

**CONFERENCE CALL
FIRST QUARTER 2007 EARNINGS RELEASE
APRIL 30, 2007**

(1) FIRST QUARTER 2007 EARNINGS CONFERENCE CALL

Jim von Rieseemann:

Good morning and welcome to our 2007 first 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:

(3) FIRST QUARTER HIGHLIGHTS

FPL Group is off to an excellent start in 2007, delivering performance generally in line with or a bit better than our expectations. FPL Energy had a very strong quarter – especially in

comparison with a very strong performance in last year's first quarter – and FPL Energy's contribution to adjusted earnings again exceeded that of Florida Power & Light, as it did in the first quarter of last year.

The outstanding performance at FPL Energy reflects the strength of our balanced business model. We entered the year highly hedged, and the existing portfolio delivered results comparable to last year's outstanding performance, while new assets and favorable conditions for our full requirements business led to strong growth overall.

Florida Power & Light's contributions were up modestly compared to last year. Customer growth continues to be strong, while usage growth was weak. I will discuss these drivers in more detail in a moment.

Looking forward, we remain well positioned for continued earnings growth. At this early stage in the year we are not changing our official ranges for 2007 and 2008 adjusted EPS, which remain \$3.35 to \$3.45 and \$3.60 to \$3.80, respectively. However, the general trend of the first quarter is clearly positive and leaves us more optimistic that we will do better than the mid-points of the respective ranges.

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 first quarter.

(4) FPL GROUP – FIRST QUARTER RESULTS

In the first quarter of 2007, FPL Group's GAAP results were \$150 million or 38 cents per share compared to \$251 million or 64 cents per share during the 2006 first quarter. FPL Group's adjusted 2007 first quarter net income and EPS were \$276 million and 70 cents, respectively, compared with \$231 million or 59 cents per share in 2006. The primary difference between the reported results and the adjusted results is the negative mark in our non-qualifying hedge category, which I will discuss in greater 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 impacted the first quarter 2006 results by a penny per share.

(5) FLORIDA POWER & LIGHT - OVERVIEW

FPL's overall performance for the first quarter was in line with our expectations. On the good side, customer growth continued at a healthy pace, and weather-related sales comparisons were also favorable. However, underlying growth in usage per customer was

negative, and mix effects were unfavorable. O&M expense was roughly flat with last year's comparable period, although we expect O&M to be up for the full year. AFUDC was higher, reflecting increased generation construction spending.

Generation expansion is an important part of supporting the strong growth we continue to experience in Florida. In May, the 1,144 megawatt natural-gas fired Unit 5 at Turkey Point is expected to become operational, slightly ahead of schedule and under budget. West County Energy Center is currently under construction and the first of the two 1,220 megawatt units is expected to be placed into service in 2009. The Florida Public Service Commission is currently reviewing our proposal to build 1,960 megawatts of solid fuel generation, using ultra super-critical pulverized coal technology, in Glades County. The Glades project would be the cleanest coal power plants in the nation with the highest level of efficiency and the lowest levels of CO₂ emissions and will bring much needed fuel diversity in 2013 and beyond. Approvals from both the PSC and the Governor's Siting Board are required. We believe this plant is the best practical solution available to FPL to improve fuel diversity, maintain system reliability, and mitigate price volatility for our

customers. As a practical matter, if the Glades project is not approved, the likely result will be increased exposure to natural gas, as other technologies cannot provide the magnitude of reliable, baseload capacity that will be needed in the middle part of the next decade.

(6) FLORIDA POWER & LIGHT - EARNINGS

For the first quarter, Florida Power & Light reported net income of \$126 million, compared with \$122 million in last year's first quarter. The corresponding contributions to EPS were 32 cents this year, compared to 31 cents last year.

(7) CUSTOMER ACCOUNTS GROWTH; RETAIL SALES ANALYSIS

Customer growth continues strong. For the first quarter of 2007, the average number of FPL customer accounts increased by 98,000, or 2.2 percent, slightly ahead of our long-term historical growth rate. While housing starts have fallen dramatically from their peaks, they remain at levels that support good long term growth, and

we continue to believe that as long as the Florida economy remains fundamentally healthy we will continue to see good customer growth. Our forecasts for 2007 and 2008 include about 2 percent customer growth.

Weather comparisons with last year's first quarter were favorable.

