



# *Credit Suisse Energy Conference*

**Vail, Colorado**

**February 6, 2007**

# ***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.

# FPL Group

- \$22.9 billion market capitalization
- \$36.0 billion in total assets
- 34,324 mw in operation
- \$15.7 billion operating revenue

## FPL

- One of the largest U.S. electric utilities
- Vertically integrated, retail rate-regulated utility
- 20,981 mw in operation
- 4.4 million customers
- \$12.0 billion operating revenue

## FPL Energy

- Successful competitive energy supplier, operating in 24 states
- U.S. market leader in wind-generation
- 13,343 mw in operation
- \$3.6 billion operating revenue

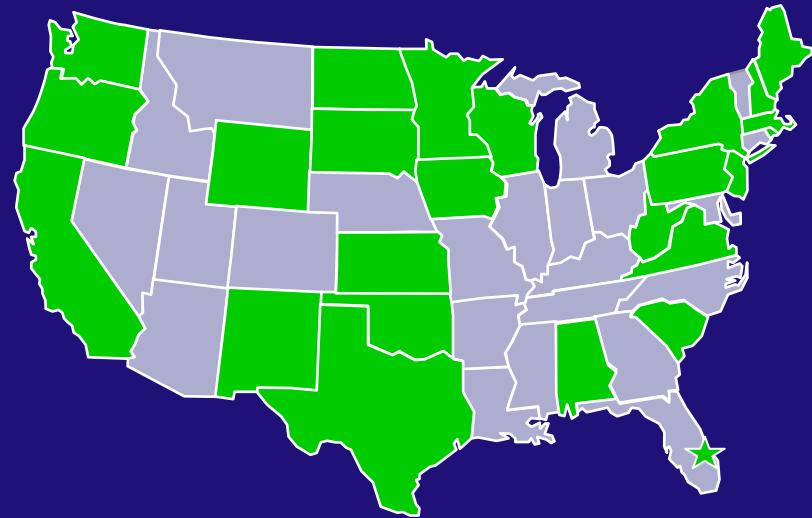
**A Growing, Diversified Company**



All data as of December 31, 2006, except market capitalization, which is as of January 31, 2007.

# *FPL Energy: Our growth engine*

- Primarily a wholesale power generator outside of Florida
  - operate power plants and sell output to utilities, retail electricity providers, cooperatives and municipal electric providers, large industrial companies
- ~ 70 plants in 24 states
- Industry leader: wind and solar generation



**FPL Energy operations**  
13,343 net mw in operation



**FPL Energy**

<sup>1</sup> As of 12/31/06

# Strong Track Record of Growth at FPL Energy



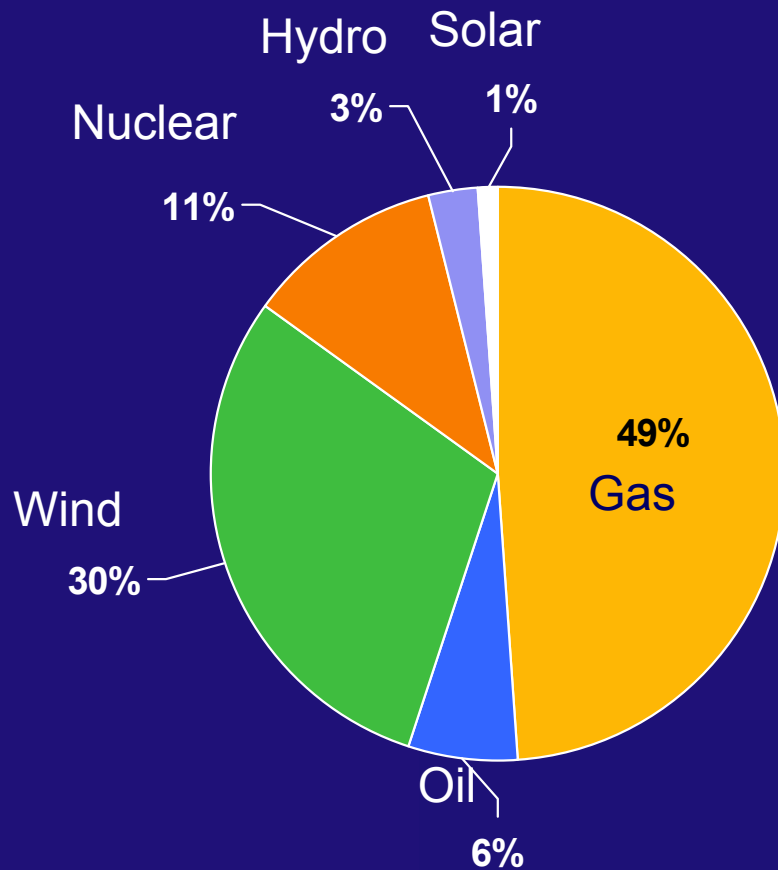
<sup>1</sup> See Appendix for reconciliation of GAAP to adjusted amounts

<sup>2</sup> FPL Energy's 2007 and 2008 figures are based upon FPL Energy earnings expectations as of January 26, 2007 and were believed to be appropriate at that point in time. As a result, they should only be read in conjunction with the Company's standard earnings expectations, which is usually delivered upon the release of quarterly earnings or in another Reg. FD forum.



