

CONFERENCE CALL
THIRD QUARTER 2007 EARNINGS RELEASE
OCTOBER 30, 2007

(1) THIRD QUARTER 2007 EARNINGS CONFERENCE CALL

Jim von Rieseemann:

Thank you Sherlon

Good morning everyone and welcome to our 2007 third quarter earnings conference call.

Moray Dewhurst, Chief Financial Officer of FPL Group, will provide an overview of our performance for the quarter. Also with us this morning are: Lew Hay, FPL Group's Chairman and Chief Executive Officer; Jim Robo, President and Chief Operating Officer of FPL Group; Armando Olivera, President of Florida Power & Light Company; and, Mitch Davidson, President of FPL Energy.

Following Moray's remarks, our senior management team will be available to take your questions.

(2) SAFE HARBOR STATEMENT

Let me remind you that our comments today will include “forward-looking statements” within the meaning of the private Securities Litigation Reform Act of 1995.

Any statements made herein about future operating results or other future events are forward-looking statements under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the Appendix herein, in our SEC filings, and in the investors section of our website, www.FPLGroup.com.

And now, I would like to turn the call over to Moray Dewhurst.

Moray...

Moray Dewhurst:

Thank you Jim and good morning everyone.

(3) THIRD QUARTER HIGHLIGHTS

FPL Group’s 2007 third quarter results were very good overall, driven again by outstanding performance at FPL Energy. FPL

Group's adjusted per share results grew approximately 7 percent over last year's comparable period, while FPL Energy's grew 25 percent. The strong earnings growth at FPL Energy reflects higher realized pricing following the roll-off of lower-priced hedges in the existing portfolio, as well as contributions from new assets, both of which were anticipated. The merchant portfolio and our wholesale marketing operations also took advantage of market opportunities and delivered slightly better results than we had expected. Florida Power & Light was roughly flat for the quarter, which was in line with expectations, as good revenue growth was offset by cost increases. Customer growth continued at a healthy rate.

Looking forward to likely full year results, with three quarters now behind us we are well positioned to deliver another very good year financially. We expect results to be at or near the top end of the range of what we shared with you last Fall, which equates to approximately \$3.45 per share. We expect FPL Energy to come in at or slightly above the high end of the range we originally set out for you at this time last year, while Florida Power & Light will likely come in at the low end. We said last year that this would be a challenging year financially for Florida Power & Light, in part because of the

impact of our Storm Secure[®] program, and this has proved to be the case. In addition to the factors we anticipated, however, weather effects in the first half were unfavorable, and at this point we would not expect to be able to make up the lost ground unless we see unusually favorable weather impacts in the last couple of months of the year.

While we still have much work to do to bring 2007 to a satisfactory close, over the past month or so we have been going through our normal annual planning process, as well as a complete review of our strategy, and our view of FPL Group's prospects for the next few years has been developing positively. We believe we have put in place the foundation to enable us to deliver a sustained period of above-average growth, with a very moderate risk profile, and one which is supported by one of the strongest financial positions in the industry. FPL Energy's growth will be driven heavily by new wind development, but will likely encompass growth in a number of other areas as well, while Florida Power & Light should benefit from service territory growth and sustained reinvestment. We expect to deliver average adjusted earnings per share growth of at least 10 percent through 2012 off a 2006 base year.

I will provide more detail around 2008 and 2009 expectations later in the call. For the moment, let me just note that we now see a reasonable range for 2008 of \$3.83 to \$3.93 per share, a bit higher than we had previously suggested. For 2009 we see a reasonable range being \$4.15 to \$4.35, given the drivers we can see today.

As a reminder, when we discuss FPL Group's earnings expectations, we assume normal weather and mark our currently open positions to the current forward curves. We also exclude the effect of adopting new accounting standards, if any, and the mark-to-market effect of non-qualifying hedges, neither of which can be determined at this time.

Now, let's look at the results for the third quarter.

(4) FPL GROUP – THIRD QUARTER RESULTS

In the third quarter of 2007, FPL Group's GAAP results were \$533 million or \$1.33 per share compared to \$527 million or \$1.32 per share during the 2006 third quarter. FPL Group's adjusted 2007 third quarter net income and EPS were \$493 million and \$1.23 per share, respectively, compared with \$460 million or \$1.15 per share in

2006. The primary difference between the reported results and the adjusted results is the positive mark in our non-qualifying hedge category, which I will discuss in more detail later in the call.

