



Earnings Conference Call

Third Quarter 2007

October 30, 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.

Overview – Third Quarter 2007

- **Strong results overall**
 - Continued outstanding performance at FPL Energy
 - Florida Power & Light in line with expectations
- **Financial expectations increased¹**
 - 2007: ~\$3.45 per share
 - 2008: \$3.83 to \$3.93 per share
 - 2009: \$4.15 to \$4.35 per share
 - Average annual growth of at least 10% through 2012 reasonable
- **Well-positioned for sustained period of above-average growth**
 - FPL Energy growth driven heavily by new wind development
 - Florida Power & Light driven by customer and usage growth and sustained reinvestment

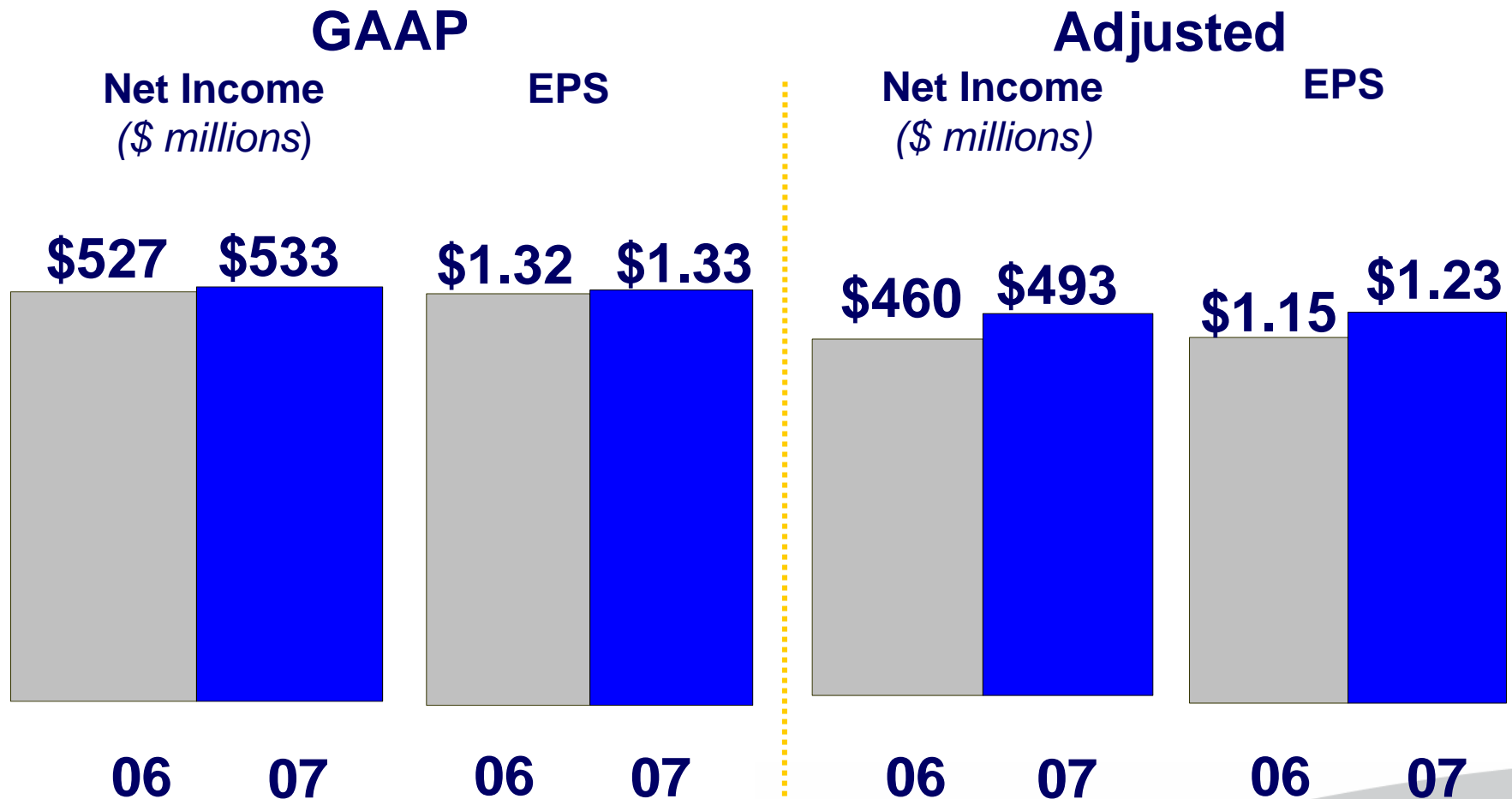
Note: The 2007, 2008, and 2009 adjusted earnings expectations are valid as of October 30, 2007 and should be viewed in conjunction with FPL Group's Cautionary Statements contained in the Appendix to this presentation. See Slide 15 for additional details.



¹Assumes normal weather and operating conditions. Excludes the cumulative effect of adopting new accounting standards and the mark-to-market effect of non-qualifying hedges, neither of which can be determined at this time.

FPL Group Results

Third Quarter



See Appendix for reconciliation of GAAP to adjusted amounts



2006 amounts have been adjusted to reflect the retrospective application in the fourth quarter of 2006 of an accounting standard change related to planned major maintenance activities which increased 2006 GAAP and adjusted EPS by \$0.01.

