



# **Scotia Bank**

## ***Electron Day***

***November 15, 2007***

**Paul Cutler**

**Treasurer, FPL Group**

**Mike O'Sullivan**

**SVP-Development, FPL Energy**

# ***Cautionary Statements and Risk Factors that May Affect Future Results***

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. These forward-looking statements may include, for example, statements regarding anticipated future financial and operating performance and results, including estimates for growth. 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 and in our SEC filings.

# *Why Invest in FPL Group?*

- **Above-average earnings growth**
- **Balanced, below-average risk position**
- **Aligned with fundamental trends driving the industry**
- **Upside to commodity and environmental trends**
- **Underpinned by excellent fundamentals:**
  - Superior operating skills
  - Strong focus on cost and reliability
  - Very strong credit and liquidity position
  - Proven discipline in avoiding fads
  - Track record of achievement

# FPL Group<sup>1</sup>

- \$28.0 billion market capitalization
- \$39.6 billion in total assets
- 37,264 MW in operation

## Florida Power & Light<sup>1</sup>

\$12.0 billion in revenues  
\$24.1 billion in assets  
\$12.8 billion in total capital  
22,135 MW in operation

## FPL Energy<sup>1</sup>

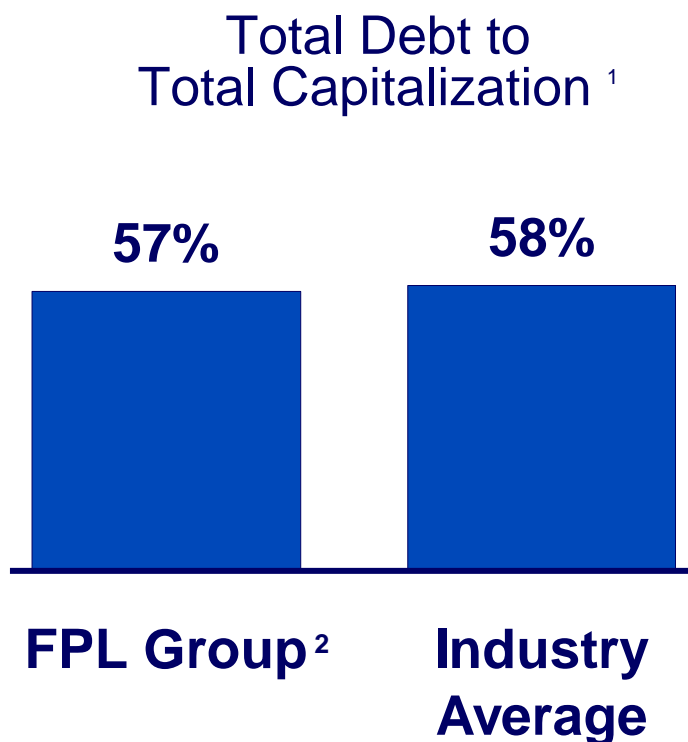
\$3.6 billion in revenues  
\$14.3 billion in assets  
\$10.8 billion in total capital  
15,129 MW in operation

**Focus on  
Shareholder Value**

**Financially  
Strong**

**Disciplined  
Investment Approach**

# Sound Credit Profile Reflected on Balance Sheet and Credit Ratings



	<u>S&amp;P</u>	<u>Moody's</u>	<u>Fitch</u>
FPL Group, Inc. Issuer	A/ Stable	A2/ Stable	A/ Stable
FPL First Mortgage Bonds	A/ Stable	Aa3/ Stable	AA-/ Stable
FPL Group Capital Debentures	A-/ Stable	A2/ Stable	A/ Stable

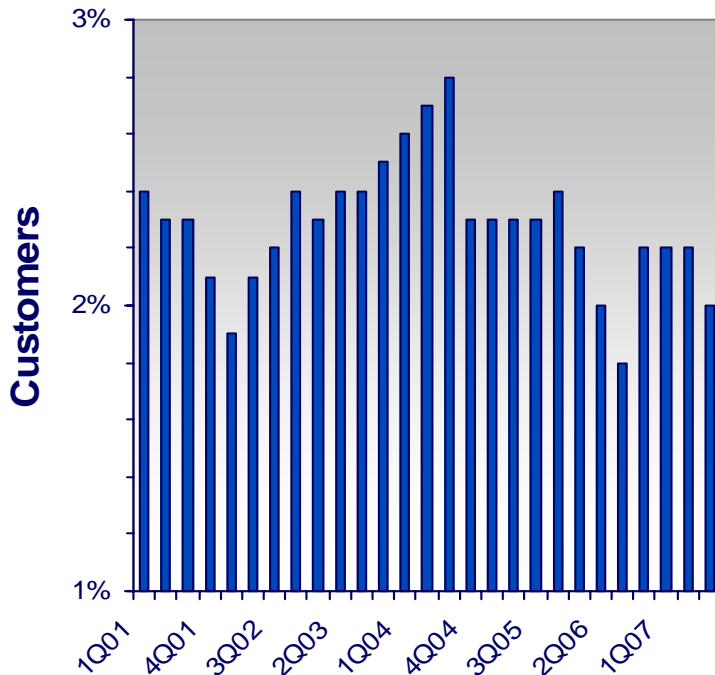
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**FPL**

