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### SAFE HARBOR STATEMENT

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 substantially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained in the back of this report.



At FPL Group, one of the ways we've chosen to manage and measure our progress is by employing the concept of sustainability. At its core, sustainability requires demonstrated attention to, and excellence in, three key areas: economic accountability, environmental stewardship and social responsibility. Following is a review of many of our strategies and achievements, using the three elements of this sustainability concept as a framework.

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# A Message from the Chairman

The essence of a company's success is to achieve and sustain excellence in all aspects of its business. This is frequently referred to in today's corporate world as sustainability, and it is a concept that we have strongly embraced at FPL Group for some time.

At its core, sustainability focuses on three key areas – the so-called “triple bottom line” that is the framework for reporting our performance against economic accountability, environmental stewardship and social responsibility.

More broadly, sustainability reflects our company's purpose, values and long-term approach to business. It requires us in our decision-making processes to take into account the needs of all our stakeholders – shareholders, customers, employees, business partners, governments, local communities and the public.

Under the umbrella of sustainability, we've shown that strong commitments to the environment and to the communities we serve are consistent with achieving outstanding operating and financial results.

Currently, 88 percent of Americans\* are as interested or more interested in the environment than they were a year ago. While almost all consumers believe that corporations owe it to them to engage in sustainable and environmentally conscious business practices, FPL Group can say we've demonstrated that type of commitment for decades and we will continue to do so well into the future. Our company is committed to sustaining the position we've earned as a leader in environmental stewardship and, especially, to demonstrating industry leadership in further reducing greenhouse-gas emissions. In fact, in January 2007, we joined a group of diverse U.S. businesses and environmental organizations calling on the federal government to quickly enact mandatory climate-change policies — and I and many other senior FPL Group executives continue to invest considerable time and energy in this effort.

By carefully balancing economic, environmental and social factors – and integrating them into our strategies and operations – we are working to make FPL Group an even better company.

Lewis Hay, III  
Chairman and Chief Executive Officer  
October 12, 2007



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\*2007 Cone Consumer Environmental Survey findings

# Economic Accountability

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FPL Energy, the nation's leading wind energy provider, continues to add to our wind portfolio and commitment to overall clean energy generation.

FPL Group is highly regarded for our strong financial position, which is supported by sound strategies and growth prospects, and dedicated employees. The company maintains a strong balance sheet, good cash flow, a balanced portfolio, excellent credit ratings and a disciplined approach to deploying capital.

Our financial strength and financial discipline sets us apart from many of our peers and provides a competitive advantage.

With regard to the company's economic accountability, two characteristics stand out as integral to our success.

First, we have a strong commitment to integrity, personal accountability and openness, and this is supported by our outstanding record in corporate governance.

Second, throughout our company, there is a deeply ingrained drive for continuous improvement and operational excellence.

## FPL Group

### The Generation for What's Next

At FPL Group, we're committed to reliable power generation today with an eye always to the future, taking into account future energy needs as well as future generations. We are a clean-energy provider and are committed to continued success in managing our operations with sensitivity to the environment. Going forward, we have high expectations, sound strategies and strong tangible growth prospects.

#### OUR RESULTS IN 2006 SPEAK FOR THEMSELVES:

- FPL Group generated an impressive 36-percent total shareholder return in 2006 – the second best of all major utilities. In addition, we outperformed the S&P Electric Utilities, the Dow Jones U.S. Electricity Index and the Standard & Poor's 500 index from 2001 to 2006.
- Net income, using generally accepted accounting principles, reached almost \$1.3 billion, or \$3.23 per share in 2006, compared with \$901 million or \$2.34 per share in 2005.
- FPL Group's adjusted earnings, which exclude the mark-to-market effect of non-qualifying hedges and merger-related costs, were approximately \$1.2 billion or \$3.04 per share for the full year, compared with approximately \$1 billion or \$2.63 per share in 2005. (See page 10, *Financial Highlights*, for reconciliations of net income to adjusted earnings, and earnings per share to adjusted earnings per share.)

#### BUSINESS REVIEW AND 2006 PERFORMANCE

FPL Group ranked first among electric and gas utilities in *FORTUNE*® magazine's "America's Most Admired Companies" edition, dated March 19, 2007. Both of our principal businesses achieved important results and met a number of key milestones last year.

- Florida Power & Light Company is one of America's largest and best performing electric companies. With more than 4.4 million customer accounts, FPL continued during 2006 to benefit from growth in our customer base, which is among the highest of any large electric company. In 2006, FPL continued the historical outstanding operational and cost performance that places us among the best in our industry.
- FPL Energy is the nation's leading clean-energy provider. During 2006, we continued to build on our strength as a low-cost provider, maintained operational excellence, optimized our asset portfolio, and continued carefully managing all forms of risk. FPL Energy also leveraged our position as the nation's leader in wind-power development and operation, and as the largest generator of solar power in the nation. We continued our pattern of strong earnings, and over the last five years we have grown adjusted earnings at a compounded annual rate

of about 35 percent. (See page 10, *Financial Highlights*, for reconciliation of net income to adjusted earnings per share).

#### KEY CORPORATE ATTRIBUTES AND 2007 OUTLOOK

A number of key attributes continue to form the cornerstones of FPL Group's success and provide reason for continued confidence in our prospects for 2007 and beyond.

- We continue to maintain financial strength, flexibility and discipline – hallmarks of this company for many years. Our credit ratings are among the best in our industry when compared to other large electric power companies.
- We have long been committed to integrity and accountability in all aspects of our business. In compliance with the Sarbanes-Oxley Act, we have undergone a comprehensive assessment and testing of our internal controls to ensure their effectiveness. Taken together, in fact, our corporate governance practices continue to be rated among the best in our industry by third-party observers.
- We have a demonstrated track record of strong performance. Our earnings growth has been steady, and our operating performance on a variety of metrics is among the best in our industry.
- We are a clean-energy company and are committed to continued success in managing our operations with sensitivity to the environment. We are hopeful this will be a major competitive advantage for us in the future, especially with new environmental laws being enacted that recognize the investments FPL Group has already made in clean and renewable energy relative to many of our peers.
- Going forward, we have attractive growth prospects. At FPL, we expect continued growth in electricity sales in our service territory. At FPL Energy, we will continue to grow our nation-leading wind generation business; we'd like to grow our solar business, despite already being the largest generator of solar power in the United States; and we've added to our nuclear portfolio with the acquisition of Point Beach Nuclear Power Plant. We're also addressing some new opportunities in the energy value chain in areas such as wholesale marketing, retail electricity sales outside of Florida and, possibly, transmission- and natural gas-related opportunities.

**No.1**  
**FPL GROUP:**  
 industry leader  
 in 8 key  
 areas

# AMERICA'S MOST ADMIRABLE COMPANIES

Our Energy Makes Us #1

- 1. INNOVATION**  
Bright, industry-leading ideas.
- 2. PEOPLE MANAGEMENT**  
Ability to attract and retain talented people.
- 3. FINANCIAL SOUNDNESS**  
Credit rating, stock performance and overall financial acumen.
- 4. QUALITY OF MANAGEMENT**  
Strength of the executive management team.
- 5. USE OF CORPORATE ASSETS**  
Ability to leverage assets to maximize return on investment.
- 6. SOCIAL RESPONSIBILITY**  
Balancing business strategies with customer needs and environmental concerns.
- 7. LONG-TERM INVESTMENT VALUE**  
Projected return on investment for shareholders.
- 8. QUALITY OF PRODUCTS OR SERVICES**  
Reliability, availability and customer service.



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## Florida Power & Light

### *Committed to Reliability While Meeting Growing Demand*

Florida Power & Light Company demonstrated once again why we are so widely regarded as one of the nation's outstanding electric companies.

FPL continued to achieve the high levels of performance that are a hallmark of the organization. At the same time, the ongoing customer growth that has set the utility apart from virtually all our peers – and made us one of America's largest providers of electricity – continued at a steady pace.

FPL added an average of 88,000 new customer accounts in 2006 – a 2-percent increase over the previous year – consistent with the growth the company has witnessed over the last three years.

### **PLANNING FOR FUTURE ENERGY NEEDS**

Florida, the fourth most populous state, is growing, with more than 17 million residents and nearly 1,000 more arriving daily. Not only are more new customers moving into FPL's service territory, but residential customers are using 30 percent more electricity per household than they did 20 years ago. FPL continues to invest heavily to expand and enhance our generating facilities and related infrastructure to ensure continued reliable service to meet this growing demand. This has allowed the company to increase generating capacity to more than 21,000 megawatts to meet the energy demands of our new customer accounts while maintaining a reserve margin of 20 percent for all FPL customers.

FPL made steady progress constructing in Miami-Dade County a 1,144-megawatt combined-cycle natural gas-fired plant that began commercial operation in May 2007. And in December 2006, Florida's Power Plant Siting Board approved construction of another natural gas, combined-cycle generating plant to be located in western Palm Beach County. The two-unit plant will have a capacity of more than 2,400 megawatts, with the first unit expected to begin producing electricity in 2009.

### **STORM SECURE®: A PLAN IN ACTION**

In 2006, as a part of FPL's industry-leading 10-year Storm Secure program to improve everyday reliability, as well as the ability of our power grid to withstand future hurricanes, we:

- Inspected more than 95,000 wood poles and concrete distribution poles.
- Cleared nearly 11,000 circuit miles of vegetation.
- Focused time and resources on helping local governments that choose to place their existing overhead power lines underground.
- Hardened four major infrastructure projects critical to the health and safety of the public.
- Put into place plans to harden an additional 28 acute-care projects and 34 community projects in 2007.

### **KEEPING CUSTOMER BILLS STABLE**

FPL is an industry leader in managing costs even as we continue to expand our electric system, improve reliability and satisfy customer needs. The company's operations and maintenance costs per kilowatt-hour (kwh) remain well below the industry average. FPL was the only investor-owned utility in Florida to lower the residential bill effective Jan. 5, 2007. In fact, FPL residential customers today enjoy the most reliable and lowest-cost electricity service from any investor-owned utility in peninsular Florida and rates that are below the national average.

### **A MIX OF FUELS HELPS ENSURE RELIABILITY AND BALANCE COSTS FOR CUSTOMERS**

FPL takes seriously our commitment to provide reliable and cost-effective electric service every day. Meeting this commitment has been challenging, particularly when FPL and others in the U.S. electric industry have been facing higher-than-normal costs for oil and natural gas used to generate a significant portion of the nation's electricity.

Due to high fuel costs, the fuel portion of a 1,000 kWh residential bill for FPL customers increased 19 percent in January 2006. But, thanks to a variety of energy management programs and other efforts, FPL helped customers cope better and keep bills lower than they might otherwise have been. In late 2006, due to lower fuel costs than earlier forecast, as well as more fuel-efficient operations at FPL power plants, the company was able to lower residential customers' bills by nearly 5 percent, effective January 2007.

Maintaining a mix of fuels used to generate power is a key component of providing reliable electric service. Natural gas is now used to generate about half the power FPL generates and, though it will continue to be an important part of our fuel mix, we are seeking ways to generate electricity so we are not overly dependent on any single source of fuel. FPL is working with regulators to find a balanced approach by considering the benefits of each type of fuel source to supply clean energy at a stable price.

- **Renewables** – FPL continued to meet a small portion of the state's power needs through the purchase of power from renewable sources in 2006. We seek to increase our use of renewable power, such as wind and solar, particularly as the technology for harnessing these resources becomes more feasible in Florida. In fact, we issued a request for proposal in June 2007 to further this mission. We're also exploring and encouraging new advances in ocean current technologies.
- **Natural gas** – We've begun construction of a new natural gas-fired power plant in Palm Beach County.
- **Nuclear** – In April 2006, FPL announced our intent to file a license application with the Nuclear Regulatory Commission with the hope of building new nuclear power units in Florida to complement the four we now have in operation, accounting for nearly 20 percent of FPL's power production today. In August 2007, we also signaled our intention to file proposals to add approximately 400 megawatts of power capacity at our existing St. Lucie and Turkey Point nuclear power plants. Nuclear energy is a clean, safe and reliable form of power.

### **SUPERIOR SYSTEM RELIABILITY**

FPL's ongoing outstanding operational performance places the company among the best utilities in the electric industry. The amount of time FPL's fossil power plants are available to generate electricity is among the highest in the nation, and the reliability of FPL's power delivery system is also among the best.



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FPL takes seriously our commitment to provide reliable power every day and has unparalleled maintenance plans, such as routine pole inspection, to strengthen our system.



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FPL's Sunshine Energy® program offers consumers and businesses in Florida the chance to financially support cleaner sources of energy generation and offset their CO<sub>2</sub> emissions.

## **FPL Energy** *A Growing Clean Energy Provider*

FPL Energy, the competitive energy subsidiary of FPL Group with a growing presence in 24 states and more than 13,300 net megawatts of generation assets in operation, experienced an exceptional year in 2006. By continuing to maximize the value of existing assets and capitalizing on our position as the nation's top wind-energy provider, we further strengthened our position as one of the nation's leading energy providers.

FPL Energy recorded a 64-percent increase in year-over-year adjusted earnings in 2006. Over the past five years, FPL Energy has grown adjusted earnings at a compounded annual rate of about 35 percent. (See page 10, *Financial Highlights, for reconciliation of FPL Energy's net income to adjusted earnings*). During this time, the company has successfully added new projects and expanded our capabilities, while at the same time effectively managing risk.

FPL Energy completed another successful year in our wind development program. Our 2006 wind program included new projects in Texas, Minnesota and North Dakota as well as the purchase of existing assets in Texas, California and Minnesota. In all, FPL Energy added more than 800 megawatts to our wind portfolio and now owns 4,016 megawatts of wind capacity.

With the Production Tax Credit (PTC) for wind and other renewable energy technologies extended through December 31, 2008, equipment secured and a strong pipeline of wind projects in place, FPL Energy expects to add at least 2,000 MW of new wind projects to our portfolio in the 2007-2008 timeframe. Beyond that, we have announced an expanded growth plan for wind energy, setting a goal of adding 8,000 to 10,000 MW of new wind generation in the 2007-2012 timeframe.

In addition to the growth of the wind business, we expanded our portfolio and strategic position through completion of the acquisition of a 70-percent interest in the Duane Arnold Energy Center, a nuclear power plant located northwest of Cedar Rapids, Iowa, as well as the completion of a power uprate at the Seabrook Nuclear Power Plant, bringing net capacity of that plant to 1,098 megawatts. During 2006, FPL Energy also announced an agreement to acquire the dual-unit 1,033-megawatt Point Beach Nuclear Power Plant from a subsidiary of Wisconsin Energy.

FPL Energy had an outstanding year and continues to drive the growth of FPL Group. New project additions, primarily wind and nuclear, along with a strong performance from our merchant power plant portfolio, contributed significantly to 2006 success. Operational performance was outstanding, with the fossil and nuclear plants collectively having their best year ever for reliability. Also contributing to successes in 2006 were: growth in our asset optimization and trading business, including full energy and capacity requirements services, and our retail operations.

As the nation's leader in wind and solar generation, and with more than 90 percent of our more than 13,300-megawatt power generation portfolio utilizing clean or renewable fuels, FPL Energy is proving that environmental responsibility and financial success can go hand in hand.

### **POWER MARKETING GROWS BUSINESS**

FPL Energy's power marketing unit, FPL Energy Power Marketing, Inc. (PMI), buys and sells wholesale energy commodities, such as natural gas, oil and electricity. PMI procures natural gas and oil for FPL Energy's use in power generation. PMI also sells the output from FPL Energy plants, which has not been sold under long-term contracts, and purchases replacement power when needed. Of special note in 2006 was PMI's success in growing the full-requirements business. "Full requirements" means providing all the requirements (electricity, capacity, transmission and distribution losses, ancillary services and other market and regulatory requirements) that keep the nation's entire system working.

### **FINANCIAL STATEMENTS**

Underlying the business operations at FPL Group is a solid financial position. The company maintains a strong balance sheet, good cash flow and a disciplined approach to deploying capital.

### **CREDIT RATINGS**

FPL Group's credit ratings are among the best in our industry when compared to other large electric power companies.

### **GOVERNANCE**

Third-party observers continue to rate our corporate governance practices among the best in the industry and all types of businesses. Our goal is to raise the bar even further.

- FPL Group's Corporate Governance Quotient as of September 1, 2007, as determined by institutional shareholder services, is better than 83.9 percent of S&P 500 companies and 88.8 percent of utility companies.
- Governance Metrics International gave FPL Group an overall global rating as of July 31, 2006, of 10.0 – the highest rating possible.

### **SARBANES-OXLEY ACT**

A major aspect of corporate governance activities involves implementing the Sarbanes-Oxley Act. This legislation is part of the government's response to the scandals and mismanagement uncovered at Enron, World Com and other companies over the past few years.

Although FPL Group voluntarily adhered to the spirit of Sarbanes-Oxley long before it and other federal policies requiring specific compliance actions went into effect, the company nonetheless took action as required by the new laws.

Under what is known as "Section 404" of the Act, we performed a very careful and comprehensive examination of our underlying controls, processes and objectives; and we completed documentation of our processes. This initiative confirmed our belief that we have excellent management controls in place at FPL Group.

Section 302 of Sarbanes-Oxley deals with personal accountability and holds senior officers responsible for the completeness and accuracy of financial information. Since 2002, FPL Group's chief executive officer and chief financial officer both have personally certified the completeness and accuracy of our annual and quarterly reports. Additionally, each of our business unit leaders signs the same certifications.

### **COMMITMENT TO QUALITY**

FPL Group is widely regarded as a high-performance organization with a commitment to quality and continuous improvement that is deeply ingrained in our company's culture. As a result, we are among the top performers in key industry metrics.

This is reflected by our superior results in such divergent and critical areas as power plant availability, electricity reliability, operating and maintenance costs, and employee safety.

For example, FPL Group's "best practices" approach has led to our industry-leading positions in power plant availability – they are among the highest in the industry. Our fossil-fuel plant availability stood at 92.2 percent, and our nuclear facilities at 89.6 percent in 2006.

In addition, since launching an aggressive program in 1997 to improve electric reliability, FPL has achieved outstanding results. The annual average amount of time that customers are without power has been reduced by 46 percent, and the frequency and duration of outages have declined as well. The average number of minutes that FPL customers were without power during 2006 was 74.3 minutes, compared to a 2005 national industry average of 134.8 minutes.