Please refer to the Appendix of the presentation for a complete reconciliation of GAAP results to adjusted earnings. FPL Group's management uses adjusted earnings internally for financial planning, for analysis of performance, for reporting of results to the Board of Directors and as input in determining whether performance targets are met for performance-based compensation under the company's employee incentive compensation plan. FPL Group also uses earnings expressed in this fashion when communicating its earnings outlook to analysts and investors. FPL Group management believes that adjusted earnings provide a more meaningful representation of FPL Group's fundamental earnings power.

Please note that all prior period amounts have been adjusted to reflect the application in the fourth quarter of 2006 of an accounting standard change related to planned major maintenance activities, which had the effect of increasing 2006 third quarter results by \$3 million, or less than a penny a share.

(5) FLORIDA POWER & LIGHT - OVERVIEW

Florida Power & Light performed in line with our expectations for the third quarter. Customer growth continued strong, though with some indications of a possible tapering off late in the period.

Unfortunately, the influence of weather on the quarter was more complicated than normal, as I'll explain in a minute, and this makes it more difficult to detect any possible change in trend in underlying usage growth. Nevertheless, at the moment we still do not see any significant change in underlying – i.e. weather-adjusted – usage growth. Costs increased for the period but overall were in line with our expectations. We indicated last year that higher than typical cost increases, driven in part by our Storm Secure program, would inhibit FPL's earnings growth in 2007, and this was the case in the third quarter. Fortunately, we expect to be able to revert to more typical growth patterns in 2008.

Results were aided by the impact of the 1,144 megawatt Turkey Point 5 generating facility, which went into service in May, slightly ahead of schedule and under budget. The addition of this facility to our portfolio is beneficial both to customers and to shareholders, with

a slight increase in base rates more than offset by the fuel savings arising from the incremental efficiency of the new unit.

Also during the quarter we announced important steps in our generation expansion plan, designed to support continued strong long term growth in Florida. We announced our intention to implement further power uprates at all four existing Florida nuclear units, subject to various regulatory approvals, and we filed a petition for need determination for two new nuclear units to be constructed at our Turkey Point site, also subject to numerous required regulatory approvals and satisfactory resolution of outstanding technical and economic uncertainties. If all goes well, the uprates will provide roughly 400 megawatts of incremental baseload capacity with zero greenhouse gas emissions by the end of 2012, while the new units will come into service by 2020.

In July, Governor Charlie Crist hosted a Florida Global Climate Summit and laid out important new policy directions for the entire state on this issue. Of most direct significance to Florida Power & Light are two executive orders, setting targets for renewable energy supplies and for greenhouse gas reductions. While specific implementation plans remain to be worked out, the broad policy

direction is consistent with FPL Group's view of the climate change issue, and we support the establishment of stretch goals. Partly in response to the Governor's challenge to the state, we have accelerated plans for new initiatives in Florida. Among these are plans for new solar generation projects, and we continue to seek ways to take advantage of the limited wind resource generally available in Florida. We also announced our intention to invest significantly in upgrading our network infrastructure to create a "smart network," using advanced technology and two-way communication with customer premises to enable more automation and network intelligence. As part of this effort, we expect our advanced metering initiative, currently in a test phase and proceeding well, to enable us to leverage our existing industry-leading energy conservation program portfolio. Overall, we expect to commit up to \$500 million to this effort over the next several years.

(6) FLORIDA POWER & LIGHT - EARNINGS

For the third quarter, Florida Power & Light reported net income of \$326 million, compared with \$328 million in last year's third

quarter. The corresponding contributions to EPS were 81 cents this year, compared to 82 cents last year.