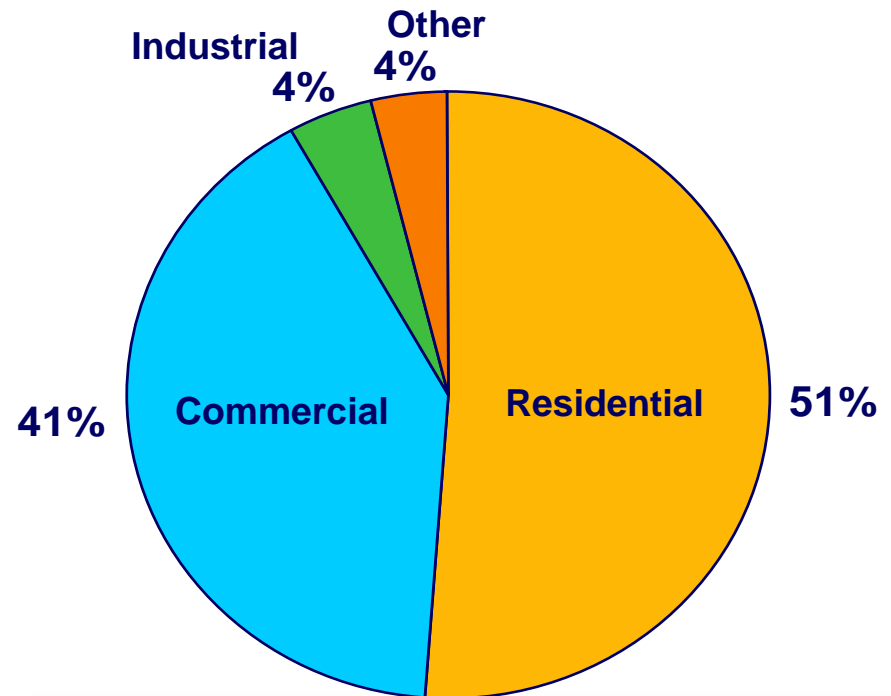
# Customer Growth Remains Strong and the Mix Favorable

**Growth in Customer Accounts**  
(year-over-year change)



As of September 30, 2007, the average number of customer accounts was 4.5 million.

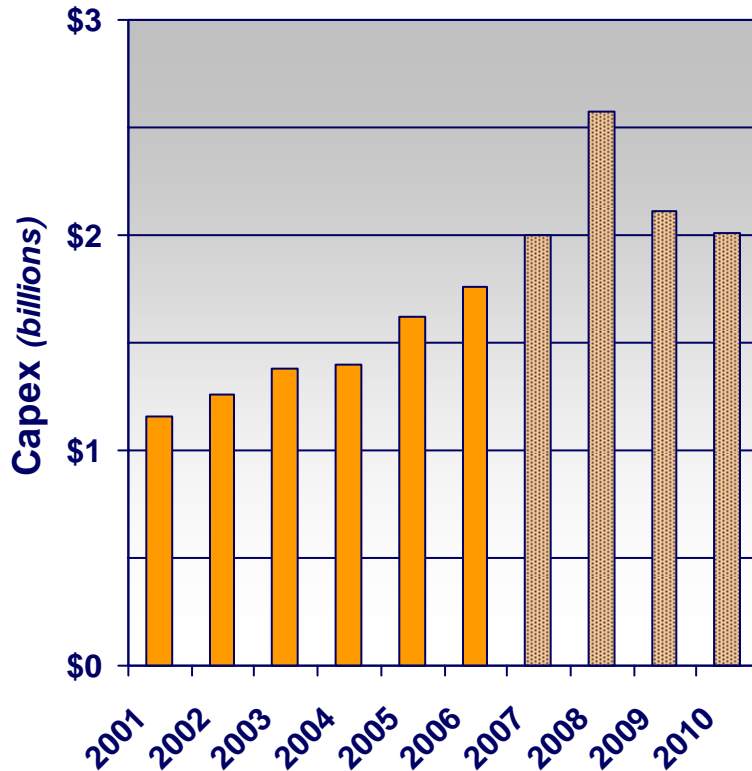
**Sales Mix<sup>1</sup>**  
(by MWh)