Underlying usage growth was negative 0.8 percent, which we attribute largely to price and/or income elasticity. Since we observe a lag in customer response to price changes, the first quarter of this year still reflects the last of the increase that took effect at the beginning of 2006. We will have a much better idea whether there has been any significant change in the drivers of usage growth in the second quarter, when this lagged effect will cease.

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

For the first quarter, FPL's 2007 O&M expense was \$329 million, essentially flat with the year ago figures. Higher customer service, nuclear, employee benefit and insurance costs were offset by lower distribution expenses. Last year's first quarter saw unusually

high distribution spending, driven by additional maintenance and repair activities after the 2005 hurricane season.

First quarter O&M trends are not representative of the likely full year impacts. We continue to see increases in nuclear and fossil generation and employee benefits and of course our Storm Secure[®] program as being the main drivers of a roughly 3 percent expected increase in full year base O&M. Overall, our expectations for O&M are a little better but have not changed significantly since last fall.

As we indicated last October, a key to our O&M trend in 2007 will be our Storm Secure[®] initiative. For the next few years, we expect to spend about \$50 million of O&M per year in support of our storm hardening initiatives. In addition, we expect to commit anywhere between \$70 and \$200 million per year in incremental capital.

Depreciation in the first quarter fell \$7 million to \$188 million, with higher transmission and distribution depreciation offset by reductions in certain amounts recovered through the capacity clause. Base depreciation increased by \$4 million.

(9) FLORIDA POWER & LIGHT – EARNINGS CONTRIBUTION DRIVERS

The table on Chart 9 summarizes the drivers of the earnings growth for Florida Power & Light, which netted to an increase of one penny. 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

(10) FPL ENERGY – OVERVIEW

Let me turn now to FPL Energy, where adjusted earnings growth was driven both by new assets and by our wholesale marketing activities. Before getting into the details, let me first draw your attention to the significant negative mark in our non-qualifying hedge category. Notwithstanding its negative effect on GAAP results, this reflects good news for FPL Energy. During the quarter the ten-year natural gas strip rose strongly, and forward spark spreads also expanded. As a result, the value of our asset positions, which of course are not marked to market under GAAP, increased far more than the decrease in our hedges.

Our wind development continues to make very good progress. Thus far in 2007 FPL Energy has well over 500 megawatts of new wind projects under construction. We continue to be confident that we will be able to add at least 1500 megawatts over the next two years and hope to be quite a bit above that figure.

Our commodity hedge position for 2007 remains essentially unchanged from three months ago, while the hedging of 2008 expected output increased a bit. Over 90 percent of our expected 2007 equivalent gross margin is protected against commodity price volatility. For 2008 the comparable figure is 85 percent.

(11) FPL ENERGY RESULTS – FIRST QUARTER 2007

FPL Energy's 2007 first quarter reported results were \$45 million, or 11 cents per share, compared with \$154 million, or 39 cents per share in the prior period results. Adjusted earnings for the first quarter of 2007, which exclude the effect of non-qualifying hedges, were \$171 million, or 43 cents per share, compared to \$131 million, or 33 cents per share.

(12) FPL ENERGY CONTRIBUTION DRIVERS

FPL Energy's first quarter adjusted EPS growth was 30 percent. New investment contributed six cents per share, primarily driven by roughly 850 megawatts of new wind relative to last year's first quarter.

The existing portfolio was flat quarter-over-quarter, which was better than we had expected, as last year's first quarter was very strong. Within the existing portfolio, we experienced the anticipated expansion of margins associated with the rollover of old hedges to higher values. This was enough to offset a number of negative comparisons, including reduced results from our Maine fossil assets, which had exceptional performance in January and February of 2006, a refueling outage at Duane Arnold, and lower earnings from the wind portfolio. The wind index in last year's first quarter was a bit above average; this year it was a bit below.

Asset optimization and trading activities increased by seven cents from last year's first quarter driven primarily by our full requirements business. Market conditions were very favorable for this piece of our portfolio.

Restructuring activities were flat compared with last year's first quarter.

All other factors were a negative three cents per share, driven by additional interest expense and overhead, which reflects underlying growth in the business.