(7) CUSTOMER ACCOUNTS GROWTH; RETAIL SALES ANALYSIS

For the third quarter of 2007, the average number of FPL customer accounts increased by 90,000, or 2.0 percent. While this is a very strong growth level and consistent with our long-run history, I should note that we saw a flat month-to-month change in customer count from August to September, when we would normally expect to see some increase and the preliminary data for October do not show growth at levels we would normally see at this time of year. Whether this is indicative of a real slowdown or is just a transitory phenomenon we do not yet know. We will continue to monitor short-term developments and keep you informed, but I should also reiterate that we expect any slowdown to be temporary. As we have said before, Florida remains an attractive place to live and work, its economy continues to perform well, and we certainly anticipate that the beginnings of the baby boom retirement wave will support FPL's long term growth.

Despite weakness in the housing sector, economic growth, as reflected in the growth in real personal income, continues at a healthy pace, which is generally positive for growth in use per customer. Unfortunately, analysis of usage trends in the quarter is made challenging by the large and somewhat atypical impact of weather. Average temperatures were above normal, and this typically translates into higher usage in a fairly predictable pattern. We estimate that the temperature effect by itself would have been positive for sales volume by about 4.1 percent. However, the third quarter had a high incidence of afternoon showers and thunderstorms, which invariably reduce peak loads and usage. Our modeling of these effects is more limited than our knowledge of the temperature relationship, but rough estimates suggest this effect could be as much as negative 6 percent, and thus the net weather impact relative to “normal” was negative 1.9 percent, or negative 0.3 percent relative to last year, which would imply that underlying growth was a healthy 1.8 percent. Because of the high degree of uncertainty about the rainfall effect, however, especially relative to prior years, we are a little skeptical of these analyses. Perhaps the best we can say at the moment is that there is enough statistical noise in the weather

data to overwhelm any signal in the underlying usage data and thus we cannot at this stage draw any meaningful conclusions about trends in usage.

In prior earnings calls we have noted uncertainty in our underlying usage outlook near-term, and this continues to be the case, even though it remains hard to see much of an impact on our recent results. Common sense tells us there must be some effect – for example, an unused condo clearly won't have the same electricity pattern as one that is occupied – but, at least so far, there doesn't seem to be much of an effect showing up in the data.

As a reminder, over the long-term, we've seen annual usage growth of about 1.0 percent, but this figure has always been quite volatile from quarter to quarter and year to year.

As with customer growth, we will continue to monitor usage trends and let you know if we see any reason to change our outlook.

(8) FLORIDA POWER & LIGHT – O & M AND DEPRECIATION

For the third quarter, FPL's 2007 O&M expense was \$378 million, up \$43 million from the prior year figures driven by higher

distribution, nuclear, power generation, employee benefits and customer service costs. For the full year, we continue to see increases in distribution, nuclear and fossil generation as well as employee benefits and customer service costs and, of course, our Storm Secure[®] program as being the main drivers of O&M growth.

We indicated last year that we did not expect to be able to offset the one-time ratcheting effect on O&M of the full implementation of Storm Secure[®] through productivity gains in other areas. This is the main reason why we expected FPL's income growth to be challenged in 2007. For the next few years, we expect to spend about \$50 million in O&M expense and \$100 to \$150 million in capital per year on Storm Secure[®] activities.

Depreciation in the third quarter fell \$3 million to \$194 million as higher distribution and generation depreciation, including the impact from the addition of the Turkey Point 5 unit, were offset by reductions in certain amounts recovered through the capacity clause. Underlying base depreciation increased by \$7 million.

(9) FLORIDA POWER & LIGHT – EARNINGS CONTRIBUTION DRIVERS

The table on the accompanying Chart summarizes the third quarter 2007 earnings drivers for Florida Power & Light, which netted to a decrease of a penny a share. In the interest of time, I will not read each number for you. For those of you without immediate access to the slides, they are available in the investor section of our web site www.FPLGroup.com.

To summarize, Florida Power & Light's earnings were largely in-line with our expectations. The combination of customer growth, usage growth and the addition of the Turkey Point natural gas facility were offset by higher operating expenses, increased base depreciation and a number of other small, negative effects.

(10) FPL ENERGY – OVERVIEW

FPL Energy had another very strong quarter, with adjusted earnings increasing 25 percent over last year's comparable period. Last Fall, we indicated that 2007 would show very healthy growth owing primarily to two key drivers: the rollover of older, lower-priced hedges to more current market values, and the additional contributions from new wind. Both drivers are playing out very much

as we expected, but FPL Energy is a bit ahead of where we expected it to be, primarily because the existing portfolio has been stronger than anticipated and because the opportunities available to our wholesale marketing and trading arm have been better. This has helped us more than offset disappointing wind resource availability in the first part of the year.