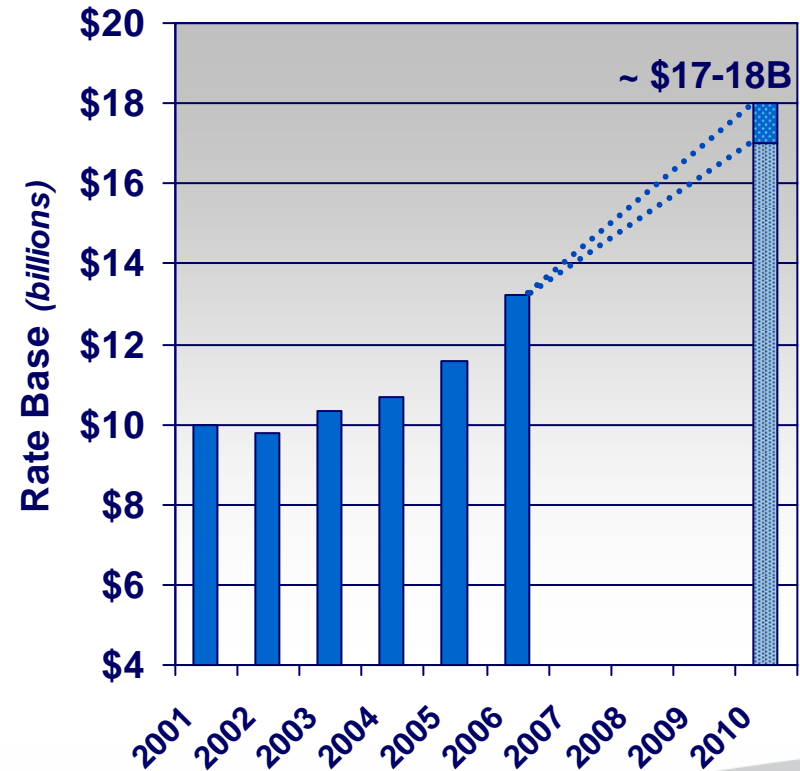
<sup>1</sup> As of December 31, 2006

# Continued Growth and Reinvestment Implies a Sustained Rate Base Growth

**Capital Spending<sup>1</sup>**  
**10 Year History/Projection**



**Regulatory Rate Base<sup>2</sup>**  
**10 Year History/Projection**



<sup>1</sup> 2001-2006 figures actual. 2007-2010 are projected as disclosed in FPL's 2006 Annual Report on Form 10-K, and 3Q 2007 Quarterly Report on Form 10-Q.

<sup>2</sup> 2001-2006 figures are Florida FPSC adjusted as filed with the FPSC in the monthly FPL surveillance reports.

See Slide 26 for discussion on key assumptions

# *New Challenges – New Opportunities*

## Governor Crist's Climate Change Challenge

- **Executive orders 07-126, 07-127, and 07-128**
  - Requirements for Government agencies (energy efficiency)
  - 20% renewable portfolio standards (RPS) for all utilities
  - Aggressive CO<sub>2</sub> reduction targets
  - Action Team on Energy and Climate Change
  - Detailed implementation TBD
- **FPL Group supports policy aims**
- **Anticipate change and opportunity**
  - Nuclear
  - Renewables
  - Demand side management (DSM) programs
  - “Repowerings”

**sunshinenergy**<sup>®</sup>

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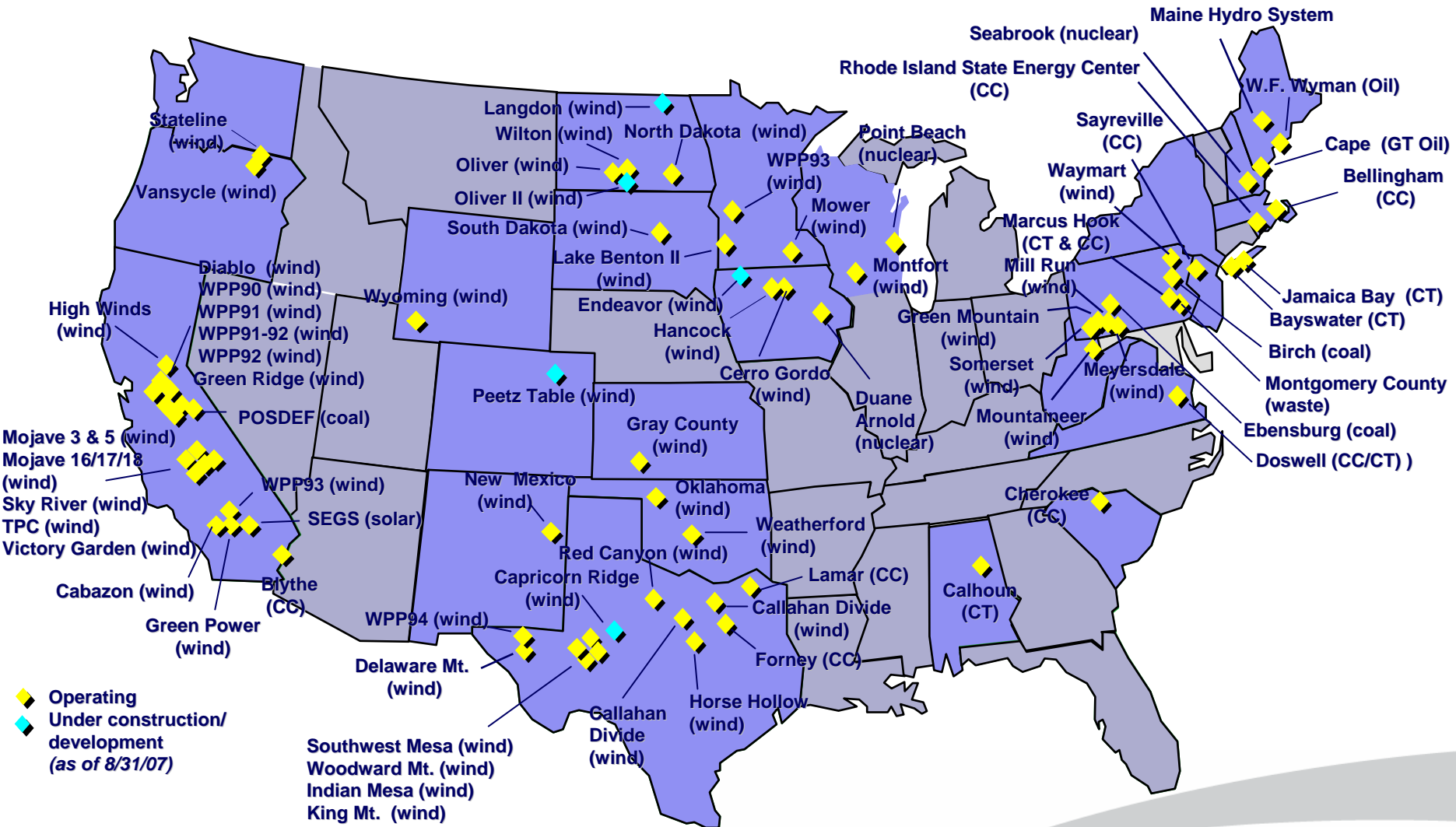