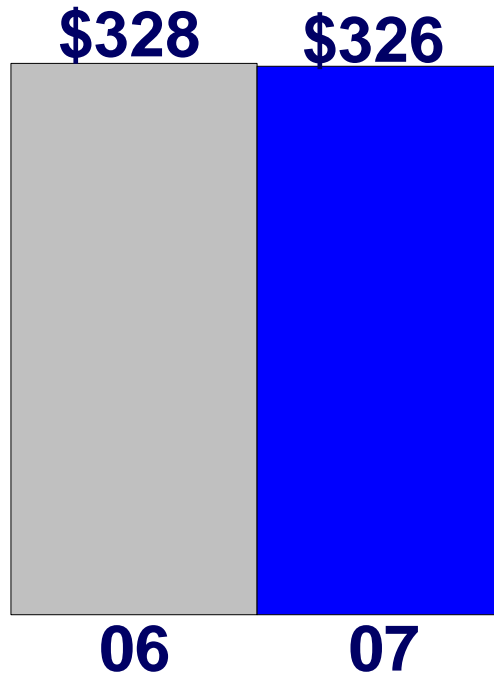
FPL – Third Quarter Summary

- **Results largely in line with expectations**
- **Strong revenue growth**
 - Customer growth continues
 - Positive usage growth, but complicated by weather
 - Contributions from the Turkey Point Unit 5 Generation Base Rate Adjustment (GBRA)
- **Higher O&M expense consistent with expectations**
- **Nuclear expansion plans outlined**
 - ~ 400 MW in uprates planned for 2011-2012
 - Filed proposal with PSC for adding ~2,200 to 3,000 MW new nuclear by 2020
- **Other initiatives**
 - Solar, wind generation
 - Smart network / Advanced metering

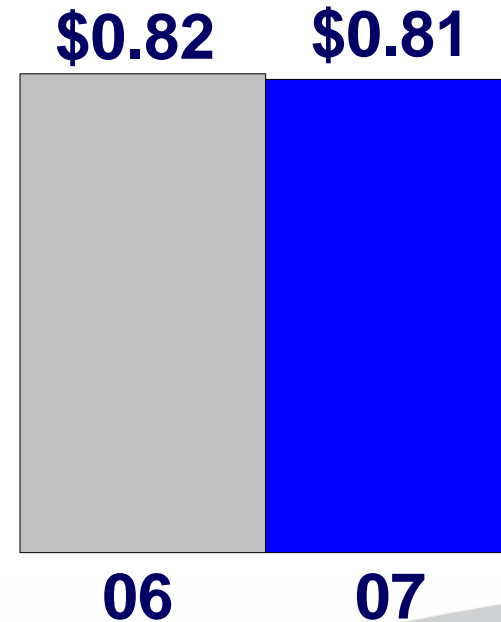
Florida Power & Light Earnings

Third Quarter

Net Income
(\$ millions)



EPS



Retail Sales Analysis

Third Quarter 2007

3.5% kWh sales growth

=

2.0% Customer growth

+

1.5% Usage growth

1.8% Implied underlying usage growth, mix, etc.

(0.3)% Implied weather impact

Estimated Weather Impact

Temperature vs. normal + 4.1%

Estimated impact of rainfall (6.0)%

Implied weather vs. normal (1.9)%

Implied weather vs. 3Q06 (0.3)%

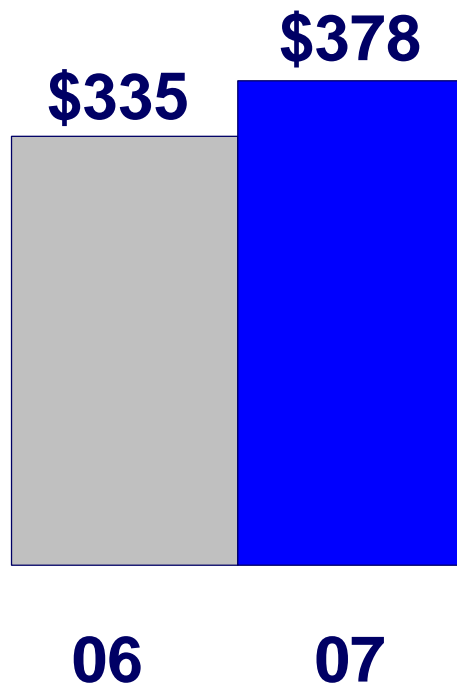
High Uncertainty

FPL O&M and Depreciation

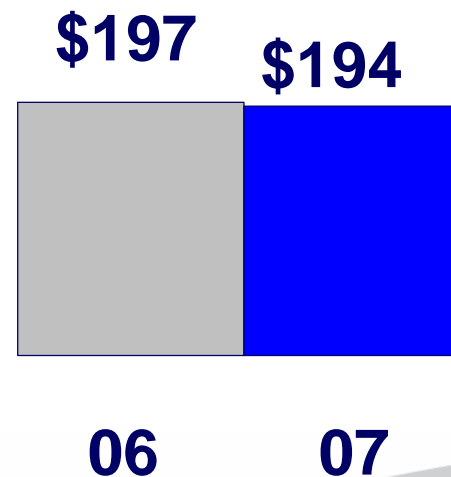
Third Quarter

(\$ millions)

O&M



Depreciation



FPL Earnings Contribution Drivers

Third Quarter

	<u>(\$/share)</u>
FPL – 2006 EPS	\$0.82
Drivers:	
Customer growth	0.03
Usage due to weather	(0.00)
Underlying usage growth, mix, and other	0.03
Turkey Point 5 rate adjustment	0.06
O&M	(0.05)
Base depreciation	(0.01)
AFUDC and interest expense	(0.01)
Other ¹	(0.06)
FPL – 2007 EPS	\$ 0.81