In yet another quality-focused effort, a team of FPL employees originated a new process to eliminate non-value-added steps in the company's procurement bidding process. The change reduced total processing time by 98.8 percent. It also resulted in a 30-percent increase in bidders for each job while saving the company \$6.9 million annually through increased competition.

By regularly benchmarking our processes and performances against the best of our peers, we are able to identify opportunities for additional improvements in these and other important areas and to further improve our bottom line.

The company's quality "roots" date back to the early 1980s and the establishment of quality improvement teams. In the mid-80s, a total quality management system based on the TQM practiced in Japan was implemented company-wide. Because of this innovative program, FPL was awarded the prestigious Deming Prize in 1989, the first company outside Japan ever to be so honored by the Union of Japanese Scientists and Engineers.

Learn more about FPL Group's quality commitment by visiting the topics in the list below on [FPLGroup.com](http://FPLGroup.com).

- Current Quality Practices
- Quality Awards and Recognition
- The James L. Broadhead Award
- Benchmarking Opportunities

# FINANCIAL HIGHLIGHTS

Years Ended December 31... 2006 2005\* % change

## FINANCIAL RESULTS

(millions, except per-share amounts)

Years Ended December 31...	2006	2005*	% change
<b>Net Income</b>	\$ 1,281	\$ 901	42.2
Adjustments, net of income taxes:			
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges – FPL Energy	(92)	112	
Merger-related costs	14	—	
<b>Adjusted Earnings</b>	\$ 1,203	\$ 1,013	18.8
<b>Earnings Per Share</b> (assuming dilution)	\$ 3.23	\$ 2.34	38.0
Adjustments:			
Net unrealized mark-to-market (gains) losses associated with non-qualifying hedges – FPL Energy	(0.23)	0.29	
Merger-related costs	0.04	—	
<b>Adjusted Earnings Per Share</b>	\$ 3.04	\$ 2.63	15.6
Operating Revenues	\$15,710	\$ 11,846	32.6
Operating Income	\$ 2,097	\$ 1,490	40.7
Cash Flows from Operating Activities	\$ 2,498	\$ 1,547	61.5
Total Assets	\$35,991	\$ 32,990	9.1

## FPL ENERGY – RECONCILIATION OF GAAP TO ADJUSTED EARNINGS

(millions)	2001	2002	2003	2004	2005	2006
<b>Net Income (Loss)</b>	\$124	\$(163)	\$207	\$181	\$203	\$610
Adjustments, net of income taxes:						
Cumulative effect of change in accounting principle (FAS 142)		222				
Restructuring and other charges		73				
Cumulative effect of change in accounting principle (FIN 46)			3			
Net unrealized mark-to-market losses (gains) associated with non-qualifying hedges	(8)		(22)	3	112	(92)
<b>Adjusted Earnings</b>	\$116	\$132	\$188	\$184	\$315	\$518

## FPL GROUP'S NET INCOME (LOSS) BY SEGMENT

(millions)	2001	2002	2003	2004	2005	2006
Florida Power & Light	\$679	\$717	\$733	\$749	\$748	\$802
FPL Energy	124	(163)	207	181	203	610
Corporate and Other	(11)	(75)	(37)	(34)	(50)	(131)
<b>FPL Group, Inc. Consolidated</b>	\$792	\$479	\$903	\$896	\$901	\$1,281

Note: Amounts have been adjusted to reflect the retrospective application of an accounting change.

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# Environmental Stewardship



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FPL Group is committed to protecting the numerous species of plants and animals, including the sea turtle, found near our company's power plants.

More than three decades ago, FPL Group adopted an ethic of environmental stewardship. Since then, we have felt a responsibility to not simply provide reliable and affordable electricity, but to do so while preserving, protecting and enhancing the environment.

Developing, constructing and operating clean energy projects are a focus of our business strategy. The vast majority of the power we generate is derived from clean and renew-

able fuels. In fact, we're the nation's leader in renewable energy, and we continue to invest in the development of new sources of energy designed to safeguard the environment for years to come.

By taking a leadership role in addressing climate change, at no other time in FPL Group's history have we stepped forward in a bigger way to advocate for environmental protection.

## Environmental Policies

FPL Group is committed to complying with the spirit and intent as well as the letter of all environmental laws, regulations and standards.

We incorporate environmental protection and stewardship as an integral part of the design, construction, operation and maintenance of our facilities. We also conduct periodic self-evaluations and report our performance to internal management so that continual improvements can be made. In addition, we offer a variety of programs that encourage the wise use of energy to minimize the impact on the environment.

As part of our environmental policy:

- The Board of Directors reviews company environmental strategies and performance.
- Environmental performance is a key component in our operating divisions' business plans.
- Environmental audits of our facilities and operations are conducted regularly.
- Environmental factors make up a significant portion of our "due diligence" research when considering asset acquisitions.
- Each business unit is evaluated at least annually with respect to environmental liabilities, management and performance.
- Employees are trained in many aspects of environmental awareness and management.
- Employee performance evaluations consider whether environmental targets have been completed successfully.

More than 75 percent of the 128 million megawatt-hours of electricity generated in 2005 by FPL Group was from lower-emission fuels. FPL Group promotes the generation of clean energy through the use of clean fuels and renewable resources, while helping to minimize fuel costs passed to our customers. In addition, we continually work to achieve more efficient operations and improved performance with less impact on the environment. This includes managing water wisely as a valued natural resource, seeking ways to improve operations to minimize impacts on wildlife near our facilities, and properly disposing of waste and recycling materials required for company operations.

## Florida Power & Light *One of the Nation's Cleanest Utilities*

At FPL, our emissions rates make us one of the cleanest electric utilities in the country. We have met new electricity demands from Florida's unprecedented population growth with more efficient, state-of-the-art generating facilities that produce less carbon dioxide (CO<sub>2</sub>), sulfur dioxide (SO<sub>2</sub>) and nitrogen oxide (NO<sub>x</sub>) emissions per megawatt of electricity generated and by helping customers reduce electricity usage through conservation and demand-side management programs that further reduce emissions. In fact, FPL is the nation's leader among electric utilities for its partnership with customers in energy conservation (based on 2005 U.S. Department of Energy data, the latest available.)

FPL projects the need to add 6,700 megawatts of new generation resources (an increase of approximately 28 percent) by the end of 2016. In addition to meeting the needs of 4.4 million customers, we continue to plan for ongoing growth in customers and energy consumption. FPL's strategy to meet Florida's future electric supply needs focuses on fuel diversity, advanced technology, energy conservation and renewable energy sources to improve system reliability, further reduce emissions rates and protect air quality, and help stabilize future power prices. FPL is taking steps to create the option for new nuclear power generation in Florida.

## FPL Energy *A National Leader in Clean Power*

FPL Energy has power plants in operation in 24 states, and more than 90 percent of the electricity generated is by clean fuels such as natural gas, wind, nuclear, water and the sun.

FPL Energy leads the nation in the development and operation of wind power. In 2006, we added more than 800 megawatts to our wind portfolio, about a third of all new installations in the United States. FPL Energy currently owns and operates 49 wind facilities in 15 states and has a capacity of 4,016 megawatts, or about 35 percent of the U.S. wind energy market and just more than 5 percent of the world's total. FPL Energy generated more than 9.4 billion kilowatt-hours of wind-generated electricity in 2006, or enough to power approximately 850,000 average-size homes. In addition, our wind farms were estimated to have offset the production of nearly 6.4 million tons of carbon dioxide, more than 14,000 tons of sulfur dioxide and more than 9,000 tons of nitrogen oxide emissions during the year.

FPL Energy also operates the two largest solar fields in the world. We are the largest generator of solar power in the United States, with 310 megawatts in operation and nearly 150 megawatts company-owned.

## Commitment to Global Climate Change

We recognize that climate change is the most significant environmental issue facing us. FPL Group believes the threat of major, long-term environmental and economic damage from climate change is real. Because of this, we've taken a leadership role to address this important issue and the call for action for a national climate change policy. Our decision to step into the forefront of this issue goes hand-in-hand with our longtime commitment to managing our operations with sensitivity to the environment.

In 2003, FPL Group was the first electric company to join the Environmental Protection Agency's "Climate Leaders" program. As a participant, we committed to achieving an 18-percent reduction in CO<sub>2</sub> emissions – the main greenhouse gas blamed by scientists for warming the Earth – by 2008,



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FPL is committed to providing clean, reliable power to Florida's growing population while preserving her natural resources for future generations.

compared to a 2001 baseline. We're pleased to report that we've already achieved, and in fact, surpassed our goal and filed an early achievement with Climate Leaders.

FPL Group is also a Pioneer Partner in the World Wildlife Fund's "PowerSwitch" program, which is designed to reduce greenhouse-gas emissions through the use of cleaner fuels and more efficient electricity generation. We've committed to a 15-percent improvement in the efficiency of our power plants by 2020, from a 2000 baseline. This will avoid 19 million tons of CO<sub>2</sub> emissions annually.

What we're doing out of respect for the environment has not gone unnoticed. In February 2007, FPL Group was named by Corporate Knights, Inc., a Canadian media company, as one of the most sustainable companies in the world – one of only two utility companies in the United States. In addition, in September 2006, FPL Group was named "Best in Class" in the prestigious Climate Leadership Index and honored among Fortune 500 companies for our approach to climate change in a report issued by the Carbon Disclosure Project.

But despite these commitments and achievements, we have come to realize that a sustainable climate policy requires more than the voluntary efforts of individual companies, including ours.

**OUR PARTNERS IN ADDRESSING CLIMATE CHANGE**

Thankfully, we're not alone. FPL Group has joined multiple alliances to strengthen the call for action on a comprehensive approach to climate change:

**U.S. Climate Action Partnership** – This diverse group of U.S.-based businesses and leading environmental organizations is calling upon the federal government to quickly enact mandatory economy-wide legislation to achieve significant reductions of greenhouse-gas

emissions. USCAP members believe any delay today in action to control emissions increases the risk of unavoidable consequences that could require even steeper reductions in the future.

In addition to FPL Group, the founding members of this unprecedented alliance include market leaders Alcoa, BP America, Caterpillar, Duke Energy, DuPont, General Electric, Lehman Brothers, PG&E and PNM Resources, along with four leading non-governmental organizations – Environmental Defense, Natural Resources Defense Council, Pew Center on Global Climate Change and World Resources Institute.

In January 2007, USCAP issued a landmark set of principles and recommendations to highlight the urgent need for a policy framework on climate change. The solutions-based report, titled *A Call for Action*, lays out a blueprint for a mandatory economy-wide, market-driven approach to climate protection.

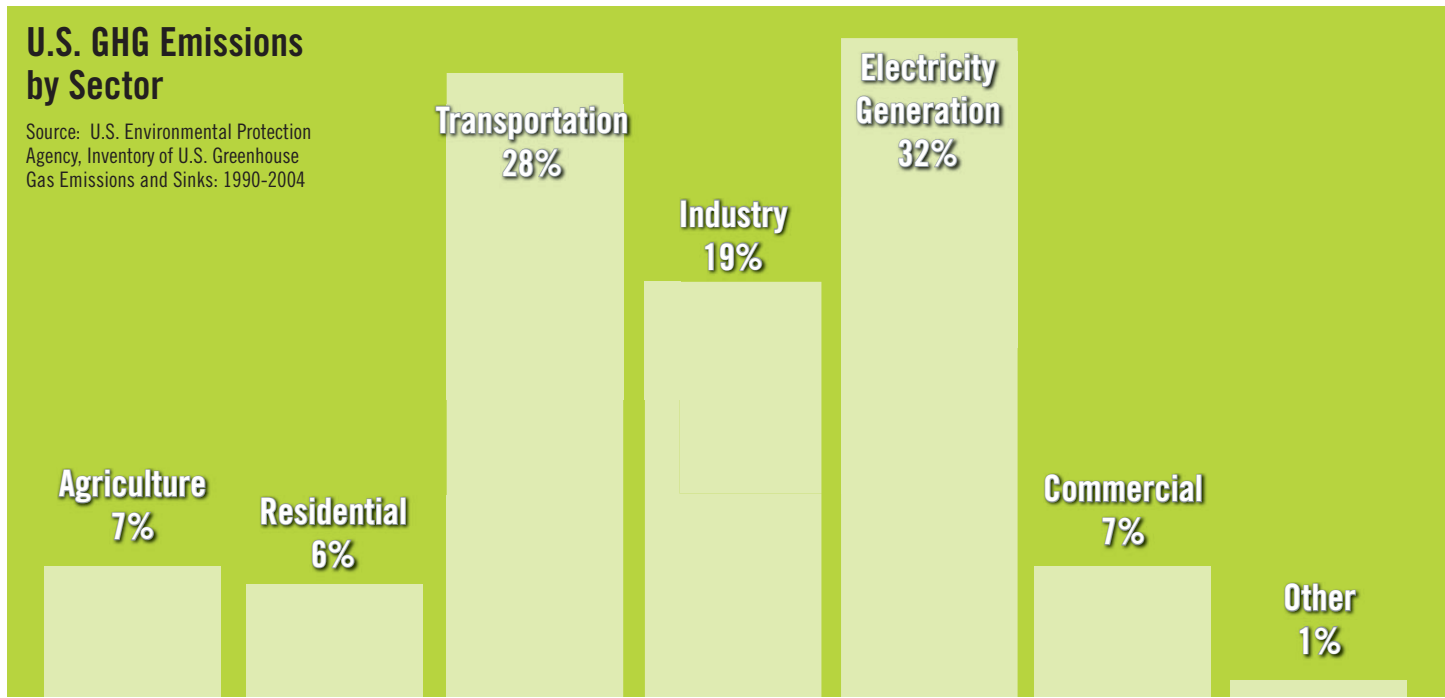
*For more information about USCAP, go to <http://www.us-cap.org>.*

**Global Roundtable on Climate Change** – We've also endorsed the *Joint Statement of the Global Roundtable on Climate Change* (GROCC). This Global Roundtable brings together more than 150 critical stakeholders from all regions of the world – including senior executives from the private sector and leaders of international governmental and non-governmental organizations – to discuss and explore areas of consensus regarding core scientific, technological and economic issues critical to shaping sound public policies on climate change.

The statement lays out a proactive framework for global action to decrease climate change risks and impacts while also meeting the need for energy, economic growth and sustainable development around the world. It outlines cost-effective technologies that exist today and others that could be developed and implemented to improve energy efficiency and to help reduce emissions of CO<sub>2</sub> and other greenhouse gases in major sectors of the global economy.

Those endorsing the Joint Statement represent the fields of energy, government, air transport, manufacturing, banking, insurance and technology, as well as religious organizations and many others.

*For a copy of the full statement and list of signatories, please see <http://www.earthinstitute.columbia.edu/grocc/>*



## FPL'S CALL TO ACTION

FPL Group produces more electricity from clean and renewable sources than any other utility company in the United States. Over the past decade, we have voluntarily made significant reductions in our power plant emissions. This puts us in a unique position to advocate for meaningful policy to help slow, stop and reverse greenhouse-gas emissions such as carbon dioxide.

We believe voluntary programs will not be enough to realize meaningful and necessary reductions throughout the economy and world-wide. Unfortunately, getting the U.S. economy on a path of reduced carbon emissions will not be cost-free.

It's important for our company and our country that the right policies be put in place to address this long-term issue – policies that will be effective in reducing emissions without imposing unacceptable costs or needlessly shocking the global economy. Unfortunately, bad policy can be just as damaging as no policy at all.

## WE SUPPORT A CARBON FEE

In June 2007, FPL Group Chairman and Chief Executive Officer Lew Hay testified before the Senate Committee on Environment and Public Works about how utilities can be part of the solution to the challenge of global warming. On Capitol Hill, he proposed that the simplest and most effective solution that protects the economy:

- Sets a market price for carbon that is reflected in the price of every good and service consumed throughout the economy.
- Applies the carbon fee to all industry sectors as well as import- and export-sensitive industries.
- Allows companies to avoid paying the carbon fee by not emitting carbon – exactly the behavior we need to encourage.

With the assistance of The Brattle Group, an independent economic consultant, we have analyzed the issues and have published a report on our conclusions: *U.S. Climate Policy: Pricing Carbon, Preserving the Environment, Protecting the Economy*. For a more thorough discussion of the methods used in our analysis and the technical details of these issues, go to [www.brattle.com/publications](http://www.brattle.com/publications).

## WE CALL FOR FAIRNESS AND CLARITY

While we have concluded that a carbon fee is the best way to achieve long-term greenhouse-gas reductions, we don't believe it's the only solution. A modified cap and trade program that incorporates a price ceiling and floor and that auctions all of the allowances – while more complex and less attractive than a direct carbon fee – could offer similar benefits.

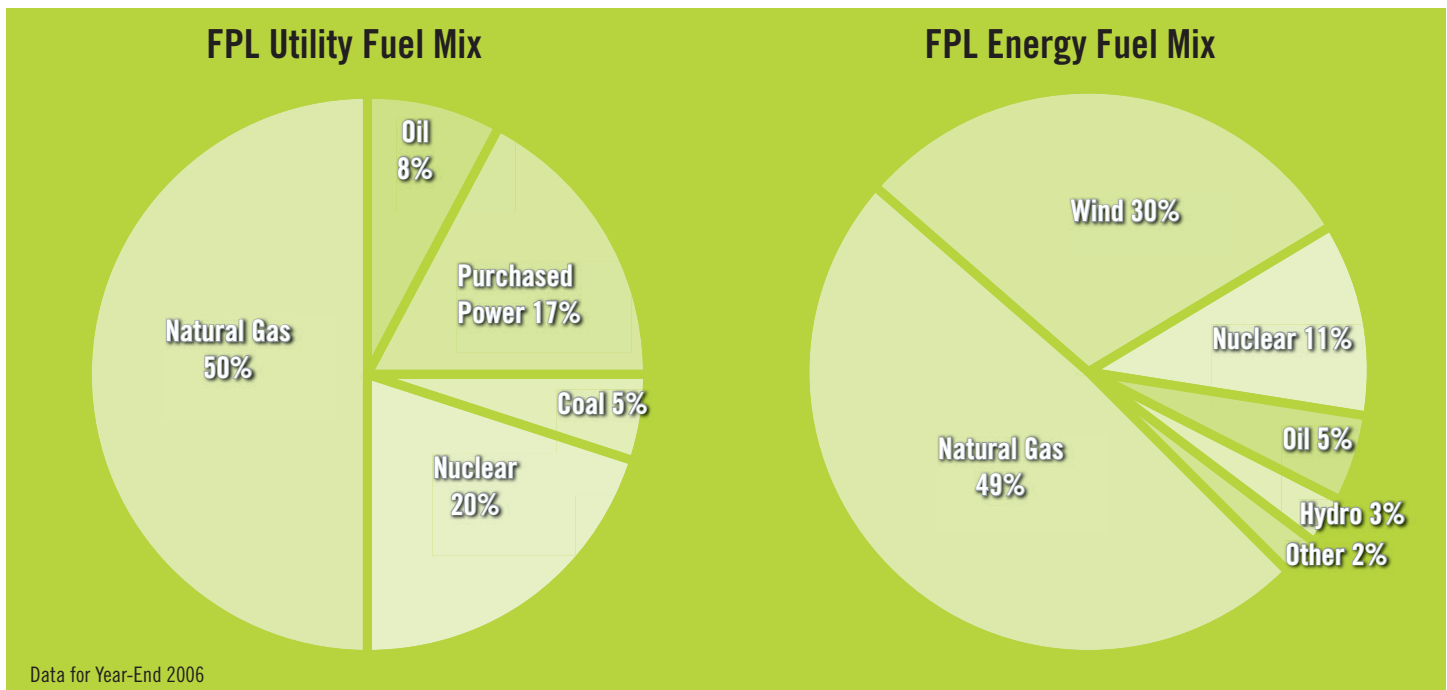
What we call for is policy that is efficient, effective and fair and provides clarity for the right investment choices in the future.