FPL Energy is very well-positioned for further sustained growth beyond 2007. In late September, we closed the acquisition of Point Beach, adding 1,023 megawatts to our nuclear portfolio. The long-term contract on Point Beach will be increasingly accretive to EPS over the years, and we expect to be able to add output through capacity uprates as well. Our wind development program is proceeding well, and we continue to see 8,000 to 10,000 new megawatts in the 2007 through 2012 period as being a realistic program. We are pursuing a number of other growth opportunities, including solar and transmission projects, and are exploring selective greenfield gas development opportunities in our core markets. And finally, the business is well positioned relative to likely longer term fundamentals, including commodity prices and the likely impact of climate change initiatives on wholesale power markets.

(11) FPL ENERGY RESULTS – THIRD QUARTER 2007

FPL Energy's 2007 third quarter reported results were \$220 million, or 55 cents per share, compared with \$218 million, or 55 cents per share in the prior period results. Adjusted earnings for the third quarter of 2007, which exclude the effect of non-qualifying hedges, were \$180 million, or 45 cents per share, compared to \$144 million, or 36 cents per share.

In the third quarter of 2007, we recorded a gain in the non-qualifying hedge category of \$40 million after-tax, with \$35 million reflecting the decrease in forward commodity prices we experienced during the quarter and \$5 million representing the reversal of prior period losses. A gain in the non-qualifying hedge category is typically associated with a reduction in the value of our open, or unhedged positions, and is thus a negative indicator for future expectations, and vice versa. Fortunately, the net market movement in the quarter was small, as I will discuss in a moment, and so the impact on our expectations is not significant.

As a reminder, the types of transactions that we classify as non-qualifying are those that must be marked to market under GAAP but that provide an economic hedge to a position that is not marked to market, thus creating an unavoidable mismatch in current period GAAP results. We continue to believe it is more useful to think of FPL Energy results excluding the impact of the non-qualifying hedge category, whether that impact is positive or negative. Comparisons of period-to-period GAAP results can be quite misleading when there is significant volatility in the non-qualifying hedge category.

(12) FPL ENERGY CONTRIBUTION DRIVERS

FPL Energy's third quarter adjusted EPS contribution increased nine cents. New investment, primarily new wind projects, contributed two cents per share; the existing portfolio added five cents per share; and asset optimization and trading added three cents relative to last year's comparable period. Much of the growth in the existing portfolio came from the anticipated roll-over of older, lower priced hedges, but we also saw better market conditions and additional opportunities for asset optimization. All parts of the existing merchant portfolio

contributed to the strong performance. The existing wind portfolio was roughly flat with last year. You may recall that our wind index was abnormally low, particularly in Texas, in the second quarter, owing to unusual weather patterns. These trends continued through July and then reverted to more normal conditions. Across the entire portfolio the wind index for the quarter was good, although ironically this was one quarter in which the correlation between our wind index and actual realized wind speeds at our sites was not particularly strong. As I have mentioned before, the wind index is a reasonable approximation of the underlying resource available to our projects, based on easily verifiable data from reference towers, but the correlation between the index and the actual output of the portfolio is not perfect. Please refer to the Appendix of the presentation for additional detail on the wind index.

Operationally, the fleet continued to perform very well.

All other factors were a negative one cent per share, driven primarily by additional interest expense and overhead, which reflects continuing investment in the growth of the business.

(13) MARKET CONDITIONS – AN UPDATE

During the quarter we saw continued volatility in commodity prices but not a great deal of net change. As this chart shows, the ten-year natural gas strip declined modestly over the period, which is consistent with the gain in the non-qualifying hedge category.

Although this trend by itself is negative for our future expectations, the magnitude of the impact is not large, and as the chart also shows, the ten-year strip remains above the levels of late last year. Further, since the end of the quarter, prices have risen again. Focusing for a moment on the fundamentals, rather than the short-term fluctuations, we continue to like the inherent long position of the FPL Energy portfolio relative to natural gas and to spark spreads in New England and Texas.