(13) FPL ENERGY MARKET CONDITIONS

As many of you know, there has been a lot of movement in forward gas prices recently. During the first quarter, the most notable feature was the movement in the back end of the gas curve, where forward prices for the years 2012 through 2017 increased roughly \$1 per MMBTU. Forward spark spreads also increased in ERCOT.

These effects are favorable to the value of FPL Energy's portfolio, and as I mentioned a moment ago, the increase in the value of the portfolio far outweighs the loss in value of our hedges, since we are naturally long to both gas and spark spreads.

In fact, the warranted fair value of our open asset positions, calculated using the same methodologies we use for valuing non-

qualifying hedges, has increased by several billion dollars during the quarter.

Of the \$126 million non-qualifying hedge impact, \$43 million represents the reversal of prior period NQH gains, as underlying contracts went to delivery. The remaining \$83 million is the impact of changing forward prices. Of this, nearly three-quarters is attributable to longer term hedges associated with some of our Texas wind assets, which were put in place to support project financings.

Looking forward, we can expect greater volatility in the non-qualifying hedge category than we have typically seen in the past, because of the greater sensitivity of these longer term hedges to changes in the forward curves. Very roughly, a one dollar shift in the ten year gas curve will mean about a \$60 million after-tax gain or loss in the non-qualifying hedge category as a result of these long-dated hedges.

Before leaving this topic, I should also remind you that hedging is never perfect, and there is always residual risk even after a hedge is in place. A hedge may only address some portion of an asset's commodity exposure: for example, we may hedge the gas exposure of an asset while leaving the spark spread exposure open. Thus, the hedging disclosure we provide should always be viewed as indicative

of the general impact of our hedging activities, not as a perfectly precise indicator of future results.

With these caveats, however, we continue to be highly hedged against the major sources of commodity price volatility for 2007 and 2008, with more than 90 percent of expected equivalent 2007 gross margin protected. The equivalent figure for 2008 is 85 percent. The charts supporting these figures are contained in the Appendix. Also in the Appendix is a bridge between actual 2006 and projected 2007 equivalent gross margin, which a number of you have requested. As an additional reminder, the concept of equivalent gross margin is a non-GAAP one. It is designed to help you in your analysis of the underlying economics of our business and is not intended to be a substitute for actual results.

(14) FPL GROUP – 2007 AND 2008 OUTLOOK

Turning now to our updated outlook for 2007 and 2008 results, we are at this early point in the year not changing our previously disclosed expectations. For 2007, we expect adjusted EPS to be in the range \$3.35 to \$3.45 and for 2008 \$3.60 to \$3.80. Having said

that, I should note that we are clearly off to a good start in 2007, and our prospects for 2008 are certainly slightly stronger than when we first discussed these ranges with you in the Fall of last year.

For 2007, the strong start made by FPL Energy is tempered a bit by continuing uncertainty over trends in usage per customer at Florida Power & Light, which we discussed earlier. We will know a lot more after the second quarter.

For 2008, we now expect some additional contribution from the acquisition of Point Beach, which was not factored into our expectations last fall. However, as we noted when we announced the transaction, the impact in 2008 is only a few pennies, and the major impact is not felt until 2009 and beyond.

Included in the Appendix are updated gross margin hedging charts, as well as the tie-outs to expected net income contributions for FPL Energy. Not surprisingly, our expected equivalent gross margin numbers are higher now than in January, especially for 2008, which includes the anticipated impact of Point Beach; but of course there are also increased operating expenses and depreciation as well.

Overall, we are well positioned and feel very comfortable with the ranges shown here with perhaps some bias to the positive.

(15) ADDITIONAL DISCLOSURE ON WIND

Before we turn to your questions we would like to spend a little extra time on the wind business. Recent developments in the external environment have focused increased attention on this part of our portfolio and have highlighted its contribution to shareholder value. At the same time, some observers have questioned whether our existing business model is the right one for the future.

Both market and political developments over the last several months have been favorable for renewables energy businesses generally, and it appears that more observers are coming to share the view that we have held for many years that wind has a bright future and can add significant value as one part of the energy mix of the future. At the same time, however, the increased focus on renewables has led to some degree of confusion, and clearly there exists today a wide range of views both about what the market-

leading wind portfolio is worth and about what implications current valuations might have for FPL Group.