## THE ROLE OF UTILITIES AND HOW WE COMPARE

At FPL, we have invested significantly in making our existing Florida power plants more efficient and building new, highly efficient plants to meet the current needs of our customers and future growth in energy demand. We expect to build, on average, a new power plant a year to meet continued anticipated growth. Our fuel mix is diversified, but more than half of the electricity we supply today is generated from cleaner natural gas and a fifth from nuclear. That starkly contrasts to the total U.S. fuel mix used to generate electricity, with coal producing about half of the nation's electricity.

FPL customers have enjoyed lower emission rates than most of the nation, but have also paid a premium for cleaner skies. FPL does not want Floridians burdened with the additional cost of helping electric utilities in other areas reduce their carbon emissions from predominantly traditional coal plants, a situation that would most certainly be the result of a cap and trade program if allocations are provided free to utilities based on their historical emissions.

Electric utilities did not single-handedly create the problem of climate change, nor will we be able to solve



the problem on our own. We know that, by itself, voluntary action in our industry will not be enough. We also have to ensure that system reliability is maintained and that prices remain stable for utility customers. We don't believe the solution is to outlaw certain fuels or to mandate a reduction in electricity usage. Rather, the answer is a combination of solutions, including conservation, generation from renewable fuels, nuclear and cleaner fossil generation, and carbon capture and storage technologies – all executed within a program that encourages innovation in technology and rewards clean and efficient generation.

### OUR RECORD OF AIR AND EMISSIONS REDUCTIONS

Over the past decade, FPL Group has voluntarily made significant reductions in power plant emissions. Today, our emissions rates of carbon dioxide, nitrogen oxide and sulfur dioxide are among the lowest of all power generators in the United States – a particularly remarkable achievement considering the facts that FPL Energy has grown so dramatically over the last decade and that Florida is one of the nation's fastest growing states. Since 1990, the company has increased generation by an additional 80.3 million megawatt-hours – a 166 percent increase – while reducing our CO<sub>2</sub> emissions rate by 39 percent. In fact, if all electric utilities in America were operating at CO<sub>2</sub> emission rates comparable to FPL Group's, the nation would be able to meet Kyoto Protocol today.

In addition, FPL Group has been successful in reducing toxic chemical releases from our power plants.

FPL is also the nation's leader in "repowering" – that is, converting older oil-burning power plants to modern highly efficient natural gas operations, which significantly increases the efficiency of the plants and reduces emissions.

In addition, in agreements with the Florida Department of Environmental Protection, FPL has installed pollution prevention technology that substantially reduces particulate emissions at one plant and ozone-forming emissions at a second plant.

### FPL ENERGY OUT IN FRONT ON RENEWABLE ENERGY

Long before serious discussions about moving toward energy independence in America, FPL Energy has been leading the way in generating electricity from renewable fuels. Harnessing the power of the sun, wind and water to produce electricity is environmentally friendly – and FPL Energy is a leading generator from all three. The company is also on the forefront of developing new, clean and affordable sources of power generation.

**Wind** – Worldwide, wind is the fastest-growing renewable energy resource. FPL Energy was the project developer responsible for adding the most new wind capacity in 2006 and remains the largest owner and operator of U.S. wind generating facilities. We have 49 wind facilities operating in 15 states and producing more than 4,000 megawatts of electricity. 2006 pollution offsets that would have otherwise been released into the atmosphere from other sources of power generation include:

- Nearly 6.4 million tons of carbon dioxide,
- More than 14,000 tons of sulfur dioxide,
- More than 9,000 tons of nitrogen oxide.

**Solar** – Today, FPL Energy is the largest generator of solar power in the United States. We co-own and operate seven Solar Electric Generating Systems (SEGS) facilities in California's Mojave Desert, which are collectively known as the world's largest solar site, with a generating capability of 310 megawatts (150 megawatts are company-owned). The electricity generated at the SEGS sites could power more than 230,000 homes during peak demand periods, particularly hot summer afternoons. Peak demand periods are also when pollution is at its worst, so SEGS plants – which do not emit nitrogen oxide and carbon dioxide – help reduce smog and global warming.

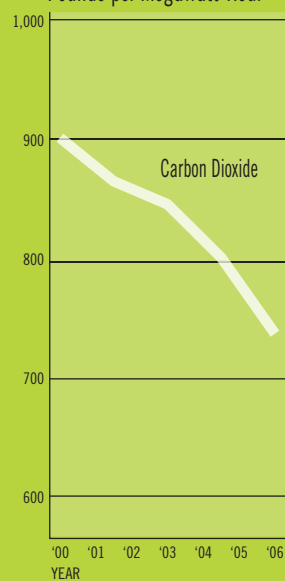
**Hydro** – FPL Energy is a leading producer of hydroelectric power in Maine, with 83 units at 24 stations. These power plants convert the force of moving water into electricity to generate approximately 360 megawatts of power.

### Reducing Emissions Rates at FPL Group

Pounds per Megawatt-Hour

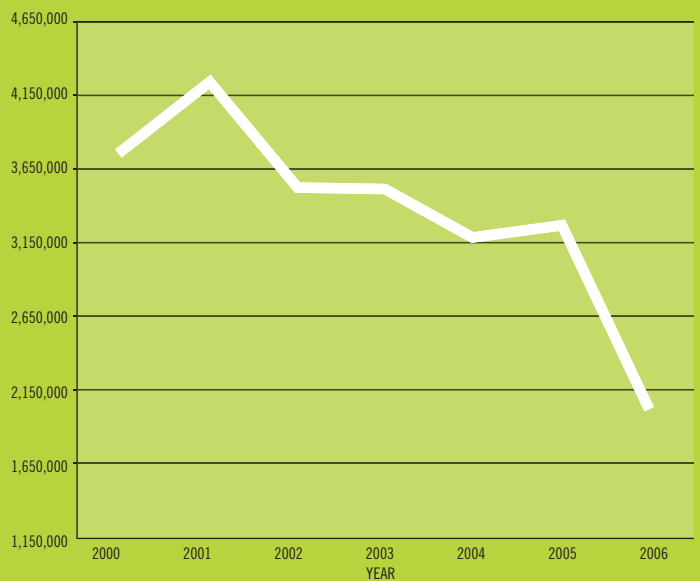


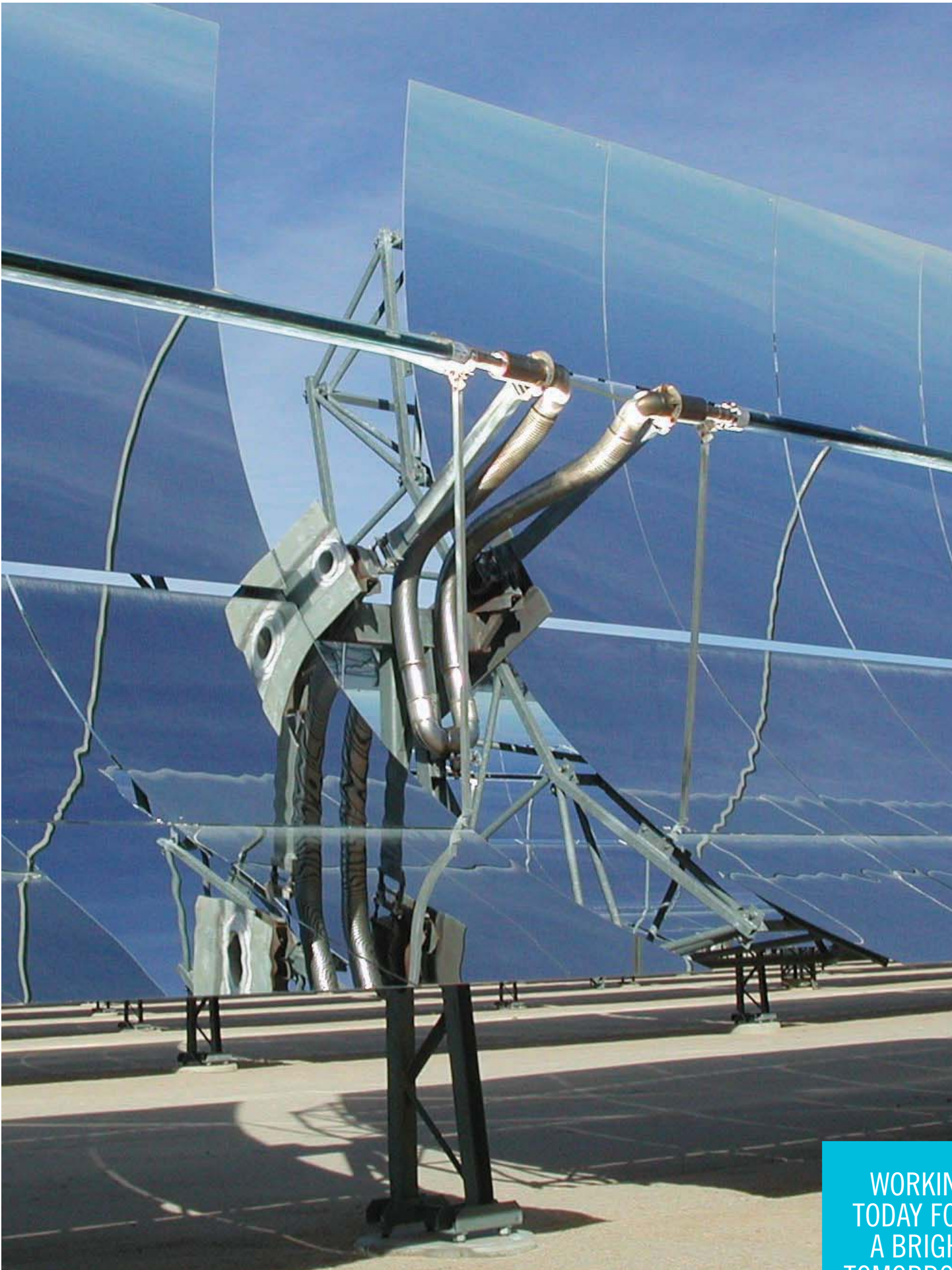
Pounds per Megawatt-Hour



### Toxic Release Inventory 2000-2006

(pounds)





FPL Energy's Solar Electric Generating Systems facilities in California's Mojave Desert are the largest collective solar site in the world.

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**Ethanol** – FPL Energy announced in July 2007 that we have signed a letter of intent with Citrus Energy, LLC, of Boca Raton, Fla., to develop the first ever commercial-scale citrus-peel-to-ethanol plant. The cellulose ethanol plant, to be located on the grounds of a local Florida citrus processor, is expected to produce four million gallons of ethanol per year. Ethanol from citrus peel could result in a new Florida industry producing more than 60 million gallons of fuel per year and could replace about 1 percent of Florida’s annual gasoline consumption.

### COMMITMENT TO RENEWABLE ENERGY IN FLORIDA

In an effort to maintain and add new renewable energy resources, FPL is pursuing several initiatives in Florida. FPL’s Renewable Energy Strategy Team is evaluating renewable energy technologies that may be suitable for the state. The company believes that greater use of conservation and cost-effective renewable resources is good for our nation and that the ongoing evaluation of emerging clean energy technologies is a necessary pursuit.

FPL has made use of some renewable energy resources for years. In addition, we’re conducting research and development to potentially expand renewable energy resources and other cleaner energy technologies.

- We are currently involved in activities to add or maintain renewable resources produced by generators that use biomass and municipal waste to produce electricity. FPL is purchasing 150 megawatts from three facilities that use landfill gas and municipal solid waste to determine the potential of these fuels for producing electricity.
- The company also supports pilot projects in solar photovoltaic technology throughout our system, helping to provide platforms to refine the technology and reduce its cost.
- FPL is planning to construct a wind generation project on the east coast of Florida.
- The company is taking part in the construction in Sarasota of a 250-kilowatt solar facility that is funded by the Sunshine Energy® program.
- We are exploring technologies that produce electricity from ocean currents, a potentially huge resource for Florida but at least a decade away from commercial viability. FPL will work with the Florida Center of Excellence in Ocean Technology as it explores the Gulf Stream (the most energy-dense ocean current) as an abundant renewable energy source.

FPL customers who wish to support financially the development of renewable sources of energy generation in Florida and nationwide can do so through our “green power” program, Sunshine Energy. For every 10,000 customers who sign up for Sunshine Energy, an additional 150 kilowatts of solar projects will be built in Florida. In addition, for each month a customer participates in the program, FPL ensures that 1,000 kilowatt-hours of cleaner electricity from sources like wind, bio-

energy and solar is generated and delivered to power systems serving Florida and other states nationwide. Thanks to more than 34,000 residential customers enrolled in Sunshine Energy as of the end of June 2007, solar arrays at the Miami Science Museum and four SunSmart schools have been developed.

FPL recently began offering Sunshine Energy to business customers as well. Businesses have the option of purchasing fixed blocks of 1,000 kilowatt-hours of 100 percent Green-e® certified renewable energy from bioenergy and wind for a nominal fee per month per block. This allows businesses to purchase enough blocks of Sunshine Energy to offset all their CO<sub>2</sub> emissions from electricity use and other factors, such as driving. Enrolling in Sunshine Energy also allows businesses to earn LEED (Leadership in Energy and Environmental Design) certification points with the U.S. Green Building Council.

Since the start of the program in 2004, Sunshine Energy customers have helped avoid more than 226,000 metric tons of CO<sub>2</sub> emissions – the same as removing more than 44,000 cars from the road and planting more than 30 million trees. (For more information or to enroll, call 1-877-529-2610 or visit [www.FPL.com/sunshine](http://www.FPL.com/sunshine))

Florida’s uses of renewable energy to generate electricity include waste-to-energy plants, facilities that harness methane gas from landfills and biomass waste such as sugar cane and wood chips. Unfortunately, large-scale wind, geothermal and hydro-power generation are neither readily available, nor financially viable, in Florida at this time. However, we continue to look at wind and solar as potential options as those technologies advance.

In another commitment to renewable fuels, FPL will replace our passenger vehicles with hybrid-powered vehicles. The company also has been at the forefront of a national industry program to develop a line of hybrid trucks that are capable of running in pure electric or conventional mode, or a combination of both, and has committed to an all-hybrid service fleet as soon as those vehicles become commercially available. FPL deployed three prototype diesel-electric bucket trucks in 2006, and will deploy an additional five in 2007. These trucks can produce up to 25 kilowatts of electricity and have reduced the fuel consumption (when compared to a standard gasoline-powered truck in FPL’s fleet) by an average of 55 percent.

FPL has been using a B20 biodiesel mix in increasing amounts since 2001. During the last 12 months, we have used 2 million gallons of biodiesel made from soybean oil. This has reduced CO<sub>2</sub> emissions by 20 percent per truck.

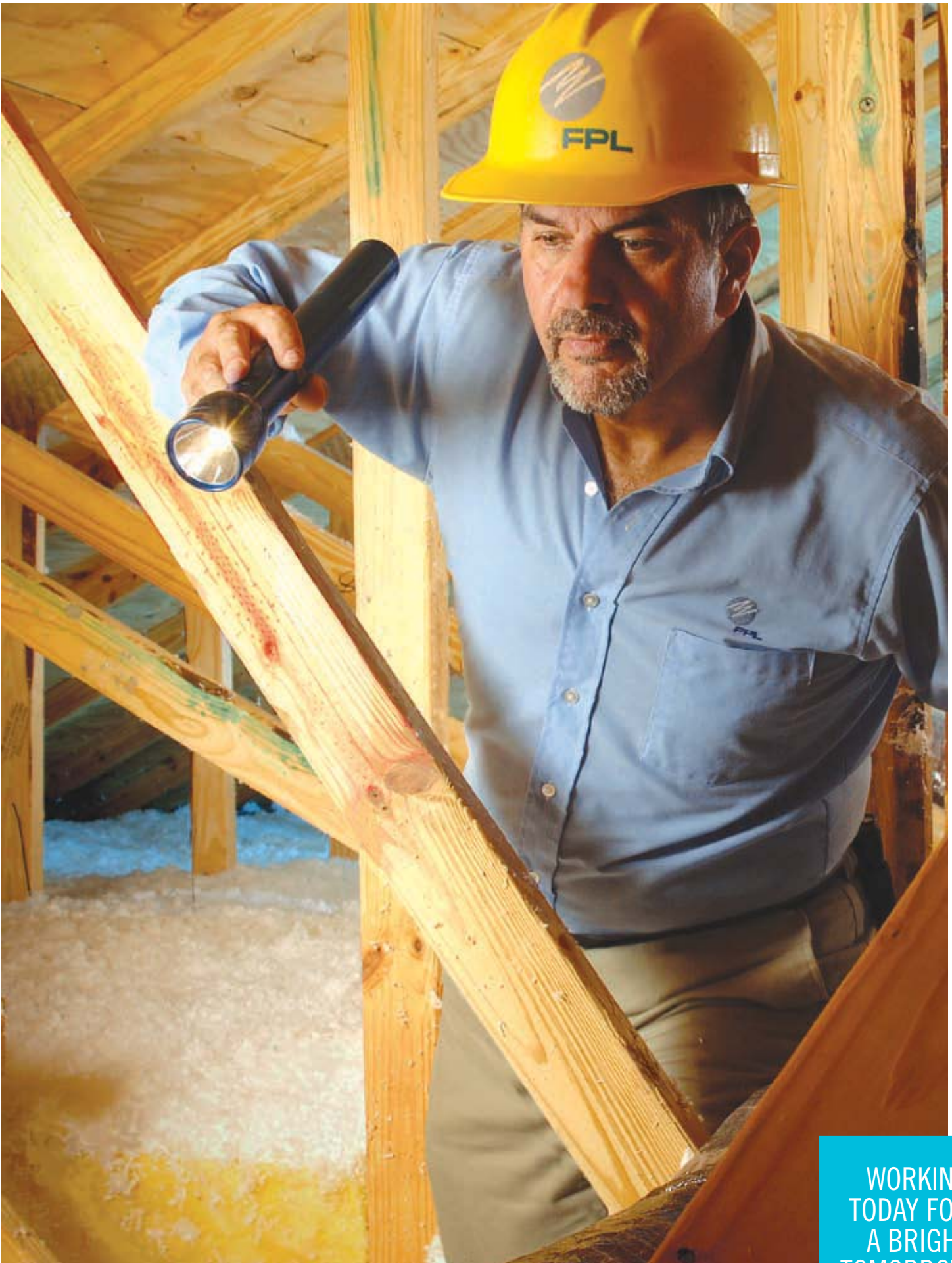
### CUSTOMER ENERGY CONSERVATION PROGRAMS

FPL is the nation’s leader among electric utilities for our partnership with customers in conservation, and is No. 4 in energy management (based on 2005 U.S. Department of Energy data, the latest available). With FPL facing continued customer growth and growth in usage among existing customers, energy conservation programs are integral to helping us keep customer rates stable while providing reliable service.