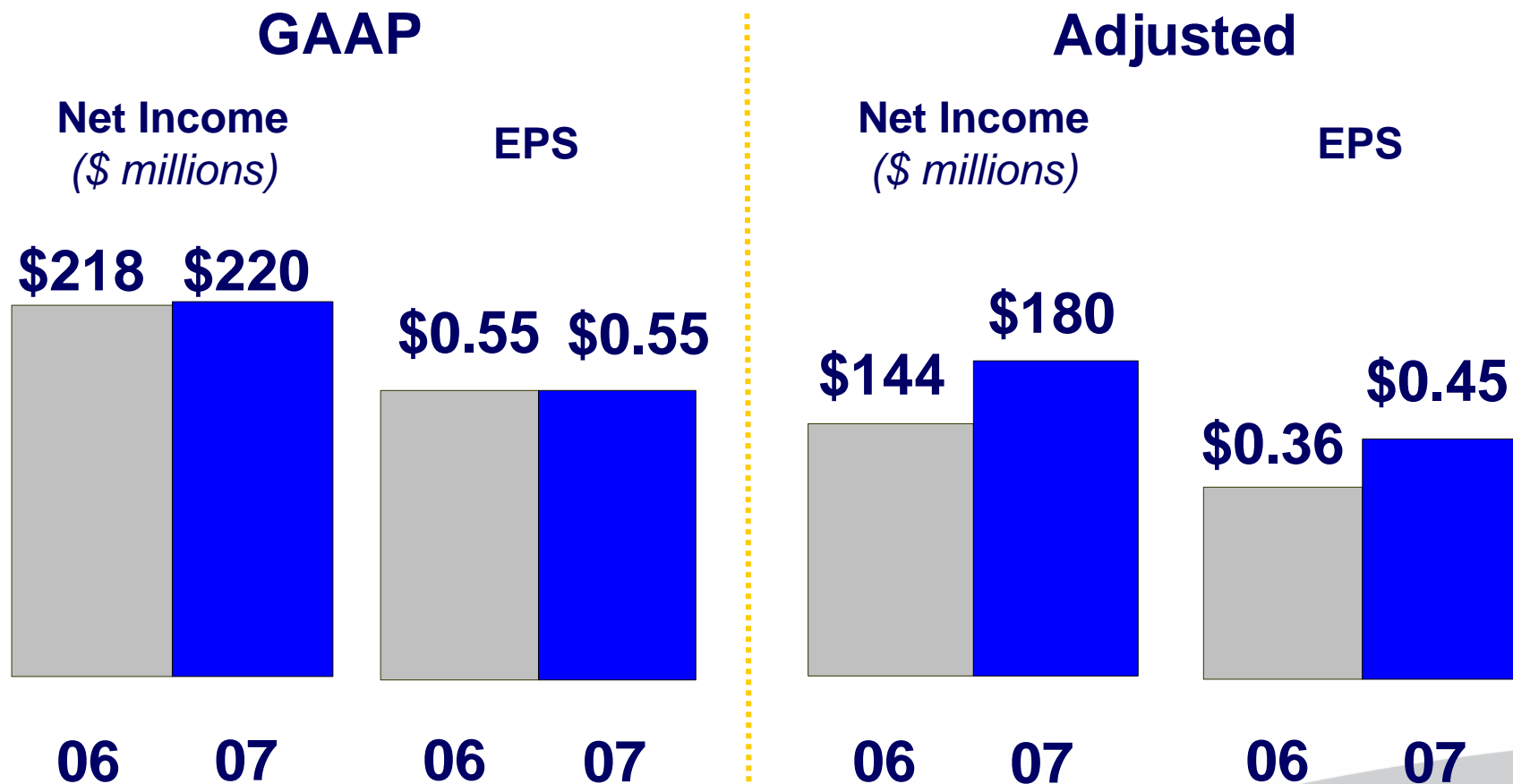
¹ Includes \$(0.02) per share for clause results, \$(0.01) for share dilution, \$(0.01) for income taxes, \$(0.01) for property taxes, and rounding

FPL Energy – Third Quarter 2007 Summary

- **Continued outstanding results**
 - 25% growth in adjusted EPS contribution
- **Key drivers**
 - Roll-over of below-market hedges
 - Incremental asset additions (new wind)
 - Favorable market conditions
 - Full requirements business
- **Well positioned for sustained growth**
 - Point Beach nuclear acquisition completed
 - On target to meet 8-10 GW wind pipeline goal over 2007-2012 time frame
 - Other opportunities, *e.g.*, solar, transmission, greenfield gas
 - Favorably positioned for future industry trends

FPL Energy Results

Third Quarter



See Appendix for reconciliation of GAAP to adjusted amounts.



2006 amounts have been adjusted to reflect the retrospective application in the fourth quarter of 2006 of an accounting standard change related to planned major maintenance activities which increased the 2006 GAAP and adjusted EPS quarterly results by less than \$0.01.

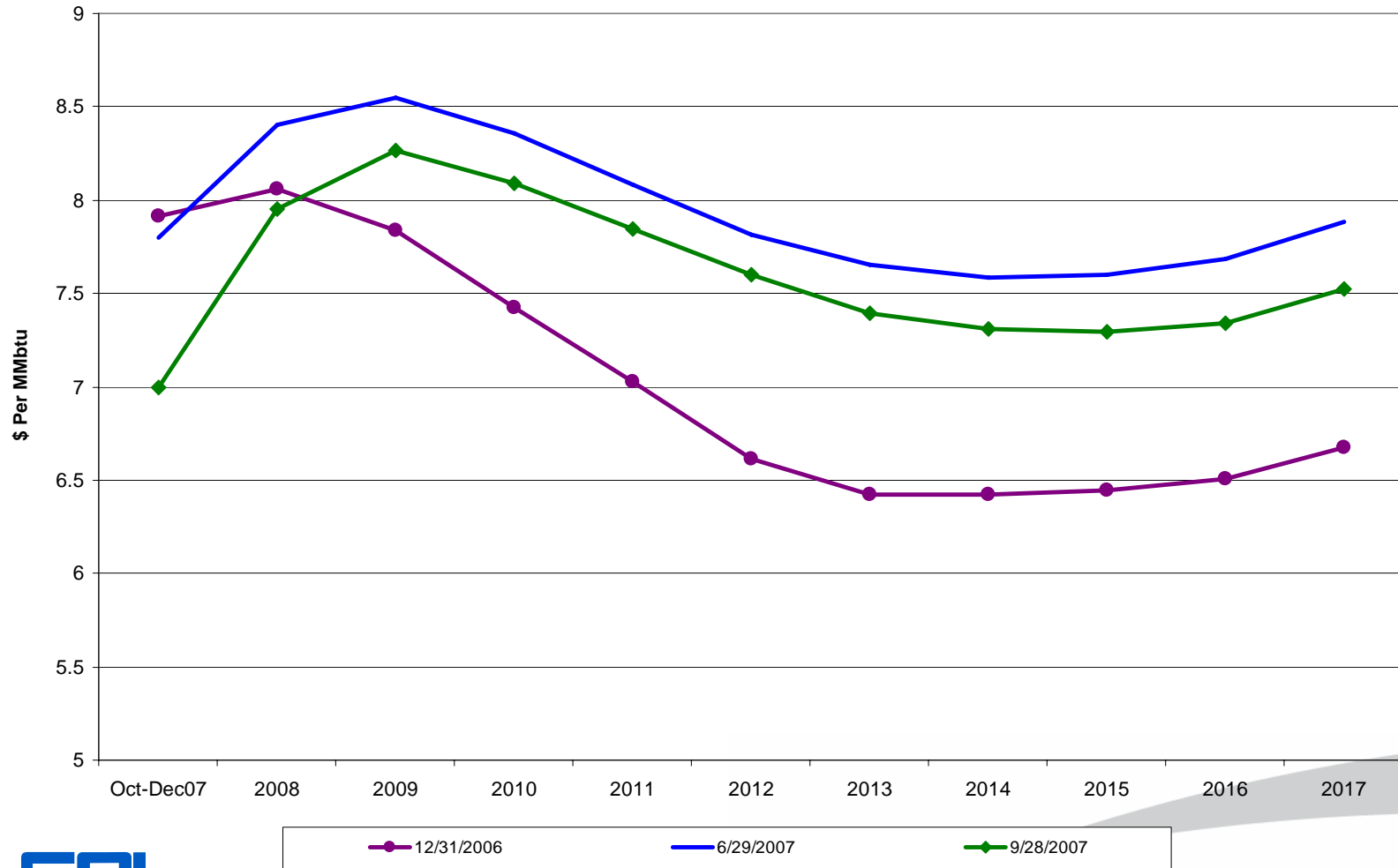
FPL Energy Earnings Contribution Drivers