**FPL Energy**

# *FPL Energy: A leading clean energy provider using diverse fuel sources<sup>1</sup>*

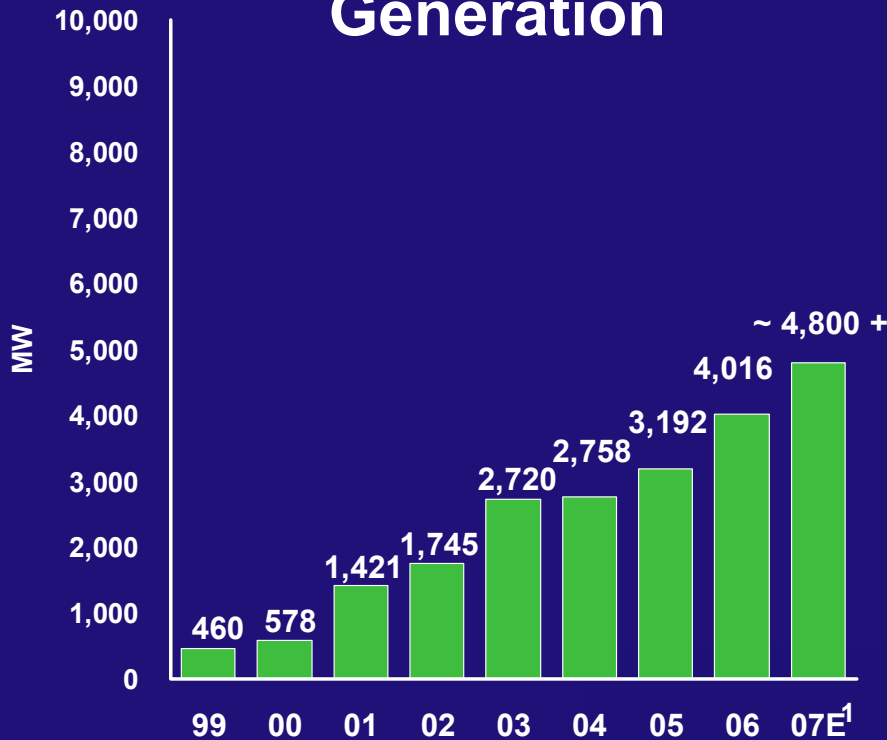


**FPL Energy**

<sup>1</sup> As of 12/31/06. Figures are a percentage of nameplate capacity.

# FPL Energy: Leader in wind energy generation in U.S. and the world!

## FPL Energy Wind Generation



## Wind Generation Market Share



**FPL Energy**

<sup>1</sup> Assumes approximately 800 mw of new wind development in 2007

# Wind – A Real and Growing Business for FPL Energy

- 4,016 MW as of 12/31/06
  - More than 6,900 turbines
  - 824 MW added by FPL Energy in 2006
- Over \$4 billion invested in wind
- Announced plans to add at least 1,500 MW in 2007/2008
  - Will exceed \$5 billion in wind investment by Dec 2007
- U.S. market now 11,603 MW
  - 2,447 MW added in 2006



**FPL Energy**

# *Wind: A Global and Legitimate Business*

- Public policy support has led to a robust market in many countries and in the U.S.
- Attractive equity returns
  - Wind resource analysis is key
  - Wind industry is a “Business,” not for the faint of heart
  - Over \$20 billion/year likely to be invested in global wind sector over the next few years
  - Global market exceeds 72,000 MW installed as of 12/31/06



# Wind – A Growing Business

- Remains most competitive renewable technology
- Over \$4 billion was invested in the US market in 2006
- State-led public policy supports renewables in 24 states
- Energy price of 4 - 7¢ / kWh (levelized), with PTC
  - vs. 3 - 5¢ / kWh only three years ago!!