**FPL Energy**

# ***FPL Energy – Focusing on 2008 and Beyond***

- **New wind is biggest single growth opportunity:**
  - Plans to add 8-10 GW of wind from 2007-2012
  - Economics remain strong; some “preconditions” for success, however<sup>1</sup>
- **Positioned for key industry trends:**
  - Carbon pricing
  - Commodity price strength
- **Pursuing other growth opportunities in measured fashion:**
  - Solar
  - Selected transmission
  - Expansion of marketing and trading
  - Greenfield gas
  - Continue to screen for possible asset acquisitions

# FPL Energy Portfolio

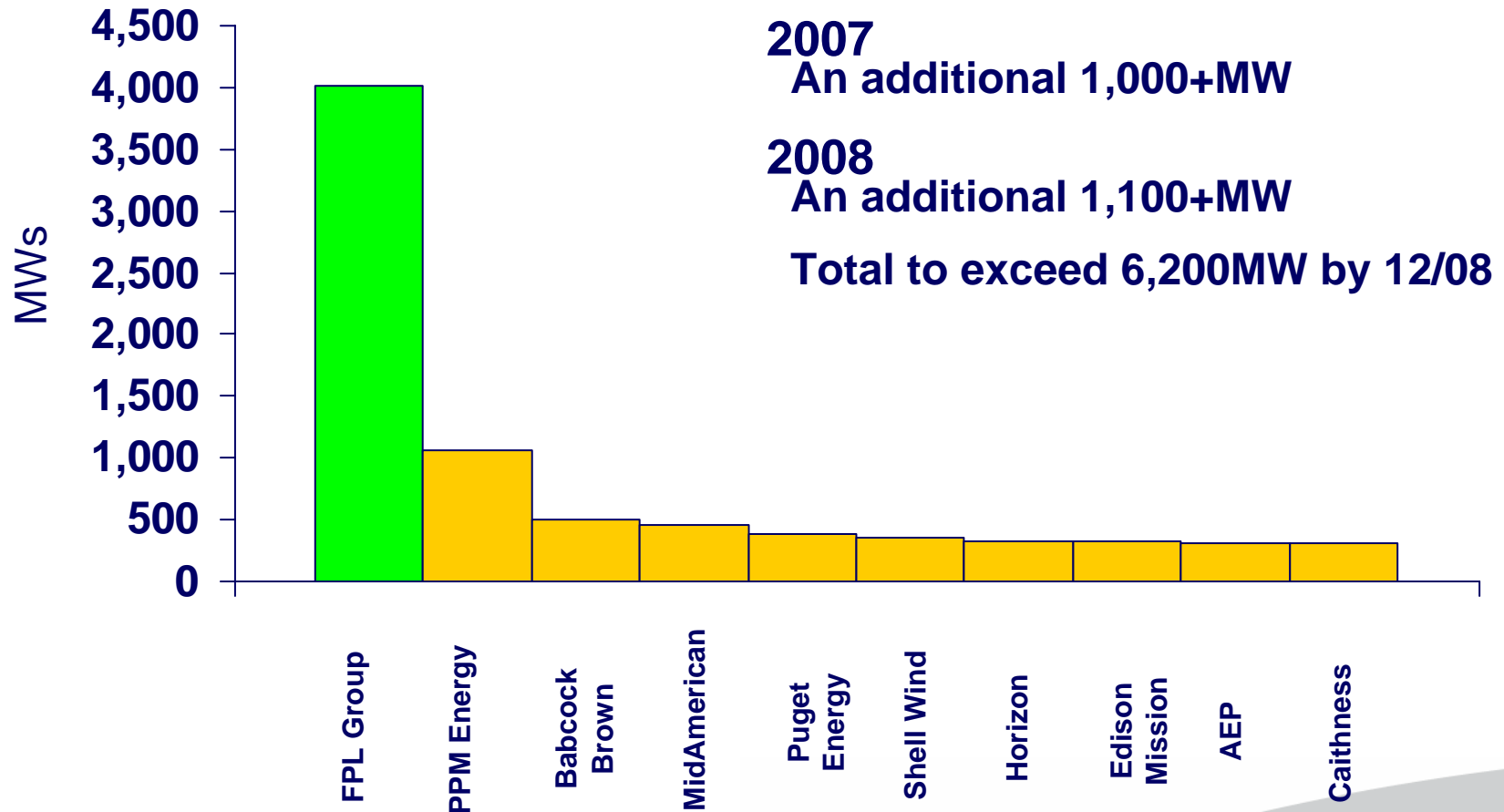


# *Wind is a Global and Legitimate Business:*

- **Public policy support has led to a robust market in many countries**
- **Attractive equity returns**
  - Wind resource analysis is key
  - Wind industry is now a full blown “Business”
  - Approximately \$25 - 30 billion/year to be invested in global wind sector over the next few years
  - Global market approaching 90,000 MW installed by 12/2007