Third Quarter

	<u>(\$/share)</u>
FPL Energy – 2006 Adjusted EPS	\$0.36
Drivers:	
New investment	0.02
Existing assets	0.05
Asset optimization and trading	0.03
Other ¹	<u>(0.01)</u>
FPL Energy – 2007 Adjusted EPS	\$ 0.45

Market Conditions – An Update

NYMEX Gas Calendar Strips (Balance of 2007 - 2017)



Earnings Per Share Contributions

Third Quarter

GAAP	<u>06</u>	<u>07</u>	<u>Change</u>
FPL	\$0.82	\$ 0.81	\$(0.01)
FPL Energy	0.55	0.55	0.00
Corporate and Other	<u>(0.05)</u>	<u>(0.03)</u>	<u>0.02</u>
Total	\$1.32	\$ 1.33	\$0.01

Adjusted	<u>06</u>	<u>07</u>	<u>Change</u>
FPL	\$0.82	\$ 0.81	\$(0.01)
FPL Energy	0.36	0.45	0.09
Corporate and Other	<u>(0.03)</u>	<u>(0.03)</u>	<u>0.00</u>
Total	\$1.15	\$ 1.23	\$ 0.08

FPL Group: Adjusted EPS Outlook¹

	Fall 2006 View of 2007	Current View 2007	2008	2009
FPL	\$2.10 - \$2.15	\$2.06 - \$2.10	\$2.15 - \$2.20	\$2.20 - \$2.30
FPL Energy Corp. & Other	\$1.45 - \$1.55	\$1.56 - \$1.60	\$1.88 - \$1.98	\$2.15 - \$2.35
	(0.20) - (0.25)	(0.20) - (0.25)	(0.20) - (0.25)	(0.25) - (0.30)
FPL Group	\$3.35 - \$3.45	~ \$3.45	\$3.83 - \$3.93	\$4.15 - \$4.35

Note: The 2007, 2008 and 2009 adjusted earnings expectations are valid as of October 30, 2007 and should be viewed in conjunction with FPL Group's Cautionary Statements contained in the Appendix to this presentation.

¹ Assumes normal weather and operating conditions. Excludes the effect of adopting new accounting standards as well as the mark-to-market effect of non-qualifying hedges, neither of which can be determined at this time.

Drivers of Florida Power and Light Growth: 2007-2008¹

Expected 2007 EPS Range	\$2.06 – \$2.10
Revenue	0.30 – 0.35
AFUDC / Clause Assets	0.05 – 0.07
O&M expense	(0.10) – (0.15)
Depreciation expense	(0.05) – (0.07)
Interest	(0.06) – (0.08)
Property Taxes	(0.04) – (0.06)
All Other	(0.02) – (0.04)
Expected 2008 EPS Range	\$2.15 – \$2.20

Drivers of Florida Power and Light Growth: 2008-2009¹

Expected 2008 EPS Range	\$2.15 – \$2.20
Revenue	0.30 – 0.35
AFUDC / Clause Assets	0.09 – 0.10
O&M expense	(0.10) – (0.15)
Depreciation expense	(0.08) – (0.10)
Interest	(0.07) – (0.09)
Property Taxes	(0.03) – (0.05)
All Other	(0.02) – (0.04)
Expected 2009 EPS Range	\$2.20 – \$2.30

Drivers of FPL Energy Earnings Growth: 2007-2008¹

Expected 2007 EPS Range	\$1.56 – \$1.60
New investments	0.47 – 0.51
Existing portfolio	0.07 – 0.11
Asset restructuring, marketing and trading	0.04 – 0.06
Interest	(0.17) – (0.13)
All other	(0.13) – (0.09)
Expected 2008 EPS Range	\$1.88 – \$1.98



¹ Assumes normal weather and excludes the effect of adopting new accounting standards as well as the mark-to-market effect of non-qualifying hedges neither of which can be determined at this time. Please see Slide 25 for potential earnings variability drivers.

Drivers of FPL Energy Earnings Growth: 2008-2009¹

Expected 2008 EPS Range	\$1.88 – \$1.98
New investments	0.42 – 0.45
Existing portfolio	(0.01) – 0.01
Asset restructuring, marketing and trading	0.05 – 0.09
Interest	(0.14) – (0.10)
All other	(0.07) – (0.03)
Expected 2009 EPS Range	\$2.15 – \$2.35

FPL Energy – 2008 Hedging^{1,4}

\$ millions

	Nameplate MWs	Exp. Equiv. Gross Margin ³		% Gross Margin Hedged
<u>Asset-Based Businesses</u>				
1 Existing Assets	Contracted Wind	3,854	\$655 - \$655	100%
	Contracted Other	3,542	\$785 - \$795	99%
	Merchant:			
	NEPOOL			
	Spark Spread	1,286	\$110 - \$150	49%
	Other	1,459	\$635 - \$645	98%
	ERCOT			
	Spark Spread	2,700	\$250 - \$290	74%
	Other	1,298	\$375 - \$405	89%
	Other – Spark Spread	1,472	\$110 - \$130	73%
Total Existing Assets				92%
2 New Assets	New Asset Additions²	1,100-1,200	\$105 - \$135	~ 40%
<u>Non-Asset Based Businesses</u>				
3 Non-asset based activity	Total	N/A	\$200 - \$275	32%

¹ This chart is designed to address a subset of risk at FPL Energy. It should be read in conjunction with the rest of this presentation including additional risk information in the Appendix and cautionary statements. In particular, ranges shown under expected equivalent gross margin only take into account likely commodity price variability or backlog status for non-asset based businesses. Many other factors could cause actual results to vary much more than the ranges shown here.