(14) FPL GROUP – THIRD QUARTER EPS CONTRIBUTIONS

To summarize the 2007 third quarter, on an adjusted basis, FPL contributed 81 cents, FPL Energy contributed 45 cents, and Corporate and Other was a negative 3 cent contribution. That is a

total of \$1.23 per share compared to \$1.15 per share in the 2006 third quarter on an adjusted basis.

(15) FPL GROUP – 2008 AND 2009 OUTLOOK

Let me now turn to our earnings outlook. For 2007 we expect adjusted EPS to be at or near the high end of the range we set out last Fall, or in other words around \$3.45. FPL Energy has had very strong performance for the first three quarters and is likely to be at or above the top of its range, while Florida Power & Light, hindered by the weather-driven revenue shortfalls earlier in the year, is likely to be at the lower end of its range.

For 2008, our current expectations are better than the early view we shared with you this time last year. Based on everything we see today, we believe a range of \$3.83 to \$3.93 is reasonable, which would mean at least an 11 percent growth in adjusted earnings per share. With normal weather, we expect Florida Power & Light to show modest growth, while at FPL Energy we see another year of growth in excess of 20 percent.

Looking out to 2009, the range of likely outcomes is of course larger, but the drivers we can see today suggest a range of \$4.15 to \$4.35. Again, the big growth driver will be FPL Energy.

Beyond 2009 we expect to continue strong growth. For the period 2006 through 2012, we expect to see adjusted EPS grow by an average of at least 10 percent per year.

As always, our EPS expectations assume normal weather and mark our currently open positions to the current forward curves. We also exclude the effect of adopting new accounting standards, if any, and the mark-to-market effect of non-qualifying hedges, neither of which can be determined at this time.

Our outlook for sustained, high EPS growth will naturally raise a question about the implications for the dividend. While the dividend decision is of course one that the Board will make, our current thinking is that the company is well positioned to offer more rapid dividend growth than we have seen in the past. Because of our growth profile, our capital investment needs are substantial, and so we will want to maintain a moderate payout ratio, but a dividend growth rate of about 8 percent appears to us to be a reasonable

balance between immediate shareholder return and supporting the continued growth of the business.

(16) EARNINGS BRIDGE CHARTS FPL 2007/2008

Let me now provide a little more detail around the drivers of our growth expectations, starting with the 2007 to 2008 bridge for Florida Power & Light. Broadly speaking, we look for a normal year of growth from FPL, with the positive effects of regular revenue growth and AFUDC being partially offset by modestly rising cost levels. On the revenue side, we expect about 5 percent volume growth, or 3 percent on a weather-adjusted basis, and we will also see the full-year impact of Turkey Point 5, which will add about 1 percent to base revenues. Construction projects, most notably the West County combined cycle units, will add to AFUDC; and environmental capital projects at some of our fossil facilities will contribute to earnings through the Environmental Clause. As a reminder, prudent environmental investments are entitled to recovery and a fair rate of return through the Environmental Clause. We anticipate O&M growth of about 6 percent, with the primary drivers being continued cost

pressures in nuclear, employee costs, and an increase in the number of planned fossil unit outages. Depreciation, interest and other factors will grow roughly in line with the general growth of the business, with additional modest increases due to the full year impact of Turkey Point 5.

(17) EARNINGS BRIDGE CHARTS FPL 2008/2009

The FPL bridge for 2008 to 2009 looks broadly similar. AFUDC will grow with spending on generation projects – primarily the West County combined cycle units due to enter service in 2009 and 2010. The first West County unit is due to enter service during the period of the existing rate agreement and therefore is expected to bring with it a base rate adjustment, thus contributing to revenue growth. Depreciation expense will increase a little more rapidly, reflecting the continued growth of the business and the introduction of West County Unit 1. Other drivers will be roughly the same as from 2007 to 2008. All this should lead to another year of moderate growth.

As you know, Florida Power & Light's rate agreement comes to an end at the end of 2009, and this will give us an opportunity to re-set base rates for 2010 and beyond to reflect the significant capital

expenditures that we have been and will be continuing to commit the business during this fixed rate agreement.