# *FPL Energy - Strong Position in Wind (December 2006)*



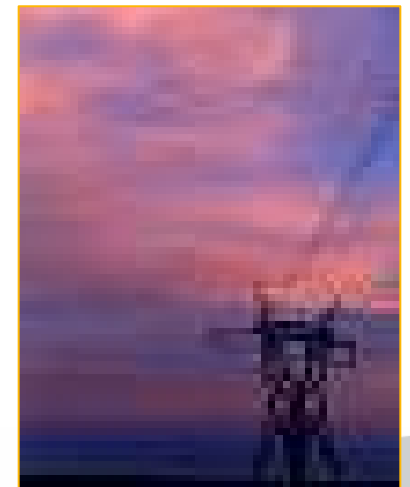
# ***FPL Energy's Competitive Wind Advantage***

- **Business scale**
  - U.S. leader in wind; over 5,000 MW by 12/2007
- **Project development track record (i.e. certainty)**
- **Creditworthy counterparty**
- **Third-party financing access (over \$2 billion placed to date)**
- **Access to WTGs from several suppliers (over 7,000 units in fleet)**
- **Best Wind Analytics Database / Wind Logics**

# Today's Wind Challenges

## Major Issues:

- **Transmission/Interconnection**
- **Wind resource evaluation/ risk**
  - i.e. NCF output
- **Tax credit cycle (in U.S.)**
- **Rate based wind**
- **U.S. wind market is subject to global market pressures (supply chain)**
- **Escalating equipment costs (2009 installed costs likely to be double of 2004)**



# *Wind's Promise - Becoming a Reality:*

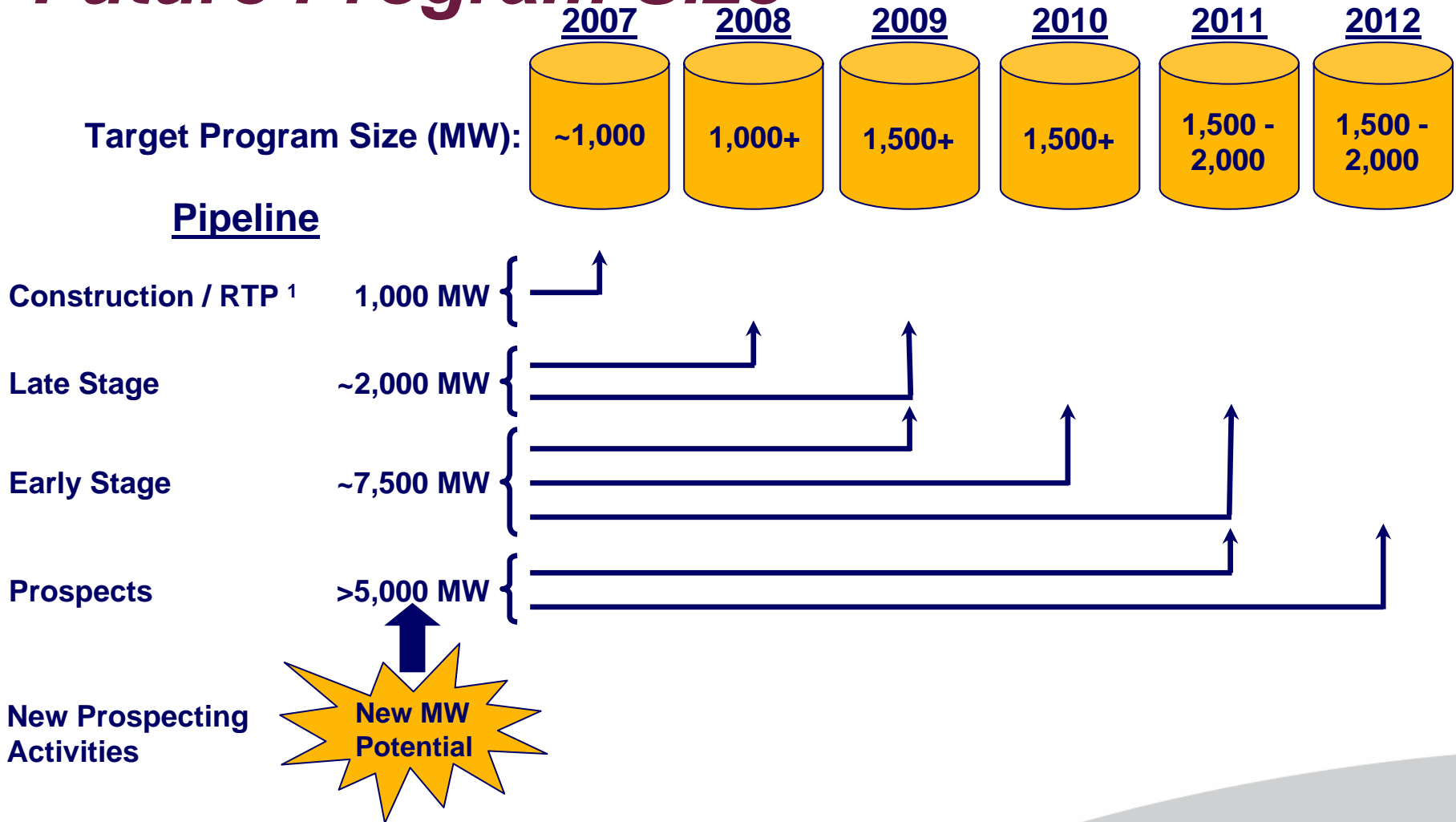
- **2007 likely to be a record year for U.S. wind development**
  - Approximately 4,000 MW likely in U.S. this year
- **Many challenges and opportunities exist**
- **2007 - 2008 for U.S. market:**
  - Upwards of 8,000 MW may be added
  - Total U.S. capacity may approach 20,000 MW by Dec 2008
- **U.S. wind production still less than 1% of U.S. electricity supply**



