



Earnings Conference Call

**Third Quarter
October 27, 2008**

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 Securities and Exchange Commission (SEC) filings.

FPL Group had good quarterly earnings and continues to maintain financial strength and discipline

FPL Group Overview – Third Quarter 2008

- **Adjusted EPS increased 2% despite poor weather**
- **We are maintaining financial strength and discipline**
 - “A” credit ratings
 - Significant cash flow and liquidity
- **Long-term growth prospects are favorable**
- **We face near-term challenges**
 - Florida economy
 - Credit markets
- **Revised 2009 cap ex plans**

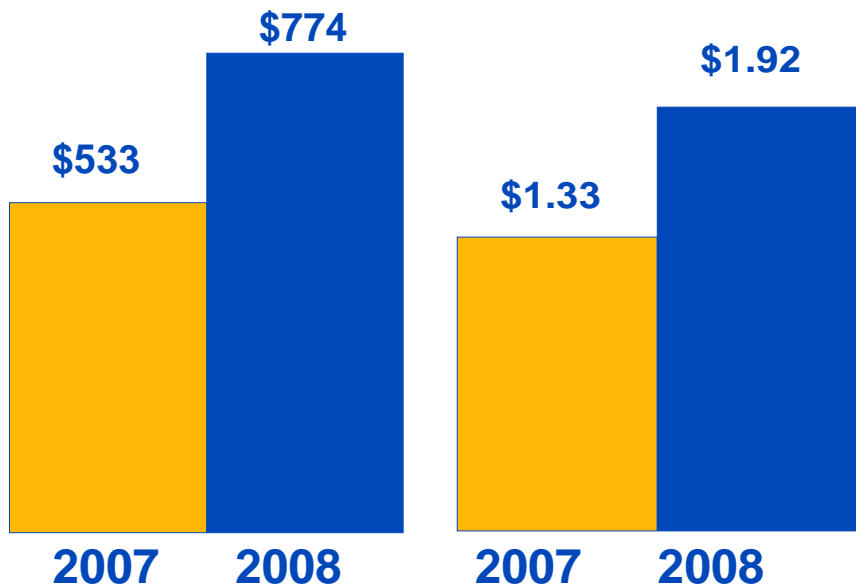
FPL Group's 2008 third quarter adjusted EPS¹ were up modestly

FPL Group Results – Third Quarter

GAAP

Net Income
(\$ millions)

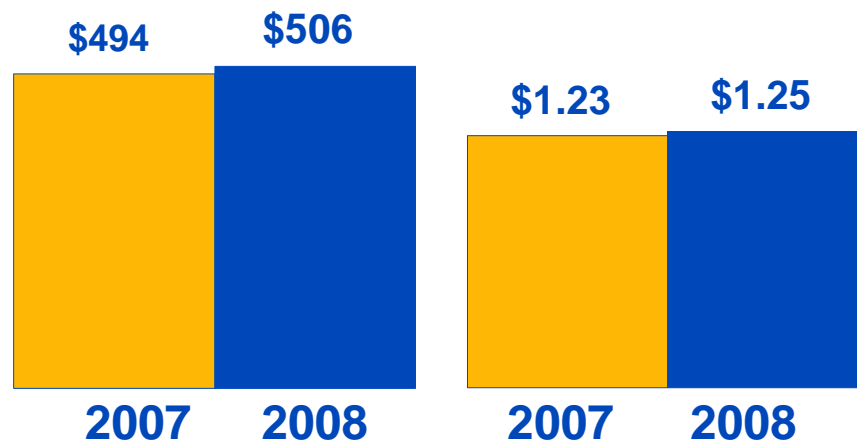
EPS



Adjusted¹

Net Income
(\$ millions)

EPS



¹ See Appendix for reconciliation of GAAP to adjusted amounts. 2007 adjusted amounts revised from previous presentations to reflect the exclusion of the after tax effect of other than temporary impairment losses (OTTI) in securities held in FPL Energy's nuclear decommissioning funds, which resulted in increases in third quarter 2007 adjusted amounts of \$1 million or \$0.00 per share.

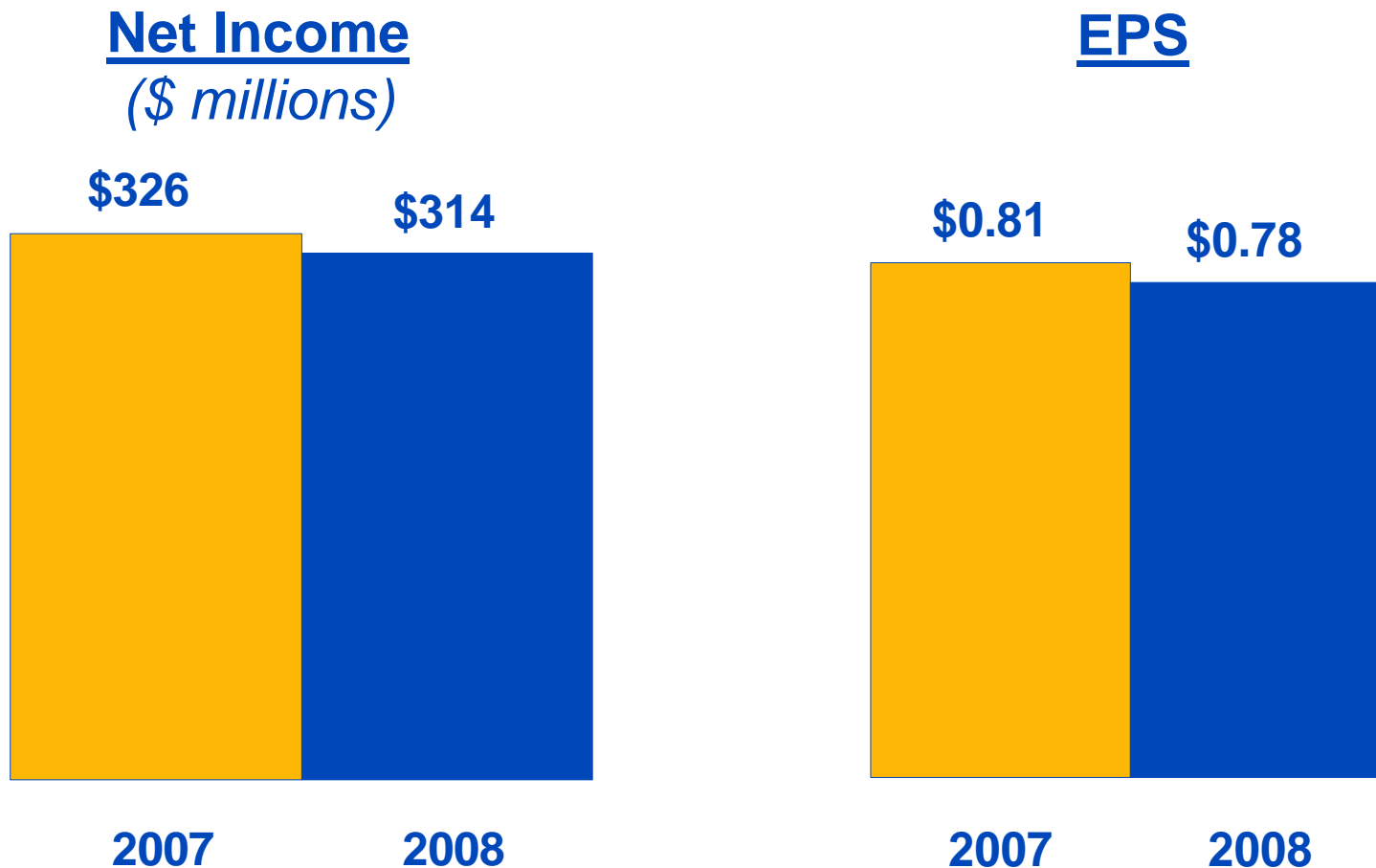
FPL performed as expected, notwithstanding weak economic conditions and unfavorable weather