(18) EARNINGS BRIDGE CHARTS FPL ENERGY 2007/2008

Turning to the earnings growth outlook for FPL Energy, this chart shows the bridge from 2007 expectations to 2008. Not surprisingly, the story is one primarily of growth from new asset additions, but with additional growth anticipated from the existing portfolio and from related marketing and trading activities, the opportunities for which grow along with the overall growth in the business. These positives will be partially offset by the costs of a growing business – primarily increased interest expense and increased G&A. Of course, the growth in these is itself a function of our success with the growth plan overall, and they can be relatively easily scaled to match the level of success we have in building the portfolio.

The seven to eleven cents of growth from the existing portfolio is itself a function of a number of smaller parts. In 2008 we still have a certain amount of built in momentum from the roll off of older, lower-priced hedges, and forward capacity pricing in key markets, primarily

New England, is a bit stronger. Together, these would account for about twenty cents of growth. Offsetting these and some smaller positives will be the fact that 2008 is an outage year for Seabrook, which 2007 was not, as well as the roll off of some favorable pricing on older, contracted assets.

(19) EARNINGS BRIDGE CHARTS FPL ENERGY 2008/2009

Turning finally to the 2008 to 2009 bridge for FPL Energy, again we expect the primary driver of growth to be new asset additions. At this stage we anticipate little if any growth in the existing portfolio in 2009, for a combination of reasons. In 2009 we will have outages at Seabrook, Duane Arnold and Point Beach; we also have planned for this time period some significant work on some of the fossil units; and 2009 will be the first year where the roll off of PTCs on older wind projects has any impact. We think it is a testament to the strength of the business that despite these combined effects, the existing portfolio still shows the potential for maintaining its earning power, while being positioned for a return to growth in 2010 and beyond.

(20) FPL ENERGY – 2008 HEDGING UPDATE

Before closing, let me address potential drivers of variability in our results. As always, I urge you to consult our SEC filings and the risk factors described in our cautionary statement attached to this presentation for a fuller discussion of risks. My comments here relate only to a subset of the possible reasons why actual reported results might be different from our current expectations.

In the Appendix we have included what I refer to as our “plus and minus” charts, which show some key sensitivities. With the chart shown here, I’d like to address hedging and commodity price exposure and try and explain some refinements to our thinking about communicating with you on this topic. Last January we introduced a slightly modified and more detailed description of our commodity exposure, and we have built on that here. As FPL Energy’s business has grown and become more complex, it has become less easy to speak simply of the percentage of the portfolio that is hedged or unhedged. In fact, we do not think it is meaningful to think about a single measure of the exposure of the entire business, since it is made up of some very different pieces.

For these purposes, it is useful to think of FPL Energy's portfolio in three broad categories: first, the existing portfolio of physical assets, with varying degrees of contract coverage and hedging and varying degrees of exposure to different commodity prices; second, new assets, primarily wind for the next couple of years, which for the purposes of these charts are defined as assets not in the portfolio as of December 31st of this year; and third, non-asset-based activities, which are driven by our marketing and trading capability. The nature of the exposure to commodity prices in these three categories is somewhat different. Please note also that the definition of new assets here is different from what we use when reporting quarterly results and on the previous bridge charts, for which purposes we use an approach similar to the "same-store sales" concept often used in retail businesses.

The first category is relatively straightforward. The sensitivity of existing assets to commodity prices can be roughly thought of in terms of the percent of expected gross margin that is covered by a contract or is hedged, and the two basic types of exposure in our portfolio are to natural gas and to spark spreads or heat rates. For these purposes, we have grossed up wind production tax credits to

equivalent pre-tax values for comparability, so the equivalent gross margin measure is not a normal accounting measure. Obviously, PTCs on existing projects do not have commodity risk. We have also included our share of expected revenues net of fuel costs for equity method investments, to put these projects on a comparable basis. As you can see, the existing portfolio is heavily hedged for 2008, with more than 90 percent of our expected gross margin from this category protected against commodity price volatility.