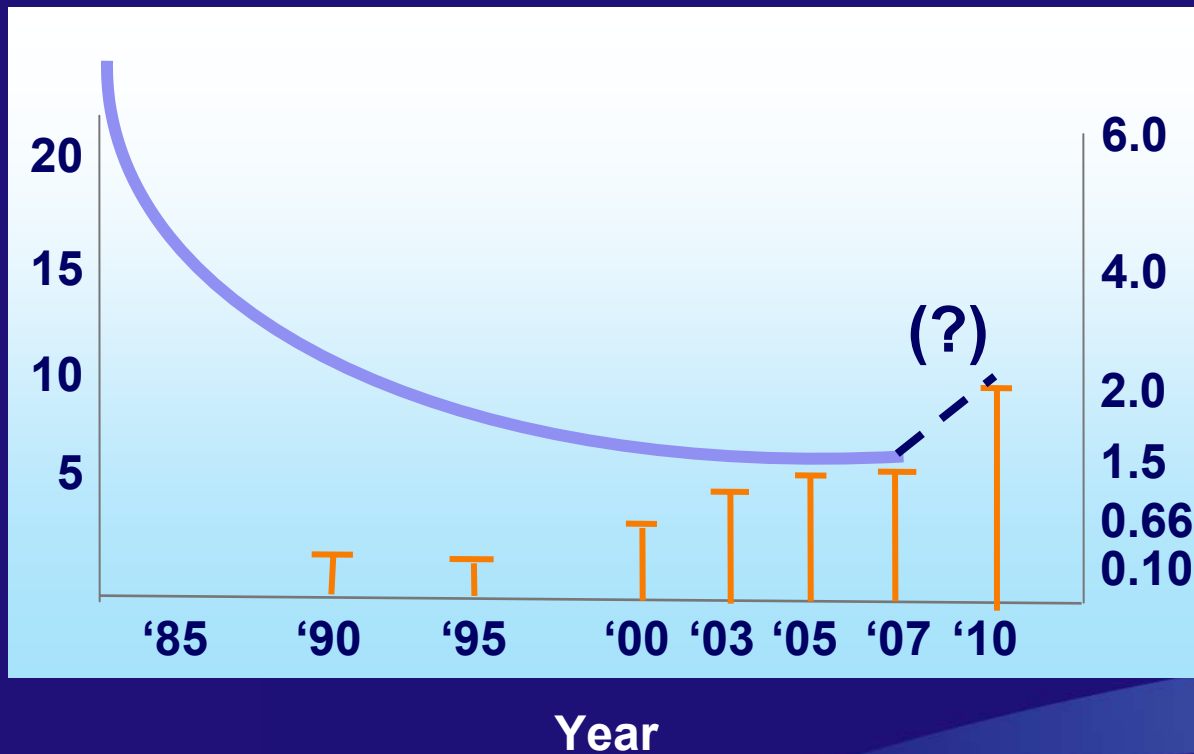
# “Wind 101” Economics

- Production Tax Credit available for every kWh produced;
  - 2.0¢ in 2007, escalating with inflation, for first 10 years of operation
  - credit available for new projects that achieve COD by 12/31/08
- MACRS depreciation over 5 years
- PPA market in U.S. typically 15-25 years, 4-7 ¢/kWh
- All-in construction costs in 2007 will likely range from \$1,600 - \$2,000/kw, depending upon size of project, region, interconnection requirements
- Typical production cost: less than 0.5¢/kWh
- Typical wind project size: 50-150 MW
- Typical capacity factor: 25-40%



# Wind Economies of Scale...

PPA equivalent  
(¢/kWh)  
w/ PTCs



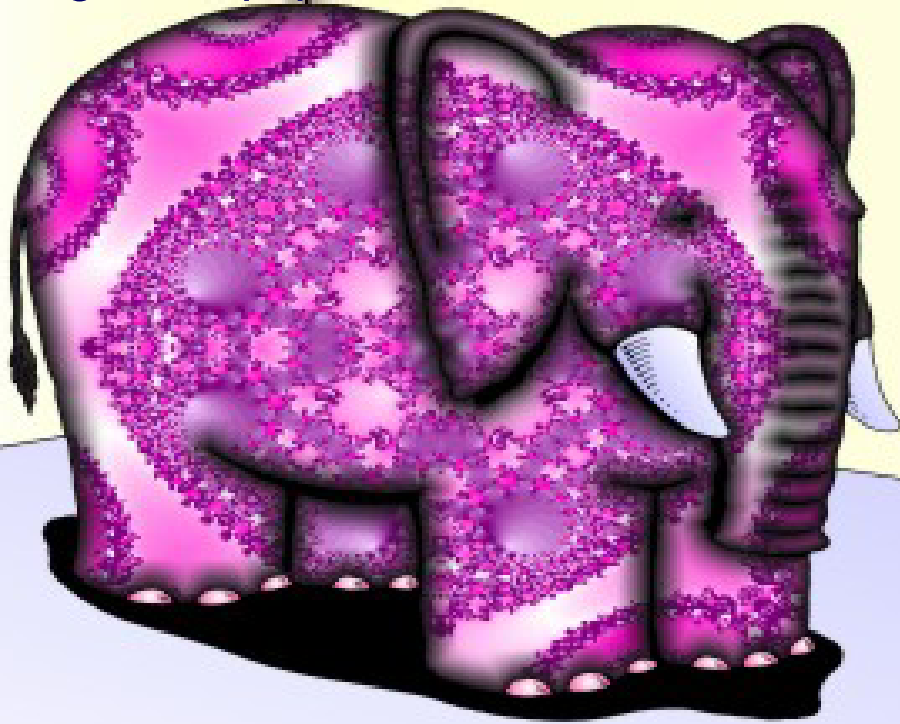
Technology  
Size (MW)