FPL Overview – Third Quarter 2008

- **Flat customer growth**
- **Non-weather related usage remains weak**
- **Lower O&M expenses relative to plan and prior**
- **Capital spending reductions in 2008 and 2009 of \$475 million and \$400 million, respectively**
- **New generation plans remain on track**

FPL EPS contribution was lower quarter-over-quarter

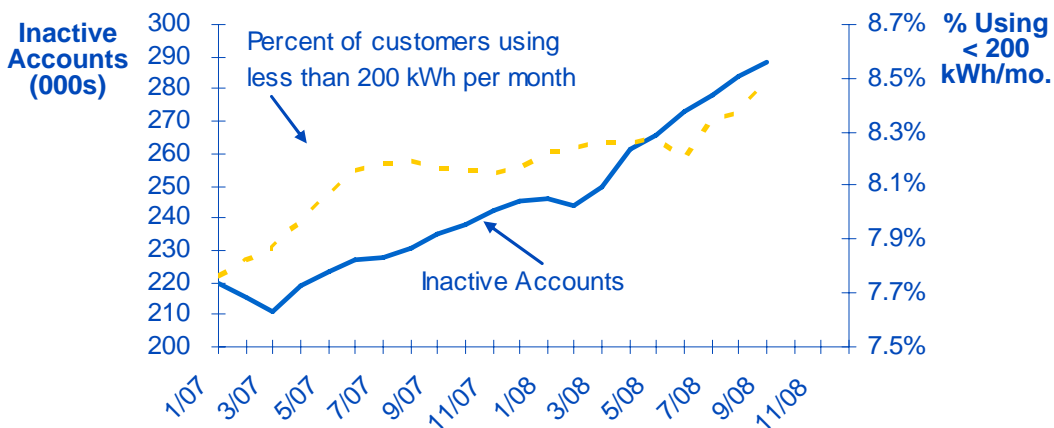
Florida Power & Light Earnings – Third Quarter 2008



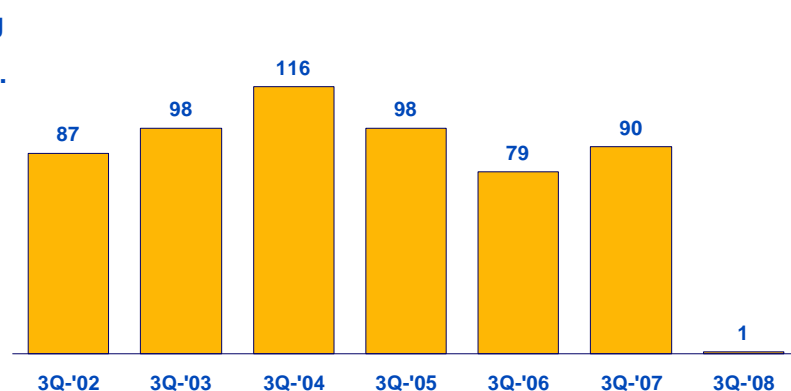
FPL's growth continues to be affected by the economic slowdown

Customer Characteristics – Third Quarter 2008

Inactives and Low Usage Customers



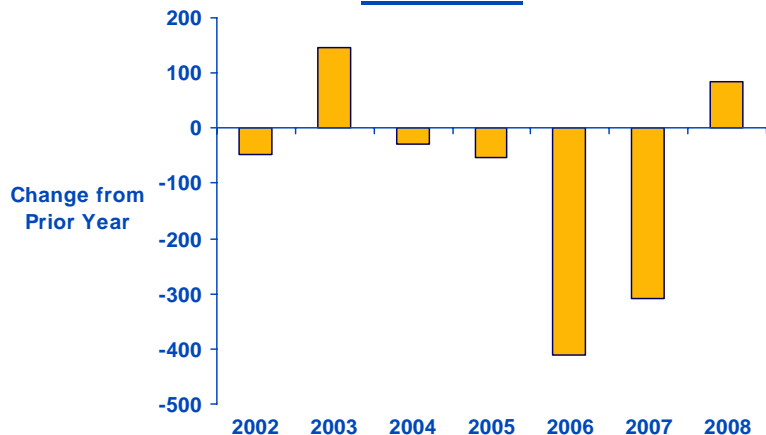
Customer Growth¹



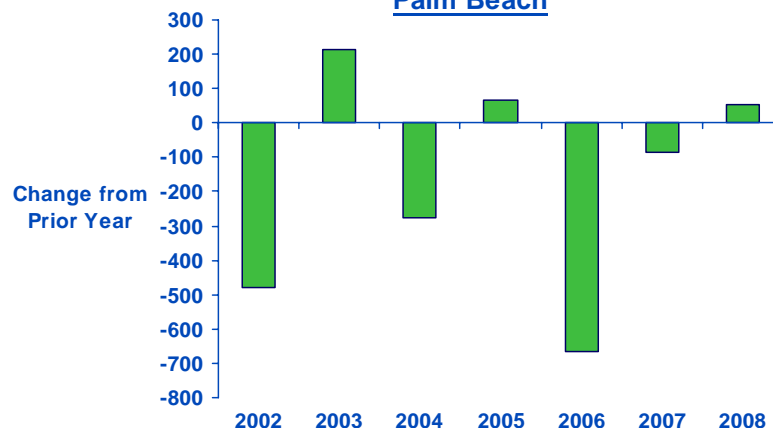
August 2008 home sales were up in our key markets versus prior year

Existing Single-Family Homes Sold in August

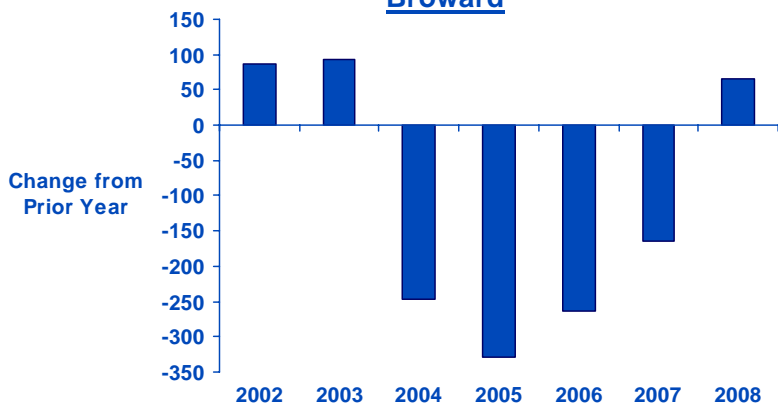
Miami-Dade



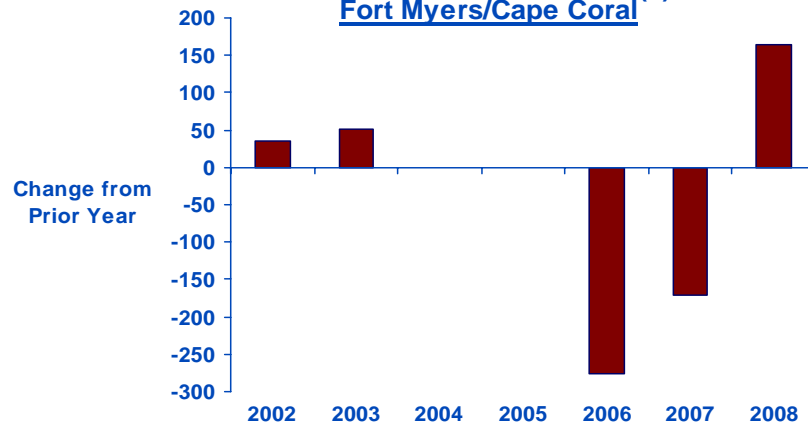
Palm Beach



Broward



Fort Myers/Cape Coral ⁽¹⁾



Improvement in the market for single-family homes varies by region

(1) August data for 2004 through 2005 not available

Retail kWh sales were negatively impacted by a decline in usage and unfavorable weather