Since 1981, customers have participated more than 5.2 million times in our industry-leading conservation and energy management programs. For example, more than 2.2 million have had a Home Energy Survey, and many have participated in multiple programs. As a result, enough energy demand reduction has been accomplished (4,392 megawatts including reserve margins) to avoid building the equivalent of 11 power plants. Our results to date include:

#### Residential

- More than 2,254,000 energy surveys performed
- 732,000 Building Envelope Program participants
- 1,094,000 high-efficiency air conditioning program participants
- 404,000 duct tests and repairs



Since 1981, FPL has conducted 2.2 million Home Energy Surveys. This, along with other initiatives, has helped avoid building 11 new power plants in Florida.

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- 742,000 On Call® participants

**Business**

- 106,000 energy surveys performed
- 258 megawatts of efficient lighting
- 293 megawatts of high-efficiency air conditioning/heating
- 49 megawatts of Building Envelope retrofits

From 1998 to 2007, FPL's investment in customer programs to reduce energy demand will exceed \$1.5 billion. In 2006 alone, FPL invested more than \$104 million on conservation and load management incentives. The company offered revised and new demand management programs to both residential and business customers in 2006, and expects that the additional savings from these programs through 2014 will enable us to forego the building of at least another three medium-size power plants.

FPL offers our customers programs that provide year-round, energy-saving services such as air conditioning duct tests and repairs, free home energy surveys and cash incentives to upgrade to more efficient insulation, central air conditioning and roofs. The company also offers business customers a free Business Energy Evaluation and incentives for installation of energy-efficient cooling/heating and lighting systems, roofs, insulation and window treatments. In 2006, FPL added two business incentive programs for efficient water heating and refrigeration.

In 2007, FPL has or plans to launch a number of new customer energy conservation programs:

In late summer 2007, FPL began giving one compact fluorescent lamp (CFL) to residential customers who took part in a Home Energy Survey, and two CFLs to business customers who underwent a Business Energy Evaluation. We discussed the energy-efficient, longer lasting and

environmentally friendly qualities of CFLs vs. incandescents, with the hope of encouraging future use of CFLs by giving customers an opportunity to try the technology. FPL is also giving away four CFLs each to low-income customers identified by our partner agencies to help these families reduce their energy usage.

FPL is evaluating solar technologies in order to potentially begin offering incentives to residential customers for the installation of solar water heaters and solar photovoltaic panels. These programs will require regulatory approval from the Florida Public Service Commission prior to introduction.

FPL has received approval from the Florida Public Service Commission to implement a pilot of programmable thermostat options for the On Call program. Beginning in September 2008, the small-scale test program will evaluate the benefits of a new generation of programmable communicating thermostats to help put residential customers in charge of decisions that could lower their energy costs. In return for the free thermostat, participants will agree to allow FPL to cycle off their air conditioning equipment during system peaks.

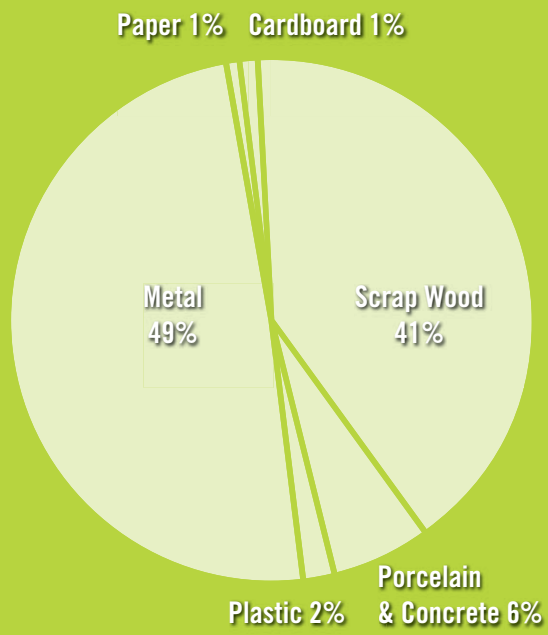
In July 2007, FPL began offering a new Online Business Energy Evaluation as a quick, easy-to-use and free way to help business customers control electricity usage and save money. The do-it-yourself interactive energy survey at [www.FPL.com](http://www.FPL.com) offers practical, energy-saving recommendations customized to each customer's business and building type.

Through our Weatherization Assistance Program, FPL works with non-profit agencies and community groups to provide funding for the installation of weatherization measures such as weather-stripping, caulking and air conditioning maintenance for low-income customers.

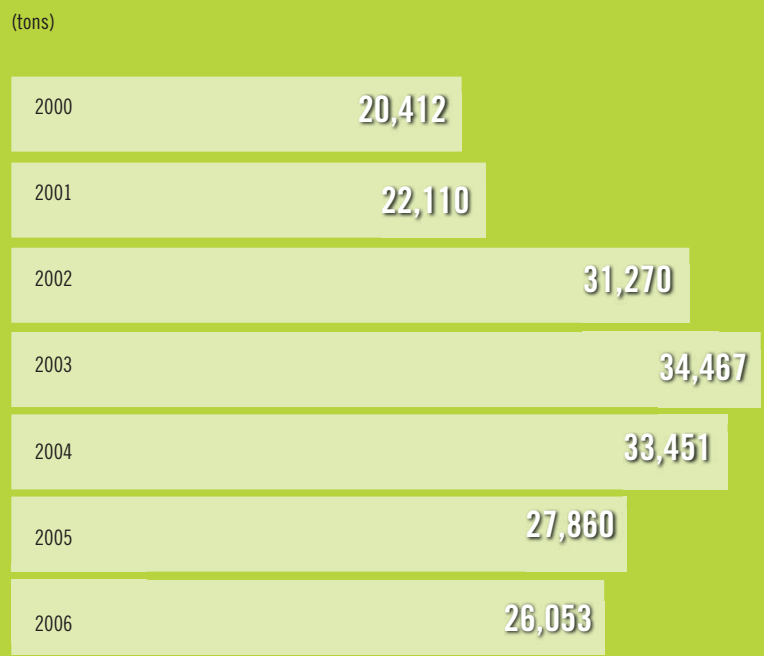
In addition, FPL provides optional "load management" programs that help reduce power usage by predictable and specific levels during times when energy demands are highest. These On Call programs allow participating residential and business customers to receive a credit on their electric bills for allowing FPL to occasionally "interrupt" major appliances.

Another program, FPL BuildSmart®, is available to homebuyers who are increasingly interested in green building. It's our new construction program that certifies homes to be more energy efficient than the Florida Energy Code.

**Type of Material Recycled**



**Materials Recycled**



BuildSmart homes are built to a higher standard of energy efficiency – offering savings up to 30 percent on energy bills, compared to homes that simply comply with code. Energy efficiency upgrade options include high-efficiency air conditioning, sealed A/C ducts, programmable thermostats, upgraded ceiling insulation and radiant barriers. FPL’s energy experts partner with the builder to plan, inspect and test the new home’s energy-using systems. Since the program launched in 1995, more than 16,000 BuildSmart homes have been constructed and certified.

In addition, FPL incorporates ENERGY STAR® standards into our BuildSmart program. Homes that earn the ENERGY STAR must meet energy efficiency guidelines set by the U.S. Environmental Protection Agency (EPA). ENERGY STAR-qualified homes are at least 15 percent more energy efficient than homes built to the 2004 International Residential Code (IRC). In 2004, the Department of Energy and the EPA selected FPL’s BuildSmart program to receive the ENERGY STAR Outstanding Achievement Award.

For more information about our programs aimed at reducing energy usage, visit [www.FPL.com/residential](http://www.FPL.com/residential) or [www.FPL.com/business](http://www.FPL.com/business)

**A 25-YEAR COMMITMENT TO RECYCLING**

Our commitment is to recover and resell discarded materials cost-effectively. FPL Group’s Corporate Recycling & Services department manages the recycling, reuse, refurbishment and reduction of 100 types of waste products at more than 65 facilities. Created in 1981, FPL has our own recycling center to process scrap wire and cable. As one of the first utilities in the United States to establish a recycling department, FPL continually consults with other utilities and salvage operations to offer an environmentally conscious, proactive and cost-effective alternative to the ever-increasing landfill problem.

**WATER CONSERVATION INITIATIVES**

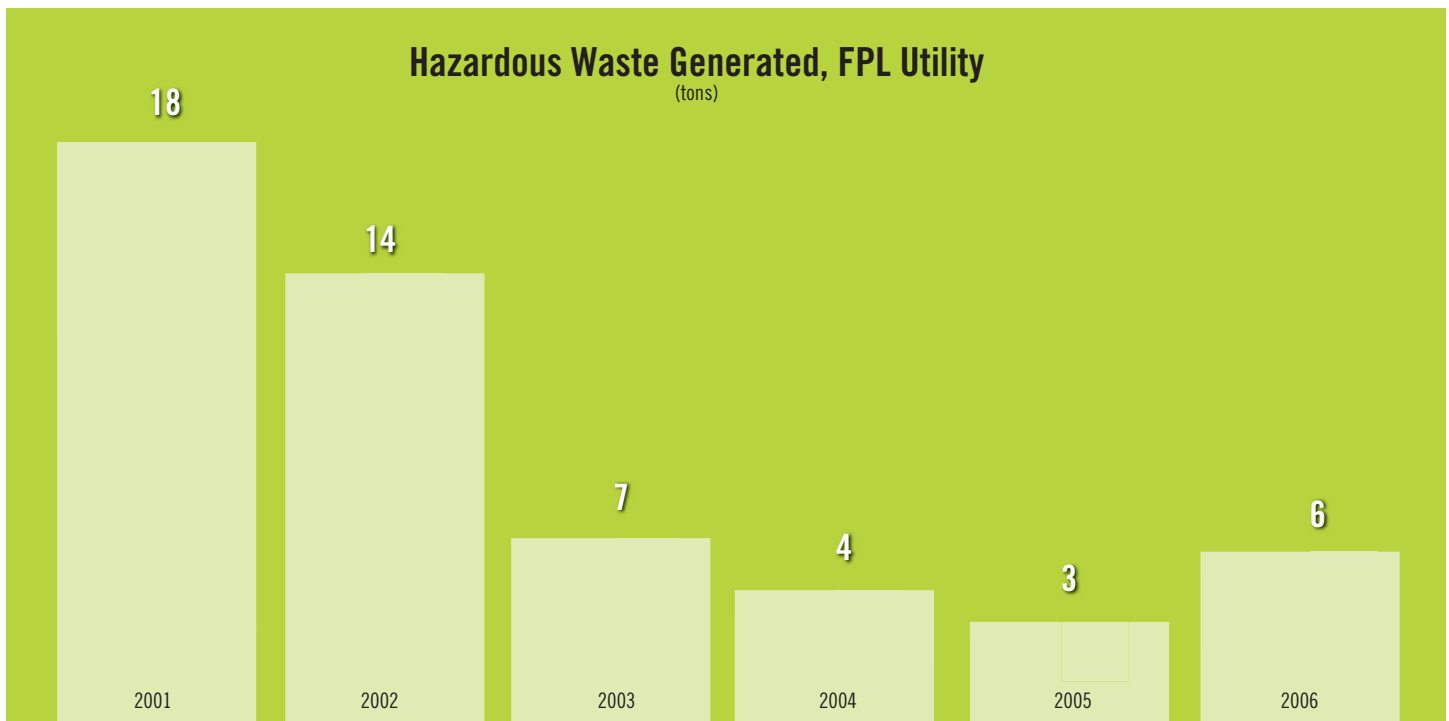
Water is a key ingredient in the generation of electricity, and a valued natural resource. We require water to operate our power plants. As an integral part of our policy to preserve and protect the environment, we have implemented numerous water conservation initiatives designed to decrease the amount of water we use.

**Zero liquid discharge** – In the process of boiling water to create steam needed to generate electricity, the FPL Energy plant in Bellingham, Mass., employs a zero discharge system in which city-supplied water is recycled multiple times until all impurities are removed and only salt remains.

**Cooling pond seepage collection and return** – At three FPL plants, water needed to cool steam in the generation process is saved through “perched” embankments. Above-ground embankments are designed so water from the cooling ponds continuously seeps through the embankment and is returned to the cooling ponds. The original seepage-collection design for the ponds discharged the seepage to nearby bodies of water. All three systems have since been converted so that seepage is collected and returned to the cooling ponds and less water is withdrawn from the environment.

**Storm water collection and reuse** – FPL’s Putnam and FPL Energy’s Marcus Hook, Penn., power plants are designed to collect rain water and use it in cooling towers, which reduces the water requirements of the plant. Ongoing projects are being developed to collect storm water falling on plant sites and use it in the power generation process, offsetting the need to withdraw water from nearby lakes, rivers and bays or to purchase city water. The degree to which storm water is collected and reused varies across our power plant fleet, depending on the age of the power plant. All new plant sites are being designed to employ this technique.

**Boiler/heat recovery steam generator blowdown reuse** – At FPL’s Cape Canaveral, Port Everglades and Putnam power plants and FPL Energy’s Marcus Hook facility, waste heat from combined-cycle units is used





A summer camper in Juno Beach, Fla. enjoys a visit to the Loggerhead Marinelife Center, which protects and rehabilitates sea turtles with the help of a major donation from FPL.

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to boil water needed to create steam in the generation process. As this cycle repeats itself in the closed system, high-quality blowdown or processed water from the steam is collected and reused.

**Reclaimed water reuse** – Reclaimed water from sewage plants is used for cooling purposes at FPL Energy’s Rhode Island State Energy Center and the Forney power plant in Texas. FPL’s Cape Canaveral plant in Florida is permitted for and planning to use reclaimed water to offset drawing from groundwater sources for plant processes. Reclaimed water is a renewable, unrestricted source, so we keep a continuous pulse on its availability at our power plants located throughout the country.

#### **CLEANING UP MANUFACTURED GAS PLANTS**

FPL currently owns four manufactured gas plant (MGP) sites and is a partial potential responsible party in two others. FPL has identified the contamination at all six sites, and we’ve initiated source removal activities at those we own. The Palatka Riverfront site is completely cleaned up, and the site has obtained a “no further action” status. Source-removal activities have been conducted at Daytona, Palatka, Lakeland and Miami sites; and FPL is working with regulatory agencies to address any remaining issues. Source-removal activities are scheduled to begin at the Sanford MGP site in the near future.

#### **PRESERVING AND PROTECTING THE ENVIRONMENT**

We incorporate environmental protection and stewardship into the design, construction, operation and maintenance of our facilities. FPL Group’s commitment to preserve and protect the environment and the many species of animals that come in contact with our facilities is reflected in both our day-to-day operations and our large number of special environmental programs.

- Water is a key ingredient in the generation of electricity and a valued natural resource. This is especially evident at FPL Energy’s hydroelectric facilities in Maine, where we manage water levels for fish spawning, loon nesting and public water access as part of our efforts to meet the habitat needs of fish and bird species, as well as to provide opportunities for whitewater recreation, boating and fishing.
- FPL Energy’s Seabrook Nuclear Station supports the New Hampshire Estuary Project, an organization working to improve the water quality in the Hampton/Seabrook Estuary, with marshlands adjacent to the Atlantic Ocean.
- FPL Energy’s Bellingham Energy Center in Massachusetts and the Doswell Energy Center in Virginia are “zero discharge” facilities and re-use industrial wastewater, preserving the quality of our rivers, lakes and streams.
- With all our wind projects, we care about the potential impacts these facilities might have on birds and bats. Although wind turbines present small relative risk to flying animals, our personnel take actions to assess and reduce when possible the risk to birds and bats. In



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FPL's Everglades Mitigation Bank is home to 46 protected species of wildlife.

addition, our interest in our wind facilities' impact on birds and bats does not end after project siting and construction, but continues into the operational phase of the projects through involvement in research efforts.

- In Florida, FPL is especially sensitive to the state's unique ecosystems. In 2006, we continued to expand our programs that have been in place for many years to protect the numerous species of plants and animals that are found near the company's power plants. These include such endangered or threatened species as the American crocodile, Florida manatee, southern bald eagle, wood stork, sea turtle and Florida panther.
- Sea turtles – As part of our commitment in support of protecting and rehabilitating sea turtles, FPL donated \$250,000 to the Loggerhead Marinelife Center in Juno Beach. The center helps educate the public on the importance of protecting and preserving these remarkable animals, conducts sea turtle research, and rescues and rehabilitates sick and injured turtles. FPL is proud to be a partner with this prestigious group. In addition, FPL maintains an extensive sea turtle monitoring and research program at our St. Lucie nuclear power plant.
- Manatee Island – FPL donated an 18-acre island to the U.S. Fish and Wildlife Service. Manatee Island is now a refuge for migratory and native birds and also serves as a winter landmark for West Indian manatees seeking the warm waters near our Fort Myers plant. The island is the first addition to the Caloosahatchee National Wildlife

Refuge, which was established in 1920 as a preserve and breeding ground for native birds.