To try and help investors make sensible judgments we realize we need to do a better job of explaining certain aspects of the wind business. Today, we would like briefly to address four topics:

- (i) the major drivers of wind project economics;
- (ii) the profile of expected PTC generation over time;
- (iii) the contribution that wind makes to overall FPL Energy results; and,
- (iv) our view of what I will call structural options, such as separating the wind business from the rest of FPL Energy.

(16) WIND ECONOMICS – AN OVERVIEW

Let me start by reminding everyone of the major elements of wind economics. While every project is different and some will have values outside the ranges shown on this chart, the figures shown on Chart 16 are typical for today's competitive climate.

Capital costs today are typically in the range of \$1,650 to \$1,850 per kilowatt, depending upon location, terrain, equipment type

and other factors. This is up substantially from a few years ago and has generally been reflected in higher pricing.

For tax purposes, wind projects are eligible for 5 year MACRS depreciation treatment, and the typical project will be in the range of 50 to 150 megawatts, although as you may know our largest is over 700.

Average capacity factor is a critical element of wind economics, and the range is wide, but most of our recent projects have expected capacity factors of 35 percent or more. A project in the low 40s is excellent. Obviously, capacity factor is a function of geography and the particular local wind resource, and we devote a great deal of effort to modeling and estimating wind resource availability.

Wind of course has no fuel cost, and O&M is relatively small. Most project's production costs are somewhere in the range of \$4 per megawatt hour.

Depending upon competitive factors as well as the project's inherent economics, mostly driven by capacity factor, contracted pricing will typically be somewhere between \$30 and \$40 per megawatt hour. Since competition is strong, a project with a high

capacity factor will typically have a lower price, and vice versa, all others factors equal.

Finally, all projects that go into operation prior to the end of 2008 are presently eligible for production tax credits, which today are equivalent to \$20 per megawatt hour, escalating with general inflation, and apply to the first ten years of a project's life.

The combination of all these elements generally yields projects with prospective cash-on-cash internal rates of return of 10 percent or better, with 10 to 12 percent being typical.

(17) EXPECTED PTC GENERATION PROFILE

One key aspect of the wind business which appears to cause some confusion is the role that the production tax credits play in wind economics. To repeat, each new project qualifies for ten years of PTCs, assuming it goes into service during a qualifying time period. Currently, new projects will qualify as long as they go into service prior to the end of 2008. As most of you know, the PTC program has been extended on a number of occasions.

We view the PTCs as an integral part of project economics. In the typical contracted project, the value of the PTCs is effectively

passed through to the customer, since we are able to bid a lower price than would be the case in the absence of the PTCs, while still earning an acceptable return. Because the PTCs apply only to the first ten years of operations, however, and virtually all our PPAs are levelized – either fixed price or fixed with escalation – one consequence is that the effective duration of the cash flows of a wind project is much shorter than that of, say a combined cycle plant. We view this as a favorable characteristic, since it effectively means we are recycling capital and delivering an attractive return to the shareholder relatively quickly. This, too, is an integral part of the overall business economics.

We have observed two main approaches in external valuations of the wind business. One applies a multiple to a forecast earnings or cash flow stream, including the effect of PTCs; the other excludes the PTCs from the multiple valuation and values them separately, typically by direct discounted cash flow methods. We believe either can work effectively, but obviously only if the right input data are used. To assist modeling efforts, we have developed Chart 17, shown here, which indicates our current expectations of the future profile of PTC generation, express as megawatt hours eligible for

PTCS, under three different scenarios. The lowest curve assumes that we complete about 1500 new megawatts in the 2007 and 2008 programs and then add nothing more. The intermediate curve assumes this base plus a subsequent annual program of 500 megawatts, with all additional megawatts assumed to qualify for PTCs. The upper curve assumes 750 megawatts per year from 2009 onwards, all qualifying. As we have said on many occasions, we believe growth of 500 to 750 megawatts per year, assuming continued public policy support, is a realistic and perhaps even conservative goal for our wind development capability.

Please note that these curves show only the expected megawatt hours eligible for PTCs in each year. The total expected megawatt hours will naturally be higher.