# ***FPL Energy – U.S. Leader In Wind Energy***

- **U.S. market leader with 33% market share**
  - 4,016 net MW in operation at year end 2006
  - 5,100 net MW in operation by year end 2007
- **U.S Market may approach 16,000MW by 12/2007**
  - FPL Energy investment alone will exceed \$6 Billion by the end of 2007
  - U.S. Market will likely grow an additional 4,000MW+ in 2008
- **Attractive financial characteristics**
  - Return on Equity in high teens
  - Accretive in first full year; Front end loaded GAAP earnings
- **FPL Energy's wind program to add 8 – 10,000 MW over 2007 – 2012 period**

# Wind Pipeline Geared to Expected Future Program Size



# *Solar – FPL Energy’s Focus is on Reflective Technologies*

Proven, financeable, scalable in wholesale market today

....We are not a PV Shop at this time:

Technology not financeable or mature (yet)



# ***Solar Goal - 600MW (New) Installed By 2012***

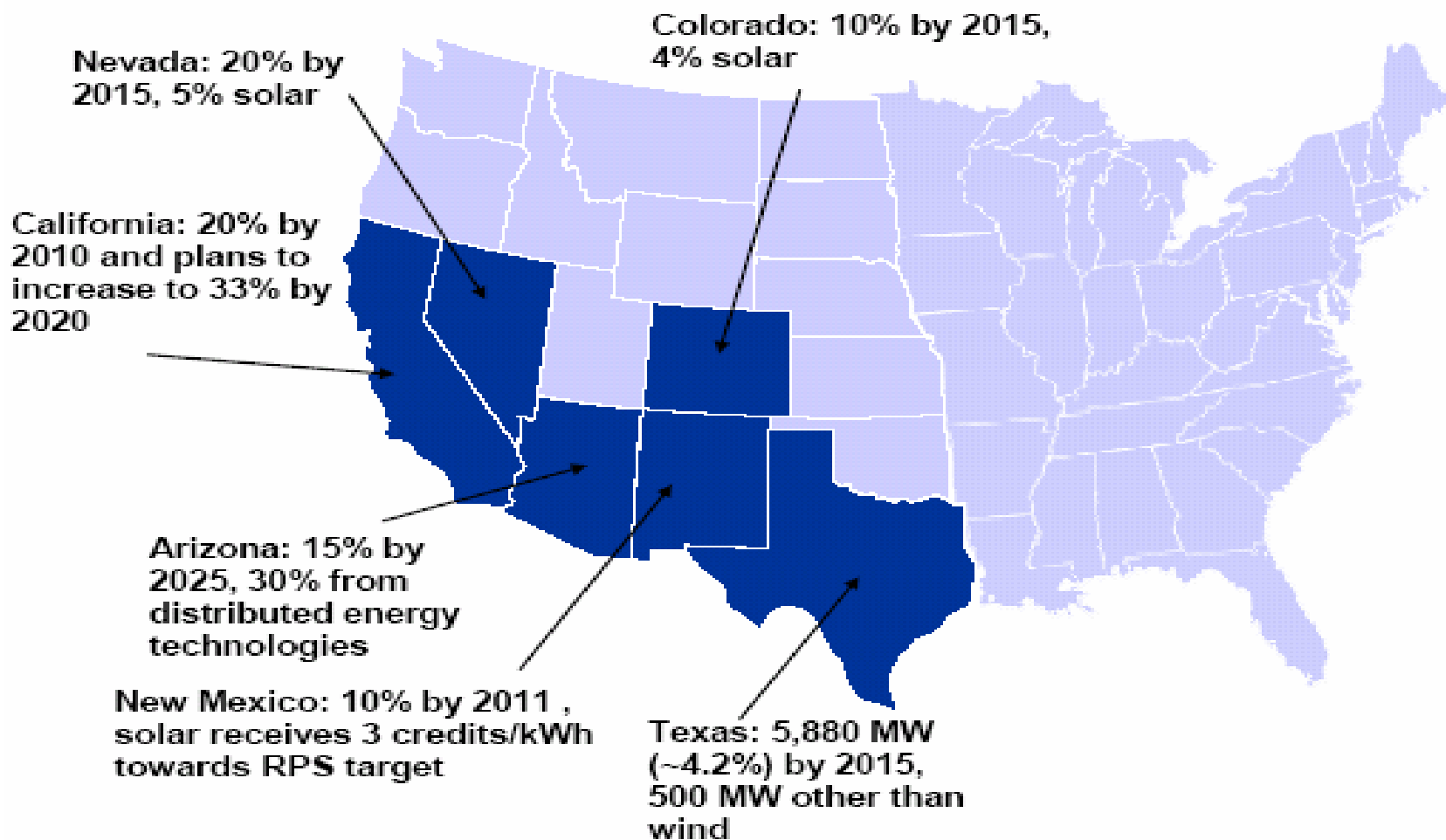
- **2007 Status:**

- Own/operate 310 MW of facilities today
- 1,100 MW of new solar sites identified and under control
- Full permitting initiated on 600 MW of projects