² Includes primarily new wind development.

³ Includes FPL Energy's share of revenues and fuel expense for both consolidated and equity method investments as well as a "grossed-up" value for wind production tax credits. Columns do not sum which reflects the premise that not all markets and investment types are equally affected by changes in commodity prices.

⁴ Expected equivalent gross margin and % hedged are valid as of October 30, 2007.

FPL Energy – 2009 Hedging^{1,4}

\$ millions

	Nameplate MWs	Exp. Equiv. Gross Margin ³	% Gross Margin Hedged
<u>Asset-Based Businesses</u>			
1 Existing Assets	Contracted Wind	3,854	\$645 - \$645 100%
	Contracted Other	3,542	\$785 - \$795 99%
	Merchant:		
	NEPOOL		
	Spark Spread	1,286	\$110 - \$150 45%
	Other	1,459	\$605 - \$755 73%
	ERCOT		
	Spark Spread	2,700	\$210 - \$300 33%
	Other	1,298	\$365 - \$405 88%
	Other – Spark Spread	1,472	\$115 - \$175 23%
	Total Existing Assets		80%
2 New Assets	New Asset Additions²	2,500-2,800	\$550 - \$670 ~ 50%
<u>Non-Asset Based Businesses</u>			
3 Non-asset based activity	Total	N/A	\$225 - \$375 10%

¹ This chart is designed to illustrate exposure to address a subset of risk at FPL Energy. It should be read in conjunction with the rest of this presentation including additional risk information in the Appendix and cautionary statements. In particular, ranges shown under expected equivalent gross margin only take into account likely commodity price variability or backlog status for non-asset based businesses. Many other factors could cause actual results to vary much more than the ranges shown here.

² Includes primarily new wind development of approximately 1,000 -1,200 MWs in 2008 and 1,400 -1,600 MWs in 2009

³ Includes FPL Energy's share of revenues and fuel expense for both consolidated and equity method investments as well as a "grossed-up" value for wind production tax credits. Columns do not sum which reflects the premise that not all markets and investment types are equally affected by changes in commodity prices.

⁴ Expected equivalent gross margin and % hedged are valid as of October 30, 2007



Q&A Session

Appendix

FPL: Potential Drivers of 2008 Earnings Variability

<u>Issue</u>	<u>Variability</u>	<u>Potential Impact 2008</u>
Weather variability	at 80% probability	± 7.5 – 8.5¢
Revenue growth	± 10 – 20 bps	± 0.5¢
O&M expenses sensitivity	± 2%	± 3.5 – 4.5¢
Interest rates	± 1%	± 1-2¢

FPL Energy: Potential Drivers of 2008 Earnings Variability

Issue	Sensitivity	Variability	Potential Impact 2008
Weather			
• Wind portfolio	wind resource	± 1 wind index ¹	$\pm 3 - 4\text{¢}$
• Maine hydro	rainfall, snow pack	$\pm 20\%$ ²	$\pm 3\text{¢}$
Market risk	commodity prices	$\pm \$2/\text{mmbtu}$ ³	$-1\text{¢} - +1\text{¢}$
Oper. performance	EFOR ⁴	$\pm 1\%$	$\pm 2 - 3\text{¢}$
New growth			
• Wind	timing of in-service	one month	$\pm 1 - 2\text{¢}$
Interest rates		$\pm 1\%$	$\pm 1 - 2\text{¢}$

¹ Based on estimated wind MW installed as of 12/31/07 of at least 5,100 MW.

² From historic mean.

³ FPL Energy's portfolio including the retail energy business is in a net short gas position in 2008.

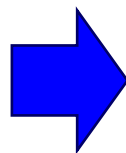
⁴ Impact based on merchant assets.

Non-Qualifying Hedges¹

Summary of Activity

(\$ millions, after-tax)

Asset/(Liability) Balance as of 6/30/07	\$(66.5)
Amounts Realized During 3rd Quarter	4.7
Change in Forward Prices (all positions)	35.4
Subtotal	40.1
Asset/(Liability) Balance as of 9/30/07	\$ (26.4)



Primary Drivers:

Revenue hedges – decline in power and gas prices	39.2
All Other - Net	(3.8)
	\$35.4

Non-Qualifying Hedges¹

Summary of Activity

(\$ thousands, after-tax)

	Asset/ (Liability) Balance 6/30/07	3rd Quarter			Deals Executed During Period (1)	Total Unrealized MTM	Asset/ (Liability) Balance 9/30/07
		Amounts Realized	Change in Forward Prices				
Gas Supply Contract	\$ 1,903	\$ (1,408)	\$ (209)	\$ -	\$ (1,617)	\$ 286	
Other - net	(68,437)	6,108	39,970	(4,385)	41,693	(26,744)	
Total	\$ (66,534)	\$ 4,700	\$ 39,761	\$ (4,385)	\$ 40,076	\$ (26,458)	

¹ Includes contracts of FPL Energy's consolidated projects plus its share of the contracts of equity method investees.

² Amount represents the change in value of deals executed during the quarter from the execution date through quarter end.

Non-qualifying Hedges¹

Summary of Forward Maturity

(\$ thousands, after-tax)

Description	Asset / (Liability) Balance 9/30/07	Gain / (Loss) (1)					Total 2007 - 2016
		2007	2008	2009	2010	2011 - 2016	
Gas Supply Contract	\$ 286	\$ (286)	\$ -	\$ -	\$ -	\$ -	\$ (286)
Other - net	(26,744)	(16,574)	(20,005)	(1,975)	15,769	49,529	26,744
Total	\$ (26,458)	\$ (16,860)	\$ (20,005)	\$ (1,975)	\$ 15,769	\$ 49,529	\$ 26,458

(1) - Gain/(loss) based on existing contracts and forward prices as of September 30, 2007.