(18) WIND IS A KEY PART OF THE FPL ENERGY VALUE EQUATION

From a valuation perspective, we believe that any approach that simply takes the discounted cash flow value of the lowest curve on the previous chart will result in values that are unrealistically low. Such an approach would miss a significant portion of the growth potential of the business. While it is certainly true that there is no

guarantee that the PTC program will continue indefinitely, the fact that the value of the PTCs is embedded in our project economics suggests that if the PTC program were to be eliminated at some future date the principal impact would be to cause a rise in the price of wind energy relative to alternatives, all else being held equal. As long as there is continued policy support for renewables (for example through renewable portfolio standards) – and we see little prospect of this changing – there will still be a very attractive market for our wind business.

In addition, if market prices in the future come to reflect a direct price for carbon, which appears increasingly likely, wind and other non-emitting technologies stand to gain. In fact, one can think of the current PTC program as being an indirect way of building the value of zero carbon emissions into the economics of the business.

To apply a multiple-based approach to the wind business obviously requires a good starting point in terms of income or cash flow contribution. As you know, we run the wind business as an integral part of FPL Energy's operations and therefore to estimate an EBITDA or Net Income contribution requires making some assumptions – primarily around the appropriate allocation of G&A

expenses to different parts of the portfolio. Since many valuation analyses today are being done on the basis of projected 2008 values, in this chart we have provided an estimate of the expected contribution of the wind portfolio in 2008 in a couple of different ways: first, the straightforward expected contribution, taking into account reasonable estimates of when actual projects might come into service; and second, on a hypothetical basis assuming that all the megawatts of the 2008 programs were in service for the full year 2008. This can be thought of as reflecting the annualized impact of the 2008 program but expressed in 2008 dollars. As you can see, the difference is significant, since the full effect of any year's build program does not flow through income until the following year.

I should emphasize that the numbers shown in this chart are both forward-looking and employ non-GAAP concepts. However, they are prepared on a basis consistent with our regular earnings expectations calculations.

As you can see, the wind business is a very significant component of FPL Energy. Even ignoring the PTCs, which as I said earlier are an integral part of the economics of the business, we expect the wind business to account for close to 30 percent of FPL

Energy's EBITDA in this period, and factoring the PTCs in on a grossed-up basis the proportion is over 40 percent. At the same time, the rest of the portfolio is also a significant contributor to FPL Group's overall economic position.

(19) STRUCTURAL OPTIONS

Finally, a number of analysts and investors have asked about possible plans to separate the wind business, completely or in part, from the rest of FPL Energy, or, alternatively, to separate FPL Energy from the rest of the enterprise. The intent would be to highlight the separate economics and hopefully capture a higher multiple than is implicit in today's FPL Group valuation. We have been examining a range of options along these lines for some time. These include partial or complete spin-offs or IPOs, as well as the possibility of a tracking stock. Our conclusion to date has been that each of these options has significant drawbacks, and it may be helpful to explain our reasoning.

In thinking about these structural options, it is important to remember that there are real operational linkages between the wind business and the rest of the FPL Group portfolio. In particular,

operationally we manage the entire non-nuclear generation fleet as a whole, and there are real synergies that we derive from this that benefit all the assets, both in terms of cost and in terms of reliability. Commercially, our relationships with key suppliers are strengthened by the breadth of activities in which we engage. Thus, each of the structural alternatives we have looked at has had associated with it some degree of real value degradation, varying in extent generally in line with how complete any separation of the wind business might be. In addition, any structural alternative carries with it additional administrative costs and generally introduces challenging though not insurmountable issues associated with dual fiduciary relationships. And, of course, a larger enterprise can utilize the production tax credits more efficiently.

For all these reasons our conclusion to date has been that our current structure is preferable to the alternatives. This could change as external circumstances change, and we are certainly open to input on the subject. However, we do recognize that investors' ability to value the enterprise appropriately is in part a function of the information we provide, and therefore we have concluded that it would be useful to provide additional data on the wind business. We

hope that what we have shared today will make it easier for you to compare our wind business with other relevant benchmarks.

(20) FPL GROUP – FIRST QUARTER EPS CONTRIBUTIONS

To summarize the 2007 first quarter, on an adjusted basis, FPL contributed 32 cents, FPL Energy contributed 43 cents, and Corporate and Other was a negative 5 cent contribution. That is a total of 70 cents compared to 59 cents in the 2006 first quarter on an adjusted basis.

To conclude, therefore, we are pleased with the start to 2007. We look forward to continuing to deliver very strong results for our shareholders this year and beyond.

(21) Q&A SESSION

And now, we will be happy to answer your questions.