- **Key Metrics:**

- Potentially \$1.5 Billion in new Capital Expenditures by 2013
- \$3,500 - \$3,800/kW installed cost likely
- ITC of 30%, not PTC based

# ***U.S. Wholesale Solar Market: 5,000MW± FPL Energy view over next 10 - 15 years***





# Questions?



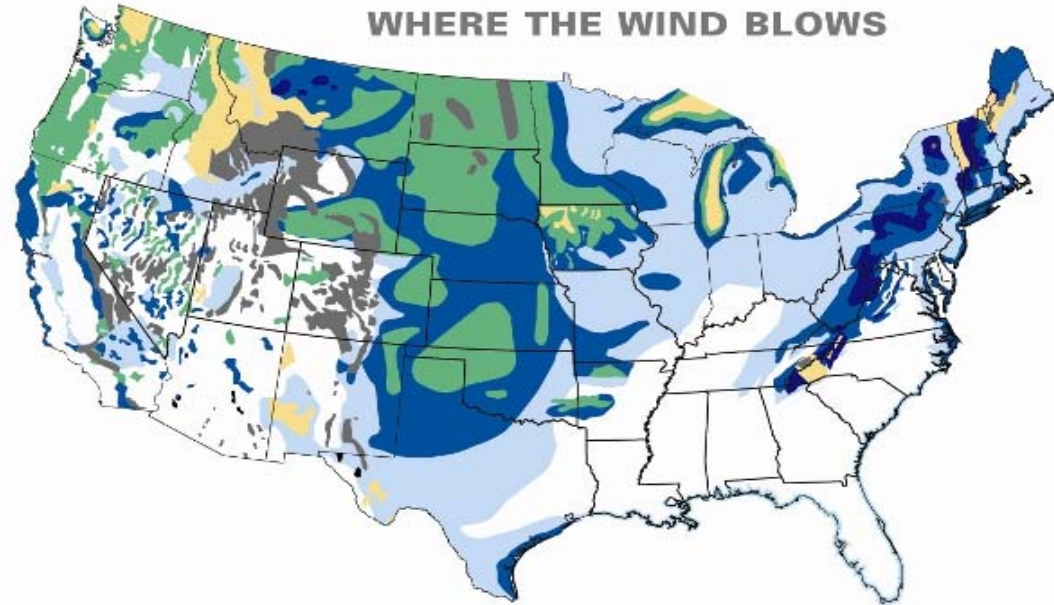
# *Appendix*

# *Key Assumptions Supporting Growth Plan*

- **Continued strong commodity markets**
- **Continued public policy support for renewables development**
- **Continued wind supply chain expansion**
- **Selective transmission expansion to support renewables**
- **Growth in FPL Energy non-wind activities**
- **Continued constructive regulatory framework in Florida**
- **Continued moderate economic expansion in Florida**

# US Wind Resource Map

WHERE THE WIND BLOWS



WIND  
POWER  
CLASS

AVERAGE  
WIND SPEED RANGE  
(MILES PER HOUR)

Dark Purple	21.1 - 26.5
Medium Purple	15.7 - 19.7
Yellow	14.3 - 17.9
Green	13.4 - 16.8
Dark Blue	12.5 - 15.7
Light Blue	11.5 - 14.3
White	<12.5

Wind  
Energy  
Producing  
Regions

Source: Adapted from a map developed by  
Pacific Northwest National Laboratory

# Cautionary Statements and Risk Factors that May Affect Future Results

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), FPL Group, Inc. (FPL Group) and Florida Power & Light Company (FPL) are hereby providing cautionary statements identifying important factors that could cause FPL Group's or FPL's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of FPL Group and FPL in this presentation, on their respective websites, in response to questions or otherwise. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could cause FPL Group's or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and FPL.

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

The following are some important factors that could have a significant impact on FPL Group's and FPL's operations and financial results, and could cause FPL Group's and FPL's actual results or outcomes to differ materially from those discussed in the forward-looking statements:

*FPL Group and FPL are subject to complex laws and regulations and to changes in laws and regulations as well as changing governmental policies and regulatory actions, including initiatives regarding deregulation and restructuring of the energy industry and environmental matters including, but not limited to, matters relating to the effects of climate change. FPL holds franchise agreements with local municipalities and counties, and must renegotiate expiring agreements. These factors may have a negative impact on the business and results of operations of FPL Group and FPL.*

- FPL Group and FPL are subject to complex laws and regulations, and to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended, the Public Utility Holding Company Act of 2005, the Federal Power Act, the Atomic Energy Act of 1954, as amended, the Energy Policy Act of 2005 (2005 Energy Act) and certain sections of the Florida statutes relating to public utilities, changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the legislatures and utility commissions of other states in which FPL Group has operations, and the Nuclear Regulatory Commission (NRC), with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, operation and construction of plant facilities, operation and construction of transmission facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs). The FPSC has the authority to disallow recovery by FPL of any and all costs that it considers excessive or imprudently incurred. The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

- FPL Group and FPL are subject to extensive federal, state and local environmental statutes as well as the effect of changes in or additions to applicable statutes, rules and regulations relating to air quality, water quality, climate change, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or require additional pollution control equipment and otherwise increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation or restructuring of the production and sale of electricity. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.