- Wetlands transfer – In February 2006, FPL transferred ownership of 300 acres of wetlands to Biscayne National Park and the South Florida Water Management District. The transfer of land north of FPL's Turkey Point power plant is designed to preserve the natural area, which is part of the Comprehensive Everglades Restoration Plan. The project will help restore wetlands and re-establish the historical creek network that feeds Biscayne Bay in Miami-Dade County, and will enhance the ecological health of Biscayne National Park.
- FPL's Everglades Mitigation Bank – FPL's Everglades Mitigation Bank is a critical link to the success of restoring the Everglades ecosystem to its natural condition. The 13,455-acre project is located in southern Miami-Dade County adjacent to FPL's Turkey Point power plant. Home to 46 protected species of wildlife designated as endangered, threatened or of special concern, it contains several unique ecosystems. FPL's Everglades Mitigation Bank's size and unique location have created a seamless wildlife corridor between two national parks – Biscayne and Everglades national parks. These environmentally sensitive lands are a key component to the Comprehensive Everglades Restoration Plan. Mitigation banking generally involves the creation, enhancement and preservation of wetlands on a large tract at one location to provide mitigation "credits" for numerous smaller projects that will impact wetlands.

Construction of Phase I of FPL's mitigation bank has been completed, all credits have been sold, and the restoration is proving successful. We are currently working on Phase II, which involves restoration of a normal hydrologic (distribution of water) pattern for more than 9,000 acres of sawgrass marsh, high marsh, forested tree islands and mangrove habitat. FPL will install more than 40 culverts to distribute fresh water that is currently lost to Card Sound Road in discharge. These culverts will evenly distribute the fresh water to restore historic salinity conditions. This should increase and expand

the healthy sawgrass and needle rush marshes as well as improve the health of mangroves currently stunted due to hyper-saline conditions. In addition to restoring these important nursery areas for estuarine organisms, ecologically important Card Sound and Little Card areas will also benefit from improved salinity conditions and an increase in fish populations.

FPL's Everglades Mitigation Bank has earned the support of various state and local environmental organizations, including Audubon of Florida, Tropical Audubon (Miami-Dade County), Friends of the Everglades and Wilderness Society. In addition, the Edison Electric Institute presented its national Land Management Award to FPL for our environmental stewardship and management of wetlands, including the Everglades Mitigation Bank.

## AWARDS

FPL Group's commitment to the environment – as well as overall sustainability is reflected in the number of awards we've received.

- FPL Group is ranked first among electric and gas utilities in *FORTUNE*® magazine's "America's Most Admired Companies" edition, dated March 19, 2007. We scored No. 1 in each of the eight attributes considered: innovation, people management, use of corporate assets, social responsibility, quality of management, financial soundness, long-term investments and quality of products/services.
- In May 2007, FPL Group was included on the KLD Global Climate 100<sup>SM</sup> Index for the third time since the GC100 was launched in 2005. The GC100 is designed to promote investment in public companies whose activities demonstrate the greatest potential for reducing the social and economic consequences of climate change. The Global Climate 100 Index includes a mix of 100 global companies that demonstrate leadership in providing near-term solutions to climate change through renewable energy, alternative fuels, clean technology and efficiency.
- In January 2007, FPL Group was named one of the Global 100 Most Sustainable Corporations in the World by Corporate Knights, Inc., a Canadian media company. Some 1,800 companies from a wide range of sectors were evaluated regarding effective management of environmental, social and governance risks and opportunities. FPL Group was one of only two U.S. utility companies to make the list of 100.
- As FPL is one of America's cleanest energy providers, the emissions rates of our power plants are among the lowest in the electric industry. Our environmental achievements were reflected by our No. 1 environmental ranking – for five consecutive years – in the Innovest Strategic Value Advisors report that compares the environmental performance of 26 U.S. electric utilities. Innovest is an internationally recognized independent investment research firm specializing in environmental finance and investment opportunities.
- In June 2007, FPL's Green (Vehicle) Fleet Program was named the winner of the 2007 Council for Sustainable Florida Large Business Best Practice Award for our commitment to reducing fuel consumption in utilities' fleets. FPL received the award from the Council for Sustainable Florida, which honors businesses, organizations and individuals whose work demonstrates that a healthy environment and healthy economy are mutually supportive. Since 1990, the council has been committed to promoting and recognizing best sustainability practices in Florida.
- For the third time, FPL Group was one of only four in the North America Electric Power sector named in the "Climate Leadership Index," an honor roll of global corporations addressing the challenges of climate change.
- FPL Group's leadership in addressing climate change was recognized for the third straight time as "Best In Class" by the Carbon Disclosure Project, a coalition of global investors with more than \$31 trillion in assets.
- FPL's Sunshine Energy program was ranked as one of the top 10 programs (out of 600 existing utility green power programs) in the United States for sales volume and total customer participation by the U.S. Department of Energy's National Renewable Energy Laboratory in 2006. Additionally, the program was recognized by the U.S. EPA and DOE as a 2005 Green Power Leadership Award recipient.
- In May 2007, FPL Energy's Duane Arnold Energy Center received the coveted Nuclear Energy Institute Top Industry Practice Award. The honor is for a collaborative effort with the University of Iowa's Institute of Hydraulic Research to address the Cedar River's sedimentation rate and changing channel. The plan to restore the river to its original channel was a cost-savings solution that has been praised by conservation and environmental experts.
- In 2006, FPL and the Palm Beach County-based Arthur R. Marshall Foundation joined as "partners for the environment." Our support included a \$25,000 donation to the non-profit organization for educational and restoration programs, including the planting of native Florida wetland trees. In 2007, FPL volunteers returned to help take care of the growing saplings.
- FPL received the 2005 Hurricane Heroic Award from the Council for a Sustainable Florida. FPL was cited for implementing our highly efficient storm restoration plan to achieve unprecedented results in restoring power and restoring lives in the wake of the 2004 hurricane season. The council deemed rapid restoration of power important to the economic viability of the community, as well as the protection of Florida's fragile environment and vital citrus industry. FPL also was recognized for our commitment to social responsibility, as it raised nearly \$1.4 million toward hurricane relief.
- FPL Group scored the No. 1 ranking in the United States and No. 2 globally in a 2004 World Wildlife Fund report that analyzed 72 of the world's leading power companies on current use of available technologies to reduce carbon dioxide emissions, as well as clear commitments made for future improvements.
- In 2007, FPL received the No. 1 ranking from Innovest for the fourth ranking period for environmental performance among major U.S. electric utilities.

# Social Responsibilities



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An FPL employee volunteers her time to help construct a BuildSmart® for Humanity home designed to lower monthly electric bills for the future homeowner.

FPL Group's entire workforce – more than 13,000 strong – works every day and in countless ways to serve our customers and build better communities. We strive to be a good and caring neighbor – a supporter of community needs and a trustworthy partner in the success of neighborhoods. Our commitment to safety, caring and education is extended to our workforce and beyond to the customers we serve. Never do we take our social responsibility more seriously than

during times of crisis, such as in the wake of the hurricanes of 2004 and 2005.

Our social responsibilities begin with providing reliable electric service and extend to promoting safety and well-being, a good education system, diversity and equal opportunity employment, and being a good and caring neighbor to the communities we serve.

## Community Care

We believe that we have a responsibility as a corporate citizen and involved neighbor to improve the quality of life in our communities. We do this by identifying important community needs and offering the strengths of our company and the talent of our employees to meet those needs.

One of our primary concerns is the safety of our employees and customers. We promote general electrical safety through a variety of public channels, including broadcast and television messages and the company's monthly "Energy News" bill insert mailed monthly to customers. The FPL Web site also provides important safety tips, as does the FPL for Kids Web site for children. FPL also uses a flatbed-mounted demonstration called Sparky to drive home the importance of safety around FPL facilities to firefighters, police officers, building inspectors and emergency personnel. In addition, FPL sponsors Mr. Electricity, who uses his dazzling shows to teach elementary and middle school students the history and many uses of electricity with an emphasis on safety.

Also important to FPL Group are the work opportunities we provide in the communities we serve. Our minority business program gives qualified small, disadvantaged and women-owned businesses the chance to market their products and services to the company and to become more competitive when seeking business relationships with FPL Group. In 2006, FPL spent \$688 million with 4,266 diverse suppliers.

### EMPLOYEE POLICIES

FPL Group is one of only eight companies nationwide to be awarded the platinum level of recognition as Best Employer for Healthy Lifestyles, from the National

Business Group on Health. This designation was earned by FPL Group for our commitment to promoting a healthy work environment and encouraging employees and their families to live healthier lifestyles by providing them with meaningful fitness and health-improvement programs and services. FPL Group received this honor following a rigorous evaluation process conducted by an independent panel of business and academic professionals.

### PROVIDING EXCELLENT EMPLOYEE BENEFITS

FPL Group is committed to providing our employees with excellent employment opportunities and benefit programs that promote a sense of security and a work-life balance. Our company carefully examines plans and programs that result in the best value coverage for our employees and their families. FPL Group's contributions to our employees' benefits generally account for more than 30 percent of total compensation. A wide variety of benefit plans is available.

### BUILDING WORKFORCE RELATIONS

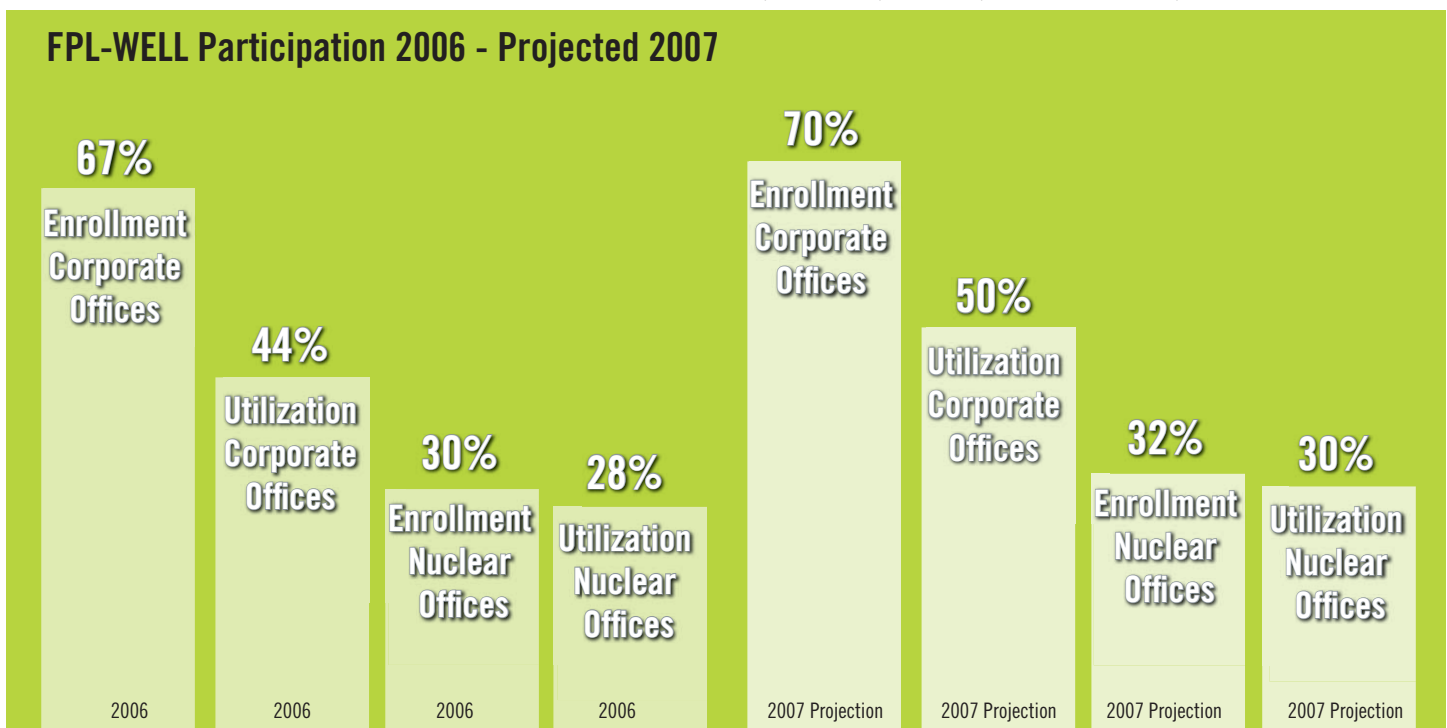
Approximately one-third of FPL's employees are represented by the International Brotherhood of Electrical Workers. For years, the company has worked to build and strengthen relationships with union members through:

- Collaborative decision-making among company and union leaders
- Joint safety advisory groups
- Business unit operational reviews and updates
- Business unit labor management meetings
- Executive labor management meetings
- Communications briefings
- United Way

### KEEPING EMPLOYEES SAFE A PRIORITY

At FPL Group, safety is a priority in everything we do. We're committed to providing a safe and healthy work environment for all employees and require that safety should never be compromised for any other business goal. We also expect companies providing services to FPL Group to have the same high standards of safety and health as we do.

The company takes very seriously our responsibility to provide the facilities,



equipment, tools, procedures, safety programs and training for employees to work injury-free. In turn, our employees have the responsibility to work safely for their own benefit as well as that of their co-workers. This responsibility includes following appropriate safety rules and planning each work activity with appropriate risk assessment, good judgment and skills, along with a sincere dedication to work safely.

No other business objective has a higher priority than safety, and in recent years we have significantly reduced the number of serious injuries on the job. As an example, from 2000 through 2006, our Occupational Safety and Health Administration (OSHA) injury rate declined by more than 40 percent, from just under 3.4 injuries to just under 2.0 injuries per 200,000 hours worked.

### HELPING EMPLOYEES GET AND STAY HEALTHY

As part of an integrated and balanced approach to the health and well-being of employees and members of their families, the FPL-WELL program offers a wide scope of health and wellness-related services.

FPL's fitness centers include two state-of-the-art facilities – at our Juno Beach and Miami headquarters – offering cardio and strength equipment, fitness testing and group exercise classes. Smaller workout facilities are located at the two Florida nuclear sites and two customer care centers. Three onsite primary-care health centers offer medical services and other health-related services to both employees and their covered dependents. Periodic special promotions feature such issues as nutrition and weight management, stress management and smoking cessation.

### ASSISTING EMPLOYEES IN TIMES OF NEED

The company also offers a confidential Employee Assistance Program (EAP) that provides help to employees working through personal problems. The EAP is separate from, but coordinates with, the mental health and substance abuse benefits the company offers to our medical plan participants.

In 2003, FPL established Operation Homefront to provide support for FPL employees and their extended families directly affected by the war in Iraq. A support group is available with informal sessions led by a professional psychologist for those who have loved ones in the war or anyone who is affected by the war in other ways.

### OFFERING EQUAL OPPORTUNITY AND EDUCATION

We have long believed that the maximum utilization of human resources and equal employment opportunity are mutually dependent. Not only are discriminatory practices unlawful, but they are unjust and economically wasteful as well. Therefore, all our corporate activities reflect the full acceptance of our responsibilities as an Equal Employment Opportunity (EEO) company. Our EEO program addresses specific equal employment opportunity issues and ensures that equal opportunities are made available to all employees.

In addition, FPL takes affirmative action to employ, and to advance in employment, qualified disabled individuals and qualified veterans of the Vietnam era.

As part of a renewed focus on employee growth and development, the company recognized and strengthened our internal education and training efforts and established FPL Group University in 2003. The University includes curriculum in the areas of quality, leadership development, business and commercial skills and professional effectiveness. It features five colleges: power generation, power systems, customer service and sales, nuclear power and information management.

### HELPING CUSTOMERS IN NEED

Our commitment to being a good neighbor is especially true when it comes to serving our low-income customers who are at risk and may have difficulty meeting their energy needs. To help support families and individuals in need, we have developed many programs and practices that offer our customers more and better choices. Our Energy Affordability Model focuses on financial assistance, energy conservation and other initiatives to further the health, safety and well-being of our customers.

In 2006, FPL worked to significantly increase activities in support of low-income households:

**FPL Care to Share<sup>SM</sup>** – Care to Share provides emergency assistance funds to customers who are in crisis and unable to pay their electric bills. Voluntary contributions from employees and customers are supplemented in part by annual contributions from FPL. From 1994 to 2006, FPL Care to Share raised nearly \$8.6 million and has provided assistance to more than 45,000 families. FPL made a corporate contribution of \$1 million in 2006 and will make the same contribution in 2007. In 2006, FPL customers donated more than \$430,000 to those in need – more than \$100,000 online while paying their monthly electric bills. A recent FPL employee campaign netted \$23,000 for FPL Care to Share.

**AWARE (Always Watching for At-Risk Elders)** – FPL has a special employee program to identify and refer potentially at-risk elders (and others) to social service organizations that may provide the help they need.

**FPL ASSIST** – Through partnerships with state government, community-action agencies, and other social service organizations, FPL ASSIST helps eligible customers in need by offering emergency payment assistance. Together with a network of 700 low-income/elderly service organizations, we facilitate payment assistance to at-risk customers. In 2006, more than 60,000 households were helped with payments totaling more than \$18.3 million.

**Low-Income Energy Assistance Program (LIHEAP) Advocacy** – LIHEAP is the federal government's primary program to help qualified low-income households and senior citizens pay their home energy bills.

FPL played a key role in Florida's efforts to advocate for federal LIHEAP funding increases in 2006 with the help of community partners such as the Florida Council on Aging, The Salvation Army and other low-income advocates. We have also committed to a more active role to improve LIHEAP funding by partnering with the Edison Electric Institute (EEI), the national association of investor-owned electric utilities, and by supporting EEI's [www.SupportLIHEAP.com](http://www.SupportLIHEAP.com) Web site.