2007 Forward Maturity by Quarter

	4Q 2007
Gas Supply Contract	\$ (286)
Other - net	(16,574)
Total	\$ (16,860)

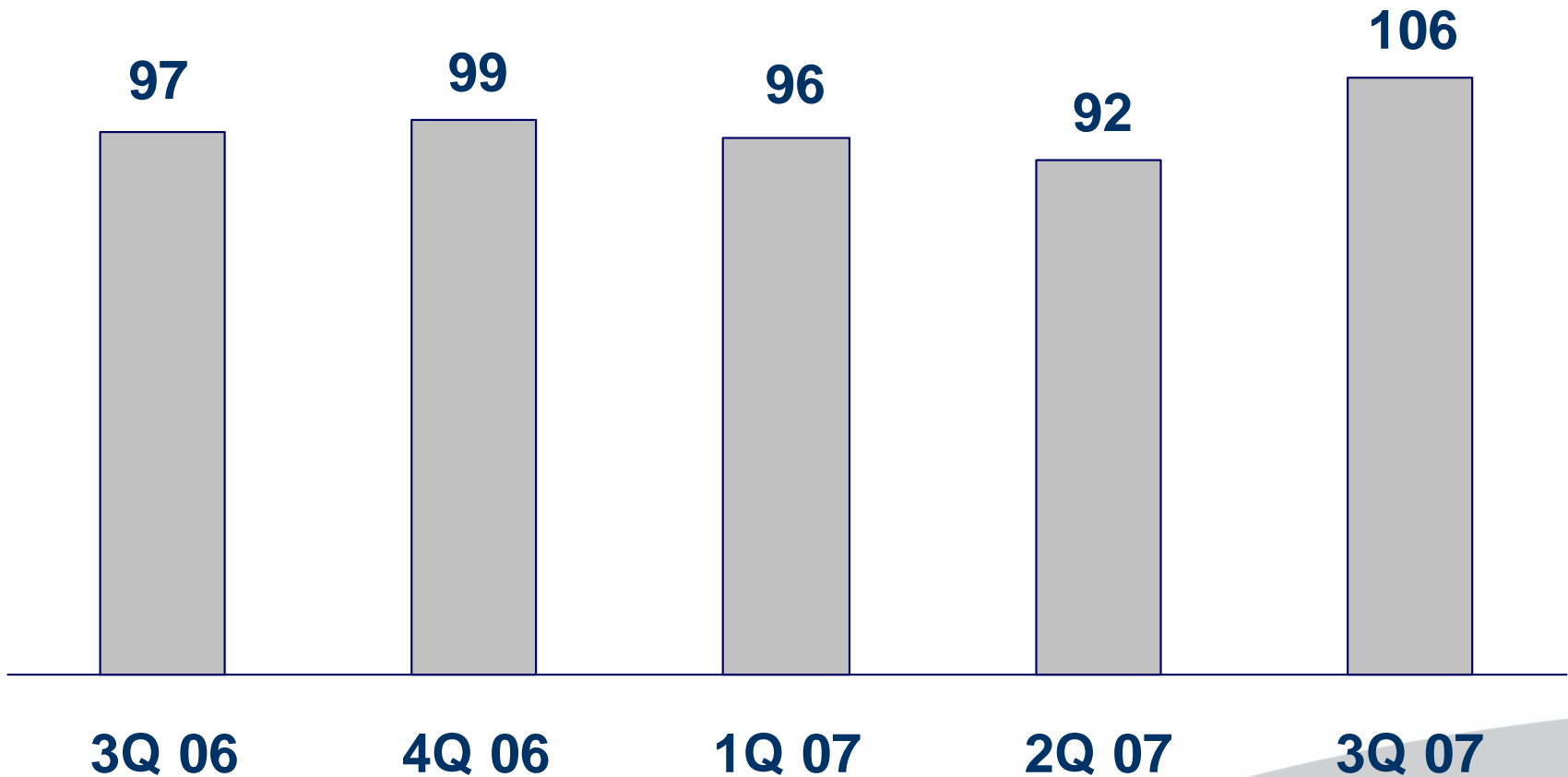


¹ Includes contracts of FPL Energy's consolidated projects plus its share of the contracts of equity method investees.