- FPL Group's and FPL's results of operations could be affected by FPL's ability to renegotiate franchise agreements with municipalities and counties in Florida.

*The operation and maintenance of power generation facilities, including nuclear facilities, involve significant risks that could adversely affect the results of operations and financial condition of FPL Group and FPL.*

- The operation and maintenance of power generation facilities involve many risks, including, but not limited to, start up risks, breakdown or failure of equipment, transmission lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout our generation fleets unless and until such defects are remediated, use of new technology, the dependence on a specific fuel source, including the supply and transportation of fuel, or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected or contracted levels of output or efficiency. This could result in lost revenues and/or increased expenses, including, but not limited to, the requirement to purchase power in the market at potentially higher prices to meet contractual obligations. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including, but not limited to, the ability to store and/or dispose of spent nuclear fuel and the potential payment of significant retrospective insurance premiums, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an operating facility of FPL Energy may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

*The construction of, and capital improvements to, power generation facilities involve substantial risks. Should construction or capital improvement efforts be unsuccessful, the results of operations and financial condition of FPL Group and FPL could be adversely affected.*

- FPL Group's and FPL's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities within established budgets is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, FPL Group and FPL could be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

*The use of derivative contracts by FPL Group and FPL in the normal course of business could result in financial losses that negatively impact the results of operations of FPL Group and FPL.*

- FPL Group and FPL use derivative instruments, such as swaps, options and forwards to manage their commodity and financial market risks. FPL Group provides full energy and capacity requirements services and engages in trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudence challenges and if found imprudent, cost recovery could be disallowed by the FPSC.

*FPL Group's competitive energy business is subject to risks, many of which are beyond the control of FPL Group, that may reduce the revenues and adversely impact the results of operations and financial condition of FPL Group.*

- There are other risks associated with FPL Group's competitive energy business. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel (including transportation), transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair FPL Group's future financial results. In keeping with industry trends, a portion of FPL Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

*FPL Group's ability to successfully identify, complete and integrate acquisitions is subject to significant risks, including the effect of increased competition for acquisitions resulting from the consolidation of the power industry.*

- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry, in general, as well as the passage of the 2005 Energy Act. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

*Because FPL Group and FPL rely on access to capital markets, the inability to maintain current credit ratings and access capital markets on favorable terms may limit the ability of FPL Group and FPL to grow their businesses and would likely increase interest costs.*

- FPL Group and FPL rely on access to capital markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group, FPL Group Capital Inc and FPL to maintain their current credit ratings could affect their ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, which, in turn, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase their interest costs.

*Customer growth in FPL's service area affects FPL Group's and FPL's results of operations.*

- FPL Group's and FPL's results of operations are affected by the growth in customer accounts in FPL's service area. Customer growth can be affected by population growth as well as economic factors in Florida, including job and income growth, housing starts and new home prices. Customer growth directly influences the demand for electricity and the need for additional power generation and power delivery facilities at FPL.

*Weather affects FPL Group's and FPL's results of operations.*

- FPL Group's and FPL's results of operations are affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities, and can affect the production of electricity at wind and hydro-powered facilities. FPL Group's and FPL's results of operations can be affected by the impact of severe weather which can be destructive, causing outages and/or property damage, may affect fuel supply, and could require additional costs to be incurred. At FPL, recovery of these costs is subject to FPSC approval.

*FPL Group and FPL are subject to costs and other effects of legal proceedings as well as changes in or additions to applicable tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.*

- FPL Group and FPL are subject to costs and other effects of legal and administrative proceedings, settlements, investigations and claims, as well as the effect of new, or changes in, tax laws, rates or policies, rates of inflation, accounting standards, securities laws and corporate governance requirements.

*Threats of terrorism and catastrophic events that could result from terrorism may impact the operations of FPL Group and FPL in unpredictable ways.*

•FPL Group and FPL are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets. The effects of terrorist threats and activities include, among other things, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit power, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the U.S., and the increased cost and adequacy of security and insurance.

*The ability of FPL Group and FPL to obtain insurance and the terms of any available insurance coverage could be affected by national, state or local events and company-specific events.*

•FPL Group's and FPL's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by national, state or local events as well as company-specific events.

*FPL Group and FPL are subject to employee workforce factors that could affect the businesses and financial condition of FPL Group and FPL.*

•FPL Group and FPL are subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees and work stoppage that could affect the businesses and financial condition of FPL Group and FPL.

The risks described herein are not the only risks facing FPL Group and FPL. Additional risks and uncertainties not currently known to FPL Group or FPL, or that are currently deemed to be immaterial, also may materially adversely affect FPL Group's or FPL's business, financial condition and/or future operating results.



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