FPL Energy

# *The Elephant in the Room:*

Higher Equipment and Installed Costs



2006/ 2007 Avg  
\$1,500 – 1,700/ kW

2003 Avg  
\$1,000 – 1,100/ kW



U.S. Developers

# Today's US Wind Challenges

- Transmission/Interconnection capability
- Wind resource evaluation/ risk
- Tax credit cycle
- Supplier competitiveness
  - Euro/Dollar issues
  - Steel and copper prices (towers & components)
  - Manufacturing warranty issues
- U.S. wind market is subject to global wind market pressures (supply chain)
  - Only 17% of the world market



# *Wind's Future Remains Promising...*

- 2006 a good year for U.S. wind construction
- Many challenges and opportunities exist
- PTC driven cycle still with us
- 2007 - 2008 even greater challenge for U.S. market
  - 6,000 MWs or more may be added over next two years



# Key Competitive Forces For U.S. Developers

- Rate-based or self-build wind
  - Puget Sound
  - Mid-American/PacifiCorp
  - OG&E
  - Portland General
- Recent entrants accepting lower returns via tax equity “Flip” structures
  - Absorbs about one-half of price increase from 2003
  - Do passive tax investors realize the full risks associated with wind?
- Potential “Demand Destruction” due to huge equipment escalation (50% since 2003)
  - \$1,500 – 1,700/ kW (2006/07) vs \$1,000 – 1,100/ kW (2003)
- Will RPS programs keep their teeth in light of higher delivered energy pricing?



# What's Next

- Lack of “firm” capacity continues to hurt wind’s competitive position in certain wholesale markets
- Smaller developers will continue to sell their “pipelines” to strategic investors
  - “Darwinism” in wind
- PPA market may diminish as “rate based” wind becomes more prevalent and installed costs escalate
  - Over 600 MW of rate base wind in 2006
- Unrealistic to believe U.S. wind market can achieve 20% plus penetration levels, from today’s 1%
  - Load does not match location
  - Interconnection/ transmission and capital needs are inhibitors



# 2007 and Beyond:

- PTC renewals will continue (1-2 year cycle?)
- Wind resource analysis is important
- Transmission/interconnection limit penetration
- Continuing (upward) supplier price pressure on turbines/towers
  - Demand destruction in the U.S.?
- Global market forces competing for equipment supply
- Short term wind forecasting accuracy matters



# Horse Hollow II

“Best laid plans...”



*Could be worse...*



*Not FPL Energy...*



**FPL Energy**



# ***Q&A Session***

# *Appendix*

# FPL Energy - Reconciliation GAAP to Adjusted Earnings

	1999	2000	2001	2002	2003	2004	2005	2006
<b>Net Income (Loss)</b>	\$ (46)	\$ 82	\$ 124	\$ (164)	\$ 207	\$ 181	\$ 203	\$ 610
Adjustments, net of income tax:								
Impairment loss	104							
Merger-related expenses		1						
Cumulative effect of change in accounting principle (FAS 142)				222				
Restructuring and other charges				73				
Cumulative effect of change in accounting principles (FIN 46)					3			
Net unrealized mark-to-market losses (gains) associated with non-qualifying hedges			(8)		(22)	3	112	(92)
<b>Adjusted Earnings</b>	<b>\$ 58</b>	<b>\$ 83</b>	<b>\$ 116</b>	<b>\$ 131</b>	<b>\$ 188</b>	<b>\$ 184</b>	<b>\$ 315</b>	<b>\$ 518</b>



There were no adjustments to GAAP earnings in 1997 and 1998

Totals may not add due to rounding

# 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. 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, 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, 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, and to a lesser extent, engage in limited 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 results of operations.*

•FPL Group'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.

# AFAL GROUP