The third category – that is, the non-asset-based businesses – is also relatively straightforward. In general, FPL Energy's non-asset-based activities, of which wholesale full requirements is the most notable, are independent of specific levels of commodity prices. A more useful way of thinking about these activities when thinking about the potential variability of their contribution to a particular year's expected earnings is to consider how much of the expected gross margin associated with them will come from deals that are already executed, i.e. in backlog, as opposed to deals that have yet to be originated. As you can see, for 2008, 32 percent of the margin we expect from this category of activities is associated with deals already on the books. Of course, this does not mean that there is no

uncertainty about these gross margin dollars – we must still execute effectively and many other risk factors beyond commodity prices come into play – but it does mean that the origination effort has been successfully completed. As a general guide, we would expect these kinds of activities to add about 5-10 percent to the FPL Energy portfolio gross margin and to enter a year with about one-quarter to one-third of our expected activity in backlog. This was the case going into 2007 and it is also the case going into 2008.

The middle category, the new assets, can be a little more complex. For a new contracted wind project that has passed all its development hurdles it is easy to determine the commodity exposure, but for many new wind projects, particularly those a couple of years out, it is much less so. We manage a development portfolio, with many different projects in different states of development at any point in time, and if one project slips in its development schedule, it is likely that another will be a little ahead. Thus, the commodity exposure of a wind development portfolio is not obvious. Clearly, a higher power price environment makes a new wind project relatively more attractive, but the relationship is not as clear as, for example, the impact of an extra dollar per megawatt-hour on Seabrook's margins.

For the purposes of this chart, we have assumed that PTCs on future projects are independent of commodity prices, and we have made rough assumptions about the mix of likely wind projects, and particularly the percentage that will be PPA-type deals. As you can see from the chart, on this basis, roughly 40 percent of the expected gross margin is protected from commodity price volatility, but we recognize that different assumptions could cause this figure to vary somewhat. Perhaps more important, we believe the bigger driver to be considered for this category is development success. While a high commodity price environment certainly enhances our odds of meeting our volume goals, it is by no means the most important factor. As you can also see from this chart, the equivalent gross margin contribution from this category to 2008 expected results is modest, as you would expect. This is a function of the fact that projects that are not in the portfolio at the beginning of the year are likely to come in late in the year and thus contribute little to that year's results. The 2008 wind program is much more important for 2009 expected results, and so on.

Because the nature of these three categories is quite different, we do not think it is meaningful to try and use a single measure to capture hedging for the entire portfolio.

(21) FPL ENERGY – 2009 HEDGING UPDATE

This chart provides the same information as the previous one for FPL Energy's 2009 positions. As you can see, about 80 percent of our expected equivalent gross margin from existing assets is hedged, and the more significant open positions are with spark-spread sensitive assets. In prior years we have typically hedged out underlying gas exposure a bit further than spark spread exposure, and this is still true today, largely owing to our belief and experience that the greater depth and liquidity of the gas market makes forwards based on gas prices more reliable as indicators of a "fair" level of future prices.

Not surprisingly, the expected contribution from new assets, which, to repeat, for these charts means assets not in the portfolio as of the end of 2007, is much larger, but because most of this is wind projects and because of the nature of wind economics, the exposure

of this expected margin to commodity prices remains proportionally similar to 2008.

Finally, again as you would expect, very little of the non-asset-based business activity that we expect to realize in 2009 is in backlog today. Our activities in this area, both wholesale and retail, tend to be conservative, and among other characteristics the tenor of the books of business is typically quite short. Most of the activity is originated in a year for delivery and settlement within the same year. Again, I would note that our growth plans call for these kinds of activities to grow roughly in line with the overall growth of the portfolio. Historically, they have consistently delivered an increment of about 5 to 10 percent to the equivalent gross margin of the asset portfolio, and we expect them to continue to do so in the future.

Summing up, therefore, we are pleased with 2007 performance to date and hope to close the year at the high end of the range we set out for you at this time last year. We have solid plans in place which we expect to yield continued strong growth in 2008 and 2009, the drivers of which are clear and the range of variability readily understandable. And we remain well positioned for the longer term, with what we believe are the right exposures to the likely

fundamentals of commodity prices and the important issue of global climate change. We are confident that achieving average adjusted EPS growth of at least 10 percent from 2006 through 2012 is a realistic expectation.

With that, we will be happy to take your questions.

(22) Q&A SESSION