form of Amended and Restated Executive Retention Employment Agreement effective December 10, 2009 between FPL Group, Inc. and each of 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(ll)	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

Table of Contents

Exhibit Number	Description	NEE	FPL
*10(mm)	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(nn)	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(oo)	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(pp)	Form of 2012 409A Amendment to NextEra Energy, Inc. Executive Retention Employment Agreement effective October 11, 2012 between NextEra Energy, Inc. and each of James L. Robo, Moray P. Dewhurst, Armando Pimental, Jr., Eric E. Silagy, Joseph T. Kallihier, 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(qq)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Deborah H. Caplan dated as of April 23, 2013 (filed as Exhibit 10(a) to Form 10-Q for the quarter ended June 30, 2013, File No. 1-8841)	x	x
*10(rr)	Executive Retention Employment Agreement between NextEra Energy, Inc. and Miguel Arechabala dated as of January 1, 2014 (filed as Exhibit 10(bbb) to Form 10-K for the year ended December 31, 2013, File No. 1-8841)	x	x
*10(ss)	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(tt)	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
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 19, 2016

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 19, 2016:

MORAY P. DEWHURST

Moray P. Dewhurst
Vice Chairman and Chief Financial Officer,
and Executive Vice President - Finance
(Principal Financial Officer)

Directors:

SHERRY S. BARRAT

Sherry S. Barrat

ROBERT M. BEALL, II

Robert M. Beall, II

JAMES L. CAMAREN

James L. Camaren

KENNETH B. DUNN

Kenneth B. Dunn

NAREN K. GURSAHANEY

Naren K. Gursahaney

KIRK S. HACHIGIAN

Kirk S. Hachigian

CHRIS N. FROGGATT

Chris N. Froggatt
Vice President, Controller and Chief Accounting
Officer
(Principal Accounting Officer)

TONI JENNINGS

Toni Jennings

AMY B. LANE

Amy B. Lane

RUDY E. SCHUPP

Rudy E. Schupp

JOHN L. SKOLDS

John L. Skolds

WILLIAM H. SWANSON

William H. Swanson

HANSEL E. TOOKES, II

Hansel E. Tookes, II

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

ERIC E. SILAGY

Eric E. Silagy
President and Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 19, 2016

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 19, 2016:

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:

JAMES L. ROBO

James L. Robo

Table of Contents

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, 2015.

Exhibit 10(d)

Appendix A1					
Last Revised On: December 11, 2014					
Name	Company	Pre-41 1997 Participant	Class A "Bonus SERP" Status	Double Basic Credits	Double Transition Credits
ROBO, JAMES L. *	NextEra Energy, Inc.		X	X ¹	
DEWHURST, MORAY P. *	NextEra Energy, Inc.		X	X ¹	
PIMENTEL, ARMANDO *	NextEra Energy Resources, LLC		X	X ¹	
NAZAR, MANO K. *	NextEra Energy, Inc.		X ¹	X ¹	
<p>¹ The Compensation Committee has expressly identified these items and acknowledged that they are subject to Internal Revenue Code Section 409A. In particular, these items include: (i) the additional deferred compensation provided by the designation of certain officers as Class A Executives, effective on or after January 1, 2006; and (ii) the additional deferred compensation set forth in SERP Amendment #4 to the Prior Plan (meaning amounts deferred by certain senior officers specified by the Compensation Committee who became participants in the SERP on or after April 1, 1997 at the rate of two times the basic credit and, to the extent applicable, the transition credit under the cash balance formula in the SERP for their pensionable earnings on or after January 1, 2006). Importantly, nothing in Amendment #4 to the Prior Plan, the SERP, Compensation Committee resolutions, or any other document shall be construed as subjecting to Code Section 409A any deferrals made under the SERP prior to January 1, 2005, except as expressly noted herein.</p> <p>*Executive Officer of NextEra Energy, Inc.</p>					

NEXTERA ENERGY, INC.
NON-EMPLOYEE DIRECTOR COMPENSATION SUMMARY
(Effective January 1, 2016)

Annual Retainer (payable quarterly in common stock or cash)	\$80,000
Board or Committee meeting fee	\$2,000/meeting
Audit Committee Chair retainer (annual) (payable quarterly)	\$20,000
Lead Director retainer (annual) (payable quarterly)	\$25,000
Other Committee Chair retainer (annual) (payable quarterly)	\$15,000
Annual grant of restricted stock (under 2007 Non-Employee Directors Stock Plan)	That number of shares determined by dividing \$140,000 by closing price of NextEra Energy common stock on effective date of grant (rounded up to the nearest 10 shares)
Miscellaneous	<ul style="list-style-type: none"> - Travel and Accident Insurance (including spouse coverage) - One director accrues dividends and interest on the phantom stock units granted to him upon the termination of the Non-Employee Director Retirement Plan in 1996 - Travel and related expenses while on Board business, and actual administrative or similar expenses incurred for Board or Committee business, are paid or reimbursed by the Company. Directors may travel on Company aircraft in accordance with the Company's Aviation Policy (primarily to or from Board meetings and while on Board business; in limited circumstances for other reasons if the Company would incur little if any incremental cost, space is available and the aircraft is already in use for another authorized purpose - may be accompanied by immediate family members when space is available). - Directors may participate in the Company's Deferred Compensation Plan. - Directors may participate in the Company's matching gift program, which matches gifts to educational institutions to a maximum of \$10,000 per donor.