FPL Retail kWh Sales

	Customer growth	0.0%
+	Usage growth due to weather	(1.5%)
+	Underlying usage growth, mix and other	(2.8%)
	<hr/>	<hr/>
=	Retail kWh sales growth	(4.3%)

Major components of our cap-ex program have been approved by the Florida Public Service Commission

FPL Generation Expansion Profile

Estimated In-Service	Approx. Size (MW)	Facility Name	Estimated Cost (\$B)	PSC Approved
2009	1,220	West County 1	\$0.7	Yes
2009	1,220	West County 2	\$0.6	Yes
2010	110	3 Solar projects	\$0.7	Yes
2011	1,220	West County 3	\$0.9	Yes ⁽¹⁾
2012	400	Nuclear uprates	\$1.8	Yes
2013	1,220	Cape Canaveral modernization	\$1.1	Yes ⁽²⁾
2014	1,210	Riviera modernization	\$1.3	Yes ⁽²⁾
	6,600		\$7.1	

¹ Pending final approval which is expected by early 2009.

² Pending approval from the Florida Power Plant Siting Board, which is expected in the first half of 2010.

Third quarter 2008 EPS for FPL was 78¢

FPL EPS Contribution Drivers – Third Quarter 2008

FPL – 2007 EPS	\$0.81
Drivers:	
Customer growth	\$0.00
Usage growth, weather	(\$0.03)
Usage growth, underlying	(\$0.05)
O&M	\$0.02
Depreciation	(\$0.01)
AFUDC	\$0.02
Other ¹	\$0.02
FPL – 2008 EPS	\$0.78

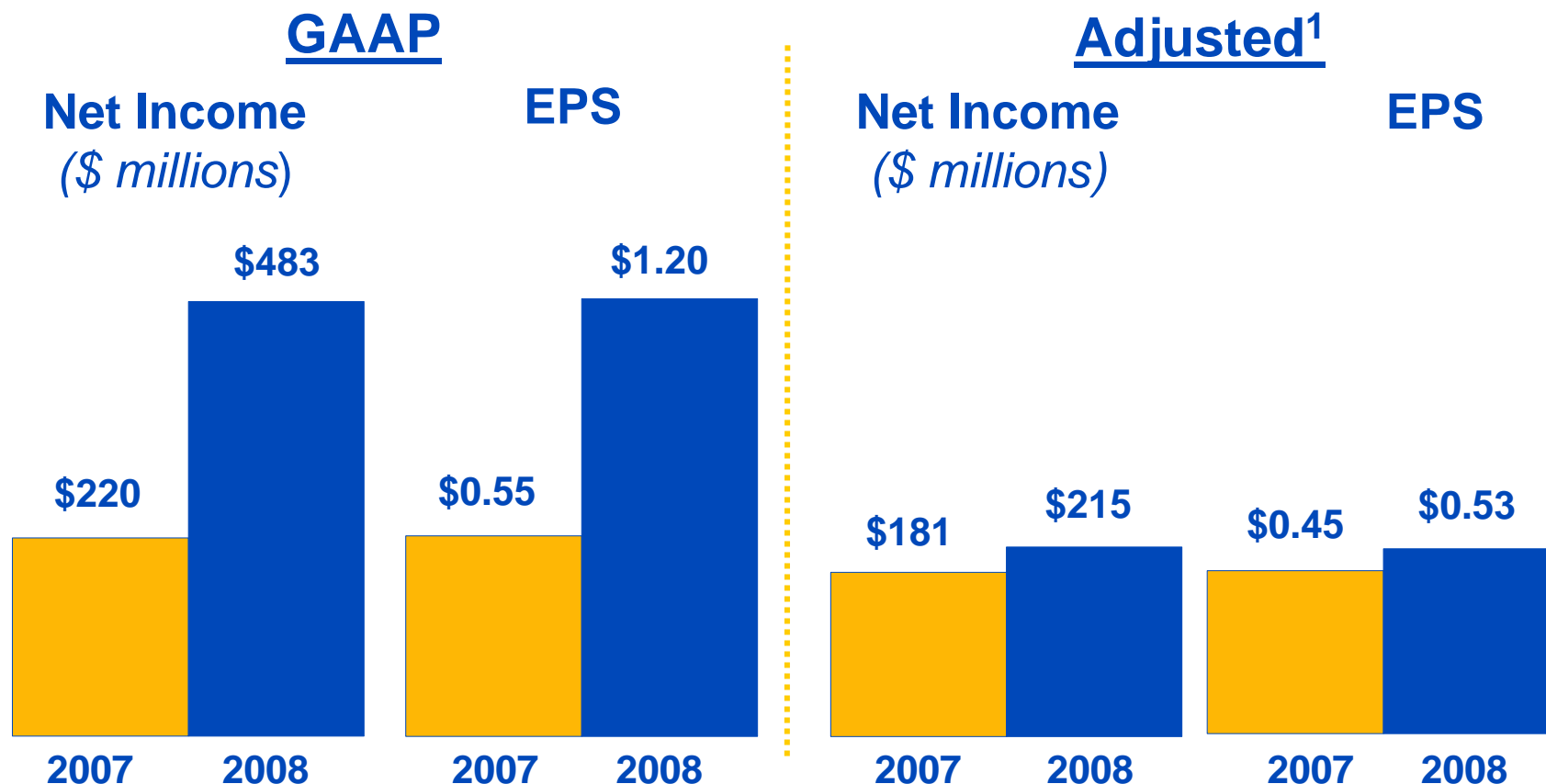
FPL Energy had a strong third quarter

FPL Energy Overview – Third Quarter 2008

- **Strong quarter overall**
- **Key drivers:**
 - New project additions (wind and Point Beach)
 - Poor wind resource
- **2008 wind program totals approximately 1,300 MW**
- **Well hedged for 2009 and 2010**
- **One year PTC extension and eight year solar ITC renewal**

FPL Energy's third quarter adjusted EPS¹ increased ~18%

FPL Energy Results – Third Quarter 2008



¹ See Appendix for reconciliation of GAAP to adjusted amounts. 2007 adjusted amounts revised from previous presentations to reflect the exclusion of the after tax effect of other than temporary impairment losses (OTTI) in securities held in FPL Energy's nuclear decommissioning funds, which resulted in increases in third quarter 2007 adjusted amounts of \$1 million or \$0.00 per share.