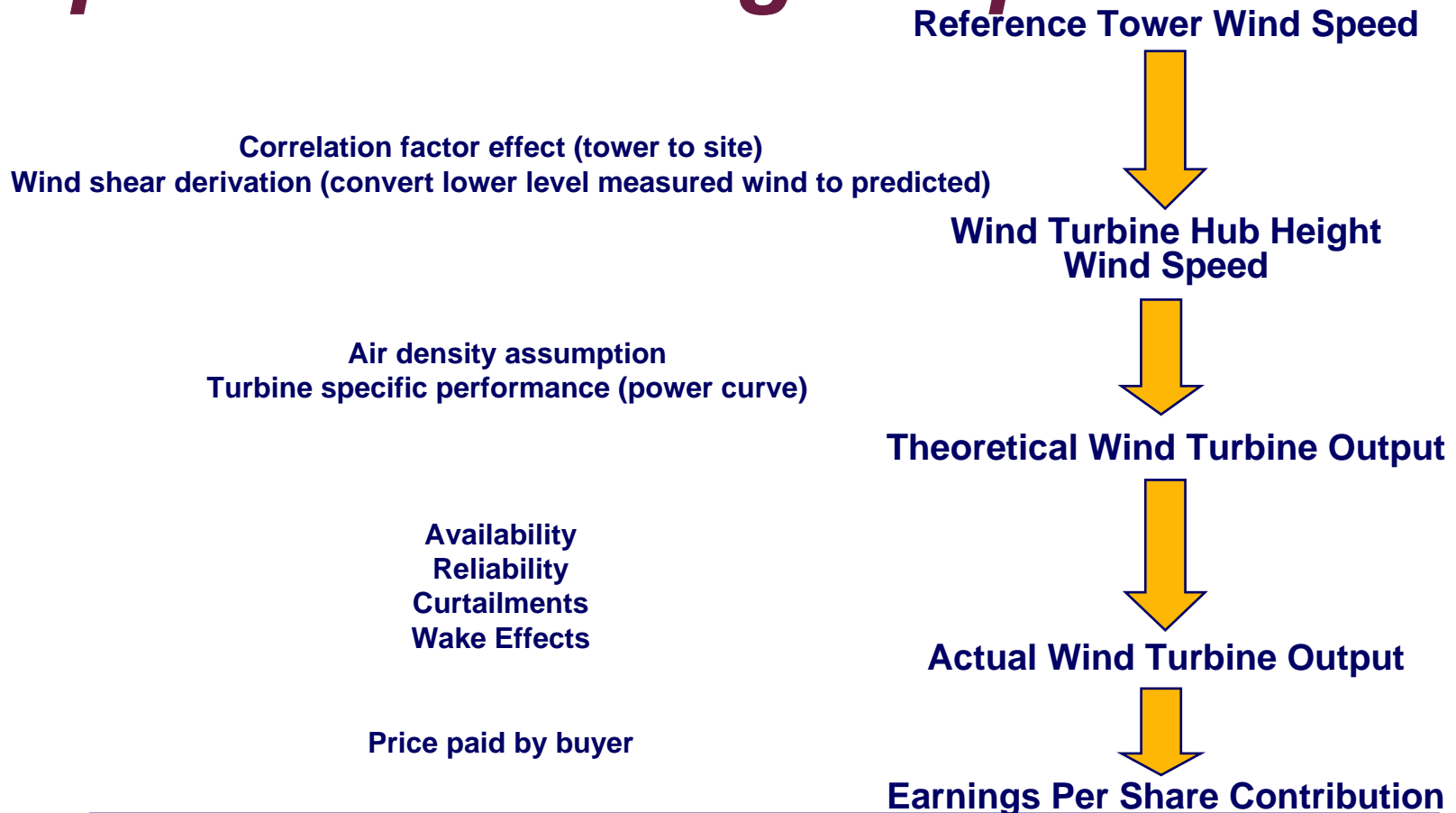
² Gain/(loss) based on existing contracts and forward prices as of 9/30/07.

FPL Energy Wind Index

Rolling 5 quarters, current portfolio¹



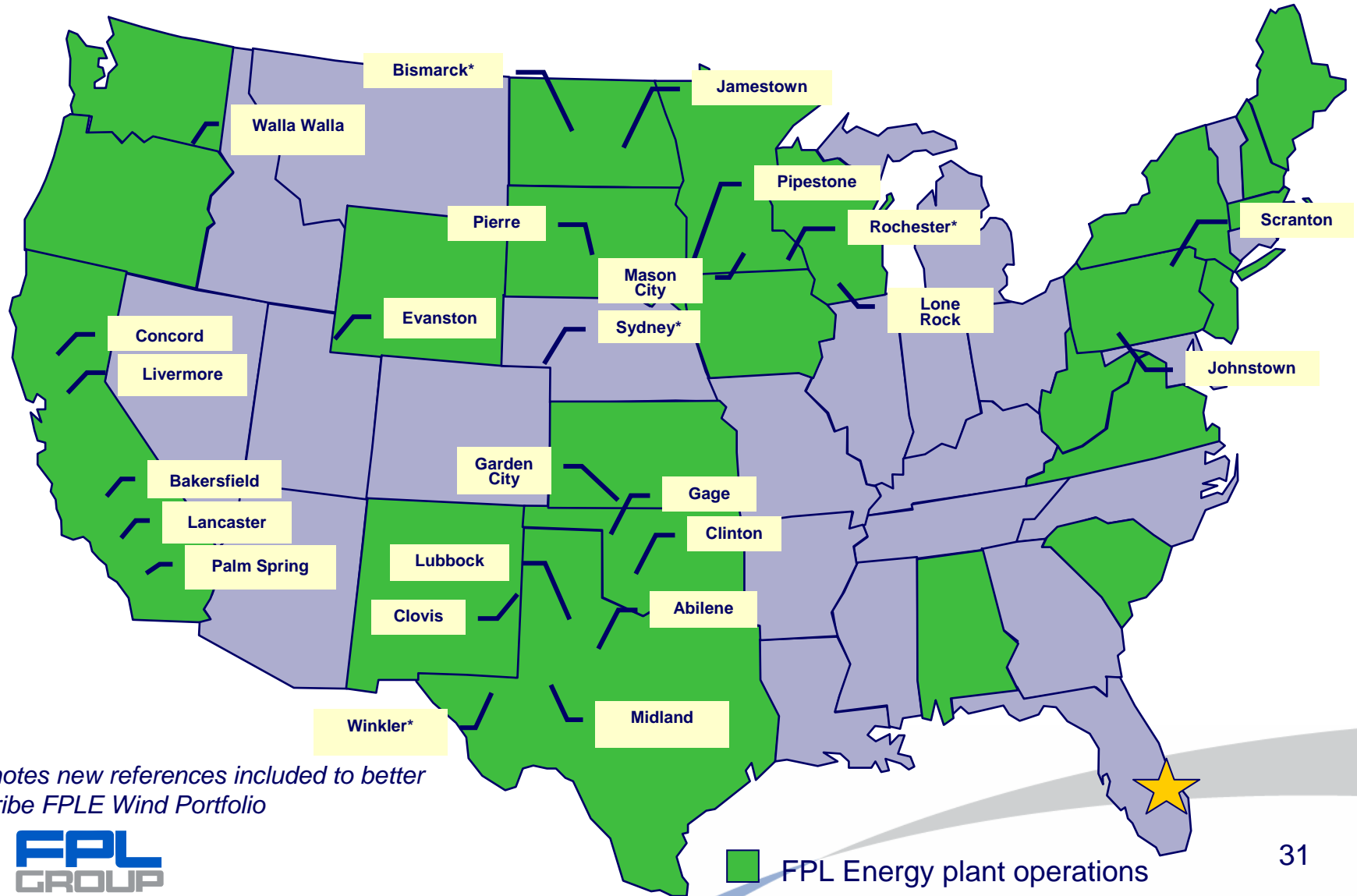
Bridging Reference Tower Wind Speed to Earnings Impact¹



**±1 in the annual portfolio wind index for
2008 equates to ± 3 to 4 cents/share¹
2009 equates to ± 4 to 5 cents/share¹**

¹ Sets aside uncertainties that can cause actual performance to deviate from that predicted solely by using the wind data from the selected reference towers. This reflects the impact on projects that were in operation as of 9/30/07 plus expected wind project completions in 2008/2009. The earnings per share impact is based on a normal distribution around annual wind index values. This relationship should not be applied to quarterly or monthly wind index values due to seasonality of the wind resource and the increased variability associated with shorter observation periods.