In 2005, FPL played an active role in a lobbying campaign that persuaded Congress and the president to increase federal LIHEAP funding by more than \$1 billion in 2006 to \$3.1 billion, up from \$2 billion



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FPL employees participate in a Home Energy Makeover by leaving behind longer lasting and environmentally friendly compact fluorescent bulbs.

in 2005. Florida's LIHEAP payment assistance/weatherization allocation increased to \$46 million in 2006, up from \$29 million in 2005.

**Medically Essential Service Program** – FPL's Medically Essential Service Program is for customers whose electric service is medically essential. Qualifying customers are referred to social service agencies that provide financial assistance, and are given a limited extension of time to pay their bills and special notification prior to disconnection of service for non-payment, so customers can secure funds to make necessary arrangements. In 2006, FPL conducted a special outreach to advise these customers of available assistance and is repeating this initiative in 2007.

**Weatherization** – FPL works with non-profit agencies and community groups to provide funding for the installation of weatherization measures such as weatherstripping, caulking, door sweeps and air conditioning maintenance for low-income customers. We increased 2006 incentives by 117 percent.

**Home Energy Makeover** – In partnership with the Community Foundation of Sarasota and The Governor's Front Porch Initiative (sponsored by the Florida Department of Community Affairs), FPL installed energy-efficiency solutions — at no cost to the customer — in more than 50 low-income homes in just one day. These measures, valued at up to \$700 per household, can result in annual energy bill savings of up to 25 percent.

FPL in partnership with the Dorsey Riverbend Front Porch Council in 2007 sponsored a home energy makeover in Fort Lauderdale's Riverbend neighborhood. We will continue to sponsor home energy makeover projects in 2007.

**20-percent-lower rate** – In 2006, FPL gained regulatory approval to establish a rate reduction of 20 percent on the first 1,000 kilowatt-hours of usage for all consumers who conserve and use less energy. This rewards energy efficiency efforts and provides direct benefit to all customers, including those on low and fixed incomes.

## CUSTOMER-CENTRIC PROGRAMS

Meeting our customers' needs for safe and reliable electric service is just the first step. We're also committed to developing new processes and finding new technologies that deliver on our promise to offer the best customer service and value possible. For example:

**Smart electric meters** – As FPL prepares for the future, we will install 50,000 advanced two-way Internet Protocol electric meters in select customer homes and small businesses by the end of 2007. If this test project is successful, additional customers will receive "smart meters" in 2008. The new technology will allow us to collect electricity-related data, as well as provide opportunities to improve customer services such as billing, call handling, reliability and power restoration. The initiative also will allow us to improve our own operating effectiveness in systems planning, load management and employee safety.

**Bill paying options** – FPL offers a variety of easy and convenient customer billing and payment options, so our customers have choices. The FPL Automatic Bill Pay<sup>®</sup> program allows for automatic payment from a customer's bank account on time, every month. The FPL E-Mail Bill<sup>®</sup> program makes it possible to receive and review bills via e-mail. FPL Pay Online offers a month-by-month option to pay via Internet, and FPL Pay by Phone<sup>®</sup> allows for immediate payment via telephone.

**Bill management program** – FPL helps customers better manage their electric bills through the FPL Budget Billing program. The program offers customers more control, because it evens monthly energy costs over the course of a year and prevents major fluctuations in bills. This makes it easier for

customers to manage and budget monthly expenses.

**Energy conservation programs** – FPL provides tips and tools to make it easy for customers to control energy usage and save money on their electric bills. We also offer a variety of incentive programs to help customers pay for a number of energy efficiency upgrades. Energy advice and programs are offered to both residential customers and business customers.

## EDUCATIONAL PROGRAMS

FPL's Power of Knowledge<sup>SM</sup> initiatives are the result of our well-established commitment to education and to the community and are intended to reach all ages – from pre-K through college. They include partnerships, programs and activities with public schools, community colleges, science fairs and career development programs.

FPL's most popular programs with school age children are all designed to inform and entertain students, educators and parents alike with fun, exciting ways to apply knowledge about energy and electricity to everyday life. They include:

- FPL's Energy Encounter, located at the St. Lucie nuclear power plant, features more than 30 interactive displays on energy, electricity, nuclear power and the environment. This program also features the Marine Education Center, the College of Turtle Knowledge, an "Energy Treasure Hunt" and hands-on classroom programs for school field trips as well as teacher and adult workshops and programs. In September 2006, the Energy Encounter reached a milestone of 500,000 visitors.
- The Electrifying Experience and Energy Whys are science outreach programs that educate students, pre-K through 12th grade, on energy history, safety and its multiple forms.
- Captain Conservation is an assembly-style program filled with original songs, audience participation and fun, designed to teach students how they can use energy more efficiently. This program is available for students in kindergarten through third grade at public schools within FPL's service territory.
- FPL for Kids has educational games, experiments and information on energy conservation, electrical safety and electrical sources for kids, parents and teachers and is located on [www.FPL.com/education](http://www.FPL.com/education).

FPL's Power of Knowledge initiatives offer long-lasting value to the communities we serve:

- Many of the programs are recognized by the "Sunshine State Standards" and national science standards for units on electricity and energy at many grade levels, making them excellent for students preparing for the FCAT and other tests.



FPL employees turn out in large numbers to support Race for the Cure in its mission to fight breast cancer through treatment and education.

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- FPL has partnered with Miami Dade College (MDC) and Indian River Community College (IRCC) to create the Electrical Power Technology Professional Training Pipeline, an educational-track program that creates the opportunity for at least 20 students annually to enter the FPL workforce straight out of college. Through partnership with MDC and IRCC, FPL invests in career support and development to prepare students for entry into the high-demand utility field and provide them with a high-paying, rewarding career track. The program places emphasis on recruiting among low-income minorities, veterans, disabled persons and displaced homemakers.
- FPL's Power of Knowledge initiatives are a great way for teachers and schools to offer unique programming to their students at no cost.
- FPL donates money to local schools and students to help them succeed by rebuilding a community room at the PACE Center for Girls, funding a delinquency prevention program,

and presenting gifts to recent program graduates to encourage continuing education.

- FPL supports economic growth in the community by investing in career support and development.
- All FPL's Power of Knowledge initiatives reinforce the importance of energy conservation, which can have a lasting impact on our environment and ensure that our energy supplies are not depleted.

#### **COMMUNITY OUTREACH**

Through our subsidiaries, FPL Group provides electricity to thousands of communities in more than two dozen states. As part of our social responsibility, we are committed to being a good neighbor. This entails anticipating and understanding our customers' needs, building long-term relationships in the neighborhoods and communities of which we are a part, and being open-minded and receptive to new ideas.

As part of our community outreach program, we solicit the views and opinions of community members before we undertake major electric system expansion or before we upgrade projects.

As part of our approval processes, we are committed to involving the community in our planning so that we can learn more about community interests and priorities and take them into consideration in our planning along with the technical requirements of providing electricity.

FPL recently introduced a Community Ambassadors Program that encourages all FPL employees, retirees and family members to volunteer within their local communities. One component of the program is the Community Outreach Teams: a speaker's bureau composed of FPL employees who will deliver concise and compelling presentations before neighborhood and community organizations about key FPL initiatives and other issues important to the energy industry and our customers.

### CORPORATE CITIZENSHIP

FPL Group is involved in the community in many ways, including contributions, management involvement, community programs and employee volunteerism. In 2006, FPL Group donated \$5 million in charitable and civic contributions and sponsorships. Highlights include:

- **United Way** – The company is a major corporate donor to the United Way, annually contributing more than \$600,000. In 2006, FPL Group's employees donated a record amount of money – approximately \$2.3 million. In the last decade alone, the company and our employees have donated more than \$25 million and countless hours of volunteer work to United Way campaigns within the communities where we have a presence.
- **Loggerhead Marinelife Center** – FPL donated \$250,000 to the Loggerhead Marinelife Center in Juno Beach to help build a new state-of-the-art marine veterinary hospital, museum and visitor center. The mission of the center is to help educate the public on the importance of protecting and preserving sea turtles, and FPL is proud to be a partner with this prestigious group. More than 10,000 schoolchildren and another 75,000-plus visitors go to the center annually.
- **BuildSmart® for Humanity** – In a regional partnership with Habitat for Humanity, FPL has donated \$900,000 to build 14 homes for low-income customers and has incorporated BuildSmart energy efficiency features into more than 225 Habitat for Humanity homes. The improvements are expected to allow new homeowners to save up to 30 percent on monthly electric bills, compared to similar homes not upgraded to BuildSmart standards.
- **Race for the Cure** – For the past 10 years, FPL has been a lead sponsor of the Race for the Cure to fight breast cancer and has pledged to continue our commitment into the future. In addition, FPL consistently has had the largest corporate team year after year. Seventy-five percent of the money raised from the race goes to breast cancer treatment and education programs in Palm Beach, Martin and St. Lucie counties. The remaining 25 percent goes to

the Susan G. Komen Breast Cancer Foundation for national breast cancer research studies.

- **Community Volunteer Corps** – Through this employee-run group, a strong network of employee volunteers gives thousands of hours of their time to a wide variety of neighborhood and community projects such as cleaning shorelines, renovating playgrounds, volunteering for Earth Day projects, mentoring and supplying holiday food drives. The group operates independently of any corporate partnership or financial support. FPL's internal Web site also offers employees the opportunity to help through [www.VolunteerMatch.org](http://www.VolunteerMatch.org).
- **Sunfest** – FPL provides varying sponsorship at Sunfest, Florida's largest music, art and waterfront festival held annually in West Palm Beach. Company volunteers also work in booths designed to promote hurricane and conservation awareness.
- **Florida Council on Aging** – In August 2006, FPL received special recognition for our 25-year partnership with the Florida Council on Aging and sponsorship of the annual FPL/FCOA Quality Senior Living awards.
- **Exchange City sponsor** – FPL Energy's Seabrook Station sponsored 100 Seabrook Middle School sixth-graders to attend an all-day visit to Exchange City, the nationally acclaimed education program that simulates a working city. At Exchange City, students take the roles of business owners, employees, public officials, consumers and citizens while running a variety of businesses and government offices.
- **Employee blood drives** – Company-sponsored blood drives are held approximately every eight weeks at many company locations.
- **Support for overseas troops** – FPL's Community Volunteer Corps has been collecting supplies for FPL reservists and encouraging employees to send cards and letters to their co-workers fighting in Iraq and Afghanistan.
- **Hurricane donations** – Following the devastating hurricanes of 2004, FPL offered a \$250,000 matching grant to the American Red Cross. Our employees and customers almost doubled that target by donating \$490,000. We provided a matching gift of \$277,000 to the Florida Hurricane Relief Fund, to which FPL customers also donated \$400,000. Combined, we helped raise nearly \$1.4 million toward hurricane relief. For 2005 hurricane disaster relief, FPL gave a combined total of \$244,000 to Power of Hope, the American Red Cross and the Salvation Army. FPL employees donated another \$230,500 as well.

## INVESTMENTS

Through the FPL Group Foundation, we provide civic and charitable contributions that focus on education, the environment, human services and community development. The foundation matches employee contributions to education dollar-for-dollar and each spring provides scholarships for employees' children who qualify as National Merit Scholar finalists. Other examples of these community investments include:

### Education

- The Education Fund
- Junior Achievement
- Florida International University
- Collier County Education Foundation
- University of Florida Foundation

### Environment

- Audubon of Florida
- Loggerhead Marinelife Center
- World Wildlife Fund

### Human Services

- Big Brothers & Big Sisters of Palm Beach
- Florida Council on Aging
- Habitat for Humanity
- United Way

### Community Development

- Economic Development Councils
- Local Initiative Support Corporation
- Manatee Community Foundation
- Urban League
- Kids Voting

## RESPONSIBILITY

In our mission to be a good neighbor to the communities we serve, we take our responsibility to provide safe, continuous and reliable electric service very seriously. We're also taking the actions necessary to meet our customers' growing demand for electricity.

Because the generation and flow of electricity is so vital to our nation's health and well-being, electric companies must be able to effectively deal with unforeseen events such as major storms, oil spills or capacity shortfalls.

FPL Group's ability to respond quickly during times of crisis is well documented, never more so than during the 2004 and 2005 hurricane seasons. The company has instituted a comprehensive business continuity plan to further enhance our restoration capabilities. The plan provides processes and specific actions to ensure that the company's employees are safe and accounted for, that key business functions are maintained, and that inconvenience to customers is minimized should a crisis of any type occur.

## AN INDUSTRY LEADER

In recognition of our industry achievements and dedication to the community, FPL Group received several awards in 2006 and 2007.

- FPL Group is ranked first among electric and gas utilities in *FORTUNE*® magazine's "America's Most Admired Companies" edition, dated March 19, 2007. We scored No. 1 in each of the eight attributes considered: innovation, people management, use of corporate assets, social responsibility, quality of management, financial soundness, long-term investments and quality of products/services.
- The Ethisphere Council named FPL Group to its list of 2007 World's Most Ethical Companies. The list recognizes companies for demonstrating real and sustained ethical leadership within their industries; for proactively engaging with the communities they serve and impact; investing in innovation, quality and sustainable business practices that reduce resource consumption in the production or use of their products and/or increase consumer health or safety; leveraging relative positions of influence to affect positive industry change; and looking strategically to profit fairly from such ethical leadership business practices. FPL Group was one of only three energy companies and utilities worldwide to be recognized.
- For the third consecutive year, FPL received the "Service One™ Award" for top-rated customer service among utilities in the United States, Canada and Africa. Specifically, FPL ranked "Best In Class" in the use of customer self-service options through the Internet and the automated phone system.
- The J.D. Power and Associates' Electric Utility Consumer Satisfaction Survey of the nation's largest electric utilities placed FPL in a tie for second in the southern region in overall customer satisfaction.
- In recognition of FPL's programs and policies of mutual benefit to business and older Americans, the Southeastern Association of Area Agencies on Aging honored the company with its Public/Private Partnership Award.
- Edison Electric Institute, the major trade association in the electric power industry, recognized FPL's Right Tree Right Place education program by presenting the company with a Community Advocacy Award.

## 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 report, on our respective Web sites, 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 prudency 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 operates 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.



**FPL GROUP**  
PROFILE 2007



“Today, we’re living in what may well be the energy industry’s most exciting era ever, and FPL Group is uniquely positioned to continue to grow and thrive as one of the industry’s premier companies. We have the strategies, the financial discipline and a great team with the skills to succeed. Our mission is to continue to build a clean-energy future for coming generations.”

— Lewis Hay III  
Chairman and Chief Executive Officer

**SAFE HARBOR STATEMENT** 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 substantially from such forward-looking statements. A discussion of factors that could cause actual results or events to vary is contained on page 18.



# 2007 FPL Group Profile

## Preserving Our Future

As the need for energy continues to grow, FPL Group remains committed to preserving the environment now and for future generations.

With annual revenues of more than \$15 billion and a presence in 27 states, FPL Group is one of the nation's largest providers of electricity-related services and is nationally known as a high-quality, efficient and customer-driven organization.

FPL Group's competitive energy subsidiary, FPL Energy LLC, is a leader in producing electricity from clean and renewable fuels. FPL Energy is the No. 1 wind energy company in the United States and is the nation's leading operator of solar power generation.

FPL Group's rate-regulated subsidiary, Florida Power & Light Company, is the largest investor-owned electric utility in Florida, serving approximately 4.5 million customer accounts. It is one of the largest electric utilities in the United States and ranks No. 1 among electric utilities nationwide in energy-efficiency programs.

## Decades of Environmental Leadership

FPL Group's commitment to preserving, protecting and enhancing the environment began decades ago. Today, FPL Group is routinely recognized for its clean-energy leadership and environmental excellence.

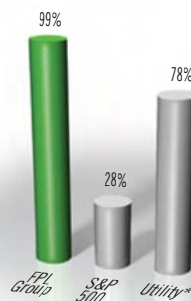
### FPL Group Highlights (2007):

Operating Revenues.....	\$15,263 million
Net Income.....	\$1,312 million
Earnings per Share (assuming dilution).....	\$3.27
Net unrealized mark-to-market losses associated with non-qualifying hedges.....	\$0.21
Other than temporary impairment losses – net .....	\$0.01
Adjusted Earnings per Share .....	\$3.49
Cash Flows from Operating Activities .....	\$3,593 million
Total Assets .....	\$40,123 million
Total Generating Capacity*.....	40,643 megawatts
Employees (year end).....	14,602
Geographic Presence .....	Operations in 27 states

\*Includes purchased power

### Three-Year Return

DEC. 31, 2004 THROUGH DEC. 31, 2007



### Five-Year Return

DEC. 31, 2002 THROUGH DEC. 31, 2007



Total returns, assuming reinvestment of dividends. \*S&P 500 Electric Utilities Index.

# FPL Group

## One of the Industry's Strongest Performers


FPL Group continued to grow and thrive in 2007. Total shareholder return for the year was 28 percent. The company's performance outpaced both the S&P 500 Electric Utilities Index (23-percent return) and the Standard & Poor's 500 Index (5.5-percent return).

### Recognition

As in years past, FPL Group was recognized in 2007 and early 2008 by a number of key industry organizations and publications:

- In 2007 and 2008, FPL Group was ranked first among electric and gas utilities in *Fortune* magazine's "America's Most Admired Companies" list and was No. 1 both years in each of the categories considered: innovation, people management, use of corporate assets, social responsibility, quality of management, financial soundness, long-term investments and quality of products/services.
- *Electric Light & Power* named FPL Group as 2007 Utility of the Year.
- *Forbes* magazine in 2008 included FPL Group among the "400 Best Big Companies in America" list. To be included, companies were required to meet benchmarks for financial growth rates and returns, corporate governance, accounting standards and background checks.
- FPL Group has been named one of the country's "100 Best Corporate Citizens" for 2008 by *CRO*, the magazine for corporate responsibility officers and *IW Financial*.