FPL Energy's growth was driven by new investments

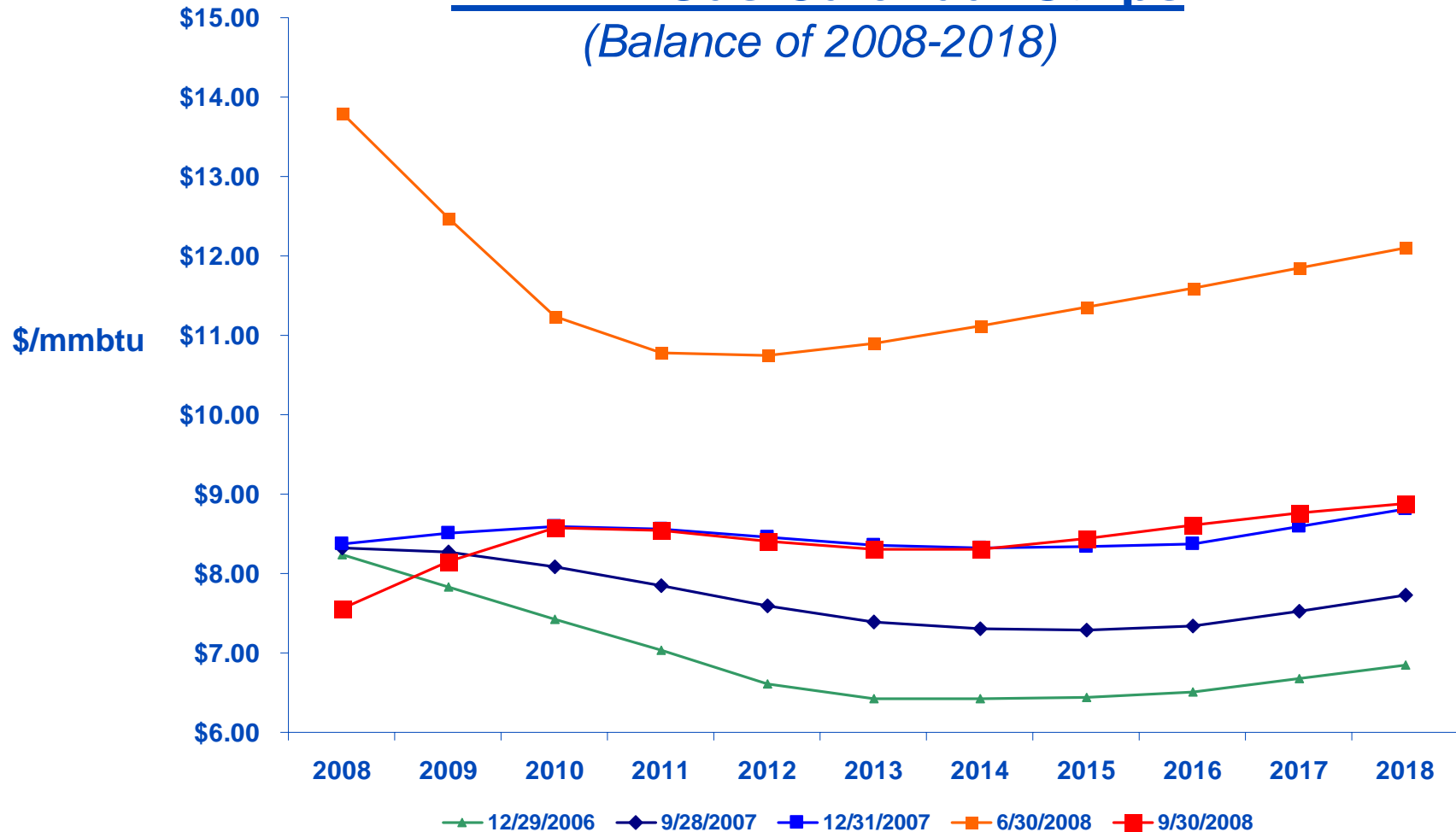
FPL Energy EPS Contribution Drivers Third Quarter 2008

	<u>(\$/share)</u>
FPL Energy – 2007 Adjusted EPS	\$0.45
Drivers:	
New investments	\$0.14
Existing assets	(\$0.04)
Asset optimization and trading	\$0.03
Other ¹	(\$0.05)
FPL Energy – 2008 Adjusted EPS	\$0.53

¹ Including G&A, interest expense, differential partnership costs, share dilution, and rounding
See Appendix for reconciliation of GAAP to adjusted amounts

The 10-year natural gas strip now stands where it was at the beginning of the year

NYMEX Gas Calendar Strips *(Balance of 2008-2018)*



The wind resource in the third quarter was the worst in 35 years

2008 Wind Resource Performance

Gross¹ MWh Production: Actual vs. Long Term Expected Average

Location ³	MW	1st Qtr	2nd Qtr	Jul	Aug	Sept	3rd Qtr	YTD
ERCOT	1,961.4	110%	108%	99%	59%	53%	72%	99%
West	1,745.7	110%	99%	85%	89%	72%	82%	97%
Midwest	766.2	88%	98%	77%	86%	87%	83%	90%
Northeast	194.9	91%	108%	97%	124%	88%	101%	97%
Other South	361.2	119%	124%	113%	93%	96%	101%	116%
Total	5,029.4	106%	105%	91%	79%	70%	80%	98%

Every 100 bps of gross MWh production equals 1 to 2 cents of EPS on an annualized basis

Note: See Appendix slide 30 for map of wind locations as of January 1, 2008

¹ MWh production from wind resource prior to reductions for actual and planned outages and curtailments

² See the Appendix for a description of geographic locations

³ Includes wind facilities in full operation as of January 1, 2008; excludes 22.1MW Mojave 3/5 lease and 25MW partial operations for Endeavor

FPL Energy drove the improvement in third quarter results

FPL Group EPS¹ Contributions – Third Quarter 2008

GAAP	<u>2007</u>	<u>2008</u>	<u>Change</u>
FPL	\$0.81	\$0.78	(\$0.03)
FPL Energy	\$0.55	\$1.20	\$0.65
Corporate and Other	(\$0.03)	(\$0.06)	(\$0.03)
Total	\$1.33	\$1.92	\$0.59
Adjusted	<u>2007</u>	<u>2008</u>	<u>Change</u>
FPL	\$0.81	\$0.78	(\$0.03)
FPL Energy	\$0.45	\$0.53	\$0.08
Corporate and Other	(\$0.03)	(\$0.06)	(\$0.03)
Total	\$1.23	\$1.25	\$0.02

¹ See Appendix for reconciliation of GAAP to adjusted amounts. 2007 adjusted amounts revised from previous presentations to reflect the exclusion of the after tax effect of other than temporary impairment losses (OTTI) in securities held in FPL Energy's nuclear decommissioning funds, which resulted in increases in third quarter 2007 adjusted amounts of \$1 million or \$0.00 per share.