Regional Long Term Wind Reference Location



* Denotes new references included to better describe FPLE Wind Portfolio

FPL Energy MWs and Regional Reference Towers

Third Quarter

Reference Tower	MW Capacity	Long-Term Avg. Wind Speed (m/s)	2006 Annual Avg Wind Speed (m/s)	2006 Annual Wind Speed Index	Q3 Long-Term Avg. Wind Speed (m/s)	Q3 2006 Avg. Wind Speed (m/s)	Q3 2006 Wind Speed Index	Q3 2007 Avg. Wind Speed (m/s)	Q3 2007 Wind Speed Index
Abilene.TX	849.5	4.93	4.94	100.26	4.27	4.32	101.07	4.31	100.86
Midland.TX	595.6	4.87	4.69	96.27	4.52	4.25	94.06	4.62	102.04
WallaWalla.WA	324.9	3.74	3.72	99.68	3.80	3.53	92.93	4.09	107.58
Sidney.NE	199.5	5.33	5.50	103.21	4.81	4.98	103.47	5.22	108.50
Clovis.NM	204.0	5.18	5.32	102.56	4.27	4.34	101.76	5.04	118.01
Clinton.OK	147.0	5.70	5.86	102.70	5.21	5.01	96.17	5.95	114.27
Concord.CA	162.0	3.69	3.20	86.57	4.41	3.86	87.57	5.01	113.68
Livermore.CA	256.8	3.38	2.77	81.88	3.99	3.32	83.17	4.02	100.72
MasonCity.IA	139.0	5.04	5.09	100.85	3.86	3.85	99.89	4.36	113.05
Bismarck.ND	100.1	4.25	4.27	100.68	4.00	4.05	101.16	4.40	109.89
GardenCity.KS	112.2	5.52	5.51	99.80	5.19	4.86	93.67	5.90	113.87
Johnstow n.PA	130.4	4.20	4.15	98.82	3.19	3.11	97.53	3.13	98.13
Pipestone.MN	129.7	4.19	3.75	89.36	3.41	2.75	80.55	4.15	121.54
Evanston.WY	144.0	4.58	4.24	92.69	4.31	3.76	87.26	4.77	110.59
Rochester.MN	98.9	5.21	5.10	97.97	4.15	3.96	95.40	4.32	104.16
Lubbock.TX	84.0	5.36	5.40	100.57	4.62	4.62	100.14	4.86	105.24
Gage.OK	102.0	5.15	5.26	102.15	4.84	4.72	97.45	5.59	115.44
PalmSprings.CA	97.5	3.46	3.03	87.44	3.61	3.27	90.57	3.46	95.79
Lancaster.CA	101.1	4.98	4.91	98.55	5.12	4.92	96.04	6.09	118.87
Jamestown n.ND	61.5	5.05	4.98	98.64	4.27	4.14	97.06	4.58	107.39
Bakersfield.CA	77.0	2.73	2.66	97.45	3.00	2.97	99.22	3.03	101.21
Scranton.PA	64.5	3.04	2.97	97.87	2.61	2.43	93.16	2.42	92.71
Pierre.SD	40.5	4.98	4.93	98.94	4.78	4.82	100.72	5.46	114.04
Winkler.TX	68.3	4.23	4.20	99.26	4.11	3.90	94.90	4.40	106.98
LoneRock.WI	30.0	3.38	3.16	93.64	2.62	2.35	89.91	2.39	91.22
SanAngelo.TX	0.0	4.22	4.34	102.85	3.61	3.75	103.94	3.04	84.30
WAv.2007	4320.0	-		97.79			96.04		106.48



Reference towers were selected for their proximity to FPL Energy's wind assets.
 FPL Energy wind portfolio as of 09/30/07
 Portfolio weights defined expected annual production

Reconciliation of GAAP Net Income to Adjusted Earnings

Three Months Ended September 30, 2007

(millions, except per share amounts)	Florida Power & Light	FPL Energy	Corporate & Other	FPL Group, Inc.
Net Income (Loss)	\$ 326	\$ 220	\$ (13)	\$ 533
Adjustments, net of income taxes:				
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges		(40)		(40)
Adjusted Earnings (Loss)	\$ 326	\$ 180	\$ (13)	\$ 493
Earnings (Loss) Per Share (assuming dilution)	\$ 0.81	\$ 0.55	\$ (0.03)	\$ 1.33
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges		(0.10)		(0.10)
Adjusted Earnings (Loss) Per Share	\$ 0.81	\$ 0.45	\$ (0.03)	\$ 1.23

Reconciliation of GAAP to Adjusted Earnings

Three Months Ended September 30, 2006¹

(millions, except per share amounts)	Florida Power & Light	FPL Energy	Corporate & Other	FPL Group, Inc.
Net Income (Loss)	\$ 328	\$ 218	\$ (19)	\$ 527
Adjustments, net of income taxes:				
Merger-related costs			7	7
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges		(74)		(74)
Adjusted Earnings (Loss)	\$ 328	\$ 144	\$ (12)	\$ 460
Earnings (Loss) Per Share (assuming dilution)	\$ 0.82	\$ 0.55	\$ (0.05)	\$ 1.32
Merger-related costs			0.02	0.02
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges		(0.19)		(0.19)
Adjusted Earnings (Loss) Per Share	\$ 0.82	\$ 0.36	\$ (0.03)	\$ 1.15

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, 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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