The company holds 9.6 million Class A shares (2012 – 5.5 million) for management long-term share ownership programs, which have been deducted from the total amount of shares outstanding at the date acquired. Included in diluted shares outstanding is 1.0 million (2012 – 0.7 million) of these shares resulting in a net reduction of 8.6 million (2012 – 4.8 million) diluted shares outstanding, based on the market value of the Class A shares at December 31, 2013 and 2012.

In calculating our book value per share, the cash value of our unexercised options of $904 million (2012 – $912 million) is added to the book value of our common equity of $17,781 million (2012 – $18,150 million) prior to dividing by the total diluted shares presented above.

As of March 28, 2014, the Corporation had outstanding 615,512,430 Class A shares and 85,120 Class B shares.

Basic and Diluted Earnings Per Share

The components of basic and diluted earnings per share are summarized in the following table:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	Net Income	
	2013	2012
Net income	**$ 2,120**	$ 1,380
Preferred share dividends	**(145)**	(129)
	1,975	1,251
Capital securities dividends[1]	**13**	25
Net income available for shareholders	**$ 1,988**	$ 1,276
Weighted average shares	**616.1**	618.9
Dilutive effect of the conversion of options using treasury stock method[2]	**12.8**	12.1
Dilutive effect of the conversion of capital securities[1,3]	**7.9**	18.0
Shares and share equivalents	**636.8**	649.0

1. Subject to the approval of the Toronto Stock Exchange, the Series 10,11,12 and 21 shares, unless redeemed by the company for cash, are convertible into Class A shares at a price equal to the greater of 95% at the market price at the time of conversion and C$2.00, at the option of either the company or the holder. The Series 10, 11 and 21 shares were redeemed on April 5, 2012, October 1, 2012, and June 30, 2013, respectively
2. Includes Management Share Option Plan and Escrowed Stock Plan
3. The number of shares is based on 95% of the quoted market price at period end

INTEREST RATE PROFILE

As at December 31, 2013, our net floating rate liability position on a proportionate basis was $4.0 billion (December 31, 2012 – $4.9 billion). As a result, a 10 basis-point increase in interest rates would decrease funds from operations by $4 million (December 31, 2012 – $5 million). Notwithstanding our practice of match funding long-term assets with long-term debt, we believe that the values and cash flows of certain assets are more appropriately matched with floating rate liabilities. We utilize interest rate contracts to manage our overall interest rate profile so as to achieve an appropriate floating rate exposure in respect of these assets while preserving a long-term maturity profile.

The impact of a 10 basis-point increase in long-term interest rates on the carrying value of financial instruments recorded at market value is estimated to increase net income by $2 million on an annualized basis before tax, based on our positions at December 31, 2013 (December 31, 2012 – $1 million).

We have been active in taking advantage of low long-term rates to fix the coupons on floating rate debt and near-term maturities. This has resulted in an increase in our current borrowing expense but we believe this will result in lower costs in the long term. We completed approximately $20 billion of debt and preferred share financings during the year. These refinancing activities have enabled us to extend or maintain our average maturity term at favourable rates. Approximately $9.3 billion of the asset-specific financings and the $1.3 billion of preferred shares issued have fixed rate coupons. The continued steepness in the yield curve and prepayment terms on existing debt continue to reduce the attractiveness of prefinancing a number of our future maturities; however, we are actively refinancing short-dated maturities and longer-dated maturities when the opportunities present themselves.

As at December 31, 2013, we held a $2.7 billion notional amount (2012 – $3.6 billion) of interest rate contracts, $1.7 billion net to the Corporation (2012 – $2.2 billion), to lock in the risk-free component of interest rates for debt refinancings over the next three years at an average risk-free rate of 2.53% (2012 – 2.39%). The effective rate will be approximately 3.76% (2012 – 3.34%) at the time of issuance which reflects the premium relating to the projected steepness of the yield curve during this period. This represents approximately 50% of expected issuance into the North American and UK markets (2012 – 50%) at our share. The value of these contracts is correlated with changes in the reference interest rate, typically the U.S. 10-year government bond such that a 10 basis-point increase in the interest rate would result in a $25 million positive mark-to-market (2012 – $50 million), and $14 million net to Brookfield (2012 – $25 million), being recorded in other comprehensive income and vice versa.