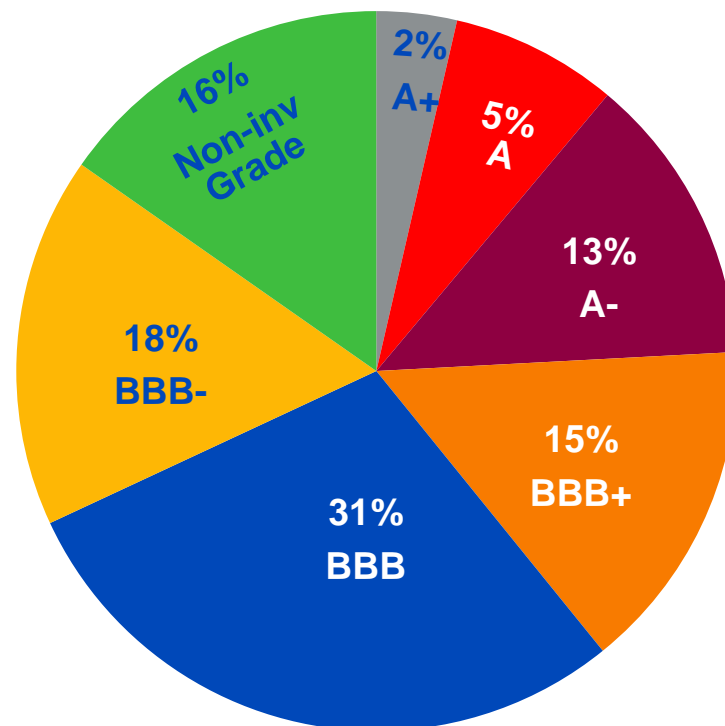
FPL Group has one of the strongest balance sheets in the industry

Credit Ratings

FPL Group

	Fitch	Moody's	S&P
FPL Group			
Corporate credit rating	A	A2	A
Outlook	Stable	Stable	Stable
Florida Power & Light			
First mortgage bonds	AA-	Aa3	A
Commercial paper	F-1	P-1	A-1
Outlook	Stable	Stable	Stable
FPL Group Capital			
Sr. unsecured debentures	A	A2	A-
Commercial paper	F-1	P-1	A-1
Outlook	Stable	Stable	Stable

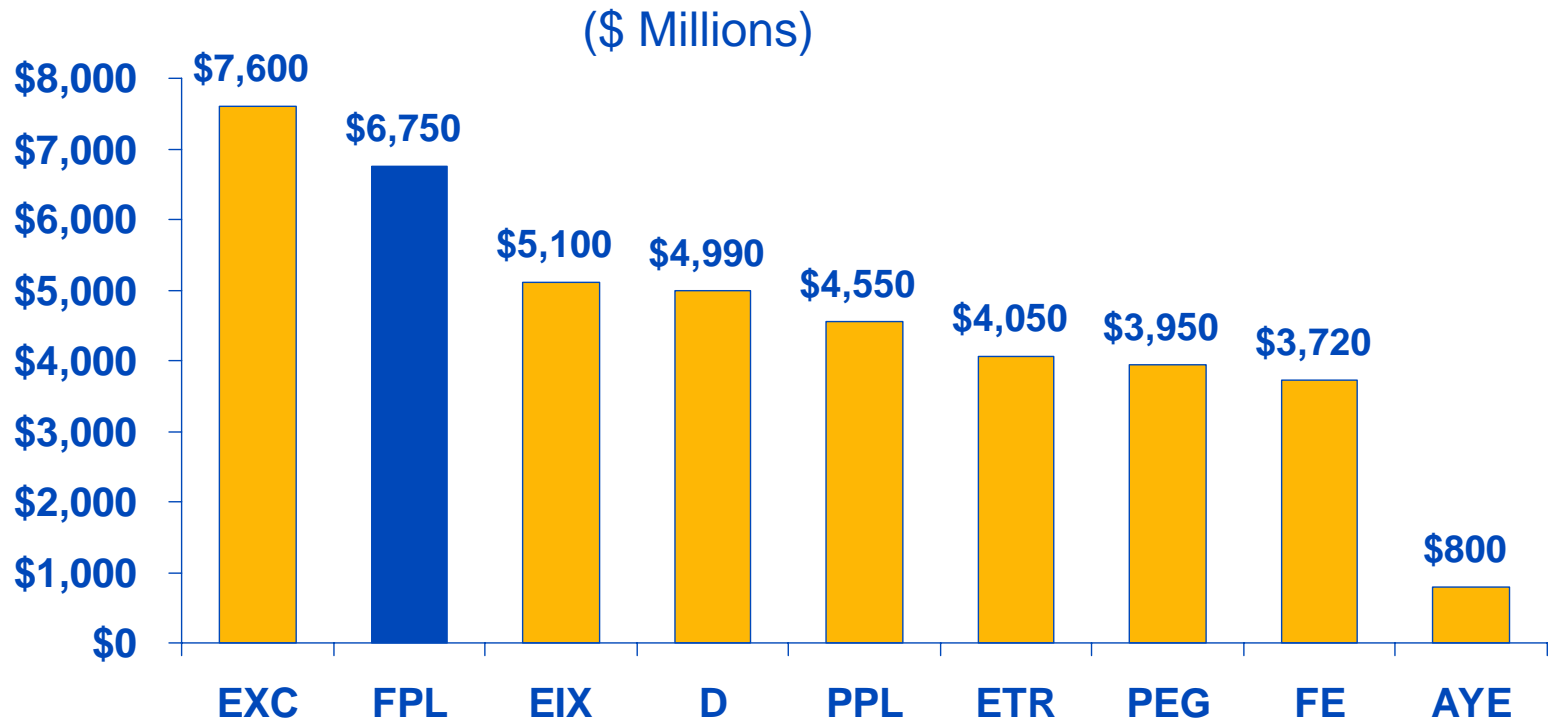
Power Sector



Only three companies in the power sector, including FPL Group, have an “A” or better issuer credit rating

FPL Group has the second largest credit facility in the industry

Peer Company Total Credit Facilities



38 banks participate in FPL Group's credit facilities. \$2.75 billion is dedicated to FPL and \$4.0 billion to FPL Group Capital.

Source: Merrill Lynch.

FPL Group has excellent liquidity and minimal near-term maturities

FPL Group Maturities and Liquidity Overview

(\$ Millions)

	Maturity Schedule ¹			FPL	FPL Group Capital	FPL Group
	2009	2010				
Florida Power & Light	\$225	\$0	Bank revolving lines of credit ^{2, 3}	\$2,500	\$4,000	\$6,500
FPL Group Capital	725	200	Less: Letters of credit	(150)	(259)	(409)
Commercial paper	0	0		2,350	3,741	6,091
	<u>\$950</u>	<u>\$200</u>	Revolving term loan facility ⁴	250	0	250
			Less: borrowings	0	0	0
				250	0	250
			Subtotal	\$2,600	\$3,741	\$6,341
			Cash and cash equivalents	881	711	1,592
			Less: CP, notes payable ⁵	(1,550)	(1,490)	(3,040)
			Net available liquidity	<u>\$1,931</u>	<u>\$2,962</u>	<u>\$4,893</u>

Note: As of September 30, 2008

¹ Excludes amortizing principal payments totaling \$288 and \$297 million in 2009 and 2010, respectively.

² Provides for the issuance of letters of credit up to \$6.5 billion and are available to support the companies' commercial paper programs as well as for general corporate purposes. FPL's bank revolving lines of credit are also available to support the purchase of tax exempt bonds in the event they are tendered by individual bond holders prior to maturity.