- In 2007 and 2008, FPL Group was recognized in *Ethisphere Magazine's* list of the World's Most Ethical Companies for its commitment to ethical leadership and corporate responsibility.
  - The U.S. Department of Health and Human Services awarded FPL Group its Innovation in Prevention Award for the FPL-WELL employee health program.
  - The National Business Group on Health saluted FPL Group with an award for Best Employer for Healthy Lifestyles.
  - FPL Group's Corporate Governance Quotient (CGQ<sup>®</sup>) as of June 1, 2008 is better than 94.8 percent of S&P 500 companies and 99.1 percent of utilities companies. CGQ is a corporate governance rating system provided by Institutional Shareholder Services (ISS) on more than 8,000 companies worldwide, which evaluates the strengths, deficiencies and risks of a company's corporate governance practices and board of directors.
- ### FPL Group's Sensitivity to Our Environment
- Largest renewable energy company in the United States.
  - No. 1 wind-energy generator in the country.
  - No. 1 solar-power operator in the nation.
  - Planning to invest approximately \$20 billion in new wind-energy facilities from 2007 through 2012.
  - Also planning to invest \$2.4 billion in renewable energy and energy-efficiency technologies of the future, including solar power, consumer renewable-energy programs and an advanced metering initiative to give more control over energy efficiency to utility customers.
  - Taking a major national leadership role in proposing a carbon fee as a real, workable solution to reducing greenhouse gases in the United States. FPL Group Chairman and CEO Lew Hay in 2007 testified before Congress on climate change saying, "we know there is a risk of severe consequences and ... we need to address that risk."
  - Strong supporter of Florida Governor Charlie Crist's efforts to address climate change by endorsing his commitment to clean and renewable energy.
  - No. 1 among electric utilities nationwide for FPL customer energy-efficiency programs that have helped avoid the building of 12 medium-size power plants.



As the largest renewable energy company in the United States, FPL Energy is the No. 1 generator of wind energy in the nation.



FPL Energy

# FPL Energy:

## A Fast-Growing, Clean-Energy Provider

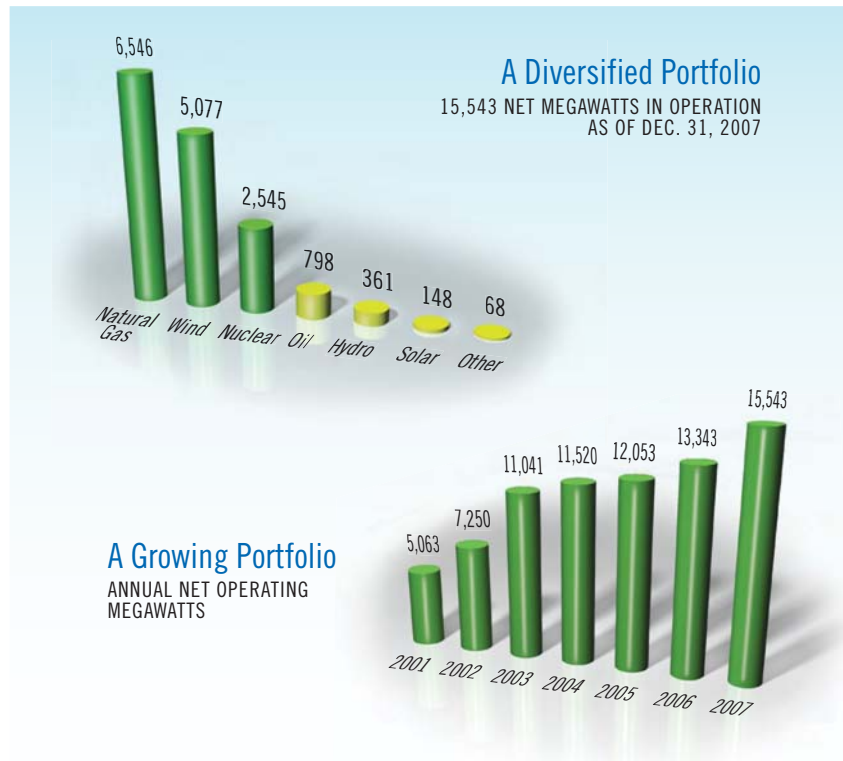
FPL Energy continues to be an important and growing part of the financial success at FPL Group. Adjusted earnings at FPL Energy in 2007 were \$632 million\*. Considering 2000 adjusted earnings were \$83 million\*, the company has grown dramatically in a relatively short period of time.

While providing energy in a way that's sensitive to the environment, FPL Energy has distinguished itself as a strong performer. Nationally recognized as a leading clean-energy provider, FPL Energy has a growing portfolio of facilities with more than 15,500 net megawatts of generating capacity. More than 90 percent of its electricity is derived from clean or renewable sources, including wind, solar, hydro, natural gas and nuclear energy.

Primarily a wholesale power generator, FPL Energy operates power plants and sells the output to utilities, retail electricity providers, power cooperatives, municipal electric providers and large industrial companies.

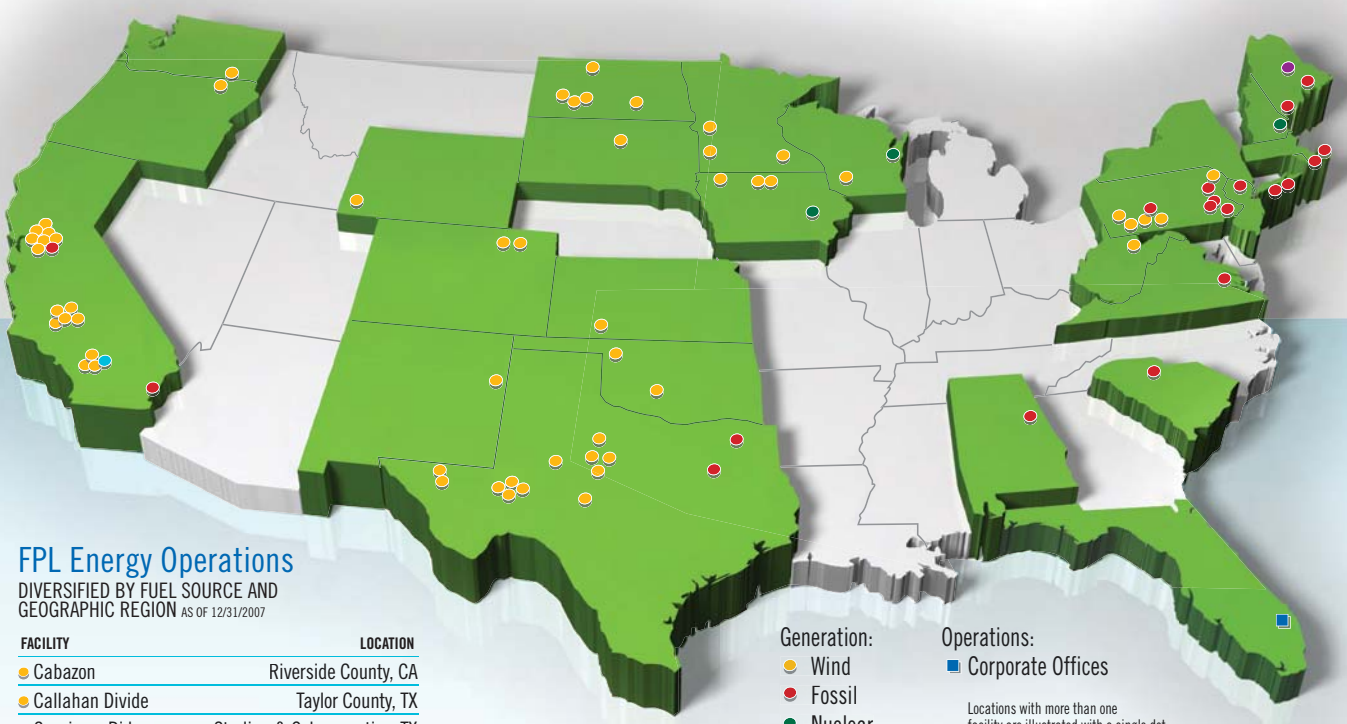
## FPL Energy Portfolio

FPL Energy's portfolio includes more than 80 operating projects in 25 states (see page 7). Additionally, FPL Energy has corporate offices located in Florida, which expands its presence to 26 states. Operations diversified by fuel source and geographic region help the company manage its power generation business more efficiently and economically, especially in today's volatile energy markets.



## \*FPL Energy – Reconciliation of GAAP to Adjusted Earnings

(millions)	2000	2007
<b>Net Income</b>	\$82	\$540
Adjustments, net of income taxes:		
Net unrealized mark-to-market losses associated with non-qualifying hedges		86
Merger-related expenses	1	
Other than temporary impairment losses - net		6
<b>Adjusted Earnings</b>	<b>\$83</b>	<b>\$632</b>



## FPL Energy Operations

DIVERSIFIED BY FUEL SOURCE AND GEOGRAPHIC REGION AS OF 12/31/2007

FACILITY	LOCATION
● Cabazon	Riverside County, CA
● Callahan Divide	Taylor County, TX
● Capricorn Ridge	Sterling & Coke counties, TX
● Cerro Gordo	Cerro Gordo County, IA
● Delaware Mountain	Culberson County, TX
● Diablo Wind	Alameda County, CA
● Endeavor Wind	Osceola County, IA
● Gray County	Gray County, KS
● Green Mountain	Somerset County, PA
● Green Power	Riverside County, CA
● Green Ridge Power	Alameda & Contra Costa counties, CA
● Hancock County	Hancock County, IA
● High Winds	Solano County, CA
● Horse Hollow Wind	Taylor County, TX
● Horse Hollow Wind II	Taylor & Nolan counties, TX
● Horse Hollow Wind III	Nolan County, TX
● Indian Mesa	Upton County, TX
● King Mountain	Upton County, TX
● Lake Benton II	Pipestone County, MN
● Langdon Wind	Cavalier County, ND
● Logan Wind	Logan County, CO
● Meyersdale	Somerset County, PA
● Mill Run	Fayette County, PA
● Mojave 3 & 5	Kern County, CA
● Mojave 16,17 & 18	Kern County, CA
● Montfort	Iowa County, WI
● Mountaineer	Preston & Tucker counties, WV
● Mower County Wind	Mower County, MN
● New Mexico Wind	Quay & Debaca counties, NM
● North Dakota Wind	LaMoure County, ND
● Oklahoma/Sooner Wind	Harper & Woodward counties, OK
● Oliver County Wind I	Oliver County, ND

Generation:  
 ● Wind  
 ● Fossil  
 ● Nuclear  
 ● Hydroelectric  
 ● Solar

Operations:  
 ■ Corporate Offices

Locations with more than one facility are illustrated with a single dot.

FACILITY	LOCATION
● Oliver County Wind II	Oliver County, ND
● Peetz Table Wind	Logan County, CO
● Red Canyon Wind Energy	Borden, Garza and Scurry counties, TX
● Sky River	Kern County, CA
● Somerset Wind Power	Somerset County, PA
● South Dakota Wind	Hyde County, SD
● Southwest Mesa	Upton & Crockett counties, TX
● Stateline	Umatilla County, OR and Walla Walla County, WA
● TPC Windfarms	Kern County, CA
● Vansycle	Umatilla County, OR
● Victory Garden	Kern County, CA
● Waymart	Wayne County, PA
● Weatherford Wind	Custer & Washita counties, OK
● Wilton Wind	Burleigh County, ND
● Wind Power Partners 1990	Alameda & Contra Costa counties, CA
● Wind Power Partners 1991	Alameda & Riverside counties, CA
● Wind Power Partners 1991-92	Alameda & Contra Costa counties, CA
● Wind Power Partners 1992	Alameda & Contra Costa counties, CA
● Wind Power Partners 1993	Riverside County, CA
● Wind Power Partners 1993	Lincoln County, MN
● Wind Power Partners 1994	Culberson County, TX

FACILITY	LOCATION
● Woodward Mountain	Upton & Pecos counties, TX
● Wyoming Wind	Uinta County, WY
● Bayswater	Far Rockaway, NY
● Bellingham	Bellingham, MA
● Birch	Frackville, PA
● Blythe Energy	Blythe, CA
● Calhoun	Eastaboga, AL
● Cherokee	Gaffney, SC
● Doswell	Ashland, VA
● Ebsenburg	Ebsenburg, PA
● Forney	Forney, TX
● Jamaica Bay	Far Rockaway, NY
● Lamar Power Partners	Paris, TX
● Marcus Hook 50	Marcus Hook, PA
● Marcus Hook 750	Marcus Hook, PA
● Montgomery County	Conshohocken, PA
● Port of Stockton	Stockton, CA
● RISEP	Johnston, RI
● Sayreville	Sayreville, NJ
● Wyman /Cape	Yarmouth, ME
● Wyman 4	Yarmouth, ME
● Duane Arnold	Cedar Rapids, IA
● Point Beach	Two Rivers, WI
● Seabrook	Seabrook, NH
● SEGS III-IX	Kramer Junction and Harper Lake, CA
● Maine Hydro	Various - ME

## A Pioneer and World Leader in Clean, Renewable Energy

Long before clean energy became a popular choice in America, FPL Energy had been leading the way in generating electricity from renewable fuels. Early on, FPL Energy recognized the environmental benefits of building a portfolio around harnessing the power of the sun, wind and water to produce electricity.

### No. 1 in Wind Energy

FPL Energy remains the largest owner and operator of U.S. wind generating facilities. At the end of 2007, the company owned and

operated nearly 5,100 megawatts of wind generation at more than 50 wind facilities (7,500 turbines) in 16 states. For the sixth year in the last seven, FPL Energy added more megawatts (1,064) to its wind portfolio than did any other wind energy provider in the nation. In response to the need for cleaner sources of generation to meet the country's growing power demands, FPL Energy plans to continue the aggressive expansion of its wind business, with the goal of adding 8,000 to 10,000 megawatts to its portfolio from 2007 through 2012.

### Most Power from the Sun

Today, FPL Energy is the largest

generator of solar thermal power in the world. The company co-owns and operates seven solar plants in California's Mojave Desert, collectively known as the world's largest solar site. In all, FPL Energy operates 310 megawatts of solar power, which is capable of meeting the energy needs of about 230,000 homes.

### A Leader in Hydro

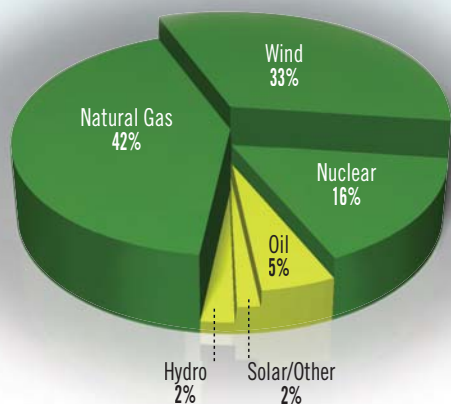
FPL Energy is a leading producer of hydroelectric power with 83 units at 24 projects in Maine, totaling approximately 361 megawatts of renewable energy. These facilities generate enough electricity to meet the needs of 260,000 households. They also form water reservoirs that provide recreational opportunities to local communities and essential habitat to Maine fish and wildlife. FPL Energy Maine Hydro is dedicated to operating its facilities efficiently, balancing the needs of customers with a commitment to environmental stewardship.

### Clean Natural Gas

FPL Energy has incorporated the cleanest-burning fossil fuel into its portfolio with natural gas facilities currently in 10 states. Often, the company installs combined-cycle technology, which uses waste heat to drive an additional power generator for increased energy efficiency and lower emissions than conventional fossil-fueled units. This type of plant

## A Leading Provider of Clean Energy

AS OF DEC. 31, 2007



is about 30 percent more efficient than a traditional steam plant.

### Growing Nuclear Power

In 2007, FPL Energy acquired the Point Beach Nuclear Plant in Wisconsin, providing additional nuclear energy to its fuel mix. With its majority interests in the Duane Arnold Energy Center in Iowa and Seabrook Station in New Hampshire, FPL Energy's nuclear business is now the fourth largest of its kind in the United States. Nuclear power plants produce virtually no air emissions during operation, a fact that FPL Energy believes represents a responsible energy choice for the future as climate-change concerns intensify. In addition, all three FPL Energy nuclear power plants have excellent safety records and are focused on reliable operation.

### Marketing Wholesale Energy

FPL Energy Power Marketing Inc. (PMI), an FPL Energy subsidiary, buys and sells wholesale energy commodities, such as natural gas, oil and electricity; manages all fuel needs of FPL Energy's power generation fleet; and markets the output to customers across the country. In 2007, *Platts*, a leading industry publication, ranked PMI as one of the top 10 power marketers.

PMI is one of the largest purchasers of natural gas in the country. In

addition, PMI today markets the largest renewable energy portfolio in the country. PMI is able to provide custom renewable energy solutions for customers with specific needs, from meeting regulatory mandates associated with renewable portfolio standards to working with businesses to meet their goals on renewable energy generation or carbon emissions management.

### Growing Retail Market Business

FPL Energy entered the retail market in 2005 through the acquisition of Gexa Energy in Texas. The company serves customers in numerous retail power markets in the United States and manages the related billing, customer service, collections and remittance services to residential and commercial customers. In 2007, Gexa began offering its products to retail customers beyond its home state; it is now doing business in Massachusetts, Maryland, Maine, Illinois and Connecticut.

### Managing Market Risk

FPL Energy reduces its market risk by contracting a high percentage of expected future power output and hedging its associated fuel requirements. Maintaining a power-plant portfolio that is diversified by geography, as well as by fuel type, further mitigates risk.

### Committed to Environmental Excellence

FPL Energy incorporates environmental stewardship into the design, construction, operation and maintenance of its facilities, working closely with federal, state and local organizations. Company leadership is also committed to ensuring that the growing demand for power is met in the most environmentally responsible manner. Reducing carbon dioxide and other pollutants through the use of clean-burning fuels and renewable resources is of primary importance.

FPL Energy wind facilities enabled customers who have purchased this renewable energy to reduce 2007 emissions that would have otherwise been released into the atmosphere from other sources of power generation:

- Nearly 9 million tons of carbon dioxide
- More than 21,000 tons of sulfur dioxide
- More than 13,000 tons of nitrogen oxide

Other examples of environmental stewardship include wildlife protection and land preservation at FPL Energy's power plant sites. For example, Seabrook Station uses only one-tenth of its 900-acre property for power production purposes. The remaining property is left in its natural habitat and serves as a wildlife preserve, providing homes

to plant and wildlife species. Being located on marshlands adjacent to the Atlantic Ocean, Seabrook Station has also for the last five years supported the New Hampshire Estuary Project, an organization working to improve the water quality in the Hampton/Seabrook Estuary. The station's marsh and wooded areas are home to a wide variety of birds and other animals.

Another example of environmental stewardship involves the operation of the company's dams at its hydroelectric plants in Maine. The dams present unique challenges to the various species of fish that must return to their native spawning ground. To help fish navigate the dams, FPL Energy is employing such creative measures as fish lifts, ladders and pumps. FPL Energy also signed an agreement to provide additional fish passage and habitat enhancements for migratory fish using the Saco River and made a contribution to the Saco River Salmon Club for rearing and stocking salmon in the river.