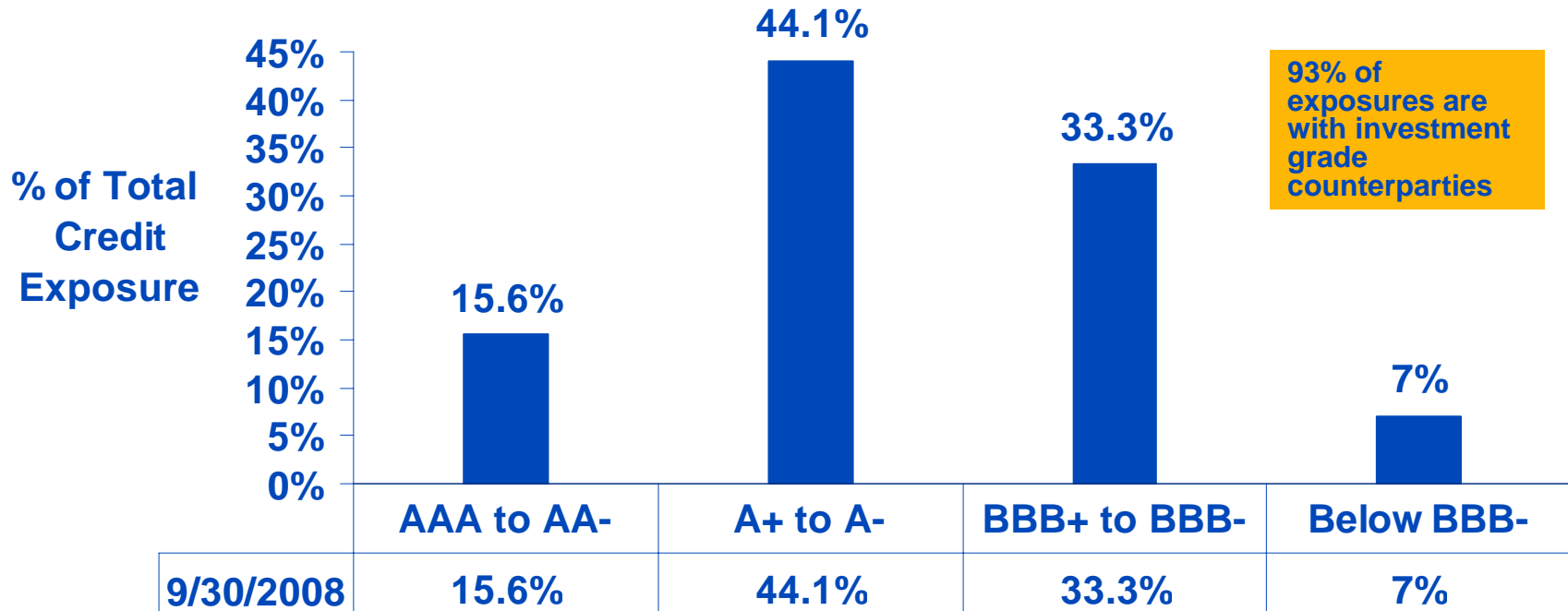
³ \$17 million of FPL's and \$40 million of FPL Group Capital's bank revolving lines of credit expire in 2012. The remaining portion of bank revolving lines of credit for FPL and FPL Group Capital expire in 2013.

⁴ Bi-lateral facility. Matures in 2011

⁵ Commercial paper figures includes amounts invested in short-term investments

We transact with, and have potential exposures to, highly rated counterparties

Credit Exposure⁽¹⁾ FPL Energy Power Marketing, Inc.



We do not, however, simply rely on ratings for credit comfort

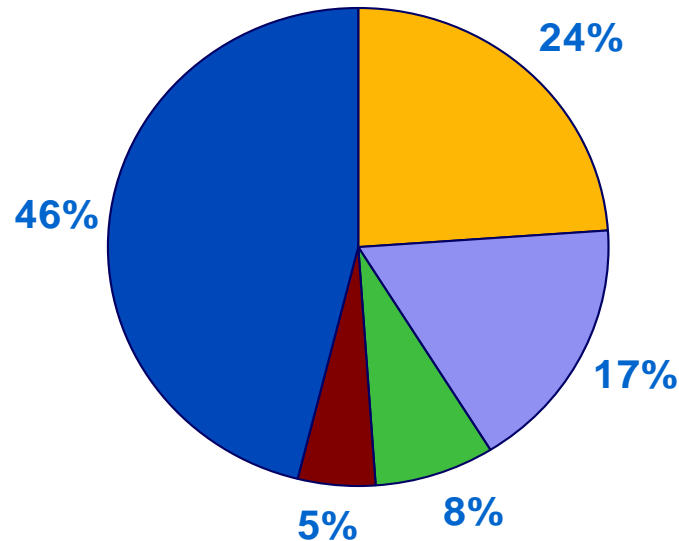
We are proactively taking steps to realign our business plans for 2009

Summary of 2009 Plans

- **Reduced capital spending at FPL and FPL Energy**
- **Total capital spending reduction is approximately \$1.7 billion**
 - At FPL, spend is related to re-prioritizing our non-generation related projects
 - FPL Energy lowers near-term wind build out plans; reduces non-wind spending programs
- **Our 2009 base case plan is flexible and can be increased or decreased as market conditions warrant**

FPL Group's earnings profile is significantly weighted towards lower risk sources

2009E EBITDA Contribution



70% of 2009E EBITDA comes from either regulated or long-term contracts

Note: FPL Energy EBITDA includes its share of the pre-tax effect of production tax credits

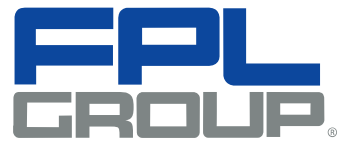
We are maintaining our adjusted EPS expectations

Adjusted Earnings¹ (or EPS) Expectations

2008	\$3.83 - \$3.93 ⁽²⁾
2009	\$4.05 - \$4.25
2010	\$4.50 - \$4.90

1 Adjusted earnings. Assumes normal weather, excludes the cumulative effect of adopting new accounting standards, the mark-to-market effect of non-qualifying hedges, and other than temporary impairments (OTTI), none of which can be determined at this time. The 2008, 2009 and 2010 adjusted earnings expectations are valid as of October 27, 2008 and are subject to and should be viewed together with FPL Group's Cautionary Statements contained in the Appendix to this presentation. See Key Assumptions slide shown in the Appendix.

2 Lower end of range



Q&A Session

Appendix

Several key assumptions support our five year financial outlook

Key Assumptions

- Continued strong commodity markets
- Continued public policy support for renewables development
- Selective transmission expansion to support renewables
- Continued wind supply chain expansion
- Continued expansion of FPL Energy non-wind activities
- Access to capital / financing
- No acquisitions
- Continued constructive regulatory framework in Florida

Note: This is not intended to be a full list of factors which could cause FPL Group's future results to differ from current expectations. For a full discussion of risk factors please consult FPL Group's SEC filings and the cautionary statements attached to this presentation.

We are well hedged for 2009...

FPL Energy – 2009 Hedging^{1,4}

(\$ millions)

		Nameplate MWs	Exp. Equiv. Gross Margin ³		% Gross Margin Hedged	
		<hr/>				
		<u>Asset-Based Businesses</u>				
Existing Assets	Contracted Wind	4,596	\$920	-	\$920	100%
	Contracted Other	3,551	\$805	-	\$815	100%
	Merchant:					
	NEPOOL					
	Spark Spread	1,294	\$90	-	\$110	57%
	Other	1,459	\$695	-	\$710	99%
	ERCOT					
	Spark Spread	2,789	\$260	-	\$360	39%
	Other	1,709	\$385	-	\$405	95%
	Other – Spark Spread	1,472	\$130	-	\$150	66%
Other	100	\$25	-	\$35	42%	
		<hr/>				
		<u>Total Existing Assets</u>				90%
² New Assets	New Asset Additions		\$95	-	\$120	64%
		<hr/>				
		<u>Non-Asset Based Businesses</u>				<u>% Margin in Backlog</u>
Non-asset based activity	Total	N/A	\$270	-	\$345	18%

¹ Represents an approximation of gross margin exposure to commodity price risk. This analysis does not include other risk factors such as energy or fuel basis, weather including wind, hydro, and solar resource, operational performance, and development and construction timing and success.

² Includes new wind development in 2009.

³ Includes FPL Energy share of revenues, pre-tax effect of production tax credits and fuel expense for consolidated and equity method investments.

⁴ Columns do not sum which reflects the premise that not all markets and investment types are equally effected by changes in commodity prices.

...and we are comfortable with our 2010 hedge position

FPL Energy – 2010 Hedging^{1,4}

(\$ millions)

		Nameplate MWs	Exp. Equiv. Gross Margin ³		% Gross Margin Hedged	
		<u>Asset-Based Businesses</u>				
Existing Assets	Contracted Wind	4,596	\$935	-	\$935	100%
	Contracted Other	4,380	\$930	-	\$960	93%
	Merchant:					
	NEPOOL					
	Spark Spread	1,294	\$90	-	\$110	54%
	Other	1,459	\$795	-	\$805	100%
	ERCOT					
	Spark Spread	2,789	\$235	-	\$385	8%
	Other	1,709	\$455	-	\$465	99%
	Other – Spark Spread	728	\$45	-	\$55	82%
Other	100	\$25	-	\$35	43%	
		<hr/>				
		Total Existing Assets				88%
² New Assets	New Asset Additions		\$340	-	\$380	74%
		<u>Non-Asset Based Businesses</u>				<u>% Margin in Backlog</u>
Non-asset based activity	Total	N/A	\$290	-	\$390	6%

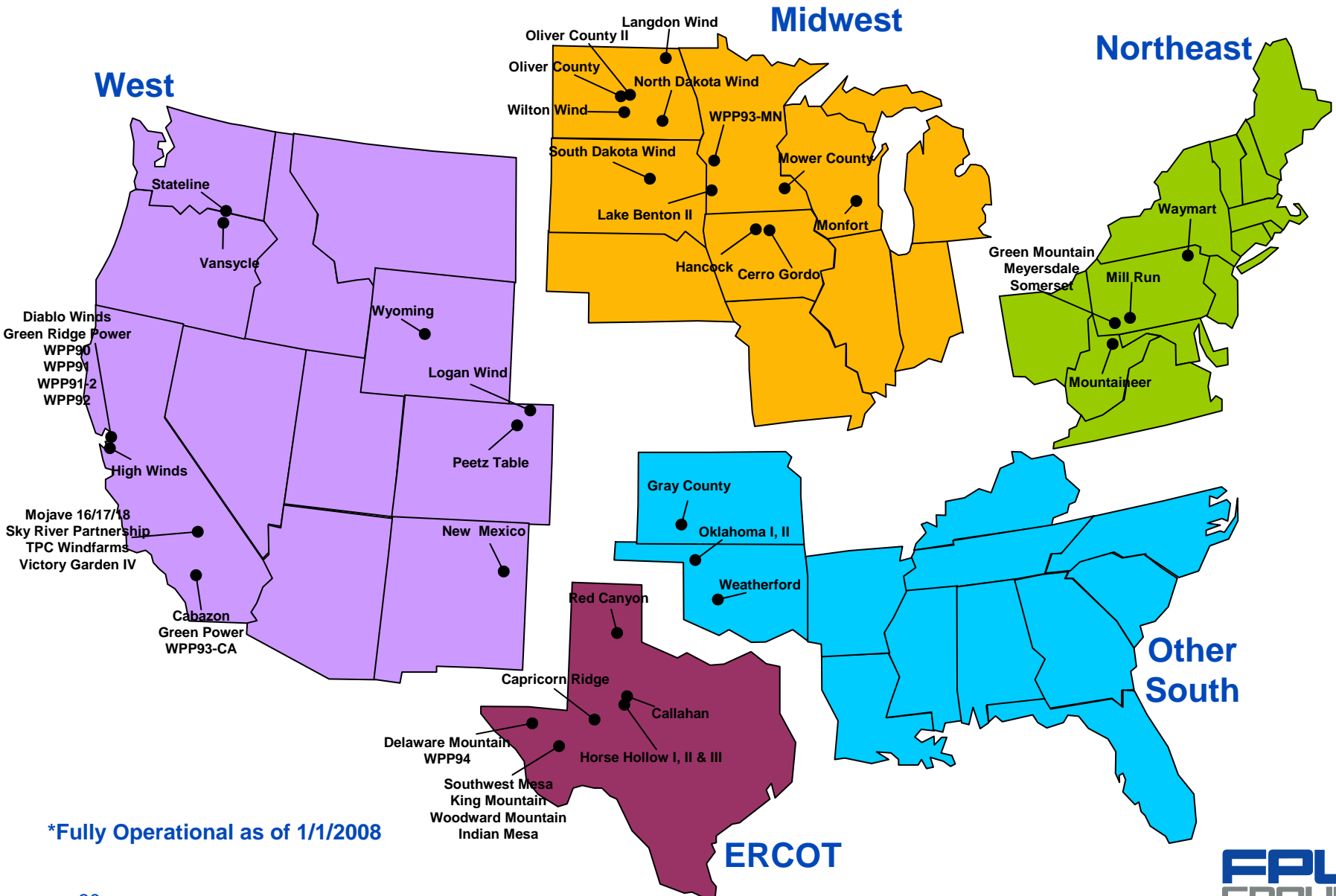
¹ Represents an approximation of gross margin exposure to commodity price risk. This analysis does not include other risk factors such as energy or fuel basis, weather including wind, hydro, and solar resource, operational performance, and development and construction timing and success.

² Includes new wind development in 2009; excludes any 2010 new wind development.

³ Includes FPL Energy share of revenues, pre-tax effect of production tax credits and fuel expense for consolidated and equity method investments.

⁴ Columns do not sum which reflects the premise that not all markets and investment types are equally effected by changes in commodity prices.

FPL Energy Wind Portfolio Locations*



*Fully Operational as of 1/1/2008

We have a broad based credit facilities consortium

Credit Facilities Consortium

AS OF 10/03/2008

Institution	Current Commitment
1 Royal Bank of Scotland	\$500,000,000.00
2 JPMorgan	\$468,076,923.08
3 Bank of America	\$400,000,000.00
4 Wachovia	\$400,000,000.00
5 Citigroup	\$340,789,474.00
6 Bank of Nova Scotia	\$309,210,526.00
7 Bank of Tokyo-Mitsubishi UFJ	\$250,000,000.00
8 Barclays Bank	\$250,000,000.00
9 BNP Paribas	\$250,000,000.00
10 Calyon	\$250,000,000.00
11 Mizuho	\$250,000,000.00
12 Bank of New York	\$217,500,000.00
13 Commerzbank	\$164,923,076.92
14 Bayerische Landesbank	\$135,000,000.00
15 Credit Suisse	\$135,000,000.00
16 Fortis	\$135,000,000.00
17 HSBC	\$135,000,000.00
18 Morgan Stanley	\$135,000,000.00
19 UBS	\$135,000,000.00