## Good Stewards of Communities Served

FPL Energy strives to build strong partnerships within the communities where it operates. The company remains sensitive to the needs of local landowners who lease property for FPL Energy wind facilities and takes proactive measures to meet their needs. During wind-project site development and construction, FPL Energy is committed to open communication with its host communities – a relationship that continues when the facilities are in operation.

In addition to establishing and maintaining community dialogue, FPL Energy sites are directly involved in community activities, ranging from providing a visitors' center and bird monitoring with the Audubon organization at Seabrook Station in New Hampshire, to hosting professional energy presentations by its Lamar and Forney power plant employees in Texas middle schools, and presenting magical light shows for the public at the Wyman Station in Maine.



Harnessing the power of  
the sun for future energy  
demands, FPL is committed  
to building solar generation  
in Florida.

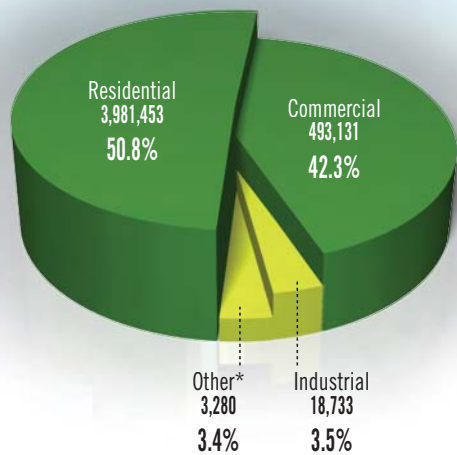


# Florida Power & Light Company (FPL):

## Providing Clean, Reliable Energy to Meet Growing Demand

Florida Power & Light Company is one of the largest, fastest-growing and top-performing electric utilities in the nation. In 2007, FPL's average number of customer accounts grew by 87,000 to 4.5 million.

### Percentage of Electricity Sales By Customer Account Type



\* Includes public sales (streetlights & other), railroads & railways, wholesale sales, interchange and unbilled sales (both retail and wholesale).

### Average Monthly Energy Usage per Customer (kwh)

YEAR	RESIDENTIAL	COMMERCIAL	INDUSTRIAL
2007	1,154	7,760	16,791
2006	1,164	7,742	15,856
2005	1,183	7,707	15,990

### All-time Peak Usage System-wide

SEASON	DATE	MEGAWATTS
Summer	Aug. 17, 2005	22,361
Winter	Jan. 24, 2003	20,190

## Focusing on Reliability Every Day

FPL is investing in a comprehensive, long-term plan to improve reliability of its electrical system every day – in good weather and bad. This investment is designed to make FPL's system stronger during hurricanes and also to minimize power outages and damage to the system so service can be restored faster when outages do occur.

FPL's multifaceted reliability plan is centered on a proactive approach to

predict and prevent outages through the advanced use of technology. For instance, using infrared technology called Thermovision, FPL inspects about 4,400 miles of overhead power lines each year. This enables the company to detect potentially faulty equipment and replace it before power outages occur.

FPL has a comprehensive preventive maintenance program that includes:

### System Hardening

- In 2007, FPL upgraded main lines that serve 28 acute-care

facilities, such as hospitals, clinics and surgical units. In 2008, FPL will do the same at 49 more acute-care facilities to help ensure public safety.

- In 2007, FPL strengthened 34 main lines serving essential service providers such as grocery stores, gas stations and pharmacies. Improvements to another 21 main lines are planned in 2008.
- FPL hardened 43 critical highway crossings in 2007, and plans to upgrade 32 more in 2008.

## Pole Inspections

- In 2007, FPL thoroughly inspected approximately 141,000 poles – that’s about 500 every workday. It will inspect another 140,000 poles this year, reinforcing and replacing them as needed.

## Tree Trimming

- FPL trimmed trees around more than 10,000 miles of power lines in 2008 to help prevent outages.
- By June 1, the start of hurricane season, FPL completes trimming of all vegetation around power lines that serve critical infrastructure facilities.

FPL’s proactive approach to reliability through the use of advanced technology has and will continue to improve performance. In fact, FPL’s reliability performance has earned a *top quartile* ranking with EEI for five consecutive years.

## Diverse Fuel Mix Provides Reliable and Affordable Electricity

FPL uses a diverse mix of fuels at its power plants to generate reliable electricity. Because of its fuel mix, FPL is recognized as a clean-energy company, with one of the lowest emissions profiles among U.S. utilities. In fact, coal – the highest carbon-emitting fuel – makes up almost 50 percent of the national fuel mix. By

## Service Unavailability

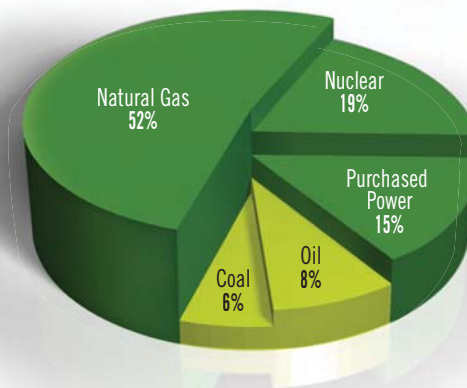
INDUSTRY\* SOURCE:  
2006 Edison Electric Institute Survey



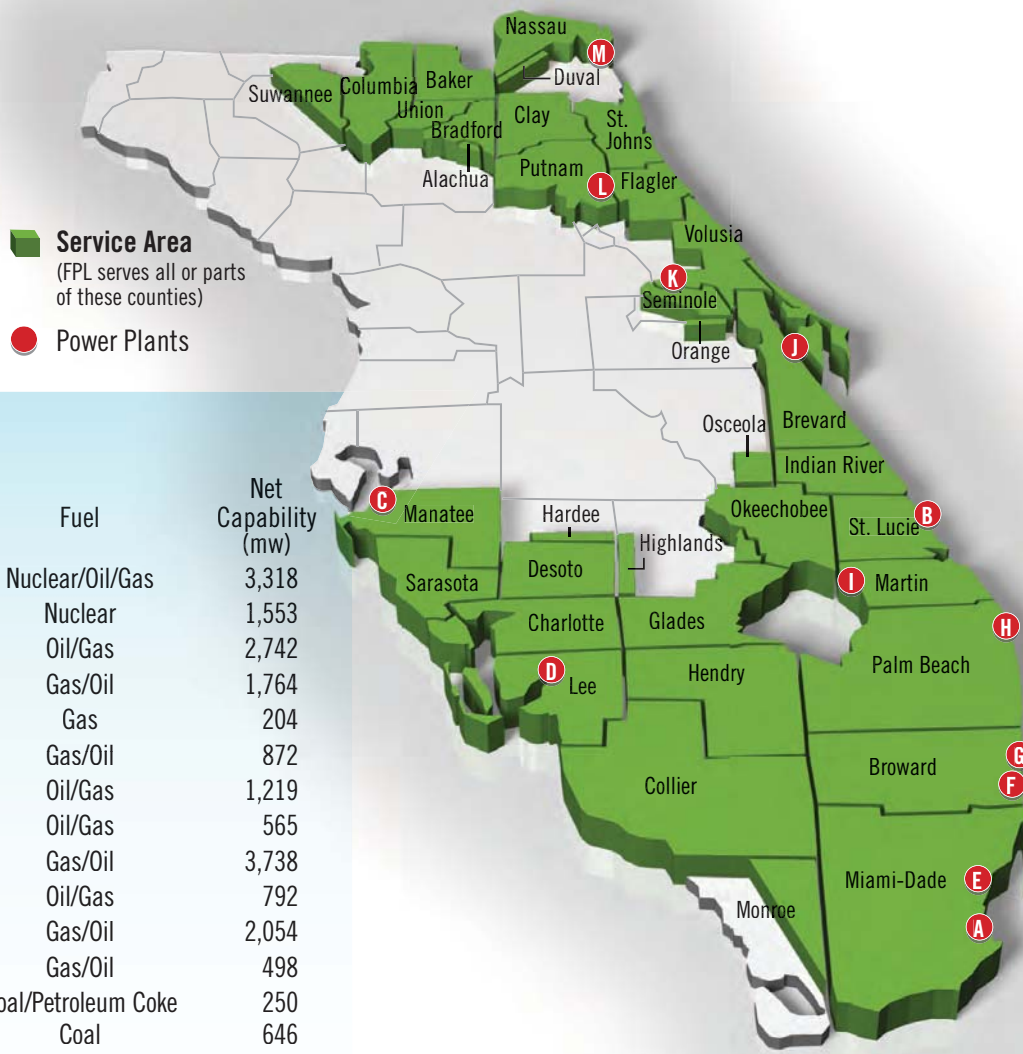
\* For comparison purposes, 2006 data is presented as it is the most current information available from Edison Electric Institute (EEI). FPL Service Unavailability improved to 73.2 minutes in 2007.

## Diversified Energy Mix

KILOWATT-HOURS PRODUCED IN 2007



## FPL's Service Territory



## Power Generation

As of Dec. 31, 2007

	Units	Fuel	Net Capability (mw)
A Turkey Point	5	Nuclear/Oil/Gas	3,318
B St. Lucie*	2	Nuclear	1,553
C Manatee	3	Oil/Gas	2,742
D Fort Myers	2	Gas/Oil	1,764
E Cutler	2	Gas	204
F Lauderdale	2	Gas/Oil	872
G Port Everglades	4	Oil/Gas	1,219
H Riviera	2	Oil/Gas	565
I Martin	5	Gas/Oil	3,738
J Cape Canaveral	2	Oil/Gas	792
K Sanford	3	Gas/Oil	2,054
L Putnam	2	Gas/Oil	498
M St. John's River*	2	Coal/Petroleum Coke	250
Scherer (in GA)*	1	Coal	646
Gas/Internal Combustion Turbines (Peaking Units)			1,920

<b>FPL Generation (subtotal)</b>	<b>22,135</b>
Purchased Power	2,965
<b>System Total</b>	<b>25,100</b>

Capacity Additions 2008 – 2011	Megawatts
West County Energy Center #1	Gas 1,219
West County Energy Center #2	Gas 1,219
West County Energy Center #3	Gas 1,219
Subtotal Additions (projected)	3,657
System and Purchase Adjustments	(741)
<b>System Total Summer 2011 (projected)</b>	<b>28,016</b>

\* Represents FPL's net ownership interest in plant capacity: St. Lucie nuclear: 100 percent of Unit 1, 85 percent of Unit 2; St. John's River: 20 percent of each of two units; Scherer: 76 percent of Unit 4.

comparison, FPL currently obtains most of its electricity (52 percent) from clean-burning natural gas. Nuclear power, which produces no greenhouse gas emissions, is responsible for another significant portion (19 percent) of power production. As Florida continues to grow, it is FPL's responsibility to plan new power plants to ensure that electricity needs are met while preserving Florida's environment. FPL is working with state regulators to find a balanced approach by considering the benefits of each type of fuel source to continue to supply reliable, clean energy at a stable price.

## Power Plant Efficiencies Helps Stabilize Rates

It takes fuel to produce the electricity Floridians use every day. FPL is committed to running its power plants efficiently to mitigate the high cost of fuel and keep electric rates stable. And the company is taking a host of actions to mitigate the impact of fuel costs by improving the efficiency of its existing plants and building new generation facilities with lower fuel costs.

FPL's fossil fuel power plant fleet is the most fuel efficient among large-scale utilities nationwide. The company has improved fleet fuel efficiency by 10 percent in the past five years and by 18 percent since 1990. Looking forward, FPL has proposed

to modernize our power plants at Riviera Beach and Cape Canaveral, saving customers roughly \$450 million in fuel and other savings over the life of the project due to improved efficiencies.

## Outstanding Operating Performance

FPL continued to achieve impressive levels of operating performance, placing it among the top electric utilities in the United States. The percentage of time that FPL's fossil-fueled power plants are available to generate electricity is among the best in our industry, and the reliability of its power delivery system is also among the very best.

## Leadership In Energy Efficiency

Thanks to its leading energy management programs and other efforts, FPL helps customers save energy and keep their electric bills lower than they might otherwise be. FPL ranks No. 1 among electric utilities nationwide in energy efficiency programs, according to the latest U.S. Department of Energy report (using 2006 data). Because of its partnership with customers, FPL has reduced more megawatts through energy efficiency programs than any other utility in the country. Customer program participation began in 1981, and new programs were added over

the years. From program start-date until the end of 2007, approximate participation numbers include:

### Residential Programs

- 2.4 million Home Energy Surveys performed
- 748,000 Building Envelope participants
- 1.1 million high-efficiency A/C systems installed
- 436,500 A/C duct system tests and repairs
- 18,600 FPL BuildSmart® homes constructed
- 761,500 customers enrolled in the FPL On Call® program

### Business Programs

- 117,500 Business Energy Evaluations performed
- 18,700 upgraded lighting systems installed
- 14,500 high-efficiency A/C systems installed
- 19,900 customers enrolled in FPL Business On Call®

These efforts have allowed FPL to avoid building 12 medium-size power plants, while keeping customer rates affordable and providing reliable service that meets the state's growing energy demand.

In 2007, FPL invested nearly \$115 million on conservation and load-management incentives. The company offered energy-management programs to both residential and

business customers in 2007 and expects that the additional savings from these programs through 2014 will enable it to forego building an additional two power plants.

## Responsibly Meeting Growth in Customer Demand

In just 12 years, FPL will need to generate 37 percent more electricity than it does today. That's why FPL continues to invest heavily – \$1.9 billion in 2007 – to expand and enhance its generating facilities and related infrastructure to ensure continued reliable service and meet the growing power needs of present and future customers. As part of its plans, FPL is pursuing a range of generation projects using clean and renewable fuel sources. These investments will improve FPL's overall fuel efficiency, thus saving customers money while lowering emissions. To that end, FPL:

- Began operating in May 2007 – ahead of schedule and under budget – a 1,144-megawatt natural-gas-fired plant in Miami-Dade County, providing enough electricity to serve 230,000 homes and businesses.
- Began construction of another natural-gas, combined-cycle generating plant (West County Energy Center) in western

Palm Beach County. The two-unit 2,440-megawatt capacity plant will begin producing electricity in 2009, when the first unit begins operation.

- Proposed a plan to add Unit 3 to the West County Energy Center. If approved under the Power Plant Siting Act, Unit 3 would begin serving customers in 2011 with 1,220 megawatts of generation.
- Received approval from the Florida Public Service Commission (FPSC) to add 400 megawatts of capacity at its existing nuclear power plants.
- Received approval from the FPSC to build two new nuclear generation units on its Turkey Point site in south Miami-Dade County. Building the units on FPL's existing 11,000-acre power-plant site minimizes additional impact on land and water use. Thousands of acres within the Turkey Point property are and will continue to be maintained as a habitat for unique plant species and endangered or threatened birds and animals.
- Proposed the construction of six wind turbines on FPL property in St. Lucie County to expand the use of renewable energy in the state. The wind facility would generate nearly 22 million kilowatt-hours of electricity with zero carbon dioxide emissions.

## A Recognized Leader

In recognition of its industry achievements and dedication to the community, FPL received several awards in 2007:

- For the fourth consecutive year, FPL received the Service One™ Award for top-rated customer service among utilities in the United States and Canada.
- The global Athena Award® was presented to FPL in 2007 for promoting and implementing innovative programs for women and for demonstrating the promotion of women into leadership roles.
- The Edison Electric Institute presented FPL with a Community Advocacy Award for its Right Tree Right Place education program.
- The Florida Regional Minority Business Council awarded FPL the 2007 Crystal Award for its exemplary contributions in the area of minority business development.

## Taking Care of the Community

FPL strives to be a good and caring neighbor by supporting community needs and investing in the success of the neighborhoods it serves.

- United Way – Since 2000, FPL and its employees have donated more than \$22.8 million and countless hours of volunteer work.
- Low Income Home Energy Assistance Program (LIHEAP) advocacy – LIHEAP appropriations are determined annually, and advocacy efforts are an important part of the success of the program. For the third straight year, FPL sent employees to Washington, D.C., to meet with members of Congress and orchestrated an e-mail campaign among employees and partner organizations to request LIHEAP funding increases. In addition, FPL co-sponsored the creation of the Florida Energy Affordability Coalition ([www.FLEAC.net](http://www.FLEAC.net)), consisting of other Florida utilities, government agencies, and low-income, senior and charitable organizations. FLEAC is working to identify and advance initiatives and opportunities that maximize payment assistance resources for eligible low-income and elderly customers.
- FPL Care to Share® – This program provides emergency assistance to customers who are in crisis and unable to pay their electric bills. In 2007:
  - For the second straight year, FPL donated \$1 million.
  - Customers gave more than \$420,000 in contributions.
  - FPL kicked off an employee donation campaign, raising more than \$23,000 in the first six months.
- BuildSmart® for Humanity – Since 2005, FPL has donated just over \$1 million to build 15 homes for low-income customers and has incorporated BuildSmart energy-efficiency features into more than 230 Habitat for Humanity homes. The improvements are expected to reduce the homeowners' monthly electric bills by up to 30 percent, compared to similar homes not upgraded to BuildSmart standards.
- Home Energy Makeovers – In a collaborative effort by FPL employees, local government, community organizations, conservation contractors and other partners, free energy-efficiency measures were installed in more than 150 low-income homes through 2007. The improvements can save the homeowners up to 25 percent on their annual energy bills.
- AWARE – Through employee observation and reporting, AWARE helps to identify and refer needy elders (and others) to various social service organizations that may provide the help they need and deserve. In 2007, more than 50 reports were generated by alert FPL employees, and many elders benefited from assistance and services they might not otherwise have received.
- Community Volunteer Corps – Employees and their families reported nearly 3,700 hours of their time in 2007 to make a difference in their communities and lives through a wide variety of projects, such as cleaning shorelines, renovating playgrounds, participating in breast cancer walks, mentoring, and supplying dry and canned goods for holiday food drives.

## 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 report, 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 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.
- 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.

***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, but they 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.

***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.***

• 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 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, 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 affected by national, state or local events and company-specific events.***

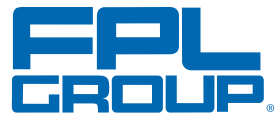
• FPL Group's and FPL's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by national, state or local events as well as company-specific events.

***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, 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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**For more information, go to:**

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