Institution	Current Commitment
20 Wells Fargo Bank	\$135,000,000.00
21 Merrill Lynch	\$115,000,000.00
22 BBVA	\$110,000,000.00
23 Deutsche Bank	\$110,000,000.00
24 KeyBank	\$110,000,000.00
25 Lehman	\$110,000,000.00
26 Sovereign Bank	\$110,000,000.00
27 Sumitomo Mitsui	\$110,000,000.00
28 SunTrust Bank	\$110,000,000.00
29 Comerica Bank	\$82,500,000.00
30 Helaba	\$65,000,000.00
31 HVB	\$65,000,000.00
32 Lloyds	\$65,000,000.00
33 NordLB	\$65,000,000.00
34 Regions Bank	\$65,000,000.00
35 U.S. Bank	\$65,000,000.00
36 Standard Chartered Bank	\$57,000,000.00
37 DZ Bank	\$45,000,000.00
38 Societe Generale	\$45,000,000.00

Total **\$6,500,000,000.00**

Bi-Lateral Facility

Bank of Tokyo-Mitsubishi UFJ \$250,000,000.00

Non-Qualifying Hedges¹ – Summary of Activity

(\$ millions, after-tax)

Asset/(Liability) Balance as of 6/30/08	<u>\$(293.2)</u>
Amounts Realized During 3rd Quarter	52.8
Change in Forward Prices (all positions)	232.4
Subtotal	285.2
Asset/(Liability) Balance as of 9/30/08	<u>\$ (8.0)</u>



<u>Primary Drivers:</u>	
Revenue Hedges – Gas & Power Prices	\$272.5
All Other - Net	<u>(40.1)</u>
	<u>\$232.4</u>

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

Non-Qualifying Hedges¹ – Summary of Activity

(\$ thousands, after-tax)

Description	Asset/ (Liability) Balance 6/30/08	3rd Quarter			Total Unrealized MTM	Asset/ (Liability) Balance 9/30/08
		Amounts Realized	Change in Forward Prices	Deals Executed During Period (1)		
Natural gas related positions (1)	\$ (234,808)	\$ (11,978)	\$ 179,776	\$ 922	\$ 168,720	\$ (66,088)
Spark spread related positions (2)	(25,254)	55,345	33,676	(1,602)	87,419	62,165
Other - net (3)	(33,182)	9,446	16,600	3,005	29,051	(4,131)
Total	\$ (293,244)	\$ 52,813	\$ 230,052	\$ 2,325	\$ 285,190	\$ (8,054)

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

³ Primarily represents power basis positions

Non-Qualifying Hedges¹ – Summary of Forward Maturity

(\$ thousands, after-tax)

Description	Asset / (Liability) Balance 9/30/08	Gain / (Loss) (1)					Total 2008 - 2016
		4Q 2008	2009	2010	2011	2012 - 2016	
Natural gas related positions	\$ (66,088)	\$ (895)	\$ (34,729)	\$ 17,021	\$ 20,823	\$ 63,868	\$ 66,088
Spark spread related positions	62,165	(36,571)	(23,382)	(2,212)	-	-	(62,165)
Other - net	(4,131)	477	3,022	172	-	460	4,131
Total	\$ (8,054)	\$ (36,989)	\$ (55,089)	\$ 14,981	\$ 20,823	\$ 64,328	\$ 8,054

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)
Other than temporary impairment losses - net		1		1
Adjusted Earnings (Loss)	\$ 326	\$ 181	\$ (13)	\$ 494
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)
Other than temporary impairment losses - net		-		-
Adjusted Earnings (Loss) Per Share	\$ 0.81	\$ 0.45	\$ (0.03)	\$ 1.23

Reconciliation of GAAP Net Income to Adjusted Earnings

(Three Months Ended September 30, 2008)

(millions, except per share amounts)	Florida Power & Light	FPL Energy	Corporate & Other	FPL Group, Inc.
Net Income (Loss)	\$ 314	\$ 483	\$ (23)	\$ 774
Adjustments, net of income taxes:				
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges		(285)		(285)
Other than temporary impairment losses - net		17		17
Adjusted Earnings (Loss)	\$ 314	\$ 215	\$ (23)	\$ 506
Earnings (Loss) Per Share (assuming dilution)	\$ 0.78	\$ 1.20	\$ (0.06)	\$ 1.92
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges		(0.71)		(0.71)
Other than temporary impairment losses - net		0.04		0.04
Adjusted Earnings (Loss) Per Share	\$ 0.78	\$ 0.53	\$ (0.06)	\$ 1.25

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, future events or performance, climate change strategy or growth strategies (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, aim, believe, could, estimated, may, plan, potential, projection, target, outlook, predict, intend) 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, but not limited to, initiatives regarding deregulation and restructuring of the energy industry and environmental matters, including, but not limited to, matters related 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, but not limited to, the PURPA, the Holding Company Act, the Federal Power Act, the Atomic Energy Act of 1954, as amended, the 2005 Energy Act and certain sections of the Florida statutes relating to public utilities, changing governmental policies and regulatory actions, including, but not limited to, those of the FERC, the FPSC and the legislatures and utility commissions of other states in which FPL Group has operations, and the NRC, with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, construction and operation of plant facilities, construction and operation of transmission and distribution facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, ROE 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.

(continued...)

Cautionary Statements And Risk Factors That May Affect Future Results (continued)

- FPL Group and FPL are subject to extensive federal, state and local environmental statutes, rules and regulations, 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, marine and 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, but not limited to, deregulation or restructuring of the production and sale of electricity, as well as increased focus on renewable energy sources. 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 transmission, distribution and 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 transmission, distribution and power generation facilities involve many risks, including, but not limited to, start up risks, breakdown or failure of equipment, transmission and distribution lines or pipelines, the inability to properly manage or mitigate known equipment defects throughout FPL Group's and FPL's generation fleets and transmission and distribution systems 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, but not limited to, natural disasters such as hurricanes and droughts), 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, but not limited to, 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, including nuclear 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, including, but not limited to, transmission interconnection issues and escalating costs for materials, labor and environmental compliance, 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.

(...continued...)

Cautionary Statements And Risk Factors That May Affect Future Results (continued)

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 primarily to distribution utilities and engages in energy trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these derivative instruments, 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 derivative instruments. 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, including, but not limited to, the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, the price and supply of fuel, transmission constraints, competition from new sources of generation, excess generation capacity and demand for power, 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, but are not limited to, 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, but not limited to, 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 complete and integrate them successfully and in a timely manner.

Because FPL Group and FPL rely on access to capital markets, the inability to maintain current credit ratings and to 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 and FPL to maintain their current credit ratings, as well as significant volatility in the financial markets, could affect their ability to raise capital on favorable terms, which, in turn, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase their interest costs.

(...continued...)

Cautionary Statements And Risk Factors That May Affect Future Results (continued)

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, but not limited to, 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, as can the impact of sever weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, and can affect the production of electricity at power generating facilities.

- 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, affect the price of energy commodities, and can affect the production of electricity at power generating facilities, including, but not limited to, wind, solar 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 potentially adverse effects of legal and regulatory proceedings, as well as regulatory compliance and 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, cyber attacks, or individuals and/or groups attempting to disrupt FPL Group's and FPL's business 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, as well as cyber attacks and disruptive activities of individuals and/or groups. Infrastructure facilities and systems, including, but not limited to, generation, transmission and distribution facilities, physical assets and information systems, in general, have been identified as potential targets. The effects of these threats and activities include, but are not limited to, the inability to generate, purchase or transmit power, the delay in development and construction of new generating facilities, 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 adversely 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.


(...continued...)

Cautionary Statements And Risk Factors That May Affect Future Results (continued)

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

- FPL Group and FPL are subject to employee workforce factors, including, but not limited to, loss or retirement of key executives, availability of qualified personnel, inflationary pressures on payroll and benefits costs, 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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